

WAGES — AUSTRALIA AND OVERSEAS

1. Statistics of the Ministry of Labour in Great Britain (reported in the Australian press) show that the average weekly wage for men, at the end of April this year, stood at £6/19/11. This figure, which includes overtime, amounted to an increase of £1 on the average level at October, 1946.

2. It is interesting to compare these figures with the corresponding movements in wages in Australia. In September, 1947, the Commonwealth Statistician, in his Quarterly Business Survey, estimated the average weekly earnings for men (including overtime) to be £7/15/9. By adjusting these figures for changes in earnings since that time, as revealed by the Commonwealth Statistician's figures of "average weekly earnings per male unit," it is possible to reach a rough estimate of the weekly average wage for the June quarter of 1949. The figure is £9/14/7 and this may be taken as reasonably comparable with the figure of £6/19/11 for Britain. The increase in average weekly earnings in Australia since October, 1946, is of the order of £2/10/- compared with £1 for Britain. The much greater rise in wages in Australia over the last three years is largely accounted for by the fact that wages here have increased steadily every quarter (on an average by 2/- to 3/-) in response to rising costs of living, whereas in Britain wages have been virtually pegged since early 1948, under a tacit agreement between the British Government and the trade unions. The wage structure in Australia was also lifted by the interim increase in the basic wage of 7/-, granted by the Commonwealth Arbitration Court in December, 1946.

3. As an indication of relative costs of production it is of value to compare the increase in hourly earnings in Australia since before the war, with the increase in other countries. Hourly earnings in Australia have moved from 1/11.9d. in 1938-39 to about 4/4½d. in May, 1949, an increase of 120%. This compares with an increase from 1/5.4d. to 3/- (approx.) in Britain or 107%. In the United States the movement is from \$.633 to \$1.380 or 118%, and in Canada from \$.49 to \$.981 or 100%.

Since the end of the war, hourly earnings in Australia have risen by about 50%. This compares with about 35% for U.S.A., 40% for Canada, and 23% for Britain. Since July,

1945, hourly earnings in Britain have increased by about 7 pence, in Australia by about 1/5d. The introduction of the 40-hour week in January, 1948, in Australia had the effect of substantially increasing hourly earnings.

4. Since 1939, *actual* average weekly hours of work (including overtime) have dropped from 47.7 hours to 46½ hours in England and have risen from 37.7 hours to 38.6 hours in the U.S.A. No statistics of Australian hours of work, including overtime, are available, but *nominal* hours have gone from about 45 to 40 hours; it seems fairly safe to conclude that *actual* hours of work (i.e., including overtime) have dropped more than in Britain. In Canada average *nominal* hours of work have been reduced from 47.2 to 40.6 hours.

5. The share of wages and salaries of the national income in Australia tends to vary widely from year to year because of the effect of fluctuations in overseas prices and seasonal conditions on the incomes of export producers. In lean export seasons, wages and salaries tend to take a greater share of all incomes than in buoyant seasons, such as 1948-49. The share of wages and salaries of all incomes in 1948-49, about 55.6%, was much below the share in 1938-39, 59.4%, largely because 1938-39 was a poor export year (farmers only got 10.4%). In 1937-38, a good export season, wages and salaries took 56.3% and farmers 14%. In 1948-49, farmers received 19.5% of all incomes. Between 1938-39 and 1948-49, dividends fell from 3.3% to 2.1% of all incomes, rent and interest from 11.6% to 6.3%, the income of unincorporated businesses remaining constant at 11%.

These figures, however, provide no accurate guide as to how the national income is *finally* distributed among different sections of the community, because they do not take into account the effects of taxation and of social service payments, both of which benefit the wage-earning section at the expense of those other sections which pay higher rates of taxation. Also the actual share going to labour cannot be ascertained because the Australian statistics do not show wages separately from salaries.

Figures have been produced for Britain which are indicative of the change in the distribution of the national income

brought about by taxation. In 1948, before taxation, wages took 44% and salaries 21% of all personal incomes. After taxation wages took 48%, while salaries maintained the same proportion (21%). Profits (including professional earnings and income from farming), interest and rent took 32% before tax; 28% after tax. To ascertain the real share of labour in the national income, it is obviously necessary to take into account the influence of taxation. There is also the question of social service payments. These have increased in Australia from £31m. in 1938-39, to £103m. in 1948-49. They represented 3.8% of the national income in the former year; 5.3% in the latter. Both taxation and social service payments would have worked to increase the labour share of all incomes since 1938-39.

6. If it were technically possible, it would be of value to compare the share of the national income going to labour in Australia with the shares of national income received by labour in other countries. Such comparisons, however, cannot at present be accurately made, first, because of the different economic structure of different countries; second, because of the different methods of compiling and presenting national income statistics used by the different countries; and third, because in Australia wages and salaries are lumped together, and there is no separate figure for the total of wages, as in the United Kingdom.

7. In making decisions on economic, social and industrial policy a detailed scientific statistical study of changes in the distribution of the national income would be of inestimable assistance. Such a study, because of its complicated and difficult nature, could only be satisfactorily undertaken by the Commonwealth Bureau of Census and Statistics.

