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Description

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Centre for Work And Labour Market Studies

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It is a great honour and a very special pleasure to be giving the Tenth Sir Richard Kirby Lecture in Industrial Relations, the pleasure enhanced by the presence here tonight of Sir Richard himself and Lady Kirby. It is a great privilege to have known them both for twenty-five years and to share the respect and affection which countless others have for them.

I confess to embarrassment when I recall my early prattling on industrial relations, and the forbearance and generosity with which Sir Richard treated that bumptious academic who, although innocent of the rough and tumble of industrial life, had the audacity to tell the Commission what it should be doing. Let me confess too that since then, I have come under Sir Richard's spell; for what I have to say this evening draws on his writings, his decisions and his wisdom imparted in personal discussion. However, I have extended what I have learnt from him to events and developments beyond the time of his retirement from the Commission in 1973. And he may well disagree with my extrapolation. His is therefore not responsible for what I have to say.

The theme of my paper is reflected in its title. I come to the conclusion that the Commission like its predecessor, the Conciliation and Arbitration Court, is essentially a facilitator rather than a prime mover or an innovator, reactive rather than proactive, in the formulation and application of industrial principles.

This conclusion may not seem obvious from a reading of tribunal decisions, particularly the earlier ones, or from media commentaries or indeed from the expositions of some academic writers.[1] The impression is easily drawn from the announcement of a new principle or a new approach to wage fixing that, in some sense, the tribunal is its author or creator. And credit or blame is heaped on the tribunal, usually on its President, as the genius, benign or evil, rather than on the parties which appear before the tribunal. It is assumed that the tribunal has a kind of magic wand with the aid of which it can do this or that as it wishes, based on its own philosophy of what is good, a free agent able to take initiatives against the tide of forces in the labour market and beyond, an independent variable in the labour market equation.

Such a view of the tribunal's role is misleading. It is also dangerous because it creates expectations about the function and capacity of the arbitration system

which are unrealistic and perhaps even inconsistent with the terms of its existence. The Commission and earlier the Court, have generally performed in a manner dictated by their charter as set down in the Acts under which they operate. Promotion of the public interest is the key objective of the Commission and although "public interest" is not defined, it is a reasonable inference from various sections of the Act that concern for industrial peace and adverse economic consequences are the pillars on which this objective rests. The public interest is not served by prescribing of principles and policies, however admirable they may seem on paper, which do not work in practice, which are flouted or which do not have general community support or which generate an unacceptable degree of unrest or adverse economic consequences.

Thus to serve its charter, the Commission has to tailor its principles and to apply them in a way which minimises adverse economic, industrial and social consequences. I choose to put it negatively rather than positively in terms of maximising economic, industrial and social benefits because, realistically, it is inherent in conflict resolution processes to minimise loss to the parties and to the community. This is not to say that mediation processes by conciliation and arbitration do not lead to constructive and positive developments in industrial relations.

It follows that in order to secure community commitment, the Commission must try to frame principles which by and large conform to community values and expectations. It must draw heavily on the material submitted at hearings and form a judgement on what system would work best in the circumstances. The changes in principles and approaches which have occurred over the history of the Court and the Commission have come about mainly from changes in the economic, industrial and social environment rather than from changes in the personnel and ideas of the tribunal. This is not to underrate the importance of the persons who make up the tribunal. Their capacity to grasp the issues and to form correct judgement, not on what would be ideal but on what would work best in the circumstances, has obviously been critical in the operation of the system. In this task, they have acted primarily not as the originators of standards and principles but as the interpreters of the signs of the times and the facilitators of an approach which would serve these signs most effectively. In retrospect, there have been errors of timing and magnitude of adjustment in the application of principles. No system can be expected to work perfectly. But the direction of decisions has generally been to meet the requirements of the times.

The Early History

Let me draw on the records to illustrate the point. History helps us to understand the present and to assess future prospects.

From their early history to the present time, tribunals have reflected on their function and have indicated implicitly or explicitly, the forces which shape their decisions. In his "Harvester" judgement pursuant to the Excise Tariff Act (1906), Higgins expressed difficulty in having to "devise great principles of action as between great classes, or to lay down what is fair and reasonable as between contending interests", pointing out that "it is the function of the Legislature not 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".[2] His difficulty sprang from seeing his role in judicial rather than quasi-legislative terms, which is what arbitration on interest matters is all about: the creation of new rights, and not the interpretation of existing rights. But he soon came to terms with his task.

Earlier, in 1905, his New South Wales counterpart had also raised the issue: the Act "confers very extensive powers, whilst affording almost no guidance as to the manner in which those powers are to be exercised ... as to what the results of the new method (of settling industrial disputes) are to be the Act is silent".[3] In 1918, some legislative guidance was given on the basic wage but for the most part, the principles rested on the judgement of the tribunal.

The principles which came out of the early tribunals - basic wage, comparative wage justice, women's wages - may seem like bold innovations in wage fixing made by adventurous tribunals. On closer examination, they appear to conform in substance to conventional labour market norms.

Consider first the basic wage which Higgins drew out of his Harvester inquiry and subsequently applied in settlement of wage disputes. The notion of a 'living wage" to meet the basic needs of a family unit was not new. It had been the subject of debate for many years before 1907. Heydon, the President of the New South Wales Court of Arbitration had. in 1905, decided that it was the Court's duty to assist "if possible, so to arrange the business of the country 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".[4] Although not articulated in such precise terms,

the various anti-sweating inquiries in the colonies were based on a concern about the living standards of workers. In 1890, Sir Samuel Griffith introduced a Bill into the Queensland Parliament giving recognition to the principle that workers should be paid a wage adequate to maintain a reasonable standard of life. It is not to stretch the facts unduly to say that one of the factors behind support for compulsory arbitration was to allow wage earners, especially the unskilled, a reasonable standard of life by rectifying the existing lopsided balance of industrial power in favour of employers. Deakin in speaking to the Conciliation and Arbitration Bill in 1903 said that "no measures ever submitted by any legislature offer greater prospects of the establishment of social justice and of the removal of inequalities than those which are based on the principle of conciliation and arbitration. The Bill has been drawn from first to last, looking at the employer and the employee with strictly equal eyes, with a view to bringing them before the Bar of the tribunal where ... they shall have meted out to them evenhanded justice ..."[5] The absence of an adequate public finance basis for attending to the social welfare needs of the low income groups made the concept of a living wage the only viable alternative.

Summarising the forces leading up to the determination of Higgins' basic wage, Peter McCarthy says:[6]

> "... for more than a decade and a half there occurred an unbroken series of 'monster demonstrations, protest meetings, well-publicised deputations to governments, rallies of the unemployed, 'revelations' at industrial arbitration hearings, expose's by the Anti-Sweating League, social welfare oriented parliamentary debates - the whole drawing attention to and eliciting sympathy for 'the unskilled labourer'. Understandably, the Bulletin, concluded: 'The public ... has had "living wage" so much drummed into its ear that it has come to regard a bare living 'living wage' as the proper wage for the working man to get".

Moreover, the living wage concept had been widely canvassed in other countries too. Pope Leo xiii's encyclical, Rerum Novarum, proclaimed in 1891 that "there is a dictate of nature more imperious and more ancient than any bargain between man and man, that the remuneration must be enough to support the wage-earner in reasonable and frugal comfort".[7] This pronouncement would have been known throughout the world at least by those concerned with the labour market, and although not acknowledged as an influence in their judgements, there is a

familiar ring in the words used by Australian tribunals, including Higgins, in defining the living or basic wage.

It was not only the living wage concept which was widely accepted as proper; there was reality also in the figure chosen by Higgins. In fixing 7/- as the daily wage which was "fair and reasonable" for a family unit, Higgins was guided by evidence based on a rough budget survey and by what public utilities were paying. But as McCarthy has shown, for many years before 1907, the appropriateness of this figure had been the subject of intense advocacy. "Most noticeable is the constant harping of the need to raise and to standardize 7 shillings a day as the 'living wage' for unskilled labourers. And with no less enthusiasm, labour members, on the first occasion Commonwealth parliament debated public servants' salaries, pressed for and secured a minimum living wage of 42 shillings for a six day week for all male, adult, government employees".[8]

Finally, the immediate context in which Higgins fixed the basic wage was significant. The concept underlying the Excise Tariff Act had been an issue of public debate, at least in Victoria, for some years before Federation in the form of the "New Protection" policy in which wage earners were expected to share in the benefits of protection.

In all the circumstances, it would have been very surprising if Higgins had not decided as he did. True, there were overtones of defiance of supply and demand in some of his decisions after 1907 and in the claim that the basic wage was "sacrosanct" and "beyond the reach of bargaining". But to say that he overlooked market forces would be to put it too harshly. He did after all take notice of what the unskilled wage was in certain areas; and settlements by consent in 1906 before O'Connor for unskilled labourers (for example, in Bagshaw's case)[9] varied between 6/6 and 7/6. Further, he made it clear in his first basic wage award[10] that "I should like it to be understood that I have never laid down that the capabilities of an industry are not to be taken into consideration". Also, "unless the circumstances are very exceptional, the needy employer should be required to pay at the same rate as his richer rival. The remuneration of the employee cannot be allowed to depend on the profits made by the individual employer; but the profits of the industry as a whole may be taken into account".[11] This is surely in line with the neo-classical case for an efficient allocation of labour in a competitive labour market. If he had fixed an unskilled wage for certain employers higher than one which might have resulted from "higgling of the

market", it was because he regarded the higgling process, under individual bargaining as an unequal contest between the employer and the individual worker. A fair conclusion is that he adopted and facilitated the extension of what he perceived as a community standard rather than that he created one. It should also be noted that the Harvester wage took some years to flow generally and that in that time prices were rising.

His justification for extending the Harvester standard to others was that it was a "danger to industrial peace when workmen performing the same work" are receiving different pay. Kelly put it aptly when he said in 1942:

> "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".[12]

When Powers awarded automatic quarterly cost of living adjustments to the basic wage in 1922, he took his cue from what was becoming a growing practice [13]. Automatic adjustments had already spread by consent and agreement in a number of awards, falling prices in 1921 presumably making such a practice attractive to employers. The Court merely extended and refined the practice to awards generally as being consistent with the basic wage idea.

The determination of margins or relative wages provides another example of the influence of the norms and practices of the labour market on the principles adopted by the tribunal. The term "comparative wage justice" may have been coined and popularised by Australian tribunals but the concept and its application goes back to much earlier times in many countries. It was given academic respectability in Britain by no less an authority than Alfred Marshall. Using the term "fair wages" instead of comparative wage justice, he defined such a wage as being "about on a level of average payment for tasks in other trades which are of equal difficulty and disagreeableness, which require equally rare natural abilities and an equally expensive training".[14] Its application would produce a wage structure similar to that which results from a freely operating competitive

labour market, reflecting the relative supply prices of labour of various kinds. It is also the basis of job evaluation systems. Mr Justice Kelly put the generally accepted meaning of comparative wage justice in the following way as far back as 1942:

> The task of the Court in the settlement by arbitration of disputes regarding wages is that of ascertaining what in all the circumstances can be said for fair payment for the particular work in question. The justice of awarding any particular rate depends on whether it answers this test of fairness. But fairness is a relative concept. It means consistency with some accepted standard. And it is not for the Court to create standards. The function of the Court is simply to recognize such accepted standards as are not shown to it to be unjust, extravagant or inadequate. It is for these reasons, that the Court from its inception has allowed itself to be guided in its assessment of 'fair' wages by the evidence of what reasonable employers of competent labour have found it desirable to pay and what competent workmen have been willing to accept for any particular class of work. Such evidence has, in fact, provided the only practicable starting point from which to approach the wage-fixing problem. To supplement it, however, the Court has always been prepared to admit proof of any circumstances which may tend to show that, because of the economic situation in which either the employers or the employees, or both, find themselves, the adoption and perpetuation of previously current wage rates on levels would in fact be unfair.[15]

The words "it is not for the Court to create standards" are worth emphasising.

The reduction in standard hours of work from 48 to 44 for many awards in the federal jurisdiction was preceded by State legislation in Queensland and New South Wales providing for such reduction. Again, the federal 40-hour week standard awarded in 1948 was preceded by New South Wales legislation. More recently, the 38-hour week was conceded by collective bargaining in the metal industry in 1981 from which it flowed generally.

It is in connection with the determination of women's wages that the endorsement of conventional standards by tribunals is most clearly seen. Higgins articulated the principle as early as 1912 and it remained substantially in force with slight modifications until 1972. The basis of the principle was to distinguish

work which had been done mainly by males from work traditionally done mainly by females. In male work, women workers who may be said to be in competition with male workers, would have to be paid the full male rate. In effect, in these circumstances, equal pay for equal work would apply but only to protect the male worker, the "typical breadwinner", from being undercut by female workers. In female work, the basic wage component was to be a fraction of the male basic wage, sufficient to meet the "normal needs of a single woman supporting herself by her own exertions" and not the normal needs of a family unit of five. As for margins for skill, female margins were to be based on relative work requirements and related to market rates. Comparative wage justice would apply only within the segmented female labour market, and not across the whole labour market.

This principle was no more than a rationalised ratification of the social values and standards of the times. But it was also consistent with supply and demand conditions which were in part determined by conventional attitudes on the place of women in the workforce. As these changed and areas of work hitherto closed to women were opened up, so women's wages rose relatively in the market place, and awards followed suit. The course of women's wages in Australia followed that of many other countries and for similar reasons. By the 1950's, the female basic wage had risen from 56% to 75% of the male basic wage; female margins in many industries had moved to equality, or close to it, with male margins. But the Higgins principle remained in place. In the 1949-50 Basic Wage Case, Mr. Justice Foster, a man not tied to orthodoxy, said:[16]

(a) the male basic wage was a social wage for a man, his wife and family .....
(b) equal pay based on the male basic wage would put an intolerable strain on the economy;
(c) it was socially preferable to provide a higher wage for the male because of his social obligations to financee, wife as family;
(d) whilst single females were said to be anxious to receive the higher wage their interest changed on their marriage ... As married women they became concerned that their husbands should bring home the largest possible pay envelope.

The Commission's 1969 Equal Pay decision followed in substance the provisions made a few years earlier under various State laws enlarging the scope for equal pay, but it was not until 1972 that the Higgins principle was formally abandoned. By introducing the principle of <u>equal pay for equal value</u>, the way was opened

for the extension of comparative wage justice across gender lines. The stated rationale of the Commission's decision was the changed social and industrial climate. It said:[17]

> As to equal pay, the broad issue we have to decide is whether in the present social and industrial climate it is fair and reasonable that the 1969 principles should remain unaltered. This involves us in making an assessment of what, if anything, has happened in the area of equal pay since 1969 which would make it just and proper for us to alter those principles.
>
> We think that broad changes of significance have occurred since 1969. These changes are reflected in the attitudes of governments in Australia and in developments in the United Kingdom, New Zealand and elsewhere.
>
> All these changes require us to reconsider the 1969 principles and to look at them in the light of present circumstances. We have given consideration to merely amending those principles but we consider that it is better for us to state positively a new principle. In our view the concept of 'equal pay for equal work' is too narrow in today's world and we think the time has come to enlarge the concept to 'equal pay for work of equal value'. This means that award rates for all work should be considered without regard to the sex of the employee.

In 1974, the Commission extended the (adult male) national minimum wage to females, describing it as a "logical extension of the equal pay principles" of 1972. At the same time, it formally abandoned the notional family wage aspect of the national minimum wage (which had replaced the basic wage in 1966), noting the difficulty of "doing adequate justice to the widely varying family obligations of workers on the minimum wage", and reminding the parties that it was "an industrial arbitration tribunal, not a social welfare agency."[18] The break with the Higgins period was now formally recognised so far as the lowest wage of the "humblest class of workers" was concerned.

The Postwar Experience with Quasi-Collective Bargaining

The postwar social, industrial and economic climate had changed not only for women's wages but also for the kind of wage fixing approach which was tenable.

In the early postwar years, the tribunal lagged somewhat behind the change in the climate of the labour market. It understood that the basic wage had for some time gone beyond its original concept of being kind of national social minimum wage; because the basic wage was also a substantial component of most wages and salaries, its movement constituted a movement in the general level of wages. Although unintended by its founders, an evolutionary process had placed in the hands of the tribunal, willy nilly, an instrument as powerful in its economic ramifications as budgetary and monetary policy. This became clear during the Great Depression of the 1930's when the Court ordered a 10% reduction in real wages; and of course, also during World War II, when wage restraint under National Security Regulations was the basis of its policy.

However, the tribunal did not adjust quickly enough to the postwar developments. The era of high unemployment, characteristic of the years before World War II, was over. In that period, high unemployment and the overall weakness of unions ensured that the prescriptions of arbitrators were generally not much exceeded by pressure for overaward payments. The circumstances of the postwar period - the high noon of Keynesian economics - were somewhat different - low unemployment, rapid economic growth, inflationary tendencies, well established unions, and governments committed to full employment policy. Tribunals had some difficulty sorting out their role in this environment. Kelly, the Chief Judge of the Commonwealth Court at the time, seemed to regard the control of inflation as the Court's primary task. In the 1949-50 Basic Wage Case, in rejecting any wage increase despite evidence of substantial economic prosperity, he said that the Court's duty was "to give a lead to the other instruments of adjustment by taking a firm stand to stabilise, as well as lies in its power, the level of wages ... However limited its power may be to 'stop the rot', that power should be exercised."[19]

His minority view in that case, did not prevail but he persisted in this approach. His stand may well have influenced Chief Commissioner Galvin to reject in 1952 any increase in margins because of the inflationary situation, despite evidence of a sharp contraction in differentials for skill. Late in 1951, Kelly took the initiative to call a conference of employers and unions and to make suggestions involving the stabilisation of the basic wage, margins, prices and hours of work. This was followed early in the following year by a letter to the parties setting out a fourteen-point plan which went beyond wages and hours to taxation, subsidies, tariffs and monetary policy. The plan was rejected by the parties, not surprisingly.

This case provides a lesson on the very narrow limits to which the tribunal can act as a prime mover; although, to be fair, Kelly's aim was a voluntary compact. Calling a conference is unexceptionable. Making specific suggestions in such detail, particularly on general economic policy, is another. And the lesson was not lost on later tribunals. However, it is surprising that Kelly as Presiding Judge could have been associated so soon after with the following expression of the Court's function contained in the 1952/53 Basic Wage Standard Hours Case:

> "The Arbitration Court is neither a social and economic legislature. Its function under ... the Act is to prevent or settle specific industrial disputes ... the powers conferred upon it by that section are in respect of subjects which by their very nature attract considerations of general significance ... The exercise of these powers consequently has widespread social and economic results; but it is not the function of the Court to aim at such social and economic changes as may seem to be desirable to the members of the tribunal.
>
> The function of the Court must be exercised in the social and economic setting of the time at which it makes its decision."

These words could have been uttered by Higgins[20] but they do not describe the approach taken by Kelly in 1950-53. Further, the words sit uneasily in a decision which abandoned automatic cost of living adjustments and was strongly influenced by Kelly's great worry about inflation. But it misread the economic, industrial and social setting of the time. Not only had inflation petered out by the middle of 1953, but to apply wage restraint under conditions of full employment simply by the decree of the tribunal was untenable. The labour market would not sustain it. The Court was divided on this issue and the circumstances which resulted in the decision having the appearance of unanimity are discussed by Blanche d'Alpuget in her biography of Sir Richard Kirby.[21]

The abandonment of cost of living adjustments provided the impetus for unions generally to go outside the system for improvements as a matter of policy. Wages were being driven by overaward payments through shopfloor action and piece-meal quasi-collective bargaining, the tribunal being drawn into these processes by way of conciliation and to ratify agreements and consent awards. These settlements increasingly set the standard for arbitrated awards in those areas

where unions were weak and in parts of the public sector. The dominance, which arbitrated decisions of tribunals had had over wage movements was being shared with collective bargaining; and, as I will argue presently, their inter-action gave us the worst of both worlds. Of course, such a situation may have developed, probably later, in the new economic environment, even if cost of living adjustments had been maintained in the 1953 decision.

The newly established Commission which took over the arbitral functions of the Court in 1956, quickly became aware of the new environment and adjusted itself to it. Its President, Sir Richard Kirby, apart from discarding the sartorial trappings of the judiciary, producing greater comity and cooperation between judges and commissioners within the Commission and involving himself more actively in the public forum through industrial relations and other societies, led the Commission in important changes in approaches and principles until his retirement in 1973.

Impressed by the pressure for real wage maintenance and improvement in the labour market, the Commission partly relented from its stand in the 1952-53 Case. The CPI was to become a dominant - semi-automatic - factor in annual basic wage adjustments, and later total wage adjustments. The development of the total wage - the merging into one of the basic wage and margin - had come about because, in effect, the adjustment of metal trades margins had become another national wage round. The rapid transmission of this adjustment to margins generally established the logic of national adjustment of the total wage. The greater frequency and regularity of national wage adjustments now to be an annual event - reflected recognition of the temper of the labour market in a full employment economy.

The changed economic and industrial environment also necessitated a change in the approach of the Commission if it was to serve its charter. Collective bargaining type settlements became increasingly common and affected the way arbitration could work. In the words of the Commission in the 1970 Oil Industry case, "parties may be of the view that if conciliation fails, any subsequent arbitration would be more realistic if the arbitrators are able to put themselves in the position of negotiators and to regard arbitration as a prologation or extension of the negotiations."[22] Sir Richard Kirby has given a succinct account of the basis of the Commission's approach in dealing with non-national wage disputes in the following terms:

> ... there will be a better understanding of the workings of the Commonwealth conciliation and arbitration system if we look at the Commission as a key-stone of our industrial relations system, rather than as a legal institution or as an economic policy maker ... The industrial relationship ... is an ever-continuing one at the lower levels where particular workers and employers disagree and also at higher levels where organization is national. The settlement of one particular dispute does not end their relationship there and then. Not only must they continue to work to maintain the productive process, but it is inevitable that there will be further disagreements, at any rate about other issues from time to time. Each particular solution may not be the solution sought by both or either of the parties but at least it must, in the ultimate, become acceptable to both. Without this mutual acceptance the economic co-operation which is essential in the production of goods and services for the community will break down. ... The imposition of a settlement, to which one or both of the parties is strongly opposed may, in fact, result in a deterioration of the situation. Similarly, if the constant or near-constant impression is given that a party must be rapped over the knuckles for mistaken thinking or even misbehaviour, the efficiency of the system must inevitably suffer. Again, even though the word "expediency" has or may have certain undesirable undertones, it may well be that in particular situations it is an expedient solution which must be reached.[23]

This is clearly a departure from the Higgins approach which prevailed until the early 1950's. The "judicial" approach of that period called for the determination of issues in the light of evidence and argument, and on the basis of principles, not in accordance with the dictates of the strong. The tribunal should not be opportunist and never yield to force. It should "assert the rule of right as against the force of might". It will not purchase peace by compromising the methods of force. And so on.[24]But times had changed. The balance of industrial and market power had moved strongly in the unions' favour. Higgins "judicial" style arbitration would not work. The Commission had to adapt to its new environment, to find a new style and new principles to serve the objects of the Act under which it operated. To have pursued primarily an anti-inflation objective in the circumstances would not only have failed but would have resulted in substantial economic loss from industrial action.[25] And so a new style of "accommodative" arbitration dominated by quasi-collective bargaining took its place. Arbitration had for many areas in effect become a mediation process operating by pursuasion

rather than compulsion. In those areas where union power was still weak or was not being exercised, the Higgins approach of extending the standards established by collective bargaining, continued to apply.

There was nothing wrong in this approach provided industrial action and wage inflation were held at acceptable levels. Until the late 60's, this was the case. But then things started to go wrong. A three-tiered system of wage increases began to develop - national wage, piece-meal industry or award adjustments, and overaward payments - the amount at each level progressively boosting the others in an economically and industrially destructive way. In 1969, the Commission made a valiant attempt to limit increases beyond the "economic" increases granted in the national wage cases by stating the principles on which such other increases should be awarded. But the three-tiered system pushed on relentlessly, the overall increases in wages rising yearly to explosive dimensions and lifting prices accordingly.

I do not mean to imply that the wage fixing processes were the main villains of the piece. Fiscal and monetary policies in the period aided and abetted wage rises, and any attempt to apply greater restraint through awards would not have been sustainable. Wage policy cannot be expected to work single-handedly as an instrument of wage restraint. The Commission understood this even if many economists did not.

By 1974, the time had come for the Commission to seriously consider whether national wage adjustments had a place any longer in the system. Sectional wage increases at industry and individual award level, largely by consent were flowing through the system and building up such a large general wage increase that a national wage increase would surely add fuel to what already was an explosive trend. The Commission posed this prospect seriously to the parties in the 1974 National Wage decision.

What emerged from the decentralised quasi-collective bargaining approach of the 1960's and early 1970's was that it proved to be highly inflationary. No party desired such an outcome, but the absence of a self-regulating mechanism within the labour market which would avoid excessive wage and price increases created a self-destructive process as each group, quite rationally, pursued its own interest. What was needed in the circumstances was an mechanism which was

able to take a macro view of sectional wage increases and avoid economic damage from excessive overall wage increase.

Experiments with Incomes Policy

It was in this context that the highly centralised and structured indexation system was introduced by the Commission in 1975. It is important to dwell a little on this phase of the history of the system; for it provides a telling illustration of the Commission as a facilitator. The case for wage indexation was argued principally by the unions and the Commonwealth Government. But they conceded that it would have to be part of a package of principles to ensure restraint on wage increase eminating from sources other than the national wage. It was argued that wage indexation would moderate inflation by removing self-fulfilling inflationary expectations from wage claims; that it was a fair basis for national wage adjustment; and that it would reduce industrial disputes. The employers and some of the States which opposed it contended that indexation would merely add another tier to the system with even more serious inflationary consequences.

I shall not dwell on the details of the package introduced by the Commission. These are adequately covered in the literature.[26] What I wish to emphasis is the basis on which the new approach was taken: it was that any increases in wages outside national wage would be negligible overall and would be processed by appropriate principles in an orderly fashion. A recurrence of the uncontrolled second and third tier increases of the magnitude which had occurred would destroy the prospects for indexation. The assurance of the ACTU on this assumption of the package was a material factor in the Commission's decision to accede to indexation. But the Commission had no illusions about the fragility of the system and it warned that "violation even by a small section of industry, whether in the award or non-award area would put at risk the future of indexation for all".[27]

Long before the Accord, the Commission was effectively being asked to embark on a quasi-incomes policy but with charge only of federal award pay. It therefore called for "supporting mechanisms" from governments to ensure that those matters which were outside the Commission's control but had an important effect on wage claims - prices, government charges and taxation - were handled in ways which would assist in wage restraint.

While acknowledging that a stand-still on wages for the present would be the most salutory policy for the economy, the Commission did not believe that such a course was realistic and sustainable. It concluded that on balance

> ... some form of wage indexation would contribute to a more rational system of wage fixation, to more orderly, more equitable and less inflationary wage increases and to better industrial relations, provided that indexation was part of a package which included appropriate wage fixing principles and the necessary 'supporting mechanisms' to ensure their viability. This conclusion is not inconsistent with much of the evidence and argument put in opposition to indexation.[28]

Thus the Commission embarked on a new course based essentially and largely on the conditions and expectations expressed by substantial elements of those who appeared before it. Moreover, it was tentative and cautious. It laid down the principles and said that "the next few months will provide the opportunity for the viability of these conditions to be tested". Further: "The Commission does not operate in an institutional vacuum and the outcome and the future of indexation will, therefore, depend not only on the Commission's decisions but also on the extent to which unions, employers, the Australian and State Governments and ultimately the public at large are prepared to lend their weight to the conditions necessary for the success of indexation".[29]

The enthusiastic acceptance of the conditions by nearly all participants were evident three months later. It was a firm endorsement to continue with the centralised system. Inflation slowed down and industrial disputes fell. Refinements were made to some of the principles in the light of experience and in due course, less than full indexation became necessary because of the state of the economy. The new regime seemed to be working well for two years. Then it began to break down. The conditions necessary for its successful operation became progressively compromised as parties and governments lost their commitment to the system.

By the middle of 1979, the Commission was ready to abandon the system. The high degree of consensus on the requirements of the system which prevailed in earlier years had gradually evaporated. "It appears", the Commission summed up, "that one side wants indexation without restraints while the other wants restraints without indexation".[30] While believing that the existing system offered the

potential for industrial and economic stability, this potential could not be realised without substantial commitment to its requirements. A passage, which was repeated by the Commission a number of times in later years, expresses in substance the theme of this paper: "The Commission has no vested interest in indexation or any other system of wage fixation. In accordance with its statutory obligations, it seeks to apply that system which provides a viable balance between industrial and economic considerations".[31]

The Commission called a conference to consider the future of the system. It reported later that there was "a universal desire that a centralized system should continue"; and that despite an absence of consensus on the structure and principle of the system, "there had been a significant narrowing of differences between the main parties".[32]

And so, in retrospect mistakenly, the system was kept alive until the middle of 1981 when it became clear beyond doubt to the Commission that the degree of sectional flexibility being demanded by the parties could not be sustained by a centralised system based on indexation. Indexation, and by implication, national wage adjustments were abandoned. It was to be an award-by-award, decentralised system of wage determination. The labour market, under the euphoria of a supposed minerals boom, reverted to collective bargaining in the style and on the scale reminiscent of the years immediately before indexation. The Metal Industry Agreement on wage increases and a 38-hour week, representing an increase in labour cost of around 25%, became the standard for a flow-on. A call by the ACTU early in 1982 for a conference to consider return to a centralised system based on indexation was refused by the Commission in the face of opposition from the employers and the Commonwealth Government, both preferring the case-by-case approach to continue "unaided and unfettered" by the Commission. The preference for a more deregulated labour market was clear in the Commonwealth's submission. The Commission expressed willingness to move down the path of decentralisation and sought submissions from the Commonwealth and others on the details of such a process.

However, the mood for deregulation lapsed in the light of the wage explosion which emanated from such a system and the onset of a serious economic recession. In December 1982, the Commission convened at the request of the Commonwealth Government supported by the State Government and employers seeking a wage pause, in effect, a return to a centralised system. The unions did

not put up a strong case against a pause, and in all the circumstances, subject to minor exceptions, the Commission prescribed guidelines for the pause for a period of 6 months, following which the matter would be reviewed.

A Federal election three months later brought a change of Government. The new Government was bound by an Accord with the trade union movement and committed to an incomes policy. The Commonwealth described its incomes and prices policy, a concept endorsed by the National Economic Summit, as the "corner-stone" of its economic strategy. The ACTU expressed a firm commitment to a "no-extra-claims" provision within an indexation package. Further, the CPI was expected to be deflated by between 2% and 3% by the introduction of Medicare. These were circumstances which made a return to something like the earlier indexation package, industrially and economically, a more viable proposition.

Support for a structured centralised system was well-nigh universal. But the employers, although conceding that price movements were a relevant consideration in national wage cases, were opposed to the inclusion of prima facie indexation in the package. However, the Commission was impressed with the "profound change in the context in which a centralized system would operate" and it agreed operate such a system, setting out more explicitly than ever before the conditions for it to work effectively and concluding:

> It will be clear that the conditions stated above as being necessary for full indexation to be viable, industrially and economically, go to the minimisation of labour cost increases outside national wage, consistency in the application of the Principles generally, the honouring of undertakings and the existence of supporting mechanisms which ensure restraint on prices and non-wage incomes, restraint on government charges and taxation especially those which feed into the CPI, and attention to the social wage.[33]

The parties had to be reminded of the lessons learnt from the failure of the first indexation period!

For about two years the new system worked reasonably well. But then a balance of payments crisis developed: the collapse in commodity prices turned the terms of trade sharply against Australia, the floating exchange rate depreciated

substantially, and the international debt rose to an alarmingly high level. The basis of the Accord - maintaining real wages and in time raising it - could not be sustained in this economic environment without a very large increase in unemployment. The problem could only be overcome by a major restructuring of the economy, increasing exports especially of manufactured goods and services and reducing imports. Such restructuring called for increased international competitiveness which could be achieved without too drastic a fall in living standards if productivity increased sufficiently.

The importance of productivity growth was appreciated by the Government, and peak union and employer organisations. This was reflected in joint pronouncements on the subject,[34] by the ACTU/TDC Report, Australia Reconstructed which called for the development of a productivity "consciousness and culture", and by various actions taken by the Commonwealth Government to promote productivity in various industries. The need for greater labour market flexibility - especially flexibility in work and management practices - for productivity growth, was an issue which was commanding the interest also of a number of other countries.[35] The issue went well beyond the matter of wages, on which there had been a disproportionate concentration for greater flexibility, especially from economists innocent of the operation of the labour market and critical of what was seen as undue rigidity in relative wages operating under the centralised system. Experience in the 1960's and early 70's and again in 1981/82, showed that allowing greater relative wage flexibility to operate in an unstructured system, did not in practice achieve greater relative wage flexibility. Rather, the generalising effect of flow-on defeated the object and instead produced an excessive overall wage movement.

It was in the context of the serious developments in the economy and consensus on the need for greater productivity that the Commission heard an application in 1987 by the Confederation of Australian Industry for a two-tiered wage system: the first tier being the uniform national wage increase and the second tier being subject to a number of principles to be applied on an award by award basis. The second tier would include a principle which would allow a wage increase contingent on changes in work and management practices, multi-skilling, flexible time patterns of work and other such elements which would result in increase in productivity. The concept was generally supported by the parties and governments and accordingly the Commission in substance adopted it.

Once again, it is important to note that initiative for the new system came from the parties which have to live with it. The notion of a "second tier" had of course also been a feature of the earlier indexation packages: simultaneous national wage increase for all awards and specific adjustments on an individual award basis depending on the particular principles being availed of. What was novel about this second tier[36] was that it was subject to an upper limit increase of 4% and that it changed the balance in the amount of pay increase from being predominantly - well over 90% - in the first tier to around 50%. Thus, half of the potential wage increase would apply to individual awards at different times, depending on the ability of the parties to the award to satisfy the conditions of one or more of the second tier principles. This margin of flexibility in wage adjustments was intended to draw out improved productivity through changes in work and management practices as a requirement of the Restructuring and Efficiency Principle. This Principle and its successor in the August 1988 decision[37] rely on negotiations between the parties to achieve productivity improvements but they differed from earlier attempts to decentralise wage determination in that they impose an upper limit on the wage increase permissable. This was intended to ensure that the degree of flexibility allowed in the system did not get out of hand as it did in earlier times. This approach also differed from the award-by-award arrangement favoured by the Commonwealth Government and employers in 1981/82 as part of a more decentralised collective bargaining-oriented system. It provided scope for a greater workplace focus while maintaining control over the macro wages outcome. Such control was now possible only because flexibility was not at large but was within the constraints of a structured and regulated centralised system based on consensus of the parties and indeed, in substance, on the submissions of the parties. It was this consensus which fuelled the machinery provided by the Commission and the State tribunals to formulate the rules and to apply them. The tribunals are thus a necessary condition for the system to work. But they are not a sufficient condition. They also need the broad consensus and commitment of the parties to the rules of the game.

Concluding Observations

Let me now draw the threads together.

We have come a long way from the arbitration system as perceived by its founders. What was seen as constituting an adjunct of collective bargaining, has

become an adjunct of national economic policy. What was conceived as a fish has evolved into a fowl!

Higgins and his successors up to the outbreak of World War II, saw as one of the objects of the system, the protection of the living standard of wage earners at the lower end of the wage scale. Higgins' dream of "a new province for law and order" if men "secured the essentials of food, shelter, clothing, etc.", did not materialise, and probably never will in a democratic society. Further, the early period of federal arbitration saw persistent employer hostility to the system but, paradoxically, their many challenges on jurisdiction resulted in its extension. However, the main point I have tried to make is that by and large, arbitration principles were framed in line with labour market norms and followed the rates struck by the market.

When, during the Depression of the 1930's, the downward course of the market was impeded by the tribunal's minimum wage prescriptions, these were adjusted downward to meet what was generally seen as the economic requirements of the times.

The early postwar period was one of ambivalence for the tribunal. Kelly saw the function of the Court as holding back inflation, similar to what had been its function in war time. In the circumstances of a changed economic and industrial environment, this view was unsustainable, and was overtaken by the realistic Kirby approach: Accommodative arbitration with primary emphasis on promoting industrial peace by conciliation rather than imposing by arbitration economic policy objectives which were outside the reach of the tribunal. The alternative, to become irrelevant and ineffective when there was call on its services, would be contrary to the Act. In a sense, it was back to the original concept of being an adjunct of collective bargaining.

The survival of the system under Sir Richard's accommodative approach made possible its later development into a more positive economic force. In the period of Sir John Moore's Presidency, the parties and governments came to accept the need for a more regulated approach to wage increases to overcome the damaging and self-defeating effects of unfettered sectional wage settlements. Accordingly, the Commission provided the means for a centralised system based on a comprehensive and coherent set of principles with national wage adjustment by indexation as its centre-piece. Later, the waning commitment of the parties and

governments to the requirements of such a system, led the Commission to abandon it and to revert to a less structured award-by-award system dominated by collective bargaining settlements. The wage explosion which followed brought claim for a return to a centralised system, first through a wages pause and later back to indexation, now underpinned by the Accord and an incomes and prices policy. The Commission complied to facilitate the achievement of economic and industrial stability but specified the requirements upon parties and governments for such an outcome.

In the early part of Mr. Justice Maddern's Presidency, a serious balance of payments crisis and the need for substantial productivity improvement to prevent further decline in living standards, called for a more enterprise-based wage policy. Again, although the Commission and the other tribunals were to be an instrument for development of a better balance between macro and micro objectives, the sources for the change were the parties and governments; and it is their commitment to the new system which made its implementation possible.

Thus from Higgins to Kirby, to Moore and to Maddern, each phase was conditioned by new problems calling for a new approach and new requirements. The development of the arbitration system into becoming part of the machinery for economic policy, reflects changing times and the changed requirements of economic management. In a way, the nature and scale of wage movements made such a development necessary, and this was recognised by the parties generally and by governments. But the essential condition for the viability of the tribunal's wage policy remain in essence the same as it had been in earlier times: in short, what the Commission can accomplish depends essentially on what the main parties will allow it to do. Legislation to limit obstructive actions by the parties and to improve the structure of the system can go some way to strengthening the power of the Commission. But the scope in this direction is marginal. Consensus and voluntariness remain the substantial basis on which the arbitration system works best. To be viable, its policy must have broad acceptance, however grudging, from the main parties and be supported by governments. In must not apply its own doctrines and values but should try to establish those held generally by the community and by the labour market in particular. It is in this sense that the Commission is a facilitator rather than a prime mover or an innovator, reactive rather than proactive. A moment's thought should make it plain that an arbitrator's role cannot be otherwise.

Writing in 1970, Sir Richard Kirby said:

> ... the Commission should not attempt to impose an unacceptable solution on the parties involved simply because of its legal position. I again stress that it must seek decisions which will be accepted, even though there may be disagreement with them, as being both appropriate and just in the particular circumstances of each case and to the extent that the acceptability is determined by the nature in which they are framed ...[38]

Of course, the arbitration system has not been free of critics. Through the years up the present, there have been those who as a matter of doctrine regard the system with hostility. But to be persuasive, doctrine needs to be tested in the real labour market, not an assumed ideal one. Those[39] who at present believe in the virtues of a deregulated labour market (by which is probably meant a greatly reduced role of tribunals) give too little weight to the notion of "fairness" in the labour market and the concentration of economic power in it. Without a level of unemployment much higher than currently prevails, deregulation would give these forces of the market free rein, as was the case before 1975 and in 1981/82. The regulatory mould of the kind now applying, has facilitated a remarkable degree of wage restraint accompanied by reduced industrial action, allowing employment to grow and the rate of unemployment to fall in a period of severe balance of payments crisis. From past experience, it is difficult to believe that such an outcome could have been achieved in a deregulated system.

Then there are cynics[40] who regard the Commission's ability to adapt and survive as due to its devilishly cunning capacity for self-serving. It has been said on the basis of the "capture" theory that the Commission and other industrial tribunals take a life of their own and promote their own interest rather than the public interest. Such assertion without evidence deserve no credit. Any institution, by fulfilling the terms of its charter, could be said to be furthering it own interest and survival. The test surely is whether it operates inconsistently with its charter and subverts the public interest in favour of its own interest. This is a matter of evidence which has so far not been presented.

May I finally make a few concluding observations.

To argue that the Commission is a facilitator rather than a prime mover and that its capacity to deliver one or other systems depends ultimately on the will of the

parties is not to under-rate its critical importance in industrial relations and in economic policy. I said earlier that although the Commission and the State tribunals are not a sufficient condition for the system to work, they are a necessary condition.

The longstanding history of the Commission, its memory and its adaptability, give strength to its authority and acceptability as a facilitator. It is not the kind of institution which can be created in a hurry. Over the years, its procedures, especially in national wage matters, have been refined and speeded up. It is a forum for public debate on important industrial relations and wage issues. Its reasoned decisions are intended to have an explanatory, persuasive and educative role on the issues being determined. The practice of anaminous single decisions has strengthened the force of its decisions. Further, the acceptability of its decisions is also enhanced by limiting the life of any set of principles to no more than two years, to be followed by a review. Last but not least, the judgmental skills of those who make up the Commission in national cases, their ability to distinguish substance from the rhetroic which is a feature of some submissions and media releases of the parties, their sensitivity on what is likely to work and how far to go in a particular direction - all these qualities and more are essential for the successful operation of the system. A distinguished English labour economists, Sir Henry Phelps Brown, has described the Australian arbitration system as a "precious legacy".[41] It is fair to add that the adaptability shown by the system in the difficult Kirby period helped to preserve this legacy and showed the way for future flexibility under different conditions.

The next point I wish to make is that a distinction should be drawn between the formulation of principles and their implementation in a centralised system of the kind which has applied since 1975. The former is a quasi-legislative process in which the Commission gives careful consideration to the general acceptability of a given set of principles and avoids adopting a system which is likely to fail. Most of what I have had to say relates to this issue. The application of principles, on the other hand, is an administrative process in which consistency is essential regardless of the power of the party. The integrity of the system depends on this requirement. It is here that the Higgins "judicial" approach should be applied.

Finally, the history of the arbitration system shows its ability to adapt to changing economic and industrial needs. It is not an ossified centralist institution. In recent times, in line with changed circumstances, it has shown the

capacity to move to individual award and enterprise-specific wage adjustments within a centralised system. It has retained the centralised umbrella to ensure that the macro requirements of the system - the avoidance of excessive general money wage increases - are not violated. As in the past, the future of the Commission will depend on its ability to sense and grasp the requirements of a changing industrial society. If these requirements turn out to be of the kind which calls for the abandonment of a centralised role or a differently structured role or one which operates more by conciliation than arbitration, there is within the system sufficient resilence to meet these requirements. The direction in which it moves will depend ultimately on those who are affected by its operation - unions, employers and governments - and whose commitment to a particular approach is necessary for its success. The Commission has amply demonstrated that it has no vested interest in and no preconceived policy for any one approach. On the basis of its history, it is reasonable to suppose that the Commission will facilitate the operation of the particular approach which is both sustainable and perceived to be, in the circumstances, best for the public interest. There will be mistakes and miscalculations from time to time. But perfection in industrial relations is for the millenium.

Footnotes

[1] See for example, Edward Shann, An Economic History of Australia. Cambridge University Press, Cambridge, 1930, Ch.21; George Anderson, Fixation of Wages in Australia. Macmillan, Melbourne 1929; various books by Orwell de R. Foenander, not so much for what they said but more for not raising the issue discussed in this paper.

[2] Ex Parte H.V. McKay (1907) 2CAR 3.

[3] NSW Sawmill and Timberyard Employees' Association Case. (1905) 4 AR(NSW) 300, 308.

[4] Ibid, 309.

[5] Commonwealth Parliamentary Debates. v.XV, 1903, p.2883.

[6] McCarthy, P.G., "Labor and the Living Wage 1890-1910", Australian Journal of Politics and History (13), 1, May 1967, p.82.

[7] Quoted in Timbs, J.N., Towards Wage Justice by Judicial Regulation. Institute De Recherches Economiues, Sociales Et Politique, Louvain, 1963.

[8] op.cit., p.75.

[9] (1906), ICAR 122.

[10] Marine Cooks Case (1908) 2 CAR 55, 64.

[11] The Barrier Branch of the Amalgamated Miners' Association of Broken Hill Case (1909) 3 CAR 1, 31. It was in this case that Higgins made the widely quoted comment that "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 living - it would be better that he should abandon the enterprise", p.32. Higgins also quoted his counterparts in the Western Australia and South Australian tribunals who had earlier made the point even more strongly. Higgins drew an apt analogy between the basic wage and the prescription by law of minimum conditions relating to health and safety which are not left to individual bargaining.

[12] Merchant Service Guild Case (1942) 48 CAR 586, 587.

[13] Federated Gas Employees Case (1922) 16 CAR 4, 26; The Fairest Method of Securing the "Harvester" Judgement Standard to the Workers (1922) 16 CAR 829, 838. Higgins had commented earlier that "a practice had grown up, and is increasing ... of agreeing to vary the basic wage periodically according to the fluctuations of the tables of the Commonwealth Statistician". (Engineers' Case (1921) 15 CAR 704, 716).

[14] Introduction to L.L. Price Industrial Peace, p.xiii, quoted with approval in Pigou, A.C., Economics of Welfare, Macmillan, London, 1946, p.550.

[15] Merchant Service Guild Case (1942) CAR 586, 587. For a detailed account, see my "The meaning and significance of comparative wage justice", in John Niland (ed.) Wage Fixation in Australia, Allen and Unwin, 1986, Ch.5 In suggesting that by his "penchant for innovation and leadership", Kelly had "developed the principle of comparative wage justice", Braham Dabscheck overstates his case. (See Arbitrator At Work, George Allen and Unwin, Sydney, 1983, p.153). Kelly's "penchant for innovation and leadership" was much more apparent in the period from 1949 to his death in 1956. This is discussed later.

[16] Basic Wage Inquiry, 1949-50, (1950) 68 CAR 698, 816.

[17] National Wage and Equal Pay Cases 1972 (1972073) 147 CAR 173, 178. One may take issue with the proposition that such significant changes in the social, economic and industrial climate had occurred in the space of 3 years rather than since the 1950's. But perhaps on the basis of the applications and arguments before it in 1969, the Commission could not have decided in the way it did in 1972.

[18] National Wage Case 1974, Print C769, p.7.

[19] Basic Wage Inquiry, 1949-50 (1950) 68 CAR 698, 775-76.

[20] "Our Australian Court ... has to shape its conclusions on the solid anvil of existing industrial facts, in the fulfillment of definite official responsibilities. It has the advantage, as well as the disadvantage, of being limited in its powers and its objects. Its objective is industrial peace, as between those who do the work and those who direct it. It has no duty, it has no right, to favour or to condemn any theories of social reconstruction". In A New Province for Law and Order, p.37.

[21] Mediator, Melbourne University Press, Melbourne, 1977, pp.134-138.

[22] 134 CAR 159, 161.

[23] "Conciliation and Arbitration in Australia - Where the Emphasis?", 4 Federal Law Review, No.1, pp.4, 12, 13.

[24] A New Province for Law and Order, p.162 et. seq.

[25] I agree in substance with Dabscheck's (op.cit. p.156) analysis but his application of the "capture" theory in this context is inappropriate and misleading.

[26] Plowman, David H., Wage Indexation, George Allen and Unwin, 1981.

[27] National Wage Case, April 1975, Print C2200, p.22.

[28] Idem, p.15.

29 Idem, p.22.

30 National Wage Case, Dec. 1978 and March 1979 Quarters, Print E267, p.5.

31 Idem, p.5.

32 National Wage Case, June and September 1979 Quarters Decision No.1, Print E1681, p.3.

33 National Wage Case 1983, Print F2900, p.22.

34 Joint Statement on Productivity Improvement by the CAI, BCA and the ACTU, 24 September, 1986.

35 OECD, Labour Market Flexibility, Report of a High-Level Group of Experts, (Dahrendorf Report), Paris, 1986.

36 National Wage Case, December 1986, Print G6400.

37 National Wage Case, August 1988, Print H4000.

38 op cit., p.16.

39 For example, Richard Blandy, and Judith Sloan, "The Dynamic Benefits of Labour Market Deregulation", ACC/Westpac Economic Discussion Paper 3, 1986. For a contrary view, see Report of the Committee of Review, AGPS, , Vol. Two, Ch.5, and Keith Norris, Labour Market Deregulation, CEDA, Information Paper No.IP19, June 1986.

40 Dabscheck, B., "Theories of Regulation and Australian Industrial Relations", Journal of Industrial Relations 23(4). This view is endorsed by Blandy and Sloan, op.cit., p.15.

41 "Balancing External Payments by Adjusting Domestic Income", Australian Economic Papers 8, No.13, 1969, p.121.