

The Australian Minimum Wage and the Needs of a Family

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(Jonathan Robbie Bray)

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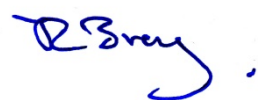
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Declaration

This thesis is the original work of the author undertaken as a scholar at the Australian National University from 2015 to 2018.

A handwritten signature in blue ink, appearing to read 'J. Rob Bray', with a stylized flourish at the end.

J. Rob Bray

July 2018

On every page
Your eyes engage,
The cry's been -
What's a living wage?
The problem's seen,
More ink I ween,
Than any
Other that has been -

"The PP" (Southern Times 25 July 1907, 4)

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This paper uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. The HILDA Project was initiated and is funded by the Australian Government Department of Social Services (DSS) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported in this paper, however, are those of the author and should not be attributed to either DSS or the Melbourne Institute.

Abstract

The 1907 Harvester decision effectively established a minimum wage in Australia for men based upon the needs of a family. Commencing in the 1940s Australia has progressively introduced transfer payments to provide support for children and for a parent in a caring role. In 2014 the minimum wage was defined as that for a single person. This thesis is concerned with the rationale of the original decision and the transition between these two states.

The Harvester decision was embedded in the economic and family structure of the day, and in the contribution domestic production made to both living standards and the capacity of a partner to engage in paid employment. In turn, this was underpinned by the nature of domestic technology. The form of the family wage had weaknesses. It was inefficient in meeting its objective of supporting families and involved lower wages for identifiable groups who were not likely to need to support a family (young men and women). However, alternative approaches to family support had not been developed at that time, nor were there suitable institutional arrangements to enable the payment or funding of such assistance.

The transition was slow. Reasons for this include: the speed of permeation of technology for more efficient domestic production; opposition to state financial intervention in families; the need for changes in the structure of employment to encompass part-time work; and at times resistance from organised labour. This resistance was motivated by seeking to protect employment, both of men and single women and because change effectively involved a redistribution of income with losers, as well as winners. In this, the union role can be seen as being representative of the interests of their members. A further challenge related to the interaction of claims for equal pay, and provision for wives without children engaged in domestic production. More generally the institutions involved operated independently with no coordination and change was incremental, building a path determinacy into the development of policies.

A number of long-term time series data were developed specifically for this thesis. These data (detailed in appendices) underpin the descriptive and econometric analysis presented and themselves constitute a contribution to the literature. They show that over the period the real value of the minimum wage has increased, although falling relative to other earnings, and with evidence of significant trade-offs of potential gains, in favour of reductions in working time and retirement income. The expansion of family support has significantly boosted household incomes for those with children, and addressed the equity of relative outcomes for families on the minimum wage compared with single workers.

Although conceived of in the context of 'New Protection', econometric analysis shows a long-term negative (but non-causal) relationship between the wage and manufacturing protection, with the wage rather being driven by improved productivity. A negative relationship is found between the wage and unemployment, with bi-directional causality.

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Selected Biographical Notes

Ackerman, Jessie A (1857-1951)	American feminist, social reformer and writer who spent some time in Australia in decades around the beginning of the 20 th century. Author of <i>Australia From a Woman's Point of View</i> (1913).
Arthur, Richard (1865-1932)	NSW non-Labor politician. Minister for Public Health 1927-30 and social reformer. Earliest public advocate for child endowment in Australia (1916).
Asprey, Kenneth William (1905-1993)	Lawyer, appointed as chair of the Commonwealth Taxation Review Committee (1972-1975)
Beeby (Sir) George Stephenson (1869-1942)	NSW Labor/Progressive/Nationalist Politician 1907-1913 and 1916-1920 instrumental in revision of state industrial law. Justice Commonwealth Court of Conciliation and Arbitration 1928-1941. Chief Judge 1939-1941.
Birrell, Frederick W 1869-1939)	South Australian Labor Party politician and later Speaker of the House of Assembly. Former Secretary of the South Australian Trades Hall Council, advocate for arbitration and child endowment.
Brigden, James Bristock (1887-1950)	Australian economist with strong involvement in public policy including as Queensland Statistician. Instrumental in the 1927-1929 inquiry into the Australian tariff.
Bruce, Stanley Melbourne (1 st Viscount Bruce of Melbourne) (1883-1967)	Australian Nationalist (conservative) politician, Treasurer 1921-1923. Prime Minister 1923-1929 (when he lost his seat in landslide loss associated with his industrial relations policies).
Chifley, Joseph Benjamin (Ben) (1885-1951)	Engine driver and trade unionist, Labor Party politician, Prime Minister 1945-1949.
Chipp, Donald Leslie (Don) (1925-2006)	Australian politician, initially Liberal Party (conservative), including Ministerial appointments, later formed the Australian Democrats (liberal).
Clark, Colin Grant (1905-1989)	English and Australian economist, public servant (including Queensland State Statistician) and academic, including contributing to the development of National Accounts.
Cook, (Sir) Joseph (1860-1947)	Australian politician, various representing the Labor Party, Free Trade Party, Anti-Socialist, Liberal, and Nationalist parties in both the NSW and Federal parliaments. Prime Minister 1913-1914.
Copland, (Sir) Douglas (1894-1971)	Australian economist, active in public policy including the Premiers' plan during the Depression and wartime public servant.
Costello, Peter Howard (1957-)	Australian Liberal Party (conservative) politician, Treasurer 1996-2007.

Cumbrae-Stewart, Zina Beatrice Selwyn (1868-1956)	Australian community worker. Activities included strong involvement with the National Council of Women.
Curtin, John (1885-1945)	Australian Labor Party politician and activist including as journalist and editor, Prime Minister 1941-1945. Member of Royal Commission on Child Endowment 1927-1928.
Daley, Jane (Jean) (1881-1948)	Australian Labor Party organiser and women's activist.
Fraser, John Malcolm (1930-2015)	Australian Liberal Party (conservative) politician, Prime Minister 1975-1983.
Giblin, Lyndhurst Falkiner (1872-1951)	Australian economist and statistician. After a brief period as a Labor politician, career encompassed employment as a public servant, serving on major government bodies, and academic. Member of the Brigden tariff inquiry.
Gilmore, (Dame) Mary Jean (1865-1962)	Australian poet, utopian socialist, newspaper editor and later communist political activist.
Hawke, Robert (Bob) James Lee (1929-)	Trade Union advocate 1959-1969, ACTU President 1969-1980. Australian Labor Party Politician, Prime Minister 1983-1991.
Heagney, Muriel Agnes (1885-1974)	Australian trade unionist and feminist. Instrumental in establishment of the Council of Action for Equal Pay and Secretary of the Women's Central Organising Committee of the Labor Party.
Henderson, (Professor) Ronald Frank (1917-1994)	Academic, established the Institute of Applied Economic Research at Melbourne University in 1962. Following his academic research into poverty in Melbourne appointed as chair of the Commission of Inquiry into Poverty 1972-1975.
Henry, Kenneth Ross (Ken) (1957-)	Australian public servant and Secretary of the Treasury 2001-2011. Chair of the Australia's Future Tax System (AFTS) Review 2008-2010.
Heydon, Charles Gilbert (1845-1932)	NSW Arbitration Judge 1905-1919. Defined a living wage in his 1905 Sawmillers' Case.
Higgins, Henry Bournes (H.B.) (1851-1929)	Australian lawyer, liberal (and at times friend of Labor) politician and judge. President Commonwealth Court of Conciliation and Arbitration 1907-1920, Justice High Court 1906-1929. Involved in writing Australian Constitution and fierce advocate of industrial arbitration as a "new province for law and order".
Holman, William Arthur (1871-1934)	NSW politician and Premier 1913-1920. Initially a strong Labor activist and trade unionist, and elected Premier as a Labor member. Later moved with other dissenting Labor members to the conservative Nationalist Party following the 1916 conscription referendum.
Holt, Harold Edward (1908-1967)	Australian Liberal Party (conservative) politician, Prime Minister 1966-1967. Had carriage of Child Endowment legislation in 1941.

Hughes, William Morris (Billy) (1862-1952)	Australian politician and Prime Minister 1915-1923. Various leader of five national political parties – from Labor to conservative (United Australia Party).
Keating, Paul (1944-)	Australian Labor Party politician, Prime Minister 1991-1996, Treasurer 1983-1991.
Keynes, John Maynard (1883-1946)	English economist. Author of <i>How to Pay for the War</i> , including proposal for child endowment.
Kingston, Charles Cameron (1850-1908)	Australian lawyer and radical liberal and protectionist politician (South Australia and Commonwealth). Prominent in development of Australian Constitution and arbitration.
Knibbs, (Sir) George Handley (1858-1929)	First Commonwealth Statistician. In this role undertook broader economic/policy advising role to government.
Lang, John Thomas (Jack) (1876-1975)	NSW and later federal politician initially Labor Party (although expelled in 1942 and formed independent Labor parties). Premier of NSW: 1925-1927 and oversaw introduction of child endowment; and 1930-1932 when he was removed from office for actions associated with rejection of Depression austerity program.
Longman, Irene Maud (1877-1964)	Women's and children's welfare activist, first Queensland female parliamentarian 1929-1932, representing the conservative Country and Progressive National Party. Active in National Council of Women.
McGirr, John Joseph (1879-1949)	NSW Labor Party politician, NSW Minister for Health and Motherhood 1920-1922 and introduced unsuccessful child endowment legislation.
Menzies, (Sir) Robert Gordon (1894-1978)	Australian politician (Liberal Party and previous conservative parties). Australia's longest serving Prime Minister: 1939-1941 & 1949-1966.
Monk, Albert Ernest (1900-1975)	Trade unionist, held multiple positions in the trade union movement including variously ACTU Secretary and President 1934-1969.
Muscio, Florence Mildred (1882-1964)	Feminist and social activist, including with the National Council of Women. Member of Royal Commission into Child Endowment 1927-1928.
Piddington, Albert Bathurst (A.B.) (1862-1945)	Lawyer and judge, NSW parliamentarian 1895-1898. Radical liberal. NSW Industrial Commissioner 1926-1929. Was a Royal Commissioner on a number of occasions. Most notably chair of 1919-1920 Royal Commission on the Basic Wage, following which he was a passionate advocate of child endowment.
Powers, (Sir) Charles (1853-1939)	Radical liberal, pre-federation Queensland politician. Appointed to High Court in 1913 and the Commonwealth Court of Conciliation and Arbitration, President of the Court 1921-1926.
Rathbone, Eleanor Florence (1872-1946)	Feminist, economist and social reformer. British Member of Parliament. Founder of the British Family Endowment Society and leading advocate for family endowment and equal pay.

Rowntree, B Seebohm (1871-1954)	English industrialist, social researcher. Published studies of poverty in York: 1901: <i>Poverty, A study of Town Life</i> ; 1935 & 1951. Reformer who advocated for child allowances and minimum wage in his 1918 book <i>The Human Needs of Labour</i> .
Scott Griffiths, Jennie (1875-1951)	American and Australian feminist and activist including in the labour movement.
Street, (Lady) Jessie Mary (1889-1970)	Feminist, social reformer, radical liberal/socialist internationalist. Active in National Council of Women and Australian Federation of Women Voters. Strong advocate for equal pay and financial independence of married women.
Webb, Martha Beatrice (1858- 1943)	English social researcher and reformer, economist, historian and sociologist. Active in the Fabian Society and in founding of the London School of Economics.
Webb, Sidney James (1859-1947)	English economist, writer and social reformer. Fabian, Labour Party politician, had ministerial positions in the MacDonald government.
Wells, Herbert George (HG) (1866-1946)	Writer of science fiction and social commentary. Utopian socialist and Fabian. Possibly first exponent of child endowment.
Whitlam, Edward Gough (1916-2014)	Australian Labor Party politician. Prime Minister 1972-1975, following 23 years of conservative government. Sought to introduce wide-ranging social and other reforms.

Acronyms and Abbreviations

ABS	Australian Bureau of Statistics (formerly Commonwealth Bureau of Census and Statistics)
ACTU	Australian Council of Trade Unions
AEU	Amalgamated Engineering Union
AFPC	Australian Fair Pay Commission
ALP	Australian Labor Party ¹
AMWSU	Amalgamated Metal Workers' and Shipwrights' Union
APSC	Australian Public Service Commission
AWE	Average Weekly Earnings
AWU	Australian Workers' Union
CAR	Commonwealth Arbitration Reports
CBD	Central Business District
CEHA	Cambridge Economic History of Australia
CLR	Commonwealth Law Reports
CPI	Consumer Price Index
CURF	Confidentialised Unit Record File
DLP	Democratic Labour Party
EEH Survey	ABS Survey of Employee Earnings and Hours
EMTR	Effective Marginal Tax Rate
FMW	Federal Minimum Wage
FT	Full-Time
FTB	Family Tax Benefit
GDP	Gross Domestic Product
HATTS	A Tax-Transfer Model
HCCA	Home Child Care Allowance
HILDA Survey	Household Income and Labour Dynamics Australia Survey
LITO	Low-Income Tax Offset
NCW	National Council of Women
NSW	New South Wales
NWC	National Wage Case
OHM	A Tax-Transfer Model
PAM	A Tax-Transfer Model
PSMPC	Public Service and Merit Protection Commission
RCCE	Royal Commission on Child Endowment or Family Allowances

¹ Reference is made in the text to both the Australian Labor Party and Australian Labour Party reflecting usage at the time, or in cited material. McMullin (1991, ix) reports that both terms were used, at times interchangeably, in the early years of the movement, although consolidating on Labor from 1912 onwards.

(1927-1928)

SMBW	Single Male Breadwinner
SNA	Safety Net Award
SNR	Safety Net Review
TFR	Total Fertility Rate
UAP	United Australia Party
VAR	Vector Autoregression
VECM	Vector Error Correction Model
WA	Western Australia
WCTU	Women's Christian Temperance Union
WEB	Women's Employment Board

A note on Currency and Language

Currency

Values are cited in both imperial and decimal currencies. Australia adopted decimal currency in 1966 with the dollar having a value of 10 shillings.

Under the imperial system there were 20 shillings (s.) in the pound (£) and 12 pennies/pence (d.) in a shilling. Currency values in this system were presented in various fashions. Amounts were at times cited in shilling values even when above a pound in value, and in textual terms were presented in a range of formats, often abbreviated using a diagonal slash, for example 5/6 to represent 5s. 6d.

Language

Language use and spelling has varied over the period under study. In general the approach has been to maintain original orthography in quotes. This includes the use of terms such as 'statist' rather than 'statistician', and spelling differences such as 'employés', rather than 'employees', 'shew' rather than 'show' and the use of '&c' as an abbreviation for etcetera.

In addition where italics are used in quotations this reflects, unless otherwise noted, transcription from the original.

Software

Software used included Microsoft Word, Microsoft Excel, Stata 15.1, Deltagraph, EViews 10 and gretl 2018a.

1 Introduction

In his 1907 ‘Harvester’ decision, Justice Henry Bournes Higgins, President of the Australian Commonwealth Court of Conciliation and Arbitration set a minimum wage for adult male workers employed by a manufacturer of agricultural machinery which he deemed to be “fair and reasonable” for a man, his wife and children living in “a labourer’s home of about five persons” (2 CAR 1, 3 & 6). In 2014 the Fair Work Commission declared: “The appropriate reference household for the purposes of setting minimum wages is the single person household, rather than the couple household with children” (245 IR 1, 11), and this wage is paid equally to males and females. Today, in contrast to 1907, the needs of a couple family, such as that for which the Harvester decision was made, are met through the workforce participation of both partners, government transfer payments for the support of children, and access to government transfers for a dependent partner while children are young.

This thesis is concerned with the rationales for these stances, and the transition between these two states, including when and how it occurred, and the role of the state, the economy and other institutions.

Specifically it considers the establishment and evolution of the minimum wage, the development of public transfers to families with children, and the treatment of families in the income tax system. These are considered as elements of the institutional structure of Australia, including the economic forces which prevailed. With a focus on the minimum wage, the study is primarily concerned with the low paid. Many of the considerations however extend beyond this group.

The contribution of this thesis is providing a coherent and quantitative, narrative which is focused by an understanding of the economic drivers of change. Uniquely this thesis draws together the core elements of wages, employment participation, taxation and transfers, in contrast to other empirical studies which largely focus on just one of these elements, and more general historical accounts which frequently generalise, rather than analyse, the empirical evidence and underemphasise the underlying economic forces. The research involved the creation of a number of historical time series which underpin the analysis.

I argue that the formulation of the family wage in the Harvester decision was appropriate to the circumstances of the time, including a lack of means to provide any alternative form of support for families, and existing patterns of participation in the paid workforce. The decision also delivered a reasonable outcome for low income working families. The logic of the decision however led to the formulation of a lesser wage for female employees who were overwhelmingly single. The adoption of a family wage in 1907 also reflected the nature of the household productive unit of the time. This involved

specialisation by the male in market, and the woman in domestic, production. This latter form of production was essential to enable the first, and directly contributed to the wellbeing of all members of the household. This domestic production was significantly shaped by the extant domestic technology

The Harvester decision was though a crude solution to meeting family needs. However, options were limited. Alternative mechanisms not just required the further development of the state, but also did not necessarily wholly address the tensions between the family basis of the wage, the principle of equal pay for men and women, and the low level of female participation in the paid workforce, especially by married women. Additionally, once the concept of the family wage was entrenched, shifting family support from the wages system produced losers as well as winners. Policy responses were slow in coming, partial, and frequently neglected over time, and faced resistance from those opposed to such an extension of the state role.

While some changes to this framework occurred in the Second World War, it was not until the final quarter of the twentieth century that dramatic restructuring occurred. Key elements of this were the granting of equal pay and the transition of the minimum wage to a wage for a single person. This was largely effected by an ongoing decline in the value relative to other earnings, and the expansion of transfers for families, along with a collapse of the single male breadwinner model with strong increases in the participation of married women in the paid workforce, complemented by the extensive penetration of new domestic technology.

In large part these changes were not the product of a strategic policy intent, but rather can be seen more as a weakening of older arrangements as the rationale for these was diminished by economic development and shifts in other elements of the framework.

1.1 CONTEXT – EXISTING RESEARCH

Consideration of some aspects of this study is not new. In large part, however pre-existing research has tended to consider specific elements of the process with a limited focus on the role of economic and institutional change. Some of the notable research contributions are: Macarthy's (1967) detailed analysis of the Harvester Judgement and its consequences, along with his later writings; Fair Work Australia's (2011) history of the minimum wage and the arbitration system; Cass' (1983) study of child endowment between 1916 and 1981; a subject expanded on in Hodgson's (2013) analysis of the family tax-transfer system between 1972 and 2007, and complemented by Andrew's (2008) analysis of the development of feminist positions on this in the inter-war period; along with Smith's (2002) study on the Australian taxation system. In addition the wider question of the development of the Australian welfare system has been extensively addressed by authors such as Kewley (1973 & 1980), Mendelsohn (1979) and Murphy (2011). Murphy (2011) encompasses a number of the themes covered here including the minimum wage (Chapter 4) and the push for child endowment in the 1920s (Chapter 6). There is a legion of material, from the turn of the twentieth century on, written on the Australian industrial relations system, and to a lesser degree tariff policy. Also relevant is the mainly international literature on family economics, including

Becker (1991) as well as critiques of this (Wooley (1993 & 1996), Ferber (1995) and Nelson 1995)) which is drawn upon in later sections, along with more recent insights including Stevenson and Wolfers (2008).

The question of the family wage, and the male breadwinner is well addressed in the literature, albeit with much of the focus being on the historical roots of this form of family income, and a strong European focus. The literature includes Seccombe (1986), Horrel and Humphries (1995 & 1997), Creighton (1996a & 1996b), Janssens (1997) and Burnette (2008). As however identified by Hill (1993), the roots of this literature go much deeper to include works such as Clark (1919) and Pinchbeck (1930). Associated with this is the work of Goldin (1995) who considers the obverse of the role of the single male breadwinner, the pattern of female workforce participation. This is considered further in section 2.5.3. Edwards (1984) considers the internal structure of the household economy in Australia with a focus on taxes and transfers.

In addition to the historical literature, including Douglas (1925) documenting the early developments of child endowment, there is a smaller but still significant contemporary literature on the family wage and welfare system especially the introduction of child allowances. This includes Dyhouse (1989), Macnicol (1992), Pedersen (1993) and Koven and Michel (1993), and is considered in section 4.9, but again has a strong European focus.

There is also very extensive literature, both academic and non-academic, on the history of equal pay for women and of women's employment in Australia. While impinging on the issues considered here, the framing of most of this does not directly focus on them.² This can be seen with respect to the family basis of the minimum wage decisions. While this literature recognises, or in some cases demonises, the family wage as an impediment to gender wage equity, there is less attention on the reasons why the wage was structured in this way, and the economic and institutional factors behind its persistence and later transformation.

In contrast to the more atomised approaches exemplified in much of the above, two approaches: the 'Wage Earners' Welfare State'; and the 'Australian Settlement', seek to place many of the key elements to be considered here in an integrated framework.

The concept of the 'wage earners' welfare-state' was developed by Castles (1985, 102-109) who described the development of social protection in Australia, in contrast to other market economies, as being where "a welfare state through state expenditure was, in quite large part, pre-empted by a

² There are some notable exceptions. These include Bennett (1984) who critiques this literature as presenting a "cultural deterministic approach" (25) which resulted in "both a distorted account of the legal process and, to say the least, an inadequate explanation of the relationship between women workers and the court" (23). Similarly Nolan reports that while "the theme that male solidarity in the trade union movement and arbitration tribunals was a new disadvantage for women is central to feminist historiography" (1991, 101-102), "there have been some revisions of the standard interpretation. A few historians have questioned whether the arbitration system was an unmitigated disaster for women" (102). On the other hand Bennett has been criticised by Frances (2000) for downplaying "the significance of ideology in influencing the courts' decisions" (86).

welfare state through wage regulation” (1994, 124). He describes the elements of this as: the control of wages through quasi-judicial activity of the state, the use of tariff policy to protect the manufacturing sector and enable high wages; and the regulation of migration to protect the bargaining position of labour. Although providing some insights, for the considerations here, this approach is limited. It does not provide an effective framework for considering change, nor the tensions seen in the wage-setting process, or the interaction with family support. Additionally, as considered in Chapter 6, the purported role of industry protection is questionable.

Later these same three elements: Protection; Arbitration; and White Australia, were termed by Gerard Henderson (1990, 5-7) as the ‘Australian Trifecta’ although his analysis was primarily concerned with the economic and social changes in Australia from the 1960s onwards.

Kelly (1994) introduced the conceptualisation of the ‘Australian Settlement’. This can be seen as an expansion of the above approaches. Kelly posited that there were five ideas: “White Australia, Industry Protection, Wage Arbitration, State Paternalism, and Imperial Benevolence” (1-2), which marked what he saw as ‘the old order’ of Australia, which had essentially operated from federation until the 1980s. He argues that support for these ideas was “bipartisan ... accepted, sooner or later, by Liberal, conservative and Labor politicians [and] its universality provided the bonds for eight decades of national unity and progress despite its defects” (1). As with Castles and Henderson this conceptualisation is not considered to provide an effective framework for the consideration of the changes here which more frequently display a dynamic within the period of the postulated ‘settlement’. As such, this concept again ignores the tensions between policies. In part this can be attributed to the extent this framework, similar to the approach adopted by Henderson, was developed to hypothesise a transition from a ‘closed’ to an ‘open’ economy, which sought to dichotomise the two eras, rather than address change which may have occurred within.

1.2 HISTORIOGRAPHY

The broad approach of this thesis is institutional, recognising as institutions not only formal bodies such as the arbitration court and governments, but also the policies and programs which emanate from them, such as the minimum wage and transfer payments, as well as the institutions of the family and the labour market. The approach recognises that these institutions have both agency and the capacity to change, but they can be constrained by other institutions, the cost of change, and by past history which may limit the pathways that can be pursued. In a broader sense these institutions are the product of a wider set of relationships, in particular the capacity and extent of individuals to meet their needs, and their desires, in terms of both production and consumption, and the welfare they gain from this – those functions we consider as economics.

This study contains three central elements:

- Identifying the key institutional elements and their characteristics at the time of the Harvester decision and subsequently;

- Deriving a time series of the value of the minimum wage, and of its interaction with the tax and transfer system for selected family types, to enable changes to be observed and interpreted; and
- Building an understanding of the interrelationship between the elements and the way, and reasons why, these institutions changed. Of particular interest is that of path dependence – that is, the extent to which earlier institutional structures acted to shape or constrain future development.

While the focus is on the historical, the underlying motivation for studying this is to gain insight to inform current and future developments. In this regard, while it is acknowledged that the minimum wage today is effectively a safety-net provision with only a small proportion of the Australian workforce reliant upon it, it remains significant in concept, and decisions about it have wider ramifications within the wage-setting environment.

Such an approach is not foreign to these considerations. Justice Higgins, as already seen, a central player in this history, reflected on the path he chose in his *Harvester* decision in the light of emerging arguments for new institutions, such as child endowment, declaring:

Perhaps it is sufficient to say that when I gave what is called the “*Harvester decision*” in 1907 ... the decision would have been materially different if any such direct provision existed for wives and children; the basic wage, if any, might not have taken the maintenance of wives and children into account at all. But there was no such direct provision; and there is none yet (in Australia); and the Court has to deal with facts as they exist. (Higgins 1926, 9)

While some ‘facts’ such as the existence of institutions can be postulated with certainty, although their functional capacity less so, more broadly, as argued by Carr: “the facts of history cannot be purely objective, since they become facts of history only in virtue of the significance attached to them by the historian” ([1961] 2008, 120).³ More so here I draw upon diverse sources: decisions of the arbitration court, judgements frequently drafted as rationalisations for decisions in a quasi-legal form with an eye towards an appearance of consistency with precedent and political expediency; statements of politicians and others in promising, opposing and announcing policies with the intent of providing the best interpretation of their actions, and differentiation with, or deprecation of, their political adversaries; as well as the declarations and claims of unions and other advocacy groups which are frequently couched in terms of the strongest argument that can be mustered with respect to the specific circumstances. In addition, none of these voices can be considered to be monolithic. Rather, each is characterised by diversity, within and across time. Much material has been garnered from newspapers. These are not without their agendas, and in particular for the subject here, the low paid, tend to be pitched at the middle class and their aspirations, as well as being, at times, as much about sensationalism and entertainment as the

³ This applies equally to the economist who seeks to identify the most parsimonious explanation to explain an effect, at the expense of including other variables, and who often focuses on a small statistically significant relationship as evidence while ignoring its limited explanatory power.

recording of ‘fact’. Also it is a history marked by lacunae: women are substantially absent in much of the material, especially labour histories, and at best only gleanings of information on the actual standards of living of the low paid can be obtained, let alone their daily behaviours, routines, motives and aspirations.

Similarly most of the data used in analysis, ranging from subjects such as marital and employment status, through to levels of price change, cannot be separated from the definitions and rules that were in place at the time of their collection, which were in turn frequently shaped by the social and economic conventions of the time.⁴

1.2.1 SOME AREAS NOT TRAVERSED

There are three recurrent themes, integral to the institutions and debates with which this thesis is concerned, which are not addressed.

The first is race. It can be argued, as is done in the conceptualisation of the ‘Australian Settlement’, that race and the White Australia policy, in particular those elements specifically framed in terms of avoiding competition from ‘coloured’ and ‘Asiatic’ labour, were central to the debates on many of the questions considered here.^{5,6} This is undoubtedly true, however set against this, the question is whether or not under a less racist mindset, and without the adoption of racially discriminatory policies for migration, and in the treatment of Indigenous Australians, the institutions, decisions and outcomes considered here would have been materially different. My answer to this is that, unless one postulates quite different pathways of Australian demographic and economic development, for example an alternative pattern of colonial development, or the development of a plantation style economy with

⁴ Nor are these sources free from the limitations associated with data reporting and collection.

⁵ While racist these declarations were frequently nuanced, and portrayed more complex relationships between class, xenophobia and race. Hence the policy advocated by *The Bulletin* in 1893: “Australia for Australians The cheap Chinaman, the cheap Nigger, and the cheap European pauper to be absolutely excluded” (cited in Clark [1957] 1977, 447). Clyde Cameron writes that it was only in 1974 that the Australian Workers’ Union (AWU), at his behest, changed its rules that debarred from membership persons of non-European descent, although noting that these exclusions had historically not applied to “an Australian Aboriginal, or Maori, or Negro citizen of the United States of America” (1996, 175).

⁶ It is also not just an Australian phenomenon. As detailed in section 4.1.1 some of the earliest proposals for child endowment were made by Sidney Webb (1906) as a means of addressing ‘race suicide’. More specifically he speaks of “children ... being freely born to the Irish Roman Catholics and the Polish, Russian and German Jews, on the one hand, and to the thriftless and irresponsible — largely the casual laborers and the other denizens of the one-roomed tenements of our great cities — on the other ... This can hardly result in anything but national deterioration; or, as an alternative, in this country gradually falling to the Irish and the Jews. Finally, there are signs that even these races are becoming influenced. The ultimate future of these islands may be to the Chinese” (527). Similarly, Beveridge’s *Pillars of Security* contains an essay “Children’s Allowances and the Race”. In this, while noting that his principal objectives for child allowances were economic and social, he maintained that they also would have a role of ensuring “the great free people of Britain should now make sure that they will maintain their breed at its best” (1942, 161).

the use of indentured labour, pathways effectively shut at the time of federation, such a case is not persuasive. This in no way however should be interpreted as denying the gross injustices that did occur, and indeed are perpetuated today.

The second is that of fertility and pro-natalist policies, and their association with eugenics, issues not unrelated in the debate to the first, and at least nominally raised in debates on family policies including wages and transfers. A recurrent theme across the era considered here was that of the Australian birth rate. This is a concern stretching from the 1904 New South Wales Royal Commission into the Birth-Rate which ascribed the fall in the birth rate to “selfishness ... the desire of the individual to avoid his obligations to the community” (cited in Hicks 1978, 23), to the 2006 declaration of the then Treasurer: “if you have the opportunity ... have one for mum, one for dad and one for the country” (Costello 2006). Again, in considering this my focus is on whether or not it would have made a material difference to the institutions, policies and outcomes if these debates and policies had not occurred. My conclusion is that any such difference would have been marginal, but rather, as discussed later, fertility trends can be seen in terms of a wider set of economic and social factors, separate to any particular pro-natalist policies.⁷

The third is gender. In this respect the qualification is not so much that this subject is absent, but rather that exploration of several significant dimensions is curtailed.⁸ Hence while certain aspects of gender will be discussed, at times in some detail, in terms of the setting of the female minimum wage, female workforce participation and gender division of functions within families, the context of this is focused on the nature of these institutions as they existed and evolved over time, rather than the specific implications for women, or any theoretical or normative position as to what they should have been.

⁷ Some caution needs to be exercised in the consideration of concepts such as ‘pro-natalism’. It can be considered in more neutral terms as ‘population policy’, and in this regard ‘pro-natalism’ can be viewed as having a range of meanings, including the role of endogenous population reproduction and/or growth relative to migration, that is nativist rather than natalist. While often associated with the idea of ‘Maternal Citizenship’, that is, where a woman’s identity in relation to the state is bound with being a mother, the concepts are quite separate.

⁸ This can be seen for example in the treatment of families, which are here conceived of in terms broadly consistent with de Vries’ (2008, 10) postulation of “the family-based household is an entity that performs functions of reproduction, production, consumption, and resource distribution among its members”.

It is recognised that within this type of conceptualisation there are substantial gender questions. Crucially these include the extent to which there are power imbalances between individuals in such a unit, and the implications of this for women, both within the institution of the family itself, and more widely. That is, within this definition, *who* determines *who* undertakes these ‘functions’, and *who* determines the balance of ‘resource distribution’.

These latter questions are however outside of the scope of the considerations here.

1.3 STRUCTURE OF THESIS

This thesis is structured as follows:

- Chapter two identifies some of the key institutional elements: the Industrial Relations System; the development of the tax and transfer systems; the family and domestic production;⁹ patterns of employment in the paid workforce; the conveyance of ideas; and the wider economic settings. This is a substantial chapter which also provides a backdrop to the considerations in subsequent chapters.
- Chapter three documents and analyses the development of the Australian minimum wage since 1907, including the development of a separate wage for women between 1912 and 1975.
- Chapter four is concerned with the provision of support to families through the welfare system, including the initial development of the concept of this form of intervention, and the process of implementation and subsequent developments.
- Chapter five presents the results of a quinquennial modelling of the interaction of the minimum wage and the tax/transfer system. It considers the outcomes for a single adult male and female, and for a classical “Harvester” family of a single adult male breadwinner with a partner who works in the domestic sphere only and children.
- Chapter six presents an analysis of the minimum wage and the wider economy. This includes an econometric examination of the relationship between the wage, tariffs and unemployment between 1908 and 2016.
- The final chapter identifies some salient issues arising from this analysis.

⁹ Here the focus is on domestic production in the context of relatively low waged employment. At varying times, for those at the upper end of the income distribution this is differently configured, most usually as the ‘servant problem’.

2 The Institutional Framework

This chapter identifies and discusses the key institutions in the context of the minimum wage and assistance to families. These are extensive and include: the industrial relations framework; the tax and transfer systems; the conceptual basis of the family wage; the economics of a household; the paid labour market, with a particular focus on the labour market position of women, including married women and the barriers and constraints they may have faced; how ideas were conveyed, including the extent to which Australian consideration of questions around wages and the family were influenced by international debate; and a very brief overview of the structure of the Australian economy over the period.

Before entering into the detail of these, there is merit in first addressing the nature of institutions.

2.1 THE NATURE AND ROLE OF INSTITUTIONS

North describes institutions, and their importance to understanding historical economic performance as:

Institutions are the humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights). Throughout history, institutions have been devised by human beings to create order and reduce uncertainty in exchange. Together with the standard constraints of economics they define the choice set and therefore determine transaction and production costs and hence the profitability and feasibility of engaging in economic activity. They evolve incrementally, connecting the past with the present and the future; history in consequence is largely a story of institutional evolution in which the historical performance of economies can only be understood as a part of a sequential story. (North 1991, 97)¹⁰

While some of these constraints are embedded in individual behaviour and belief structures, these in turn are frequently shaped by wider community values and expectations. In other cases the institutions take on a much more concrete form – such as the bodies tasked with the enforcement of the formal

¹⁰ A somewhat simpler definition is given by Commons in defining ‘Institutional Economics’: “An institution is defined as collective action in control, liberation and expansion of individual action. Its forms are unorganized custom and organized going concerns. The individual action is participation in bargaining, managing and rationing transactions, which are the ultimate units of economic activity. The control by custom or concerns consists in working rules which govern more or less what the individual can, must, or may do or not do” (1931, 648).

rules. Others, such as the minimum wage itself, take on both a concrete existence, as well as being an ethical symbol.

North's definition here focuses on the role of these institutions in minimising transaction costs. That is, greater efficiency can be derived from the existence of the institution. A particular case, important to the subjects under discussion here, are the transaction costs of collective action. This question of efficiency also has both a long-term and short-term dimensions. Given the nature of the markets considered here, in particular the labour market, institutions need not just resolve an individual exchange at a point in time, but also enable longer-term relationships. Equally, the reduction of uncertainty with respect to family formation and reproduction requires institutional responses with a long-term focus.

In focusing on the efficiency of institutions, care needs to be taken in recognising that preference sets cover not just aspects of material wellbeing but also preferences as to the nature of relationships at the individual and societal level. North opens this scope, cautioning "however concerns about equity as well as the distribution of gains from trade, influence people's views about the fairness and justness of contracts" (1986, 233). This is important to the subject here not just because of the existence of different preference sets, but because the question of 'fairness' is one, which in Sen's terminology, is dependent upon the space in which it is considered. This question is explored further in section 2.7.

North argues that change arises from "fundamental and persistent changes in relative prices, which lead one or both parties to contracts to perceive they could be better off by alterations in the contract" (234). While this can be seen as one potential cause, some caution needs to be given to any assumption that an outcome, or institution, at any one time represents a stable equilibrium.¹¹

While institutions can be seen as a means of coordination and improving efficiency, they can also provide opportunities for rent-seeking behaviour, and to the extent they seek to encapsulate some norms, these do not necessarily reflect the diversity of individual preferences or circumstances, and hence provide some with greater benefits than others.¹² Under more extreme circumstances they can lose focus on their initial rationale, and become self-interested, or their purpose becomes poorly understood, and rather than just creating order to minimise transaction costs, they seek to preserve a particular form of order.¹³ In time however this conduct becomes costly and may generate pressure for change.

¹¹ This stability can be seen both in terms of classical interpretation of an equilibrium to which a market may return after an exogenous shock, and in a political sense, of the extent of commitment to the achieved outcome or institution.

¹² That is while they may reduce transaction costs and reduce uncertainty for some, they may increase it for others.

¹³ Olson in his book *The Rise and Decline of Nations* describes this type of process in terms of the emergence of "distributional coalitions" which "interfere with an economy's capacity to adapt and change and to generate new innovations and therefore do reduce the rate of growth" (1982, 62). Hence, while there may be pressure for change, this can be distorted and thwarted.

Institutional change can, and indeed in most cases tends to, be incremental, rather than revolutionary. A number of factors contribute to this. The first is the sunk-cost associated with the establishment of an institution, and the high transaction, including coordinating, costs of change. This is exacerbated by the extent to which there is risk attached to the change. Secondly are the issues associated with rent seeking, including the degree these institutions will seek to minimise change to maximise the preservation of rents. Thirdly are constraints because of the interrelationships with other institutions as part of a wider system. To the extent change is incremental, and the development of new institutions costly, change can often be seen as being path dependent. That is, to the extent it occurs and new institutions are developed, the set of options can be constrained by what has gone before. Such path dependence however should not be construed to mean that change is path determined. Rather, within a set of constraints, a range of options are available for change. Nor should it be seen as being limited to mere incrementalism. That is where the gains are high, new institutions can be established, whether of a formal or informal nature, which can be radically at odds with what went before.¹⁴

A further challenge for institutions is that in their role of codifying a particular structure they can face difficulties in coping with major paradigm shifts, or the coexistence of, and or transition between, two opposed paradigms or sets of constrained preference sets.¹⁵

Richter (2005) suggests that North's concept of a 'New Institutional Economic History' relates to the interaction between the "polity and the economy" (177) before stating "North assumes imperfect individual rationality and emphasizes the role of ideology", although Zimbauer's characterisation of "imperfect information and bounded rationality" (2001, 10) is probably a more useful expression.

Coase, in reference to 'New Institutional Economics' emphasises that "modern institutional economics should study man as he is, acting within the constraints imposed by real institutions. Modern institutional economics is economics as it ought to be" (1984, 231). This is not to omit however the fundamental economic drivers, and their basis. Here he observes, with respect to earlier American institutionalists, that they "were not theoretical but anti-theoretical ... without a theory they had nothing to pass on except a mass of descriptive material waiting for a theory, or a fire" (230).

While these theoretical considerations around institutions are important, they are not the focus here. As discussed by Steinmo (2008, 118), although the terminology of 'Historical Institutionalism' was not coined until the 1990s, this

¹⁴ It is in this sense that the sequential nature of history and institutions to which North alludes can be understood. Such sequences are not just independent episodes occurring one after another, but rather are processes, or a series of outcomes and institutions, that can be related to what has come before.

¹⁵ This as will be seen later can be viewed as the challenge Australian institutions faced in the transition of married women from being engaged in domestic production to being participants in the paid workforce.

post-dated the application of this approach by at least several decades, if not half a century.¹⁶

2.2 INDUSTRIAL RELATIONS

The focus here is on the ‘minimum wage’, as determined in the federal industrial relations arena. While this focus is well founded, some limitations need to be recognised.

Prior to the Harvester decision a range of minimum rates of pay had been developed in Australia in many industry sectors, in particular through the activities of wages boards in a number of states.¹⁷ Along with contemporary developments in New Zealand, the minimum wages established by Wages Boards under the Victorian *Factories and Shops Act 1896* (Vic), were amongst the first independently established minimum wages in the world.¹⁸ These Boards, comprised of equal numbers of employers and employees with an independent chair, had the power to determine minimum wages (and piece rates) within industries. While the scope of these Boards was limited (Price 2009) and focused in particular on industries with ‘sweated labour’, at the time their impact on earnings was seen as significant. The Victorian Government Statist reported in 1904, for example: “the average weekly wage for all employés (including boys) in the bread-making trade was £1 12s. 6d. in 1896, prior to the Wages Board being in operation, and £2 2s. 1d. in 1903

¹⁶ This is of course not the only approach to institutions. Marxist analysis would, for example, see institutions in terms of class interests, while feminist analysis would emphasise the role of power in patriarchal structures.

¹⁷ Sawkins identifies Sir Samuel Griffith’s 1890 ‘natural law’ Bill in the Queensland Parliament as the first enunciation of the family wage concept in Australia. He cites this as: “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 [the labour’s] character and duration; but it [the wage] 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” (1933, 9).

¹⁸ There is an extensive, and mostly positive, literature on the activities of these boards. This includes: Pember Reeves ([1902] 1969), Webb (1912), and Hammond (1913). Collier (1915) concludes “the Victorian system of wages boards was designed to remedy some of the worst evils of sweating and underpayment. In doing this it has been eminently successful” (1953). In contrast Rankin (1916) tends towards more negative conclusions. Looking at the boot trade she argues “the Trade would seem to have been regulated for the benefit of the Importer” (92), in the furniture trade that the board had “aided the [unregulated] Chinese in obtaining a surer foothold ... [and] tended to increase the undercutting of prices by the multiplication of the one-man workshop” (96-97). In the bread trade she says “the regulations seem only to be obeyed if they are found to be convenient (99), while she concludes the clothing trade would have “expanded considerably farther” (103) if not for the boards and that there was no major impact on rates in the shirt trade or underclothing, except when there was a shortage of labour (105-107).

In more recent econometric analysis Seltzer and Borland (2016) report that the imposition of minimum rates through the wages boards had a positive impact on average wages but little impact on employment, while also presenting evidence of wages compression. The authors suggest that while, in part, the absence of an employment effect was due to the extent that wages boards were influenced by market factors, this did not wholly explain the outcome they identified.

when its determination was in full force” (ABS (Australian Bureau of Statistics) 1301.2 1904, 180).¹⁹

In addition, for most of the twentieth century only a minority of Australian employees were directly subject to the jurisdiction of the federal industrial relations system. Even in 1968, it was estimated that 40.1 per cent of employees were under Commonwealth Awards with 47.3 per cent covered by State Awards and the remaining 12.7 per cent outside of the award system (ABS 6101.0 1970, 166). Notwithstanding this, as will be discussed, the decisions taken in the Federal jurisdiction, in particular relating to the minimum wage, were highly influential on state tribunals for most of the period.

2.2.1 CONSTITUTIONAL FRAMEWORK

Central to the development of the Australian minimum wage was the Commonwealth Court of Conciliation and Arbitration, and its successors.

The court was established in 1905, under the provisions of the *Commonwealth Conciliation and Arbitration Act 1904* (Cth) which in turn drew upon s.51(xxxv) of the *Australian Constitution* which granted the Commonwealth Parliament the power to legislate²⁰ with respect to “conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State”. This provision did not exist in the first draft of the Australian Constitution and was only present in the final by a narrow margin.²¹

¹⁹ The Commonwealth Bureau of Census and Statistics became the Australian Bureau of Statistics in 1974. Here all publications are attributed to the latter organisation and references are given as ABS with the publication catalogue number and date where this is available.

²⁰ The Australian Constitution is based on the principle that the Commonwealth has legislative powers limited to domains identified in Section 51 of the Constitution, with all other matters being left to the states.

²¹ Following the 1890 Federation Conference which agreed on the need for the union of the colonies, two Constitutional Conventions were held. The first, in 1891, involving delegates from the colonial legislatures developed an initial draft constitution. The second, comprised delegates elected by popular vote (although with limited suffrage), was held in 1897–98 and focused on refining this. Between these, in a period which was marked by a significant economic recession and some disputation and loss of interest in federation, two ‘people’s conventions’, in Corowa in 1893 and Bathurst in 1896, sought to maintain the momentum of the federation project.

At the 1891 National Australasian Convention Charles Kingston, a former South Australian Attorney General, and future state premier, sought to include a provision for “federal courts of conciliation and arbitration for the settlement of industrial disputes” (Australasian Convention 6/4/1891, 780). This was lost on a 12 to 25 vote (785). At the 1897-98 Australasian Federal Convention, Henry Bournes Higgins proposed, at the first session, the inclusion of powers related to “Industrial disputes extending beyond the limits of any one state” (Australasian Convention 17/4/1897, 782). This lost in a 12 to 22 vote. While there was no time to debate this at the second session, he again proposed it at the third session, this time including the words “conciliation and arbitration for the prevention and settlement of”. This was accepted by a narrow majority in a 22 to 19 vote. (Australasian Convention 25/1/1898, 182 & 215). The primary grounds for opposition related to infringement of the role of the states.

The motivations for seeking this industrial power reflected both an aspiration for a better way of managing industrial disputation, and a more pragmatic recognition of the limitations of only having state based systems when a dispute may affect a number of states or the nation as a whole. Background to the debate on this were the bitter, at times violent, and ultimately unsuccessful industrial disputes of the 1890s, including the 1890 maritime strike, the shearers' strikes of 1891 and 1894, and the 1892 Broken Hill Miners' strike. These, Pember-Reeves ([1902] 1969) reports, while initially generating some sympathy for the 'attacked masters', resulted in concern for "the defeated men, who had asked for arbitration and had their request spurned ... it was felt that the settlement of labour disputes by the strike and the lock-out was antiquated and barbarous ... the desire for something juster, fairer and more peaceful than this was strong" (Vol 2, p 96).²² Kingston was one of those who adopted this approach, presenting a case for compulsory arbitration to the New South Wales Royal Commission into strikes established in 1890 (Portus 1958, 103).

The specific limitation of the power to settle disputes that extended beyond one state was a compromise, with both Kingston (Australasian Convention 17/4/1897, 791) and Higgins (792) expressing a preference for these words not to be included, but supporting their inclusion in order to achieve at least this limited power. The consequences of this limitation were soon apparent, and the deletion of this clause was central to six failed attempts to change the constitution through referendum.²³

The limitation of s.51(xxxv) was however eventually circumvented a century later through two steps. The first was in 2005 with the passing of the *Workplace Relations Amendment (Work Choices) Act 2005* (Cth), which drew its constitutionality from s.51(xx), the 'corporations' power.²⁴ This effectively brought all employees of "foreign, trading and financial" corporations under Commonwealth jurisdiction. The second stage was the agreement of all

²² This sentiment was a persistent theme in industrial relations in Australia. In 1953 the then Prime Minister Robert Menzies declared that:

[the arbitration] system with all its faults has been, I believe of inestimable benefit to employees and has made a great contribution towards industrial peace. You wipe it out, you go back to the good old jungle warfare, go back to what some people are pleased to call collective bargaining but which other people might be pleased to call collective disorder, and see what happens (Menzies 1953).

²³ The failed referenda were: 1911 Trade and Commerce; 1913 Industrial Matters; 1919 Legislative Powers; 1926 Industry and Commerce; 1944 Post-War Reconstruction and Democratic Rights; and 1946 Industrial Employment.

Only the last of these even achieved a majority vote in favour, but failed to gain support from the majority of voters in a majority of states which were deadlocked. The proposal voted on in this case effectively left s.51(xxxv) untouched, but included an additional s.51(xxxiva) which provided legislative power over the terms and conditions of employment.

Historically Australian constitutional referendums have been unsuccessful with only 8 out of the 44 proposals since 1901 leading to change.

²⁴ This legislation was challenged in the High Court with a 5:2 judgement upholding its validity (229 CLR 1).

states,²⁵ other than Western Australia, to refer their remaining coverage, other than some government sector employees, to the Commonwealth following passage of the *Fair Work Act 2009* (Cth) (see Lynch 2011). However, prior to this, over an extended period, both employers and unions became adept at managing disputes in such a way as to fall under Commonwealth jurisdiction where they saw this as being to their advantage (see Bull 1998).

A further consequence of the constitutional basis of the industrial relations power was the involvement of the High Court in the interpretation of the power and hence the operation of the arbitration system. Portus reports: “Sir Robert Garran [Secretary of the Attorney-General’s Department 1901-1932] writing in 1930 pointed out that in the first twenty-five years of the Commonwealth, the Commonwealth industrial power played a greater part in political history and legal controversy than the whole of the rest of the constitution put together” (Portus 1958, 114).

Initial Commonwealth power to provide social services was similarly constitutionally constrained to legislation relating to “invalid and old-age pensions” (Constitution, s.51(xxiii)). A 1946 referendum agreed to an amendment for a new section, 51(xxiiiA), which extended this to include: “The provision of maternity allowances, widows’ pensions, child endowment, unemployment, pharmaceutical, sickness and hospital benefits, medical and dental services (but not so as to authorise any form of civil conscription), benefits to students and family allowances”.

2.2.2 THE COMMONWEALTH COURT OF CONCILIATION AND ARBITRATION AND SUCCESSORS

Notwithstanding these tentative beginnings, significant restructuring, and at times strong challenges, the conciliation and arbitration system and the award structure it established, while experiencing many changes, has remained, at most times, a robust and central element of the Australian industrial relations system, including for the fixation of the Australian minimum wage.

Although today the system has a notional focus on enterprise bargaining centred on ‘Workplace Agreements’, a shift which commenced in the early 1990s after a brief detour into individualised bargaining through ‘Australian Workplace Agreements’ between 2004 and 2007, it remains underpinned by a strong, centralised system.²⁶ This includes the ‘National Minimum Wage’ and a set of 122 ‘modern awards’ with these latter arbitrated through 4 yearly reviews. These operate as a floor and a safety-net and are subject to an annual wage review.²⁷

²⁵ While Victoria was also a signatory to this agreement, it had already referred its industrial relations powers to the Commonwealth in 1996 (Roth 2010, 1).

²⁶ The *Fair Work Act 2009* (Cth) seeks to encourage collective bargaining, however after reaching a peak coverage of 28.8 per cent in December 2010 the proportion of employees covered by such arrangements was just 17.5 per cent in December 2017 (Bray 2018, 10).

²⁷ Modern Awards provide an underpinning for any workplace agreement through the operation of a ‘no disadvantage test’ which effectively means that the conditions, including wages, established in the modern award cannot be abrogated. Similarly while it is obligatory for agreements to provide scope for ‘Individual Flexibility Agreements’, these are subject to a slightly different ‘better off overall test’ which can

The central industrial relations function has over time been performed by the: Commonwealth Court of Conciliation and Arbitration (1904-1956); Commonwealth Conciliation and Arbitration Commission (1956-1973); Australian Conciliation and Arbitration Commission (1973-1988); Australian Industrial Relations Commission (1988-2009); Fair Work Australia (2009-2012); and Fair Work Commission (2013-current). Between 2006 and 2009 a separate tribunal, the Australian Fair Pay Commission, was responsible for setting the minimum wage.²⁸

As observed by Garrahan, High Court decisions played a significant role in shaping the court's function. In addition to the specifics of the Harvester Case, discussed later, a number of other High Court decisions impacted the scope of the arbitration court. These included the 1910 Whybrow decision (11 CLR 311) which limited the court's ability to that of making decisions which applied solely to parties to the dispute, effectively excluding 'common rule' decisions under which an award could be made which would apply to an industry as a whole.²⁹ Issues of jurisdiction also arose. The 1920 Engineers' decision (28 CLR 129) validated an extension of the jurisdiction of the court to some employees of state government authorities, while, in contrast, the 1929 School Teachers' decision (41 CLR 569) took a narrow interpretation of the word "industrial" in s.51(xxxv), deciding that school teachers were not engaged in an 'industry'.³⁰ Most significant was the 1956 Boilermakers decision (94 CLR 254) which determined that both judicial and non-judicial functions could not be undertaken by the same body. This led to the abolition of the court, with its functions being allocated to two different bodies, the Commonwealth Conciliation and Arbitration Commission, and the Commonwealth Industrial Court, depending on whether they were judicial or otherwise.³¹

The creation of the Australian Industrial Relations Commission in 1988, replacing the Conciliation and Arbitration Commission, followed the 1985 Hancock Committee Review, and while introducing a number of changes, left the substance of the system untouched. The *Industrial Relations Reform Act 1993* (Cth) introduced more substantive change directed at facilitating workplace and enterprise bargaining – leaving “compulsorily arbitrated awards and arbitrated wage increases ... only as a safety net” (Keating 1993b, 10). The *Workplace Relations Amendment (Work Choices) Act 2005* (Cth) took this much

permit some trade-offs as long as the outcomes for the individual are in aggregate better than the provisions in the agreement. Modern awards are in turn underpinned by legislated 'National Employment Standards'.

²⁸ These bodies are generically referred to here as either the 'court', or from the mid-1950s on, as the 'commission' without reference to the specific form at the time.

²⁹ This ruling meant that any decision could only apply to those specific firms or individual employers and unions who were formally named as parties in hearings before the court and hence parties to any award which arose from this.

³⁰ This ruling effectively persisted until the 1983 Social Welfare Union Case (153 CLR 297) in which the High Court gave a contrary ruling that the word industry in 'industrial disputes' should be interpreted broadly.

³¹ An additional decision of relevance here relates to the 1908 Jumbunna Case (6 CLR 309). This concerned a technical issue relating to 'interstate disputes' and a significant point regarding the ambit of Commonwealth legislation. The ruling was in the court's favour.

further. Along with the constitutional change discussed above, this split the functions of the commission, removing the wage-setting function and allocating it to the Australian Fair Pay Commission, leaving to the Australian Industrial Relations Commission responsibility for dealing with employment disputes. While stipulating a small set of minimum conditions, the legislation removed the ‘no disadvantage test’ (see footnote 27) relative to awards, restricted what an award could cover, weakened employment protection and placed a focus on individual contracts through ‘Australian Workplace Agreements’.

The conceptual basis of this approach was then reversed, following the defeat of the Howard government in an election substantially fought on the basis of Work Choices, with the passage of the *Fair Work Act (2009)* (Cth).³² This removed individual employment agreements, and constructed the current framework with legislated ‘National Employment Standards’ and ‘Modern Awards’ as a robust underpinning to a system focused on collective enterprise, including multi-enterprise, agreements. Organisationally it saw the arbitration and related functions of the Australian Industrial Relations Commission re-integrated with the Australian Fair Pay Commission, which along with other organisational elements, were brought together in a new ‘Fair Work Australia’.

Over its history the court, through its decisions, created a particular institutional form for the wages system. This had several elements. The first was the ‘award’ system in which decisions on wages were presented as a set of minimum rates for different occupations in specific industries. The second was a structure, developed in the early decades of the court and persisting until the mid-1960s, of these rates being constructed of the ‘basic wage’ as a common ‘living wage’ component, supplemented by ‘margins’ for skill and at times conditions, as well as, in some cases additional ‘loadings’. In this role, the minimum wage has also been described as a ‘foundational wage’.

2.2.3 UNIONS AND UNIONISATION

At the commencement of the twentieth century the Australian trade union movement was in a state of flux. The movement, which had started in the 1830s,³³ was recovering from a series of defeats in the great strikes of the 1890s, along with the consequences of the depression of that decade,³⁴ and the attention of many of the leaders was on the political development of the

³² A strong parallel can be drawn between this electoral loss, which involved the Prime Minister losing his seat, and the defeat of the Bruce-Page government in 1929 in which the then Prime Minister Stanley Bruce lost his seat. This earlier election was focused on Bruce’s proposal “to repeal the existing Federal Arbitration legislation, so as to leave the States free to exercise undivided control over industrial regulation” (Bruce 1929).

³³ Portus (1958, 87-97) records the formation of unions in the 1830s, although noting that legislation such as the 1828 *Servants and Labourers Act* (NSW) severely restricted labour activity.

³⁴ The Depression of the 1890s was the most severe recorded in Australia. Real GDP fell by 13.5 per cent between 1891 and 1895, and did not recover until 1901. Real GDP per capita fell by 22.4 per cent between 1889 and 1897, and did not recover to the 1889 level until 1907 – an 18 year period. (Data from Butlin, Dixon and Lloyd (2014, Tables A1, A2 & A7))

Labour Party.³⁵ In the early 1900s the movement was also impacted by wider ideological considerations, in particular the ramifications of Marxist thought, the impact of the Industrial Workers of the World movement, and debate on the 'One Big Union' as an alternative to the existing craft and industry trade union structure (see Fitzpatrick 1944, 120-122). In addition, with Federation, the trade union movement was consolidating on a national basis.³⁶

The development of formal arbitration systems at both the Commonwealth and state level conferred a new status on trade unions, described by Portus, as having "become semi-official associations which are given a part in the making and administration of law" (Portus 1958, 115). This was underpinned by Commonwealth legislation which required the registration of both employer and employee organisations to be parties to an award (Healey 1972, 20-23).

Unions at the beginning of the twentieth century were also facing rapid growth. The ABS reports that the number of trade union members increased from 54,888 in 1891 to 97,174 in 1901 and 364,732 in 1911 (ABS 6101.0 1891-1912, 13).³⁷ Reflecting this, the period between 1901 and 1911 saw (see Figure 2.1) the rate of trade unionisation amongst male employees increase from 14.0 per cent to 40.4 per cent, commencing a long-term trend in increasing levels of unionisation. Despite falls during the Depression, this eventually reached a rate of 68.0 per cent in the mid-1950s for men. This growth was however reversed in the second half of the twentieth century with a steady decline, accelerating in the 1990s to a unionisation rate for men of just 14.1 per cent in 2016. The pattern of unionisation of women, while following a broadly similar path, had some differences. Until 2012 women had a lower unionisation rate than men, a gap which was particularly apparent up until the 1920s and again in the 1950s. Unlike men the unionisation rate amongst women did not tail-off until the 1980s.³⁸

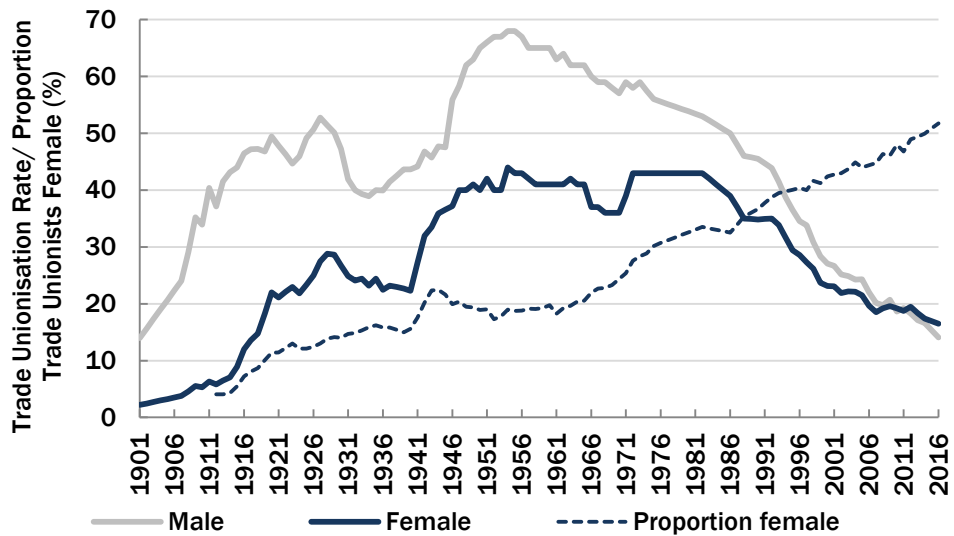
³⁵ Markey puts the experience of the 1890s even more starkly: "The unions disintegrated. Most of the new urban unskilled unions completely collapsed Those which survived ... were severely weakened, as were the labour councils" (2004, 53).

³⁶ A further issue were the transformations, associated with 'New Unionism'. That is, the shift from more traditional craft based unions, often also providing extensive welfare functions, to industrial unions encompassing workers more generally, focused primarily on achieving outcomes concerned with the pay and conditions of employment, although also including a wider, more political, role. In this latter role a contemporary ABS report described 'new unionism' as an approach which "espoused direct legislative representation and advocated State interference between employer and employé" (ABS 1301.0 1907, 866). (See also Spence (1892), Markey (1985) and Ebbels ([1960] 1983, 103-124).)

³⁷ Cooper (2002) gives an account of the activities of the 'Organising Committee of the Labour Council of NSW' as part of this process of expansion.

³⁸ The dip in female unionisation rates apparent in the second half of the 1960s was driven by the large increase in female workforce participation rather than falling union membership. The number of female trade union members increased from 430,800 in 1966 to 564,100 in 1970.

Figure 2.1 Trade Unionisation Rate of Wage and Salary Earners, by Gender, and Female Proportion of Trade Union Members, 1901 to 2016



Source and notes: See Table A 6.1.

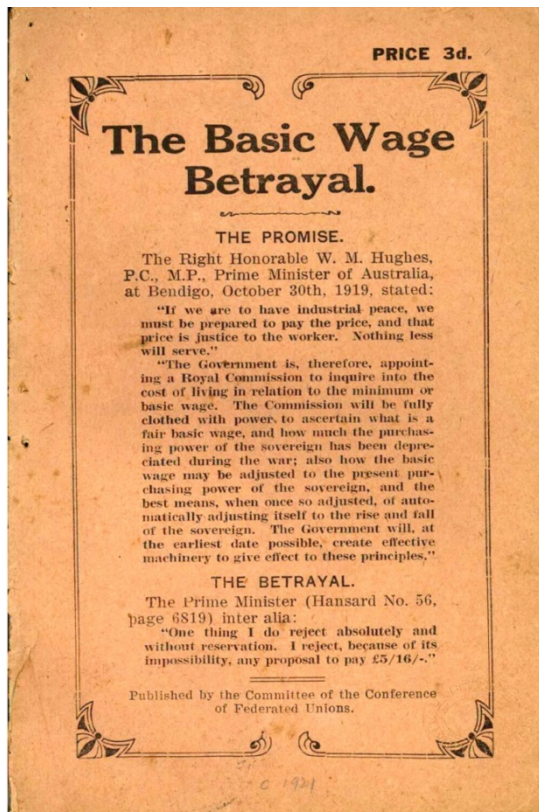
These trends in unionisation, along with changes in workforce participation, saw the proportion of trade union members who were women rise from 4.1 per cent in 1912 to 51.8 per cent in 2016. It was however not until the mid-1960s that the proportion substantively moved above twenty per cent, although it had previously reached this level for a brief period during the Second World War.

This low level of representation can be seen as one of a number of factors which limited the focus of the union movement on the interests of women workers. Scutt in looking at the history of equal pay concludes: “Women’s unions, and women in unions, have had a problematic relationship with men’s unions, and men in unions” (2007, 64), while Pocock summarises the relationship as: “Unions have not always been reliable friends of women workers” (2007, 13). In a study of the Victorian Clerks’ Union in the first decades of the twentieth century Nolan argues that the initial support by the union for equal pay and the later behaviour of the union towards women is best understood by considering that “class is the axis of conflict, not gender” (1991, 121). Looking at the role of unions during the Depression Bremmer reports: “Many women’s groups both inside and outside labour circles during the period saw the unions as anti-woman and doubted their commitment to equal pay. This assessment has been largely endorsed by historians of the period” (1982, 291-292).^{39,40}

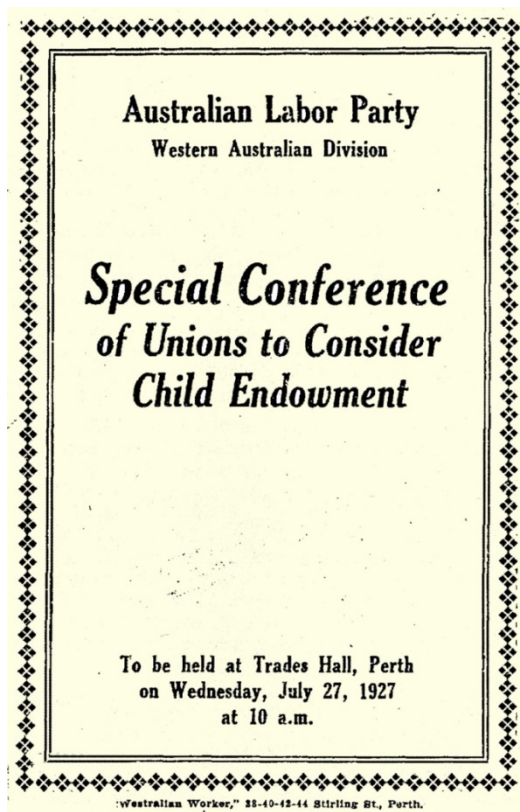
³⁹ The issues associated with the equal pay campaign, including the role of unions, is extensively covered in literature such as Ryan and Conlon ([1975] 1989), McMurchy, Oliver and Thornley (1983), Ryan (1984), Francis (1989), D’Aprano (2001) and Scutt (2007).

⁴⁰ Tew writing in the 1950s comments on the low level of organisation amongst women in the paid workforce, noting that while this “became less marked during the recent war” (1951, 117) it remained low. She suggests one reason at the time was a reluctance “to pay trade union subscriptions when the period in which they may derive benefit is likely to be brief” (117).

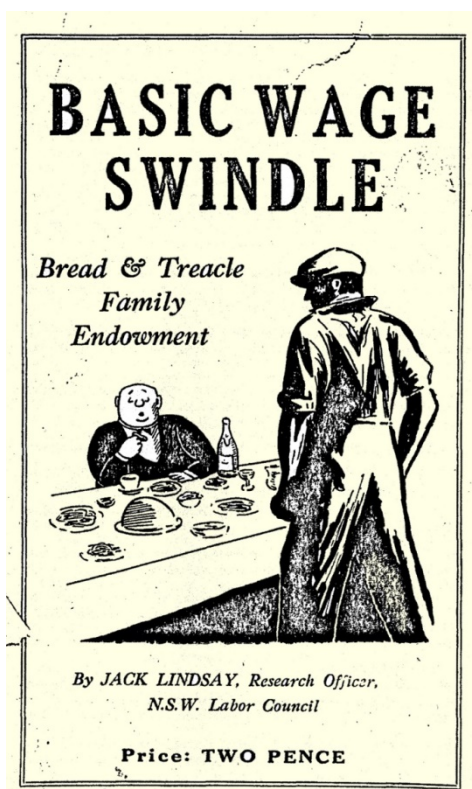
Figure 2.2 Selected Union Campaign Booklets



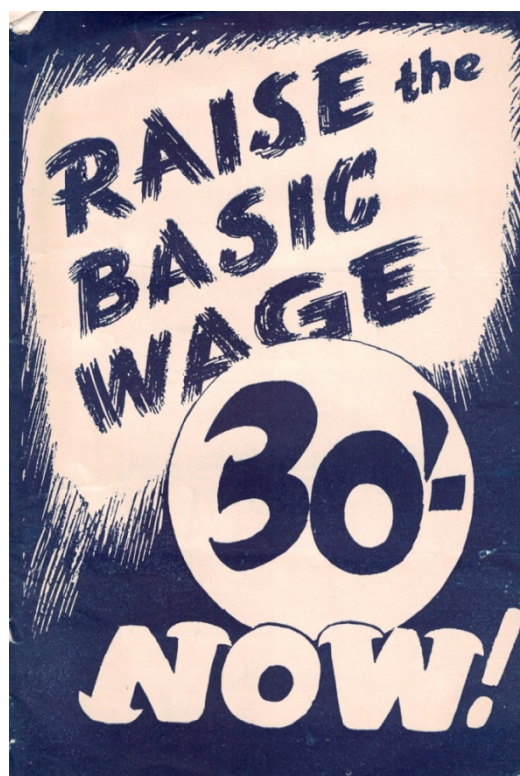
1921: Response to Hughes' non-implementation of Piddington.



1927: Consideration of Curtin's proposal for Child Endowment.



1941: Response to Menzies' introduction of Child Endowment and 1941 Basic Wage decision.



1950: Campaign for 1950 Basic Wage Case.

More specifically on the question considered here, Ryan and Prendergast, consider: “it would be unfair to attribute the slow progress towards equal pay to union apathy, but it is true to say that the union movement was unable to give wholehearted support to the concept of equal pay ... because it had a much greater commitment to the ideal of a family wage for male workers” (1982, 265).

One dimension of the relationship is that of voice. In 1987 while women were 32 per cent of members of the major ACTU (Australian Council of Trade Unions) affiliated unions, they only accounted for 17 per cent of delegates to the ACTU and constituted just 13 per cent of the ACTU executive (Donaldson 1991, 131-133).⁴¹ Taking a broader perspective over a longer period Frances presents this as “women ... were generally excluded from or under-represented in union hierarchies [and] had little say over the strategies adopted by their unions before the court” (2000, 86).

The conduct of unions on these subjects also needs to be considered in terms of their nature. Specifically unions can be seen as having a duality in their focus, between enabling collective action by members to maximise their own benefit, and pursuing a set of broader socio/political objectives which may be seen as important to a wider class that they see themselves as representing. This tension is highly relevant to the unions’ stance on the family wage and equal pay.

It is also relevant to the focus on the level of the minimum wage. It is well recognised that union involvement in wages determination tends towards a compression of earnings, with the ‘lower paid’ employees receiving a wage above what may be justified by their marginal productivity, and ‘higher paid’ less (Cahuc and Zylberberg (2004, 401) and Borjas (2010, 449-450)). While such a phenomenon could be generated through an ethical commitment to ‘equality’, it also reflects the composition of the workforce and the larger number of lower paid workers, and the role of the union in being responsive to its membership. This latter is typically analysed in terms of a median voter analysis of union behaviour (see Booth 1995, 108-116). Kaufman and Martinez-Vazquez survey a range of theoretical models of union wage determination concluding that the median voter model “is generally superior” (1990, 402). Frandsen (2010) presents evidence of compression of wage schedules as an outcome where a union is facing ‘Certification Elections’ and needs to obtain majority support.

For much of the time considered here an additional aspect was the extent to which the socio-political interests of the workers were interpreted, in some unions at least, through a Marxist or socialist framework. In this sense the objective of maximising the benefits for workers within the economic framework was at times seen as being subordinate to the objective of changing, or indeed overthrowing, this framework. Although not the focus here, this permeates much of the conduct and the rhetoric of the union actions which are reported on, as well as being a potential factor in their decisions to seek, or not seek, social reforms within the system.

⁴¹ This though was an improvement on the situation four years earlier when women accounted for 14 per cent of the delegates and just 3 per cent of the executive (Donaldson 1991, 132).

Forms of coordination between trade unions date back to the 1850s with the initial formation of the Melbourne Trades Hall Council. These were initially state based and it was not until 1913 that an initial Federal Council of Labour was formed (Hagan 1981, 13), although there had been a history of Intercolonial Trade Union Congresses commencing in 1884 (ANU 2002, 1). These proved to be relatively weak until the establishment of the Australian Council of Trade Unions (ACTU) in 1927. Almost immediately⁴² the ACTU took a lead role in cases with regard to the basic wage, a role it continues to play with regard to the minimum wage.

A further significant aspect of the union role was its links with the Australian Labor Party. These included: directly through union affiliation with the party and hence direct voting power in policy formulation; financial support; and through policies such as the 'Prices and Incomes Accords', a set of agreements between the Federal Labor Government and the trade union movement between 1983 and 1995.⁴³

2.2.4 EMPLOYER ORGANISATIONS

The role of employers in the context of arbitration can be seen as reactive, rather than proactive, as alluded to in the title of Plowman's 1989 book on employer co-ordination and arbitration, *Holding the Line*. This can be attributed in general to the greater strength of their position relative to workers in the employment relationship, in particular in cases where employee action is not on a collective basis. Although generally taking a defensive role in court cases, which were usually initiated by unions seeking increased wages or better conditions, one dimension in which they were proactive was that of taking cases to the High Court in appealing decisions, and indeed as "lobbying machinery to oppose arbitration legislation" (Plowman 1989, xiii). Notwithstanding this, he observes that after this initial strategy had been limited by lessening success in the High Court, "by 1937 in the context of full employment and militant union action employers had become the apostles of federal arbitration" (Plowman and Smith 1986, 228). Their institutional cohesiveness was in general less than that of unions.⁴⁴ This was because while there was strong common ground amongst employers in opposing union claims, across the wider set of economic, political and social policies, interests were diverse, and often conflicting. This was particularly so with respect to tariff policies where manufacturing employers were generally in favour, as opposed to those in other sectors for whom tariffs were a cost to their

⁴² Hagan (1981, 137) reports that the ACTU officials led the unions' case in the 1930-31 Basic Wage and Wage Reduction Inquiry (30 CAR 2). Because of the nature of individual awards the technical parties to the court remained the individual unions.

⁴³ McMullin in his history of the first century of the Labor Party concludes with a reference to a quote from Fin Crisp: "Some facets of the ALP had not altered during its first 100 years. 'The Trade Union Movement, with its strengths and weaknesses, its insights and myopia, its numbers and its financial support, its toughness and its tenacity, remains the core' of the ALP. That observation made in the early 1950s retained its validity almost 40 years later" (1991, 446). (The attribution of the quote to Crisp is given in Evans (2001, 71)

⁴⁴ This though is not to underplay the divisions in the union movement, as seen for example in the non-affiliation of the AWU to the ACTU until 1966, the fierce debates on political issues, and the persistence of demarcation disputes.

production. Plowman's analysis is challenged by Barry (1995) who considers the 'reactivity' thesis is inadequate and identifies a more proactive role.⁴⁵

Employers, as with unions, also developed a more formal role within the arbitration system, leading to another set of relationships. The most famous manifestation of this has been conceptualised as the 'Industrial Relations Club', an alleged informal association of those involved in the arbitration system. This is asserted by Gerard Henderson to be "a cosy affair – strong on mutual self-congratulation but weak on economic analysis and almost historically ignorant of the concept of international competitiveness. Traditionally, the Club has consisted of the key players in the IR [Industrial Relations] game – the Conciliation and Arbitration Commission, the Industrial Registry, the Commonwealth Department of Employment and Industrial Relations, the Australian Council of Trade Unions, and some officials of the Confederation of Australian Industry" (1988, 254).

These latter developments stand in contrast to the early part of the period where the relationship still embodied a set of attributes reflecting the earlier legislative environment such as the Master and Servants Acts. Even in the early days of the court there continued to be references in the proceedings to 'masters' and 'men'.⁴⁶

2.3 TAXES AND TRANSFERS

While the specifics of the interaction of the tax and transfer systems with the minimum wage will be examined in Chapter 5, and the detailed development of transfer payments for families in Chapter 4, in considering the institutional framework, the broader parameters of the tax and transfer system, and its history are relevant.

In 1907, at the time of the Harvester decision, the Commonwealth had no transfer programs, and only limited taxation revenue drawn from a narrow tax base. Commonwealth taxation revenue was £9.66 million of which £7.66 million was derived from customs duties and £1.99 million from excise. The key components of customs duties were: 'stimulants' (mainly alcohol), 29.0 per cent; clothing and textiles, 20.6 per cent; and 'narcotics' (mainly tobacco) 12.3 per cent, with the bulk of the excise being raised on alcohol, tobacco, and sugar (ABS 1301.0 1908, 645-648). As such, the tariff regime in place at that

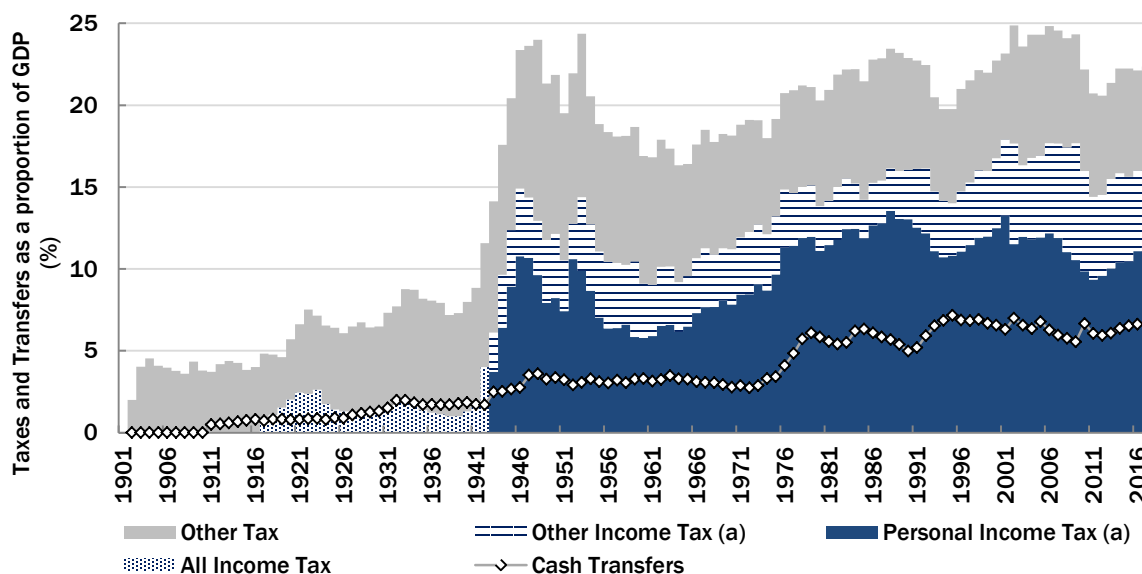
⁴⁵ Barry, for example, identifies pre-existing employer organisations and their roles in the coordination of employer activity prior to the development of arbitration in Australia, and highlights the parallel development of such employer organisations internationally. As such he considers that their development and role should not simply be seen as a response to the specific institutions in Australia. He however adds force to the argument around their focus, and in particular the difficulties these organisations had in representing a diverse set of employer interests. In this he places some emphasis on the differences between large firms who had greater agency, relative to small ones. On this he concludes "given the striking divisions among their constituents, associations that attempt to serve all interests can only adopt specific policies in relation to generic issues that may please some employers more than others but will not displease any" (Barry 1995, 557).

⁴⁶ Shanahan (1999, 221-223) discusses the history and implications of the 'master and servant' approach to industrial relations in Australia.

time is best conceived of as being mainly a ‘revenue’ tariff, rather than as a form of protection.⁴⁷

This taxation revenue represented some 3.7 per cent of GDP (see Figure 2.3). Federal land tax was introduced in 1910 and estate duties in 1914 (Smith 1993, 43 & 152), along with income tax, as discussed below, in 1915. Commonwealth taxation (see Figure 2.3) remained below 10 per cent of GDP until 1941, and since the mid-1970s has mainly been in the range of 20-25 per cent.

Figure 2.3 Commonwealth Taxation and Cash Transfers as a Proportion of GDP, Financial Year Ending 30 June 1901 to 2016



(a) Split between Personal Income Tax and Other income tax not available prior to 1942.

Source and notes: See Table A 6.2

Spending on transfer payments, which did not exist until 1909, has also increased. Up until 1942 it was under 2.5 per cent of GDP, and then only rose slowly until the late-1970s when it rose rapidly to some 5 to 6 per cent of GDP remaining around this level before increasing to some 7 per cent in the mid-1990s. Since then, while showing some cyclical patterns, it has hovered in the range of 6 to 7 per cent of GDP.

2.3.1 INCOME TAXATION

While at Federation most states had taxes on labour income, in the case of South Australia dating back to 1884, these taxes were generally structured with high tax free thresholds and taxed labour income at a concessional rate relative to property income. The development of Commonwealth income taxation was strongly influenced by the need to finance the war effort in the two World Wars. It commenced with the introduction of an income tax on individuals and companies in 1915, and both Commonwealth and state

⁴⁷ One exception was the tariff on sugar. This was protection granted to this industry in Queensland as a condition of Federation (Industry Commission 1992, 33).

income taxes operated until the introduction of uniform tax in 1942.⁴⁸ This gave the Commonwealth sole income taxation rights. Although this was originally only for the duration of the war and one year after, it is the structure which has remained in place since.

The 1915 Commonwealth personal income tax regime was based on annual income and an elegant progressive scale, a general deduction of £156, a little above the minimum wage in 1915 of £132, and £13 per child. This was soon modified in 1916 with a lowering of the deduction for a single person to £100 and the child deduction increasing to £26.⁴⁹ This approach of individual-based taxation,^{50,51,52} accompanied by a measure of horizontal equity across income earners based on the number of dependents they supported, broadly persisted in the taxation system until 1976 for children, for dependent spouses caring for children until 1994, and for other dependent spouses until 2014.

⁴⁸ While in some states the state collected the Commonwealth tax, this was reversed in others.

⁴⁹ In 1917 provision was made for a 'Bachelor Tax' which was going to be imposed on certain single men (*Income Tax Act 1917* (Cth) s.6). The objective of this was to implement a commitment by Hughes to introduce "heavy taxation on eligible single men who had not enlisted" (Northern Herald 13/7/1917, 9). Edmonds (2010, 13) reports the tax "raised such bitter protest that it was never put into operation and repealed in 1918". Kildea (2002) provides further background on the role of the Catholic Church in opposing the tax and more generally conscription. The debate on this was extreme. Bishop Phelan – at the opening of a church bazaar – declared: "I brand the Bachelor Tax as a piece of legislation, the most foolish ever placed on the Statute Book of this country ... a measure not far removed from the penal laws, framed to crush out the Catholic faith, both in England and Ireland" (Catholic Press 22/11/1917, 24).

⁵⁰ A context for the adoption of the individual treatment of married women within the Australian income taxation system is given by Edwards (1984, 29) who notes that, in contrast to the sequence in the UK, married women's property Acts were introduced into Australian States either before, or around, the time income tax Acts were introduced.

As discussed in section 2.6.5 the interpretation of the 'tax unit' becomes more complex when the 'effective' tax rate is considered – that is the combined effect of income taxation and the means testing of transfer payments, including family support. This is presented by Smith (2004) as: "The pretence is meanwhile maintained that Australia uses the individual as the unit for tax assessment. Yet in practice, tax liability is now assessed on joint income for most couples with children" (194)

⁵¹ In 1941 the Curtin government proposed the introduction of joint taxation of couples, primarily motivated to restrain tax avoidance through income splitting. This measure was strongly opposed, including by the women's movement which sent a delegation to Canberra that met with the Treasurer, Chifley ((*Courier-Mail* 20/11/1941, 3) and (*Street* 1966, 182)). The government consequently amended its legislation to delete this proposal, including in its stead a targeted anti-evasion measure directed at cases where income producing assets were transferred between spouses (Australia. Representatives. 25/11/1941, 851).

⁵² The 1975 Asprey Committee considered the question of joint taxation and split on this issue. The majority recommended that "the government prepare a detailed scheme for an elective family unit system for public examination" (Asprey 1975, §10.33). The chair however declared this conclusion was "unsatisfactory and should not have been made" (Reservation to Chapter 10). This subject was again considered in the 1985 Draft White Paper on Taxation Reform which noted "the government is disposed to retain the individual unit system" (Australian Government 1985, 62). The 2009 'Australia's Future Tax System' review concluded "the tax system should be based on an individual unit of assessment" (Henry 2009, Part 2 p.24).

In the 1922 Budget the threshold was raised to £200 without allowance for dependent partners, but an increase in the child allowance to £30. This decision was explicitly linked to the minimum wage by the Treasurer, Stanley Bruce:

There are two reasons why it has been done, one of which is that taxation should never touch what is necessary for the existence of the contributor. If one recalls the ruling basic wage throughout the Commonwealth one will realize that what we have done is to endeavour to carry out exactly that old maxim of sound income tax. (Australia. Representatives. 2/10/1922, 2969)

The threshold was further raised to £300 in the 1924 budget along with a rise in child deductions to £50. While in parliamentary opposition, Frank Forde spoke in support of this change, noting again the link with the basic wage: “I hope that every honorable member will recognize that that amendment is justified. Having regard to the increase in the basic wage and the high cost of living, incomes up to £300 should be exempt from taxation” (Australia. Representatives. 30/9/1924, 4879).

In 1936, when there was an attempt to harmonise the income tax structures of the Commonwealth and the States, a deduction for a dependent wife of £50 was introduced.⁵³

War financing saw a decrease in the general exemption, initially to £200 in 1940-41, and then a reduction in the exemption for a single person to £157 in 1942-43 and £105 in 1943-44, effectively bringing the single minimum wage worker into the scope of the income tax system. In the income tax year 1942-43 the approach to concessions for children and other dependents moved from a concessional deduction to a tax rebate. In 1945-46 the single income tax levied by the Commonwealth was replaced by two taxes – an income tax and a Social Services Contribution. While this conceptually continued until the mid-1960s, from 1950-51 the two were effectively levied as a single tax.

In an echo of the 1922 Bruce statement, Labor Senator O’Flaherty claimed that the 1947 changes in the scales had been made “in accordance with Labor’s policy of not levying taxation upon the basic wage earner” although this was qualified in terms of “a four-unit family” (Australian Worker 30/4/1947, 4).⁵⁴

The immediate post-war period also saw a major change in the concessional treatment of families with a reversion to concessional deductions rather than rebates. This position was then reversed in 1974-75. Effectively while a rebate can provide a benefit related to the average rate of tax payable, as has been the case in Australia, or can be a universal, and potentially a refundable flat rate, the deduction approach provides benefits to the taxpayer at their highest

⁵³ This followed the 1932-34 Royal Commission on Taxation. See Mackellar White (1934, 73-74), Azzi (1994, 799) and Reinhardt and Steel (2006, 7).

⁵⁴ As with Bruce’s statement this claim would appear to be more rhetorical than reflecting an actual policy position.

marginal rate. This effect was described by the Asprey Committee⁵⁵ as an approach under which “a poor man’s wife is worth less than a rich man’s” (1975, §12.3). The rationale for the earlier switch back from a rebate to a deduction, announced in the 1950-51 Budget, is not entirely clear. The change arose from the 1950 *Report of the Commonwealth Committee on Taxation* which simply stated: “In its consideration of this reference, the committee assumed: (a) that a system of concessional deductions would replace the present concessional rebates” (Spooner 1950, 1).⁵⁶

From the mid-1970s onwards, the major changes in the income tax system of note concern changes in the rates structure. These are discussed more in Chapter 5, along with the treatment of dependents.

In June 1976 the use of the taxation system to provide support for children ceased with the introduction of Family Allowance, and the Dependent Spouse Rebate was effectively replaced for low income working families by the introduction of the Home Child Care Allowance in 1994. While an attempt was made to reintroduce tax concessions through the Family Tax Initiative in 1997, this was relatively short lived.

The question of the relative use of the taxation or transfer system, both to provide support for children, or more explicitly to address horizontal equity, was addressed by the Downing Committee in 1963 with a recommendation: “we also favour abolition of the present system of concessional deductions for dependents and its replacement by a combination of child endowment and rebates” (Downing et al 1964, 166).⁵⁷ The Asprey Committee echoed this approach and “suggested” the spouse deduction be replaced by a “tax rebate diminishing in relation to the income of the spouse” (Asprey 1975, §12.4) and that the committee “sees advantages in the suggestion made in the *Interim Report of the Commission of Inquiry into Poverty* (Henderson 1974)⁵⁸ that the dependent child allowance be abolished and child endowment correspondingly increased” (§12.14). As noted, this approach was adopted with respect to children in 1976 and dependent spouses caring for children in 1994.

⁵⁵ The Asprey Committee was established in 1972 to undertake the first systematic post-war review of the Australian Taxation system. It reported in January 1975.

⁵⁶ It is possible to interpret the historic use of rebates relative to deductions in political terms, with conservative parties favouring maintaining stronger horizontal equity amongst tax-payers with similar incomes, especially in the upper part of the income distribution, with the Labor Party favouring an approach which tempered this with an element of vertical redistribution and which assured a more substantial horizontal equity outcome in the lower part of the distribution.

⁵⁷ The Downing Committee was established by the Social Science Research Council of Australia (now the Academy of Social Sciences in Australia) to investigate how the Australian taxation system could be reformed, with a strong emphasis on equity. It comprised four leading economists Richard Downing, Heinz Arndt, Alan Boxer and Russell Mathews.

⁵⁸ The Commission of Inquiry into Poverty was established by the then Prime Minister McMahon in August 1972 under the Chair of Professor R. Henderson. Its first main report was presented in April 1975 and recommended a substantial number of reforms including the introduction of a guaranteed income scheme.

2.3.2 TRANSFERS

Although the Constitution granted the Commonwealth legislative powers to provide “invalid and old-age pensions” (s.51 xxiii), it was not until July 1909 that the Commonwealth commenced its first income support payment – the Age Pension – and in 1910 proclaimed legislation for an Invalid Pension (which had been passed in 1908). Prior to this New South Wales and Victoria had both introduced an Age Pension in 1901 (ABS 1301.0 1907, 912) but these lapsed with the introduction of the Commonwealth Age Pension.⁵⁹ As was to become the pattern for Australian income support payments, the pension was paid at a fixed rate and subject to a means test.⁶⁰

In 1912 legislation was passed for the introduction of a ‘Maternity Allowance’. This provided a one-off non-means tested payment of £5 to mothers following the birth of a child. While described by some as a natalist policy,⁶¹ and certainly the debate on the payment had some natalist themes, this initiative can be best seen in terms of a policy to address child mortality and support for families with the immediate costs.^{62, 63} In debate on the legislation Prime

⁵⁹ States had responsibility for those elements of social security not covered by the Commonwealth up until the constitutional amendment in the 1940s. This included provision for widows and the unemployed. Some remnants of these state payments persisted until the 1970s when this role was replaced by more comprehensive Commonwealth provision. (See Kewley 1980, 111-115).

⁶⁰ There were some exceptions. Most markedly the Age Pension was income test free for some groups of older pensioners for periods between 1973 and 1985. The pattern of means testing of family assistance is discussed in Chapter 4.

⁶¹ Shaver describes the policy as having “a natalistic character, equating childbearing with nationalism and the (white) woman’s duty as a citizen” (1995, 146). Lake discusses the writings of Magarey (2001) which she presents as portraying “a policy that allegedly turned women into ‘breeders for the body politic’” (Lake 2012, 56), before presenting a contrary analysis. In this she presents the view that the policy was a radical innovation, being “socialistic” in terms of government intervention in what was traditionally seen as a private domain, and with respect to its equal treatment of unmarried women bearing children, and in making the payment to the woman.

⁶² The Sydney *Sun* published an editorial rebutting the criticisms voiced in the *Sydney Morning Herald* about the proposal. Although expressing a preference for the funds to be directly invested in health care and related services, this editorial argued the need for cash assistance: “Unfortunately, cash and babies are very intimately related; doctors’ fees have to be paid, nurses do not work for nothing; nor is even the feeding-bottle or the soothing-powder given free by the chemist” (Sun 11/9/1912, 6).

A letter to the editor in the Adelaide *Daily Herald* from a woman signing herself as ‘Mother of six’ provides a detailed breakdown of costs. She estimated that if the “mother of an illegitimate babe” went into a public hospital the minimum cost would be £1/1/-, but a more probable cost would be £3/1/- for a fortnight. For a ‘tip top’ nursing home including the doctor’s fee the cost was £10/10/-, and for a typical home birth, with a trained nurse in attendance and living in for a fortnight, a doctor, and household assistance the cost would be £8/16/- (Daily Herald 10/7/1912, 12). As seen in the evidence of William Keating in the Harvester case, footnote 123, the period of time this assistance was provided for was often cut back because of financial necessity.

⁶³ Arthur Griffith (NSW. Assembly. 12/9/1916, 1610) indicated that he had supported the introduction of this type of assistance at an earlier point, recounting that he had proposed in the NSW parliament in 1909 a motion that: “This House is also of opinion that a portion of the expense incidental to the birth of every Australian child should be provided by the State ... For the purpose of giving practical effect to the foregoing, this

Minister Andrew Fisher explained the intent as: “The bill was not one to pay a bonus on children, but was one to secure attention to the mother and child. It was the desire of all that there should be medical attention on such occasions” (Bendigo Advertiser 25/9/1912, 3). The constitutionality of this payment, given such a payment did not fall into one of the heads of power granted to the Commonwealth, was questioned at the time, and is open to debate, but was never challenged.⁶⁴

The debate on this, as indeed was also the case with the legislation on the introduction of the Age Pension, also revealed a persistent thread of opposition to the provision of welfare assistance by government on the basis of it having perverse effects. Much of this criticism relied upon the characterisation of the Elizabethan Poor Laws in the 1834 Poor Law Commission Report, in particular what was purported to be the consequences of the ‘Speenhamland’ approach. In parliament, Joseph Cook, as opposition leader, speaking against the proposal for the payment of the maternity allowance cited at length from Jethro Brown, indicating:⁶⁵

the evidence accumulated by that Commission has an enduring value. It shows how a misguided philanthropy may tend to degrade the national character. The system of indiscriminate outdoor relief, the admission of an absolute right in the pauper to maintenance by the State, and the State endowment of motherhood. That is the very thing with which we are now dealing – such conditions had sapped the habits of industry and imperilled the family life of whole classes of the community. (Australia. Representatives. 25/9/1912, 3446)

The next major welfare payment to be introduced was Child Endowment in 1941 (see Chapter 4), followed by Widows’ Pension in 1942, and Unemployment, Sickness, and ‘Special Benefit’ in 1945.⁶⁶ It was not until 1973 that more comprehensive supporting mother’s benefits for single parents were introduced, and in 1978 these were extended to men. More general provision was made for Carers in 1985.⁶⁷

House is further of opinion that a sum of money ought to be voted annually by Parliament sufficient to provide financial assistance to the extent of at least £5 to the parents of every child born within the State during such year”. Griffith, who also claimed responsibility for having the principle of maternity endowment placed on the Labor Party Platform, went on to say that his motion received “very slight support”.

⁶⁴ Jones reports “the maternity payment was not authorized under the constitution, but was nonetheless never challenged” (2002, 7) and in the parliamentary debates Groom, an opposition member from Queensland, claimed the government had simply ignored the constitution (Mercury 27/9/1912, 5). The government relied upon legal advice from Hughes, as Attorney General, which argued that it was constitutionally valid if seen as being provided under the invalid pension power, as childbirth involved a period of “invalidity” (Hughes 1912).

⁶⁵ The book he cited was *The Underlying Principles of Modern Legislation*, written by Jethro Brown in 1912 when Brown was Professor of Law at Adelaide University. In 1916 Brown was appointed as President of the South Australian Industrial Court.

⁶⁶ Prior to the introduction of these Commonwealth programs these were state areas of responsibility.

⁶⁷ The nomenclature and structure of the Australian Social Security system is complex, at times inconsistent, and has varied. In broad terms there is a division between ‘income support’ payments, which are designed to provide an income upon

As illustrated in Figure 2.3, these changes, along with the impact of higher unemployment, and industry restructuring from the mid-1970s on, changes in the structure of families, and an increase in the proportion of families with dependent children headed by a lone parent, as well as population ageing, has seen expenditure on transfer payments rise. It was estimated that the proportion of the population aged 15 years and over receiving income support increased from some 12 per cent in the early 1970s to 33.1 per cent in 1996 (Harmer 2008, 27). Currently the proportion is around 25 per cent, over half of whom are aged 65 years and over.⁶⁸

2.4 THE FAMILY WAGE

Central to the history of the Australian minimum wage was its formulation as a family wage. As will be discussed, this characteristic was significant to subsequent choices with respect to support for the family and for women's wages. The approach was described by Foenander as: "Wage fixation in Australian industrial tribunals rests strongly on social foundations, concessions being made to men's family responsibilities. Award rates for the remuneration of the sexes bear no relation to the respective economic values of services rendered" (1943, 115).

The concept of such a family wage is not new. Adam Smith wrote:

A man must live by his work, and his wages must at least be sufficient to maintain him. They must even upon most occasions be somewhat more; otherwise it would be impossible for him to bring up a family, and the race of such workmen could not last beyond the first generation. ([1789] 1994, 77)

Investigating poverty in the late-1890s, B. Seeböhm Rowntree sought to characterise the lifecycle outcomes of a labourer. He details, at prevailing wage

which people can live without supplementation, and payments which are designed to complement other sources of income, usually with a horizontal equity objective. Income support payments are frequently sub-categorised as being either a 'pension', or a 'benefit' or 'allowance'. Pensions tend to be for longer-term recipients and are usually paid at a higher rate.

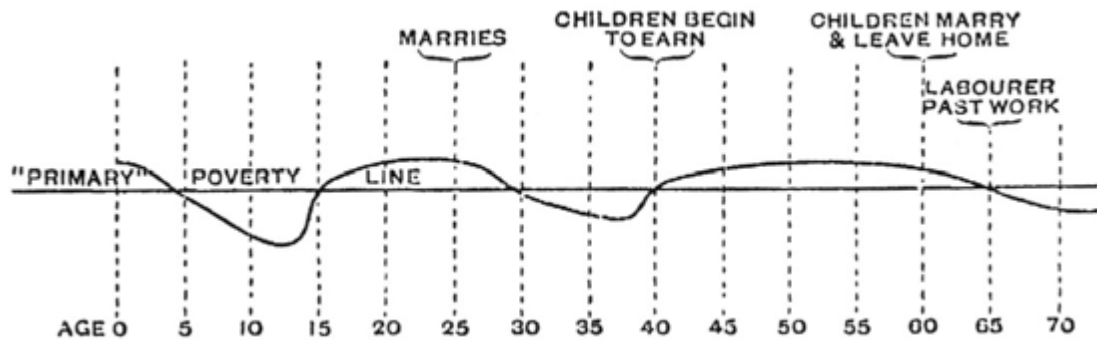
Until the introduction of various forms of income management in 2007, which to date have affected only a small proportion of all recipients, payments have been made in cash (usually by cheque or direct bank deposit). Although the early history of income support involved requirements such as a recipient being of 'good character', and some residential requirements, most of the payments can be considered as having rule based eligibility without administrative discretion.

While the 'rules based' approach of the system can be considered as imposing conditionality on the system, until recently this conditionality has been focused on the specific characteristics of the payment, for example, being unemployed and seeking employment, in order to receive assistance for being unemployed. Over the past decade some weakening of this principle has occurred (see Taylor, Gray and Stanton 2016).

⁶⁸ DSS reported in March 2017 there are some 5,024,728 persons in receipt of income support payments (4,824,080, excluding Youth Allowance Students and Apprentices). These represent 25.3 per cent and 24.3 per cent respectively of the estimated 19,829,200 civilian population aged 15 years and over identified in the ABS Labour Force Survey in May 2017 (ABS 6302.0 May 2017, 11). Some 2,595,300 of those in receipt of income support are aged 65 years and over.

rates, a situation where the wage, while sufficient for the individual, and indeed even sufficient for them and a partner, only provided adequacy “until he has two or three children, when poverty will again overtake him” (1901, 136). He illustrated this lifecycle as shown in Figure 2.4, and described it as being “marked by five alternating periods of want and comparative plenty” (136).

Figure 2.4 Rowntree “Periods of Want and Comparative Plenty”



Source: Rowntree (1901, 137).

Both Smith and Rowntree, along with others who spoke of the concept of the family wage, placed an emphasis on a man’s wage. This can also be seen, for example, in the encyclical of Pope Leo XIII who argued for “a workman’s wages [to] be sufficient to enable him comfortably to support himself, his wife, and his children” (1891, para 46) and Oldroyd who defined a living wage as “a wage by which the worker may obtain the means of subsistence – ... for himself, ... for those legitimately dependent upon him” (1894, 7).⁶⁹

2.4.1 THE ECONOMICS OF A FAMILY WAGE

In contrast to these perspectives, in addition to highlighting the consequences of such a wage for women, both as market workers and in domestic production, Rathbone, writing in 1917, questioned its economic foundations. Drawing attention to the conceptual difference between a wage being remuneration for labour of a certain value to an employer, and a family wage as being an amount deemed necessary for the support of a family, she asked: “Can anyone who thinks about it seriously defend the system which makes the remuneration of all the services connected with that most important

⁶⁹ While these authors primarily saw the wage as being that of the male, there are qualifications made by some of them with regard to the contribution of women from market activity. Smith, for example, qualifies his initial statement by noting: “Thus far at least seems certain, that, in order to bring up a family, the labour of the husband and the wife together must, even in the lowest species of common labour, be able to earn something more than precisely necessary for their own maintenance” ([1789] 1994, 78). Similarly Oldroyd discusses the question of whether a living wage should be qualified by a wife’s or children’s earnings, but dismisses this, at least as a general rule, as being inefficient, for both the woman and her children “to impose on the mother the treble duty of bread-winning, house-keeping, and motherhood” (1894, 10). Leo XIII more dogmatically declares “a woman is by nature fitted for home-work, and it is that which is best adapted at once to preserve her modesty and to promote the good bringing up of children and the wellbeing of the family” (1891, Para 42).

supply dependent upon and subsidiary to the remuneration of a quite different and irrelevant set of services, those of the industrial workers?" (1917, 65).

This observation identifies one of the economic questions that need to be considered in reflecting on the role of the Australian minimum wage. There are a number of frameworks for this.

In neoclassical microeconomics, in a competitive market, the rate of the wage is usually portrayed as being a market clearing rate with employers' willingness to pay being equal to the marginal revenue product value of the person's employment. While this market can be distorted, for example in the case of a monopsony where an exogenously imposed wage rate may be employment enhancing, in most cases imposing a minimum wage above the equilibrium set by the market would result, in the short term, in labour demand, at least for this class of labour, being below the labour supply – effectively generating unemployment, or, depending upon the elasticity of demand for the product, result in increased prices. In the longer run it would be expected to lead to changes in the production process, typically substituting capital for labour, and depending upon the sectoral nature of labour use and the elasticity of demand, product substitution. While any capital-labour substitution would in turn reduce employment, a change in product price would act to reduce consumer welfare.

An institutional approach to wages would suggest that the going wage is not so rigidly shaped by market forces, but rather represents an outcome of a bargaining process between employees and employers over any surplus made by the enterprise. Within such a broad institutional model there is also the potential for employees to make trade-offs in the wages structure, for example, as discussed earlier, agreeing to a more compressed wages structure, despite the relative skills and productivity of some workers.⁷⁰

Looking at wages in a more historical context raises the question of the extent to which the prevailing wage system was a 'customary wage', and whether this encapsulated a 'family wage' and as such this type of wage was already embedded in the economic structure. That is, if we take Adam Smith's observation that without a family wage the workforce would not "last beyond the first generation", then the very persistence of the population, without all members being employed in the market economy, or in the domestic production of essentials, would imply that a family wage is being paid.

Taking this further the more substantial question which arises is that of the standard of living the wage provides for families, rather than just its nature as being a wage for the family. This question of relativities was well recognised again by Smith in his discussion of the 'linen shirt'.⁷¹ As will be seen, while

⁷⁰ As discussed such a compression may result from the representation of the worker's interests collectively by a single union, with the union being responsive to the larger number of lower skilled workers, relative to the smaller number of those with higher skills and earning capacity.

⁷¹ Smith ([1789] 1994, 938-939) uses his example of a 'linen shirt' in arguing that tax should not be levied on necessary consumables. These he defines, not in absolute terms, but rather "whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without". He illustrates this question of relativity further in discussion on the subject of footwear, observing that while

this question of ‘what standard of living’ was important, it was more rarely addressed.

These considerations also raise the relationship between the minimum wage in Australia and the structure of the economy. For example, to what extent did the early establishment of the family wage at a standard of living which, as will be seen, was above that frequently paid, shape the industrial structures? Were there industries in Australia which did not develop because of this ‘high wage’ imperative, or alternatively what was the fate of those whose labour did not justify such a wage? And, what were the implications of the high wage structure for trade, and hence the relationship with exchange rates and tariffs?

While these questions, including the concept of the ‘theory of wages’ were actively pursued in economic thought in much of the debate of the eighteenth century through to the mid-twentieth century, they have been replaced in most literature by a focus on marginalist microeconomic approaches of labour supply and demand, and more of an absence rather than presence, in macroeconomic thought. Their absence in today’s debates can be seen as more reflective of the difficulty of a resolution, rather than them having been answered.⁷²

In addition, the payment of a ‘family wage’ has implications for the operation of the labour market. If such a wage is only required to be paid to those with a family to support, then obviously employers would preference the employment of those without such obligations. As is discussed in Chapter 3, in Australia this was done by paying the wage to all adult men, but not paying it to young males and women who were seen to be, or constrained from being, in direct competition with them (as well as being considered to be in less need for this form of wage). The provision of a family wage to the husband of a couple raises a further question as to the wages sought, and accepted by married women, and was reflected in recurrent concern that because these women’s earnings were supplementary to the ‘family wage’ already paid to men, they had low reservation wages and were willing to accept low rates of pay – being willing to work for ‘pin money’.

leather shoes were seen as a necessity in England for both men and women, in Scotland this was only the case for men, and in France for neither men nor women. As noted in the text such a focus on the actual living standard should be associated with a ‘living wage’ was rarely articulated in debate.

⁷² This absence is not complete. It needs to be acknowledged that some of the classic labour market economics texts such as Borjas (2010) make a brief reference to monopsony labour markets and have some discussion of unions and bargaining, and others such as Cahuc and Zylberberg (2004) do so in a more substantive manner. In addition there are several major texts, including Manning (2003) and Boeri and van Ours (2013) which specifically consider imperfect labour markets. Nevertheless the perfect competition paradigm tends to dominate.

The question of how labour economists grapple with these issues can be seen in the papers from the 25th annual meeting of the European Association of Labour Economists in 2013. Here Booth (2014, 53-58) argues for a much stronger focus on imperfectly competitive labour markets, including wage determination under trade unions. In a response to this Fitzenberger (2014) identified a range of factors which meant that “a theoretical model postulating a perfectly competitive labor market may not suffice to describe modern labor markets” (59), as well as stressing the importance of bringing in intertemporal decision-making.

A key rationale of a family wage paid to adult men, but not women, was that male, but not female, workers had family responsibilities. This is considered in section 2.6.7.

2.4.2 WAS A FAMILY WAGE A FAMILY INCOME?

The concept of a family wage paid to a man with a family can be considered not just ‘custom’ or ‘convenience’ but also a necessity, given the legal responsibility of men at the time of the Harvester decision. This aspect was recognised by Higgins in the 1912 Fruitpickers’ Case where, in reference to the wages to be paid to a male employee, he states “if he has a wife and children, he is under an obligation – even a legal obligation – to maintain them” (6 CAR 61, 71).

The roots of this obligation are in English common law. Campbell in discussing the legal status of women in Australia reported that under common law, as it still applied in the 1960s, a man was “duty bound by law to support his wife and children, to pay for his wife’s debts and to answer for her wrongs” (1962, 359) and that “existing laws ... impose an almost unqualified duty of supporting the family on the husband” (406).⁷³ Dickey notes that in contrast: “A wife, on the other hand, was never under any duty at common law to support her husband” (2002, 461). It was only in 1975 that the concept of a mutual responsibility was introduced.⁷⁴

Although the legal obligation for support of a wife and children was not affected, legislative change in the late 19th century addressed some aspects of the common law of coverture.⁷⁵ In particular these changes allowed married women to own property in their own right, and also provided some capacity for women to contract in their own name, at least to the extent of her own property.⁷⁶ This latter was of particular significance to married women who sought to undertake business activities.

⁷³ One specific capacity was that of the wife having “the authority to pledge his [her husband’s] credit for necessities suitable for his station and ‘which fall fairly within the domestic department which is ordinarily confined to the management of the wife’” (Campbell 1962, 385). In addition to providing a legal framework for the use of this as a routine form of household financial management, it also meant that legally if the husband did not provide a wife sufficient funds, the wife could obtain goods on credit with stores and the husband became legally responsible for the debt. Dickey cites a 1952 decision by Denning that suggested that the effective capacity of a wife to utilise this was limited (2002, 461).

⁷⁴ “A party to a marriage is liable to maintain the other party, to the extent that the first-mentioned party is reasonably able to do so, if, and only if, that other party is unable to support herself or himself adequately ...” (*Family Law Act 1975* (Cth) Section 72(1)).

⁷⁵ The legal concept of coverture in common law was described by Blackstone as: “By marriage, the husband and wife are one person in law: that is, the very being or legal existence of the woman is suspended during the marriage, or at least is incorporated and consolidated into that of the husband; under whose wing, protection, and cover, she performs everything” (1765, 430).

⁷⁶ Legislation reflecting the approach of the British Married Women’s Property Act 1882 was introduced in Australian colonies between 1884 and 1893 (see Campbell 1962, 379).

Notwithstanding this legal framework, there is a question as to whether in fact the family wage paid to the male worker was actually income used for the benefit of the family. Data on intra-household financial management are not easy to obtain, and to a substantial degree this question needs to draw upon qualitative sources, especially in the earlier years. Beasley, writing on the lives of coal lumpers in Sydney in the early twentieth century, refers to “the working class practice of men handing their pay packets to their wives” (2004, 192) and cites a range of testimony in arbitration courts,⁷⁷ and reminiscences, consistent with this practice. This practice was also reported by the American temperance⁷⁸ advocate Ackerman in her 1913 book *Australia from a Woman’s Point of View*: “When a sober workman – and there are thousands of them among the working-class – has drawn his wages, he usually turns it over to his wife, retaining a reserve tobacco fund, for his pipe” (80-81).⁷⁹

A more formal study by Carnegie and Walker of ‘household accounting’, part of the broader ‘domestic science movement’ which was pitched towards the lower middle class and upper working class, from the 1880s on, reports: “Thrift advocates emphasised the function of women as consumers and as dispensers of the male-earned family wage” (2007, 54). While the question of the management of household funds was a frequent subject of newspaper attention, these articles were generally focused on the middle class. *The Sunday Times*, for example, in a 1913 article, headlined as ‘Husband or Wife – Who should handle the “Pay Envelope”’, concluded “let the wife attend to the handling of money. The great question of vital importance to the husband ... is the quantity of sovereigns the envelope contains. That is his job” (*Sunday Times* (NSW), 18/5/1913, 25).^{80,81} Balanced against this material, a perusal

⁷⁷ In the evidence given in the Harvester case two cases are mentioned: Skidmore reported keeping 6/- a week for himself and the wife managing a “common purse” (Harvester Transcript 1907, §T.20); and Hannon kept back 10/- a week, from which he also paid his tram fares (§U.4). Press coverage of an earlier case reported the evidence of Mary Bayliss as: “she gave her husband 2/- a week pocket money, and bought his tobacco, which came to 2d. a week extra” (Age 29/8/1907, 10), suggesting the whole pay packet was passed through to her.

⁷⁸ Pixley (1991) argues the case that the temperance movement should be seen as a significant feminist lobby at the turn of the twentieth century, active in obtaining female suffrage, and other reforms for women. Oldfield provides a detailed analysis of the role of the movement in the suffrage movement concluding: “It is apparent when one overviews the movement that the WCTU [Women’s Christian Temperance Union], with its mutual support structure crisscrossing the continent, figured very prominently” (1992, 180).

⁷⁹ De Vries (2008, 230) reports that the practice of passing the worker’s pay to the wife to manage was “normative by the end of the nineteenth century” in Britain. In contrast to what he indicates were previous practices such as a providing an allowance to the woman for housekeeping. He describes a process “where the breadwinner (and child earners as well) deposited, ‘tipped up’, all their pay with the wife (and mother), who then returned a sum for spending money. The breadwinner was now the one on allowance, and the ceremonies in which earnings were handed over and allowances paid were often public and transparent.”

⁸⁰ The reference to the number of sovereigns (pounds) in the pay envelope rather than shillings is perhaps indicative of the class for whom this was written.

⁸¹ This middle class orientation can also be seen in a 1914 article in the *Adelaide Advertiser* which reported “many husbands prefer the credit system [the common law capacity of a woman to pledge her husband’s credit], who will pay any bills, however large” (*Advertiser* 7/3/1914, 7).

of court reports provides clear evidence of these practices being far from universal, and many women receiving little or nothing from the wages received by their husbands.⁸²

The pattern reported by Beasley is also consistent with the literature review in Edwards which reports, more than half a century later, that in “lower-income families ... commonly most or the whole of the husband’s wage is handed over to the wife” (1982, 323).⁸³ She further reports that joint management was more common in middle class households and that there was limited pooling in high income households. From a small survey she reports that in lower income households, where the wife did not have her own source of income, the wife was responsible for financial management in 9 out of the 11 cases. Using a more nuanced measure of ‘control’ her study shows control was joint by both the husband and wife in six cases, by the wife in two and the husband in three.

Waseem reviews a series of Australian surveys in the 1980s and 1990s and reports that joint control was reported in 75 per cent of couples in 1981, and 81 per cent in 1991 (2004, 18). She also refers to a qualitative study by Singh in 1997 reporting that “most respondents felt that joint control of marriage money was of prime importance. Pooling of resources and sharing of expenses was seen as essential to the marital relationship. It was taken for granted that joint accounts follow marriage; couple after couple spoke of it in ritualised terms” (8).

Historically the relationship of managing household finances and the wages system was also recognised:

When one hears discussions on the subject of a living wage and argument as to the amount of money necessary to live comfortably and decently, one realises how much strain falls on the housewife. The sum earned by her husband must suffice for the wants of the family. Questions as to whether it will do, or will not do are unnecessary, it has to do, and it is in making it do that so many women spend their lives. (Argus 23/4/1904, 17)

On balance the evidence does suggest that, at least to a substantial degree, the ‘family wage’ as paid to a man was in general a ‘family resource’.⁸⁴

⁸² The existence of frequent newspaper articles featuring the question of how household finances should be managed suggests this was a contested area. Similarly details of court cases, either involving divorce, or where wives were bringing cases of insufficient support, provide evidence of many households where resources were not shared.

⁸³ More generally in other research Edwards reports a dearth of material on the question of intra-household financial arrangements: “I attempted to unearth Australian historical material on financial arrangements within households. Unfortunately, historians have treated the family only as an entity and have not examined the individuality of its members – at least not in their financial relations. I had to conclude from my excursions into history that Australia does not have substantive documentation of the financial arrangements made by our parents and grandparents” (1984, vi).

⁸⁴ An allied question has been considered, with respect to contemporary households, through the analysis of household expenditure data to identify the extent of income

2.5 THE HOUSEHOLD AS AN ECONOMIC UNIT

The concept of the family wage can be seen, in more abstract terms, in the context of a family as an economic unit with specialisation. In the earlier period considered here this specialisation usually took the form of one member specialising in market production; and the other in domestic production, facilitating the capacity of the first to engage in the market, producing valued domestic amenity, and investing in the next generation.

The basis of specialisation is discussed further below, but its existence in a form consistent with the idea of a male family wage can be considered a necessity, in response to the nature of both domestic production (and its value in establishing living standards) and the structure of market based employment at the time of the Harvester decision, and at least for most of the following half century. On one hand, labour market demand was for full-time employees initially working a minimum of 48 hours a week spread over six days, with additional time required for commuting. On the other, domestic production was equally a task which consumed, at a minimum, most of the daylight hours of the day.⁸⁵

pooling within households. While this approach is primarily concerned with the extent to which the balance of flows of income to different individuals in a household is reflected in the composition of spending, it nevertheless provides some insight, in particular as to the extent a 'unitary' model of household behaviour, that is income pooling and expenditure to maximise household utility, exists.

In general the evidence points against the existence of a pure unitary model (Browning et al (1994), Alderman et al (1995), Phipps and Burton (1998) and Alessie, Crossley and Hildebrand (2006)), but at least some degree of collective behaviour. Wooley (1993, 493) more broadly declares "the family utility function assumption is unsound for feminist and for methodological reasons", with Hobson (1990, 237) arguing that "an individual's bargaining position becomes essential to the analysis, and the question of power and dependency comes into play". This has led to the development of a diverse set of bargaining and related models, see: Bourguignon et al (1993), Lundberg and Pollak (1993), Katz (1997), Vermeulen (2002) and, Browning, Chiappori and Lechene (2010), to better explain household behaviour.

Looking at some more specific studies, including those relevant to later discussions on family payments, as well as those using Australian data, shows a mix of results. Using individual deprivation measures as an outcome indicator Cantillon, Maître and Watson (2016) found evidence in Ireland both supportive of pooling, but also of a power/bargaining model, especially in terms of a male's access to resources. A more specific set of studies have considered quasi-experimental data associated with changes in the structure of transfer payments. Lundberg Pollack and Wales (1997) report that a shift in the payment of child allowance to wives in the UK in the 1970s led to increased spending on women's and children's clothing relative to men's, a pattern suggestive of incomplete pooling. This finding was confirmed, using expenditure micro-data, in Ward-Batts (2008). In contrast Bradbury (2004) found that the individualisation of income support payments in Australia had no impact, suggesting pooling. Breunig and McKibbin (2012) find evidence of partial pooling both between partners in couples, and between parents and young adult children residing with them.

⁸⁵ As further discussed (sections 2.5.1 and 2.5.2), while the production of 'necessities' did not necessarily involve a full-day's labour, domestic production also produced a range of amenities, such as variety in food, clean clothing, and an amenable physical home environment which were increasingly valued.

The services provided by domestic production could be procured by workers in the paid workforce in a number of ways: within the family, for married men, and for employed children living with their family; purchased in the market place in the form of board and lodging; or for some higher income households through employing servants. NSW Census data for 1901 provide some insight into this. Some 4.4 per cent of the population were lodgers, of whom 40 per cent lodged with private families and the same proportion in boarding houses, and 20 per cent in hotels. The same source indicates that 9.2 per cent of private family households had a servant.⁸⁶

The economic understanding of this relationship, while perhaps at the time and later subsumed into a narrative of gender roles, was well established at the beginning of the twentieth century.

It must be said that working-men have a much clearer idea of the *economic value* of a wife in the home than have men in other stations of life. Not because the wives of workmen do the actual work of the home – that cannot be the reason, for there are few houses in all Australia where the women are not forced to do more or less housekeeping because of the scarcity of help – but in one case, the wife is regarded as a producer equal with the man, and in the other, women are usually considered consumers and non-producers, housework notwithstanding. (Ackerman 1913, 80).⁸⁷

This understanding is also found in the declaration in *The Woman Voter* in 1915, in response to a question about allowances for wives, “we do not recognise the terms ‘his income’ and ‘dress allowance’. A wife is a contributor to the joint income ... A man does not make an ‘allowance’ to his wife for her needs any more than he makes an ‘allowance’ to his partner in business” (12/1/1915, 2). In this article the author also cited writings by the English suffragette and social activist, Emmeline Pethick-Lawrence, which presented the economic relationship as: “Husband and wife are mutually dependent upon each other for support, and together they maintain their dependents, the young children of the family”.

⁸⁶ Derived from NSW Census (ABS Census 1901. Table XXIV p.542).

⁸⁷ A further issue which arises from consideration of domestic production concerns its identification in economic measures. This has several elements. The most significant is the exclusion of people undertaking this form of production from measures of employment. Second is the exclusion of domestic production from measures of economic production, including the measurement of Gross Domestic Product. (See for example Waring (1998), Aslaksen and Koren (2014) and Varjonen and Kirjavainen (2014).)

Here this issue has several implications. The first is that in discussions on labour market participation, while the focus is on participation in the paid workforce, this is primarily in the context of market participation relative to domestic production, and not the neoclassical economic framework of a ‘labor-leisure’ choice (see for example Borjas 2010, 27). Secondly, as will be discussed in section 2.6.9, a question arises around the extent to which shifts between these two labour market states is associated with the ‘marketisation’ of domestic production. Thirdly, as discussed in Chapter 5, some caution needs to be exercised when comparing the potential consumption capacity of households with differing capacity to undertake domestic production. Fourthly, it is recognised that in the analysis in Chapter 6 the measure of GDP used not only underestimates the value of total production, but may also overstate GDP growth if such marketisation has occurred.

Postulating the creation of a household as an economic unit implies an objective for this. While for some classes this was associated with property rights and political/economic allegiances, more generally this can be seen as maximising consumption across the lifecycle. Initially this was achieved through potential economies of scale and returns from specialisation, and then through the production of children, and investment in them, to generate a potential flow of resources when their own productive efforts reduce through age. This latter mechanism is potentially also impacted by altruism within the family – a desire to see the next generation thrive – potentially with an underlying biological driver.^{88,89}

With changes such as: greater access to credit markets, including for investment in education; increasing state intervention in areas such as retirement incomes, and support in the case of sole parenthood and unemployment; and a more easy meeting of basic needs, it can be argued that the need for these responses has diminished, and may be responsible for changes in the family structure of society. This in turn can be argued is leading to a situation where the demand for a family as an economic unit is reduced, and indeed that this has occurred. Alternatively, it has been suggested that the returns now come in a different form. This is what is argued by those identifying the concept of a ‘hedonic marriage’. Here the benefits for the partnership are not in terms of production and its contribution to consumption, but rather in the returns from shared consumption; that is, where the value of consumption of a couple is greater than that of the two members individually undertaking the consumption (Stevenson and Wolfers 2008, Wolfers 2009).⁹⁰

2.5.1 THE ROLE OF DOMESTIC PRODUCTION

In addressing families in the early twentieth century, as noted, an important dimension was the value of domestic production to household amenity – to the quality of life. The work of Goldin on this is considered further in section 2.6.8, but of relevance is the initial income effect of increased earnings associated with a wealthier society resulting in what she describes as a shift where “women’s work is often implicitly bought by the family” (1995, 62). The underlying driver for this is, that as the living standards of a society move above that of subsistence, a wide range of additional forms of consumption become possible, with many of these being able to be produced domestically. Dimensions of this include: improved food choices, especially the quality and

⁸⁸ A mechanism for this is given, for example, in the ‘selfish Gene’ hypothesis (Dawkins [1976] 2006). This argues that an individual’s genetic material seeks to survive and replicate itself, including through sexual reproduction into successive generations. Altruism towards children to ensure they survive and prosper provides a means for this to occur. Case, Lin and McLanahan (2000) report some evidence of this in research on data for the US and South Africa which measured the relative spending on food for biologically close and genetically unrelated children of a mother.

⁸⁹ McDonald (2001, 4) presents a more contemporary reading of the motivation for this investment as: “today’s parents probably do not usually expect a monetary return on their investment in children; rather it is a fear of the social and maybe financial cost of a child ‘failing’ that is the motivating force”.

⁹⁰ Coontz (2005) documents a history of marriage as an evolving institution in a much broader context, but one which is not inconsistent with these types of changes.

variety of meals; improved levels of personal cleanliness; and improved housing amenity, both with regard to cleanliness and the maintenance of a wider range of household furniture and accoutrements, including solid flooring.^{91,92}

This pattern of change has been considered by several authors. Mokyr (2000, 1) suggests that “increases in knowledge on the causes and transmission mechanisms of infectious diseases persuaded women that household members' health depended on the amount of housework carried out”. De Vries in his *Industrious Revolution* explanation refers to “consumption goals ... [that] included improved health, better nutrition, and better housing ... reduced exposure to germs ... more elaborate equipment for the storage and preparation of food, and more varied diet; or domestic comfort, effective heating and ventilation, privacy, and symbols of social respectability” (2008, 189).

This latter point is also seen in Pfau-Effinger's (2004) alternative sociological model, suggesting that the mechanism was that of social practice, and the driving force the development of an urban bourgeoisie. More specifically she argues that this social class had new individualistic ideas of the nature of children and a need for them to be socialised into society within the domestic sphere of the nuclear family. Her analysis then uses the relative patterns of development of this class across three European countries and the patterns of married women's workforce participation over time. She concludes that it was “the development of that socially and culturally predominating class itself which was primarily relevant for the evolution of the male breadwinner model into the dominant cultural model” (390). Folbre argues a process which involved a “recharacterisation of household labour with a tendency to treat women's household work in moral rather than economic terms” (1991, 469).^{93,94,95}

⁹¹ While not all of these were needed to be produced domestically and many of these items were in fact available in the market, and were purchased by higher income households, for those with a lower earnings rate the ‘work and purchase’ trade-off, compared to home production, was negative.

⁹² These issues are also covered by Coontz (2005), with a focus on the US. She discusses the emergence of the ‘Male Breadwinner Marriage’ in terms of “in the early stages of the cash economy most families still needed someone to specialize in household production ... it was very hard to combine all the heavy work involved in running a household with the hours required to hold a job outside the home ... a full-time housewife's work at home could usually save a family more than she could earn in wages” (155).

⁹³ This type of socially driven model can be seen as possibly a form of identity economics or, depending upon the actual merits of child focus of the model, a form of investment in children.

⁹⁴ A more extreme possible interpretation of this bourgeoisie behaviour is that of conspicuous consumption, or as put by Veblen, a man having a wife “who consumes for him conspicuous leisure; thereby putting in evidence his ability to sustain large pecuniary damage without impairing his superior opulence” ([1899] 1922, 63).

⁹⁵ To the extent that Pfau-Effinger argues that denser urban settlement was a factor in driving the adoption of the model (2004, 394), the Australian argument would appear to be weaker, given the strong association between female paid employment and urban settlement. See footnote 136.

Tracking actual changes in amenity are difficult. But even the meal which both Pip and Nell complain about in *Seven Little Australians*, “Boiled mutton and carrots and rice pudding” (Turner [1894] 2010, 10) was a vast step up from the description of the diet of Lancashire workers in 1864, largely comprised of “bread, oatmeal, bacon, a very little butter, treacle, and tea and coffee” (Drummond and Wilbraham 1957, 332).⁹⁶ An even stronger contrast with this earlier diet can be seen in the recollections of the food cooked in working class waterfront households in Sydney at the turn of the twentieth century. While bread still played a key role, “there are memories of porridge, eggs, bacon and toast for breakfast, roast meat, steak pies, stews and soups for main meals; and steamed and plum puddings, cakes, scones and sweet pies and tarts for dessert” (Beasley 2004, 186).

Such change can also be seen in other fields. The recurrent theme in newspapers and literature of weekly clothes washing indicates this was close to the standard, although Davidson (1986, 150) suggests this may have become entrenched in the UK by the mid-nineteenth century. In the working class area of the Rocks in Sydney the value of housing amenity can also be observed in the archaeological work of Karskens who documents evidence of decorations such as figurines and vases and possessions such as clocks and pictures, and notes that photographs of the era “reveal glimpses of wallpaper, and lace curtains” (1999, 156).

The value of these amenities to the quality of life, but also the cost of them in additional workload, was recognised at the time: “but modern women have learned that the attractiveness of a modest dwelling can be greatly enhanced by skilful arrangement of comparatively inexpensive accessories, which give an air of cheerfulness and comfort to the apartments. A home furnished in this way, however, needs far more attention than did the austere interiors of similar houses half a century ago” (Register 23/9/1905, 6).

In addition to these dimensions of consumption, this was also an era of demographic change. The second half of the nineteenth century, and in particular the final decades, had seen a massive fall in fertility. Jones (1971, 327) reports a fall in a measure of total fertility (I_f)⁹⁷ from a rate of 0.492 in 1861 to 0.401 in 1881 and 0.276 in 1901. Caldwell and Ruzicka (1978) place considerable emphasis on the role of education, which had grown rapidly over the nineteenth century as a driver.⁹⁸ A key mechanism behind the effect of this on fertility was the role of education in increasing the cost of children. In addition to the potential direct costs of education, this involved supporting them for an extended period, and a delay in their entry into the labour market and hence potential financial contribution to the household. This effect was further enhanced by the emergence of white collar jobs, skilled trades, and

⁹⁶ In a similar vein Davidson references the writings of Sir Charles Shaw who had been Commissioner of Police in Manchester to report that in the Midlands in the 1830s working class families “existed off wheaten bread and potatoes, washed down with tea or coffee, and lived, for the most part, in filthy houses” (1986, 184).

⁹⁷ This measure is a ratio of the actual fertility rate relative to the ‘Hutterite’ rate – essentially a measure of the potential unconstrained fertility of women.

⁹⁸ Specifically they report: “half the children probably had some schooling in the 1850s, three-quarters in the late 1860s, and nearly all by 1880” (Caldwell and Ruzicka 1978, 93).

related forms of employment, which required at least basic educational skills, but also provided opportunities to obtain higher paying employment, with these providing a powerful incentive to focus on the ‘quality’ and not ‘quantity’.⁹⁹

A further effect of compulsory education on fertility is highlighted by Quiggin: “With the introduction of compulsory schooling, children were removed from the house during the day just at the age when they were becoming of some value in easing their mothers’ workload” (1988, 81). This in turn had consequences for the period over which a woman was solely responsible for undertaking domestic production.^{100,101}

2.5.2 HOUSEHOLD PRODUCTION AND TECHNOLOGY

I could see my life, stretching out ahead of me, barren and monotonous as the thirsty track along which Harold was disappearing. Today it was washing, ironing tomorrow, next day baking and after that scrubbing – thus on and on. (Franklin 1901, 311)

So were the thoughts of Sybylla in Miles Franklin’s 1901 classic *My Brilliant Career*.

At the beginning of the twentieth century the task of domestic production for a household, at the standards of living which were being aspired to, was an intensive, full-time manual occupation. Cooking was most frequently done on fuel stoves.¹⁰² These required daily removal of ash, fires set well before any

⁹⁹ These issues in Australia are also discussed from a contemporary perspective in Ackerman (1913). She reports on some resistance to compulsory education due to its limiting workforce participation by children. Some of this can be considered as cultural, or a perception of education as having no economic function: “those of one generation will calmly say: ‘We went to work when we were nine or ten years of age – why should our children be made to go to school? We got on all right.’” (91) In other cases she reports the resistance was related to labour market demands, especially in agricultural areas where children were sought after as labour for tasks such as fruit picking (91-93). Notwithstanding these exceptions, she reports there having been a shift in attitudes, supportive of reduced fertility associated with greater investment in children (94-100).

¹⁰⁰ The issue of the actual durations for which a woman was engaged in the care of young children, and the period for which she may have had the assistance of older children in both undertaking this task and the wider range of domestic production is complex. Analysis by Moyle (2015) of fertility in Tasmania around the turn of the twentieth century suggests that the fall in fertility was more the result of stopping behaviour, rather than the spacing of births. This would suggest a reduction in the span of years for which care of young children was required. Conversely, in much more recent data, Ruzicka and Choi report some minor increases in intervals between births for the 1968 marriage cohort compared with that of a decade earlier (1981, 124).

¹⁰¹ See also McDonald (2003) for a brief overview of Australia’s historical fertility and population patterns and the forces impacting these, as well as an insight into the development of an understanding of these.

¹⁰² Reviewing newspaper and related columns would suggest that on the whole these were closed range stoves, although a reasonable proportion were open range, and some households still used open hearths. Reflecting this latter, for example, ironmongery advertisements in 1907 in Sydney still offered “cast iron bailed griddles” designed to be suspended over open fires (Daily Telegraph (NSW) 24/7/1907, 6). In

cooking, or even heating of water could be undertaken, and then constant monitoring during the day, as well as regular cleaning and blacking. Although by this time most urban households had piped water, this was not universal, was at times unreliable,¹⁰³ and frequently involved a water supply to one or two taps only, not necessarily inside the house. Any tasks requiring hot water needed it to be heated on stoves or in coppers. Clothes washing was a laborious task, most frequently undertaken in a lean-to or some other form of rudimentary shelter in the backyard, or in the open air. It involved preparation such as shaving soap and making soap solutions, moving quantities of water into tubs, and into wood-fired coppers, which then needed fires to be set and maintained. Washing itself involved hand rubbing, or similar manual agitation of the items, lifting heavy loads of wet and frequently very hot items from the copper to troughs, and then through rinses, blueing and starching. Excess water needed to be removed manually at several stages, usually by a mangle, and finally the items had to be hung out for drying.¹⁰⁴ After washing and drying the clothing required ironing, using flat irons usually heated on the kitchen stove. Floors required sweeping, rugs and other upholstery beating, and kitchen and other floors regular scrubbing. Limited food storage facilities meant frequent shopping, although this was partially offset by the activities of regular hawkers.¹⁰⁵

One insight into the magnitude of the workload this involved was given by the poet Mary Gilmore writing to the literary editor of the *Bulletin*: “By the time a woman has washed & baked, ironed & scrubbed, swept & cleaned & dusted, cooked three meals a day, darned & stitched & made one's own & one's child's clothes by hand & has the reputation of being one who keeps the corners

the Harvester evidence one of the witnesses described his family's house, for five persons: “It is a three-roomed house and a bit of place at the back you are supposed to cook in when the wind does not blow through it. When the wind blows through we go into the dining room and cook there” (Harvester Transcript 1907, §X-3).

¹⁰³ In 1901, for example, it was reported that much of the North Shore of Sydney was experiencing irregular supply (Evening News 16/12/1901, 6).

¹⁰⁴ The workload involved in clothes drying dramatically escalated in wet weather when it needed to be undertaken indoors, using kitchen stoves and similar sources of heat, and involving multiple handling and re-arranging of the items.

¹⁰⁵ At the same time, in the early twentieth century there is some evidence of a number of shifts from domestic production to market purchase. These include the purchase of bread, rather than baking at home, the consumption of manufactured jams rather than homemade and the purchase of ready-made clothing rather than sewing them. The first of these appears to have occurred extensively, at least in urban areas, by the turn of the century. For example, all but one of the budgets provided in the Harvester hearings explicitly referred to the purchase of bread. Less evidence is available on the other two sectors. While the jam manufacturing industry had developed, and it was reported that “to a large degree factory jams have superseded the home-made article in the most fastidious households” (Daily Telegraph, 21/10/1919, 10), information on wider penetration is limited. In the case of clothing the evidence is mixed. Reporting of the Piddington Inquiry evidence: Argus (18/2/1920, 9); Australian Worker (19/2/1920, 19); and Brisbane Courier (3/6/1920, 7), showed a diverse pattern of behaviour. Not atypical was making most of children's clothing and some of the woman's at home, with most male clothing being bought. This can be seen in evidence such as that of Ruby Hurley who reported that she made her own clothes and that of the children, and Jenny Johnson who said she made some of her own and children's clothing (Bundaberg Mail 21/2/1920, 5).

clean, there isn't much time for writing" (Letter to A. G. Stephens, 19/9/1903, cited in Wilde 1988, 134).

While some households had access to town gas, this was limited and in 1901 only around half of dwellings in Sydney municipalities south of the harbour had gas (Wilkenfeld 1989, 123-124) and lower income households largely relied upon kerosene lamps¹⁰⁶ and candles for lighting, and solid fuel for most other purposes. Electricity, while available in the Sydney CBD from the early 1900s did not extend to many suburbs until the 1920s or later (142). In the household budgets considered by the Royal Commission on the Basic Wage in 1920 (Piddington 1920), the cost of household lighting is listed as being the use of "gas or electricity" (76), however the report went on to say this was "a fair average amount to cover lighting by kerosene, where that illuminant has still to be used" (48). This report also provides some insight into the amount of physical labour involved in household functions with the budgets providing for 1½ cwt. (some 75 kilograms) of wood per week as fuel (51).^{107,108}

The penetration of modern facilities took a substantial amount of time. The Prest social survey of Melbourne in 1941-42 (Lack 2012) reveals that only 16.3 per cent of households¹⁰⁹ had a kitchen hot-water system, 57.9 per cent had running cold water and a sink in their kitchen and 23.5 per cent had neither of these. In terms of clothes washing 3.5 per cent had a washing machine, 21.4 per cent a gas copper and 67.6 per cent a solid fuel copper. A quarter had no water heating facilities at all for the bathroom, and a further 7.6 per cent relied upon heating the water in a copper, usually wood fired. Food storage remained limited; only 3.0 per cent of households reported having a refrigerator, 12.9 per cent an ice chest and 10.0 per cent either a Coolgardie or a meat safe. Within the suburb of Fitzroy the survey reported that 6.5 per cent of households solely relied upon a solid fuel stove (Carew 1989, 146), and also reported several cases of households still without electrical lighting.¹¹⁰

Even by 1955 a survey of households in Sydney, Melbourne and Brisbane (Lintas 1955) revealed that just 31 per cent of households with children had

¹⁰⁶ In evidence to the Harvester Case a number of the witnesses reported they relied upon kerosene for lighting. (Harvester Transcript 1907, §U.8, §V.3, §V.7 & §V.12) In an earlier case Mary Bayliss, wife of a baker reported that for lighting they used "3 quarts of kerosene a week; [and] half a packet of candles" (Argus 29/8/1907, 4).

Similarly even after revision in 1932 the ABS Price Index continued to include kerosene and candles (ABS 6101.0 1933, 14).

Reliance on kerosene lighting usually involved a daily routine of collecting each of the lamps and then replenishing the reservoirs, trimming the wicks and cleaning and polishing the chimneys.

¹⁰⁷ The budget advocated by the unions included, in addition, ½ cwt. [about 25 Kg.] of coal, with some variation in the amount between cities (Piddington 1920a, 77).

¹⁰⁸ In evidence provided to the Harvester case one of the witnesses Tatham reports using "2 cwt. of wood per week ... in winter we use 3½ cwt." (Harvester Transcript 1907, §V.3)

¹⁰⁹ This analysis relates to households living in houses and flats excluding non-self-contained flats, boarding and rooming houses.

¹¹⁰ More generally around half the households in the Prest survey still had some solid fuel cooking facility. While details are not further available, in some cases this may be where a household had a gas ring, but relied upon solid fuel for more complete cooking solutions.

running hot water in the bathroom, kitchen and laundry, a further 21 per cent had it in at least one of these rooms. However 48 per cent had it in none (although most had a bath heater), with this proportion rising to 87 per cent of houses of ‘social class D’ – semi-skilled and unskilled workers – with over a third of these not even having a bath heater. Twenty per cent of these urban households with children lacked a refrigerator. Only 40 per cent of all homes reported an electric washing machine.¹¹¹

A further insight into the penetration of some of these technologies and appliances can be gained from production data. Figure 2.6 plots the level of Australian production of candles and ice. Considering candles firstly, the rapid decline in production, commencing at the end of the first decade of the twentieth century, suggests a relatively swift switch to electrical or gas lighting from the early 1900s to 1930. Ice production, for which data are only available from 1949, shows a strong decline from the early 1950s to 1960.¹¹² Figure 2.6 shows the share of the production of clothes washing equipment that took the form of coppers, relative to washing machines, and the share of stoves that were solid fuel (wood and coal), as opposed to electric or gas. While some of the supply of these items for households was imported, and hence not identified in the chart, and some domestic production was for rural areas with limited access to electricity, the data can still be seen as indicative of the rate at which these technologies penetrated Australian households. It was not until 1954, for example, that washing machine production outstripped the production of coppers, and the production of coppers continued at not negligible levels until the mid-1960s.

As this production represents just the marginal change to the stock of this equipment in households, the actual change in the proportion of households with these facilities would have lagged significantly.

In broad terms these data would suggest that in Australia at the time of the Harvester decision, in particular in those households with a breadwinner who was likely to be on wages close to the basic wage, only a limited number would have had conveniences beyond piped water, and while they mainly accessed more convenient energy sources by the time of the Second World War, comprehensive access to the other major technologies which reduced the

¹¹¹ The need to use these proxy measures is due in part to the very limited statistical evidence on the nature and hours of work of women at these times. Blackburn and Jackson cite a limited Tasmanian study of wives of middle class men in 1948 which reports “that housewives with 2 or 3 children, at least one of whom was under 7 years, worked [in domestic production] between 70 and 84 hours per week” (1963, 13). While a much larger survey was conducted in Sydney in 1958, this was not designed to obtain specific data on housework per se, but rather had a classification of “home occupations and hobbies” and limited classifications. The survey reported that married women aged 21 to 40 years spent almost 64 hours a week on these activities, with lone parents, of either gender, with a child under 5 years, doing the same (Clark and Olley 1958, Tables 7 & 15).

¹¹² The importance of ice for households was such that Fitzherbert reports Annabelle Rankin, who she describes as a Senator who “emphasized policies directed mainly at women as homemakers”, arguing in 1948 for the abolition of sales tax on ice (2009, 34).

physical and time demands of home production was not really achieved until the 1960s.¹¹³

Figure 2.5 Production of Candles and Ice Per Capita, Australia, 1904 to 1975

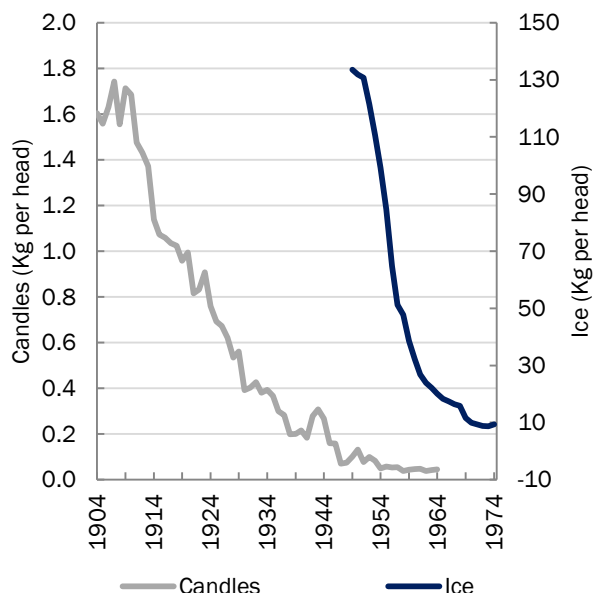
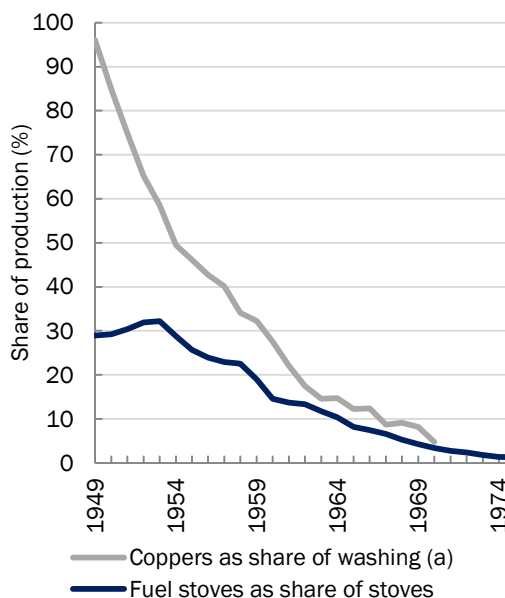


Figure 2.6 Relative Share of Production of Coppers and Fuel Stoves, Australia 1949 to 1975



Source and notes: See Table A 6.3.

The question thus arises as to the effect of these technologies and changes in them on the initial development of the minimum wage, and on its role and implications over time, including the capacity of married women to participate in the paid workforce. Greenwood, Seshadri and Yorukoglu estimate for the US, between 1900 and 1980, “the introduction of new and improved household technologies could explain more than half the observed rise in female labour-force participation [at the extensive margin]” (2005, 130-131).¹¹⁴

¹¹³ The workload associated with domestic production did not just impact these lower income households. This is highlighted in a report of a 1960 conference of the Australian Federation of University Women where, after an address by Ruth Dobson of the Department of External Affairs, a question was asked: “Do you not think that the absence of domestic servants in Australia is one of the reasons why our women find it difficult to take part in public life?” Miss Dobson’s answer, received with applause, was: ‘Of course. That is so obvious that I took it for granted’” (Encel, MacKenzie and Tebbutt 1974, 89).

¹¹⁴ Countering this argument Jones, Manuelli and McGrattan (2015) find in the US that investment in domestic technology was not a satisfactory explanation for increases in married women’s participation in the paid workforce in the post-war period, while Cardia and Gomme (2013) find, again for the US, that while it was significant post-1980 it was not for the period from 1900 to that date. To the extent these studies look at the value of investment in this technology, rather than its actual form, it is possible that the approach may not adequately identify the extent to which people had access to the technology, nor the extent to which it acted to reduce the burden of work. For example, gas and solid fuel stoves may not have been necessarily that differently priced, but had quite different implications for domestic workload. (Seeking to establish relative costs is difficult because of the variation in prices by model, however in 1931 Metters were advertising gas stoves, including installation “from £6/15/-” (Sunday Times (WA) 6/9/1931, 6) while its catalogue listed its

Set against this Baxter argues “the introduction of domestic machines such as the washing machine and vacuum cleaner led to higher standards of domestic cleanliness and may have actually increased women’s domestic work” (1993, 32). Identification of this is not new. Friedan describes “the American housewife – freed by science and labor-saving appliances from the drudgery ... of her grandmother ... free to choose automobiles, clothes, appliances, supermarkets; she had everything that women ever dreamed of ... this mystique of feminine fulfillment became the cherished and self-perpetuating core of contemporary American culture ... as they ran the new electric waxer over the spotless kitchen floor” (1963, 18). To the extent such increases reflect preferences it can be suggested that the additional work is welfare-enhancing for the household, in the same way as the earlier changes to domestic production were. On the other hand, analysis such as that of Friedan raise some significant questions about the extent to which these preferences are authentic, or reflect conditioned social roles. As discussed below, this can be viewed as a case of ‘identity economics’.¹¹⁵

2.5.3 EXPLAINING THE PATTERN OF GENDER SPECIALISATION

While, as noted above, the family wage was founded on an assumption that it was the male who would be in the paid workforce, and that the nature of domestic production, along with the characteristics of the labour demand of industry for full-time workers, supports the concept of specialisation, it does not necessarily provide a basis for the specific gender roles within it. This is also the case argued by Becker in his *Treatise on the Family*. While he places a strong emphasis on a biological basis for women’s specialisation in domestic production, this is complementary to the more general economic case for specialisation, which he argues, would “be extensive in an efficient family even if all members were biologically identical” (1991, 30).

Baker and Jacobsen report on research based on the division of activities in a number of non-industrial societies. They find patterns of gender specialisation in almost all occupations, but that the pattern is not consistent across societies; that is, while a task may in some societies be undertaken by just one gender, it is not necessarily the same gender as in other societies (2007, 768). They interpret this as a refutation of an argument of gender specialisation as being a product of biology, although their data suggest that there are some occupations almost always done by men, and others almost always done by women. They argue that the rationale for gender specialisation is embodied in pre-marriage investment in skills and results in a more efficient marriage market. They further suggest that the value of the efficiency of this market to

cheapest solid fuel stove the ‘Dover No. 6’ from £4/11/6 to £7/4/0, depending on finish (Metters 1931, 1.) Bittman, Rice and Wajcman (2004) in a cross-sectional study in Australia in 1997, reject a finding that household technology is time saving, although their methodology was strongly contested by Gershuny (2004).

¹¹⁵ Notwithstanding this potential increase in the volume of work, the question is whether these increased standards are considered as being welfare enhancing to the household, and warrant this additional input.

the community as a whole, in turn, leads to the enforcement of these specialisations as customary practice.¹¹⁶

Turning to the allocation of roles within a family unit, economically it can be argued that specialisation, in a labour market where discrete choices are necessary, would arise from a comparative advantage of one member relative to the other in either domestic or market production or the existence of identity utility¹¹⁷ or other gains for them in behaving in a particular way.

In considering this in a historic context there is the question of whether pre-existing non-market gender wage differentials led to a cycle of men having a comparative advantage in the workplace, not associated with their market productivity, but rather because of customary wage structures which potentially sought to deliver a living wage, reinforcing their role as the primary breadwinner and in turn, justifying the initial, and continuing, wage discrimination. Burnette who has investigated the nature of women's wages in nineteenth century Britain concludes that she did not see the argument that women's lower wages were 'customary' as robust, specifically rejecting that "women's wages were inflexible, unresponsive to supply and demand, or set lower than women's productivity" (2008, 135).¹¹⁸

Alesina, Giuliano and Nunn argue that a key driver of the allocation of gender roles, and in particular that of the male, was the nature of historical agricultural production. Specifically they identify the role of 'plough agriculture', an activity in which men had a physical advantage,¹¹⁹ as acting to determine gender roles which then became deeply culturally embedded. In their research they consider the experience of different immigrant groups and find that "the descendants of societies that traditionally practised plough

¹¹⁶ Given the material cited subsequently on the role of hoe versus plough agriculture it should be noted that this analysis treated agriculture as a single sector, undifferentiated by the form.

¹¹⁷ Akerlof and Kranton (2010) use the concept of 'identity' to discuss how individuals may hold preference sets which place a high value on aspects such as social norms or group identity, even if this may from another perspective lead to sub-optimal outcomes. Indeed in their original paper on the subject they note how in a couple a man who has an identity based on a belief that "men should not do 'women's work' in the home and men should earn more than their wives" would fail to act in a way which would maximise the benefits of the household members' comparative advantages (2000 747-748).

In this regard Friedan's 'mystique of feminine fulfillment' may be considered not just in terms of the identity it postulated for wives, but as a complement to the husband's identity as the breadwinner.

¹¹⁸ Specifically she notes that although it is possible, in one sense, to see the wages of women as being customary, as "customary explanations for women's wage were part of the culture, but they did not cause the gender wage gap" (Burnette 2008, 135).

¹¹⁹ Isvan reports that "the efficiency of plough farming, depended, amongst other things on the body weight and upper body strength of the farmer" (2009, 293). These traits are strongly biased towards men.

Harris writing on the same subject places this in a wider context of the independence of women, reporting "where hoe agriculture prevails, women tend to be as productive as men in agricultural operations. This is what keeps their labor force in high demand and makes them independent of men. In contrast, where plow agriculture prevails, plowing constitutes a critical task ... which men perform (or operate) more efficiently than women" (1993, 73).

agriculture today have less equal gender norms, measured using reported gender-role attitudes and female participation in the workplace, politics, and entrepreneurial activities” (2013, 469).

The role of physical strength is not just important in this historic sense, but was also relevant across a range of occupations including in manufacturing, materials handling and building, in addition to agriculture and pastoral work. Indeed at the beginning of the twentieth century, potentially reflecting Taylorist ‘Scientific Management’, there was considerable attention given to the relative productivity of men and women which considered this dimension of physicality, as well as other factors.

Rathbone cites a number of factors, which generally inferred a lower level of productivity by women. Some of these were intrinsic such as higher rates of sickness, lesser capacity to lift heavy weights and potential of wasted investment if the woman had children and left employment, and others related to male attitudes and “protective legislation”. On this basis she argued that equality of pay at the job level would “prove in practice the equivalent of total exclusion [of women]” (1917, 59).¹²⁰ This question was also addressed by Ackerman who reports on an investigation of relative performance of telephone operators, citing evidence such as the average female taking 12.5 days of sick leave annually compared with 5.9 days for men (1913, 254). Indeed from her investigations into this and related matters she reported she was unable to complete a paper on equal pay as: “I was unable to carry out a logical argument based upon what had always been my personal point of view” (251). Notwithstanding this reservation, she concluded the “fact remains; the difference between the pay of men and women in the same employment is out of all keeping with the comparative value of service rendered (249). In a similar vein, half a century later, Blandy reports “analysis ... suggests that, on average, a 5 per cent ‘strength’ differential and a 2 per cent ‘absentee’ differential in female pay might reasonably arise, giving an average occupational wage relativity of 93 per cent of the male rate” (1963, 25).¹²¹

There is also the impact of the differential biological impact of reproduction. To the extent most families involved having children,¹²² the effect of child bearing has the potential to reduce the relative advantage of a woman as the primary breadwinner, at a minimum in late pregnancy and during a period of breastfeeding, given the nature of the jobs and working arrangements available.¹²³

¹²⁰ Indeed, as discussed later in section 3.3.1 there is a strong case to consider that some of the advocacy of equal pay by unions was deliberately directed at this goal.

¹²¹ Burnette, considering the British experience argues: “Women’s wages were on average lower than men’s wages because women were on average less productive than men. Occupational segregation was not the cause of the wage gap, but a method of minimizing it. If men and women had worked in the same occupations, the wage gap would have been even larger” (2008, 327).

¹²² In 1911 for example 91.3 per cent of wives who had been married for more than 5 years had given birth, with over 90 per cent of these women having given birth to more than one child. (ABS Census 1911, 1140-41).

¹²³ This also impinged at times on a capacity to undertake domestic production. One example of this was given in the evidence to the Harvester Case where a William Keating gave evidence on household expenditure indicating: “I am the father of 7, 5

The Origins of the Male breadwinner

As will be discussed in section 2.6.8, the existence of a male breadwinner model in the early twentieth century and a historical pattern of a decline and recovery in female workforce participation appear to be common across many countries and reflect a pattern of economic development and the relative value of domestic and market production and earning capacity. The work of authors such as de Vries, Mokyr, Folbre and Pfau-Effinger already cited are part of an extensive literature seeking to identify more explicit causes. Most of this is concerned with the European, and in particular, the British experience.

Horrel and Humphries suggest: “There seem to have been two routes to the male breadwinner family: a beneficent route through rising male wages, positive income effects and increased leisure for women and children, and a darker sequence involving the disappearance of locally available work for women and a descent into dependence and poverty” (1997, 26). The first of these would appear to be the path identified by Goldin and discussed later. However as seen in the previous section, the interpretation of ‘leisure’ in this description seems to be questionable. Rather, as argued, these income effects permitted a restructuring with increased levels of domestic production, which was welfare enhancing for the household.

Burnette sees that these paths operated sequentially suggesting that “before 1850, declining participation was caused mainly by declining demand for female labor, which made women worse off. After 1850, declining participation resulted from the expansion of women’s choice set as well as from its contraction” (2008, 325).

The issue of constrained employment opportunities is emphasised by Seccombe (1986) who argues it was the result of the male labour movement reacting in an exclusionary fashion due to the threat of women as cheap labour.¹²⁴ Creighton however places a more subtle interpretation on this suggesting a cooperative, rather than exclusionary strategy where “the family

living and 2 dead. My present family consists of seven persons all told ... I have had some experience myself of housekeeping. Since I have been married, on each occasion of my wife’s confinement, not being in a position to keep a nurse on as well as I would like, I have had to do the housework and look after the children. I have had continuous experience in housekeeping. Recently my wife was an invalid for 5 months, suffering from a haemorrhage. During the whole of that time I was looking after the money and providing for the children and purchasing all the requirements of the house” (Harvester Transcript 1907, §V.11-12).

¹²⁴ Folbre notes, as a complement to Seccombe’s argument, that “Men also benefited economically from the cheap domestic services that women provided for them in the home (1991, 468). She links this more widely with the family wage, arguing, “the concept of the family wage was often deployed in efforts to exclude married women from paid employment and to justify lower earnings for single women than for men” (2009, 271). This line of argument is also cited by Land who discusses analysis which suggests “working class man believed that by restricting the hours women and children could work in the factory his hours and conditions would also have to be improved. So too would his pay, for women and children would have less opportunity to undercut his wages or indeed to replace him ... At the same time men could argue more forcefully and from increased bargaining strength that they needed wages high enough to support a family, that is a family wage” (1980, 57). In turn she notes the arguments of Rathbone (section 2.4.1) indicating this “perpetuated the economic dependence of women on their husbands” (63).

wage offered the most reliable way of raising wages and living standards” (1996b, 219). More specifically he argues “wage levels were ... a key concern of all family members. The preferred tactics for raising wages ... were strategies which aimed to restrict the supply of labour. This was seen as an effective way of safeguarding jobs as well as wages” (1996a, 332).

In studying this question on the broader international scale, Janssens not only expresses some reservations about the relatively limited data upon which many of these arguments are based, but considers that “monocausal theories ... have lost their explanatory power” (1997, 22) and argues rather that the pattern of breadwinning reflects a wide range of economic and social factors which cannot be considered independently.

In the context of the considerations here, while these causes are important to understanding the factors which may have impinged on the experiences of the twentieth century and beyond, the more significant issue was that at the time of the development of the Australian minimum wage the male breadwinner model was firmly entrenched.

2.5.4 POPULATION AND MATERNALISM

The introduction noted that, although the population question was important to political and social debate over much of the period considered here, it is not seen as being deterministic to the outcomes of the process being considered. One aspect of this question which may however be seen as impacting the nature of workforce participation was the ideology of ‘maternalism’ – a focus on the identity of women as mothers. Allen summarises the movement as: “At the turn of the twentieth century, many feminists extolled motherhood as the highest of human achievements. Indeed, claimed the influential Swedish author Ellen Key, it was ‘the most perfect realization of human potential that the species has reached’” (2005, 2). Lake, placing it in the Australian context, describes it as a woman-led movement which drew upon “a discourse of motherhood to challenge the power of men in working class politics and the family and to oppose the dependent category of ‘wife’ with the alternative idea of the mother citizen, whose service to the state (like that of the recently illustrious soldier citizens) demanded independent economic reward” (1992, 5).¹²⁵ The concept is placed more widely by Koven and Michel (1993) as part of the development of welfare states across a number of industrialised countries.

Although most prominent in the 1920s, and often, as in the case described by Lake, comparing women with soldiers in their contribution to the state, earlier roots can be identified, including that of population policy. In 1911 the *Woman Voter* contained a letter, which in reference to population policy, spoke of “that most desirable of all new-comers – the Australian Baby” and argued for “the endowment ... of all human motherhood; the recognition by statesmen that

¹²⁵ Summers is somewhat more critical in her view of this maternalistic feminist approach. She writes: “Late nineteenth-century *fin de siècle* feminists regarded women as morally superior, asexual creatures who needed protection from lustful men who in turn needed to have the ready expression of their appetites for sex and liquor curbed by law. Maternalism, as Lake calls it, underpinned their conception of women: women's distinctive role as mothers required they be both respected and protected” (2000, 327).

normal motherhood is a service of the highest value to the State. Motherhood can then be a duty voluntarily and reverently undertaken, and not, as it too often is now, a burden arbitrarily imposed and unwillingly borne” (Woman Voter 1/8/1911, 15).

One specific manifestation of this maternalist focus was on the potential effects of factory employment on the future fertility of young women.¹²⁶ A letter to the editor in *The Tocsin*, in 1901, decried “the accursed factory system ... [which] is ever clutching in its greedy grasp those on whom unborn generations are waiting for their development and upbringing” (Tocsin 11/4/1901, 2).¹²⁷ The Labor organiser Jean Daley similarly spoke of “that woeful round of working days, where the whirl and clatter of machinery ... for even the strongest proves the thief of their birthright of glorious motherhood” (Labor Call 17/10/1918, 9).

The role of this movement in terms of the development of child endowment policy will be considered more in Chapter 4, whilst it also had implications for the participation of married women in the labour market, as considered further below.

2.6 THE LABOUR MARKET

The institution of the labour market has many dimensions. One is the wages system, elements of which have been discussed above; others are the nature of labour demand, linked to the industrial structure of the economy and levels of technology, and labour supply.

It is this last, labour supply, which is considered here, primarily in terms of the pattern of workforce participation.¹²⁸

¹²⁶ The link between employment and future reproduction was noted in the court in a 1919 decision in which Higgins quoted an extract from Goldmark’s 900 plus page *Fatigue and Efficiency – A Study in Industry* concerning “incidents of industrial work most detrimental to the female reproductive system” (13 CAR 647, 707). Goldmark’s publication itself contained sections on the association of work with ‘Infant Mortality’, ‘Low Birth Rate’, ‘Race Degeneration’ and ‘Women’s Overwork and Future Generations’ (Goldmark 1912).

¹²⁷ *The Tocsin* was a socialist newspaper with this letter being published in a column headed with the slogan ‘A Tocsin Plank – Equal Pay for Equal Work’. The letter was just signed ‘Z’.

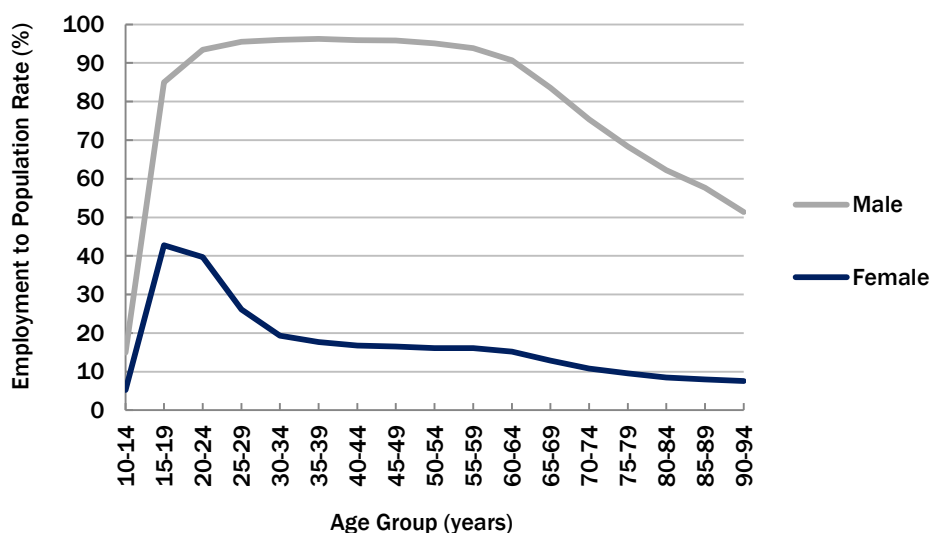
¹²⁸ The primary focus is on the employment to population ratio, and the wage and salary earner population. The use of an employment to population ratio, rather than the alternative of the labour force participation rate, reflects reservations about the extent to which the unemployment rate is independent of economic circumstances, and as such labour force participation is not a consistent measure of potential labour supply. This is underpinned by substantive evidence that the major flows into employment are from ‘persons not in the labour force’ rather than from the unemployed. In the 12 months to June 2017 56.2 per cent of the flows into employment of men aged 25-59 years was from a status of ‘not in the labour force’ in the previous month. For women, in the same age range, the proportion was 71.4 per cent (ABS 6202.0 June 2017, GM1).

Notwithstanding this preference, and a preference for a focus on wage and salary employment, as this is the population directly relevant to the wages system, analysis is constrained by data availability and will variously draw upon all of these concepts.

2.6.1 WORKFORCE PARTICIPATION

In 1911 25.3 per cent of women aged 15 years and over, and 93.7 per cent of males in this age range were employed.^{129, 130, 131} The pattern of workforce participation by age varied dramatically by gender, see Figure 2.7.

Figure 2.7 Employment to Population Rate, by Age Group and Gender, 1911



Source and notes: See Table A 6.4.

The ratio for men rose rapidly with age to reach a rate of 93.4 per cent for the 20-24 year age group, and remained above 95 per cent for age groups up until those aged 55-59 years for whom it declined to 93.9 per cent. In contrast that of women peaked for the 15-19 year age group at 42.8 per cent and remained a little below this level for women aged 20-24 years before declining markedly.¹³²

¹²⁹ Here standard labour market classifications (as they stood at the time) have been used. That is persons who are employers, self-employed, wage and salary earners, along with unpaid assistance, usually in a family business or farm.

¹³⁰ 1911 is used as a reference point because of its proximity to the Harvester decision and the availability of Census data. In more detailed analysis, data for 1921 are used as this is the first point at which published labour force data by age, gender and marital status are available for women.

¹³¹ There has been debate, for example Deacon (1985), about the accuracy of census recording of women's employment. This, along with some other aspects of census labour market data, is considered in Appendix 1.

¹³² There is little information available on the determinants of female workforce participation in this era to enable answers to questions on the extent to which it varied by class or other factors, nor in any quantifiable form, which would provide information on the extent to which women, especially young single women living at home, were engaged in household domestic production. Reflecting one line of thought, and common prejudice, were the claims in the statement of a Salvation Army Officer giving evidence to the Royal Commission on Child Endowment: "some of the children of these folks are quite old enough to go out to work – sixteen to eighteen years of age – but they idle at home instead, because they cannot find the kind of job they fancy. For example, a girl of seventeen years of age will not go out to service; she wants a place in a factory or shop (all her evenings free)" (RCCE 1929, 564). Data cited later in

Turning to wage and salary employees, that group affected by decisions relating to the minimum wage, in 1911 78.0 per cent of these were men and 22.0 per cent women. Of the women it is estimated that most, 56.8 per cent, were single and under the age of 25 years, 32.0 per cent were older singles and 6.7 per cent married.¹³³

A more detailed breakdown of this group of employees by marital status is possible from the 1921 census onward. At that time males accounted for 76.4 per cent of employees and females 23.6 per cent. The largest group of employed men were married men who accounted for 50.3 per cent of male employees and 38.4 per cent of all employees. By contrast married women represented only 7.1 per cent of female employees and 1.7 per cent of all employees. Women's wage and salary employment was dominated by never married women under the age of 25 years, 55.6 per cent, followed by 32.3 per cent who were unmarried and over this age. Some 2.7 per cent of male employees were widowed, as were 4.6 per cent of the women, although these widowed women only represented 1.1 per cent of employees, compared with 2.1 per cent for men. Divorcees were a minor element of both the population and employees.

As shown in Figure 2.8 this structure persisted for a considerable period, with the proportion of employees who were married men increasing in the post-war period to a peak in 1954, before declining in the later decades of the twentieth century. In contrast, there was a consistent pattern of an increasing proportion of employees who were married women until, in 2011, the respective proportions of married males and married females were almost equal at 30.8 per cent and 29.4 per cent.¹³⁴

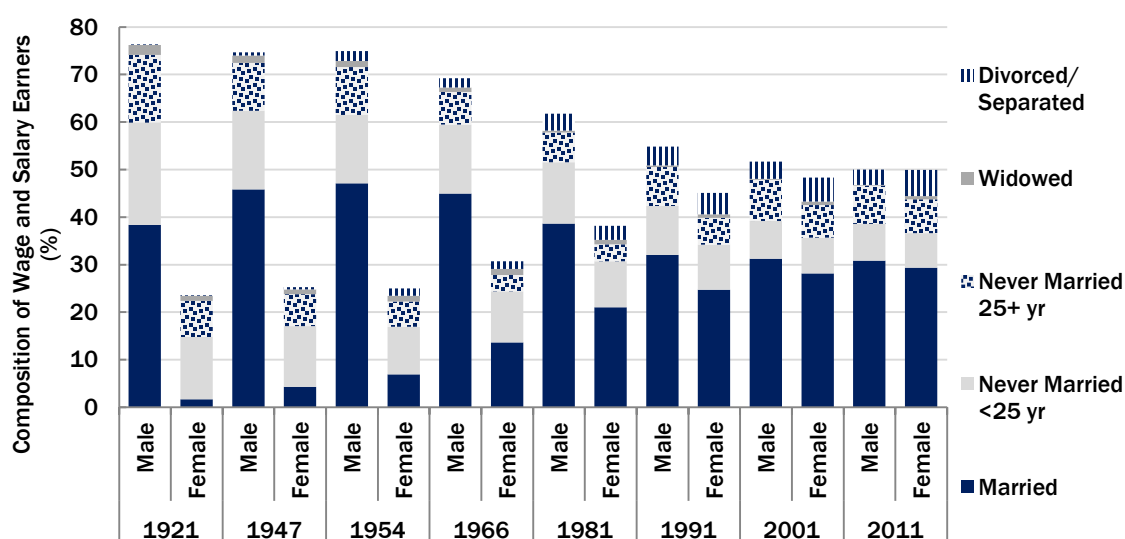
Focusing back on the earlier period, the labour market over the first half of the twentieth century had two dominant features: the first was that most men worked, and the adult male workforce was dominated by married men; the second was that the female workforce was much smaller and dominated by young unmarried women, around half of whom were in the workforce before usually withdrawing upon marriage. This pattern was at the heart of the formulation of much of wages policy over this time.

this chapter suggest that, for those living in non-urban areas, geography was also important.

¹³³ A further 4.3 per cent were widows and 0.2 per cent divorced.

¹³⁴ While the proportion of employees accounted for by married men and married women are about equal, 30.6 per cent and 30.2 per cent respectively in the 2016 census, this does not reflect equal levels of employment participation as married men were much more likely to be employers or self-employed. Hence wage and salary employees, while accounting for 84.9 per cent of married women's employment, only accounted for 75.3 per cent of that of married men (ABS Census 2016, Census Table Builder).

Figure 2.8 Wage and Salary Employees, by Age Group, Gender and Marital Status, 1921 to 2011



Source and notes: See Table A 6.5.

2.6.2 WORKFORCE PARTICIPATION OF WOMEN

Over the twentieth century and into the twenty-first, as can be seen above, there were significant shifts in the labour market engagement of women, although this was also marked by some persistent patterns.

In the context of the focus on the minimum wage as a family wage, there are several dimensions of the workforce participation of women which are of particular interest. The first, in the context of the initial setting of the minimum wage, and of differential rates of pay for women, concerns the role of single women, especially the extent to which this group dominated women's participation in the paid workforce. The second is the evolution of participation by married women, given that, to the extent this population is active in paid employment, this diminishes the rationale for the payment of a family wage to men. This latter is considered in some detail here, and in subsequent sections, given its relevance to the changing role of the wage.

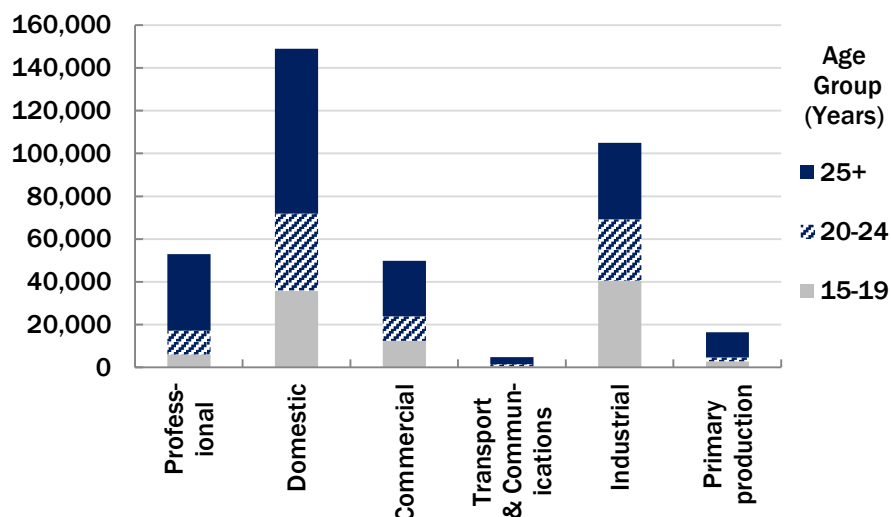
The female workforce in 1911

The age profile of women's workforce participation in 1911 was, as seen in Figure 2.7, highly concentrated at younger ages, and well below the rates of men. Participation, as illustrated in Figure 2.9, was also concentrated in two occupational groupings.¹³⁵ The first were domestic occupations which accounted for 39.4 per cent of the female labour force aged over 15 years. Three-quarters of these women were in 'domestic service' with the balance engaged in providing board and lodging. The second were 'industrial' occupations which accounted for a further 27.8 per cent of the labour force. Within this sector over 80 per cent of women's employment was in a range of

¹³⁵ In this case data are based on the total labour force, including wage and salary earners, self-employed, unemployed and unpaid family workers. This reflects the form in which the data are available.

occupations associated with textiles and clothing manufacture. Women's employment in this sector was dominated by younger workers, with 38.7 per cent aged 15-19 years.

Figure 2.9 Labour Force by Age Group and Occupational Sector, Women Aged 15 Years and Over, 1911



Source and notes: See Table A 6.6.

To the extent they were in the labour force, married, relative to single, women were more likely to be involved in the transport and communications sector and primary production, although both of these occupational groupings had a small female labour force. In the case of communications it is likely that this figure represents the employment of women as “Postmistresses”, while participation of married women in primary production was dominated by being an unpaid family worker, followed by an employer, both likely to reflect participation in family farms. Married women were only a small group of the female labour force in industrial occupations (4.8 per cent) and in professions (9.7 per cent).

Trends in women's workforce participation 1901-2011

The type of pattern seen in 1911, which also on the basis of more limited data appears to represent the structure in 1901, generally persisted until the Second World War.¹³⁶ Domestic service, while declining, continued to be the

¹³⁶ A further dimension of this concerns spatial differences. There were, and indeed remain, marked differences in the employment to population ratio for women across locations. In 1911 the employment to population ratio for women in Melbourne was 34.7 per cent, in the balance of the state it was 23.6 per cent. The wage and salary employment to population ratios were 30.2 per cent and 17.7 per cent respectively. This was strongly associated with the structure of industry. While well over half of employed women were in domestic occupations in most Victorian counties (the level of geography used in the Census), in Melbourne the proportion was just 30 per cent. There was a strong linear relationship between the proportion of men engaged in agricultural occupations and the proportion of women engaged in domestic occupations (ABS Census 1911, 1752-1761).

Contemporary data show a diverse pattern of participation across locations. Using the 12 month average in the year to May 2017, for the 15–59 year old population the employment to population ratio for women in country Victoria of 68.8 per cent is marginally above the 67.0 recorded in Melbourne. In contrast in Queensland the rate

major sector over the period, accounting for 43.8 per cent of female employment in 1901, 39.7 per cent in 1911 and 35.1 per cent in 1921, while the new classification of ‘personal and domestic service’ in 1933 still accounted for 31.0 per cent of female employment, with most of these falling into the sub-classification of ‘domestic servants’.

Turning to the longer-term movements, Figure 2.10 shows a long-term increase in the participation of women aged 15-59 years over the period to 2016.¹³⁷ Between 1921 and 1933, women increased their share of total employment, largely as a result of female employment being more resilient than male employment to the effects of the Depression. This changed significantly at the time of the Second World War, although mainly for single women.¹³⁸ The employment to population ratio for women aged 15-59 years increased from 23.9 per cent to 31.0 per cent between 1933 and 1945, comprising a 15.1 percentage point increase by single women, to 64.0 per cent, a 6.7 percentage point increase by married women to 11.6 per cent. After a post-war slump which saw women’s share of employment fall from 30.3 per cent in 1945 to 23.2 per cent in 1947, women’s share of employment has increased continuously to reach 48.5 per cent in 2016.

Although the employment to population rate for married women fell back in the immediate post-war period, this was not the case for single women. These women maintained an employment to population rate at around 65 per cent until 1966 after which it declined by around 10 percentage points, in large part driven by increasing educational participation. After being flat for a period, it then increased from 1996 to 2006 before again flattening. In contrast, the employment to population ratio of married women, after the post-war decline, has grown continuously since 1947, increasing from just 8.4 per cent to 74.1 per cent in 2016 and surpassing the rate for single women in 1991. Notwithstanding this growth, the participation rate of these married women did not exceed 20 per cent until the early 1960s, and the majority of these women were not working in the paid labour force until the mid-1980s.

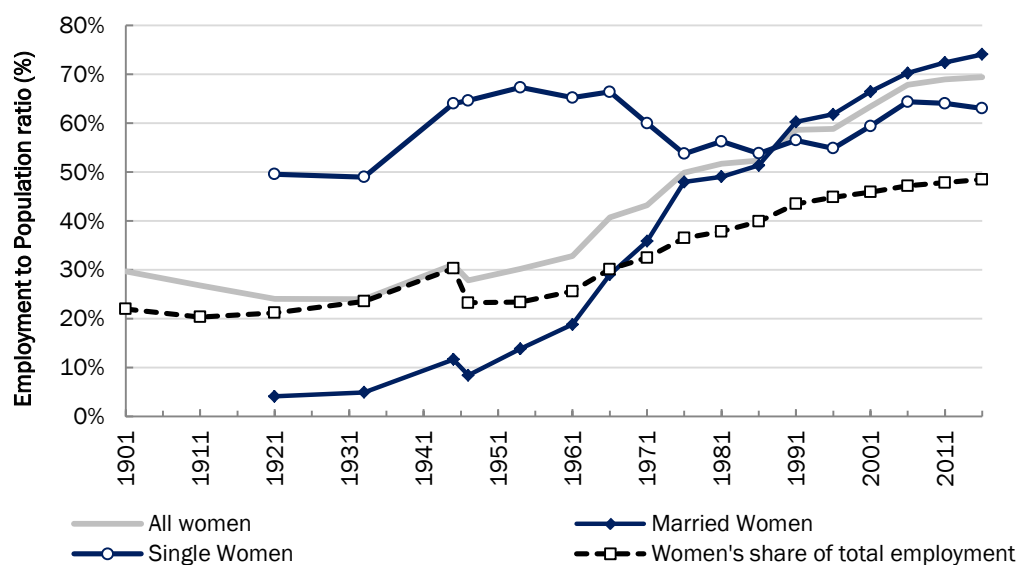
was 68.8 per cent for Brisbane and 65.8 per cent in the balance of the state. Although the differences are not as marked as they were in Queensland, both Sydney and Hobart also have higher rates of female workforce participation than the balance of their respective states. The reverse is the case for Adelaide and Perth. (ABS 6291.0 May 2017, LM1).

While the 1911 Victorian data do suggest that part of the explanation of the historical pattern of female employment participation may be as a result of lower labour demand in a highly segmented labour market with limited independent geographic mobility, this is clearly not the key explanation for the difference between the genders.

¹³⁷ The 15-59 year age group has been chosen to allow for broad comparability over time in the light of the changing age for compulsory school attendance and changes in the age pension eligibility age.

¹³⁸ During the Second World War, while the Manpower Directorate had the power to direct the employment of employed and unemployed persons, it did not have the capacity for civil conscription of those not in the labour market. It generally used these powers sparingly although with an implicit threat. Butlin and Schedvin (1977, 367) note specifically that all single women aged 18 to 45 years, and married women aged 18 to 35 years without children were subject to this strategy. More explicitly Makin, the Munitions Minister, explained that “his policy in employment of women in factories was for single women to man the benches and mothers to attend to their homes and children” (Argus 11/9/1942, 2).

Figure 2.10 Employment to Population Rate, Women Aged 15 to 59 Years, by Marital Status, 1901 to 2016



Source and notes: Derived from Table A 6.7.

An early driver of this increase in the post-war workforce participation of married women was the role of migrants. In 1954 ABS reported that while the employment to population ratio for Australian born married women was 10.9 per cent, it was 15.1 per cent for those born in the UK and 29.2 per cent for those born in other countries (ABS Census 1954 Vol VIII, 334). While some of this difference is likely to reflect the age composition of these populations, it also reflects differences in the participation of mothers.^{139,140}

¹³⁹ Almost half, 47.0 per cent, of the Australian born married women who were employed were childless. In contrast, despite the much higher proportion of married born overseas who were employed, only 35.7 per cent of those born in the UK were childless, as were 40.3 per cent of those born in other countries (ABS Census 1954 Vol VIII, 335).

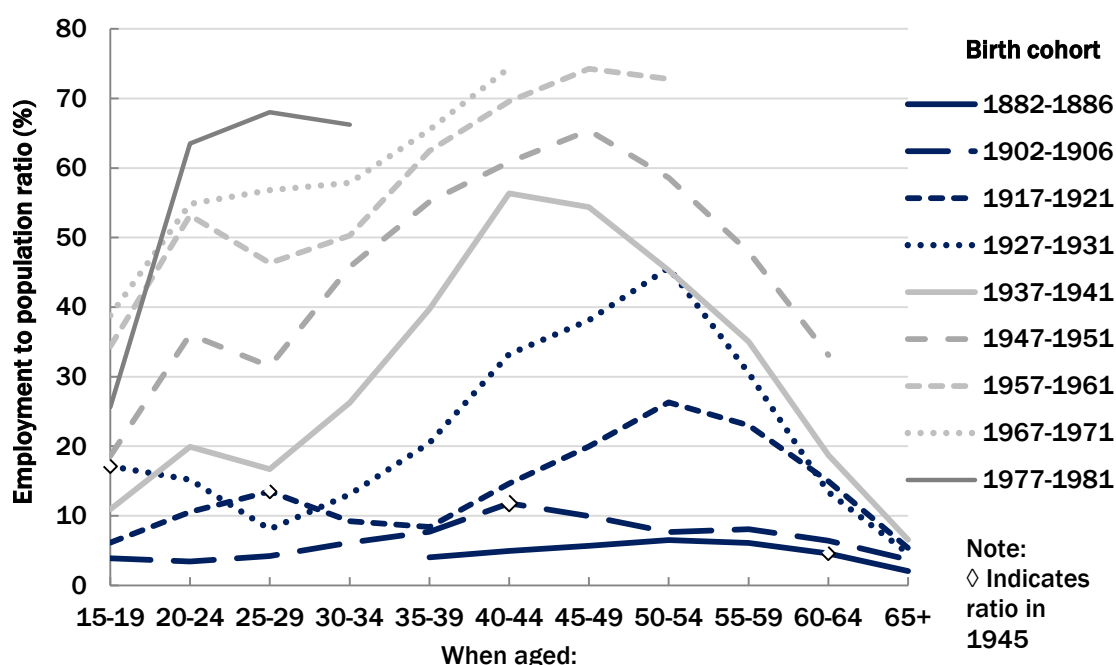
In contrast to the pattern seen in these data, in their 1966 survey of Melbourne, a decade or so later, Henderson, Harcourt and Harper reported that: "We estimate that there are about a quarter of a million working wives in Melbourne ... those most likely to be working are the British, followed by the Australians, Dutch, Germans and Greeks" (1970, 126)

¹⁴⁰ The relative participation of migrant women was a key focus of Richmond's analysis of married women's participation in the paid workforce. From her analysis, which highlighted the higher rates of paid workforce participation by migrant women, she concludes: "the financial, social and cultural factors which push Australian women of varying educational backgrounds into the workforce are obviously quite different from the factors which affect the participation of the various groups of migrant wives" (1974, 304). Of note in this summary, and more generally in the analysis, is the concept of married women being 'pushed' into the workforce. Notwithstanding this, the analysis also suggests that participation was shaped more by the supply side of the labour market.

Cohort experience of married women

Further insight into this can be seen in comparing the pattern of participation by age of different birth cohorts. Figure 2.11 plots the experience for a selection of birth cohorts.¹⁴¹

Figure 2.11 Employment to Population Rate, Married women, by Age, Selected Birth Cohorts 1882-1886 to 1977-1981



Note: Only selected cohorts have been shown to clarify the presentation of changes. See also Footnote 141.

Source and additional notes: See Table A 6.8.

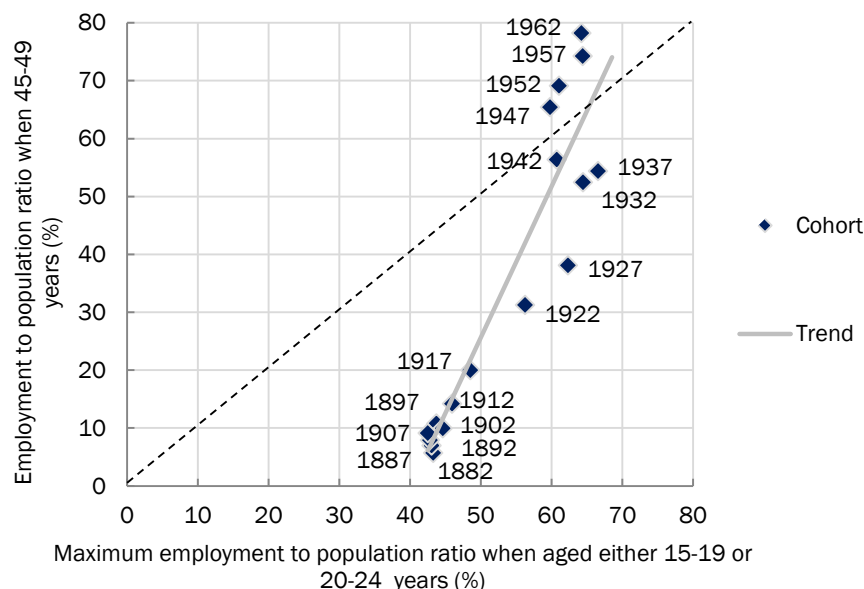
Ignoring the differences between the cohorts when aged 15-19 years, the clear and relatively consistent pattern is that women in successive birth cohorts have demonstrated higher employment to population ratios across virtually all ages than those cohorts who preceded them, with this pattern apparently continuing for those more recent cohorts who are still quite early on in their lifecycle. These shifts are in some cases dramatic. Whereas just 8.1 per cent of the cohort of married women who had been born in 1927-1931 were employed when aged 25-29 years, for the cohort born 1987-1991 the rate is 71.4 per cent.

Across almost all cohorts participation of married women peaks at ages above 40 years, following a period of withdrawal from the labour market associated with child bearing. The extent of this withdrawal has diminished over more recent cohorts and the peak withdrawal has moved from the 25-29 year age

¹⁴¹ The cohort chart tracks the employment to population ratio of groups of women born at different times, as these birth cohorts age. Caution needs to be exercised in over interpreting the cohort chart for married women, as the proportion of women who are in particular age ranges who are married varies over time. This impacts in particular at ages 15-19 and to a lesser degree at ages 20-25. Selected cohorts only are shown to improve the legibility of the chart, with the cohorts being selected so as to illustrate the more significant shifts over time. Full data for all age cohorts and for both married women and all women are in Table A 6.8.

group to later ages. While individual longitudinal data are not available, the age of peak participation suggests that many of these women have been re-entering the workforce with limited recent workforce experience.

Figure 2.12 Employment to Population Rate in Youth and Mature, Women, Birth Cohorts, 1882-1886 to 1957-1962



Note: The year shown on the chart for each cohort is the first year of the 5 year age cohort, that is the label 1957 represents those women who were born over the period 1957 to 1961.

The use of either the higher of participation when aged 15-19 or 20-24 years is to identify the peak level of youth participation by the cohort taking into account changing patterns of educational participation and withdrawal from the paid workforce.

Source and additional notes: See Table A 6.9.

There is though a strong relationship between early workforce participation by cohorts of women and their later levels of employment. Figure 2.12 plots the level of participation for all women in each birth cohort at the maximum rate that they record in their youth,¹⁴² and that they record when aged 45-49 years. This suggests a degree of state dependence, with later workforce participation being dependent upon, or at least associated with, participation at earlier ages. This relationship however appears to be less important for the more recent cohorts, and indeed for the 1947-1951 and successive cohorts. As seen by the plots above the diagonal dashed line, these women are participating, on average, at a higher rate when aged 45-49 years, than they did when they were young.¹⁴³ The chart also illustrates a marked difference in

¹⁴² In plotting this, the higher of the rates recorded by each cohort when aged 15-19 years, or 20-24 years has been used. This approach has been adopted to avoid distortion by changes in the pattern of educational participation and the age of marriage.

¹⁴³ This may reflect structural changes in the labour market, or in attitudes to labour market participation in the 1960s and 1970s on.

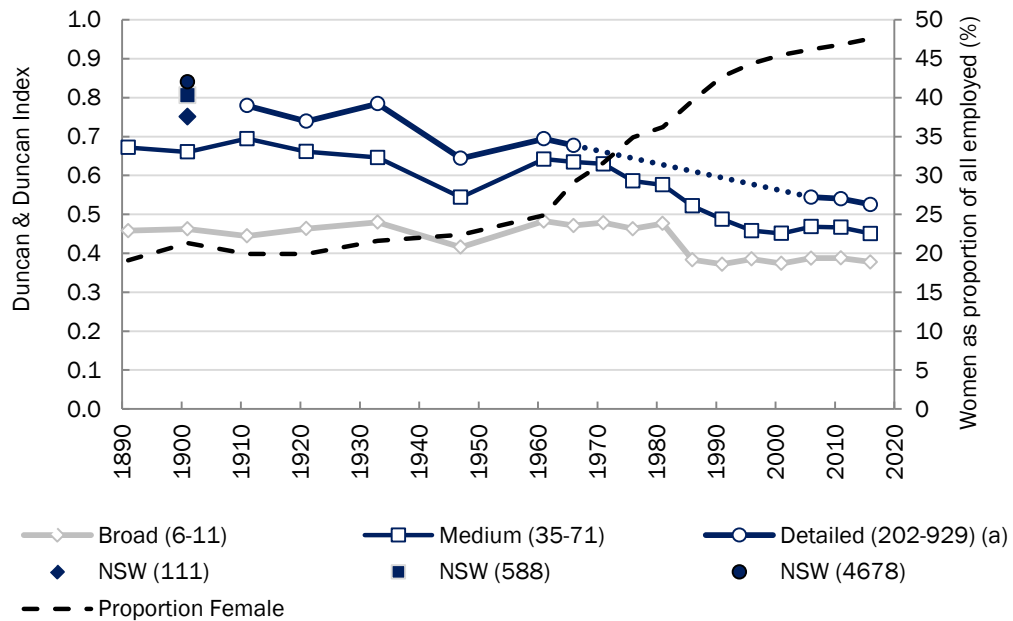
Again though some caution needs to be exercised in interpreting these average cross-sectional rates as opposed to longitudinal data. For example, it may be the average rate of participation in the younger age groups reflects the average of two distinct populations, one which may participate in education for an extended period and then enter the workforce, and another which commenced employment at a young age and

the experience of those who entered the workforce prior to, or after, the Second World War.

2.6.3 OCCUPATIONAL SEGMENTATION

The heavy sectoral concentration of women's employment at the turn of the century has been identified above. The trend in segmentation over time is shown in Figure 2.13 using the Duncan and Duncan dissimilarity index.¹⁴⁴

Figure 2.13 Gender Occupational Segregation, Duncan and Duncan Index, 1891 to 2016



Note: Numbers in brackets indicated the number of occupations used for the measure. See also footnote 144.

(a) Data at the most disaggregated level were not available between 1966 and 2006

Source and additional notes: See Table A 6.10.

Although the pattern varies with the level of detail of the occupational classification, it suggests for the first third of the century, a pattern of broad stability in the extent to which women and men were occupationally

then, at the age at which the first group was commencing to participate, were beginning to withdraw upon marriage or child rearing.

¹⁴⁴ Measuring labour market segmentation and segregation has a number of challenges. Data on occupation in the Census are presented on the basis of a range of occupational classifications which have changed over time, and the level of disaggregation, at which results have been published, has been inconsistent (although the past three censuses have used the same classification structure). Several aspects of these classifications lead to problems in the measurement of segregation. One is the granularity of the data, with, as seen, higher levels of aggregation suggesting lesser segregation. Secondly is the actual classification structure used, a particular issue being the extent to which occupational descriptions may be gendered.

In addition a number of the commonly used scales, for example, Karmel and Maclachlan (1988), are sensitive to the overall rate of participation as well as the extent of segregation. The Duncan and Duncan index (Duncan and Duncan 1955) has been used here due to its insensitivity to the changing proportion of women in the workforce.

segregated in the workforce. This was followed by a sharp decline between 1933 and 1947, some post-war retrenchment, and then a period of reduction from the 1970s on.¹⁴⁵

Many different factors contributed to this segmentation, including discrimination and exclusion. Some of these have impacted women as a whole, and some, at times, have been directed at particular subgroups such as married women. This latter is discussed in section 2.6.4.

Hunter, writing in 1962, notes a range of mechanisms which limited the scope of women's employment, citing: protective legislation including restrictions on undertaking 'dangerous work', weight limits on lifting, and on hours of work, especially exclusion from shift work; the gender classification of occupations in order to allow the application of separate male and female wage rates; and policies on being able to undertake apprenticeship, including in some 'rare' trades access to apprenticeships being restricted to males.^{146,147}

The composition of the workforce in 1933, Table 2.1, provides some insight into the gender differences in the workforce, in terms of forms of employment and occupational structure.¹⁴⁸

Considering married women in particular, to the extent they were in the paid workforce the table shows a marked propensity for these women to be either Employers (10.9 per cent) or Own Account workers (25.6 per cent). This outcome may be associated with barriers to the employment of these women

¹⁴⁵ Another perspective on segregation is illustrated in data from 1971. Of the 71 occupations identified in the census publications, women were absent in nine, and accounted for fewer than five per cent of employees in a further twenty. In 2016, using more detailed data which identify 474 different occupations, more than 20 per cent of women are employed in just 5 occupations – which in turn only account for 4.4 per cent of male employment. In contrast, only 11.5 per cent of women work in the eleven occupations which account for the top 20 per cent of male employment.

¹⁴⁶ In an earlier article (Hunter 1961) she describes a "persistent division of labour into male/female occupations [and that] Female craftsmen are practically non-existent in Australia. The factory worker remains predominantly a process worker or an office worker engaged in new unskilled or semi-skilled jobs created by the growth of large-scale industry and modern developments in business organisation" (103).

Ryan and Conlon ([1975] 1989) document, from a review of awards between 1909 and 1912, a large number of trades in which women were unable to obtain apprenticeships. These included: "bakers, coopers, farriers, breadcarters, bootmakers, broom workers, butchers, coachmaking, colliers, electrical trades, millers, pastrycooks, plumbers, woodworkers, gold-, silver- and tin-mining" (63). The Commonwealth-State Apprenticeship Inquiry of 1954, spoke of the "keynote of our charter is the supply of skilled *tradesmen*. We have had surprisingly little controversy regarding the concept signified by this expression ... we have ... excluded females from the concept, even in occupations which have formal apprenticeship for them – such as hairdressing, tailoring and associated trades" (1954, 10).

¹⁴⁷ Notwithstanding the persistence of occupational segregation, there is some evidence to suggest the demarcation of employment by gender was challenged. For example, in 1903 in the NSW Arbitration Court Justice Cohen in addressing a dispute "by a union of employees for the discouragement of female labor in the saddlery and harness trade said that it [such discrimination] was 'rather out of harmony with the spirit of the times'" (Hillston Spectator 20/3/1903, 3).

¹⁴⁸ Although this 1933 data is somewhat distorted by the Depression it is the first time that this type of detailed information by marital status is available.

in the workplace, or associated with access to capital (noting for example the high proportion of widows who are Employers), or a preference to combine market activity with domestic production.

Table 2.1 Composition of the Workforce, Women by Marital Status, 1933

	Female						Total (a)	Male
	Single			Marr- ied	Widow- ed	Divorc- ed		
	<15 years	15 years +	Total					
Labour Force Composition (%)								
Employer	0.0	1.2	1.2	10.9	19.7	4.9	3.5	8.7
Own Account	0.1	4.6	4.6	25.6	28.2	15.3	8.6	14.9
Wage & Salary Group								
Wage & Salary	77.6	73.3	73.4	50.8	40.3	54.4	68.5	47.7
Apprentice	9.2	1.1	1.2	0.0	0.0	0.0	1.0	1.0
Part-Time	4.9	4.5	4.5	5.2	4.2	5.3	4.6	6.8
Unemployed	5.8	14.3	14.2	6.2	7.2	19.4	12.9	19.0
Total Wage & Salary Group	97.5	93.3	93.3	62.3	51.7	79.1	87.0	74.4
Helper	2.4	0.9	0.9	1.2	0.3	0.7	0.9	1.9
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Occupational Structure of Employee Group (%) (b)								
Fishing and Trapping	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Agriculture Pastoral & Dairying	1.9	0.9	0.9	1.2	0.6	0.3	0.9	16.5
Forestry	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2
Mining & Quarrying	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3
Industrial								
Clothing (c)	25.6	13.5	13.6	9.8	5.6	9.6	12.9	1.6
Total	49.6	25.6	25.9	19.1	10.8	17.0	24.5	40.4
Transport & Communications	0.8	1.9	1.9	4.6	4.4	1.2	2.2	11.6
Commerce & Finance								
Property and Finance (c)	0.2	2.1	2.1	0.9	1.0	0.7	1.9	2.4
Commerce (c)	16.3	18.1	18.1	10.1	6.4	11.3	16.8	13.0
Total	16.4	20.2	20.2	11.0	7.4	12.0	18.8	15.5
Public Administration & Professional								
Public Administration (c)	0.0	1.0	1.0	0.2	0.4	0.2	0.9	1.2
Health (c)	0.0	6.2	6.1	3.5	4.9	5.1	5.9	0.7
Education (c)	0.0	5.1	5.0	3.5	2.9	2.1	4.8	1.1
Other Professional (c)	0.1	4.3	4.3	1.4	1.0	2.7	3.9	1.6
Total	0.3	18.0	17.8	9.7	10.5	10.8	16.8	6.3
Entertainment, Sport & Recreation	0.2	0.7	0.7	1.3	0.8	1.7	0.7	1.0
Personal & Domestic Service								
Private Domestic (c)	27.1	22.5	22.6	31.5	39.0	31.7	24.2	0.3
Total	30.9	29.4	29.4	51.9	62.5	52.6	32.9	2.2
Total (a)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes:

(a) Includes Not Stated.

(b) Current employees and unemployed classified by last occupation.

(c) Selected occupational sub-groups only.

Source: ABS Census 1933, 1118-1119 & 1738-1773.

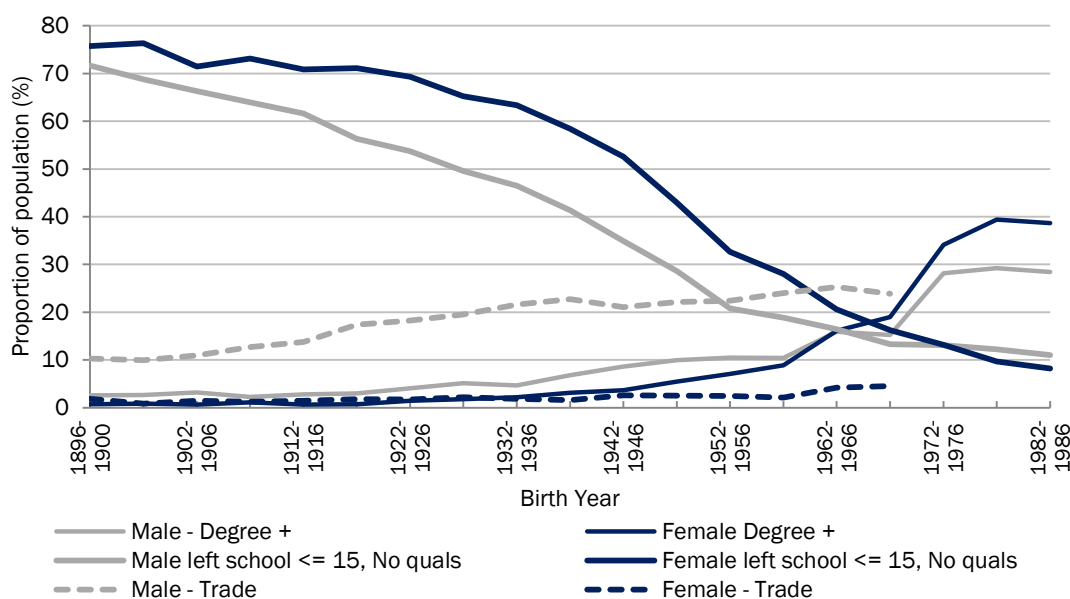
Of the population identified as the 'Wage and Salary Group', a classification which includes the unemployed, the continuing strong role of domestic service occupations can be seen. This is particularly marked for married, widowed and divorced women where a majority of each of these groups were engaged in this sector, with 31.5 per cent of married women who were wage and salary

employees (or had been but were currently unemployed) being employed as domestic servants, along with 39.0 per cent of widows. In contrast male employment in this sector was negligible. Married women were significantly less likely to be employed in other sectors of the economy, even those such as clothing manufacture or commerce.

Educational Qualifications

One of the factors potentially significant in occupational concentration, and in gaining market employment, is the role of human capital, including educational qualifications. Over most of the twentieth century women were more likely to have lower levels of education and training than men. Figure 2.14 provides some insight into this. It presents an estimate of the educational qualifications of the population by gender and birth cohort. The data show three different populations: those with a degree qualification or higher, the proportion with a trade qualification (up to the 1967-71 cohort)¹⁴⁹ and the proportion who left school at age 15 or under and did not obtain any further qualification.

Figure 2.14 Levels of Educational Attainment, by Gender, Birth Cohorts 1896-1900 to 1982-1986



Note: Data are constructed retrospectively from census data. This introduces some qualifications into comparability for earlier cohorts.

Source and additional notes: See Table A 6.11.

Considering each of these in turn: for age cohorts up to those born in 1962-1966 males obtained a degree qualification much more frequently than women, with this being at more than double the rate up until the 1947-1951 cohort. In contrast the incidence of a degree level qualification amongst women has outstripped that amongst men for the 1967-1971 cohort on. Likely as a consequence of barriers to access, the rate of male to female trade

¹⁴⁹ More recent data on trade qualifications are not readily available. This reflects changes to the ABS classification of education which now reports on the population with certificate level education but frequently amalgamates different levels of certification in reported data.

qualifications was around 10:1 over most of the period, but reduced to 5:1 for the 1967-1971 birth cohort. Turning to those with limited education and training, two key points stand out: firstly the decline in the proportion falling into this category, from an overwhelming majority for those born at the start of the twentieth century, to around 10 per cent in more recent times; secondly the significant gap in the male and female rates for most of the period, in particular for the cohorts commencing with the 1917-1921 cohort until those born in 1952-1956. Here women were some 15 percentage points more likely to have left school at age 15 or earlier and not have gained any additional qualifications. Looking at this gap over time shows a strong pattern of increase over the first half of the century and a decline after.

While these differences may have been significant with respect to labour market segmentation and the relative earnings of women, it is less clear whether they alone would have driven the relative levels of participation.

2.6.4 DISCRIMINATION AGAINST THE EMPLOYMENT OF MARRIED WOMEN

In addition to the more general restrictions on women's employment, there were also barriers applied to married women relative to other women.

One dimension was strong social norms, some tied to the concept of the male breadwinner, and others more broadly.¹⁵⁰ These were appealed to in the 1970 maiden speech of the former Prime Minister, Paul Keating':

It is bad enough for the working man to be dragged away from his home at night when he should be with his wife and family but it is even worse when he has to send his wife out to work in order to make ends meet ... Husbands have been forced to send their wives to work in order to provide the necessities of life. (Australia. Representatives. 17/3/1970, 514-515).

This attitude reflected a long held position amongst a significant sector of the labour movement. In 1930 Jim Riordan, the then Queensland State Secretary of the Australian Workers' Union wrote:

The worker who permits his wife to go out to work in an overstocked labour market, unless he is compelled by absolute necessity to do so, is just as objectionable to the decent unionist as the hungry employer of

¹⁵⁰ The Royal Commission into the "alleged shortage of labour" in NSW conducted by Piddington in 1911 and 1912 specifically addressed the question of the employment of married women in factories and is reported as concluding "it is obviously inconsistent with the normal duties of a married woman's life that she should give up the whole of the working week to factory employment, and the sole case in which married women not separated from their husbands should be allowed to enter factories ought to be when, through illness or misfortune or worthlessness of the husband, a married woman is the only or chief support of the family" (Sydney Morning Herald 14/2/1912, 18). The newspaper report summarised the Royal Commission's rationale for this as: "(1) It is an encouragement to the practice of prevention. (2) It involves risk of miscarriage. (3) If a married woman has children the necessary abandonment of breast feeding leads to an increase of infant mortality. (4) The day's energy is given up to making money in the factory to the neglect of the home. (5) The practice encourages idleness and extravagance in men. (6) The influence of married women with the unmarried girls is often far from good" (18).

cheap female labour. Each is actuated by a contemptible species of greed or selfishness which is unworthy of anyone who considers himself a man. (Truth (Qld) 27/7/1930, 3)¹⁵¹

These statements can be considered to be motivated by a range of beliefs, prejudices and negotiating positions. One concerned the minimum wage and a commitment to the concept of it being sufficient to support a family. In this context, where the earnings of the male were not sufficient, this was seen as an indictment of the level of the wage, and that the correct response was to take action to increase it. Secondly, there was an embedded patriarchal concept of marriage, as betrayed by the language of ‘sending’ and ‘permitting’. Thirdly, and somewhat linked to the second, as well as the history of the common law responsibility of men, was an ethical view of the responsibility of a man for his family – and that a situation where the wife worked reflected a failure of the man to fulfil his responsibility. Finally, linked to the first, that if the male wage was not sufficient for a family, and if the response was that both partners needed to work, where did this leave families where a partner, potentially due to family responsibilities was unable to do so?

These attitudes were also a reflection of a view of the labour market as having a fixed level of labour demand, or at least an insufficiency of labour demand, and competition for jobs.¹⁵² That is, if a married woman obtained employment, this reduced the employment opportunities for others.

This argument, within the labour movement, was however not only limited to the question of the employment of married women relative to men, but also the employment of younger male workers relative to married men¹⁵³ as well as the employment of married women relative to single women. Finally, there were fears as to the impact of the participation of married women in the workforce on the wages system. In particular, as indicated earlier, married women were, in most cases, secondary earners in a household, and so were willing to accept low rates of pay and hence undercut wages for other employees. This was highlighted in a 1904 newspaper article on the employment of married women in the clothing industry which alleged: “These women, who are mostly in comfortable circumstances think it no harm to occupy their time in earning a little pin money by making shirts, and as they make no bones about the rates given, it not being a living matter to them, they

¹⁵¹ As discussed further below, this comment was also made in the context of the relative employment of married versus single women, with Riordan further indicating “It would be a good thing for the community at a time like this, if the employers of married women whose husbands are earning the basic wage or over, would put off the married women and put single women in their places” (Truth (Qld) 27/7/1930, 3).

¹⁵² While it might also be argued that it was also a strategy to reduce labour supply in an attempt to put upward pressure on wages, as suggested by Creighton and discussed in section 2.5.3, the persistence of unemployment over most of the period would suggest it was rather a strategy adopted in the light of insufficient demand.

¹⁵³ The AWU Queensland delegate meeting in January 1938, for example, passed a resolution that all workers on cane trucks and related tasks should receive full adult rates because “there was unfair competition with married men who were put off in the slack season, while the youths were retained in employment” (AWU 1938, 84). The logic was that adults were more efficient and if equal wages were paid they would be employed in preference to younger workers who were only competitive due to their lower wages.

enable the sweating employer to fix a starvation rate and put the legitimate shirtmakers practically in his power” (Sunday Times (WA) 7/8/1904, 3).

Associated with this concern was a fear that employers would use the entry of married women into some positions as grounds for introducing piece-work rates – a wage strategy strongly opposed by the union movement (Baldock 1983, 36). Additionally, especially from the 1950s on, there were concerns about the employment of married women leading to an extension of part-time work. From a union perspective this was generally, although not always, opposed.¹⁵⁴ Essentially the position taken was that a full-time position was necessary to enable a person, regardless of gender, to support themselves. In contrast, a part-time position was only suitable for someone who was seeking supplementary income for a household. That is, while part-time jobs could be undertaken by married women, such positions were insufficient for the needs of single women and for married and single men. More so the unions were concerned that, to the extent part-time work suited some employers, if this form of employment became embedded in one sector, not only would it reduce the opportunities for full-time employment in this industry, but it could have a contagion effect for other industries.^{155, 156}

The most notorious of the restrictions on the employment of married women were ‘marriage bars’, in particular in the public sector, which required women to resign their position upon marriage. These are discussed below.

There was also reluctance by some employers to employ married women, or at least married women with dependent children. A 1959 survey of 22 companies reported that nine had a preference to employ single rather than married women, with three considering this a key criterion. This position was reported as being “on the grounds that they are usually self-supporting and therefore more in need than are married women whose husbands are working”. Some 15 of the companies also “refused to employ married women whose provision for the care of their children appeared to be inadequate”, as a mechanism to avoid “absence-prone employees” (Harris 1968, 8).

While Australia ratified International Labour Organisation (ILO) Convention 111, *Discrimination (Employment and Occupation)*, which includes marital status as a ground for inappropriate discrimination in 1973, initial implementation was only via conciliation through the operation of tripartite Employment Discrimination Committees (Landau 1988).¹⁵⁷ It was only in 1984

¹⁵⁴ In 1951 there is, for example, a report of the Clothing Trades’ Union opposing an employer’s attempt to dismiss part-time married women from their jobs unless they agreed to work full-time (Age 6/12/1951, 8). (Ellen records that the Clothing Trades’ Union had previously “agreed to drop its long-standing opposition to part-time labour” in 1943” (1989, 213).)

¹⁵⁵ In addition, from a union perspective, part-time workers are more difficult to recruit and organise.

¹⁵⁶ A Women’s Bureau report in the 1970s discussed the issue of trade union attitudes to part-time employment, citing some international sources that: “Women’s sections of trade unions have put forward the view that part-time employment may result in a lowering of the general status of women’s work as it reduces the likelihood of promotion” (Women’s Bureau 1975, 16), as well as reiterating some of the above points. In Australia it reported a mix of attitudes by unions.

¹⁵⁷ This was an administrative arrangement with no legislative underpinning.

that the *Sex Discrimination Act 1975* (Cth) was passed providing for comprehensive legal prohibition of such discrimination.^{158, 159}

Public sector marriage bars

A formal marriage bar was introduced in the Victorian Public Service in 1899. This was followed in 1902 in the Commonwealth Public Service by restrictions in the various Public Service Acts which remained until 1966 (PSMPC 2001, 75-77).¹⁶⁰ In addition to requiring the resignation of women from permanent positions upon marriage, the range of employment available to women was restricted through exclusion from entry into the general division from 1903 (via exams) and 1915 (via promotion), with these persisting until 1949. Similar provisions existed in other areas such as the state teaching services. While such restrictions were lifted in NSW and Tasmania immediately after the Second World War, and in Victoria in 1956, in some other states, such as Queensland, they persisted until the 1970s.

Notwithstanding these policies, a question remains about the degree they impacted opportunities for married women. In the Australian Public Service, for example, the number of women who were classified as 'temporary and exempt females' was significant. In 1966 this group accounted for 46.6 per cent of female employees (Public Service Board 1966, 17). Similarly in the Queensland teaching service, despite the marriage bar, in 1971 60 per cent of teachers were women, including 34 per cent who were married (Spaull and Sullivan 1989, 293). These restrictions were, as seen in the level of temporary employment, quite porous. Indeed in reporting on the lifting of the marriage bar in some states one newspaper, in 1952, reported this as: "other States still insist that they resign, but happily give them their jobs back on a 'temporary' basis" (Sunday Mail (Qld) 30/3/1952, 13). While this meant that employment for these women was more precarious, it suggests that the policies did not necessarily wholly bar access to employment, albeit with a change from permanent to temporary.

Other opposition to the employment of married women

A more conditional form of opposition to the employment of married women was that more narrowly targeted at married women whose husbands were

¹⁵⁸ Prior to the federal legislation a number of states had introduced their own legislation providing for enforcement of non-discrimination.

¹⁵⁹ Notwithstanding Australia's ratification of this Convention, discrimination continued. In 1978, for example, there is a report of a local government sacking a library assistant in Rockhampton when she married. It was reported that "the Council's policy is to sack unskilled women when they marry, but they do employ experienced and specially trained married women as librarians and social workers" (Women at Work March 1978, 1). Further discussion of this case in this newspaper suggested that the mechanism used to address this was not the discrimination committees, but rather industrially by seeking to have a clause inserted into the award to prevent the practice.

¹⁶⁰ The *Commonwealth Public Service Act 1902* (Cth) made provision for regulation of "the terms upon which the service of female officers may be dispensed with upon their marriage. Provided that nothing herein shall be taken to permit the employment of any married woman except upon the certificate of the Commissioner in each case that such employment is desirable" (§80(d)). The removal of the bar was a recommendation of the 1958 Boyer Committee of Inquiry (See Taperell, Fox and Roberts (1975).)

employed. As with general opposition, this was based on a range of grounds, but with particular focus on competition with single women and concerns about 'sharing' the work around across households at times of low labour demand.^{161,162}

The question of competition with single women was also strongly heard during, although not limited to, the Depression. In 1930 the Australasian Women's Conference resolved:¹⁶³

That this conference places on record its disapproval of the employment of married women in comfortable circumstances from competing with single girls in the matter of employment.

It was stated that the competition of married women whose husbands were employed was acute. Many mothers put their children into creches and returned to their occupations in factories. On the other hand, employers would employ efficient married women in preference to the majority of single girls, who were 'nothing but chatter, paint and powder'. (Age 18/9/1930, 6)¹⁶⁴

The *Age* had previously reported, earlier in the month, on a Perth "meeting of unemployed girls ... held at Trades Hall ... [which] resolved that citizens be asked not to patronise businesses continuing to employ married women whose husbands are working" (Age 3/9/1930, 11).

Even with substantial recovery, these claims continued. In 1938 the WA Housewives' Association approached the state government with an inquiry as to "whether anything could be done to prevent married women, whose husbands were in receipt of a salary, from being employed to the exclusion of single girls". (West Australian 14/3/1938, 10). Similarly in 1938 the Federated Clerks' Union, while calling for "equality of the sexes ... declared itself against the employment of married women whose husbands were capable of supporting them in a reasonable standard of comfort while there were men and single women unemployed" (Recorder 15/9/1938, 4). More direct action was taken by the Shop Assistants' Union which reported "the assistance of several firms in dismissing women employees so placed [married women who had husbands in good positions] to make way for single girls in need of work"

¹⁶¹ Perhaps the most extreme opposition on this ground was a resolution proposed by the Bill Posters' Union to make it a "criminal offence for a man who is fully paid to allow his wife to work. The union considers this is the direct cause of low wages" (Daily Examiner 27/4/1927, 5).

¹⁶² A more unusual example of this differentiation of treatment of married and unmarried women was also apparent in the Commonwealth Public Service, which while maintaining the marriage bar, introduced, as part of policies of preference in recruitment for ex-servicemen after the First World War, preference for "relatives of deceased soldiers such as widows, unmarried daughters, widowed mothers and unmarried sisters" (PSMPC 2001, 76).

¹⁶³ An organisation associated with the Australian Natives Association; this was a mutual society which also was engaged in a number of 'nationalist' projects, including being a major backer of Federation in the late nineteenth century.

¹⁶⁴ Other reporting (Argus 18/9/1930, 7) indicated that the motion was carried unanimously.

(Courier-Mail 9/1/1937, 9).¹⁶⁵ Frances views that this type of “campaign against married women was both misdirected and counterproductive. It is doubtful that the exclusion of a small number of working wives would have opened many jobs for single women, whereas many of those who worked contributed vital money to families where, for a variety of reasons, male earnings were inadequate” (1993, 135-136).

This issue arose again, in what can only be seen as a somewhat bizarre call in 1943 by the quarterly conference of the Women’s Organising Committee of the Labor Party and Trades Unions “to urge the Federal Government to forbid employment of mothers with children whose financial circumstances do not compel them to work”. The labour organiser Jean Daley was reported as saying “many women had been carried away on a wave of patriotism to accept war tasks while neglecting the jobs that lay nearest their responsibilities” (Argus 6/12/1943, 6).¹⁶⁶

While, as noted, the question of restrictions on the employment of married women to benefit single women was heard frequently during the Depression, it was not just restricted to this period.¹⁶⁷ For example in the tobacco industry, one of the industry sectors which had a significant level of female employment, the Female Branch of the Federated Tobacco Workers’ Union in 1912 adopted a rule that “no married women be employed other than those at present engaged at the trade, unless under extenuating circumstances”. This rule was relaxed in the Second World War then reapplied and lapsed again in the 1950s (Best 1989, 88). Given the strict gender structuring of employment in this industry, this policy would appear to have been simply focused on the relative employment of single and married women, rather than having any relationship to the question of the employment of married women relative to men.¹⁶⁸ This

¹⁶⁵ This phenomenon was also noted by Blackburn and Jackson, who without citing the full detail, report “in Broken Hill ... the Trades Hall Council called for the dismissal of married women to make way for young female workers who could not get jobs. The A.L.P. in South Australia made a statement supporting the principle that married women should not be allowed to hold jobs if men and single women were out of work” (1963, 33).

¹⁶⁶ The statement was made in the midst of claims of poor labour allocation to the war effort, and the growth of nursery schools and creches without qualified staff. It is difficult to determine whether these aspects were the motivation or if it reflected a more deeply held personal, or organisational view. Lake reports that Daley, while declaring that a “truly equal and happy marriage is often the one in which both husband and wife are wage-earners”, noted “when children come, however, they complicate the situation”; and considered that mothering should be “regarded as national work and paid for as such” (1992, 12).

¹⁶⁷ A similar sentiment also emerged in the 1970s with high levels of youth unemployment. This was typified by a newspaper article with the headline reading “If mum quit work, there’d be jobs for the boys (and girls)”. This article went on to declare: “The first reason why the school leaver is unable to get a job is his teacher. The second is his mother – she has already taken the job” (The Weekend Australian. 14-15/1/1978).

¹⁶⁸ A further issue which resulted in prejudicial views of single women in relation to the employment of married women was that of the posting of workers to less congenial locations. A case of this was reported at a meeting of the Federation of Women Voters in 1936: “Mrs. Drummond (South Australia) said that a very strong feeling against women who returned to the public service after marriage had been engendered among single women. Married women had to be kept in the city near their husbands, while single girls were transferred to the country. This factor had led to the prohibition of

interpretation, at least in this sector appears to be reinforced by the fact that while this restriction on employment was lifted the union continued to require, well into the mid-1960s, that while women did not lose their employment upon marriage, they lost their seniority, a device to protect the employment of single women in case of any lay-offs (174-176).

Not all resistance to married women's employment concerned the labour market. In addition to the population question, the impact of maternal employment on children was raised. For example, in 1943 *The Age* reported "the new dangers [which] arise from the virtual break-up of home life and the financial inducements offered to women, including mothers of young families, to engage in wage-paid employment ... young people are left to their own devices. It is necessary to consider whether the work of mothers ... is of greater national importance than their ... nurture, training and upbringing of children" (*Age* 2/3/1943, 2).^{169,170}

married women entering the service in South Australia" (*Advertiser* 18/9/1936, 30). This was a long-standing issue. In 1902 in NSW the Minister for Education stated that "as the department was loth to break up a home by sending either the husband or wife to a country appointment, it ended in them being retained in the metropolis, whilst unmarried officers and unmarried female teachers should be sent into country towns" (*Murrumburrah Signal* 29/11/1902, 2).

¹⁶⁹ In part this was not just a matter relating to the employment of women but also the absence of fathers in many households during the war. The issue of 'juvenile delinquency' received considerable media attention during the Second World War, with the employment of mothers often being cited as a key cause. For example, the superintendent of the Port Adelaide Central Methodist Mission was reported as declaring: "One of the chief causes of the increase in juvenile delinquency was the fact that many mothers were going to work and leaving children without any kind of parental control during the day" (*News* 1/9/1944, 6). Others provided a more nuanced account. The *Shepparton Advertiser* (4/6/1943, 2) noted that, in addition to the absence of fathers in military service and mothers' engagement in war work, the depletion of teaching staff in schools had limited the amount of pastoral care they could offer, and the fact that many young people were leaving school earlier to take up more lucrative employment opportunities associated with the tight labour market, as well as the effects of housing shortages and geographic mobility.

A further concern associated with the employment of married women was the extent to which younger girls were required to take over aspects of domestic production. Elkin a well-known academic anthropologist, chair of the 'Care of the Child in Wartime Committee', argued for improved day nurseries and reported: "Large-scale absenteeism from schools has resulted from the absence of mothers from homes. In some schools, on Mondays and Fridays, it exceeds 25 per cent. Older girls are staying home to look after young children, to do the shopping, to pay the rent or the time-payment man" (*Sun* 30/5/1943, 4).

However, against all of these various claims, as has been detailed in section 2.6.2, it must be noted that workforce participation by married women over this period remained at very low levels.

¹⁷⁰ This type of concern was echoed 20 years later by the Liberal member of the Federal Parliament Don Chipp:

I conclude by referring to a phenomenon that is occurring in Australia today... I refer to the question of working mothers. ... We do not know what impact this is having on the home and on the institution of marriage. We do not know why they are working. ... The fact is that we do not know enough about it. I advocate some form of national survey. ... Why are married women returning to work? What is the effect on juvenile delinquency? What is the effect on the home? What will be the effect in the future on our declining birth rate? To me this situation is

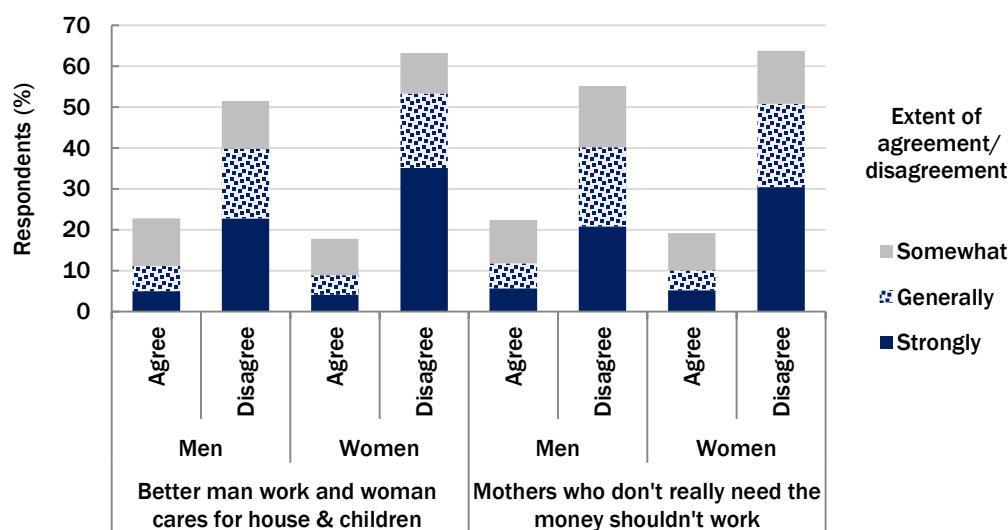
Reflecting this type of concern in 1968 the Women's Bureau undertook a review of research into the impact of maternal employment on children producing a report which concluded that most statements about this "are not based on scientific evidence, but vague pre-conceived generalisations" (1968, 17).

Swain, Warne and Grimshaw place the emergence of this type of response in the 1960s as part of a "second discursive shift, reconstituting the working mother as a contributor, rather than a risk, to the welfare of her children. This reconstitution provided the means by which later mothers were able to reclaim their right to work" (2005, 30).¹⁷¹

Current attitudes

An insight into whether these attitudes remain can be gained from the HILDA survey which asks participants to indicate the extent of their agreement with a range of statements, including: "It is better for everyone involved if the man earns the money and the woman takes care of the home and children"; and "Mothers who don't really need the money shouldn't work". The responses for the population aged 20-64 years in 2015 are presented in Figure 2.15, and show a wide spread of views.

Figure 2.15 Attitudes to Employment of Married Women and Mothers, Persons Aged 20 to 64 Years, by Gender, 2015



Source and notes: See Table A 6.12.

While the balance of respondents rejected both statements only 22.7 per cent of men and 35.1 per cent of females strongly disagreed with the first statement and 20.7 per cent of men and 30.4 per cent of women strongly disagreed with

one of the urgent problems of our day. (Australia. Representatives. 28/9/1966, 1362)

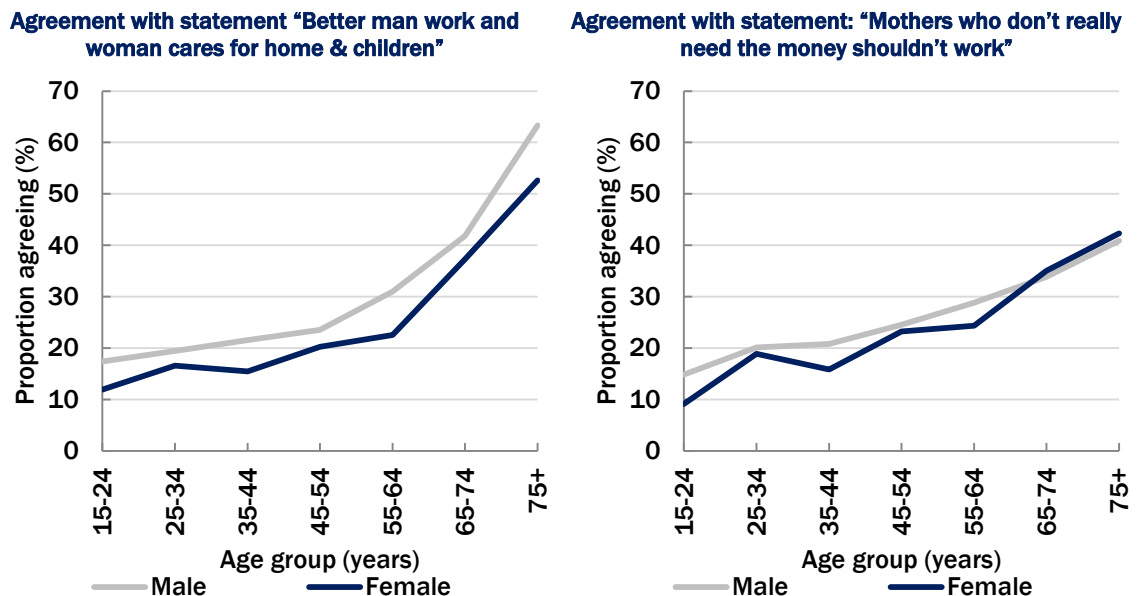
¹⁷¹ However this was far from universal, with this diversity highlighted by Martin and Richmond who cite an editorial in *The Advocate* (Vic) arguing that if the nation accepts "the position of married women in the 'workforce' as perfectly normal, what possible effect can it have but to furnish additional reason for refusing family responsibilities, and for increasing use of the Contraceptive Pill?" (1968, 201).

the second.¹⁷² Balanced against this, only some four to five percent of respondents of either gender strongly agreed with the statements.

These responses would suggest that, while the balance of the community is now supportive, or at least accepting, of the participation of married women in the workforce, there remains some ambivalence in the attitudes of both genders, with a higher degree of negative views amongst men.

Age plays an important role in the distribution of responses, Figure 2.16 shows the proportion agreeing (strongly, generally or somewhat) with the statements by age and gender. While again showing the more adverse male attitudes to the participation of married women and mothers in the workforce, this is secondary to the marked pattern by age, especially with regard to the question of the “best” family arrangement. While only around 15 percent of women aged under 45 years support the traditional male breadwinner model, this proportion increases to around triple this level for those aged 65 years and over, with men showing a similar pattern. A similar, although less extreme, age trend exists for the responses to the statement concerning whether mothers should work, in cases other than financial need.

Figure 2.16 Support for “Traditional Role” of Married Women, by Age and Gender, 2015



Source and notes: See Table A 6.13.

These responses suggest that there remains a small, but significant, proportion of the population who remain attached to the traditional single breadwinner model and the non-participation of married women and mothers in the paid workforce.

There is however a need to be cautious in interpreting these patterns as being simply generational, or reflecting particular fixed mindsets. Australian research by Baxter et al (2015) reports that following the birth of a first child the attitudes of both men and women shift towards a more ‘traditional’ division of labour for the care of children. However, this appears to be more

¹⁷² See Notes at Table A 6.12 for the coding used.

marked in regard to a statement that, notwithstanding a woman's career, her most important role is that of being a mother, rather than in the case of more direct employment related questions such as the one cited earlier of mothers not working if there is no financial need to do so. Grinza et al (2017) use UK data to examine this question and report that new mothers became "significantly more likely to think that the family life suffers if the mother works on a full-time basis ... [and] significantly and strongly less supportive of the idea that both the husband and wife should contribute to household income" (13). Unlike Baxter et al, they only found this response amongst women and they attribute the shift to a cognitive dissonance in these women's experience of motherhood. The authors interpret this as: "our findings give evidence that women don't react to imposed traditional (and harmful) arrangements, but rather contribute to propagate them" (17).¹⁷³

2.6.5 SECOND EARNERS AND EFFECTIVE MARGINAL TAX RATES (EMTRs)

The individual basis of the Australian income tax system has been discussed in section 2.3.1. In contrast transfer payments, including family payments, are predominantly income tested for couples on the basis of combined income, although some components still have an individual income test element. A consequence of this is that although notionally a partnered woman faces the same income tax as a man, if she has children, the effective tax on her earnings, if she enters the workforce, can be significant.^{174,175} This has been critiqued as being an impediment to the workforce participation of these mothers and that "many partnered mothers as second earners face effective marginal tax rates that are well above the top personal income tax (PIT) rate due to the withdrawal of family payments for dependant children on the basis of joint income" (Apps 2017, 70, see also Apps (2006 & 2015)).

The extent to which this may have been a factor in determining married women's employment has varied over time, given the differential approaches to the taxation treatment of dependent spouses and, eligibility for, and means testing of, transfer payments. These were initially quite minimum but by the mid-1960s became more significant. In 1965 a woman whose partner would have otherwise been entitled to the concessional spouse deduction would, if she were employed full-time on the female minimum wage and her partner on

¹⁷³ This analysis challenges the underlying concept of the directionality of the relationship of attitudes inherent in 'identity economics' and other approaches such as Hakim's 'preference theory' (see for example Hakim 1999) where these are considered to be more deeply held rather than situational and malleable.

¹⁷⁴ In the context of discussion here reference is made to a couple with a male partner already employed and the female entering the workforce. The same impact is generated if the genders of these two persons are reversed, and since July 2009 if they are of the same gender.

¹⁷⁵ The incidence of this type of higher effective marginal tax rate is not limited to Australia, and indeed the magnitude of this effect in Australia is much lower than in many other countries. An OECD report (Thomas and O'Reilly 2016) report on tax transfer modelling across 31 countries for 2013. This studied the impact of a second earner moving to a wage of two thirds of the average wage with a partner on the average wage for two household types, a couple without children and a couple with two children. It found that Australia has the second to lowest '2nd earner participation tax rate' for the couple without children, and the 4th lowest, in the case of the couple having 2 children (18).

the male minimum wage, have faced an effective average tax rate of 9.6 per cent in lieu of 6.5 per cent if she were a single woman. As means testing was applied to family payments, and the support for a dependent partner caring for children moved from the tax to the welfare system, the interactions have become more complex. In 2017, for example, a woman with a partner earning the minimum wage and two children aged 3 and 8 would face an average effective tax rate of 52.5 per cent if she earned the minimum wage, compared to an average tax rate of 9.8 per cent if she was single.¹⁷⁶

Interpretation of the impact of the tax and transfer systems is, however, very sensitive to the conceptualisation of the ‘barrier’ and the counterfactual case used to compare the taxation treatment of these workers. In the case cited above, when compared with a single person, not in receipt of any transfer payments, the effect can be seen as disadvantageous to the second earner. However when compared with alternative counterfactuals such as the initial entry of the first worker into the workforce, or the treatment of the first worker if they were to otherwise increase their income by the magnitude of the earnings modelled for a second earner, the treatment of the second earner is more generous. (See Appendix 4 for modelling.)¹⁷⁷ More generally while the existence of a high EMTR may be seen as being a barrier to the participation of the second earner, the pattern of EMTRs for these analogous situations suggests it cannot be seen as discriminatory.

A further, and potentially more significant, financial burden associated with the entry of the second earner into the workforce is the cost of childcare. Seeking to establish the magnitude of this over time is difficult, including with respect to quality changes associated with the regulation of the sector. Hodgson reports on recent analysis of this as: “our research shows that the provision of affordable and appropriate childcare is more important than EMTRs in decisions to return to the workforce” (2015, 3).¹⁷⁸

¹⁷⁶ Assumes the woman and her partner earned the July 2016 minimum wage of \$672.70 for the whole of the 2016-17 financial year.

¹⁷⁷ Policy changes to reduce the impact of the withdrawal of transfer assistance on effective marginal tax rates can be both expensive and have unanticipated distributional impacts.

Hayes and Redmond (2014), for example, discuss the option of the introduction of a universal family payment for Australia. That is moving back towards a payment such as Child Endowment which was not means tested. However even when funded by a quite progressive increase in income tax, which effectively places the funding burden on single persons and couples without children, they note that the “the biggest gains from the introduction of a universal payment do not go to the low income families with children, or even those in the bottom half of the income distribution, but to families with children in the 6th to 9th deciles” (24). From this they conclude there are significant questions as to “how radical reform of the tax and transfer system could be implemented with the aim of improving incentives for second earners in families with children to increase their hours of paid work, while protecting low income families with children from poverty” (25).

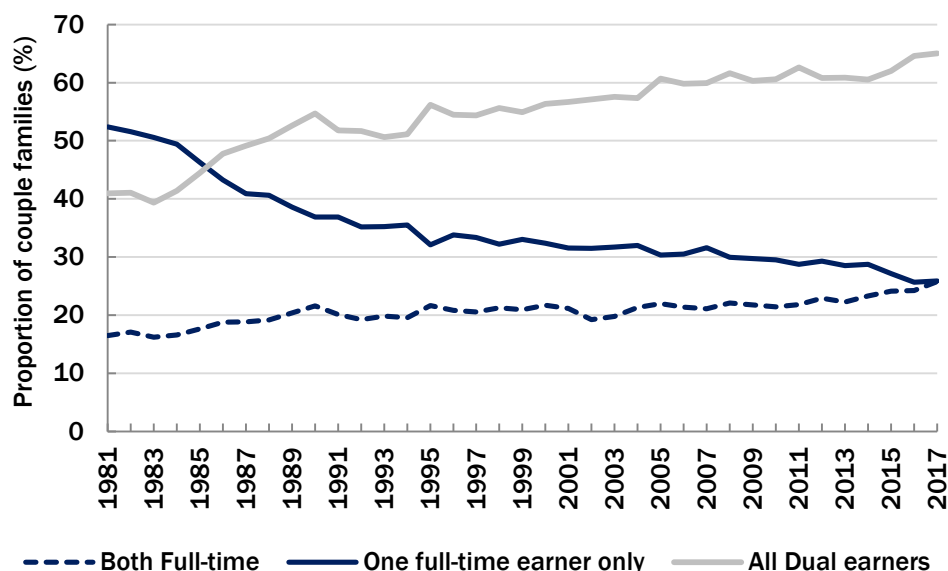
This effect of universal payments had previously been highlighted by Podger, Raymond and Jackson in an analysis of the effect of the Henderson proposal for a universal basic income. They conclude: “despite common assumptions to the contrary, the proposal does not uniformly direct assistance to those on low incomes” (1980, 43).

¹⁷⁸ The EMTRs associated with childcare were examined as part of the Productivity Commission (2014) Inquiry into childcare and early childhood education (in particular

2.6.6 WORKFORCE PARTICIPATION OF COUPLES

Potentially reflecting these forces, even up until the 1980s, the single male breadwinner household – that is the ‘Harvester’ concept – was the dominant form of workforce engagement by Australian couple households with dependent children aged 15 years and under. As illustrated in Figure 2.17, it was not until 1984 that the proportion of this family type with a single full-time breadwinner (of whom 98.3 per cent were male) dropped below fifty per cent. By 1988 however the majority had dual earners, with this proportion rising to 65.0 per cent in 2017. Much of this shift has involved a working pattern with one partner working full-time and the other part-time. Hence while the proportion of such families with a single full-time breadwinner fell from 52.4 per cent in 1981 to 25.9 per cent in 2017, the increase in the proportion with both members working full-time rose only from 16.5 per cent to 22.8 per cent over the same period, while the proportion with one employed full-time and one part-time increased from 23.9 per cent to 35.9 per cent.

Figure 2.17 Parental Employment Patterns, Couple Households with Dependent Children Aged Under 15 Years, 1981 to 2017



Note: Opposite sex couples only.

Source and additional note: See Table A 6.14.

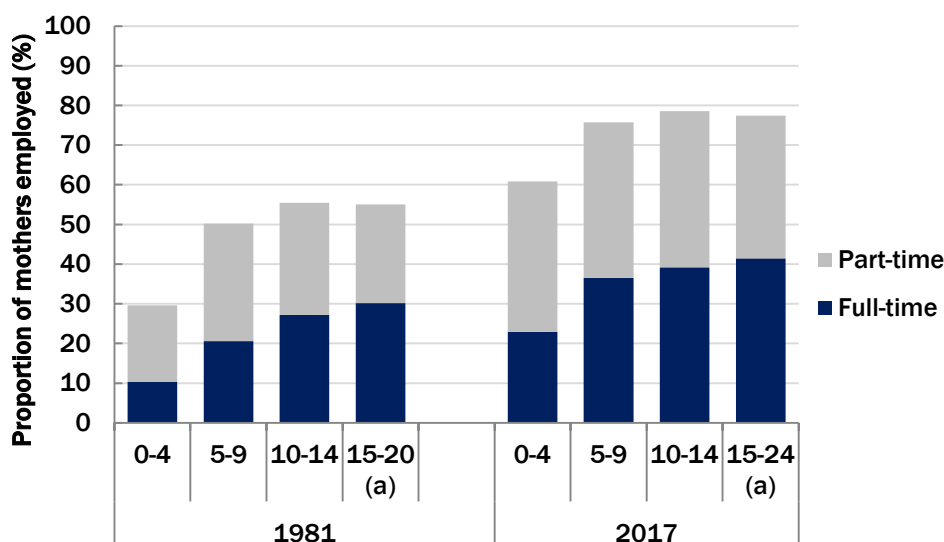
The strongest increase in participation amongst women in these couples, see Figure 2.18, was by those mothers in couples with a youngest child under the age of five years. In 2017 60.1 per cent of these mothers were in employment, 30.5 percentage points higher than the rate recorded in 1981.¹⁷⁹ The growth in

Appendix E, see also Daley and McGannon (2014, 10-14)). The recommended approach contained in the Productivity Commission report involved changes which would act to reduce the EMTRs faced by many families. New funding arrangements, to commence in July 2018 (see Turnbull et al 2017), contain many elements of the proposed approach. Ingles and Plunkett (2016) present an analysis of contemporary Australian EMTRs, including some modelling of the effect of the Productivity Commission proposals.

¹⁷⁹ While consistent data are not available prior to 1981 some insight can be gained from the 1975-76 Household Expenditure Survey (ABS 6503.0). This suggests that

the proportion of mothers with an older child who are in employment between 1981 and 2011 was around 23 percentage points. Notwithstanding these changes, the presence of a young child continues to be an inhibitor of participation, with the total employment to population rate for mothers with a youngest child under 5 years being 15 to 20 percentage points lower than those with an older dependent child.

Figure 2.18 Employment to Population Rate, Mothers in Couples with Dependent Children, by Age of Youngest Child, 1981 and 2017



(a) In 1981 this category comprised dependent full-time students aged 15-19 years. In 2015 this group included such students aged 15-24 years.

Source: See Table A 6.15.

Again marked in these data is the role of part-time employment. Even in the most recent data for 2017, just 22.8 per cent of mothers in couples with a youngest child under five years are in full-time employment, with this increasing to 40.6 per cent for those whose youngest child is over the age of 15 years. This latter suggests either significant levels of domestic production or leisure, even when it is unlikely that the direct needs of children are the main demand.

2.6.7 WORKING WOMEN AND FAMILY AND OTHER RESPONSIBILITIES

In consideration here there are two specific contexts for a focus on the questions of women's responsibilities and employment. The first concerns the formulation of the basic wage as a wage for a man with responsibility for a family, and of women's wages as being for a single person alone. In this regard the question is whether women who were working had similar financial responsibilities to men, which were not recognised in the wages system. The second relates to the current role of the minimum wage as a wage for a single person and hence the need for both members of a couple to participate in the

there was relatively little change between then and 1981. This potentially reflects the relatively depressed conditions in the labour market over this period.

paid workforce, and a question of whether family, and other, responsibilities may constrain this.¹⁸⁰

Income need – family responsibilities

One assumption of a family wage paid only to males was that women in the workforce did not have similar family responsibilities, or at least on average these were not sufficient to warrant a response in the wages system. This assumption has been challenged (Symons (1997, 76-77), Cass (1983, 75-77) and Ryan and Conlon ([1975] 1989, 95), along with Tait (1983), cited in Cass (1983, 8) and Grimshaw et al (1994) cited in Symons (1997, 77). While for some women in the workforce such responsibilities did exist, it is difficult in the data, to assess on any consistent or comprehensive basis the actual extent of this, although some limited insights are possible.¹⁸¹

At the time of the development of the minimum wage, and for much of the period until the late post-war era, a high proportion of all women employees were young single women, most of whom were living at home. Data on household structure and male employment rates at that time and subsequently, would suggest these young women were mainly living in a household with an employed male, most likely their father. In such situations, while it is probable that many of these women were making a contribution to the household in which they lived, it is less clear whether they were supporting others, or simply providing resources in line with their own needs.

Some information is available on female-headed households for 1921 but this is only a small subsection of the population, and it is not entirely clear the extent to which they may have been obtaining income from other sources, such as a partner who was working away from home. The data indicate at that time 27.9 per cent of these households contained a dependent child, and 23.0 per cent of the women who headed this subset of households were employed (ABS Census 1921, 1983). These women accounted for just 2.3 per cent of employed women at that time. Data for wage and salary earners in 1933, the first year in which this information is more generally available, indicated that only 3.2 per cent of all female employees, that is not just those who were household heads, had a dependent child aged under 16 years (ABS Census 1933, 289).

Even less data are available on wider family and other responsibilities. Key Australian sources cited in the literature as providing evidence of women workers with responsibility for supporting others are: Knibbs – cited by Tait

¹⁸⁰ As detailed in Chapter 4 while one member of such couples may be able to claim income support while caring for a child under the age 6 years, no such provision is available for those with older children, other than some very limited cases, for example caring for a severely disabled child.

¹⁸¹ A range of scenarios can be considered. Under the logic of a family wage, and the provision of pensions for the aged (and somewhat later for the disabled) the two primary situations are where a woman is a sole parent with dependent children; the second is a woman who is living in a household where the nominal male breadwinner was unable to work. In addition to these, while many other circumstances may apply, it is likely that any inadequacy of the family wage would tend towards circumstances where incremental, rather than full, support was involved. For example, those with a large numbers of dependents, where there were special needs, or where there were other members of the family who were not engaged in paid employment.

(1983), and Cass (1983, 8); Marion Ireland – cited by Cass (1983, 77), and Symons (1997, 77); and Ethel Osborn – cited by Grimshaw et al (1994) and Symons 1997, 77). In addition, there is a 1961 survey reported by Gepp (1968). These are considered below.

Knibbs refers to a Commonwealth Bureau of Census and Statistics [ABS] *Inquiry Into the Cost of Living in Australia* which was undertaken in 1910-1911. The survey reports that only one-third of households had the husband as the single breadwinner. This result largely reflects households giving “miscellaneous and other sources” as a source of income. Income from wives was only reported in 11.7 per cent of cases where household income was stated, and was lower for the lower income households (ABS 1301.0 1912, 1167-1184). However, reasons exist to doubt the representativeness of this data, especially for low income families.¹⁸² This survey was repeated in 1913, as “Expenditure on Living in Australia” using a shorter time period, but still with a low response rate.¹⁸³ In this study the proportion of households with only a husband’s income was significantly higher at 56.1 per cent, rising to 75.6 per cent in households with weekly income under £3 and over 4 members, and the proportion with wives’ income much lower at 4.8 per cent, dropping to 2.2 per cent for low income households with over 4 members (ABS 6101.0 1913, 18).¹⁸⁴

The Osborne study was commissioned by the Printing Industry Employees’ Union in 1924 and examined 60 women working in the printing industry in Melbourne. While mainly concerned with health, Osborne reported that of the 47 women who lived at home: “From my questioning I found that 26 have serious financial responsibilities, from the supporting of a widowed mother, along with the upbringing of the younger members of the family, to the partial support of a relative” (Osborne 1925, 14-15). She also reports that only 2 out of the 13 living in lodgings had any responsibilities beyond their own needs. No additional details are provided in the report.¹⁸⁵

The Ireland study was a 1928 Commonwealth Department of Health survey of women in industry in Victoria. Based on 79 establishments this found that 46.2 per cent of the female workforce were juveniles. Ascribing marital status

¹⁸² This survey was not directly concerned with the extent to which women supported others, but rather simply whether or not they contributed to household income. The study had a self-selected sample of 1500 and a poor response rate with just 212 usable returns – in part because it involved the household maintaining a 12 month diary of household income and expenditure. It would appear that the results were not representative with, for example, 19.8 per cent of respondents with usable returns being in professional occupations, compared with just 3.5 per cent of the population, and an apparently high number of respondents, 88, being teetotallers (ABS 1301.0 1912, 1184).

¹⁸³ Only 4.7 per cent of the 7,000 survey were returned (ABS 6101.0 1913, 8).

¹⁸⁴ An intriguing thought concerning these surveys and the failure to obtain a high response is whether this experience had a role to play in the ABS not conducting any such national household income and expenditure surveys again until a pilot test in 1969-1970.

¹⁸⁵ The only insight given to the characteristics of this population is a reference to them having a total of 568 years’ experience in the printing industry. This would suggest that a reasonable proportion were long-time employees and potentially not wholly representative of the female workforce as a whole.

only to adults suggests most of these were single, with 9.4 per cent being married, 5.2 per cent widows with dependent children, 0.3 per cent divorced and 1.1 per cent separated from their partner. While data were not collected on dependents, the survey asked a subset if they contributed £1 a week or more to the family budget (at the time the 'All Groups' weekly wage for women was around 53s. 9d.), 29.3 per cent indicated that they were (Ireland 1929, 30). This figure is ambiguous as to whether it represents actual support for dependents or a contribution as board and lodgings.¹⁸⁶

Both the Osborne and the Ireland studies were conducted at a time when unemployment was beginning to rise in Australia, and it is possible that the amount of support that was given to families and others may have been influenced by unemployment amongst traditional family breadwinners. However, this possibility cannot be further examined on the basis of the available data.

A survey of married women in the food processing industry in 1961 reported that while most of the women gave economic reasons for working, only "seventeen per cent of the employees interviewed maintained that the money they earned was essential to pay for food clothing or rent."¹⁸⁷ These women felt it would be very difficult for their families to live on the husband's wage alone, and that the extra income that the wife earned was essential to raise living standards to a reasonable level" (Gepp 1968, 15).

The problem of assessing the extent of this type of responsibility is not limited to Australia. Rowntree summarised the situation in the UK as: "Widely varying views on these subjects are expressed by different writers and speakers, but statistics regarding the extent to which women workers are actually responsible for the maintenance of others are both slender and unconvincing" (1918, 107). He undertook a small scale randomised survey of 516 women workers with an instrument which was specifically designed to identify the extent to which women in the paid workforce had wider financial responsibilities. He reports that "16.7 per cent, partially or entirely maintained others besides themselves" (113). Of these less than 15 per cent, that is less than 2.5 per cent of all female employees, were responsible for "wholly" supporting these others.

¹⁸⁶ Ireland reports her finding on this as "In four industries the females gave information with regard to the amount they contributed to the upkeep of the household, or stated whether any one was dependent on part of their earnings. 29.3 per cent of the total number were helping to keep or wholly supporting other members of the family. This figure appears small unless it is realized that 46.2 per cent of all the employees seen in all factories were juveniles, a large proportion of whom do not earn a wage sufficient to assist in the support of others" (Ireland 1929, 30). Elsewhere she reports that the methodology was: "As a matter of interest, 1,396 employees were questioned as to whether any one depended on her earnings. Those who contributed over £1 a week to the home were considered as assisting in the support of others" (9). While here referring to 1,396 employees out of a total of 4,341, these women were from only 4 of the 13 industries she studied.

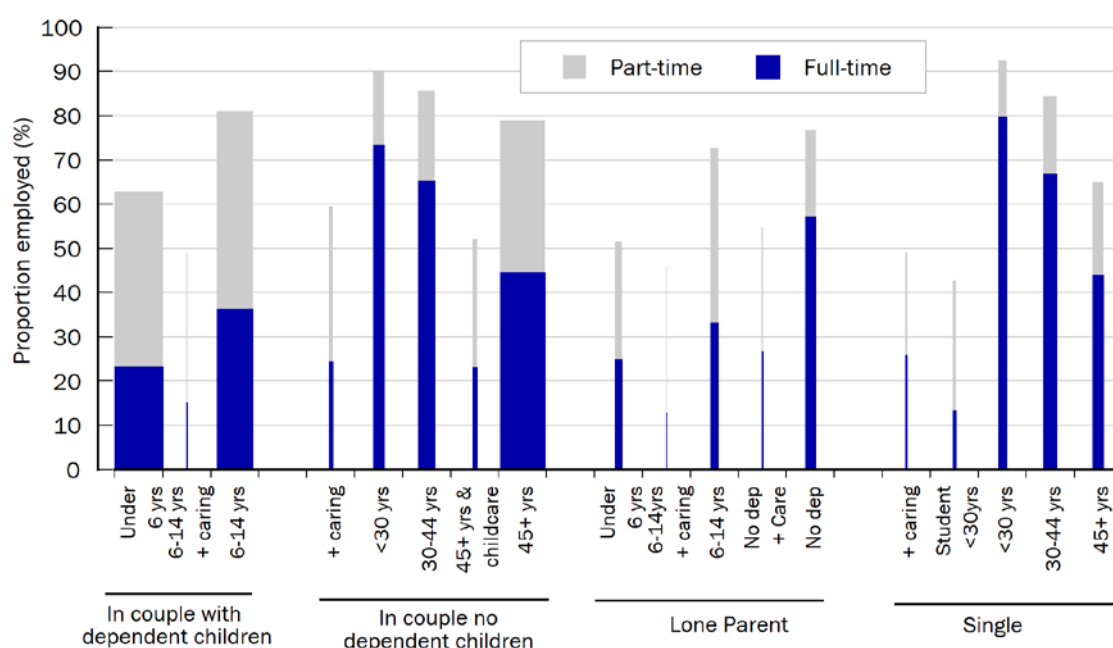
¹⁸⁷ More specifically Gepp reports that "about half ... said they were working to pay for or to save a deposit on a house, to buy household items such as carpets, furniture or television sets, to buy a car, or pay for the installation of sewerage or roads" (1968, 15). The last two items are indicative of the nature of urban development at the time, with much housing being developed without piped sewerage or sealed roads.

In summary, on the basis of the limited data which are available, in broad terms it would appear that while some women in the paid workforce had broader financial responsibilities, they tended to be the exception.¹⁸⁸

Family and other caring responsibilities and workforce participation

Having dependent children is not the only form of caring responsibility people may have. Figure 2.19 presents contemporary employment to population ratios for women aged 20-59 years by their family status and a variety of combinations of child and other caring responsibilities.¹⁸⁹

Figure 2.19 Employment to Population Rate, Women Aged 20-59 Years, by Full-time and Part-Time Employment, Family Status and Caring Responsibilities, 2016



Note: Width of bars is proportional with the total population within the category.

Source and data notes: See Table A 6.16

The chart firstly shows the wide range of circumstances of these women, and across these, considerable diversity in employment.

While only a relatively small group of women have significant caring responsibilities other than those associated with their children, where these exist, only around half are employed, with this dropping to just under a third for those who are also lone parents.

Overall some 4.4 per cent of these women have an identified non-child caring responsibility, half of whom are in employment and half not. The proportion caring drops to 2.2 per cent amongst those women employed on a full-time basis. Across all of these groups of women there is considerable variation in participation and the relative role of full and part-time employment.

¹⁸⁸ As is discussed later in section 3.3.1, this question also was considered by the court in 1928 when a union made a claim covering the costs of supporting dependents for women employees. This was rejected by the court largely on the basis that there was insufficient evidence to justify the payment of an allowance (26 CAR 76).

¹⁸⁹ Providing 7 hours or more of care per week.

These rates also compare with a total employment population rate of 86.2 per cent, and a full-time employment to population rate of 76.8 per cent, amongst men. This suggests that women, even without caring constraints continue to have rates of workforce participation, especially in full-time employment, in large part below those of men.

2.6.8 WOMEN'S WORKFORCE PARTICIPATION – THE DRIVERS OF CHANGE

Central to the question of the changing role of the minimum wage are changes in the pattern of workforce participation by women, and in particular married women.

Goldin's U Shaped Function

One insight to this question is given by the findings of Goldin. Her research (Goldin 1995) describes a historical/developmental U-shaped female labour force participation function. That is when incomes are very low, and especially where the economy is agricultural, women's labour force participation is high. As however incomes rise, their participation begins to fall with their labour effectively being bought by the household from this higher income because of the value of the home production (effectively the value of the wage for women in the paid workforce falling relative to the implicit wage which could be paid by the household). As the economy develops further and wages rise, along with the education level of the population, including women, the relative earnings in the market economy rise above those implicit in domestic production and women move back into the paid workforce. This mechanism may also be seen as an initial transition from a near subsistence economy where the primary focus was on production to achieve essentials, to one where higher living standards enabled the consumption of the domestic production of comfort, which when satiated, or complemented by the marketisation of such comforts, results in an increase in participation in order to consume higher levels of market goods and services. While the question of technology does not feature in this model, its role in domestic production is quite compatible with the approach and can be seen as an additional factor which enhances the shift back into the workforce, as the relative cost of the household production declines with the higher productivity this technology enables.

While the main focus of her analysis was cross sectional, and cross country, Goldin also presented some data for the US in which she traces the final points of a decline in the late nineteenth century, declaring "I believe that the bottom was reached sometime in the 1920s" (79) before then showing the strong increase recorded since as the participation rate ascended the second side of the U. Other authors including Tam (2011), Olivetti (2014) and Lechman (2014) have extended this analysis across countries and time.

The existence of this relationship has two implications for the interpretation of the Australian experience.¹⁹⁰ The first is that it suggests a need for

¹⁹⁰ Whether the data for Australia, as shown in Figure 2.10, can be considered as being consistent with the Goldin hypothesis is unclear. Although this is asserted by Olivetti (2014, 173), and certainly for all women aged 15-59 years the employment to population ratio declined in each census up to 1933 and rose after this point, data are not available on the more specific focus of Goldin – married women. While the all women's decline was relatively shallow, it was more marked amongst older age groups,

considerable caution in attempting to ascribe shifts in women's participation to purely domestic factors, including, for example, the development of the Australian minimum wage. The second is that it provides a strong framework for analysing why change occurred and what may have affected the relative value of domestic production and waged employment.

2.6.9 DRIVERS IN AUSTRALIA

While qualified, the pattern of married women's workforce participation would appear to be consistent with the second half of the broader pattern identified by Goldin. And it is reasonable to suggest, at the time of the Harvester decision, Australia was somewhere near the bottom of the 'U', remaining there at least until the second half of the twentieth century. The question though remains as to what may have driven the Australian experience.¹⁹¹

Birch (2005) presents an extensive review of the literature on women's labour supply in Australia. In this she highlights "increases in women's wages, the cost of living, the availability of suitable jobs, educational attainment, labour market experience and duration of residence" as increasing participation at both the intensive and extensive margin. Conversely "increases in family income, the number of dependent children of a young age and the unemployment rate, unless it is the unemployment rate of married men" are identified as negatives. She also notes "government policies, such as access to childcare, the removal of gender discrimination and the implementation of family friendly workplace practices" as playing a role (77). A more specific case of the 'cost of living' cited by Birch is a relationship between labour market engagement and mortgage interest rates (for example, Fortin 1995, Connolly 1996). Of note in these explanations is they suggest some discretionary participation, in particular related to a household income effect. This and the relative roles of part-time employment for men and women also suggest some elements of a residual concept of a primary male breadwinner.

While I consider that domestic technology played a critical role as the driver, there is merit in considering the alternative forces what could have driven the changes in participation. The balance of this section considers these. While presented as separate processes, it is possible that more than one may have been important.

Human capital

Two potential roles of human capital in explaining the trends in workforce participation of women, and in particular married women are: the human capital of women relative to labour demand, that is whether women had the skills for the available jobs; and whether changing levels of human capital

and between 1901 and 1921 all age categories from those aged 25–29 years and above, showed a fall of some five percentage points in their employment to population ratio. Certainly the increase in participation of married women, from the 1950s on, is consistent.

¹⁹¹ Interest here is only on the second part of the 'U', that is the factors which allowed or required increased participation in the paid workforce, rather than the initial decline. This is because, to the degree it occurred in Australia, the decline, on the balance of available data, was already, or almost, completed at the time of the Harvester decision.

increased the economic returns from market employment relative to domestic production. These explanations play an important role in Goldin's account of the 'U', "as female education improves and as the value of women's time in the market increases still further, relative to the price of goods, they move back into the paid labor force" (1995, 62).

Figure 2.14 shows Australian women born between 1917 and 1951 had a deficit of some 15 percentage points in educational outcomes beyond education up to the age of 15 years relative to men.¹⁹² This potentially provides an explanation for the relative gender employment levels (or potentially earnings), although noting there may be endogeneity in that if women did not expect to participate in the paid workforce, they were less likely to invest in education.

While, as discussed below, the question of the level and nature of labour demand relative to these skills may be important, this is not likely to explain the relative pattern of employment of single and married women. That is, to the extent women had levels of human capital sufficient to obtain employment while they were single, this factor does not explain the much lower rates of employment amongst married women. It is possible however that the relative value of domestic production and market employment may play a role, although the relative earnings of women reflected much more than just differences in human capital.

Insufficient Demand for Women's Labour

As noted, women's employment for much of the early twentieth century was highly concentrated, in domestic occupations, and with evidence of higher labour demand in urban, relative to rural, locations. This was even more marked for married women where, as seen in Table 2.1, even by 1933 almost a third of these women in the wages economy were employed as domestic servants. While reported unemployment amongst women was relatively low, both at that time as shown in the table, and more generally, (see Table A 5.10), this is unlikely to be a good indicator of the state of labour demand and supply, given that low demand was more likely to result in withdrawal from the paid workforce.

Goldin (2006, 5), in her analysis identifies changing labour demand in the US from the 1930s on, describing "factors that were, in large measure, exogenous to female labor supply. The most important were the greatly increased demand for office and other clerical workers beginning in the early 1900s with the arrival of new types of information technologies", although this did not have an immediate impact on married women.

These issues were also identified by Snooks who writes of fundamental technological changes in "developed economies, including Australia, [which] generated a wider range of market occupations that suited the physical capabilities and technical training of female household workers ... this shift ... enabled women to escape from the low-level wage trap" (1994, 143). Similarly the Women's Section of the Department of Labour and National Service (1965,

¹⁹² While women had a slight advantage in secondary school completion, this was well outweighed by male trade training, and until those born in the 1960s, university education.

31) reported: “the main factor contributing to the marked increase in the number of married women working since the War, besides the great expansion of female employing industries and occupations, has been the availability of employment for females in a wider range of occupations”.^{193,194}

In the Australian labour market one feature which was potentially significant in the post-war period was the emergence of part-time work. While the data are limited, it appears that there was strong initial growth between the mid-1950s and mid-1960s to reach around 20 per cent of women’s employment, 30 per cent by the mid-1970s and 40 per cent in the early 1990s. It has since flattened out at around 45 per cent. A 1970 Women’s Bureau study reports firms “stated that they introduced part-time employment because of an acute shortage of labour. The employers ... regarded organizing part-time employment for married women as a logical means of solving their labour shortage” (1970, 14). It however further reported that “the employers tended to look on part-time employment as something temporary ... All clearly stated that they would abolish part-time employment if full-time labour was readily available” (16).

This suggests, certainly by this time, there was no shortage of demand, and indeed the excess demand was shaping the form of this demand to match the form of potential labour supply. Considering this from the perspective of whether labour demand was the key driver of the change in female participation, it may be considered that while the partial breakdown of segmentation of the labour market and the changing occupational structure of demand may have played a role, a stronger argument may exist around the changing nature of demand with the emergence of part-time work.

Constraints on, and Discrimination against, Women’s Employment

Section 2.6.4 has considered in detail the extent of discrimination including the role of marriage bars against the employment of married women. There is certainly strong evidence that this was a constraint, although of limited efficacy, on married women’s employment up until the 1970s. However, in

¹⁹³ This explanation, and indeed that of Goldin to a degree, relies upon an assumption that women have a specific gender advantage with respect to particular occupations. While a relative disadvantage can be asserted with respect to some occupations on the basis of physical strength, beyond this the case seems weak. Rather, many of the tasks typically identified, such as stenographers and typists, appear to be more characterised by being in subordinate roles, suggesting a social rather than biological basis for specialisation.

¹⁹⁴ Census data for 1961 casts some doubt on the degree to which these emerging industry sectors stimulated demand for the participation of married women. In that census 21.0 per cent of married women were in the manufacturing sector and 21.0 per cent in ‘service, sport and recreation’ occupations. In contrast just 12.7 per cent of married women and 11.2 per cent of unmarried women were in these occupations. While 39.6 per cent of unmarried women were in administrative and clerical occupations, only 28.1 per cent of married women were (ABS Census 1961, 282). That is married women were more likely to be in their traditional service roles and in factories and less likely to be in the emerging white collar jobs than single women. Although this may partially be explained by the employment pattern of recently arrived migrants, certainly up to this time, changing occupational demand does not seem to be the major explanation.

assessing changes in this as a driver of participation, some additional aspects need to be considered.

The first concerns female participation during the Second World War. At this time of high labour demand, with significant relaxation on traditional barriers, including gendered occupational roles, the paid employment to population rate of married women only increased from a Depression level of 4.7 per cent to 10.6 per cent. As this limited response occurred across ages, including the youngest age groups who were least likely to have suffered a loss of human capital due to exclusion from the workforce, this suggests that some other factors were present.

The 1954 census data on differential rates of employment of married women by country of birth also casts doubt on the strength of these barriers. If discrimination acted as an absolute barrier, it would be anticipated that this would have operated across women as a whole, not in such a selective fashion. In addition considering time trends after this period, is the strength of growth in the 1960s and 1970s, largely preceding the final removal of the barriers, and again in the 1990s on, well after the barriers were removed.

Attitudes

A further potential influence was changes in attitude. With regard to the employment of married women, several factors appear to be important. The first relates to the concerns of men and single women about married women as competitors in the labour market. The underlying rationale for this faded in the post-Second World War period with the advent of full-employment

The second was the emergence, and then challenging of the single male breadwinner as a social norm. That is, after its establishment, the single breadwinner/domestic production division of labour became detached from its economic rationale, and became a social norm with two moral narratives emerging to underpin it. The first of these was that it was the responsibility of a male breadwinner, to provide, and as such a working partner was evidence of a failure of a male to perform adequately in this role. The second was maternal responsibility, where workforce participation was seen as detrimental to the time which should be allocated to the nurture of children.

An echo of these norms was that of married women only being in employment when they were forced to. This question of agency can be seen in male attitudes such as the earlier cited statements from Keating and Riordan, but also in the language of Richmond (1974) of married women being 'pushed' into the labour market (see footnote 140).

While these norms, and the attitudes supporting them, have largely broken down, this appears to be a much more recent phenomenon as seen in the age distribution of those still holding to this stance.

Looking at more contemporary data, Blau and Kahn (2003, 137) discuss the role of social norms in analysis of the gender wage gap. They consider while this is a 'plausible' argument, it was a partial explanation at best. Two contraindications they cite are: evidence of changes in institutions having an impact in the short-term, in contrast to the long-run nature of norms; and the

extent to which some forms of institutional arrangements, in contrast to others, generated lower gaps across countries with divergent social attitudes.

Wages

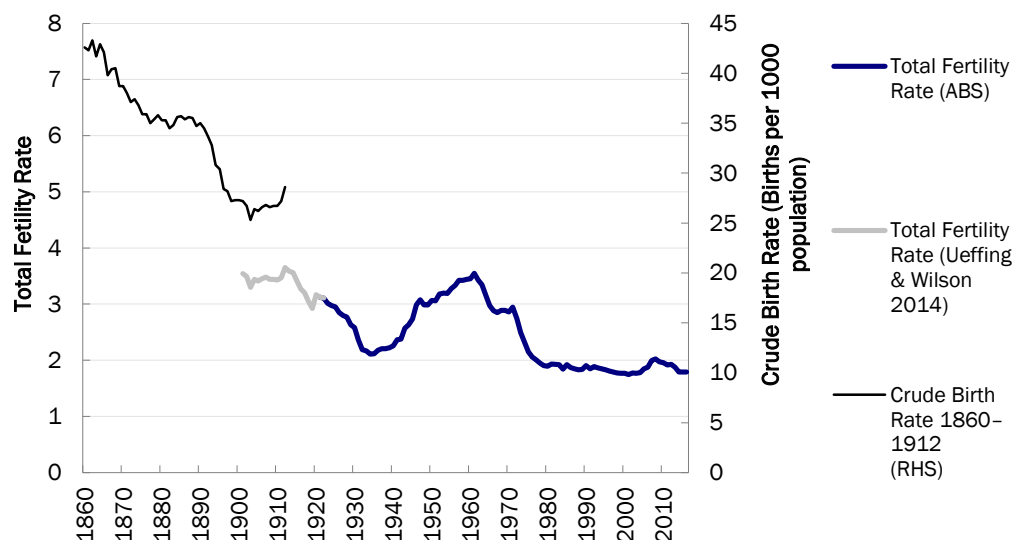
There are several potential relationships between wages and workforce participation. Here the primary interest is the potential of higher relative wages for women to increase the relative return from market participation compared to domestic production and the capacity of the household to fund this, and, as such, increases in women's earnings relative to men's.¹⁹⁵ Jones, Manuelli and McGrattan (2015) analyse this, and a number of other theories, as drivers for US post-war increases in participation by married women, and conclude reductions in the wage gap best explained the observed trends. Earlier work by Attanasio, Low and Sánchez-Marcos (2008), for the US, found that, while by itself a closing of the wage gap was not a satisfactory explanation of the labour market and wage outcomes of a cohort of women born in the 1940s, when combined with changes to the cost of childcare, it was.

Australian trends in relative of earnings are considered in Chapter 3, and illustrated in Figure 3.6. The data suggest an increase in the relative earnings of women up to the mid-1920s then stability to the early 1940s before rising strongly to the early 1950s. They then remained relatively stable until the late 1960s before again increasing rapidly through to the late 1970s and have since been flat. Relating these to shifts in the employment of married women does not provide a wholly consistent pattern. For example, between 1954 and 1966 married women increased their participation from 13.8 per cent to 29.0 per cent, while their relative earnings only increased from 69 per cent to 71 per cent (using the 'Award' series). Similarly, between 1981 and 2016 participation rose from 49.0 per cent to 74.1 per cent and earnings from 80 per cent to 85 per cent (EEH series).

Demographic changes

Over the period under consideration there have been very significant demographic changes, in particular relating to fertility. This is illustrated in Figure 2.20. Of particular note is the demographic transition of the late nineteenth century, and the low and, relatively stable, fertility rate since the mid-1970s.

¹⁹⁵ That is while a generalised increase in wages may just maintain, or even increase the capacity of a household to purchase a woman's labour for domestic production, an increase in women's earnings relative to men makes such a purchase more expensive for the household.

Figure 2.20 Fertility, Australia, 1860 to 2016

□

Source and notes: See Table A 6.17. ¹⁹⁶

In terms of a driver, however it is unlikely that these changes were pivotal. In the first instance the main fertility transition substantially preceded any increase in women's workforce participation; secondly, most analysis sees the path of causality working from reconciling reproduction with women's actual workforce participation. This is summarised by McDonald as "when women are provided with opportunities nearly equivalent to men in education and market employment, but these opportunities are severely curtailed by having children, then, on average women will restrict the number of children that they have" (2000, 1).

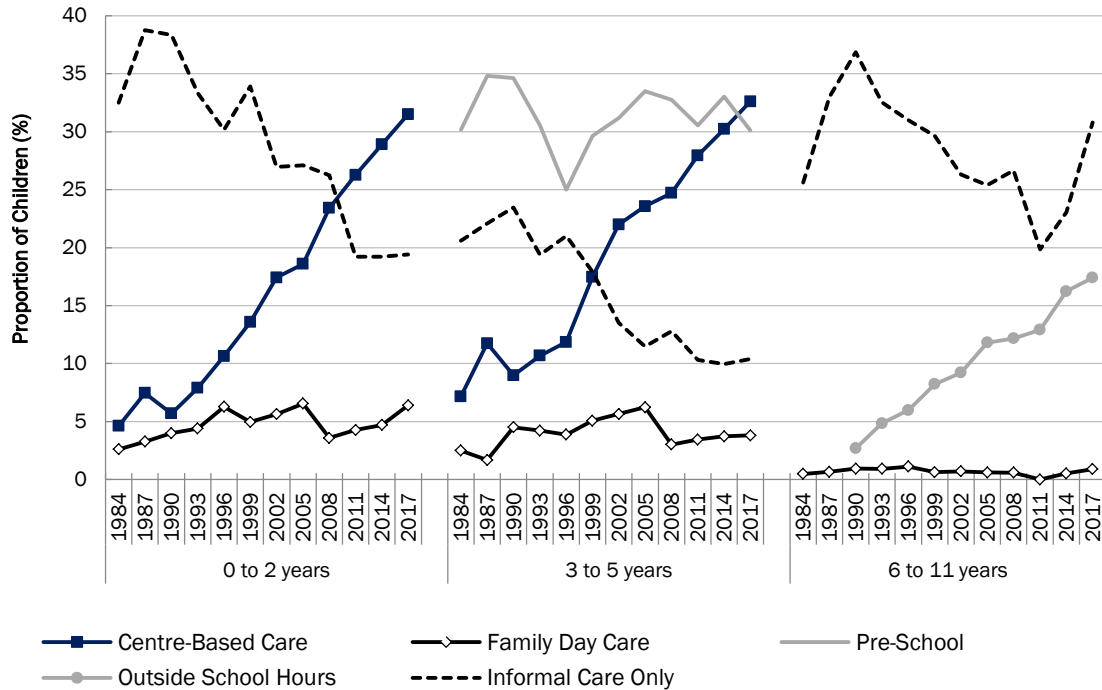
Childcare

One mechanism for reducing the extent to which women's opportunities for participation in the paid workforce are curtailed by child rearing is the provision of childcare. Figure 2.21 plots the use of childcare in Australia since 1984. At the beginning of the period the dominant form of care was informal care, largely provided by other relatives, predominantly grandparents.¹⁹⁷ While earlier data are not available, it would appear unlikely that this form of supply was any more constrained in earlier periods.¹⁹⁸

¹⁹⁶ While these two series are plotted here as an illustration of trends, caution should be exercised as the conceptual basis of the two measures are quite different.

¹⁹⁷ Informal care only dominated provision for children aged 0-2 and 6-11 years. For the 3-5 year age group the proportion in receipt of informal care only is reduced by many of these children attending pre-school for a period each week. Notwithstanding this, informal care played an important role for this age group with some 55-65 per cent of these children who used childcare, including pre-school, also receiving informal care, up to the turn of the century.

¹⁹⁸ Indeed given the pattern of workforce participation by older women one would consider (excluding groups such as international and internal migrants without local family networks) that the supply in this earlier period was even less constrained.

Figure 2.21 Childcare Use, by Child Age and Type, 1984 to 2014

Source and notes: See Table A 6.18.

Turning to more formal care, these data show the strong growth in long day care provision in Australia from the early to mid-1990s onwards for young children and some expansion over the same period for children of school age. This contrasts to the situation, even in the mid-1980s, when only a very small group of children were using formal care arrangements.

As such while the expansion of formal childcare provision and subsidies may have been a significant contributor to the ongoing increases in the participation of married women from the mid-1990s, its contribution prior to this is likely to be low.

Distortionary taxation and the relative value of domestic and market production

A branch of research (Rogerson (2007), Faggio and Nickell (2007), Olovsson (2009), and Ragan (2013)), along with that of Freeman and Schettkat (2001) (see below), considers the impact of tax wedges on the relative levels of market and non-market production, suggesting that the higher tax burden on market work relative to domestic production distorts households towards non-market production. While some, such as Faggio and Nickell, report only a relatively minor effect, “we find the contribution of tax changes to the changes in annual hours from the early 1980s to the late 1990s is very small” (2007, F434), Olovsson reports that “differences in policy – mainly taxes – can account for the different allocations of time in Sweden and the United States” (2009, 42). Ragan, while differing in the case of Sweden, concludes “differences in tax rates can explain much of the variation in market work, meal preparation and

maintenance activities as well as time spent in other home production activities ... across the OECD” (2013, 190).¹⁹⁹

As seen in section 2.6.5, while it is clear that existing tax and transfer policies can impose relatively high EMTRs on a second earner entering the workforce, especially for families with children, these are not necessarily out of step with either an expansion of earnings of an existing sole breadwinner in such a family, nor with the initial entry of the first earner. Nevertheless their existence can be seen as increasing the relative cost of engaging in market relative to domestic production. It is however difficult to cast these as a driver of the patterns of women’s workforce engagement.

The primary reason for this assessment is that for the periods of lowest female engagement in the market these distortions were minor at most, but rather have become most significant in more recent periods when female participation, including that of married women, is at peak levels.

Marketisation of domestic production

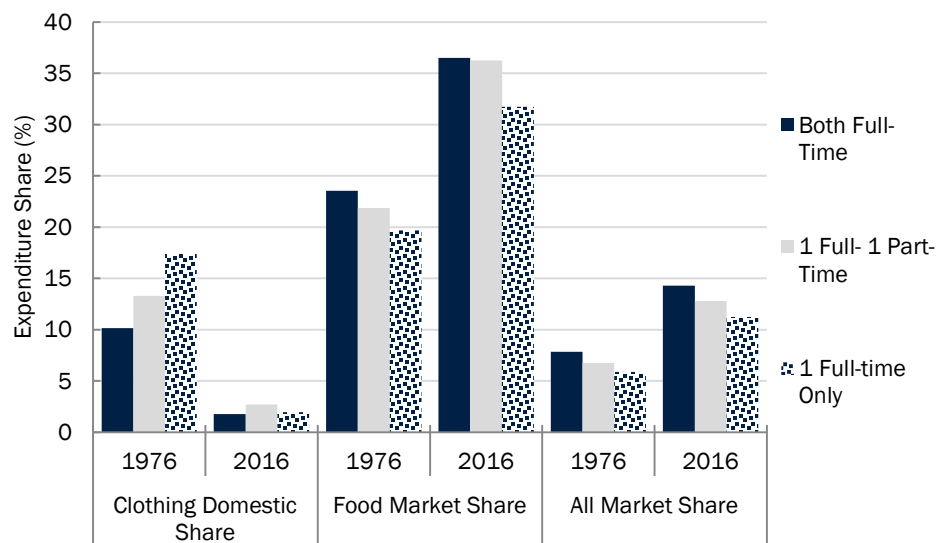
Freeman and Schettkat (2001) advance ‘the marketization hypothesis’ as an explanation for differences in employment rates between the US and Germany. Specifically the hypothesis is that lower employment rates in the EU relative to the US are due to the fact that “the EU produces relatively more goods and services through household production and less through the market than the US” (647). This mechanism is echoed by Folbre (2001) who argues “as fertility rates fell and cheap substitutes for many previously home-produced goods became available, housewives could not always occupy themselves productively at home (93-94)”.²⁰⁰

Three measures of marketisation of domestic production in Australia are considered in Figure 2.22 across three types of couple families with children, for 1976 and 2016. The measures show spending on materials for domestic clothing manufacture as a share of spending on clothing, the share of food expenditure on marketised elements including prepared meals and restaurants, and a wider measure including domestic services as a share of household spending.

¹⁹⁹ Given these studies largely consider just the relative impact of different tax regimes, rather than the absolute effect of taxes they may tend to underestimate the impact.

²⁰⁰ This though is not just an issue of the relative cost of the production of the same good or service, but rather has additional dimensions, including quality. This was considered by Folbre and Nelson in earlier discussion on marketisation. They argue, for example, that “reliance upon markets for the provision of care does pose some significant risks” (2000, 136) before discussing issues relating to care quality and the difficulties that are involved in monitoring this and exercising consumer sovereignty.

Figure 2.22 Consumption of Marketised Substitutes for Domestic Production, Couple Families with Dependent Children, 1976 and 2016



Source and notes: See Table A 6.19.

The chart shows that there has been a strong increase in the consumption of market produced alternatives to domestic production over this period, as well as a gradient in the relative consumption of these products across the three household types. This is particularly marked with respect to clothing, where spending on materials relative to purchase of made up items, has slipped to virtually trivial levels.²⁰¹ Three aspects of the chart suggest it is questionable whether marketisation has driven female participation in the paid workforce. The first is that the differences between the three household types are relatively small. That is, while there is generally a consistent gradient of higher consumption of marketised substitutes for domestic production by those households with both members working (and whether both are doing so full-time), this gradient is relatively small.²⁰² The second is the pattern of

²⁰¹ This shift can also be seen in the light of Folbre's observations about price and the advent of "cheap substitutes ... for home-produced goods". Between March 1976 and December 2017 the CPI index for Clothing and Footwear increased by 234.4 per cent, compared with the All Groups CPI which rose by 512.7 per cent (ABS 6401.0, Tables 3 & 4).

²⁰² This gradient has been tested in OLS regressions, controlling for household income, age, age of youngest child and number of children across these household types. In 2015–16 using the food market share as the dependent variable the coefficient on a one full-time and one part-time worker family relative to the two full-time workers was an insignificant 0.1. That for a family with a single breadwinner was -2.79 and significant ($p=0.011$). Turning to all market consumption a clearer profile emerges with the coefficient for the one full-time and one part-time family being -1.48 ($p=0.004$) and that for the single full-time worker -4.15 ($p=0.000$), again relative to the two full-time worker family.

In both of these models the log of household income appears to be the major driver, suggesting an income effect. Further testing of using a measure of average household income per income earner, to avoid endogeneity between the household types based on the pattern of parental workforce engagement and household income, made little difference to either the fit of the model or to the value or significance of the coefficients.

increasing marketisation appears to impact across the three household types, that is, regardless of whether a partner is employed. This suggests income or price effects may be the driver. The third is that the absolute level of marketisation, as well as the absolute difference between these household types is relatively small to total spending and hence as a proportion of the potential earnings of a second earner. On these grounds, while there has been increased consumption of market produced substitutes for domestic production, this does not appear to have been a driver of increased women's work in the paid labour market.²⁰³

Technology and domestic production

The final mechanism is that of household technology, which has been discussed in more detail in section 2.5.2. There I suggest that, given the state of technology at the time of the Harvester decision, and for quite some decades onwards, the workload of domestic production effectively prevented engagement of most married women, in particular when they had dependent children, in the paid workforce, especially as demand was for full-time labour. As further discussed, it was not until the 1950s and 1960s that new labour saving technology fully diffused, especially in lower income households.

Discussion

It is probable that many of these factors contributed, at one stage or another, to the changing paid workforce participation of married women. Over much of the early period, and indeed up until the 1960s, however I would argue that the question of technology must loom large. Contemporary reports emphasise the appropriateness of the proverb 'a woman's work is never done'. As modern technology began to diffuse, it is probable that the changing nature of labour demand took on an increasing role, potentially as much by increased flexibility of working time, as in occupational demands.

Turning to the other factors, while it would be expected that the lower educational outcomes for women may have reduced earnings, as argued it is less clear it was a driver of the employment outcome of married women relative to single women. Similarly, while changes in the relative earnings of women are likely to have played a role, the relationship between changes in this, and participation, is far from consistent. To the extent a marked shift in the marketisation of domestic production has occurred, this appears to flow from income and price effects and be a consequence, rather than a driver, of

²⁰³ An alternative route can be suggested. That is while marketisation may not directly affect the household choice to engage in domestic production, the marketisation of domestic production can lead to increased labour demand. Ngai and Petrongolo (2017, 28) provide an analysis of this concluding "due to gender comparative advantages in production, marketization of home production and structural transformation, in turn driven by differential productivity growth across sectors, jointly act as a gender-biased labor demand force, generating a simultaneous increase in both women's relative wages and market hours".

Notwithstanding the optimistic viewpoint of this on wages, low pay in many services sectors in Australia is raised by others as a concern. (See, for example, ACOSS 2017, 10). ABS (4102.0 September 2011, 16) reports, for example, that in August 2010, "full-time employees in community service industries earned around three-quarters [of average earnings] ... This difference was marked for Childcare Services employees who earned two-thirds the average of employees in all industries".

women's participation. Demography is again more likely to be a consequence than a driver, although childcare provision from the 1980s onwards, can be seen as playing a significant role.

2.7 EQUAL PAY FOR WOMEN

The campaigns in favour of equal pay have been well documented in the literature, both in its own right and as part of broader women's history. This includes: Ryan and Conlon (1975); Curthoys, Eade and Spearritt (1975); Daniels and Murnane (1980); Bevege, James and Shute (1982), McMurchy, Oliver and Thornley (1983); Ryan (1984); O'Donnell and Hall (1988); Deacon (1989); Francis (1989); Nolan (1991); Willborn, Gregory and Daly (1992); Lake (1992 & 1999); Pocock (1997); Symons (1997 & 1998); Pocock (1999); D'Aprano (2001); Scutt (2007); and Sheridan and Stretton (2008). Of interest here though is the broader concept of equal pay in the context of a family wage.

Support for the principle of equal pay for women, although varying in its formulation and degree, was a constant for most of the twentieth century.²⁰⁴

The concept was well established in the first decade. In 1901 the Federal Parliament amended the proposed Public Service Bill to omit a discriminatory set of women's wages for employees in the clerical division (Australia. Representatives. 3/7/1901, 2011) in a debate which strongly featured discussion of equal pay. In summing up the first session of the Federal Parliament the Labour Party counted this as one of its three achievements, claiming that it had "succeeded in embodying in statutes many of the great Labour principles ... the principle had been successfully asserted that women

²⁰⁴ Support was consistently expressed in public opinion polling from the middle of the century. In 1941 59 per cent of respondents were reported as supporting equal pay, rising to 72 per cent in 1944, with this support coming from 70 per cent of men and 74 per cent of women (Advertiser 24/6/1944, 6).

Gallup Polls in 1949, 1957, 1964 and 1966, asking the question whether if a woman was doing the same kind of work as a man should she be paid the same wage, reported support of 72.1 per cent, 67.1 per cent, 72.4 per cent, 78.6 per cent and 81.5 per cent respectively (Gallup, December 1949 (SSDA 79); 23 November 1957 (Survey 128); 1 May 1964 (Survey 169); and 5 February 1966 (Survey 181)).

Even when pitched in terms of the choice relative to the family wage: "If a young single woman is doing exactly the same kind of work as a married man with children and doing the work equally as well, do you think she should ... receive the same rate of pay", the majority of respondents in 1946, 56 per cent, supported the proposition. Advertiser 5/9/1946, 10)

More detailed reporting on this survey indicated that wage earners were more favourable to equal pay than white collar workers, and Labor voters more favourable than Liberal and Country Party voters, who were split equally. The article containing these findings further reported "Women are slightly less favourable than men toward applying the principle of equal pay in the circumstances stated in the question. Comments show that housewives are influenced by the attitude 'Man is the bread winner'" (10).

should get equal pay with men for equal work” (Bunbury Herald 27/10/1902, 3).²⁰⁵

Equal pay featured in the platforms of Labour, both industrially and politically. In 1902 the Commonwealth Trades Union Congress²⁰⁶ passed a resolution “that equal pay for equal work be paid for males and females” (Sydney Morning Herald 29/11/1902, 8). In 1906 equal pay was part of the Tasmanian Labour Platform (Clipper 10/2/1906, 3), and in 1907 it was on the platform in NSW (Clarence and Richmond Examiner 9/2/1907, 4). It also featured in the program of the first Labor Government elected in Victoria (Australian Worker 11/12/1913, 11), and the failure to act upon the policy was one of the grounds of an attack on the Holman government in NSW in 1916 (Childe 1923, 63).

At the same time union support for equal pay was frequently tainted by it being seen as an exclusionary mechanism. This approach is summarised by Sheridan’s discussion of union support for the Women’s Employment Board (WEB) in the Second World War: “Male fears had ensured both the establishment of the WEB and the nature of its brief to increase rates above the 54 per cent norm, if possible to equality with men – who were confident of their own higher intrinsic value to employers” (1989, 14-15). (See also section 3.3.1.).

On the non-Labour side of politics support was somewhat weaker. In 1903 the Liberal Union (Women’s Liberal League) supported a resolution for “equal pay for equal work and equal opportunity irrespective of sex” (Sydney Morning Herald 20/10/1903, 4). In later periods the position is perhaps best illustrated by McMahon, the then Minister for Labour and National Service in the early 1960s. In response to questioning on the lack of any action by the government to implement equal pay he declared: “We have stated consistently that we are not opposed to the principle of equal pay for work of equal value ... I emphasize that this Government has never been opposed to the principle of equal pay for work of equal value. ... We have stated where we stand on the matter of principle. We do not object to the principle of equal pay for work of equal value” (Australia. Representatives. 1/5/1962, 1744-1746).

As with the current existence of pay and earning rates gaps (OECD 2017, Chapter 12) the historical payment of a lower wage for women was not a phenomenon limited to Australia. In a comparative study of Australia and Canada over a century to 1980 Frances, Kealey and Sangster (1996, 60) note: “Comparative evidence seems to indicate that the Australian and Canadian gender wage gap was largely the same until World War II, then some women in Australia were able to use the arbitration system to narrow wage differentials, and quite substantially so after 1972”. While in the specific context of the role of the early Australian minimum wage decisions this suggests that the

²⁰⁵ Caiden reports that in the passing of this legislation the House of Representatives eventually prevailed over the Senate which was seeking to have female salaries set at two-thirds of the male rate (1965, 63).

²⁰⁶ This was the post-federation successor to the Intercolonial Trade Union Congresses mentioned in section 2.2.3.

establishment of a pay differential cannot be attributed to the court,²⁰⁷ it also highlights the role of institutions with regard to the wage gap. This theme has been explored extensively, although with some differences in the interpretation of the role of institutions. Gregory et al (1989) compare the gender wage gap in Australia, the UK and the US, where the first two countries saw a major closing of the gap over the 1970s on. This concludes that the key difference was in the institutional setting and the effectiveness of institutional mechanisms in actually achieving change. This finding is supported by Daly et al (2006).

Institutional arrangements are also identified in Blau and Kahn who report “we found that more compressed male wage structures and lower female net supply are both associated with a lower gender pay gap ... we find that the extent of collective-bargaining coverage in each country is significantly negatively related to the gender gap” (2003,138-139). Other research however suggests a lesser role for the institutions of wage determination. Olivetti and Petrongolo (2008) place a strong focus on the structure of employment and conclude “We argue that gender employment gaps are key to understanding cross-country differences in gender wage gaps (651-652).²⁰⁸ Weichselbaumer and Winter-Ebmer (2005) in a meta-analysis of research on gender wage differentials utilise these results in a longitudinal cross-national analysis to conclude that while there has been a major fall in the gap between the 1960s and 1990s “the bulk of this decline, however, must be attributed to better labor market endowments of females” (508). This question of human capital, which as noted above was identified by Goldin as a driving factor in the U-shaped pattern of women’s employment, has been addressed by her in recent research. She concludes: “The gap is much lower than it had once been and the decline has been largely due to an increase in the productive human capital of women relative to men.... The portion of the difference in earnings by gender that was once due to differences in productive characteristics has largely been eliminated” (2014, 1116).

The case for equality

The United Kingdom Royal Commission on Equal Pay 1944-46, saw the underlying sentiment for equal pay claims as an appeal to “plain justice”. It considered this in a discussion on the moral basis of what should constitute such a concept, identifying other groups with interests, including the majority of women not in the workforce, coming to the conclusion: “It must be clearly recognised that equal pay involves not merely equitable considerations but a clash of equities” (Asquith 1946, 133).²⁰⁹

This insight of a ‘clash of equities’ is one which has been considered in a broader context by Sen who opens his book *Inequality Reexamined* by

²⁰⁷ See discussion in section 3.1.3 concerning some of the claims as to the impact of the Harvester decision on gender wage differentials.

²⁰⁸ This mechanism is again cited by these authors in a more recent and wide-ranging paper which considers employment and working hours in addition to wages, with particular emphasis being placed on the role of the services sector (Olivetti and Petrongolo 2016).

²⁰⁹ While there was a dissenting report within the report, this related to only two chapters, and not the one in which this discussion took place.

asserting that “a common characteristic of virtually all of the approaches to the ethics of social arrangements that have stood the test of time is to want equality of something ... to see the battle as one between those ‘in favour of’ and those ‘against’ equality ... is to miss something central to the subject” (1995, ix). That is to see the equal pay debate simply as a debate around fairness with respect to gender, and to perceive the court’s action as being to perpetuate unfair treatment, ignores the court’s perspective on the fairness it was seeking to achieve. In the words of Justice Foster “the question is as to the highest level of social justice” (Hagan 1981, 151).^{210,211}

As will be seen, the court in the establishment of its approach to the basic wage for both men and women was primarily concerned with a welfare equality, at least in consumption terms. That is, providing the capacity to the most usual employee, a man who at some period was likely to need to support a family, to achieve the same level of potential welfare as that of a woman employee, who was most likely to be a single person for those periods during which she was employed.

As a single instrument the wages system alone could only deliver this crudely by a discriminatory approach to wage-setting. To otherwise achieve it requires additional mechanisms, such as the tax and transfer system. Notwithstanding this, questions remain as to how this ‘clash of equities’ was balanced over time, whether this balance already embedded in the wages system with pre-existing differences, and whether it was altered by the enunciation of the concept of a family wage?

2.8 THE CONVEYANCE AND CONTENT OF IDEAS

The institutions considered here have, over time, been maintained and changed. While North, as discussed, places such change in terms of “fundamental and persistent changes in relative prices”, this can arise in a diverse number of ways. The relative welfare value of consumption choices can change, the importance placed on externalities can vary, and decisions taken on pricing these into products and services, and information on the costs and benefits of particular exchanges can be improved. In addition, innovations in products, ideas and mechanisms, can give rise to new choice sets for both producers and consumers. Central to these processes is the creation and conveyance of ideas and values. Three aspects are considered here.^{212,213}

²¹⁰ This observation was made in the 1949-50 Basic Wage Inquiry in which the unions sought equal pay for women. See footnote 336 for a fuller extract from Hagan detailing the exchange in which Kelly made this observation.

²¹¹ This can also be seen in the conflict, discussed later between the concepts of wage-setting to ‘meet the needs’ – with a clear distributional goal, or based on ‘the capacity of industry to pay’ under which workers can be interpreted as being paid equitably on the basis of the value of their labour to the employer. However, even in this latter case some would argue that piece work is the most equitable for both the employer and the worker, in that the worker can gain a return based on their skill and application.

²¹² These mechanisms are in addition to the extensive networks of personal connections between many of the political, academic, legal, social and intellectual participants in these processes, as well as the roles of political parties, unions and organisations in promoting ideas.

The first is that Australia had over most of the period, an active newspaper sector which, as can be seen from the citations used in this study, actively covered these issues. The Webbs are cited as describing the Australian press, in 1898, as one of the “finest products of New South Wales life ... Journalism is at a high level alike in talent and in morals” (Austin 1965, 34). Henningham (1995, 267) reports an estimate that in 1956 there were 576 daily newspapers in circulation for each 1,000 people, with a 1958 Gallup Poll reporting that 73.9 per cent of the population read a morning paper on at least 6 days a week, with a majority of the population reading the paper for an average time of 30 minutes or more (Gallup 1958, Survey 132).²¹⁴

The second was the exposure of Australia to information about actual and potential innovation, in particular in the international arena. As well as their own content, newspapers also extensively syndicated material from other Australian papers and from international newspapers and journals.²¹⁵ Hence we see in 1907 reporting, and indeed editorials, on Sidney Webb’s Fabian publication on the decline of the birth rate (Register 7/1/1907, 6), English debates on HG Wells’ proposals for endowment (Sydney Stock and Station Journal 2/8/1910, 8) and so forth. Similarly Keynes’ book *How to pay for the War* was extensively reported in 1940 – from major papers such as the *Age* and *Adelaide Advertiser*²¹⁶ to regionals such as the *Tweed Daily* and the *Shepparton Advertiser*.²¹⁷ The activities of Eleanor Rathbone were reported on, including her election as the first woman city councillor in Liverpool (Brisbane Courier 1/12/1909, 10), through to coverage of the release of her pamphlet *Wages Plus Family Allowances* (Argus 30/7/1921, 6), and her book *The Disinherited Family* (Sydney Morning Herald 24/5/1924, 12).

²¹³ One particular case where these mechanisms were involved in perpetuating a particular understanding is considered in section 4.4.2 concerning the Poor Law Commissioners’ interpretation of the Speenhamland system.

²¹⁴ However, the evidence suggests that since the 1960s there has been increasing concentration of media ownership in Australia. Jolly reports: “By the early 1970s it appeared that this situation had worsened when an international assessment claimed Australia had “a disturbingly high concentration of press media ownership” (Jolly 2016, 31), while Dwyer, reporting on the situation at end 2016 states “A number of reputable sources show that the concentration of media ownership in Australia is one of the highest in the world” (The Conversation, 12/12/2016).

Further it can be argued that the media is perhaps more interested in entertainment than an information role, although as observed previously, certain elements always had a predilection towards the sensational.

²¹⁵ This characteristic of Australian newspapers is relevant to many of the press citations used here, which have largely been drawn from publications archived in the Australian National Library’s “Trove” collection. While these are frequently from apparently quite minor regional newspapers, this reflects the way in which the same articles, with and without editing, and usually without attribution, appeared in multiple papers, sometimes at much the same time and in other cases after a lapse of some years. (In more practical terms the choice of which newspaper has been cited has also been affected by what has been digitised, and at times the quality of the scan.)

²¹⁶ In reviewing the book readers were assured that “Professor J. M. Keynes is no ‘crank’ but an economist of the highest reputation” (Advertiser 11/5/1940, 10).

²¹⁷ *Age* (4/5/1940); *Advertiser* (11/5/1940, 10); *Tweed Daily* (23/4/1940, 3); and *Shepparton Advertiser* (26/4/1940, 6).

As well as this popular reporting, more formal materials were available. This can be seen, for example, in the sources quoted by Higgins in his judgements. In 1911 he reports on his reading on the question of the relative position of employers and workers in bargaining, and says: “I looked up various writers ... Adam Smith, John Stuart Mill, Professor Thorold Rogers, Professor [Alfred] Marshall, Professor [Henry Carter] Adams, Professor [John A] Ryan ... and ex-President Roosevelt” (5 CAR 48, 102), while in another case (13 CAR 647) he called upon Rowntree’s *The Human Needs of Labour*, the majority and minority reports of the UK 1919 *War Cabinet Committee on Women in Industry* and Goldmark’s 1912 *Fatigue and Efficiency*.²¹⁸

A third element is the role of universities and academics and, in particular the engagement of ‘academic’ economists in public policy. While in the 1920s Brigden, Copland, Giblin, Dyason and Wickens,²¹⁹ undertook the highly influential *Economic Enquiry into the Tariff* (Brigden et al 1929) which built a case for modest tariffs, others, such as Benham wrote critically against them (1928). Later, from the 1960s onwards, Corden and subsequently Garnaut set the stage for their near abolition. Hancock (2004a) discusses the role of economists in wage policy in the pre-war era, especially Copland in the 1931 decision to reduce wages by 10 per cent and Reddaway in the 1937 decision which, as will be discussed later, granted the first real increase in the wage since its creation. Norman (2007) quotes Corden, writing in 1968, as identifying influential economists in a range of fields including “Karmel, Downing, Isaac and Russel in cost-of-living adjustments, plus productivity factors in national wage cases” (5) while more recently Hancock and Richardson have both straddled academia and engagement in the wage-setting machinery. Coleman, Cornish and Hagger (2006, Chapter 6) document the role of economists especially Copland, Giblin, Dyason, Brigden, Hytten and Shann in policy debates during the Depression. Similarly on the subject of child endowment six academic economists: Mills, Brigden, Copland, Shann, Wood, and Alcock gave evidence to the 1928 Royal Commission. Downing, as previously noted, along with Arndt, Boxer and Mathews, undertook the inquiry into the reform of the taxation system in 1963.^{220,221,222}

²¹⁸ An incidental reference in the Webbs’ Australian diary about a visit to the Sydney City Council (Austin 1965) also suggests that this type of awareness permeated more widely: “Our visit to this institution was interesting ... a respectable looking young clerk (who had by the way, read some of Sidney’s writings and immediately recognized him) took us upstairs” (22-23).

²¹⁹ Wickens was the Commonwealth Statistician. Groenewegen and McFarlane (1990, Chapter 5) document the particular role that statisticians, including a number of Commonwealth Statisticians (although not citing Wickens), played in Australian economic policy.

²²⁰ In addition there are a group of significant economists, exemplified by HC Coombs, John Crawford and Roland Wilson, who largely operated within government.

²²¹ The role these economists and statisticians played in decisions of the court was reflected in the 1947 Standard Hours Inquiry:

In the performance of that task we look most properly for guidance to the evidence of the statistical and economic experts. We remain aware of the inherent deficiencies of such evidence – deficiencies which have been made plain to us so repeatedly in cross-examination and address that there is no need to recapitulate them here. But such evidence approaches the matter on a broad and national scale and tells us a great deal of the great forces which are at work

2.9 THE ECONOMY

The Australian economy, and its structure, is both a key institution, the product of other institutions (as well as the natural and human endowments of the nation) and provides a significant part of the framework for the wages system. A number of aspects have already been identified. Revisiting this, at the beginning of the twentieth century the economy may be best considered as part of a wider empire economic structure. In 1907 almost two thirds of Australian trade was with the British Empire. The UK accounted for 46.7 per cent of Australian exports and was the source of 51.8 per cent of imports; other 'British Possessions', accounted for 18.0 per cent and 12.6 per cent respectively. Trade with 'Foreign Countries', principally the US and Germany, accounted for around a third of exports and imports. Major exports were wool, meat, butter, wheat and gold and other metals, while imports were dominated by apparel and 'manufactured metal' – which included machinery (ABS 1301.0 1909, 597-611).

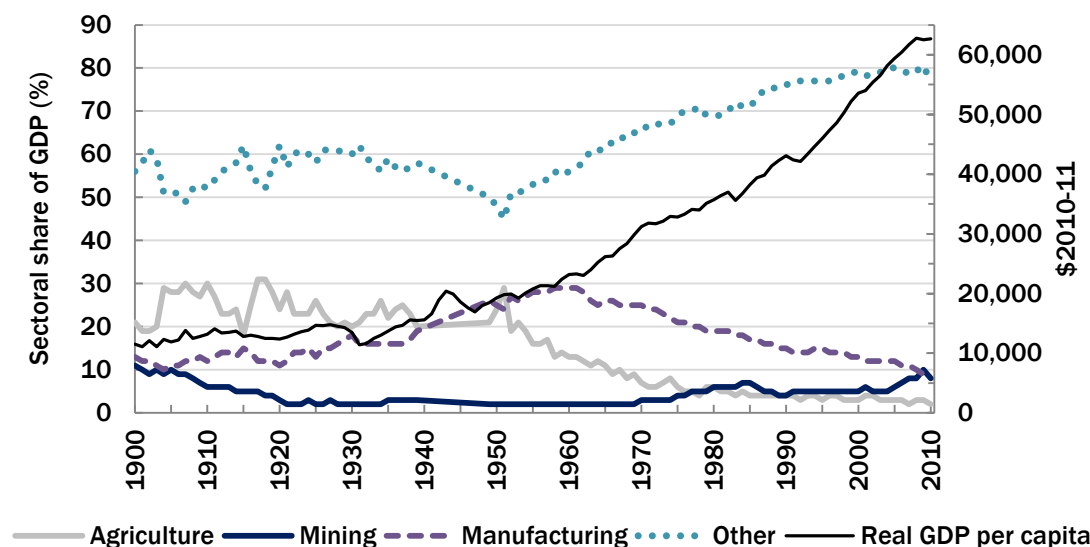
More generally the 'productive economy', as it was recorded at the time, comprised the pastoral industry which accounted for 30.3 per cent of the estimated value of production, agriculture 18.2 per cent, dairy 9.3 per cent, forestry and fishing 2.9 per cent, mining 16.9 per cent and manufacturing 22.4 per cent (ABS 1301.0 1909, 1127).

The evolution of the economy from 1900 to 2010, using more usual GDP measures, is illustrated in Figure 2.23. This shows considerable compositional change. Considering each of the three identified sectors: Agriculture accounted for some 20 to 30 per cent of GDP up until the 1950s, although fluctuating with climatic conditions and prices, before commencing a slow decline stabilising in the mid-1970s at some 2 to 5 per cent; Mining slowly fell from over 10 per cent at the turn of the century to some 2 to 3 per cent by the 1920s and remained at low levels until two booms, in the mid-1980s, and late-2000s, reaching a peak of 10 per cent in 2009; Manufacturing from early levels of 10 to 13 per cent at the beginning of the century, rose to almost 30 per cent in the late 1950s and early 1960s before declining to below 10 percent by 2009.

and of the way in which the most highly trained and experienced minds foresee their operation.... And, out of the great mass of material which is before us, it is by the evidence of the statisticians and the economists that we must principally guide ourselves. (59 CAR 581, 596-567)

While these economists over the early history of the court presented their evidence, as in the above case, as 'experts', d'Alpuget reports that after Hawke commenced as an advocate in the early 1960s there was a change: "In the economics fraternity news had already spread that Hawke, because he understood economics, was much harsher than the ordinary barrister in cross-examination, and that his technique of taking a statement and tearing it into small, verbal shreds, and the sheer violence of the aura around him when he was battling with a witness caused embarrassment and intimidation" (1982, 97). And that following this, and the refusal of some economists to appear in a case and face this form of examination, "the practice of calling economic experts was over: Hawke had created a situation where his opposition would have, like him, to speak with authority" (97).

²²² While it can be argued that the direct impact of this report was relatively limited it served as a signal for the need for reform and opened potential areas for debate.

Figure 2.23 Sectoral Shares of GDP, 1900 to 2010

Source: See Table A 6.20

Over the first third of the century economic growth was slow. While in the first decade GDP per capita had increased, in part due to the ongoing recovery from the Depression of the 1890s, this growth petered out with the commencement of the First World War and GDP per capita declined. Although there was again some recovery in the early 1920s, the economy once again stalled, and as a result, by 1930 just prior to the Depression, GDP per capita in Australia was little different to what it had been in 1914. From the depth of the Depression in 1934 GDP per capita grew, in a relatively steady fashion, at an annualised rate of 2.2 per cent to 1964 and then at a slightly lower rate of 1.9 per cent until 1984. At this point it had another strong surge in growth, 2.3 per cent per annum, until 2008 and the Global Financial Crisis.

A central element of economic policy, and focus for debate was tariff policy. In the initial post-federation period, and indeed for much of the federation debate, the major political debate was between the free-traders and protectionists. Although the Labor Party was initially ambivalent on this, it soon moved to support protection.²²³ While the tariff regime discussed in section 2.3 was initially a revenue measure, rather than industry protection, this changed. The development of tariffs over time is detailed in Chapter 6.

For most of the period exchange rates played a lesser role in economic policy. The Australian currency was effectively linked to the pound sterling, initially directly and then from 1925 with the adoption of the gold standard. In 1931 Australia devalued against sterling but then remained pegged to the United Kingdom pound until 1971. It was then briefly pegged to the US dollar before

²²³ The Federal Platform of the Labor Party adopted in July 1905 contained as its fourth element: "Referendum of Electors on Tariff question, after the report of the Tariff Commission is completed. Party to give legislative effect to decision of referendum vote" (Worker (Qld) 11/11/1905, 17).

Griffiths argues that "while Labor opinion did shift from 1901 to 1908, the party was divided and equivocal on protection until around 1914 and did not become unambiguously protectionist until 1919" (1999, 1).

moving to a trade-weighted peg in 1974, which persisted with some changes to the firmness of the peg until it was floated in 1983.

2.10 SUMMARISING THE INSTITUTIONS

An understanding of the development of the Australian minimum wage and the tax transfer system and the outcomes for those reliant upon this wage involves not just these as independent entities but rather as elements of a complex set of institutions. Many of these have changed significantly over the past century. Central are the labour market, families and the role of the industrial relations framework. Each of these has had complex histories, which in turn were in part shaped by internal tensions as well as their relationships with the other elements.

The Australian industrial relations system, at the federal level, was originally based on a vision of a new system removed from the conflict of collective bargaining and the fierce disputation of the 1890s. This vision was not universally shared, neither was the concept of this as a federal function. As well as having these tentative beginnings, it has for most of its existence operated within a set of constraints, in particular constitutional, which have imposed limits on its role. The legalistic nature of the court, along with the early recruitment of justices, established a particular judicial approach. This formal structure also gave status to unions and employers. While employers tended to only take a reactive stance, other than seeking to constrain the operation of the system through challenges to its jurisdictional scope, the union role was more active.

The role of unions embodied several tensions. Central to this was the extent to which they served simply as a means of maximising the outcomes of their members, or pursued a set of wider objectives, potentially framed in terms of the class interests of their members. Even in their representative role there were tensions as to the degree to which this was a majoritarian approach, and as women were for most of the time only a small proportion of the membership, the impact of this. While unionisation rates have varied significantly over time, this appears to have been less deterministic of their relationship with the setting of the minimum wage, given the functional role they have within the system.

The role of government has evolved significantly over time. With regard to industrial relations, policies were shaped not only by the different political standpoints of governments, but also by the constitutional constraints, and multiple failed attempts to have these altered. Early governments also had to establish both taxation and transfer systems, which were essentially non-existent at the time of federation, while later governments sought to modify them in the light of changing economic and social demands. In the case of income tax, the key impetus for its development was war financing, initially with the introduction of federal income tax in the First World War, and then taking full responsibility in the Second. The transfer system was developed on a more incremental basis, and in addition to being contingent on the development of the tax system was, as with industrial relations, constitutionally constrained until after the Second World War.

The establishment of the minimum wage as a family wage is central to the issues considered here. It reflected the nature of the economy and households at the time. This chapter argues that the development of married women's role in the paid workforce, was shaped by the nature and role of domestic production including the contribution this made to wellbeing, the potential social and economic benefits of specialisation, and labour market structures, including the character of employment (full-time and long working hours). Within the paid workforce women's employment was highly occupationally segmented, and in large part was undertaken by young women prior to marriage. Married women faced a number of additional constraints in employment. In large part these tended to reflect concerns both from men and from single women about competition, including the extent to which, as supplementary earners, married women had lower reservation wages, but more so from perspectives of insufficient labour demand. These beliefs were underpinned by periods of persistent and high unemployment. To the extent there were barriers to these women, these were often permeable. Although there were seeds of the demise of the traditional single male breadwinner family from the Second World War on, it was only in the early 1980s that this ceased to be the main form of couple families with dependent children. Central to this change was the development and diffusion of new technology for domestic production, accompanied by a labour demand response shaped by the availability of a workforce wanting to work part-time.

Wage discrimination was an integral element of the wages system. There is however a strong argument for seeing this as being a conflict between different equity objectives: on one hand with respect to those women who were fully engaged in domestic production and the children in these households; and on the other hand in terms of the rewards for workers for their labour.

These developments, and the debates around them, took place in the light of an engaged and accessible press, and with the active engagement of economists in an environment that was well informed by wider international ideas and developments.

3 The Australian Minimum Wage

Although Australia has had a formal comprehensive minimum wage only since 2005, and even this has some minor limitation in scope, a conceptual, and for most of the period an effective, lineage of a male minimum wage can be drawn back to the 1907 Harvester decision, and a female minimum wage to the 1912 Fruitpickers' Case.²²⁴ Over the initial period of wage fixation the wage reflected the determination of a minimum rate within particular awards (generally in terms of the 'Harvester Standard' with at times some particular supplementation relevant to the industry), with a more formal conceptualisation of a cross-sectoral male 'basic wage' emerging in the 1930s and for women in 1950.²²⁵

A broad timeline of the development of the minimum wage is provided in Figure 3.1, with this chapter considering the identified events in more detail.

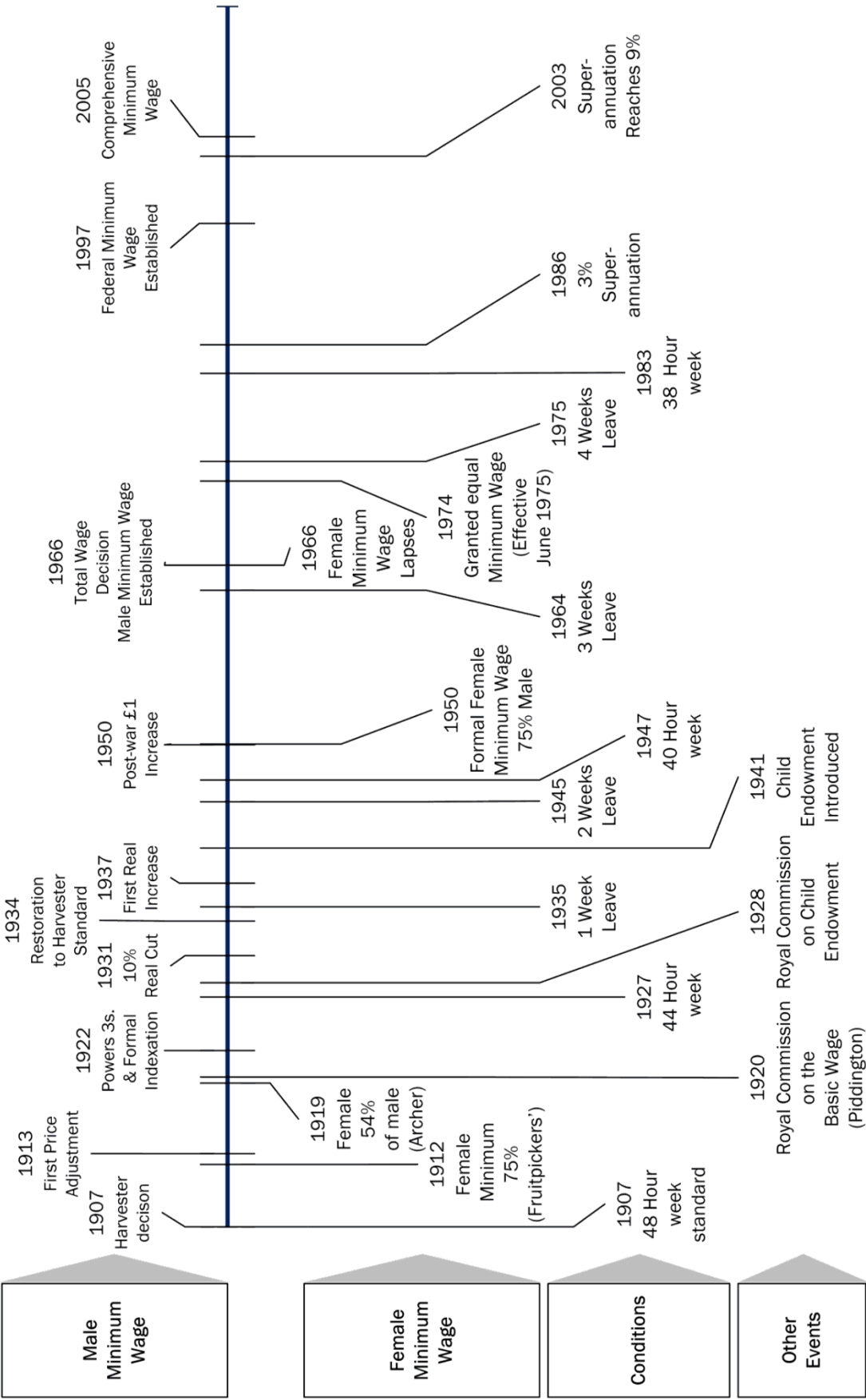
3.1 THE HARVESTER DECISION

The Harvester decision made on 12 November 1907 by Justice Higgins, the then President of the Arbitration Court, had a profound impact on Australian wages setting, even if it was a decision taken under the Excise Tariff Act, rather than within the framework of the *Commonwealth Conciliation and Arbitration Act 1904* (Cth), and that it was later found to be invalid.

²²⁴ As previously noted the focus here is on Commonwealth wage-setting. It is though appropriate to note, within the NSW industrial relations system, Judge Heydon's 1905 decision in the Saw Mill and Timber Yard Case in which he set as his standard a wage "that every worker, however humble, shall receive enough to enable him to lead a human life, to marry and bring up a family and maintain them and himself with, at any rate, some small degree of comfort", a perspective he said was "universally recognised in this country, and almost universally acted upon" (4 AR(NSW) 300, 309).

²²⁵ The terminology around the minimum wage has varied over time, including reference to it as 'the living wage' the 'basic wage' and the 'minimum wage', with at various times these terms being used interchangeably. The terminology of the 'basic wage' commenced being used from 1911 on (for example in 5 CAR 48, 96) and persisted with its conceptualisation as a 'foundational wage' as part of the system of the basic wage, margins and loadings. A 'minimum wage' was formally first established in 1966 (115 CAR 93), although the language had been used much earlier, for example in 1909 (4 CAR 1, 4). Reference to the wage as a 'living wage' was less frequent but can be seen in cases such as Fruitpickers' in which Higgins refers to "the living or basic wage" (6 CAR 61, 71) as well as the earlier 1909 miners case where he made this declaration of the need to keep the "living wage as a thing sacrosanct" (3 CAR 1, 32), although, as noted in the text, in the actual Harvester case, Higgins had sought to articulate that he did not see the focus of the case on establishing a 'living wage', but rather something more.

Figure 3.1 Minimum Wage, Timeline 1907 to 2016



Source: Author.

3.1.1 EXCISE TARIFF ACT

The *Excise Tariff Act 1906* (Cth) was part of the policy of 'New Protection'. In the words of the parliamentary explanatory memorandum the overall goal of industry protection was "to promote regular employment, to furnish security for the investment of capital in new as well as existing industries, to render stable the conditions of labour, and to prevent the standard of living of the employ es in these industries from being depressed to the level of foreign standards" (Parliament of the Commonwealth of Australia 1907, 1). The memorandum differentiated the new policy from pre-existing tariffs, as: "the 'old' Protection contented itself with making good wages possible. The 'new' Protection seeks to make them actual" (1). The mechanism to achieve this was to impose an excise duty on particular products with provision for exemption of those manufacturers paying "fair and reasonable wages".

Specifically the Act imposed duties on a range of agricultural machinery. It established three mechanisms by which wages could be determined to be "fair and reasonable". These were: by a declaration of both houses of parliament; accordance with a federal industrial agreement or award; or "on an application made for the purpose to the President of the Commonwealth Court of Conciliation and Arbitration, declared to be fair and reasonable" (*Excise Tariff Act 1906* (Cth),  2(d)).

3.1.2 EX PARTE H.V. MCKAY

This legislation led to a large number of applications for exemption. While some were dealt with on a case by case basis, most notably 'Bagshaw' which was resolved on the basis of an "agreement between masters and men as to what is fair and reasonable remuneration" (1 CAR 122, 127), Higgins, then newly appointed to the court, selected the application of H.V. McKay, the owner of the 'Sunshine Harvester Works', out of 122 applications before him as a "sample" case as "the factory was one of the largest, and had the greatest number and variety of employees; and because his application was to be keenly fought" (2 CAR 1, 2).

The case was extensive, lasting a month and involving some 700 pages of transcript of proceedings.²²⁶ The hearing focused on a number of themes, with much of the time being directed at seeking to understand the differentiation between the various occupations and the skills they required, including the question of a large group of workers in what were effectively trade skill positions, but where the individuals were identified as 'improvers' and paid at a lower rate. Critical here however is the determination of what was 'fair and reasonable'.

From the outset Higgins, while musing in the decision on the meaning of 'fair and reasonable' and the intent of parliament, had some clear ideas on how he viewed the concept. Central to this was that the interpretation needed to be in

²²⁶ This decision has been well examined in the literature, including Macarthy (1967 & 1969), Fahey and Lack (2001, 2007), Robbins, Harriss and Macklin (2005), Robbins and Harriss (2007), Hearn (2006 & 2007), Fair Work Australia (2011, 55-70) and Hancock (2013, 64-85).

terms of the living standard the wage produced for workers, rather than a question of fairness in terms of the profit obtained by the manufacturers or simple relativities with prevailing wage rates.

This emerged very early on in the case with Higgins taking considerable effort to steer the union's advocate²²⁷ away from a focus on profitability. This had been expressed by the union in terms of: "One of the conditions which would be fair and reasonable would be that the amount of money made out of the article is fairly divided between the employer and the employé" (Harvester Transcript 1907, §.4-5).^{228,229} Higgins deflected this approach with questions such as "Do you say that if there is a poor employer I am to treat him so as to make him pay less wages? (§.6), before declaring "Remember it is remuneration and not profit sharing" (§.7).²³⁰ This discussion, and the unions' desire to see the financial accounts of the company, was somewhat defused by a statement from the employer's advocate: "The position we take up is that Mr McKay is in a position to pay fair and reasonable wages. We say further that he does pay fair and reasonable wages and we are ready to prove that, and it does not depend on the profits or the losses that he makes" (§.15).

Also at this early stage Higgins sought to differentiate his approach from that of the wages boards, indicating that to his mind his focus was: "it is not the case of a living wage" (§.5).²³¹ His approach became much clearer a week into the hearing when he stated that he considered: "Fair and reasonable' means something between a good wage and a living wage ... not merely on what a labourer can live" and hence moved the focus onto living standards and sought to ascertain "what food clothing and shelter can be got for a certain wage" (§J.9). This focus on living standards was not anticipated by the employer's advocate who responded: "the remarks of your Honor came somewhat as a surprise ... that your Honor expected us in our case to go into questions of the cost of living" (§J.11). The counsel rather proposed that the question of fair and reasonable could be determined on a comparative basis, by "seeing whether the rate paid of the unskilled labourer is in accord with

²²⁷ There were three union advocates who appeared in the case, Duffy and Arthur, for various metal worker unions, and Sutch for the woodworkers. McKay was represented by Schutt, with a number of other counsel making brief appearances on behalf of other manufacturers.

²²⁸ The transcript is mainly comprised of sections (presumably based upon blocks of shorthand notes which were then transcribed) denoted by a sequential alpha and numeric numbering (although this order is at times reversed), except for the first 17 pages which are numeric only, identified here by an underscore. While the copy of the transcript available at the Australian Archives also has a folio numbering of all pages, this is not necessarily sequential. Further, the format of the transcript is not consistent. In some sections it clearly presents the dialogue, in others it appears to simply report answers. Citation here has been standardised with reference to the section (§) alpha and numeric wherever possible.

²²⁹ This union position can be seen as a classic statement of the institutional theoretical framework of wage fixation.

²³⁰ The transcript shows that directing the union away from a focus on profits was not necessarily an easy task, with the issue taking upon quite a substantial amount of the hearing on the first day, and again when McKay's counsel presented his evidence (Harvester Transcript 1907, §E.4-7).

²³¹ See footnote 18 for more references on Wages Boards and their activities.

rates usually being paid and accepted” (§J.14). Higgins strongly rejected this: “That will never do ... you must have regard to current rates for ratios and the rest, but the whole idea of the Act is interference with what is called free contract between an individual employer and employé” (§J.14).²³²

This exchange then led to the initial floating of the 7s. a day found in the judgement – and the introduction of household spending data into the case, as detailed in the exchange with Duffy representing the ironworking unions:

DUFFY: ...We say 7/- and we propose to show that a man cannot get the ordinary comforts of life and the necessities of life in his own orbit, in his own sphere under 7/- a day...

HONOR: Have you any direct evidence of a workman’s wife or housekeeper?

DUFFY: We are going to call them to show how they live.

HONOR: There is no one can give better evidence as to the way the shoe pinches, if it does pinch than the workman’s wife. (§O.6)

Subsequent to this the union presented 11 witnesses who provided household expenditure lists and spoke of their living circumstances. Only three of these witnesses were wives, although in most of the other cases the witnesses reported it was their wives who had prepared the budget listing. The witnesses included six trade union officials, or their wives, and five workers, or their partners. These workers were employed in establishments other than McKay’s and comprised three journeymen and two semi-skilled workers. While the budgets are hard to interpret, using inconsistent categorisations, having varying exclusions, and being for generally higher paid, more skilled, workers, they showed an average weekly expenditure of £2/8/10. The court was also given evidence by an estate agent on rents, a wood merchant, and on the wholesale and retail price of meat. The employer’s advocate decided not to present any evidence on costs saying “I own I could not contradict the evidence as to rent and butchers meat and so on” (§EE.3).

Higgins used this witness information in two main ways. Firstly he developed from it what he saw as a minimum household budget,²³³ and secondly to build

²³² In contrast to the union approach the employer statement can be seen as being consistent with a perfect free market, where no single employer can set the wage, but rather a rate is set by the market balancing supply and demand, with the implication that all Higgins was needing to do was to ratify this market outcome.

²³³ This he reports in his decision “The lists of expenditure submitted to me vary not only in amounts, but in bases 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 12s. 5d. 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” (2 CAR 1, 6).

This household information has been subject to a number of reviews including Macarthy (1969), Hancock (2004b), and Fahey and Lack (2007). Each of these authors expresses reservations about finding a coherent rationale for the decision in the data.

an understanding of the actual living conditions that these workers were experiencing, what they could buy and what they could not, that is identifying his 'shoe pinching'. In this regard he acknowledged that the evidence he had before him came from the households of more highly skilled workers, but this was not necessarily a negative, but rather resulted in "almost a fortiori case, that when these people who are receiving £2/5/0, £2/10/0 or £3/0/0 a week find themselves unable even with that to get anything in the way of luxuries or anything more than the bare necessities, that the others would be in a worse position" (§EE.3).

He backed this up with a second reflection recalling: "In a case I was in as Counsel where 6/- a day was considered, I was convinced beyond anything that the people were just on the brink of starvation" (§EE.3).²³⁴ This then led to the subsequent exchange with the employer's advocate:

HIS HONOR: What do you say I ought to put for unskilled labourers here as a minimum?

MR SCHUTT: I say that 6/- we are paying.

HIS HONOR: I am sorry to hear that. (§EE.3)

In contrast the unions maintained their focus on the 7s. In response to a question from Higgins, Arthur replied: "I should say at least £2/2/- a week or 7/- a day, should be absolutely the lowest ... £2/2/- in my opinion is not sufficient, but compared with the miserable existence they have at present £2/2/- would be a substantial increase to them" (§CC.2).

Notwithstanding his focus on living costs, Higgins did not disregard the approach suggested by the employers, and the hearing also considered extensive information on the actual rates of pay across a range of employers and recent wage board and other decisions, with the decision citing a number of wages paid under these. These wages tended to be in the region of 6s. 6d. to 7s. a day (2 CAR 1, 6).

While, as noted, most of the discussion in the case focused on amounts of 7s. a day or less, in his judgement Higgins prevaricated between the unions' proposal and a higher amount: "My hesitation has been chiefly between 7s. and 7s. 6d.; but I put the minimum at 7s., 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 7s." (2 CAR 1, 7).

Macarthy concludes "from this information it would have been difficult to calculate a figure of 7s a day as sufficient to maintain a family of five, for averaged crudely the "barest needs" wage would have been 46s 4d per week" (1969, 32), while Hancock constructs from the evidence a 'synthetic budget' which "for the class of worker to whom the evidence is relevant" comes to £2/13/6 (2004b, 5).

At the same time this literature itself has some issues. Macarthy labels his table "Unskilled Workingman's Budget" (1969, Table 2 p.32), an approach which ignores the fact that most of the budgets were for journeymen's households and that the table in Appendix A of Fahey and Lack (2007, 85) omits the 4 children in the Bennett household.

²³⁴ As noted later the working week comprised of six days, hence 6s. a day represented a weekly wage of 36s.

In making this decision Higgins presented his interpretation of the concept of “fair and reasonable” in terms of “the normal needs of the average employee, regarded as a human being living in a civilised community” (3), further elaborating this in terms of a wage “for himself and his family ... sufficient to insure the workman food, shelter, clothing, frugal comfort, provision for evil days, &c” taking into account “the necessary average weekly expenditure for a labourer’s house of about five persons” (6).²³⁵ He also emphasised that the wage was being set on the basis of needs as opposed to “the ‘higgling of the market’ for labour” (3).²³⁶

The wage of 7s. a day represented a weekly wage of 42s. (£2/2/-) for a 48 hour working week spread over six days of the week.²³⁷

3.1.3 ASSESSING THE DECISION

The Harvester decision has been subject to extensive analysis and debate. Aspects of this include: the validity of Higgins’ assessment of the needs of low paid workers including his interpretation of the evidence; his motivations in making the decision;²³⁸ the implications of the award, especially in terms of

²³⁵ Although he confidently gave this interpretation, and from the beginning of the case, as detailed above, Higgins was firmly of the view that this should be interpreted from the perspective of the living standard it would provide to the worker. His decision did though voice concern as to the degree of judicial interpretation that this involved. He said that he “regretted that the Legislature has not given a definition of the words ... [arguing] 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 ... But here the whole controversial problem, with its grave social and economic bearings, has been committed to a Judge ... who ought not be responsive to public opinion” (2 CAR 1, 2-3). He concluded however, that if the Parliament did not like his interpretation it could “amend the Act if it desire to declare another meaning” (3).

These observations about the inadequacy of parliamentary direction are somewhat curious given that Higgins was a member of parliament at the time the legislation was passed, and even had taken part briefly in the debate (Australia. Representatives. 21/9/1906, 5139).

²³⁶ This language reflects the chapter heading in Webbs’ book *Industrial Democracy* (Webb and Webb 1902) as well as the inspiration for this, Adam Smith’s “higgling and bargaining of the market” (Smith [1776] 1994, 35). Given that Higgins also discussed unequal bargaining power, it is likely that the reference was to the first of these.

²³⁷ The decision contained actual rates for some 27 occupations, as well as for apprentices in each year of their apprenticeship and rates for non-apprenticed boys from age under 15 years to age 20. The occupational daily rates ranged from the 7s. for unskilled labourers, and 7s. 6d. for skilled labourers to 10s. for most trades and 11s. for pattern makers. The rates for boys ranged from 2s. a day for those aged under 15 years to 6s. for those aged 20 years.

²³⁸ Rickard, in his biography of Higgins, argues that amongst these influences was the papal encyclical *Rerum Novarum*, citing the consistency of language of “reasonable and frugal comfort” between this and the judgement, as well as the encyclical having been used as a source in Higgins’ 1896 lecture *Another Isthmus in History* (1984, 173-174).

If this were the case, Higgins certainly did not accept the encyclical uncritically. In an earlier lecture he had declared: “His Holiness speaks with no uncertain sound in favour of private property ... Of course, there is another view to which St. Ambrose lends some countenance when he says, ‘Nature has made all things common for the use of all. Nature made common right, usurpation made private right.’” (Higgins 1896, 18). Brennan has also expressed doubt as to whether Higgins was “directly

the actual incomes of workers; and perhaps most vehemently, the conceptual nature of the 'basic wage' and the consequences of the choice of its family basis.

In considering these, it is possible to conceive of two 'Harvester judgements': the first limited to the terms of the 1907 decision; the second its elaboration and codification in subsequent decisions and pronouncements.

Here the second conception is adopted. This has been done for a number of reasons. The first is that in considering the development of the minimum wage, what is relevant is how the decision became codified. The second is that the detail on the rationale was relatively limited in the original decision, and solely relying upon the text, in lieu of later expansions, even if these may be somewhat post facto rationalisations, leaves too many aspects uncertain. The third is while these later statements may have such a post facto taint, they can equally be considered as being an attempt by Higgins to take the opportunity to put on the record a fuller version of his initial rationale.

Although some, such as, Buckley and Wheelwright, dismiss the 1907 decision claiming that it had "limited practical importance ...[and] Perhaps this explains why trade unions at the time (unlike historians later) showed little interest in the Harvester judgement" (1988, 234), and even Macarthy considered "contemporaries viewed the Harvester Judgement as little more than one of many similar pronouncements made on the topic of wages determination" (1969, 38), these appear to underplay its reception. For example, the President of the South West District Trades and Labour Council in WA, "expressed the hope that every delegate would read the whole of Mr Justice Higgins's Decision. The position from the workers' point of view had never been given in a clearer or more definite manner than it was by Mr Justice Higgins in this case" (Western Mail 21/12/1907, 18). *The Worker* (14/11/1907, 7), see Figure 3.2, described it as a "Momentous Judgement" in a full page article which reproduced large extracts from the decision and concluded with quotes from union officials stating the decision "practically agreed with the scale the union submitted" and the wages that were fixed were "fair".

Other commentators have sought to take a wider interpretation of the motivations and implications of the decision. These include: Hearn, who considered it reflected "Higgins' nation-building mission" (2006, 23); Robbins Harriss and Macklin who ascribe it to Higgins seeing "employment as a social act ...[and] accordingly, he was not going to see Australian employment practices subjugated to the common law principles of contract" (2005, 489); and Scutt, who considers: "Higgins' judgments betray concern for fairness to the worker and an acute consciousness of employers' exploitative power, albeit

influenced" by *Rerum Novarum* "except in so far as the papal utterances reflected the thinking of many fair-minded people at that time" (2017, 11).

accompanied by a paternalistic concern for women ... by making men's wages capable of relieving women from the need to compete perennially as industrial wage earners, often under poor industrial conditions" (2007, 29).²³⁹

Positioning the decision even more widely Justice Kelly in 1942 presented the mission of the Court as:

The Court has regarded itself, I think properly, as the interpreter, not the censor, of the social conscience. Thus, when in its determinations it gave effect to the concept of the basic wage, it was giving effect to a concept which originated not in its own mind in the Harvester Case or elsewhere, nor in the precedent legislation but in the social conscience which expressed itself in the latter half of the century and the beginning of this when the evils of poverty and inefficiency attending the unbridled application of the doctrines of *laissez faire* became so manifest. (48 CAR 577, 587)

In addition, both specific elements of the decision, and its wider implications, have been the subject of challenge, and indeed derision. Shann declared: "It was not hard to show, however, that the Harvester judgment of 1907 had been based on very meagre evidence furnished by nine housewives and a few tradesmen" ([1930] 1938, 383). Larmour states that the identification of family size and budget was "a social judgement only; it was not based on statistics", (1975, 47), with a similar claim: "In his 1907 judgement he had not based the size of the labourer's home on any statistics" being made by Ryan and Conlon (1975, 108).

A significant body of criticism of the decision relates to the consequences for women: "Although this formula was supposed to meet the 'normal needs of the average employee, regarded as a human being living in a civilized community', among other things, it contained gendered assumptions about women as wives and mothers that valued males over females in terms of unequal access to employment and unequal pay" (Tsokhas 2015, 97). More strongly D'Aprano

²³⁹ These quotes, along with Rickard's and Palmer's (1931) biographies, and analysis such as Callaghan (1983), as well as Higgins' own writings (1896), do though suggest that Higgins did see his work as part of a wider purpose. The nature of this being perhaps best expressed in his language of arbitration as a "new province for law and order" – language which, as Callaghan (1983, 65) notes, in turn draws upon John Austin's 1832 *The Province of Jurisprudence Determined*. It can also be seen as arising from his idealism, and commitment to the modernist project, as expressed in his 'New Isthmus' lecture: "Perhaps, with the aid of science. humanity is to reach a new plane of certitude, is to gain a new fixity of ideal, under which human society shall attain a higher level than has hitherto been known" (Higgins 1896, 23). This also reflected a degree of romanticism in him – reflected in a speech reported in 1917 "the economists however – the standard economists of last century – will afford little guidance as to the novel problems which must be faced ... I do not hesitate to say if a man had not time to read both Shakespeare and Senior, he had better read Shakespeare; if he had not time for both Browning and Mill, he had better read Browning. The poetry of Shelley will prove more fruitful than the treatises of Fawcett or the speeches of Bright" (Truth (NZ) 19/5/1917, 8).

The question remains to what extent did the actual findings in the Harvester judgement spring from these sentiments, as a creation of Higgins himself, or as a response to the institutions which were in existence. My view is the latter, and while he was motivated by these aspirations, in the end his decision was taken consistent with the facts presented in the context of the legal obligations upon him.

states: “Justice Higgins’ judgement was responsible for drastic reductions in the wages earned by women and girls, leaving girls to ‘dream of eventual rescue through marriage’ ” (2001, 75) while Ryan and Conlon conclude: “The ideal of the living wage as interpreted by Judge Higgins supported and condoned the severe exploitation of women. At the same time it kept working men chained: trapped into subservience by shouldering family responsibilities” (1975, 111). McMurchy, Oliver and Thornley suggest “the line of [Higgins] reasoning had much to do with ideology and very little to do with reality” (1983, 41). In turn these criticisms have been challenged by others such as Bennett who views that such claims “ignore or de-emphasise economic and political factors, and their analysis tends to the ahistorical” (1984, 35).

Hancock, while having reservations about the decision, considers these reflected constraints in the case, reserving his criticism rather for the way in which the case was later portrayed and used, effectively the ‘broad Harvester’: “the circumstances of the Harvester case ... did not lend themselves to sophistication in Higgins’ judgment. If he is to be criticised, it is not so much for the intellectual shortcomings of the decision as for his subsequent endeavours to endow it with a mystique that its origins and its contents belied” (Hancock 2013, 85).

A number of aspects of the validity of these critiques have already been considered. Below, two specific aspects are discussed: the rationale of the family basis; and the level of the decision.

Reviewing the Components – “for himself and his family ... a household of around five persons”

As was seen in Chapter 2 the concept of the male worker as the ‘breadwinner’ in terms of market based employment reflected the reality of families and the labour market at the time, along with, as also noted, and subsequently referred to by Higgins, a legal obligation upon the husband to support his family. In addition there is little evidence of other major consistent flows of income into the households, except in the case where older children were working while living at home.²⁴⁰ Certainly from the perspective of wage-setting

²⁴⁰ Early data on married women’s contributions to household income identified in ABS surveys in the 1910s have been discussed in section 2.6.7.

Anecdotally some authors suggest more informal mechanisms of women supplementing household incomes through taking in work such as ironing and washing, or having boarders (Deacon (1989, 14), and Nugent (2002, 13)). The available data, although scant, would suggest that while some women did undertake this form of market production, it was the exception and not the rule. It is also probable to the extent there was demand for these types of services, this was largely met by the direct employment of domestic servants, who were mainly single, or if married, without children.

The more specific issue of boarding was difficult to identify in these early surveys as this income is combined with investments and other sources as “miscellaneous”. The Prest Melbourne survey (Lack 2012) indicates that in 1941-1942 some 3.9 per cent of private households had a non-related boarder, with the average number of boarders being 1.4. (Taking a broader approach some 13.6 per cent of households reported having a person other than a child of the reference person or their partner paying board. These generally involved relatives boarding with the household, most frequently a sister or a son-in-law. While some of these may have been income generating for the household, in many others they would have been revenue neutral, or at best marginal

the incidence and level of this activity, while making a contribution to the living standard of those households in which it occurred, was not extensive across households as a whole, or substantive enough to be seen as a substitute in wage-setting decisions to the pay provided to the male.²⁴¹

There is no substantive discussion of household size in the Harvester decision, simply reference to “a labourer’s home of about five persons” (2 CAR 1, 6). While the source of the figure is not discussed, the ‘household of around 5’, is close to the average of 4.9 household members for the 11 households for whom budgets were presented, once those children who were working are excluded. Hancock in his analysis of the budgets, and the decision more generally, reports: “For this group, then, Higgins’ calculation of an average family of “about five” was correct. Such slender evidence [11 households], it would seem, was the basis of what was to become one of the most vexed issues in basic wage fixation – the size of the family unit” (2004b, 7).

On this question the material available to Higgins was very limited. The one available statistic that it is likely that he had recourse to was a measure of the number of children per marriage, which pointed to a slightly larger family size than he used.²⁴²

Higgins again used this reference household in the 1908 Marine Cooks’ Case (2 CAR 55, 63). In this case, more significantly, his comments point to the intuition behind his approach. This was that the purpose of the wage was to provide the capacity to an adult male to support such a family, rather than the size being based on any population average.²⁴³ This is a conceptualisation not much different from that implicit in Adam Smith’s aside that without such a

cost defraying.) The incidence of boarding seen in the data at this time may also have been affected by the housing shortage Australian cities were facing at the time.

²⁴¹ While 3 of the 11 households in the Harvester Case reported having income other than from the husband, these involved contributions from children who were working.

²⁴² Estimates based on the counts of the number of marriages and number of registered births had been published by Coghlan (1904) and were likely to be known to Higgins. These showed, in 1901-03, the average ‘number of children to a marriage’ was 4.0. Coghlan indicated that this estimate was not particularly robust and went on to say that in “New South Wales ... accurate computations have shown the number of children to be expected from the present marriages to be only 3.64” (209).

That there was an absence of more detailed and relevant data on families would appear to be confirmed by an article in the Adelaide press in 1907 which declared: “There are no statistics showing the number of children in each family in the State” (Express and Telegraph 27/9/1907, 3). It was only in the 1911 census that some data were collected on the number of children a woman had given birth to. This indicated that husbands in receipt of wages and salaries had an average issue of 3.46 (ABS Census 1911, 288). This figure however provides no indication of how many of these were dependent children living at home, nor the expected number for those incomplete families.

²⁴³ On this question of family size Rickard reports: “Higgins later admitted he did not lay down this size family as the actual average; it was, rather the kind of family that a worker had a right to plan for” (1984, 173). It is difficult to determine whether this is reporting on his subsequent comments in decisions, as discussed in the text, or refers to a more explicit statement. If it is the latter, and was as Rickard suggests an ‘admission’, then this implies that this was the clear rationale in Higgins’ mind, but that he considered it more appropriate in the wording of the Harvester decision to present it in the simpler form of an average.

wage the workforce would not survive past one generation.²⁴⁴ In this decision Higgins went on to say: “it surely is not an extreme view, or unduly pessimistic, to take that marriage is the usual fate of adults, and, if so, a wage that does not allow for the matrimonial condition for an adult man is not fair and reasonable, is not a ‘living wage’. In other words I cannot accept the philosophic theory that marriage is a luxury” (2 CAR 55, 64).

The 1911 AWU Shearers’ Case provided some further insight into this interpretation of the Harvester decision as providing the capability for a man to support a family. In this case the union had sought to have young male workers aged under 21 years paid the full adult rate. Higgins robustly rejected this proposal, declaring: “The basic wage is founded on the theory of responsibility for an actual or potential family, it would be ridiculous to apply such a theory to a lad of 17” (5 CAR 48, 96).²⁴⁵

Higgins further elaborated on the rationale for his approach to family size in the 1916 Meat Employees’ Case saying he “did not attempt to lay down the average of three as being the actual average ... I took the family of ‘about five’ as a fair type” (10 CAR 465, 482). In his judgement in this case he cited a range of academic and other studies including Bowley (1915), Ryan (1906), and Richards (1900),²⁴⁶ who had used family sizes of between three and seven in their studies, before concluding that “the problem is not to find any existing needle in an existing haystack, but rather to find what sum can be most reasonably laid down ...” (10 CAR 465, 483).

Higgins again returned to this theme in 1919 in the Gas Employees’ Case (13 CAR 437), this time drawing upon the then very recently published book by Rowntree – *The Human Needs of Labour* (1918). In this Rowntree brought to the question of family size a longitudinal approach which had previously featured in his life cycle poverty analysis (see Figure 2.4) of “alternating periods of want and comparative plenty” (Rowntree 1901, 136). In *Human Needs*, a book Rowntree commences with a quotation from Higgins, he uses a sample of completed families in the 1911 UK census, and calculates the number of years they would have insufficient income based on whether a living wage was set on the needs of one, two, three, four, five or six children.

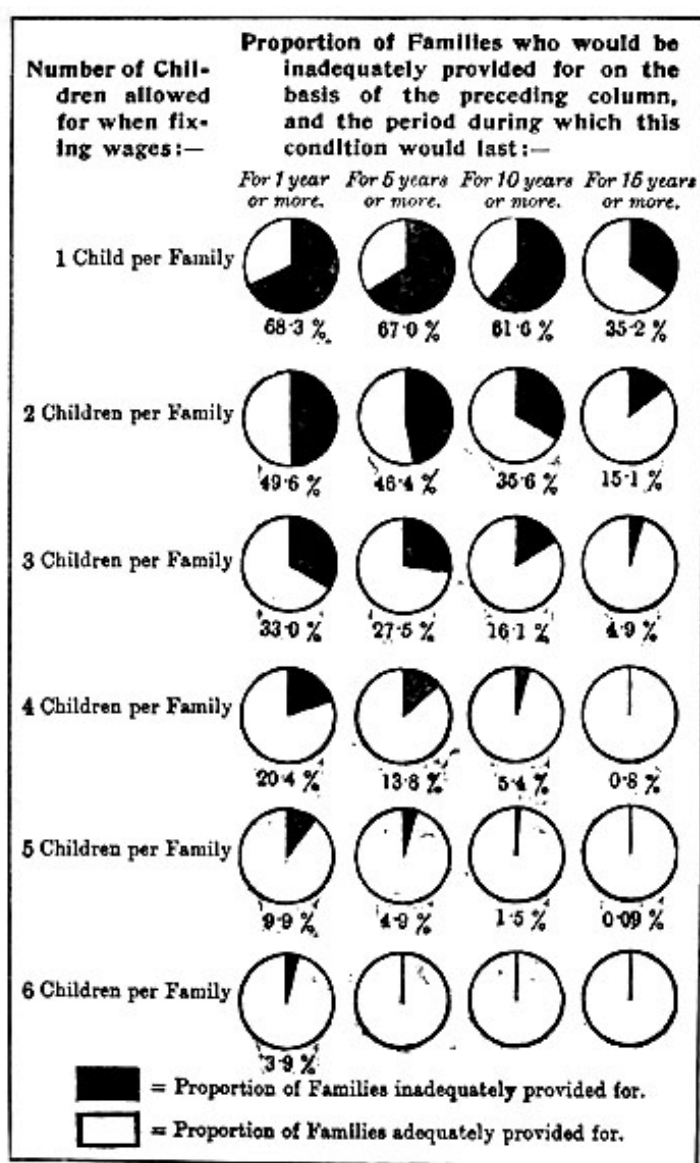
²⁴⁴ The 1901 colonial censuses showed that, despite the excess of males, the marriage rate of men aged 30-34 years was 54.5 per cent, rising to 70.6 per cent for those aged 45-49 years – despite the fact that males in this latter age group outnumbered the women by a ratio of 1.35:1 (ABS 1301.0 1908, 164-165 & 175-176).

Data on marital state by occupational status for men were not publicly available until the 1921 census. This showed that the marriage rate for wage and salary earning males increased by age from around 50 per cent for those aged 25-29 years to over three-quarters above 35 years (ABS Census 1921, 494-495).

²⁴⁵ This position was again asserted, in almost the same terms, some six years later when the union sought adult rates for shed hands aged under 21, with Higgins declaring: “The union wants me to prescribe for lads under 21 the same rates as for men over 21. But the rates for those over 21 are fixed on a family basis – are fixed at a figure high enough to enable a man to support a family. It would be absurd to prescribe such a figure for boys” (11 CAR 389, 413).

²⁴⁶ This is cited by Higgins as Richards (1901).

Figure 3.3 Rowntree's Analysis of Incidence of Inadequate Provision Associated with Wage-Setting Parameters



Source: Rowntree (1918, 33)

This analysis showed, see Figure 3.3, that if a wage was based on the needs of a family of three, a third of households would have had inadequate income for at least one year, and 27.5 per cent for five or more years. If the wage was set on the basis of the needs of a family with two children only, these proportions would increase to almost half and 46.4 per cent respectively, and over a third would have had inadequate incomes for 10 years or more.^{247,248}

²⁴⁷ One potential problem with the Rowntree approach is that by using completed families it is necessarily historic and may not have reflected the current demography of the population – in particular fertility patterns.

²⁴⁸ The converse to this table was presented to the Basic Wage Inquiry in 1940 by the Commonwealth Statistician. This showed the number of years in which a person would receive a wage higher than they needed to support their family. The table was modelled on a family of three children, using average ages of marriage and childbirth and assuming children only need support while they were aged under 14 years. This concluded “During the whole period of his adult working life, from 21 to say his 65th

Finally, in looking at the issue of family responsibility, is the question of whether any alternative approach could have been adopted to that of providing all adult males with a single rate of pay, on the basis that not all of them had a family responsibility at any point in time. While this question was asked rhetorically at various times in the history of the wage – typically around setting a different wage for married men with children than for those without – it was routinely dismissed on the basis that it would lead to discrimination in employment against those men with families to support.²⁴⁹

Higgins alludes to, but dodges, the issue of the need to avoid this form of discrimination in his 1915 Harvard Law Review article identifying as the third of the principles used by the court in minimum wage setting: “The basic wage is the same for the employee with no family as for the employee with a large family. It rests on Walt Whitman’s ‘divine average’, and the employer need not concern himself with his employee’s domestic affairs” (Higgins 1915, 16). The subject of a differential for married and unmarried men briefly arose in the Harvester hearing, with Higgins declaring: “It is not to be a distinction between a man married and a man not married – it is a scale applicable to the normal case” (Harvester Transcript 1907, §HH.10), in a response to a comment from the advocate for the other employers which he had interpreted to suggest such a distinction was being made. The wages for young men and for women, as discussed in this chapter, for whom the average number of dependents was minimal, were excluded from this principle.

Drawing this together it can be seen that while the formulation of ‘for himself ... and a household of about five persons’ can be viewed as a crude approach, it was one which appears to have been well considered and may be seen as, in the absence of any alternative mechanisms to provide support to families, to

birthday, would he be continuously employed at full rates, his net gain would be the cost of maintaining one child for 46¾ years” (44 CAR 41, 72). This analysis, unlike that of Rowntree, did not take account of the many families which had more than three children and would be in deficit for a significant period. It also ignored the fact that, even by 1933, just over half of 14 year old children were still in school, as were almost a third of those aged 15 years (ABS Census 1933, 193).

²⁴⁹ In the workplace there is some evidence of both positive and negative practices in this regard. In 1909 a case is reported of a man being dismissed for becoming married on the basis that “‘it is not considered’, said the manager, ‘that the minor employees can afford to marry on the salaries they receive, and the directors think the firm’s reputation would suffer if it became known that we were paying a married man the small amount of salary you are getting; to avoid this we employ only single men’ ” (Sunday Times (WA) 2/5/1909, 3). Conversely in 1907 in evidence to a State arbitration hearing it was reported: “H. Newman, employed at Horden’s in the tools department stated he received 20/- a week till the end of last year, when the firm discovered that he had recently married, and raised his wages to 30/-” (Age 10/5/1907, 6). Discrimination in terms of preference for employment also occurred. In the 1914 Dredge workers’ decision the award contains a prioritisation of lay-offs specifying that employers should seek to “prefer [to retain] men having families to support ... over those who have no families or smaller families” (8 CAR 257, 261).

These cases also reflect the extent to which employment as a social, as well as a productive function, was a factor in the era, and indeed continued. In the 1943 Munitions Case the court reports “It had been the policy of the Department to employ male workers, the purpose being ‘to provide work and income for the family man and the potential family man’ ” (50 CAR 191, 192).

be a balanced response to the provision of an adequate single wage rate which would apply to all adult males regardless of family circumstances.

7s. a day

While there is a strong *prima facie* case that the award of 7s. a day was simply a decision primarily based on the claims of the unions complemented by the information in household budgets, as identified earlier, and the obvious inadequacy of the counter position of the employer, there has been considerable debate around both the rationale for this level and its adequacy. Macarthy (1969, 25) details at least seven explanations found in the literature to explain the basis of the decision,²⁵⁰ and advances two additional lines of argument. The first being a longstanding objective to restore a 7s. standard as a “social creed” by organised labour; the second that the rate represented what Higgins considered would be the outcome of collective bargaining if this was conducted in a balanced way. This latter is perhaps less robust in the light of Higgins’ identification of the basic wage as a non-market wage: “Now, in fixing the minimum wage for a man, I have been forced to fix it by considerations other than those of mere earning power” (6 CAR 61, 71).

Subsequent to the Harvester decision Higgins was both defensive of this figure, while also indicating that he was not wholly satisfied with the rigour of the basis on which he determined it. This duality is seen in two of the essays in his book *A New Province for Law and Order*. Writing in 1919 Higgins declares: “It is a curious fact that there has been little or no attack on the empirical finding of 1907 as to the actual cost of living” (1922, 53), while in the next year he asserts that “the rough estimate made by the Court in 1907 ought to be superseded or revised by a new investigation” (1922, 94).

In the Marine Cooks’ Case Higgins cited recent estimates of household budgets from the UK and the US which came in above his 42s. Although noting that “7s. per day accords with the present practice of the Victorian Railways with regard to men engaged in continuous manual labour” (2 CAR 55, 64). A similar set of references was made in the 1910 Whybrow case: “On the evidence before me in previous cases, I found 7s. per day to be the minimum for the labourer ... and Mr. Justice Gordon has adopted the same minimum, when sitting in the Court of Industrial Appeals in Adelaide” (4 CAR 1, 10). In the Federated Engine Drivers’ Case, while indicating that neither “the principle nor the system” had been subject to serious criticism, he concluded: “I should be greatly assisted in my work by a careful and exhaustive inquiry, of the nature of that made by the Board of Trade in 1908, as to the cost of living of the working classes; and by regular official statistics” (5 CAR 9, 16). In response to the 1914 NSW Board of Trade decision Higgins noted that this compared the Harvester wage with the “Sydney living wage” and concluded

²⁵⁰ Macarthy summarises these as: “There are many views of how Higgins decided on 7s. a day for the unskilled labourer. These include the wage currently paid by ‘reputable employers (undefined), that wage arrived at by attention to capacity to pay, a blend of wages ranging from 6s. 6d. to 7s. 6d., that paid by governments-and municipalities, that determined by the laws of supply and demand, the ‘actually existing standard’, or the wage estimated from statements by labourers’ wives showing the least amount a family could live on, while Professor Portus suggested Higgins had ‘had no guide but the pole star of justice’” (1969, 25).

that these two, “if put on the same family basis and reduced by the most logical methods, practically give nearly the same result” (13 CAR 823, 840).²⁵¹

While further evidence on budgets was presented to a 1918 case heard by Powers (who had been appointed in 1913 as Deputy-President) he was not convinced by these: “In this case the only household budgets I have had are useless for the purpose of dealing with such an important question” (12 CAR 531, 566-567). (He though presented this differently in 1921 declaring he had, with reference to this earlier case: “held an exhaustive inquiry into the question of what should be a fair living wage at that time, entirely independent of the finding in the Harvester Case, or of any previous judgment that had been given by the Court ... that inquiry only confirmed the view that the finding in 1907 was fair and reasonable as a minimum wage at that time, and that the Court’s awards, since 1907, on the methods adopted by it, based on that finding, were fair and reasonable (15 CAR 838, 858-859).)

At the time of the Harvester decision no official statistics were available on actual costs of living, with ABS only commencing to investigate prices and collect data on expenditure in 1910, and being particularly unsuccessful, despite two major attempts as detailed in section 2.6.7, to collect data on household expenditure. Outside government, while there were some household budgets proposed, these were relatively limited. They included a family budget Rowntree had developed in the UK taking into account food based upon a detailed dietary plan, rent and sundries, including food and clothing “needful for the maintenance of merely physical health” as part of his 1899 study of poverty in York. This was estimated at 21s. 8d. for a couple with three children (Rowntree 1901, 110).²⁵² In 1906 Vida Goldstein had proposed “a list of bare living expenses” for Melbourne which came to 58s. 6d. for a family comprising a man, his wife and five children (Western Mail 1906) – approximately equivalent to 48s. 6d. for a couple with three children.²⁵³

Notwithstanding the rationale for the 7s., as seen in the evidence provided in the hearing, it was well above the 6s. that McKay considered he was appropriately paying to his unskilled workers,²⁵⁴ and as discussed in section

²⁵¹ Hancock provides an analysis of the work of Heydon (see footnote 224) who, in 1914 when undertaking the “Inquiry *re* Cost of Living” in the NSW Court of Arbitration, specifically rejected the Harvester Decision as a starting point for his own estimation of the value of a living wage, and reports that the amount arrived at was below the equivalent to the Harvester Decision (2013, 104–107). Significantly Heydon adopted a 2 child household as his reference point. From a range of sources he concluded the average number of children aged under 14 years in Sydney wage earning households was 1.8 to which he added 2/9th of the average 0.9 children aged over 14 (13 AR(NSW) 22, 29).

²⁵² Rowntree’s 1899 budget compares with Pember Reeves’ ([1912] 1914) later study of families in Lambeth where, in 1911, the actual budgets for those with some three or more children were around £1 a week.

²⁵³ Sawyer claims that: “In calling for evidence on the cost of living [in the Harvester case], Higgins was apparently inspired” by Goldstein’s approach (2003, 58).

²⁵⁴ While declaring 6s. as the amount paid to labourers, the actual rates of pay varied considerably between individual employees. In the evidence McKay’s advocate Schutt reported that in the testing department “the labourers get from 7/6 to 5/6” (Harvester Transcript 1907, §E.1) while more generically he declared: “The pay of the adult labourer is 6/- . That is the lowest rate and it rises as high as 7/8” (§E.2). In respect of the machine shop he claimed: “The labourers in the machine shop, assistants to the

3.5.4, was high relative to other earnings, suggesting that the Harvester decision did act to establish a minimum wage at a level above the prevailing standard.²⁵⁵

3.2 THE MALE MINIMUM WAGE POST-HARVESTER

Following the Harvester decision the legality of the *Excise Tariff Act* was challenged in the High Court. A majority decision in the 1908 Barger case found the legislation to be invalid on the grounds that it was “not an Act imposing duties of Excise, but is an Act to regulate the conditions of manufacture of agricultural implements, and is therefore not an exercise of the power of taxation conferred by the Constitution” (6 CLR 41, 42). Higgins who was also a member of the High Court, along with (the later Governor General and Sir) Isaac Isaacs dissented.

As a result, the Harvester decision, although as discussed below effectively becoming the basis of the Australian wages system, formally lapsed.

3.2.1 THE BASIC WAGE AND FLOW-ON

Later in that year, 1908, when Higgins arbitrated a dispute between The Marine Cooks’, Bakers’ and Butchers’ Association of Australia and The Commonwealth Steam-Ship Owners’ Association, he drew upon his earlier Harvester decision declaring that while “the issue is not precisely the same ... the same considerations are necessarily involved” (2 CAR 55, 60), and used his 7s. a day as the reference point for his wage-setting, effectively implementing what was later to be known as the ‘Harvester Standard’.²⁵⁶ In addition, in this case, in contrast to his previous statement about seeking to set a wage that was “between a good wage and a living wage”, he commenced referring to it as a “living wage”.

In the 1909 Miners’ Case he went a further step in cementing what he saw the role of the wage to be, declaring, in defence of the wage: “If a man cannot maintain his enterprise without cutting down the wages which are proper to be paid to his employees – at all events, the wages which are essential for their

machine men, turners, fitters and boilermakers, I have on my list 32, and the average rate of wages they get is 6/6½. Their rates run from 5/- to 7/4” (Unreadable page number, folio number 282).

²⁵⁵ The evidence suggests that the 7s. was well above prevailing rates (see also section 3.5.4). Shann reports “At the time of its promulgation the Harvester wage of 42s. was a bold step forward. In 1907 unskilled men in regular employment were getting, on an average, 33s. a week. Some wages boards had fixed 30s. a week as the minimum. Carters and drivers were getting 25s. for a week of 56 hours” ([1930] 1938, 378-379). Macarthy reports analysis of pay rates at the time and identifies two minima in the “wages for unskilled work were paid: one between 30s. to 36s. for the lowest grades and the other about 39s. to 42s. for full labourers” (1972, 157). Forster, in talking about the flow-on of the Harvester decision, reports that the extent to which the wage was above prevailing rates was such that the “seven shillings in 1907 was slow in being applied. But in 1921, fourteen years later ... this same real wage was generally applied” (1985a, 388).

²⁵⁶ The actual rate structure was complicated by the extent to which board was effectively provided on board the ships and some classes of workers were entitled to collect the fat from cooking for later private sale for candle-making.

living – it would be better that he should abandon the enterprise ... it is necessary to keep this living wage as a thing sacrosanct, beyond the reach of bargaining” (3 CAR 1, 32).

The amount of 7s. a day also became embedded in a number of subsequent decisions, including the 1910 Whybrow case: “I find that 7s. is a proper minimum wage for so called unskilled labourers in Brisbane as well as in Sydney or in Melbourne” (4 CAR 1, 10) and the Marine Stewards Case: “I propose to follow the standard which I have followed in previous cases, and to treat 7s. per day, 42s. per week, as being the minimum wage” (4 CAR 61, 62).

Over this period a structural approach to wages was also developing. In the Whybrow case, after referring to the amount of the minimum wage for labourers, Higgins proposed: “The only question is, how much more, if any more, should be awarded to bootmakers. Now these men have admittedly special skill” (4 CAR 1, 10). In the 1911 AWU Pastoralists Case he took into account the working arrangements to determine “if 42s. per week is to remain as the basic wage in the cities, the adult shed hand should get no less than 48s.; because the extra 6s. per week, at the very least, are required to cover the fares and expenses and time lost travelling” (5 CAR 48, 96).

These cases show not just the evolution of the Harvester Judgement into a ‘basic wage’ as the minimum, and family, wage to be paid to all male employees, but also the structure of adding to this additional margins for skill, and in some cases loadings due to the nature of the employment. This structure, which also led to the basic wage being called the ‘foundational wage’, effectively remained in place until 1966.

While these decisions tended to cement the Harvester decision as the basis of the federal wages system, the 1921 Wallaroo and Moonta cases highlighted the extent to which the system was not comprehensive. This case arose because of the closure of a copper mine due to falling copper prices. Before the court was evidence that some 1,354 of the workers, close to the totality of the workforce, were willing to accept an offer from the employers at a lower minimum rate of pay than the basic wage, with some indication that, while the federal executive of the unions opposed this, this was not the case with some of the local representatives. In hearing the case Powers decided to defer making an award, effectively permitting this arrangement to operate until prices recovered. In doing so he stated: “The Court’s living wage was not made to prevent men working for nine-tenths of what the Court thinks a living wage, if they wish to do so without the intervention of the Court” (15 CAR 704, 714). More broadly he declared “The Court can only act as a breakwater, it cannot prevent the tide rising and falling. No order of the Court can secure wages to employees if industries cannot pay them. It can cause unemployment. It cannot order employment” (729). This case was however very much the exception.²⁵⁷

²⁵⁷ Powers however repeated these sentiments in the 1921 Gas Employees Case: “The Court was established solely to prevent, or settle ... disputes ... when, and only when its assistance is sought to prevent men being employed at less than a minimum wage ... It was not expressly required to, or given power, to fix a living wage as other Courts are ... This Court has no right to fix wages at a higher rate than the employees of any employer think fit to work for, or to compel them to be idle if the industry cannot pay the wages it thinks reasonable” (15 CAR 838, 848).

Wider application of the Harvester decision

Notwithstanding the limited jurisdictional scope of the court, the Harvester decision and subsequent decisions of the court on the basic wage had a much wider impact. This happened through a range of mechanisms including state industrial tribunals directly referencing Harvester as a standard, either for its intrinsic value, or to limit the risk of having significant discrepancies in wages across sectors or between states, and its use by unions in cases as the minimum standard they sought. Although it is difficult to map the pattern of flow-on, Piddington (1921b, 4) cites the Queensland Arbitration Court, earlier in that year, as having reported that the Harvester wage “has remained the basis not just of Federal Awards, but in a large measure, of State awards”. Analysis of historical wage rates by Macarthy (1972) leads him to a similar conclusion: “most impressively, the wage data point to the gradual strengthening of institutional forces in the wage determining process: the gradual implementation of the ‘Living Wage’ concept that every adult male wage earner ... should by right receive the *labourer’s* wage ... by 1920-1 it was complete” (158). In contrast data in the Report of the Victorian Parliamentary Select Committee on Child Endowment suggest that the convergence occurred more slowly and even by 1939 was not complete.^{258,259}

3.2.2 ADJUSTING FOR PRICE CHANGE – THE DEVELOPMENT OF INDEXATION

After simply awarding the amount of 7s. a day in a series of decisions, by 1911 there was recognition of a need to take account of changes in prices, with Higgins noting: “There seems to be no doubt that the cost of living is increasing; but the evidence does not justify me in saying how much, or in altering the amount of what I may now call the basic wage by any definitive sum” (5 CAR 9, 14).

It was not until 1913, in the Gas Employees’ Case (7 CAR 58), that the amount of the Harvester award of 7s. a day was increased. This was done with reference to the then relatively new Commonwealth Bureau of Census and Statistics (later the Australian Bureau of Statistics (ABS)) cost of living index (see below), with the wage being increased to 8s. 6d – a 21.4 per cent increase. This commenced a process of ad hoc adjustments of the basic wage, based on the “Harvester standard” in individual awards, to take account of changes in prices as measured by the Australian Bureau of Statistics.²⁶⁰

²⁵⁸ The report contains a table showing decisions of the State Wages Boards as follows:

Minimum Wage fixed –	1930	1936	1939
Above Commonwealth Arbitration Court basic wage	88	132	139
Below Commonwealth Arbitration Court basic wage	82	23	24
Equal to Commonwealth Arbitration Court basic wage	8	25	50

Child Endowment Committee (1940, 6).

²⁵⁹ Seltzer and Borland (2016) report an identifiable and immediate flow-on effect in their analysis of decisions by Victorian wages boards and conclude “while the Harvester Judgment did not apply directly to workers in our sample, it had spillover effects to wage setting by the Victorian Special Boards, especially for the lowest-wage workers” (5).

²⁶⁰ Over the following period there were some differences in the approach adopted by the court in the indexation process, in particular whether or not the latest quarterly

In the 1920s this process became more formalised with awards such as the 1921 Clothing Trades Case (15 CAR 435) providing for six monthly adjustments on the basis of the “index number of the Commonwealth Statistician for food, groceries, and house rent” (460). In 1922 quarterly indexation became entrenched in awards.

Justice Powers, in the same year, in the light of considerable fluctuation in prices, added an amount of 3s. per week to his decisions in order to “preserve to the workers the Harvester standard of living in the event of any increases in the cost of living in any quarter” (16 CAR 172, 177). Whether this decision was a deliberate attempt to increase the real value of the minimum wage or was, as posited by Powers, just a means of ensuring that the standard was not breached by rising prices, and if so, whether the 3s. was the appropriate amount to achieve this, was contentious, and remains unclear.^{261,262} The Full Court however endorsed the approach and explained its rationale in detail in the 1922 judgement “The Fairest Method of Securing the ‘Harvester Judgement Standard’ to the Workers” (16 CAR 829). This was an extensive decision with each of the judges giving an individual decision and their own reasons. Essentially the line of argument was that the mechanism alleviated the need for the court to be involved in regular applications for increases, limited the need for any retrospective awards along with the requirement for back-pay, and, on balance, the court considered it better to err on the upside of maintaining living standards, rather than risk wages falling below the Harvester standard.

The reality was that Powers’ decision effectively operated as an increase, especially given that, with the rapid take up of quarterly indexation, the previous circumstance of the wage being fixed for the duration of the award,

estimates of the price index should be used, or the average for the year. While Higgins initially stated that the use of these statistics was not strictly determinative, the pattern of decisions however suggests that the practice was relatively mechanical, with some exceptions at times of rapid price fluctuations.

Higgins had sought to differentiate the process into two stages more aligned with a judicial function, rather than the court having a wage-setting function. Reflecting this he saw as the first stage the establishment in the case of increased prices being at issue. A second stage involved taking into account the evidence to determine what the increase would be. (While as indicated in the text below he talks about the Statistician’s data as only being evidence he considered, effectively the process became automatic.)

This process was presented by him as: “the rise in prices ... is admitted on all sides; and the only question is the extent of rise. It is at this point that I make use of the statistician’s tables; but I make use of them as *prima facie* evidence only (10 CAR 465, 481).

²⁶¹ Some 6 years later in providing evidence to the Royal Commission on Child Endowment, R.W. Southern, representing the Broken Hill Propriety Company, was still attacking the decision and produced a detailed table of wage rates paid over the intervening period which he stated showed the decision “was altogether wrong, and that as the result of that system the worker during the period has received £42 18s. in excess of the actual Harvester standard wage under the Federal award” (RCCE 1929, para 12143).

²⁶² Forster (1980) provides an analysis of the development of indexation, including the different approaches by Powers and Higgins. In this he notes, with respect to the Powers’ 3s., “at the same time, as part of the new method of cost-of-living adjustment, there was built into the basic wage, possibly by accident, a loading of 3s.” (116).

frequently for several years, no longer applied.²⁶³ Further while this could not have been foreseen at the time the decision was taken, of the 43 indexation decisions taken between May 1923 and February 1934, the period in which the Powers' 3s. was incorporated into the wage, five involved no change, 25 a reduction in the nominal value of the wage, and just 13 an increase.

Price Indexes and the minimum wage

Price indexes played an important role in the adjustment of the minimum wage over much of its existence. Their use and validity was a frequent issue of contention. This was acknowledged by Giblin, the Acting Commonwealth Statistician, in a 1931 brochure *Wages and Prices*.²⁶⁴ He wrote: "A large volume of criticism has been directed against the Retail Price-Index, against its accuracy and against the use made of it in the determinations of wages. This criticism has in the past come from both sides in industrial disputes; but recently, on account of the severe reduction in wages, it has come almost entirely, and naturally with increased force, on behalf of the wage-earner" (ABS 6101.0 1930, 169), before seeking to address a set of criticisms of the indexes prepared by the Melbourne Trades Hall Council.

The ABS commenced compiling price indexes in 1912, with an index being constructed retrospectively to 1901. This first index, later known as the 'A' series, comprised 47 items divided into 4 groups: groceries and bread; dairy produce; meat; and house rent.²⁶⁵ This index was maintained until 1938, and was used by the court for indexation purposes until 1933.

The 'C' series,²⁶⁶ also known in ABS publications of the time and in court discussions as the 'All Items' Index Numbers, was first compiled in 1921, but

²⁶³ Some years later the president of the ACTU noted the effect of this earlier practice of fixing rates for an extended period in awards with the following example: "A typical illustration was the case of the Waterside Workers' Union. It secured an award in 1911 fixing 1/9 per hour. That award continued for a period of five years, and finally expired in 1919. Although prices had risen considerably more than 50 per cent in the intervening five years, the wages of wharf labourers remained the same" (Clarey 1944, 4).

²⁶⁴ This was also published as an Appendix to the 1930 Labour Report (ABS 6101.0 1930, 161-180).

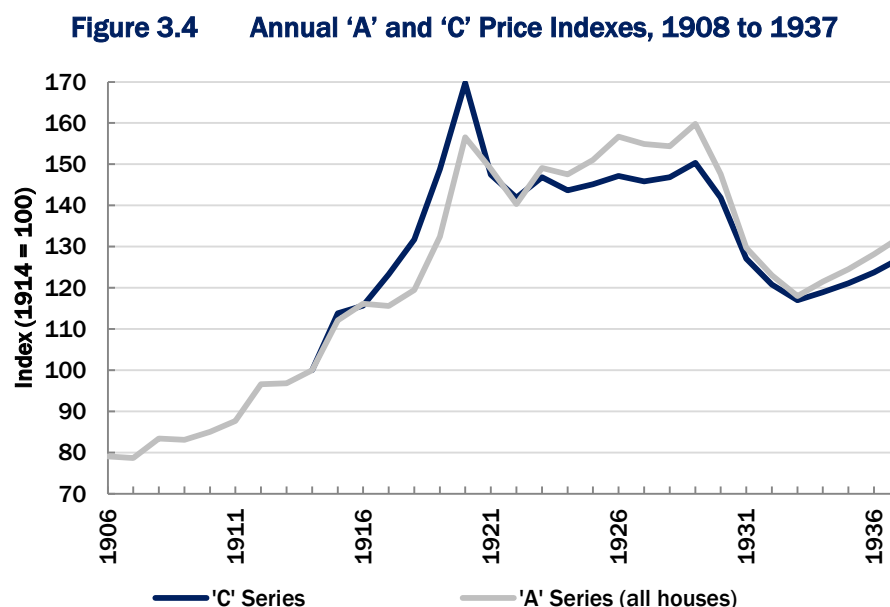
²⁶⁵ Groceries comprised: Bread, flour, tea, coffee, sugar, rice, sago, jam, oatmeal, raisins, currants, starch, blue, candles, soap, potatoes, onions and kerosene. Dairy products contained 7 commodities: Milk, butter, cheese, eggs, middle cut bacon; shoulder cut bacon and ham. Meat had 21 items; 10 different cuts of beef; 7 cuts of mutton, and 4 cuts of fresh pork. This initial basket was used until 1932 before being updated to include: some additional groceries – golden syrup, dried apricots, canned fruit and canned salmon; the addition of sweetened condensed milk to the dairy group; and modifications to the meat group reducing the range of specific cuts but including beef and pork sausages to comprise 16 items. This reduced the total number of items in the index from 47 to 45 (ABS 6101.0 1932, 13-15).

²⁶⁶ The ABS also produced a 'B' Series for the period 1925 to 1953 (although also back-cast to 1907). This was a modified version of the 'A' series which limited housing to a 'standard commodity', defined as rents on four and five bedroom houses. This series was never used in wage determination, but reflected a resolution from the August 1924 Conference of Statisticians of Australia and New Zealand that "for purposes of computing price levels in respect of rent, it is desirable that houses of four and five rooms only be taken into account" (ABS 1301.0 1995, 586). There was also a 'D' Series which was derived from the 'A' and 'C' Series. This though was an interim

back-cast to 1914. This was a broader price index taking into account clothing and other requirements including fuel and light, household drapery and utensils, fares, entertainment, and work and health related costs. The basket for this was drawn from a combination of the household budgets as developed in the Royal Commission on the Basic Wage, and ABS data on aggregate commodity consumption.²⁶⁷

Adoption of this series was slow. Despite its development in 1921, it was not until the Basic Wage Inquiry 1934 that the court, in a majority decision concluded: “We are convinced that the ‘All Items’ Index Numbers should be used as the measure of assessment and adjustment of the basic wage” (33 CAR 144, 153). The series was used by the court until 1953 when indexation was abandoned.

The grounds of concern of the unions and others about the use of specific price indexes can be seen in a comparison of the ‘A’ and ‘C’ series over the period to 1937, as illustrated in Figure 3.4. Although the two series, based at 100 in 1914, were essentially coincident up to 1916 there were considerable differences at other times.²⁶⁸



Source and notes: See Table A 6.21.

Over the period of the First World War, from 1914 to 1919, while the ‘A’ series showed an increase in prices of 32.5 per cent, the ‘C’ series showed a much steeper increase of 48.8 per cent. This difference was driven by changes in

mechanism for wage adjustment in 1933–34 for a small number of industries. In addition a re-based version of the ‘C’ series was known as the ‘Court’ series.

²⁶⁷ The ABS published an array of regional price indexes. In addition to the indexes for Capital Cities, at various times it published a major series for 30 towns, and a minor series for 200 towns.

²⁶⁸ Given both series were published concurrently from 1922 these differences were on the public record. Prior to this both employers and unions had raised the question of the coverage of the price index in cases, arguing respectively that these indexes had risen more rapidly than prices (9 CAR 52, 67 and 9 CAR 181, 190), or more slowly (11 CAR 197, 220 and 12 CAR 531, 536).

prices of clothing and related household items. While the 'C' series was not compiled at the time, the unions were well aware of these price changes, and the failure of the price index to account for these price changes. The issue of clothing in particular, was raised in a number of cases, including an extensive discussion in a 1918 case for public service clerks (12 CAR 531, 556-560).

Conversely not only did the 'C' series fall more rapidly in the immediate post-war period, but after the two series drew back together in the early 1920s, it then lagged the 'A' series. Specifically while the 'A' series identified a 13.9 per cent increase in prices between 1922 and 1929, a much lower increase of 5.9 per cent was reported by the 'C' series. This differential may be in part responsible for the slow adoption of the 'C' series by the court.

The CPI which has been the measure of price change since 1960, and its predecessor, the Interim Price Index (1954-1960), covers an expanded range of goods and services, with the CPI being regularly re-weighted to reflect changing consumption patterns.

During the 1950s the unions sought a return to indexation and the adoption of the 'C' Series for this, rather than the CPI, or its interim predecessor. This attitude weakened in the early 1960s, with the 1961 wage case reporting: "Although the application was based on the 'C' Series Retail Price Index, Mr. Hawke said that he did not positively oppose the use of the Consumer Price Index, although the trade union movement had not yet defined its attitude towards this index" (97 CAR 376, 385).²⁶⁹ This decision followed on with a discussion of the merits of the approaches citing Copland as considering the CPI a "more modern, probably a realistic index" (385) and reference to the Statistician having said that he considered "the 'C' series no longer a reliable index" (385) in the post-war period. After this point, when price change was an issue of debate, and when indexation was briefly reintroduced, the CPI was the measure used.

For the purposes of analysis here a specific CPI series had been derived. This is described in Appendix 2.²⁷⁰

3.2.3 ROYAL COMMISSION ON THE BASIC WAGE

While still strongly defending his original decision, by 1917 Higgins was one of a number of voices beginning to support a more thorough review of the appropriateness of the amount of the basic wage.²⁷¹ He argued that while "no attempt has yet been made in this or any other case to impugn the soundness of my finding in 1907 as to 7s. as the proper basic wage in Melbourne in that year ... An inquiry on this subject is eminently desirable now that the finding of 1907 has stood for nearly ten years" (11 CAR 31, 34). This sentiment was repeated later that year as the "best check ... would obviously be a direct inquiry as to the actual present cost of living. I should welcome such an

²⁶⁹ ABS ceased the publication of the 'C' series in April 1961 (ABS 6101.0 1960, 185).

²⁷⁰ The derivation of a series for this analysis reflects not just the discrepancies between the two ABS series, but also between various series proposed by economic historians.

²⁷¹ An earlier call had been made in 1916 by Powers for such an inquiry "as soon as we get back to normal times" (10 CAR 629, 644).

inquiry ... an inquiry which should rest on carefully-selected budgets of actual expenditure in the families of workers” (11 CAR 267, 277). In a public service case in 1918 Powers identified calls by a number of parties that the “Federal Government should appoint a Commission or some body to take evidence with a view to fixing a Federal Living wage for a man, his wife, and a family of three, on a scientific and humane basis, or authorize the Commonwealth Statistician to do so... The President of this Court and I have, on more than one occasion, recommended that course to the Federal Government” (12 CAR 531, 543).

Following an approach from the union movement earlier in the month,²⁷² such an inquiry was committed to by Prime Minister Hughes in his 1919 election speech of 30 October:

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

... the cause of much of the industrial unrest, which is like fuel to the fires of Bolshevism and direct action, arises when the real wage of the worker – that is to say, the things he can buy with the money he receives – 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 under 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. ...The Government is therefore appointing a Royal Commission to inquire into the cost of living in relation to the minimum or basic wage. The commission will be fully clothed with power to ascertain what is a fair basic wage, and how ... the basic wage may be adjusted to the present purchasing power of the sovereign ... The Government will at the earliest date possible create effective machinery to give effect to these principles. Labour is entitled to a fair share of the wealth it creates. (Hughes 1919)

The Royal Commission thus established was chaired by Arthur Piddington, an academic and lawyer, and former independent liberal politician in the pre-federation New South Wales Legislative Assembly, who had led a number of Royal Commissions in New South Wales, including into the Arbitration System, as well as having been Chief Commissioner of the Inter-State Commission (See Graham 1995). Piddington had been selected to chair the commission on the basis of a unanimous vote of the 3 ‘representatives of

²⁷² The final impetus appears to have been triggered by a call from the Australian Tramway Employees’ Association in September 1919, and a subsequent meeting of unions on 1 October at which “it was decided, in view of the early elections, to impress upon the Prime Minister, by personal interview, the necessity for creating the Commission forthwith” (Conference of Federated Unions 1919, 4). This delegation met with Hughes on 15 October, with Hughes agreeing to the approach and asking the unions to nominate possible members, and for their views on the terms of reference.

employers', and 3 'of employees' who had been nominated to serve on the Royal Commission.²⁷³

The terms of reference for the Commission were primarily directed at determining: "the actual cost of living ... 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 aged under fourteen years of age ... How the basic wage may be automatically adjusted ... (Piddington 1920a, 6).

This wording was questioned by employers from the outset with a delegation approaching the Prime Minister in January 1920 seeking a number of changes to the inquiry including that it should be "restricted to fixing a living wage for the humblest class of worker" (Telegraph 29/1/1920, 4). No amendment was made.

After extensive analysis, including a failed attempt to obtain information on household spending,²⁷⁴ the Commission costed a detailed household budget drawn from: submissions by the unions, in particular for clothing, and miscellaneous items; food which was determined on the basis of a range of scientific evidence; and housing, for which the Commission determined a need for a five room house "in decent surroundings; and provided with a bath, copper and tubs" (Piddington 1921a, 22).

The Commission's finding was that the weekly cost of living ranged from £5/17/0 in Sydney to £5/6/2 in Brisbane. While this amount was not stated in the conclusion of the Report as being what the Basic Wage should be, the text of the Report accepted this to be the case. In a discussion which noted the history of the Commission, and associated public announcements, the report states the "accepted view throughout the inquiry, and finally the obvious considerations that in Australia whatever is found to be 'the actual cost of living according to 'reasonable standards of comfort' will by one legal method or another become the basic wage – all these considerations left no doubt in the minds of the Commission that its task was to ascertain what the actual cost of living is in order that the amount so ascertained might be made the basic wage" (15).²⁷⁵

The Commission's report however contained a dissenting report from two 'employer' members, Keep and Gilfillan, in which they disassociated themselves from any implication "that the findings of the Commission as to the cost of living must necessarily become the Basic Wage" (60) further

²⁷³ Rathbone later observed that given the task of the Royal Commission into the investigation of the costs for a household "it may seem strange that a body entrusted with such a task should have included no women members" (1940, 82).

²⁷⁴ While 9,000 forms were distributed only 400 were returned and were seen of limited value to the inquiry (Piddington 1920a, 18).

²⁷⁵ In the light of this statement, it is difficult to accept the view of Piddington's biographer Graham, other than in the most narrow technical reading of the report, of there being "repeated incorrect assertions by historians that Piddington recommended a basic wage" (1995, 84). Although this position does reflect Piddington's later claim that "In the controversy which has ensued it has been stated that this Commission 'fixed' £5 16s. per week as the basic wage, sometimes that the Commission 'recommended' it. Neither statement is correct." (Piddington 1921b, 10).

indicating “we should be failing in our duty to the employers, whom we represent, if we had not given consideration to these matters” (62).^{276,277} In turn the Chairman, with the support of the three trade union Commissioners, entered a protest: against the way this dissent was voiced at the last moment; the extent to which they considered it went beyond the terms of reference to include “political and economic doctrines”; and that it appeared to question the Letters Patent (64).²⁷⁸

This was the beginning of considerable controversy about the findings. Already Hughes had sought to distance himself from his earlier commitment to implement the findings of the Commission, on the basis of the failure of the constitutional referendum in 1919 to extend the Commonwealth’s industrial powers. He immediately referred the report to the Australian Statistician, Knibbs, for an assessment. Knibbs prepared a minute containing analysis of the proposal and a range of economic data, before concluding, that over the period between 1914 and 1918, “in the most favourable case the payment of a Basic Wage of £5/13/10 per week per adult male would absorb the whole of the profit of Australian industry” (Knibbs 1920, 12). Under less favourable assumptions he argued the whole of the profit would only permit a wage of £4/12/4 (12). As discussed in Chapter 4, Knibbs also identified, as an option to such a minimum wage, the setting of the wage on the basis of a couple only and the introduction of child endowment. This theme was also adopted in the subsequent response to the Prime Minister from Piddington dated 22 November 1920 (Piddington 1920b). (This is considered more substantively in section 4.2.) In parliament, on 23 November 1920, Hughes rejected the primary finding of paying a minimum wage of £5/16/0²⁷⁹ as “absolutely and without reservation ... because of its impossibility” (Australia. Representatives. 23/11/1920, 6819).

Notwithstanding this, the Commission’s finding was immediately seized on by the union movement. In January 1921 the Inter-state Union Conference passed a motion: “Recognising that the working-class struggle is for collective ownership and control of the means of production and distribution, and that the pursuit of wages is at best the pursuit of palliatives, we resolve ... that the findings of the Basic Wage Commission be accepted as the least amount which, as a basic wage, will afford, a reasonable standard of comfort” (Australian Worker 3/2/1921, 7). This was followed by a pamphlet *The Basic Wage Betrayal* (Committee of the Conference of Federated Unions 1921) (cover illustrated at Figure 2.2) which detailed the contents of Piddington’s minute of 22 November 1920, along with commentary, and juxtaposed Hughes’ original commitment to implement the outcomes of the Royal Commission and his

²⁷⁶ The perception of these members that they were on the Royal Commission representing employers would appear to be contrary to the expectation that Commissioners are to act independently.

²⁷⁷ The third ‘employer’ representative Alban C Morley did not join this dissent, nor did he join with the Chair and the three union ‘representatives’ in the Chairman’s dissent.

²⁷⁸ The ‘Letters Patent’ were the formal conditions including the terms of reference, membership and time lines for the conduct of the Royal Commission as given by the Governor General.

²⁷⁹ The Royal Commission did not cite an ‘Australian’ rate, only rates for each capital. The amount of £5/16/- was used by Piddington in his letter to the Prime Minister (Piddington 1920b).

rejection of the finding – describing this as an “unblushing and contemptuous” (20) repudiation. It argued, in particular, that in his memorandum Piddington “assumed that the present division of the product of industry between capital and labour is equitable ... we do not accept this position” (4), and compared Hughes’ claim of “impossibility” of paying such a wage, with previous resistance to wage claims and improved working conditions, from the abolition of child labour, through to the eight hour day.²⁸⁰

The issue was also brought into the sphere of Commonwealth arbitration in May 1921 with a claim by the Federated Gas Employees Industrial Union for the finding to be adopted. This case was heard by Powers who argued in his decision: “The Royal Commission in question was not appointed to find what the basic wage of an unskilled worker, or of any worker should be. It admittedly called itself a Basic Wage Commission, but it was not appointed as such” (15 CAR 838, 844). In his judgement, in which he also declared “the court has no fairy wand to wave to compel employment at wages sufficiently high to allow workers to enjoy any standard of comfort the Judge for the time being, or any Royal Commission, thinks it desirable” (849), he enunciated a number of the detailed critiques of the findings. These included: the housing standard which could not be met by the current stock of housing; the costing of particular items – such as £8 suits, compared with advertised prices which were much lower; and the capacity of industry to pay, as discussed by Knibbs.

Prior to this case Higgins, in one of his final cases, but one which commenced prior to the Commission’s Report, both dismissed the finding and sought to place it in the context of the prevailing economic situation.²⁸¹ He declared:

this so-called ‘basic wage’ of the Commission, which is not a true basic wage, but a will o’ the wisp that will lead them into the ditch. ... I understand the Commonwealth Statistician has reported that the whole produced wealth of the country, including profits, would not be sufficient to pay it. There seems to be a storm coming up, with widespread scarcity of employment; and it is wise to keep to the moorings which we have until we make certain of better (15 CAR 297, 305-306).

²⁸⁰ The pamphlet (cover shown in Figure 2.2) contains a “Foreword to the Reader” which declared:

- CAPITALISM said that the abolition of: Chimney Boys; Chattel Slavery; Child Labor in Factories; Female and Child Labor in Mines, would ruin industry.
- CAPITALISM said that the Inauguration of: The Eight Hour Day; Early Closing; Saturday Afternoon Holiday; Factories and Shops Acts; Compulsory Arbitration; Wages Boards; A Living Wage, and; The N.S.W. Board of Trade Living Wage Declaration, would ruin industry.
- INDUSTRY STILL SURVIVES. (Committee of the Conference of Federated Unions 1921, 1)

The language of betrayal about this was used more widely, see for example: Daily Herald (30/3/1921, 4); Westralian Worker (1/4/1921, 4); and Sunday Mirror (10/4/1921, 1). It also persisted into the next year: Westralian Worker (3/11/1922) and Daily Standard (1/12/1922, 4).

²⁸¹ Unemployment which had been at around 3 to 4 per cent in the period after the war had commenced to rise in the early 1920s, reaching 5.8 per cent in 1921 and 6.1 per cent in 1922.

Higgins considered that the problems with the findings were “the result of the faulty drafting of the commission under which they acted” (302).²⁸²

Estimating the actual increase implicit in the finding of the Royal Commission is not simple. Four main reasons exist: The first is that at the time decisions were still made on an award by award basis so that there was not a single basic wage rate as such being paid. Secondly, prices were very volatile. For example, the price index for the 6 capitals increased from 1506 in the third quarter of 1919 to 1891 in the same quarter in 1920, a 25.6 per cent increase, before then falling to 1659 in the same quarter in 1921, a fall of 12.3 per cent. Thirdly, the use by the court of annual average measures of the price index introduced a lag into the findings of the appropriate value of the minimum wage relative to the assessed current cost estimates of the budget items identified by the Royal Commission. Finally, in the light of the rapid changes in prices at the time, the actual date of the Commission’s costs is not clear.

A consequence of this is that many diverse figures were used for the value of the minimum wage and hence the increase implicit in the Royal Commission’s finding. In his minute Piddington suggests that the current value of the minimum wage was £4, but notes that it is more likely to be £3/18/0 (Piddington 1920b, 5); Knibbs (1920) cites a Harvester equivalent of £4/12/10 (2) for Melbourne for the 3rd quarter of 1920; while in the Supplementary Report Piddington cites a March 1920 decision of £3/10/6 and a “Harvester equivalent” of £4/11/0 (Piddington 1921a, 105). In December 1920, using the 1919 Annual price index an amount of £3/11/0 is cited (14 CAR 811, 830). These variations and the underlying factors leading to them, not just impinged on making an assessment today of the finding, but resulted in confusion at the time. Taking the range of these figures would suggest that the Commission’s wage was some 27 to 65 per cent above the equivalent value of the Basic Wage at the time.^{283,284}

In explaining its approach the Commission took the view that “in making the inquiry into the essentials of comfort for an employee’s family no Statute and no decision discriminates between the standard reasonable for one type of employee and that which is reasonable for another type” (Piddington

²⁸² Hancock, while considering it was “unrealistic to suppose that the Court would simply substitute the Piddington basic wage for the Harvester equivalent”, attacks this finding by Higgins, declaring “what is indefensible, however, is Higgins’ casuistry about the Royal Commission’s letters patent” (2013, 146). He argues that rather than taking this focus, Higgins should have addressed some of the elements and reasoning of the decision, or alternatively should have considered the finding as an aspiration.

²⁸³ Writing later, Piddington argues “at the time the Commission made its Report ... the basic wage determined in the manner described [the Arbitration Court approach] 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 ... at less cost” (Piddington 1921b, 34). Even on the basis of these figures the finding would have involved a 24.7 per cent increase in the wage.

²⁸⁴ In the Gas Employees Case the union argued that because of the changes in prices by early 1921 the amount that it sought as the ‘Piddington amount’ was not the £5/16/6, but rather £7 (15 CAR 838, 840).

1920a, 16). On this basis it reported: “The Commission therefore, has determined reasonable standards of comfort, not by reference to any one type or group of employees, but by reference to the needs which are common to all employees, following the accepted principle that there is a standard of living below which no employee should be asked to live” (17). In contrast to the Harvester decision there was no conceptual approach to the idea of “*frugal* comfort” or “a *labourer’s* house”, rather the reference is to “reasonable standards”. This, along with the failure in the report to come to grips with how such a standard could be delivered, let alone providing a feasible option to the government, effectively resulted in the side-lining of its findings.

Notwithstanding this it however resulted in the creation of what can only be considered as unreal expectations by some elements of the union movement as to the wage they were entitled to – and of the adequacy of the then Basic Wage. As discussed in the next chapter, while Piddington’s proposal for child endowment may well have provided a workable pathway, this was only proposed after the initial report, and hence after the initial expectations were created, and it was an opportunity missed.

3.2.4 SETTING THE MALE BASIC WAGE 1930 ON

As Higgins intimated in his above observation ‘there seems to be a storm coming’, the Australian economy did not prosper during the 1920s and the basic wage, with the Powers’ 3s., was simply indexed for the balance of the decade, with the union bitterness of the ‘Basic Wage Betrayal’ being muted by rising unemployment. A decade later, in 1931 with the deepening of the Depression, in response to an application by employers, the court cut all wage rates specified in awards, including the basic wage, by 10 per cent (30 CAR 2).²⁸⁵ After several unsuccessful applications by the unions the court reversed the 10 per cent cut in wages in 1934, but withdrew the Powers’ 3s, conceptually placing the real rate of the wage back to the 1907 Harvester standard (33 CAR 144).^{286,287}

The Basic Wage and Wage Reduction Inquiry of 1930-31 also marked a significant shift in the conceptualisation of the basis of the setting of the minimum wage. This was manifest by the introduction of a ‘capacity to pay’ principle, in contrast to the ‘needs based’ approach inherent in decisions to that date. In framing this the court declared: “Whatever the ascertained cost of living at a certain degree of comfort ... the Court in fixing a wage must of

²⁸⁵ This was an extensive case with a major role being played by academic economists including Copland. Hancock, in addition to providing more detail on the actual involvement of these economists in this and the 1937 Basic Wage Inquiry, observes “Wage policy was one of the topics to which the economists gave their attention. To the best of my knowledge, Australia was unique in the part that wage policy played in economic discourse” (2004a, 436). See also footnote 293 and discussion in section 2.8 concerning the role of academic economists.

²⁸⁶ As discussed in section 3.5.2 my estimate is that, notwithstanding this intent, the real value of the wage was 8.9 per cent above the Harvester standard, given the issues with the ‘A’ series price index.

²⁸⁷ See footnote 374 for a discussion of the apparent limited impact of this decision.

necessity consider the productive capacity of the Commonwealth” (30 CAR 2, 30).²⁸⁸

A key feature of the basic wage in the early 1930s was a dramatic fall in its nominal value. This was largely a consequence of indexation to a declining price index, rather than the formal cut. Whereas the nominal rate of the minimum wage in Melbourne in December 1929 was 90s. a week, this fell to a low of 60s. 4d. a week in the March quarter 1933, a result of the 10 per cent cut and deflationary indexation. Even with the reversal of this cut in May 1934, the nominal value of the wage was just 64s. per week (ABS 6101.0 1952, 234-235).²⁸⁹

Needs and Capacity to Pay

The nature and implications of the 1930-31 decision has been the subject of considerable debate. This includes the extent to which there was a dichotomous shift, and if so when this definitively occurred, and whether it was maintained. Hancock and Richardson argue that after the 1930s, with the exception of the introduction of child endowment, until 1967 “needs very largely disappeared from the wage-setting agenda” (2004, 148). In 1941 Fitzpatrick went further, seeing a series of different approaches: “The basic wage was at first determined by what were conceived to be the worker’s fair and reasonable needs, then by a rough and uncertain measure of those needs, then by the supposed capacity of industry to pay, and at length by what *might* be the capacity of industry to pay in the future” (1941, 25). Hagan, writing on the 1950 decision declares at this point “it was true that the Court was clear in its mind that an estimate of ‘needs’ was no longer important to the fixing of the Basic Wage”, but argues that the court “had abandoned the clear distinction in the 1937 Judgement made between ‘need’ and ‘capacity to pay’ when in 1946 it added the seven shillings increase to the ‘needs’ portion of the wage” (1981, 155). Frazer conflates the existence of the basic wage and needs to refer to “the abandonment of the universal needs-based ‘basic wage’ concept in 1967” (2003, 5). Corden, drawing on arguments advanced by Kaldor, points out that, to the extent indexation continued to be used in wage-setting, this effectively was adding an element of a ‘needs’ basis to it, even if the initial level

²⁸⁸ While this concept can be considered as ‘new’ in the context of the court, it was clearly the key grounds for the rejection of the findings of the Royal Commission on the Basic Wage a decade earlier.

²⁸⁹ This experience, contrary to usual arguments as to downward nominal wage rigidity, raises some issues. These include whether or not paid rates fell in line with these reductions and the attitude of organised labour and workers to the reductions. Schedvin (1970) argues, with respect to both this and the 10 per cent cut that “the weight of downward adjustment in prices and wages was carried by the unemployed and that national wages policy was of minor significance in the process” (350).

Media coverage of the indexation cuts reports a mixed situation. In 1933, for example, it was reported that Myers’ Emporium in Melbourne was not implementing the two most recent indexation cuts (Northern Star 29/4/1933), with similar reports of local governments doing likewise (Cumberland Argus 30/10/1933, 2; Sun 5/11/1933, 11 & 7/11/1933, 15; and Daily Examiner 6/12/1933, 4). The Queensland Secretary of the Meat Industry Employees’ Union was quoted as saying “It had been his experience that the majority of employers did not take advantage of the Federal wage reductions” (Daily Standard 28/4/1933, 10). Conversely some cuts were made – and public servants in NSW, in response to the state rather than federal cuts, were reported as being “displeased but philosophical” (Newcastle Sun 17/11/1933, 9).

had been set on a capacity to pay (1968, 97).²⁹⁰ Baker's conclusion, from an analysis of the various stances taken in decisions, suggests that seeking to define such shifts in principle is a futile exercise. He summarises this as "the record shows conclusively that every 'principle' adopted by the Court has shortly afterwards been rejected by the same Court and replaced by another, influenced to varying degrees by ... numerous pressures and considerations" (1966, 57).

The 1943 Munition Workers' Case contained an extensive review of the history of the wages system in Australia by the full court. This sought to provide an approach which saw both these elements as having a role, one dominant and the other subsidiary:

we think that it must be clear that, although since 1930, when 'the economic or productivity factor' emerged as the 'dominant factor' ... the adequacy of the wage to meet the requirements of any 'specified family unit' has been only a subsidiary consideration, subsidiary that is to say to the question of the capacity of the national production to sustain a particular wage level, it is plain that the Court has not held that its basic wage has been fixed at too low a figure to meet the normal and reasonable needs of a family of husband, wife and at least one child ... in this sense it can still be regarded as a family wage. (50 CAR 191, 208)

This is somewhat rephrased in Hawke's analysis where he refers to the confused debate on this question, suggesting that the court's "judgments contributed abundantly to the misunderstanding" (Hawke 1956, 449), before concluding: "that while the Court has always had regard for both principles one has sometimes been the effective and the other the passive criterion" (450).²⁹¹

An alternative interpretation was provided in the majority judgement in the 1934 Basic Wage Inquiry: "Hitherto Australian Industrial Courts have substantially assessed their basic or living wage on the cost of living of a family unit according to the standard ... thought fit to adopt. In the long-run, if due consideration be given to economic conditions, this process will probably give a resulting basic wage in amount fairly close to that which would be indicated by a method founded on national productivity" (33 CAR 144, 147). This reasoning appears to have considerable validity. It is reflected in the rejection of the report of the Royal Commission on the Basic Wage

²⁹⁰ This issue of a 'needs element' in the basic wage was also raised in the 1952-1953 Basic Wage decision where the court made reference to: "the present basic wage for adult males includes an amount of some 50s. a week which certainly has no relationship at all to any assessment of needs or of the cost of providing for them" (77 CAR 477, 532).

²⁹¹ This balance is seen today in the minimum wage-setting criteria which includes having regard to "the performance and competitiveness of the national economy ...[and the] relative living standards and the needs of the low paid" (*Fair Work Act 2009* (Cth), s.284) A further criterion is "promoting social inclusion through increased workforce participation". This criterion, which is most frequently read in terms of labour demand, is feasibly equally interpretable on the supply side with regard to reservation wages. That is, while seen as a criterion cautioning against pricing some workers out of employment, it can also be seen as a caution against setting the wage at a level below that at which people are willing to work.

where the standard set by the Commission in its finding as to the cost of living was substantially above what could be warranted on the basis of productivity.²⁹² It also encapsulates the longer-term need for the adjustment of the wage in respect of the higher living standards of other workers who could negotiate a share of the gains of productivity growth, or who operated in a market for their skills which more closely paid a market clearing rate. More so, as is discussed further in section 4.3.1, in providing evidence to the Royal Commission on Child Endowment in 1927-28, the unions took a strong line of argument that the basic wage at that time was best seen as a result of collective bargaining with no strong linkage to family needs. They further indicated that if provision was made for child endowment they would simply “formulate their ... demand ... in a different way” (RCCE 1929, 1181). This leads to the question as to whether, for both the unions and the court, the language of needs was ever more than a convenient mechanism for framing claims and presenting judgements.

My assessment of wage-setting decisions subsequent to 1931 is that, while the capacity to pay principle continued to be the primary focus in decisions, persistent elements of a needs basis can be identified. Most certainly arguments based on needs formed a significant element of the material submitted by the unions to the court and accepted in evidence. More so, as ‘needs’ changed to reflect changing living standards generated by economic growth, there was a clear link between the ‘capacity to pay’ – the general level of prosperity – and needs. Additionally, as seen in decisions about the female minimum wage, these were clearly based on relative need with little, if any, reference to ‘capacity to pay’.

Prosperity, the War and Post-War

In the 1937 Basic Wage Inquiry, held at a time when the economy was emerging from the Depression, the court, declared that “the present degree of prosperity in the Commonwealth and the existing circumstances of industry make desirable appreciable increases in the basic wage” (37 CAR 583, 593), and awarded a “prosperity loading” of between 4s. and 6s. per week depending on location²⁹³. This represented the first deliberate increase in the real value of the minimum wage since its establishment three decades earlier.

²⁹² While the type of ‘budget standard’ approach adopted by the Royal Commission appears to be a transparent and objective way in which to determine the income needs of households, in practice they have tended to be problematic. This can be seen in the critique of the findings with regard to the cost of suits as noted in the text.

More recently Budget Standards estimates were developed in Australia in the late 1990s as part of investigating the adequacy of income support payments. These generated: “estimates [that] appeared to be high by comparison with other benchmarks. This was true of both the ‘low cost’ budget, which generated budgets of up to 150 per cent of relevant income support payments, and the ‘modest but adequate’ budget, which suggested, for a number of household types, that above average incomes were required to live even modestly” (Department of Families and Community Services 2003, 68).

²⁹³ This case was also influenced heavily by academic economist input. The judgement reports that “an able economist called as a witness by the Court, Mr. Reddaway, who, as well as his own opinion, voiced that of eminent economists of the University of Melbourne well acquainted with Australian conditions” (37 CAR 583, 587). Harcourt summarises Reddaway’s role as: “so effective was [Reddaway’s] evidence that the

With the outbreak of war, while indexation continued to be applied, consideration of any change in the real value of the wage was deferred in the 1940 National Wage Inquiry of the court (44 CAR 41).^{294,295} In the immediate post-war period the court granted an “interim” increase of 7s. to the needs component in 1946 (57 CAR 603). This was then followed by the “Basic Wage Inquiry 1949-50” (68 CAR 698) which was effectively the finalisation of the deferred 1940 case. This awarded the largest single increase to the basic wage, of £1 per week, a 14 per cent increase.²⁹⁶ As detailed later these large post-war increases were accompanied by decisions which introduced the 40 hour week and an increase in annual leave from one to two weeks.

In the following 1953 Basic Wage Case (77 CAR 477) the court abolished indexation.²⁹⁷ This was followed by a period of periodic, generally annual, wage reviews. Cumulatively these reviews tended towards increases in the minimum wage, with the real value increasing by 51.8 per cent between November 1952 and June 1978. In 1966 the wage structure was changed with the abolition of the separate components of the basic wage and margins in favour of a unified “Total Wage” (115 CAR 93).^{298, 299} In this process a new “minimum wage” for men was established equal to the male basic wage which increased by \$2.00 plus \$3.75 per week.

Commonwealth Arbitration Court accepted the Unions’ Case” (Harcourt 2012, 296). He also notes that at the time Reddaway appeared in this case he was aged just 24. (See also Reddaway (1938) and Milmow (2003).)

²⁹⁴ The circumstances of this case are discussed later in the context of its relationship with the introduction of child endowment.

²⁹⁵ During the war the court’s jurisdiction was expanded under the National Security Act (see Foenander 1943) while the ‘Economic Organisation’ regulations introduced in 1942 had the “effect ... to peg all rates of pay ... at the rate operating on 10th February 1942”, although with provisions relating to existing negotiations, indexation to price change, and anomalies” (Clarey 1944, 7).

²⁹⁶ This case also highlighted strong divisions and tensions within the court. Justice Kelly, the chief judge, favoured no increase. Justice Foster wanted a £1 increase, and Justice Dunphy, while also believing an increase was necessary, felt it should be a more modest 10s. This amount he also viewed as being a compromise between the Kelly and Foster positions. However Kelly refused to countenance any increase, even a lesser compromise of 5s., leaving Dunphy, as his only option if he wished to deliver some increase, that of supporting Foster’s position. (See Larmour (1985, 203-205) and d’Alpuget (1977, 120-121)). The actual amount of the increase varied slightly between states as the decision also sought to standardise the amount of the 1937 prosperity loading.

²⁹⁷ In 1975 there was a restoration of a form of discretionary quarterly indexation. This lasted until 1978, when it became six monthly until 1987, with a break in 1981-82 during the ‘wage pause’ when indexation was temporarily abandoned.

²⁹⁸ This decision ended the formal “foundational” role of the basic wage. The development of the total wage was subject to strong opposition by the union movement. The major motivation for employers in seeking to have the total wage concept adopted was that the two element structure of wages effectively allowed unions to have ‘two bites of the cherry’ pursuing wage increases through each of the elements.

²⁹⁹ This case also reveals some of the complexities which had entered into the determination of the minimum wage. It noted, that in addition to there being 8 ‘capital city’ rates there were another 13 different rates for particular locations or combinations of locations. This had largely arisen historically, initially through differential price movements, and then through applications from employers or unions to have a common rate struck across a particular grouping of locations.

The commission in 1974 retrospectively described its subsequent policy as: “Ever since it came into being in 1966 the minimum wage has received special consideration from the Commission. Despite the absence of adequate information about the economic plight of those at the lower end of the pay scale, the Commission has, in recent years, been moved to award proportionately larger increases in the minimum wage than in total wage because unlike the latter, the minimum wage has been entirely within the control of the Commission and dependent on it for any improvement” (157 CAR 293, 299). The impact of this, both for the relative value of the minimum wage, and for the minimum wages of women which were not favoured by the same treatment, are considered further in sections 3.3 and 3.5.

Tracking the effective minimum wage between 1978 and 1995 is difficult. While it is possible to identify a ‘national wage case’ based minimum wage, simply adjusting the pre-existing minimum wage by commission decisions, the evidence suggests that this wage became increasingly irrelevant in determining actual rates of pay in the workforce. This was apparent at the end of the period when a major employer organisation’s submission to the 1997 Safety Net Review wrote of “reviving the minimum wage” and which rather than quoting an actual rate, could at best place its value at “about \$260 a week” (Australian Chamber of Commerce and Industry cited at 71 IR 1, 60).

Rather, over this period minimum rates of pay, for most employees, were driven by gains in industry specific awards, especially in a number of pace-setting awards. The most prominent of these was the Metal Industry Award.^{300,301} The minimum male rate of pay under this award has been used

³⁰⁰ In 1974 28.4 per cent of male and 9.3 per cent of female employees affected by major awards were under the Metal Industry Award. For men it dominated all other awards by a factor of 10. Amongst women it was the second most significant award, just below the number on the NSW State Clerks’ Award (ABS 6101.0 1975, 120).

³⁰¹ The rapid increase and then decline of this series reflects the initial impact of the ‘wages explosion’ of 1981-82, and the effective winding back of wages including through the Accords. A detailed examination of this is beyond the scope of this analysis, but given its significance is worth noting. The wages explosion followed a number of years of partial indexation (Plowman 1982, Table 1), and a booming economy, including a “surge in commodity prices from 1978 to 1981 [which] led to another period of great optimism” (Connolly and Orsmond 2011, 47). At the centre of this was the Metal Industry Award series. In looking at this, relative to the residual minimum wage, the initial and relatively minor increases were in September 1978 with the award of a supplementary payment of \$5 for the lowest grade of workers, which was absorbed by any over award payments up to its value, and in November 1979 in a work value case which provided \$7.30 for non-trade classifications. More significant were the two increases arising from negotiation in 1981 and ratified in 1 IR 169. This awarded to the U308 classification (the proxy for minimum wage) an increase of \$26.80 in December 1981 and \$10.90 in July 1982, a 23.2 per cent increase (Amalgamated Metal Workers, Bulletin 1/82 and 1/83). Given the scope of this award and the extent flow-ons were sought in other awards, this had a significant impact on wages. Male weekly ordinary time earnings increased by 17.9 per cent in the year to September 1982 and by 26.0 per cent in the two years to September 1983 (ABS 6302.0).

In December 1982 the Commonwealth Government decided to adopt a 12 month ‘wage pause’ for its employees and gained support from the states for this to be extended. However the commission, which had abandoned indexation and effectively centralised wage fixation in July 1981, only agreed a 6 month pause (Plowman 1984, 97-98). This strategy was however cut short by the election of a Labor Government in March 1983

as an alternative series, and is the focus of most of the analysis in this paper. This choice has three motivations: firstly, the minimum rate in this award was used, as detailed below, in 1997 as the basis of the new 'Federal Minimum Wage', and hence it provides a continuous, coherent series; secondly, the award covered a large segment of manufacturing industry; and thirdly, over the latter part of this period, this award became a standard which was incorporated into other awards.

Between 1983 and 1996 the minimum wage, and other wage outcomes were significantly influenced by the series of 'Accords' established between the Labor government and the ACTU. These Accords amongst other features involved wage trade-offs for social wage benefits, such as the introduction of Medicare and superannuation (as discussed later), increases in transfer payments, especially for families, and an expansion of childcare, and for taxation reductions, as well as providing a framework for the wages system. In broad terms the Accord period represents the only systematic application (outside of the war era) of wages policy by government, and in many ways involved a sidelining of the commission. One distinct impact of the Accord period was that of downward pressure on wages, which, as seen later effectively left the real value of the minimum wage in September 1995 below the rate it had been at the end of 1980 before the 'wages explosion'.³⁰²

In 1997 the Australian Industrial Relations Commission established a new Federal Minimum Wage, declaring: "We have decided to determine a minimum wage (to be called 'the federal minimum wage') ... below which no full-time adult employee working under a federal award is to be paid" (71 IR 1, 59), setting this on the basis of the C14³⁰³ classification of the Metal Industry Award.

This minimum wage, as noted in the decision, and in line with the constitutional basis of the jurisdiction of the commission, was only applicable to employees "under a federal award"³⁰⁴ and it was not until 2005, with the

which commenced to introduce policies, including certain wage trade-offs, through a series of Prices and Incomes Accords it had negotiated with the ACTU.

³⁰² There is an extensive literature on the Accords including their economic and industrial impact. This includes: Carney (1988); Fallick (1990); Lewis and Spiers (1990); Cook (1991); Chapman (1998); Wright (2014); Hancock (2014); and Buchanan, Oliver and Briggs (2014).

Typical of the economic analysis is the conclusion of Chapman "The econometric evidence on changes in industrial disputation, real wages and wage inflation after the beginning of 1983 is fairly compelling, and consistent with that predicted by the assumed theoretical basis of the Accord. Specifically, it seems that instituting a consensual incomes policy in the Australian industrial relations environment of the early 1980s was associated with more propitious industrial and labour cost outcomes" (1986, 641). More general attitudes to, and assessment of the actual impact of the Accord are an area of controversy. Kearny (2013) notes some "mythologising" within the union movement of the era with a focus on the positives only, and quotes Carney (1988) that there was "a feeling that unions were duped by the promises held out by the Accord".

³⁰³ This classification applied to a small group of labourers and other miscellaneous unskilled employees.

³⁰⁴ In 2004 the ABS reported that of those employees whose wages were set solely on the basis of a registered collective agreement over a third were on state awards, with the balance covered by the federal jurisdiction (ABS 6306.0 2004, 33).

changes to the industrial relations system, that the wage became a comprehensive national minimum wage³⁰⁵, although the impact of this change was small, given the extent to which the wage had been mirrored in state systems.

As has previously been noted between 2006 and 2009, responsibility for setting the minimum wage was shifted to a separate independent tribunal, the Australian Fair Pay Commission. It was argued by Andrews, the Minister at the time, that this was a “move away from the adversarial and legalistic nature of the current wages setting process [and would involve] a wider-ranging, proactive and consultative approach to this issue” (Australia. Representatives. 2/11/2005, 19). In 2009 the responsibility for undertaking annual reviews of the minimum wage (which have effectively been held since 1997) was transferred to Fair Work Australia (now the Fair Work Commission).

The real value of the wage is considered in section 3.5.2.

3.2.5 REDEFINITION OF THE ROLE OF THE WAGE

The role of the minimum wage as a family wage was, as discussed in section 3.1.3, firmly based in the Harvester decision, and over the first half of the twentieth century there was little debate about this, although questions about the capacity of the wage to meet the needs of larger families emerged early on, as did questions about the number of children it was adequate for. Additional questions on the nature of the family unit emerged more strongly in the second half.

Family Size

The issue of the adequacy of the wage for larger families was raised in 1918 by Powers in a case concerning postal sorters. Here he stated: “I will only add that the position of public officers who have to live on the basic wage and have more than three children ought to be considered by the Government. It is impossible for a man to treat four or more children fairly on a wage sufficient for three only” (12 CAR 354, 572). His appeal to government in this case was two-fold: Firstly, because these workers were permanent government employees, usually recruited when youths, it was feasible to consider a differential pay structure related to household size, as there was no way for the employer to discriminate in their employment decision against those with large families relative to those with a small or no family, since this was unknown at the time they were recruited; and secondly, on the grounds, perhaps particularly emphatic at the end of the First World War, that “the children are properly regarded as an asset by the State” (572).

Powers again raised this in the 1921 Gas Employees’ Case, providing tacit support to Piddington’s proposal for child endowment, reiterating his earlier call, before declaring:

I am sure the Parliament and the public do not really understand the position of the worker who is on the basic wage and who has more than

³⁰⁵ There remain some exclusions. These involve some government employees and employees of sole proprietors and partnerships in Western Australia.

three children under fourteen years of age, or that there are more than 150,000 men with such families, many of them on the basic wage. The more children a man on the basic wage has after three, the more degraded their standard of living must be for the whole family.

The basic wage the Court can give only allows a man with a wife and family of three children under fourteen years to live in frugal comfort.

The man on the basic wage with more than three cannot even do that, and he must live in worse conditions or reduce the food for the whole family to provide for six instead of five. (15 CAR 838, 870)

The full court emphasised the limitations of the structure of the wage in the Basic Wage Inquiry of 1937 noting “inasmuch as the Court cannot differentiate between the wage earners according to their dependents, the basic wage earner with a large family must often suffer and see his family suffer lamentable deprivations. The Court has no power to remedy this evil” (37 CAR 583, 593-4).

Beeby in the Basic Wage Inquiry 1940, writing at a time when the government had just announced its intention to introduce child endowment, assessed the value of the wage as: “On our accepted standards of living ... I regard the present basic wage as adequate for a family unit of three, but think it offers only a meagre existence for a family unit of four. When the unit gets beyond four hardship is often experienced. During a portion of his term as a low-wage employee a married man frequently has a family of more than two dependent children” (44 CAR 41, 50). This assessment was effectively repeated in the 1943 Munition Workers’ Case in the statement that the wage “can still be regarded as a family wage, inasmuch as it has been accepted as sufficient at all events to provide ‘frugal comfort’ for a man, his wife and at least one dependent child” (50 CAR 191, 208).

Family Unit

The question of the family basis of the wage, while subject to debate as discussed in Chapter 4 in the 1920s, in the context of child endowment, came into stark consideration in the 1960s with the strengthening push for equal pay.

The court’s consideration of this highlighted the essential tension in the wages structure of having a male minimum wage which still sought (and indeed needed) to provide for a man who was potentially a single breadwinner with a dependent family, and pay for women who were generally not, and the issue of equity, including that between single men and single women.³⁰⁶ In this context the question of the unit was discussed at times explicitly and at other times opaquely, and not necessarily in any consistent way, in a number of cases from the late-1960s to the mid-1970s.

In the 1969 Equal Pay Cases which granted equal pay to women undertaking the same work as men, the commission, with respect to the wages system as a whole, rather than specifically the minimum wage, concluded: “The most we

³⁰⁶ Recalling as seen in section 2.6.6 that even up to the mid-1980s most families with dependent children had a single breadwinner, who was in most cases male.

are able to say is that there is still a relic of the concept of the family wage in most of the present total wages” (127 CAR 1142, 1153).

While the nature of the unit was not discussed in the 1970 National Wage Case judgement, the commission indicated, in respect of the minimum wage: “We are anxious to give as much assistance as we can to those who need it most, but we are an arbitral tribunal and not an administrative social welfare agency” (135 CAR 244, 256). This language, as is seen in the 1974 decision below, would appear to be an attempt to move away from the family concept.

Notwithstanding this, in the following 1971-72 National Wage Case the unions put forward a case for an increase in the minimum wage based on a family unit of four. This was opposed by the employers on the basis that many minimum wage earners were single without dependents. The commission responded “however, in our view, that is far from the average situation and we should think in terms of a family unit” (143 CAR 290, 307),³⁰⁷ implicitly accepting the unions’ unit of four and endorsed “to some extent ... that the minimum wage for adult males is a social concept” (308).

This belief that the minimum wage still had a family component was more explicitly stated in the National Wage and Equal Pay Case 1972 (147 CAR 172) which while granting “equal pay for work of equal value”, an extension of the 1969 equal pay decision, as discussed in section 3.3.2, rejected the further extension of the principle to the minimum wage, as it was still considered to include a family component.

This position was however reversed in the 1974 National Wage Case, with the commission declaring: “we have decided that the family component should be discarded from the minimum wage concept” (157 CAR 293, 299). This decision can be considered more of a rationalisation of the position the commission found itself in, rather than a logical argument, or an active resetting of the wage. As will be discussed in section 3.3.2, the logic of its argument around the setting of the minimum wage in 1966 for men only would appear to be very questionable. In addition, the commission’s claim that the 1974 decision had “discarded” the “family component” of the wage, a component which it had still acknowledged was present, at least to some degree, in 1972, needs to be weighed against the fact that no adjustment was made to the wage in this regard. That is while it ‘discarded’ the concept, it did not discard any of the provision it had previously admitted was in the wage for this purpose. Rather, the decision awarded the male minimum wage with its residual family component to women.

This approach may explain why it was not until June 2014, some forty years later, that the Fair Work Commission declared in the Annual Wage Review 2013-14: “The appropriate reference household for the purposes of setting minimum wages is the single person household, rather than the couple household with children” (245 IR 1, 11).

³⁰⁷ The discussion was somewhat complicated by questions of whether or not attention also should be given to the potential occurrence of ill-health or disability in a reference household. This was rejected by the commission.

Arriving at this point was a gradual affair. In the 1997 National Wage Case decision, after considerable debate around the question of benchmarks in terms of living standards and household size, the commission could only conclude: “In our opinion, it is not desirable for the Commission to identify any family unit as appropriate for a benchmark” (71 IR 1, 52).

Looking at the value of the minimum wage over the intervening period, along with the development of the tax-transfer treatment of dependents within families (as will be done later in this chapter, and in chapters 4 and 5), and trends in the wage relative to other earnings, would suggest that, rather than the commission ever adopting a strategy of adjusting the wage to a new conceptual basis, it adopted a process where, over a 40 year period, the remnants of the family component of the minimum wage were ‘washed out’ of the wage. That is the wage declined relative to other wages, and the family element was taken up by government, and changes in the participation by married women in the paid workforce.

The role of the tax and transfer systems was highlighted in the Annual Wage Review 2014-15 where the commission, with a reference to its previous decision, stated: “An argument was put that a single-earner household with two dependent children should be the relevant benchmark. We affirm our use of the single-person household as the principal, but not the sole, reference point. We consider the position of many family types and take into account the interaction between wages and the tax-transfer system to produce equivalent household disposable income” (252 IR 119, 131).

Summary

In the immediate post-Harvester period the ‘Harvester wage’ became embedded as the basic unit of the Australian wages system. The initial challenge for the court was how to take account of inflation, which led to the adoption, for most of the following period, of indexation using ABS price indexes. The evolution of the wage also saw ongoing tensions about its nature and role, characterised by debate on whether it was ‘needs based’ or reflected the ‘capacity to pay’ of industry. While I would argue both elements were indeed present, in some ways, the debate can be seen as artificial, given that needs are a relative concept and in general are determined by the accepted living standards of the time which essentially reflect the level of economic development of the time – and hence the means of the community.

Reflecting the nature of family workforce participation for most of the period the wage maintained an element of the family wage, although, as with the question of ‘needs’, this was frequently poorly articulated. Further, to the extent its role changed, adjustment was achieved through slow transitions, rather than any formal restructuring.

3.3 THE FEMALE MINIMUM WAGE

The initial determinations on the minimum wage by the court solely related to men, as these were the workforce employed in those sectors for which the

initial awards were made in the federal sphere.³⁰⁸ The first time the court considered women's wages was in the 1912 Fruitpickers' Case, and it was only in 1949 that the Conciliation and Arbitration Act was amended to explicitly enable the court to determine a basic wage for women.

3.3.1 EARLY DECISIONS

The 1912 Fruitpickers' Case (6 CAR 61),³⁰⁹ again heard by Higgins, highlighted the tensions which persisted in female wage-setting until the mid-1970s. In setting the wage the court accepted a needs-based approach but, following the precedent, as discussed in section 3.1.3, established in the previous year in refusing to extend the adult male minimum wage to younger men as the wage was "founded on the theory of responsibility for an actual or potential family" it did not consider it appropriate for women to receive the family wage awarded to adult males.³¹⁰

Consideration of the question of female wages and the principles to be adopted in the case was extensive. The first discussion – under the heading of "Discrimination on the Basis of Sex" concerned the concept of 'equal pay for equal work'. In this Higgins said:

The Unions here insist on 'equal pay for equal work'. This phrase has an attractive sound, and seems to carry justice on its face; for, obviously, where a woman produces as good results as a man in the same kind of work, she ought not to get less remuneration. But the phrase is really ambiguous. If it means equal pay for those who turn out the same result in quantity, it means piece-work – for 100 tins of fruit, so much pay; for 80 or so tins of fruit, so much less. As Mr. Cater³¹¹ justly says, equal pay for equal work involves unequal pay for unequal work. Mr. Spence, in his thoughtful speech delivered on behalf of the Australian Workers' Union, expressly repudiated the phrase. It is also inconsistent with the other

³⁰⁸ As an example in the agricultural machinery sector, the focus of the Harvester Case, data for 1906 indicate that there were 138 agricultural implement works in Australia. Of the 3,117 employees in these whose gender was identified in the data just 10 were women (ABS 1301.0 1908, 455). No further details are available on these, or even if they were involved in the manufacturing side of the operations. However none were identified in the workforce at McKay's in the evidence provided to the court.

³⁰⁹ One aside in this case is worthwhile noting in that it provides some insight into the at times frustrating task of arbitration, as well as the ambiguity of the objectives of elements of the union movement. The United Labourers' Union was split between local members who wanted arbitration and the central executive who did not. This led to issues with evidence being provided to the court, and Higgins to remark: "No reason has been given for the hostile attitude of the leaders of this Union; but I understand that it does not approve of arbitration. In this view, it agrees with certain employers; extremes meet. The ultimate object of the Union is stated as being 'The emancipation of labor by the abolition of the wage system'; but if this is the ultimate object, what is to be done in the meantime? Why not, to be consistent, refuse wages as well as refuse arbitration?" (6 CAR 61, 78).

³¹⁰ The case was also relevant to another aspect of this decision, that of the cost of travel and related expenses, with the summary reporting: "The principle of the Pastoralists' case under which the wages of the shearers are fixed by the returns of the expedition, applied" (6 CAR 61, 61).

³¹¹ W. Rupert Cater was a Leeton based solicitor appearing for the growers.

claim, made expressly by the Rural Workers' Union, and made by the United Labourers' Union, that piece-work be not allowed. If, however, the phrase means that there shall be equal pay given to men and to women for work of the same character, its meaning is consistent with the prescribing of a minimum wage under section 40 of the Act (6 CAR 61, 70-71).

This discussion also reflected contemporary debate, and a major industrial relations issue, concerning piecework, a policy frequently advanced by employers, as well as the penetration of Taylorist production approaches.^{312,313,314} It also recognised that the concept of "equal pay for equal work" was open to many different definitions, a perspective emphasised by Rathbone in her article *The Remuneration of Women's Services*. In this she argued: "First, it must be pointed out that in adopting a formula so vague and ill-defined as 'equal wages for equal work' feminists are falling into a very palpable trap" (1917, 58).

Higgins then proceeded to discuss the basis of his setting of the Harvester wage, emphasising the rationale of the wage being set on the needs of a family, rather than as a market wage:

Now, in fixing the minimum wage for a man, I have been forced to fix it by considerations other than those of mere earning power. I have based

³¹² The trade unions' position on piecework was somewhat conflicted. While in principle they opposed the concept on both practical and ideological grounds, it was well entrenched in some sectors and permitted some groups of workers to earn relatively high incomes. On practical grounds it was seen as leading to inappropriate pressure on the rate of work, with potential for neglect of safety, and a risk of overwork, and carried the risk of the piecework rates being reduced if workers became more productive. It was also historically associated with sweating. Ideologically it was opposed because it cast workers as competitors with each other, rather than fostering solidarity.

These tensions were highlighted in 1927 when the Victorian Trades Hall Council attempted to define a position on the question suggesting a stance of "official union opposition to piecework, but in cases in which members of unions worked under a system of payment by results and desired to retain it, the council would accept the position" (*Argus* 4/11/1927, 16). In the debate the representative of the Clothing Trades Union took the position that in that industry under piecework "the speed at which the operatives had to work was not conducive to their welfare" and argued the union movement should comprehensively oppose the practice. Opposing her, a delegate from the Marine Stewards' Union "contended that when there was a monopoly of skill in such industries as shearing, coalmining and linotyping, piecework was considered by the men concerned to be the best system". This tension was exacerbated by one of the strongest unions in Australia – the Australian Workers' Union – having shearers, who were paid on the basis of their tally, as a major element of its membership.

³¹³ Taylor's *Industrial Efficiency* was first published in 1911, although he had written extensively before then. Copley (1923, 396) notes his first 'management' paper was in 1895 on the subject of "A Piece-Rate System".

³¹⁴ Figart reviews the impact of these types of scientific management systems including "Fordism" and "job evaluation" in the US. These, implemented in a range of ways, sought to link pay to a series of job characteristics such as skill, effort and responsibility in a quantifiable manner. She notes the potential such an approach had for gender equity in pay rates, but concludes, however, that the way in which the systems were implemented "institutionalised unequal pay between predominantly men's jobs and female dominated occupations" (2001, 420).

it, in the first instance – so far as regards the living or basic wage – on ‘the normal needs of the average employee regarded as a human being living in a civilized community’ ... No one has since urged that this is not a correct basis; some employers have expressly admitted that it is. I fixed the minimum in 1907 at 7s. per day by finding the sum which would meet the normal needs of an average employee, one of his normal needs being the need for domestic life. If he has a wife and children, he is under an obligation – even a legal obligation – to maintain them (6 CAR 61, 71).

This position provided the essential context in which the decision would be based, a context, as noted above, which was at the heart of the earlier decision on the extension of the male adult wage to younger men, and again on this basis it was answered negatively, with Higgins asking: “How is such a minimum applicable to the case of a woman picker? She is not, unless perhaps in very exceptional circumstances, under any such obligation. The minimum cannot be based on exceptional cases” (71).³¹⁵

This logic led him to the position where a needs based wage for women should be based upon the needs of a single woman, rather than a family. Exploring the question of the needs of this group of women, consistent with the data previously reviewed on women’s workforce participation, he was confronted by the fact that the significant proportion of these were single women, many of whom were still living at home with their parents and had relatively low living costs. He however rejected this as a basis of wage-setting: “The State cannot ... afford to let a girl with a comfortable home pull down the standard of wages to be paid to less fortunate girls who have to maintain themselves” (71-72). And on this basis he defined the task of the court to “endeavour to find a fair minimum wage for these women, assuming that they have to find their own food, shelter, and clothing” (72). On the basis of relatively scant evidence, he determined a wage of 9d. per hour for women, 75 per cent of the male rate of 1s.³¹⁶ where women were employed in processes “in which men are hardly ever employed” (73), while paying the male rate to those women in those occupations in which men were also employed. He argued for this on the basis that: “the employer will then be at liberty freely to select whichever sex and whichever person he prefers for the work. All this tends to greater efficiency in work, and to true and healthy competition” (72).³¹⁷

³¹⁵ While such a line of argument clearly meant accepting that the wage would not be adequate in these ‘exceptional’ cases, this is analogous to the acceptance by the court that the male wage could not be made adequate to meet the needs of those men who were the sole breadwinner of large families.

³¹⁶ This amount was above the Harvester standard due to the costs of travel etc as noted in footnote 310.

³¹⁷ This aspect of the decision was largely reversed in 1929 in a decision by Dethridge in which he set the rate for female fruitpickers at two-thirds of the male rate. Dethridge considered Higgins had been mistaken about much of the work being “men’s” (28 CAR 597, 609).

The substance of the principle also appears to have further diminished with the setting of the separate female basic wage after which the principle of ‘equal pay’ was viewed in terms of equal margins being paid (although as discussed below this was not always the case) on top of a differentiated base. This approach was later explained in a response to correspondence advocating equal pay in the public service: “in the Commonwealth Public Service, as in outside industry, the salaries for adult males

While strongly critical of the argument voiced by Higgins of there being a more general rationale for a different minimum wage for men and women, the *Woman Voter*, the monthly letter of the Women's Political Association, reported the case as: "The most signal victory the movement for equal pay for equal work in private employment has gained is the decision of Mr. Justice Higgins, in the Commonwealth Arbitration Court, in the Mildura fruit award. The Judge saw clearly that, where a man and a woman did exactly the same work, the pay should be equal, but he failed to see the full significance of our demand" (11/7/1912, 1).

Most of the other quite extensive reporting of the case was limited to quoting extracts from the judgement, however three reports are notable, showing quite different responses across the labour movement.

The first was in *The Worker* published in Wagga Wagga. While reporting the judgement including extensive quotes, and publishing a separate article on the role of the United Labourers Union (see footnote 309), this made no reference to the equal pay element other than to report the rates for "male or female, in or in connection with harvesting operations ... 1/- an hour" (*Worker* (NSW) 27/6/1912, 24). The second was in the *Brisbane Worker* which published almost a full column discussing women's wages, quoting the section of the judgement under the heading "Problem of Woman Labour – Equal Pay for Equal Work" (*Worker* (Qld) 6/7/1912, 22).

The third was the coverage given by the *Adelaide Daily Herald*. This not only reported the case and the treatment of equal pay, but also took the opportunity to seek the opinions of union leaders on the decision. It reported the positions of 9 of these, none of whom rejected the concept of equal pay. Typical of the general views was the opinion expressed by Beresford, Secretary of the Hotel, Club, and Restaurant Employés' Union, who said "there was no doubt that women should be paid the same wage as men when they did the same class of work"; Gunn, from the South Australian Drivers' Union, went further to state "he was glad to see that Mr Justice Higgins had come to such a decision, but he wished he had gone further and given 8/- as a minimum to other women workers". Only two of the union leaders provided any qualification of this position. Gleeson from the Federated Engine Drivers' and

comprise a basic wage plus a margin for skill. The basic wage is intended to cover the needs of a family unit. Females are paid the same margin for skills as an adult male performing the same work but receive a total remuneration lower than the male because of the difference in needs" (McKenna 1950).

As noted, this presentation of the relationship with margins was a simplification of the complexity of the structures across awards as a whole. In 1965 the commission noted, with respect to the Clothing Trades Award:

The margins clause has a separate section for each of the 13 groups, all of which contain rates of pay for both males and females. There are classifications with the same name but with different rates in the several groups. There are some classifications with the same name for which are prescribed the same total rate, that is, basic wage plus margin, for males and females. There are some classifications with the same name for which are prescribed the same margin for females as males but applied in the case of females to the female and not to the male basic wage. There are also classifications with the same name for which a different margin is prescribed for females from that prescribed for males and applied in the case of females to the female basic wage. (118 CAR 286, 287)

Firemen's Association, while agreeing that women should certainly be paid the same wage as men, expressed a view that much factory work was laborious and "some of them [women] were taking over men's work to such an extent it was becoming injurious to them". In contrast Styles from the Meat Employés' Union, while supporting equal pay, did so from the perspective of this being a mechanism for excluding women. He indicated that equal pay was the union's position "because they recognised that wherever it had been the case of one girl to unfortunately come into the industry it kept a breadwinner from earning his livelihood. Personally, he was of the opinion that men should receive such a wage that they would be able to keep their wives and those dependent on them from having to go out and seek employment in man's realm" (Daily Herald 1/7/1912, 3).³¹⁸

The next case in which women's wages were considered was the 1913 Denton Mills Case (8 CAR 346) heard by Justice Powers. In this he set a minimum rate for women of 30s. per week compared with an award of 51s. for men (58.8 per cent of the male rate). This amount was the maximum asked by the union,³¹⁹ and was well above the 22s. 6d. offered by the employers. In his decision Powers noted that the employers' offer would provide these women with a wage equal to that paid to "a lad of 17 years of age" (375) and argued that the performance of women was likely to be at a much higher level. He concluded by observing that "nobody can give any reason why women should be paid less than youths of 18 except that their work is 'girls' work'" (376). In making his decision he reiterated the role of the wage, declaring: "Women as well as men are entitled to a 'living wage' as defined by this court namely, 'sufficient to provide proper food, shelter, rest, clothing, and a condition of frugal comfort estimated by current human standards'" (p 376).³²⁰

Higgins returned to the question in the 1919 Archer Case (13 CAR 647). In this he drew upon much more extensive evidence on the living costs of women workers than that provided in these earlier cases, and indicated that he viewed his earlier Fruitpickers' finding as 'tentative' due to the limited material he had available to him on costs. The new evidence included testimony from seven

³¹⁸ This use of support of equal pay as an exclusionary technique was also identified by Piddington in his 1913 New South Wales Royal Commission, under the heading "Combining to Oust Women":

So, too, with regard to the sometimes sharp controversy as to the employment of women in occupations where they tend to displace men because they are willing to work for lower wages. ... In most occupations if an employer is called upon to pay women equal pay to that given to men, he prefers to displace the woman worker, the view held in most of the strenuous occupations being that their work is not equal in output or consistency to that of men. Relying on the belief that employers would be guided by that view, men representatives on a Board have in one or two instances supported the principle of equal pay for equal work, in order that women workers might be driven out of the trade. (Piddington 1913, 37)

³¹⁹ In its role of the "settlement" of disputes, and arbitration of competing claims, the court could not award an amount above that claimed. (This contrasts with the circumstances faced by Higgins in the Harvester case where he could contemplate awarding a higher rate as his task, under the *Excise Tariff Act 1906* (Cth) was that of determining a fair and reasonable wage rather than exercising powers under the *Commonwealth Conciliation and Arbitration Act 1904* (Cth).)

³²⁰ In this decision Powers did not make reference to specific living cost evidence.

women workers who provided details of their annual expenditures, a number of the boarding house proprietors with whom these women lodged, a factory inspector³²¹ and the Director of the “Domestic Arts Hostel”³²² in Melbourne. On the basis of this evidence,³²³ as well as recent decisions in a number of state jurisdictions, and the wages calculations that had been made by Rowntree in 1918 in the UK,³²⁴ he set a female basic wage of 35s. a week, 53.8 per cent of the male rate. It remained around this level until after the Second World War.

As with the earlier cases discussed here, he again reiterated the principle adopted in setting the wage as: “what is the sum per week necessary to satisfy the normal needs of an average female employee who has to support herself from her own exertions; and on the basis of the reasonable necessary requirements of a woman living in a civilised community” (13 CAR 647, 691).³²⁵

³²¹ The factory inspector who presented evidence was Margaret Cuthbertson who was the first woman to have been appointed to such a position in 1894. Damousi (2014, 174–177) describes her as being a ‘social reformer’ with a “longstanding commitment to feminist issues”.

³²² This was a predecessor of the Emily McPherson College, and was established in 1911 for the training of domestic science teachers. Higgins describes the living arrangements as: “The superintendent and staff and girls live together in a house provided by the Government, and pool their expenses” (13 CAR 647, 694). This information, although not necessarily equivalent to the living arrangements of working women, was based on actual living costs and not a theoretical costing by educators.

³²³ He was though critical of some of the evidence presented to him: “But these schedules of a few girls selected by the union officials, schedules accepted without any sifting, are very unsatisfactory as a guide. There is no subject as to which more care is necessary in the collection of evidence than the subject of the cost of living, and there is no subject on which less care is used” (13 CAR 647, 693). While some authors, such as Hearn (2007, 66–69), have criticised Higgins’ rejection of some of the evidence, especially that relating to clothing, the weekly expenditure on clothing argued by the union at 15s. (13 CAR 647, 695), compares with the amounts budgeted in the next year by the Royal Commission on the Basic Wage of around 10s. for ‘Wives’ and 8s. for ‘Husbands’, despite rapid price increases in the interim (Piddington 1920a, 33).

³²⁴ This was Rowntree’s *Human Needs of Labour*. This book contained a chapter on Women’s Wages, in which Rowntree prefaces his comments with a statement: “I do not here discuss a woman’s right to demand pay equal to that of men if engaged upon similar work ... or the economic value of the services rendered by women, but confine myself strictly to the question of minimum wages” (Rowntree 1918, 106). Then in somewhat similar terms as Higgins in 1907, but drawing upon a range of data including his own survey into the matter (discussion at 2.6.7), he declared: “In fixing minimum wages for any group of persons we must keep normal conditions in mind. We cannot attempt to legislate for a whole group on the basis of abnormal cases. It is normal for men to marry and to have to support families and provision should accordingly be made for this when fixing their minimum wages. It is not normal for women to have to support dependants” (115). He estimated the required minimum wage for women at £1 per week, compared to the male rate of £1/15/3, cited by Higgins as a wage rate for women of 56.8 per cent of the male rate (actually 56.7 per cent).

³²⁵ In this case Higgins also took note of the UK War Cabinet report Women in Industry, in particular the minority report by Beatrice Webb. He quotes her statement “There is no more reason for such occupational or standard rates being made to differ according to the workers’ sex than according to their race, creed, height or weight” (13 CAR 647, 703) with approval, before noting that the one difference was “I approached the subject from a somewhat different point of view” (703–704). He then details his

Another relatively detailed review of the cost of living for women occurred in 1928, with the evidence including some 50 budgets for women workers,³²⁶ along with a standard budget proposed by the union “showing the lowest amount in wages which will afford a single woman without dependants a minimum of decency and comfort” (26 CAR 76, 79). The decision in this case granted a minimum wage for women of £2/9/6, 55.6 per cent of the £4/9/0 awarded to men. In this case Drake-Brockman³²⁷ specifically addressed the question of the potential dependants of these women, as the union had implicitly included an amount of 19s. 6d. for these. He said not only had no information been provided on the number of dependants for whom the amount was being sought, but also that he had not “been able to obtain any reliable information on this important issue” (89). He did however undertake an analysis of the budgets, reporting that this “discloses that a number of the employees has no dependants; some contribute a little, but in the majority of cases when contributions are made they are done as part of board, by the purchase of articles of clothing, or the purchase of articles for household use” (89).³²⁸ On this basis he declared: “I see no reason to depart from the accepted principle of this Court that a basic wage for women should be fixed for a single woman without dependants” (89).

While the Basic Wage Inquiry of 1934 considered the formal adoption of a basic wage for women, this was rejected: “The Court does not think it is necessary or desirable, at any rate at the present time, to declare any wage as a basic wage for female employees. Generally speaking they carry no family responsibilities. The minimum wage should, of course, never be too low for the reasonable needs of the employees, but those needs may vary in different industries” (33 CAR 144, 157). Other than the reiteration of the rationale of having a basic wage as a means of supporting families through the wages system, this statement is curious. By the time it was made, most federal awards maintained a relativity of female to male earnings of around 54-55 per cent, with little variation between industrial sectors, making industry specific circumstances moot. Secondly, it is hard to identify the way in which the “reasonable needs” of these women supposedly varied between industries.

perspective that “the minimum rate, so far as based on the cost of living, should be based on a man’s cost of living including his normal responsibilities” (704).

The essential difference highlighted here was that, while Higgins saw that the male wage was a non-market social based wage determined on needs, the UK wage upon which Webb was commenting was rather simply an outcome of collective bargaining. This she notes in explaining “the principle of determining wages by family obligations has not been carried out in fixing the wages of men” (War Cabinet Committee on Women in Industry 1919, 286). Of note also in Webb’s minority report was a call that the “question of public provision for maternity and childhood urgently requires investigation by a separate Committee or Commission” (225).

³²⁶ While 50 budgets were presented, the judge reported “through inadvertence I have only analysed 45 out of the 50 budgets submitted” (26 CAR 76, 79).

³²⁷ Drake-Brockman, a former Nationalist parliamentarian was appointed to the court in 1927, and was Chief Justice of the court from 1947 to 1949.

³²⁸ He previously indicated in his analysis of the cost of board and lodging as contained in the budgets, but without actually quantifying the results: “It is shown that in a large number of cases girls live more cheaply at home, but where there are others dependent or partly dependent on their earnings, it costs them more than paying board elsewhere” (26 CAR 76, 84).

3.3.2 WAR AND POST-WAR

There were no generalised changes to the relative value of minimum wages for women during the Second World War period. Women's earnings however did increase substantially relative to men.³²⁹ This increase was brought about by a number of mechanisms including the activities of the Women's Employment Board,³³⁰ and in some sectors women were awarded wage rates of 75 per cent of the male rate. This increase was initially provided in the clothing (51 CAR 632)³³¹ and rubber industries (51 CAR 648) in 1943,³³² and eventually, through the introduction in 1945 of regulations that set female wages at 75 per cent of the male rate in 'vital industries' (Butlin and Schedvin 1977, 559-561). The adoption of this regulatory approach however only occurred after a failed attempt by the government to secure endorsement of such a policy in the court (54 CAR 613).³³³

³²⁹ These relative earnings are considered further in section 3.5.2. Between 1938 and 1945 the average earnings of female factory employees increased from 44.4 per cent of the male rate in 1938 to 50.9 per cent in 1945 (ABS 1301.0, various).

³³⁰ The Women's Employment Board (WEB) was established in 1942 to "encourage and regulate the employment of women in work usually performed by men, for the purpose of aiding the prosecution of the war" (Larmour 1975, 48), with the power to set wages for women performing such work at between 60 per cent and 100 per cent of the male rate.

Foenander suggests one of the reasons for its establishment was an "assumption that the Commonwealth Arbitration Court, hampered by a heavy programme of work, would be unable to command the necessary time and devote an amplitude of attention" (1943, 110). Butlin and Schedvin summarise its impact as: "Accurate figures were not recorded, but approximately 70,000 women were affected by its decisions, or nine percent of the female work force. Determinations ranged from 75 to 100 per cent of the male rate, with 90 the most common percentage" (1977, 559). Beaton (1982, 91) reports that there were a number of significant attempts by employers, including organized action at the industry level by the Victorian Chamber of Manufactures, to resist paying the rates awarded by the Board.

As discussed in section 2.7 another stimulus was as a strategy to reduce the relative attractiveness of maintaining these women in the post-war environment. There is a strong case to suggest that the union support for the WEB, and the push for equal pay in these positions, was motivated by this, as well as ensuring that men were not priced out of employment in these jobs through the entry of women.

³³¹ This decision was in the context of severe labour shortages in the sector due to its relatively low wages. It reported that "it was almost impossible to keep adequate staff in the industry ... that women ... were getting out of the industry into other occupations, or were joining the Women's Auxiliary Services" (51 CAR 632, 634). In this decision Drake-Brockman spoke of the decision being made "on the basis of war-time requirements and for that purpose ... [he needed] to depart from the sound economic basis of wage fixation" (635).

³³² Some commentary, such as Willborn, Gregory and Daly (1992) include 47 CAR 766 in this grouping of decisions. This decision was of a different character, in that it awarded 75 per cent of the needs element of the male basic wage rate (up from an earlier decision which had awarded 73 per cent) to women who had more than 3 months experience undertaking a range of occupations. As such this decision granted a rate of pay, depending upon the occupation, which was likely to be well below 75 per cent of the male rate for the occupation.

³³³ The motivation for taking up this issue at this particular time is somewhat difficult to identify, although this may be as a result of a conjunction of several forces. The ACTU argued in 1945 that it was important to ensure that female labour remained in these sectors as they were being attracted to other industries where they had been

The figure of 75 per cent was also adopted by the court in the Basic Wage Inquiry 1949-1950, when the first basic wage for women was introduced under the provisions of the *Commonwealth Conciliation and Arbitration Act (No 2) 1949* (Cth). In this case the union had made a bid for women to be awarded the same basic wage as men, but was unsuccessful. Foenander (1952, 137-198), who was highly critical of the unions' case³³⁴ ascribes this outcome to the inherent contradiction in the unions' arguments where, on one hand they were arguing that the work done by women was of equal value to that of men, but on the other they sought a basic wage which was needs based, with these needs being for a man with a wife and three dependent children.³³⁵

The decision revealed a split in the court with individual judgements being reported. Kelly found that the female wage should be maintained at 54 per cent arguing that "no sufficient ground has been presented for departing from what has hitherto been regarded as the proper basis of assessment of the basic wage element" (68 CAR 698, 786). Foster supported 75 per cent on essentially pragmatic grounds. He argued that almost no women were paid the old standard of 54 per cent – and "to award such rate would not be to settle the dispute but aggravate it" (817) and although the 75 per cent was not "scientifically, statistically or intellectually verifiable ... [it] has justification of an existing and past fixation as well as Governmental decision by Statutory Regulation" (819). In his judgement he was highly critical of the unions arguing that they had "failed" to provide evidence on needs and dismissing the evidence from the union movement and Heagney and Turner on equal pay. On this latter subject he specifically rejected equal payment of the basic wage as "the male basic wage was a social wage for a man, his wife and family" (816). Essentially his point was that if the wage was paid as a 'social wage' based on need, then an argument for equal pay, based on value of work, was not relevant.³³⁶

granted higher proportions (Age 14/5/1945, 3). Butlin and Schedvin report: "By this time the matter had ceased to have anything to do with wartime administration and was now a matter of post-war political policy (1977, 561). The Minister for Labour, Holloway, ambiguously described it as a policy which "would help the re-establishment in civil life of members of the defence forces by facilitating the operation of industries in which females were employed" (Australian Worker 5/9/1945, 12). This is a statement which can be read either in terms of seeking to maintain these women in employment in the immediate post-war period to avoid disruption, or as a deliberate move, as noted in footnote 330, to price women out of jobs as male labour was demobilised.

³³⁴ "Concisely stated, the labour case may be described as disjointed, unbalanced, lacking in persuasion and in places confused, illogical and even contradictory" (Foenander 1952, 157).

³³⁵ This description of the case would seem to be confirmed by Hagan who talks of "growing and insistent challenges from some affiliated unions over delays and confusions in the A.C.T.U.'s tactics" (1981, 151), along with bitter internal debate.

³³⁶ Hagan, as discussed earlier, cites one of the exchanges on this in which Foster raises the clash of equities involved:

"KELLY: ... Having fixed a wage for them [the family] then you say as a separate matter fix the same wage for the adult woman?

FOSTER: Irrespective of whether she has dependants ... You call that social justice?

WINTER (ACTU): On the other hand, the single woman at the present time would probably be paid a lower wage by the employer ... than that of a man and the

The third judge, Dunphy, took a similar stance, under a heading “Female Basic Wage”, in his reasons stating: “It is impossible to reconcile the claim under this heading with the emphatic demand by the Unions that the male basic wage should still be assessed in relation to the requirements of the worker and his family” (838).³³⁷

In the 1952-53 Basic Wage and Standard Hours Inquiry employers sought a reduction in the basic wage, an increase in hours of work, and a reduction of the female wage to sixty per cent of the male rate. The reduction in the relativity of the women’s wage was argued on the grounds of excess cost and “that the existing ratio of seventy-five percent provides the adult female receiving it with a standard of living unjustly and unreasonably higher than that which a family group can achieve upon the basic wage paid to its breadwinner” (77 CAR 477, 504). This application was rejected.^{338,339}

After this challenge the female minimum wage remained at this relativity until 1966 when it effectively ceased to exist with the introduction of the Total Wage, in a decision (115 CAR 93) which established a formal minimum wage for adult males, \$3.75 above the basic wage,³⁴⁰ but did not either define a minimum wage for women or provide this supplement to them. This effectively returned the female minimum to the industry by industry approach enunciated in 1934.³⁴¹ A consequence of this and subsequent decisions which reflected a policy of “special consideration” to the male minimum wage (157 CAR 293, 299) was that the relative minimum rate payable to women declined.³⁴² Typical of the approach to the male minimum wage was the 1972-73 National Wage Case (149 CAR 75). This awarded most employees, including women on minimum rates of pay, an increase of \$2.50 and 2 per cent, (81) a decision which would have increased the male minimum wage by \$3.50, but

single woman might be turning out materials of the same nature from which the employer made a greater profit.

FOSTER: That is another argument. The question is as to the highest level of the social justice ... (Hagan 1981, 153).

³³⁷ In this statement he further elaborated “The anomaly of an unmarried male worker receiving a family wage is striking enough, but whilst society demands and legislates for the principle that the male parent should be primarily responsible for the upkeep of his wife and family, the female worker can hardly expect wage recognition for responsibilities which she can never incur” (68 CAR 698, 838).

³³⁸ Norris (1978, 104–105) reports that the intervention of women’s organisations in this case (the National Council of Women and the Australian Federation of Business and Professional Women jointly intervened in the case as did the Australian Federation of Women Voters and Federal Association of Australian Housewives) set a precedent for active participation in the later equal pay cases.

³³⁹ While this court rejected the employers’ application to cut the basic wage, as noted in section 3.2.4, this case resulted in the cessation of indexation.

³⁴⁰ This decision effectively awarded both men and women a \$2 increase in the basic wage and then the additional \$3.75 to establish a male minimum wage.

³⁴¹ d’Alpuget claims that this decision was “paving the way for equal pay” (1982, 136), but the logic of this is difficult to ascertain.

³⁴² The immediate impact of this can be seen in the case of the Metal Industry Award where in 1967 the minimum rate for adult female employees in Victoria was \$25.55, 68.2 per cent of the \$37.45 awarded to men who were protected by the higher male minimum wage (118 CAR 655, 664).

however, reflecting this policy of “special consideration” provided an increase in the male minimum wage of \$9 (84).

Establishing the rationale for this approach, which was not justified in the decision, is difficult. This is even more so when account is taken of the court’s explanation in the 1974 National Wage Case that: “The first minimum wage was introduced in 1966 not as a family wage but simply as a wage for adult males. It was not until 1969 that family considerations were advanced by the A.C.T.U.” (157 CAR 293, 299). If this statement is to be accepted, then by implication the decision taken in 1966 was one based on gender alone, rather than the role of the male as a potential family breadwinner.³⁴³ While it is possible to treat this statement at face value, and take from it the implication that the difference in male and female wage-setting was one of pure discrimination, such an interpretation needs to be tempered by the ongoing discussion of the male minimum wage as a ‘social wage’ with a family component. It is best perhaps seen as the court simply seeking to attempt to present its decisions as embodying a ‘principle’, rather than admitting to the mix of competing principles it was seeking to balance.

A consequence of this privileged treatment of the male minimum wage is that by December 1969 it is estimated that the minimum wage paid to women had slipped to 65.4 per cent of the male rate and may have further declined to as low as 57.3 per cent in the period to 1974. (These changes are detailed in Table A 3.3 in Appendix 3.)

Notwithstanding the commencement of the introduction of equal pay in 1969 (127 CAR 1142), and the extension of this to encompass ‘equal pay for work of equal value’ in 1972 (147 CAR 172), these decisions did not affect the potential minimum wage for women.³⁴⁴ While unions had sought the extension of the male minimum wage to women as part of a policy of equal pay, the 1972 decision dismissed “that part claiming that adult females be paid the same minimum wage as adult males” (180). The commission’s reasons for this were:

³⁴³ Similarly, the union movement continued to use the family breadwinner argument in cases, despite the claims of the President of the ACTU, Albert Monk, who in 1954 declared: “Australia in common with other industrialised countries recognised the adult male wage and the women’s wage as completely separate entities irrespective of family responsibilities” (Age 2/9/1954, 3). This statement, perhaps even more than the declarations of the court, is tantamount to an admission that the only rationale for the unions’ stance was one of discrimination.

Monk’s statement is also notable in the declaration “the council [ACTU] was of the opinion that questions such as family allowances and all forms of pensions should be left to the Parliaments to deal with as issues distinct from the wage itself” (3).

³⁴⁴ While these decisions meant that conceptually the female minimum wage was not impacted by equal pay, to the extent most jobs were specified in awards with a particular payment rate attached to them, many were subject to the equal pay decisions.

Certainly over the period the earnings of women increased relative to men. As detailed later at section 3.5.2, female average award rates of pay increased from 71.3 per cent of the male rate in December 1966 to 92.0 per cent in December 1975 (ABS 6101.0, various), while the ratio of average earnings of full-time adult non-managerial female employees relative to this group of males increased from 57.8 per cent to 77.5 per cent over the same period (ABS 6101.0, various).

... all we can say is that ever since the minimum wage has been the subject of debate it has been presented by the unions and considered by the Commission as including a family component. The material used by the unions in their various claims over the years for special increases to the minimum wage has principally been directed to family problems and the oral evidence, both expert and of employees themselves, has been similarly directed. However, the unions now argue as a simple matter of equity that females should receive the same minimum wage as males. We reject that argument because the male minimum wage in our awards takes account of the family considerations we have mentioned. The fact that the unions consider the amount of the minimum wage to be too low does not affect the concept behind the wage. Because of the essential characteristic of the male minimum wage we decline to apply it to females and we dismiss that part of the unions' claims (147 CAR 172, 176).

It was only in the National Wage Case of 1974 (157 CAR 293) that the commission decided to extend the male minimum wage to women, declaring, as discussed in section 3.2.5, "we have decided that the family component should be discarded from the minimum wage concept" (299). It granted 85 per cent of the rate in May 1974, 90 per cent in September 1974 and 100 per cent from June 1975. However, as discussed in section 3.2.5, it was not until 2014 that the wage was identified as being that for a single person.

3.4 CONDITIONS

In 1907 the Harvester decision was based on a 48 hour week worked over 6 days.³⁴⁵ Across industry however actual working arrangements at the time varied considerably. For example, information collected by the 1907 Tasmanian Royal Commission into Wages and Wage Earners reported diverse working hours and leave arrangements. Amongst those working for merchants weekly working time for storemen was up to 65 hours, while clerks employed by the same employers usually worked 44 hours. In the tramways and riverboat industries it was found that at times workers had to work seven days a week, some 84 hours, without additional compensation. Similar variations applied to other conditions such as leave (Daily Telegraph (Tas.) 17/5/1907, 7).³⁴⁶

While these working week durations indicate very intensive labour in this era, for many the pattern was of broken work, irregular due to the nature of demand, or cyclical reflecting seasonal patterns or industry practices such as

³⁴⁵ The 8 hour day was first obtained by stonemasons in Victoria in 1856.

The 48 hour week was implemented in a number of different ways. These included: six 8 hour days; and, what appears to be the more common, 5 days of 8¾ hours per day and 4 ½ on the sixth day (2 CAR 1, 23).

³⁴⁶ Turning to other conditions, while clerks, in some circumstances, had two weeks leave in lieu of overtime, this tended to be the exception, with no holidays at all being paid for in shirt manufacturing, while plasterers, saddlers and soap and candle makers were entitled to just two paid public holidays per year (Christmas and Easter). In contrast wood yards (but not timber yards) were reported as paying for all public holidays, and 8 public holidays were paid in woollen mills (Daily Telegraph (Tas) 17/5/1907, 7).

“Christmas shut downs”.³⁴⁷ On the other hand working life was long. As seen in Figure 2.7, some 75 per cent of males aged 70-74 years in 1911 were still working, as indeed were half of those aged 90-94 years.

These working conditions along with the wages paid, both contributed to the wellbeing of Australian workers, and can be seen as potentially allowing for trade-offs between remuneration and conditions. Three areas of change are considered below: hours worked per week; paid annual leave; and superannuation.

3.4.1 THE WORKING WEEK

The first few decades of the twentieth century saw some diminution in working time. The ABS reported that average award hours of work declined from 48.93 in 1914 to 45.67 in 1926.³⁴⁸ Following some initial decisions by the court to grant reduced hours, most notably in the 1920 Timber Workers’ case (14 CAR 811) which granted a reduction to 44 hours – a decision which was then reversed in 1922 (16 CAR 649) – the Government sought to stall this type of decision by amending legislation to require any decision to reduce standard hours to less than 48 hours a week to be heard by the President and at least two other members of the court (*Commonwealth Conciliation and Arbitration Act 1920* (Cth), §9(4)). Notwithstanding this, reductions occurred more widely including through the action of State governments, especially NSW which introduced the *Forty-Four Hours Act* (NSW) in 1926 (see Sheridan 1975, 92-94 and Foenander (1928)). At the federal level the 1927 Engineers’ Case (24 CAR 755) ushered in the more general application of the 44 hour week with the Chief Judge declaring that the “Court will probably apply a similar reduction” in similar industries, although noting a range of opinions amongst the court, and some limitations on how far any flow-on should go (904). As this reduction was only implemented on an award by award basis, it did not flow on immediately to all federal basic wage employees.

The next reduction, to a 40 hour week, was awarded in the ‘Standard Hours Inquiry, 1947’ (59 CAR 581). This application, as recorded by the court was “a claim justified at this moment by hopes held by workers based, they say, on promises given during the war when workers ungrudgingly worked long hours; that when the war ended this desirable social reform would be achieved” (590). The case was long, complex and featured significant political manoeuvring.³⁴⁹

³⁴⁷ In his Harvester judgement Higgins noted: “There is no constancy of employment, as the employer has to put a considerable number of men off in the intervals between the seasons (2 CAR 1, 5). In the 1913 Builders’ Labourers’ Case it was estimated that 20 per cent of time was lost (and not paid for) due to factors such as wet weather, want of material and breaks between jobs (7 CAR 210, 219-220). And in 1919, in the Archer Case, it was observed as “usual” for “the girl [to] lose four weeks’ pay by the Christmas closing up, holidays, &c” (13 CAR 647, 693).

³⁴⁸ Standard hours varied by state, occupation and industry. In 1914 average weekly hours for male employees were 48.93 and for women 49.08. By industry the longest working time for both men, 56.95 hours, and for women, 52.29 hours, was in domestic occupations and hotels (ABS 6101.0 1913, 49-50). By 1926 the average hours for men was 45.57 and for women 44.94 (ABS 6101.0 1926, 74-75).

³⁴⁹ In the decision the court recorded that the case had taken 22 months to complete and “had before it some 8,875 pages of transcript, has heard evidence from 225 witnesses and received almost 500 exhibits” (59 CAR 581, 586).

This included an attempt by the unions to side-step the court and gain the introduction of reduced hours through legislation. Similarly, the employers tried to have the case heard simultaneously with the basic wage case, in the hope that this would moderate the aggregate benefit awarded by the court (Hagan 1981, 118-120).

The question of the trade-off between hours and pay was raised explicitly in the hearing. A principal argument by the employers was that workers “wanted a higher physical standard [of living] represented by more goods and services not more leisure” (590). The court rejected this, accepting that the unions’ advocate had “made the workers’ position on these claims abundantly clear ... the workers were asking for a higher standard of living and regarded increased leisure as the first and most important instalment of that higher standard” (590).^{350,351} The relationship between wellbeing and reduced hours was also stressed by the advocate representing the New South Wales, Victorian and Tasmanian Governments who said that in intervening in the case “they appear as sovereign Governments primarily responsible for the social wellbeing of their people ... [and have a] responsibility ... to their citizens, whose well-being appears to them to demand their active support on the application of a 40-hour week, which in their considered view is a desirable social reform” (591).

The further reduction in working hours to a 38 hour week commenced with the decision in the 1983 National Wage Case (4 IR 429). The commission reported: “There is consensus that any claims for a reduction to 38 hours per week should be the subject of close examination using tests currently applied by the Commission. These tests are drawn from the technique of productivity bargaining under which productivity or cost offsets derived from change in work practices provide the basis for the reduction in hours” (454).³⁵² This decision, even more so than the earlier reductions, was therefore pitched as requiring a productivity trade-off for the improved condition. As had been the case with earlier decisions, this decision followed on from changes that had already commenced in other decisions at both the federal and state level and

³⁵⁰ Colin Clark, then Director of the Queensland Bureau of Statistics is reported as saying in evidence: “Investigations he had made revealed that married men with families preferred an increase in real wages rather than a shorter working week. Single men and women preferred shorter hours” (Telegraph 24/9/1946, 1).

³⁵¹ A further question is the extent to which there was necessarily a trade-off, or whether there was a productivity offset from the new working arrangements, which would not otherwise be able to be derived, that is an efficiency wage effect. This was discussed in the judgement, with the court reporting that the evidence given by Clark “led us to the view that the fall in production will be less than feared by the employer witnesses and will be fairly rapidly overtaken” (59 CAR 581, 599). Similarly the court reflected on the evidence of Giblin which suggested a worker may be much more responsive to improving output in a full-employment economy in contrast to where “he feared that he would ultimately work himself out of a job and into a condition wherein while he starved he was told there was over-production” (601). This resulted in the court’s view: “If ... the added costs leads to greater efficiency and economy then the community is advantaged” (602).

Turning to this question in a more general sense, the balance of the literature suggests some degree of productivity offset is likely to have occurred in such a reduction (Booth and Ravallion 1993, Roche, Fynes and Morrissey 1996, Quiggin 2001 and Parham 2004).

³⁵² Again, while cast as a productivity trade-off, this does not necessarily mean that a trade-off between potential wages and these reduced working hours did not occur.

in some specific industries. This included the introduction of the 38 hour week in the metal trades in the preceding two years, along with larger reductions in hours in some other sectors including a 35 hour week for: coal miners, in 1971; waterside workers in 1973; and oil industry workers in 1974 (Parliamentary Library 2015).

3.4.2 ANNUAL LEAVE

As highlighted by the diversity of working arrangements identified in Tasmania in 1907, the starting points for the introduction of annual leave were diverse, and as with working hours, the development of paid annual leave in awards was initially a dispersed process.³⁵³ An early key decision was the 1936 Commercial Printing Award. Here the court noted that it had “frequently been asked to award annual leave on full pay but has hitherto not done so except in cases where employees have to work on Sunday, or suffer some other deprivation” (36 CAR 738, 746) or where it was otherwise usual practice. In taking this decision the court reported the “institution of paid annual leave is a very desirable boon for employees” (747), and awarded annual paid leave of one week.

In 1945 the court, in a decision spearheaded by a claim from the metal workers, established a set of principles for the guidance of judges in determining specific cases, including the provision of two weeks annual leave as a standard (55 CAR 595, 600). Again this decision was taken against the background of such increases being granted in other awards and state provisions.³⁵⁴

Three weeks annual leave was awarded in the Metal Trades Award in 1963 (103 CAR 637). In this case the decision had been preceded by unions seeking to obtain this benefit directly through industrial action and negotiation with key employers.³⁵⁵ As with the previous decisions the case set the stage for flow-on to other awards, with the commission referring to it as being “the new standard of annual leave for secondary industry in other Federal awards” (640), although indicating that the granting of it was up to individual Commissioners upon proper application and in accordance with the Act.

While there had also been longstanding agitation by the unions for an extension of annual leave to four weeks, the sequence of its introduction was different. In his 1972 election speech Whitlam promised “All Commonwealth

³⁵³ As was identified earlier, many workers effectively had periods of imposed unpaid leave associated with factory shut-downs, especially over Christmas, although this did not extend to some sectors which operated continuously.

³⁵⁴ Earlier decisions in the year granting two weeks leave included: the Liquor Trades (by consent) (55 CAR 158); and the Gas Employees (55 CAR 371) – with this latter decision being on an application lodged in 1941. New South Wales had introduced legislation in the previous year (*Annual Holidays Act 1944* (NSW)) which had provided two weeks’ paid leave for workers not covered by a federal award.)

³⁵⁵ Just prior to the case metal workers had obtained 3 weeks leave in the paper mill section of Smorgons’ meatworks (Tribune 31/1/1962, 5), while hotel workers in Victoria gained it through arbitration, joining NSW workers in this sector who had previously obtained it in negotiation (Canberra Times 13/12/1961, 37).

employees will receive four weeks' annual leave". (Whitlam 1972),³⁵⁶ with this being introduced for Commonwealth Public Servants in 1973 (APSC 2004, 69). Following this precedent the provision spread to other awards as these were brought before the Commission.³⁵⁷

3.4.3 SUPERANNUATION – DEFERRED INCOME

A further, and more recent, trade-off of wages is that between current wages and future income, in particular in the form of retirement income.³⁵⁸ To enhance retirement incomes Australia has developed a specific form of superannuation where employers make an obligatory contribution to an employee's individual superannuation account which is subject to prudential regulation and cannot usually be accessed until the individual reaches the age of 56. These accounts are usually held, for wage and salary earners, with a non-profit 'Industry Fund', although they can be in an account managed by a private sector provider, or a self-managed fund. Most employees are entitled to choose the superannuation fund into which the employer payments are made.

The introduction of broad-based superannuation was part of the explicit wages trade-off under the 'Accord Mark II' with 'Productivity Award Superannuation' introduced in 1986 on an award by award basis.³⁵⁹ This comprised an employer contribution equal to 3 per cent of a person's wage, as an offset to the full indexation of earnings to price changes. This approach however was reliant upon obtaining provisions within each award and employer compliance, and had only limited success. It was replaced in 1991 by the "Superannuation Guarantee", a federally legislated obligation on employers to make contributions, initially at 3 per cent of the employee's wage and rising to 9 per cent in 2002-03. The adoption of this legislative path also reflected the failure of the ACTU and Government to obtain the support of the commission for an increase in contributions in the 1991 National Wage Case (36 IR 120,

³⁵⁶ This was one of a range of industrial relations commitments made in the speech. The most significant of these was a commitment to equal pay: "We will apply the principle of equal pay to our own employees and fully support the equal pay case before the Conciliation and Arbitration Commission". In addition Whitlam promised to public servants that he would "apply the I.L.O. Maternity Protection Conventions going back to 1919 which guarantee women leave with full pay and benefits for 6 weeks before and 6 weeks after confinement ... [and] in the lifetime of the 28th Parliament their week's working hours will be reduced by 1¼ hours to 35 hours". (Whitlam 1972). The reduction in working hours did not occur, and indeed in 2015 the Government attempted unsuccessfully to have standard hours in this sector increased from those established in 1920 to 38 hours. (Canberra Times 26/1/2015, electronic).

³⁵⁷ Whitlam argues that this and related improvements in public service working conditions were not pacesetting but rather represented a catch-up on provisions that had already been made in state public services. (Whitlam 1985, 287)

³⁵⁸ It is of course possible to identify a further trade-off in the field of retirement incomes between the taxation of earnings and the provision of the Age Pension. This, and indeed the wider set of social wage trade-offs, including those made under the Accords, are beyond the scope of consideration here.

³⁵⁹ While superannuation existed prior to these policies, it tended to be provided only for those in the public sector and some white collar occupations. The Australian Treasury reports that in "1974 32.2 per cent of wage and salary earners were covered by superannuation, comprising 40.8 per cent of male wage and salary earners and only 16.5 per cent of females" (Commonwealth Treasury 2001,74).

178). In 2010, the government announced as part of its response to the Australia's Future Tax System review an increase in the rate to 12 per cent by 2019-20 (Swan and Bowen 2010). However after rises to 9.25 per cent and then to 9.5 per cent in 2014 further rises were deferred until 2018 (Hockey and Cormann 2014, 17).

In the context of the initial introduction the Australian Council of Trade Unions described its support for superannuation, in the context of the Accord, as a means "to improve living standards" (12 IR 137, 147).³⁶⁰

3.5 THE VALUE OF THE MINIMUM WAGE

The nominal weekly value of the minimum wage has increased from \$4.20 in 1907 to \$719.20 in 2018 ([2018] FWCFB 3500).³⁶¹ Such a comparison is however of limited value given changes in purchasing power over time.

3.5.1 PRICES AND LIVING STANDARDS

The usual adjustment for such changes in the purchasing power of money is through consumer price indexes, and while this is the approach adopted here, some caution needs to be exercised. This includes a range of technical issues discussed in section 3.2.2 concerning the early ABS price indexes, but also some broader conceptual questions.

Consumer price indexes are measures of changes in the price of a bundle of products including services, with the bundle selected to reflect a "usual" set of purchases of a household, and being adjusted over time to reflect changing patterns of consumption. Even in the short-term they have many challenges. While the bundle of products is most commonly derived on the basis of consumption patterns across households, such a bundle is not necessarily representative for any particular household, or even classes of households. In particular the use of total consumption to derive the components of the bundle results in a measure which is more heavily weighted by the consumption patterns of those households with the highest incomes, and hence the highest levels of consumption – commonly termed plutocratic indexes. In addition, unlike consumers, the bundles do not include a price elasticity. That is, when faced by a price increase for a particular product consumers frequently respond by changing the quantity of the good they consume and substitute other products instead. Fixed baskets do not do so, with changes in the composition of consumption only taken into account when they are re-weighted.³⁶² As such the indexes tend to be a cost of goods index, rather than

³⁶⁰ In the work of the Australia's Future Tax System review the Australian Treasury estimated the combined effect of superannuation and the Age Pension in terms of net earnings replacement rate in retirement. The modelling estimates a replacement rate of 110 per cent for a person earning half average weekly earnings (a little above the level of the minimum wage); and around 90 per cent for one earning three-quarters (Henry 2009, Part 2 110). It is unclear how subsequent changes in policy have impacted this but it is probable that the replacement rate for a person earning the minimum wage remains very high.

³⁶¹ This wage applies from 1 July 2018.

³⁶² A further, and more technical issue relates to the internal construction of the scale to account for value changes in basket due to price effects. Three specific

a cost of living index. In addition, there are a range of other potential biases relating to quality changes in products, new retail outlets the pricing policies of which may not be immediately identified, and the emergence of new products not in the basket, as well as questions about the scope of the measure.³⁶³ The management of each of these is critical to the robustness of the measure.

These short-term issues, along with the question of constructing a long-term index which is discussed in Appendix 2, while important, are however not the significant matter here. Rather the more fundamental question is the extent to which any change in the relative value of the minimum wage, when adjusted by such a cost of goods index, provides sufficient grounds for making any assessment of changes in living standards, in particular on the time scales considered here.

This question needs to be considered in the context of the massive shifts in the way of life that have occurred, including changes in technology, products, urban form, social attitudes and behaviours, and increasing wealth. All of these also have an impact on what are seen as the community standard and expectations inherent in perceived standards of living, or indeed wellbeing. While we usually associate an increase in income with an increase in welfare, and indeed assess such a change in income as being welfare enhancing, the validity of this, especially over long spans of time, needs to be questioned.³⁶⁴

Ultimately there is no clear answer to this question of the welfare interpretation of the value of the wage over time. While it is possible to use alternative metrics, such as aspects of physical wellbeing such as life expectancy, these have their limitations and a comprehensive and sensitive series cannot be developed for the type of comparisons made here. As such any interpretation of changes in the 'value' of the minimum wage are constrained.

constructions exist: A Laspeyres Index where the weight used is that of the base period; A Paasche Index which uses the quantity of goods purchased at the end of the period; and the Fisher "Ideal Index" which uses the square root of the product of the Laspeyres Index and Paasche Index. For practical purposes the Laspeyres formulation is used as while the baseline basket is known, and price change relatively easy to collect, the other indexes require knowledge of the end of period basket for their calculation.

³⁶³ One example of this is housing costs. In the Australian CPI home purchase is treated in a highly specific way. It excludes the cost of interest on mortgages and the purchase of the land component of housing and just focuses on the net purchase of housing and the impact of renovations and extensions. Similarly the treatment of rent, in the pursuit of price changes only, ignores changes in the actual stock available for rental.

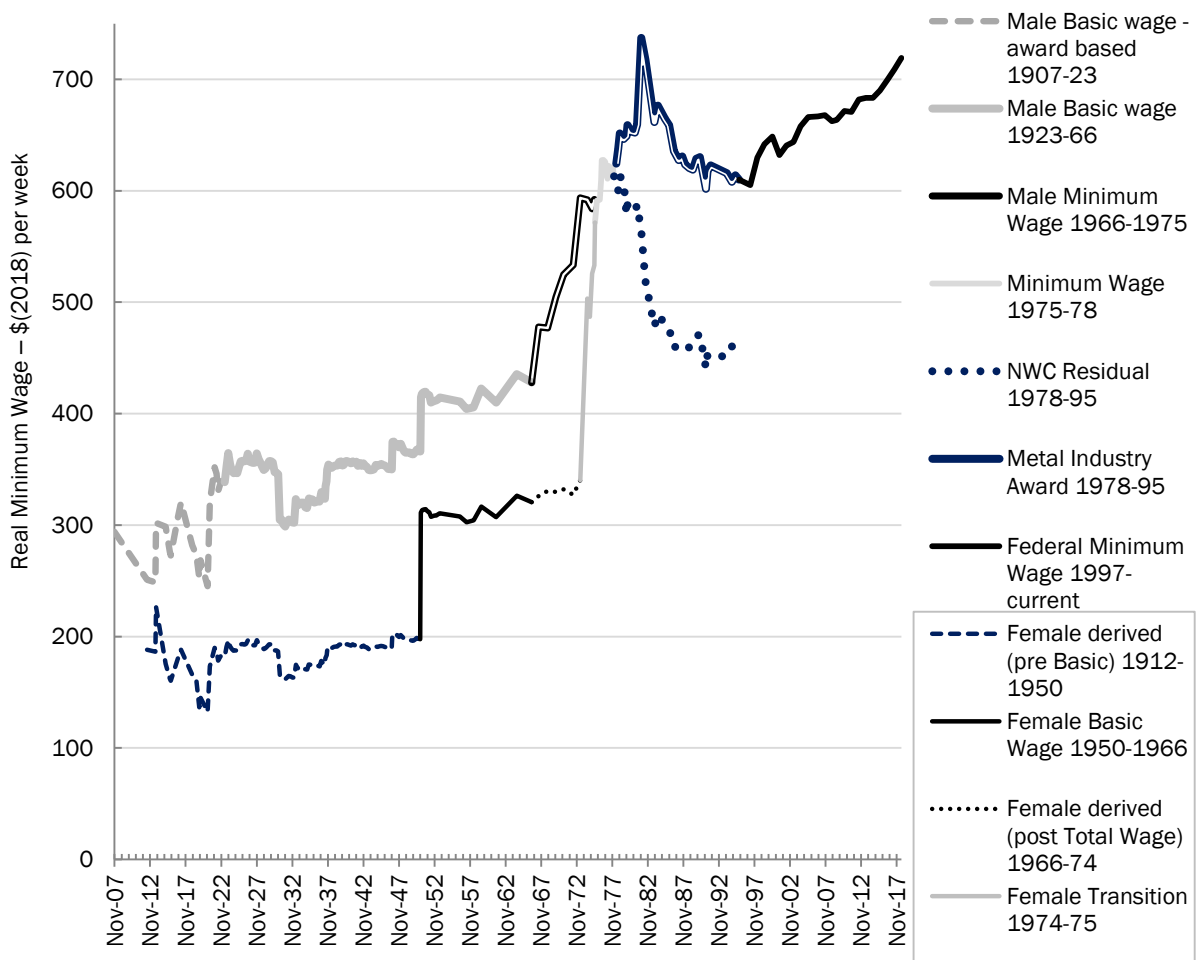
³⁶⁴ Even accepting a relationship between increasing income and welfare, the question of the functional form of this needs to be considered. That is, does a doubling of a capacity to purchase goods and services lead to a doubling of welfare? This is definitely not the case if there is any diminishing marginal utility of consumption.

3.5.2 THE REAL MINIMUM WAGE

The male minimum wage

The real value of the male minimum wage, illustrated in Figure 3.5, is estimated to have increased, in \$2018 terms, from \$294 in 1907 to \$719 in 2018, an increase of 144.6 per cent, and an annualised growth rate of 0.81 per cent. As illustrated in Figure 3.5, the pattern of growth has been neither consistent nor constant. And at times the real value of the wage has fallen. The minimum wage for women has increased by 282.0 per cent in real terms since the 1912 Fruitpickers' decision with an annualised growth rate of 1.27 per cent.

Figure 3.5 Real Value of the Male and Female Minimum Wage (\$2018), 1907 to 2018



Note: Series based on minimum wage rates applicable to Melbourne.

Source and notes: Appendix 3 including Table A 3.4.

As discussed, it was not until 1937 that the court sought to consciously raise the wage above the Harvester standard, although by this time the wage is estimated to have increased in real terms by some 10.1 per cent due to the approach of the court to adjust for price changes compared to the deflator used here. The wage series in the early part of this period also shows two marked declines. The first is prior to the commencement of adjustment for prices where the wage lost some 15.4 per cent of its value by August 1913.

The second sharp decline in the value was in the period 1919 to 1920. This is associated with high post-war inflation. ABS reported that prices between 1918Q4 and 1919Q4 increased by 14.4 per cent, and by a further 16.4 per cent in the following year. They then fell by 14.1 per cent in the year to 1921Q4 (ABS 6101.0 1921, 44).³⁶⁵

Following this, the 'Powers 3s.' awarded in 1923 can be seen as initially lifting the value of the minimum wage, followed by the 10 per cent cut in 1931, and restoration of the wage to the 'Harvester standard' in 1934. Here again the effect of differential price measures is significant. While the court in 1934 set the wage in Melbourne at 64s. a week, which it considered was the equivalent to the 42s. a week awarded in 1907, using the ABS 'A' series, I estimate, on the basis of the CPI figures used here, that the wage was set some 8.9 per cent above the Harvester value.

Notwithstanding the prosperity loading of 1937, the real value of the wage remained relatively stable until the two major post-war increases: the interim increase of 1946; and the award of £1 in the 1949-50 decision. Indeed at the end of the war, some 38 years after the establishment of the wage, it was just 20.2 per cent higher than originally set, delivering an annualised growth rate of just 0.49 per cent.³⁶⁶ The two large post-war increases boosted the real value of the wage by 18.9 per cent. These were followed by a period of stability in the real value of the wage until the Total Wage decision of 1966.

The increases awarded in this decision, and the subsequent attention paid to the newly established minimum wage, saw the real value (\$2018) increase from \$435 in June 1964 to \$613 in February 1978, growth of 40.7 per cent, representing an annualised growth rate of 2.5 per cent. This was the longest period of sustained growth in the wage over its existence. Between 1979 and 1995, as has been discussed, two series for the minimum wage are shown, one reflecting the rates in the Metal Industry Award and secondly, a notional series derived on the basis of National Wage Case decisions only. The Metal Industry series showed very strong real growth to 1982, before a period of decline and then stability which left it, in real terms, at much the same level

³⁶⁵ These are the price changes, as reported at the time using the ABS 'A' series. Using the series developed for analysis here, the changes over these three one year periods were: increases of 16.6 per cent; and 8.9 per cent; and a fall of 18.8 per cent. Due to the lags between price changes and wage adjustment the violence of these price changes also give the illusory impression of there having been a massive increase of 31 per cent in the real value of the minimum wage between December 1920 and April 1921.

At the same time it should be recognised that these fluctuations were reflected to some degree in the living standards, or sense of security about their living standards, of those reliant upon wage income.

³⁶⁶ The low growth in the minimum wage between 1907 and 1945 is not inconsistent with other estimates. McLean and Pincus (1983) report that between 1891 and 1938-1939 Australian GDP per capita increased by an annualised rate of 0.61 per cent and consumption by 0.55 per cent. The slower growth in the minimum wage in this regard may also reflect the degree to which it was initially set at a rate above market wages and transitioned to a foundational wage, with most workers being paid a margin above. In their analysis McLean and Pincus suggest that the measure of GDP per capita did not capture the actual change in living standards and cite alternative measures including shorter working hours, earlier retirement and increased life expectancy, as indicating a higher rate of growth in wellbeing.

as it was in 1978. The residual National Wage Case series showed a period of decline and then stability, essentially falling back to the real value of the minimum wage for men in the mid-1960s.³⁶⁷ The Metal Industry Award series is used in subsequent analysis.

In the 21 years since the introduction of the Federal Minimum Wage in 1997, the wage has increased relatively steadily, increasing in real terms by 18.9 per cent to 2018.

This pattern of growth is considered further in Table 3.1 which shows the real value of the male minimum wage at selected dates and the growth over the period. Of the nine periods identified, three show declines in the value, that is 1923-1934, 1939-1945, and 1978-1997, along with three of very strong growth: an annualised growth rate of 2.8 per cent in the period 1934-1939; 3.2 per cent over 1945-1950; and 2.5 per cent over 1964-1978.

Table 3.1 Growth in Real Value of the Male Minimum Wage (\$2018), Selected Time Periods, 1907 to 2018

Period	Date (Period to:)	Real Value Period Change:				
		(End period) \$2018	Period (years)	Change in value (\$2018)	Percentage Change	Annualised Growth (%)
Harvester	Nov. 1907	294	-	-	-	-
Establishment of indexation and Powers 3s.	Mar. 1923	340	15.3	46	15.6	0.9
Depression and restoration	Dec. 1934	315	11.8	-25	-7.2	-0.6
Pre-war & prosperity	Jun. 1939	357	4.5	41	13.1	2.8
War-time	Nov. 1945	353	6.4	-3	-0.9	-0.1
Post-war dividend	Dec. 1950	415	5.1	61	17.4	3.2
Post-war-stasis	Jun. 1964	435	13.5	21	5.0	0.4
New Minimum Wage	Feb. 1978	613	13.7	177	40.7	2.5
Metal workers	Apr. 1997	605	19.1	-8	-1.3	-0.1
Restoration to current	Jul. 2018	719	21.2	114	18.9	0.8

Note: Series based on minimum wage rates applicable to Melbourne.

Source: Derived from Table A 3.4.

The minimum wage for women

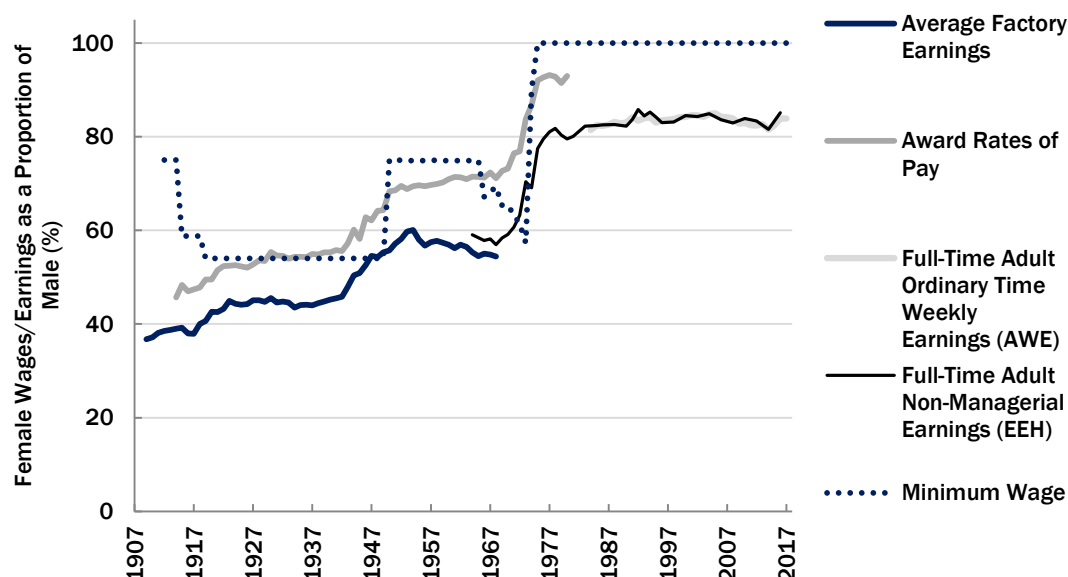
The female minimum wage is plotted in Figure 3.5, up to 1975 when a common rate applied. As discussed, a formal minimum wage for women effectively only existed between 1950 and 1966, and 1974 and 1975. This is complemented on the chart with rates derived from the ratio of minimum rates for men and women in “basic wage equivalent” positions and using National Wage Case adjustments only for the period 1966 to 1974.³⁶⁸ Most apparent on the chart are the significant impacts of the 1950 and 1974 decisions on female rates, that is, the initial increase to 75 per cent of the male rate, and then the transition to equal pay.

³⁶⁷ As has been discussed in the text, the evidence is that the residual series was essentially defunct by the early 1990s.

³⁶⁸ The ratios used are: 1912–1913, 75 per cent; 1913–1919, 58.8 per cent; 1919–1954, 54 per cent; and 1950–1966, 75 per cent.

Less apparent, but highly significant, were the diverse trends in male and female minimum wages between 1964 and 1973. While the male minimum wage increased by 36.3 per cent between June 1964 and May 1973, the increase in the female minimum, as derived for this analysis, was just 4.3 per cent. This latter trend however was not reflected across the wages system with data on average earnings of women, relative to that of men, increasing strongly over the period, reflecting the move towards equal pay in rates other than the minimum wage. In particular between 1966 and 1973 the female “minimum wage” is estimated to have fallen from 75 per cent of the male rate to 57 per cent. In contrast over the same period the ratio of female award rates to male rates increased from 71 per cent to 84 per cent, and the average earnings of full-time non-managerial adult women increased from 58 per cent of that of men to 70 per cent. This repeats the pattern of change in the relative value of the female minimum wage lagging increases in the actual relative earnings of women, seen in the 1940s, as shown in Figure 3.6.

Figure 3.6 Female Earnings as a Proportion of Male, 1909 to 2018



Notes: See notes on Table A 6.22 regarding limitations on the Factory series, in particular the extent to which this may have been affected by growth in female part-time employment in the post-war period.

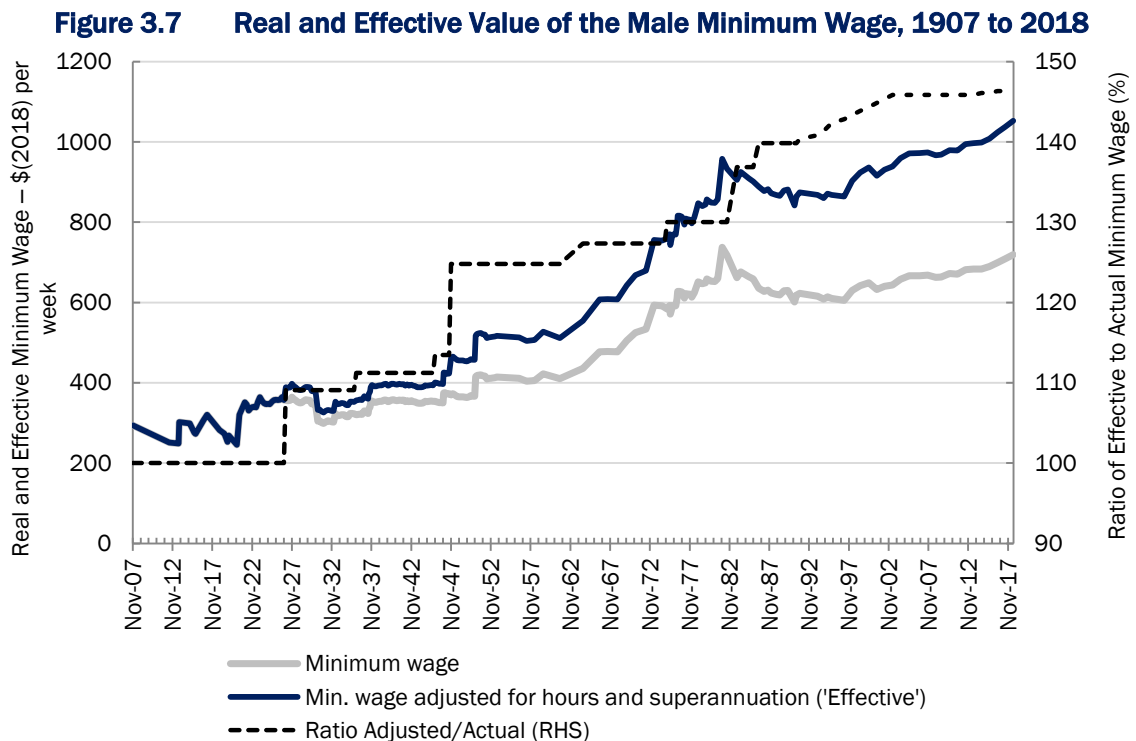
Source and additional notes: See Table A 6.23.

Returning to the real value of the female minimum wage, the series shows that, outside of the major realignments of the female and male rates, women minimum wage earners gained little. In the period between 1912 and 1950, just prior to the setting of the rate at 75 per cent of the male rate, the minimum wage for women increased by just 5.0 per cent, mainly as a result of the lowering of the proportion of the male rate from 75.0 per cent in the 1912 Fruitpickers' Case to 54 per cent from 1919 on. After the realignment of the wage to 75 per cent of the male rate in 1950, and 1973, the wage increased by just 9.4 per cent, largely as a consequence of the failure of the minimum rates paid to women to maintain relativity with the male minimum wage, as discussed above.

3.5.3 ADJUSTING FOR WORKING TIME AND CONDITIONS

Section 3.4 has documented the changes in working conditions recorded since 1907 as these pertain to hours of work, annual leave and superannuation. These improvements can be seen as trade-offs by workers for the gains they may otherwise have been able to take as increased income.

Figure 3.7 presents an “effective rate” of the male minimum wage adjusted for these factors. This rate can be considered as a counterfactual estimation of what the minimum wage could have been if the benefits of reduced hours, leave and superannuation had been taken as increases in the rate of the minimum wage.³⁶⁹ While the real value of the minimum wage increased by 144.6 per cent between 1907 and 2018, the increase recorded in this adjusted “effective” rate rises to 257.9 per cent, with the effective rate of the adjusted wage being 1.46 times that of the real wage.



Notes: Metal Industry Award series minimum wage used.

Source: Derived from Table A 3.4.

The initial two major ‘steps’ in the ratio of the adjusted to actual minimum wage, in 1927 and 1947, were associated with reductions in working hours, with the further steep rise between 1982 and 1986 being the product of the 38 hour week and the initial introduction of superannuation. The staged increase of the Superannuation Guarantee levy from 1991 is reflected by the gradual increase between 1991 and 2003.

In looking at specific periods, particular note should be made of the combination of improvements in the immediate post-war period. These encompass: the granting of two weeks annual leave in lieu of one; the

³⁶⁹ The calculation is based on a counterfactual weight = $((48 \times 52) / (\text{weekly working hours} \times (52 - \text{leave [in weeks]})) + \text{Superannuation levy rate (as a decimal)})$.

reduction in the working week from 44 hours to 40 hours; and the granting of the interim 7s. increase in the Basic Wage in 1948, and the £1 increase in the 1949-50 wage case decision. Between August 1945 and February 1951 the real wage of a minimum wage worker increased by 18.1 per cent, and when adjusted for the changes in working conditions, by 32.5 per cent.

These data suggest that there has been a much higher increase in the overall standard of living for minimum wage workers than that based on an assessment of income alone. As discussed in the history of these changes, the broad balance of evidence suggests that these trade-offs were consciously made by workers, or at least by workers as a whole, and can as a consequence be seen as welfare maximising.³⁷⁰ The magnitude of this was large. Looking at the above figures suggests that of the potential gain over the period, workers only took 56.1 per cent as income and the balancing 43.9 per cent as improved conditions – either as a direct trade-off for leisure, or for increased income in retirement – that is, enhancing the quality of leisure at this phase of life.³⁷¹

3.5.4 THE RELATIVE VALUE OF THE MINIMUM WAGE AND OTHER EARNINGS

Further insight into the role and value of the minimum wage can be obtained by comparing its value with earnings more broadly. Figure 3.8 shows the value of the male minimum wage relative to other measures of earnings.³⁷² For the period from 1909 to 1968 the comparison is with the average earnings of all male factory employees, and from 1966 relative to average weekly ordinary time earnings of full-time employed adult males. While this latter tracks a slightly higher earnings aggregate, which limits direct comparison of the actual relative value of the minimum wage over the whole period, the two

³⁷⁰ The possibility that the trade-off made for workers as a whole may not coincide with that which would have been made by minimum wage workers needs to be acknowledged here.

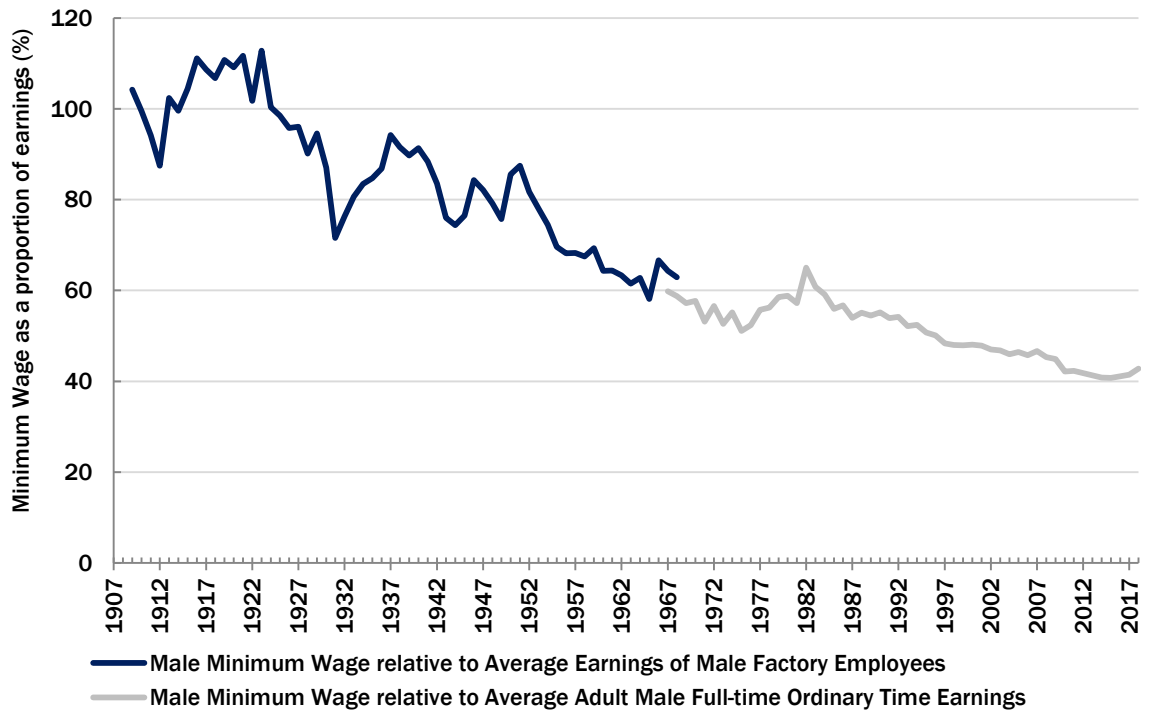
³⁷¹ Assessing this in welfare terms is difficult. In addition to the previously discussed limitations, the transfer of some income across the lifecycle is linked for example not just to personal discount rates at the time the income is received, but also the relative value of marginal increases in consumption while working, and when applied to a lower base income in retirement.

³⁷² Only data for males are presented here. This relates to a number of problems with the comparator series. In the first instance a time series of female average weekly earnings is only available from 1984, in contrast to the 1966 commencement of the male series. Secondly, while both the male and female factory series underestimate adult earnings as they are an average of all employees, including junior workers, this is a much more significant issue for the female series as these younger workers represented a much higher proportion of the female workforce. Thirdly, the female series is adversely affected in later years by the increasing proportion of the female workforce who were employed on a part-time basis. This can be seen in Figure 3.6, with this series showing a downturn from the late 1950s on, not replicated in the Award Rates of Pay series.

A consequence of the inclusion of juniors in the male earnings series used in Figure 3.8 is an underestimation of average earnings, and hence an overstatement of the minimum wage to earnings series. Notwithstanding this, it remains likely, as discussed in the text, that the key factor for the high ratio of the minimum wage in the early period is the limited application of the wage rate across the wages system. (See also notes to Table A 6.22).

series provide a clear trend.³⁷³ There is a strong decline in the relative value of the minimum wage over the period. While analysis has not been undertaken here, the pattern is likely to reflect both increased dispersion of earnings and a declining proportion of the workforce earning at or around the minimum wage.

Figure 3.8 Relative Value of Minimum Wage to Other Earnings. Men, 1909 to 2017



Source and notes: See Table A 6.24.

The federal male minimum wage was at, or above, average earnings of male factory employees for much of the period before 1920. While this in part may be attributable to the weaknesses of the ‘factory series’, the major driver is likely to be the limited reach of the initial Commonwealth court decisions, with the wage not acting as an economy-wide minimum wage either directly, or through its influence on other wage-setting bodies. Since then its relative value has declined steadily, notwithstanding some volatility. In broad terms the male minimum wage was around 80 per cent of average factory earnings from the late 1930s to the early 1950s, falling to some 60 per cent in the mid-1960s, reaching around 50 per cent of average weekly earnings in the mid-1990s, and falling to just above 40 per cent around 2009 and remaining at this level in recent years.

The trend as illustrated shows two marked anomalies. The first is in 1931 and 1932 where the relative value of the minimum wage fell dramatically. This reflects the limited flow-on of the court’s decision to cut the minimum wage during the Depression.³⁷⁴ The second is the rise in the 1970s. This would

³⁷³ In the three years for which data are available for both series the ratio of the male minimum wage to male factory employees’ average earnings was some 5.6 to 6.9 percentage points higher than its ratio of the minimum wage to the average weekly earnings series.

³⁷⁴ In a 1933 case, hearing the application from unions for the cancellation of the reduction, Justice Beeby observed that the flow-on of the cut through state tribunals

appear to have two contributors. The first was the rise in the value of the minimum wage from the mid-1970s on, potentially reflecting the particular attention being paid to the male minimum wage by the commission, along with a flattening of real average weekly earnings growth. The second is the strong growth leading to a peak in 1981 to 1983. This reflects the use of the Metal Industry Award minimum wage between 1978 and 1995 and the fact that this did not fully flow through to other sectors in the early part of this period, in addition to the way in which the initial strong gains in this wage were whittled down over time.

Notwithstanding these anomalies and reservations, the overall pattern shows that the value of the minimum wage has declined dramatically relative to other earnings over the past century. This was more marked in the first half of the period, and while continuing to decline since, most recently there are some signs of a flattening of the trend.

3.6 THE MINIMUM WAGE TODAY

Today the minimum wage, while still having a significant conceptual place in the wages system, plays only a very limited role as the actual rate of pay for Australian workers.^{375,376,377}

was uneven and “led to a startling anomaly under which the reduction of wage standards only applies to approximately 50 per cent of those whose conditions are governed by industrial tribunals” (32 CAR 90, 105). He further noted that the cut had also not been “universally applied” (105) within Commonwealth awards and when full account of these factors the reduction “applies to less than one-third of the working people of the whole of the Commonwealth” (105). This latter point is emphasised in Gregory, Ho and McDermott (1988) who conclude from an analysis of wages paid during the Depression that the decision of the court did not flow through the wages system. Seltzer presents a micro-analysis of wages at the Union Bank of Australia and finds the cut did not flow through to employees. He suggests that this was because the bank “sought to maintain constant real wages over time as part of its implicit contract with its workers” (2003, 128).

³⁷⁵ The fact that only a relatively small proportion of the workforce is paid at the minimum wage is not a recent phenomenon. In the 1949–50 Basic Wage Inquiry Justice Foster remarked: “It became a commonplace during the hearing to refer to the basic wage earner, male or female, as a *rara avis*, an almost extinct species” (68 CAR 698, 800). ABS report on a 1960 survey which identified that only 2.3 per cent of male employees earned less than 20s. above the basic wage which was at the time 276s. a week (ABS 6101 1962, 83 & 299).

³⁷⁶ Notwithstanding the historic decline in the value of the Australian minimum wage relative to other earnings, it remains high in both relative and absolute terms in comparison with other countries. On a purchasing power parity basis the Australian minimum wage in 2016 was the third highest in the OECD (behind Luxembourg and the Netherlands) (OECD 2018). Previous OECD (2015) analysis suggests that once account is taken of income tax and employee social contributions, the Australian net wage would exceed these to be the highest. Relative to mean earnings, of the major advanced economies, in 2016 it was only behind New Zealand, France and Slovenia (OECD 2018).

³⁷⁷ A further question relates to the potential effect of its role in establishing a floor in the wages system has a flow-on effect to other wages, in particular at the lower end of the income distribution. To the extent this is the case then the effect of the minimum wage may be much greater. This is not considered here.

While it still represents the minimum rate of pay for employees in some industry sectors, in many others the base rate of payment is higher. Current awards are diverse in this respect. In June 2017 the Joinery and Building Trades Award provided the then minimum wage, \$672.70 per week, as the pay rate for general hands and factory hands, while the Vehicle Manufacturing, Repair, Services and Retail Award had it for driveway attendants, office cleaners, and process workers. The minimum wage was also the rate paid to general hands in the Wool and Basil element of the Textile, Clothing, Footwear and Associated Industries Award. For other employees under this award it was only payable for a trainee (usually for 3 months) with similar provisions in the Restaurant Industry Award and the Amusement, Events and Recreation Award, with workers moving to a rate of \$692.10 after this period. Other awards such as the General Retail Trade; Children's Services; and Contract Call Centres, started at rates above the minimum wage (\$738.80, \$688.00 and \$718.60 respectively) (Fair Work Commission 2017).

No statistics record the actual number of people paid at the minimum wage, although estimates can be derived from employer and household surveys. Each of these has weaknesses and estimates vary. Analysis of the 2016 ABS employer based survey of Employee Earnings and Hours (EEH), suggests only 4.0 per cent of current adult employees are paid the minimum wage, with this proportion stable across genders.³⁷⁸ A significantly higher proportion, 10.4 per cent, is estimated from the HILDA survey, with these data showing a much higher rate, 12.8 per cent, for adult women than for adult men, 8.1 per cent.^{379,380}

Using the EEH, payment at minimum wage rates was very uncommon amongst adult full-time non-casual employees with only 1.4 per cent of this workforce being on this wage, and is only marginally higher for non-casual part-time workers at 2.0 per cent. In contrast, 18.9 per cent of adult full-time casual employees and 12.0 per cent of part-time casual employees are identified as being paid the minimum wage.³⁸¹ The data, as shown in Table

³⁷⁸ In this analysis a person is classified as being paid the minimum wage if they earn up to 105 per cent of the rate of the minimum wage. As such the estimate includes some 1.6 per cent who appear to be paid at rates below the minimum wage (excluding those who are paid a special disability rate) and 2.3 per cent who are paid at +/- 5 per cent of the minimum wage. In discussion these will collectively be classified as minimum wage workers.

Restricting employees for this analysis to adults and those on adult rates, reflects the difficulty in deriving robust rates for the younger age groups who are paid fractionally against the adult rate, based on their age, but where this fraction can vary between occupations.

³⁷⁹ This is again using a measure of up to 105 per cent of the minimum wage. Notionally it would be expected that the EEH survey would more accurately reflect actual rates of pay as the data on earnings, hours, as well as specific compensation for casual employees, are taken, in most cases, directly from payroll systems. In contrast, data from HILDA rely upon individual recall and reporting which may not always have the benefit of access to records.

³⁸⁰ It is notable in data on the distribution on earnings in Australia that there is no evidence of a 'minimum wage floor' with a clustering of employment at that level, and a rapid fall-off below. Rather, to the degree there is any clustering, it would appear to be around rates some 115 to 120 per cent of that of the minimum wage.

³⁸¹ Because the data are derived from total pay and hours worked the actual pay-rate cannot be observed. It is possible that some of the apparent higher incidence of

3.2, identifies three occupations with a quarter or more employees paid the minimum wage: Farm, Forestry and Garden Workers; Food Preparation Assistants; and Packers and Product Assemblers. While sales workers constitute the largest group of minimum wage workers, the incidence of part-time work is only around one-third of that in these other occupations. Hospitality workers account for 10.1 per cent of minimum wage employment with 13.4 per cent working on the minimum wage.

The incidence of minimum wage employment is higher amongst younger persons, with 23.2 per cent of those aged 18-20 years who are identified as being paid adult rates being on the minimum wage. This declines to 8.6 per cent of those aged 21-24 years, and is just 3.0 per cent for those aged 25-54 years, and even lower at 2.6 per cent for those aged 55 years and over.

Table 3.2 Occupations with High Rates of Minimum Wage Employment, 2016, EEH Survey

Occupation (ANZSCO3)	Proportion of Persons in Occupation Paid Minimum Wage (%)	Minimum Wage Employees in Occupation as Share of All Minimum Wage Employment (%)
Farm, Forestry and Garden Workers	28.6	3.4
Food Preparation Assistants	26.8	8.8
Packers and Product Assemblers	24.7	7.2
Miscellaneous Factory Process Workers	14.8	1.6
Hospitality Workers	13.4	10.1
Delivery Drivers	12.7	1.2
Machine Operators	11.2	2.0
Checkout Operators and Office Cashiers	11.1	1.8
Freight Handlers and Shelf Fillers	10.2	0.9
Food Process Workers	10.1	1.5
Miscellaneous Labourers	9.4	3.0
Sales Assistants and Salespersons	8.0	16.3
Cleaners and Laundry Workers	8.0	5.2
Personal Service and Travel Workers	7.0	1.0
Childcarers	6.9	2.4
Receptionists	6.8	2.6
Sports and Fitness Workers	6.5	1.4
Total of identified occupations		70.2

Notes: Persons paid at Adult rates. Minimum wage includes all persons earning up to 105 per cent of the minimum wage.

Source: Derived from ABS 6306.0 CURF 2016.

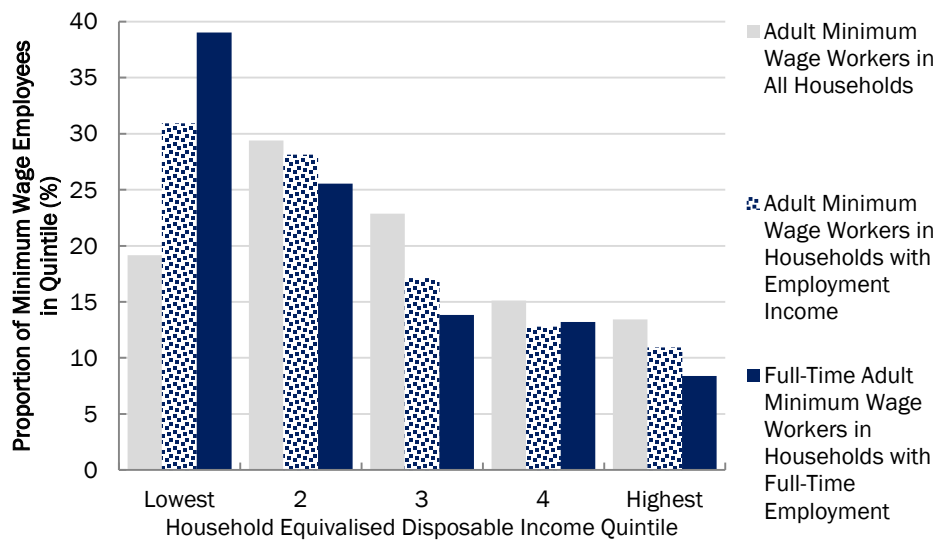
The HILDA data, while potentially less robust, have the merit of permitting some investigation of the role of the minimum wage in providing for households. As shown in Figure 3.9, adult minimum wage employees are spread across households, when these households are classified by their level of income (adjusted for household size). Indeed, only 19.2 per cent are in

minimum wage work amongst casual employees is a result of underpayment of the casual loading of 25 per cent, rather than the actual wage rate which is being paid. However in either case the person is still being paid at, or less than, the minimum wage which includes the casual loading for these employees.

In addition the estimates for part-time workers working relatively few hours can be significantly affected by any rounding of the time actually worked.

households in the lowest income quintile, with a further 29.4 per cent in the second lowest quintile. In part this low concentration at the bottom of the distribution reflects the extent to which low-income households are primarily without employment and reliant upon transfer payments. Conversely some 13.4 per cent of these adult minimum wage earners are in the most affluent 20 per cent of households, and 15.1 per cent in the second to top income quintile. A factor here is adult children in these households who are undertaking, mainly part-time, employment in low waged jobs, often while studying.

Figure 3.9 Distribution of Adult Minimum Wage Employees by Household Income Quintile, 2016, HILDA Survey



Source and notes: See Table A 6.25 and footnote 379.

Given the potential distortionary impact of those households without earned income, the chart also shows two additional distributions of adult minimum wage earners: firstly across those households that have some income from employment; and secondly the distribution of full-time minimum wage workers across those households with some income from full-time employment. The exclusion of those households without income from employment leads to a much stronger skew in the distribution of minimum wage employees, with 30.9 per cent in the lowest quintile of households, and a further 28.1 per cent in the second to bottom quintile. Nevertheless these workers continue to be present in households with much higher incomes, with 11.0 per cent being in households in the top quintile of equivalised disposable income.

The third set of results, restricted to full-time minimum wage workers in households with some full-time employment, places 39.0 per cent of these workers in the lowest income quintile, although 8.4 per cent are in the highest quintile.

This type of finding has been recognised as showing the limitations of the use of minimum wage wage-setting decisions either to assist low income households, or to address income inequality across households.³⁸²

The “Harvester” family today

The Harvester decision was predicated on meeting the needs of a family with dependent children with a single breadwinner. As has been previously identified, section 2.6.6, the proportion of families with dependent children who have such a sole breadwinner has declined dramatically over time and account today for just over a quarter of such families.

The role of the minimum wage in these families has also declined. From the HILDA survey it is estimated that just 0.9 per cent of couple families with dependent children under the age of 15 years, who have at least one parent in employment, have a single full-time breadwinner paid the minimum wage.³⁸³

Looking more broadly at the role of the minimum wage for this form of household, while 8.7 per cent have at least one of the parents working on the minimum wage, this is most usually in couples where one partner is working full-time on a higher wage and the other is working part-time at the minimum wage. Only 1.4 per cent of these households receive all of their income from minimum wage employment.

3.7 SUMMARY – THE DEVELOPMENT OF THE MINIMUM WAGE

This chapter has been concerned with the establishment and development of the minimum wage in Australia. While the 1907 Harvester decision was a decision of its time, it was a decision which can be considered to have been well founded and which delivered a significant improvement in the remuneration of low paid male workers, and where they had them, their families. The formulation of the wage as a family wage was appropriate to this population, given that this was the only significant source of income for most families (and as detailed in the following chapter, the limited capacity for any state intervention at the time). The underlying conceptualisation of the wage as providing the capacity to a man to marry and support a family was reasonable and consistent with demographic data, as was the concept that the wage may have needed to support a household of around five.

While this formulation involved a large group of workers receiving a wage above their needs, alternatives largely did not exist to avoid this. However the decisions of the court to exclude younger males and women from the wage can be seen as reinforcing the rationale for the wage.

The initial development of the wage saw little increase in its value, but involved a significant learning experience for the court coming to grips with

³⁸² While these data indicate that policies to use the minimum wage to address these outcomes are likely to be inefficient, and only partially effective, this does not necessarily mean that they could not make a contribution, provided there were no adverse employment outcomes.

³⁸³ Some caution needs to be exercised in the precision of this estimate given sampling variability.

adjustments for price change, and the ABS in developing price indexes. Although the Royal Commission into the Basic Wage had been intended to enhance the role of the wage, this was not the case, potentially because of poorly specified terms of reference, or (as considered further in the next chapter) poor leadership. The first decision to increase the real value of the wage did not occur until 1937, 30 years after its establishment. In the post Second World War period the value of the wage increased strongly in real terms, initially in the immediate post-war years, and again from the mid-1960s into the 1970s. Notwithstanding the strong income gains made by minimum wage workers, these were only part of the benefits obtained by workers over the period, with substantial trade-offs between potential earnings growth and better conditions, especially working hours and annual leave, and retirement incomes. Analysis suggests only a little more than half of the potential gains were taken as wages.

Although the history of the minimum wage and court decisions are frequently viewed as a conflict between the principles of 'capacity to pay' and 'needs', this divide emerges as more artificial than real. The determination of needs was a process which took into account the living standards of the day, and hence the capacity of the economy, while there are few periods in which the court did not take account of the needs of the low paid, even when principally considering arguments on productivity and related grounds. Equally, to the extent decisions took account of the capacity to pay, this cannot be clearly differentiated from this also being a bargaining over factor shares of this capacity.

The adoption of the concept of a non-market, needs based wage for men, posed a challenge for the formulation of wages for women. While the court effectively took the same conceptual approach for these women, the outcome was a substantially lower wage, based on the needs of a single woman. Again, the evidence suggests that the wage, within the constraint of it being needs based, was set appropriately in the context of the female workforce and their needs.³⁸⁴ Although the original formulation of the female wage made provision for equal pay for women performing work more frequently undertaken by men, over time, and in large part due to the level of gender segmentation of the workforce, a simple gender-based wages system evolved.

This formulation of the wage however conflicted with other social objectives. The partial pursuit of these during the Second World War, along with a need to mobilise the female workforce, saw the wage reset at a higher relativity which did not achieve the first of these goals, but made the conceptualisation of the male minimum wage as a family wage less tenable. Resolving this was not easy, and in 1976 the male minimum wage, which still necessarily had elements of the family wage in it, was granted to women.

Policies over the next 40 years, in particular from the mid-1980s onwards, saw the value of the minimum wage relative to other earnings continue to decline, along with the developments in family policy (see chapter 4) and the remaining family component effectively being washed out, resulting in its current role as

³⁸⁴ It is emphasised that this is in terms of a constraint on the payment of a single rate to an identifiable population.

a wage for a single person. The wage today only has a minor role in the wages system, being paid to a relatively small group of employees, and having only a small role as an instrument primarily designed to support the incomes of low income households.

Across this history the role of the court, while central, also was problematic. The nature of its jurisdiction limited the immediate impact of the establishment of the basic wage, and a review of its decisions suggests that while the court sought to emphasise precedent, consistency and principles, the opposite was more frequently the case. This does not necessarily mean that decisions were not correct, but that rather the court and its mode of operating was not well equipped to present coherent rationales in decisions which were based more often on compromise, and at times expediency.

Unions while playing a strong role across the whole period, were at times conflicted between competing goals, in particular with respect to equal pay and the level of the male family wage. This conflict very much reflected the tension in their role of representing the interests of their membership, which was overwhelmingly male, relative to protecting those of the minority group, women, or advancing an aspirational ideological position.³⁸⁵ This frequently inhibited their capacity to present coherent arguments or appear to have a consistent strategy. To the extent the court was at times ancillary, rather than central, to the achievement of unions' industrial strategies, this may have been of a secondary concern to them.

The Court, the Minimum Wage and Wages Policy

In this summary the question arises whether the decisions of the court, and its wider interactions, can be seen as 'wages policy'. While the court clearly made wages decisions, what is less clear is whether it made and implemented policy, that is having a clear coherent perspective of where the decisions sat in terms of steering the wages system, and contributing to economic and social policy. While some elements of the court's decisions, including the adoption of a needs basis, and indexation to maintain real living standards, along with the highest wage within the capacity of industry to pay, can be seen as constituting policy, set against this are other factors. These include the short-term nature of most decisions, with frequent shifts in rationale, and the extent the court sought to find compromise positions. Additionally the interactions of the court with other aspects of wages policy, including taxes and transfers was limited, initially because of views of the court and more recently the difficulty of engaging other parties. Further, during the operation of the Accords between 1983 and the mid-1990s, the role of the court was not necessarily clear-cut, including the 1991 Decision not to include the increase in superannuation contributions which were a crucial element of the Accord Mark VI.

³⁸⁵ As has been discussed in section 2.2.3 not only were women a minority in the membership of trade unions, but also had a limited voice in the movement as a whole and within the union hierarchy. It is also not simple to disentangle these factors from the extent to which male union officials brought their own prejudices, as illustrated in section 2.6.4, to the fore.

On balance I consider the evidence is that while making ‘wages decisions’, the court did much less in making ‘wages policy’.

4 State Intervention to Support Families

In 1926, some years after his resignation from the court, Higgins gave a speech in which he spoke about the development of the Australian arbitration system including his Harvester judgement. In this he noted the emerging debate on child endowment, including the publication of Rathbone's *Disinherited Family*, before reflecting upon his adoption of the family wage approach, saying:

Perhaps it is sufficient to say that when I gave what is called the "Harvester Decision" in 1907, fixing a basic wage at 42/- per week, the decision would have been materially different if any such direct provision existed for wives and children; the basic wage, if any, might not have taken the maintenance of wives and children into account at all. But there was no such direct provision; and there is none yet (in Australia); and the Court has to deal with facts as they exist. (Higgins 1926, 9)

This chapter is concerned with this provision.

The absence of such provision at the time of the original Harvester decision can be ascribed to the fact that this concept was, at best, just beginning to be considered, and the state had yet to formulate any significant role in social provision, including in the machinery to permit its funding. Beyond this the Harvester decision had two impacts, one potentially fostering, and one potentially hindering development.

4.1 THE DEVELOPMENT OF THE IDEA OF CHILD/MOTHERS' ENDOWMENT

The concept of state funded child endowment was essentially a twentieth century development. In looking at the early development of the idea, it is possible to characterise three broad rationales advanced for the introduction of such policies. The first, and most minor, were what might be considered as utopian socialist policies; the second were those who approached the question from the gender perspective, either as a means of providing for the independence of mothers, or, in recognition of the impediment which the 'family wage' concept posed for the achievement of equal pay for women; and the third was the inflexibility of paying such a family wage, resulting in the payment of an excess to single males and inadequate income for the support of large families.

In the early stages of the debate two other themes also played a role. These were: pro-natalism, frequently with a strong eugenic bent; and the state having a responsibility for children as it was the long-run beneficiary of reproduction, including the supply of future soldiers. These can be considered as secondary arguments playing a much lesser role in the subsequent

development of policies, although as seen, they were important for some early advocates.

The initial review of the development of these ideas in this chapter is selective, with a focus on some particular authors, especially in the international sphere, as examples of the wider literature, and illustrating the key motivations.

4.1.1 WEBB, EDER, WELLS & GILMORE – POPULATION, EUGENICS AND SOCIALISM

Some of the earliest proposals for child endowment emerged in the first decade of the twentieth century.^{386,387} These include: Sidney Webbs' 1906 *Physical Degeneracy or Race Suicide?*; HG Wells' 1906 *Socialism and the Family*; and Eder's³⁸⁸ 1908 *The endowment of Motherhood*.

Webb, responding to falling fertility in the UK, and the results of a survey he conducted which identified poverty as one of the key reasons for couples limiting their fertility, went on to argue:

We shall, indeed, have to face the problem of the systematic endowment of motherhood, and place this most indispensable of all professions upon an honorable economic basis ... Such a revolution in the economic incidence of the burden of child-bearing would leave the way open to the play of the best instincts of mankind. To the vast majority of women, and especially to those of fine type, the rearing of children would be the most attractive occupation, if it offered economic advantages equal to those, say, of school teaching or service in the post office. At present it is

³⁸⁶ While a proposal for a form of targeted child endowment was made by Thomas Paine a century earlier in his *Rights of Man* this perhaps had more in common with the tradition of poor relief than seeking to take account of the costs of children for working families. He proposed an annual endowment of £4 (an amount around 10 per cent of a labourer's earnings (Lindert and Williamson 1983, Table 2)) for each child under the age of 14 years for the poorest twenty per cent of the English population arguing that the poor, in addition to those "past labour", were "generally composed of large families of children" (Paine 1817, Part II p.89).

³⁸⁷ The extent to which these ideas were being developed, and were commonly discussed, at least amongst some groups, can be seen in an article in the inaugural edition of the British suffrage journal *The Common Cause* in 1909, which reported on US developments with respect to the provision of support of unmarried women. The article commenced, with almost a throw-away line, of: "some of us in England have got as far as a serious consideration of the endowment of mothers" (*Common Cause* 15 April 1909, 2). This wording, while suggesting the idea was still new, would appear to reflect that it had been developed sufficiently to be seen as a viable policy option, and commonplace enough that it did not need explanation to the readership.

It did not though necessarily mean support for the concept. Delap in her book on feminist movements in the early twentieth century in a chapter, 'The endowment of motherhood controversy', delves into the tensions in this debate with respect to what she classifies as 'the feminist avant-garde' and 'advanced' feminists. This usefully considers questions around the role of the state, and the divisions in the feminist movement with respect to endowment. In this respect she notes "Feminist opposition was generated less by the worthy principles of the scheme (mothers' independence of husbands, greater resources for children) than by the tacit assumptions and asides made by supporters of endowment" (2007, 191).

³⁸⁸ Eder was a British physician and later psychoanalyst with links to the Fabian movement (Ellesley 2004).

ignored as an occupation, unremunerated, and in no way honored by the state. (1906, 529)

Eder had much stronger utopian and eugenicist themes, emphasising a “system that seeks to make motherhood a properly paid occupation” with the aim “to encourage the breeding and rearing of healthy children; to discourage the breeding and rearing of unhealthy children” (1908, 10-11). While suggesting some individual allowances in a transition phase, he saw as the ultimate outcome the creation of ‘communal houses’.³⁸⁹

Wells³⁹⁰, in his 1906 *Socialism and the Family* declared: “socialism says boldly the State is the Over-Parent, the Outer-Parent. People rear children for the State and the future; if they do that well, they do the whole world a service, and deserve payment ... It follows that motherhood ... is regarded by the Socialists as a benefit to society, a public duty done ... The State will pay for children born legitimately in the marriage it will sanction. A woman with healthy and successful offspring will draw a wage for each one of them from the State” (57-58).³⁹¹

Although Harben’s Fabian tract was entitled *The Endowment of Motherhood* (Harben 1910), the proposal was for a short-term payment for some eight weeks after childbirth. The primary objective of this was improved maternal health and reduced child mortality, although it was also suggested as a means

³⁸⁹ Eder gave a description of this as: “Communal Homes ... [where] husband and wife ... if so desired can live with their children side by side with a couple who desire a less permanent union, or with others, again living in single bliss ... there would be 60 children and 40 adults; these 60 children would require to be cared by some 10 persons in common ... they would be entrusted with the entire upbringing of the children” (Eder 1908, 55-56).

³⁹⁰ Wells wrote of forms of the endowment of motherhood in a number of other places, including his *Modern Utopia*, initially published 2 years prior to *Socialism and the Family*. In this he states “the Utopian State will pay the mother, and the mother only, for the being and welfare of her legitimate children” (1905, Chpt 6 §5). This commitment by the state was though balanced in his Utopia with “the State is to exercise the right of forbidding or sanctioning motherhood” (Chpt 6 §3). While this text is somewhat discursive, and indeed inconsistent, on wider gender questions and the role of work, he argues “the Modern Utopia equalises things between the sexes in the only possible way, by insisting that motherhood is a service to the State and a legitimate claim to a living” (Chpt 6 §4).

³⁹¹ In resigning from the Fabian Society in 1908, Wells cited the failure of the society to commit to child endowment declaring “a scheme which proposes to leave mother and child economically dependent on the father is not to me Socialism at all, but a miserable perversion of Socialism” (letter of resignation quoted in Taunton 2009, 75). However it is noted that this was just one of a series of issues associated with his resignation.

At the same time the advocacy of child endowment by some Fabians and other movements saw the proposal attacked. For example, Ramsay MacDonald declared in 1910: “He was opposed to such proposals as the endowment of motherhood. The young middle-class woman in revolt was an unsafe guide in the treatment of questions on which her experience did not entitle her to speak with authority, and they must be careful that the Labour movement on its women's and domestic side was not to have its programme made up for it by a few worthy and excellent women who were still in the state of revolt” (Times 8/10/1910, 8).

of “an increased affection between mother and child” (Westralian Worker 25/12/1908, 2).³⁹²

Potentially reflecting these debates, Mary Gilmore, in a 1908 discussion of the ‘dwindling’ birth-rate in her Women’s Column in *The Worker*, concluded: “there is one way to end the puzzle, and that is to remit taxation or give an allowance for every child born” (Worker 23/1/1908, 19). She further took up this concern in correspondence with Higgins. Writing to Higgins in July 1909 she expressed opposition to the family basis of the minimum wage arguing that “to take the family as the unit is scarcely just” (Gilmore 1909a). The rationale for her opposition was based on two main arguments. The first, and fundamental, concern, echoing the approach of Wells, was “that the state has a perpetual covenant with the family (which reproduces itself to create and sustain the state and therefore has a claim against the state)” and more specifically “the family is the state itself. As such it should be maintained by the state”. The second was that wages should reflect the value of the labour to the employer – and that requiring employers to pay a family wage was placing an unfair burden on them for what should be a community wide responsibility, and that it would eventually lead to the employers seeking to evade the payment of the wage. She argued rather that “the only just way to meet the case is to institute a national family tax (the question of wages being a separate one and between man and man as the industrial unit) which would go to maintain all children and mothers of children”.

Higgins replied to Gilmore arguing she misinterpreted his decision, emphasising that the decision was taken in the context of a specific legislative obligation, and arguing that his focus was not that of paying a wage to a family, but rather paying a wage to the employee to enable them to support a family as a ‘normal need’.³⁹³ Gilmore responded to this letter acknowledging the argument made by Higgins and heaping praise on the Harvester decision: “The decision in the Harvester case seemed to me one of the amazing things that recurring at intervals only, mark the long strides development takes” (Gilmore 1909b). After this initial focus it does not appear that Gilmore pursued this issue until 1927 when she argued in a letter to the editor, in the context of the Lang child endowment proposal, a much more poetic position: “Child endowment is the civilised equivalent for the child's natural right in the

³⁹² While Harben’s tract was published in 1910 it would appear that it was based on previous lectures that he had given and on which the newspaper was reporting.

³⁹³ Higgins’ draft response was:

In the Harvester case I had to find what was “fair and reasonable remuneration” for certain classes of employees. I considered that no remuneration could be treated as fair and reasonable which did not, at the least, allow for the satisfaction of the “normal wants of an average employee regarded as a human being living in a civilized community”. Among the normal wants I include food, shelter, clothing - and family life. This family life cannot be had, under existing conditions, without money wherewith to maintain a wife and children. I do not take the family as the unit, as you think. I take the employee as the unit, with normal wants. The principle which I adopted in the Harvester case I have applied in my awards; for in awards, for settling disputes, the essential condition of peace is that the employee receive a fair and reasonable remuneration. (Higgins 1909)

land which civilised usage (and law) has taken from him” (Sydney Morning Herald 12/3/1927, 14).³⁹⁴

Implicit in these early debates, and a continuing question as to the role of support for families, including with respect to the concept of maternalism (section 2.5.4) was that of who are the beneficiaries of reproduction. Was it the state, either as a socialist embodiment of the society, or as a military defender of the population; the parents themselves who may rely upon the children’s support when they are no longer able to support themselves, or as an act of self-satisfying creation and reproduction; or in the language of Folbre: “Parents subsidized the capitalists producing workers that employers could hire without paying the actual cost of producing and training them” (2001, 89).³⁹⁵

4.1.2 ELEANOR RATHBONE – ENDOWMENT AND EQUALITY

In 1912 Eleanor Rathbone, a British feminist, and later parliamentarian, released a pamphlet *The Problem of Women’s Wages*.³⁹⁶ In this she sought to identify the reasons why women’s wages were lower than men’s, a subject motivated by her studies into the experience of Liverpool working class men and women and involvement with the Women’s Industrial Council. She identifies six main reasons, concluding “all the factors in the problem of women’s wage ... have their root in one set of facts common to women as apart from men; viz., their functions as childbearers and housewives, and the economic dependence of themselves and their children on the male parent” (1912, 20-21).

Central to this was what Rathbone described “in default of a better name” as the setting of women’s wages on the basis of an “Individual Subsistence wage requirement” (5). While she noted that many writers on the subject had recognised this in their characterisation of a woman’s wage as only needing to support herself, and a man’s himself and his family, she argued that much more significance should be given to this. This led her into a discussion around the limitations of the concept and of the underlying economic approach to wages. From this she drew the conclusion that unless a change was “made in social conditions under which the great bulk of the financial cost of rearing fresh generations has to come out of the earnings of the male parent, I see little hope of realising the ideal of equal wages for equal work” (8).

³⁹⁴ This letter then sparked a further exchange in the letters to the editor between Gilmore and Theodore Hooke Hill who, as discussed later, was a major critic of proposals for child endowment.

³⁹⁵ While part of a larger project to create an estimate of Australia’s human capital in 1924, the Australian Statistician Wickens “estimated that the mean total ‘cost of production’ of males and females to age 15 was £436 ... comparing this figure with his estimates of the present value of the future ‘earnings’ (services) of males and females at that age, namely £1,923 and £928” (Treadgold 2000, 48-49).

³⁹⁶ The copy held by the British Library is undated but catalogued as 1912. *The Economic Journal* (1912 22(87), 515) lists the paper as being published in the *Transactions of Liverpool Economic Society* Sessions 1910-11 and 1911-12. Alberti cites it as 1912 and reports that the paper had been first read to a 1902 meeting of the Liverpool Economic and Statistical Society (1996, 158).

Such a change occurred in the First World War when the British army paid members of the forces a relatively low wage, supplemented, if they were married, by 'separation allowances' paid to their wives.³⁹⁷ Rathbone, in a 1917 article published in the *Economic Journal*, suggested that as a result of this "women have been transformed into an army of State servants, drawing their separation allowances direct from the State in amounts proportioned, not to the value of their husbands' services, but to the size of their families. It is the largest experiment in the State endowment of maternity that the world has ever seen" (1917, 55).

In this article she reiterated her earlier analysis, emphasising that the "individual subsistence" was the "most important and the most habitually under-rated" (60) reason for lower female wages. She further ridiculed the reliance on the wages system as the means of supporting families and raising children: "the question of child supply, its quantity and quality ... Can anyone who thinks about it seriously defend the system which makes the remuneration of all the services connected with that most important supply dependent upon and subsidiary to the remuneration of a quite different and irrelevant set of services, those of the industrial workers?" (65). She argued for a need to consider mechanisms "by which the State should take upon itself the prime cost of rearing future generations" (68), noting the potential for a payment such as the separation allowance to do so, and arguing that with such policies "the main reason for the differentiation in wages between the two sexes [would have] disappeared", and "the services of women – not only in industry, but in the home – would be remunerated on their merits" (68).

These issues were subsequently pursued by Rathbone in her books *The Disinherited Family* ([1924] 1927) and *The Case for Family Allowances* (1940) as well as her ongoing work with the family allowance and feminist movements.

In the Australian context what is most marked is the contrast between the strong focus of Rathbone on equal pay, but its minor role in the Australian debate, where even the question of women's independence was secondary to the needs of children. This is even more striking given that the Australian wages system was explicitly based on the rationale of the 'individual subsistence wage' for women, and a family wage for men.

4.1.3 RICHARD ARTHUR – ENDOWMENT AND THE PROBLEMS OF THE BASIC WAGE

In contrast to Rathbone who approached the question of the male family wage from a feminist perspective, Richard Arthur, a NSW state parliamentarian, approached it, as became the dominant theme of Australian debate, from that

³⁹⁷ The weekly rates at which the allowance was paid were substantial. In 1915, for a private, they were 12/6 for a wife, 17/6 for a wife and child and 21/- for a wife with two children and then increasing by 2/- a child for further children (Parliamentary Recruiting Committee 1915).

In Australia the rate of pay for defence forces was much higher, at 6/- a day for a private, compared with the 1/- paid in the British forces. While there was also a separation allowance paid in Australia, this was effectively a minor top-up payable for a soldier with a wife and dependent children where the soldier's income was under 8/- per day (Sunday Times (NSW) 30/4/1916, 17 and Daily Standard 30/9/1916, 1).

of the obvious inability of the family wage to respond to the different needs of the families of male workers. His focus was directed at the family wage, as embedded in Higgins' Harvester decision, and Heydon's NSW State Living Wage decision. Arthur's primary interest was the inadequacy of the wage for larger families, a viewpoint driven strongly by his concerns around population and child welfare, or at least the adverse impact of poor child welfare on the future population.³⁹⁸

In September 1916, after a failed attempt to have a policy of child endowment adopted in the program of the Liberal Reform Party in July of that year,³⁹⁹ he moved a motion in the state parliament for the introduction of 'special Assistance to Large Families' (NSW. Assembly. 12/9/16, 1605). This proposed the payment of a universal child endowment to the mother of 5s. per week for every child after the first.⁴⁰⁰ The endowment was to be funded by an additional income tax imposed on incomes over £2 per week, with the tax rate being doubled for single people.

The motion he proposed clearly identified his concerns with the structure of the family wage, and his underlying interest in population and child wellbeing. Specifically he sought parliament's endorsement of the statement that: "The principle of equal payment to all workers engaged in the same occupation; irrespective of their conjugal and family conditions, though economically sound, discourages and penalises marriage, leads to the restriction of the birth-rate, and is detrimental to the physical wellbeing of children the members of large families" (1605). While this statement implicitly also endorses equal pay for women, as noted below, this at best appears to be only a passive element of his advocacy. It is much more likely he was just conflated workers with men.

The proximate stimulus to this was Heydon's NSW Arbitration living wage decisions of 1914 (13 AR(NSW) 22), a decision based on his "Inquiry re Cost of Living" which had used detailed household budgets to derive the living costs of a family of four, and his more recent 1916 Annual Review (15 AR(NSW) 332). Arthur specifically explained his concerns as:

My attention was first directed to this subject when I gave a good deal of study to the question of the basic living wage some years ago. When it was laid down by the judge of the [NSW] Arbitration Court that the standard family was to be regarded as one consisting of two children, I realised that if a family of that size was to be accepted as the standard family throughout the State, and that to the man who possessed such a

³⁹⁸ His support for cash payments to mothers reflected a change from his earlier position in 1912 debates on maternity payments. Here he raised doubts as to whether the payments made to mothers would be used in the interests of the child, or "find its way into the pubs". He proposed that the funds should rather be used to develop creches, serving a dual purpose as a training ground in mothercraft for school girls, and relief of mothers (Sydney Morning Herald 10/9/1912, 9).

³⁹⁹ Sydney Morning Herald 8/7/1916, 14.

⁴⁰⁰ The stipulation of the payment being for the second and above child was explained by Arthur: "I do not think it is practicable to provide an endowment for the first child. I suggest that a man who has only one child, and is getting a living wage which postulates two children, has a margin. It is only when the second child is born that this scheme would come into operation" (NSW. Assembly. 12/9/1916).

family; there was to be paid only a wage which was sufficient to maintain him, his wife, and two children in health and strength, on the very plainest of living; without any luxury of any kind this family would be always living on the bare edge of existence, and that as regards those who owned a larger number of children their subsistence would be practically below the level which had been laid down as decent maintenance for people living in a civilised community (NSW. Assembly. 12/9/1916, 1605).

While strongly advocating this policy, in moving the motion, it appears he did not expect the policy to be immediately developed: "I am afraid that at the present time this matter must be regarded as one of purely academic interest, but I am convinced that in the near future the subject will have to be faced in a practical manner" (1605). Reflecting this it appears that the debate was adjourned on 19 September without the motion being put (19/9/1916, 1879).

The strongest opposition to the proposal was the classical critique of any state welfare intervention. In this case voiced by JCL Fitzpatrick: "I challenge any refutation of the statement: that all such schemes have the effect of stripping a large section of the community of their own self-respect and the desire to do something for themselves" (12/9/1916, 1616). When Arthur again sought to raise the issue in 1917, the then Minister for Education rejected the idea on the basis "it would be utterly impossible to impose taxation to that extent" (Daily Advertiser 17/10/1917, 2).⁴⁰¹

Notwithstanding these failures, Arthur continued to advocate for the idea, most notably in a statement to the 1919 Board of Trade Inquiry into the living wage, which was republished as a pamphlet *State Endowment for Families and the Fallacy of the Existing Basic Wage System* (Arthur 1919). In this, and his related writings, he emphasised that his priority was that of the welfare of children. Explaining his proposal in a 1916 newspaper article, he commenced by declaring his belief that the ideal underlying democracy was providing "as far as possible equal opportunity to all future citizens of the community". He argued that, while this had been done in the case of education, for some children because of the lack of resources of their parents, "with regard to the prime necessary of life – the supply of an adequate amount of nourishing food, there exists today a most marked inequality of opportunity to obtain it, and as a consequence the other provisions of the State for the benefit of its citizens are vitiated" (Sun 1/10/1916, 3). In later comments he sought to downplay the population effect arguing, notwithstanding his commitment to increasing Australia's population and seeing the two child family as a form of 'race suicide', "I am not putting forward this proposal in the hope that its adoption would increase the birth-rate. That is not in my mind at all. I do not think that offering 5s a week to a woman who did not want to have children would induce her to do so" (Arthur 1919, 14). As noted, while the logic of his

⁴⁰¹ This raises a broader question, relevant to a number of the discussions here, as to the level of taxation which could have been imposed in the era, including whether the approach of paying a minimum wage for a couple unit could be based on equal pay but redressed by heavy taxation of the single person. There was also an issue of the implications for employers who would be required to pay the higher wage, while the state would gain the taxation revenue, again raising the question of the coordination of wage, taxation and transfer policies.

proposition was supportive of equal pay, notwithstanding his statement “I do not think that it could be argued that the basic wage for a single man should be any greater than that for a single woman” (10), it did not appear to be a priority.

Although he was later Minister for Public Health in the NSW Bavin Government, Arthur’s political career was perhaps more marked by being both non-Labor, bringing him into conflict with the union movement, but politically liberal and independent, clashing at times with his own party leadership, and with strong views on moral reform including venereal disease, mental health and temperance. This did not provide him with a strong power-base to operate from.⁴⁰² Hence when the NSW government proposed, as discussed in section 4.2.4, a limited form of child endowment in response to the 1919 Board of Trade decision, Arthur, while a member of the Nationalist party that was responsible for this initiative, appears not to have had a significant role in the development of the policy. He regarded it as a partial response at best, and only gave it conditional support: “I cannot regard this measure as one that is very satisfactory, still it seems to me that it is at least the beginning of an endeavour to deal with this problem” (NSW. Assembly. 15/10/1919, 1871).

4.1.4 OTHER EARLY AUSTRALIAN DEVELOPMENTS

While the activities of Arthur were effective in putting child endowment into public view, most of the impetus can be seen as coming from two other forces. The first was the recognition by the court and others of the limitations of the family wage (in both the federal and state jurisdictions) in meeting the needs of larger families; and the second, broader social movements, in particular the women’s movement, in calling for the support of motherhood.

Calls by the Court

In the discussion of the court’s views on the family size that the Basic Wage provided for (section 3.2.5), it was noted that the court had, since 1918, been drawing to the attention of government the inadequacy of the basic wage for initially large, and later, moderate sized families, and calling for direct government intervention to address this.

Following the government’s response to the Royal Commission on the Basic Wage of introducing child endowment in the public service, Powers in his 1921 Gas Employees’ Decision, declared this was “a suggestion which I have lived to see adopted, although it met, at that time, with ridicule only” (15 CAR 838, 869). He further declared, with respect to Piddington’s child endowment approach, that “I am satisfied ... it is practicable, and that it would do more to make the people who are now in an intolerable position more satisfied than ... any other method” (870).

⁴⁰² While being described as popular with everyone (The North Western Courier 23/5/1932, 1) it was also considered that he “was never a very prominent figure in public life” (Singleton Argus 23/5/1932, 2). Roe states “his personal impact was nondescript or even comical” (1979). These attributes may well have contributed to his limited ability to have his ideas promulgated into public debate and policy.

In the absence of any further substantive responses from the government the court was more emphatic on the need for child endowment in the 1930 Basic Wage Inquiry. In this case the court concluded: “If the basic wage system is to persist, national consideration of a system of child endowment appears to be the only method by which the wage can be equitably fixed” (30 CAR 2, 31). In the 1934 case the majority judges noted the problems of the wage structure in the presence of state endowment emphasising they had to continue to adopt existing practice “until a Commonwealth-wide system of family endowment is enacted” (33 CAR 144, 151). The call for child endowment was repeated in the 1937 case, as already cited, with the court talking of “lamentable deprivations” under existing arrangements and decrying its lack of ability to “remedy this evil” (37 CAR 583, 594).

Given this background it is easy to understand the sense of frustration by the court, as enunciated by Beeby in the 1940 Basic Wage Inquiry, when he noted that “the court has again and again pointed out that the present method of wage fixation operates unjustly to the worker who has to provide for dependent children” (44 CAR 41, 50).

Australian maternalism – and other perspectives

In section 2.5.4 a feminist concept of maternalism was identified as an often cited key driver of the approach taken by the women’s movement in respect of social policy including the role of wages and child endowment. Allen presents this as: “At the turn of the twentieth century ... feminist rhetoric was pervaded by the exaltation of motherhood as the woman citizen’s most important duty” (2005, 8). Koven and Michel provide analysis which places a more active focus on this, arguing that it operated “on two levels: it extolled the virtues of domesticity while simultaneously legitimating women’s public relationships to politics and the state ...[it] challenged the boundaries between public and private, women and men, state and civil society” (1993, 6).⁴⁰³

In the Australian context, Andrew suggests: “In the opening decades of the twentieth century, women’s movement claims for full social and political citizenship were often made on the basis of motherhood” (2008b, 9). Lake argues a more deliberative strategy in which “to disconnect motherhood from the demeaning category of ‘wifehood’, working class women developed a

⁴⁰³ As illustrated in the text in this section, and in earlier discussion on maternalism, the attribution of ‘feminist’ to both individuals and perspectives raises questions of both history and beliefs. Dahlerup (2013) speaks of “many competing feminisms” (26) but suggests a common ideological core of a vision of autonomy and equality, and some degree of shared identity. Some have sought to identify waves of feminism (see for example Kristeva, Jardine and Blake (1981); Walker (1992); Gillis Howie and Munford (2007); and Gray and Boddy (2010), while, as noted in footnote 125, Summers sought to identify ‘first wave’ feminists in terms that are quite at odds with most contemporary interpretations of the term). Hillenbrand (2016, Chapter 4) identifies four waves attributing to each a conceptualisation of motherhood drawing on the fictional writings of feminist authors. Others (such as Bailey (1997); Spencer (2007); Hewitt (2012) and Sawyer (2013)), either critique the conceptualisation of waves, emphasising continuity and diversity, or use the concept advisedly. For the purposes of consideration here the term feminist is used in an inclusive manner, recognising an individual’s own identification, and attributions of identification, within the framework of the principles identified by Dahlerup.

concept of maternal citizenship, which posited a relationship between the 'individual' woman and the state" (1992, 4).

As will be discussed further in the context of the development of child endowment, in particular the Royal Commission, this question is complex, in particular seeking to draw out the strands related to the support of married women as mothers with a caring role, and those related to wives without this role. This includes the question of whether in fact this difference was seen as significant, the extent to which the two groups were confounded, and whether or not the focus on mothers in much debate represented the relative size of this group and potentially their higher needs, or was done as a device to avoid closer scrutiny of the argument around wives.⁴⁰⁴

The issue of the economic independence of married women was a recurrent theme. In 1904 the Women's Political Educational League at its second annual conference in Sydney "affirmed the principle of the economic independence of married women" (Australian Star 10/11/1904, 7). This sentiment was echoed in the 1928 resolution of the Federal Council of the National Councils of Women, that: "The Federal conference supports the principle of the economic independence of wives" (Sun 20/7/1928, 15).

The focus can also be clearly seen in the General Social Insurance Scheme proposed by Jessie Street in 1932.^{405, 406} This was to be a comprehensive scheme encompassing an old age and invalid pension, marriage and child endowment, unemployment benefits, for up to six weeks, and a sickness benefit for up to six months (Street 1932). The scheme was to pay the adult benefits at a rate of £1 a week (marriage endowment) and child benefits, for children under the age of 14 only, at 10s. a week. It was to be funded by a cut in the rate of the male basic wage from £4/2/6 to £2/12/6: a cut which would have produced a neutral situation for employed married men with one child, a

⁴⁰⁴ This differentiation, is as I argue an important one, and was critical to the debates on child endowment. It was also one that was recognised at the time including by Atkinson (1914) in her *The Economic Foundation of the Women's Movement*. In this she contrasts "The Parasitism of Middle Class Women" and the double burden of many working class women who were having to combine motherhood and market employment (8). She declared: "Women do not want love or work but both; and the full meaning of the feminist movement will not develop until this demand becomes conscious and articulate amongst the rank and file of the movement" (18).

Specifically she noted: "It is not marriage that prevents a woman from working ... the real hindrance is not marriage, but motherhood" (18-19). Reflecting this she proposed a targeted approach of motherhood endowment "during that period when these activities [caring for children] must absorb their whole energies ... but that this State endowment should not continue longer than the time during which they are so absorbed" (21).

This however, as will be discussed, was a rarely heard perspective in the Australian debate.

⁴⁰⁵ The actual proposal is undated. The archive record of this indicates a Department of the Interior file creation date of 1934 and records it as being sent to Archdale Parkhill as Minister. Parkhill was however only Minister of this Portfolio between April and October 1932. Radi (1990, 69) lists it as having been sent in 1932, which coincides with Parkhill's time as Minister, and Street's account (Coltheart 2004, 94).

⁴⁰⁶ While this specific proposal was made in 1932 some of the key elements, including the approach to married women, were contained in Street's evidence to the Royal Commission on Child Endowment in 1928.

gain for those over the period they had more than one child, and a loss for singles and those living with a spouse alone.⁴⁰⁷ Besides this, several features of the scheme are of note. The first is that while a married woman would be entitled to marriage endowment for the whole period for which she was married, with no requirement for paid employment, this ceased after six months if she became widowed. Then she would only be paid while she was still caring for children at home, or had been married for 15 years and aged over 40 years when her husband died. Otherwise she was required to support herself. Secondly, there appears to have been no provision for single mothers or divorcees. Thirdly, despite Street's avowed commitment to the financial independence of married women, she suggests the marriage endowment being paid "to a man or his wife, as arranged" (5). The unconditionality of the marriage endowment relative to the treatment of widows without dependents also raises a significant question about the values underlying the scheme, and most definitely shows that one of the central objectives was the support of married women without children, as wives, in a solely domestic role.^{408,409}

Street recounts that the proposal was referred to "a parliamentary select committee – all men – to report on it. They dismissed the plan as the impractical scheme of a visionary" (Coltheart 2004, 94).

However not all women subscribed to this approach, or even the more focused perspective of maternalism. A 1912 article, signed by L. Fou, mainly focused on middle class women, asks: "A popular theory is that from the woman who bears children to the nation no other service should be required. Is it sound?" (Worker (Qld) 22/6/1912, 22), before answering in the negative. It was also challenged by Mabel Atkinson in her 1914 *The Economic Foundation of the Women's Movement* (see footnote 404). Scott Griffiths, writing in 1915, observed that with the changing household technology of the time, and diminishing household size, "it is quite easy to prove that home-life as it existed 100, 75 – nay, even 25 years ago – has served its purpose and passed into the limbo of discarded, customs from whence no amount of teaching of

⁴⁰⁷ Wright (1975, 61) discusses this and other conflicts Street had with the labour movement with which she was working as "exemplifying a more general clash between the ideals and assumptions of the feminist movement and those of labour policy".

⁴⁰⁸ It should be noted that this proposal represented only her views at that point in time, although as noted it was a position she had previously presented. In 1936 she proposed a different tack: "It will be quite a simple matter from the point of view of legislation to make wives legally entitled to that portion of the basic wage which is allotted for their keep" (Quoted in Radi (1990, 27). In 1942 she was reported as saying "the employment of young married women in industry would have a beneficial rather than a harmful effect on home life" (Advocate (Tas) 3/12/1942, 3). She was also active in campaigning against the dismissal of married teachers in 1931 and 1942 (Radi 1990, 59 & 67–68).

More generally she had an active focus on equal pay and considered the Harvester wage as enshrining: "this artificial family unit on which men's pay is based [which] is the greatest obstacle to women workers receiving just compensation for their labour" (Street 1966, 111)."

⁴⁰⁹ This ambiguity remained in the Australian Woman's Charter adopted at a conference of 91 mainly women's organisations in 1943 which, in a section headed 'Woman as Mother /and or Home-Maker' called for "the mother and/or home-maker [to] be remunerated for her work in the home by a personal endowment of a minimum of 30/- a week" (Australian Women's Conference 1943, 10).

domestic economy in the schools nor endowment of motherhood by the State will have power to rescue it". Rather she declared a need to separate mothers from houses and kitchens and demanded: "Why should women be forced to choose between the joy of motherhood and any sort of an industrial career?" (Australian Worker 2/12/1915, 11).

Although, given the nature of domestic production in Australia in that era, and the relatively slow permeation of the new technologies in low income households, these perspectives may have been premature, they do indicate a diversity of views on the subject of women's independence, and how this was to be achieved, as well as clearly differentiating between married women as mothers, and when they did not have this role.⁴¹⁰

4.2 CONSEQUENCES OF THE ROYAL COMMISSION ON THE BASIC WAGE

Knibbs' minute highlighting the unaffordability of the recommendation of the Royal Commission on the Basic Wage has been discussed in Chapter 3. Upon receipt of this minute, which was signed on 22 November 1920, the Prime Minister asked Piddington for a memorandum detailing "How the ... 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 16s. 0d. as the actual cost of living for a man, wife and three children" (Piddington 1920b, 1). On the same day⁴¹¹ Piddington responded to this request with a five page minute which contained a proposal for the introduction of a lower basic wage than the amount identified in the Royal Commission's Report, complemented by Child Endowment.

An explanation for this sequence is not apparent, or apparently documented, and can only be considered bizarre. Given the speed of Piddington's response, it is difficult to consider that the proposal was developed in the period between the Prime Minister's request and Piddington responding, or even between the lodgement of the report on 19 November and the Prime Minister's request. On the other hand, if this idea had already been developed by Piddington, why did it not feature in the Report of the Royal Commission?

Two possible interpretations exist for this. The first is that while Piddington had conceived of this proposal at an earlier point, he felt he was narrowly bound by the letters patent and considered this option was outside of these. Such a scenario is supported by his letter of protest in response to the minority report in which he attacked the dissenting commissioners for raising "political and economic matters ... extraneous to the duty of the Commission" and as such "under cover of a Minority report the propriety of existing or contemplated legislation or of the wisdom of the Letters Patent ought not to be questioned" (Piddington 1920a, 63-64). Similarly in his Minute of 22 November, which he signed personally and not as Chairman, he explained this in terms of the lack of time to consult with his colleagues and because "the

⁴¹⁰ In reflecting upon agency, they also challenge assertions such as "marriage for most women is not a matter of choice, but a desperate necessity – their only means of survival" (Summers 1975, 149).

⁴¹¹ Indeed in his Memorandum Piddington states: "Having received your request at 5 p.m. to-day" (Piddington 1920b, 5).

subject matter of this Memorandum is outside the terms of the Letters Patent of this Commission” (Piddington 1920b, 5).

While this may be the case, in his later writing he intimated that any such strict and inflexible narrowness of approach was a choice. In rejecting the interpretation that the Royal Commission had set the minimum wage at a particular rate, he rather detailed the role as: “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” (Piddington 1921b, 10).

No matter what the rationale was, if this material had been prepared beforehand, and if it was considered to be the best approach, its exclusion from the report can only be considered to be a major misjudgement. By publishing the Royal Commission Report with just the finding of a £5/16/0 cost of living, in the context of titling the report in terms of being about the minimum wage, this amount was immediately seized upon by the trade union movement, in the light of Hughes’ commitment that “the Government will at the earliest date possible create effective machinery to give effect”⁴¹² to the findings of the Royal Commission, as being the promised amount of the Basic Wage to which workers were entitled. This was not a position the unions could resile from. The publication of the Report, followed by the minute some days later, provided no pathway, at least in the industrial and political climate of the day, for the effective consideration of the endowment option.

The second explanation is that Piddington did not advance his proposal in the report for fear of alienating the union members and generating a split report. Again, if this was the strategy, it was poorly thought out, as nothing was likely to infuriate these participants more than participating in what they thought was a consensus report, and then have the chair produce this contrary direction.

4.2.1 PIDDINGTON’S MINUTE

Piddington’s minute of 22 November 1920 brought together two sets of statistics. The first was a table showing the number of male wage employees split by family type, see Table 4.1; the second, reproduced as Table 4.2, is a breakdown of the £5/16/0 finding.

⁴¹² Piddington offers an alternative interpretation of Hughes’ election commitment: “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” (Piddington 1921b, 10–11).

Table 4.1 Piddington Minute: Distribution of Male Wage Earners by Family Type, 1911

Conjugal condition	Total Male Wage Earners	Children under 14	
		No.	Average per Employee
Never Married	458,735	..	..
Families in which children grown up	90,617	..	..
Married, but no children	59,174	..	..
Married, one child	78,288	78,288	..
Married, two children	77,752	155,504	..
Balance of husbands and children	220,400	645,626	..
	984,966	879,418	.90

Notes: The total of 984,966 compares with data published from the 1911 Census showing a total of 1,056,405 males as being wage earners. This discrepancy does not appear to be based on a more detailed age categorisation as the number remains over a million if those aged under 15 are excluded, and reduces to 862,249 if those aged under 20 years are excluded.

Source: Piddington (1920b, 1).

Table 4.2 Piddington Minute: Breakdown of £5/16/0 per Week per Family

	Per week.		
	£	s.	d.
Man and Wife	4	0	0
Three dependent children	1	16	0
	£5	16	0

(= an average of 12s. each per week.)

Source: Piddington (1920b, 2)

Working from these figures, with some minor adjustment to update the population to 1920, Piddington was able to declare that “industries now pay for 450,000 non-existent wives and 2,100,000 non-existent children” (2) and that his wage could be achieved by paying a wage of £4 to all men, regardless of their conjugal status complemented by child endowment of 12s. a week per child, which would be paid to mothers. He further reported that under this proposal the net additional cost of his finding, assuming that the minimum wage was at the time £4, would be £28 million, in lieu of the £93 million cost of paying his full finding to all workers.

He proposed that this would be funded by a tax on employers of £27/18/0 per employee, with this raising £27.9 million, effectively making the weekly wage cost for the employer of the Basic Wage £4/10/6, still a very substantial increase over the level at the time.

In his parliamentary response to the report and subsequent memoranda Hughes, as noted, totally rejected the idea of increasing the wage to £5/16/0, but was more equivocal on the child endowment proposal. After describing Piddington’s child endowment proposal as ‘novel’ he went on to declare: “A thing has no terrors for me because it is novel; but if I am asked to apply this new principle to society, without opportunity for careful consideration ... I say at once that I am not yet prepared either to adopt the principle myself or to recommend Parliament to adopt it. I neither accept it nor reject it. As a principle, on the face of it, it has much to recommend it. It appears to be at once equitable and salutary; it seems to place the basic wage on sound foundations” (Australia. Representatives. 23/11/1920, 6819). Just under

three weeks later he announced a version of the arrangement for Commonwealth employees.

The minutes of Knibbs and Piddington, compared with the ‘capability’ approach of Higgins, highlight the difference between the conceptual approaches potentially available when the requirement to have a uniform wages mechanism to provide for families is removed. Hence while Knibbs could frame a statement that: “The fact is that married men have only on the average a maximum of $2\frac{2}{3}$ dependent children. Married and unmarried taken together have about 1 child per male” (Knibbs 1920, 3);⁴¹³ and Piddington could make reference to paying for “460,000 non-existent wives, 2,100,000 non-existent children”,⁴¹⁴ Higgins had quite a different constraint. As discussed, Higgins was required to find a reasonable benchmark against which the basic wage could be set so that it would be adequate to meet the needs that a person was likely to experience at some point when they are reliant upon the wage. In such a circumstance, unless they had perfect foresight of their future needs, a capacity to access credit and a highly disciplined savings ability, the idea of an average need across their lifetime was not a meaningful approach.

4.2.2 CHILD ENDOWMENT IN THE COMMONWEALTH PUBLIC SERVICE

The introduction of child endowment into the Commonwealth Public Service, which, as noted above, occurred shortly after the report of the Royal Commission into the Basic Wage, was facilitated by the sector’s characteristics. Firstly it was by this time outside of the scope of the court with the *Arbitration (Public Service) Act 1920* (Cth) having established a separate Public Service Arbitrator to determine wages and conditions of Commonwealth public servants. Secondly, the nature of employment, at least for men, was typically a lifetime career, usually commencing when they were young school-leavers, and progressing through the ranks with experience and age. These differences between “officers of the Service with permanency of tenure and employees outside the Service with all the uncertainty of unemployment through sickness, dearth of work &c” (PSC 1924, 46), had already led to a striking of a basic wage from 1916 onwards, which had a differential rate for married and single men.^{415,416,417}

⁴¹³ Also of note is the 1911 data quoted by Knibbs in his 1920 minute do not appear to have been published in any of the Census output and hence were not generally available.

⁴¹⁴ This figure would appear to be misleading. In particular it appears that no adjustment was made to take account of those males aged under 21 years who were not entitled to the full male adult minimum wage, recalling that it was deemed “ridiculous” to grant this to them, given their absence of family responsibility.

1921 Census data identify 1,148,132 male wage and salary earners, 573,845 of whom were currently married, leaving, using this approach, 574,287 “nonexistent wives”. However 187,719, 32.7 per cent, of these single workers were under 20 years of age (ABS Census 1921, 494-495).

⁴¹⁵ In 1916 the annual minimum wage for a single adult man in the public service was set at £126 for a single man and £150 for a married man (10 CAR 58, 91).

⁴¹⁶ The Basic Wage in the public service operated almost entirely as a foundational wage, rather than as the actual rate of pay for any individual employees. This is

The Royal Commission report on the Basic Wage came at a time of some discontent in the public service with a July 1920 decision of Justice Starke which determined a basic wage for public servants below that provided by the Arbitration Court. In December 1920 the government introduced a version of the Piddington proposal arguing it was “satisfied that the balance of reason justifies its application to the Public Service, and that a trial of it ought to be made accordingly” (Sydney Morning Herald 11/12/1920, 13).⁴¹⁸ The policy involved determining public service pay by regulation,⁴¹⁹ setting the Basic Wage for married male public servants at £4 per week and paying an additional 5s. a week for each child aged under 14 years (PSC 1924, 46).^{420,421} While the £4 coincided with Piddington’s amount for the Basic Wage, the 5s. was just 41.7 per cent of the 12s. that he had estimated as the cost of children. The rationale for this was not explained,⁴²² but can be seen as a lukewarm attempt to implement the concept, with the government being unwilling to increase the total level of pay to the quantum consistent with the Royal Commission report, but at the same time being unwilling to reduce the pay of those without children. This scheme operated in this form until 1923.⁴²³

because of the payment of increments, added to the base rate of the wage, with years of service. In 1924 it was reported that while the public service had a total of 42,684 employees in June 1923 (Caiden 1965, 481) “only 73 officers in the positions of Labourer, Cleaner and Watchman will receive as little as this rate” (PSC 1924, 46).

⁴¹⁷ Discussion here focuses on the payment of males only. Although at the inception of the Commonwealth Public Service there was a policy of equal pay for women in the ‘General Division’ where they worked in the same jobs as men, the *Public Service Act 1922* (Cth) provided for separate rates. This was argued on the basis of “(1) loss of services through marriage, (2) greater absences on account of sickness, and (3) sapping of vitality of unmarried women at an earlier age in life” (PSC 1924, 56), along with being the standard practice in other countries and consistent with the findings of the 1914 Royal Commission on the Civil Service of Great Britain. In adopting the new policy of discriminatory wages, the Public Service Commissioner declared: “The fact that women employees have, in many instances, been overpaid for years past cannot be accepted as justification for continuing indefinitely such overpayment without rhyme or reason. Duty is often unpalatable, but nevertheless must be conscientiously discharged” (57).

⁴¹⁸ The decision followed considerable debate, and disagreement within the cabinet (Age 3/12/1920, 8).

⁴¹⁹ Regulation No 169A, see Crichton 1960 for further details. A lesser rate of £174 was paid to single men.

⁴²⁰ There was an initial income cap on the payment of child endowment of £400 pa (ABS 6101.0 1926, 89).).

⁴²¹ Child endowment was also paid to female employees. Questioned in Parliament on payment for adopted children Joseph Cook explained that they were also covered before adding: “Neither shall we make a distinction, between the man employed in the Service, who is the father of children, and the widow so employed who has children. They will receive the same consideration” (Australia. Representatives. 22/7/1921, 10497).

⁴²² This was also queried by the public sector union at the time: “In regard to the child endowment scheme, it is impossible to understand how the amount of 5/- per week could have been arrived at. Judge Piddington has laid it down that the lowest amount on which a child can be kept is 12/- per week, while there is not a Government in Australia which allows an amount of less than 7/- for the maintenance of neglected children” (Australian Worker 23/12/1920, 20).

⁴²³ The decision was roundly criticised by the unions as a failure to honour the commitments that had been made to implement the report – “Mr Hughes has perpetuated many gross breaches of faith in his variegated career as a politician. But

Caiden reports in this process that the government “acted on its own initiative by negotiating directly with the staff associations” (1965, 159), and further it “was accused of bowing before the associations and departing from best practice by taking the lead in industrial matters” (159).

In 1923 public servants were granted the full rate of the Basic Wage, and the child allowance made permanent, but was internally funded by a levy on all wages of adult officers of £11 per year^{424,425} – effectively reducing the wage of single and married employees without children and transferring this amount to those with children.⁴²⁶ The scheme remained on this basis until the introduction of comprehensive child endowment in 1941. Given the way this public service child endowment operated through the wages system, all of the child allowance, except in the case of widows, was paid to the man.

Notwithstanding clear questions about the actual rate of child endowment paid, and the payment of the endowment to the man, this scheme can be considered to be a conceptually coherent, but given the actual amounts, partial, response to resolving the fundamental problem of the ‘family wage’. It has similarities with the clearing funds established in France from 1918 onwards (see Douglas 1925, 54-79). The approach, however, was one that was only applicable to a closed industry structure where recruitment could not discriminate on the basis of family status.

4.2.3 THE NEXT STEP

In 1921 Piddington released a 64 page pamphlet *The Next Step: A Family Basic Income* containing his proposal for child endowment and arguing the case for reform. This drew upon the material contained in his minute to the Prime Minister, but sought to build the case for reform and showing in various ways how the finding could be applied to some recent decisions. To justify the actual level of the wage he proposed, Piddington strongly criticised the Harvester decision, declaring it to be a “miscarriage of the doctrine of a living wage” (Piddington 1921b, 19). He further declares the evidence used by Higgins was “very slight in volume”, and that the use of reference rates of pay was invalid as “there was no evidence of their sufficiency” and indeed they were just the result of the “higgling of the market” and that the wage was just

it is questionable whether any of his political misdeeds are so amazing in their brazenness as his betrayal of the tens of thousands of members of the Public Service over the basic wage” (Daily Standard 17/12/1920, 4).

However, by 1927, Muriel Heagney opined: “I think that ... they have accepted the child endowment as part of the salary without question” (RCCE 1929, 1144).

⁴²⁴ This was later raised to £12 and the income cap on the payment of child endowment raised to £500 per annum (ABS 1301.0 1946-47, 486).

⁴²⁵ Or as put by a speaker at a rally of public servants in 1925: “The ... Government ... had made a merit of its child endowment scheme within the Public Service, but it forgot to state that the money for this purpose was filched from the wages of the Civil servants” (Daily Standard 11/11/1925, 8).

⁴²⁶ Under this revision child endowment continued to be paid at a rate of £13 per annum per dependent child aged under 14 years (PSC 1924, 26).

“adequate for a family with one child”. He does not criticise Higgins per se, rather arguing the limitations of a “pioneer decision” (11-20).⁴²⁷

In the following years, after returning to the bar, he actively campaigned to have child endowment adopted. This included standing twice for Parliament, in a Federal by-election in 1921, and at the general election in 1922 where he stood against Hughes. He lost both times (Graham 1995, 94-95 & 99). He also was an active public speaker giving lectures on his proposal in a range of forums and states, and continued his campaigning later in his role as a correspondent for the magazine *Smith's Weekly*. In 1926 he was appointed NSW Industrial Commissioner which provided a new opportunity for him.

Upon appointment, Piddington undertook an inquiry into the State Living Wage. In this he declared that the only way of determining a living wage without denying “just rights of many hundreds of thousands in employees’ homes” was for the government to legislate for child endowment. He stated that “a living wage without child endowment was futile – an endless traversing of the vicious cycle” (Sun 15/12/1926, 11). Pending such action he declined to make any change to the wage as it currently stood at £4/4/0. The response to this is considered below with regard to the introduction of child endowment in NSW.

While clearly driven by a recognition that the concept of a family wage was not an adequate response to the diverse set of needs of families, and having seen the expansion of the state’s role in society to the point that alternative approaches could be contemplated, it is harder to pin down Piddington’s motivations for his advocacy of child endowment. In part this reflects contradictions in his various statements about his objective.

In *The Next Steps* Piddington wrote “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” (1921b, 45), before citing a range of “derivative benefits”. These included a claim that it could assist some industries, provide a mechanism which could be used to increase the school leaving age; counter a decline in the birth rate, reduce infant mortality and lower concerns about competition from migration; and lastly, improve the status and rights of mothers.

In contrast, in 1926 in his NSW state Living Wage decision, Piddington reversed his emphasis declaring that “the worst point of failure of the present system was not the hardship and in some cases the grim poverty, of life for thousands of parents who had given children to Australia instead of resorting to birth limitation – the worst failure was the nation’s failure to populate” (Sun 15/12/1926, 11).⁴²⁸

⁴²⁷ Against these critiques of the inadequacy of the wage is the assessment in section 3.5.2 which indicates that the Harvester decision established a wage which was well above the rates then generally being paid.

⁴²⁸ His statement went on to rhetorically ask: “How long will this country stay what it is racially, neighbored as it is by 700,000,000 human beings in Asia, while Japan increases her population by 800,000 annually?” (Sun 15/12/1926, 11).

Although identifying the “status and rights of mothers” as a subsidiary rationale, Piddington’s elaboration of this was, at best, patronising, acknowledging the burden of domestic work but considering “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” (Piddington 1921b, 59). More so, while reporting that “progressive minds ... are often heard to urge the recognition of women as an independent economic unit”, he dismisses this saying “it is unnecessary to go into this wide question” (59).

His proposals for child endowment focused on responding to variation in the number of children in households and remained based on a wage for a family unit of a man and wife. There is little evidence he gave any consideration of the extent married women could, or should, participate in the paid workforce.⁴²⁹ With regard to equal pay there is no evidence of a shift from his 1913 Royal Commission into Industrial Arbitration position: “The principle of equal pay for equal work which is so strongly championed by advocates of women’s progress outside the ranks of industry is in general discredited amongst the great and growing host of women workers in the ordinary industrial concerns of the country” (Piddington 1913, 38).

4.2.4 CHILD ENDOWMENT IN THE STATES

The recommendation from Piddington in his 1926 decision was however not the first time NSW had considered child endowment. As discussed above, there was Arthur’s proposal in 1916, but in addition it was also considered in 1919 and 1920. Central to these proposals, and its 1927 introduction, were the determinations of a State Living Wage by the Board of Trade and later the Industrial Commission. These are considered further below.

While New South Wales was the only state which introduced child endowment, the policy had been considered in a number of other states, mainly during the 1920s.

In South Australia, Birrell,⁴³⁰ made three attempts to have the measure adopted. He first introduced a motion in 1921, declaring it to be “one of the most humanitarian proposals ever submitted to any Parliament” (Daily Herald 20/10/1921, 6), although his seconder indicated “it might not seem practicable to carry out the proposal in the immediate future, but necessity might drive the State to provide motherhood endowment sooner than most people expected” (Advertiser 20/10/1921, 9). Birrell brought forward another motion in 1922 (Mail 23/9/1922, 2 and Advertiser 28/9/1922, 14) and then in 1923, having in this case drafted a bill for the policy (Daily Herald 6/9/1923, 2). All these attempts to have legislation adopted were unsuccessful.

In Queensland, the Labor government was committed to introducing child endowment in the mid-1920s, but lacked the capacity to fund it. As explained

⁴²⁹ Indeed Graham refers to there being ‘some irony’ in Piddington acting in 1932 on behalf of teachers in opposing the Married Women (Lecturers and Teachers) Bill which sought to exclude married women from employment in these posts (1995, 183).

⁴³⁰ F.W. Birrell was a member of the Labor Opposition and former secretary of the South Australian Trades Hall Council.

in 1924 by Collins, a government member: “The scheme depends solely on the ability to finance it”. (Queensland. Assembly. 9/9/1924, 706). Although a bill was foreshadowed in the Governor’s Opening Speech to the 1925-1926 session on the basis the “basic wage law does not adequately meet the human needs of the worker who has family obligations” (28/7/1925, 3-4), and described by Hanson, a government member, as “the most important piece of legislation to be introduced in this session, if not the most important piece of social legislation ever introduced into any parliament” (28/7/1925, 12), no bill was forthcoming and in 1926 a government member Ryan indicated that the proposal had been withdrawn due to financial constraints (19/8/1926, 233).

The policy was also contemplated in Victoria, although much later. Considerations in that state included Parliamentary Select Committees in 1936 and 1941. The second of these is discussed later in the context of the introduction of the Commonwealth scheme in 1941.

NSW: Holman – 1919

The first major attempt to introduce child endowment in NSW occurred in 1919. In September of that year the Board of Trade’s review of the NSW living wage and had proposed that the wage, based on the needs of a man, his wife and two children, should be increased from £3 to £3/17/6 – a 29.2 per cent increase (Sydney Morning Herald 9/10/1919, 6).⁴³¹ Realising the potential economic significance of this the Board advised the Minister of Labour who brought the issue to Cabinet. The impact of such an increase was deemed by the Holman government to be potentially crippling for NSW industry, with an estimated increase in the annual wages bill of £14 million. As a response, the government proposed that the rate of the wage would be accepted for the reference household, but that a lower wage would be struck based on the needs of married men without children, with this being paid as the living wage, with child endowment introduced to bring the two child family up to the higher level, as well as proportionately meeting the needs of those with more children. The endowment would be paid to mothers and funded by a tax on employers based on the number of adult male employees that they had. In Holman’s⁴³² words: “while securing to all those who have need of it the full benefit ... not burden the industries of our State by giving that higher wage to the single workers of the State, and to the married workers who have no families” (NSW. Assembly. 1/10/1919, 1492). It was estimated that this mechanism would reduce the additional cost of the higher wage by more than half, to £6.5 million.⁴³³ While the legislation passed the lower house, it was

⁴³¹ The impact of this was particularly large as a previous measure which had tapered eligibility for the flow-on of living wage decisions had been abolished (See Garland (NSW. Council. 30/10/1919, 2232)). Forster reports that “the Board did not explain fully its new method [and the] finding stunned the New South Wales Government” (1985b, 97).

⁴³² Holman had been a long-time Labor politician, although having some disagreement with the union movement, and was Premier of the Labor Government of the State between 1913 and 1916. However, following the referendum on conscription which he had supported, he was expelled and formed the ‘Nationalist Party’, continuing as Premier until 1920. (Nairn 1983).

⁴³³ The endowment was only proposed to be paid to employees under state awards and excluded some rural sectors. The payment was to be tapered with higher incomes. It

stalled in the Upper House and was withdrawn in November, and the full amount of the Board of Trade decision was paid as the living wage to those on State Awards.⁴³⁴

The debate on this measure was heated⁴³⁵. The Labor party was opposed taking the view, in the words of soon to be Premier John Storey, that “of that £14,000,000 that the workers of this country are entitled to ... the Government has determined that £8,000,000 is to be taken from the workers” (NSW. Assembly. 15/10/1919, 1859-1860). While most of the debate focused on the question of the wages system and details of the mechanics and scope of the proposal, some wider issues were raised. A strong critic in the Upper House was Dr John Nash who compared it to the Speenhamland system concluding “doles for children never have been productive of good” and declaring industrial laws were “undermining the independence and manhood of our people” (NSW. Council. 4/11/1919, 2285-2292). The payment of the endowment to mothers was attacked by another member, Sir Joseph Carruthers, on the basis that “the tradition of our race is that the father is the head of the family ... Why should the mother be dragged into this matter to displace the father as the head of the household?” (2299). Conversely the proposal was critiqued by John Lane Mullins for only being extended to some children, with a call for a more universal payment funded by taxation (5/11/1919, 2389).

Evatt in his biography of Holman describes the attempt as “though logically impressive, ill-timed and unjust” ([1940] 1979, 363), and reports that after its withdrawal, and the payment of the wage increase, “the industries did not collapse. There was, on the contrary, an immediate appearance of increased prosperity” (364).^{436,437}

would not be paid while employees were on strike, but would be funded by the State Treasury at times of unemployment.

⁴³⁴ The wider international interest in these policies can be seen in the coverage of this proposal by *The Times* which referred to it as: “An experiment in social legislation unique, as far as can be told in the history of the world” (7/11/1919, 7).

⁴³⁵ One episode involved the suspension of Arthur Buckley a Labor member, after several interjections. This is recorded in Hansard as:

MR BUCKLEY: I say this House is governed by the Employers Federation, and the Chamber of Commerce, and the capitalists!

MR SPEAKER: Serjeant, remove the hon. member

...

MR BUCKLEY: I will leave the House but I want to enter my emphatic protest against capitalistic juntas in this House!

[After some resistance, the hon. member for Surry Hills left the Chamber accompanied by the Serjeant-at-Arms.] (NSW. Assembly. 15/10/1919, 1864)

⁴³⁶ There certainly was no specific evidence of any price effects from the wage increase. CPI data show that while in the year from November 1919 prices in Sydney rose by 11.7 per cent, this was well below the 18.6 per cent increase in Melbourne and 14.0 per cent for all capital cities (ABS 6101.0 1923, 54).

⁴³⁷ More generally the claims by the government that it needed to block the wage increase and introduce child endowment as a strategy to avoid an economic crisis, which did not eventuate, significantly reduced the credibility of this type of claim or rationale for policy, and fostered mistrust amongst industrial labour. This can be seen in literature such as the brochure detailed in footnote 280, in which the union

NSW: McGirr – 1921

The second major attempt to introduce child endowment in NSW was in 1921 by McGirr, then Minister for Health and Motherhood in the Storey Labor Government.⁴³⁸ This proposal, which had been part of Labor's platform at the 1920 election, was quite different to the earlier proposal. Rather than seeking to change the basis of the minimum wage, it proposed a payment for the third and additional child – a supplement to the wage, or other income. It also subsumed current payments for widows and deserted wives. In his second reading speech McGirr reflected on the diverse range of views around child endowment, while identifying his own anti-poverty focus:⁴³⁹

To some they appear to be a sort of communism; to others, a method of wage economy To others again they are a form of advanced subsidisation of existing industrial conditions. But to the feminist class, a movement that is fast growing in Australia, they represent a stage of child welfare which has long been advocated in this country. The standpoint from which the Government has approached the matter is this: we propose to help, first of all, the mother, who has in the past been practically left unrecognised. There is undoubted evidence of poverty in the big families of workers and of widows... (NSW. Assembly. 20/10/1921, 977)

Opposition to the proposal had several elements. The most coherent of these was the financing of the measure in the context of very tight budgetary constraints, including a cut-back of government expenditure on capital works. The financing of the proposal was not well spelled out and had been a matter of a reasonable level of political and public debate for the previous twelve months.⁴⁴⁰ It also became contentious when the funding of the policy was

movement used this episode as evidence of the way in which governments sought to deprive workers of legitimate wages with false claims of adverse outcomes, and more particularly that child endowment was an instrument in this type of strategy.

⁴³⁸ Earning him the epithet "Mother McGirr" (Nairn 1986).

⁴³⁹ Cass (1983, 103-104) places a stronger emphasis on comments from McGirr, pointing to population concerns and race. Certainly the question of population was important to him: "If we do not want Australians to thrive and increase their numbers, then logically we do not need motherhood endowment" (NSW. Assembly. 20/10/1921, 979). The role of race takes a lesser place. While he refers to the merit of "rearing white Australian children who are the best of immigrants to build up the population of their country", this is in response to a policy, supported by the opposition, of migration of English orphans. This can be seen in the full context where he says, with reference to the opposition, they "say they stand for a white Australian race, and advocate bringing Barnardo boys here from abroad for that purpose. I ask them to assist in solving the problem of rearing white Australian children" (979). In circumstances where all major parties at the time supported the White Australia policy, this seems to be more of an assertion of priorities, rather than a motivation.

Again as discussed in Chapter 1, the question which needs to be considered is whether in the absence of a population growth objective, or indeed the need to sustain the "white race", the policy would have been less needed, or less striven for. Given that the essential focus of the policy debate on this assistance was linked to the structure of wages and the adverse outcomes that were apparent for larger families, this would not have been the case. That is, the question of race and population were primarily rhetorical devices and not the drivers.

⁴⁴⁰ This was typified by a newspaper report, headlined "Magic Finance – Money for Mothers – Without Extra Taxation Mr. McGirr's Scheme" which reported: "The Minister

linked with the introduction of a State lottery.⁴⁴¹ There was also a strong line of opposition on the basis that state payments would reduce the motivation of workers to support their families, frequently pitched in terms of this leading to an apocalyptic collapse of society. One opposition member, Hill, commenced by classifying the bill as ‘socialist’ legislation and gave a long speech drawing upon the historical precedents of the Roman corn dole and English poor laws, to argue the policy “will produce a progressive pauperism which ... must destroy the spirit of the people” (NSW. Assembly. 20/10/1921, 1022).⁴⁴² Similarly Nash, who as noted argued against the Holman bill, declared: “I shall vote against ... because I believe it to be against the natural order of things which prescribes that a man must work to keep himself, his wife, and his family” (NSW. Council. 6/12/1921, 2402). Another member of the Legislative Council, Ashton, in the same debate declared that if the bill passed “we are undermining not only the individual character but we are threatening the very existence of society as at present constituted” (2410).

A number of speakers argued that the measure avoided the more significant question of the structure of the wage, and while it sought to address the inadequacy of the wage for larger families, it did not consider the payment of the family wage to those without children. Some of those taking this perspective, such as Arthur, supported the legislation as a partial step in the right direction, others, such as Bavin, gave this as a reason for opposition.

The proposal was rejected in the Upper House, and while the Labor Party took it to the election held in March 1923 declaring: “If the Labor Government was returned to power the Motherhood Endowment Bill would be proceeded with immediately so that it would come into operation on July 1, as originally

for Motherhood, Mr. McGirr, produced his long delayed scheme for the endowment of motherhood in the Legislative Assembly yesterday afternoon and staggered the House by his confident assurances that he had discovered some mysterious formula for raising the necessary million and a half of money without imposing any extra burden upon the taxpayers. Mr. McGirr, however, firmly declined to be led by the repeated questions of Opposition members into disclosing the particular system of magic by which this remarkable result is to be achieved” (Sun 23/12/1920, 2).

⁴⁴¹ In speaking to the Bill, McGirr sought to differentiate between the proposed state lottery as a general source of revenue for government, as he cited was the existing case of revenues from the Totalisator Act, which was then drawn upon for funding government expenditures without any direct hypothecation (NSW. Assembly. 20/10/1921, 983). This interpretation is difficult to reconcile with the earlier statement by the Premier in a discussion on the delay in introducing the promised legislation for child endowment. In this he reported that the report of the sub-committee which had been established to identify revenue “did not contain any feasible suggestions for raising even the smallest of large sums of money, required to give effect to motherhood endowment”, and hence “I have arranged with Mr. McGirr to allow him to obtain this money by means of a State lottery ... He proposes to make a special fund comprising the revenue from the State lottery and these funds [other sources of revenue] to meet this endowment” (Daily Examiner 18/1/1921, 5).

⁴⁴² The use of the English Poor Laws as an argument in debate on child endowment is discussed in section 4.4.2. The Roman Corn Dole refers to policies in the late Republic and early Empire which, at their most generous, operated almost as a universal Guaranteed Minimum Income for citizens (see Marsh 1926 and Rowland 1976). It was a theme also featured in a newspaper exchange between Hill and Muscio concerning various interpretations of Cicero on the question (Sydney Morning Herald 16/3/1927, 10).

arranged” (Australian Worker 15/3/1922, 22), and campaigned strongly on this basis, they were rejected by the electorate.⁴⁴³

NSW: Lang – 1927

A third and, this time successful attempt, to introduce child endowment in NSW was made by the Lang⁴⁴⁴ Labor government in 1927. While child endowment had been a policy plank of Labor for some time (see section 4.2.5), the process leading to the measure being advocated by Lang is contested.⁴⁴⁵

⁴⁴³ Notwithstanding its failure to be legislated, the proposal gained considerable attention, both in Australia and overseas. Dwyer, writing in the *Australian Worker*, reports extensive international coverage including *The Times* and *The London Daily Telegraph* (The Australian Worker 22/2/1922, 15). Rathbone devotes several pages to it in her 1927 (third) edition of *The Disinherited Family* (189-190), as did Douglas in his *Wages and the Family* (1925, 168-169) and his 1923 journal article, although Douglas focused mainly on the Holman proposal in line with his concern about the problems of a family wage.

⁴⁴⁴ Jack Lang was NSW Premier 1925-1927 and again in 1930-1932 when he was removed from office by the State Governor in a conflict associated with Lang’s policies during the Depression including the non-payment of interest on foreign borrowings. He was an immensely polarising figure garnering both strong admiration and deep hatred. He was expelled from the Labor Party in 1942, but readmitted some 30 years later when he was in his nineties.

⁴⁴⁵ Lang describes the introduction in an article republished in his autobiography *I Remember* (Lang [1956] 1980) and credits Piddington as being the “Father of Family Allowance” (222), recounting that he had promised Piddington that he would include the measure in his 1925 policy speech. He explains he did so by stating “we will explore all avenues to provide for families of workers living on low wages. It is monstrous to expect a family of six, seven or eight persons to exist on a wage based on a family of four ... Labor will find a satisfactory solution to this problem” (223). He tells of the process of moving forward, including receiving a “deputation from the Trades Hall ... some powerful industrial leaders. They asked me to drop the plan. They were afraid it would be used as a lever to reduce the basic wage ... I sent the deputation away with a blunt refusal” (220-222); and the process of compromise with the Upper House including pressure from the women’s movement, including Jessie Street, to accept a compromise of a trade-off of the basic wage to enable endowment to be introduced, which he again rejected. (Although, as noted the Industrial Arbitration Act passed in the same year, had this effect.) He claims that the final agreement with the Upper House was achieved by him threatening an election and agreeing to a reduction in the endowment from 10/- to 5/- (224). This latter claim would appear to be contradicted by the speech made by the Minister for Labour and Industry Baddeley in introducing the legislation which refers to the value of the payment as 5s., and explains why the government had not adopted the 6s. suggested by Piddington. (NSW. Assembly. 8/2/1927, 1017). Further, in speaking on Bruce’s proposal at the Premiers’ Conference in June 1927 Lang was reported as saying “The Commonwealth should give the mothers of Australia 6/- a week for each of their children. In N.S.W. I admit we have provided only 5/- a week because we are subject to ‘interstate trade competition, but no such handicap exists for the Commonwealth” (Richmond River Express 24/6/1927, 8).

An alternative version is given by Gertrude Melville in her speech at the 50th anniversary of the Women’s Central Organising Committee (WCOC) of the Labor Party (Melville 1954). She reports that Lang was resistant to the introduction of child endowment and did not make direct reference to it in his policy speech, despite it being part of the Labor Party platform. She reports it was only after a deputation of the WCOC met with him and threatened to ask questions from the floor of meetings that he mentioned it in later addresses. She then describes ongoing efforts to pursue the matter, including crediting the role of Evatt (then a State MLA) and other members of caucus and concludes that these along with the “constant pressure from the WCOC were responsible for those Acts” (8).

The precipitating factor for the introduction was, as detailed in section 4.2.3, Piddington's decision in the 1926 State Living Wage Case.

As originally proposed, the scheme was to provide an endowment for each child aged under 14 years of 5/- a week, where household income was below £364 per annum, approximately one and half times the minimum wage (NSW. Assembly. 8/2/1927, 1017). The policy was to be funded by a tax of some six per cent on payrolls. At the end of torrid parliamentary debate and negotiations between the two houses, the measure was pared back. Its scope was reduced with the household income cap being reduced to equal the level of the living wage calculated on the basis of a man and wife alone, and an allowance of £15 per annum per child (the equivalent of the endowment), with the amount of endowment being reduced on a one-to-one basis once incomes, including the endowment, exceeded this. The tax on employers was reduced to 1.5 per cent. In December 1929 the program was further restricted by excluding the first child from receipt of endowment (ABS 1300.1 1940-41, 146). The tax rate was variously amended over time as excess revenue was initially collected and in 1934 the tax was removed and the program funded from general revenue. Initially some 50,000 families made a claim for the endowment, increasing to some 70,000 in the early 1930s as the Depression hit, before declining to 40,100 in 1940-41 (146). Due to the tight income cap only a minority of families received this assistance.⁴⁴⁶

The program also had a close relationship with the setting of the living wage in NSW. From 1914 to 1925 living wage decisions were based on the needs of a man, wife and two children. The 1927 decision, following the introduction of Family Endowment and the passing of the *Industrial Arbitration (Living Wage Declaration) Act 1927* (NSW), set the amount at £4/5/0 "on the requirements of a man and wife without children" (§2(2)).^{447,448} Further amendments to the Act in 1929, paralleling the decision to exclude the first child from the payment of Family Endowment, made the reference household "a man and wife with one child under the age of fourteen years" (*Industrial Arbitration (Living Wage) Amendment Act 1929* (NSW), §2).

Notwithstanding these statements, there remains a question as to the actual effects of the introduction of child endowment and the variations in the wage-setting criteria. Figure 4.1 shows the value of the NSW state basic wage, and the Sydney rate of the federal basic wage between 1923 and 1937.

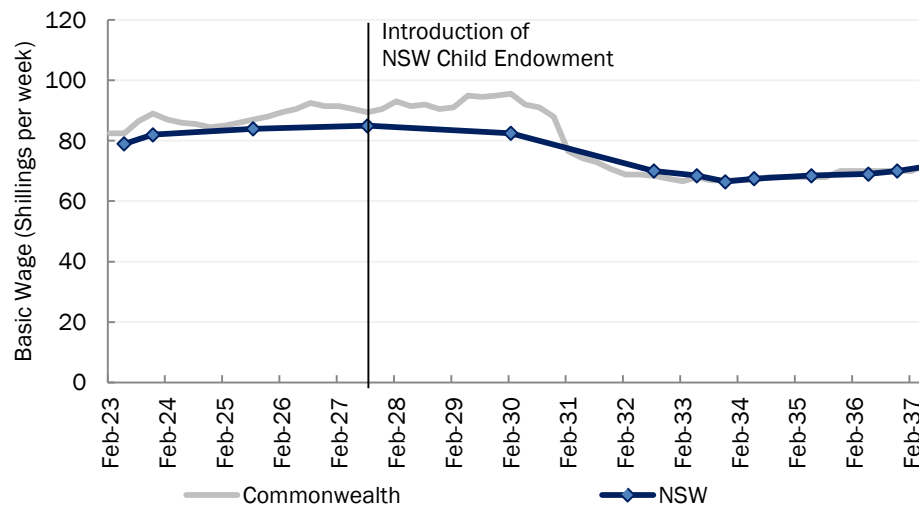
Certainly in the 1925 election a number of the Labor candidates actively campaigned on the question of motherhood endowment (Labor Daily 7/5/1925, 5).

These differing accounts cannot be separated from the divisiveness of Lang (see footnote 444) and the passions he aroused.

⁴⁴⁶ In the 1933 census there were some 350,000 families with dependent children under the age of 16 in NSW, with 210,000 of these having more than one child (ABS Census 1933, 181).

⁴⁴⁷ This compared with the Commonwealth basic wage, for a man, wife and three children, of £4/10/6 for Sydney in May 1927 (ABS 6101.0 1952, 234).

⁴⁴⁸ No determinations appear to have been made in 1926, 1928, 1930 and 1931 (ABS 1300.1 1936-37, 719).

Figure 4.1 Nominal Value of NSW State and Commonwealth Jurisdiction Basic Wages, 1923 to 1937

Notes and source: See Table A 6.26.

The key feature of the relationship between these two wages (other than the difference between the quarterly indexation of the federal award and the less frequent state decisions)⁴⁴⁹ is that the only major difference in the wage rates was in December 1929 when the State basic wage was set at 82s. 6d. compared with the 95s. value of the indexed Federal basic wage for Sydney. The following State decision of 70s. in August 1932 then brought the wage to a level slightly above the Federal rate of 68s. 5d. for the same month. After this, and despite the State Award being for a family with only one child, the rates were in close alignment.

While it is not possible to speculate on what the State tribunal might have otherwise decided, using the Federal Basic wage as a counterfactual, it can only be concluded that the introduction of child endowment in NSW had a minimal and short-term impact on the wages system.

Turning more specifically to the logic of endowment payment, three questions arise as to its impact on welfare. The first concerns the relationship of the 5/- payment and the actual cost of children. On the basis of the 1927 decision, which set the wage for the 'couple only' at £4/5/0, the provision for a child was just 5.9 per cent of the cost of living for a couple.⁴⁵⁰ This is almost a

⁴⁴⁹ As this chart is in nominal terms it shows the effect of both periods of positive and negative indexation of the Commonwealth wage.

⁴⁵⁰ There are grounds to consider that the award of this rate was as much influenced by a political/industrial need to determine a wage which would not lead to industrial unrest, as it was by any actual adjustment to the level of the wage to take account of the exclusion of the two children. The amount provided for this couple only wage was 1s. more than the wage awarded in August 1925 for a man, wife and two children. Over the two year period prices in NSW had increased only by some 1.6 per cent.

Patmore (2003) notes that the basis of this decision was disputed by the majority of Commissioners of a Royal Commission appointed to investigate allegations against Piddington, and again in 1928 by the other two members of the State Industrial Commission who accepted an application to reconsider Piddington's 1927 decision (22-23).

tokenistic proportion and was clearly inadequate to meet the needs of children. It compares with the 15 per cent provided for by Piddington in his calculations, which had estimated the cost of children at 12/- per week compared to that of a couple of £4/0/0. Secondly the operation of the cap on child endowment meant that those who were earning a little more than the minimum wage, say a small margin for skill, were levelled down to the minimum wage rate until their income was high enough to equal the level of the minimum wage plus family endowment.⁴⁵¹ But once they reached this point there was no additional provision for the cost of children. Thirdly, by basing the minimum wage on the needs of a family with either no children (1927) or one child (1929 on), but at the same time cutting access to the payment at the end of compulsory schooling, no provision was made at all for the support of an older child who was still at school.

The one positive aspect of the program was its universalism, other than the cap, which meant that it also went to the unemployed. Program statistics for 1933 suggest 75 per cent of breadwinners in families receiving the endowment had been unemployed in that year (ABS 1300.1 1936-1937, 199). This role was recalled by Lang: “Even when a third of our people were unemployed, we still continued to pay endowment ... so during the Hungry Thirties, there were no young Jimmies [a reference to a case he cited] starving. They still had enough to eat” ([1956] 1980, 225).

The scheme was abolished in 1941 with the introduction of Commonwealth Child Endowment.

4.2.5 POLITICAL COMMITMENTS

In 1913 the Victorian Labor Party formally had as a policy plank the introduction of “Children’s Pensions” (Australian Worker 11/12/1913, 11). While it is not clear when this became a formal policy, it is reported being discussed at electoral meetings in 1911 in terms of “as the number of children of a working man increased the wages did not increase ...[need] a children’s pension ... [so that] when a woman found that there more children in the house than she could feed she ought to have the right to go to the pension authority and claim a pension for the support of her children” (Age 14/11/1911, 7).⁴⁵² Melville reports that the NSW Party supported a motion “That an endowment be paid to all mothers” in 1918 (1954, 7). This was then considered by the 1919 Federal Labor Conference which unanimously carried a motion “That endowment of motherhood be made a plank of the platform”

⁴⁵¹ It was this effect that was addressed by Brigden in his supplementary memorandum to the Royal Commission on Child Endowment. In this he stated: “I consider the New South Wales scheme bad because it is purely a poor law scheme, and because it must discourage incentive to earn, rather than to receive allowances, and must also discourage skill. It is astonishingly similar to the ‘Speenhamland’ poor law” (RCCE 1929, 1340). See further discussion in section 4.4.2

⁴⁵² The debate at the 1919 Federal Conference would suggest that this concept was in fact one for child endowment. The motion at this conference supporting child endowment was introduced by Jean Daley as: “That an adequate standard of subsistence be provided for invalidity, maternity, sickness, unemployment and old age, as well as a system of widow’s and children’s pensions” (Labor News 5/7/1919, 8), suggesting the terms were used interchangeably.

(Labor News 5/7/1919, 8)⁴⁵³ and it became part of the federal platform of the party (Worker (Qld) 20/11/1919, 24).^{454, 455} From this point onwards the concept remained in the platform, with varying language – “Motherhood and child endowment” (Australian Labor Party 1936, 4), and emphasis on improvements following its introduction “Child Endowment to be extended to cover full-time students up to the age of 18 years” (Australian Labor Party 1961, 7).

Tracking commitment on the conservative side of politics is more difficult for two reasons: the first is the number of changes in party structure over time and secondly, the extent to which these parties were less doctrinaire in their statements of policy. As noted, Arthur was unsuccessful in his attempt to have the policy adopted by the Liberal Reform Party in 1916. When however the findings of the Royal Commission on the Basic Wage policies were formulated, in part driven by recognition of the unresponsiveness of the basic wage to the needs of larger families, but also as a device to put downward pressure on wages, Bruce included the policy in his 1925 election speech. In 1946 and 1949 the Liberal Party campaigned on the basis of extending child endowment to the first child.^{456,457}

⁴⁵³ Prior to the final motion there had been some debate on the various elements of the social agenda. In this one of the NSW delegates, Mrs. Seery, noted that the “endowment of motherhood ... was a new idea which had to come in the near future. The women of New South Wales were determined that it should come, if not at this Conference then at a future Conference” (Labor News 5/7/1919, 8).

⁴⁵⁴ Although an article in the *Worker* in 1913 claimed the “Federal Labor Government ... has tackled, and permanently settled, great National Questions ... The Endowment of Motherhood and the Saving of Child Life” (Worker 3/4/1913, 12) this would appear to be a reference to maternity allowance and not child endowment.

⁴⁵⁵ The State Platform in 1919 however presented this in a more limited form of a “subsidy for each child in a family after the number provided for in the standard of living” (Labor News 2/8/1919, 1). In his 1919 speech outlining the Labor platform for the state election Storey promised “a minimum wage providing for the bare requirements for a small family. After an average-sized family has had its basis of comfort fixed, we shall subsidise each additional child on a liberal scale” (Labor News 30/8/1919, 6–7).

⁴⁵⁶ The more ad hoc approach to policy within the conservative parties, relative to the defined “platform” approach of Labor, is illustrated by the way in which these policies came to be included in the election platform. Fitzherbert reports that the 1946 policy to extend child endowment for the first child came about following a last minute intervention by Lyons, and contrary to Menzies’ preference (2009, 25). She then recounts that in 1949 it was included as a result of an initiative to create a committee of the Federal Executive to consider women’s policy (35). These reports suggest only limited policy continuity.

⁴⁵⁷ The level of commitment can also be gauged from the extent to which it featured in electoral campaigns. In the 1925 federal election campaign both sides of politics described child endowment as being of “vital importance”. In his 1925 election speech Bruce proposed to refer the question to Commonwealth and State Arbitration judges to develop options to be considered by Commonwealth and State Ministers (Bruce 1925). Charlton, the Labor leader, committed to more direct action saying we “will make provision for motherhood endowment and not submitting the matter to a conference with a view of shelving it as Mr Bruce is proposing to do” (Charlton 1925). In the 1928 election campaign, in the light of the Royal Commission (section 4.3) Bruce took a wait and see approach while Scullin who was now Labor leader spoke of an intent to go “thoroughly” through the issues (Scullin 1928). The issue did not get raised again in the policy speeches until 1940 when Curtin promised that “a plan of

4.3 ROYAL COMMISSION ON CHILD ENDOWMENT 1927-1928

Bruce's election commitment ⁴⁵⁸ eventually led to a 1927 meeting of Commonwealth and State Ministers. ⁴⁵⁹ At this, the acting Queensland Labor Premier, Forgan Smith, suggested the establishment of an economic commission to investigate the question. Bruce responded positively, suggesting a Royal Commission, with Letters Patent based on the acting Premier's proposal. (*Northern Star* 22/6/1927, 5). This led to the creation of the 'Royal Commission on Child Endowment or Family Allowances' later that year.

The Royal Commission took over a year from its establishment to reporting in December 1928. It comprised five commissioners: T. S. O'Halloran an Adelaide King's Counsel; Ivor Evans, a Victorian businessman, Stephen Mills, a senior public servant with experience on a number of Royal Commissions; Mildred Muscio, Vice-President of the National Councils of Women⁴⁶⁰ and John Curtin, future Labor Prime Minister, but at the time editor of the *Western Australian Worker*.⁴⁶¹ It took evidence from 227 witnesses,⁴⁶² and as discussed below, produced a majority report opposing the introduction of any program, and a minority report (Muscio and Curtin) supporting it.

The Royal Commission almost entirely relied upon the evidence presented by witnesses, other than commissioning Brigden to expand on his statement and provide a review of the New South Wales scheme (O'Halloran 1928a). Despite being told that most working class mothers would be too frightened to appear

family allowances for families where the children number more than two under the age of 16 years will be devised" (Curtin 1940), with Menzies remaining silent. (The language used by Curtin here represented a shift from that in his 1937 Policy Speech: "While the male breadwinner lives he must bear the major responsibility for ensuring the rearing of his children. It is when these responsibilities cannot be discharged that the State should second the efforts of parents" (Curtin 1937). Although it needs to be noted he also spoke of introducing a child allowance for widows as being able to "institute this aspect of family allowances".

⁴⁵⁸ As detailed in the above footnote his original election proposal was for the state and Commonwealth arbitration judges to identify options to be considered by ministers. This approach did not eventuate.

⁴⁵⁹ Kewley (1958, 197) reports on this process. He suggests it was initially stalled by the potential of the 1926 Industry and Commerce referendum question to give the Commonwealth a direct capacity to legislate. Subsequent to the failure of this, in 1927 the Commonwealth proposed to the states the adoption of uniform approaches to determining the minimum wage. This then stalled when at a meeting to discuss this, the states indicated that they wanted the Commonwealth to fund child endowment, and expected a concrete proposal on this before going further.

⁴⁶⁰ As has been previously noted, footnote 442, Muscio had earlier in the year written to the *Sydney Morning Herald* attacking the stance taken by Hill and reiterating a need for state intervention to supplement incomes of large families.

⁴⁶¹ Curtin had been the head of a Western Australia Labor Party 'special Committee on Child Endowment which had produced a 15 page report in July 1927 with a proposal that would maintain existing minimum wage rates and add a child endowment scheme funded by Commonwealth taxation (Australian Labor Party Western Australian Division 1927). (See also Figure 2.2)

⁴⁶² The Royal Commission published the evidence as a 1,355 page transcript – in the region of 1.5 million words.

(RCCE 1929, 196), and claiming early on that “the point which is impressing some members of the commission is the lack of evidence given so far showing to any great extent the need for child endowment” (255), other than having some discussions with the Salvation Army,⁴⁶³ it appears it commissioned no work which may have informed it.

In addition to its letters patent, the work of the Royal Commission was also framed, or indeed at times inhibited, by Bruce’s statement at the Premiers’ Conference. In this he stated that “industry, through wages, is almost certainly paying for the maintenance of at least 3,000,000 children whereas, in fact, the number of children under 14 dependent on wage-earners is approximately 1,125,000”, and, through an example, floated an amount of 5s. as the rate of endowment, a family annual income cap of £300, and an age limit of 14 years (Sydney Morning Herald 21/6/1927, 11).⁴⁶⁴ This was taken by many of the witnesses as being the proposal to which they were responding, or the parameters which they needed to work within.

4.3.1 THE EVIDENCE

In broad terms much of the evidence went well beyond the question of child endowment, and to the degree options were advanced, these were more frequently generalised statements rather than specific concrete proposals. This lack of coherence was further added to by the questioning by the Commissioners, or indeed as they referred to it, the ‘cross examination’ of the witnesses. Frequently this appeared designed to badger witnesses, either to push a particular line, or simply to lead them down a path to contradicting themselves, or to pursue quite idiosyncratic issues.^{465,466,467}

⁴⁶³ Colonel Wilson of the Salvation Army reported on a door knock by his officers of dwellings in 40 streets in the “poorest residential areas”, and reporting in these, “they found only 84 out of 710 showed signs of poverty – although “many ... were only living from hand to mouth”. Of those in poverty “17 attributed their poverty to sickness, 63 to unemployment; and 4 to desertion” (RCCE 1929, 261). This though was in NSW where some child endowment was paid.

The other Salvation Army witnesses did not give quantitative data, although Ward enumerated the causes of poverty as “(a) mismanagement ... (b) drunkenness and gambling ... (c) genuine cases of distress due to the desertion, sickness or death of the wage earner ... (d) long continued unemployment” (564). While two out of the three Salvation Army appearances included a call for child endowment, the impression is that this other evidence confirmed the bias of the majority commissioners that the problem was not in the wages system, but rather external factors such as unemployment and illness, or bad management and behaviour.

⁴⁶⁴ In this he stated that the cost of this was equal to the total income tax take of the Commonwealth and States combined.

⁴⁶⁵ The questioning by the Commissioners was quite belligerent. This was particularly marked when witnesses spoke of adverse outcomes for families. Typically such witnesses were subject to a series of questions as to whether some of the cases they cited were due to: not being in “constant employment”; because of the purchase of “wrong food” or similar housekeeping inadequacies; “drunken husbands”; and so on, in a manner which appeared to be more concerned with discrediting the relevance of the evidence, or leaving the impression that the factors raised in the cross-examination were the only issues of substance, rather than identifying the facts.

⁴⁶⁶ Frequently witnesses were asked questions which appeared to be quite outside of the scope of the material they were presenting or their expertise. For example, a

The standpoints on the introduction of child endowment were diverse. Opposition was expressed on: economic grounds, both with regard to the effect of taxation for funding and reduced motivation and work-effort; on the basis that there was inadequate evidence of adverse outcomes; that where there were problems these were related to other factors, or could be addressed by fathers taking responsibility for their children by restraining their families to the size they could afford and improving themselves; and what were seen as the adverse moral outcomes which would arise from the implementation of the policy.

These claims often took on the grandiose: The President of the Victorian Employers' Federation declared: "it will intensify industrial evils ... will further cripple industry, lessen real wages, promote unemployment, and undermine character" (818); The Western Australian Employers Federation stated: "Child endowment strikes at the incentives which go to build up family life; its effect would be disintegrating in respect to the family, and therefore, to society" (452); and Sir Thomas Henley concluded: "The real effect of this class of legislation is to sap the vitals out of our manhood and destroy parental care and responsibility, leaving us the biggest nation of paupers on earth (868). These critiques often sought to invoke parallels with the supposed impact of the English Poor Laws, see section 4.4.2.

Conversely, it was variously supported on the bases of: the inadequacy of the basic wage to meet the needs of larger families; the level of the wage itself, which was considered inadequate to provide even for the notional family it was supposed to provide for; to promote the independence of women, or simply as a means of recognising their contribution;⁴⁶⁸ and as an effective means of

Professor of History and Economics was asked a series of questions about whether the payment should be made to "those who are mentally half-witted" (95), a spokeswoman for a women's organisation was asked whether mothers should have a vote in their partner's strike ballot (107), and the teachers' union representative was asked about whether piecework should be introduced in manufacturing (384).

⁴⁶⁷ Questions about the provision of child endowment to the "unfit" including the "mentally deficient" and "mothers and fathers with tuberculosis", and the need for "segregation" were raised frequently by the Commissioners, including at times Curtin and Muscio.

In contrast there were only some three or so questions across the whole hearings centred on race. These variously asked about eligibility of Chinese, Aborigines, "Italians, Greeks and Maltese" (69, 133, 511) and Russians. While aspects of the "White Australia" policies were at times mentioned, these were relatively infrequent and in language used by witnesses, including Storey, the Queensland Public Service Commissioner who in his written statement identified as the first 'national objective': "To develop and maintain a white Australia" (44).

Other than these, the question of race only arose in the evidence from Jessie Street where she commented on the impact of the NSW scheme: "not so long ago I took some holidays on the Clarence River and there all the blacks, who have strings and strings of children, draw the child endowment pay, with the result that they do no work. They simply live on the child endowment" (913). (There was no obvious follow up to this, nor is the motivation of Street in raising this clear.)

⁴⁶⁸ Views on the question of the independence of married women were unclear even amongst some groups who were supporters of child endowment. Fidler and Wilson, providing evidence for the National Council of Women, when confronted by the idea of a single unit basic wage along with endowment for the wife, said, this "introduces the

achieving income redistribution, including to those who did not receive wage and salary income under the basic wage.

Some representatives of organisations indicated internal disagreement. Anderson, representing the Master Tanners, in his covering letter indicated: “I have to state that my association is not unanimous. Some members are opposed to it. Others are of opinion that it is a natural corollary to the established system of the basic wage” (846). This was also the case with the major women’s group the National Council of Women (NCW). Cumbrae-Stewart who was president appeared initially as one of the representatives of the Queensland NCW which supported the introduction of child endowment (5-10), and then on behalf of the Mothers’ Union indicating “we are exceedingly doubtful whether such a scheme, especially on the lines put forward by the National Council of Women, would not be casting far too much responsibility upon respectable wives and mothers” (114).⁴⁶⁹

Views on the Role of the Minimum Wage

Two of the core questions of relevance here concern the perceptions of the nature of the basic wage, and the unit for which it should be set, if it was to be maintained as a living wage.⁴⁷⁰

There were, in addition, those who entirely rejected the idea of a minimum or living wage, typically arguing for payment by results. This was reflected in a critique, by Murray, from a Western Australian service organisation, of the living wage as being: “a departure from the idea that we are paid according to what we earn and not according to the size of our mouths” (479) and with the representatives of the Broken Hill Proprietary Company declaring “courts in Australia which are to-day awarding wages ... based upon Australian standard of living, we are tremendously handicapped when it comes to exporting Therefore, I have indicated ... that we want to adopt more generally the system in practice in America, that is payment by results, or piece-work” (650). The

question of the economic independence of the wife, I do not think we would be prepared to make a definite statement on the point as coming from the council” (254).

⁴⁶⁹ Andrew (2006) reports that Cumbrae-Stewart at the 1926 Federal Council meeting of the National Council of Women unsuccessfully sought to defer any decision on support of child endowment. It may be that her presence at the earlier hearing at which Longman was the main presenter was not so much of a supporting role, but rather monitoring what the opposing, majority, faction was saying.

⁴⁷⁰ It is of note that only one reference was made to the then quite recent report of the British Royal Commission on the Coal Industry. This had recommended consideration of the adoption of a family allowance as part of the minimum subsistence wage reporting: “Logically a minimum wage based in any way upon a reasoned estimate of requirements for any given standard of human comfort, involves and should be accompanied by a system of family allowances; that is to say, part of all that is available for the maintenance of workers and their families from the total proceeds of the industry should be allocated, not as wages, but as allowances additional to wages, proportionate in amount to the number of children to be supported by the wage-earner” (Samuel 1926, 162). (Pressman reports that Beveridge who served on this had been deeply influenced by Rathbone’s advocacy of child endowment (2014, 513).)

Wood, in making reference to the report, cited it with regard to margins for skill, highlighting how a high family minimum wage could effectively compress the earnings distribution and reduce incentives for individuals to invest in skills (RCCE 1929, 1187).

expression of these sentiments was usually accompanied by suggestions, such as that by Prior from the Bank of New South Wales: "I would also rather see the man work harder for his family. He could then maintain them by his own hard work rather than lean upon any system of a charitable grant" (203).⁴⁷¹ The transcript has multiple exhortations that fathers should "work harder", "improve themselves" and "work overtime". This was also reflected in an exchange with the Secretary of the Metal Trades Employers:⁴⁷² "[Q:] Then it would be incumbent on the father of children to exert himself in proportion to the number of children born to him? [A:] Yes; I think that would put spirit into every man, and would create ambition" (146).

As regards the nature of the existing basic wage, there was a division between those who considered that the basic wage still could be considered as a wage set to provide a minimum standard of living to a family and those who felt this was not the case. In the case of those presenting evidence along the lines of the first interpretation this tended towards discussion of: the different family types adopted for wage-setting in different jurisdictions, and trying to rationalise the differences in the wages awarded on the basis of these; the size of family for which the wage was now currently adequate; questions on the standard of living that was used in 1907, and what should be the standard in 1927; and how the wage could be broken down into components to represent the relative amounts it contained to meet the needs of the members of the family, in particular the amount currently provided for children.

The second line of argument, primarily advanced by elements of the labour movement, was that while the wage was presented as a family wage, this was rhetorical, and that it was rather the product of industrial bargaining. This position was summarised in a response by Heagney: "I do not think the living wage has any relation to family needs. It is an economic fact that the wage has been evolved out of a process of collective bargaining" (1142).⁴⁷³ Ryan from the NSW Trades and Labour Council succinctly put the wider case, as seen by the unions, as: "The trade union movement has decided in favour of child endowment, but such child endowment must be separate, independent and apart from the existing wage. It is held that the present existing wage is

⁴⁷¹ William Henry Prior OBE, while an employee of the Bank of NSW and recorded as such in the evidence, indicated he appeared in a private capacity.

⁴⁷² This submission did not reject a living wage per se, but rather argued that it should be set for a man and wife alone.

⁴⁷³ In the evidence the critiques of the Harvester decision expressed in the Royal Commission on the Basic Wage were rehashed, as well as the extent Higgins took note of the rates being paid by reputable employers. Of note in the questioning of the basis of the Harvester decision, is the statement by Wickens, the Commonwealth Statistician:

The wage was determined in 1907 by Mr. Justice Higgins at 7s. and is said to have been based on a family of a man, wife and three children. That is extremely doubtful. The wage of 7s. appears to have been a fairly reasonably liberal rate of wage at the time; not unduly liberal because they were being paid 7s. 6d. in some cases. Also there was a wage operating in the Harvester establishment itself of 6s. 6d. I believe that Mr. Justice Higgins, although he did make inquiries and although he did endeavour to get facts which would help him in coming to a decision, really made up his mind on the basis of rates of wages that were actually being paid at the time, and that was reasonably liberal, having in view the rate of 7s. (RCCE 1929, 1034).

scarcely sufficient for a single man to live decently upon. Child endowment is a social question and not an industrial one. Therefore to confuse or intermix the two would be a great factor in creating industrial unrest” (981).⁴⁷⁴

The question of the appropriate unit for the minimum wage was closely linked to the attitude of the witness to the introduction of child endowment and the nature of the wages system. Of those supporting child endowment, there was a general trend of support for a ‘man and wife’ unit, that is, the wage be set as a living wage to meet the needs of a couple. This had some variation, including the idea of using tax to redress the imbalance in consumption potential between a single man and the couple, although a much more frequent argument was that a single man had to save to be able to establish a household and hence the higher rate was warranted.⁴⁷⁵ The concept of using a single person as a reference was usually accompanied by the idea of equal pay, but also of the payment of a wife endowment. Some though posited that provision should only be made for a single man, and it was up to a man to “improve” himself if he wished to marry and have a family.

On the whole, where the age of child eligibility was raised in the evidence, people tended towards 14 years, consistent with the end of compulsory education, the NSW scheme, and the model put forward by Bruce. A number of submissions however argued that such an approach would generate an adverse incentive for families to withdraw children from school at this age, rather than allowing them to gain further education. To the extent there were

⁴⁷⁴ The stance by the unions that the basic wage had either never been, or had moved significantly away from, a needs based ‘living wage’, is illustrated in evidence from Crofts representing the ACTU:

CHAIRMAN: Would it not follow, that if they took that into consideration, and child endowment amounted to the full cost of maintenance, (say 10s. 6d. at present), in fixing wages they would take off a full 10s. 6d. for every child they had hitherto taken into consideration?

CROFTS: I do not agree that they do take into consideration the child, and that it is being provided for under the present method of fixing wages ...

MR CURTIN: If it were not left to the courts, in what way could trade unionism or collective bargaining ask for a wage which would include the cost of providing for children who were not dependent on the father’s wages?

CROFTS: They would formulate their request or demand probably in a different way from that of to-day, and they would endeavour to obtain what they think they are entitled to, namely, the full product of their labour. (RCCE 1929, 1181)

The evidence presented by Crofts and a number of other union representatives can be difficult to interpret due to it often being rhetorical. Hence the declaration by Crofts: “speaking as a trade unionist I might say that the workers of this country if sufficiently organized could by economic stress get all they want out of industry” (1177), before, in what can only be seen as a condescending reference to the arbitration system, and reiterating the position that the basic wage was the product of bargaining, rather than needs based, declaring: “But under existing circumstances we allow some power to intervene, and the general opinion is that all we get from the court is what is obtained from our economic standing in the community” (1177). These declarations do not necessarily reconcile with the position taken by Ryan, along with many of the other union representatives, that the basic wage was scarcely enough for a single man.

⁴⁷⁵ This led to considerable discussion and questioning on the actual extent to which single men saved, or whether they simply spent extravagantly, including on “tin hare” racing.

estimates of the cost of children, these tended to be in the range of 7s. 6d. to 17s. 6d. per week. A number of the witnesses argued that the level of the endowment should not cover the full cost of children, even if that was affordable, so as to maintain some paternal responsibility. To the extent such a partial contribution had implications for the amount that was provided in the basic wage this, while at times mentioned, was not an issue which was well crystallised in the debate. One possible reason for this was that the focus of many was on simply improving the situation, rather than developing a wholly coherent system, and so any endowment, even if partial, offered an amelioration in the conditions of households with a large number of children, even if it did not place these families on an equal footing with those with fewer. Most, although not all, witnesses proposed that the payment of endowment be made to the mother.

Equal Pay

It has previously been noted that while Rathbone saw the development of family endowment as being critical to the achievement of equal pay, this linkage was not strong in the Australian debate.⁴⁷⁶ While the issue was raised in the evidence to the Royal Commission, the overall attention to the question was relatively minor and in several cases people were uncertain as to whether it fell into the ambit of the inquiry. The subject was raised early in the evidence by Longman of the National Council of Women: “we could not answer this reference without putting that [equal pay for men and women] forward. We do not wish the wage to be based on the man and his wife only, quite apart from the children. We think it should be based on the unit of an adult worker. We think that this is a very important feature of any economic distribution of wealth” (6). A similar point was made by Glencross representing the Council in Victoria and two housewives’ associations who argued a need for “equal pay for equal work, to enable the single woman to do her share of the saving” (640). Similarly, Patterson from the Queensland Women’s Non-Party Association argued “equal pay for equal work should be given fullest consideration by the Commission” (105) and Cowan and Jull from the WA branch of the NCW (433) advocated for equal pay.

Agnes Knight Goode, a South Australian JP associated with both liberal parties and the women’s movement strongly opposed child endowment, but argued for equal pay. Her argument was that: “in industry, there must be equal pay for equal work, which would also clear out a great deal of inefficiency, and would help those who were ready to do so to save for marriage” (505). This issue of pre-emptive saving by women was one which, as noted above, was also raised by Glencross who saw it playing a role of promoting a shift in the balance of marriage towards “more a mutual arrangement, and so couples would start on a very much better basis”

⁴⁷⁶ “Equal pay” was also a subject addressed by a number of advocates of piecework or other forms of payment by result. One of these, Pringle, representing the Victorian Chamber of Manufactures, gave his response to the question: “You refer to the question of equal pay for equal work, saying that you approve of that principle?”, as “Yes. We have specifically made that clear that it is where men are concerned, and we do not wish to be misunderstood in that we apply it to the other sex ... we do not wish that to apply to both sexes” (RCCE 1929, 810).

(505).⁴⁷⁷ In presenting her evidence, Goode was questioned on the potential of equal pay to lessen female employment, responding: “and there would be more for the man. It would be better for the man if there were equal pay for equal work in industry, and it would be better for the woman in home life”. When further pressed with the question “You recognize that it would force a lot of women out of employment?” she replied “Yes, the inefficient” (510). A similar sentiment was expressed by Street who indicated she wanted wages paid at the same rate: “irrespective of sex. That would be the fairer way to do it. It would be a relief to the men because numbers of women are employed because they need only be paid on the average half as much money as a man. ... It must be very hard on any man to be displaced by a woman just because she earns less, and it is very hard on a woman that she should be paid less simply because she is a woman. It works unfairly both ways” (916).

Neither Heagney⁴⁷⁸ nor Daley, each of whom gave evidence on behalf of the Women’s Organizing Committee of the Australian Labor Party, mentioned equal pay, presumably because they were generally arguing for the retention of the current basic wage as being a wage for a couple. Neither the majority nor the minority reports mention the issue.

4.3.2 THE REPORT

In a contemporary review of the report the economist Ronald Walker⁴⁷⁹ wrote: “When five Commissioners divide themselves into a majority of three and a minority of two, and then write two reports contradicting each other on practically every question at issue, one is convinced that the answer to the question of Child Endowment is as clear as mud. Is it impossible for an impartial person to clarify the issue and come to a decision, or was the Commission unable to be impartial ... had the members of the Commission made up their minds before they began their sittings?” (1929, 87). This well captures the nature of the report.

The report was lodged just after the 1928 election which Bruce won, although with a loss of seats, and in which Curtin was elected to the federal parliament.⁴⁸⁰ The majority report⁴⁸¹ found the case for child endowment on

⁴⁷⁷ More generally this matter is related to the argument for setting the basic wage at a rate for a couple on the basis that single men, and in this case single women, had to save for marriage. This conceptualisation seems to place these issues in the context of Higgins’ approach to marriage as being the ‘usual fate’ of a man.

⁴⁷⁸ Heagney though indicated a long-term outcome where “there should be a payment to the mother, altogether independent of the father’s wages ... I think the family income should be based on individual needs ultimately, that the mother would ultimately draw an income for her services as home-maker not as wife” (1136).

⁴⁷⁹ Ronald Walker (who went on to be a prominent economist and diplomat) wrote this review at the time he has undertaking his Master’s degree.

⁴⁸⁰ The minority report of Muscio and Curtin is dated 3 September 1928. The covering minute of the whole report was dated 15 December 1928. There is no date on the majority report.

⁴⁸¹ The majority report is also bizarre in its frequent use of heavy bold to highlight key phrases in the text – an attempt to pound, what it considers to be, key issues into the reader’s mind. Walker comments on this style: “It is to be hoped that the black type habit of the Majority Report does not betray a secret inferiority complex. At all events

the basis of inadequacies in the wages system had not been made. These commissioners considered that the evidence showed that an insufficiency of wages was not the problem, but rather “unemployment, sickness, accident, gambling and extravagance ... inefficiency of the mother” (O’Halloran 1928, 65). They considered that the funding of a program would have adverse effects, and cause a “collapse in values” by relieving fathers of their responsibilities. The majority members considered that the constitutional capacity of the Commonwealth to introduce the scheme was questionable,⁴⁸² and that funding would be better allocated to services. They further argued, if a scheme was to be introduced, it would require the Commonwealth to fully control wage fixation and industrial matters, and that the basic wage would need to be reduced. The majority report also considered that a logical consequence was the need for the introduction of “some form of eugenic control” (100), as well as suspending the payment of child endowment to strikers.⁴⁸³ They canvassed a number of options for a scheme, including stripping 21s. (i.e. an amount they considered was in the wage for the maintenance of 3 children) out of an illustrative basic wage of £4/5/0⁴⁸⁴ and hence reducing the wage paid to adult males to £3/4/0, with the employer paying 7s. into a fund from which endowment would be paid to the children of all employees at a rate of 7s. a week, along with the employer retaining the other 14s. This latter was described as a device which “would quickly result in a reduction in prices and of the cost of living” (77).⁴⁸⁵ In their conclusion they however cede that if any scheme was to ever be introduced, it would be tax funded.

The minority report in contrast felt that a scheme of child endowment was warranted and, specifically, “for workers in industry some system of family allowances is the logical corollary of the living wage doctrine” (124). It recommended a scheme of assistance to the third and above child, at a rate of 3s. 10d. a week, with a relatively low annual income cap of £300. It suggested that this be funded by increasing income tax, including reducing the tax free

it is hardly dignified” (1929, 91). Murphy reflects upon this style and writes: “To read the majority report today is to feel one is being shouted at” (2011, 144).

⁴⁸² The constitutional basis for Commonwealth payment of child endowment was a recurrent question and was not resolved until the passing of the 1946 constitutional amendment.

Nevertheless the Royal Commission had legal opinions, including from the Solicitor-General, which, while indicating the constitutional basis was weak, identified some possible grounds or means for the Commonwealth to implement the program. In addition, as is later discussed in footnote 525, in the case of Maternity Benefit, operating ultra vires of the Constitution was only an inhibition on Commonwealth action if it was likely to be challenged.

⁴⁸³ This was a theme that came up several times in the evidence. There was a marked concern amongst several of the employer representatives that the introduction of child endowment in providing workers’ families with an independent source of income would enhance the capacity of unions to sustain strike action.

⁴⁸⁴ ABS reports the August 1928 “6 Capitals” basic wage (a weighted average of the rates for the six State Capital cities, a concept used by the ABS and the court) was £4/8/0 (ABS 6101.0 1952, 234).

⁴⁸⁵ In making this type of remark, along with extensive quoting of Evatt when he was a parliamentarian in NSW to question the constitutionality of the introduction of a scheme (material not presented in evidence to the commission), one is left with the impression that the majority report was deliberately seeking to provoke both industrial, and political, labour.

threshold for single persons.^{486,487} Given this structure, it proposed that the basic wage should be based on a family unit of a man and two children. As a policy response this can only be considered as a very lukewarm proposal, perhaps more motivated by limiting any adverse consequences for the minimum wage, than identifying an effective program of child endowment, especially as the amount of the endowment proposed was at best half the lowest estimates of the actual cost of children.⁴⁸⁸

The Federal Government responded with a memorandum for the Premiers' Conference which rejected the minority report and suggested that the pre-requisites for the introduction of child endowment were that the Commonwealth had exclusive power over industrial matters and that the introduction of the program "must involve reductions of wages to men who are single, married without children, or married with all the children grown up" (Advertiser 23/5/1929, 12).

After having lost the 1926 referendum to give the Commonwealth a comprehensive industrial relations power, Bruce reversed this position and, as noted earlier, in October 1929 went to the electorate with a proposal for the Commonwealth to withdraw from industrial regulation entirely, and lost office. Although the incoming Labor government had previously strongly committed in 1928 to introducing endowment, and maintained this in the party platform, no reference was made in the campaign speech.⁴⁸⁹ Once elected it faced the more immediate crisis of the Depression, coming into office two days before "Black Thursday" and the Wall Street crash and with an economy where export prices had dropped continuously since 1928 (Schedvin 1970, 111) and with unemployment already high (estimated amongst male wage earners, at 11.5 per cent in 1928-29) increasing rapidly to 17.2 per cent in 1929-30 and 30.6 in 1931-32 (Keating 1973, 377). In these circumstances the needs of larger families who had a head still in employment took on a lesser priority for government, although as noted, the court continued to call for the introduction of child endowment, including in decisions in 1930 and 1934.

⁴⁸⁶ The rationale for the 3s. 10d (£10 per year) rate is difficult to fathom. It is well below the amounts discussed by any of the witnesses in terms of the cost of children, and below the £13 per annum provided in the public service scheme. Further in his 1927 report in WA Curtin, along with his committee members, noted that while 5s. had often been "assumed to be the amount per head. The committee considers this insufficient" (Australian Labor Party Western Australian Division 1927, 5).

⁴⁸⁷ More specifically it proposed that the "general deduction" be reduced from £300 to £200, but that this be accompanied by an additional deduction of £100 for a dependent wife and £50 per child. While bringing single male minimum wage employees within the scope of the income tax system, given the progressive tax scales, the actual impact of this on their disposable income would have been relatively minor.

⁴⁸⁸ Reflecting the paucity of substantive evidence presented to the inquiry the minority report also proposed the establishment of a Bureau of Social and Economic Research recounting "we felt strongly the lack of expert investigation into many of the questions which came up in the course of the inquiry, and in the absence of such impartial expert research a good deal of the evidence tended to be mere opinion" (O'Halloran 1928, 121).

⁴⁸⁹ Given the focus of the election campaign on the question of the Commonwealth abandoning any role in arbitration, the election speeches in 1929 were almost wholly directed at this question and the Commonwealth financial situation.

4.4 ASSESSING THE DEBATE

The constant theme throughout all of these debates was that of the wages system. To the extent that there was social welfare provision, albeit limited, for widows and deserted wives, and some limited unemployment relief, the question of the need for any additional financial support for children centred around those children in working households, and given the structure of employment at the time, hence the male wage, and in particular the basic wage component and its formulation as a family wage. The debate featured two quite different strategies: One considered the payment as a complement to the wage, especially for larger families; the other viewed the introduction of child endowment as an opportunity for a complete restructuring of the wage, removing the need for it to make any provision for a family.

The first of these was typified by the 1921 McGirr proposal and, as will be seen in later discussion, effectively formed the basis for the introduction of child endowment in 1941 and for the policy over most of the following half century. While often described as part of maternalistic policies (Murphy 2011, 138), these approaches focusing on children above those provided for in the wages system may be better seen as being child welfare oriented. The second, reflected in the approach of Arthur and the 1919 Holman proposal, was much more radical, and while it would have laid a much clearer pathway to equal pay, it was a pathway which was conceptually blocked by the question of “wives” and by union opposition. Both forms were also resisted by various, mainly conservative, political forces on the basis of opposition to any form of state welfare intervention, especially one that impacted the relationship with wages, largely seen through historically derived interpretations, in particular of the English Poor Laws. These questions are considered below, framed in terms of the question of wives; opposition to state intervention in support of low income households; and the role of the unions.

4.4.1 MOTHERHOOD ENDOWMENT AND WIVES

Lake writes: “In the 1920s women embarked on a campaign to achieve the economic independence of women ... They put forward a platform of three interdependent planks: equal pay, motherhood endowment, and child endowment ... the last two were seen as distinctive, separate demands: childhood endowment to secure the welfare of all children ... motherhood endowment as economic reward for women’s work and to free women from their condition of ‘sex slavery’ (1993, 383-384). This characterisation of ‘motherhood endowment’ however obscures, as previously noted, one key issue. It was also not the path chosen by most of the organisations seeking to introduce child endowment where the tendency was to voice a belief in the endowment of wives, but pragmatically seek a wage based on the couple unit supplemented by child endowment. The magnitude of this omission is significant as it ignores an estimated 36.5 per cent of married women in 1933

living with their husbands, who did not have dependent children and were overwhelmingly not in employment.⁴⁹⁰

As seen earlier, ascertaining the balance of views amongst the women's organisations presenting evidence to the Royal Commission on the family unit for the basic wage, and the role of a separate mother's or wife's endowment is difficult, with much of the discussion of the endowment of a wife or mother, as opposed to the children, being in cross examination, rather than in position statements, and this evidence is frequently unclear. In addition to this, there was internal conflict in the approaches, such as within the National Council of Women.

The individual wage along with wife endowment approach was advanced by Longman, the NCW President, on behalf of the Queensland organisation advocating: "national endowment of wives, mothers, and children [and] the amendment of all industrial arbitration laws of the Commonwealth and the States, by the deletion from such laws of the present basic unit of a man, wife, and three children, in the determination of a basic wage, and the substitution therefor of an adult" (RCCE 1929, 6). In discussion she argued for a "weekly endowment of wives and mothers" on the basis that a wife's "services to the State are as great as those of the man; and, therefore, that those services should be paid for as an independent economic unit" (7).⁴⁹¹ This was echoed

⁴⁹⁰ Comprehensive data are not available. ABS (Census 1933, 2358) report that there were 1,133,857 husbands who were enumerated with their wives, 413,419 of whom had no dependent children. Turning to labour force data it reports there were 34,667 married women employees without dependents (290). While in addition there some would have been some wives without dependents who were self-employed or employers, it is clear that most wives without dependents were not working, and represented a major population from a policy perspective.

⁴⁹¹ This proposition led to the following exchange:

CHAIRMAN: I suppose you know that there is an argument that a single man, and a married man without children should be put on the same basis, because the single man has to pay out of his wage for services which are rendered to the married man by his wife?

LONGMAN: I do not absolutely agree with that argument. I admit that there is a little basis of fact in it; but we have to remember that the wife is on exactly the same basis as the help which a single man would have to pay for. She has either to pay for that work being done for her, or she has to do it herself.

CHAIRMAN. You do not consider that the cost to the working man, who has to pay for services rendered by somebody else, is the same amount of money as the wife's allowance?

LONGMAN: I think it would be approximately equal (RCCE 1929, 8).

The statement appears to be strange, especially the concept that the wife without children "either to pay for that work being done for her, or she has to do it herself" fails to engage with what she would be doing with her time, since Longman had previously indicated that upon marriage the woman would have given up work and that the allowance would be paid "in place of her wages which were paid to her previously" (8). Again though it emphasises how there was a focus on allowances in a woman's capacity as a wife, not just as a mother.

Similarly in an earlier exchange:

MUSCIO: Your theory is that the State should pay the wife for services rendered to the State?

by Cowan and Jull from the Council in Western Australia who detailed the position as: “We think the basic wage for an unskilled adult worker should be computed at present at £2 5s. for each male or female per week. The wife should rank as a worker, and the man and wife contribute equally to household expenses” (433).⁴⁹²

In contrast Fidler and Wilson, convenors of the education and child welfare committees, lodged a statement, based on a national resolution which declared: “The National Council of Women would suggest that a new domestic unit of man and wife be fixed” (252), and Glencross, Victorian NCW President said while she was personally in favour of basing the wage on a single person alone, at the organisational level “we are only in process of considering that part of the matter relating to the wife” (646).⁴⁹³

Others who argued that the living wage should be based upon the needs of a husband and wife included Patterson from the Women’s Non-Party Association who also spoke of the wife having “claim to some part of her husband’s earnings” (106); McDonnell and Stephens from the same body who said that while they “considered the matter [of a single person unit and allowance] ... thought that the other scheme was desirable ... the idea of the man and his wife unit” (512); and Littlejohn from the Australian Federation of Women Voters (876).⁴⁹⁴ Jessie Street, while preferring to move to an individual base, along with the introduction of her more universal system of social support, considered that in the short term the couple basis could be adopted, along with a bachelor tax (912-916).

Andrew, reflecting upon these positions, described the approach of setting the basic wage on the basis of a husband and wife as the “most consistently endorsed by women activists (from all organisations) in their evidence to the Royal Commission” (2008b, 11).

Heagney while only submitting that “A system of child endowment should be instituted” (RCCE 1929, 1121) noted in her introduction that through the “All-Australian Trade Union Congress and ... State and Federal Labour Conferences, the labour movement declared its endorsement of the principle of the endowment of childhood and motherhood” (1115). The limitation of the proposal contained in the submission, relative to this broader objective, was raised in cross-examination. Here, as did Street, she differentiated between

LONGMAN Yes, we say that her services to the State are as great as those of the man; and, therefore, that those services should be paid for- as an independent economic unit. (7)

It is difficult to ascertain what services Longman considered that a wife, who was not engaged in raising children, could be interpreted as providing to the ‘state’, as opposed to just her husband.

⁴⁹² The proposal was that all wives would be automatically paid an amount equal to the basic wage in their own right upon marriage. When asked for the basis of this they indicated “It really means recognizing her household responsibility and her value to the community in producing children and looking after her husband” (434).

⁴⁹³ These contradictions were noted by the commission (433).

⁴⁹⁴ In proposing the use of the ‘man and wife as a unit’ Littlejohn went on to suggest that a “deduction should be made in the case of an unmarried man, but whether that portion goes to the endowment fund or a portion of it is repaid to him on marriage would be a matter which would have to be gone into further” (876).

short- and long-term goals: “I think that the family income should be based on individual needs ultimately, that the mother would ultimately draw an income for her services as home-maker, and not as wife” (1136).⁴⁹⁵ As a follow up question she was asked “Do you not think that would result in the adoption of the single man as the unit, with an endowment for the wife when he gets one, and an endowment for each child as it comes along?” to which she replied “Yes, if everyone could be endowed in that way” (1136). Again this seems to indicate support for an allowance to a wife in a capacity of ‘home-maker’ for her husband regardless of whether she was a mother.

As such, while the question of a ‘wife’ rather than ‘mother’ endowment was raised, there was generally confusion, and little detail on the rationale for the former as opposed to the latter. Rather the balance of proposals was towards the basic wage covering a man and his wife, and the language which was almost always used was that of a woman as a mother. I would assert this was done to avoid more direct consideration of the merits of the state providing support to wives in a capacity other than while raising children, or indeed whether women in these circumstances should be required to support themselves. While a strong case could be formulated for the provision of state support to mothers, based on an argument that they were undertaking a service in raising the next generation, this was not the case for other wives, who, barring those who may have been undertaking caring of parents or others, were primarily engaged in domestic production for themselves and their husbands alone. This economic context can be contrasted with the moral argument of economic independence of the woman in a situation where she had traded off her independence through the labour market for marriage.

That this was a necessary trade-off was however disputed. An alternative concept was that of a man paying a wage to his wife from his earnings. As cited above, a formal method of this through endowment was proposed by Cowan, who had initially stimulated interest in this question by proposing an amendment to Western Australian legislation to include wives in the classification of domestic workers in.⁴⁹⁶ The broader concept had however been in the public eye for some time. In 1890 an article in *The Dawn* under the by-line of ‘Maude Meredith’⁴⁹⁷ argued a need to “set a fashion or form a law that shall give to the hard-working wife a certain amount of money – proportional of course to her husband’s wages, to be paid to her regularly”

⁴⁹⁵ Lake discusses Heagney’s position and asserts that “she made it clear that women working at home should be remunerated by the state as mothers, not wives” (Lake 1999, 121). This confounds the issue of motherhood and wifedom because, as discussed above, Heagney in her following response to the Royal Commission clearly was speaking in terms of women as wives, not restricted to those who were mothers.

⁴⁹⁶ This received widespread media attention at the time. Cowan’s motivations were however more complex. Effectively she thought that the proposed amendment to the Act to extend access to the Arbitration Court by domestics was not warranted, and that the overall legislation required further work, but if the amendment was to be considered, she argued for the inclusion of wives, effectively giving them access to the state arbitration court, with the husband deemed to be their employer, to be the “logical corollary” (Australian (WA) 25/11/1921, 1).

⁴⁹⁷ This article would appear to have been written by the American writer Genie M Smith, and was most probably reproduced in *The Dawn* from another publication.

(5/6/1890, 7).⁴⁹⁸ This was then followed by reporting of English debates on the subject in the first decade of the twentieth century (Barrier Miner 26/10/1907, 3) and Australian debate (Advertiser 7/3/1914, 7), and Swedish practice. In this latter respect Cowan (Daily News 30/8/1928, 1) and Longman (Courier Mail 29/1/1935, 12) both used the Swedish Marriage law as an example of how women could be provided with economic independence within marriage.⁴⁹⁹

Trying to identify the set of options that were actually available at the time is difficult. The essential questions concern: what was the level of domestic production actually required in a couple household where there were no dependent children; what were the opportunities for purchasing these in the market; and what were the employment opportunities for the woman, and the rate of remuneration she could obtain? This last element then opens up the question of whether the focus of reform for the wages system should be directed at seeking to get equal pay at the going male rate, something hard to justify given the family component, or seeking a reform of both male and female rates of pay eliminating much of the family element. This latter leads to the second broad approach, that of dismantling the family wage.⁵⁰⁰

A further, and more fundamental question arises if the option of the woman participating in the workforce was viable (either because of the low level of domestic production actually required, or because of a capacity to purchase these services). If this were the case then resolution of this by removing the provision for a wife from the basic wage brings with it the implication that there was not only the opportunity for these women to work, but an effective obligation to do so, at least in a high proportion of families on low to average wages. There is little evidence of this idea having been countenanced in these

⁴⁹⁸ Sawyer reports on an 1896 Australasian convention of the National Council of Women which “wanted a share of the husband’s earnings to be allocated to the wife for her separate use” (2003, 72).

⁴⁹⁹ While the Swedish legislation was cited at times as an example of the way in which a woman might be given equal economic rights through a formal share of her husband’s earnings, the reality of the legislation may have been less than claimed. Knudsen, in reviewing this legislation at the time, reported:

There has been some discussion of a regular wage for the wife; but all such proposals have been put aside as impractical. In fact the problem is yet unsolved beyond the statement in paragraph 2 that ‘they shall agree on how to apply and apportion the funds, and if they cannot come to an agreement, the chief magistrate must step in and decide how much shall be paid to the injured party.’

It is rather dubious, however, whether this will work well in practice, since a marriage in which the authorities have to take a hand in arranging money matters between husband and wife is already in a state of dissolution. (1922, 39)

⁵⁰⁰ Somewhat similar issues of the relationship between family allowances and equal pay arose in the United Kingdom Royal Commission on the Civil Service in the early 1930s. Smith reports on this: “Eleanor Rathbone and Eva Hubback, also testified for equal pay, but reform advocates did not consider their statements helpful. Rathbone claimed that because men had dependants equal pay would be unjust unless it was linked to family allowances. Although Rathbone’s intent was to build support for family allowances, equal pay advocates viewed her argument with concern because it undermined their efforts to separate the issue of pay from that of dependants” (1996, 99-100).

discussions.⁵⁰¹ However, as discussed in section 2.5.1, it is probable that given the actual demands and contribution of domestic production at the time, this latter was not seen as viable.

4.4.2 RESISTANCE – THE SPEENHAMLAND EFFECT

The United Kingdom Poor Law Commissioners' report of 1834 contained a strong condemnation of a range of the poor law policies in place at the time in England and Wales. Much of the opprobrium was directed at outdoor relief, and in particular what was known as the Speenhamland system, a form of wage supplementation, dependent on household size, for those who could not earn sufficient to meet their needs. The Commissioners declared in their report that: "the ultimate result [of the policy]... appears always to be, to augment the distress which it was intended to mitigate, and to render more fierce the discontent which it was intended to appease ... Such relief partakes of the nature of indiscriminate alms-giving in its effects, as a bounty on indolence and vice (Senior [1834] 1905, 48-49).

Nassau Senior, one of the two major authors of the report, had previously described the policy consequences as:

the relief of the able-bodied, is itself the grand abuse of the English Poor Laws – the source from which all of their other abuses have flowed ... Where once it has been established, the payment of wages out of rates; the inequality of the wages of the married and the single; the equality of wages of the industrious and the idle, of the ill-conducted and the well-disposed; the conversion of wages from a matter of contract into a matter of right ... the infinite multiplication of a servile population ... are the natural ... the inevitable consequences [Senior 1831, 43-44].

This interpretation of this policy, and its alleged effects, as identified by the Commissioners, including: a negative impact on wages for other workers;⁵⁰² a deleterious effect on work effort;⁵⁰³ a tendency to increased fertility amongst

⁵⁰¹ Or indeed, as already discussed in footnote 409, even in subsequent discussions in the 1940s, as seen in the "Australian Woman's Charter".

⁵⁰² For example: "for the first effect of such a measure was to increase the number of persons unemployed ... and consequently to reduce wages" (Senior [1834] 1905, 75-76); "On conversing with a manufacturer ... he regretted the great fall in wages, but said ... he had no choice between reducing the wages of his men and giving up his business ... otherwise the master who employed those at reduced wages would get possession of the market" (76); and "Throughout the evidence it is shown, that ... as the condition of any pauper class is elevated ... the condition of the independent class is depressed; their industry is impaired, their employment becomes unsteady, and its remuneration in wages is diminished" (228).

⁵⁰³ For example: "the very labourers among whom the farmer ... ought to depend, are becoming not merely idle and ignorant and dishonest, but positively hostile; not merely unfit for his service and indifferent to his welfare, but actually desirous to injure him" ((Senior [1834] 1905, 68); "The system of allowance is most mischievous and ruinous, and, till it is abandoned, the spirit of industry can never be revived. Allowance-men will not work. It makes them idle, lazy, fraudulent, and worthless, and depresses the wages of free labour" (69); and "The deterioration in the character and habits of persons receiving parochial relief, pervades their whole conduct; they become idle, reckless, and saucy" (94).

the recipients and weakening family bonds;⁵⁰⁴ and the creation of multi-generational dependence,⁵⁰⁵ rapidly became embedded in the economic and social policy literature⁵⁰⁶ as the ‘accepted wisdom’. Much of this interpretation was further embedded in Polanyi’s *Great Transformation* ([1944] 2001) where he describes the consequences as “ghastly” repeating the claims of wage reductions, loss of employment and the pauperisation of the population (83–84). While later scholarship finds the interpretation of the Poor Law Commissioners, including that based on the material they had collected for their report, was incorrect, most of this only was undertaken in the second half of the twentieth century.⁵⁰⁷

A consequence of the permeation of the Poor Law Commissioners’ Report into the intellectual framework of the early twentieth century was that it became a touchstone for the critique of almost any social policy intervention.⁵⁰⁸ This included the Age Pension (Goulburn Evening Penny Post 17/11/1900, 2); and Conroy in Parliamentary debate on the measure (Australia. Representatives. 18/9/1906, 8784), the Maternity Allowance (Cook (25/9/1912, 3446) and St

⁵⁰⁴ For example: “Men with families were in the habit of being relieved ... The character of a large portion of these people was described as being reckless and dissolute beyond any others. They were said to be living almost promiscuously, and that large families, legitimate or not, were considered by them as an advantage” ((Senior [1834] 1905, 27); “The effect ... is clearly to encourage early and improvident marriages, with their consequent evils. Of this there was no lack of evidence” (30); and “Now, pauperism seems to be an engine for the purpose of disconnecting each member of a family from all the others; of reducing all to the state of domesticated animals, fed, lodged and provided for by the parish, without mutual dependence or mutual interest. ‘The effect of allowance,’ says Mr. Stuart, ‘is to weaken, if not to destroy, all the ties of affection between parent and child’ ” (96).

⁵⁰⁵ For example: “I can decidedly state, as the result of my experience, that when once a family has received relief, it is to be expected that their descendants, for some generations, will receive it also” ((Senior [1834] 1905, 93); “Thus we have pauper father, pauper wife, pauper son, and pauper grandchildren, frequently applying on the same relief-day” (45); and “The regular applicants for relief are generally of one family; the disease is hereditary, and when once a family has applied for relief, they are pressed down for ever” (94).

⁵⁰⁶ Authors who have reflected, and more significantly perpetuated, the negative findings of the poor law commissioners include: Malthus (1836, 232–233), Mill (1885, 197–199), (Fawcett 1874, 553), Marx ([1867] 1909, 659–660, 741), Hearn (1864, 395–96) (Hearn is notable for his role in Australia. Groenewegen and MacFarlane (1990, 55) describe him as an influential educator including having Alfred Deakin and Henry Bournes Higgins amongst his students.); Marshall (1892, 186), Webb (1889, 42); and Webb (1928, 6–7).

⁵⁰⁷ Tawney describes the report as “brilliant, influential and wildly unhistorical” (1926, 271). Mond’s analysis led him to the conclusion: “If, however, the Speenhamland system is judged by the body of evidence which was given before the Royal Commission on the Poor Law, corroborated by other contemporary evidence, it will be found that the true historic view is very different from the case urged by propagandists” (1927, 71). Blackmore and Mellonie (1927 & 1928) concluded that the impact on population was through increased child survival, not fertility. Blaug (1963 & 1964) found the allowance system was a response to, not a cause of, low wages; Boyer (1990) saw the scheme operating as a mechanism of support for seasonal labour; and Block and Somers (2003), amongst other findings, reject claims that it led to a collapse in rural productivity.

⁵⁰⁸ The use of Speenhamland as a demonstration of the perverse effects of welfare interventions has been identified by Pigou (1914, 58), Hirschman (1988, 22–24), Block and Somers (2003) and Somers and Block (2005).

Ledger (Australia. Senate. 3/10/1912, 3792)), minimum wages (Register 8/4/1909, 4) and assistance to the unemployed (Mercury 11/8/1906, 4).

The “example” of Speenhamland as a supposed salutary lesson on the adverse consequences of any state allowances to families as a complement to the wages system was also called upon in the debates on Child Endowment.

In his evidence to the Royal Commission Brigden used the scheme in a condemnation of the NSW child endowment scheme, in particular with respect to the operation of its income caps: “it is purely a poor law scheme, and because it must discourage incentive to earn, rather than to receive allowances, and must also discourage skill. It is astonishingly similar to the ‘Speenhamland’ poor law introduced into Great Britain in a panic during the Napoleonic wars ... [it] will certainly increase the population, but only from the improvident parents, and therefore from the class from which we can least afford to have children (RCCE 1929, 1340). Conversely Mills, Professor of Economics at the University of Sydney, drew upon the work of Blackmore and Mellonie (see footnote 507) to suggest that the effect of allowances on fertility was not as suggested by the Poor Law Commissioners (881). The focus of other witnesses to the Royal Commission who cited the old poor laws concerned the alleged effect on individual behaviour, especially work motivation, and willingness to take responsibility for families.⁵⁰⁹

While determining the impact of these views on the Royal Commission is not possible, one of the key points of the majority report, in their statement of reasons for opposing the introduction of child endowment, had a strong echo of Senior’s report: “By removing from parents all financial responsibility for their children, parental responsibility would be weakened, incentive to effort

⁵⁰⁹ These included Hill, the former NSW State parliamentarian, who as noted in section 4.2.4 in speaking against McGirr’s proposal, asked if the Minister had studied the poor law legislation, as well as declaring that one of the consequences of the old poor law was that “for years the character of the working men of England continued to deteriorate” (Raymond Terrace Examiner 2/12/1921, 4).

In his evidence to the Royal Commission on Child Endowment he declared: “as soon as a man receives a State dole he becomes lazy and tries to throw on the State the whole responsibility of supporting his family” (RCCE 1929, 272).

Others taking this type of approach included Prior who as noted earlier wanted men to work harder to support their families and who argued: “any general ‘dole system’ ... tends to lessen the conscientious effort of the individual to meet his or her responsibilities” (201); Marks, President of the Chamber of Manufactures who recounted: “We had experience of the ‘dole’ in the old country. It was disastrous there, although it was given with the best of intentions. It is very difficult to estimate what the moral effect will be” (233); Knight and Greenwood of the Taxpayers’ Association of Victoria said: “I would like to mention in regard to that the effect of the dole in England, which has certainly had an immoral effect on the family life. It is admitted, and this would have practically the same result” (780); and Pringle, representing the Chamber of Manufactures, Victoria who declared: “child endowment is both unnecessary and undesirable. If a dole system such as is suggested by this question were adopted, the demoralizing effect would mirror itself upon the national character. The effect of a State aid in the rearing of one’s family is contrary to human nature” (782).

reduced, and the sense of unity of interest between parents lessened” (O’Halloran 1928, 9).⁵¹⁰

4.4.3 THE UNION PERSPECTIVE

In many ways the union perspective on child endowment reflected the tension in the nature of unions with respect to representing the interests of the majority of their members, and the needs of those at most disadvantage and pursuing wider social goals. That is, while there were strong social benefits of the policy for those workers with large families and for women in potentially paving a path towards equal pay and granting them a degree of economic independence, for the majority of their members it was likely to have a negative impact.

Underlying this was that unless the policy could somehow shift the balance of the product of industry which flowed to workers relative to capital, the funding of the program would have to involve a transfer of resources from one group of workers to another. Reflecting this, the standard position of the unions was that of seeking to portray the existing wage as being just adequate for a couple, with child endowment to be provided in addition to this wage and funded through a progressive income tax; that is, through income redistribution, with most of the revenue being raised from higher income earners who were less likely to be union members.

The potential effect of any attempt to implement child endowment through a shift in resources between wage and salary earners was apparent in Piddington’s *Next Steps*. Here he provided a table showing the shares of the population “more than adequately provided for by the five unit basic wage”, those who were adequately provided for and those with inadequate provision (Piddington 1921b, 18).⁵¹¹ Table 4.3 presents a summary version of Piddington’s table, along with an analogue which counts the number of employees, rather than family members.

Accepting that there were no additional resources for distribution, this table (second panel) places 30.6 per cent of workers in the inadequate category, 8.0 per cent in the neutral category and 61.4 per cent in the “more than adequate” category. Very clearly this meant that the majority of members, whose interests the trade unions needed to represent, would lose.

The first panel, the one that Piddington argues from, can be seen, relative to the above interpretation, to show the contrast between this representative role of unions and the wider social role. When account is taken of the number of spouses and children, what might be considered as the ‘moral balance’ of such

⁵¹⁰ The majority report further expanded this view in discussion as: “It would be dangerously easy for many fathers to slacken off in their own efforts, and to pass into a condition of careless acquiescence in a system which made their children, at least from the financial point of view, wards of State ... A scheme of Child Endowment may indeed corrode incentive just where it is particularly desirable for incentive to be maintained in full strength” (O’Halloran 1928, 71).

⁵¹¹ Of note in the table is that it only details male workers. Piddington’s (lack of) perspective on women’s employment in the paid workforce is discussed in section 4.2.3

a change, the proportions are reversed: 31.8 per cent lose; 9.8 per cent are neutral; and 58.4 per cent gain.

Table 4.3 Piddington's Identification of Adequately and Inadequately Provided for Households

		More than adequately provided for by the five-in-family unit for the basic wage (a)	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
Piddington table (abridged, count of persons)				
Unmarried Males		450,000		
Families in which children grown up	Husbands & wives	185,890		
Families with no children	Husbands & wives	141,900		
Families with one child	Husbands & wives		160,596	
	Children		80,298	
Families with two children	Husbands & wives			159,498
	Children			159,498
Rest of Families	Husbands & wives			452,116
	Children			660,204
Total		797,790	240,894	1,431,316
Per cent of total		31.8	9.8	58.4
Piddington table in terms of the number of workers				
Unmarried Males		450,000		
Families in which children grown up		92,945		
Families with no children		70,950		
Families with one child			80,298	
Families with two children				79,794
Rest of Families				226,058
Total		613,895	80,298	305,852
Per cent of total		61.4	8.0	30.6

Notes: In interpreting this table it needs to be noted that Piddington in this publication argues that the minimum wage, described in the table as the "five-in-family unit for the basic wage" was adequate for a couple and one child only.

Source: Derived from Piddington (1921b, 18).

Union resistance was also fired by the emergence of child endowment as a policy option when governments were faced, as they were with the 1919 NSW Board of Trade decision, and the finding of the Royal Commission on the Basic Wage, with pressure for an increase in the wage. As has been identified with the Holman proposal, the claim that the policy was needed to avoid potential adverse economic effects of the wage increase, was proven to be unwarranted.

From this, and more generally, the union movement had a strong distrust of the motives for any change which impacted the wages system. This discussion has recounted many claims of "betrayal" by the unions, not all of which can be considered rhetorical, but rather substantive cases where promises had been made, and expectations raised, and not delivered on. The existence of this distrust is not just historical. In the 2012-13 Annual Wage Review decision, the Fair Work Commission wanted to consider the question of the interaction of the tax and transfer system and the minimum wage noting: "the way in which changes in the tax-transfer system are taken into account in minimum wage fixation remains a matter of contention" (235 IR 332, 348). The unions indicated that, while they were willing to consider the impact of existing

legislated programs, they would not do so “in anticipation or expectation of some future compensating policy response by government” (ACTU 2014, 18).⁵¹²

4.5 CHILD ENDOWMENT INTRODUCED

The introduction of a national program of child endowment was announced by the Prime Minister, Robert Menzies, on 16 January 1941 (Age 17/1/1941, 8). The decision can be seen as the result of the confluence of a set of diverse pressures.

In 1941 Menzies, as leader of the United Australia Party, was leading minority government in a tense coalition with the Country Party, and reliant upon two independents for a voting majority in the House of Representatives.⁵¹³ Reflecting this weak position, his 1940 budget had been severely challenged in parliament, with the government having to make major concessions including raising the threshold for income tax from £150 to £200, and providing a deduction for dependent mothers, a domestic allowance for children of servicemen, and an increase in the pension (Australian Worker 11/12/1940, 2).

As Australia moved towards more complete war mobilisation, Menzies was also seeking to find more common ground with Labor.⁵¹⁴ This included the establishment of the Advisory War Council, which included Labor members, and a new focus on labour and industrial conditions, with the creation of a new Department of Labour and National Service. Being effective in these fields

⁵¹² In contrast, the Commonwealth Government in its submission effectively ignored the request in terms of seeking to establish a forward-looking approach and simply extolled the virtues of its programs (Australian Government 2014, 61-66). Amongst the employers, the Australian Chamber of Commerce and Industry (2014, 20-51) although expressing agreement with the need to take account of the tax transfer system, advanced no proposals, and the Australian Industry Group stated: “At this stage, Ai Group does not have a specific proposal for the Annual Wage Review 2013-14 regarding tax transfer payments” (2014, 41).

⁵¹³ Menzies became the leader of the UAP in 1939 following the death of the then Prime Minister Lyons. This resulted in the Country Party withdrawing from the coalition government because of animosity between its leader Page and Menzies. An election in 1940 saw both the UAP and Country Party lose seats but return to a coalition, which formed a minority government.

At the same time the Labor Party was formally split with the ‘Australian Labor Party (Non-Communist)’ holding 3 seats, and internally between personalities and factions.

⁵¹⁴ Labor had rejected a proposal from Menzies for a ‘Unity’ or ‘National’ Government in late 1940. Amongst the reasons for this was that such a decision would have most likely generated a further split in the Labor party, given strong antipathy by many to Menzies, including his banning of the Communist Party in 1940, as well as the perception of the UAP as the “bosses’ party”. As put by Serle (1993) “the only thing worse than a two-party government would be a three-party one ... it would create a large left-wing opposition”.

Kewley (1941, 2) reports that “child endowment was ... stressed while the negotiations for a National Government were in progress last October”, and expresses his opinion that “in introducing this scheme the Government seems to be trying to give evidence of the sincerity of its previous offers to make modified concessions which would bring about political unity”.

required Menzies to develop credibility and a much closer working relationship with both organized and political labour.

While the question of child endowment had become less prominent during the Depression, it was far from forgotten. Not only had the Labor Party continued to voice its advocacy, but now John Curtin had become its leader. In his 1940 election speech, focused mainly on defence issues, he again committed to the introduction of child endowment saying “It was my privilege to be a member of a Royal Commission that reported on a system of family allowances ... [and promising] a plan of family allowances for families where the children number more than two under the age of 16 years will be devised” (Curtin 1940).

The Labor Party had raised the subject repeatedly in Parliament, including in the budget debates in December 1940, linking it to national solidarity with the war effort. Calwell, after citing recent data on the incidence of malnutrition amongst children in Victoria argued: “We have no right to ask children of today to fight for a country which starves them when they are young... we must have a child endowment scheme, not when the war is over but now. It is up to this Government during this session, by the use of all the powers that it possesses, to produce such a scheme” (Australia. Representatives. 10/12/1940, 711). Scullin took up the subject in debate on the related income tax bill declaring “I believe that all these exemptions for children should be cut out of our taxation laws and that we should set up a system of child endowment” (12/12/1940, 987).⁵¹⁵ These were strong challenges at a time when Menzies was desperate for unity. Spooner, a UAP parliamentarian, in the same debate, as well as acknowledging Scullin’s point, seized the opportunity to express his support for child endowment, recounting: “During the last election campaign, I assumed the responsibility, on my own account, of expressing myself in favour of an Australia-wide system of child endowment” (997).

A week prior to this debate, Coles, one of the two independent members on whom Menzies relied for a parliamentary majority, in his maiden speech argued strongly for child endowment, citing the industrial climate: “We shall never have contented workers and industrial harmony while the spectre of starvation throws its shadow over the home of the worker with the large family” (3/12/1940, 357). He argued the policy would have benefits not just in welfare terms, but also to war production and in terms of bridging the political divide to allow for more effective national governance.

Spooner was not the only UAP member who was inclined towards child endowment and to speak publicly on this. Holt, who was now Minister for Labour and National Service, had been publicly advocating for child endowment for some time. In 1935 he proposed its introduction at a meeting

⁵¹⁵ In making this call he emphasised the perverse effect of the role of child deductions in the tax system: “We already provide a measure of child endowment by the concessions we give in income tax; but the anomalous effect of these concessions is that we allow a man on £250 per annum a concession of £4 10s. for each child, whereas we give to a man on an income of £700 per annum a concession of £9 10s. Those whose incomes range from £2,000 to £40,000 receive a concession of £25 for each child. In other words, those on the higher incomes get a concession at more than a full rate of child endowment. As a matter of justice the position should be reversed” (Australia. Representatives. 12/12/1940, 988).

of the Australian Women's National League (Argus 19/11/1935, 4), and in a 1937 parliamentary speech expressed a hope that the government would "examine the practicality of a system of family endowment, such as is in operation in New South Wales" (Australia. Representatives. 2/12/1937, 169).⁵¹⁶ He again spoke publicly on the issue at a conference of the youth wing of the UAP in 1939 (Age 8/5/1939, 10).

A further source of pressure, both internally within the Party, and in the interaction of state and federal politics, was coming to a head in Victoria. Here the leader of the UAP, which supported the Country Party minority government of the state, had declared in the state election earlier that year that his party stood for "social justice ... child endowment" (Argus 13/3/1940, 6). This support led the Victorian Legislative Assembly to establish a Select Committee to inquire into the establishment of a scheme of child endowment in Victoria which reported in November 1940. The report proposed that a scheme be introduced, for the fourth and above child, but strongly expressed the view that child endowment was "more properly a function of the Commonwealth Government" (Child Endowment Committee 1940, 40). In making its recommendations, the Committee, although casting its overall findings in the context of population, also emphasised the existence of poor child outcomes in large families, including malnutrition (89-90). The Victorian Cabinet was to consider its policy responses to this at a meeting in mid-December 1940 (Riverine Herald 11/12/1940, 3).⁵¹⁷

Additionally interest had also been raised about the potential role the policy could play by Keynes' *How to Pay for the War*, including an Australian edition published in May 1940. Central to Keynes' proposition was the question of how best to reduce civilian demand at a time when production needed to be directed to the war effort. As an element of a package of measures he included, a "third provision is to protect from any reductions in current consumption those whose standard of life offers no sufficient margin ... a system of family allowances (Keynes 1940, 11).⁵¹⁸ In the book Keynes argued: "At first sight it is

⁵¹⁶ In this speech he however raised this proposal in the context of the "serious problem [which] is presented by the decline in the birth-rate" (Australia. Representatives. 2/12/1937, 169).

⁵¹⁷ The relevance of this was underlined in a report given by the President of the ACTU, Monk, of a meeting with Fadden on 21 January 1941. He said: "Mr. Fadden explained that the Federal Government acted because New South Wales had a scheme, and Victoria, Tasmania and Queensland were considering State schemes" (Age 24/1/1941, 6).

⁵¹⁸ This proposal was not contained in Keynes' original version of the text which had been published in *The Times* in November 1939. Following publication Leo Amery, a Conservative parliamentarian, wrote a letter to the editor of *The Times* in which he noted Keynes' initial proposal to use forced savings as the mechanism, but argued "surely the only right answer to the dilemma, in war conditions at least, is to see that real needs are met and at the same time to limit all wage increases strictly to what is actually required to meet those needs. If a system of family allowances were introduced now it would ... afford a logical basis upon which a stand could be made against all further wage increases except to the extent that they are directly justified... The real hardship would be met, but the inflationary effect kept down to a minimum" (Amery 1939).

Following this response Keynes met with Rathbone and Hubback (Eva Marian Hubback was a close collaborator with Rathbone on child endowment) on 17 January

paradoxical to propose in time of war an expensive social reform which we have not thought ourselves able to afford in time of peace. But in truth the need for this reform is so much greater in such times that it may provide the most appropriate occasion for it" (32).

A final factor weighing on the government was the 1940 Basic Wage Inquiry. This had commenced in August 1940 with hearings continuing until the end of November. The union case was that the wage should be increased to reflect improvements in productivity since the 1937 prosperity loading, and that the basic wage should be sufficient for the needs of a man, his wife and three children. It also argued that the court should ignore the war in its decision. (Hagan 1981, 143). The decision was delivered in February 1941 (44 CAR 41), rejecting the claim, although leaving the possibility open for a reopening in six months.

The relationship between this decision and the Commonwealth's position on child endowment has been the subject of considerable debate.

Hagan says "shortly before the court gave Judgement Prime Minister Menzies announced the Government's intention of introducing a scheme of Child Endowment. His timing in this was probably not accidental and it weakened the A.C.T.U's case on family needs" (Hagan 1981, 144). Cass (1983) states "there was no accidental linkage" (208) between the two events. She reports on discussions between Downing, one of the academic economists, who had been pulled into public administration at the time,⁵¹⁹ and Beeby the Chief Justice of the Court⁵²⁰, in December 1940 to "defer the increase in the basic wage ... on condition that the Commonwealth government introduce child endowment funded by a payroll tax."⁵²¹ The rise in costs to employers would be much the

1940 and from these discussions revised his proposal to have child endowment as his preferred approach (Skidelsky 2001, 61 and Pedersen 2004, 361).

Pressman (2014, 513) argues "Keynes learned about family allowances, and came to support this policy proposal, through his long association with William Beveridge". He also notes that Keynes had referred to the potential role for them in his 1930 *The Question of High Wages*. In this Keynes argues for focus on higher taxes rather than higher wages as a way of improving distributional outcomes including through social expenditures. He specifically proposes "finally, there is the possibility of children's and family allowances. In this case I believe that the Trade Union movement is actively hostile on the express ground that it fears such allowances would be what I wish them to be, namely, an alternative to higher wages. It would be much better that a man with heavy family burdens to support should receive assistance out of taxation, which is thrown on profits generally, than that an attempt should be made to raise wages paid by his employer to a disproportionate level" (1930, 122).

Skidelsky reports that Keynes had discussed the options for a children's allowance with his niece, the economist Polly Hill, "the previous summer". More generally he argues that when Keynes was revising his newspaper articles into the book that these revisions "were specifically aimed at winning over Labour support" (Skidelsky 2001, 61).

⁵¹⁹ Downing was to later head the 1963 review into taxation in Australia.

⁵²⁰ This contact is also reported in Arndt and Brown (1996).

⁵²¹ Smith (2002, Chapter 5) examines this question in some detail and notes that "debate over whether or not child endowment should be financed by a payroll tax closely paralleled the debates over Australian contributory social insurance proposals" (51). She concludes that "the predominant policy objective for conservative governments introducing child endowment was to substitute for a wage rise by

same but the benefits would go to those in greatest need, workers with families” (209). She then intimates that on the basis of the court’s tacit approval the issue was taken to cabinet.⁵²²

The question of possible collaboration was also raised by the Labor member, Brennan, in parliamentary debate. While supporting the legislation he said: “It appears to me that there is some connexion between the recently deferred judgment of the Commonwealth Court of Conciliation and Arbitration on the basic wage and the child endowment scheme. It is not, I hope, offensive to say that the Executive and the court appear to be moving hand in hand” (Australia. Representatives. 2/4/1941, 520).

In considering these claims, perhaps the more significant question is whether the proposal to introduce child endowment made a material difference to the decision the court took. A review of the decision would suggest that the balance of views in the court was already heavily weighted against any increase being granted. Central were considerations associated with the war.

This can be seen in the individual judgements made by the three judges: Beeby “regretted that the advocates ... of employees did not contribute to the discussion on war economics” and suggested “a lamentable disinclination to face facts” before declaring that already “our standards of living ... undoubtedly are the highest in the world” and pointing out that indexation provided workers with protection from price changes arising from war-time economic pressures (44 CAR 41, 50-51); Piper asserted that the case “should not be dismissed but adjourned” to allow the court to be able to assess the relationship between any increase and the war-time economy (64-65); and O’Mara, in addition to questioning the breadth of the union demands, which went well beyond an increase in the basic wage, noted that the intensification of the war had reached a point where it raised the question of the survival of Great Britain and Australia “and it does not appeal to me as a fitting occasion to consider improving all round one of the highest standards of living” (76).⁵²³

On the basis of these views it would appear highly unlikely that the court would have awarded a substantive increase in its decision, or have deviated

imposing instead a comparatively less onerous payroll tax” and that “child endowment policies were intended to reconcile conflicting demands for ‘a living wage’ and industry demands for wage restraint by reallocating a component of labour costs” (70-71).

While potentially having merits in being a less visible tax, the economic rationale for the use of a payroll tax for financing apparently on the basis of the employer is to carry the cost unclear. Usual tax incidence analysis, as intimated by Smith, suggests that the burden would fall on wages, not returns to capital. Further distortions would arise given only wage and salary earners would effectively be taxed to benefit all workers. In addition the tax can be considered to be regressive.

⁵²² This perspective is taken by other authors as well. Kewley (1973, 90-193) emphasises that the introduction of child endowment cannot be taken in isolation from the considerations of the Basic Wage Inquiry 1940-41, notwithstanding the absence of any reference to this in his more contemporary note (Kewley 1941). Hancock and Richardson (2004, 148) summarise the outcome as “the federal government averted a wage increase by introducing child endowment”.

⁵²³ As noted previously Hagan reports “the ACTU advocates also argued that the Court should not consider the War in reaching its decisions” (1981, 141). As discussed in footnote 527 the unions’ attitudes to the war were quite ambivalent at this stage.

from its position to defer any decision on an increase until it could better understand the economic impact of the war. While it was possible the court would have given the government another lambasting over the need for child endowment, as it had regularly done over the previous decade, it is difficult to see the imminence of the court's decision as a decisive factor in the government's decision.

4.5.1 THE POLICY

The details of the program as announced by Menzies were relatively scant: "At the present stage the scheme would be designed to cover the payment of an allowance at a rate of 5/- a week to each child after the first" (Age 17/1/1941, 8). As the policy unfolded these parameters were maintained, including the universal aspect of the program; that is, without any means testing, or employment criteria, along with the provision of support for children up to the age of 16, payment directly to the mothers of endowed children, and what was at the time, a wide coverage of Indigenous Australians.⁵²⁴

The lack of preparation by the government for this policy was evident in the process of fleshing out the details. Legal opinion on the constitutionality of the measure was only obtained on 20 January 1941 some days after its announcement. (The opinion effectively said that while the constitutional grounds were slim the government could get away with it.⁵²⁵) While some days later Acting Prime Minister Fadden⁵²⁶ was quoted as saying: "I would point out that even I do not know the complete details of the scheme. The preparation of these details is in the hands of a sub-committee of the Cabinet, which up to the present has not found it possible to hold a meeting" (Daily Mercury 27/1/1941, 4).

Some details were provided by Fadden in mid-February when an ACTU delegation sought confirmation of the Government's commitment to the policy (Age 12/2/1941, 8), and more following an early March Cabinet meeting (Age

⁵²⁴ The Act had two exclusions concerning the payment being made to Indigenous parents, where the parent was nomadic, or the child was wholly or mainly dependent upon the Commonwealth or a State for his support (*Child Endowment Act 1941* (Cth) §15). This approach stood in contrast to other policies of the era, The *Maternity Payment Act 1912* (Cth), for example, excluded, in addition to 'Asiatics', "aboriginal natives of Australia, Papua, or the islands of the Pacific" §6(2). While this was amended in 1942, even here the provisions were more qualified, with the exemption only being for Aboriginal women who were either exempt from state laws "relating to the control of aboriginal natives"; or where such laws did not apply "the Commissioner is satisfied that, by reason of the character, standard of intelligence and development of the aboriginal native" (*Maternity Allowance Act 1942* (Cth) §3(a)).

⁵²⁵ This advice reads in its conclusion: "It cannot be said, therefore, that the constitutional basis of the proposed legislation is in theory very satisfactory, though, practically, it would seem that there is not much likelihood of the provisions which relate to the actual disbursement of the endowment moneys being successfully attacked" (Knowles 1941).

⁵²⁶ Menzies had left Australia in late January for a four month trip to Britain associated with the war strategy. During this period Fadden was Acting Prime Minister.

8/3/1941, 22).⁵²⁷ Following internal disagreement over funding, the Government formed a committee of their members which resulted in a split report (Age 19/3/1941, 10), before eventually deciding to fund it through three mechanisms: a payroll tax levied at 2½ per cent;⁵²⁸ the abolition of child tax deductions for all children other than the first; and consolidated revenue. The legislation was introduced on 27 March 1941 and assented to on 7 April 1941.

In an unusual move the carriage of the legislation for child endowment was given to Holt who was a relatively junior minister and had a large workload in establishing manpower management arrangements and industrial relations, rather than Stewart, responsible for social security. While Frame (2005, 25) suggests this was because Fadden saw it as good for Holt's career⁵²⁹ and reflecting Holt's long interest in the subject, other factors came into play. One was the close relationship between the policy and the wages system including, as seen above, the interest of the ACTU. The second, and perhaps deciding factor was the intellectual resources available to Holt and his Department, under the guidance of Roland Wilson who had recently been seconded as Secretary, for the development of the policy. In contrast, at the time, Stewart only had limited resources in the Pensions and Maternity Allowances Branch

⁵²⁷ Initial union reaction to the introduction of the program was strongly associated with its strong negative response to the decision of the court on the 1940 Basic Wage Inquiry. This is illustrated in the booklet *Basic Wage Swindle – Bread & Treacle Family Endowment* written by Jack Lindsay (1941) on behalf of the NSW Labor Council (see Figure 2.2). This asserted collaboration between the court and the government on the decision and the introduction of child endowment. By February the ACTU, while still concerned about the basic wage decision, was taking a more conciliatory, and indeed supportive, attitude to child endowment and in March was attacking the internal dissenters in the government declaring they “appeared to be intent upon wrecking the child endowment scheme” (Telegraph 14/3/1941, 3).

More generally it also reflected a much wider set of issues relating to the commitment of the union movement to the war effort. This had several dimensions. The first was a perception that during past wars sacrifices were called for from workers, while business was able to reap large profits. Secondly was the strong influence on the trade union movement of the Communist Party and its attitude to the war effort. Hagan writes: “Until June 1941 the trade union movement co-operated less than enthusiastically with the Government in the war effort” (1981, 111). This changed with the invasion of the Soviet Union. Sheridan, in his history of the Amalgamated Engineering Union (AEU), for example, refers to communists and other activists who “had bitterly attacked its [the AEU's] apparent co-operation with the government before the invasion of Russia, but who, after July 1941, seemed prepared to sacrifice many of the workers' hard-earned rights” (1975, 148).

Hasluck ([1952] 1965, 377) describes the shift as ‘phrases now used by Communists became almost identical with the exhortations they had been resisting’.

⁵²⁸ The introduction of this payroll tax was the subject of considerable disputation within the UAP. While the notional funding base of Child Endowment changed over time, given that there was no hypothecation of taxes, the conceptual funding base was at best notional. In the case of payroll tax even this notional connection was broken in 1945, although the tax continued to be levied by the Commonwealth until 1971 when it was passed to the States (Smith 1993, 165).

⁵²⁹ Frame (2005, 25) quotes Fadden as saying “I felt it would be to his great advantage to be associated at this stage of his career with such a major measure”, and Holt writing to Fadden in 1966 thanking him for his “self-effacing generosity in giving prominence to me – as with the Child Endowment and Housing Bills – when it would have been entirely appropriate for you to have occupied the centre of the stage” (138).

of the Treasury.⁵³⁰ A further consequence of the implementation of child endowment was the establishment of a separate Department of Social Services in April 1941 (Kewley 1973, 176).

During the passage of the legislation one of the amendments was to specify that the payment was to be made, in other than prescribed cases, to the mother. Street recounts this was as a consequence of a delegation of women having met with ministers⁵³¹ “supporting the Bill wholeheartedly, but making a number of requests” (Street 1966, 128). Of these ‘requests’ only two: that the legislation specify that the endowment be paid to the mother; and a wider extension to Aboriginal Australians; were acceded to.^{532,533}

In his second reading speech Holt (Australia. Representatives. 27/3/1941, 337-342) stressed three themes: the significance of the program as social progress; Keynes’ consumption perspective; and the relationship with the basic wage. With regard to the first he discussed early Australian leadership in pensions and the basic wage, and the hiatus which followed, before declaring: “If we are to meet the challenge of the dictatorships and evoke the most enthusiastic efforts of our people, we must show that our democratic society is a vital society capable of adaptation and progress”.⁵³⁴ More specifically with

⁵³⁰ Holt gave the following explanation for the process: “When the Government was first considering this matter, and when probably everyone expected that a major social reform of this kind would naturally have been prepared and piloted through this House by the Minister for Social Services, we found that the Department of Social Services had lapsed with the non-introduction of a scheme of national insurance. While there was a Ministry for Social Services in existence, there was actually no secretariat which could carry out the necessary preparatory work. Consequently, that work was done through the Department of Labour and National Service” (Australia. Representatives. 2/4/1941, 528).

⁵³¹ Reflecting the above issues of the handling of this policy Street reports the meeting was with both the Minister for Labour and National Service and the Minister for Health and Social Services.

⁵³² Other requests included the payment for all children of widows, and for all children where there was more than one, a requirement for regular medical examinations, and the appointment of a woman as Child Endowment Commissioner. In responding Holt noted that the cost of extending child endowment to the first child was estimated at £11 million, and that support for widows was a state responsibility (Sun 1/4/1941, 5).

⁵³³ While the provision for payment to mothers was not in the draft legislation it had been one of the initial parameters of the program, with Holt, in introducing the legislation, indicating: “Except in special cases, endowment will be paid to the woman in direct charge of the children, who will usually be the mother” (Australia. Representatives. 27/3/1941, 342). This intent was also indicated in Evatt’s intervention once the amendment had been introduced: “I congratulate the Minister upon this amendment, which is the central feature of the bill. It will no longer be necessary to deal with this matter by regulation” (2/4/1941, 542). This comment suggests that this provision was intended, but through a legislative instrument. Nevertheless the inclusion in the legislation rather than the instrument can be seen as an important signal.

⁵³⁴ An underlying issue here was the poor economic and social experiences of the veterans of the First World War. While there appears to have been no Australian equivalent to Lloyd George’s grandiose promise “to make Britain a fit country for heroes to live in” (Times 25/11/1918, 13), the key Australian initiative for returned servicemen, that of soldier settlement, failed (Fry 1985), and the Depression destroyed the hopes of many for a better society.

This was alluded to by Spooner in his speech on the legislation “If we fail in this task it may be said of us with justification that we were not sincere in our statement that

respect to the social benefits, he asserted “the investment of the Commonwealth Government in child endowment can be expected to make a high return in human happiness”. He balanced this with his second focus, “as we expand our war programme, that portion of the national income available for ordinary consumption must become smaller”, before quoting Keynes on the role of family allowances in this context. With regard to the basic wage, he discussed the limitations of the family wage concept and the variation in state approaches, before concluding that in recent court decisions “the ‘needs’ conception of the basic wage has something of the quality of a ‘will-o’-the-wisp’”. He also noted the potential role of endowment in supporting families during unemployment, a role, which as noted above, was seen by Lang as one of its greatest benefits.⁵³⁵

A significant portion of Curtin’s speech in support of the bill was directed at seeking to portray the measure as being independent of the wages system. He argued “what we are faced with is not the problem of the minimum wage ... but what is the degree of disparity between the family life ... and that of the standard or average family in receipt of the wage which the courts or other authorities declare to be the minimum. So there is no relevant connexion between wage-fixing as such and a system of family allowances” (1/4/1941, 417).⁵³⁶ While much of his speech can be seen in terms of addressing the concerns of the union movement, one issue he did raise was “that the endowment is not a full provision for the maintenance of the child” but then sought to argue that “where there is more than one child, the family will be able, as a result of this subvention to its resources, to live according to the standard fixed and accepted for a family in which there is only one child” (418).

To the extent the introduction of child endowment was questioned in Parliament, the challenges came from the government benches. In part this was the continuation of the party-room conflict over the funding mechanism. Most vocal was Duncan-Hughes the member for Wakefield, who described the policy as “very illogical”, and asserted it: would reduce the war effort; had not been part of the party platform at the election; conferred benefits on one part of the community when sacrifice was called from all; social service expenditure

those who are fighting for us in this war, as well as those who suffer anxiety and privation, will be treated better than those who took part in the last war” (Australia. Representatives. 1/4/1941, 431). It was also picked up by Holt: “it is a reform which most thinking people have advocated and which the Australian worker has long sought...[the government’s introduction] can be taken as evidence of its determination to make Australia a better place to live in and place worth working for and fighting for” (Newcastle Sun 27/1/1941, 3).

⁵³⁵ Holt’s speech also made muted reference to population: “We may reasonably expect amongst the consequences of this measure, some reduction in mortality among children and an improvement in their health and quality. It is not claimed that this scheme will have any spectacular effect on the birth rate. But to the extent that it relieves the economic pressure on the parents of large families, its tendency must be in the direction of improving the rate” (Australia. Representatives. 27/3/1941, 338).

⁵³⁶ This stands in contrast to his words in the minority report of the Royal Commission on Child Endowment, as cited in section 4.3.2, that child endowment was “the logical corollary of the living wage doctrine”.

was already too high, and that it had a dubious constitutional basis (423-428).⁵³⁷

In 1941-42 487,674 families with 895,558 children were receiving Child Endowment, along with 14,289 children in approved institutions at a cost of £11.8 million (ABS 6101.0 1945, 110).

4.5.2 CHILD ENDOWMENT UNTIL THE 1970s

The principal changes to child endowment, over the following decades, are summarised in Table 4.4.⁵³⁸

Table 4.4 Child Endowment Rates, 1942 to 1976

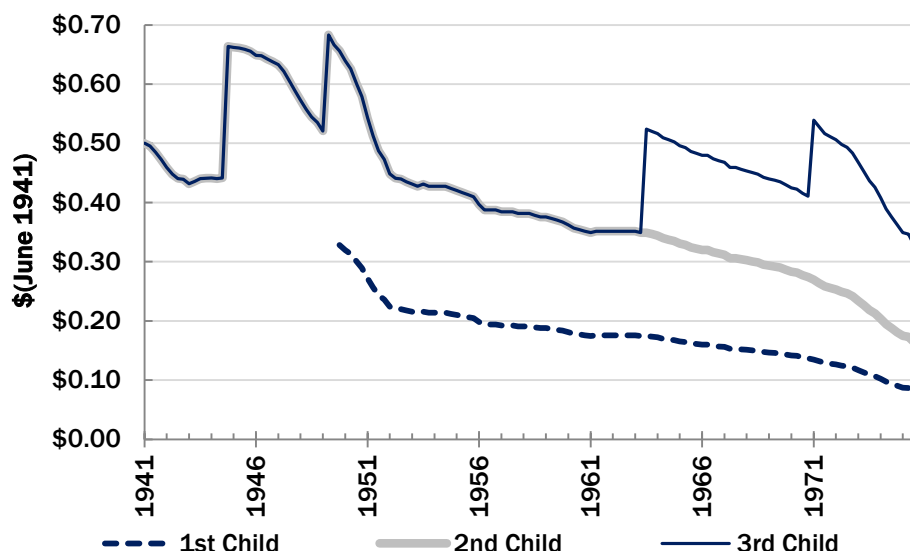
Date of Effect	Policy
1 July 1941	All children aged under 16 years in excess of 1 child 5s. per week
26 June 1945	Rate increased to 7s. 6d per week.
9 November 1948	Rate Increased to 10s. per week.
19 June 1950	Extended to first child at a rate of 5s. per week for that child.
14 January 1964	Rate for third and above child increased to 15s. per week. Child endowment extended to full-time students aged 16 to 20 years at 15s. per week
19 September 1967	Rate for fourth child increased to \$1.75 per week, with rates for children above being sequentially set at 25c per week above the rate of the previous child (Children under 16 only)
29 September 1971	Rate for third child increased to \$2.00 per week, with the 25c per week increment above this being maintained for subsequent children.

Source: Department of Families, Housing, Community Services and Indigenous Affairs (1983).

These changes did little to change the character of the program, and the limited change in rates meant that over time there was a massive decline in the real value of the payment, and its relative impact in supporting families. The real value of the rates paid for each of the first three children of a family is shown in Figure 4.2. In 1941 dollar terms the rate for the second child in a family, initially set at \$0.50 per week, increased to \$0.68 when the notional value was increased to 10s., but by early June 1976 it had slipped to \$0.16.

⁵³⁷ Holt responded later in the debate on the question of constitutionality: "If, as the honorable member for Wakefield claims, we are gambling in this matter, at least we are gambling for a prize which represents the health and educational training of the young people of Australia. I prefer that the risk should be taken on their behalf rather than that we should hold back merely because certain risks are involved in our action" (Australia. Representatives. 2/4/1941, 527).

⁵³⁸ Over time there were also a number of other changes, mainly of an administrative nature or with respect to particular sub-populations and anomalies such as children in institutions, separated families, orphans, and temporary absences overseas.

Figure 4.2 Real Value (\$June 1941) of Child Endowment, 1941 to 1976

Source: See Table A 6.27.

The one significant policy shift over the period was the extension of child endowment to the first child. This change was made in 1950 by the incoming Menzies' Liberal government, reflecting an election commitment in 1949. Kewley (1973, 200-201) details the history of the Liberal Party commitment to this from its formation in 1945, in particular the role of activist members including Enid Lyons. Tennant notes, in contrast, that while this policy was at the time seen as a vote winner "Labour, with an almost superstitious fear of upsetting the calculation of the basic wage ... unwisely refused to bid" (1972, 253).⁵³⁹ This fear was also reflected in concern by the unions that "the offer by ... Mr. Menzies of the payment of child endowment for the first child must be linked with propaganda by employers for the introduction of a single unit basic wage" (Morning Bulletin 18/11/1949, 1, 4).^{540,541}

The other changes can be seen mainly as being relatively low cost and politically motivated.⁵⁴² Kewley reports that the 1964 change to include

⁵³⁹ An alternative explanation is that this position was as a result of Chifley being both Prime Minister and Treasurer and the tensions between these roles. Referring to Crisp's biography of Chifley, Sheridan writes "Two occasions on which Crisp feels certain that the Treasurer dominated to the detriment of the politician concerned Chifley's refusal either to abolish the means test for social services at one go or to provide endowment for the first child" (1989, 25).

⁵⁴⁰ The "single unit" referred to setting the basic wage on the basis of a single man or woman.

⁵⁴¹ The unions were particularly concerned as the court had decided to suspend hearings of the 1949-1950 Basic Wage Inquiry because "of an issue raised at the coming elections for the Federal Parliament by the references made to the possible supplementation of the basic wage by changes in the amount and incidence of child endowment" (68 CAR 698, 717). Media reports also revealed a conflict between the ACTU and within the Labor Caucus on how this should be responded to (Canberra Times (23/3/1950, 4) and Sydney Morning Herald (31/3/1950, 1)).

⁵⁴² This approach was not limited to child endowment. Whitlam presented an analysis of increases in the pension over the period and reports: "Of the 23 Budgets introduced between 1949 and 1972, seven preceded an election for the House of Representatives by less than six months. They introduced an average increase in the standard age

students was a surprise initiative by Menzies in the 1963 election campaign (1973, 205-6), and the pattern of increases for larger families can be seen as a mechanism for locking in the Catholic vote.⁵⁴³

More generally, neglect of the policy over this period can be ascribed to three factors. The first were increasing living standards in the post-war period, reflected in higher earnings, and the effective elimination of unemployment. This can be considered, at least initially, as reducing the need for child endowment as an anti-poverty measure.⁵⁴⁴ The second was a prioritisation of assistance through the tax system, a mechanism which provided greater benefit to middle and higher income families. Thirdly, in administrative terms, the Department of Social Services⁵⁴⁵ was weak. In particular from 1956 on, when there was a division between “Cabinet” and other ministers, until the election of Labor in December 1972,⁵⁴⁶ there was only a brief period in 1967-68 in which the Department’s minister was a member of Cabinet.

Certainly the neglect of the policy and program did not go unnoticed. Beyrer ([1961] 1975, 273-274) documents calls from the ACTU and the Australian Union of Women in 1960 for increases. As discussed in section 2.3.1, the 1963 Downing Committee argued for larger structural reforms of the payment and tax deductions, and reported “inflation has more than halved the purchasing power of child endowment at constant rates ... we deplore these developments” (Downing et al 1964, 165-6). The 1975 First Report of the Commission of Inquiry into Poverty undertook extensive research and reported that “poverty among two parent families is related to family size ... [this] is not caused by lower earnings ... the earnings of heads of large families are, in fact, very similar to heads of smaller families. Rather the problem is ... endowment and taxation deductions for children do not give adequate compensation” (Henderson 1975, 208). While preferring the introduction of a guaranteed

pension of \$1.04. The remaining 16 Budgets introduced an average increase in the pension of \$0.53 ... Welfare payments became simply an instrument for electoral manipulation” (1985, 353).

⁵⁴³ Up until the mid-1950s it is estimated that three-quarters of Catholics voted Labor, and the cult had a high level of representation in the Labor ranks of Parliament, in contrast to a scant presence in the Liberal Party (Alford 1961, 16). In the 1950s the action of the Catholic anti-communist “Groupers” led to a major split and the formation of the Democratic Labour Party (DLP). This also effectively led to a wider fracturing of the Labor/Catholic nexus providing an opportunity for the Liberal Party to attract support from this constituency, both directly, and through the flow of preferential votes from the DLP within the Australian electoral system.

⁵⁴⁴ The “anti-poverty” role of child endowment for those families not in employment was also over this period variously supplemented by the payment of ‘Child Allowance’, ‘Additional Benefit’ and ‘Additional Allowance’ for the children of pensioners and allowees. These were later integrated into wider support to low income families.

⁵⁴⁵ The department administering the program has undergone a number of name changes. It was the Department of Social Services until 1972 and renamed the Department of Social Security. From 1998 it became the Department of Family and Community Services and later the Department of Families, Community Services, and Indigenous Affairs and the Department of Families, Housing, Community Services and Indigenous Affairs, before in 2013 reverting to the Department of Social Services.

⁵⁴⁶ This division did not operate under the Whitlam government, nor the first Fraser ministry.

minimum income system, the report called for sharp increases in child endowment in the interim.

Perhaps however the strongest indictment of the level of the minimum wage and child endowment over this period was in the decision by Henderson, Harcourt and Harper in their 1966 research to accept “as a state of poverty the situation of a man with a wife (not working) and two children whose total weekly income ... was less than the basic wage plus child endowment ... This is a definition of poverty so austere as, we believe, to make it unchallengeable. No one can seriously argue that those we define as being poor are not so” (1970, 1).^{547,548}

4.6 DEVELOPING FAMILY SUPPORT – 1975-1990

From 1975 there has been significant change in the provision of transfer payments to families. These, as they relate to couples⁵⁴⁹, are shown in Figure 4.3, structured in terms of the assistance provided to children and that provided to single income working families. Given the complexity of many of the changes, and of the payments themselves, and their interactions with income, and each other, detail of the arrangements is not considered here. The aggregate financial consequences are considered in Chapter 5.

⁵⁴⁷ Perhaps recognising the same fact, 1966 marked the beginning of the period of strongest growth in the male minimum wage, commencing with the 1966 decision which established a male “minimum wage” substantially above the rate of the basic wage.

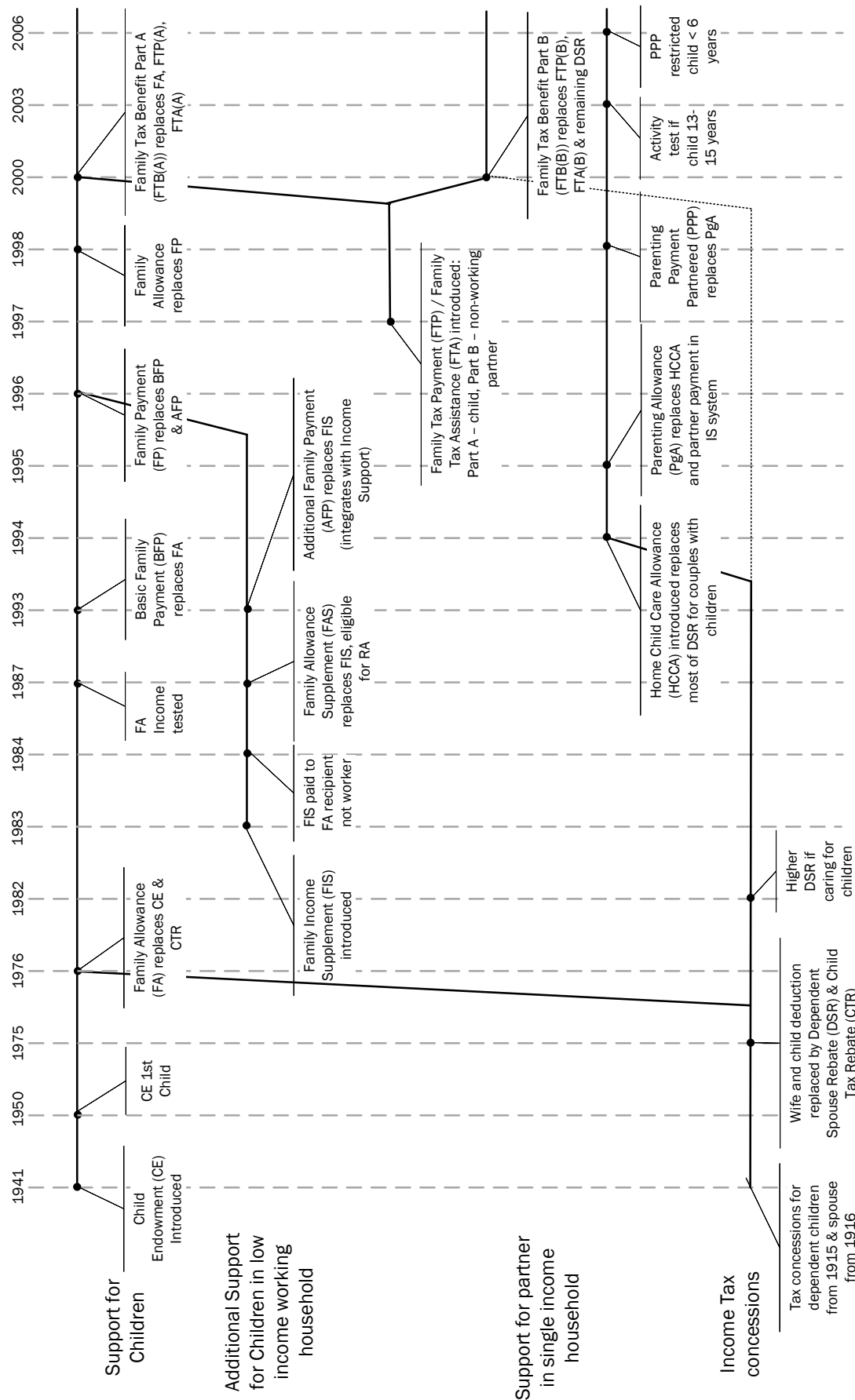
Hence the “poverty line” set by the researchers in 1966 of \$32.20 a week for a couple with two children, comprised the basic wage in Melbourne of \$30.70 (the level it had been set at in June 1964, with no increase being awarded in 1965) plus child endowment of 50c for the oldest child and \$1.00 for the younger. The July 1966 decision established the minimum wage at \$36.45, giving the household an income of \$37.95, 17.9 per cent above the poverty line.

In 2015, as discussed in chapter 5, the disposable weekly income of such a family would be \$1,094. This compares with the March Quarter 2015 estimated Henderson Poverty Line of \$958. (Melbourne Institute 2015, 1)

⁵⁴⁸ The poverty line established by Henderson, Harcourt and Harper and subsequently used by Henderson (1975) has been maintained by the Melbourne Institute at the University of Melbourne. It has never been used by Australian Governments as an official poverty line and has been subject to strong criticism over time, see discussion in Department of Family and Community Services (2003, section 5.3).

⁵⁴⁹ Over the period there have also been significant changes in the support provided to lone parent families. These are outside of consideration here.

Figure 4.3 Changes In Social Assistance to Couple Families with Dependent Children, 1941 to 2006



Source: Author.

4.6.1 WOMEN AND DEPENDENCY

While the focus of consideration here is primarily in the context of the relationship of family income to the minimum wage and the role of the transfer system in providing this, in looking at the transfer system over time, two cross-cutting changes over the period need to be acknowledged. These were the individualisation of payments, and the extent to which there has been a shift from historical arrangements where women were largely treated as dependents within the welfare system, either directly through the payments being made to a man for himself and his partner, and the payment of widows, including those with no dependents, on the basis that they no longer had a male partner to provide for them.

While change can be seen from the mid-1970s on, addressing it systematically was slow. Cass presented the situation in the early 1990s as: “The concept of women’s dependency was and remains deeply embedded in the regulatory underpinnings of the Australian social security system” (1994, 108). Douglas, Groth and Pech, who examined the position of married women, presented the case as: “significant changes in women’s labour force participation over recent decades call into question the appropriateness of non-activity tested income support provisions based solely on sex and/or marital status [and the] passivity of dependency-based income support is at odds with the current focus on a more active system of income support for those of workforce age” (1993, ii). Shaver (1995) traces the history of social security in Australia and what she terms the ‘principle of difference’ in its treatment of women. She reports a “break with the principle of difference began in the 1970s. It came as part of a wider pattern of social and institutional change, one facet of which reflected women’s demands for greater equality” (147). She concludes that “the principal consequence of this shift [from difference to equality] is to make women’s economic circumstances, like those of men, increasingly dependent upon their success in the labour market” (156).

4.6.2 SUPPORT FOR CHILDREN

In 1976 a new program, ‘Family Allowance’, was introduced. This effectively combined child endowment and the tax rebate for children. This reflected the preferred approach of the 1963 Downing Review, and the 1975 Asprey and Henderson reviews (see section 2.3.1).⁵⁵⁰ It had also been advocated by Hayden (1972)⁵⁵¹ prior to the election of the Whitlam Government. However even though he became Minister for Social Security in the Whitlam Government, it was only introduced in 1976 by the Fraser Government. Initially established as a universal flat rate payment,⁵⁵² after a decade, from 1987, it was subject to means testing, essentially to exclude high income

⁵⁵⁰ Whiteford (2013, 62) in a review of family assistance in Australia describes this as “the most important change affecting family payments”.

⁵⁵¹ In terms of the historical arguments for child endowment from a population perspective, this article is notable in that the author felt the need to argue: “Even if the case of ‘zero population growth’ is valid this is no justification to suddenly seek the imposition of penalties against large families” (Hayden 1972, 29).

⁵⁵² While universal for children under the age of 16, it was income tested against own income for dependent students.

earners. While this means testing was contrary to the direction proposed in the then Social Security Review (Stanton and Fuery 1995, 124), it was announced in an 'Economic Statement' in May 1987 "as part of major Government moves to redirect welfare funds to those most in need" and arguing "without some sort of income test which takes people's needs into account, many millionaires are receiving family allowance payments for young children" (Howe 1987, 1). The means testing commenced at a point substantially above average weekly earnings of full-time adult employees.

In parallel with this payment the Commonwealth introduced in 1983 a supplementary means tested payment for low income working families, Family Income Supplement. Paid at a rate of \$10 per week per child, this provided these families with the equivalent of the additional payment for children which was part of the pension and allowance system. While being directed at improving the incomes of low income working families, the more immediate motivation for the policy was the fact that the payment of this additional assistance for children as part of income support, had increased the value of income support for families relative to that which they could obtain in low waged employment. This motivation was made clear by Chaney, the Minister for Social Security, in parliament: "it also helps to alleviate the unfair and clearly undesirable situation in which an unemployment beneficiary can be better off financially than a person in similar family circumstances who is in employment, but earning low wages" (Australia. Senate. 13/10/1982, 1412). Unlike other assistance to families for children, this payment was made to the primary breadwinner, with an income test which, for a family with two children, provided for full payment at earnings of \$193 per week, and partial to \$233. The full benefit would have been available to someone on the residual minimum wage, and partial to someone on the lowest rate within the Metal Industry award.

This payment, in turn, was replaced in 1987 by a more generous Family Allowance Supplement, a policy implemented, as part of a strategy to give effect to the 1987 election promise, that "by 1990 no Australian child will be living in poverty" (Hawke 1987).⁵⁵³ This new payment, as well as being higher, was directed at the carer of the child, usually the mother, and was accompanied by the extension of rent assistance, a supplementary payment which was part of the income support system, to low income working households who rented in the private rental market.⁵⁵⁴

Following a series of further changes, largely directed at increasing the targeting of the measure (Stanton and Fuery 1995, 128-134), this measure which had, as noted, been motivated by extending some of the family support

⁵⁵³ The original text of this election commitment was to have read that no child "need" live in poverty, with a focus on adequacy of the level of assistance. In his speech however Hawke decided to present it as "no child will be living in poverty. While the government did not recant this statement Hawke later regretted his change and described it as a "silly shorthand thing" (Age 16/6/2007, electronic)

⁵⁵⁴ The extension of Rent Assistance was a significant decision. In January 2018 while the maximum rate of Family Tax Benefit (B) for a child aged up to 12 years is \$91.42, and Family Tax Benefit (A) for a family with a youngest child under 5 years is \$77.77, a family with one or two children is eligible for a maximum of \$78.12 per week in Rent Assistance.

provided within the income support system to those on low incomes, was integrated with the child support component of the income support system to create a new payment, Additional Family Payment, which was paid both to those on income support and those on low wages. This payment flowed in full to a single income family in receipt of the minimum wage. At the same time the more universal Family Allowance was renamed Basic Family Payment. These two elements were then combined in 1996 to create a new Family Payment, although this was structured in a way to maintain the effective differences of the two approaches. That is it comprised a relatively universal minimum rate and a higher and more tightly means tested higher rate.

In the same year the government introduced its Family Tax Initiative. This policy was intended to provide relief in the tax system for families with children, with the option for it to be taken as a cash payment.^{555,556} In contrast to the focus of other policies on providing assistance to the caring partner, it was envisaged by the Treasurer, Peter Costello, that “the majority of eligible families with children will be assisted through the income tax system” (Australia. Representatives. 11/9/1996, 4019). That is it would usually be received by the principal breadwinner.⁵⁵⁷

As part of the ‘A New Tax System’ changes in 2000 this program, along with Family Allowances, was merged to become Family Tax Benefit (FTB).⁵⁵⁸ This program provided increased benefits and had an even stronger orientation towards single income families. It had two elements FTB (Part A) paid on a per child basis and FTB (Part B), a payment made to single income families. As with the earlier payments, these two payments, which remain in place today, have an array of income and assets tests, with some components targeted at lower income households and others continuing to flow to middle income households.

Reflecting upon these and related policies, in his 2004 election speech Howard described the overall objective as providing: “greater choice for families to

⁵⁵⁵ Notionally this involved an increase in the tax free threshold of \$1,000 for one person for each child, and an additional \$2,500 increase in the threshold for a single income family with a child under 5 years, for households below an income threshold.

⁵⁵⁶ Whiteford (2013, 63) describes this as being a policy of the Howard government to provide support “to families whom he described as ‘battlers’”.

⁵⁵⁷ Harding and Szukalska (2000, 11) report that in January 1998, of the two million families with an entitlement, 55 per cent received it through the tax system and the remainder through transfers. The Department of Family and Community Services (2001, 32) reported that with regard to the Family Tax Benefit payment in 2000-01, of the 1.8 million eligible families around 400,000 would claim it through the tax system.

⁵⁵⁸ This was part of a series of changes affecting these payments and also support for childcare. In introducing the Bill the Treasurer, Peter Costello, claimed: “The reforms will significantly simplify 12 conflicting, overlapping different payments into three well designed, harmonised and generous benefits which will make a positive impact on the living standards of Australian households, particularly those with low incomes” (Australia. Representatives. 31/3/1999, 4889). Notwithstanding this aspiration to simplification, the program gave rise to significant problems with households accruing debt. Whiteford (2013, 64) reports that the number of families with family payment debts “increased from just over 50,000 in 1999-2000 to 670,000 in the year after the introduction of the new system”. See also Commonwealth Ombudsman (2003). The problem was responded to by the introduction of FTB supplement payments (see Auditor General 2006 for an assessment of the impact of this.)

choose how they will balance their work and their family responsibilities” (Howard 2004).

More recently several other changes have impacted the program. Of particular note was the change in the basis of indexation for Family Payments in 2009, with the indexation of FTB(A) shifted from earnings to prices (Swan and Macklin 2009). In 2015 the payment of FTB(B) was restricted to families with a youngest child under 6 years (Andrews 2014). As of July 2017 the rate of both Part A and B of FTB have been frozen. Consequences of these changes include: an initial loss of the link with relative living standards in the 2009 decision, reinforced by a declining real value in the 2017 change; and a restriction of support for a parent in a caring role to those with pre-school children only.⁵⁵⁹

4.6.3 SUPPORTING A PARTNER IN A CARING ROLE

A second stream of payments was more specifically developed to provide support for a non-working spouse caring for children. The first of these, in 1994, was the Home Child Care Allowance (HCCA). This payment was effectively a cashing out of the Dependent Spouse Rebate that had been part of the taxation system.

This policy was framed in Keating’s 1993 election speech as:

It is not good enough to say that a woman is either in the paid workforce or in the home. Chances are these days, in the course of their lifetimes, most women will spend periods of time doing both.

The needs of mothers caring for children at home are often overlooked in the child care debate. But we have not forgotten them. I recognise and appreciate the important role played by women who choose to stay at home while their children are growing up.

We propose to introduce a new cash payment of \$50 each fortnight to be called the Home Child Care Allowance. This allowance is more generous than the Dependent Spouse Rebate it will replace, and has the added advantage of being paid directly to the mother at home. This will provide a source of independent income for women while they are out of the paid workforce caring for children. (Keating 1993a)

While in financial terms, as discussed below, this policy had little impact, it is significant in a number of ways. Firstly, it reflected, as was the case with some of the changes in support for children, the interchangeability of taxation and the transfer systems as a means of achieving horizontal equity. Secondly, as referred to by Rowlands (1994, 82) was its ‘wallet to purse’ nature, that is, paying this horizontal equity payment to the mother directly, rather than her

⁵⁵⁹ One consequence of this is the shift in the payment becoming more of a residual welfare measure. Whiteford (2017, 17) documents falling coverage rates from the mid-1980s on. Whereas for most of the decade from 1975 the coverage of the per child component of family payments was around 90 per cent of the population aged under 19 years (recognising that not all in this age group were dependent children), this fell to a plateau of some 70 per cent from the late-1990s to mid-2000s, before declining to a little above 50 per cent in 2016.

partner. The third was that it commenced a process of bringing these women into the income support system in their own right.

The primary focus on the 'wallet to purse' role was asserted by Crawford, in the parliamentary debate, declaring that it "comes out of the Half Way to Equal report and the recommendations which were made in that" (Australia. Representatives. 2/2/1994, 191).^{560, 561} For those families reliant upon the minimum wage, the policy had only a minimal direct financial effect on household income due to its relatively small increase, estimated at around \$2.50 weekly, over the value of the Dependent Spouse Rebate.

HCCA was rapidly replaced in 1996, by Parenting Allowance which was paid both to dependent partners who were caring for children under the age of 16 in low income working households, and to the partners of income support recipients who were performing the same role. This was a much more substantive change, bringing the partners of low income workers, including those workers on the minimum wage, much more substantially into the income support system.⁵⁶² This payment introduced as part of 'Working Nation' was described as "essential for improving the incentive for one member of an unemployed couple to accept a low paid job ...[and to] give these families greater choice as to whether one of them stays at home to care for their children while the other works" (Keating 1994, 151).⁵⁶³ This issue of choice was further emphasised by Janice Crosio, the Parliamentary Secretary to the Minister for Social Security: "A further feature of the new allowance is that low income families will have a greater degree of choice about whether one partner will stay at home and care for their children, a choice generally available up to now only to those on higher incomes" (Australia. Representatives. 7/11/1994, 2685).

One member of Parliament, O'Connor, while supporting the measure, raised the question of the adequacy of wages, castigating "the economic system, which pays people in fully paid work who cannot support their families on those wages" (8/11/1994, 2778). However this emphasis appears to be the exception.

In turn, in 1998, this payment was combined with the income support for lone parents to become Parenting Payment.⁵⁶⁴ Subsequent to this there have been

⁵⁶⁰ Mary Crawford was one of the members of the Committee that prepared this report.

⁵⁶¹ *Half Way to Equal* (Lavarch 1992) was the report of the 'Inquiry into Equal Opportunity and Equal Status for Women in Australia' conducted by the House of Representatives Standing Committee on Legal and Constitutional Affairs in 1989-92 to "inquire into and report on the progress made towards the achievement of equal opportunity and equal status for Australian women" (xi). The committee was chaired by Michael Lavarch.

⁵⁶² While bringing this group into the purview of the income support system, and while dependent women in families reliant upon a single full-time earner on the minimum wage gained some benefit, they were only entitled to a partial payment of the full value of the income support due to the operation of the means test.

⁵⁶³ Working Nation was a 1994 Government White Paper and a range of associated policies designed to boost economic growth.

⁵⁶⁴ While this was conceptually a single payment the provisions for partnered and single parents were considerably different and as such they are usually described as Parenting Payment Partnered (PPP) and Parenting Payment Single (PPS).

two marked shifts in eligibility. The first was a relatively minor change in 2003 of requiring “parents whose youngest child is aged between 13 and 15 ... to undertake 150 hours each six months of community work, study, or activity to improve their employment prospects” (Australian Government 2001, 5). The second, and much more dramatic shift, occurred in 2006 with the ‘Welfare to Work’ changes.⁵⁶⁵ The package of measures was described as: “it tackles the twin goals of lifting workforce participation and reducing welfare dependency, while maintaining a strong safety net for those who need it” (Australian Government 2005, 1). With specific reference to parents it was a policy directed at “moving people from welfare to work” and effectively restricted new entrants to the payment to assistance only while their youngest child was less than 6 years old (3-4).⁵⁶⁶

4.6.4 REFLECTIONS ON THE POLICY DIRECTIONS

Within these policies several directions of change can be observed, although these were neither continuous, nor even in the same direction over time. The first was an emphasis on improving the flow of resources to the support of children. This was essentially continuous from the mid-1970s until the 2009 indexation change, and subsequent policy changes to FTB(B).

The second was a growing role in providing an income to the partner of a low income worker who was caring for children. While initially tentative, from the mid-1990s on, this has been at a level which can be considered as effectively moving the burden of support of the partner from the minimum wage into the transfer system. While having this as the effect, much of the proximate motivation lay elsewhere, in particular addressing the reducing gap between what a family received on income support payments relative to their income if one person was working on a low wage. This strategy was initially directed at children with the provision of Family Income Supplement in 1983, which replicated the social security support for children where parents were receiving income support, and then for a non-working partner in 1996, through access to Parenting Payment.

The extent to which the circumstances arose where this response was required can be seen in the different trajectories and objectives of the wages system and transfers. In the case of the minimum wage, the ‘needs’ basis as a ‘family wage’ was being washed out by successive decisions, effectively giving force to the 1974 decision to ‘discard’ the ‘family component’ from the wage. The benefits system, in contrast, was firmly ‘needs’ based, with provision for the principal claimant, and additional amounts (and later separate eligibility) for a partner, if they had one, and for dependent children. A consequence of these two trajectories was that for some families the system that was responsive to

⁵⁶⁵ Welfare to Work was a set of policies announced in the 2005–06 Commonwealth Budget. In addition to the change cited above the policies introduced restrictions on eligibility for a Disability Support Pension, channelling those with a work capacity of between 15 and 29 hours per week onto Newstart Allowance.

⁵⁶⁶ For new applicants the policy meant that parents no longer were eligible for Parenting Payment once their child turned 6 years of age. These parents, if actively seeking employment, remained eligible for income support through Newstart, although the rate of payment was much lower.

family needs – income support, became relatively more attractive than the system which was no longer responsive to these needs – the wages system.

While these policies were initially primarily directed at generating a pattern of incentives to ensure that at least one member of the household was employed, the emphasis then transitioned to one which portrayed the policy as providing a financial basis to permit a choice as to whether the second partner was employed.

In contrast to these earlier changes, subsequent policies have become more restrictive and focused on boosting labour market participation and limiting the period for which it was considered appropriate to provide support for one member of a couple to engage in domestic production and care exclusively. This was most marked in the 2006 ‘Welfare to Work’ changes to Parenting Payment. The expectation that both parents would engage in employment has since become more explicit, with the cut-backs to family payments in 2014 which were pitched by the Minister for Social Services in terms of “to meet our nation’s long term challenges, we need to encourage parents to re-enter the workforce when a child reaches school age” (Andrews, 2014).

These program changes reflect both a changing policy environment and contested ideas about the family.

A second dimension of these changes was the shift from universality as seen in Child Endowment, to targeted welfare. This shift, which has not only directly impacted those elements which were traditional transfer payments, but, effectively, also on the horizontal equity elements of the taxation system which have moved into the transfer system.

Despite the significant increases in assistance up until 2009, there has been little attention to the adequacy of family payments or of their actual role vis a vis the wages system. This is notwithstanding the 2009 Australia’s Future Tax System Review recommending, in terms which are not unfamiliar in the context of the development of family wage concepts, that: “Family payments should be sufficient to ensure that children have access to a basic acceptable standard of living. The rate of family payments should reflect the direct costs of children in low income families” (Henry 2009, Part 2 555).⁵⁶⁷ Indeed, rather than seeing a policy response supportive of such a direction, the 2009 changes in indexation and subsequent decisions effectively stalled such a strategy, placing these payments on a downward path relative to increasing community living standards.

⁵⁶⁷ The review further found “Current rates of assistance do not adequately reflect the direct costs of older children, but are more than adequate for very young children and for larger families” (Henry 2009, Part 2 555). The “large family supplement” of FTB(A) was restricted in 2015 to families with 4 or more children, and abolished in July 2016. The more generous treatment of young children within the payments system has several historical roots. One is the extent to which it contained an additional element for a parent, either in recognition of the cost of working for those with young children, or as supplementary income for those not working. The second is an ‘insurance’ concern. That is, young children were seen as having a higher level of vulnerability, and potentially lifetime consequences, to adverse circumstances when growing up, whereas older children were seen as more resilient. Hence the system was designed to provide assistance relative to needs, with a greater margin for children when they were young.

4.7 INCOME TAX

Much of the structure and changes in income tax arrangements have been discussed in section 2.3.1 and their effect on the disposable incomes of minimum wage workers is focused on in Chapter 5.

In this regard the tax system has had quite different effects over time. Up until the Second World War Commonwealth, and indeed, state income tax, only had a minimal impact on minimum wage employees, and more specifically on the incomes of minimum wage workers with families, compared to those without. This changed dramatically during the war and the post-war period when the role of concessions within the income tax system frequently dominated the transfer system. From the 1980s onwards this declined, in large part as previously delivered assistance – child and spouse rebates – moved into the transfer system.

Two aspects of the interaction of the taxation system and the minimum wage are of particular interest. The first is the extent to which the taxation system impacted the minimum wage, either as a matter of practice or as a matter of principle; the second is the extent to which the taxation system has horizontal equity objectives with regard to families, through the use of tax rebates, or concessionary deductions for children, and a partner engaged in domestic production, and in the case of the latter, any changes in the perception of this role.

With regard to the first, as noted, in the initial years of both Commonwealth and state taxation the minimum wage was scarcely taxed due to the relatively large ‘general deductions’ in the tax scales. This can be considered as more a matter of efficiency, rather than the pursuit of any particular principle of tax design. That is, the tax scales of the era were quite progressive and bringing large numbers of people on relatively low incomes into the system, would have generated only a relatively small amount of additional revenue while imposing a large administrative burden.⁵⁶⁸ While, as cited previously, Bruce in 1922 advanced the concept of non-taxation of the minimum wage as a “principle”, this has rarely been voiced since.⁵⁶⁹

The incidence of concessions for dependents has been more vexed.⁵⁷⁰ In terms of state taxation, in 1921 for example, of the six states, the initial general

⁵⁶⁸ This effect can be seen in current taxation data. While not representing minimum wage workers per se (because of the effect of part-time employment by those on higher earning rates), in 2015-2016 the estimated 19.0 per cent of taxpayers with incomes at or below the value of the minimum wage contributed just 1.7 per cent of taxation revenue (Australian Taxation Office 2018, Table 16).

⁵⁶⁹ One recent exception was a call in 2015 by Tehan, a federal parliamentarian, for the tax threshold to be raised so that no income tax would be paid by minimum wage workers (Australian Financial Review, 19/10/2015, electronic). This call gained no momentum.

⁵⁷⁰ Not that it was seen as being unimportant from a policy perspective. In 1906 the Tasmanian Labour Party state platform included a policy for: “Exemption from direct taxation of incomes under £125 per annum in the case of unmarried persons, and £150 in the case of married persons, with £10 further exemption for each child dependent on the taxpayer” (Clipper 10/2/1906, 3).

deduction ranged from £100 to £250; three states had a deduction for a dependent spouse – from £26 to £56; and all states, other than Victoria which was in the process of introducing one, had some concessions for children, these ranged from a deduction of £15 to £50 per child, and in one state a tax rebate of 6s. per annum (Royal Commission on Taxation 1921, 34 & Appendices p.xv).⁵⁷¹ While the Commonwealth has consistently had concessions for children (although in 1940 this was for the first child only), the treatment of dependent spouses has varied. In addition to the very brief period when Commonwealth income tax was first introduced, and the 1916 amendment, no concession was made between 1922 and 1936. After this while a concession was re-introduced in 1936, this was more on the grounds of expediency, in an attempt to move towards consistency with state systems, rather than any consideration of its merits as policy. This was explained in the *Explanatory Booklet* released at the time as: “In the interests of uniformity, the 1936 Act provides for a deduction by the Commonwealth of £50 in the case of a wife wholly maintained by her husband (or vice versa)” (Australian Government 1936, 93).^{572,573}

In contrast, in the post-war period, some greater political attention was given to these concessions. A particular focus was an explicit policy to support the single breadwinner model of families. Menzies, in his 1954 election speech, highlighted this role: “Our last Budget was one from which every wage and salary earner secured material relief. The family breadwinner was specially helped through increased allowances for his wife, his dependent children, medical, dental, and educational expenditure, life assurance” (Menzies 1954).

There was a change in the emphasis of this assistance in 1975 with the shift from tax deductions to tax rebates, which placed the emphasis on horizontal equity at the lower end of the income distribution. More significant were the subsequent changes which moved this support, initially for children, and then for a parent caring for children, into the transfer system.

While there was a final cry of support for concessions in the tax system in 1996 when Howard, as Prime Minister, declared in launching his ‘Family Tax Initiative’: “a taxation system that doesn’t recognise the cost of raising children, a taxation system that adopts an antiseptic, economic neutrality towards the cost of raising children is a taxation system without a social vision” (Howard 1996, 2). This did not halt the shifting balance towards

⁵⁷¹ In some cases the spouse deduction was identified as an explicit additional amount. In others there were separate general deduction amounts for single and married persons.

⁵⁷² Historically, in addition to the existence of these direct concessions, taxpayers were also entitled to deduct a range of expenditure from their taxable income. These expenditures included, for example, medical expenses related to spending on dependents as well as themselves.

⁵⁷³ It needs to be recalled that the role, however, of Commonwealth taxation in this era was relatively small. In 1934–35 Commonwealth income tax revenue was £8.739 million, compared with state income tax revenue of £9.997 million along with state unemployment relief or similar taxes of £10.056 million (ABS 1301.0 1936, 848, 889). These latter taxes, developed because of the high burden on the states for spending on relief activities during the Depression, were levied on income, usually with a lower threshold than the main ‘income tax’, and usually without any concessionary treatment of families.

transfers. The final step, taken in 2014 was the abolition of the Dependent Spouse Rebate for the remaining group of non-earning partners.⁵⁷⁴

4.8 THE COURT AND THE TAX AND TRANSFER SYSTEMS

The role of the court in the advocacy of child endowment has been discussed. The converse to this question is the degree to which decisions of the court have taken account of changes in the tax and transfer systems. In part the answer to this relates to the basis on which decisions were taken. To the extent a decision was primarily based on the capacity of industry to pay, these interactions can be viewed as having only limited relevance. In contrast they can be seen as being much more relevant to a needs based approach.

Prior to the Second World War this was not a substantive issue, given the minimal reach of income taxation, and that the only transfer program impacting employees was the NSW child endowment scheme. Here the court took the view that it would not make any specific decisions on the basis of one state alone.

The 1940 Basic Wage Inquiry (44 CAR 41) was, as noted, undertaken at the time of the introduction of child endowment. While I consider the decision was not significantly affected by this, the judges almost protested too much in their statements declaring that their decision was independent of any interaction with such a payment. Beeby in his judgement, while effectively recognising there was a conceptual link, was at pains to suggest that his decision was not affected by this: “since the conclusion of the hearing the Commonwealth Government has announced its intention to initiate such a scheme. If and when this is done future fixations of the basic wage will be greatly simplified, but the announcement of the Government’s intentions does not of itself justify any departure from past methods” (50). Similarly, O’Mara declared his support for Keynes’ proposal and then noted “It has been announced that a scheme for child endowment is likely to be submitted to the Commonwealth Parliament but that fact has not influenced me in reaching my conclusion as to the fate of this application” (73).⁵⁷⁵

In contrast, in the 1949-50 Basic Wage Case, Foster made the relationship clear, although citing expert witnesses to couch it as: “The expert witnesses ... made it clear, as it obviously is, that the Court’s judgment as to wages is very closely affected by the Government’s policy regarding social services, child endowment ... [and] Government policy as to tariffs ... is all closely interrelated to the Court’s function of fixing wage rates” (68 CAR 698, 796), before declaring “I however shall ignore all government policy on endowment and social services” (797). In contrast Dunphy chose to comment on the fact that the employers had not sought to reduce wages because of the introduction of child endowment, not on the grounds that this was ultra vires, but rather that

⁵⁷⁴ There remains one minor aspect of a family concession in the taxation system associated with the threshold at which the Medicare levy phases in. This is set higher for those with a family and varies with the number of dependent children.

⁵⁷⁵ The third judge, Piper on the other hand ignored the implications of the introduction of child endowment, on the basis that the criterion used by the court was that of the capacity to pay (44 CAR 41, 57-58).

it was evidence that they were not “invariably concerned in beating down the wage standard” (825), language which would suggest that he saw this as a valid matter for the court to consider.

By 2008, however, the Australian Fair Pay Commission had a section in its reasons for decision entitled “The complementary roles of wages and the tax/transfer system”. This, while acknowledging the existence of the relationship, is marked by avoiding any direct stance on how this should be accounted for in wage-setting, declaring: “The Commission does not favour a formulaic approach to balancing the respective contributions of tax/transfer changes and wage increases to disposable income. Nor does it believe that tax/transfer changes should be completely ignored, since their effect on disposable income can be significant. The Commission will continue, therefore, to monitor the effects of tax/transfer changes on the disposable incomes of low wage-earning households as part of its decision-making processes” (AFPC 2008, 57).

The relevance of the tax and transfer systems to the commission’s considerations can be considered as implicit in the requirement to take account of the “relative living standards and the needs of the low paid”, as such living standards are clearly the consequence of the interaction of these systems with wage rates. At the same time, as discussed in section 4.4.3, the attempt by the commission to have the government, unions and employers engage in a dialogue on this can only be considered to be a failure.

4.9 ASSESSMENT

In relation to minimum wage workers the major form of state intervention to support families with children has been through the transfer system. The development of this was particularly marked, in terms of both policy and impact, in two periods: the first, associated with the introduction of child endowment; the second, policies, in particular since the 1980s, which have substantially increased the level of assistance, and extended this to a dependent partner. While the taxation system had a role for most of the period, this became secondary, although emerging somewhat more strongly in the 1950s and 1960s as the effective level of support in the transfer system waned. Since the 1970s the broad, although not always consistent, intent of policy has been for interventions to be removed from the taxation system and delivered through transfers, something effectively achieved by the 2000s.

4.9.1 EXPERIENCE IN OTHER COUNTRIES

The development of child endowment policies was not a uniquely Australian experience, and there is both commonality and contrast with the developments in other countries. This is a strong point made by Pederson who compares the development of successful policies in France with the limited and much delayed response in Britain, in the period to 1945. She notes that the sophistication of the British approach had costs for actually getting a policy implemented: “the merits of redistribution across class and gender lines – as well as between the childless and those with ... from the outset part of the family policy debate ... [resulted in the] campaigns for family allowances in

Britain [being] derailed when encumbered by transformative ideals they were unable to bear” (1993, 421). She contrasts this with France where policies were successfully introduced because “family policy was, from the outset a conservative crusade ... the vision of distributive justice held by these groups was at once simpler and less controversial than that held by the British campaigners” (421). In the Australian case parallels can be seen with the way the focus on endowment as a means for financial independence of mothers and wives made the debate far more challenging than the simpler focus on horizontal equity across households of different compositions.

While Koven and Michel acknowledge the failure of the achievement of these broader objectives in family allowances, they see their presence in debate as important with positive outcomes: “welfare-state development was deeply influenced by maternalist reformers and their philosophies ... without maternalist politics, welfare states would surely have been less responsive to the needs of women and children” (1993, 29). Macnicol sees this debate differently: “what is clear overall, however is that motives of economic and industrial control took precedence over pronatalism, anti-poverty strategies or considerations of the position of women, children and the family ... Family allowance systems emerged as a consequence of the wider industrial and economic conflicts that capitalist democracies experienced in the turbulent first half of the twentieth century, though introduced in the name of the child, they served other purposes” (1992, 270-271).

4.9.2 CHILD ENDOWMENT, OTHER TRANSFERS AND TAXES IN AUSTRALIA

The introduction of child endowment in Australia had a long and complex history, however lying at its heart was the basic wage. Specifically, two issues dominated. The first was the inflexible nature of the minimum wage which meant that it could not achieve its objective of being a family wage for those with larger families. In this way the wage acted as a driver for change. The second was, to the extent the wage was a non-market wage and was paid at a rate sufficient to support a family, it involved providing this same wage to many without family responsibilities. While these characteristics, as well recognised from early in the debate, also generated a significant barrier to equal pay, consideration from this latter perspective was more muted. Resistance to change was strong. In part this was because of concerns about the role of state intervention – both in terms of the effect of transfer payments and with regard to taxation, this though was secondary to the potential effects on the wages system. Specifically, to the extent the introduction of child endowment did not affect the relative share of national income flowing to employees, funding of the policy could only be achieved by a direct or indirect reallocation of this share – a policy which would generate more losers than winners. This posed a problem for labour both industrially and politically.^{576,577} In this regard the wage can be seen as a key impediment to change.

⁵⁷⁶ This problem can be seen from the perspective of industrial labour as being one where they were reluctant to concede to any policy which was second best to their preferred option of trying to increase the labour share of national income, and from political labor of adopting distributional policies which would negatively impact a group of workers on low wages.

The introduction of child endowment in 1941 can be seen as an outcome of the long and convoluted history, and the longstanding recognition of the limitations of the family wage concept as embedded in the minimum wage. More proximately it can be seen as a response to the challenges facing the society and economy in the Second World War.

The implementation of this policy did not however overcome the barrier established by the family wage for equal pay, which was exacerbated by the problem of developing a coherent approach to the support of women undertaking domestic production as wives but not mothers. Doing so through the wages system as a 'family wage' for this unit was not sufficient to resolve the problem of providing equal pay, or the payment of this level of a non-market wage to single adult men. Yet a clear argument for providing support for these women through the transfer system did not emerge. This conundrum was only effectively resolved by the decline in the intensity of domestic production, and changes in the tax and transfer systems based upon a strengthening expectation that women, except for a period during which full-time care of children was seen as appropriate, would engage in the paid workforce.

The second phase of the development of transfer payments to support those receiving the minimum wage can be seen from the mid-1970s on. In contrast to the first, much of its origin related to the income support system. In particular, to the extent provision for families in both the wages system and its complementation through child endowment had weakened, the needs based approach was central to the transfer system, including in the transfers paid to those not in employment, and this had been maintained, or indeed strengthened. A consequence of this was that the relative rewards of employment for many were diminished. The policy response saw the extension of existing social security provisions to dependents of the employed. In turn the shifts within the transfer system from dependency based payments to women, led to an increasing expectation, as identified above, that both members of a couple should be engaged in market employment, except for a period when children required full-time care.

While the taxation system has had for most of its time a horizontal equity element, the articulation of this role, and its impact on minimum wage workers with families, has been more limited. This was a result of two design elements. The first were the relatively high tax free thresholds which existed for most of the time until the 1970s. These limited the degree to which taxation impinged on the low paid. The second was the adoption of tax deductions, rather than tax rebates, as the form to deliver horizontal equity. This resulted in only a relatively small benefit being reaped by those on low pay.

The movement of the provision of support for families more firmly into the transfer system is however not without consequence. To the extent these payments tended to be seen as synonymous with welfare, the concept of a

⁵⁷⁷ Murphy considers the development both of policies for national insurance and child endowment in the 1920s declaring "the arbitrated family wage was an obstacle to additional payments for children" (2011, 155) and describes this in terms of path-dependency.

universal approach to horizontal equity, which was strong in the initial introduction of child endowment, and in the tax system, has been displaced by a focus on targeting, and increasingly conditionality.

While, when viewed from the perspective of wellbeing and more directly income, there are very strong complementarities between the wages system and the tax and transfer systems, and these at times have been seen as important in policy formulation, this latter has been by far the exception rather than the rule. In large part the wage determination system operated independently of the tax and transfer systems, and even today, despite the recognition of the complementary roles, no strong principles, let alone mechanisms for coordination, exist. This is also true in terms of understanding the impact of transfer policies on the wages system.

5 Household Incomes: The Minimum Wage, Taxes and Transfers

Previous chapters have considered the development of the minimum wage and the tax and transfer systems. This chapter is concerned with what this meant for the actual incomes of households reliant upon the minimum wage.

This is done through quinquennial modelling of the disposable incomes of three cameo households. The household types considered are: a single male on the adult male minimum wage; a single woman on the adult female minimum wage; and a couple household with two dependent children, (aged 3 and 9 years) and a single male breadwinner on the minimum wage.

While these cameos are informative in providing a clear understanding of the interaction between the minimum wage and the tax/transfer system, and of the relative outcomes for a minimum wage worker in these different household types, they have limitations. First, the choice of cameo households does not reflect the full variety of households that may be reliant upon these sources. Second, it needs to be acknowledged that the role of the minimum wage has changed over time. While at the commencement of the modelling period a high proportion of the workforce would have been on incomes equal to, or in some cases below, that of the minimum wage, at the end of the period very few were. (Of particular note, as has been seen earlier, is the current role of the wage for families with dependent children.) Third, the modelling does not take account of changes in the pattern of workforce participation, especially the lessening reliance on a single male breadwinner.⁵⁷⁸

⁵⁷⁸ The choice of two children is, in the end, arbitrary. While there are grounds to consider the use of the 'Harvester' equivalent – a five person household – this household can be seen as being more of an exception today. In contrast, the two child household has some relevance across time.

The choice of age of the children is more deliberate and reflects an intent to allow the modelling to address that group of households where government interventions are still directed at supporting one parent in a caring role.

On the basis of increasing levels of participation in the paid workforce by both members of a couple family, it might be argued there is a case for additional modelling of a two earner household, at least in more recent years. This has not been done. If it were done over the whole period it would effectively be imposing an almost non-existent family type in the earlier periods, or alternatively, if the participation of the second earner was introduced at some point, the modelling becomes that of the impact of obtaining a second earner.

This is also the case for not modelling a couple only household. While this type of household would have had, at the commencement of the modelling period, in almost all cases a single male breadwinner, today it would usually have two earners.

Finally no attempt has been made to model the experience of a lone parent with dependent children. The role, and labour market experience of such households has

5.1 MODELLING

The modelling undertaken estimates the interactions of the minimum wage, income tax, and transfers, to derive an estimate of the disposable income (earnings, less income tax, plus transfers) for these households. These estimates are based on the value of the minimum wage,⁵⁷⁹ transfer payment levels and policy settings as at 1 January, and the taxation system for the financial year in which it falls, for each of the years quinquennially from 1910 to 2015.⁵⁸⁰ The modelling assumes that these rates are consistent across the full financial year in which the date falls.⁵⁸¹ Where estimates are given in real dollar terms they have been adjusted by the CPI, as detailed in Appendix 2, for the preceding December quarter.

Modelling for the years 1910-1990 and 2000, is spreadsheet based and has been undertaken using taxation parameters and income support program details as published by respective agencies, and in ABS Year Books (ABS 1301.0). 1995 and 2005 are based on the 'OHM' and 'HATTS' models which are internal Department of Social Services models made available for this research. These models have also been used to check calculations from 1970 onwards. Estimates for 2010 and 2015 have been derived using the 'PAM' model, a public use tax/transfer model maintained by David Plunkett, with 2010 being cross verified with HATTS.⁵⁸²

changed dramatically over time, and again, if this was allowed for in the modelling, the results would be a function of this, rather than the wages, tax and transfer systems.

⁵⁷⁹ In the modelling the Metal Industry series is used for the years 1980, 1985, 1990 and 1995. It is noted that these dates, while picking up some of the rise and fall in this series, avoids the particular spike between December 1981 and July 1982.

⁵⁸⁰ Australian income tax assessment operates on a 1 July to 30 June financial year. It is noted that until the adoption of the reforms of 1944, taxation was paid retrospectively. In these models the current year liability is modelled, regardless of whether it was paid in that year.

⁵⁸¹ While this approach involves a large number of simplifying assumptions, these are not considered to distort the results. It is recognised that "whole of year" employment was perhaps the exception rather than the rule in the early decades, however any attempt to adjust for this is likely to make results sensitive to the assumptions used to correct for this factor.

Similarly the use of the 1 January rate of the minimum wage may not represent the average rate of earnings across the year. This approach has been though maintained as a reasonable approximation, noting that while alternative averaging approaches could be adopted: a) these are likely to provide some degree of false exactitude, especially given that the initial award based rates, while representing the nominal value of the most recent decision, did not necessarily reflect the rate at which those on pre-existing awards continued to be paid; and b) to the extent many transfers are paid on a fortnightly basis, with rate changes over the year, it would have required extensive additional modelling for little gain.

⁵⁸² These three models, along with the models developed for this study, are all Excel spreadsheet models which incorporate the financial provisions and rules of the income tax and transfer systems and allow this to be applied in a 'cameo' modelling capacity to particular household specifications. In addition to this form of application these models also permit the production of Effective Marginal Tax Rate (EMTR) and similar schedules to illustrate the operation of the tax and welfare system across incomes. Results of EMTR analysis are used in Appendix 4.

Up to, and including 1940, state income taxation, including the special unemployment relief and related taxes introduced during the Depression have been included in the model, using the Victorian rates. While statutory concessions relating to dependents have been included, additional concessions such as those relating to health and educational expenditures have not, as these vary between households.

Because of the focus on the impact of taxation concessions for families in this analysis, income tax for these families is presented in two parts: as the counterfactual value of the income tax the person would have paid if they were a single person; and an offsetting family tax treatment. While the counterfactual tax is a negative in the calculation of the disposable income, concessional taxation treatment is a positive offsetting component.

5.2 MODELLED HOUSEHOLD DISPOSABLE INCOMES

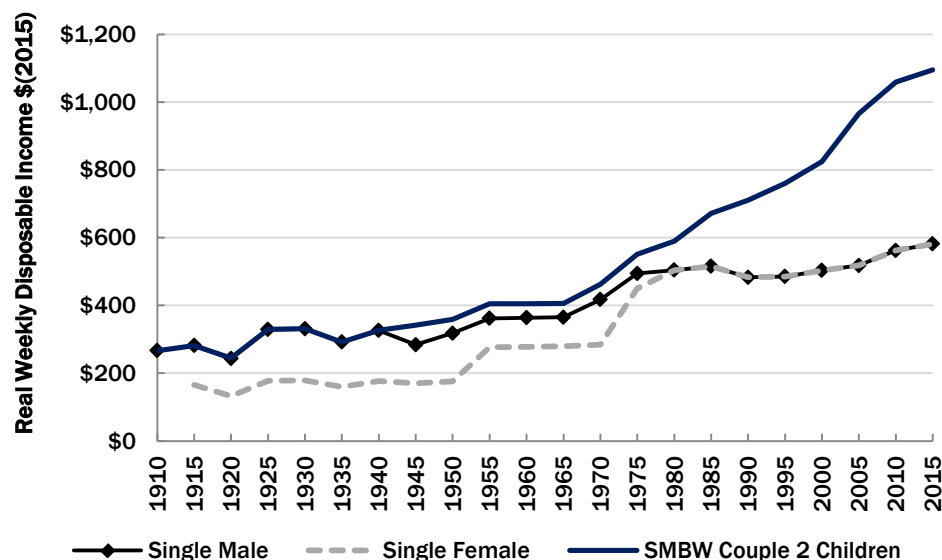
Over the period 1910 to 2015 the real value of the minimum wage for men has increased by 140.3 per cent, and for women by 286.1 per cent from 1915. Over the same time period the disposable income of a single male on the minimum wage is estimated to have increased by 118.0 per cent, that of the single woman, again from 1915, by 250.7 per cent, and that of a couple family with a single breadwinner and two dependent children, from 1910, by 310.4 per cent.

The pattern of change in disposable income over this period is shown in Figure 5.1. As illustrated, the real disposable income of the single male, in \$2015⁵⁸³ terms, has increased from \$267 to \$581 between 1910 and 2015; that of the single female from \$166 in 1915 to the same amount as the male in 2015, and that of the couple family with a single male breadwinner and two children from the same base as the single male in 1910 to \$1,094 in 2015.

The chart shows a number of marked changes and realignments. The disposable income of the single woman, which in 1915 was well below that of the single male, closed this gap in two steps: the first between 1950 and 1955, with the increase of the female minimum wage to 75 per cent of the male rate; and the second, in the 1970 to 1975 period with the granting of equal pay.⁵⁸⁴ A second feature is that of the single male breadwinner couple family with children, where disposable income initially closely tracked that of the single male until the Second World War, and then rose a little above, before steeply drawing away after 1975.

⁵⁸³ Technically the modelling uses the last quarter CPI from the previous year, but for convenience references are to the financial year ending on 30 June.

⁵⁸⁴ While the decision to award equal pay with respect to the minimum wage was made in December 1973, the actual increase was phased in over time, with the rate equalising only in June 1975. As the modelling is based on 1 January figures, the January 1975 rate has been used. This was 90 per cent of the male minimum wage.

Figure 5.1 Real Disposable Income, Minimum Wage Employees, 1910 to 2015

SMBW: Single Male Breadwinner.

Notes & Source: Author modelling, see Table A 6.28.

5.2.1 COMPONENTS OF DISPOSABLE INCOME

The elements of disposable income giving rise to these patterns are shown in three panels in Figure 5.2, one for each of the three household types. This is complemented by Figure 5.3 which illustrates the average tax rates for these households and Figure 5.4 which, for the single breadwinner couple family with two children, plots the relative contributions to the household's disposable income of the concessional treatment of the family in the tax system and transfer payments.

Considering firstly single males: effectively their disposable income closely reflects their earned income from the basic wage for most of the period up until the Second World War. This was because their income was below the threshold of both the Commonwealth and Victorian state income taxes, except in 1920 when the effect of the 1916 Commonwealth decision to reduce the taxable threshold for a single person to £100, meant that they faced an average tax rate of 0.7 per cent of their earnings. In the following years these workers received an income above the threshold of state income tax in 1925, although in the subsequent three periods they faced both state income taxes and special taxes for unemployment relief.^{585,586} However, the aggregate effect of these taxes, as seen in Figure 5.3 was minimal. This changed in 1945 where the war-time changes were fully effective, and with an average tax rate of 15.0 per cent, they saw their real disposable income fall.

⁵⁸⁵ In 1935 due to the decline in the nominal value of the minimum wage, no income tax was payable as the wage slipped below the £200 general deduction.

⁵⁸⁶ Smith (2001, 264) reports that the "income tax dominance of State governments was restored during the Depression when State governments introduced special income and wage taxes on lower income ranges to finance unemployment relief and social assistance. By the mid-1930s, the revenue importance of such special income and wage taxes exceeded that of the States' ordinary income taxes". Because of the timing of the modelling (1935 and 1940) the full effect of these taxes are not seen.

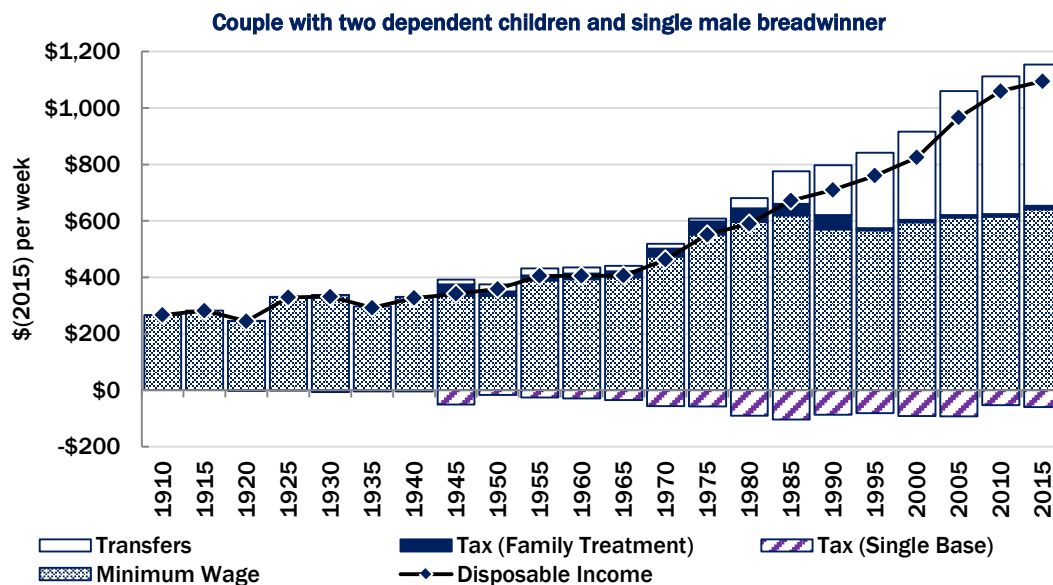
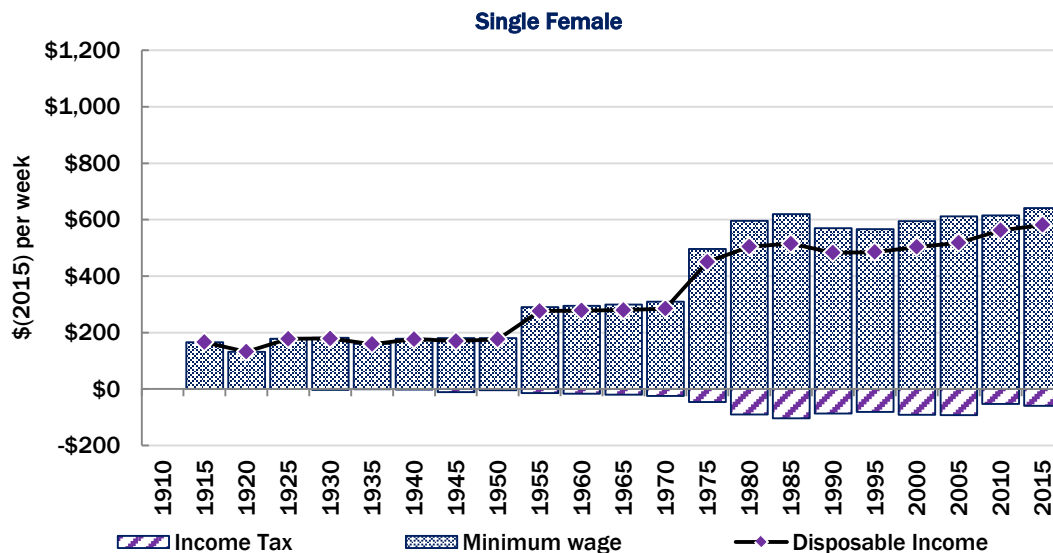
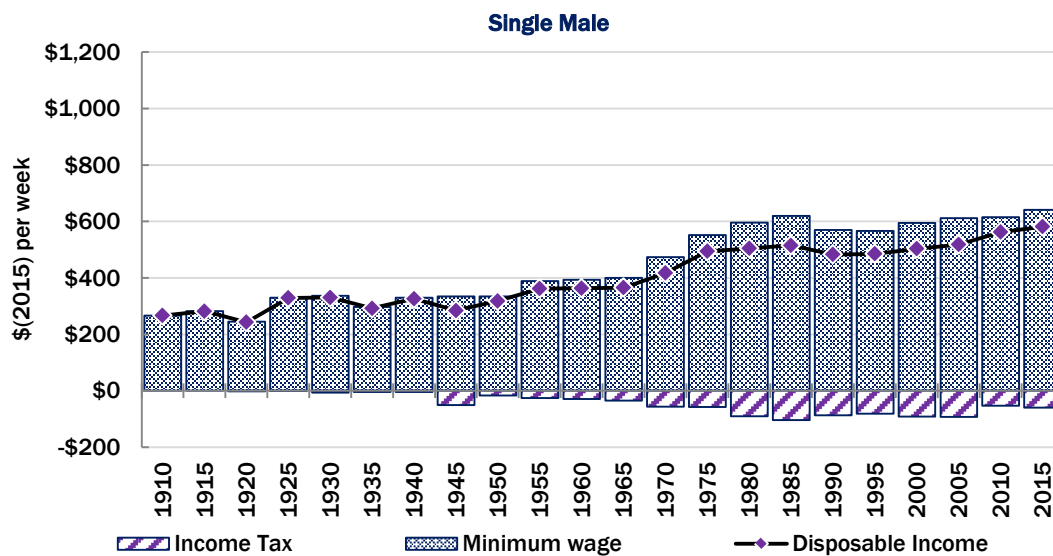
While the rate of tax these single men faced fell in the immediate post-war period, to an average tax rate of 5.0 per cent in 1950, it then again slowly rose before reaching a peak of 16.8 per cent in 1985. Notwithstanding this higher tax burden, the increase in the real value of the minimum wage meant that their real disposable incomes continued to rise. In the following period, from 1985 to 1990, this reversed and disposable income for these households fell, associated with a falling real minimum wage. Although some of this decline in this period may be because of the use of the Metal Industry series, a significant proportion reflects an actual decline in real earnings over the period. Both the AWE and EEH wage series show a real fall in earnings at this time. In particular, the earnings of full-time non-managerial employees at the 10th percentile of the earnings distribution, as derived from the EEH survey, fell by 10.1 per cent, a little more than the 8.0 per cent fall in the value of the real minimum wage. This was then followed by a period of real disposable income growth both due to an increase in the real value of the minimum wage and a decline in the average tax rate. This was particularly strong between 2005 and 2010. A key element was the Low Income Tax Offset (LITO) which rose from \$235 in 2004-05 to a peak of \$1,500 in 2010-11.

The pattern for single women is broadly similar to that of single males, although showing limited disposable income growth until 1955, but without the same war-time drop in disposable income because of the lesser impact of income taxation on women's earnings. Across the period, until equal pay, the average tax rate for such a woman was lower, and at times substantially lower, than that for the male.

The couple family with two children and a single male breadwinner showed a broadly similar pattern to the single male up to 1940. While income tax had higher deductions, for this type of household, as noted, this tax had little impact even on the single male worker at this time, and both were treated in much the same way under the special taxes associated with unemployment relief. In contrast 1945 marks the emergence of a much stronger offsetting impact of the concessionary treatment of families in the tax system and the introduction of child endowment. As illustrated in Figure 5.4 over the period from then to 1980, these two mechanisms, while varying, on average each contributed some five percent of the disposable income of these households, relative to the single male. However in line with the previous analysis of policies, the role of transfers declined from 7.2 per cent in 1950 to just 2.0 per cent in 1975, notwithstanding the extension of child endowment to the first child. In contrast the role of the concessional taxation treatment of families continued to grow, reaching a new peak in 1980.

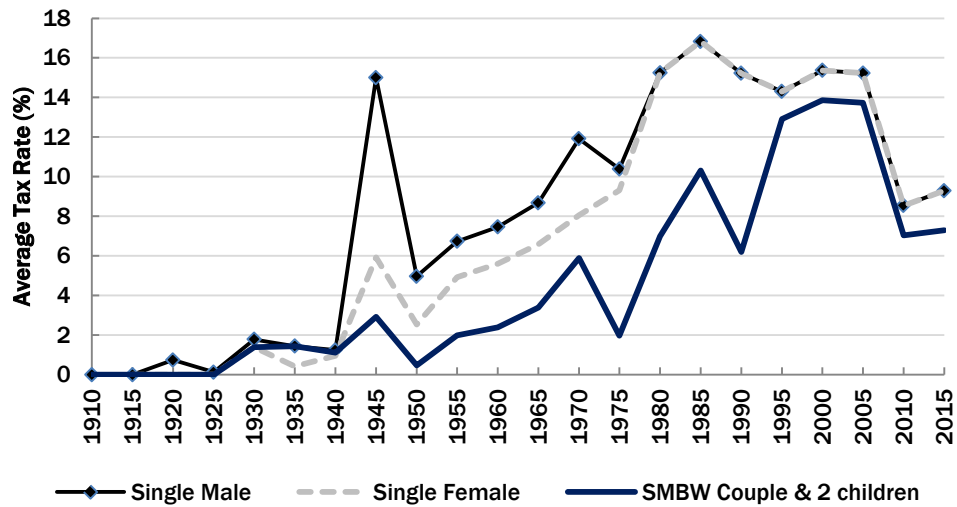
Most apparent for families however, has been the growth in transfers since 1985. These rose from the 2.0 per cent of household disposable income, as noted above, in 1975, to reach 45.4 per cent in 2005 and has fluctuated around this point since. Offsetting this increase was a declining role of concessionary taxation, with the merest remnant of this still apparent, related to the family income testing of the shading in of the Medicare levy.

Figure 5.2 Real Disposable Income Components, Minimum Wage Employees, 1910 to 2015



Notes & Source: Author modelling, see Table A 6.28.

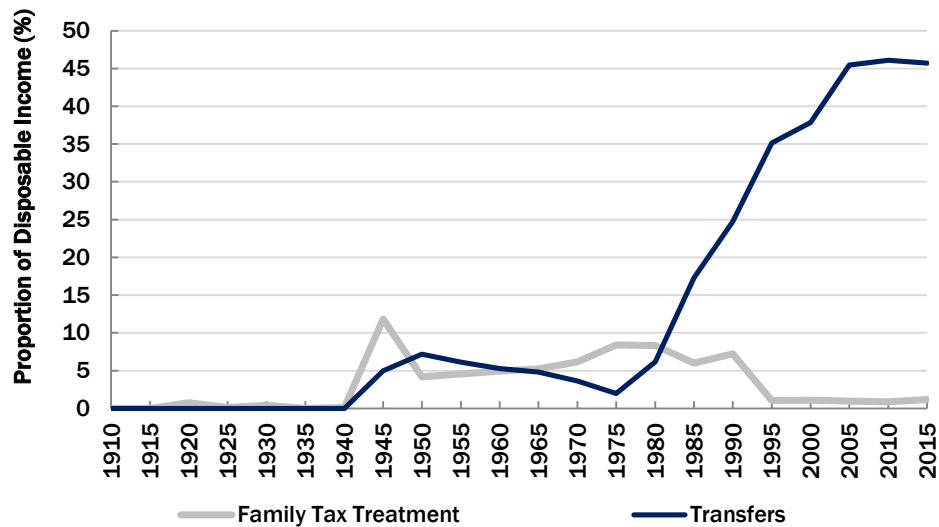
Figure 5.3 Average Tax Rate, Minimum Wage Employees, 1910 to 2015



SMBW: Single Male Breadwinner.

Notes & Source: Author modelling, see Table A 6.28.

Figure 5.4 Relative Contribution of Concessional Tax Treatment and Transfers to Household Disposable Income, Couple Family with Two Dependent Children and Single Male Breadwinner on Minimum Wage, 1910 to 2015



SMBW: Single Male Breadwinner.

Notes & Source: Author modelling, see Table A 6.28.

5.2.2 COMPONENTS OF INCOME CHANGE

These data are analysed in Figure 5.5 in terms of the change of each of the elements as a proportion of disposable income over each of the five years.⁵⁸⁷

⁵⁸⁷ The use of contribution to proportional change in disposable income means direct comparisons of these across household type need to be made with caution, as the denominator will vary.

Considering firstly single males, the fluctuations in the contribution of the minimum wage in the earlier period reflect the development of the adjustment and in 1921 the inclusion of the 'Powers 3s.' This is followed by the Depression cut and restoration of the Harvester standard. Again, as has been detailed, caution needs to be given to interpreting the apparent growth in income over this period due to the 1910 base being prior to the introduction of any adjustment for prices, and subsequently the discrepancies between the 'A' series price index and the series used here. In the 5 years to 1945 income taxation had a large negative effect on disposable income for single males, with much of this being reversed in the following period. The post-war period is then marked by three periods of strong growth in the minimum wage: firstly the effect of the 1949-50 Basic Wage Inquiry on the wage in the five years to 1955, and then the strong growth in the five years to 1970 and to 1975, reflecting the creation of the male minimum wage, and the court's special attention to it. Also apparent over the whole period from 1950 to 1985 was the extent to which gains in the minimum wage were somewhat offset by increased income tax. In contrast, in the following 30 years, some two-thirds of the increase in disposable income for such a single male has come from reductions in income tax and only one-third from a higher minimum wage.

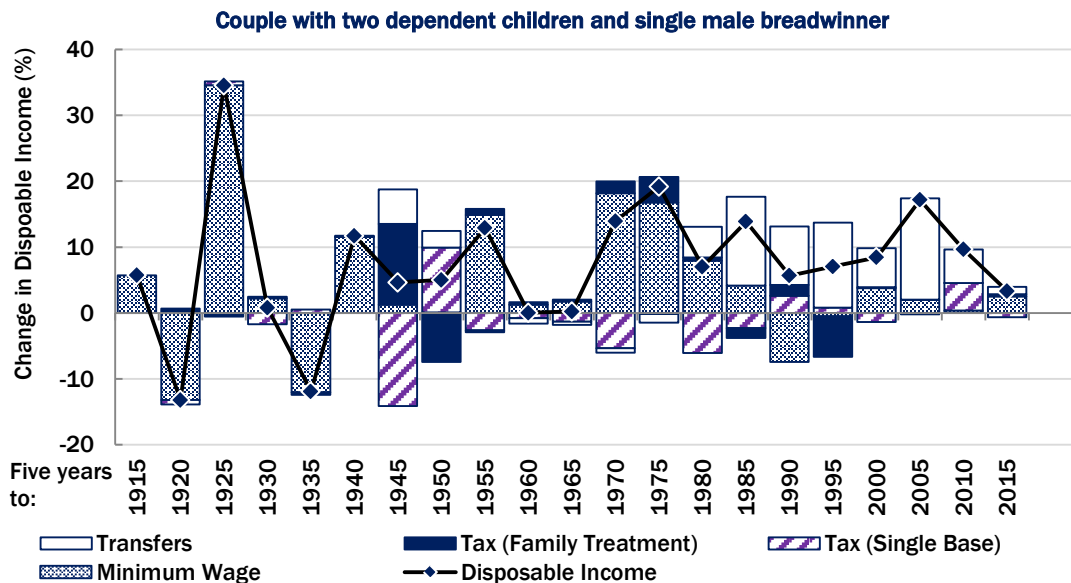
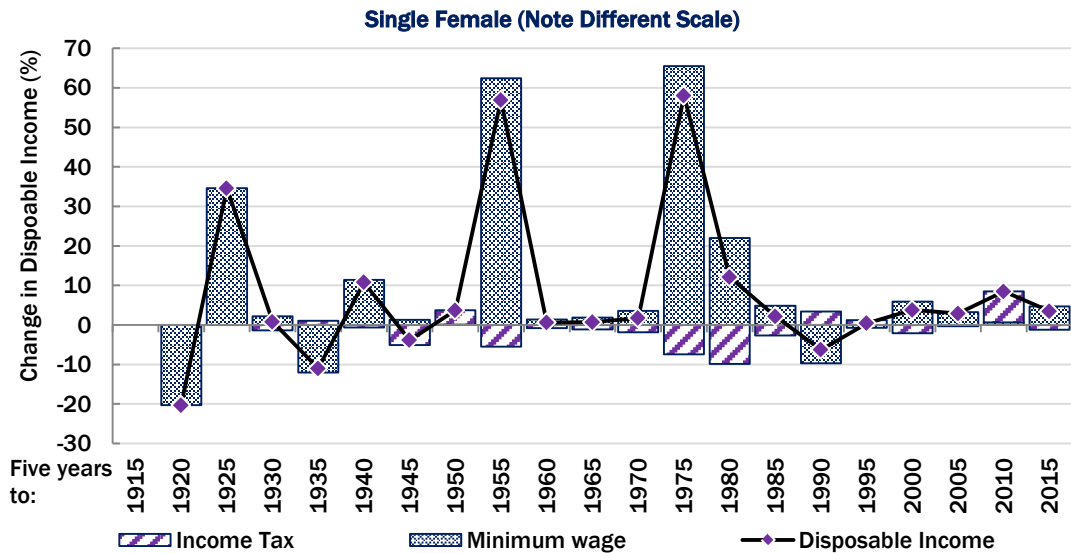
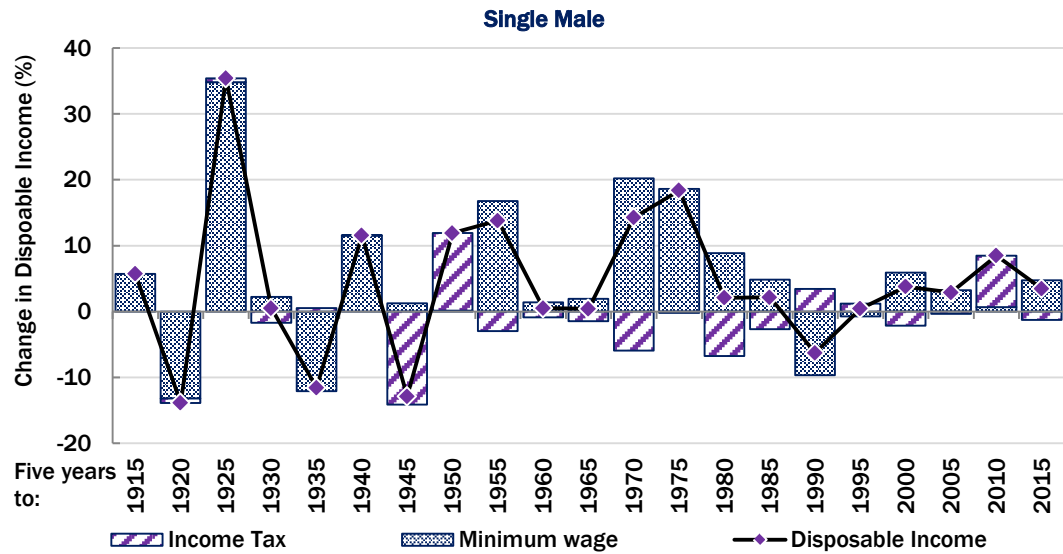
For a single woman (noting the different scale on this plot), the two dominating features of the chart are the increases associated with the granting of 75 per cent of the male rate in 1950 and of equal pay in the first half of the 1970s (although as previously indicated some of this shows up in the five-year period to 1980). Of note also for these women was the relative effect of the establishment of the male minimum wage in 1966. In contrast to the positive 20.2 per cent real growth in disposable income contributed by the minimum wage to men in the five years to 1970, for women the contribution was just 3.6 per cent. Over the final seven periods the experience of these women is the same as for single men.

Turning to the modelling of the single male breadwinner supporting a family, in particular in contrast to the single male, there are two marked differences. The first is in the five years to 1945, when this family type had an increase in their disposable income, of 4.6 per cent in contrast to the 12.9 per cent fall for the single male, and 3.8 per cent for the single woman.^{588,589} This was mainly as a result of the concessionary tax treatment of this family type, but also the introduction of child endowment. The periods up to 1975 are then marked by small, but repeated, declines in the value of transfers, detracting from growth in disposable income, somewhat offset by increasingly favourable treatment of the family in the taxation system: a pattern which has been discussed in Chapter 4.

⁵⁸⁸ This, if replicated across the income distribution, could be seen as achieving the reduction in consumer spending, but protecting the most vulnerable, as proposed by Keynes.

⁵⁸⁹ As noted however the key driver of this was the taxation treatment of families. As described by ABS "The effective exemption in 1944-45 for taxpayers without dependants or with one dependant is £104 ... with wife and two children £211" (ABS 1301.0 1942-1843, 931). Given the basic wage in January 1945 was 98s. (around £255) it can be seen that while a substantial amount of the single person's income was taxed this was not the case for the single breadwinner with two children.

Figure 5.5 Components of Five Yearly Change in Disposable Income, Minimum Wage Employees, 1910 to 2015



Notes and Source: Author modelling, see Table A 6.28.

The second marked difference, and most remarkable feature, was the strong growth in transfers, especially since 1980. Indeed since 1980 the real disposable income of this family type on the minimum wage increased by 85.5 per cent. However, changes in the minimum wage only accounted for 9.1 per cent of the gain. The role of taxes was largely neutral – with a positive contribution of 6.2 per cent through the decline in the ‘counterfactual’ single person’s taxation being slightly outweighed by the loss of concessional family tax benefits which detracted 7.2 per cent. Almost all of the gain in real disposable income, 91.9 per cent, for this family type came from increases in transfer payments.

The 85.8 per cent increase in real disposable income over this 35 year period for this family type compares to a gain of just 15.3 per cent for the single man or woman.⁵⁹⁰

Table 5.1 provides more detail on the elements of change in the disposable incomes of these three household types for 3 eras: first the 40 years to 1950, then a 30 year period between 1950 and 1980, and the 35 year period since.

This table highlights the extent to which growth in the minimum wage was concentrated in the period between 1950 and 1980, with limited growth since then, and the extent to which gains for single persons have been almost as much as a result of a reduced tax burden as wage increases.

Table 5.1 Composition of Changes in Real Disposable Income Components, Minimum Wage Employees, Three Eras, 1910 to 2015

Period	Single Male			Single Female (a)			Single Male Breadwinner couple with two children				
	Wage	Tax	Dis-posable Income	Wage (a)	Tax	Dis-posable Income	Wage	Tax (Single base)	Tax (Family treatment)	Trans-fers	Dis-posable Income
1910-1950	\$68	-\$17	\$51	\$15	-\$5	\$10	\$68	-\$17	\$15	\$26	\$92
1950-1980	\$260	-\$74	\$186	\$414	-\$86	\$328	\$260	-\$74	\$34	\$11	\$231
1980-2015	\$46	\$31	\$77	\$46	\$31	\$77	\$46	\$31	-\$36	\$464	\$504

Notes:

(a) Data for the single female relate to the period since 1915.

(b) The very low rate of growth in the female wage to 1950, relative to the increases observed for males relates to the high relative wage rate for women in 1915. As this was prior to the Archer case in which the benchmark of 54 per cent was established. The rate used is the proportion of 58.8 per cent of the male rate as established by Powers in 1915.

Source: Author modelling, see Table A 6.28.

The table also highlights the importance of transfers to the couple family in the last 35 year period, as well as the limited contribution made in the two earlier periods.

⁵⁹⁰ Only limited data are available on actual household incomes over time and there are questions around comparability of some of the series (see Bray 2014, 439–444). The published ABS data (ABS 6523.0 2017, Table 1.1) indicate that real median household equivalised disposable income increased by 55.9 per cent between 1994–95 and 2015–16. Modelled data for minimum wage households suggests an increase from 1995 to 2015 of 19.9 per cent for singles and 44.0 per cent for a single breadwinner couple family with two dependent children.

5.3 COMPARATIVE WELFARE OUTCOMES

Comparison of these disposable incomes across households is difficult as the incomes are utilised by households with different needs. Comparison of the relative standards of living requires an adjustment for this. This is done here through an assumption that the relative welfare of these households can be judged on the basis of their market consumption capacity, and hence a measure of equivalised income has been used.

While there is considerable debate on the use of equivalence scales for any interpersonal welfare comparisons (including the assumption of homothetic preferences, and within household distribution, as well as the income elasticity of equivalence scales) in the context of comparing the relative ability of different forms of household to achieve a level of market consumption, in terms of the income provided through the minimum wage and the tax and transfer systems, the approach is considered valid.^{591,592} As discussed further below there is however an issue in the neglect of domestic production.

Equivalence Scale

For analysis the ‘revised’ OECD scale has been used.⁵⁹³ This scale is based on a weighting of 1 for the first person in a household, 0.5 for any other adult⁵⁹⁴, and 0.3 for children under the age of 14 (a 1/0.5/0.3 scale), hence suggesting

⁵⁹¹ The use of equivalence scales can be considered to be standard practice in most income inequality and poverty analysis. This is typified by the ABS publishing its key table of Household Economic Wellbeing Indicators from the Survey of Household Income and Wealth on the basis of equivalised disposable income (ABS 6523.0 2015–16).

Notwithstanding this, many weaknesses of equivalisation and limits on the interpretation of equivalised income have been identified. These include: Pollak and Wales (1979) who suggest that standard consumption based equivalence scales are not appropriate for welfare comparisons; with Blackorby and Donaldson (1993) providing a theoretical basis to show that welfare comparisons based on equivalised income rely upon an assumption of homothetic preferences; Koulovatianos, Schröder and Schmidt (2005) report that economies of scale are increasing in living standards; Browning, Chiappori and Lewbel (2013) develop a wider framework for consumption based scales to account for bargaining, domestic technology and individual utility functions; and Bradbury (2003) identifies issues which arise in using income or consumption based measures in households with children where parents, but not necessarily children, gain utility from having children.

Nevertheless the use of these scales, and some moderate interpretation of relative welfare can be considered a valid first approximation. Ravallion, in discussing these issues in the context of poverty analysis, concludes “none of these caveats lead one to seriously doubt that a suitably normalised [equivalised] and comprehensive consumption measure is still the best single indicator of material wellbeing” (1994, 28). (See also footnotes 596 and 597)

⁵⁹² A further qualification is raised from earlier discussion on the extent to which marriage may be increasingly hedonic, based on utility gains from shared consumption. This though is considered to be less of a concern over the time frame of this analysis, and with respect to the particular comparison between single person households and a couple household with two dependent children. Potentially the more significant issue is that raised in the text concerning the implications of excluding the value of domestic production.

⁵⁹³ Hagenaars, de Vos and Zaidi (1994, 18).

⁵⁹⁴ An ‘adult’ is any person aged 14 years and over.

that a household of a couple and two children will require 2.1 times $(1+0.5+2*0.3)$ the resources of a single person to achieve the standard of living⁵⁹⁵. Equivalised disposable income is derived by dividing the disposable income of the unit by this factor.

In addition to the question of the most appropriate equivalence scale, two related, and more significant, questions arise for this analysis. These are the assumptions of the validity of the use of the same equivalence scale over such an extended period, and that meaningful wellbeing comparisons can be made on the basis of income consumption equivalence alone. This latter is particularly important given the key role that has been identified for domestic production in the origins of the single male breadwinner model and the shifts in the relative role of domestic and market production over time. The underlying issue is that in focusing on income based market consumption equivalence, the measure ignores the question of actual consumption equivalence which also requires the inclusion of the consumption of domestic production.⁵⁹⁶ Little is available on this, and a conventional measure has been used.^{597,598}

⁵⁹⁵ Another significant assumption in this section of the analysis is that the single person is living in a single person household. While this may not be the case, in the context of the rationale of setting the female minimum wage so as to be sufficient for a woman to live independently, it would seem to be the appropriate basis.

⁵⁹⁶ In considering the question of changes in equivalence over time three historical scales have been identified:

- A 1921 scale, derived by the Australian Statistician Knibbs (1920, 10), drawing upon the findings of the Royal Commission on the minimum wage (1/0.69/0.36). (This scale actually provides for child weighting which is diminishing in household size, giving a weight of 0.47 to the first child, 0.32 to the second and 0.28 to the third. The use of 0.36 represents the average of these.)
- The implicit scale used for Victorian Government relief payments in 1934 (1/0.5/0.42) (ABS 1301.2 1931-32, 227).
- The simplified scale in the Report of the Commission of Inquiry into Poverty (Henderson 1975, 354-6) (Household head in employment: 1/0.34/0.27).

Curtin's report in Western Australia contains another scale of 1.0 for an adult male, 0.8 for a woman, 0.6 for a boy aged 10½ and 0.5 for a girl aged 7 (Australian Labor Party Western Australian Division 1927, 2). This is attributed to 'Atwater coefficients', and would appear to be simply related to calorie needs rather than household consumption (see Sydenstricker and King 1921) and is not considered here.

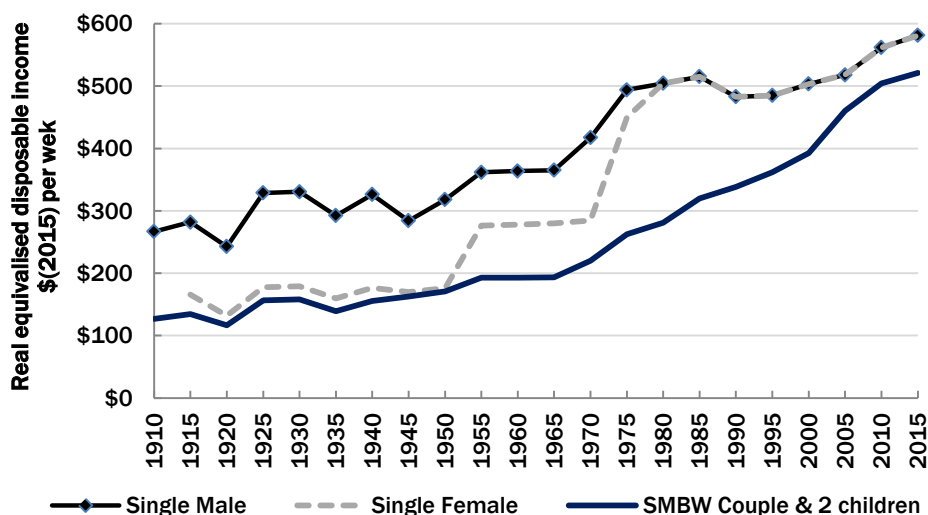
Analysis of these, while clearly demonstrating differences in weighting for different household members, does not provide any clear evidence of consistent time trends or variance which is too far outside the variation seen in existing sets. While the use of different time invariant scales will not affect the overall pattern of convergence seen in this analysis, the different scales do affect the final relativity. Hence this analysis, using the revised OECD scale, considers that the disposable income of the single male breadwinner couple with children in 2015, was some 89.6 per cent of that of a single person. This proportion varies from 78.1 per cent using Knibbs; 80.5 per cent using the Victorian relief scale; and 100.1 per cent using the Henderson equivalence. Applying the common 'square root of household size' scale, a measure used quite extensively in the literature as well as by the OECD, estimates the relativity at 94.1 per cent.

⁵⁹⁷ A certain amount of work has been undertaken on this, usually focusing on time use data. Two more recent studies are Gardes, Sayadi and Starzec (2015) and Folbre Murray-Close and Suh (2018). While the first of these finds that both the costs of supplementary adults and children are higher when measured in terms of a 'complete

5.3.1 TRENDS IN RELATIVE EQUIVALISED DISPOSABLE INCOME

The real equivalised disposable incomes for the three household types in receipt of the minimum wage over the period 1910 to 2015 are shown in Figure 5.6. This shows substantive gains for each and a degree of convergence over time.

Figure 5.6 Real Equivalised Disposable Income, Selected Minimum Wage Employee Households, 1910 to 2015



SMBW: Single Male Breadwinner.

Notes: Uses revised OECD Equivalence Scale.

Source: Author modelling, see Table A 6.28.

In equivalised disposable income terms, over the whole of the modelled period, the single person households, that is both men and women earning the respective male and, where applicable, female minimum wage, have been consistently in a superior position to the couple with children and a single male breadwinner.

While single men were strongly advantaged relative to both this household type, and single women for most of the period, the extent of this advantage has diminished. Relative to single women the decisions on increases in the female minimum wage in 1950 and 1973, initially reduced, and then eliminated their advantage. Relative to the couple household, the main reduction in advantage commenced in the 1980s but the process was largely spent by 2005.

The chart also shows in clear relief the relative experiences of the two groups in the period. Ignoring the period where these estimates may have been

cost', rather than when measured in monetary terms, the second, while concurring with the finding with respect to children, finds that economies of scale for non-market production are greater.

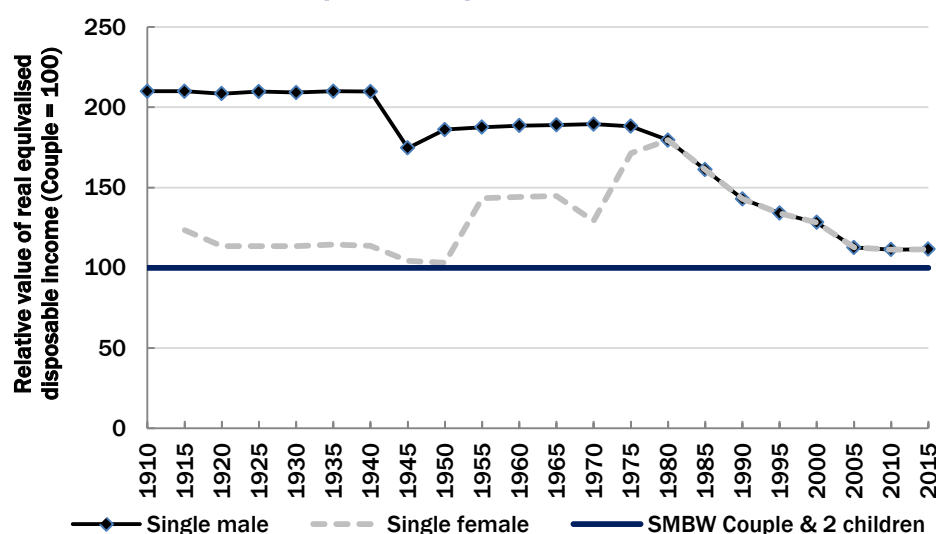
⁵⁹⁸ Theoretically a range of approaches could be adopted to seek to address this problem. One would be to use information on the time spent in domestic production and valuing this. An alternative is to cost the value of domestic production based on the market provision of substitutes, such as board. Each of these approaches, over the time scales considered here would be very difficult, given the absence of systematic data which would inform either approach.

affected by the use of the Metal Industry series, the equivalised disposable income for the single male was effectively the same in 2000 as it was in 1975 (the growth was just \$9), while that of each of the members of the couple family grew by \$130 on an adult equivalent basis, more than halving the difference in equivalised disposable income between these two household types from \$230 to \$111. By 2015 this had almost halved again to be \$60 per week.

The plot of the real disposable income for a single woman on the female minimum wage shows a remarkable realignment over time. Up until 1950 the female minimum wage appears to have provided these women with an equivalised disposable income just a slight margin above that of the couple family with dependent children. These women then made very strong gains moving to be equal with single men, once the 1973 decision flowed through and they received the full minimum wage.

These shifts, shown as the relative value of the equivalised disposable income of a single woman on the female minimum wage, and of the single male, when compared with the couple family with two children and a single male breadwinner, are illustrated in Figure 5.7.

Figure 5.7 Value of Real Equivalised Disposable Income of Single Male and Single Female Minimum Wage Employee Households, Relative to Couple with Dependent Children, 1910 to 2015



SMBW: Single Male Breadwinner.

Notes: Uses revised OECD Equivalence Scale.

Source: Author modelling, see Table A 6.28.

Considering firstly single males, the value of the equivalised disposable income they derived from the minimum wage was more than double that of the couple for the period before 1945. It then fell with the changes in taxation associated with the war and the introduction of child endowment, to be around 85 per cent higher until 1975, before falling rapidly to be around 10 per cent higher in 2005 and remaining at this level over later periods. While in the broad picture the decades following the war, say between 1945 and 1975, show a plateau, more detailed analysis shows the position of the single male earner

relative to the couple family improved slightly.⁵⁹⁹ This reflected policies under which the rate of child endowment was maintained in nominal terms only and periods in which taxation parameters were not changed in accord with prices.

The pattern for single women is more complex. The initial setting of the minimum wage for women produced a living standard, based on income equivalence, for these women that, while substantially below that of single men, was some 10 to 20 per cent above that of the reference single breadwinner family on the minimum wage. The formal introduction of a female minimum wage in 1950, set at 75 per cent of the male rate, along with the granting of the male rate in the mid-1990s saw the minimum wage provide these women with a standard some 50-80 per cent above that of the family.⁶⁰⁰ Their disposable income converged with single males, and then these women experienced the same fall as single men in their relative advantage vis-a-vis the single breadwinner family.

5.4 SUMMARISING TRENDS IN DISPOSABLE INCOME

Tax and transfer modelling has been used to derive estimates of the disposable incomes of archetypical minimum wage households from 1910 to 2015. In turn, these estimates have been equivalised to generate some estimates of the relative living standards that the wage produced for single men, single women and a couple family with a single breadwinner and two children.

The analysis shows, for each of the groups, varying patterns of contribution to changes in real disposable income from the minimum wage, taxation and transfers. From this three key observations dominate:

- Growth in the minimum wage was most concentrated between 1950 and 1980 and, notwithstanding an increased income tax take, resulted in strong disposable income growth. Disposable income growth for single persons since then has been much more muted, with a significant proportion coming from lower income tax. For the whole of the period single minimum wage workers have had a higher equivalised disposable income than the single breadwinner couple family with children.
- The transfer system has been the largest contributor to growth in disposable income for the single breadwinner couple family with children since 1980, accounting for over 90 per cent of the income gain for these households. This growth has largely closed the gap in relative living standards between these households and that of single persons on the minimum wage.
- Notwithstanding the discriminatory nature of the female minimum wage, this wage has consistently provided single women with higher welfare

⁵⁹⁹ This finding, while appearing to be at odds with the focus by Menzies on the single breadwinner family (see for example Menzies (1954), as cited in section 4.7), reflects more the primary target of these policies – middle class families, and in later periods large families. So while concessional tax treatment was improved, there was, as seen here, little relative gain from this for low income workers.

⁶⁰⁰ The dip in 1970 reflects the privileged treatment of the male minimum wage after the 1966 Total Wage decision as discussed earlier.

outcomes, when measured in terms of potential market consumption capacity, than the single breadwinner couple family with children.⁶⁰¹

⁶⁰¹ This conclusion does however need to be tempered by the question of the value of the domestic production produced by the couple household relative to that of household comprising a single person only.

6 Minimum Wages and the Macro Environment

Chapters 3 to 5 have addressed the development of the minimum wage and the tax and transfer systems as they impact family incomes. A broader question concerns the relationship between the wage and other dimensions of the national economy. This is considered in three sections. The first two consider: the relationship between the minimum wage and unemployment; and the wage and industry protection, in particular tariffs at both the conceptual level and in literature. The third presents the results of an econometric analysis of these relationships, and a wider set of macro-economic outcomes undertaken to identify any long- and short-term associations.

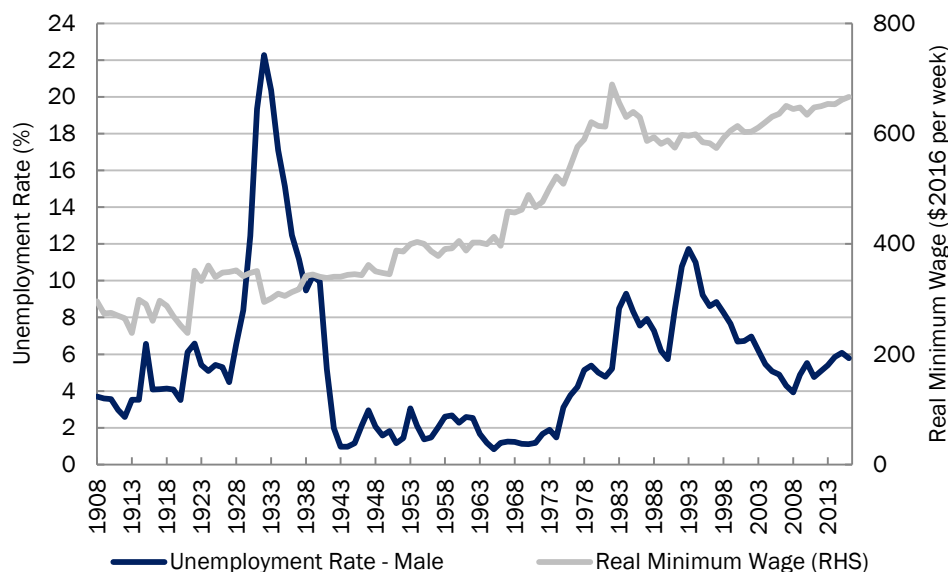
As was discussed in section 2.4.1, a larger question can be posed as to the relationship between the structure of the Australian economy and the minimum wage. Specifically this concerns the potential effects of the establishment and maintenance of a high minimum wage on the sectoral development of the Australian economy and the modes of production adopted. As however indicated earlier, this is beyond the scope of considerations here.⁶⁰²

6.1 THE MINIMUM WAGE AND UNEMPLOYMENT

Trends in the real value of the minimum wage and the unemployment rate of males are illustrated in Figure 6.1. Of particular note is the rise in unemployment during the Depression, and again in the second half of the 1970s.⁶⁰³

⁶⁰² While this question of industry structure has many elements, one dimension relates to the extent to which Australia engaged in the refining and transformation of its agricultural and mining products. This question is discussed by McLean (2013, 158–160) who contrasts the Australian experience with that of Canada with respect to the downstream processing of timber, and more generally the US. He concludes that the more limited engagement of Australia in these types of processing reflected endowments, the characteristics of the commodities, the small and fragmented Australian market and geographic isolation, rather than any institutional impediments. This question has been subject to sporadic interest over time, for example the Industry Commission (1991) Inquiry into Mining and Minerals Processing in Australia, and a House of Representatives Committee Inquiry into increasing the value added to Australian raw materials (Prosser 2000 & 2001).

⁶⁰³ Butlin, Dixon and Lloyd (2014) report the unemployment rate at 19.7 per cent in 1932 and 18.9 per cent in 1933. Data here, as detailed in Table A 5.10, estimate the unemployment rate at 20.6 per cent for persons in 1932 and 22.3 per cent for males.

Figure 6.1 Unemployment Rate and the Minimum Wage, 1908 to 2016

Source: Table A 3.4 and Table A 5.10.

6.1.1 THE THEORETICAL FRAMEWORK

Under usual micro-economic modelling of the labour market, Figure 6.2, minimum wages can be considered in terms of the demand and supply for labour, both of which are considered to be price responsive.⁶⁰⁴ More specifically, if wages (the price of labour) increase, the quantity of labour available will increase as more people will be willing to supply their labour,⁶⁰⁵ but demand will fall as labour becomes more expensive for employers.

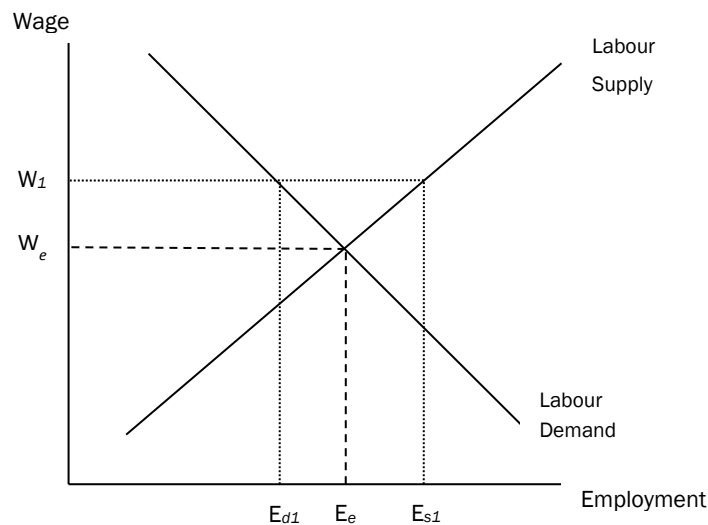
In the figure the labour market is in equilibrium at the point where wages are equal to W_e and employment is E_e . If however the minimum wage is set above this point – say W_l , then the quantity of labour demanded will fall to E_{d1} , with unemployment equal to the gap between E_{d1} and E_{s1} – the level of labour that people are willing to supply at this higher price.⁶⁰⁶

⁶⁰⁴ Here a neoclassical economic framework is treated as the ‘base case’.

⁶⁰⁵ While for expositional purposes the labour supply curve is treated as having a positive slope, evidence suggests that the labour supply of some populations such as married men is quite inelastic (Dandie and Mercante 2007, 43). In contrast the labour supply of some groups, including married women in Australia, is generally estimated to be somewhat more elastic (see also discussion in 2.6.8). However caution is required in treating this as immutable. Blau and Kahn (2007) report that in the US between 1980 and 2000 “there was a dramatic reduction in married women’s own wage labor supply elasticity ... in addition, continuing a long-term trend, married women’s labor supply became less responsive to their husbands’ wages as well” (431).

It is also potentially possible for the labour supply curve to be backward bending, that is having a negative slope, at least across some part of the upper end of the wages spectrum. This can arise where, if wage rates increase, workers trade off potential higher earnings for greater leisure. As has been discussed in section 3.4, there is considerable evidence of a tendency to such trade-offs in a more structural, rather than individual labour supply, sense within the Australian wages system.

⁶⁰⁶ Akerlof and Yellen (1990) recast this approach, essentially representing the labour supply function in terms of fair wage effort.

Figure 6.2 Imposition of a Minimum Wage in a Perfect Market

This however is not the only economic theory concerning the relationship between employment and the minimum wage. The efficiency wage concept differs from the neoclassical model which treats labour as a homogeneous product.⁶⁰⁷ The approach rather considers that the marginal product of a worker is affected by their wage. That is, for example, at a low wage an

⁶⁰⁷ This was summarised by Stiglitz as: “The efficiency wage hypothesis says that the services a labourer renders are a function of the wage they receive. One well-paid worker may do what two poorly paid workers can do” (Stiglitz 1976, 186). Several mechanisms for this exist. A higher wage may generate greater effort by employees; or the higher productivity may be as a result of sorting (especially in the presence of a wage floor such as a minimum wage) where employers seek to employ the most productive individuals.

The first of these mechanisms is summarised by Katz as: “The basic efficiency wage hypothesis states that workers' productivities depend positively on their wages” (1986, 235) and is reflected in the frequently cited case of the introduction by Henry Ford of a ‘five dollar a day’ rate of pay for workers building the Model T. Although there are arguments as to the rationale for Ford’s strategy, a review by Raff and Summers concludes that it was an efficiency wage: “On balance it seems fair to conclude that Ford was able, by offering the five-dollar day, to reduce the turnover among his workers and to extract much more intensive, and generally productive, effort from them” (1987, S83). This latter points to two sub-mechanisms, one a direct work effort effect, and secondly gains from lower turnover.

The second mechanism, at its most extreme and in a negative sense, is illustrated by Webb’s argument “if the conditions of employment are unregulated, it will frequently ‘pay’ an employer ... *not to select the best workman*, but to give the preference to an incompetent or infirm man, a ‘boozier’ or a person of bad character, provided that he can hire them at a sufficiently low wage” (1912, 978). Marshall notes that while it may make little difference, for example, in low technology manual labouring, to an employer “whose wages bill for a certain piece of work is £100, whether that sum is divided between twenty efficient or thirty inefficient workers ... but where much expensive fixed capital is used, it would be to the advantage of the employer to raise the time earnings of the more efficient workers” ([1890] 1920, 457).

Stigler noted both possible effects with respect to the minimum wage, arguing: “if a minimum wage is effective, it must therefore have one of two effects: first, workers whose services are worth less than the minimum wage are discharged ... or, second, the productivity of low-efficiency workers is increased” (1946, 358).

individual is not as motivated, and hence as productive as they would be under a higher wage. In these cases a higher wage, while increasing costs, would also increase their labour product. In such circumstances there need not be any employment consequences.⁶⁰⁸

Alternatively, the monopsonistic competition model of the labour market postulates that an employer with some power over the demand for labour may achieve profit maximisation at an employment level and wage rate below the equilibrium that would occur in a competitive market.⁶⁰⁹ In such a situation an increase in the minimum wage (up to the constraint of the perfect market clearing rate), while still enabling the company to make a profit – consistent with what would happen in a competitive market, can lead to an increase in employment.

A more specific articulation of this concept is the dynamic monopsony, or imperfect search model.⁶¹⁰ In this, rather than assuming that a perfect market operates, it is assumed that many workers will accept a wage offer from an employer as long as it is above their reservation wage because they lack knowledge of what the market equilibrium wage is. As such, wages are ‘posted’ by these individual employers rather than being determined by a market. While some of the workers who initially accept such employment may move to other employers over time as they seek, and receive, further job offers from companies paying closer to equilibrium wages, the businesses they initially worked for recruits replacement workers – repeating their initial strategy. In these cases such employers can be seen as effectively operating as monopsonies – in making the only initial offers. In such circumstances a higher minimum wage not only has the benefits seen under the monopsony model, but also potentially leads to a more efficient operation of the labour market.

More institutional approaches to the operation of the labour market such as those based on bargaining models, do not make specific predictions as to

⁶⁰⁸ While this may, at the individual firm level, involve a reduction in the level of labour required at any one level of production, this does not necessarily apply across the economy as a whole.

⁶⁰⁹ This theory, developed by Robinson (1938, Chapter 26) was in the words of Manning (2003, xi) generally seen by labour economists as “little more than a curiosum”, or as put by Stigler in 1946 while being “quite valid” was “not very relevant to the question of a national minimum wage” (Stigler 1946, 360). As postulated by Robinson (1938, 295) the theory argued that in the presence of such a monopsony a minimum wage would boost both employment and earnings. Empirical findings of such an apparent positive employment effect in some minimum wage studies (Card and Krueger (1995), Bhaskar and To (1999)) resulted in a re-emergence of this theory as a possible explanation of the observed outcomes.

⁶¹⁰ The dynamic monopsony, or imperfect search, model has been described as a situation where a “minimum wage can improve welfare because all wages are set too low as a consequence of employer monopsony power and because dispersed wages induces inefficient labor turnover in the economy” (Mortensen 2000, 282).

A number of studies including Green, Machin and Manning (1996), Fakhfakh and Fitzroy (2006) and Booth and Katic (2011) identify the presence of this effect. More generally Batyra and De Vroey (2012, 404–407) placed the development of this approach in the work of Stigler in the 1960s, McCall, Lucas and Prescott, and Mortensen in the 1970s on the costliness of search, and Diamond, Mortensen and Pissarides in the 1980s on matching models.

employment outcomes, but would tend to suggest little impact in the short term, but potentially a longer term negative effect if the resulting bargaining over the surplus reduces the potential for capital formation in the firm.^{611,612}

Empirically the identification of the impact of the minimum wage on employment is also deeply contested. This is summarised by Neumark who opens a recent paper as: “The literature on the employment effects of minimum wages is about a century old ... yet despite the scores of studies ... the debate among researchers about the employment effects of minimum wages – and concerning not just the magnitude, but the broader question of whether a higher minimum wage reduces employment – remains intense and unsettled” (2017, 1).⁶¹³ On a similar basis Manning (2016) entitled a recent paper on the subject ‘The Elusive Employment Effect of the Minimum Wage’.⁶¹⁴

⁶¹¹ While the wider question of theories of wages is, as discussed in section 2.4.1, beyond the scope of consideration here, it is important to note that, notwithstanding the extent to which the neoclassical market model is used, there is significant evidence to suggest that this only poorly describes actual outcomes.

In addition to the question of the minimum wage, two dimensions in which this has been identified are: wage compression – Hibbs and Locking (2000); and Card, Lemieux and Riddell who identify such an effect for men but not women (2004, 555); and variations in wage rates for similar jobs across industry sectors and firms, including an association between profitability and wages. Studies which have addressed this second relationship include: Blanchflower, Oswald and Sanfey (1996) who find evidence of support for the existence of bargaining over rents; Mumford and Dowrick (1994) who identify rent sharing bargaining in the Australian coal industry; and Rusinek and Rycx (2013) who find that such rent sharing is more prevalent in decentralised industries.

More generally the extent of institutional intervention in labour markets, as discussed in section 2.2, highlights the degree to which wage outcomes are impacted by non-market factors (see also Blau and Kahn 1999). Solow, in addition to identifying bargaining over rents, emphasises the concept of ‘fairness’ and perceptions of this, declaring: “Once you admit to yourself that wage rates and employment are profoundly entwined with social status and self-esteem you have already left the textbook treatment of the labour market behind” (1990, 10).

Early exponents of an institutional approach include the Webbs (Webb and Webb (1902) (see also Kaufman (2013)), Davidson (1898) and Commons, who, in terms of the focus here, argued “modern scientific systems ... are certainly a great advance on the early ones ... they recognize the principle of a minimum wage, which the old theory of wages disregarded (1911, 467) (see also Stabile 2008, 82-87). Greenwood (2016, 408) refers to an “extended family” of institutional theories of wage determination, including in her set efficiency wages. Dunlop in considering these issues addressed the competing approaches and argued, while in line with neoclassical approaches, “wages tend to measure the marginal productivity of labour ... this is not a theory of wage rate determination. It does not explain particular wages nor the general wage level” (1957, 10).

⁶¹² The question of potential adverse capital outcomes is for example examined in Kass and von Thadden (2001, 1).

⁶¹³ For an earlier survey of some contemporary research see Leonard (2000) and Bray (2013, Section 5.2).

⁶¹⁴ In this paper Manning argues that the balance of empirical evidence points to a lack of a negative effect.

While again largely beyond the scope of this paper, there are a number of potential reasons for the absence of identification of such impacts in the research that has been undertaken. On one hand it may be because of a flaw in the neoclassical economic

6.1.2 AUSTRALIAN ANALYSIS

Bhattacharyya and Hatton (2011) present a systematic analysis of the relationship between wages and employment in the long-run for Australia.⁶¹⁵ This used an econometric model to examine the role of wages on unemployment for the period 1903 to 2007. The conceptual basis of the model has real wages being determined by bargaining over gains from productivity, with unemployment leading to a dampening of the labour position in this and hence in the real wage outcome, while unemployment responds to any disequilibrium between the real wage and productivity. The wage variable considered in the model is that of average earnings. In addition to using the model to examine a range of macroeconomic outcomes, including the equilibrium unemployment effect, with a focus on variation across three ‘eras’, the authors present a series of counterfactual ‘experiments’ they conducted to identify the employment outcomes of a series of wage decisions.

The first three of these relate to the period prior to the Second World War with the first being the impact of the Harvester decision. This is proxied by a counterfactual of a 15 per cent decrease in average earnings in 1912. They report, “in the absence of the Harvester wage increase the unemployment rate would have been lower by a maximum of 1.3 percentage points in 1915” (215). The second is the impact of a 15 per cent decrease in the minimum wage in 1921 (that is at the time of the Piddington Royal Commission, and prior to the formal introduction of comprehensive indexation). This is estimated to generate a 1.2 percentage point fall in unemployment between 1922 and 1925, with this effect reducing in subsequent periods. Thirdly, on the assumption that the 1931 10 per cent reduction in wage rates was implemented comprehensively, they consider what would have been the effect if this policy

framework. Alternatively it may be because the framework over-simplifies the actual distortions in the market or the nature of adjustment processes. In most studies the magnitude of the change in the minimum wage is relatively small and as a consequence insufficient to engender, or even require, an employment response. In a monopsonistic market such small changes may not be sufficient to raise the wage above the market equilibrium, and hence may exhibit small positives. To the extent changes in minimum wages are often foreshadowed, or otherwise anticipated, any effect may be gradual or even indeed precede the actual change, making identification difficult. Alternatively ‘putty-clay models’ (Aaronson et al 2018) suggest that the employment effects will largely be in the long term, as an employer may have limited short-term capacity to adjust their existing production structure and hence levels of employment. This constraint does not hold in the longer term, when they, along with new entrants, have the opportunity to restructure their operation so as to respond to this new wage structure. There is some evidence (Draca, Machin and van Reenen (2011, 149), who describe it as a ‘hint’ as it was not statistically significant in their analysis, and Galindo-Rueda and Pereira (2004, 8)) to suggest such an impact on firm entry.

⁶¹⁵ This analysis appears to be the only research which considers this question over this time scale. Most quantitative research tends to consider more recent periods such as Pissarides (1991) the period 1966-1986, Gregory (1986) 1966-1984 and Debelle and Vickery (1998) 1978-1997. (This is also true of more descriptive analysis, including Fahrer and Heath (1992) 1966-1992, Borland and Kennedy (1998) 1966-1998, and for a body of work related to the wages inflation trade-off (see for example Corden (1979) and works cited in this) and Kumar, Webber and Perry (2012) 1965-2007 who focus more on wages and productivity.) The period 1900-1930 is considered by Pope (1982) and Forster (1985a).

had not been introduced. Their findings point to an increase in the unemployment rate of 2.7 percentage points, with some persistence of higher unemployment to the end of the decade. Relating these findings to the minimum wage itself is complex, both in terms of the wage's foundational role for earnings, and its relationship with the measure of average earnings, but these results could be reasonably considered as being as broadly applicable to the minimum wage as to average earnings in the era.

This assumption with respect to the minimum wage is however less robust for the second set of counterfactuals presented in the paper. These relate to the 'wages push' of 1973 and 1974 and deregulation in 1996. By this time the relative value of the minimum wage, as illustrated in section 3.5.4, had declined significantly to be around half of average weekly earnings and the wage no longer had a foundational role. In the first of these tests they suggest that the increase in average earnings in the first period generated a permanent shock which increased the unemployment rate by 1.8 percentage points by 1982. The authors also report that the model for this period points to an "upward shift in the equilibrium unemployment ... accounted for mainly by a shift in the dynamics between unemployment and its determinants" in the 1970s (214). In the final period they note a range of counter influences, with on one side a fall in union density, and on the other a resurgence of wage pressure, resulting in little net impact.

These findings though suggest some support for the minimum wage having had modest impacts on unemployment across the period.

The balance of Australian studies have focused on more specific and limited time periods. Forster considers the initial impact of the development of the minimum wage up to 1930. In this he takes a broad approach to the conceptualisation of the minimum wage, including the flow through of the Harvester standard into state awards. He argues that from the 1920s on, a consequence of this was a reduction in the relative competitiveness of unskilled labour, and as a consequence "unskilled men bore the brunt of unemployment for the decade" (1985a, 388).

The effect during the Depression was considered by Dimsdale and Horseywood (2002). This analysis again went beyond the minimum wage but has two relevant findings. The first was that they found no evidence "that the attempt of the Commonwealth Court to reduce the real basic wage by 10 per cent in 1931 was effective" (403), and secondly that while "wage indexation resulted in some rigidity of real wages, this was not a major cause of unemployment" (388). Indeed the effect of indexation, which as has been discussed led to marked falls in nominal rates, was such that "Australia gained from its greater flexibility of money wages" (403).

More recent analysis, exploiting the differential setting of the minimum wage in Western Australia in comparison to the balance of the country, includes studies by Leigh (2003 & 2004a, see also 2004b) and Plowman (2007). Leigh's analysis of changes between 1994 and 2001 finds a labour demand elasticity of -0.13, and that "the employment impact is most substantial among younger employees, with the elasticity of labour demand for workers aged 15-24 years estimated at -0.39 [revised to elasticity of labour demand of -1.009 and employment effect of -0.491 in Leigh 2004a]" (2003, 370-371). Plowman,

considering the relationship over the period 1994 to 2002, concludes “the minimum wage has had little effect on employment in general, but has impacted, in small measure, on employment in vulnerable sectors” (2007, 20).⁶¹⁶

On balance the findings of this research suggests that in Australia a higher minimum wage, especially when out of step with labour productivity has had a mild, but negative impact on employment.

6.2 THE MINIMUM WAGE AND PROTECTION

The initial relationship between the minimum wage and Australian industry protection was explicit with the Harvester decision being made under legislation integral to ‘New Protection’. Such a direct linkage was however not the case for the subsequent decisions, that actually led to the wage being paid. There is a question whether any ongoing relationship existed. Was it the case, as is cited in the often used quote from the 1926 Annual Report of the Tariff Board, of a “passing back and forth between the Federal Arbitration Court and the Tariff Board for increments in wages and duties, which can only result in an ever increasing wage rate and an ever ascending Tariff” (Tariff Board 1926, 14)?⁶¹⁷

While this specific claim can be considered as having no substance with respect to the minimum wage, given as noted in section 3.2.4, that the first

⁶¹⁶ Notwithstanding these findings of a negative wage-employment relationship, an alternative set of Australian literature exists around the extension of equal pay between 1969 and 1975. The implementation of equal pay can be considered in many ways as analogous to the wage shock of an increase in the minimum wage.

Gregory and Duncan (1981) found that “substitution responses to relative wage changes appear to be very small ... [and] the level of measured female unemployment also appears to be largely unaffected by the change in relative wages” (426). They posit this finding as evidence of the existence of a segmented labour market. These findings have been reasserted in Gregory, McMahon and Whittingham (1985). Wooden (1999), on the other hand, considers that this finding under-emphasised changes in the relative growth rate of female employment and female unemployment and that these outcomes were in fact “consistent with the predictions of the simple competitive model” (288). Eccles (1982) presents a review of some of the other research and commentary on this issue, including Snape (1980) who suggests that, if account is also taken of hours worked, there was an adverse effect in ‘blue collar’ jobs (8-9 & 12). Hours worked are also taken into account by McGavin (1983) who reports “a tendency to reduce the female proportions in the Australian work force following the full implementation of equal pay in 1975” (58).

An alternative explanation for the Gregory and Duncan findings is to consider the equal pay decision as an efficiency wage. That is, women had previously responded to their lower pay rate by a reduced work effort, with this behaviour being altered by the equal pay decision. This in turn generated higher productivity, which offset the higher wages costs, as well as making these women competitive with other sectors of the labour force. Such a higher productivity story could also be linked with a reservation wage effect which led to the flow of potentially higher productivity female workers into the paid labour force.

⁶¹⁷ This quote has been used widely. From early authors, such as Mills (1927, 80), Foenander (1928, 322) and Benham (1928, 184–185), through to more recent writing by Garnaut (1991, 16–17) and Capling and Galligan (1992, 87).

deliberate substantive increase in the wage did not occur until 1937, the broader question of the relationship between wages and protection remains.

6.2.1 THE RATIONALE AND AUSTRALIAN EXPERIENCE OF PROTECTION

In trade theory tariffs and associated forms of protection are usually seen as distortionary, leading to a misallocation of resources and lowering welfare. Notwithstanding this they have been, and continue to be, used to pursue economic or public policy goals. In addition to their use for simple revenue purposes, at least seven economic/industry rationales for these policies have been postulated, including: the concept of ‘Optimal Tariff Policy’; support of infant industries; maximising real income and population, short-term maintenance of wages and employment; Balance of Payments management; creating a balanced economy; promoting national autarky.^{618,619}

Historically all of these arguments have been heard, at various times, in Australian public policy debate.

⁶¹⁸ In more detail, these and their rationales can be considered as:

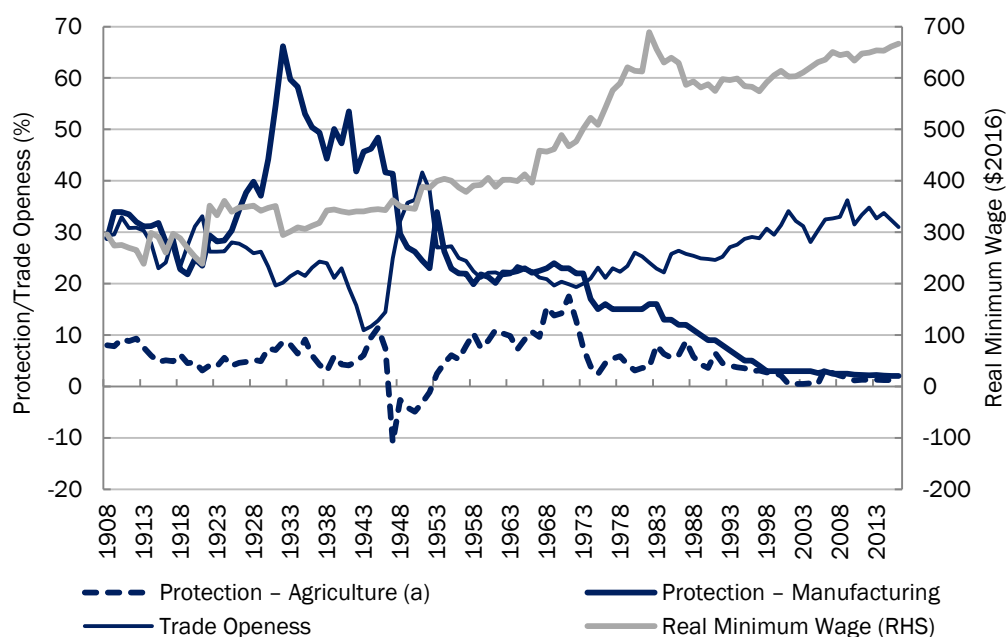
- Optimal Tariff Policy: Where a country has a degree of monopoly power associated with the goods and services it exports, and there is some inelasticity in demand for these, it can transfer some of the cost of protection to the purchaser.
- Infant Industries: It is argued that, especially where there are economies of scale, temporary protection should be provided to new industries during an establishment period to enable them to become established and competitive.
- Real income and population: Where a country has several sectors of production, typically agriculture, with land as the key input, and manufacturing with labour as the key input, a trade-off exists between the optimal split of these under free trade, and the use of tariffs to boost the size of the industrial sector, and hence population as well as total real income.
- Maintenance of wages and employment: In the short term a tariff may restrict import competition which could potentially reduce these, without introducing any structural distortions from the reallocation of resources in production, although effectively involving some income redistribution.
- Controlling the Balance of Payments under non-flexible exchange rates: While external balance is usually achieved today through flexible exchange rates, as has been noted for most of the twentieth century, Australia had fixed exchange regimes. Under these circumstances import restrictions can be used to control the outward flow of funds.
- A balanced economy: To the extent an economy is reliant upon a single sector, especially resources, it can be particularly vulnerable to external economic circumstances. In such situations a more balanced industry profile, while potentially involving some loss of income, may be more resilient.
- National Autarky: In Australia this gained some resonance from the experiences of both world wars which saw the limited availability of many imported products (including those seen as vital to the war effort). Two key factors were the shortage of shipping and the disruption of trade routes, and the extent to which other countries diverted capacity away from products for export and towards their war effort.

⁶¹⁹ Many different rationales exist across the literature and in public debates. This list has been drawn from Anderson and Garnaut (1987, 28–34) who identify, as ‘public interest theories’: optimal tariff; infant industry; income redistribution – real wages and immigration; income redistribution – protection of employment; balance of payments; and a more ‘balanced’ and ‘self-sufficient’ economy.

Given this diversity of policy objectives, and the range of potential impacts across economic and social domains, measuring the effects of protection is complex. It is further challenged by the range of ways in which protection can be implemented: directly through tariffs, through bounties or other subsidies for domestic production, through import restrictions – by means such as direct quantitative controls or licensing, and the extent of assistance through mechanisms such as taxation concessions, and infrastructure provision, both physical – such as road or housing infrastructure for specific industries, and in areas such as education and training. Further, even to the extent these can be identified, and quantified, it is not necessarily clear whether the assessment of protection can meaningfully be undertaken across broad sectors of the economy, as opposed to the specific industry level. (Some of these issues are further explored in the literature, including Lloyd 2008 and 2014, and Lloyd and MacLaren 2014.)

Figure 6.3 illustrates, over the period from 1906, the estimated level of protection for both the manufacturing and agricultural sectors in terms of the average nominal assistance,⁶²⁰ along with a measure of trade openness (sum of merchandise exports and imports as a proportion of GDP), and the minimum wage.

Figure 6.3 Rates of Protection, Trade Openness and the Minimum Wage, 1908 to 2016



Note: (a) Lloyd and MacLaren (2014, 162) report that the negative spike in Agriculture protection in the post-Second World War period related to policies, including 'home price' and price stabilisation which resulted in payments to producers below prevailing export prices.

Source: Table A 6.29.

⁶²⁰ While there are arguments for using alternative approaches such as effective rates of assistance, these data are not readily available. The Productivity Commission (2017, Figure 2.6) for example, while providing a graphical representation of effective rates of assistance for both manufacturing and agriculture for the period 1970–71 to 2015–16, only does so on the basis of a number of disjointed series.

Along with the persistence of levels of manufacturing protection at substantial levels until the 1980s, the strongest feature in the chart is the rapid increase in protection in the 1930s and its winding back in the post-war period.⁶²¹

Linking these trends to actual tariff policy decisions, is not clear. While it is possible, for example, to map out a series of tariff changes in the period prior to the Second World War (see Lloyd (2008, 122-130) and Boehm (1979, 189-191)) including: the Lyne tariffs of 1908 associated with 'New Protection'; the 1921 Green tariffs mainly directed at providing protection for industries developed in the First World War; the Pratten tariffs of 1926 and 1928, primarily concerned with the iron and steel industry; and the 1930 Scullin tariff, discussed further below, it is only in the case of the last of these that a clear shift in the rate of protection can be seen. In addition, even when the tariff regime is known, the actual effective rate can be quite different due to special treatment, in particular in earlier periods due to Empire preference.⁶²²

As detailed in section 2.3, while Australian tariffs at the beginning of the twentieth century can mainly be considered as revenue tariffs, this focus changed over the first two decades to objectives of industrial and population development. In contrast, the 1930 Scullin tariff was introduced with a strong focus on the balance of payments.^{623, 624} Post-war protection, while again focused on population and balanced development, also had a strong emphasis on the autarky element, especially in the immediate post-war period. The infant industry argument has also been a recurrent theme, although equally was often derided. Benham observed, writing in 1928 that, for example, "not a single 'infant' has, in fact, grown up and discarded its swaddling clothes" (1928, 142).⁶²⁵

⁶²¹ Butlin (1970, 313) considers that the apparent decline in protection after 1932 is 'deceptive' and needs to be viewed in the light of the devaluation of the Australian currency and argues that "protective measures as a whole were very much higher after 1932 than before it".

⁶²² A further issue concerns the roles of tariffs, other deliberate instruments of protection, and other factors which may have restrained trade. For example, over the period 1940 to 1960 it can be considered that tariff policy was of less importance in providing industry protection, firstly due to the restrictions imposed during the war on shipping and then by international shortages in manufactured goods and the introduction of exchange controls and import licensing (Anderson and Garnaut 1987, 49). In turn some of the rise in tariffs in the 1960s were in fact a partial offset to the relaxation of these other restrictions.

⁶²³ This was emphasised in Scullin's address to parliament in introducing the policy: "Every debtor nation, to be solvent, should show an excess of exports over imports [there has however been] a fall in the value and volume of our exportable surplus ... Australia will meet her obligations no matter what the cost to her people. We have come to the conclusion that in order to do this we must go short of many imported commodities" (Australia. Representatives. 3/4/1930, 822).

⁶²⁴ Similarly in 1955 Menzies spoke of having "intensified the import restrictions" because "If, as a nation, we continue to pay for our imports partly by our exports and partly by dipping into our savings of the past, we will so run those savings down that we will weaken our international trading position and we will greatly weaken our currency, which we all desire to have as firm and stable as possible" (Menzies 1955).

⁶²⁵ The 'infant industry' argument for tariffs is variously attributed to Mills, List and Hamilton (see Ho 2013). Notwithstanding Benham's claim in 1928 that while "much was heard of this argument in Australia twenty or thirty years ago, but little has been

Comprehensively reviewing these questions is beyond the scope of this analysis. Rather, three aspects which relate to wages, including the minimum wage are considered. The first is the Brigden report analysis and its subsequent development by Samuelson, and Stolper and Samuelson. The second is the relationship between economic growth and tariffs in Australia in the context of the ‘tariff-growth paradox’. The third considers a selection of Australian studies largely focused on the relationship between tariffs and the minimum wage.

6.2.2 BRIGDEN, SAMUELSON AND THE AUSTRALIAN CASE

In 1927 the then Prime Minister asked a group of economists and statisticians to undertake a study of Australian tariff policy. Their report, *The Australian Tariff – An Economic Inquiry* (Brigden et al 1929), is extensive and subtle, and broke new ground in its approach to assessing the economic role of tariffs. With reference to the minimum wage it concluded:

The net effect cannot be great. But we conclude that the tariff, in a somewhat wasteful fashion does maintain the real incomes of basic wage earners with families rather above the level of the same population under free trade conditions. (95)

This is a more specific statement of the broader finding “we are satisfied that the same average income *for the same population* could not have been obtained without protection” (5). The emphasis in this statement is important, as the report noted the trade-off involved: “It is quite certain that without the tariff it would have been possible to have obtained a larger national income per head – but for a considerably smaller population” (70).⁶²⁶

At the same time however the committee was cautious. As cited, it argues that the net effect is not great – with this being further emphasised in its introduction, potentially directed at the passion and rhetoric of both sides in the tariff debate: “From these various and contrary influences we conclude that the policy of protection has not had very great net effects on the prosperity of the community as a whole. It has not brought all the benefits expected nor has it been disastrous” (6).

These findings engendered considerable controversy and further development of the underlying economic analysis of the report. One outcome of this was an article by Marion Crawford Samuelson in response to a critique of the ‘Australian case’ by Karl L. Anderson. She concluded (in a simple two sector model) that the results of a “properly gauged protective policy is to make possible the increased consumption of both commodities” (Samuelson 1939, 147). This was more formalised by Stolper and Paul A. Samuelson who conclude: “Thus in Australia, where land may perhaps be abundant relative to labour, protection might possibly raise the real income of labour” (1941, 73).

heard of it now” (1928, 142), the argument persisted and Anderson and Garnaut suggest it was only after the 1960s that it lost traction (1987, 30).

⁶²⁶ Although the report concludes that “it would be disastrous to abandon the policy” (Brigden et al 1929, 140) it also noted “the total burden of the tariff has probably reached the economic limits, and an increase in this burden might threaten the standard of living” (6).

In terms of optimal tariff policy this latter requires the assumption that the country can affect its terms of trade, made more explicit in Samuelson (1981), although also reflected in Marion Crawford Samuelson's specification that demand for the exported product be "less than infinitely elastic" (Samuelson 1939, 147).

While not strictly limited to such a situation, but clearly relevant to Australia at the time, the classic structure of these analyses considered an economy with an agricultural export sector, which used land and a relatively small amount of labour, and a manufacturing sector with labour as the main input.

6.2.3 THE TARIFF-GROWTH PARADOX

A second stream of research has focused on historical analysis of economic growth and its relationship with tariff policies, and in particular whether, while the evidence in more contemporary periods generally shows that tariffs inhibit growth, this was not necessarily the case in earlier periods. This research has its origins in work by authors such as Bairoch (1989) and O'Rourke (2000) in analysis of growth in the nineteenth century. Clemens and Williamson (2004) extended this in a cross-national study of 35 countries and report that while there is a positive tariff-growth relationship prior to the First World War, this is reversed with a negative relationship after the Second, a pattern known as the 'tariff-growth paradox'.⁶²⁷ Clemens and Williamson suggest a potential explanation for this pattern has been the fall in tariff barriers for exporters in the latter period. That is, the context of lower overall trade barriers having tariffs becomes a negative.

Various elements of this analysis have been challenged. Looking at just the earlier period, Becuwe and Blancheton (2013) report that while the literature finds the positive relationship holds for the core European countries and 'offshoots' (such as Australia), this was not necessarily the case in the European periphery. Using data for 20 countries for the period 1870-1914 Schularick and Solomou (2011) find that, while some positive correlations exist, these do not seem to be causal, and as a whole their analysis does not support the thesis of a positive relationship. Similarly Lampe and Sharp (2013) examine a group of 24 countries over a period from the mid-19th century to the end of the 20th, addressing in particular the periods before 1913, and 1950-2000, with a focus on the extent to which tariffs could in a Granger sense be causative to income growth. They report for the period before the First World War a mix of both positive and negative relationships and directions of causality. In the case of Australia they find a negative relationship but ambiguity as to the causal directions. This result is in contrast, for example, to the US where the relationship was positive with higher tariffs driving higher income (199). In the post Second World War period they find that the balance of the relationships across countries is more firmly negative, but in contrast identify a potential positive relationship for

⁶²⁷ A further paradox is suggested by Hatton and Williamson (2005) in the context of a wider approach to openness. Here they contrast a historical pattern of national policies characterised by open immigration and closed trade in a number of countries (including Australia, albeit limited to white immigration) to current policies of highly restricted immigration and more open trade.

Australia. Here they find the direction of causation was from higher income to higher tariffs (although qualifying this on technical issues of model robustness) (220). A working paper by Athukorala and Chand (2007) looking at Australian data between 1870 and 2002 concludes the relationship was negative for the whole period and hence these authors declare “We find no tariff-growth paradox for Australia” (17).

While these findings are far from conclusive, they do however point out that the relationship between tariffs and growth may not be universally in one direction, and may not necessarily hold over time.

6.2.4 OTHER AUSTRALIAN ANALYSIS

Plowman argues a strong linkage between protection and wages policy in Australia. He concludes, somewhat reflecting the language of the Tariff Board in its 1926 Report, “the complementary activities of tariff and wages tribunals resulted in a cycle of wage and tariff rounds which further increased industries’ reliance upon protection” (1992, 63). More specifically he argues, in addition to the role of indexation in compensating for any tariff induced price changes, that analysis shows “the Green tariff has a major impact on basic wage determination, the Scullin tariff on secondary wage determination, and post-war protection on the wages blow-out” (57). These findings are debatable. The Green tariff of 1921 came, as has been seen, in the middle of a 30 year period where the court made no attempt to increase the real value of the minimum wage.⁶²⁸ While the 1937 decision to increase the minimum wage might be argued as a consequence of the Scullin tariff, not only does the five year time gap seem to limit this case, but the nature of the wages decision which comprised a flat prosperity bonus, seems counter to Plowman’s claim that this decision provided a channel between the tariff decision and the secondary wage (although it may be reflected in more specific decisions on margins). By the post-war period it can be argued that the court was primarily focused on capacity to pay decisions, which took into account retrospective changes in the economy, and hence, while tariff decisions could be seen as feeding into the wages system, the inverse was not the case.⁶²⁹

Isaac (2008) also considered this relationship. While he argues “these are difficult issues to determine to everyone’s full satisfaction” (293), as with Plowman, he considers that the 1960s and 1970s provided a “comfortable environment for wage inflation to persist because tariffs were high enough to enable employers to pass wage increases onto prices with impunity in order to maintain profit margins” (293).

Tyers and Coleman provide an econometric analysis which presents an extended 3 sector, 3 factor model, reflecting the Australian economy in 1929-30, to conclude “protection could indeed have induced economic expansion in the economy of the 1920s” (2008, 66).

⁶²⁸ Taking at face value that the Powers’ 3s. was simply a device to minimise the risk of the wage falling below the Harvester standard.

⁶²⁹ Unless it is argued that the court took the approach of awarding increases in excess of those warranted, in the expectation that the Tariff Board would provide compensating protection.

Somewhat less focused on the question of wages and incomes, Merrett and Ville (2011) look at the role of tariffs from federation to the Second World War with respect to the wider structural changes in the economy, in particular the role they may have played in the expansion of manufacturing. They draw upon the literature to suggest there is not a strong case for arguing that protection led to higher profits, which would have triggered a reallocation of resources into this sector, but rather the expansion of manufacturing was driven by both supply side changes, including the emergence of new technology, and demand changes. These latter reflected changes in consumer preferences potentially in part shaped by advertising and exposure to alternative consumption patterns through the media, including the emerging cinema industry.

6.3 MODELLING

Examination of these questions has been extended here through time series modelling, with a focus on the identification of relationships between the minimum wage and other key economic aggregates through the development of a Vector Error Correction Model (VECM) for Australia. This is done as an atheoretic exercise, or perhaps more in the spirit of Sim's declaration in his seminal paper *Macroeconomics and Reality* of being "without as much of a burden of maintained hypotheses as is usually imposed" (1980, 33).⁶³⁰ While focusing on many of the elements seen in the work of Bhattacharyya and Hatton above, it contrasts with this study in its approach, and its focus on the minimum wage. A more detailed presentation of the modelling and the data used is provided in Appendix 4.

A key motivation for the adoption of this approach is the potential ambiguity of the theoretical framework, and the level of contestation around, a number of the potential relationships. The analysis considers data for the period 1908 to 2006 and focuses on five variables:

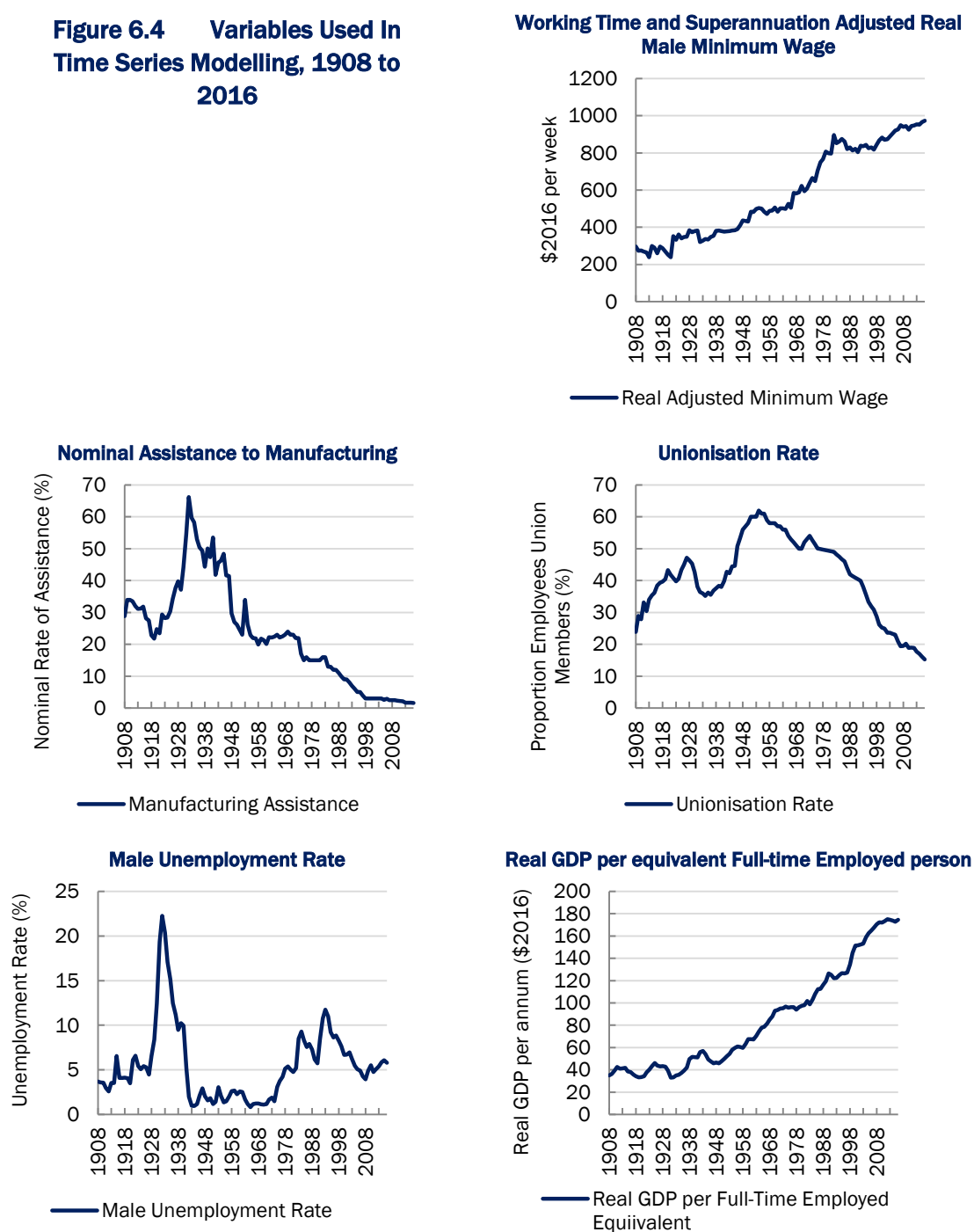
- The real value of the adjusted male minimum wage. This, as discussed in section 3.5.3, is a measure of the effective value of the minimum wage taking into account trade-offs for reduced working time and deferred income through superannuation. This formulation has been adopted to limit the need to take account of changes in working arrangements.
- The level of protection given to manufacturing industry. The inclusion of this variable reflects the above discussions on the relationship between this and the minimum wage. Given the centrality of manufacturing employment to the determination of the minimum wage, this is used in preference to a wider measure which also includes protection provided to the agricultural sector.
- Union density. The proportion of employees who are union members. This provides a proxy for the extent of labour power in wages negotiations, and potentially also in terms of political power in influencing tariff policies.

⁶³⁰ Similarly Kennedy (2008) notes: "Empirical work with ECMs (Error Correction Models) tends to be undertaken by modelling the time series relationships in the data and then, *ex post*, interpreting the results, rather than by using economic theory to derive relationships" (307).

- The unemployment rate of males. The use of the male unemployment rate reflects the focus on the male minimum wage, but also takes account of the extent to which the female rate may also be more sensitive to changes in the participation rate.
- Real GDP per equivalent full-time worker. This can be considered as a general proxy for the productivity of the economy.

The levels of these, over the period 1908 to 2016, are illustrated in Figure 6.4.

Figure 6.4 Variables Used In Time Series Modelling, 1908 to 2016



Source and notes: See Appendix 5.

In addition to these five variables which are endogenous to the model, three exogenous variables have also been introduced. Two are dichotomous

dummies to account for two periods where the model relationships were considered to be potentially affected by external factors, and the United States unemployment rate. This serves as a control for external economic conditions.⁶³¹ The two period dummies cover the wages explosion of the early 1980s (with the dummy being set at 1 for the period 1980-1983, and zero at other periods), and the Incomes and Prices Accord between the ACTU and the then Labor Government (with a value of 1 for the years 1984-1996, and zero at other times).⁶³²

The main focus of analysis are the cointegrating vectors derived from the VECM as estimates of the long-run relationships between these variables, complemented by Granger Causality testing to identify any potential causal directionality in these. Additionally the short-term impulse responses derived from the VECM are reviewed. To the extent the cointegrating vectors can be conceived of as being an equilibrium, these show the patterns of adjustment to short-term shocks in one of the factors.⁶³³

It is emphasised that this analysis is both exploratory and limited. Several strong caveats apply. The first concerns data quality. Developing long historical time-series of economic variables is fraught, especially in areas such as price indexes, unemployment rates and GDP which were not conceptually developed or collected in early periods, and where, over time, concepts were refined and data collections improved. (See Appendix 5 for more information on the derivation of the series.) The second concerns the potential effects of omitted variables. To the extent the focus is on a limited number of variables, the omission of others such as: population; wider measures of wages; capital utilisation; terms of trade; and so on, may severely limit the analysis, and in the worst case lead to misattribution of effects.⁶³⁴ Thirdly, the period under consideration encompasses significant change in the industrial structure of the economy and in the modes of production, as well as in the many institutions which affect these economic relationships. While at one level this contra-indicates a whole-of-period analysis, such reservations need to be balanced with the broader focus on the existence of sustained relationships.

⁶³¹ As discussed in Appendix 5 a range of additional dummies were considered and tested.

⁶³² In a study of the impact of incomes policies in Australia Pissarides concludes: "I found only one episode when exogenous policy influenced wages: the wage push of the Labor government of 1974-75 caused something like a two per cent rise in unemployment. But its effects wore off by the end of 1976, and no other incomes policy, including the wage pause and Accord, had any effect on wages over and above the effects of changes in underlying economic conditions" (1991, 51). Notwithstanding this, an Accord dummy has been used here and is found to be significant in a number of the model equations.

⁶³³ As described by Patterson (2000) the objective is that of "an empirical model ... to capture the equilibrium relationships among the variables; and ... the adjustment to equilibrium following a shock" (599).

⁶³⁴ One obvious omission relates to the role of wages overall as opposed to just the minimum wage. This, as discussed in footnote 640, may play a role in the specific findings from this analysis. At a more general level there are also questions as to the extent to which the minimum wage was a binding floor in the initial period, and secondly the trend effects of the decline of the value of the minimum wage as a proportion of average wages.

Modelling strategies to take account of these were not successful.

6.3.1 LONG-TERM STRUCTURE

Initial testing of the data identified the presence of three cointegrating vectors, with this being used in the VECM specification. Further testing allowed for the model to be estimated with each of these normalised on the Log of the Real Adjusted Male Minimum Wage, see Table 6.1.⁶³⁵ The presence of three cointegrating equations, while potentially providing some difficulties in interpretation (see Kennedy 2008, 312), does not pose any significant problems for the analysis here, but does point to a more complex structural model (Dibooglu and Enders 1995).

Table 6.1 Vector Error Correction Model: Cointegrating Equations

Standard errors in ()	Cointegrating Equation 1	Cointegrating Equation 2	Cointegrating Equation 3
Log Minimum Wage (a)	1.000	1.000	1.000
Log Assistance to Manufacturing Industry	0.000	0.204 (0.027)	0.954 (0.112)
Log Unionisation rate	0.000	0.0000	-1.628 (0.245)
Log Male Unemployment	0.339 (0.064)	0.532 (0.079)	0.000
Log GDP per full-time employed equivalent	-0.506 (0.046)	0.000	0.000
Constant	-1.126	-7.649	-2.923

Notes: Sample (adjusted): 1916 to 2016. Included observations: 101 after adjustments.

(a) Male minimum wage adjusted for working time and superannuation.

These cointegrating equations provide for three long-term functions for the minimum wage (adjusted for working time and superannuation):

$$\text{Log Minimum Wage} = 1.126 - 0.339 \cdot \text{Log Male Unemployment Rate} + 0.506 \cdot \text{Log GDP per full-time employed.} \quad (1)$$

$$\text{Log Minimum Wage} = 7.649 - 0.204 \cdot \text{Log Manufacturing Assistance} - 0.532 \cdot \text{Log Male Unemployment.} \quad (2)$$

$$\text{Log Minimum Wage} = 2.923 - 0.954 \cdot \text{Log Manufacturing Assistance} + 1.628 \cdot \text{Log Unionization Rate.} \quad (3)$$

These indicate that the minimum wage over this period has been:

- positively associated with GDP per employed person (Equation 1).
- inversely associated with the male unemployment rate (Equations 1 and 2).
- positively associated with the unionisation rate (Equation 3).

⁶³⁵ This approach to the structuring of the cointegrating equations has been adopted to provide a clearer exposition in terms of the focal interest on the minimum wage. The introduction of these constraints, which resolves after a single iteration, does not negatively affect the model fit in this case.

- inversely associated with the level of protection provided to manufacturing industry (Equations 1 and 3).

6.3.2 GRANGER CAUSALITY OVER THE LONG TERM

The nature of these associations can be considered in terms of whether causality, in the Granger sense, can be established, that is, seeking to identify which may be the causal and which the consequential factor in these associations, if indeed either are.⁶³⁶ While Granger causality does not necessarily denote functional causality, its absence can be seen as a strong prior for discounting claims of such a relationship.

For this analysis the Toda-Yamamoto (1995) methodology has been used. Results are provided in Table 6.2.^{637, 638}

Table 6.2 Long Term Granger Causality Test, Minimum Wage and Other Economic Factors, 1908 to 2016

From:	To				
F-Statistic (Probability) (a) (b)	Log Minimum Wage (c)	Log Manufacturing Assistance	Log Unionisation Rate	Log Male Unemployment Rate	Log GDP per FT Employed
Log Minimum Wage (c)		0.362 (0.780)	5.244 *** (0.002)	3.632 ** (0.016)	1.558 (0.206)
Log Manufacturing Assistance	0.513 (0.675)		1.841 (0.146)	1.156 (0.332)	0.699 (0.555)
Log Unionisation Rate	2.043 (0.114)	1.079 (0.363)		1.992 (0.122)	0.582 (0.629)
Log Male Unemployment Rate	3.378 ** (0.022)	1.911 (0.134)	0.715 (0.546)		0.106 (0.956)
Log GDP per FT Employed	4.252 *** (0.008)	1.411 (0.246)	1.904 (0.136)	4.929 *** (0.003)	

Notes: (a) H_0 : X does not Granger cause Y.

(b) Full results at Table A 5.7.

(c) Male minimum wage adjusted for working time and superannuation.
1912 to 2016, lag order three, 105 observations.

*** Significant at the 1% level, ** Significant at 5% level, * Significant at 10% level.

These results, along with the sign of the relationship with the minimum wage as derived from the VECM, are summarised in Table 6.3, for those cases where the existence of Granger causality cannot be rejected.

⁶³⁶ Granger causality essentially considers whether the prior information contained in one variable can be used to better forecast another. As indicated by Granger (1980, 349) "If the Y_{n-j} can be used to partly forecast the unexplained part of X_{n+1} then Y is said to be a prima facie cause of X" (349).

⁶³⁷ Stern and Enflo summarise this as: "Toda and Yamamoto developed a modification of the standard Granger causality test on the variables in levels that is robust to the presence of unit roots" (2013, 137).

⁶³⁸ The testing of Granger causality is undertaken independently of the actual structure of the cointegrating relationships identified through the VECM.

Table 6.3 Potential Long-Term Causal Relationship Between the Minimum Wage and Related Economic Factors

Bi-directional
Minimum Wage inversely with the Male Unemployment Rate
Uni-directional
Minimum Wage <i>positively</i> to the Unionisation Rate
GDP per Full-Time Employed <i>positively</i> to Minimum Wage
GDP per Full-Time Employed inversely to the Male Unemployment Rate

Source: Table 6.1 and Table 6.2

Four Granger causal relationships are identified. Of primary interest here are the first three which involve the minimum wage.

The first of these is that the inverse⁶³⁹ relationship between the minimum wage and unemployment seen in the VECM is identified as having bi-directional Granger causality. That is prior knowledge of the state of either one of these variables better permits the forecast of the future value of the other. This is a result consistent with these two factors being part of an integrated economic system, and with both being potentially driven by a third factor, for example the state of the economy, or economic expectations.⁶⁴⁰

The two uni-directional relationships, in association with the VECM finding on directionality, see the unionisation rate increasing/decreasing with changes in the minimum wage, and the value of the minimum wage responding positively to changes in GDP per Full-Time Employed person.⁶⁴¹ The first is more notable for its direction in that it sees the level of unionisation as a product of the minimum wage, or the factors driving this, rather than the wage being driven by the degree of unionisation. The second, which was consistently found in all model testing, supports the view that the minimum wage has been driven by

⁶³⁹ That is at any equilibrium point a higher minimum wage, *ceteris paribus*, can only be achieved with a higher unemployment rate.

⁶⁴⁰ It is also possible that this reflects a relationship with wages as a whole, rather than the specific role of the minimum wage. That is, the primary relationship with unemployment may be through wage levels overall, and not the specific rate of the minimum wage. A situation where changes in the value of the minimum wage preceded changes in overall wages in some periods, and lagged it in others, may well give rise to such an effect. Although not specifically addressed here, the fluctuations (as opposed to the trend) in the ratio of the minimum wage to other earnings, as illustrated in Figure 3.8, provide some support to this having been the case. As noted additional modelling strategies to include the relationship between the minimum wage and other earnings were not successful.

⁶⁴¹ In an analysis which considered the relationship between real wages, inflation and productivity in Australia between 1965 and 2007 Kumar, Webber and Perry (2012) find bidirectional Granger causality between their measure of real wages and productivity. They report “Australia could successfully adopt policies that focus on raising productivity growth through raising real wages” (2952). In their literature review they cite an efficiency wage effect through an increased cost of job loss or an incentive for capital substitution for labour as possible mechanisms for a real wage to productivity link. They note though a question as to whether this result would be stable if additional variables were included, including capital (2952).

economic growth and productivity – in effect on the basis of the capacity of the economy to pay.

Also of interest in this analysis, are the cases where Granger causality is rejected. Of particular interest are the relationships with manufacturing industry protection. Testing for the existence of Granger causality finds no causation, in either direction, between this and the minimum wage, and indeed no Granger causality between assistance to manufacturing and any of the other four variables.

6.3.3 SHORT-TERM IMPULSE RESPONSES

The VECM also allows one to consider the dynamics of adjustment in the shorter term.⁶⁴² This is through the pattern of Impulse Response Functions which trace the impact on one variable of an exogenous shock to one of the other variables. Eight impulse responses are of interest here. Four concern the response of the minimum wage of a (one standard deviation) shock in each of the other variables; and four which trace the response of these variables to a shock in the minimum wage. As these responses are generated by the model as a whole, they should not be interpreted in terms of a direct effect, but rather as an outcome which may reflect a chain of interactions across the model as a whole. (See Appendix 5 for the plots and further discussion.)

In addition to the long-term positive relationship from GDP per full-time employed to the adjusted minimum wage, this analysis finds a short-term positive response to a GDP shock, although this tends to become insignificant after year four. Also notable is the pattern of the short-term response of the minimum wage to an unemployment shock. While mostly not statistically significant, the function shows an initial, and significant positive effect, before becoming (in terms of the logs) negative. A possible explanation for this may be in lags between the identification of worsening economic conditions and wage-setting.⁶⁴³ The minimum wage also shows a positive response to a shock in the unionisation rate, just reaching a statistically significant peak in year four, before declining. Neither the response of the wage to a shock in protection, nor any of the responses of the other variables to a shock in the minimum wage are substantially significant, but it is worth noting that, in log terms, the Male Unemployment Rate shows a positive spike in the first two years following the minimum wage shock, and GDP per Full-Time Employed, while initially positive, becomes increasingly negative.

⁶⁴² While impulse response functions are often conceived of in the context of a stable system, as a function which returns to an equilibrium, this is not the case when derived from a VECM. Breitung, Brüggemann and Lütkepohl (2004, 167-168) note “some shocks may have permanent effects”.

⁶⁴³ That is, given that wage decisions largely are informed by usually immediately past economic conditions, they may not reflect all contemporaneous, or emerging, circumstances, including a change in the state of the labour market. Such omissions are then taken into account in subsequent decisions.

6.4 SUMMARY

The minimum wage is part of a wider economic system. This section has looked at some dimensions of this. A key finding concerns the relationship between the wage and productivity. The modelling undertaken finds a strong positive, and Granger causal, long-run relationship between real GDP per equivalent full-time employed person and the minimum wage. In contrast, there is no reverse relationship found, suggesting that little weight can be given to the proposition of minimum wage having a demand function role which stimulates economic development. As such this analysis confirms the approach of Bhattacharyya and Hatton (2011) which “puts labour productivity at centre stage” (203).

The role of tariffs with regard to Australian wages, and the minimum wage in particular, is a contested area.⁶⁴⁴ While conceived of in the context of ‘New Protection’, the wage as implemented did not have this link given the High Court Barger decision (6 CLR 41). More so, when the development of the wage, in particular in the pre-Second World War period, is examined, it is clear that the assertions of a cycle of wage-tariff decisions cannot be sustained, at least as far as the minimum wage is concerned. In the longer term the modelling shows a long-term inverse relationship between the two variables, but no evidence of a Granger causal relationship in either direction. There remains the more complex question of whether protection may have played a role in population outcomes, and the interaction between this and wages, but this beyond the scope of considerations here.

The relationship between the minimum wage and unemployment is also a highly contested subject, in part because of the limited identification of the theorised negative relationship in the neoclassical perfect competition model in many contemporary studies, although not necessarily in those limited studies that have been undertaken in Australia. The long-term modelling undertaken here finds an inverse relationship between the male unemployment rate and the minimum wage, with analysis of Granger causality indicating this is bidirectional. In the short term the minimum wage appears to initially respond positively to an unemployment shock before turning, in log terms, negative. This pattern is not inconsistent with there being some stickiness in the wage-setting process.

In summary these analyses find little evidence to support the case that the minimum wage drove high levels of industry protection, with indeed some evidence to the contrary. Similarly the evidence suggests that while the wage is inversely related to unemployment, the pattern of causality is bi-directional, and potentially more widely related to the economy or wages. What is however clear is a strong and positive relationship between GDP per full-time employed person and the minimum wage, with higher productivity driving a higher wage over both the long- and short-run.

⁶⁴⁴ In coming to this conclusion I would note this research has shifted me from my previous position (Bray 2014, 252) which argued that protection was a major part of wages policy in the pre Second World War period, although not from the broader sentiment, as discussed in section 3.7, that there are severe limitations on interpreting the decisions of the court as constituting ‘wages policy’.

7 Conclusion and Discussion

Before concluding with some reflections on the institutions that have been considered in previous chapters, it is worthwhile briefly recapping the history which has been detailed and analysed.

7.1 THE MINIMUM WAGE AND ITS OUTCOMES

Assessed in the circumstances of the time, the structure of the workforce, the level of state development and the nature and needs of families, I find the evidence shows the 1907 Harvester decision was well founded, and, in the context of the wage structure of the time, provided families who received it with a level of living consistent in terms of being a 'fair and reasonable' wage. The logic of the wage led to lower wages for young men and for all women, reflecting a set of principles situating the wage as a non-market, social wage.

While the nature of the wage has changed, with the male rate being paid to women in 1975, and it being declared as a wage for a single person in 2014, wage and price series developed here indicate its value has increased at an annualised rate of 0.81 per cent to 2018. Over this period however only 56.1 per cent of the potential gain flowed into these wage increases, with the balance being traded off for reductions in working time and superannuation. Relative to other earnings the value of the wage has declined over most of its history. Its current value is around 40 per cent of average earnings and its role is much reduced. While few workers are currently paid the minimum wage, in some occupations up to a quarter of employees are. More specifically the 'Harvester' single income couple family with dependent children reliant upon the minimum wage has virtually disappeared. Regardless of this, the wage remains firmly entrenched within the wages system operating as a floor and entry level in many modern awards.

A major change in the family and the labour market has been the growth in the proportion of married women in paid employment. Whereas currently three-quarters of these women are in paid employment, fewer than 10 per cent were for most of the period until the mid-1950s. While many factors impinged on this, I argue that a key factor was the nature of domestic production. Until labour-saving household technology became widespread, something it did not do until the post-war period, at least for lower income households, domestic production was a full-time occupation, necessary for the primary breadwinner to participate in employment and provided significant domestic amenity. Initially the diffusion of this technology and then the emergence of part-time employment opportunities, and more recently the expansion of formal childcare were significant factors in this.

When account is taken of taxes and transfers the modelling I have undertaken shows the real disposable income of a single male on the minimum wage increased by 117.7 per cent between 1910 and 2015, and that for a couple family with a single male breadwinner with a dependent partner and two children by 250.2 per cent. This latter is a result of the development of transfer payments, although the major gains in these did not occur until the 1990s on. The minimum wage, although providing some impetus for child endowment for larger families, also operated as an impediment due to the implications for those without families. The provision of support in the transfer system for a partner in a caring role effectively only developed as the needs basis of the wage declined, and working families' income fell to levels close to those provided in the welfare system which maintained a needs focus. Taking into account the relative needs of households of different compositions, the relative value of the equivalised disposable income of a single male has dropped from being double that of this couple family until the mid-1970s to being only a little above. The pattern for single women, again relative to the couple family with children is more complex. In its initial formulation it provided a slightly higher equivalised amount, with this rising in the post Second World War period before reaching the same relativity as the single male in the 1970s, and declining alongside of this.

Notwithstanding the formulation of the minimum wage under the provisions of 'New Protection', such policies have not driven the wage, and indeed econometric analysis shows no evidence of causality in either direction between the minimum wage and protection, and higher protection is associated with a lower minimum wage. This analysis did identify a two-way causal relationship between the minimum wage and male unemployment with wage increases, without compensating changes, associated with higher unemployment. Central to the findings though was a positive, and causal link from productivity (measured in terms of GDP per equivalent full-time employee) to the minimum wage.

7.2 REFLECTING ON THE INSTITUTIONS

While a large number of institutions have been considered in the analysis, five can be considered as pivotal to the relationship of the minimum wage and family needs: the court; unions; government; families; and the labour market.

There was an inherent tension between the construct and behaviour of the court, in general carried forward to the commission, as a quasi-legal body, and its effective role of finding compromise positions as it arbitrated claims from employers and unions. One manifestation of this was its attempt to seek to identify principles for the decisions it took, and to pay homage to precedent. While not necessarily overly impeding its operation, this equally made it difficult for the court to attempt to be consistent with any principles it declared, notwithstanding its frequent attempts to claim that it did. To the extent that the court effectively had to deal with disputes as they arose, and moved into a series of regular wage reviews, still exemplified by the current structure of Annual Wage Reviews, the court is essentially committed to a path of incremental decision-making.

This, along with having leverage over only one element of the wage, tax and transfer system, limited the scope of the court to establish wages policy. However the court, and its creation of the minimum wage, and more generally the award system, has proven to be durable, notwithstanding the ebbs and flows of constitutional questions, and attempts to promote alternative approaches to industrial relations, including individual agreements in Work Choices, and enterprise level collective bargaining.

Interpreting the role of trade unions throughout the processes needs consideration of the duality in their nature. In large part their behaviour can be viewed as 'democratic' consistent with their acting in the interests of the majority of their members, notwithstanding a tendency to voice, although not necessarily act upon, a wider agenda. With respect to the question of child endowment, and indeed equal pay, their notional support was generally outweighed by the interests of the majority of their members who gained from the male family wage.

Addressing the state as an institution has limitations given the nature of democracy, and hence the way in which government has reflected different political ideologies over time. Notwithstanding this, the role of government in the issues considered here may be best seen in terms of having policy positions which were frequently unsustained, and generally lacking an underlying set of clear principles in relation to wages and the family. And, while over periods the relationship with the court was uneasy, government was, at times, more than content to have difficult issues deferred to the court. The tendency for government to adopt a policy and then effectively allow it to wither can be seen in its neglect of child endowment for more than a 25 year period from the late 1940s on, as well as current policies, in particular the indexation and income testing of FTB, which have lost the horizontal equity focus of this payment and its earlier iteration in the tax system, and links with community living standards.

While much of the delay for the initial development of transfer payments for families can be laid at the door of government, equally some caution needs to be exercised in wholly attributing this to a failure of will. In the first instance, over the early period, the tax and transfer machinery of modern government was not developed. Secondly these policies faced strong opposition, including ideological opposition on the right and union resistance on the left (to the extent it involved any redistribution across workers). Thirdly was the difficulty of finding feasible policies. This was particularly marked in the 1920s where effectively, even if child endowment was introduced, it was generally conceded that a family wage was still needed to meet the needs of a couple unit, a stance still impeding equal pay.

Many aspects of families have changed over the past century. However as an institution the (mainly) 'husband and wife' couple family has maintained a central role in reproduction, consumption and allocation of labour to domestic and market production. The balance has however changed. Specifically while domestic production was effectively a full-time activity at the beginning of the twentieth century, in part because of the burgeoning value of domestic amenity, but underlaid by the technology of the day, this is no longer the case. A key shift, as noted above, is the participation of married women in the paid

workforce, increasingly underpinned by wage setting and transfer policies which effectively requires this, once children reach school age. This transition was gradual due both to the permeation of technology and the formation and reconstruction of social norms.

In contrast, the labour market and the economy, in the context of these elements, can be considered to have demonstrated flexibility and accommodation. That is, there are few indications of the market not being able to cope with the establishment and maintenance of a high minimum wage, nor for much of the period the wage compression associated with it. Labour demand responded to the increasing supply of married women entering the workforce, in particular in the 1960s on, and despite initial reluctance, in generating part-time opportunities to meet the preference of these employees. In addition the balance of evidence suggests it was not unduly disrupted by the final provision of equal pay. At the same time the known capacity of the labour market to discriminate enforced a need to ensure that the 'family wage' was paid to all adult males, and it was accommodative of occupational segmentation to permit a lower wage to be paid to women.

7.3 SOME KEY THEMES

The diversity of these institutions and the nature of change has highlighted many features of institutions, five of which I consider are particularly relevant to an understanding of the history of the minimum wage and support for families.

The first is path determinism. The establishment of the minimum wage as a social family wage persevered, notwithstanding the change in focus in decision-making towards a capacity to pay. It also established, or perhaps more so formalised, a paradigm which effectively blocked other approaches, including the then nascent alternative of a more market oriented equal pay strategy. Additionally it also provided a significant road block to the early development of child endowment.

The second is that, as noted, most of the institutions operated independently without coordination or systematic engagement in building coordinating structures. This, as shown, was problematic for the development of transfer payments in association with the minimum wage, but also within government with its various policy interventions in tax and transfers.

The third is incrementalism. That is, for the most part all of the institutions sought, and implemented change in small steps, an approach inimical to the achievement of structural change. This can be seen in the wages system with the court taking forty years between its declaration that the family element of the wage was to be discarded and its identification in 2014 that the wage was for a single person. It is also apparent in the development of family assistance, both in the development of adequate support for children, and in the 1990s, with respect to partners. One possible exception to this incrementalism may be the 2006 restriction on parenting payment to those with young children only. However while this was a marked shift in public policy, and from earlier rhetoric of choice, it was not inconsistent with the reality of what was happening in most families.

Fourthly, there is evidence of a number of the institutions having a tendency to lose focus on objectives over time. Clearly in the case of the unions this can be seen in terms of equal pay, but it is perhaps most exemplified by various governments failing to sustain either a conceptual or monetary commitment to child endowment and family payments.

The fifth is the ability of institutions to take a compromise position and reify this into a principle. This is exemplified by the female minimum wage between 1950 and 1975. The setting of this wage at 75 per cent of the male rate was nothing more than a compromise between the concepts of a family wage and equal pay, achieving the objectives of neither. It though became deeply embedded into the ongoing decision-making of the court, and the attitudes of unions and employers. It can also be seen in the extent to which, within families the initial economic rationale of one partner specialising in domestic production, and one in market employment became entrenched into a social structure of dependency.

In assessing this history, Sen's caution against seeing ideas in terms of those in favour of, or opposed to equity, remains important. Indeed a clash of equities, the phrase, aptly used in the 1946 UK Royal Commission on Equal Pay, lies at the heart of many of the issues in the history of the minimum wage, child endowment and women's earnings, starting with the Harvester decision. Essentially, once the wage had been established as the means of ensuring a fair outcome for families at the time, unless there could have been a major reallocation of the returns to the factors of production, that is an increase in the labour share, policies necessarily involved the reallocation of wages between workers. This form of clash was most evident in the case of equal pay, where the fairness to employed women who would gain, balanced against the fairness of an adequate family income for those engaged in domestic production.

7.4 SOME FUTURE CHALLENGES

While the focus of this thesis was on the history of the minimum wage and family incomes, part of my motivation was to understand the implications of this history for the future. Specifically I offer three insights:

The first concerns the adequacy of incomes of those reliant upon the minimum wage. The high historical levels of the minimum wage allowed a transition to a still high absolute, but significantly lower relative, wage without major adverse social consequences, in part because of the extent to which support for families with children was provided by the increased role of social welfare. As analysed in Chapter 5 while the disposable incomes of single workers on the minimum wage have increased over the past 35 years, their relative income has declined. This process has however almost played out raising the question of the future trajectory. For the wage to rise in line with earnings across the community, something it has rarely done over the past century, it can be argued that there is a need for minimum wage earners to match overall productivity gains, or for a mechanism, such as dense unionisation which allows for trade-offs between groups of workers. Both of these appear unlikely. While it can be argued that some scope still exists to reduce the imposition of income tax, this is an inefficient and poorly targeted mechanism, given the

extent to which much of the benefit would flow to part-time workers on higher hourly rates. An alternative is the introduction of an Earned Income Tax Credit which could be targeted by a link to hours of work.

The second concerns horizontal equity. There has been an increasing reconceptualisation of support for families simply as welfare. From this two challenges can be identified. The first concerns the potential for policies to restore and maintain rates to enable families with children to maintain living standards relative to others in the community. The second is whether governments are willing to articulate and commit to these policies as a formal commitment to horizontal equity. One context in which this may be important is population policy. To the extent investment in fertility is a long-term commitment, it can be considered that clearly articulated policies which provide a systematic approach, and a commitment to a degree of horizontal equity for those with and without children, would be supportive.

The third concerns the incremental annual approach of the Fair Work Commission. While this approach, in the short-term, is non-disruptive of the economy and living standards, it acts to limit the development of long-term decision-making on the role of the wage. Effectively these decisions take into account what has occurred over the past year and current economic circumstances. While the minimum wage today does not face the equivalent to its transition from a family wage, as noted in the first of these three insights, it is quite probable that the downward trajectory of the wage cannot continue. A response is likely to need a long-term coordinated strategy.

A central challenge is thus for the Australian Government to be willing to articulate what it sees as the current and the future role of the minimum wage and how this can be achieved equitably in terms of relative living standards for those on the wage, both with and without family responsibilities, including building appropriate linkages between the wages, tax and transfer systems.

There remains also the challenge to economists to better build our understanding of wages, their determination and impacts.

Appendices

Appendix 1 Note on Census Data

The main data series used in analysis of the long-term time trends in workforce participation has been drawn from the censuses of population and housing conducted by the Australian Bureau of Statistics (ABS) and its predecessors. These have been undertaken on 18 occasions between 1901⁶⁴⁵ and 2016. These were initially undertaken on a 10 yearly basis in 1901, 1911 and 1921, then in 1933, 1947 and 1954, before commencing a five yearly cycle from 1961. In addition, data from the June 1945 “Occupational Survey”, a de facto census of the civilian population aged 14 years and over, have been drawn into this series.⁶⁴⁶

Although representing a total population count, this source has a number of limitations. The 1901 census was undertaken and reported upon as a series of individual state censuses, with a number of differences in definition and scope between states (including the coverage of Indigenous Australians (between 1911 and 1966 persons identified as “full-blood” Aboriginals were excluded from census counts) and persons of Chinese heritage).^{647,648}

Over time definitions used in the censuses have also varied. This has had a number of impacts, including as discussed below, on labour market classifications, as well as other classifications such as marital status.⁶⁴⁹ A further limitation is that the data used here prior to 1991 are largely drawn from published tables. This has been far from consistent in presentation and in levels of aggregation over time. Data for 1991, 1996 and 2001 have been

⁶⁴⁵ The 1901 Census was undertaken in each state independently, but with an agreed set of common outputs. The results were not tabulated on a national basis. (See ABS Census 1911, 38-41).

⁶⁴⁶ This survey was undertaken by the simple expedient of requiring completion of the survey prior to the issuing of a replacement Ration Card, a device which was effective in gaining high compliance.

⁶⁴⁷ Reflecting this state based approach, the census results were published on an individual state basis with very limited aggregated data being published in some later statistical releases.

⁶⁴⁸ Data from ABS (3105.0, Table 8 & 19) estimate the proportion of the total Australian population who were Indigenous in 1901 was 2.4 per cent, falling to 1.1 per cent in 1933. The most recent estimate (ABS 2071.0 2016) is 2.8 per cent.

⁶⁴⁹ Conjugal status which reflects a range of practice and community attitudes has been identified in a range of ways reflecting changes in these. The current classification of ‘married’ includes both legal and de facto relationships, with 16.2 per cent of married women in the 2011 Census being in a de facto relationship. Up until 1954 the classification of married also included people who were married but permanently separated. Data for that year indicate that 3.1 per cent of those who would have previously been classified as being married were permanently separated. (This group had a much higher level of employment relative to other women with an employment to population ratio of 53.9 per cent for those aged 15–59 years. If they were included as “married” in 1954, as they had in previous years, they would have increased the “married women’s” 15–59 year employment to population rate from 13.8 per cent to 15.0 per cent.) These data also indicate that the size of this group, again focusing on the 15–59 year age group, 52,958 women, was considerably larger than the 31,486 identified as being divorced. Marital status for members of same sex couples has been recorded since 1996, although up until 2011 all such couples were identified as de facto.

largely drawn from the 1 per cent sample files produced by ABS, and hence are presented with less precision and are subject to sampling variability. Data for 2006 to 2016 have been extracted using the ABS TableBuilder facility.

While the labour force data for males are relatively robust across this series (although subject to differing approaches to classifying unemployment), there are a number of aspects of women's employment where caution is required. This is the primary focus of the following discussion. Specifically these concern unpaid family workers, and those who work part-time.

A1.1 Unpaid Family Workers

While it is relatively easy to identify employment where people are paid a wage or salary, it is more difficult where they may undertake work as part of a family enterprise. Richmond (1947, 272-274) and Deacon (1985 & 1989) discusses the approach of various colonial censuses to the identification of women, especially married women working on family farms. A central question they raise concerns the extent to which such women were identified as what are today classified as "unpaid family workers", and hence were classified as breadwinners, or if this activity was not taken into account, and they were classified as dependents. (The classification of "breadwinner" in the censuses was one which encompassed all people classified as employed, the unemployed and those of independent means.) Deacon argues that, to the extent this group were classified into the latter category, this "heightened the boundary between men and women as non-workers during the crucial period of consolidation of modern Australian labour markets, which helped institutionalize the idea that women were not legitimate competitors for jobs ... and thus contributed to the social construction of the dependent woman" (Deacon 1985, 27-28).⁶⁵⁰

The treatment of this group was discussed in the 1905-06 NSW Year Book where it is reported that, in addition to the "1,735 women employed in agriculture at the Census of 1901, there were some 2,500 others employed partly in connection with agriculture, and partly in domestic duties. The majority of these were relatives of the farmers, and appear in the classification as engaged in domestic duties and therefore as dependents" (ABS 1300.1 1905-1906, 449). A more significant impact was identified in dairying where it was reported that including this group of women would increase the number of women in dairying from 2,285 to 12,156 (448-449). While these are marked, the effect is likely to be largely limited to these two sectors, and these numbers would just raise the female employment to population ratio from 17.6 per cent to 19.5 per cent.⁶⁵¹

⁶⁵⁰ There are some parallel debates around census counts of women's employment in the English and Welsh Censuses between 1911 and 1931. Hatton and Bailey (2001) review this. While there was similar ambiguity in the 1901 census in the UK, they report that in the 1911 census it was made clear that occupation was to be collected from women "regularly engaged in assisting relatives in trade or business" and differentiating this from those "wholly engaged in domestic duties at home". The net effect of this improvement appears to be minor (89-90).

⁶⁵¹ This issue is also of lesser direct relevance to this research with its focus on the paid workforce, and in particular those workers in receipt of wages and salary income which was within the purview of wage-setting.

In the 1911 census people were recorded as assisting “if assisting head of household in his business but not receiving salary or wages” with more detailed instructions being: “The occupations of women who are engaged in any other than domestic duties are to be distinctly recorded, but women are not to be entered as engaged in the occupations of their husbands, fathers, &c., unless they habitually assist them” (ABS Census 1911, 348). On this basis in the occupational classification of ‘Primary Producers’ 8,486 women (of whom 2,923 were married) were recorded as unpaid assistants compared with 1,193 who received a wage and salary (381).

In 1921 the census form asked people to record themselves as an “Assistant” – a group included amongst ‘breadwinners’, “if assisting in any occupation but not receiving wages or salary”. (ABS Census 1921,16). While this census recorded a marked decline in the proportion of women reporting this status, the discussion in the Statistician’s Report, and other features of the data, suggest that it was recording valid responses.^{652,653} However a historical table in the same publication, which reported on the distribution of employment over time by state, records that in Victoria the proportion of employed women classified this way had jumped from 1.1 per cent in 1891 to 5.0 percent in 1901 and then fell to 0.5 per cent in 1911 and 0.1 per cent in 1921 (216). A similar, but smaller, anomalous pattern was also recorded for males in Victoria in 1901 (214).

In 1954 the instructions read: “Employees or relatives should not be described as ‘helping but not receiving wages or salary’ unless they are assisting in the operation of a business or farm for a substantial part of their time, and are not more correctly classified under one of the headings in question 11 [Persons not engaged in an industry, profession business trade or service]” (ABS Census 1954, 16).

While practice changed over time, and this question introduced some uncertainty into the precision of the data, the available information suggests that, other than in rural employment, a sector which declined in importance

⁶⁵² One indication that this classification was recording some substantive data for women can be seen in looking at the proportion of women classified as assisting by religion, a variable which was likely to be both associated with class and with sector of industry. While across all women the rate was 0.12 per cent, this was 0.09 per cent for those identifying as Church of England, 0.18 per cent for Roman Catholics and 0.29 per cent for Lutherans (who were much more likely to be in rural locations and had a much lower rate of overall female paid workforce engagement) (ABS Census 1921, 396-397). This variation would suggest that there was no arbitrary reclassification.

⁶⁵³ This issue persisted and impacted other data collections. In the 1945 and 1946 Labour Report ABS discussed this group also drawing upon data it received from businesses. It presented its analysis as: “Male unpaid ‘helpers’ in rural industry, who numbered about ... 33,000 in March 1946, have been included with employers and workers on own account, as it is considered that the majority of these are sons or other close relatives of farmers working in an unofficial partnership or as learners with the farm owner. Unpaid ‘helpers’ in other industries, who numbered about 6,000 males and 4,000 females in June, 1933, have been included with wage and salary earners. Unpaid female ‘helpers’ on farms are very numerous, some 22,000 being shown on Agricultural and Pastoral Statistics returns for March 1946. Generally they are occupied mainly in home duties” (ABS 6101.0 1945-1946, 110-111). On this basis they were excluded. Again proportionally this group is small in the context of the ratios considered here, representing just 0.3 per cent of the number of women who were classified as ‘occupied’ in June 1946.

over time, it is a marginal concern, rather than representing a blanket exclusion of this group of women, or as a factor which significantly affects the estimates used here.

A1.2 Part-Time Employment

The approach to part-time employment in censuses also varied. In part this is linked with the above issue and an underlying question of whether people should be coded by their major activity or whether primacy should be given to any labour market participation, even if the degree of this is quite low. (While we conventionally use a simple dichotomous classification of either being in, or not being in employment, the utility of this for both economic and social analysis is one which should perhaps be more frequently questioned. It can be suggested that rather than just being seen as a source of inconsistency, it is an issue that these early statisticians were more willing to grapple with than we are today.) It also reflects the extent to which most market employment was on a full-time basis and in this context working fewer hours was more associated with ‘short-work’, rather than as an alternative form of employment.

In 1933 part-time work was a focus of specific questions and was extensively reported on in census publications. This though did not focus so much on it as a form of employment but, as noted above, as a concern about the extent of ‘short-working’ associated with the Depression. The 1947 instructions for the form were such to exclude “People working regularly but for considerably less than normal working hours ... unless they look to their earnings from such work for their main livelihood” (ABS Census 1947, 13). This was not repeated in subsequent censuses, although the instruction in 1954, as discussed above, concerning work for a “substantial part of their time” may have had an influence on reporting part-time unpaid work. Since 1961 ABS has collected data on hours worked, but not regularly differentiating employment by full- and part-time status in publications until the mid-1960s.

The 1966 census also saw the ABS adopt labour force questions approximating the standard arising from the 1954 8th International Conference of Labour Statisticians. In reporting on this change ABS indicated: “The net effect of the new definition is to include approximately 108,000 additional persons in the Australian work force i.e. a proportionate increase in the Australian work force of approximately 2.3 per cent. The major factor in this change was females working part-time (sometimes for only a few hours a week) some of whom in 1961 did not consider themselves as ‘...engaged in an industry, business, profession, trade or service’” (ABS Census 1966, Bulletin 9.7). No details of how this was derived appear to be available.

Appendix 2 Derivation of CPI Series

A specific price series has been developed for this analysis. There were two reasons for this. The first related to the need for a quarterly time series, given the periods over which the minimum wage was indexed on a quarterly basis. The second related to concerns about index construction in the initial decades of the twentieth century.

A single consistent quarterly historical CPI series is not available for Australia. Current ABS data are available quarterly from September 1948 (ABS 6401.0), with irregular publication of an annual time series to 1901 (for example, ABS 6461.0 2011, 12). An alternative long time series, commencing in 1851, is also available (Butlin, Dixon and Lloyd (2014, 590-594)), but only on an annual basis, as is a related series from MeasuringWorth (Hutchinson and Ploeckl (2017)).

Although in general conducted with some rigour, the validity of aspects of Australian price series over time can be questioned, especially in the earlier years. Weaknesses include: the limitation of the basket of goods used; the relatively infrequent re-weighting of the basket until the development of the CPI and the conduct of regular Household Expenditure Surveys; and the quality of price data, including a concept in the early periods of the index being based upon “standard” commodities.⁶⁵⁴

There is also, as has been discussed in the body of this work, the question of the interpretation of ‘CPI adjusted’ measures of wages and income over the timescales considered here. This is largely outside of consideration here.⁶⁵⁵

The development of the series used here had two main elements. The first was determination of a satisfactory time series for the initial period, generally accepted as being up to 1914, the point to which the ‘C’ series had been backcast by the ABS in the 1920s (ABS 6101.0 1922, Chpt VII). The second was the re-creation of a quarterly time series from the annualised ABS data up until 1948. The major work undertaken and presented here concerned the development of the pre-1914 series.

⁶⁵⁴ While, as indicated above, I consider that most of the ABS price data (but not necessarily indexes) to be relatively robust, it is not without problems, in particular where it moved away from a relatively simple set of basic commodities. Sir Roland Wilson has recounted some of the problems with price data in the history of ABS: “The retail price index was a bloody mess and that’s praising it ... just giving an example – a pair of curtains, ... When I looked at it I found the prices varied in one state from 6/11d. to 96/11d. There might be three or four quotes that were solemnly averaged and that was the price of a pair of curtains.” (ABS. 1382.0 2005, 63).

⁶⁵⁵ With respect to the relevance of these questions to the analysis here, and in particular the derivation of a pre-1914 series, N.G. Butlin reflects that “we have become so adapted to radical and continuous change in consumers’ tastes, and in the qualitative character of goods and services that ... [we] may be unduly critical of long-term price adjustment”, and that in contrast “before 1920 the changes that were important were changes in quantity ... rather than the qualitative character of goods and services produced” (1962, 35). [In his text Butlin refers to the viewpoint from the “second quarter” of the twentieth century, given he was writing in the early 1960s it might be more relevant to see this as the “second half”.

A2.1 Deriving a CPI Series to 1914

A number of attempts have been made by researchers to derive a “pre-‘C’ series” consumer price index, or measure of price change (including in some cases GDP deflators). These include N.G. Butlin (1962), Bambrick (1973) M.W. Butlin (1977), McLean and Woodland (1992),⁶⁵⁶ Allen (1994) and McLean (1999).

This work has been drawn together in a range of other studies which have been adopted extensively in academic work. Such studies include Shergold (1987), Hutchinson (2012), and most recently by Butlin, Dixon and Lloyd (2014) in the *Cambridge Economic History of Australia* (Ville and Withers (2014)).⁶⁵⁷

A selection of these, along with the alternative series developed and used in this analysis, labelled as ‘Bray’, are shown in Figure A 2.1 for the period 1901–1914.⁶⁵⁸

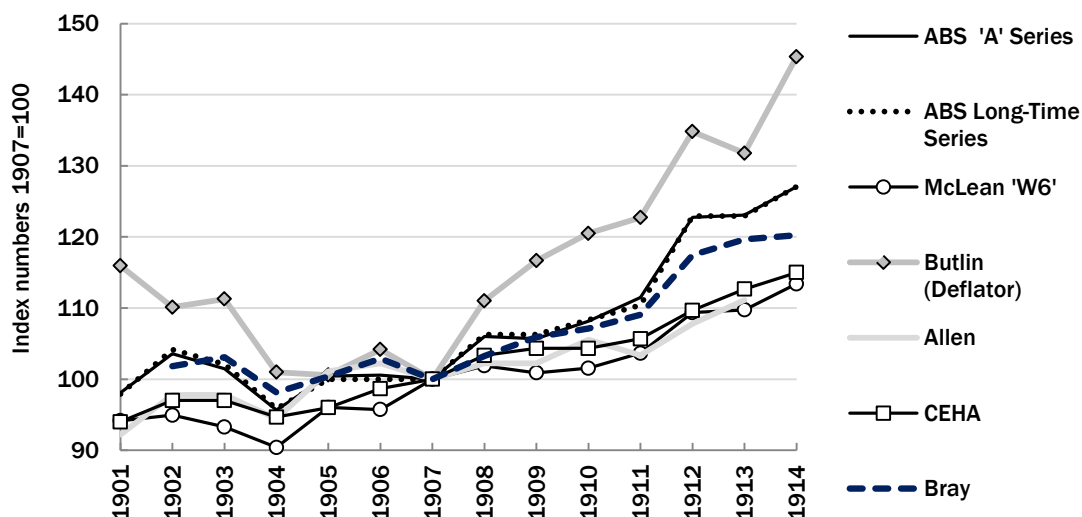
⁶⁵⁶While McLean and Woodland (1992) produced an index for the period 1850 to 1914, their specific aim was “to estimate a consumer price index ... which may be linked with the ‘A’ series after 1901” (2).

⁶⁵⁷ Butlin, Dixon and Lloyd 2014 is the Statistical Appendix to the *Cambridge Economic History of Australia* (CEHA). The CPI series contained in this uses Hutchinson (2012) as a source.

This in turn uses McLean (1999) for the period 1850–51 to 1912–1913 and Shergold (1987, Table PC31) for the period 1913–14 to 1950–51, along with adjustment to financial years. After these initial periods it uses the ABS CPI.

The series developed by Shergold uses Bambrick (1970) for the period 1900 to 1963–64. Bambrick’s revisions to the ABS ‘C’ series (Bambrick 1969) have been subject to strong criticism by Haig (2001, 8).

⁶⁵⁸ Here the primary interest is in using a deflator to obtain a measure of real income as a measure of purchasing power and hence relative well-being. An alternative is the GDP deflator, effectively looking at changes in producer wages, rather than the outcomes for wage earners. Using data from the CEHA Statistical Appendix (Butlin, Dixon and Lloyd 2014), average weekly earnings increased by 322 per cent between 1900 and 2010, viewed as a producer wage. When deflated by consumer prices, the increase was 494 per cent. These figures are however not comparable with the estimates used here. The estimated average wage used in the CEHA for 1912, for example, is \$3.22. In comparison the ABS estimates that the average wage of Adult male workers in 1912 was \$5.39 (ABS 6101.0 1913–1914, 54). Data by gender for average wages in manufacturing in the same year indicates an average for males of \$4.93 and for females \$1.98, including junior employees in both cases, giving a weighted average of \$4.15 (ABS 6101.0 1912, 7).

Figure A 2.1 Measures of Consumer Price Change, Australia, 1901 to 1914

Note: All series have been rebased to 100 in 1907, treating a financial year as a calendar year. Reference period is: Financial Year: Butlin, CEHA; Calendar year: ABS 'A' Series, ABS Long Time Series, Bray (Based on average of previous and current year November estimate); Not stated: Allen.

Data for chart is at Table A 2.2.

Source: ABS 'A' series: ABS 6101.0 various.

ABS Long Time series: ABS 6461.0 (2011, 12).

McLean 'W6': McLean and Woodland (1992, Appendix Tables 1 & 3).

Butlin (1977, Table IV.2)

Allen: Allen (1994, Table 6A).

CEHA: Butlin, Dixon and Lloyd (2014, 590–594).

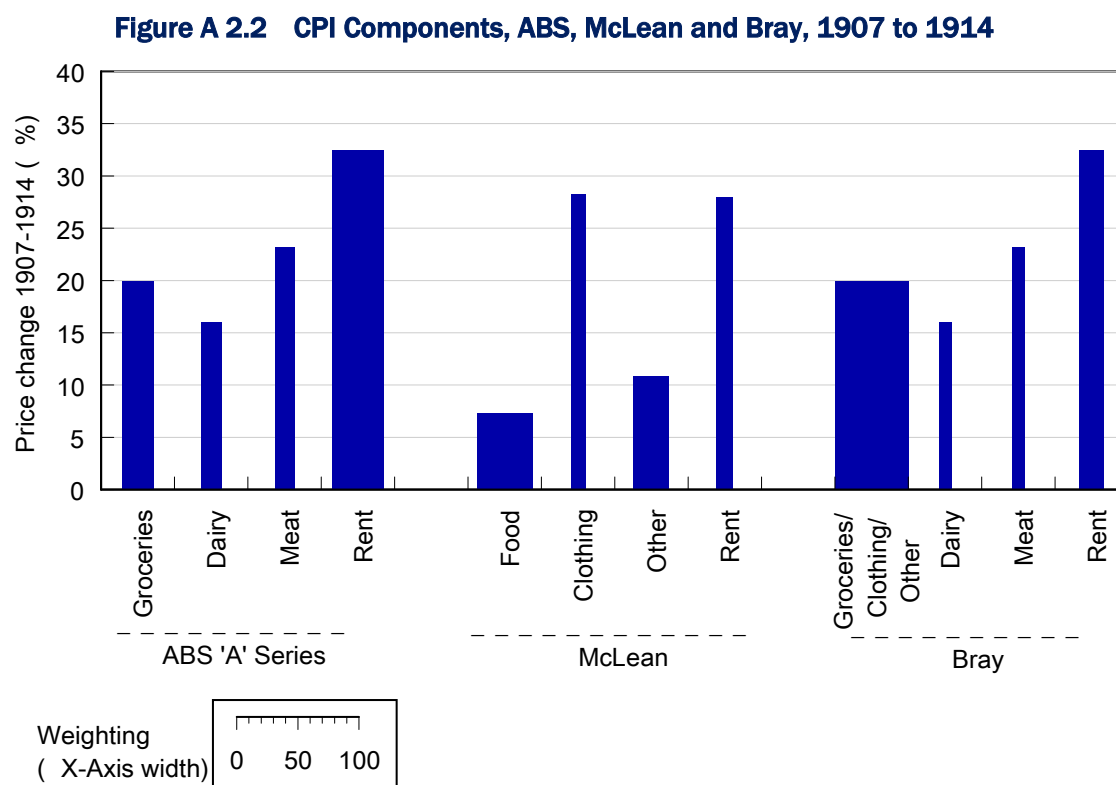
Bray: refer text.

The chart clearly shows a lack of consensus in these series. While this exists for the whole of the period since 1901, of interest here are the changes between 1907 and 1914, that is between the Harvester decision and availability of the ABS 'C' series. The estimated growth in prices over this period varies from 45.3 per cent (Butlin)⁶⁵⁹ to 13.4 per cent (McLean). The ABS 'A' Series (treating the November figures as annual figures, as is done in the long time series produced by ABS) shows a 27.1 per cent increase, while the series developed for this analysis ('Bray') shows an increase of 20.2 per cent. While a full-time series from Allen is not available, it tends to track the McLean series. The differences in these series relate to: differences in the scope of items included in the indexes; different estimates of the rate of commodity price changes; differences in the weighting regime for the index; and potentially timing.⁶⁶⁰ The extent of differences in the measurement of

⁶⁵⁹ This very strong growth reflects the fact that 1907 was the lowest value for this series, following a strong fall from 1901.

⁶⁶⁰ Over some periods the original 'A' series and the backcast 'C' series are only available as estimates as of November each year. ABS appear however to use these as full-year estimates. In the series developed here the estimates derived from the November data are in the first instance treated as December quarter estimates, with the other months calculated by linear extrapolation and averaged to obtain an annual estimate. McLean and Woodland (1992, 10) report they sought to use annual average prices.

classes of products and the weightings of the index for the ABS 'A' Series, McLean and Bray are shown in Figure A 2.2.



Notes:

Height of bar indicates price change in component, width represents relative weight.

ABS 'A' Series: Weights derived from regression against 1901–1915 aggregate using individual components of scale, 1907–1914 component price movement as published.

McLean: Average of 1910 and 1913 Weights (Table 4), 1907–1914 component price movement (Appendix Table 7).

Bray: As discussed in text.

Data for chart is at Table A 2.3.

Source: ABS 6101.0 (various), McLean and Woodland (1992).

In the case of the ABS 'A' series it is clear that the limited range of commodities included resulted in a very high weighting for housing costs, with this element driving the scale. In the case of the McLean scale a key issue is the disparity between the price movement of its aggregate component for food, and those of the individual food components used by the ABS. McLean's increase of 7.4 per cent in the price of food between 1907 and 1914 sits well below any of the three food groups used in the ABS series (see Figure A 2.2). A review of the more detailed 46 product prices which ABS published at a capital city level, and contemporary reporting of price change, suggests that changes in the price of food were perhaps more consistent with the ABS rather than the McLean series.

As shown in the first grouping, the ABS 'A' series only comprises food and rent as well as a small number of grocery items such as kerosene, candles and soap. Rent comprises some 42 per cent of the index weighting and shows the strongest growth in price over the period. Groceries have a weight of 25.5 per cent, dairy (which included eggs and ham) a weight of 16.5 per cent, and meat 16.1 per cent. With the exception of clothing (an excluded category in the ABS

series), the price increases used by McLean and Woodland and shown in the second group, are lower than those recorded by the ABS, and their weightings vary significantly, especially with respect to rent which only accounts for 13.9 per cent of the index.⁶⁶¹ This proportion, while in line with the results of the 1913 ABS survey of expenditure (ABS 6101.0 November 1913), appears to be low. In the first instance the proportion of spending on housing in this survey relates to all housing expenditure, not just rent, and a significant proportion of the households in the survey were owners and purchasers, who had lower housing costs than renters (25). In addition, given that the survey only had a 6 per cent response rate, and some apparent bias towards higher income households, some reservations must be held concerning its representativeness. Using ABS data on rents in 1907 (ABS 6101.0 1911, xiii), the rent of a 4 room house in Sydney was the equivalent to 28.2 per cent of the Harvester wage, and in Melbourne 21.2 per cent.

Taking this into account, the series derived here has adopted a simple weighting pattern, with a weight of 20 per cent for rent, 10 per cent each for dairy and meat (relative to budget shares in 1913 of some 8 per cent and 10.5 per cent respectively) and 60 per cent for groceries and other items. This latter seeks to take account of the broad range of expenditures not included in the ABS 'A' series. Notwithstanding this, the price index for 'groceries' has been used for this component, noting that this element already incorporates some items such as kerosene, candles and soap and hence may provide some insight into the changes in price of a wider range of manufactured products.⁶⁶²

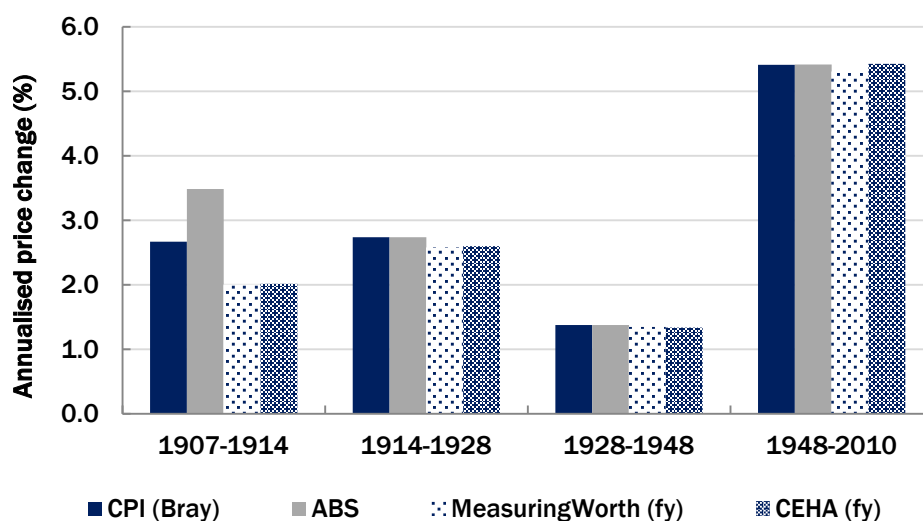
A2.2 CPI: Post-1914

The variations in the available price series post-1914 are less significant. Four annual series are presented in Figure A 2.2, the Bray CPI series as described below, the long-term ABS series, the Hutchinson and Ploeckl series provided by MeasuringWorth and the time series in the CEHA (nominally based on Hutchinson and Ploeckl).

⁶⁶¹ McLean uses a series of linked indexes with a reweighted basket in 1900 and 1913. Illustrated in the chart is an average of these two years which provides a weighting of 'Food': 45.2 per cent; 'Clothing': 12.1 per cent; 'Other': 28.9 per cent; and 'Rent': 13.9 per cent.

⁶⁶² In the next seven year period, 1914–1921, for which details of some of these elements are available, the increase in the price of food was 48.2 per cent, clothing 65.3 per cent and 'miscellaneous' expenditure 34.9 per cent. However prices were volatile over the period and potentially impacted by the war. (ABS 6101.0 various)

Figure A 2.3 Comparison of Price Indexes, 1907 to 2010



Note:

MeasuringWorth and CEHA are for financial years ending 30 June of indicated year.

Sources:

Bray: As discussed in text.

ABS: ABS (6461.0, 12).

MeasuringWorth: Hutchinson and Ploeckl (2017)

CEHA: Butlin, Dixon and Lloyd 2014

Although, as illustrated, there are marked differences between the series for the 1907–1914 period, these are less marked in the following three periods. Between 1914 and 2010 the ABS series and the Bray series both grew at a compound rate of 4.17 per cent per annum, the CEHA by 4.15 per cent and the MeasuringWorth by 4.07 per cent.

A2.3 Deriving a Quarterly Series

While the ABS provides a long-term annual series, a consistent quarterly series is only available from September 1948. The quarterly series used here has been derived in three stages.

The first series, for the period up to 1914 has been based on the Bray series described above, treating the November points as December quarters, and deriving the intervening quarters by linear interpolation.

A second series for the period 1914 to 1952, is based on the ABS annual series. It has been derived by using the proportional Denton method (Bloem, Dippelsman and Mæhle 2001).⁶⁶³ For this a quarterly series has been interpolated using the ABS original ‘C’ series from 1921, and linear interpolations of the ABS time series of November ‘C’ series estimates prior to this date as a reference series.

⁶⁶³ The computation was undertaken using the Stata Denton routine (Baum and Hristakeva 2014).

The third series is the ABS CPI series from 1948 using two of the published series (ABS 6401.0 December 2010 & June 2017) and rebasing the latter to the former base.

The compiled series uses the first series to December 1914, the second to December 1952⁶⁶⁴ and the third from that date. In all cases the series were combined and scaled on the basis of the average base of the year prior to the compilation date.

⁶⁶⁴ The series up to December 1952 was based on the scaling of the ABS series, with the index value being just 6.7 in September 1948, making it relatively insensitive to change.

Table A 2.1 Quarterly CPI Estimates, 1907 to 2018

Quarter	CPI	Quarter	CPI	Quarter	CPI	Quarter	CPI	Quarter	CPI
Mar-1907	12.6	Mar-1919	21.5	Mar-1931	20.2	Mar-1943	25.1	Mar-1955	52.0
Jun-1907	12.8	Jun-1919	22.3	Jun-1931	19.7	Jun-1943	25.5	Jun-1955	52.5
Sep-1907	12.9	Sep-1919	23.2	Sep-1931	19.1	Sep-1943	25.3	Sep-1955	52.9
Dec-1907	12.5	Dec-1919	24.0	Dec-1931	18.9	Dec-1943	25.0	Dec-1955	53.4
Mar-1908	13.2	Mar-1920	25.0	Mar-1932	18.9	Mar-1944	25.0	Mar-1956	53.8
Jun-1908	13.0	Jun-1920	25.7	Jun-1932	18.7	Jun-1944	25.0	Jun-1956	55.6
Sep-1908	12.7	Sep-1920	26.1	Sep-1932	18.4	Sep-1944	25.0	Sep-1956	56.9
Dec-1908	13.5	Dec-1920	26.1	Dec-1932	18.0	Dec-1944	25.0	Dec-1956	56.9
Mar-1909	13.4	Mar-1921	24.2	Mar-1933	17.7	Mar-1945	24.9	Mar-1957	56.9
Jun-1909	13.4	Jun-1921	22.8	Jun-1933	17.7	Jun-1945	25.0	Jun-1957	57.4
Sep-1909	13.5	Sep-1921	21.8	Sep-1933	17.8	Sep-1945	25.0	Sep-1957	57.4
Dec-1909	13.4	Dec-1921	21.2	Dec-1933	17.8	Dec-1945	25.1	Dec-1957	57.4
Mar-1910	13.6	Mar-1922	21.6	Mar-1934	18.0	Mar-1946	25.2	Mar-1958	57.8
Jun-1910	13.6	Jun-1922	21.7	Jun-1934	18.3	Jun-1946	25.5	Jun-1958	57.8
Sep-1910	13.5	Sep-1922	21.9	Sep-1934	18.3	Sep-1946	25.5	Sep-1958	57.8
Dec-1910	13.7	Dec-1922	21.8	Dec-1934	18.4	Dec-1946	25.7	Dec-1958	58.3
Mar-1911	13.9	Mar-1923	21.7	Mar-1935	18.4	Mar-1947	25.9	Mar-1959	58.7
Jun-1911	13.8	Jun-1923	22.3	Jun-1935	18.4	Jun-1947	26.1	Jun-1959	58.7
Sep-1911	13.7	Sep-1923	22.6	Sep-1935	18.6	Sep-1947	26.6	Sep-1959	59.2
Dec-1911	13.9	Dec-1923	22.3	Dec-1935	18.6	Dec-1947	27.3	Dec-1959	59.6
Mar-1912	15.1	Mar-1924	22.1	Mar-1936	18.5	Mar-1948	28.1	Mar-1960	60.0
Jun-1912	14.7	Jun-1924	22.1	Jun-1936	18.6	Jun-1948	28.9	Jun-1960	60.9
Sep-1912	14.3	Sep-1924	21.9	Sep-1936	18.9	Sep-1948	29.7	Sep-1960	61.8
Dec-1912	15.5	Dec-1924	21.9	Dec-1936	19.1	Dec-1948	30.4	Dec-1960	62.3
Mar-1913	15.1	Mar-1925	21.9	Mar-1937	19.2	Mar-1949	30.9	Mar-1961	62.7
Jun-1913	15.2	Jun-1925	22.0	Jun-1937	19.4	Jun-1949	31.7	Jun-1961	63.2
Sep-1913	15.4	Sep-1925	22.1	Sep-1937	19.6	Sep-1949	32.3	Sep-1961	62.7
Dec-1913	15.0	Dec-1925	22.1	Dec-1937	19.8	Dec-1949	33.1	Dec-1961	62.7
Mar-1914	15.3	Mar-1926	22.3	Mar-1938	19.8	Mar-1950	33.6	Mar-1962	62.7
Jun-1914	15.2	Jun-1926	22.8	Jun-1938	19.9	Jun-1950	34.5	Jun-1962	62.7
Sep-1914	15.1	Sep-1926	22.5	Sep-1938	20.2	Sep-1950	35.2	Sep-1962	62.7
Dec-1914	15.4	Dec-1926	22.4	Dec-1938	20.2	Dec-1950	36.7	Dec-1962	62.7
Mar-1915	16.6	Mar-1927	22.2	Mar-1939	20.5	Mar-1951	38.1	Mar-1963	62.7
Jun-1915	17.3	Jun-1927	22.1	Jun-1939	20.5	Jun-1951	40.6	Jun-1963	62.7
Sep-1915	17.9	Sep-1927	22.3	Sep-1939	20.4	Sep-1951	43.0	Sep-1963	63.2
Dec-1915	18.2	Dec-1927	22.5	Dec-1939	20.6	Dec-1951	45.3	Dec-1963	63.2
Mar-1916	17.9	Mar-1928	22.3	Mar-1940	20.7	Mar-1952	46.7	Mar-1964	63.6
Jun-1916	17.7	Jun-1928	22.4	Jun-1940	21.2	Jun-1952	49.2	Jun-1964	64.0
Sep-1916	17.7	Sep-1928	22.2	Sep-1940	21.3	Sep-1952	50.0	Sep-1964	64.9
Dec-1916	17.7	Dec-1928	22.1	Dec-1940	21.8	Dec-1952	50.1	Dec-1964	65.4
Mar-1917	18.2	Mar-1929	22.8	Mar-1941	22.0	Mar-1953	50.7	Mar-1965	65.8
Jun-1917	18.6	Jun-1929	22.7	Jun-1941	22.1	Jun-1953	51.1	Jun-1965	66.7
Sep-1917	19.0	Sep-1929	22.7	Sep-1941	22.3	Sep-1953	51.6	Sep-1965	67.2
Dec-1917	19.2	Dec-1929	22.8	Dec-1941	22.7	Dec-1953	51.1	Dec-1965	68.0
Mar-1918	19.5	Mar-1930	22.3	Mar-1942	23.3	Mar-1954	51.6	Mar-1966	68.5
Jun-1918	19.8	Jun-1930	22.2	Jun-1942	24.0	Jun-1954	51.6	Jun-1966	68.9
Sep-1918	20.2	Sep-1930	21.7	Sep-1942	24.6	Sep-1954	51.6	Sep-1966	68.9
Dec-1918	20.6	Dec-1930	20.8	Dec-1942	25.0	Dec-1954	51.6	Dec-1966	69.8

Appendix 2: Derivation of CPI Series

Quarter	CPI	Quarter	CPI	Quarter	CPI	Quarter	CPI	Quarter	CPI
Mar-1967	70.3	Mar-1979	183.7	Mar-1991	470.5	Mar-2003	628.4	Sep-2017	884.5
Jun-1967	70.7	Jun-1979	188.6	Jun-1991	471.4	Jun-2003	628.4	Dec-2017	895.7
Sep-1967	72.0	Sep-1979	193.0	Sep-1991	474.1	Sep-2003	632.0	Mar-2018	899.7
Dec-1967	72.0	Dec-1979	198.8	Dec-1991	478.5	Dec-2003	635.1	Jun-2018	902.2
Mar-1968	72.5	Mar-1980	203.2	Mar-1992	478.5	Mar-2004	640.9	(a)	
Jun-1968	72.9	Jun-1980	209.0	Jun-1992	477.2	Jun-2004	644.0		
Sep-1968	73.4	Sep-1980	212.6	Sep-1992	477.7	Sep-2004	646.7		
Dec-1968	73.8	Dec-1980	217.0	Dec-1992	479.9	Dec-2004	651.5		
Mar-1969	74.7	Mar-1981	222.4	Mar-1993	484.3	Mar-2005	656.0		
Jun-1969	75.2	Jun-1981	227.3	Jun-1993	486.1	Jun-2005	660.0		
Sep-1969	75.6	Sep-1981	231.7	Sep-1993	488.3	Sep-2005	666.2		
Dec-1969	76.1	Dec-1981	241.5	Dec-1993	489.2	Dec-2005	669.8		
Mar-1970	76.9	Mar-1982	245.9	Mar-1994	491.0	Mar-2006	675.6		
Jun-1970	77.8	Jun-1982	251.7	Jun-1994	494.6	Jun-2006	686.2		
Sep-1970	78.3	Sep-1982	260.6	Sep-1994	497.7	Sep-2006	692.5		
Dec-1970	79.6	Dec-1982	268.2	Dec-1994	501.7	Dec-2006	691.6		
Mar-1971	80.5	Mar-1983	274.0	Mar-1995	510.1	Mar-2007	692.0		
Jun-1971	81.8	Jun-1983	279.7	Jun-1995	516.8	Jun-2007	700.5		
Sep-1971	83.6	Sep-1983	284.6	Sep-1995	523.0	Sep-2007	705.4		
Dec-1971	85.4	Dec-1983	291.3	Dec-1995	527.0	Dec-2007	712.0		
Mar-1972	86.3	Mar-1984	290.0	Mar-1996	529.2	Mar-2008	721.4		
Jun-1972	87.2	Jun-1984	290.9	Jun-1996	532.8	Jun-2008	732.0		
Sep-1972	88.5	Sep-1984	294.4	Sep-1996	534.1	Sep-2008	740.5		
Dec-1972	89.4	Dec-1984	298.9	Dec-1996	535.0	Dec-2008	738.3		
Mar-1973	91.2	Mar-1985	302.9	Mar-1997	535.9	Mar-2009	739.2		
Jun-1973	94.3	Jun-1985	310.0	Jun-1997	534.6	Jun-2009	742.7		
Sep-1973	97.4	Sep-1985	317.1	Sep-1997	532.4	Sep-2009	749.8		
Dec-1973	101.0	Dec-1985	323.3	Dec-1997	533.7	Dec-2009	753.8		
Mar-1974	103.6	Mar-1986	330.9	Mar-1998	535.0	Mar-2010	760.5		
Jun-1974	108.1	Jun-1986	336.2	Jun-1998	538.1	Jun-2010	765.4		
Sep-1974	113.4	Sep-1986	345.1	Sep-1998	539.5	Sep-2010	770.7		
Dec-1974	117.4	Dec-1986	354.9	Dec-1998	542.1	Dec-2010	773.8		
Mar-1975	121.9	Mar-1987	362.0	Mar-1999	541.7	Mar-2011	785.4		
Jun-1975	126.3	Jun-1987	367.4	Jun-1999	543.9	Jun-2011	792.6		
Sep-1975	127.2	Sep-1987	373.6	Sep-1999	548.8	Sep-2011	797.4		
Dec-1975	134.3	Dec-1987	380.3	Dec-1999	551.9	Dec-2011	797.4		
Mar-1976	137.9	Mar-1988	386.9	Mar-2000	556.8	Mar-2012	798.2		
Jun-1976	141.4	Jun-1988	393.6	Jun-2000	561.3	Jun-2012	802.2		
Sep-1976	145.0	Sep-1988	401.2	Sep-2000	582.2	Sep-2012	813.4		
Dec-1976	153.4	Dec-1988	409.2	Dec-2000	583.9	Dec-2012	815.0		
Mar-1977	157.0	Mar-1989	413.2	Mar-2001	590.2	Mar-2013	818.2		
Jun-1977	160.6	Jun-1989	423.4	Jun-2001	595.1	Jun-2013	821.4		
Sep-1977	163.7	Sep-1989	433.2	Sep-2001	596.8	Sep-2013	831.0		
Dec-1977	167.7	Dec-1989	441.2	Dec-2001	602.2	Dec-2013	837.3		
Mar-1978	169.9	Mar-1990	448.7	Mar-2002	607.5	Mar-2014	842.1		
Jun-1978	173.4	Jun-1990	455.9	Jun-2002	612.0	Jun-2014	846.1		
Sep-1978	176.6	Sep-1990	459.4	Sep-2002	616.0	Sep-2014	850.1		
Dec-1978	180.6	Dec-1990	471.4	Dec-2002	620.4	Dec-2014	851.7		

(a) June 2018 has been estimated on the basis of the 2018-19 Budget forecast of CPI growth of 3 per cent in the year to June 2018. (Australian Government 2018, 1-10).

Table A 2.2 Data for Figure A 2.1 Measures of Consumer Price Change, Australia, 1901 to 1914

	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914
ABS 'A' Series	98.1	103.6	101.4	95.7	100.4	100.6	100.0	106.0	105.7	108.1	111.5	122.7	123.1	127.1
ABS Long-Time Series	97.9	104.2	102.1	95.8	100.0	100.0	100.0	106.3	106.3	108.3	110.4	122.9	122.9	127.1
McLean 'W6' Butlin (Deflator)	94.1	94.9	93.3	90.4	96.0	95.7	100.0	101.9	100.9	101.5	103.7	109.4	109.7	113.4
Allen	115.9	110.1	111.3	101.0	100.6	104.2	100.0	111.0	116.7	120.5	122.7	134.8	131.8	145.3
CEHA	92.2	97.8	97.8	94.4	101.1	102.2	100.0	102.2	102.2	105.6	103.3	107.8	111.1	-
Bray	94.0	97.0	97.0	94.7	96.0	98.7	100.0	103.3	104.3	104.3	105.7	109.7	112.7	115.0
	-	101.8	103.1	98.2	100.4	102.9	100.0	103.3	105.9	107.1	109.1	117.4	119.6	120.2

Notes and sources: As per figure.

Table A 2.3 Data for Figure A 2.2 CPI Components, ABS, McLean and Bray, 1907 to 1914

Series	Commodity	Price Change	Quantity
		- % -	
ABS 'A' Series	Groceries	20.0	25.5
	Dairy	16.0	16.5
	Meat	23.2	16.1
	Rent	32.5	42.0
McLean	Food	7.4	45.2
	Clothing	28.3	12.1
	Other	10.9	28.9
	Rent	28.0	13.9
Bray	Groceries/ Clothing/Other	20.0	60.0
	Dairy	16.0	10.0
	Meat	23.2	10.0
	Rent	32.5	20.0

Notes and sources: As per figure.

Table A 2.4 Data for Figure A 2.3 Comparison of Price Indexes, 1907 to 2010

	ABS	MeasuringWorth (fy)	CEHA (fy)	CPI (Bray)
	Annualised Price Change (%)			
1907-1914	3.5	2.0	2.0	2.7
1914-1928	2.7	2.6	2.6	2.7
1928-1948	1.4	1.3	1.3	1.4
1948-2010	5.4	5.3	5.4	5.4

Notes and sources: As per figure.

Appendix 3 The Value of the Minimum Wage 1907–2017

While for most of the time a compiled time series for the male Australian minimum wage is available, in particular between 1923 and 1979 when ABS regularly published data, and from 1997 on, at other times the data are less transparent. In the initial phase the key reason was the determination of the wage through specific, and at times irregular, decisions relating to individual awards, rather than a setting of the wage per se. This was further complicated by some differences in approach in the setting of the wage by Higgins and Powers who used different indexation strategies. From 1978 to 1997, as detailed in the text, an issue arises because of the role of the Metal Industry Award.

This appendix initially considers these two periods for which data are not readily available, and then documents the consolidated time series used in analysis. A further issue over most of the period, was that the wage took a range of values for different locations, or at times combinations of locations. To the extent possible the series as presented here is for Melbourne. At most points in time this series is very close to the ‘six Capitals’ series which can be considered as representing the “National” wage.⁶⁶⁵

A3.1 Minimum Wage to 1923

Table A 3.1 details the award decisions used to construct the minimum wage series from 1907 to 1923.⁶⁶⁶ In citing these cases, extracts from the judgements are provided to give some insight into the methodology used in the setting of the rate and the extent of referencing back to the Harvester decision.

Table A 3.1 Minimum Wage Decisions, 1907 to 1923

Date	Decision	Title	Rationale for/statement of decision	Rate per week
Nov. 1907	2 CAR 1	‘Harvester’ Ex Parte H.V. McKay		42s.
Dec. 1911	5 CAR 9	Federated Engine-Drivers’ and Firemen’s Association of Australasia v. Broken Hill Proprietary Co Ltd and Others.	“There seems to be no doubt that the cost of living is increasing” (14). “I must have stronger and more precise, cogent detailed evidence before I give quantitative expression to the increase in the cost of living” (16).	42s.
Sep. 1913	7 CAR 58	Federated Gas Employees’ Industrial Union v. The Metropolitan Gas Company and Others.	“.. it seems clear that if the medium of 7s. per day was the proper wage in Melbourne in 1907, 8s. 5 ¼ d. is the proper wage now (70). Awarded “Yardmen ... and all other labourers 8s. 6d. per day” (77).	51s.

⁶⁶⁵ This appendix draws upon work on developing a long time series presented in Bray (2013).

⁶⁶⁶ As noted, this series represents a selection of decisions chosen to reflect the Melbourne rate wherever possible. Some duplicate rates are included to provide where possible minimum annual plotting points.

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Date	Decision	Title	Rationale for/statement of decision	Rate per week
Aug. 1915	9 CAR 181	Federated Artificial Manure Trade and Chemical Workers' Union of Australia and Cuming Smith & Co P/L and Others.	"The basic wage as ascertained and found in 1907 for Melbourne was 7s. per day; and if that finding was correct – there has been no evidence produced to impugn it – the basic wage should not be less than 8s. 10d. for Melbourne" (189).	53s.
Oct. 1915	9 CAR 209	Federated Tanners' and Leather Dressers' Employees Union of Australia and Alderson & Co and Others.	"[reference back to 9 CAR 181] The President fixed 8s. 10d for Melbourne ... I have been asked to fix a flat rate for the three states ... I, therefore propose to fix the minimum wage ... at 9s. a day (216).	54s.
Oct. 1916	10 CAR 465	W. Angliss & Company Pty Ltd. and others and The Australasian Meat Industry Employees' Union.	"If, then, 42s. was the proper basic wage in 1907, the proper basic wage now should be fully £3 per week; and I shall award accordingly" (484).	60s.
Mar. 1917	11 CAR 31	The Federated Glass Founders' Association of Australia and The Australian Glass Manufacturers' Company Ltd & Others.	"The cost of living is higher for 1916 than for 1915; but even in 1915 the figures would point to about 10s. 5d. as the minimum daily wage. I do not see how I could be justified in prescribing less than 10s. 6d. per day, 63s. per week" (33).	63s.
Oct. 1918	12 CAR 427	The Federated Coopers of Australia and The Carlton and United Breweries and Others.	"Now, taking the index numbers supplied by the Commonwealth Statistician ... the basic wage of 42s. for Melbourne in 1907 should now be 63s. at the least ... I may therefore treat the basic wage as 63s. per week. (436).	63s.
May 1919	13 CAR 153	The Australasian Meat Industry Employees' Union v. J.C. Hutton & Co P/L and Others.	"I propose to award the basic rate... 65s. per week in Melbourne, according to the computations made in the office of the Commonwealth Statistician. The computer takes, as usual, my finding of 42s. in Melbourne in 1907 as his starting point" (159).	65s.
Dec. 1919	13 CAR 823	Australian Workers' Union and Adelaide Milling Company and Others.	"It will be noticed that in taking 11s. 6d. as the basic wage for the 30 towns of the Statistician, I have followed my usual practice of starting from my finding of 7s. per day in 1907 in the Harvester Case and of applying thereto the Statisticians scientific estimate of the subsequent changes in the purchasing power of money" (839).	69s.
Dec. 1920	14 CAR 811	Australian Timber Workers' Union and John Sharp & Sons Ltd. and Others.	"Taking, as usual the basic rate for Melbourne in 1907 as being 7s. per day, the Commonwealth Statistician finds that having regard to the increase in the cost of living, the decreased purchasing power of money, the basic rate should now be ... Melbourne, 11s. 10d." (830).	71s.

Appendix 3: The Value of the Minimum Wage 1907–2017

Date	Decision	Title	Rationale for/statement of decision	Rate per week
Apr. 1921	15 CAR 108	Australian Builders' Labourers' Federation and Archer and Others.	"In October 1918 ... the Federal basic wage ... was 63s. per week... If that was a fair rate for Melbourne in 1918, according to the Statistician's statement, 85s. 10d a week is a fair rate in 1921 ... 86s. a week of 44 hours" (121–122). [In this case the actual rate awarded was higher because "more than ordinary loss of time is experienced" (122), however in 15 CAR 269 June 1921 it was stated "I propose to retain the basic wage of £4 6s. until the Statistician's figures for the quarter ending the 30th June are available" (277).]	86s.
Dec. 1921	15 CAR 1144	Federated Rubber Workers of Australia and Dunlop Rubber Company of Australia Ltd and Others.	"and for the reasons I have given in previous judgments delivered yesterday in this Court I propose to adopt as for Melbourne the basic wage of £4 5s., subject to adjustment after April next" (1149–1150).	85s.
Mar. 1922	16 CAR 75	Federated Ship Painters and Dockers' Union and The Commonwealth Steamship Owners' Association and Others.	"The Court fixed on the September figures £4 5s. as a basic wage subject to adjustments to maintain the Harvester judgment standard. The figures for December quarter show a reduction in the cost of living of 3s. 6d. I have therefore fixed the rate at £4 1s. 6d." (77).	81s. 6d.
Jun. 1922	16 CAR 231	Amalgamated Society of Engineers and The Adelaide Steam-Ship Company Ltd and Others.	"The basic wage which in June 1921, was fixed at £4 6s. a week, ought therefore, now to be fixed at 77s. a week on the year's figures, or at 76s. a week on the quarter's figures, plus 3s., whichever method is adopted in arriving at the basic wage. As the original award was based on the twelve months ... I propose to fix 77s. a week" (262).	79s.
Sep. 1922	16 CAR 768	Wool and Basil Workers' Federation of Australia and The Colonial Combing, Spinning and Weaving Company and Others.	"The basic rate fixed in the award is based on the living wage declared in the Harvester judgment with the increases shown by figures of the Commonwealth Statistician and with the addition of 3s. per week ... the sum of 3s. has been added to the present equivalent of the Harvester judgment in order that current fluctuations of the cost of living should not cause the wage-earner to be receiving less than the true equivalent of the Harvester judgement during the quarter ... £4.1.0. (771 & 777).	81s.
Nov. 1922	16 CAR 1067	Australian Builders' Labourers' Federation and Archer and Others.	"I find that the basic wage based on the index numbers for the quarter ending 30th September, 1922, compared with the index numbers for Melbourne in 1907 is ...79s. 6d.... To the weekly wage thus found 3s. per week is added according to the practice of the Court in order to secure the basic wage, leaving the total ... Victoria 82s. 6d." (1079).	82s. 6d.

Date	Decision	Title	Rationale for/statement of decision	Rate per week
Mar-1923	17 CAR 194	Federated Carters' and Drivers' Industrial Union of Australia and Acland and Others.	"The rates in these awards are based on the figures for Melbourne at the end of December, 1920 ... which gave £4 6s. per week as the then equivalent of the Harvester judgement of 7s. per day in 1907...in March, 1923, based on the index number for Melbourne ... for December, 1922, quarter would be £3 19s., plus 3s. equal to £4 2s. per week" (204–205).	82s.

A3.2 Minimum Wage 1978–1997

The second period for which there is some uncertainty is that between 1978 and 1997. This is the period during which the Metal Industry Award progressively became the accepted standard and what may be considered a 'residual' minimum wage, that is the pre-existing minimum wage adjusted in line with National Wage Case Decisions only, largely lapsed.

The pattern of increases over this period are shown in Table A 3.2. The table documents changes made to these two wage series and, to the extent possible, the basis of these. In the table the shaded cells represent an increase which was only awarded to the other wage series. As shown, the increases awarded were variously given as dollar amounts and percentages. The usual methodology in applying a percentage increase is to round the rate to the nearest 10 cents and this approach has been adopted here.

The Metal Industry Award series is based upon the rates published in various Amalgamated Metal Workers' Union⁶⁶⁷, Victorian State Council Newsletters and Information Bulletins.⁶⁶⁸ The rate used to represent the minimum wage is the U308 classification "Employees not elsewhere classified" which is the lowest adult rate payable, and which later became the C14 classification, the basis of the setting of the Federal Minimum Wage in 1997 (71 IR 1, 60).

The table also shows a slight discrepancy in the two rates at the commencement of the series – with the Metal Industry Award U308 classification being \$2.20 a week above the Minimum Wage – a 1.9 per cent difference. This appears to have been a long-running minor difference between the minimum rate in this Award and the Minimum Wage. It is not considered to be material in this context.

⁶⁶⁷ At times also known as the Amalgamated Metal Workers, and Shipwrights, Union.

⁶⁶⁸ It should be noted that in some cases these Bulletins had some incorrect figures due to the transposition of some rates. These have been corrected and the series is consistent with the statements contained in the Bulletins concerning the actual increases awarded.

Table A 3.2 Minimum Wage ‘National Wage Case’ and Metal Industries Series, 1978 to 1997

	Minimum wage	Metal Industry Award (a)	Increase	Basis
7 June 1978	\$ 115.40	\$ 117.60	1.3%	NWC
15 Sept. 1978	\$ 115.40	\$ 122.60	\$5.00	Supplementary payment (b)
12 Dec. 1978	\$ 120.00	\$ 127.50	4.0%	NWC
27 June 1979	\$ 123.80	\$ 131.60	3.2%	NWC
5 Nov. 1979	\$ 123.80	\$ 138.90	\$7.30	Work value case
4 Jan. 1980	\$ 129.40	\$ 145.20	4.5%	NWC
14 July 1980	\$ 134.80	\$ 151.30	4.2%	NWC
9 Jan. 1981	\$ 139.80	\$ 156.90	3.7%	NWC
7 May 1981	\$ 144.80	\$ 162.50	3.6%	NWC
18 Dec. 1981	\$ 144.80	\$ 189.30	\$26.80	Metal Industry Award (1 IR 169)
1 July 1982	\$ 144.80	\$ 200.20	\$10.90	Metal Industry Award (1 IR 169)
6 Oct. 1983	\$ 151.00	\$ 208.80	4.3%	NWC
6 April 1984	\$ 157.20	\$ 217.40	4.1%	NWC
6 April 1985	\$ 161.30	\$ 223.10	2.6%	NWC
4 Nov. 1985	\$ 167.40	\$ 231.60	3.8%	NWC
1 July 1986	\$ 171.30	\$ 236.90	2.3%	NWC
10 March 1987	\$ 181.30	\$ 246.90	\$10.00	NWC Tier 1
				17 IR 65
1 Sept. 1987	\$ 188.60	\$ 256.80	4.0%	NWC Tier 2
				17 IR 65
5 Feb. 1988	\$ 194.60	\$ 262.80	\$6.00	NWC
1 Sept. 1988	\$ 200.40	\$ 270.70	3.0%	NWC first amount
1 March 1989	\$ 210.40	\$ 280.70	\$10.00	NWC second amount
	\$ 220.40	\$ 290.70	\$10.00	NWC Tier 1
20 Sept 1989	\$ 220.40	\$ 295.10	\$4.40	Broadbanding
	\$ 230.40	\$ 305.10	\$10.00	NWC second structural efficiency adjustment \$10
20 March 1990	\$ 230.40	\$ 308.20	\$3.10	\$3.10 Minimum rates
1 Jan. 1991	\$ 230.40	\$ 314.40	\$6.20	Minimum Rates Adjustment
16 April 1991	\$ 236.20	\$ 322.30	2.5%	NWC
1 Sept. 1991	\$ 236.20	\$ 325.40	\$3.10	Minimum Rates Adjustment
1 Dec. 1993	\$ 244.20	\$ 333.40	\$8.00	NWC
22 Sept 1994	\$ 252.20	\$ 333.40	\$8.00	SNA First (catch up for those without first)
22 March 1995	\$ 260.20	\$ 341.40	\$8.00	SNA Second
22 Sept. 1995	\$ 268.20	\$ 349.40	\$8.00	SNA 3rd confirmed
22 April 1997		\$ 359.40	\$10.00	SNR Determination of federal minimum wage ACTU living wage (71 IR 1)

Notes:

(a) Amalgamated Metal Workers' Union (various).

(b) Only for those with no over award payment, otherwise part of the over-award payment was absorbed by the increase.

NWC: National Wage Case

SNA: Safety Net Award

SNR Safety Net Review

A3.3 The Female Minimum Wage

A formal female minimum or basic wage was only declared for the period 1950 to 1966 and from May 1974 until the payment of a single rate to both men

and women was achieved in June 1975. For the purposes of this study a female minimum wage has been derived. For the period up to 1950 this is based on ratios established in decisions, and for the period 1966 to 1974 on the basis of court decisions. These are detailed in Table A 3.3.

Table A 3.3 Female Minimum Wage Relative to Male, 1964 to 1975

Effective Date	Women	Men	Female as proportion of male (%)	Decision Detail (a)
19 June 1964	\$23.00	\$30.70	74.9	ABS 6101.0 1968
11 July 1966	\$24.50	\$36.75	66.7	115 CAR 93 “we should grant some immediate relief to low wage earners ... new minimum wage for adult male employees” (103) Female Basic Wage increased \$1.50 (ABS 6101.0 1968).
1 July 1967	\$25.55	\$37.45	68.2	118 CAR 655 Rates as detailed (664).
25 Oct. 1968	\$26.90	\$38.80	69.3	124 CAR 463 All rates increased by \$1.35 (468).
19 Dec. 1969	\$27.65	\$42.30	65.4	129 CAR 617 “people on low incomes have special problems which we can to some extent alleviate” (625). Minimum wage increased by \$3.50, other rates by 3% (630).
1 Jan. 1971	\$29.30	\$46.30	63.3	135 CAR 244 “we are prepared again to give the minimum wage earner special treatment and to increase the minimum wage by \$4.00 per week” (256). Other rates increased by 6% (247).
19 May 1972	\$31.30	\$51.00	61.4	143 CAR 290 “we have reached the conclusion that once again a disparate increase in the minimum wage for adult males is justified and we increase the present amounts by \$4.70 per week” (307). All other rates increased by \$2.00 (306)
29 May 1973	\$34.40	\$60.00	57.3	149 CAR 75 “We consider the fixation of a minimum wage for Victoria ...of \$60 will bring a proper balance between the claim of the unions and the realities of industrial relations” (84). All other rates increased by 2% plus \$2.50 (81).
23 May 1974	\$57.80	\$68.00	85.0	157 CAR 293 Male minimum set at \$68. Decision on female minimum: “From the beginning of the first pay period to commence on or after 23 May 1974 until the beginning of the pay period in which 30 September 1974 occurs, an amount equal to 85 per cent of the amount payable to an adult male working in the same locality. From the beginning of the pay period in which 30 September 1974 occurs until the beginning of the pay period in which 30 June 1975 occurs, an amount equal to 90 per cent of the amount payable to an adult male working in the same locality” (308).
30 Sept, 1974	\$61.20	\$68.00	90.0	ABS 9101.0 1975, 93.
1 Jan, 1975	\$68.40	\$76.00	90.0	ABS 9101.0 1975, 93.
15 May 1975	\$72.00	\$80.00	90.0	ABS 9101.0 1975, 93.
30 June 1975	\$80.00	\$80.00	100.0	ABS 9101.0 1975, 93.

(a) Reference to ‘minimum wage’ in text is to the male minimum wage.

For the earlier period the following ratios have been applied to the male rate.

- June 1912 to September 1913 75 per cent: This is the proportion established in the Fruitpickers' Case (6 CAR 61) where the minimum rate for women (who were not in occupations competing with men) was set at 36s. a week compared with 48s. for men. (These actual rates were above the prevailing minimum wage rate which was still 42s. to take account of costs of location and access).
- From January 1915 to May 1919 58.8 per cent: This is the relativity established by Powers in 8 CAR 346 and 11 CAR 133.
- From October 1919 to November 1950 54.0 per cent: This reflects the relativity arrived at in the Archer Case (13 CAR 647). This proportion then became the standard relativity as described in the 1969 Equal Pay Case: "generally speaking a relativity was established and retained that the female basic wage was approximately 54 per cent of the male basic wage" (127 CAR 1142, 1152).

A3.4 The Minimum Wage 1907–2016

On the basis of the above elements, and the CPI series as described in Appendix 2, the following nominal and real minimum wage series have been constructed and used in analysis. Table A 3.4 includes, in addition to a minimum wage series for men and women, an estimate of the counterfactual real "constant conditions" adjusted minimum wage for men as described in the text.

Table A 3.4 Nominal and Real Value, Minimum Wage by Gender, 1907 to 2018

	Nominal			CPI	Real (\$June 2018)			
	Male		Female		Male		Female	Male
	Minimum Wage	Residual NWC (g)	Minimum Wage		Minimum Wage	Residual NWC(g)	Minimum Wage	Minimum Adjusted (I)
Nov-1907	\$4.20 (a)	-	#N/A	12.9	\$294.07	-	#N/A	\$294.07
Jun-1912	\$4.20 (a)	-	\$3.15 (h)	15.1	\$251.06	-	\$188.30	\$251.06
Aug-1913	\$4.20 (a)	-	\$3.15 (h)	15.2	\$248.68	-	\$186.51	\$248.68
Sep-1913	\$5.10 (a)	-	\$3.83 (h)	15.2	\$301.97	-	\$226.48	\$301.97
Jan-1915	\$5.10 (a)	-	\$3.00 (h)	15.4	\$298.63	-	\$175.59	\$298.63
Aug-1915	\$5.30 (a)	-	\$3.12 (h)	17.3	\$276.13	-	\$162.36	\$276.13
Oct-1915	\$5.40 (a)	-	\$3.18 (h)	17.9	\$272.75	-	\$160.38	\$272.75
Oct-1916	\$6.00 (a)	-	\$3.53 (h)	17.7	\$306.58	-	\$180.27	\$306.58
Mar-1917	\$6.30 (a)	-	\$3.70 (h)	17.7	\$320.21	-	\$188.29	\$320.21
Oct-1918	\$6.30 (a)	-	\$3.70 (h)	20.2	\$282.04	-	\$165.84	\$282.04
May-1919	\$6.50 (a)	-	\$3.82 (h)	21.5	\$273.15	-	\$160.61	\$273.15
Oct-1919	\$6.50 (a)	-	\$3.51 (h)	23.2	\$252.97	-	\$136.60	\$252.97
Dec-1919	\$6.90 (a)	-	\$3.73 (h)	23.2	\$268.53	-	\$145.01	\$268.53
Dec-1920	\$7.10 (a)	-	\$3.83 (h)	26.1	\$245.28	-	\$132.45	\$245.28
Apr-1921	\$8.60 (a)	-	\$4.64 (h)	24.2	\$320.70	-	\$173.18	\$320.70
Dec-1921	\$8.50 (a)	-	\$4.59 (h)	21.8	\$351.75	-	\$189.94	\$351.75
Mar-1922	\$8.15 (a)	-	\$4.40 (h)	21.2	\$346.13	-	\$186.91	\$346.13
Jun-1922	\$7.90 (a)	-	\$4.27 (h)	21.6	\$330.54	-	\$178.49	\$330.54
Sep-1922	\$8.10 (a)	-	\$4.37 (h)	21.7	\$336.31	-	\$181.61	\$336.31
Nov-1922	\$8.25 (a)	-	\$4.46 (h)	21.9	\$339.19	-	\$183.16	\$339.19
Mar-1923	\$8.20 (b)	-	\$4.43 (h)	21.8	\$339.88	-	\$183.54	\$339.88
May-1923	\$8.15 (b)	-	\$4.40 (h)	21.7	\$338.46	-	\$182.77	\$338.46
Aug-1923	\$8.75 (b)	-	\$4.73 (h)	22.3	\$353.29	-	\$190.77	\$353.29
Nov-1923	\$9.15 (b)	-	\$4.94 (h)	22.6	\$364.54	-	\$196.85	\$364.54
Feb-1924	\$8.75 (b)	-	\$4.73 (h)	22.3	\$354.20	-	\$191.27	\$354.20
May-1924	\$8.55 (b)	-	\$4.62 (h)	22.1	\$349.28	-	\$188.61	\$349.28
Aug-1924	\$8.50 (b)	-	\$4.59 (h)	22.1	\$346.66	-	\$187.20	\$346.66
Nov-1924	\$8.45 (b)	-	\$4.56 (h)	21.9	\$347.57	-	\$187.69	\$347.57
Feb-1925	\$8.40 (b)	-	\$4.54 (h)	21.9	\$346.64	-	\$187.19	\$346.64
May-1925	\$8.55 (b)	-	\$4.62 (h)	21.9	\$352.74	-	\$190.48	\$352.74
Aug-1925	\$8.70 (b)	-	\$4.70 (h)	22.0	\$357.30	-	\$192.94	\$357.30
Nov-1925	\$8.75 (b)	-	\$4.73 (h)	22.1	\$357.77	-	\$193.19	\$357.77
Feb-1926	\$8.75 (b)	-	\$4.73 (h)	22.1	\$357.19	-	\$192.88	\$357.19
May-1926	\$8.85 (b)	-	\$4.78 (h)	22.3	\$358.11	-	\$193.38	\$358.11
Aug-1926	\$9.20 (b)	-	\$4.97 (h)	22.8	\$364.12	-	\$196.62	\$364.12
Nov-1926	\$8.90 (b)	-	\$4.81 (h)	22.5	\$356.84	-	\$192.69	\$356.84
Feb-1927	\$8.85 (b)	-	\$4.78 (h)	22.4	\$356.31	-	\$192.41	\$388.70
May-1927	\$8.75 (b)	-	\$4.73 (h)	22.2	\$355.79	-	\$192.13	\$388.14
Aug-1927	\$8.70 (b)	-	\$4.70 (h)	22.1	\$355.91	-	\$192.19	\$388.27
Nov-1927	\$9.00 (b)	-	\$4.86 (h)	22.3	\$364.40	-	\$196.78	\$397.53
Feb-1928	\$8.95 (b)	-	\$4.83 (h)	22.5	\$359.21	-	\$193.98	\$391.87
May-1928	\$8.80 (b)	-	\$4.75 (h)	22.3	\$356.36	-	\$192.43	\$388.75
Aug-1928	\$8.75 (b)	-	\$4.73 (h)	22.4	\$352.24	-	\$190.21	\$384.26
Nov-1928	\$8.60 (b)	-	\$4.64 (h)	22.2	\$349.56	-	\$188.76	\$381.34
Feb-1929	\$8.60 (b)	-	\$4.64 (h)	22.1	\$350.84	-	\$189.45	\$382.73
May-1929	\$8.95 (b)	-	\$4.83 (h)	22.8	\$354.46	-	\$191.41	\$386.69
Aug-1929	\$9.00 (b)	-	\$4.86 (h)	22.7	\$357.43	-	\$193.01	\$389.92
Nov-1929	\$9.00 (b)	-	\$4.86 (h)	22.7	\$357.34	-	\$192.96	\$389.82
Feb-1930	\$9.00 (b)	-	\$4.86 (h)	22.8	\$356.41	-	\$192.46	\$388.81
May-1930	\$8.60 (b)	-	\$4.64 (h)	22.3	\$347.35	-	\$187.57	\$378.93
Aug-1930	\$8.55 (b)	-	\$4.62 (h)	22.2	\$347.27	-	\$187.53	\$378.84
Nov-1930	\$8.30 (b)	-	\$4.48 (h)	21.7	\$345.63	-	\$186.64	\$377.05
Feb-1931	\$7.02 (b)	-	\$3.79 (h)	20.8	\$304.68	-	\$164.53	\$332.38

Appendix 3: The Value of the Minimum Wage 1907–2017

	Nominal			CPI	Real (\$June 2018)				
	Male		Female		Male		Female	Male	
	Minimum Wage	Residual NWC (g)	Minimum Wage		Minimum Wage	Residual NWC(g)	Minimum Wage	Minimum Adjusted (l)	
May-1931	\$6.84 (b)	–	\$3.69 (h)	20.2	\$305.03	–	\$164.71	\$332.76	
Aug-1931	\$6.57 (b)	–	\$3.55 (h)	19.7	\$300.80	–	\$162.43	\$328.14	
Nov-1931	\$6.34 (b)	–	\$3.42 (h)	19.1	\$298.80	–	\$161.35	\$325.96	
Feb-1932	\$6.34 (b)	–	\$3.42 (h)	18.9	\$302.29	–	\$163.24	\$329.77	
May-1932	\$6.39 (b)	–	\$3.45 (h)	18.9	\$304.89	–	\$164.64	\$332.61	
Aug-1932	\$6.30 (b)	–	\$3.40 (h)	18.7	\$304.11	–	\$164.22	\$331.75	
Nov-1932	\$6.17 (b)	–	\$3.33 (h)	18.4	\$302.50	–	\$163.35	\$330.00	
Feb-1933	\$6.03 (b)	–	\$3.26 (h)	18.0	\$302.22	–	\$163.20	\$329.69	
May-1933	\$6.33 (b)	–	\$3.42 (h)	17.7	\$323.24	–	\$174.55	\$352.63	
Aug-1933	\$6.24 (b)	–	\$3.37 (h)	17.7	\$317.79	–	\$171.60	\$346.68	
Nov-1933	\$6.28 (b)	–	\$3.39 (h)	17.8	\$318.47	–	\$171.97	\$347.42	
Feb-1934	\$6.33 (b)	–	\$3.42 (h)	17.8	\$320.33	–	\$172.98	\$349.45	
May-1934	\$6.40 (b)	–	\$3.46 (h)	18.0	\$320.31	–	\$172.97	\$349.43	
Jun-1934	\$6.40 (b)	–	\$3.46 (h)	18.0	\$320.31	–	\$172.97	\$349.43	
Sep-1934	\$6.40 (b)	–	\$3.46 (h)	18.3	\$315.89	–	\$170.58	\$344.61	
Dec-1934	\$6.40 (b)	–	\$3.46 (h)	18.3	\$315.26	–	\$170.24	\$343.92	
Mar-1935	\$6.60 (b)	–	\$3.56 (h)	18.4	\$323.94	–	\$174.93	\$353.39	
Jun-1935	\$6.60 (b)	–	\$3.56 (h)	18.4	\$323.43	–	\$174.65	\$352.83	
Sep-1935	\$6.60 (b)	–	\$3.56 (h)	18.4	\$323.06	–	\$174.45	\$352.43	
Dec-1935	\$6.60 (b)	–	\$3.56 (h)	18.6	\$320.13	–	\$172.87	\$356.09	
Mar-1936	\$6.60 (b)	–	\$3.56 (h)	18.6	\$320.82	–	\$173.24	\$356.85	
Jun-1936	\$6.60 (b)	–	\$3.56 (h)	18.5	\$322.03	–	\$173.90	\$358.19	
Sep-1936	\$6.60 (b)	–	\$3.56 (h)	18.6	\$320.95	–	\$173.31	\$356.99	
Dec-1936	\$6.90 (b)	–	\$3.73 (h)	18.9	\$329.72	–	\$178.05	\$366.74	
Mar-1937	\$6.90 (b)	–	\$3.73 (h)	19.1	\$326.30	–	\$176.20	\$362.94	
Jun-1937	\$6.90 (b)	–	\$3.73 (h)	19.2	\$323.64	–	\$174.77	\$359.99	
Jul-1937	\$7.20 (b)	–	\$3.89 (h)	19.4	\$334.89	–	\$180.84	\$372.50	
Sep-1937	\$7.30 (b)	–	\$3.94 (h)	19.4	\$339.54	–	\$183.35	\$377.67	
Oct-1937	\$7.60 (b)	–	\$4.10 (h)	19.6	\$349.65	–	\$188.81	\$388.92	
Dec-1937	\$7.70 (b)	–	\$4.16 (h)	19.6	\$354.25	–	\$191.30	\$394.04	
Mar-1938	\$7.70 (b)	–	\$4.16 (h)	19.8	\$351.55	–	\$189.84	\$391.03	
Jun-1938	\$7.70 (b)	–	\$4.16 (h)	19.8	\$351.60	–	\$189.86	\$391.08	
Sep-1938	\$7.80 (b)	–	\$4.21 (h)	19.9	\$353.13	–	\$190.69	\$392.79	
Dec-1938	\$7.90 (b)	–	\$4.27 (h)	20.2	\$353.58	–	\$190.94	\$393.29	
Mar-1939	\$7.90 (b)	–	\$4.27 (h)	20.2	\$353.56	–	\$190.92	\$393.27	
Jun-1939	\$8.10 (b)	–	\$4.37 (h)	20.5	\$356.68	–	\$192.61	\$396.73	
Sep-1939	\$8.10 (b)	–	\$4.37 (h)	20.5	\$357.32	–	\$192.95	\$397.45	
Dec-1939	\$8.00 (b)	–	\$4.32 (h)	20.4	\$353.35	–	\$190.81	\$393.03	
Feb-1940	\$8.10 (b)	–	\$4.37 (h)	20.6	\$354.13	–	\$191.23	\$393.90	
May-1940	\$8.20 (b)	–	\$4.43 (h)	20.7	\$357.38	–	\$192.99	\$397.51	
Aug-1940	\$8.40 (b)	–	\$4.54 (h)	21.2	\$357.43	–	\$193.01	\$397.57	
Nov-1940	\$8.40 (b)	–	\$4.54 (h)	21.3	\$356.23	–	\$192.36	\$396.23	
Feb-1941	\$8.60 (b)	–	\$4.64 (h)	21.8	\$355.51	–	\$191.97	\$395.43	
May-1941	\$8.70 (b)	–	\$4.70 (h)	22.0	\$357.31	–	\$192.95	\$397.44	
Aug-1941	\$8.70 (b)	–	\$4.70 (h)	22.1	\$355.95	–	\$192.21	\$395.93	
Nov-1941	\$8.80 (b)	–	\$4.75 (h)	22.3	\$356.77	–	\$192.65	\$396.83	
Feb-1942	\$8.90 (b)	–	\$4.81 (h)	22.7	\$353.25	–	\$190.75	\$392.92	
May-1942	\$9.20 (b)	–	\$4.97 (h)	23.3	\$355.76	–	\$192.11	\$395.71	
Aug-1942	\$9.40 (b)	–	\$5.08 (h)	24.0	\$353.14	–	\$190.70	\$392.80	
Nov-1942	\$9.70 (b)	–	\$5.24 (h)	24.6	\$355.36	–	\$191.90	\$395.27	
Feb-1943	\$9.80 (b)	–	\$5.29 (h)	25.0	\$353.24	–	\$190.75	\$392.90	
May-1943	\$9.80 (b)	–	\$5.29 (h)	25.1	\$352.39	–	\$190.29	\$391.96	
Aug-1943	\$9.90 (b)	–	\$5.35 (h)	25.5	\$349.58	–	\$188.77	\$388.84	
Nov-1943	\$9.80 (b)	–	\$5.29 (h)	25.3	\$349.29	–	\$188.62	\$388.52	
Feb-1944	\$9.70 (b)	–	\$5.24 (h)	25.0	\$349.36	–	\$188.65	\$388.59	
May-1944	\$9.70 (b)	–	\$5.24 (h)	25.0	\$349.96	–	\$188.98	\$389.26	

The Australian minimum wage and the needs of a family

	Nominal			CPI	Real (\$June 2018)			
	Male		Female		Male		Female	Male
	Minimum Wage	Residual NWC (g)	Minimum Wage		Minimum Wage	Residual NWC(g)	Minimum Wage	Minimum Adjusted (l)
Aug-1944	\$9.80 (b)	–	\$5.29 (h)	25.0	\$353.91	–	\$191.11	\$393.65
Nov-1944	\$9.80 (b)	–	\$5.29 (h)	25.0	\$353.04	–	\$190.64	\$392.68
Feb-1945	\$9.80 (b)	–	\$5.29 (h)	25.0	\$354.09	–	\$191.21	\$393.86
May-1945	\$9.80 (b)	–	\$5.29 (h)	24.9	\$354.88	–	\$191.64	\$394.73
Aug-1945	\$9.80 (b)	–	\$5.29 (h)	25.0	\$354.04	–	\$191.18	\$393.80
Nov-1945	\$9.80 (b)	–	\$5.29 (h)	25.0	\$353.47	–	\$190.87	\$401.03
Feb-1946	\$9.80 (b)	–	\$5.29 (h)	25.1	\$352.22	–	\$190.20	\$399.61
May-1946	\$9.80 (b)	–	\$5.29 (h)	25.2	\$350.32	–	\$189.17	\$397.45
Aug-1946	\$9.90 (b)	–	\$5.35 (h)	25.5	\$350.29	–	\$189.15	\$397.41
Nov-1946	\$9.90 (b)	–	\$5.35 (h)	25.5	\$349.92	–	\$188.96	\$397.00
Dec-1946	\$10.60 (b)	–	\$5.72 (h)	25.5	\$374.67	–	\$202.32	\$425.08
Feb-1947	\$10.70 (b)	–	\$5.78 (h)	25.7	\$375.03	–	\$202.52	\$425.49
May-1947	\$10.70 (b)	–	\$5.78 (h)	25.9	\$372.39	–	\$201.09	\$422.49
Aug-1947	\$10.80 (b)	–	\$5.83 (h)	26.1	\$372.73	–	\$201.27	\$422.88
Nov-1947	\$10.90 (b)	–	\$5.89 (h)	26.6	\$369.73	–	\$199.65	\$461.42
Feb-1948	\$11.30 (b)	–	\$6.10 (h)	27.3	\$372.88	–	\$201.36	\$465.36
May-1948	\$11.50 (b)	–	\$6.21 (h)	28.1	\$369.44	–	\$199.50	\$461.07
Aug-1948	\$11.70 (b)	–	\$6.32 (h)	28.9	\$365.72	–	\$197.49	\$456.42
Nov-1948	\$12.00 (b)	–	\$6.48 (h)	29.7	\$364.83	–	\$197.01	\$455.31
Feb-1949	\$12.30 (b)	–	\$6.64 (h)	30.4	\$365.25	–	\$197.24	\$455.83
May-1949	\$12.50 (b)	–	\$6.75 (h)	30.9	\$365.11	–	\$197.16	\$455.66
Aug-1949	\$12.80 (b)	–	\$6.91 (h)	31.7	\$363.76	–	\$196.43	\$453.97
Nov-1949	\$13.00 (b)	–	\$7.02 (h)	32.3	\$363.36	–	\$196.22	\$453.48
Feb-1950	\$13.40 (b)	–	\$7.24 (h)	33.1	\$365.34	–	\$197.28	\$455.94
May-1950	\$13.70 (b)	–	\$7.40 (h)	33.6	\$367.87	–	\$198.65	\$459.10
Aug-1950	\$14.00 (b)	–	\$7.56 (h)	34.5	\$366.25	–	\$197.77	\$457.08
Nov-1950	\$14.30 (b)	–	\$7.72 (h)	35.2	\$366.17	–	\$197.73	\$456.99
Dec-1950	\$16.20 (b)	–	\$12.15 (i)	35.2	\$414.83	–	\$311.12	\$517.70
Feb-1951	\$17.00 (b)	–	\$12.75 (i)	36.7	\$418.08	–	\$313.56	\$521.77
May-1951	\$17.70 (b)	–	\$13.25 (i)	38.1	\$419.42	–	\$313.97	\$523.43
Aug-1951	\$18.90 (b)	–	\$14.15 (i)	40.6	\$419.70	–	\$314.22	\$523.79
Nov-1951	\$19.90 (b)	–	\$14.90 (i)	43.0	\$417.25	–	\$312.41	\$520.73
Feb-1952	\$20.90 (b)	–	\$15.65 (i)	45.3	\$416.48	–	\$311.86	\$519.77
May-1952	\$21.20 (b)	–	\$15.90 (i)	46.7	\$409.83	–	\$307.37	\$511.46
Aug-1952	\$22.40 (b)	–	\$16.80 (i)	49.2	\$410.79	–	\$308.09	\$512.67
Nov-1952	\$22.80 (b)	–	\$17.10 (i)	50.0	\$411.46	–	\$308.59	\$513.50
Feb-1953	\$22.90 (b)	–	\$17.15 (i)	50.1	\$412.00	–	\$308.55	\$514.17
May-1953	\$23.20 (b)	–	\$17.40 (i)	50.7	\$412.83	–	\$309.62	\$515.21
Aug-1953	\$23.50 (b)	–	\$17.60 (i)	51.1	\$414.53	–	\$310.45	\$517.33
Jun-1956	\$24.50 (b)	–	\$18.35 (i)	53.8	\$410.74	–	\$307.63	\$512.60
May-1957	\$25.50 (b)	–	\$19.10 (i)	56.9	\$404.12	–	\$302.70	\$504.35
May-1958	\$26.00 (b)	–	\$19.50 (i)	57.8	\$405.71	–	\$304.28	\$506.32
Jun-1959	\$27.50 (b)	–	\$20.60 (i)	58.7	\$422.61	–	\$316.58	\$527.42
Jul-1961	\$28.70 (b)	–	\$21.50 (i)	63.2	\$409.99	–	\$307.14	\$511.67
Jun-1964	\$30.70 (b)	–	\$23.00 (i)	63.6	\$435.50	–	\$326.27	\$554.59
Jul-1966	\$36.45 (c)	–	\$24.50 (i)	68.9	\$477.03	–	\$320.64	\$607.49
Jul-1967	\$37.45 (c)	–	\$25.55 (j)	70.7	\$477.79	–	\$325.97	\$608.45
Oct-1968	\$38.80 (c)	–	\$26.90 (j)	73.4	\$477.01	–	\$330.71	\$607.46
Dec-1969	\$42.30 (c)	–	\$27.65 (j)	75.6	\$504.75	–	\$329.94	\$642.78
Jan-1971	\$46.30 (c)	–	\$29.30 (j)	79.6	\$524.70	–	\$332.05	\$668.19
May-1972	\$51.00 (c)	–	\$31.30 (j)	86.3	\$533.28	–	\$327.28	\$679.11
May-1973	\$60.00 (c)	–	\$34.40 (j)	91.2	\$593.72	–	\$340.40	\$756.08
May-1974	\$68.00 (c)	–	\$57.80 (j)	103.6	\$592.02	–	\$503.22	\$753.92
Sep-1974	\$68.00 (c)	–	\$61.20 (j)	113.4	\$540.94	–	\$486.85	\$688.88
Jan-1975	\$76.00 (c)	–	\$68.40 (j)	117.4	\$583.97	–	\$525.58	\$759.17
May-1975	\$80.00 (c)	–	\$72.00 (j)	121.9	\$592.27	–	\$533.05	\$769.96

Appendix 3: The Value of the Minimum Wage 1907–2017

	Nominal			CPI	Real (\$June 2018)				
	Male		Female		Male		Female	Male	
	Minimum Wage	Residual NWC (g)	Minimum Wage		Minimum Wage	Residual NWC(g)	Minimum Wage	Minimum Adjusted (l)	
Jun-1975	\$80.00 (d)	-	\$80.00 (j)	126.3	\$571.42	-	\$571.42	\$742.85	
Sep-1975	\$82.80 (d)	-	-	126.3	\$591.42	-	-	\$768.85	
Feb-1976	\$88.10 (d)	-	-	134.3	\$591.77	-	-	\$769.30	
Apr-1976	\$93.10 (d)	-	-	137.9	\$609.22	-	-	\$791.98	
May-1976	\$95.90 (d)	-	-	137.9	\$627.54	-	-	\$815.80	
Aug-1976	\$98.40 (d)	-	-	141.4	\$627.70	-	-	\$816.01	
Nov-1976	\$100.60 (d)	-	-	145.0	\$625.98	-	-	\$813.78	
Mar-1977	\$106.30 (d)	-	-	157.0	\$610.86	-	-	\$794.12	
May-1977	\$108.30 (d)	-	-	157.0	\$622.35	-	-	\$809.06	
Aug-1977	\$110.50 (d)	-	-	160.6	\$620.92	-	-	\$807.20	
Dec-1977	\$112.50 (d)	-	-	163.7	\$620.14	-	-	\$806.18	
Feb-1978	\$113.90 (e)	\$113.90	-	167.7	\$612.87	\$612.87	-	\$796.73	
Jun-1978	\$117.60 (e)	\$115.40	-	169.9	\$624.49	\$612.81	-	\$811.84	
Sep-1978	\$122.60 (e)	\$115.40	-	173.4	\$637.69	\$600.24	-	\$829.00	
Dec-1978	\$127.50 (e)	\$120.00	-	176.6	\$651.48	\$613.16	-	\$846.93	
Jun-1979	\$131.60 (e)	\$123.80	-	183.7	\$646.38	\$608.07	-	\$840.30	
Nov-1979	\$138.90 (e)	\$123.80	-	193.0	\$649.23	\$578.65	-	\$843.99	
Jan-1980	\$145.20 (e)	\$129.40	-	198.8	\$658.94	\$587.23	-	\$856.62	
Jul-1980	\$151.30 (e)	\$134.80	-	209.0	\$653.02	\$581.80	-	\$848.92	
Jan-1981	\$156.90 (e)	\$139.80	-	217.0	\$652.21	\$581.13	-	\$847.87	
May-1981	\$162.50 (e)	\$144.80	-	222.4	\$659.28	\$587.47	-	\$857.06	
Dec-1981	\$189.30 (e)	\$144.80	-	231.7	\$737.05	\$563.79	-	\$958.16	
Jul-1982	\$200.20 (e)	\$144.80	-	251.7	\$717.52	\$518.96	-	\$932.77	
Oct-1983	\$208.80 (e)	\$151.00	-	284.6	\$661.81	\$478.61	-	\$905.64	
Apr-1984	\$217.40 (e)	\$157.20	-	290.0	\$676.39	\$489.09	-	\$925.58	
Apr-1985	\$223.10 (e)	\$161.30	-	302.9	\$664.56	\$480.47	-	\$909.40	
Nov-1985	\$231.60 (e)	\$167.40	-	317.1	\$658.92	\$476.27	-	\$901.68	
Jul-1986	\$236.90 (e)	\$171.30	-	336.2	\$635.66	\$459.64	-	\$888.92	
Mar-1987	\$246.90 (e)	\$181.30	-	354.9	\$627.63	\$460.87	-	\$877.69	
Sep-1987	\$256.80 (e)	\$188.60	-	367.4	\$630.66	\$463.18	-	\$881.93	
Feb-1988	\$262.80 (e)	\$194.60	-	380.3	\$623.51	\$461.70	-	\$871.93	
Sep-1988	\$270.70 (e)	\$200.40	-	393.6	\$620.48	\$459.34	-	\$867.69	
Mar-1989	\$280.70 (e)	\$210.40	-	409.2	\$618.93	\$463.92	-	\$865.52	
Sep-1989	\$295.10 (e)	\$220.40	-	423.4	\$628.80	\$469.63	-	\$879.33	
Mar-1990	\$308.20 (e)	\$230.40	-	441.2	\$630.24	\$471.14	-	\$881.34	
Jan-1991	\$314.40 (e)	\$230.40	-	471.4	\$601.67	\$440.92	-	\$841.39	
Apr-1991	\$322.30 (e)	\$236.20	-	470.5	\$617.96	\$452.87	-	\$864.16	
Sep-1991	\$325.40 (e)	\$236.20	-	471.4	\$622.72	\$452.02	-	\$873.94	
Dec-1993	\$333.40 (e)	\$244.20	-	488.3	\$615.95	\$451.16	-	\$867.52	
Sep-1994	\$333.40 (e)	\$252.20	-	494.6	\$608.20	\$460.07	-	\$859.64	
Mar-1995	\$341.40 (e)	\$260.20	-	501.7	\$613.96	\$467.93	-	\$870.85	
Sep-1995	\$349.40 (e)	\$268.20	-	516.8	\$609.96	\$468.21	-	\$868.23	
Apr-1997	\$359.40 (f)	-	-	535.9	\$605.03	-	-	\$864.23	
Apr-1998	\$373.40 (f)	-	-	535.0	\$629.64	-	-	\$902.54	
Apr-1999	\$385.40 (f)	-	-	541.7	\$641.87	-	-	\$923.28	
May-2000	\$400.40 (f)	-	-	556.8	\$648.74	-	-	\$936.41	
May-2001	\$413.40 (f)	-	-	590.2	\$631.95	-	-	\$915.33	
May-2002	\$431.40 (f)	-	-	607.5	\$640.64	-	-	\$931.12	
May-2003	\$448.40 (f)	-	-	628.4	\$643.73	-	-	\$938.84	
May-2004	\$467.40 (f)	-	-	640.9	\$657.97	-	-	\$959.60	
Jun-2005	\$484.40 (f)	-	-	656.0	\$666.19	-	-	\$971.58	
Oct-2006	\$511.76 (f)	-	-	692.5	\$666.75	-	-	\$972.40	
Oct-2007	\$522.12 (f)	-	-	705.4	\$667.81	-	-	\$973.94	
Oct-2008	\$543.78 (f)	-	-	740.5	\$662.51	-	-	\$966.22	
Jun-2009	\$543.78 (f)	-	-	739.2	\$663.71	-	-	\$967.96	
Jul-2010	\$569.90 (f)	-	-	765.4	\$671.74	-	-	\$979.68	

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	Nominal			CPI	Real (\$June 2018)			
	Male		Female		Male		Female	Male
	Minimum Wage	Residual NWC (g)	Minimum Wage		Minimum Wage	Residual NWC(g)	Minimum Wage	Minimum Adjusted (l)
Jul-2011	\$589.30 (f)	-	-	792.6	\$670.77	-	-	\$978.26
Jul-2012	\$606.40 (f)	-	-	802.2	\$681.98	-	-	\$994.62
Jul-2013	\$622.20 (f)	-	-	821.4	\$683.42	-	-	\$996.71
Jul-2014	\$640.90 (f)	-	-	846.1	\$683.35	-	-	\$998.32
Jul-2015	\$656.90 (f)	-	-	858.9	\$689.98	-	-	\$1,008.01
Jul-2016	\$672.70 (f)	-	-	867.7	\$699.42	-	-	\$1,023.55
Jul-2017	\$694.90 (f)	-	-	884.5	\$708.80	-	-	\$1,037.27
Jul-2018	\$719.20 (f)	-	-	902.2	\$719.20	-	-	\$1,052.49

- (a) Male Basic Wage as derived from various Awards.
- (b) Male Basic Wage, Melbourne (ABS 6101.0, 1968).
- (c) Male Minimum Wage, Melbourne (Derived from various decisions and ABS 6101.0 1973, 1975).
- (d) Minimum Wage All Persons, Melbourne (Derived from various decisions and ABS 6101.0, 1976, 1977, 1979).
- (e) Metal Industry Series, Melbourne U308/C14– see Table A 3.2.
- (f) Federal Minimum Wage (Various decisions).
- (g) “Residual” National Wage Case only, Melbourne– see Table A 3.2.
- (h) Female Basic Wage equivalent – Derived series – see discussion in section A3.3, see Table A 3.3.
- (i) Female Minimum Wage, Melbourne (ABS 6101.0, 1968).
- (j) Female “Minimum Wage” – Derived series – see Table A 3.3.
- (k) No actual male decision at these dates.
- (l) This series is a counterfactual estimate of what the minimum wage would be if changes in working time and the introduction of superannuation payments had been made as actual increases in rates of pay. As described in the text, the actual introduction of most of these changes was a process across awards over a period of time. For the purposes of this series the following dates have been used as the dates of change:
Working hours: 44 hours – February 1927, 40 Hours – November 1947, and 38 hours October – 1983.
Annual leave: 1 week – December 1935, 2 weeks – November 1945, 3 weeks – June 1964, and 4 weeks – January 1975.
Superannuation: 3 per cent July 1986, then rising by half a per cent in September 1991, December 1993, September 1994, March 1995, September 1995, April 1997, April 1998, April 1999, May 2000, May 2001, May 2002 and May 2003 when it reached 9 per cent. It rose to 9.25 per cent in July 2014 and 9.5 per cent in July 2016.

Appendix 4 Effective Marginal Tax Rates and Second Earners

Effective marginal tax rates (EMTRs) refer to the combined impact of income tax and withdrawal of income support and other transfer payments on increments in an individual's earned income. This appendix provides some background to, and a more detailed explanation of, the contemporary EMTRs faced by second earners, in the context of the potential barriers to the participation of women, and in particular married women with children, as discussed in section 2.6.5. As was asserted in the text, while high EMTRs are cited as being a possible barrier to the employment of a second earner in a couple, although in an absolute sense this is a possible interpretation, in a relative sense such EMTRs cannot be interpreted as being discriminatory towards this group. The purpose of this appendix is to demonstrate how such EMTRs are experienced by first and second earners of households.

The modelling represents the policy settings in place as of 1 January 2017 and all estimates assume that these settings, and the amounts of earned income shown in the models were constant in the 2016–17 financial year. The modelling has been undertaken using the 'PAM' spreadsheet model.

While EMTRs are frequently used in social policy analysis and cited in labour supply analysis as an impediment to participation, analysis of them is complex. There are a number of reasons for this:

It can be considered in a public policy sense that the withdrawal of a welfare payment is due to the fact that the payment is no longer required given the financial circumstances of an individual, and the imposition of a tax on earnings are not equivalent. (This has several dimensions. The first is that, in the event of the transfer payment being conditional, for example requiring job search or some form of participation, then the disincentive role of a high EMTR can be considered to be weakened. Secondly, from a policy perspective, the withdrawal of un-needed assistance may be viewed quite differently from taxation.)

EMTRs are usually calculated on small increments of income which does not generally reflect the nature of labour supply decisions which are frequently lumpy.

In the case of couples the EMTRs usually relate to the impact on joint incomes. This makes the EMTR faced by one individual sensitive to the earnings of the other. Consideration of this effect requires attention to the question of intra-household income distribution, and raises questions about attribution of the effect to one partner or the other. (Notwithstanding this the approach here has been to attribute the full impact against the income of the person with the additional earnings.)

While in some cases, for example in the analysis of labour supply decisions, the EMTR by itself may be seen as the appropriate measure, in other analysis, such as the relative treatment of individuals in different circumstances, comparisons of EMTRs may be more relevant.

It also needs to be noted that the EMTRs considered here relate simply to the interaction of earnings with the tax and transfer systems. This only provides a partial insight into the range of issues which may be relevant. Specifically it ignores:

- The cost of work, in particular the cost of childcare for those who require it to enable their participation.
- The extent to which workforce participation at a point in time is also an investment in future returns from employment.
- Some comparisons, such as between one member of a couple earning a higher rate and the entry of the second member into the workforce, do not take account of the relative work effort these couples are making.

The analysis of the impact of EMTRs is considered firstly with respect to earnings at the rate of the minimum wage, for couples only and for couples with young children, and then for a low and a middle-high income scenarios for a couple with children.

Minimum Wage Households

The first analysis of the pattern of EMTRs considered here is the case of a couple earning minimum wage rates, and considering the incidence of EMTRs as the person's hours of work increase to full-time employment. Two scenarios are modelled: one for a childless couple; and one for a couple with dependent young children. In both cases members of the couple have an entitlement to income support payments at a benefit rate. (The first can be characterised as a couple with young children one member claiming Newstart and the other Parenting Payment Partnered; the second a childless couple both claiming Newstart). In the case of the couple with children the EMTRs also reflect the impact of income testing of family payments. In the second, the childless couple, the interactions are those limited to the income taxation and means testing of income support.

The charts all show the EMTRs associated with additional hours of work at the rate of the minimum wage. Three specific cases are illustrated for each of the scenarios:

1. Where neither member is initially in the workforce and one member enters into employment, the model shows the EMTRs as their hours of work increase from 0 to 38 (P1: 0–38, P2: 0).⁶⁶⁹
2. Where the first member of the couple is already employed full-time on the minimum wage and the second member enters the workforce. This is effectively the second earner effect, cited as the negative impact on workforce participation of married women. Here the model shows the EMTRs as the second earners' weekly hours of work increase from 0 to 38. (P1: 38, P2: 0–38)

⁶⁶⁹ The coding is an abbreviation. In this case: "Person 1: Hours of paid work incrementing from 0 to 38 per week, Person 2: 0 hours of paid work".

3. An illustrative counterfactual where one member of a couple is already in the workforce earning a full-time minimum wage, but gains an increase in their rate of pay rising, in 38 increments, to a point where their income is equal to double the minimum wage. In household income terms this is the same as the second scenario, but where the income continues to be earned by one member of the couple only. (P1: 38 +0–38, P2: 0).

As shown in Figure A 2.1 in all cases the pattern of EMTRs is complex,⁶⁷⁰ in particular for those couples with children. Of interest here though is the overall relative impact of the EMTRs on the couples in these different circumstances. This can be seen more clearly in the second part of the chart which plots the cumulative Average Effective Tax Rates on the increment of income.⁶⁷¹

Specifically:

- The EMTRS are broadly most severe where a single earner increases their income. That is, the couple faces a higher set of effective tax rates in a situation where the first earner increases their earnings above the minimum wage, than in the scenarios where the second earner earned the same amount by entering the workforce, or where the first earner enters the workforce.
- There is a high degree of congruence in the EMTRs faced by a second earner entering the workforce and those that would be faced by the first earner when they first entered the workforce.

Of particular note in the chart are the high EMTRs experienced by the single earner when their hourly rate increases to a point where it is the equivalent to working an extra 3 to 11 hours a week at the minimum wage, or indeed they work these additional hours as overtime. This is particularly marked in the band from \$35,000 to \$45,000. Here the EMTR is around 80 per cent or higher in the range from \$35,000 to \$38,000 and then increases up to over 90 per cent until around \$46,000. This occurs due to four factors:

- 1) the withdrawal of the worker's partner's parenting payment at a rate of 60c for each \$1 the worker earns over \$24,400 per annum until they earn around \$45,400;
- 2) the phasing in of the Medicare levy from an income of some \$43,000;
- 3) the withdrawal of the Low Income Tax Offset from an income of \$37,000; and
- 4) ordinary income tax, levied at a rate of 19 per cent up to \$37,000 and then at 32.5 per cent above this point until income reaches \$87,000.

⁶⁷⁰ The complexity is related to the detail of the specific income testing rules for the individual elements of the package of transfer payments that the couple is eligible for, as well as the impact of income tax and the Medicare levy.

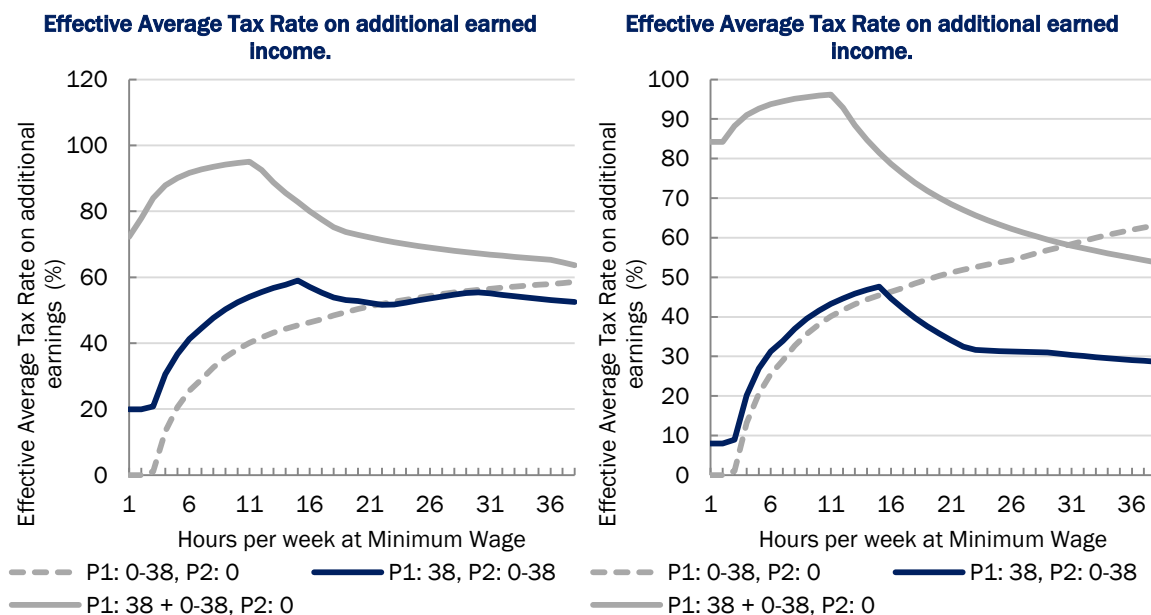
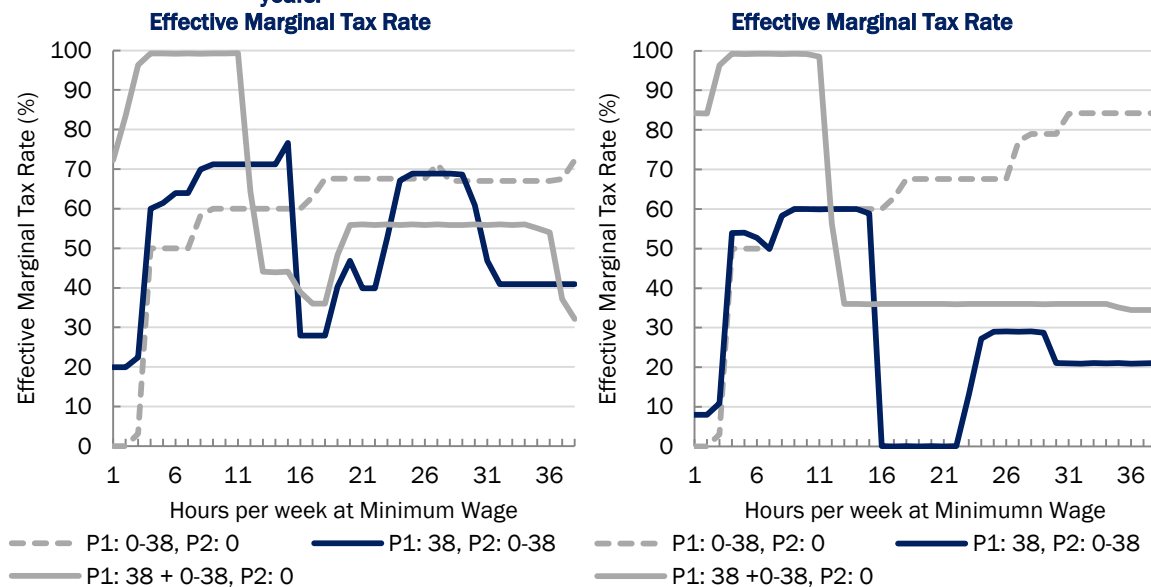
⁶⁷¹ While this is the actual effective average tax rate in the first scenario, in the other cases it is the effective average tax rate on the incremental earnings only (i.e. it does not take account of the actual tax, or benefit withdrawal already experienced on the 'fixed' element of income).

Figure A 4.1 Effective Marginal Tax Rates, Minimum Wage Employment, January 2017

Marginal tax on 1 hour per week increments of employment at the minimum wage hourly rate (\$17.70 per hour).

Couple, both claiming benefit, 2 children aged 3 & 8 years.

Couple, both claiming benefit no children.



Notes:

Assumes Households are private renters and obtain maximum rent assistance.

P1: 0-38, P2: 0 – First person enters the workforce and is paid at the minimum wage, second person remains non-employed.

P1: 38, P2: 0-38 – First person is employed full-time at the minimum wage, second person enters the workforce and is paid at the minimum wage.

P1: 38 + 0-38, P2: 0 – First person is employed full-time at the minimum wage and increases their rate of pay (in 1/38) increments until they are paid at a rate of double the minimum wage, second person remains non-employed.

Source: Author modelling using “PAM” Model.

Figure A 4.2 considers the effect across a wider range of incomes: two scenarios which can be considered to represent a low income household and

an upper middle income household respectively. Four sets of Effective Marginal Tax Rates are shown in each case, representing the marginal tax rate on each \$500 of additional income (Model 1) and each \$1000 of additional income (Model 2). In addition to illustrating the same conceptual patterns of earnings seen in the minimum wage case, an additional counterfactual case is included which is a single person, outside of the transfer system. This is included as it is frequently used as a reference case in arguments about the impact of EMTRs on second earners. In contrast to the earlier modelling, other than in the modelling of a counterfactual single person, only families with dependent children are considered.

Taking the first scenario, the cases are similar to the specific consideration of the minimum wage case, with the additional single person case:

1. A couple with 2 children in receipt of income support (on Newstart and Parenting Payment Partnered) where the first person enters the work force. The chart shows the EMTRs on the couple's income as the person earns from \$0 to \$50,000 per annum;
2. The same family where the first person commences with an income of \$50,000 and increases their earnings by a further \$0 to \$50,000 per annum (that is, household earned income rises from \$50,000 to \$100,000);
3. The same family but where the first income earner earns \$50,000 and the additional income is earned by the second earner entering the workforce; and
4. The income tax paid by a single person, without any dependent children, who was not formerly entitled to/claimed income support as the person earns from \$0 to \$50,000 per annum.

The second chart shows the same conceptual scenarios, but this time considering earnings over the range of \$0 to \$100,000, or in the case of the two middle scenarios \$100,000 to \$200,000.

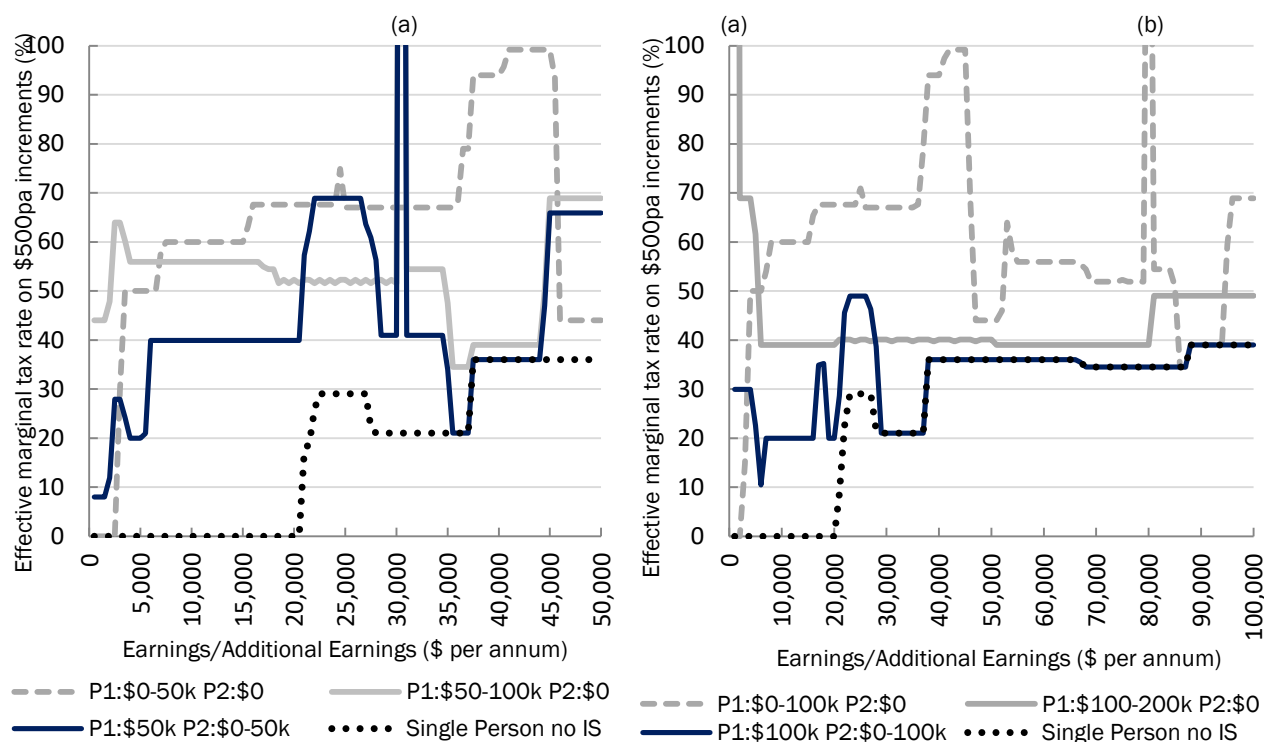
As was seen above, these scenarios again show a complex pattern of EMTRs. However, as was the case with the minimum wage earning couple, the EMTRs on the entry of the second person are in general below either the EMTRs faced by the first earner when they entered the workforce, or if they increase their earnings rate to achieve the same additional income as earned by the entry of the second member of the couple. As illustrated, the EMTRs faced by a second earner in a higher income household are less than those in a lower income household, primarily due to the extinguishment of any receipt of income support payments to the potential second earner due to joint income testing. Again these charts show the very high EMTRs faced by a single earner in these families in the income band between \$35,000 and \$45,000.

However, the EMTRs faced by these members of a couple are significantly above those faced by a single person who is not in receipt of income support as such a person is subject only to the imposition of income tax, not the withdrawal of any transfer payment.

Figure A 4.2 Effective Marginal Tax Rates, Low and Upper-Middle Income Scenarios, Couple Families with Dependent Children, January 2017

Model 1: Lower Income households EMTRS on \$500 increments of annual income

Model 2: Upper middle Income households EMTRS on \$1000 increments of annual income



(a) EMTR of 330.7 per cent on \$500 annual earnings increment. This is the operation of the \$80,000 income test on FTB Part A supplement.

(a) EMTR of 515.9 per cent on \$1000 annual earnings increment. This is the impact of the first earner earning over \$100,000 extinguishing eligibility for FTB Part B.

(b) EMTR of 196.8 per cent on \$1000 annual earnings increment. This is the operation of the \$80,000 income test on FTB Part A supplement

Notes: Children aged 3 and 8 years. Households claim income support and family assistance. Higher income household has private health insurance and is not subject to Medicare Levy Surcharge. Assumes households are private renters and obtain maximum rent assistance.

P1: \$0–50k P2: \$0	Couple, first person enters workforce, EMTRs on earnings from \$0–\$50k.
P1: \$50–100k P2: \$0	Couple, first person earns \$50,000, increases earnings, EMTRs on additional \$0–\$50k.
P1: \$50k P2: \$0–50k	Couple, first person earns \$50,000, second enters workforce EMTRs on earnings \$0–\$50k.
Single Person No IS	Comparison case, single person no children and not in receipt of income support, EMTRs on earnings from \$0–\$50k.
P1: \$0–100k P2: \$0	Couple, first person enters workforce, EMTRs on earnings from \$0–\$100k.
P1: \$100–200k P2: \$0	Couple, first person earns \$100,000, increases earnings, EMTRs on additional \$0–\$100k.
P1: \$100k P2: \$0–100k	Couple, first person earns \$100,000, second enters workforce EMTRs on earnings \$0–\$100k.
Single Person no IS	Comparison case, single person no children and not in receipt of income support, EMTRs on earnings from \$0–\$50k.

Source: Author modelling including use of “PAM” Model.

In summary, however, it is clear that, while in some cases a second earner entering the workforce can face high effective marginal tax rates on their earnings, these cannot be seen as constituting a particular policy of discrimination against such participation, but rather reflect the operation of

the tax transfer system and apply equally to other members of the household seeking to increase their workforce earnings.

In contrast to couples with children where there is eligibility for family payments, the EMTRs faced by a second earner in a couple with no children are much lower and more akin to those faced by a single person. There are two exceptions to this. The first is where the second earner may have some residual income support eligibility because of the low level of their partner's income. This is extinguished once the first person's income reaches a rate of just under 1.3 times the minimum wage. The second is a very small effect due to the operation of a family based low income threshold for the Medicare levy.

Conclusion

While second earners can face high EMTRs at particular earning points, and these EMTRs appear to be high compared with the tax rates faced by those without any prior eligibility, or receipt, of transfer payments, the EMTRs faced by the second earner are in general below those experienced if this income had been earned by the first earner, either in their initial entry into the workforce, or where the person increases their earnings by the amount earned by the second earner.

This analysis however does not take into account the costs of work, including potential expenditure on childcare, nor does it address whether the level of the EMTRs in themselves operate as a barrier to participation, but rather simply whether or not second earners face specific penalties.

Appendix 5 Modelling – the Minimum Wage and the Macro-Economy

This appendix documents the modelling reported on in Chapter 6. It comprises two sections. The first part presents the modelling undertaken and associated diagnostic tests; the second details the derivation of the data used in the modelling.

The modelling is concerned with the interaction of the minimum wage, protection for the manufacturing sector, unemployment, the proportion of wage and salary earners who were members of trade unions, and GDP per worker. The analysis considers this over the period 1908 to 2016.

Specifically the measures used (and the variable names for the log transformed values as used in the analysis) are:

- The real value of the male minimum wage adjusted to take account of changes in working time and deferred income through superannuation. (log_real_adj_fmw).
- The effective rate of protection given to manufacturing industry (log_assist_manufact).
- Union density. The proportion of employees who are union members (log_unionisation_rate).
- The unemployment rate of males (log_male_ue_rate).
- Real GDP per equivalent full-time worker (log_gdp_per_ft_emp).

In addition, the modelling uses three exogenous variables to control for factors which may otherwise tend to distort the relationship between the variables of interest. These are:⁶⁷²

- The United States unemployment rate (in a log transformed form) to allow for the effects of exogenous economic conditions.⁶⁷³
- A dummy to cover the period of the wages explosion in the early 1980s, which is emphasised in this model by the use of the minimum wage based

⁶⁷² In model testing a wide range of different dummies were tested but excluded from the final model, either because they did not substantially improve model fit, or because they generated less tractable structures. These included a dummy for the period of the Depression, a dummy for the period over which the metal industry series was used as the basis for the minimum wage, and the three period dummies used by Bhattacharyya and Hatton (2011).

⁶⁷³ The question of whether this should be entered contemporaneously or pre-emptively (i.e. with a negative lag which may reflect a lag in the transmission of such external economic conditions to Australia) was tested with contemporaneous use generating the better fit.

on the Metal Industries Award. This is set at one for the period 1980 to 1983 and zero at other times.⁶⁷⁴

- A dummy to cover the period of the Accord during which the usual relationship between these variables was potentially affected by wages policy.⁶⁷⁵ This is set at one for the period 1984 to 1996, and zero for all other periods.

Modelling Approach

The technique adopted for this analysis is the development of a Vector Error Correction Model (VECM) to examine the long- and short-run relationships between these parameters.⁶⁷⁶ As described in Chapter 6, the approach adopted here is essentially an atheoretic approach, with the model being derived on statistical grounds, rather than seeking to impose any specific economic theory on the potential relationship between the variables. As is noted in the chapter, one of the key reasons for approaching this question was the potentially ambiguous theoretical relationships between the parameters.

This model was then complemented by seeking to identify any Granger causal relationships between the variables using the Toda-Yamamoto methodology and combining these findings with the information on the relationships estimated by the VECM.⁶⁷⁷

The VECM approach consists of the estimation of a long-term equilibrium relationship between the variables, identified by the beta matrix of cointegrating equation(s) and an alpha matrix of adjustment equations which reflect the process of correction of deviations from this.

The fitting of a model is dependent upon there being a cointegrating relationship. That is, while individual time series are integrated, a linear transformation of these is stationary.

All series were entered in log form, see Figure A 5.1, and data were tested at level and at first differences, see Table A 5.2 for the presence of unit roots.

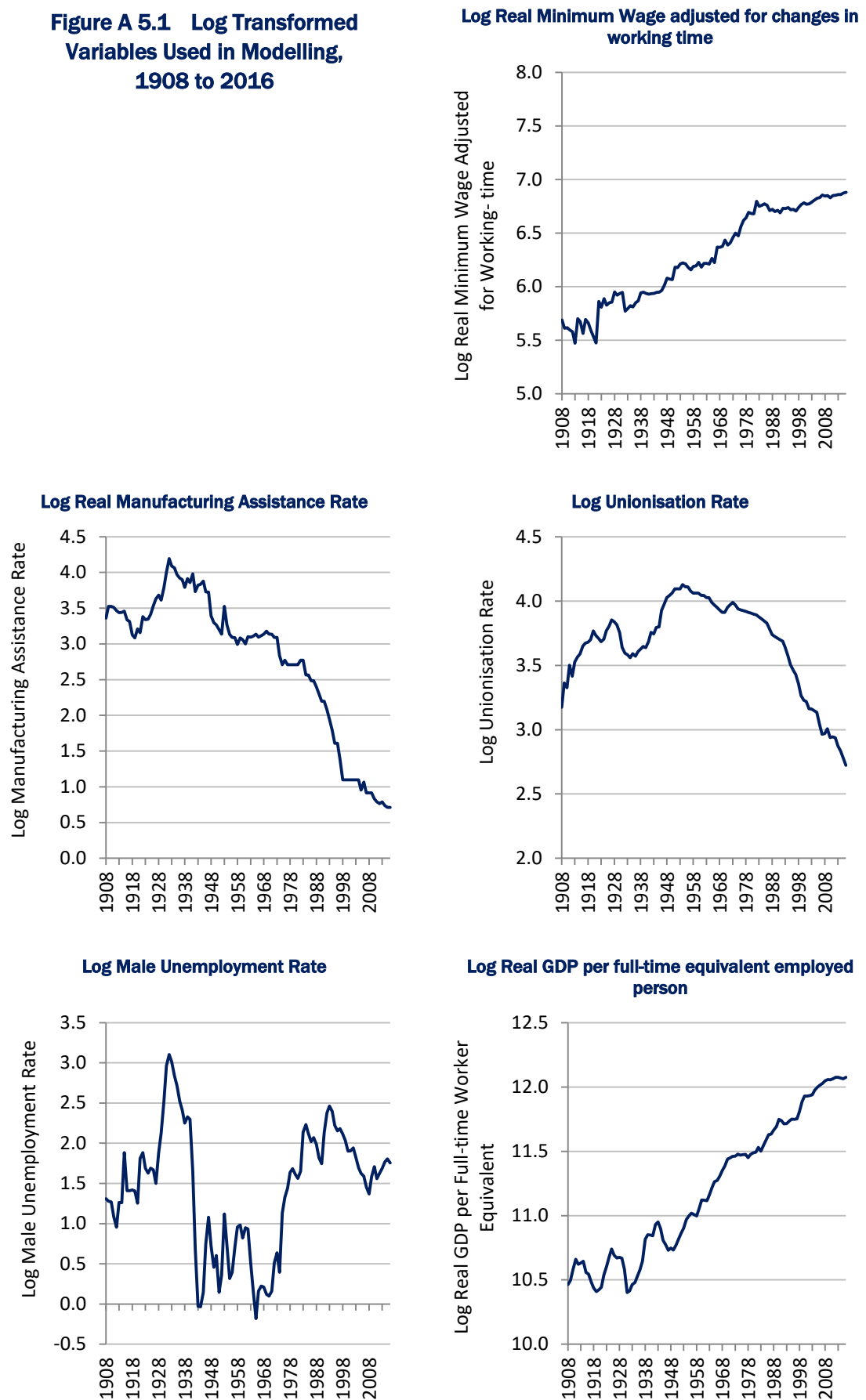
⁶⁷⁴ The years cited reflect ‘model years’ based upon the point in time of the minimum wage values used, rather than strictly reflecting the events.

⁶⁷⁵ This dummy has been included despite the finding by Pissarides, see footnote 632. One reason for its inclusion is that in identifying the period of the Accord it complements the use of the dummy for the wage explosion, in that it covers the period over which this was, at least for the minimum wage, unwound. (As detailed in analysis the real value of the minimum wage in September 1995 of \$609.96, was almost the same as the \$609.22 recorded in April 1976.)

⁶⁷⁶ Enders (2015, 343–344) describes this property of the VECM as being able to “model the long-run model and the short-run dynamics simultaneously”.

⁶⁷⁷ Analysis was undertaken using EViews 10 and gretl 2018a.

Figure A 5.1 Log Transformed Variables Used in Modelling, 1908 to 2016

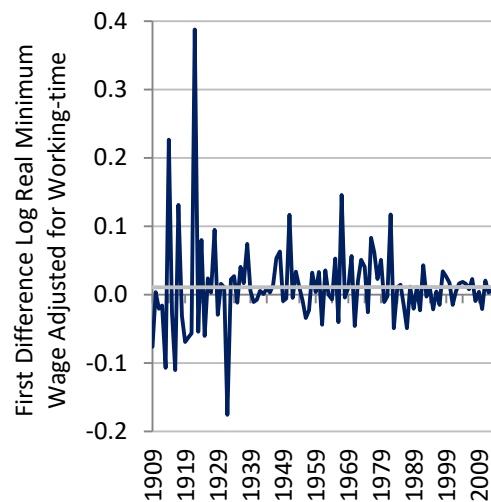


Source: Derived from Table A 5.9.

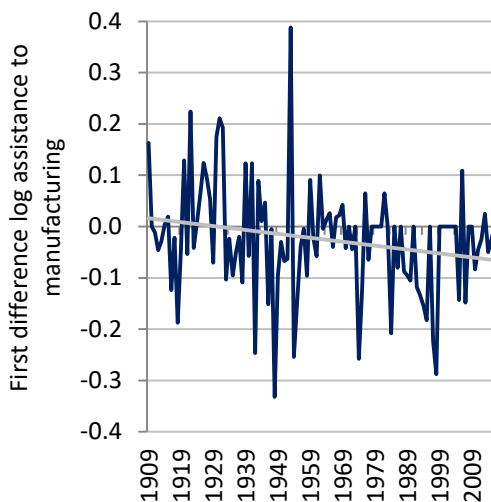
Figure A 5.2 First Difference Log Transformed Variables Used in Modelling, 1909 to 2016

Charts also show (in grey) the linear trend line for the series.

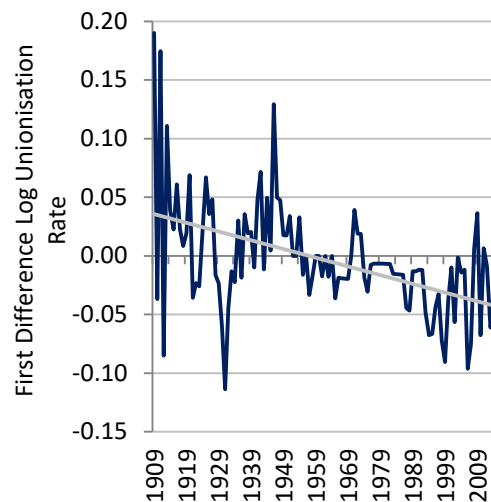
First Difference Log Real Minimum Wage adjusted for changes in working time



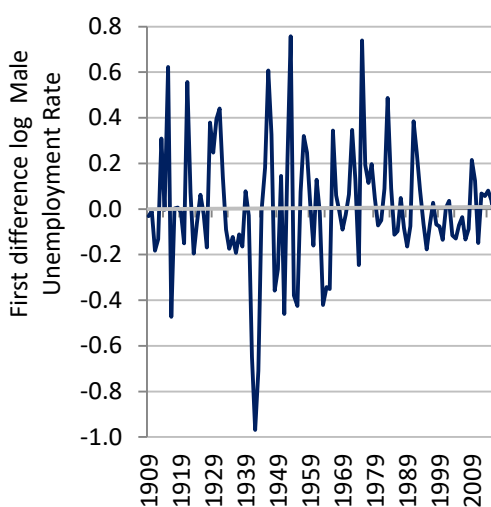
First Difference Log Real Manufacturing Assistance Rate



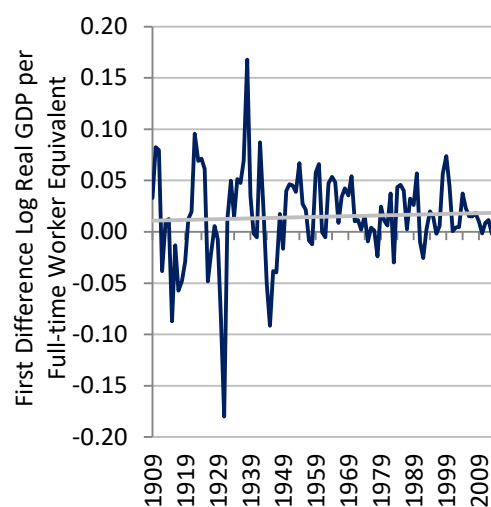
First Difference Log Unionisation Rate



First Difference Log Male Unemployment Rate



First Difference Log Real GDP per full-time equivalent employed person



Source: Derived from Table A 5.9.

Data Testing

Testing for unit roots was undertaken using the Augmented Dickey Fuller (ADF) test and the Kwiatkowski–Phillips–Schmidt–Shin (KPSS) test. Results, Table A 5.1, strongly suggest that each of the five variables is integrated in order 1. While the ADF test clearly supports this conclusion, the KPSS test does not reject the hypothesis of the adjusted minimum wage being stationary at level, when tested under the assumption of a constant and a trend, although it does with the assumption of having a constant only.

Table A 5.1 Unit Root Testing, 1908 to 2016

Test Statistic (p value)	ADF test (a)		KPSS Test (a) (b)	
	H ₀ : Unit root is present.		H ₀ : Series is stationary.	
	At level	First Difference	At level	First Difference
log_real_adj_fm	-2.818 (0.191)	-13.828 (0.000)	0.119 (>0.10) (c)	0.100 (>0.10)
log_assist_manufact	-1.589 (0.791)	-10.870 (0.000)	0.254 (<0.01)	0.057 (>0.10)
log_male_ue_rate	-2.113 (0.538)	-7.236 (0.000)	0.156 (0.045)	0.063 (>0.10)
log_unionisation_rate	-0.040 (0.996)	-11.092 (0.000)	0.285 (<0.01)	0.059 (>0.10)
log_gdp_per_ft_emp	-2.474 (0.341)	-8.171 (0.000)	0.179 (0.032)	0.039 (>0.10)

Notes: (a) All test results are for constant and trend.

(b) Critical values for the KPSS test at the 1, 2.5, 5 and 10 per cent level have been calculated by Kwiatkowski et al (1992, 166) and are used in Eviews. gretl uses the series from Sephton (1995, 259) which takes account of sample size. Where differences exist, the Sephton values are used. Interpolated values from gretl are reported for the at level p-values where these are available.

(c) When evaluated at constant and trend the null hypothesis that the series is stationary is not rejected at the 10% level. If evaluated as containing a constant only, the null is rejected. (Test result = 2.236, $p < 0.01$.)

Table A 5.2 Group Unit Root Testing 1908 to 2016

Method	At level	First Difference	
Test Statistic & (p value)			
H ₀ : Unit root (assumes common unit root process)			
Levin, Lin & Chu t*	1.086 (0.583)	-26.647 (0.000)	***
Breitung t-stat	3.304 (0.999)	-9.431 (0.000)	***
H ₀ : Unit root (assumes individual unit root process)			
Im, Pesaran and Shin W-stat	0.209 (0.583)	-23.133 (0.000)	***
ADF – Fisher Chi-square	13.093 (0.219)	274.549 (0.000)	***
PP – Fisher Chi-square	13.340 (0.205)	263.366 (0.000)	***

Notes: (a) All test results are for constant and trend.

*** significant at 1 per cent level.

This pattern of results is confirmed when group testing of the variables proposed for inclusion in the model was undertaken (see Table A 5.2) which reports the rejection of the null of the existence of a unit root in first

differences, but not at level, under all tests and assumptions as the nature of the common root process.⁶⁷⁸ On the basis of these results it was considered that the data was appropriate for the further development and testing of a VECM.

While initial testing suggested an optimal lag length of two, models based on this parameter showed significant serial correlation, with the VAR order being increased to eight to eliminate this.

Given the I(1) status of the variables, and the conceptual framework within which the modelling was undertaken,⁶⁷⁹ cointegration was expected with the Johansen test. For the preferred approach of a model with an intercept and no trend (Type 3) both the Trace and the Maximum Eigenvalue tests identify the presence of three cointegrating relationships, see Table A 5.3.⁶⁸⁰

Table A 5.3 Johansen Test, Trace and Max. Eigenvalue test, Type 3

Hypothesized No. of CE(s)	Eigenvalue	Trace Test			Max. Eigenvalue Test		
		Trace Statistic	0.05 Critical Value	Prob.(a)	Max-Eigen Statistic	0.05 Critical Value	Prob.(a)
None	0.421	115.580	69.819	0.000 *	51.204	33.877	0.000 *
At most 1	0.243	60.376	47.856	0.002 *	28.152	27.584	0.042 *
At most 2	0.206	32.224	29.797	0.026 *	23.243	21.132	0.025 *
At most 3	0.070	8.981	15.495	0.367	7.301	14.265	0.454
At most 4	0.016	1.679	3.841	0.195	2.166	3.680	0.195

Notes (a) MacKinnon-Haug-Michelis p-values

* denotes rejection of the hypothesis at the 0.05 level

Vector Error Correction Model

On this basis a Vector Error Correction Model (VECM) was estimated with a rank of three. In the estimation of the model, after initial checks, a series of restrictions were introduced so that each of the cointegrating equations was normalised on the Log of the value of the Real Adjusted Minimum Wage.⁶⁸¹ The presence of three cointegrating equations, while providing some difficulties in direct interpretation does not pose any significant constraints although pointing to a more complex structural model.^{682,683}

⁶⁷⁸ This pattern of results holds true if tested under a constant only assumption.

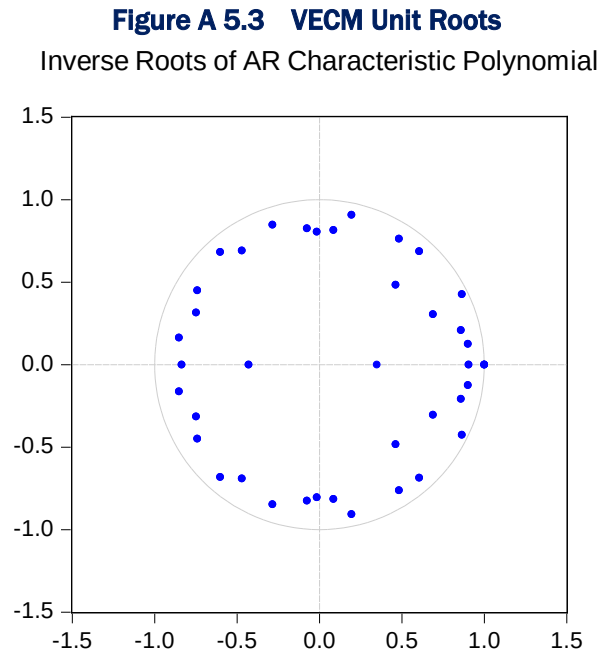
⁶⁷⁹ Enders (2015, 345) describes as the ‘crucial insight’ “equilibrium theories involving non-stationary variables require the existence of a combination of the variables that is stationary”, or as put by Lütkepohl (2004, 87) “a situation of special interest arises if several variables are driven by a common stochastic trend”.

⁶⁸⁰ The ‘Type 3’ approach allows for the cointegrating relations to have a non-zero intercept and for a trend in the endogenous variables. This is considered appropriate to the model as it assumes no trend in the cointegrating relationship over time, as typified by the ‘Types 4 and 5’, while some of the endogenous variables show a trend suggesting ‘Types 1 and 2’ are not appropriate.

⁶⁸¹ This approach to the structuring of the cointegrating equations has been adopted to provide a clearer exposition in terms of the focal interest on the minimum wage. The introduction of these constraints, which resolves after a single iteration (EViews, two iterations gretl), does not negatively affect the model fit in this case and the model is fully identified. (gretl reports that the Log Likelihood of both the original and restricted model is 842.0926 and provides a calculation of the difference (lldif) of $-4.44089e^{-14}$.)

⁶⁸² In the case of modelling here, due to the normalisation of the three vectors described further below, it is possible to fully resolve the signs of the relationships of critical interest. This is the key item of interest from the VECM in that it then allows

Testing of the stability of the model indicates that, with the exception of two unit roots imposed by the VECM specification, all roots are less than 0.965 (see Figure A 5.3). While, as discussed, the inclusion of seven lags in the model removed evidence of serial correlation in the residuals, there is however some evidence of heteroscedasticity and non-normality.^{684,685}



The modelling results, after normalisation to the minimum wage are shown in Table A 5.4 for the three Cointegrating Equations, that is the long-term model structure, and Table A 5.5 for the Adjustment Vectors – that is, the way in which the model responds to disturbances from the equilibrium.

this information to be combined with the Granger causality testing to achieve the objective of this analysis which is to generate statements of the causality and direction of certain relationships with the minimum wage.

⁶⁸³ More generally, and outside of the specific objectives here, Kennedy notes that “interpretation of multiple cointegrating vectors can be frustrating” (2008, 311) and discusses some possible strategies. Dibooglu and Enders (1995) present an analysis of an example where multiple cointegrating vectors exist and an approach to interpretation.

⁶⁸⁴ The order of the VECM, which is one less than the lag order of the VAR analysed at levels.

⁶⁸⁵ Johansen (1995, 29) reports with respect to the VAR (Vector Auto-Regression) procedure that notwithstanding the presence of some Skewness and Kurtosis, “the asymptotic properties of the methods only depend on the i.i.d. assumption of the errors. Thus the normality assumption is not so serious for the conclusion”.

Table A 5.4 Vector Error Correction Model: Cointegrating Vectors (β Matrix)

Standard errors in () (a)	CointEq1	CointEq2	CointEq3
log_real_adj_fmw	1.0000	1.0000	1.0000
log_assist_manufact	0.0000	0.2044 (0.0271)	0.9540 (0.1119)
log_unionisation_rate	0.0000	0.0000	-1.6280 (0.2450)
log_male_ue_rate	0.3388 (0.0640)	0.5318 (0.0790)	0.0000
log_gdp_per_ft_emp	-0.5059 (0.0461)	0.0000	0.0000
Constant	-1.1262	-7.6488	-2.9234

(a) Sample (adjusted): 1916 to 2016

Included observations: 101 after adjustments

Table A 5.5 Vector Error Correction Model: Adjustment Vectors (α-Matrix)

Standard errors in ()	CointEq1	CointEq2	CointEq3
log_real_adj_fmw	-0.6689 (0.1890)	0.5071 (0.1536)	-0.0652 (0.0399)
log_assist_manufact	0.8470 (0.4182)	-0.6580 (0.3398)	0.0667 (0.0882)
log_unionisation_rate	0.1717 (0.1235)	-0.2010 (0.1004)	0.0985 (0.0261)
log_male_ue_rate	1.1612 (1.0022)	-1.0654 (0.8145)	-0.1481 (0.2114)
log_gdp_per_ft_emp	-0.0364 (0.1324)	-0.0049 (0.1076)	0.0082 (0.0279)

Table A 5.6 VECM: Model Diagnostics

Log-likelihood =	842.0926
AIC =	-12.3187
BIC =	-6.6224
HQC =	-10.0126

As discussed in Chapter 6 three long-term functions for the minimum wage can be derived from the β-matrix of cointegrating relationships:

Log Minimum Wage = 1.126 – 0.339*Log Male Unemployment Rate
+ 0.506*Log GDP per Full-Time Employed.

Log Minimum Wage = 7.649 – 0.204*Log Manufacturing Assistance
– 0.532*Log Male Unemployment Rate.

Log Minimum Wage = 2.923 – 0.954*Log Manufacturing Assistance
+ 1.628*Log Unionization Rate.

Granger Causality

The nature of these relationships was further considered through Granger Causality testing to identify the extent to which the relationships could be considered to be causal. This test was undertaken using the Toda-Yamamoto methodology. Essentially this involves testing Granger Causality on a VAR at levels and the inclusion of one additional lag for each variable as an exogenous variable in the VAR. As with the VECM the VAR includes the five variables of interest in a log form as endogenous and the US unemployment rate, along with dummies for the wage explosion and the Accord, as exogenous.

The model as shown has a lag order of 3. Initial testing suggested a lag length of 1 (Schwarz Bayesian Criterion), 2 (Hannan-Quin Criterion) and the Akaike criterion suggesting a lag length equal to the maximum lag including in the testing, up to 12. The choice of 3 was based on a likelihood ratio test comparing models with incrementing lags. Because the series was still affected by some serial correlation and there was evidence of heteroskedasticity, robust HAC standard errors were calculated. (While it needs to be considered that there was some indeterminacy in the final choice of model structure, it is noted that most of the relationships, and in particular the absence of any causal relationship between the minimum wage and industry protection was robust across specifications.)⁶⁸⁶

Results are at Table A 5.7, with a more detailed interpretation in Chapter 6.

⁶⁸⁶ While there is a case for running the Granger test at the same order of lags as the VECM this is not necessary, and the availability of the HAC (Heteroskedasticity and Autocorrelation Consistent) robust standard errors permitted removal of the constraint imposed on the VECM with respect to serial correlation. In addition the testing of the alternative models using the n versus $n-1$ likelihood ratio test gave no support for this lag length in this model set. When the Granger test was run at the same number of lags as the VECM while some additional causal relationships were suggested there was again an absence of any causality from the minimum wage to assistance to manufacturing industry, and a lower model fit.

Table A 5.7 Granger Causality/Block Exogeneity Wald Tests

Excluded	F- Test		Prob.
	(dfM, dfE)	Statistic	
Dependent variable: log_real_adj_fmw			
log_assist_manufact	(3, 81)	0.513	0.6746
log_unionisation_rate	(3, 81)	2.043	0.1144
log_male_ue_rate	(3, 81)	3.378	0.0222
log_gdp_per_ft_emp	(3, 81)	4.252	0.0077
All	(5, 81)	0.162	0.9758
Dependent variable: log_assist_manufact			
log_real_adj_fmw	(3, 81)	0.362	0.7803
log_unionisation_rate	(3, 81)	1.079	0.3628
log_male_ue_rate	(3, 81)	1.911	0.1344
log_gdp_per_ft_emp	(3, 81)	1.411	0.2457
All	(5, 81)	1.853	0.1119
Dependent variable: log_unionisation_rate			
log_real_adj_fmw	(3, 81)	5.244	0.0023
log_assist_manufact	(3, 81)	1.841	0.1462
log_male_ue_rate	(3, 81)	0.715	0.5461
log_gdp_per_ft_emp	(3, 81)	1.904	0.1355
All	(5, 81)	2.373	0.0462
Dependent variable: log_male_ue_rate			
log_real_adj_fmw	(3, 81)	3.632	0.0163
log_assist_manufact	(3, 81)	1.156	0.3316
log_unionisation_rate	(3, 81)	1.992	0.1217
log_gdp_per_ft_emp	(3, 81)	4.929	0.0034
All	(5, 81)	1.962	0.0932
Dependent variable: log_gdp_per_ft_emp			
log_real_adj_fmw	(3, 81)	1.558	0.2059
log_assist_manufact	(3, 81)	0.699	0.5553
log_unionisation_rate	(3, 81)	0.582	0.6287
log_male_ue_rate	(3, 81)	0.106	0.9562
All	(5, 81)	1.753	0.1320

Notes: Estimated using HAC Robust Standard Errors.
Sample: 1912 to 2016, Included observations: 105.

Impulse Responses

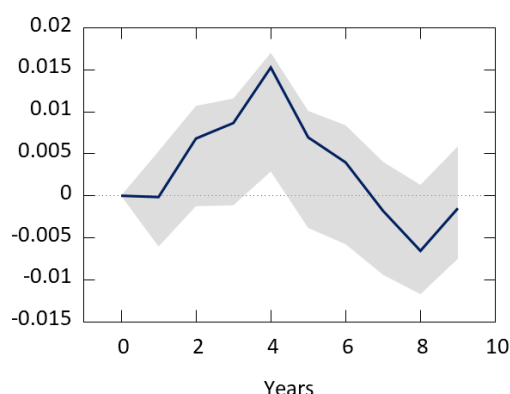
While the cointegration structure can be considered to represent the long-term equilibrium relationship between the variables, the VECM also allows consideration of the dynamics of adjustment in the shorter term.⁶⁸⁷ While the form of these can be seen in the α -matrix of the adjustment vectors, a more tractable interpretation of these can be made in terms of impulse responses. The interest here is on the relationship between the minimum wage and the other factors included in the model so eight impulse responses are considered. The first four, Figure A 5.4, relate to the impact on the minimum wage of a one standard deviation shock in each of the other log transformed variables. The second group, Figure A 5.5, considers the impact of a shock in the minimum wage on the other model variables. It is to be recognised that as these responses are generated by the model as a whole, they should not be

⁶⁸⁷ See also footnotes 642 and 676.

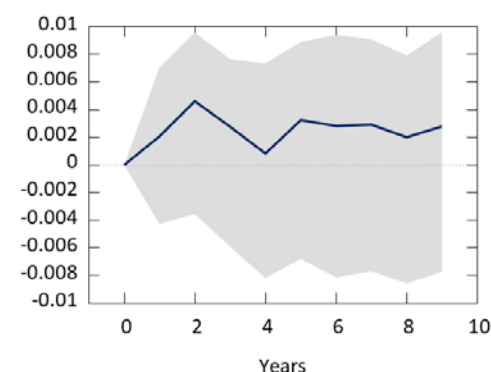
interpreted in terms of a direct effect, but rather as an outcome which may reflect a chain of interactions within the model as a whole.

Figure A 5.4 Impulse Response Functions: Minimum Wage Response

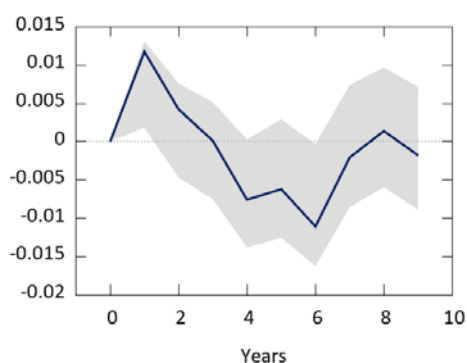
Response of Minimum Wage to Unionisation Rate



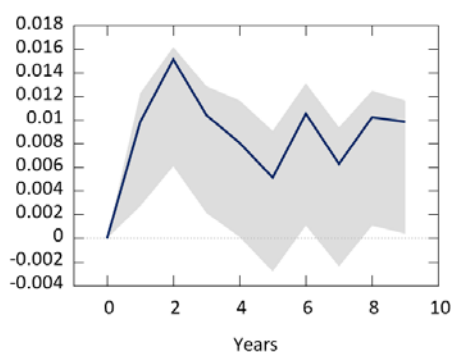
Response of Minimum Wage to Manufacturing Assistance



Response of Minimum wage to Male Unemployment Rate



Response of Minimum Wage to GDP per Full-Time Employed Person

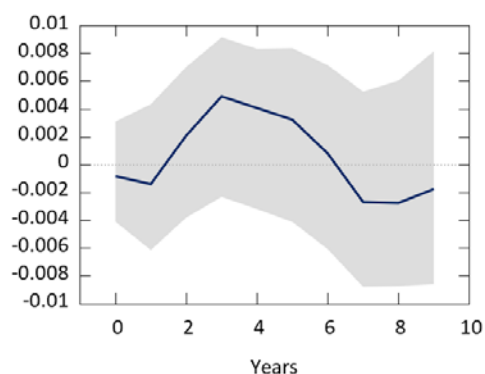


Notes: Bootstrapped 90 per cent confidence band shown.

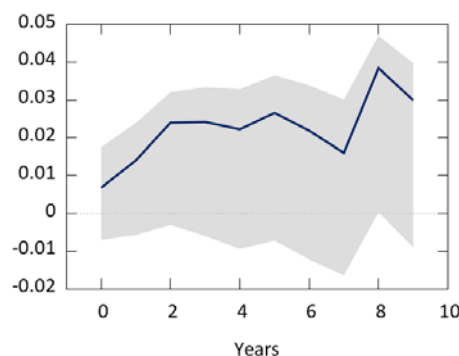
Turning firstly to the impact of shocks on the minimum wage; the response of the minimum wage to a shock in manufacturing assistance is relatively small and is not statistically significant, relative to zero, at the 90 per cent level. In contrast each of the other shocks show some, but usually only shortly sustained, statistically significant impact. In the case of a shock in the level of unionisation the response of the wage is positive, although only reaching a statistically significant level in year four, before declining. The response of the minimum wage to a shock in the male unemployment rate is initially strong, positive, and statistically significant in the first year, before diminishing and, in the log terms used, turning negative. This pattern could speculatively reflect a sequence of events which saw the minimum wage increased on the basis of past buoyant circumstances (typically the evidence available to the court at the time) and not immediately being readjusted to emerging unemployment. Subsequently however, as the nature of the unemployment event becomes more apparent, downward pressure is applied on the real wage. With respect to shock in GDP per equivalent full-time worker, the minimum wage shows a very positive, and statistically significant, response in the first, second and third years following the shock, with this diminishing and, although remaining positive, becoming only statistically significant intermittently in the following periods.

Figure A 5.5 Impulse Response Functions: Minimum Wage Shock

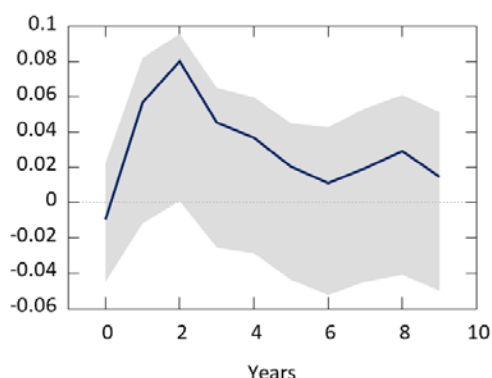
Response of Unionisation Rate to Minimum Wage



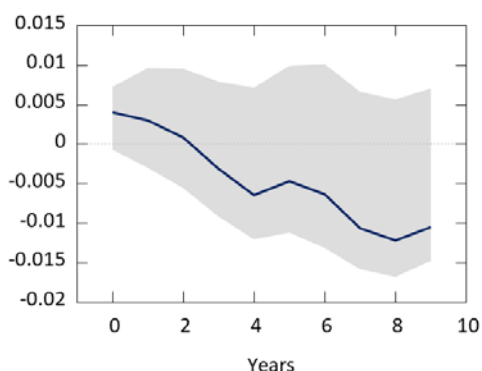
Response of Manufacturing Assistance to Minimum Wage



Response of Male Unemployment Rate to Minimum Wage



Response of GDP per FT Employed to Minimum Wage



Notes: Bootstrapped 90 per cent confidence band shown.

The second set of impulse responses, considers the response of these other variables to a shock in the minimum wage – that is, a one standard deviation increase in the log value. Overall none of these responses shows any substantial statistically significant effects, although the response of the unemployment rate and industry protection may just reach the five per cent level of significance in one year. The magnitude of the unionisation rate and of industry protection responses are both very small. Turning more specifically to the patterns, the response of the unionisation rate is an inverted u, initially being negative (in log terms), then increasing and becoming positive and then returning to a negative. The response of industry protection tends to be increasing over time (and as noted) briefly becoming significant in the eighth year. The unemployment rate shows a sharp spike, in years one and two (and potentially becoming significant at the five per cent level in year two), with this effect then tapering away towards zero, while the GDP response, although initially positive, becomes increasingly, in log terms, negative. However as noted in the introduction on the whole, no statistically significant results were found.

Again though interpretation of these responses needs to take account of these being just part of the model as the whole, with the long term relationships providing the trends against which the responses can be seen as adjustments.

Table A 5.8 Derivation of Modelling Data

Variable	Notes and Sources
Real Adjusted Male Minimum Wage	Male minimum wage adjusted to take account of changes in working time and deferred income through superannuation. Nominal value as per Table A 3.4. The annual value is the real value of the adjusted wage as of the end of December the previous year, and are in December 2016 dollars.
Manufacturing Protection	Effective Rate of Protection for Manufacturing Industry. Data to 2011 Lloyd and Maclaren (2014, online-table Table S2. Average nominal rates of assistance to Manufacturing, Australia, 1903–1904 to 2010–2011.) updated to 2015–16 with rescaled estimates of effective rate of combined assistance to manufacturing (Productivity Commission 2017, 32). Data are for the financial year ending 30 June.
Union Density.	Proportion of employees who are members of a Trade Union. As per Table A 6.1.
Male Unemployment rate	Male Unemployment Rate. As per Table A 5.10.
GDP per Full-time Equivalent Worker	GDP per Full-Time Equivalent Worker. Real GDP is for financial years ending in June of the year indicated in 2010–11 prices. Data to 2010 from Butlin, Dixon and Lloyd (2014, Table A1), data for 2011-2016 ABS (5204.0 2016-17, Table 1) scaled on average relativity of two series over 2008–09 and 2009–10. Full-Time Equivalent Worker derived from Table A 5.10. In calculation it is assumed a Part-Time worker works for half the time of a Full-Time worker.
US Unemployment Rate	Unemployed Persons as a proportion of the Civilian Labour Force. 1947-2016 Bureau of Labor Statistics (2017), Unemployment Rate, Persons aged 16 years and over. 1907-1946 Lebergott (1957, Table 1) Unemployment Rate, Persons aged 14 years and over. Rescaled (on 1947-1954 average relativity between the two series).
Wage Explosion Dummy	1 for the period 1980 to 1983, and zero at other periods.
Accord Dummy	1 for the years 1984 to 1996, and zero at other times.

The decision to use the Male Unemployment Rate, and a measure of GDP per equivalent full-time worker meant that existing data series were not suitable for the task, and as detailed in Table A 5.10 a Labour Force series including a gender split of the unemployed and estimates of male and female total and part-time employment was derived.

Table A 5.9 Data Used in Econometric Model, 1908 to 2016

	Real Adjusted Male Minimum Wage	Real GDP per Full- Time Equivalent Worker	Union Density	Manufact- uring Protection	Male Unemploy- ment Rate	US Unemploy- ment Rate
	\$2016	\$2011			- % -	
1908	296	35,063	23.9	28.8	3.7	7.7
1909	274	36,242	28.9	33.9	3.6	4.7
1910	275	39,363	27.8	33.9	3.6	5.4
1911	270	42,635	33.2	33.5	3.0	5.6
1912	265	41,030	30.5	32.0	2.6	4.7
1913	238	41,448	34.0	31.1	3.5	4.0
1914	299	41,973	35.4	31.2	3.5	7.3
1915	291	38,476	36.2	31.8	6.6	8.8
1916	261	37,978	38.4	28.1	4.1	4.4
1917	297	35,862	39.3	27.5	4.1	4.4
1918	288	34,183	39.6	22.8	4.1	1.3
1919	269	33,198	40.4	21.8	4.1	2.1
1920	252	33,612	43.3	24.8	3.5	3.6
1921	239	34,279	41.8	23.5	6.1	10.8
1922	352	37,717	40.8	29.4	6.6	6.9
1923	333	40,414	39.8	28.2	5.4	2.9
1924	361	43,398	40.5	28.4	5.1	5.0
1925	340	46,136	43.4	30.3	5.4	3.6
1926	348	43,968	44.9	34.3	5.3	1.7
1927	349	43,059	47.1	37.7	4.5	3.7
1928	384	43,297	46.4	39.8	6.5	4.0
1929	373	42,974	45.3	37.1	8.4	2.9
1930	379	39,437	42.7	44.2	12.4	8.1
1931	383	32,947	38.1	54.6	19.3	14.5
1932	321	33,346	36.4	66.2	22.3	21.5
1933	329	35,046	35.9	59.7	20.4	22.6
1934	338	35,557	35.2	58.3	17.1	19.7
1935	334	37,436	36.2	53.0	15.1	18.3
1936	348	39,268	35.6	50.4	12.5	15.5
1937	354	42,091	36.9	49.4	11.2	13.0
1938	381	49,775	37.6	44.3	9.5	17.3
1939	383	51,557	38.3	50.1	10.2	15.6
1940	379	51,472	38.0	47.3	10.0	13.3
1941	376	51,196	39.8	53.5	5.2	9.0
1942	378	55,859	42.8	41.8	2.0	4.3
1943	379	57,001	42.3	45.7	1.0	1.7
1944	382	54,200	44.4	46.2	1.0	1.1
1945	384	49,467	44.6	48.4	1.2	1.7
1946	389	47,603	50.8	41.6	2.1	3.5
1947	411	45,751	53.4	41.4	2.9	3.9
1948	437	46,558	56.0	29.7	2.1	3.8
1949	433	45,803	57.0	27.0	1.6	5.9
1950	431	47,672	58.0	26.2	1.8	5.3
1951	484	49,941	60.0	24.5	1.2	3.3
1952	482	52,243	60.0	23.0	1.4	3.0
1953	499	54,318	60.0	33.9	3.1	2.9
1954	504	58,071	62.0	26.3	2.1	5.5
1955	500	59,665	61.0	22.9	1.4	4.4
1956	483	60,952	61.0	22.0	1.5	4.1

Appendix 5: Modelling – the Minimum Wage and the Macro-Economy

	Real Adjusted Male Minimum Wage	Real GDP per Full- Time Equivalent Worker	Union Density	Manufact- uring Protection	Male Unemploy- ment Rate	US Unemploy- ment Rate
1957	472	60,436	59.0	21.9	2.0	4.3
1958	488	59,704	58.0	19.9	2.6	6.8
1959	489	63,251	58.0	21.8	2.7	5.5
1960	506	67,566	58.0	21.3	2.3	5.5
1961	484	67,549	57.0	20.1	2.6	6.7
1962	502	67,194	57.0	22.2	2.5	5.5
1963	502	70,444	56.0	22.1	1.7	5.7
1964	498	74,311	56.0	22.4	1.2	5.2
1965	526	77,973	54.0	23.0	0.8	4.5
1966	505	78,648	53.0	22.1	1.2	3.8
1967	584	81,369	52.0	22.5	1.2	3.8
1968	582	84,887	51.0	23.0	1.2	3.6
1969	588	87,963	50.0	24.0	1.1	3.5
1970	623	92,853	50.0	23.0	1.1	4.9
1971	595	93,806	52.0	23.0	1.2	5.9
1972	607	94,907	53.0	22.0	1.7	5.6
1973	639	95,117	54.0	22.0	1.9	4.9
1974	665	96,623	53.0	17.0	1.5	5.6
1975	648	95,730	51.4	15.0	3.1	8.5
1976	704	96,123	51.0	16.0	3.8	7.7
1977	749	96,258	50.7	15.0	4.2	7.1
1978	767	93,991	50.3	15.0	5.1	6.1
1979	807	96,339	50.0	15.0	5.4	5.8
1980	798	97,382	49.7	15.0	5.0	7.1
1981	797	97,997	49.3	15.0	4.8	7.6
1982	896	101,734	49.0	16.0	5.2	9.7
1983	853	98,741	48.3	16.0	8.5	9.6
1984	862	103,131	47.5	13.0	9.3	7.5
1985	875	107,958	46.8	13.0	8.3	7.2
1986	861	112,397	46.0	12.0	7.5	7.0
1987	820	112,691	44.0	12.0	7.9	6.2
1988	830	116,398	42.0	11.0	7.3	5.5
1989	813	119,490	41.5	10.0	6.2	5.3
1990	822	126,505	40.9	9.0	5.7	5.6
1991	804	125,249	40.4	9.0	8.4	6.8
1992	839	122,104	40.0	8.0	10.8	7.5
1993	836	122,381	38.1	7.0	11.7	6.9
1994	844	124,851	35.6	6.0	11.0	6.1
1995	826	126,683	33.3	5.0	9.2	5.6
1996	829	126,429	31.9	5.0	8.6	5.4
1997	817	127,122	30.9	4.0	8.8	4.9
1998	845	134,534	28.7	3.0	8.3	4.5
1999	868	144,848	26.2	3.0	7.7	4.2
2000	883	151,479	25.2	3.0	6.7	4.0
2001	870	151,588	25.0	3.0	6.7	4.7
2002	874	152,267	23.6	3.0	7.0	5.8
2003	888	152,997	23.6	3.0	6.2	6.0
2004	905	158,811	23.3	3.0	5.5	5.5
2005	920	162,514	23.0	2.6	5.1	5.1
2006	927	164,998	20.9	2.9	4.9	4.6
2007	949	167,475	19.4	2.5	4.3	4.6
2008	940	170,584	19.5	2.5	3.9	5.8
2009	944	172,282	20.2	2.5	4.9	9.3

The Australian minimum wage and the needs of a family

	Real Adjusted Male Minimum Wage	Real GDP per Full- Time Equivalent Worker	Union Density	Manufact- uring Protection	Male Unemploy- ment Rate	US Unemploy- ment Rate
2010	925	172,014	18.9	2.3	5.5	9.6
2011	944	173,541	19.0	2.2	4.8	8.9
2012	947	175,530	18.8	2.1	5.1	8.1
2013	954	175,265	17.7	2.2	5.4	7.4
2014	952	174,515	17.0	2.1	5.9	6.2
2015	966	173,244	16.1	2.0	6.1	5.3
2016	974	175,289	15.2	2.0	5.8	4.9

Notes and Source:

Detailed above.

Table A 5.10 Labour Force Statistics, 1901 to 2016

	Male				Female				Unemployment Rate		
	Employed Part-Time	Employed Total	Unemp-loyed	Labour Force	Employed Part-Time	Employed Total	Unemp-loyed	Labour Force	Male	Female	Total
	- ('000) -								- % -		
1901	0.0	1,163.0	51.8	1,214.8	0.0	320.7	8.2	328.9	4.3	2.5	3.9
1902	0.0	1,169.0	65.5	1,234.5	0.0	322.2	10.4	332.6	5.3	3.1	4.8
1903	0.0	1,134.8	116.4	1,251.2	0.0	316.9	18.5	335.4	9.3	5.5	8.5
1904	0.0	1,142.5	130.8	1,273.3	0.0	318.8	20.8	339.6	10.3	6.1	9.4
1905	0.0	1,172.1	121.8	1,293.9	0.0	324.0	19.3	343.3	9.4	5.6	8.6
1906	0.0	1,216.6	94.4	1,311.0	0.0	331.0	15.0	346.0	7.2	4.3	6.6
1907	0.0	1,261.3	75.6	1,336.9	0.0	339.1	12.0	351.1	5.7	3.4	5.2
1908	0.0	1,310.8	50.4	1,361.2	0.0	347.6	8.0	355.6	3.7	2.2	3.4
1909	0.0	1,349.5	50.2	1,399.7	0.0	355.8	8.0	363.8	3.6	2.2	3.3
1910	0.0	1,390.0	51.3	1,441.3	0.0	364.5	8.1	372.6	3.6	2.2	3.3
1911	0.0	1,467.6	44.8	1,512.4	0.0	356.5	7.8	364.3	3.0	2.1	2.8
1912	0.0	1,541.9	41.1	1,583.0	0.0	369.2	6.5	375.7	2.6	1.7	2.4
1913	0.0	1,585.8	58.1	1,643.9	0.0	375.1	9.2	384.3	3.5	2.4	3.3
1914	0.0	1,629.5	59.5	1,689.0	0.0	382.4	9.0	391.4	3.5	2.3	3.3
1915	0.0	1,547.5	108.7	1,656.2	0.0	379.9	16.5	396.4	6.6	4.2	6.1
1916	0.0	1,498.8	63.9	1,562.7	0.0	391.6	10.4	402.0	4.1	2.6	3.8
1917	0.0	1,440.4	61.6	1,502.0	0.0	399.4	10.4	409.8	4.1	2.5	3.8
1918	0.0	1,470.0	63.3	1,533.3	0.0	408.6	11.0	419.6	4.1	2.6	3.8
1919	0.0	1,576.3	67.0	1,643.3	0.0	417.3	11.1	428.4	4.1	2.6	3.8
1920	0.0	1,684.7	61.2	1,745.9	0.0	425.1	9.9	435.0	3.5	2.3	3.3
1921	0.0	1,663.9	108.4	1,772.3	0.0	423.1	16.8	439.9	6.1	3.8	5.7
1922	0.0	1,692.5	119.2	1,811.7	0.0	429.3	18.1	447.4	6.6	4.0	6.1
1923	0.0	1,756.2	100.5	1,856.7	0.0	440.5	15.3	455.8	5.4	3.4	5.0
1924	0.0	1,802.0	96.6	1,898.6	0.0	451.8	14.4	466.2	5.1	3.1	4.7
1925	0.0	1,816.0	104.0	1,920.0	0.0	458.5	19.8	478.3	5.4	4.1	5.2
1926	0.0	1,885.3	105.5	1,990.8	0.0	476.0	16.0	492.0	5.3	3.3	4.9
1927	0.0	1,949.0	91.4	2,040.4	0.0	493.8	13.9	507.7	4.5	2.7	4.1
1928	0.0	1,947.6	136.4	2,084.0	0.0	502.8	22.0	524.8	6.5	4.2	6.1
1929	5.6	1,966.8	180.0	2,146.8	1.3	516.1	24.9	541.0	8.4	4.6	7.6
1930	36.9	1,897.8	269.8	2,167.6	7.0	506.4	37.3	543.7	12.4	6.9	11.3
1931	106.0	1,733.1	415.6	2,148.7	19.1	486.2	63.9	550.1	19.3	11.6	17.8
1932	139.8	1,677.2	480.4	2,157.6	26.4	487.3	79.8	567.1	22.3	14.1	20.6
1933	144.7	1,704.3	435.6	2,139.9	26.8	506.6	80.8	587.4	20.4	13.8	18.9
1934	90.0	1,811.8	373.8	2,185.6	18.5	539.2	77.7	616.9	17.1	12.6	16.1
1935	72.2	1,891.0	337.1	2,228.1	13.5	565.5	66.6	632.1	15.1	10.5	14.1
1936	38.7	1,998.2	284.9	2,283.1	6.8	596.0	50.1	646.1	12.5	7.8	11.4
1937	13.8	2,079.0	261.3	2,340.3	7.2	603.6	48.9	652.5	11.2	7.5	10.4
1938	4.3	2,137.9	223.8	2,361.7	6.3	625.9	27.1	653.0	9.5	4.2	8.3
1939	4.3	2,128.1	242.9	2,371.0	6.3	625.3	30.7	656.0	10.2	4.7	9.0
1940	6.5	2,153.0	238.1	2,391.1	12.6	629.3	31.8	661.1	10.0	4.8	8.8
1941	6.9	2,300.0	126.2	2,426.2	19.8	658.4	20.5	678.9	5.2	3.0	4.7
1942	9.7	2,422.2	48.8	2,471.0	28.8	738.4	10.5	748.9	2.0	1.4	1.8
1943	13.4	2,486.2	24.4	2,510.6	31.9	799.6	7.1	806.7	1.0	0.9	0.9
1944	16.9	2,484.5	24.2	2,508.7	34.1	835.5	8.8	844.3	1.0	1.0	1.0
1945	20.3	2,468.6	28.9	2,497.5	33.4	799.9	10.8	810.7	1.2	1.3	1.2
1946	23.3	2,418.6	52.5	2,471.1	29.9	701.6	18.4	720.0	2.1	2.6	2.2
1947	26.6	2,406.3	73.0	2,479.3	30.4	697.9	19.3	717.2	2.9	2.7	2.9
1948	30.9	2,478.7	52.1	2,530.8	32.3	724.8	12.4	737.2	2.1	1.7	2.0
1949	35.4	2,550.7	41.0	2,591.7	33.8	745.0	9.2	754.2	1.6	1.2	1.5
1950	40.1	2,628.2	49.0	2,677.2	35.4	763.1	11.8	774.9	1.8	1.5	1.8
1951	45.4	2,719.5	31.8	2,751.3	37.3	788.9	7.9	796.8	1.2	1.0	1.1
1952	50.0	2,765.7	40.3	2,806.0	38.2	794.0	11.2	805.2	1.4	1.4	1.4
1953	53.6	2,748.0	86.8	2,834.8	38.7	787.8	20.1	807.9	3.1	2.5	2.9
1954	58.5	2,796.7	59.9	2,856.6	41.5	830.6	14.8	845.4	2.1	1.8	2.0

The Australian minimum wage and the needs of a family

	Male				Female				Unemployment Rate		
	Employed Part-Time	Employed Total	Unemp-loyed	Labour Force	Employed Part-Time	Employed Total	Unemp-loyed	Labour Force	Male	Female	Total
	- ('000) -								- % -		
1955	63.9	2,862.6	39.8	2,902.4	80.4	864.0	12.4	876.4	1.4	1.4	1.4
1956	69.1	2,912.7	43.7	2,956.4	116.1	886.0	14.4	900.4	1.5	1.6	1.5
1957	73.8	2,935.5	61.0	2,996.5	113.9	911.2	19.6	930.8	2.0	2.1	2.1
1958	78.2	2,947.4	78.9	3,026.3	95.5	935.8	25.2	961.0	2.6	2.6	2.6
1959	83.5	2,986.5	81.9	3,068.4	116.8	965.4	29.3	994.7	2.7	2.9	2.7
1960	89.5	3,049.0	70.9	3,119.9	132.7	1,021.1	27.2	1,048.3	2.3	2.6	2.4
1961	95.2	3,084.1	81.8	3,165.9	144.2	1,029.8	29.4	1,059.2	2.6	2.8	2.6
1962	99.0	3,097.1	80.7	3,177.8	148.9	1,145.4	43.0	1,188.4	2.5	3.6	2.8
1963	105.0	3,132.2	53.1	3,185.3	175.7	1,187.3	36.9	1,224.2	1.7	3.0	2.0
1964	110.1	3,217.7	38.5	3,256.2	237.9	1,254.1	34.8	1,288.9	1.2	2.7	1.6
1965	114.7	3,285.7	27.6	3,313.3	288.7	1,329.5	35.6	1,365.1	0.8	2.6	1.4
1966	117.1	3,351.8	39.9	3,391.7	318.8	1,386.7	43.9	1,430.6	1.2	3.1	1.7
1967	123.8	3,386.6	42.9	3,429.5	352.5	1,484.7	48.0	1,532.7	1.2	3.1	1.8
1968	129.0	3,443.0	43.1	3,486.1	380.0	1,545.6	52.3	1,597.9	1.2	3.3	1.9
1969	135.5	3,512.2	40.1	3,552.3	410.8	1,599.6	52.6	1,652.3	1.1	3.2	1.8
1970	125.0	3,595.7	40.1	3,635.8	436.3	1,689.5	53.6	1,743.1	1.1	3.1	1.7
1971	120.8	3,675.5	43.8	3,719.3	469.9	1,790.6	53.3	1,843.9	1.2	2.9	1.7
1972	108.1	3,730.8	63.2	3,793.9	465.3	1,809.2	63.4	1,872.6	1.7	3.4	2.2
1973	128.0	3,786.0	73.1	3,859.1	521.5	1,894.5	80.5	1,975.0	1.9	4.1	2.6
1974	141.3	3,869.7	58.2	3,927.9	578.5	1,993.4	69.1	2,062.5	1.5	3.3	2.1
1975	145.3	3,839.9	123.0	3,962.9	621.4	2,016.2	124.1	2,140.3	3.1	5.8	4.0
1976	162.8	3,851.5	150.6	4,002.2	679.7	2,077.8	151.0	2,228.9	3.8	6.8	4.8
1977	178.4	3,871.0	170.7	4,041.7	704.9	2,094.6	154.4	2,249.0	4.2	6.9	5.2
1978	198.6	3,877.5	210.1	4,087.6	720.4	2,126.2	186.8	2,312.9	5.1	8.1	6.2
1979	201.2	3,886.1	221.2	4,107.3	742.5	2,155.3	186.1	2,341.4	5.4	8.0	6.3
1980	204.4	3,959.0	208.8	4,167.8	767.3	2,228.0	192.7	2,420.7	5.0	8.0	6.1
1981	213.9	4,035.3	202.1	4,237.3	819.4	2,312.8	188.2	2,501.0	4.8	7.5	5.8
1982	216.0	4,070.2	223.9	4,294.2	827.8	2,354.8	200.6	2,555.4	5.2	7.8	6.2
1983	241.8	3,976.5	369.0	4,345.5	848.1	2,344.2	252.8	2,597.0	8.5	9.7	9.0
1984	242.4	3,978.7	408.0	4,386.7	868.0	2,389.8	262.9	2,652.7	9.3	9.9	9.5
1985	250.6	4,068.1	369.0	4,437.1	920.4	2,505.8	245.6	2,751.4	8.3	8.9	8.5
1986	266.1	4,188.6	342.0	4,530.6	991.9	2,661.0	251.9	2,912.9	7.5	8.6	8.0
1987	281.6	4,237.2	364.4	4,601.6	1,069.0	2,782.4	264.8	3,047.2	7.9	8.7	8.2
1988	310.2	4,331.9	340.4	4,672.3	1,124.0	2,887.2	261.3	3,148.5	7.3	8.3	7.7
1989	323.2	4,479.1	295.0	4,774.1	1,200.8	3,058.2	240.6	3,298.8	6.2	7.3	6.6
1990	365.4	4,600.0	279.8	4,879.8	1,276.8	3,222.3	233.9	3,456.2	5.7	6.8	6.2
1991	381.3	4,518.8	415.7	4,934.5	1,312.9	3,243.1	290.1	3,533.2	8.4	8.2	8.3
1992	429.1	4,402.2	531.4	4,933.5	1,321.9	3,213.9	340.4	3,554.3	10.8	9.6	10.3
1993	434.6	4,362.8	579.9	4,942.8	1,354.8	3,225.2	352.4	3,577.6	11.7	9.8	10.9
1994	452.6	4,438.4	548.4	4,986.7	1,381.6	3,294.3	364.6	3,658.9	11.0	10.0	10.6
1995	490.3	4,591.0	466.0	5,057.0	1,448.2	3,429.0	327.9	3,756.9	9.2	8.7	9.0
1996	514.1	4,691.6	442.3	5,133.9	1,514.5	3,560.9	316.9	3,877.8	8.6	8.2	8.4
1997	541.2	4,707.8	457.0	5,164.8	1,534.8	3,592.7	330.1	3,922.7	8.8	8.4	8.7
1998	572.9	4,760.5	428.9	5,189.4	1,584.8	3,641.5	306.1	3,947.6	8.3	7.8	8.0
1999	594.6	4,820.2	400.1	5,220.2	1,627.0	3,722.9	285.0	4,008.0	7.7	7.1	7.4
2000	611.7	4,917.0	352.7	5,269.7	1,682.1	3,829.7	270.3	4,100.0	6.7	6.6	6.6
2001	658.0	4,974.2	358.6	5,332.7	1,732.0	3,963.3	261.0	4,224.3	6.7	6.2	6.5
2002	714.2	5,035.3	377.2	5,412.5	1,828.0	4,028.4	274.1	4,302.5	7.0	6.4	6.7
2003	754.0	5,133.8	339.9	5,473.7	1,905.6	4,163.6	270.2	4,433.8	6.2	6.1	6.2
2004	761.3	5,228.9	301.6	5,530.5	1,920.6	4,201.7	262.1	4,463.8	5.5	5.9	5.6
2005	776.7	5,340.9	285.8	5,626.7	1,959.8	4,336.7	248.7	4,585.4	5.1	5.4	5.2
2006	797.5	5,475.3	282.3	5,757.6	2,048.6	4,489.3	237.6	4,726.9	4.9	5.0	5.0
2007	842.0	5,626.7	252.2	5,878.9	2,060.7	4,622.4	236.9	4,859.3	4.3	4.9	4.6
2008	873.1	5,795.1	237.1	6,032.1	2,113.0	4,768.6	232.1	5,000.8	3.9	4.6	4.3
2009	887.3	5,864.3	300.6	6,164.9	2,191.8	4,893.5	261.1	5,154.6	4.9	5.1	5.0

Appendix 5: Modelling – the Minimum Wage and the Macro-Economy

	Male				Female				Unemployment Rate		
	Employed Part-Time	Employed Total	Unemp-loyed	Labour Force	Employed Part-Time	Employed Total	Unemp-loyed	Labour Force	Male	Female	Total
	– ('000) –								– % –		
2010	965.8	5,913.4	345.6	6,259.1	2,261.5	4,932.3	282.4	5,214.7	5.5	5.4	5.5
2011	980.5	6,071.0	303.4	6,374.4	2,298.1	5,044.2	289.1	5,333.3	4.8	5.4	5.1
2012	986.6	6,115.2	328.3	6,443.5	2,340.9	5,133.9	295.4	5,429.3	5.1	5.4	5.3
2013	1,006.9	6,175.3	352.3	6,527.6	2,383.7	5,209.7	296.4	5,506.1	5.4	5.4	5.4
2014	1,053.1	6,197.2	385.2	6,582.4	2,404.5	5,252.5	337.1	5,589.6	5.9	6.0	5.9
2015	1,100.8	6,293.1	407.6	6,700.7	2,499.4	5,361.4	348.1	5,709.5	6.1	6.1	6.1
2016	1,150.9	6,373.4	391.7	6,765.1	2,560.0	5,508.6	346.6	5,855.2	5.8	5.9	5.9

Notes & Sources:

Main Labour Force Estimates:

1901–1910 from Withers, Endres & Perry (1985, 97), with gender split of labour force based on linear interpolation of 1901 and 1911 census less unemployment using average of 1910 – 1922 female share of unemployment.

1911 – 1960 Keating (1973): Workforce (343-344) 'adjusted unemployment' (377-378).

1962 – 1966 : ABS quarterly labour force survey for six capitals uprated by civilian employees as of June each year (ABS 6101.0 1964, 189;1965, 185,208) and ratio of capital city and total labour force coverage in 1964, 1965, 1966 from ABS 6204.0 1970).

1967–2016 Annual average of August, November, February and May quarters (ABS 6202.0).

Part-time/Full-time split of employment:

1933 split derived from Census, estimated part-time 1929 to 1938 modelled on pattern of unemployment, then linear trend to 1942 Prest estimate of the proportion employed part-time (Lack 2012).

For males a linear trend in the proportion employed part-time was estimated from then to 1964. For women a linear trend in the proportion was used to 1954 from which point an estimated incidence was derived for the period up to 1964 from the earnings of employed factory employees. This was derived by assuming that the divergence between average male and female earnings over this time was a product of increasing part-time employment.

Appendix 6 Figure Data

This Appendix contains details of data used in the body, including that used to plot the graphs. In some cases the actual chart data are provided, in other cases, the base series used to derive these are shown.

Table A 6.1 Data for Figure 2.1 Trade Unionisation Rate of Wage and Salary Earners, by Gender, and Female Proportion of Trade Union Members, 1901 to 2016

Year	Male	Female	Persons	Proportion female	Year	Male	Female	Persons	Proportion female
1901	14.0	2.2	11.5	-	1959	65.0	41.0	58.0	19.2
1902	15.7	2.5	12.8	-	1960	65.0	41.0	58.0	19.8
1903	17.3	2.7	14.2	-	1961	63.0	41.0	57.0	18.2
1904	19.0	3.0	15.6	-	1962	64.0	41.0	57.0	19.3
1905	20.7	3.3	17.0	-	1963	62.0	42.0	56.0	19.7
1906	22.4	3.5	18.3	-	1964	62.0	41.0	56.0	20.4
1907	24.0	3.8	19.7	-	1965	62.0	41.0	54.0	20.6
1908	29.1	4.6	23.9	-	1966	60.0	37.0	53.0	21.9
1909	35.2	5.5	28.9	-	1967	59.0	37.0	52.0	22.7
1910	33.9	5.3	27.8	-	1968	59.0	36.0	51.0	22.8
1911	40.4	6.3	33.2	-	1969	58.0	36.0	50.0	23.3
1912	37.1	5.8	30.5	4.1	1970	57.0	36.0	50.0	24.4
1913	41.5	6.5	34.0	4.1	1971	59.0	39.0	52.0	25.4
1914	43.2	7.1	35.4	4.3	1972	58.0	43.0	53.0	27.6
1915	44.0	8.9	36.2	5.5	1973	59.0	43.0	54.0	28.4
1916	46.5	12.0	38.4	7.2	1974	58.0	43.0	53.0	28.9
1917	47.2	13.6	39.3	8.1	1975	57.0	43.0	51.4	30.1
1918	47.3	14.8	39.6	8.7	1976	56.0	43.0	51.0	30.7
1919	46.8	18.3	40.4	10.1	1977	55.5	43.0	50.7	31.2
1920	49.5	22.0	43.3	11.4	1978	55.0	43.0	50.3	31.6
1921	47.8	21.1	41.8	11.5	1979	54.5	43.0	50.0	32.1
1922	46.3	22.1	40.8	12.2	1980	54.0	43.0	49.7	32.6
1923	44.7	22.9	39.8	13.0	1981	53.5	43.0	49.3	33.1
1924	46.0	21.8	40.5	12.1	1982	53.0	43.0	49.0	33.5
1925	49.1	23.4	43.4	12.1	1983	52.3	42.0	48.3	33.3
1926	50.7	25.0	44.9	12.4	1984	51.5	41.0	47.5	33.0
1927	52.8	27.5	47.1	13.0	1985	50.8	40.0	46.8	32.8
1928	51.4	28.8	46.4	13.9	1986	50.0	39.0	46.0	32.5
1929	50.1	28.6	45.3	14.1	1987	48.0	37.0	44.0	33.9
1930	47.3	26.7	42.7	14.0	1988	46.0	35.0	42.0	35.3
1931	41.9	24.9	38.1	14.7	1989	45.8	34.9	41.5	36.0
1932	40.0	24.1	36.4	14.9	1990	45.5	34.8	40.9	36.7
1933	39.3	24.4	35.9	15.3	1991	44.7	34.9	40.4	37.7
1934	38.9	23.2	35.2	15.9	1992	43.9	35.0	40.0	38.8
1935	40.0	24.4	36.2	16.2	1993	41.5	33.9	38.1	39.5
1936	39.9	22.5	35.6	15.8	1994	38.8	31.7	35.6	39.7
1937	41.4	23.2	36.9	15.8	1995	36.5	29.4	33.3	40.1
1938	42.5	22.9	37.6	15.4	1996	34.6	28.6	31.9	40.4
1939	43.7	22.7	38.3	15.0	1997	33.8	27.3	30.9	40.0
1940	43.6	22.3	38.0	15.6	1998	30.8	26.2	28.7	41.6
1941	44.2	27.2	39.8	17.6	1999	28.4	23.7	26.2	41.2
1942	46.8	32.0	42.8	20.2	2000	27.1	23.1	25.2	42.4
1943	45.8	33.5	42.3	22.3	2001	26.7	23.1	25.0	42.8
1944	47.7	35.9	44.4	22.5	2002	25.1	21.9	23.6	43.0
1945	47.5	36.5	44.6	21.6	2003	24.9	22.1	23.6	43.7
1946	55.9	37.2	50.8	19.9	2004	24.3	22.1	23.3	44.9
1947	58.3	40.0	53.4	20.4	2005	24.3	21.5	23.0	44.0
1948	62.0	40.0	56.0	19.4	2006	22.0	19.6	20.9	44.4
1949	63.0	41.0	57.0	19.3	2007	20.1	18.5	19.4	44.8
1950	65.0	40.0	58.0	18.9	2008	19.7	19.2	19.5	46.3
1951	66.0	42.0	60.0	19.0	2009	20.7	19.6	20.2	46.1
1952	67.0	40.0	60.0	17.3	2010	18.6	19.2	18.9	48.0
1953	67.0	40.0	60.0	17.8	2011	19.2	18.8	19.0	46.8
1954	68.0	44.0	62.0	19.0	2012	18.3	19.5	18.8	48.9
1955	68.0	43.0	61.0	18.7	2013	17.1	18.4	17.7	49.4
1956	67.0	43.0	61.0	18.8	2014	16.6	17.4	17.0	49.9
1957	65.0	42.0	59.0	19.1	2015	15.3	17.0	16.1	50.9
1958	65.0	41.0	58.0	19.1	2016	14.1	16.5	15.2	51.8

Notes:

Gender split before 1912 based on 1912 proportions. For this reason no estimate of the 'Proportion female' is given in the table for this period. Data to 1975 are based on trade union returns and primarily expressed as a proportion of adult wage and salary earners. Data from 1975 on are derived from household surveys. While the trade union series is variously available to 1996 the survey based series has been adopted, notwithstanding some gaps which have been filled through interpolation, due to increasing divergence between the series including the extent to which the trade union data include at times both financial and non-financial members.

Estimates for 1974, 1975, 1977–1981, 1983–1985 and 2015 are derived by linear interpolation.

Source:

1901–1975: ABS 6101.0 (Various); 1976–2013: ABS 6310.0 (Various); 2014–2016: ABS 6333.0 (2014, 2016).

Table A 6.2 Data for Figure 2.3 Commonwealth Taxation and Cash Transfers as a Proportion of GDP, Financial Year Ending 30 June 1901 to 2016

	Commonwealth			GDP Nominal	Share of GDP						
	Income tax		Total Tax		Transfers (b)	Personal Income Tax (a)	Other Income Tax (a)	Total Income Tax	Other Tax	Total Tax	Cash Trans- fers
	Personal	Total									
	Income Tax (a)	Income Tax									
– \$ millions –											
1901	–	0.0	8.3	0.0	419	–	–	0.0	2.0	2.0	0.0
1902	–	0.0	17.8	0.0	444	–	–	0.0	4.0	4.0	0.0
1903	–	0.0	19.4	0.0	429	–	–	0.0	4.5	4.5	0.0
1904	–	0.0	18.2	0.0	449	–	–	0.0	4.1	4.1	0.0
1905	–	0.0	17.6	0.0	445	–	–	0.0	4.0	4.0	0.0
1906	–	0.0	18.0	0.0	480	–	–	0.0	3.7	3.7	0.0
1907	–	0.0	19.3	0.0	540	–	–	0.0	3.6	3.6	0.0
1908	–	0.0	23.3	0.0	538	–	–	0.0	4.3	4.3	0.0
1909	–	0.0	21.7	0.0	576	–	–	0.0	3.8	3.8	0.0
1910	–	0.0	23.2	3.1	626	–	–	0.0	3.7	3.7	0.5
1911	–	0.0	28.7	3.7	688	–	–	0.0	4.2	4.2	0.5
1912	–	0.0	32.2	4.3	739	–	–	0.0	4.4	4.4	0.6
1913	–	0.0	34.2	5.4	808	–	–	0.0	4.2	4.2	0.7
1914	–	0.0	33.2	6.5	871	–	–	0.0	3.8	3.8	0.8
1915	–	0.0	33.7	6.8	845	–	–	0.0	4.0	4.0	0.8
1916	–	7.9	47.1	7.1	978	–	–	0.8	4.0	4.8	0.7
1917	–	11.2	49.1	8.4	1,032	–	–	1.1	3.7	4.8	0.8
1918	–	16.1	49.2	8.9	1,073	–	–	1.5	3.1	4.6	0.8
1919	–	23.2	65.7	9.1	1,157	–	–	2.0	3.7	5.7	0.8
1920	–	30.8	83.7	10.2	1,267	–	–	2.4	4.2	6.6	0.8
1921	–	32.9	104.9	11.7	1,398	–	–	2.4	5.1	7.5	0.8
1922	–	36.2	99.4	12.1	1,395	–	–	2.6	4.5	7.1	0.9
1923	–	26.4	99.8	12.2	1,530	–	–	1.7	4.8	6.5	0.8
1924	–	22.3	101.7	14.4	1,590	–	–	1.4	5.0	6.4	0.9
1925	–	22.1	105.7	15.4	1,747	–	–	1.3	4.8	6.1	0.9
1926	–	21.6	108.7	18.1	1,684	–	–	1.3	5.2	6.5	1.1
1927	–	22.2	118.0	20.7	1,756	–	–	1.3	5.5	6.7	1.2
1928	–	20.1	113.3	22.1	1,767	–	–	1.1	5.3	6.4	1.3
1929	–	19.6	112.6	22.8	1,740	–	–	1.1	5.3	6.5	1.3
1930	–	22.3	116.4	24.1	1,593	–	–	1.4	5.9	7.3	1.5
1931	–	27.2	100.8	25.9	1,310	–	–	2.1	5.6	7.7	2.0
1932	–	26.9	107.9	24.3	1,232	–	–	2.2	6.6	8.8	2.0
1933	–	21.7	112.3	23.4	1,288	–	–	1.7	7.0	8.7	1.8
1934	–	18.6	112.8	23.6	1,383	–	–	1.3	6.8	8.2	1.7
1935	–	17.5	117.5	25.2	1,461	–	–	1.2	6.8	8.0	1.7
1936	–	17.6	127.2	27.4	1,607	–	–	1.1	6.8	7.9	1.7
1937	–	17.1	125.5	29.8	1,754	–	–	1.0	6.2	7.2	1.7
1938	–	18.8	138.1	33.6	1,898	–	–	1.0	6.3	7.3	1.8
1939	–	23.8	148.2	34.1	1,860	–	–	1.3	6.7	8.0	1.8
1940	–	32.9	180.0	35.0	2,039	–	–	1.6	7.2	8.8	1.7
1941	–	86.6	250.8	36.8	2,171	–	–	4.0	7.6	11.6	1.7
1942	93.8	155.1	358.9	63.0	2,543	3.7	2.4	6.1	8.0	14.1	2.5
1943	187.0	282.1	514.3	73.7	2,928	6.4	3.2	9.6	7.9	17.6	2.5
1944	265.1	367.6	607.5	79.2	2,976	8.9	3.4	12.4	8.1	20.4	2.7
1945	311.5	431.1	676.0	79.7	2,894	10.8	4.1	14.9	8.5	23.4	2.8
1946	318.7	429.2	706.4	105.1	2,992	10.7	3.7	14.3	9.3	23.6	3.5
1947	308.8	415.5	771.2	115.8	3,216	9.6	3.3	12.9	11.1	24.0	3.6

Appendix 6: Figure Data

	Commonwealth			GDP Nominal	Share of GDP						
	Income tax		Total Tax		Transfers (b)	Personal Income Tax (a)	Other Income Tax (a)	Total Income Tax	Other Tax	Total Tax	Cash Trans- fers
	Personal	Total									
	Income Tax (a)	Income Tax									
– \$ millions –				– % –							
1948	313.3	465.7	844.8	129.5	3,963	7.9	3.8	11.8	9.6	21.3	3.3
1949	368.4	544.7	981.6	151.1	4,493	8.2	3.9	12.1	9.7	21.8	3.4
1950	394.0	559.3	1,037.9	171.9	5,321	7.4	3.1	10.5	9.0	19.5	3.2
1951	750.0	903.0	1,554.4	206.6	7,085	10.6	2.2	12.7	9.2	21.9	2.9
1952	756.8	1,102.3	1,868.0	235.3	7,672	9.9	4.5	14.4	10.0	24.3	3.1
1953	754.6	1,109.5	1,790.9	286.1	8,725	8.6	4.1	12.7	7.8	20.5	3.3
1954	670.0	1,056.4	1,800.9	296.1	9,563	7.0	4.0	11.0	7.8	18.8	3.1
1955	648.8	1,065.8	1,875.2	310.1	10,221	6.3	4.1	10.4	7.9	18.3	3.0
1956	707.8	1,148.0	2,007.6	354.7	11,103	6.4	4.0	10.3	7.7	18.1	3.2
1957	799.2	1,240.6	2,197.5	368.6	12,126	6.6	3.6	10.2	7.9	18.1	3.0
1958	725.6	1,300.8	2,323.1	405.3	12,451	5.8	4.6	10.4	8.2	18.7	3.3
1959	772.6	1,217.3	2,266.6	443.6	13,420	5.8	3.3	9.1	7.8	16.9	3.3
1960	875.8	1,342.6	2,499.6	468.6	14,877	5.9	3.1	9.0	7.8	16.8	3.1
1961	1,036.8	1,613.9	2,851.1	517.1	15,955	6.5	3.6	10.1	7.8	17.9	3.2
1962	1,073.8	1,655.4	2,835.5	568.0	16,351	6.6	3.6	10.1	7.2	17.3	3.5
1963	1,082.6	1,620.4	2,882.3	580.0	17,664	6.1	3.0	9.2	7.1	16.3	3.3
1964	1,271.1	1,873.3	3,220.1	640.1	19,631	6.5	3.1	9.5	6.9	16.4	3.3
1965	1,569.5	2,294.6	3,788.3	669.2	21,545	7.3	3.4	10.7	6.9	17.6	3.1
1966	1,729.4	2,547.8	4,187.4	692.6	22,647	7.6	3.6	11.2	7.2	18.5	3.1
1967	1,920.6	2,727.9	4,455.9	765.2	25,112	7.6	3.2	10.9	6.9	17.7	3.0
1968	2,175.2	3,033.6	4,916.6	790.6	26,968	8.1	3.2	11.2	7.0	18.2	2.9
1969	2,377.4	3,408.2	5,523.2	847.6	30,466	7.8	3.4	11.2	6.9	18.1	2.8
1970	2,854.9	4,041.8	6,374.4	972.4	33,926	8.4	3.5	11.9	6.9	18.8	2.9
1971	3,175.0	4,602.5	7,177.1	1,025.5	37,591	8.4	3.8	12.2	6.8	19.1	2.7
1972	3,764.7	5,284.4	7,933.1	1,195.4	41,617	9.0	3.7	12.7	6.4	19.1	2.9
1973	4,084.5	5,701.7	8,462.6	1,555.1	47,074	8.7	3.4	12.1	5.9	18.0	3.3
1974	5,485.1	7,498.2	10,881.0	1,937.2	56,836	9.7	3.5	13.2	6.0	19.1	3.4
1975	7,708.6	10,140.6	14,165.4	2,802.0	68,309	11.3	3.6	14.8	5.9	20.7	4.1
1976	9,212.7	11,812.8	16,883.4	3,906.0	80,790	11.4	3.2	14.6	6.3	20.9	4.8
1977	11,046.6	13,946.1	19,735.6	5,330.7	93,081	11.9	3.1	15.0	6.2	21.2	5.7
1978	12,122.2	15,312.4	21,407.0	6,188.3	101,480	11.9	3.1	15.1	6.0	21.1	6.1
1979	12,791.2	15,930.0	23,394.9	6,723.1	115,328	11.1	2.7	13.8	6.5	20.3	5.8
1980	15,032.7	18,571.2	27,460.6	7,311.7	131,285	11.5	2.7	14.1	6.8	20.9	5.6
1981	17,532.5	22,373.1	32,620.0	8,082.6	149,224	11.7	3.2	15.0	6.9	21.9	5.4
1982	21,205.0	26,462.7	37,859.2	9,398.0	170,742	12.4	3.1	15.5	6.7	22.2	5.5
1983	22,942.6	28,045.3	40,925.9	11,436.2	184,453	12.4	2.8	15.2	7.0	22.2	6.2
1984	24,691.5	29,622.4	44,682.5	13,200.5	208,411	11.8	2.4	14.2	7.2	21.4	6.3
1985	29,288.6	35,307.9	52,762.5	14,092.3	231,585	12.6	2.6	15.2	7.5	22.8	6.1
1986	32,713.8	39,388.7	58,574.9	14,977.5	256,198	12.8	2.6	15.4	7.5	22.9	5.8
1987	38,061.7	45,385.6	65,940.5	15,970.4	281,352	13.5	2.6	16.1	7.3	23.4	5.7
1988	41,887.3	51,278.7	74,467.5	17,331.1	321,284	13.0	2.9	16.0	7.2	23.2	5.4
1989	47,433.0	58,436.0	83,328.0	18,151.5	364,146	13.0	3.0	16.0	6.8	22.9	5.0
1990	49,881.0	64,144.0	90,571.0	20,682.7	398,521	12.5	3.6	16.1	6.6	22.7	5.2
1991	50,061.0	66,407.0	92,448.0	24,340.6	411,914	12.2	4.0	16.1	6.3	22.4	5.9
1992	46,687.0	62,093.0	86,375.0	27,505.9	421,990	11.1	3.7	14.7	5.8	20.5	6.5
1993	47,528.0	62,862.0	87,739.0	30,475.8	444,282	10.7	3.5	14.1	5.6	19.7	6.9
1994	50,571.0	65,498.0	92,463.0	33,561.7	468,085	10.8	3.2	14.0	5.8	19.8	7.2
1995	54,635.0	72,766.0	103,777.0	33,985.7	494,421	11.1	3.7	14.7	6.3	21.0	6.9
1996	60,602.0	80,919.0	113,988.0	36,257.2	530,002	11.4	3.8	15.3	6.2	21.5	6.8
1997	66,278.0	89,211.0	123,320.0	38,470.6	557,259	11.9	4.1	16.0	6.1	22.1	6.9

The Australian minimum wage and the needs of a family

	Commonwealth			GDP Nominal		Share of GDP					
	Income tax		Total Tax	Transfers (b)		Personal Income Tax (a)	Other Income Tax (a)	Total Income Tax	Other Tax	Total Tax	Cash Transfers
	Personal Income Tax (a)	Total Income Tax									
	– \$ millions –					– % –					
1998	70,782.0	94,415.0	130,031.0	39,447.4	591,613	12.0	4.0	16.0	6.0	22.0	6.7
1999	77,518.0	104,060.0	141,100.0	40,777.8	621,000	12.5	4.3	16.8	6.0	22.7	6.6
2000	87,496.0	118,227.0	153,153.0	41,690.5	661,515	13.2	4.6	17.9	5.3	23.2	6.3
2001	81,166.0	124,602.0	175,591.0	49,318.8	706,042	11.5	6.2	17.6	7.2	24.9	7.0
2002	90,055.0	123,065.0	177,838.0	49,473.7	754,228	11.9	4.4	16.3	7.3	23.6	6.6
2003	94,574.0	134,432.0	194,827.0	50,818.7	801,587	11.8	5.0	16.8	7.5	24.3	6.3
2004	102,704.0	145,709.0	209,560.0	58,474.1	862,219	11.9	5.0	16.9	7.4	24.3	6.8
2005	112,226.0	162,974.0	229,131.0	57,769.4	922,845	12.2	5.5	17.7	7.2	24.8	6.3
2006	118,423.0	176,198.0	245,223.0	59,498.0	998,458	11.9	5.8	17.6	6.9	24.6	6.0
2007	119,793.0	189,378.0	261,988.0	62,537.9	1,087,440	11.0	6.4	17.4	6.7	24.1	5.8
2008	123,969.0	208,233.0	286,590.0	65,456.8	1,178,809	10.5	7.1	17.7	6.6	24.3	5.6
2009	123,840.0	200,998.0	279,112.0	83,940.6	1,259,280	9.8	6.1	16.0	6.2	22.2	6.7
2010	121,193.0	186,658.0	268,570.0	78,415.5	1,297,508	9.3	5.0	14.4	6.3	20.7	6.0
2011	134,925.0	204,546.0	290,047.0	83,737.9	1,410,442	9.6	4.9	14.5	6.1	20.6	5.9
2012	149,501.0	230,869.0	318,570.0	90,654.0	1,491,741	10.0	5.5	15.5	5.9	21.4	6.1
2013	158,670.0	241,797.0	339,448.0	97,068.6	1,527,529	10.4	5.4	15.8	6.4	22.2	6.4
2014	165,901.0	248,435.0	353,519.0	103,519.4	1,589,940	10.4	5.2	15.6	6.6	22.2	6.5
2015	178,925.0	258,610.0	357,455.0	106,950.9	1,617,016	11.1	4.9	16.0	6.1	22.1	6.6
2016	187,600.0	265,116.0	369,921.0	–	1,654,864	11.3	4.7	16.0	6.3	22.4	#N/A

Notes:

(a) Split between Personal Income Tax and Company and Other Income Tax not available prior to 1942.

(b) Social Welfare transfers, including to families. Excludes student scholarships and specific payments to veterans and their families.

Sources:

GDP – ABS 1301.0 2001, 971–973, ABS 5204.0 2016, Table 2.

Taxation – 1901–1992: ABS 1301.0, various & ABS 5206.0, 1964; 1993 on: ABS 5506.0.

Transfers – Department of Social Security Annual Reports to 1980, 1980–2015.

OECD (2016). Data for 2016 have yet to be posted to the OECD Social Expenditure Database.

Table A 6.3 Data for Figure 2.5 Production of Candles and Ice Per Capita, Australia, 1904 to 1975 & Figure 2.6 Relative Share of Production of Coppers and Fuel Stoves, Australia 1949 to 1975

	Candles (a)	Ice	Coppers as share of washing (b)	Fuel stoves as share of stoves (c)		Candles	Ice	Coppers as share of washing	Fuel stoves as share of stoves
	- Kg per head -		- Proportion (%) -			- Kg per head -		- Proportion (%) -	
1904	1.60	-	-	-	1940	0.22	-	-	-
1905	1.56	-	-	-	1941	0.18	-	-	-
1906	1.63	-	-	-	1942	0.28	-	-	-
1907	1.74	-	-	-	1943	0.31	-	-	-
1908	1.55	-	-	-	1944	0.27	-	-	-
1909	1.71	-	-	-	1945	0.16	-	-	-
1910	1.69	-	-	-	1946	0.16	-	-	-
1911	1.48	-	-	-	1947	0.07	-	-	-
1912	1.43	-	-	-	1948	0.07	-	-	-
1913	1.37	-	-	-	1949	0.10	133.5	96.1	28.9
1914	1.14	-	-	-	1950	0.13	131.9	84.9	29.2
1915	1.07	-	-	-	1951	0.08	130.7	74.9	30.4
1916	1.06	-	-	-	1952	0.10	121.5	65.2	31.9
1917	1.04	-	-	-	1953	0.08	110.6	58.6	32.2
1918	1.02	-	-	-	1954	0.05	99.2	49.5	28.8
1919	0.96	-	-	-	1955	0.06	84.7	46.1	25.6
1920	0.99	-	-	-	1956	0.05	64.8	42.7	23.9
1921	0.81	-	-	-	1957	0.05	51.2	40.1	22.9
1922	0.83	-	-	-	1958	0.04	47.7	34.1	22.5
1923	0.91	-	-	-	1959	0.04	38.6	32.3	19.0
1924	0.76	-	-	-	1960	0.05	32.2	27.6	14.5
1925	0.69	-	-	-	1961	0.05	26.9	22.1	13.7
1926	0.67	-	-	-	1962	0.04	23.9	17.5	13.4
1927	0.62	-	-	-	1963	0.04	22.2	14.5	11.7
1928	0.53	-	-	-	1964	0.04	20.1	14.7	10.3
1929	0.56	-	-	-	1965	-	18.3	12.2	8.2
1930	0.39	-	-	-	1966	-	17.4	12.4	7.4
1931	0.40	-	-	-	1967	-	16.4	8.7	6.5
1932	0.43	-	-	-	1968	-	15.8	9.1	5.3
1933	0.38	-	-	-	1969	-	11.6	8.2	4.3
1934	0.39	-	-	-	1970	-	9.9	4.8	3.5
1935	0.37	-	-	-	1971	-	-	-	2.7
1936	0.30	-	-	-	1972	-	8.9	-	2.3
1937	0.28	-	-	-	1973	-	8.7	-	1.8
1938	0.20	-	-	-	1974	-	9.3	-	1.4
1939	0.20	-	-	-	1975	-	-	-	1.3

Notes:

- Data not available

(a) Data excludes Western Australia 1904–1907 and 1914–1928. South Australia and Queensland estimated for 1904–1907 based on 1908–1910 average.

(b) Coppers as a share of total of coppers (gas, electric and inserts) and washing machines. Data on electric coppers not published in 1970, average of 1969 and 1970 used. Data on inserts not published in 1968 average of 1967 and 1969 used.

(b) Solid fuel stoves as a share of total solid fuel, gas and electric stoves.

Sources:

Production data: ABS 1301.0 (Various): in section on Manufacturing. Tables on candle production in "Individual Industries", others in Table of "Quantities of principal articles produced in Manufacturing".

Population: ABS 3105.0 (2014)

Table A 6.4 Data for Figure 2.7 Employment to Population Rate, by Age Group and Gender, 1911

Age Group (Years)	Male			Female		
	Employed	Population	Employ. to Pop. Ratio	Employed	Population	Employ. to Pop. Ratio
	Persons		– % –	Persons		– % –
10-14	32,331	215,804	15.0	11,095	212,357	5.2
15-19	192,757	226,831	85.0	94,779	221,705	42.8
20-24	213,193	228,179	93.4	86,513	218,091	39.7
25-29	190,979	199,922	95.5	49,217	188,454	26.1
30-34	164,202	171,119	96.0	30,878	159,841	19.3
35-39	146,154	151,872	96.2	24,665	139,560	17.7
40-44	138,985	144,867	95.9	20,897	124,651	16.8
45-49	127,548	133,079	95.8	17,922	108,537	16.5
50-54	102,820	108,132	95.1	13,628	84,787	16.1
55-59	67,636	72,058	93.9	9,159	56,923	16.1
60-64	46,621	51,416	90.7	6,677	43,974	15.2
65-69	33,636	40,227	83.6	4,685	36,464	12.8
70-74	21,900	29,063	75.4	2,805	26,007	10.8
75-79	12,869	18,831	68.3	1,575	16,501	9.5
80-84	5,483	8,808	62.3	653	7,689	8.5
85-89	1,521	2,638	57.7	216	2,706	8.0
90-94	329	640	51.4	53	702	7.5

Notes:

Employed are 'Breadwinners' less 'Class VII Independent' and 'Unemployed'.

Population includes Institutionalised but excludes 'Full-blood' Aboriginal.

Excludes those aged under 10 years of age and 95 years and over, as well as those whose age was not stated.

Source:

ABS Census 1911, Part XII Occupations, Tables 18 & 19.

Table A 6.5 Data for Figure 2.8 Wage and Salary Employees, by Age Group, Gender and Marital Status, 1921 to 2011

Year		Marital Status					Total
		Never Married aged <25 years	Never Married aged 25 years and over	Married	Widowed	Divorced/ Separated	
– % –							
1921	Male	21.5	14.3	38.4	2.1	0.2	100.0
	Female	13.1	7.6	1.7	1.1	0.1	
1947	Male	16.5	10.1	45.8	1.5	0.7	100.0
	Female	12.8	6.7	4.3	1.0	0.5	
1954	Male	14.4	10.1	47.2	1.3	2.1	100.0
	Female	10.0	5.3	7.0	1.2	1.6	
1966	Male	14.5	6.9	45.0	0.9	2.0	100.0
	Female	10.8	3.4	13.6	1.3	1.6	
1981	Male	12.9	6.2	38.7	0.4	3.5	100.0
	Female	9.7	3.5	21.0	0.9	3.0	
1991	Male	10.3	8.2	32.1	0.3	4.0	100.0
	Female	9.4	5.7	24.8	0.8	4.5	
2001	Male	7.9	8.7	31.2	0.2	3.6	100.0
	Female	7.5	6.9	28.2	0.7	5.0	
2011	Male	7.8	8.0	30.8	0.2	3.2	100.0
	Female	7.3	7.1	29.4	0.7	5.5	

Notes:

Data are for Wage and Salary Employees only.

Data for 1921 to 1966 have various exclusions of persons identified as Aboriginal.

Source:

ABS Census: 1921–1966 from Census publications, 1981 to 2011 derived from Census Sample File.

Table A 6.6 Data for Figure 2.9 Labour Force by Age Group and Occupational Sector, Women Aged 15 Years and Over, 1911

	Age Group (Years)			Total (Includes <15 years)
	15-19	20-24	25+	
- Persons -				
Professional	5,955	11,198	35,843	53,284
Domestic (a)	35,820	36,135	76,982	154,054
Commercial	12,450	11,463	25,922	50,754
Transport & Communications	625	943	3,256	4,845
Industrial (b)	40,665	28,491	35,811	109,261
Primary production	2,931	1,686	11,898	17,338
Total	98,446	89,916	189,712	389,536

Notes:

Data are for the labour force, and not just employed persons. They include unemployed persons classified on the basis of their previous occupation.

Data exclude “Full-blooded Aboriginals”.

Data excludes 11,462 women aged under 15 years who were in the labour force.

(a) Includes 63.5 per cent employed as ‘House Servants’ and 25.7 per cent employed in the provision of ‘Board and Lodgings’.

(b) 80.0 per cent of whom are employed in ‘Dress’ manufacture.

Source:

ABS Census 1911, Volume 1 Statistician’s Report 375. (Occupation data in notes from Part XII – Occupations).

Table A 6.7 Data for Figure 2.10 Employment to Population Rate, Women Aged 15 to 59 Years, by Marital Status, 1901 to 2016

Women Aged 15–59 years					Women's Employment to Population Ratio (Aged 15–59 years)			Employed Males aged 15–59 years	Women's Share of Total Employment
Married		Total		Married	Not-Married	Total			
Population	Employed	Population	Employed						
Persons				– % –			Persons	– % –	
1901	–	–	1,036,319	307,367	–	–	29.7	1,092,973	21.9
1911	671,335	–	1,299,580	347,658	–	–	26.8	1,364,061	20.3
1921	908,477	37,074	1,619,894	389,632	4.1	49.6	24.1	1,451,173	21.2
1933	1,147,103	56,267	2,020,523	483,848	4.9	49.0	23.9	1,573,731	23.5
1945	1,450,954	168,734	2,303,840	714,790	11.6	64.0	31.0	1,647,601	30.3
1947	1,530,630	128,682	2,338,492	650,890	8.4	64.6	27.8	2,152,047	23.2
1954	1,788,337	247,089	2,577,305	778,204	13.8	67.3	30.2	2,551,479	23.4
1961	2,042,750	384,002	2,924,990	959,316	18.8	65.2	32.8	2,787,601	25.6
1966	2,252,706	652,930	3,285,732	1,338,695	29.0	66.4	40.7	3,106,023	30.1
1971	2,559,346	917,042	3,677,494	1,587,957	35.8	60.0	43.2	3,306,211	32.4
1976	2,673,937	1,282,696	3,978,204	1,983,662	48.0	53.7	49.9	3,454,907	36.5
1981	2,761,475	1,353,768	4,384,079	2,266,563	49.0	56.3	51.7	3,728,084	37.8
1986	2,834,968	1,455,863	4,749,388	2,485,820	51.4	53.8	52.3	3,749,482	39.9
1991	2,869,800	1,729,100	5,034,300	2,951,900	60.3	56.5	58.6	3,839,300	43.5
1996	3,173,400	1,962,200	5,545,400	3,263,100	61.8	54.8	58.8	4,013,200	44.8
2001	3,230,100	2,147,200	5,659,800	3,590,100	66.5	59.4	63.4	4,232,600	45.9
2006	3,330,130	2,339,886	5,608,731	3,806,920	70.3	64.4	67.9	4,260,926	47.2
2011	3,519,105	2,548,461	6,019,270	4,149,729	72.4	64.0	68.9	4,526,467	47.8
2016	3,664,580	2,715,167	6,365,232	4,417,785	74.1	63.0	69.4	4,697,780	48.5

Notes:

Population aged 15–59 years, excludes those for whom age is not given in earlier census data; in later census series data include imputation of missing age.

Refer to 0 for further details on Census Data, including with respect to marital status.

Sources:

1901: Individual State Census publications: ABS Census 1901 (a).
 1911–1986: ABS Census various: Census publications (except 1945).
 1991–2001: ABS Census various: Census Sample Files.
 2006–2016: ABS Census various: Census TableBuilder.
 1945: Occupational Survey (ABS 1946).

(a) Data accessed in the Historical Census and Colonial Data Archive (1834–1901)

<http://www.adb.anu.edu.au/historical/home>

Table A 6.8 Data for Figure 2.11 Employment to Population Rate, Married women, by Age, Selected Birth Cohorts

Part A: All Women

Birth Cohort	Employment to population ratio (%) when aged:										
	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
1832-1836	-	-	-	-	-	-	-	-	-	-	17.3
1837-1841	-	-	-	-	-	-	-	-	-	18.6	14.3
1842-1846	-	-	-	-	-	-	-	-	20.8	16.9	11.2
1847-1851	-	-	-	-	-	-	-	20.9	18.5	15.2	8.4
1852-1856	-	-	-	-	-	-	20.4	18.5	16.2	12.6	5.6
1857-1861	-	-	-	-	-	19.2	18.5	16.1	14.4	10.0	5.1
1862-1866	-	-	-	-	19.8	18.0	16.6	15.0	12.6	9.8	4.7
1867-1871	-	-	-	21.2	18.8	16.8	15.5	13.9	13.2	9.6	4.7
1872-1876	-	-	29.2	20.3	17.7	15.6	14.5	14.2	13.8	9.9	4.7
1877-1881	-	42.6	27.7	19.4	16.2	14.5	14.5	14.4	14.1	10.1	4.7
1882-1886	43.3	41.2	26.2	18.0	14.8	14.4	14.5	15.2	14.3	10.6	4.8
1887-1891	43.0	39.7	25.1	16.7	14.8	14.4	15.9	15.8	14.9	11.2	4.8
1892-1896	42.8	40.2	24.1	17.2	14.8	16.2	17.0	17.5	16.5	11.8	4.4
1897-1901	43.7	40.6	25.3	17.7	16.5	17.5	20.2	19.7	18.0	13.0	4.8
1902-1906	44.6	41.6	26.6	18.7	17.7	21.4	22.1	22.0	21.6	16.3	4.1
1907-1911	41.8	42.5	27.3	19.5	21.4	22.2	24.0	25.4	26.8	15.8	4.9
1912-1916	38.9	45.9	27.9	21.7	21.3	23.0	27.1	32.3	28.0	17.8	4.2
1917-1921	44.8	48.5	29.4	21.5	21.2	27.2	36.5	36.3	34.2	15.0	2.9
1922-1926	49.2	56.3	27.7	21.3	26.1	37.6	42.3	45.0	31.9	13.4	3.3
1927-1931	62.3	52.0	25.9	23.3	35.1	44.7	53.7	45.0	30.0	15.7	3.3
1932-1936	64.4	47.7	25.8	31.3	42.8	57.0	54.7	45.0	36.3	16.9	4.7
1937-1941	66.5	48.5	33.7	37.5	55.5	58.6	56.0	54.9	38.6	23.8	6.0
1942-1946	60.7	57.5	38.5	48.3	55.8	60.3	66.3	57.7	47.1	34.4	8.3
1947-1951	59.8	57.0	48.1	50.2	57.9	69.0	67.4	65.8	57.2	42.8	10.5
1952-1956	50.0	61.1	52.3	52.7	64.6	66.9	72.3	72.1	64.0	47.6	-
1957-1961	43.3	64.4	55.3	59.5	63.0	70.6	76.3	74.8	66.0	-	-
1962-1966	46.1	64.2	62.7	58.0	65.0	73.6	76.9	74.3	-	-	-
1967-1971	40.4	65.2	64.0	62.7	68.5	74.2	76.4	-	-	-	-
1972-1976	39.2	64.7	68.1	67.7	70.2	75.1	-	-	-	-	-
1977-1981	39.6	68.8	72.1	69.6	72.2	-	-	-	-	-	-
1982-1986	45.2	72.2	72.7	71.9	-	-	-	-	-	-	-
1987-1991	48.2	69.4	73.1	-	-	-	-	-	-	-	-
1992-1996	44.9	68.0	-	-	-	-	-	-	-	-	-
1993-1997	43.0										

Continued on next page.

Table A 6.8 Data for Figure 2.11 Employment to Population Rate, Married women, by Age, Selected Birth Cohorts (Continued)

Part B: Married Women (only available for the 1852–56 cohort onwards)

Birth Cohort	Employment to population ratio (%) when aged:										
	15–19	20–24	25–29	30–34	35–39	40–44	45–49	50–54	55–59	60–64	65+
1852–1856	–	–	–	–	–	–	–	–	–	–	2.9
1857–1861	–	–	–	–	–	–	–	–	–	4.4	2.5
1862–1866	–	–	–	–	–	–	–	–	5.1	4.0	2.1
1867–1871	–	–	–	–	–	–	–	5.5	5.3	3.6	2.1
1872–1876	–	–	–	–	–	–	5.1	5.6	5.4	3.8	2.1
1877–1881	–	–	–	–	–	4.6	5.4	5.8	5.8	4.0	2.2
1882–1886	–	–	–	–	4.0	5.0	5.7	6.5	6.1	4.6	2.0
1887–1891	–	–	–	3.4	4.4	5.3	6.9	7.0	6.9	4.3	1.9
1892–1896	–	–	3.1	3.9	4.7	6.9	7.9	8.6	6.7	4.1	2.0
1897–1901	–	3.0	3.7	4.5	6.4	8.1	10.8	8.2	6.4	4.7	2.2
1902–1906	3.9	3.4	4.2	6.1	7.7	11.8	10.0	7.7	8.1	6.4	3.7
1907–1911	3.2	3.9	6.5	7.3	11.5	10.4	9.1	11.6	12.3	11.0	3.5
1912–1916	2.5	7.7	8.3	11.0	9.9	9.1	14.2	17.1	19.8	11.9	5.5
1917–1921	6.1	10.6	13.5	9.2	8.4	14.6	20.0	26.3	23.0	15.0	5.3
1922–1926	8.9	19.1	10.8	7.4	13.4	21.0	31.3	32.8	31.4	14.6	4.3
1927–1931	17.1	15.2	8.1	13.1	20.5	33.3	38.1	45.7	30.5	13.4	4.6
1932–1936	14.0	11.2	14.3	17.0	30.9	41.7	52.5	44.4	29.6	15.9	4.9
1937–1941	10.9	19.9	16.7	26.3	39.7	56.3	54.4	45.3	36.8	18.7	6.9
1942–1946	17.1	23.7	25.4	33.2	54.5	58.4	56.4	56.2	40.7	24.1	7.8
1947–1951	18.6	36.0	31.5	45.8	55.2	60.9	67.1	58.6	48.4	33.8	10.3
1952–1956	27.8	42.8	43.0	47.6	57.7	69.3	69.1	67.3	57.2	42.0	–
1957–1961	34.4	53.2	46.3	50.3	64.6	69.6	74.7	73.5	65.0	–	–
1962–1966	44.7	54.0	49.4	57.5	64.7	72.7	78.2	76.9	–	–	–
1967–1971	38.8	54.8	59.3	57.9	65.9	75.1	79.0	–	–	–	–
1972–1976	35.4	60.6	62.6	61.9	68.8	75.6	–	–	–	–	–
1977–1981	36.7	63.5	68.4	66.9	70.6	–	–	–	–	–	–
1982–1986	41.3	68.9	70.4	68.9	–	–	–	–	–	–	–
1987–1991	55.3	69.5	71.4	–	–	–	–	–	–	–	–
1992–1996	56.3	68.0	–	–	–	–	–	–	–	–	–
1997–2001	53.9	–	–	–	–	–	–	–	–	–	–

Notes:

– Not Available

Actual Birth cohorts and age participation rates have been approximated for some earlier years and cohorts due to the irregular timing of censuses.

See notes on Table A 6.7

Source:

See Table A 6.7

Table A 6.9 Data for Figure 2.12 Employment to Population Rate in Youth and Mature, Women, Birth Cohorts, 1882-1886 to 1957-1962

Birth Cohort	Maximum of when aged either 15-19 or 20-24 years		Employment to Population rate when aged 45-49 years
	Employment to Population Rate (%)	Age Group	
1882-1886	43.3	(15-19)	5.4
1887-1891	43.0	(15-19)	5.7
1892-1896	42.8	(15-19)	6.9
1897-1901	43.7	(15-19)	7.9
1902-1906	44.6	(15-19)	10.8
1907-1911	42.5	(20-24)	10.0
1912-1916	45.9	(20-24)	9.1
1917-1921	48.5	(20-24)	14.2
1922-1926	56.3	(20-24)	20.0
1927-1931	62.3	(15-19)	31.3
1932-1936	64.4	(15-19)	38.1
1937-1941	66.5	(15-19)	52.5
1942-1946	60.7	(15-19)	54.4
1947-1951	59.8	(15-19)	56.4
1952-1956	61.1	(20-24)	65.4
1957-1961	64.4	(20-24)	69.1
1962-1966	64.2	(20-24)	74.3

Notes:

Actual Birth cohorts and age participation rates have been approximated in some earlier years and do not reflect actual 5 year intervals or age groups due to the irregular timing of censuses.

Source:

See Table A 6.7

Table A 6.10 Data for Figure 2.13 Gender Occupational Segregation, Duncan and Duncan Index, 1891 to 2016

Number of Occupations	Australia Broad 6–11	Australia Medium 35–71	Australia Detailed 202–209	NSW Medium 111	NSW Detailed 588	NSW Very Detailed 4678	Proportion of Workforce Female
	Duncan and Duncan Index						– % –
1891	0.142	0.208	(a)	..	..	..	19.1
1901	0.155	0.222	(b)	0.234	0.252	0.262	21.3
1911	0.142	0.221	0.248	..	..	..	19.9
1921	0.148	0.210	0.235	..	..	..	19.9
1933	0.163	0.219	0.266	..	..	..	21.6
1947	0.144	0.189	0.224	..	..	..	22.4
1961	0.180	0.240	0.260	..	..	..	24.9
1966	0.194	0.262	0.279	..	..	..	29.1
1971	0.207	0.272	(a)	..	..	..	31.6
1976	0.211	0.266	(a)	..	..	..	34.9
1981	0.220	0.266	(a)	..	..	..	36.2
1986	0.184	0.250	(a)	..	..	..	39.6
1991	0.182	0.239	(a)	..	..	..	42.7
1996	0.190	0.226	(a)	..	..	..	44.4
2001	0.186	0.224	(a)	..	..	..	45.5
2006	0.193	0.233	0.271	..	..	..	46.2
2011	0.193	0.232	0.269	..	..	..	46.8
2016	0.188	0.225	0.262	..	..	..	47.6

Notes:

The Occupational classification used in the census has changed on a number of occasions, both in its structure and the number of individual occupations identified.

(a) Data not readily available in publications or accessible unit record files.

(b) Data are published on a state by state basis, only NSW used in analysis.

.. Data not calculated.

Source:

ABS Census: Various as per Table A 6.7.

Table A 6.11 Data for Figure 2.14 Levels of Educational Attainment, by Gender, Birth Cohorts 1896-1900 to 1982-1986

	Degree or Higher		Left School Aged 15 years or under, no further qualification		Trade Qualification	
	Male	Female	Male	Female	Male	Female
	- %--					
1896-1900	2.6	0.7	71.7	75.8	10.3	1.9
1897-1901	2.7	0.9	68.8	76.3	10.0	0.9
1902-1906	3.2	0.7	66.3	71.5	10.9	1.4
1907-1911	2.2	1.1	64.0	73.1	12.7	1.2
1912-1916	2.8	0.6	61.6	70.8	13.7	1.4
1917-1921	3.0	0.7	56.3	71.1	17.4	1.8
1922-1926	4.1	1.4	53.8	69.3	18.3	1.7
1927-1931	5.1	1.8	49.6	65.2	19.5	2.2
1932-1936	4.7	2.2	46.5	63.3	21.6	1.8
1937-1941	6.8	3.1	41.3	58.4	22.7	1.6
1942-1946	8.6	3.7	34.9	52.6	21.0	2.6
1947-1951	9.9	5.5	28.6	43.0	22.1	2.5
1952-1956	10.5	7.1	20.8	32.6	22.4	2.5
1957-1961	10.4	8.9	18.9	28.0	24.0	2.1
1962-1966	15.9	16.1	16.4	20.6	25.3	4.2
1967-1971	15.3	19.0	13.3	16.2	23.9	4.5
1972-1976	28.2	34.1	13.1	13.2	-	-
1977-1981	29.2	39.4	12.2	9.7	-	-
1982-1986	28.4	38.7	11.0	8.2	-	-

Notes:

These data have been extracted from a series of census sample CURFs. The broad objective was to obtain the maximum qualification held when the person was aged either 25-29 years or 30-34 years, however due to the limited files available this is not possible to do for some earlier cohorts and their qualifications have been taken from the 1981 Census record. Specifically the files used for cohorts were:

1972-1976 on: Census 2011

1962-66 & 1967-71: Census 1996

1957-1961: Census 1986

1952-1956 & earlier: Census 1981

Estimates for early periods may also be affected by differential mortality rates if this is associated with educational attainment.

Trade qualifications not available in census from 1991 onwards.

- Data not available.

Source:

ABS Census 1981, 1986, 1991, 2001 Sample CURF.

Table A 6.12 Data for Figure 2.15 Attitudes to Employment of Married Women and Mothers, Persons Aged 20 to 64 Years, by Gender, 2015

	Better if man works and woman cares for home & children				Mothers who don't really need the money shouldn't work			
	Men		Women		Men		Women	
	Agree	Disagree	Agree	Disagree	Agree	Disagree	Agree	Disagree
	- % -							
Strongly	4.9	22.7	4.1	35.1	5.6	20.7	5.1	30.4
Generally	6.2	17.1	4.7	18.2	6.1	19.4	4.9	20.4
Somewhat	11.6	11.6	8.9	10.0	10.6	15.0	9.1	13.0

Notes:

This question is not asked in all waves of the Survey.

These questions were asked on a 7 point Likert scale from 'Strongly disagree' to 'Strongly agree'. For this table the following qualitative levels of agreement/disagreement have been use.

7 = Strongly Agree (as per survey instrument)

6 = Generally Agree

5 = Somewhat Agree

4 = Neither Agree nor Disagree (not shown in table)

3 = Somewhat Disagree

2 = Generally Disagree

1 = Strongly Disagree (as per survey instrument)

Source:

Derived from HILDA Wave 15, Restricted Release.

Table A 6.13 Data for Figure 2.16 Support for "Traditional Role" of Married Women, by Age and Gender, 2015

Age group (Years)	Agreement with statement:			
	Better if man works and woman cares for home & children		Mothers who don't really need the money shouldn't work	
	Male	Female	Male	Female
	- % -			
15-24	17.4	11.9	14.9	9.2
25-34	19.5	16.6	20.1	18.9
35-44	21.6	15.5	20.8	15.9
45-54	23.5	20.3	24.6	23.2
55-64	31.0	22.6	28.8	24.4
65-74	41.8	37.3	33.9	35.0
75+	63.3	52.6	40.9	42.3

Notes:

This question is not asked in all waves of the Survey.

Agreement is represented by a response on the scale from 5 to 7 (see above).

Source:

Derived from HILDA Wave 15, Restricted Release.

Table A 6.14 Source Data for Figure 2.17 Parental Employment Patterns, Couple Households with Dependent Children Aged Under 15 Years, 1981 to 2017

Year	Parental Employment Status, Couple families with Dependent Children Aged Under 15 Years (Distribution):						Total
	Both Full-Time	One Full-Time, One Part-Time	One Full-Time Only	Both Part-Time	One Part-Time Only	Neither Employed	
	- % -						
1981	16.5	23.9	52.4	0.5	1.7	5.0	100.0
1982	17.1	23.3	51.5	0.6	1.6	5.8	100.0
1983	16.2	22.5	50.6	0.7	1.6	8.5	100.0
1984	16.6	24.0	49.4	0.8	1.6	7.5	100.0
1985	17.6	26.1	46.3	0.7	1.9	7.4	100.0
1986	18.8	28.2	43.2	0.7	1.7	7.3	100.0
1987	18.8	29.6	40.9	0.7	2.0	7.9	100.0
1988	19.2	30.6	40.6	0.6	1.8	7.2	100.0
1989	20.4	31.5	38.6	0.7	1.9	6.9	100.0
1990	21.6	32.3	36.9	0.8	2.0	6.3	100.0
1991	20.1	30.6	36.9	1.0	3.1	8.1	100.0
1992	19.2	31.1	35.2	1.4	3.3	9.8	100.0
1993	19.8	29.5	35.3	1.2	3.4	10.8	100.0
1994	19.6	30.5	35.5	1.1	3.3	10.0	100.0
1995	21.6	33.0	32.1	1.5	3.3	8.4	100.0
1996	20.9	32.2	33.8	1.4	3.9	7.9	100.0
1997	20.6	32.5	33.4	1.4	3.7	8.6	100.0
1998	21.3	33.0	32.2	1.4	3.7	8.5	100.0
1999	20.9	32.4	33.0	1.5	4.2	7.9	100.0
2000	21.7	32.9	32.4	1.7	3.8	7.5	100.0
2001	21.2	33.5	31.5	2.0	4.2	7.5	100.0
2002	19.3	35.6	31.5	2.2	4.2	7.2	100.0
2003	19.8	35.9	31.7	1.9	4.4	6.3	100.0
2004	21.3	34.1	32.0	2.0	4.3	6.4	100.0
2005	22.0	36.7	30.4	2.0	3.7	5.3	100.0
2006	21.4	36.4	30.5	2.0	4.3	5.4	100.0
2007	21.1	36.6	31.6	2.3	3.6	4.8	100.0
2008	22.1	36.8	29.9	2.7	4.1	4.3	100.0
2009	21.8	36.4	29.7	2.2	4.2	5.7	100.0
2010	21.5	36.7	29.5	2.5	4.6	5.3	100.0
2011	21.8	38.3	28.8	2.5	3.5	5.2	100.0
2012	22.9	35.6	29.3	2.3	4.4	5.5	100.0
2013	22.3	36.3	28.5	2.3	4.5	6.1	100.0
2014	23.3	34.3	28.7	2.9	4.7	6.0	100.0
2015	24.1	35.1	27.2	2.8	4.6	6.2	100.0
2016	24.2	37.4	25.7	2.9	4.4	5.4	100.0
2017	25.8	35.9	25.9	3.3	3.9	5.1	100.0

Notes:

Opposite sex couples only. Data for same sex couples is only available since 2013.

Inclusion of these families makes no substantive change to the overall trends.

There was a minor series break in 2012. This resulted in a drop in dual earner families of 0.8 percentage points and an increase in one earner families by 0.2 percentage points.

Source:

ABS 6224.0 (various, including data cube FA2 2005-2012 and TableBuilder 2015-2017. 2013 & 2014 derived from published data and benchmarked).

Table A 6.15 Data for Figure 2.18 Employment to Population Rate, Mothers in Couples with Dependent Children, by Age of Youngest Child, 1981 and 2017

Youngest child aged (years):	Mother Employed:	
	Full- Time	Part- Time
- % -		
1981		
0-4	10.3	19.3
5-9	20.6	29.6
10-14	27.2	28.2
15-19 (a)	30.2	24.9
2017		
0-4	22.9	37.9
5-9	36.6	39.2
10-14	39.2	39.3
15-24 (a)	41.5	36.0

Notes:

Mothers in opposite sex couples only. Data for same sex couples is only available since 2013. Inclusion of these families makes no substantive change to the pattern of workforce engagement or trends.

(a) In 1981 this category comprised dependent full-time students aged 15–20 years. In 2015 this group included such students aged 15–24 years.

Source:

1981: ABS 6224.0 1981.

2017: ABS 6224.0 2017, TableBuilder.

Table A 6.16 Data for Figure 2.19 Employment to Population Rate, Women Aged 20-59 Years, by Full-time and Part-Time Employment, Family Status and Caring Responsibilities, 2016

	Employment to Population Ratio		Population
	Full-Time	Part-Time	
Women	– % –		
<i>Mother in couple family with dependent children</i>			
With a child aged under 6 years	23.3	39.6	1,051,297
With child aged 6–14 and caring	15.1	33.8	26,966
With child aged 6–14	36.3	44.7	798,277
<i>Partnered Woman in couple family without dependent children</i>			
Providing care	24.5	35.0	90,823
Aged under 30 years	73.4	16.5	244,552
Aged 30–44 years	65.3	20.4	360,174
Aged over 45 years & providing childcare	23.2	28.9	89,495
Aged 45 years and over	44.6	34.3	989,900
<i>Single Parent</i>			
With a child aged under 6 years	24.9	26.6	154,589
With child aged 6–14 and caring	12.8	33.2	9,747
With child aged 6–14	33.2	39.4	179,127
No child under 15 years but providing care	26.7	28.0	27,439
No child under 15 years	57.2	19.6	237,535
<i>Single Person</i>			
Providing care	25.9	23.1	42,197
Aged under 30 years & Full-Time student	13.3	29.4	66,904
Aged under 30 years	79.7	12.8	188,492
Aged 30–44 years	66.9	17.5	299,107
Aged 45 years and over	44.0	21.0	242,364
Women – Total	42.3	31.8	5,098,985
Men	76.8	9.4	4,886,289

Notes:

Within family types coding is hierarchical in the sequence shown.

Caring is defined as “Caring for a disabled spouse or disabled adult relative, or caring for elderly parents or parents-in-law.

A woman is defined as providing care if she provides 7 or more hours care per week, and does not have a child under the age of 6 years.

A woman is defined as providing childcare if she spends 7 or more hours of per week “looking after other people’s children aged under 12 years on a regular unpaid basis”, and does not have a child under the age of 6 years. The restriction of this to the 45 year and over group was to seek to identify ‘grandparent carers’.

The population excludes 679,590 women and 617,604 men who did not respond to the question on whether they provided care. (In the case of persons who filled in the question on the number of hours of employment, or of housework they undertake, but did not provide a figure for providing care, they have been coded as providing 0 hours of care.)

Source:

Derived from HILDA Wave 16, Restricted Release.

Table A 6.17 Data for Figure 2.20 Fertility, Australia, 1860 to 2016

	Total Fertility Rate (a)	Total Fertility Rate (b)	Crude Birth Rate		Total Fertility Rate (a)	Total Fertility Rate (b)	Crude Birth Rate		Total Fertility Rate (a)	Total Fertility Rate (b)	Crude Birth Rate
1860	-	-	42.6	1913	-	3.59	-	1966	2.885	-	-
1861	-	-	42.3	1914	-	3.56	-	1967	2.847	-	-
1862	-	-	43.3	1915	-	3.41	-	1968	2.886	-	-
1863	-	-	41.7	1916	-	3.27	-	1969	2.887	-	-
1864	-	-	42.9	1917	-	3.20	-	1970	2.859	-	-
1865	-	-	42.1	1918	-	3.05	-	1971	2.945	-	-
1866	-	-	39.8	1919	-	2.92	-	1972	2.743	-	-
1867	-	-	40.4	1920	-	3.17	-	1973	2.491	-	-
1868	-	-	40.5	1921	3.119	3.12	-	1974	2.321	-	-
1869	-	-	38.7	1922	3.106	3.11	-	1975	2.148	-	-
1870	-	-	38.7	1923	3.016	-	-	1976	2.060	-	-
1871	-	-	38.0	1924	2.972	-	-	1977	2.007	-	-
1872	-	-	37.1	1925	2.950	-	-	1978	1.949	-	-
1873	-	-	37.4	1926	2.848	-	-	1979	1.907	-	-
1874	-	-	36.8	1927	2.800	-	-	1980	1.891	-	-
1875	-	-	35.9	1928	2.768	-	-	1981	1.935	-	-
1876	-	-	35.9	1929	2.635	-	-	1982	1.929	-	-
1877	-	-	35.0	1930	2.581	-	-	1983	1.924	-	-
1878	-	-	35.4	1931	2.359	-	-	1984	1.840	-	-
1879	-	-	35.8	1932	2.187	-	-	1985	1.923	-	-
1880	-	-	35.3	1933	2.166	-	-	1986	1.868	-	-
1881	-	-	35.3	1934	2.107	-	-	1987	1.845	-	-
1882	-	-	34.5	1935	2.115	-	-	1988	1.831	-	-
1883	-	-	34.8	1936	2.178	-	-	1989	1.838	-	-
1884	-	-	35.6	1937	2.208	-	-	1990	1.902	-	-
1885	-	-	35.7	1938	2.205	-	-	1991	1.849	-	-
1886	-	-	35.4	1939	2.222	-	-	1992	1.890	-	-
1887	-	-	35.6	1940	2.256	-	-	1993	1.863	-	-
1888	-	-	35.5	1941	2.364	-	-	1994	1.847	-	-
1889	-	-	34.7	1942	2.375	-	-	1995	1.829	-	-
1890	-	-	35.0	1943	2.569	-	-	1996	1.805	-	-
1891	-	-	34.5	1944	2.630	-	-	1997	1.788	-	-
1892	-	-	33.7	1945	2.736	-	-	1998	1.773	-	-
1893	-	-	32.8	1946	2.986	-	-	1999	1.767	-	-
1894	-	-	30.8	1947	3.076	-	-	2000	1.769	-	-
1895	-	-	30.4	1948	2.985	-	-	2001	1.743	-	-
1896	-	-	28.4	1949	2.986	-	-	2002	1.771	-	-
1897	-	-	28.2	1950	3.067	-	-	2003	1.765	-	-
1898	-	-	27.2	1951	3.059	-	-	2004	1.782	-	-
1899	-	-	27.3	1952	3.181	-	-	2005	1.846	-	-
1900	-	-	27.3	1953	3.193	-	-	2006	1.875	-	-
1901	-	3.54	27.2	1954	3.191	-	-	2007	1.994	-	-
1902	-	3.49	26.7	1955	3.275	-	-	2008	2.023	-	-
1903	-	3.30	25.3	1956	3.330	-	-	2009	1.970	-	-
1904	-	3.44	26.4	1957	3.421	-	-	2010	1.954	-	-
1905	-	3.41	26.2	1958	3.421	-	-	2011	1.917	-	-
1906	-	3.45	26.6	1959	3.440	-	-	2012	1.928	-	-
1907	-	3.48	26.8	1960	3.451	-	-	2013	1.878	-	-
1908	-	3.44	26.6	1961	3.548	-	-	2014	1.791	-	-
1909	-	3.44	26.7	1962	3.431	-	-	2015	1.790	-	-
1910	-	3.43	26.7	1963	3.343	-	-	2016	1.789	-	-
1911	-	3.47	27.2	1964	3.154	-	-				
1912	-	3.65	28.6	1965	2.973	-	-				

Notes:

- Total Fertility Rate: The total fertility rate (TFR) represents the number of children a woman would bear during her lifetime if she experienced current age-specific fertility rates at each age of her reproductive life.
- Total Fertility Rate (a) ABS series, see below
- Total Fertility Rate (b) Ueffing and Wilson, 1901– 1922
- Crude Birth Rate: Births per 1,000 population. Only shown to 1912 as this measure is only used to broadly illustrate the early trends in fertility, and the measure becomes inconsistent over time as the age composition of the population changes.

Source:

- Total Fertility Rate: (ABS): 3105.0 (3105.0.65.001), 2014: Table 4.2; 3301.0, 2016: ABS.Stat: Fertility, by age, by state.
- Total Fertility Rate: (Ueffing & Wilson): Ueffing and Wilson (2014, Appendix Table A).
- Crude Birth Rate: (ABS): 3105.0 (3105.0.65.001), 2014: Table 4.3.

Table A 6.18 Data for Figure 2.21 Childcare Use, by Child Age and Type, 1984 to 2014

	Centre- Based Care	Family Day Care	Pre- School	Outside School Hours	Informal Care Only
– % –					
0 to 2 years					
1984	4.6	2.6	–	–	32.5
1987	7.5	3.3	–	–	38.8
1990	5.7	4.0	–	–	38.3
1993	7.9	4.4	–	–	33.3
1996	10.6	6.3	–	–	30.2
1999	13.6	5.0	–	–	33.9
2002	17.4	5.6	–	–	27.0
2005	18.6	6.5	–	–	27.1
2008	23.4	3.6	–	–	26.3
2011	26.3	4.3	–	–	19.2
2014	28.9	4.7	–	–	19.2
2017	31.5	6.4	–	–	19.4
3 to 5 years					
1984	7.2	2.5	30.1	–	20.6
1987	11.7	1.7	34.8	–	22.1
1990	9.0	4.5	34.6	–	23.5
1993	10.7	4.2	30.6	–	19.4
1996	11.8	3.9	25.0	–	21.0
1999	17.5	5.1	29.6	–	17.9
2002	22.0	5.7	31.2	–	13.5
2005	23.6	6.2	33.5	–	11.5
2008	24.7	3.0	32.8	–	12.8
2011	28.0	3.4	30.5	–	10.3
2014	30.2	3.7	33.0	–	10.0
2017	32.6	3.8	30.1	–	10.4
6 to 11 years					
1984	–	0.5	–	–	25.6
1987	–	0.7	–	–	33.0
1990	–	0.9	–	2.7	36.9
1993	–	0.9	–	4.8	32.5
1996	–	1.1	–	6.0	31.0
1999	–	0.6	–	8.2	29.6
2002	–	0.7	–	9.2	26.3
2005	–	0.6	–	11.8	25.4
2008	–	0.6	–	12.2	26.7
2011	–	0.0	–	12.9	19.9
2014	–	0.5	–	16.2	23.1
2017	–	0.9	–	17.4	30.8

Source:

Based upon Baxter (2013), updated by Baxter for 2014 and provided to the author. 2017 data derived from ABS 4402.0 2017, extracted through the Table Builder facility.

Table A 6.19 Data for Figure 2.22 Consumption of Marketised Substitutes for Domestic Production, Couple Families with Dependent Children, 1976 and 2016

Parental Employment Status	Clothing Domestic Share		Food Market Share		All Market Share	
	1976	2016	1976	2016	1976	2016
			– % –			
Both Full-Time	10.2	1.8	23.5	36.5	7.8	14.3
1 Full- 1 Part-Time	13.3	2.7	21.9	36.2	6.7	12.8
1 Full-time Only	17.3	1.9	19.7	31.7	5.9	11.2

Notes:

Data are derived from the 1976 and 2016 HES. It should be noted that commodity classifications have changed over time and hence the two series are not strictly comparable. Notwithstanding this, it is considered that they still provide a significant insight into the changing role of domestic production. Items such as jam and bread are not included in items considered as being substitutes for domestic production as these have been largely purchased as market products for most of the twentieth century.

Clothing Domestic Share:

Spending on items used in home manufacture/repair of clothing as a proportion of spending on clothing excluding footwear, dry cleaning and clothing services. Items used in home manufacture:

1976 & 2016: Clothing materials; Haberdashery.

Food Market Share:

Spending on prepared food as a share of total food expenditure. Prepared food items selected are considered to be a ready substitute for domestic production:

1976: Cakes, tarts, puddings etc; Biscuits; Meals in restaurants, hotels, clubs, etc; Snacks, take-away food (not frozen); Prepared meals (canned, frozen, dried, etc); Canned and packeted soup; Baked beans and canned spaghetti; Canned and bottled baby foods.
2016: Cakes, biscuits, puddings and related products; Cakes, tarts and puddings (fresh or frozen); Biscuits; Meals in restaurants, hotels, clubs and related; Meal & alcoholic drinks out (where not separable); Fast food and takeaway exc. coffee (not frozen); School lunch money; Frozen prepared meals; Packaged prepared meals nec; Canned spaghetti and baked beans; Canned and bottled baby foods; Canned and packeted soup.

All Market Share:

Spending on a range of 'market' products and services as a share of household consumption. Household consumption is derived as spending on domestic fuel, food, alcohol, tobacco, clothing, household furnishings, household operations, medical, transport, communications, recreation, education; and personal care.

Market products:

1976: Prepared food as above; Dry cleaning; Other clothing services (incl. repairs); Repairs to footwear; Household services; Domestic services (excl. child minding); Child minding and other nursery fees; and Home nursing

2016: Prepared food as above. Dry cleaning and laundering of clothes; Clothing repairs and alterations; Footwear repairs and alterations; Pest control services; Gardening services; Private rubbish removals; Household services nec; Carpet cleaning services; Housekeeping and cleaning services (including ironing) nfd; Housekeeping and cleaning services (including ironing) nec; Home help services; Preschool; Formal childcare services nec; Informal childcare services.

(nfd = not further defined, nec = not elsewhere classified)

Source:

ABS 6503.0, 1975–76 & 2015–16, CURF.

Table A 6.20 Data for Figure 2.23 Sectoral Shares of GDP, 1900 to 2010

	Sectoral Share:				Real GDP per capita \$(2010– 11)		Sectoral Share:				Real GDP per capita \$(2010– 11)
	Agri- culture	Mining	Manu- fact.	Other			Agri- culture	Mining	Manu- fact.	Other	
	– % –										
1900	21	11	13	56	11,500	1950	24	2	25	48	19,300
1901	19	10	12	58	11,100	1951	29	2	24	45	19,800
1902	19	9	12	61	12,100	1952	19	2	27	51	19,900
1903	20	10	11	59	11,100	1953	21	2	26	51	19,200
1904	29	9	10	51	12,300	1954	19	2	27	52	20,100
1905	28	10	11	51	11,900	1955	16	2	28	53	20,800
1906	28	9	11	51	12,200	1956	16	2	28	54	21,300
1907	30	9	12	49	13,800	1957	17	2	28	54	21,300
1908	28	8	12	52	12,500	1958	13	2	29	56	21,200
1909	27	7	13	53	12,800	1959	14	2	29	55	22,400
1910	30	6	12	52	13,200	1960	13	2	29	56	23,200
1911	27	6	13	54	14,100	1961	13	2	29	57	23,300
1912	23	6	14	56	13,400	1962	12	2	28	58	23,000
1913	23	6	14	57	13,500	1963	11	2	26	61	24,000
1914	24	5	13	58	13,700	1964	12	2	25	61	25,200
1915	18	5	15	62	12,800	1965	11	2	26	61	26,200
1916	25	5	14	56	13,000	1966	9	2	26	63	26,300
1917	31	5	12	53	12,800	1967	10	2	25	63	27,500
1918	31	4	12	52	12,500	1968	8	2	25	65	28,400
1919	28	4	12	57	12,500	1969	9	2	25	65	29,800
1920	24	3	11	62	12,400	1970	7	3	25	65	31,200
1921	28	2	12	57	12,700	1971	6	3	24	67	31,800
1922	23	2	14	60	13,200	1972	6	3	24	67	31,700
1923	23	2	14	61	13,600	1973	7	3	23	67	32,100
1924	23	3	15	60	13,900	1974	8	3	22	67	32,900
1925	26	2	13	58	14,700	1975	6	4	21	69	32,800
1926	23	2	15	61	14,600	1976	5	4	21	70	33,300
1927	21	3	15	61	14,800	1977	5	5	20	70	34,100
1928	20	2	16	61	14,500	1978	4	5	20	71	34,000
1929	21	2	17	60	14,300	1979	6	5	19	69	35,100
1930	20	2	18	60	13,500	1980	6	6	19	69	35,700
1931	21	2	16	62	11,400	1981	5	6	19	69	36,400
1932	23	2	16	59	11,600	1982	5	6	19	70	37,000
1933	23	2	16	58	12,500	1983	4	6	18	72	35,600
1934	26	2	16	56	13,000	1984	5	7	18	71	36,800
1935	22	3	16	59	13,700	1985	4	7	17	71	38,200
1936	24	3	16	57	14,400	1986	4	6	17	73	39,400
1937	25	3	16	56	14,700	1987	4	5	16	75	39,800
1938	23	3	17	57	15,600	1988	4	5	16	75	41,400
1939	20	3	19	58	15,500	1989	4	4	15	76	42,300
1940	—	—	—	—	15,600	1990	4	4	15	76	43,100
1941	—	—	—	—	16,600	1991	4	5	14	77	42,400
1942	—	—	—	—	18,900	1992	3	5	14	77	42,100
1943	—	—	—	—	20,400	1993	4	5	14	77	43,400
1944	—	—	—	—	19,900	1994	4	5	15	77	44,700
1945	—	—	—	—	18,600	1995	3	5	15	77	46,000
1946	—	—	—	—	17,600	1996	4	5	14	77	47,300
1947	—	—	—	—	16,900	1997	4	5	14	78	48,600
1948	—	—	—	—	18,000	1998	3	5	14	78	50,300
1949	21	2	26	50	18,500	1999	3	5	13	79	52,200

	Sectoral Share:				Real GDP per capita \$(2010– 11)
	Agri- culture	Mining	Manu- fact.	Other	
	– % –				
2000	3	5	13	79	53,600
2001	4	6	12	78	54,000
2002	4	5	12	79	55,400
2003	3	5	12	79	56,500
2004	3	5	12	80	58,200
2005	3	6	12	80	59,400
2006	3	7	11	79	60,400
2007	2	8	11	79	61,700
2008	3	8	10	80	62,800
2009	3	10	9	78	62,500
2010	2	8	9	81	62,700

Notes:

– Data not available

Sources:

Sectoral Shares of GDP: Butlin, Dixon and Lloyd (2014, Table A1)

Real GDP per capita: Butlin, Dixon and Lloyd (2014, Table A7)

Table A 6.21 Figure 3.4 Annual 'A' and 'C' Price Indexes, 1908 to 1937

	'A' Series (all houses)	'C' Series
1906	79.1	–
1907	78.7	–
1908	83.4	–
1909	83.2	–
1910	85.1	–
1911	87.7	–
1912	96.6	–
1913	96.8	–
1914	100.0	100.0
1915	112.1	113.8
1916	116.1	115.7
1917	115.6	123.3
1918	119.5	131.7
1919	132.5	148.8
1920	156.6	169.7
1921	148.9	147.5
1922	140.4	141.9
1923	149.1	146.9
1924	147.5	143.7
1925	151.1	145.1
1926	156.7	147.2
1927	154.9	145.9
1928	154.4	146.9
1929	159.8	150.4
1930	147.6	141.9
1931	129.7	127.1
1932	123.1	120.8
1933	118.0	117.0
1934	121.5	118.9
1935	124.6	121.1
1936	128.2	123.7
1937	132.2	127.1

Notes:

All series are 'Six Capital Series'

'A' Series typically referred to as "Retail Price Index-Numbers Food, Groceries, and Housing"

'C' Series initially known as "Total Household Expenditure—(Food, Groceries, Housing, Clothing and Miscellaneous Requirements combined)", later as "All-Items"

All data are annual estimates except the C series for 1914–1922 which are for November. (ABS only backcast the series for the November Quarter)

All series rebased to 1914 = 100

– Not available.

Sources:

'A' Series (ABS 6101.0, various

'C' Series (ABS 6101.0 1945, 6)

Table A 6.22 Annual Factory Earnings, Nominal and Real, by Gender

	Nominal		Real (\$2018)			Nominal		Real (\$2018)	
	(\$ per annum)		Male	Female		(\$ per annum)		Male	Female
	Male	Female				Male	Female		
1909	210	77	14,065	5,167	1939	464	208	20,455	9,169
1910	219	82	14,609	5,434	1940	478	216	20,346	9,199
1911	232	88	15,154	5,782	1941	518	235	21,175	9,627
1912	250	96	15,319	5,902	1942	604	277	22,681	10,402
1913	259	100	15,334	5,936	1943	670	321	23,670	11,341
1914	266	104	15,814	6,166	1944	685	345	24,750	12,468
1915	269	105	14,005	5,490	1945	666	339	24,063	12,243
1916	281	107	14,304	5,438	1946	654	344	23,139	12,163
1917	301	114	14,611	5,545	1947	690	377	23,826	13,001
1918	307	123	13,997	5,599	1948	788	428	24,647	13,378
1919	324	132	13,089	5,318	1949	892	494	25,361	14,029
1920	338	144	11,864	5,058	1950	984	548	25,753	14,342
1921	396	168	15,683	6,677	1951	1,183	676	26,266	15,017
1922	422	182	17,504	7,566	1952	1,451	844	26,612	15,480
1923	422	190	17,026	7,655	1953	1,566	936	27,623	16,503
1924	438	194	17,858	7,916	1954	1,642	986	28,714	17,246
1925	462	204	18,962	8,371	1955	1,756	1,019	30,182	17,520
1926	483	214	19,123	8,463	1956	1,868	1,060	30,312	17,209
1927	487	220	19,935	8,986	1957	1,942	1,116	30,535	17,548
1928	496	224	19,967	9,008	1958	2,002	1,156	31,245	18,042
1929	495	221	19,647	8,787	1959	2,062	1,183	31,690	18,186
1930	496	226	20,134	9,178	1960	2,224	1,267	32,925	18,753
1931	460	205	21,079	9,408	1961	2,318	1,303	33,109	18,609
1932	421	188	20,299	9,092	1962	2,356	1,342	33,890	19,302
1933	405	181	20,627	9,194	1963	2,425	1,369	34,891	19,696
1934	399	173	19,676	8,558	1964	2,542	1,406	35,809	19,806
1935	405	178	19,822	8,730	1965	2,746	1,496	37,136	20,231
1936	413	182	20,088	8,869	1966	2,843	1,565	37,207	20,482
1937	425	187	19,762	8,700	1967	3,028	1,660	38,632	21,178
1938	449	199	20,314	9,027	1968	3,206	1,746	39,655	21,597

Notes:

This series is derived from data on total wages paid and employee numbers over the year. Withers et al (1985, 58) note that the data were initially based on average employment and then, from 1918–19 on, on the basis of full year equivalent employees. Analysis of the data, based on overlap years, showed that the initial series was “uniformly and exactly 5 per cent below what would be the case with a full year equivalent employment base”. The data have been adjusted here for this.

In addition a number of cautions need to be exercised with these data. A central issue is that the factory employment data consider all employees, not just those working full-time and paid adult rates. For women this introduces two significant limitations. The first is that in the early period it is severely affected by the very high proportion of women workers in manufacturing who were under the age of 21 and received junior rates of pay. The second is that in the latter period the growing incidence of part-time work acts to depress the average earnings of employees, with this being particularly marked given the high proportion of female workers employed on this basis. It is also unclear how unpaid periods of leave such as annual factory shut downs are treated. These have the potential to understate actual payment rates over that time before paid leave became prevalent.

Comparison with the results of an ABS special survey in November 1912 which examined actual rates of pay for the survey week (6101.0 1912) suggests other factors may also be significant. The survey found the average earnings of a male factory employee was 49s. 3d. a week and 19s. 8d. for women. The average derived from the above series, even with the Withers’ adjustment, was 48s. and 18s. 6d.

CPI: June 2018 estimate used.

Source:

Average factory earnings: ABS 1301.0 (Various: Chapter Manufacturing Industry).

Table A 6.23 Data for Figure 3.6 Female Earnings as a Proportion of Male, 1909 to 201

	Average Factory Earnings	Award Rates of Pay	Full-Time Ordinary Time Adult Weekly Earnings	Full-Time Adult Non- Managerial Employees	Minimum Wage
Female Earnings as a Proportion of Male (– % –)					
1909	36.7	–	–	–	–
1910	37.2	–	–	–	–
1911	38.2	–	–	–	–
1912	38.5	–	–	–	75.0
1913	38.7	–	–	–	75.0
1914	39.0	45.7	–	–	75.0
1915	39.2	48.4	–	–	58.8
1916	38.0	47.0	–	–	58.8
1917	38.0	47.4	–	–	58.8
1918	40.0	47.8	–	–	58.8
1919	40.6	49.5	–	–	54.0
1920	42.6	49.5	–	–	54.0
1921	42.6	51.5	–	–	54.0
1922	43.2	52.4	–	–	54.0
1923	45.0	52.5	–	–	54.0
1924	44.3	52.6	–	–	54.0
1925	44.1	52.3	–	–	54.0
1926	44.3	52.0	–	–	54.0
1927	45.1	52.7	–	–	54.0
1928	45.1	53.6	–	–	54.0
1929	44.7	53.5	–	–	54.0
1930	45.6	55.4	–	–	54.0
1931	44.6	54.6	–	–	54.0
1932	44.8	54.6	–	–	54.0
1933	44.6	53.9	–	–	54.0
1934	43.5	54.4	–	–	54.0
1935	44.0	54.3	–	–	54.0
1936	44.1	54.3	–	–	54.0
1937	44.0	55.0	–	–	54.0
1938	44.4	54.9	–	–	54.0
1939	44.8	55.3	–	–	54.0
1940	45.2	55.3	–	–	54.0
1941	45.5	55.8	–	–	54.0
1942	45.9	55.6	–	–	54.0
1943	47.9	57.2	–	–	54.0
1944	50.4	60.2	–	–	54.0
1945	50.9	58.2	–	–	54.0
1946	52.6	62.8	–	–	54.0
1947	54.6	62.1	–	–	54.0
1948	54.3	64.2	–	–	54.0
1949	55.3	64.3	–	–	54.0
1950	55.7	68.3	–	–	75.0
1951	57.2	68.5	–	–	74.9
1952	58.2	69.5	–	–	75.0
1953	59.7	68.8	–	–	74.9
1954	60.1	69.4	–	–	74.9
1955	58.0	69.7	–	–	74.9
1956	56.8	69.4	–	–	74.9
1957	57.5	69.7	–	–	74.9
1958	57.7	69.9	–	–	75.0
1959	57.4	70.3	–	–	74.9
1960	57.0	70.9	–	–	74.9

	Average Factory Earnings	Award Rates of Pay	Full-Time Ordinary Time Adult Weekly Earnings	Full-Time Adult Non- Managerial Employees	Minimum Wage
Female Earnings as a Proportion of Male (– % –)					
1961	56.2	71.4	–	–	74.9
1962	57.0	71.3	–	–	74.9
1963	56.5	71.0	–	–	74.9
1964	55.3	71.5	–	59.1	74.9
1965	54.5	71.4	–	–	74.9
1966	55.0	71.3	–	57.8	67.2
1967	54.8	72.4	–	58.2	68.2
1968	54.5	71.2	–	57.0	69.3
1969	–	72.7	–	58.4	65.4
1970	–	73.2	–	59.1	65.4
1971	–	76.4	–	60.7	63.3
1972	–	76.9	–	63.2	61.4
1973	–	83.8	–	70.4	57.3
1974	–	86.8	–	69.1	90.0
1975	–	92.0	–	77.5	100.0
1976	–	92.7	–	79.6	100.0
1977	–	93.2	–	81.0	100.0
1978	–	92.9	–	81.8	100.0
1979	–	91.4	–	80.3	100.0
1980	–	93.0	–	79.6	100.0
1981	–	–	–	80.1	100.0
1982	–	–	–	–	100.0
1983	–	–	–	82.3	100.0
1984	–	–	81.4	–	100.0
1985	–	–	82.4	82.4	100.0
1986	–	–	82.3	82.6	100.0
1987	–	–	82.6	–	100.0
1988	–	–	83.2	82.6	100.0
1989	–	–	82.9	–	100.0
1990	–	–	83.0	82.3	100.0
1991	–	–	84.2	83.7	100.0
1992	–	–	83.4	85.8	100.0
1993	–	–	84.0	84.4	100.0
1994	–	–	84.2	85.3	100.0
1995	–	–	83.0	84.1	100.0
1996	–	–	83.5	83.0	100.0
1997	–	–	83.6	–	100.0
1998	–	–	83.8	83.2	100.0
1999	–	–	84.2	–	100.0
2000	–	–	84.3	84.5	100.0
2001	–	–	84.6	–	100.0
2002	–	–	84.6	84.3	100.0
2003	–	–	84.2	–	100.0
2004	–	–	84.8	84.9	100.0
2005	–	–	85.0	–	100.0
2006	–	–	84.2	83.6	100.0
2007	–	–	84.2	–	100.0
2008	–	–	83.9	83.0	100.0
2009	–	–	82.8	–	100.0
2010	–	–	82.9	83.9	100.0

The Australian minimum wage and the needs of a family

	Average Factory Earnings	Award Rates of Pay	Full-Time Ordinary Time Adult Weekly Earnings	Full-Time Adult Non- Managerial Employees	Minimum Wage
Female Earnings as a Proportion of Male (– % –)					
2011	–	–	82.5	–	100.0
2012	–	–	82.4	83.3	100.0
2013	–	–	82.7	–	100.0
2014	–	–	81.5	81.6	100.0
2015	–	–	82.5	–	100.0
2016	–	–	83.9	85.1	100.0
2017	–	–	83.9	–	100.0

Notes:

– Data not available.

See Table A 6.22 for a discussion of the limitations of the Factory Earnings series, in particular the extent to which the initial inclusion of junior employees, and later part-time employment may have acted to reduce the relative earnings of women.

Sources:

Average Factory Earnings: Table A 6.22.

Award Rates of Pay: ABS 6312.0, various.

Full-Time Ordinary Time Adult Weekly Earnings: ABS 6302.0, various.

Full-Time Adult Non-Managerial Employees: ABS 6306.0, various.

Minimum Wage: Table A 3.4.

Table A 6.24 Data for Figure 3.8 Relative Value of Minimum Wage to Other Earnings. Men, 1909 to 201

Male Minimum Wage as a proportion of average male:			Male Minimum Wage as a proportion of average male:			Male Minimum Wage as a proportion of average male:		
Factory Earnings	Average Weekly Earnings (a)		Factory Earnings	Average Weekly Earnings (a)		Factory Earnings	Average Weekly Earnings (a)	
– % –			– % –			– % –		
1909	104.2	–	1945	76.5	–	1981	–	65.0
1910	99.5	–	1946	84.3	–	1982	–	60.8
1911	94.2	–	1947	82.1	–	1983	–	59.1
1912	87.5	–	1948	79.1	–	1984	–	55.9
1913	102.4	–	1949	75.8	–	1985	–	56.7
1914	99.5	–	1950	85.6	–	1986	–	54.0
1915	104.5	–	1951	87.5	–	1987	–	55.1
1916	111.2	–	1952	81.7	–	1988	–	54.5
1917	108.7	–	1953	78.0	–	1989	–	55.2
1918	106.8	–	1954	74.4	–	1990	–	53.9
1919	110.8	–	1955	69.6	–	1991	–	54.2
1920	109.1	–	1956	68.2	–	1992	–	52.1
1921	111.7	–	1957	68.3	–	1993	–	52.5
1922	101.8	–	1958	67.5	–	1994	–	50.8
1923	112.8	–	1959	69.3	–	1995	–	50.1
1924	100.4	–	1960	64.3	–	1996	–	48.3
1925	98.5	–	1961	64.4	–	1997	–	48.0
1926	95.8	–	1962	63.4	–	1998	–	47.9
1927	96.0	–	1963	61.5	–	1999	–	48.1
1928	90.2	–	1964	62.8	–	2000	–	47.8
1929	94.6	–	1965	58.1	–	2001	–	47.0
1930	87.1	–	1966	66.7	59.8	2002	–	46.8
1931	71.6	–	1967	64.3	58.7	2003	–	46.0
1932	76.3	–	1968	62.9	57.2	2004	–	46.4
1933	80.6	–	1969	–	57.7	2005	–	45.7
1934	83.5	–	1970	–	53.1	2006	–	46.7
1935	84.7	–	1971	–	56.5	2007	–	45.3
1936	86.9	–	1972	–	52.7	2008	–	44.9
1937	94.2	–	1973	–	55.1	2009	–	42.2
1938	91.6	–	1974	–	51.1	2010	–	42.3
1939	89.7	–	1975	–	52.4	2011	–	41.8
1940	91.4	–	1976	–	55.7	2012	–	41.3
1941	88.4	–	1977	–	56.3	2013	–	40.8
1942	83.5	–	1978	–	58.6	2014	–	40.7
1943	76.0	–	1979	–	58.8	2015	–	41.1
1944	74.4	–	1980	–	57.2	2016	–	41.5
						2017		42.8

Notes:

– Data not available

(a) Average Male Full-Time Ordinary Time Earnings, average of the May and November quarters.

Sources:

Derived from:

Minimum Wage: Table A 3.4.

Average Factory Earnings: Table A 6.22.

Full-Time Ordinary Time Male Adult Weekly Earnings: ABS 6302.0, various.

Table A 6.25 Data for Figure 3.9 Distribution of Adult Minimum Wage Employees by Household Income Quintile, 2016

Household Equivalised Disposable Income Quintile	Adult Minimum Wage Workers in All Households	Adult Minimum Wage Workers in Households with Employment Income	Full-Time Adult Minimum Wage Workers in Households with Full- Time Employment
– % –			
Lowest	19.2	30.9	39.0
2	29.4	28.1	25.5
3	22.9	17.1	13.8
4	15.1	12.8	13.2
Highest	13.4	11.0	8.4
Total	100.0	100.0	100.0

Notes:

Minimum wage includes all persons earning up to 105 per cent of the minimum wage (including allowance for 25 per cent casual loading where appropriate).

As the analysis uses a test on hourly rates of pay for those who are employed part-time it should be noted that the results are very sensitive to an accurate reporting of hours of work. Two issues arise. Firstly these data are only collected in whole hours and rounding of actual hours worked can introduce errors greater than the 5 per cent margin applied in the analysis and secondly there is some evidence of heaping in the reporting of hours which suggests that these are not always accurately reported.

Adult workers are persons aged 21 years and over.

Quintiles derived from household disposable income equivalised using revised OECD scale.

Source:

Derived from HILDA, Wave 16 Restricted Release.

Table A 6.26 Data for Figure 4.1 Nominal Value of NSW State and Commonwealth Jurisdiction Basic Wages, 1923 to 1937

	Commonwealth (Sydney rate)	NSW		Commonwealth (Sydney rate)	NSW
	- \$ -			- \$ -	
Feb. 1923	82.50	-	May. 1930	92.00	-
May. 1923	82.50	79.00	Aug. 1930	91.00	-
Aug. 1923	86.50	-	Nov. 1930	88.00	-
Nov. 1923	89.00	82.00	Feb. 1931	76.50	-
Feb. 1924	87.00	-	May. 1931	74.25	-
May. 1924	86.00	-	Aug. 1931	72.92	-
Aug. 1924	85.50	-	Nov. 1931	70.67	-
Nov. 1924	84.50	-	Feb. 1932	68.83	-
Feb. 1925	85.00	-	May. 1932	68.83	-
May. 1925	86.00	-	Aug. 1932	68.42	70.00
Aug. 1925	87.00	84.00	Nov. 1932	67.50	-
Nov. 1925	88.00	-	Feb. 1933	66.58	-
Feb. 1926	89.50	-	May. 1933	67.83	68.50
May. 1926	90.50	-	Aug. 1933	66.92	-
Aug. 1926	92.50	-	Nov. 1933	66.92	66.50
Nov. 1926	91.50	-	Feb. 1934	66.92	-
Feb. 1927	91.50	-	May. 1934	67.00	67.50
May. 1927	90.50	-	Aug. 1934	68.00	-
Aug. 1927	89.50	85.00	Nov. 1934	68.00	-
Nov. 1927	90.50	-	Feb. 1935	68.00	-
Feb. 1928	93.00	-	May. 1935	68.00	68.50
May. 1928	91.50	-	Aug. 1935	68.00	-
Aug. 1928	92.00	-	Nov. 1935	70.00	-
Nov. 1928	90.50	-	Feb. 1936	70.00	-
Feb. 1929	91.00	-	May. 1936	70.00	69.00
May. 1929	95.00	-	Aug. 1936	70.00	-
Aug. 1929	94.50	-	Nov. 1936	70.00	70.00
Nov. 1929	95.00	82.50	Feb. 1937	70.00	-
Feb. 1930	95.60	-	May. 1937	72.00	71.50

Notes:

Only quarters in which a decision was made to change a rate is shown for the NSW series.

Sydney Commonwealth Basic Wage rates shown. These may not necessarily match other figures used here which are usually the '6 Capitals' or Melbourne rate.

Source:

NSW: ABS 6101.0 (1939, 82).

Commonwealth: ABS 6101.0 (1952, 234–235).

Table A 6.27 Data for Figure 4.2 Real Value (\$June 1941) of Child Endowment, 1941 to 1976

	1st Child	2nd Child	3rd Child		1st Child	2nd Child	3rd Child		1st Child	2nd Child	3rd Child
	\$(June 1941) per week				\$(June 1941) per week				\$(June 1941) per week		
Jun-1941	0.00	0.50	0.50	Mar-1953	0.22	0.43	0.43	Dec-1964	0.17	0.34	0.51
Sep-1941	0.00	0.50	0.50	Jun-1953	0.22	0.43	0.43	Mar-1965	0.17	0.34	0.50
Dec-1941	0.00	0.49	0.49	Sep-1953	0.21	0.43	0.43	Jun-1965	0.17	0.33	0.50
Mar-1942	0.00	0.47	0.47	Dec-1953	0.22	0.43	0.43	Sep-1965	0.16	0.33	0.49
Jun-1942	0.00	0.46	0.46	Mar-1954	0.21	0.43	0.43	Dec-1965	0.16	0.32	0.49
Sep-1942	0.00	0.45	0.45	Jun-1954	0.21	0.43	0.43	Mar-1966	0.16	0.32	0.48
Dec-1942	0.00	0.44	0.44	Sep-1954	0.21	0.43	0.43	Jun-1966	0.16	0.32	0.48
Mar-1943	0.00	0.44	0.44	Dec-1954	0.21	0.43	0.43	Sep-1966	0.16	0.32	0.48
Jun-1943	0.00	0.43	0.43	Mar-1955	0.21	0.42	0.42	Dec-1966	0.16	0.32	0.47
Sep-1943	0.00	0.44	0.44	Jun-1955	0.21	0.42	0.42	Mar-1967	0.16	0.31	0.47
Dec-1943	0.00	0.44	0.44	Sep-1955	0.21	0.42	0.42	Jun-1967	0.16	0.31	0.47
Mar-1944	0.00	0.44	0.44	Dec-1955	0.21	0.41	0.41	Sep-1967	0.15	0.31	0.46
Jun-1944	0.00	0.44	0.44	Mar-1956	0.20	0.41	0.41	Dec-1967	0.15	0.31	0.46
Sep-1944	0.00	0.44	0.44	Jun-1956	0.20	0.40	0.40	Mar-1968	0.15	0.30	0.46
Dec-1944	0.00	0.44	0.44	Sep-1956	0.19	0.39	0.39	Jun-1968	0.15	0.30	0.45
Mar-1945	0.00	0.66	0.66	Dec-1956	0.19	0.39	0.39	Sep-1968	0.15	0.30	0.45
Jun-1945	0.00	0.66	0.66	Mar-1957	0.19	0.39	0.39	Dec-1968	0.15	0.30	0.45
Sep-1945	0.00	0.66	0.66	Jun-1957	0.19	0.38	0.38	Mar-1969	0.15	0.30	0.44
Dec-1945	0.00	0.66	0.66	Sep-1957	0.19	0.38	0.38	Jun-1969	0.15	0.29	0.44
Mar-1946	0.00	0.66	0.66	Dec-1957	0.19	0.38	0.38	Sep-1969	0.15	0.29	0.44
Jun-1946	0.00	0.65	0.65	Mar-1958	0.19	0.38	0.38	Dec-1969	0.14	0.29	0.43
Sep-1946	0.00	0.65	0.65	Jun-1958	0.19	0.38	0.38	Mar-1970	0.14	0.29	0.43
Dec-1946	0.00	0.64	0.64	Sep-1958	0.19	0.38	0.38	Jun-1970	0.14	0.28	0.42
Mar-1947	0.00	0.64	0.64	Dec-1958	0.19	0.38	0.38	Sep-1970	0.14	0.28	0.42
Jun-1947	0.00	0.63	0.63	Mar-1959	0.19	0.38	0.38	Dec-1970	0.14	0.28	0.42
Sep-1947	0.00	0.62	0.62	Jun-1959	0.19	0.38	0.38	Mar-1971	0.14	0.27	0.41
Dec-1947	0.00	0.60	0.60	Sep-1959	0.19	0.37	0.37	Jun-1971	0.13	0.27	0.54
Mar-1948	0.00	0.59	0.59	Dec-1959	0.19	0.37	0.37	Sep-1971	0.13	0.26	0.53
Jun-1948	0.00	0.57	0.57	Mar-1960	0.18	0.37	0.37	Dec-1971	0.13	0.26	0.52
Sep-1948	0.00	0.56	0.56	Jun-1960	0.18	0.36	0.36	Mar-1972	0.13	0.26	0.51
Dec-1948	0.00	0.54	0.54	Sep-1960	0.18	0.36	0.36	Jun-1972	0.13	0.25	0.51
Mar-1949	0.00	0.54	0.54	Dec-1960	0.18	0.35	0.35	Sep-1972	0.12	0.25	0.50
Jun-1949	0.00	0.52	0.52	Mar-1961	0.18	0.35	0.35	Dec-1972	0.12	0.25	0.49
Sep-1949	0.00	0.68	0.68	Jun-1961	0.17	0.35	0.35	Mar-1973	0.12	0.24	0.48
Dec-1949	0.00	0.67	0.67	Sep-1961	0.18	0.35	0.35	Jun-1973	0.12	0.23	0.47
Mar-1950	0.33	0.66	0.66	Dec-1961	0.18	0.35	0.35	Sep-1973	0.11	0.23	0.45
Jun-1950	0.32	0.64	0.64	Mar-1962	0.18	0.35	0.35	Dec-1973	0.11	0.22	0.44
Sep-1950	0.31	0.63	0.63	Jun-1962	0.18	0.35	0.35	Mar-1974	0.11	0.21	0.43
Dec-1950	0.30	0.60	0.60	Sep-1962	0.18	0.35	0.35	Jun-1974	0.10	0.20	0.41
Mar-1951	0.29	0.58	0.58	Dec-1962	0.18	0.35	0.35	Sep-1974	0.10	0.19	0.39
Jun-1951	0.27	0.54	0.54	Mar-1963	0.18	0.35	0.35	Dec-1974	0.09	0.19	0.38
Sep-1951	0.26	0.51	0.51	Jun-1963	0.18	0.35	0.35	Mar-1975	0.09	0.18	0.36
Dec-1951	0.24	0.49	0.49	Sep-1963	0.17	0.35	0.35	Jun-1975	0.09	0.17	0.35
Mar-1952	0.24	0.47	0.47	Dec-1963	0.17	0.35	0.52	Sep-1975	0.09	0.17	0.35
Jun-1952	0.22	0.45	0.45	Mar-1964	0.17	0.35	0.52	Dec-1975	0.08	0.16	0.33
Sep-1952	0.22	0.44	0.44	Jun-1964	0.17	0.34	0.52	Mar-1976	0.08	0.16	0.32
Dec-1952	0.22	0.44	0.44	Sep-1964	0.17	0.34	0.51	Jun-1976	0.08	0.16	0.31

Source:

Derived from:

Nominal value of child endowment: Table 4.4.

CPI: Table A 2.1.

Table A 6.28 Modelling Results Used in Chapter 5, Disposable Income Components for a Minimum Wage Worker 1910 to 2015

	Single Male			Single Female			Couple: Male Breadwinner 2 Children			
	Wage	Tax	Dispos- able Income	Wage	Tax	Dispos- able Income	Wage	Tax	Transfer Pay- ments	Dispos- able Income
– \$(January 2015) per week –										
1910	266.66	0.00	266.66	–	–	–	266.66	0.00	0.00	266.66
1915	281.93	0.00	281.93	165.78	0.00	165.78	281.93	0.00	0.00	281.93
1920	244.64	1.81	242.83	132.10	0.00	132.10	244.64	0.00	0.00	244.64
1925	329.21	0.42	328.79	177.77	0.00	177.77	329.21	0.00	0.00	329.21
1930	336.48	5.99	330.49	181.70	2.52	179.18	336.48	4.67	0.00	331.80
1935	296.55	4.28	292.27	160.14	0.68	159.46	296.55	4.28	0.00	292.27
1940	330.20	4.09	326.11	178.31	1.70	176.61	330.20	3.70	0.00	326.50
1945	334.29	50.15	284.14	180.52	10.70	169.82	334.29	9.75	17.06	341.59
1950	334.61	16.63	317.98	180.69	4.59	176.10	334.61	1.59	25.74	358.76
1955	387.97	26.12	361.85	290.57	14.28	276.29	387.97	7.73	24.76	405.01
1960	393.03	29.31	363.72	294.41	16.47	277.95	393.03	9.39	21.44	405.07
1965	399.96	34.72	365.24	299.64	19.71	279.93	399.96	13.53	19.54	405.97
1970	473.74	56.43	417.31	309.66	24.93	284.74	473.74	27.94	16.80	462.60
1975	551.32	57.25	494.07	496.19	46.23	449.96	551.32	10.83	10.88	551.37
1980	595.10	90.73	504.37	595.10	90.73	504.37	595.10	41.54	36.48	590.04
1985	619.56	104.26	515.30	619.56	104.26	515.30	619.56	63.89	116.20	671.86
1990	569.71	86.71	482.99	569.71	86.71	482.99	569.71	35.32	175.68	710.06
1995	566.04	80.97	485.08	566.04	80.97	485.08	566.04	73.06	267.23	760.22
2000	594.75	91.37	503.38	594.75	91.37	503.38	594.75	82.45	312.14	824.44
2005	611.00	93.05	517.95	611.00	93.05	517.95	611.00	83.89	438.94	966.06
2010	614.39	52.48	561.91	614.39	52.48	561.91	614.39	43.27	488.21	1,059.33
2015	640.90	59.53	581.37	640.90	59.53	581.37	640.90	46.71	500.30	1,094.49

Notes:

All calculations are based on a full financial year assuming 1 January rates of the Minimum Wage and Transfer Payments.

All CPI values are based on the preceding December Quarter.

The Couple Family is assumed to have a single Male Breadwinner and children aged 3 and 9 years.

In the analysis the rate of taxation paid by the single male is used as the counterfactual tax rate for the couple, with the difference between this and the actual tax paid by the couple being defined as the concessional family tax treatment.

Female Minimum Wage rates are as described in Appendix 3. No modelling is undertaken for 1910 as this was prior to the Fruitpickers' case in which a female rate was determined.

Source:

Models as described in chapter 5 text.

Table A 6.29 Supplementary data for Figure 6.3 Rates of Protection, Trade Openness and the Minimum Wage, 1908 to 2016

	Protection				Trade				Protection				Trade		
	Agricul- ture	Manuf- acturing	Open- ness		Agricul- ture	Manuf- acturing	Open- ness		Agricul- ture	Manuf- acturing	Open- ness		Agricul- ture	Manuf- acturing	Open- ness
1908	8.0	28.8	29.3	1945	11.4	48.4	12.8	1982	3.7	16.0	24.1				
1909	7.8	33.9	29.6	1946	7.4	41.6	14.5	1983	8.0	16.0	22.9				
1910	9.2	33.9	32.9	1947	-10.9	41.4	24.9	1984	6.3	13.0	22.2				
1911	8.8	33.5	30.8	1948	-2.6	29.7	32.2	1985	5.6	13.0	25.8				
1912	9.3	32.0	30.9	1949	-4.1	27.0	35.7	1986	6.1	12.0	26.4				
1913	7.6	31.1	30.3	1950	-4.9	26.2	36.3	1987	8.8	12.0	25.8				
1914	6.0	31.2	27.9	1951	-3.2	24.5	41.6	1988	5.8	11.0	25.4				
1915	4.8	31.8	23.0	1952	-1.1	23.0	38.2	1989	4.3	10.0	24.9				
1916	5.1	28.1	24.1	1953	2.5	33.9	27.0	1990	3.6	9.0	24.8				
1917	4.9	27.5	29.2	1954	4.5	26.3	27.1	1991	6.5	9.0	24.6				
1918	6.2	22.8	23.3	1955	6.1	22.9	27.3	1992	4.5	8.0	25.2				
1919	4.5	21.8	27.4	1956	5.3	22.0	25.0	1993	4.0	7.0	27.1				
1920	4.7	24.8	31.1	1957	7.9	21.9	24.4	1994	3.7	6.0	27.6				
1921	3.1	23.5	33.1	1958	10.3	19.9	22.4	1995	3.5	5.0	28.7				
1922	4.1	29.4	26.2	1959	7.5	21.8	21.1	1996	3.0	5.0	29.1				
1923	3.9	28.2	26.2	1960	8.9	21.3	22.1	1997	3.1	4.0	28.8				
1924	5.6	28.4	26.3	1961	11.0	20.1	22.2	1998	2.7	3.0	30.7				
1925	4.0	30.3	28.0	1962	10.3	22.2	21.6	1999	2.7	3.0	29.5				
1926	4.6	34.3	27.8	1963	9.8	22.1	21.8	2000	2.1	3.0	31.4				
1927	4.8	37.7	27.0	1964	7.2	22.4	23.4	2001	0.5	3.0	34.1				
1928	5.2	39.8	25.9	1965	9.1	23.0	22.9	2002	0.5	3.0	32.2				
1929	4.9	37.1	26.2	1966	10.6	22.1	22.4	2003	0.5	3.0	31.2				
1930	7.4	44.2	23.3	1967	9.6	22.5	21.2	2004	0.6	3.0	28.1				
1931	7.1	54.6	19.6	1968	15.4	23.0	20.9	2005	0.5	2.6	30.3				
1932	8.7	66.2	20.2	1969	13.8	24.0	19.6	2006	3.5	2.9	32.5				
1933	8.1	59.7	21.4	1970	14.2	23.0	20.4	2007	2.6	2.5	32.7				
1934	6.4	58.3	22.3	1971	17.5	23.0	19.9	2008	2.1	2.5	33.0				
1935	9.1	53.0	21.5	1972	12.8	22.0	19.3	2009	1.7	2.5	36.2				
1936	6.0	50.4	23.1	1973	7.5	22.0	20.0	2010	1.2	2.3	31.5				
1937	4.2	49.4	24.3	1974	3.9	17.0	21.0	2011	1.3	2.2	33.4				
1938	3.0	44.3	24.0	1975	2.4	15.0	23.1	2012	1.3	2.1	34.8				
1939	5.9	50.1	21.1	1976	4.5	16.0	21.1	2013	1.3	2.2	32.7				
1940	4.3	47.3	23.0	1977	5.4	15.0	23.0	2014	1.2	2.1	33.7				
1941	4.1	53.5	19.1	1978	5.9	15.0	22.3	2015	1.2	2.0	32.3				
1942	4.9	41.8	15.8	1979	4.3	15.0	23.4	2016	1.2	2.0	31.0				
1943	6.1	45.7	10.9	1980	3.1	15.0	26.0								
1944	9.5	46.2	11.7	1981	3.6	15.0	25.3								

Notes:

See Table A 5.8 for derivation of industry protection.

Trade Openness is the ratio of the sum of merchandise exports and merchandise imports to GDP.

Minimum Wage series shown on chart see Table A 5.9.

Source:

Trade Openness: 1908-2010: Butlin, Dixon and Lloyd (2014, Table A3)

2011-2016: GDP: ABS 5204.0, Table 1.

Goods Trade: ABS 6368.0, Table 1.

Industry Protection: See Table A 5.8

Appendix 7 Text of Worker Report on Harvester

Text from the *Worker* (Wagga) Thursday 14 November 1907, page 7. As illustrated in Figure 3.2.

“FAIR AND REASONABLE” WAGES.

MOMENTOUS JUDGMENT OF THE AUSTRALIAN ARBITRATION COURT.

STRIKING COMMENTS ON MODERN INDUSTRIALISM — APPLICATIONS FOR EXEMPTION REFUSED.

Mr. Justice Higgins, president of the Commonwealth Arbitration Court, after an exhaustive hearing of evidence, delivered judgment on November 8 in the case of Hugh Victor McKay, of the “Sunshine” Harvester Works, Braybrook, Victoria. Under the new protection legislation of 1906 Mr. McKay applied for exemption from excise which amounts to half the import duty— on the ground that he paid “fair and reasonable” wages. The judge refused to grant the application, holding that the wages paid were not “fair and reasonable” and he submitted a detailed schedule of rates which embodied an all-round increase on the payments made at the Sunshine factory. In the course of his lengthy deliverance, Mr. Justice Higgins made some noteworthy observations on present-day industrial conditions.

THE JUDGE'S DUTY.

Mr. Justice Higgins said: The Commonwealth Parliament has by this Act imposed certain excise duties on agricultural implements, but it has provided that the Act shall not apply to goods manufactured in Australia “under conditions as to remuneration of labor which are declared by the president of the court to be fair and reasonable.” My sole duty is to ascertain whether the conditions of remuneration submitted to me are “fair and reasonable.” I have not the function of finding out whether the rates of wages have, or have not, been in fact paid since January 1, 1907, when this Act came into force. I selected Mr. McKay's application out of some 112 applications made by Victorian manufacturers, because I found that the factory was one of the largest, and had the greatest number and variety of employees; and because his application was to be keenly fought. The Act left me free to inform my mind as best I could, and I was at full liberty to limit the evidence, or even to act without evidence. I felt that in the course of the contest on this application I should best learn with regard to the various operations in the manufacture the functions of the employees, the character of the work, and the proper conditions of remuneration... The first difficulty that faces me is as to the meaning of this 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 responsible, to public opinion. Even if the delegation of the duty should be successful in this case, it by no means follows that it will be so hereafter.

SHUNTING OF LEGISLATIVE RESPONSIBILITY.

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 a 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 legislation 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 judiciary department within the range of political fire. These remarks would not be made if the Legislature had defined the general principles on which I am to determine whether wages are fair and reasonable or the reverse. But I shall do my best to ascertain, by inference, the meaning of the enactment, and Parliament can, of course, amend the Act if it desires to declare another meaning.

PRESSURE FOR BREAD ON ONE SIDE, PROFIT ON THE OTHER!

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 have safely been left to the usual but unequal contest, “the higgling of the market” for labor, 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 need 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 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 all 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.

THE PRIMARY TEST OF FAIR AND REASONABLE WAGES.

If “A” lets “B” have the use of his horses on the terms that he gives 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 laborers. Those who have acquired a skilled handicraft have to be paid more than the unskilled laborers’ minimum; and, in ascertaining how much more, in the case of each of the numerous trades concerned in this factory, I have been invited to make myself expert in a large number of technical details, and familiar with the mysteries of many mechanical appliances. Fortunately I can find guidance more satisfactory than could be afforded by my mere inspection of the processes and machinery in the factory, or even by the evidence of differing experts in the several trades. The view I have stated of my duty under the Act seems to be supported by a critical verbal examination of the words “fair and reasonable” used in collocation. Under an English Act, an agreement between solicitor and client as to costs can be set aside unless the solicitor show that it is “fair and reasonable,” and it has been held by the Court of Appeal that “fair” refers to the mode in which the agreement has been obtained, and “reasonable” means that the amount payable must not be out of proportion to the work done.

SUBMITTING TO LOW WAGES TO AVOID STARVATION.

Applying the reasoning to the present case, I cannot think that an employer and a workman contract on an equal footing, or make a “fair” agreement as to wages, when the workman submits to work for a low wage to avoid starvation or pauperism (or something like it) for himself and his family, or that the agreement is “reasonable” if it does not carry a wage sufficient to ensure the workman food, shelter, clothing, frugal comfort, provision for evil days,

etc., as well as reward for the special skill of an artisan, if he is one. It was strongly urged before me that I should compel this applicant to disclose his books, so as enable the objectors to see what are his profits; and that if the profits are large, the wages should be large also. The applicant objected to any such disclosure, and I declined to compel him. I cannot find anything in the Act to suggest a scheme of profit sharing. The Customs Tariff Act, 1906 imposes a heavy import duty as to stripper harvesters of £12 each. Then the excise tariff imposes on Australian harvesters an excise duty of £6 each, but even this duty is not to apply if the goods are manufactured under conditions as to remuneration which I (or some other of the authorities mentioned in the Act) declare to be fair and reasonable. That is all. Fair and reasonable remuneration is a condition precedent to exemption from the duty, and the remuneration of the employee is not made to depend on the profits of the employer. If the profits are nil, the fair and reasonable wages must be paid, and if the profits are 100 per cent, they must be paid. There is far more ground for the view that under this section the fair and reasonable remuneration has to be paid before the profits are ascertained — that it stands on the same level as the cost of the raw material of the manufacture. In this case, moreover, Mr. McKay relieved me of all doubt by admitting, through his counsel, that he is able to pay fair and reasonable wages — whatever may be declared to be fair and reasonable. As at present advised I shall certainly refuse to pry, or allow others to pry, into the financial affairs of the manufacturers, or expose their financial affairs to their competitors in business. If it is to be cards on the table, it ought to be all cards on the table. But having regard to the tariff protection given, the excise exemption offered, and the admission which I have mentioned, I shall ignore any consideration that the business will not stand what I should otherwise regard as fair and reasonable remuneration.

THE LABORERS' WAGES.

I come now to consider the remuneration of the employees mentioned in this application. I propose to take unskilled laborers first. The standard wage — the wage paid to most of the laborers by the applicant — is 6s. per day of eight hours, with no extra allowance for overtime; but there is one man receiving 5s. 6d. There is no constancy of employment, as the employer has to put a considerable number of men off in the intervals between the seasons. The seed drill and plough season, I am told, is in the earlier part of the year — about April, but the busiest time is the harvester season from about August to November. But even if the employment were constant and uninterrupted, is a wage of 36s. per week fair and reasonable, in view of the cost of living in Victoria? I have tried to ascertain the cost of living — the amount which has to be paid for food, shelter, clothing, for an average laborer, 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 applicant's counsel an opportunity to call evidence upon this subject, even after his case had 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 rents, and by a butcher as to meat, could not be contradicted.

THE INCREASED COST OF LIVING.

There is no doubt there has been during the last year or two a progressive rise in rents, and in the price of meat, and of many of the modest requirements of the workers' household. The usual rent paid by a laborer, as distinguished from an artisan, appears to be 7s; and, taking the rent at 7s, the necessary average weekly expenditure for a laborer's home of about five persons would seem to be about £1 12s 5d. The lists of expenditure submitted to me vary, not only in amounts, but in bases 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 12s 5d. 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, 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 6s a day, the balance is only 3s 7d, and the area is rather large for 3s 7d to cover, even in the case of total abstainers and non-smokers — the case of most of the men in question.

WAGES PAID BY PUBLIC BODIES.

One witness, the wife of one who was formerly a vatman, says that in the days when her husband was working at the vat at 36s a week, she was unable to provide meat for him on about three days in the week. This inability to secure sustaining food – whatever kind may be selected – is certainly not conducive to the maintenance of the worker in industrial efficiency. 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 7s. The Metropolitan Board has 7s for a minimum, the Melbourne City Council also. Of 17 municipal councils in Victoria 13 pay 7s as a minimum, and only two pay a man so low as 6s 6d. The Woodworkers' Wages Board, under July 24, 1907, pay 7s. In the agreement in Adelaide between employers and employees in this very industry the minimum is 7s 6d... My hesitation has been chiefly between 7s and 7s 6d, but I put the minimum at 7s, as I do not think I could refuse to declare an employer's remuneration to be fair and reasonable if I find him paying 7s. Under the circumstances I cannot declare that the applicant's conditions of remuneration are fair and reasonable as to his laborers. I could stop here, but this course would leave the applicant in the dark as to the wages paid to his other employees... I propose to annex to my order a schedule stating openly the minimum conditions as to remuneration which I regard as fair and reasonable, and I shall call this "The Excise Tariff Standard."

A SIDELIGHT ON VICTORIAN WAGES BOARDS.

Personally I should have been very glad to have the assistance of a Victorian wages board, if it were the genuine, unfettered decision of employers and employees conversant with all the points and details of an industry and meeting in friendly conference. But I have to deal with this industry through all Australia, and I have no right to let one State, through its particular machinery, prescribe the conditions of labor for other States, nor can I let Victorian manufacturers carry on their undertakings at lower wages than manufacturers elsewhere simply because a Victorian wages board has prescribed low wages. In the next place the conditions under which each board acts have to be carefully scrutinised... There is an Agricultural Implement Wages Board, but it is under the operation of the "reputable employers" section. This present inquiry was finally opened on October 7, after long adjournments granted by my predecessor, with a view of giving the board ample time for coming to some conclusion with regard to wages. But the board has failed to come to any conclusion, and the Minister of Labor had suggested that the board should adjourn till an amending bill should be passed. On October 7 and 8, however, the board suddenly came to certain determinations, which have been pressed upon me. But it turns out from the evidence of the secretary of the board that the chairman, finding himself coerced by the "reputable employers" section, declined to receive any motion for a wage exceeding the average appearing upon the returns of wages paid by "reputable employers." This restriction upon the free action of the board deprives the board's determination of almost all value in the eyes of an outside investigator, and especially in the eyes of one who has my duty to perform. If my view of my duty in ascertaining what are fair and reasonable conditions as to remuneration is right, how can I fulfil that duty by accepting the average rates which employers think fit to give in individual bargaining with men seeking work?

INDUSTRIAL APPEAL COURT. PROFIT-MAKING BEFORE HUMAN BEINGS!

I should attach, I think, overwhelming value to conclusions fully formed by experts in the trade representing the opposing interests, but I decline to accept the mere conclusions of employers, just as I should decline to accept the mere conclusions of employees. Again, a determination of a wages board may be reversed or varied by the Court of Industrial Appeals. The court consists of a Supreme Court Judge, and he is bound to lower the minimum wage fixed by the board if he thinks it may prejudice "the progressive maintenance of or scope of employment in the trade or industry." In other words, he is to put the interests of the business — of the profit making — above the interests of the human beings employed. I cannot think that this system is consistent with that marked out for me by the Excise Tariff Act. The scheme of the Excise Tariff Act seems to be based on making fair and reasonable remuneration a first charge, as it were, on the gross receipts — based on putting such remuneration in the same position as the cost of raw materials. I cannot delegate my functions to the judge, whoever may be appointed from time to time, of the Court of Industrial Appeals, acting under a very different Act, under conditions which coerce him on every side, and especially when I know that he, though non-expert in the industry, is enabled to reverse what experts in the industry may have concurred in deciding. In

addition, I cannot impose the Victorian Act or Victorian conditions on other States, and I shall keep steadily in view the importance to the manufacturers of certainty, and (so far as possible) uniformity throughout Australia. I am forced to make these observations on the Victorian Factories Act in order to explain why I cannot accept the wages board determinations as sufficient for the purpose of my decision under the Excise Tariff 1906. I have no right, and I have no desire, to criticise what any Parliament may do. But when the determinations of wages boards are pressed upon me I have to consider all the circumstances in order to see whether these determinations are a safe guide for me in the performance of my duty under the excise tariff.

PAYING MEN ACCORDING TO VALUE. THE EMPLOYER AS VALUER.

Mr. G. McKay, who fixes the wages for the factory, says that he pays the men — nearly 500 in number and of different trades — according to their values. Of course, he means according to his opinion of their values. Yet, when I asked him what was the difference between an improver at 7s 10d a day, and a journeyman at 8s, in the department of sheet iron workers, Mr. McKay admitted that there was no appreciable recognisable difference between the men corresponding to the shilling a week difference between their wages. One of the applicant's witnesses, Mr. Rigby (of the Austral Otis Co.) complacently assured me, on the strength of a brief inspection of the factory, and of the list submitted by the applicant, and without knowing the qualifications of the individual men, that the wages paid are, in his opinion, fair and reasonable. He did not consider the quality of the men at all, but the class of work. I can only say that I am not going to accept as final the employers' unchecked opinion as to an employee's worth in wages any more than I should accept the value of a horse on the word of an intending vendor. The one-sided nature of an employer's valuation of an employee is indicated clearly by the frank statements of Mr. G. McKay — "I pay the men what I consider them to be honestly worth... In fixing the wages I have endeavored to get labor at the cheapest price that I honestly could." Mr. Rigby says that his idea of a fair wage is what the employer, on looking at the man, chooses to give him for his work. These statements apply to all wages, including the wages paid to those men whom the applicant chooses to call "improvers" in the list. The truth seems to be that there are two classes of "improvers." One is a class of fully-trained men, men of average proficiency at the least, who are put off with petty increases of wage — perhaps 1d or 2d a day — when they ought to be getting the journeymen's standard. The other class consists of men not fully trained — who have not been properly taught — men who usually have not been apprenticed by indenture — but who have been employed at sundry operations of the trade without being instructed in all its branches.

A STANDING MENACE TO INDUSTRIAL ORDER, PEACE, AND EFFICIENCY.

I gather from the evidence a tendency on the part of the employer to pick out the easiest part of an artisan's work, and to give it to lads or younger men to do, paying them less wages than the standard; and to confine the standard wage to those who do the more difficult parts. This monotonous application to the easier work is by no means conducive to efficiency in the trade, although it tends to speed in the operations. The employees in the latter class are, of course, conscious of being below the journeyman's standard, and they have to accept almost anything that the employer offers. The existence of this class is a standing menace to industrial order and industrial peace, as well as a hindrance to industrial efficiency. As one witness said: "Employers will take on the slightly inferior tradesmen if they ask for a little less than the standard wage, and the result is that the efficient tradesman has often to walk about. Unless the efficient tradesman cuts his rates, the imperfectly-trained men are taken on. We journeymen have to go without work months and months, because we cannot get a journeyman's wage" It is this body of half-trained men, hanging on to the skirts of a trade that is used for pulling down the wages of men fully trained. On this irregular force of industrial inefficients an employer can always rely for temporary assistance in temporary crises. It is not my function, however, to urge the importance, from every point of view, of proper training, and the necessity for obligations of a definite character, and for a definite term between master and apprentice. But as to the men in the former class of "improvers," of course I refuse to declare that the conditions as to remuneration are fair and reasonable, and as to the unfortunate men in the latter class I am utterly unable to include them in my Excise Standard. I can fix no rate for them, for they defy classification. There is no limit as to age or as to experience for an improver, and there are no satisfactory means for settling the capacity...

MITIGATING POSSIBLE HARDSHIP.

I have not overlooked the consideration that an employer who wants to make sure of exemption may have considerable inducement to get rid of men who do not come within the classification in the excise standard, and may in some cases dismiss his half-trained improvers. If we were to regard only the efficiency of the trade and the general good this result would probably be desirable. If a job is open, and if there was not enough work to go round, it is better for many reasons that a fully-trained man should have the job. But to mitigate as far as possible any hardship which might result to the class referred to by reason of any sudden change, I propose to sanction a continuance for two years of the practice of paying lower wages to men under 25, but not less than five eighths of a journeyman's wage for the last year, and three-fourths for the second year. I may add that, as the Excise Standard is subject to alteration, if any means can hereafter be suggested for settling the standard for men in a trade who are neither, apprentices nor journeymen I shall gladly consider it.

“NO INTERFERENCE” DOGMA OF EMPLOYERS IGNORED.

The difficulty seems to be in the attitude so commonly taken by employers that they will allow no interference in their business, and that they will take no dictation as to the value of an employee's services, and especially from a union. But this very Act, whether rightly or wrongly, steps in between the employer and employee, and ignores this dogma of the employer as far as human labor is concerned. None can know so well the value of a man's work as the men of his own trade; and if the employer and the appropriate union concur in fixing the man's wage at a rate below the standard, one can be tolerably certain that the reduction is justified. As to “unbound apprentices,” this is another fruitful seed, ground for incompetent artisans — a reservoir from which “improvers” are drawn. Mr. George McKay told me that he required quarterly reports from the foreman as begun till last September. These lads are to these lads. This report system was not discharged, if the employer does not want them, at the end of the busy season. They have neither constancy of employment nor systematic training. If my excise standard should have the incidental effect of securing proper indentures for these lads I shall not regret it.

Having set out his manner of arriving at his standard of wages, Mr. Justice Higgins said: “There is nothing violent or fanciful in my standard. I do not regard it as my duty to fix a higher wage, but a fair' and reasonable wage; not a wage that is merely enough to keep body and soul together, but something between the two extremes.” His Honor described the undertaking of Mr. McKay as a marvel of enterprise, energy and pluck, and added that if it were in his power to give a certificate of exemption to the applicant on his agreeing to pay wages according to the Excise Standard, he would gladly have done so.

EMPLOYER CANNOT ECONOMISE AT THE EXPENSE OF HUMAN LIFE.

Continuing, he said: The factory bears every sign of businesslike management. The work is minutely subdivided... All these economies are, of course, legitimate, so far as the excise tariff is concerned. The employer can displace men by introducing machinery, as he chooses. He can make the work as monotonous and as mind-stupefying as he thinks to be for his advantage. He has an absolute power of choice of men and of dismissal. He is allowed to make any profits that he can, and they are not subject to investigation. But when he comes, in the course of his economies, to economise at the expense of human life, when his economy invokes the withholding from his employees of reasonable remuneration or reasonable conditions of human existence, then, as I understand the Act, Parliament insists on the payment of excise duty. The applicant seems to me to have fallen, most naturally, into the practice of not spending more in the payment of his employees than is sufficient to induce them to work for him. Most naturally, as he buys his raw materials, his iron, and his wood in the cheapest market, he in many cases pays no more to the workmen than the price at which they can be got. There is no evidence that he is a bad or an unfeeling employer. His mode of dealing with his employees is reasonable from an employer's point of view, as a purchaser of labor as a commodity. He followed, as to ironmoulders, the determination of the ironmoulders' wages board as soon as the Factories Act was extended to Braybrook; and, as to the other numerous trades in his factory, he followed his own judgment and the state of the labor market, for there was nothing else to guide him. These other trades were unregulated, unprotected, and, as was only to be expected, the needs of the

workers, by their weight and urgency, have depressed the scale of wages — have made the standard for journeymen too low; and have caused even that standard to be denied to many who are entitled to it.

PUTTING HIS FOOT DOWN ON THE UNREASONABLE WAGE—NOW !

But when I am asked to say, not that his conduct but that his conditions as to remuneration are reasonable within the meaning of the Act, I have to refuse to do so. I have no alternative. I cannot exempt from excise duties, as the current phraseology implies. The Act does that. I have been asked, gravely, to say that a manufacturer's wages are fair and reasonable if he acted fairly and reasonably in paying low wages, because there has been no standard to guide him. But it cannot be too clearly understood that I cannot declare wages to be fair and reasonable because the manufacturer is fair and reasonable. If I were to do so, and declare that a wage of 5s a day is "fair and reasonable" (under the circumstances), the Customs would have to act on my declaration until it has been altered. I have to put my foot down upon the unreasonable wage at some time, and the proper time is now, when it is submitted to me. I am glad, however, that this is no parasitic industry — that it is not an industry that cannot exist except at the expense of the employees, by drawing the life-blood from them. It is a healthy, flourishing industry, based on the great demands made by the great staple industry of agriculture. The applicant does not pretend that he is unable to pay fair and reasonable wages, whatever they may be found to be, and the effect of my decision will probably be merely that he must elect between paying wages according to the excise standard and paying the excise duties.

Mr. Justice Higgins then declared the details of the schedule of payment under the Excise Tariff Standard, which embraced the various workers in the industry.

VIEWS OF THE WORKERS.

Speaking on the decision, Mr. J. M. Smith, president of the Agricultural Implement Makers' Union, said that the schedule adopted by Mr. Justice Higgins practically agreed with the scale the union submitted for ironworkers. "We did not," he said, "make any exorbitant claim, and allow for rates being fixed on a compromise. Therefore, the decision of the judge is not more than we expected. What we put forward were reasonable rates that are recognised in every trade union for the same class of work."

Mr. J. Sutch, secretary of the Sawmill and General Woodworkers' Society (who conducted the case for his union in court), said that, taking all things into consideration, he viewed the wages fixed for the woodworkers as fair.

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ABS 3301.0	Births, Australia.
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