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**The 'relative generosity' of the minimum
wage component of wage increases
granted at national wage cases:
1956-1976. (Australia)**

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I A N M. A J Z E N S Z M I D T.

THE 'RELATIVE GENEROSITY' OF THE MINIMUM WAGE COMPONENT
OF WAGE INCREASES GRANTED AT NATIONAL WAGE CASES:
1956 - 1976.

A RESEARCH PROJECT TO DETERMINE WHETHER THE FULL BENCH
OF THE COMMONWEALTH CONCILIATION AND ARBITRATION COMMISSION
CONSISTENTLY BASES ITS DECISION TO AWARD A MINIMUM WAGE
INCREASE EQUAL TO, ABOVE OR BELOW THE PERCENTAGE IN-
CREASE IN THE CONSUMER PRICE INDEX, ON GIVEN ECONOMIC AND
POLITICAL FACTORS.

MINOR THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE COURSE
REQUIREMENTS FOR THE DEGREE OF BACHELOR OF ARTS (HONOURS) IN
THE DEPARTMENT OF POLITICAL SCIENCE, UNIVERSITY OF MELBOURNE,
1977.

SUPERVISOR: DR. BRUCE HEADEY.

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NOTE:

IGNORE PAGE NUMBERS.

This formula must lead to trouble because it is made up of incommensurable terms. Eg.

Period	Quarter N-2	Quarter N-1	Quarter N, in which an increase in the minimum wage is announced
AW increase	4% (AW lag)	5% (AW)	
CPI increase	4% (CPI lag)	5% (CPI)	

$$MPR(CPI) = 5 - 4 = 1$$

$$MPV(AW) = \frac{(5-4)}{4} \times 100 = 25$$

$$\therefore MPD(AW) = 25 - 1 = 24$$

Whereas, intuitively, $MPD(AW)$ should equal 0, because the CPI & average wage had been moving in exact parallel. The same point applies to your other formula $MPD(mw) = MPV(mw) - MPV(CPI)$

$\frac{25-1}{4} = 6$

GUIDE TO ABBREVIATIONS.

MPD(MW) - The ~~marginal~~ ^{percentage} difference between the ~~percentage~~ ^{percentage} minimum wage increase and the increase in the consumer price index, defined thus:-

~~MPD(MW) = MPV(MW) - MPV(CPI)~~

less prior to the minimum wage increase
~~MPD(MW) = MW - CPI~~ *should it?*

MPV(MW) - The marginal percentage variation in the minimum wage calculated thus:-

MPV(MW) = ((MW - MWlag)/MWlag) x 100

This would be old of MW was minimum wage, but it is not. It is change in minimum wage.

MW - The percentage ^{increase} variation in the minimum wage award.

MW lag - The percentage increase in the previous minimum wage award.

MPD(AW) - The marginal percentage difference between percentage variation in the average wage and the percentage variation in the consumer price index calculated thus:-

~~MPD(AW) = MPV(AW) - MPV(CPI)~~

MPV(AW) - Marginal percentage variation in the average wage calculated thus:-

MPV(AW) = ((AW - AWlag)/AWlag) x 100

Why are these AW calculated differently?

The percentage increase in the average wage in terms of the quarter preceding that in which the minimum wage increase is announced.

AW lag - The percentage increase in the average wage prior to the previous minimum wage increase.

MPV(CPI) - Marginal percentage variation in the consumer price index, calculated thus:-

MPV(CPI) = CPI - CPI(lag)

It would be more consistent to say
 $MPV(CPI) = \frac{(CPI - CPI(lag))}{CPI(lag)} \times 100$

CPI - The percentage increase in the consumer price occurring ^{last} prior to the minimum wage increase.

Quarter? Annual?

CPI lag - The percentage increase in the consumer price index occurring prior to the previous minimum wage increase.

Note!

I believe your general formula for MPV should be
 $MPV(\text{Variable}) = \frac{\text{Variable} - \text{Variable}(\text{lag})}{\text{Variable}(\text{lag})} \times 100$, given that all your variables eg. MW, AW, CPI are already percentage
Similar MPD(AW) = AW - CPI and MPD(MW) = MW - CPI

INTRODUCTION.

The central aim of this thesis is to evaluate criteria on which the Full Bench of the Commonwealth Conciliation and Arbitration Commission may possibly ^{have based} base their decisions on whether increases in the minimum permissible wage payable to male adult workers in Australia is below, the same as, or above increases in the consumer price index, over the period 1956 to 1976. The emphasis is on attempting to determine whether the status of minimum wage increases in relation to consumer price index increases has been consistently dependent on one or more economic type factors throughout this period. The three ways in which the data is examined is, firstly, with data relevant to all minimum wage increases in the period 1956 to December 1976 included; secondly, with the data for the quarterly wage indexation decisions of 1975 - 1976 removed and thirdly with the data pertinent to the 1975 and 1976 minimum wage increases considered separately. The ^{separation} manipulation of data concerning the minimum wage increases awarded under the indexation guidelines, was considered necessary because the minimum wage increases granted under the wage indexation guidelines, differ from the minimum wage increases otherwise granted in a number of respects. Firstly, under the wage indexation guidelines, minimum wage increases have been granted at roughly three monthly intervals, in contrast to those granted prior to 1975, most of which were granted at intervals of approximately one year, with a gap of three years occurring in one instance, between 1961 and 1964. Secondly, the minimum wage increases granted under the wage indexation guidelines constitute a group of minimum wage increases purportedly granted under stated guidelines, which is not the case with any particular group of minimum wage increases granted prior to 1975. It is of interest to determine ^{whether} if the minimum wage increases granted under the wage indexation guidelines markedly affect the observations of the period 1956 - 1976 as a whole and whether the criteria applicable to the wage indexation period differ from those, if any, which may have been consistently applied by the Full Bench over the period May 1956 to December 1976.

The research discussed in this thesis differs from other current and previous work in several aspects. The research ^{outlined} outlined in this thesis is the only one yet undertaken in the Australian context, using the difference between the marginal percentage variation in the minimum wage and the marginal percentage increase in the Consumer Price Index, as the dependent variable, in a study involving Pearson, partial and multiple correlation analysis, over the period May 1956 to December 1976.

The research embodied in this thesis is also the first in the Australian context, to seek possible underlying factors influencing the differential between marginal percentage variation in the minimum wage and marginal percentage variations in the Consumer Price Index over the period 1956 to 1976 inclusive.

Most literature and research deals with minimum wage increases in the context of the overall proceedings of a National Wage Case, which, besides minimum wage increases, might also deal with over-award payments separately, or since 1967, ^{as an} overall total wage increase, which incorporates the minimum wage increase, as well as increases in skill margins.

Existing literature which deals with the minimum wage increases in the overall context of National Wage Cases, can be classified as either legal or industrial relations literature. The legal literature consists of the Commonwealth Arbitration Reports, which report the proceedings of each case separately and do not contain any analysis or discussion, and ^{of} articles which appear in the Australian Law Journal. These articles deal with various aspects of Industrial Law and discuss procedures and proceedings in the Conciliation and Arbitration Commission from a legal and qualitative point of view. Typical of such articles is that by A.J. Boulton, in the Australian Law Journal, who discusses 'The National Wage Case, 1975, and the "Indexation" of Wages'. The article contains an outline of events leading up to the decision to introduce the wage indexation guidelines in March 1975, a summary of the comments made by the members of the Full Bench, the wage indexation guidelines and a speculative discussion as to the reasons for the introduction of the wage indexation guidelines. The three suggested reasons Boulton puts forward are - that wage justice demands the maintenance of the real value of wages, that the Commission views the introduction of wage indexation as a means of regaining control of wage indexation and that the Commission views wage indexation as a means of restoring profitability. ⁽¹⁾

There are also legal references made in the Australian Law Journal's Law Reports Section, to expression of opinion by members of the Full Bench. Such an expression concerning National Wage Cases and the state of mind concerning the opinion of the members of the Full Bench in March 1969, in relation to minimum wage awards being granted on the basis of equal pay. This particular reference was made in connection with the case of the Angliss Group in The Australasian Meat Employees Union, over the question of equal pay for women. ⁽²⁾ Since various interpretations and applications of various laws are closely intermeshed and cross referenced, discussion of issues relevant to minimum wage cases can be found in cases related to wage awards for particular occupational and industry groups.

Literature which can be classified as industrial relations literature, is concerned with issues relevant to industrial relations in general and, on occasion, with minimum wage increases in National Wage Awards. A scholarly article of the 'industrial relations' variety usually discusses elements of law, economics and politics, as industrial relations is an interdisciplinary discipline. These articles are usually more plentiful than those of the purely legal variety. The Journal of Industrial Relations has an article on every National Wage Case, which discusses minimum wage increases and other matters heard at the National Wage Cases. An example of this type of article is that by Braham Dabschek titled 'The 1975 National Wage Case: Now We Have an Incomes Policy'.⁽³⁾ Dabschek discusses the history of the evolution of the wage indexation proposals in considerable detail. The submissions of the Australian Council of Trade Unions, the employers and the Commonwealth Government are analyzed and discussed in detail, as are the statements and decisions of the members of the Full Bench and editorial comments in various newspapers. In terms of overall style, these articles may be described as law reports with some analysis and discussion tacked on. The discussions in these articles are contextual in a journalistic vein rather than theoretical in an academic vein, although they are written by academics and legal practitioners. The article, in 1974, was written by John Niewenhuysen of the University of Melbourne, who is also the author of the 1973 article.

The only recent publication which discusses minimum wage as well as other wage awards, in a historical context, rather than a current affairs context, is that written by Bede Healey, a journalist. 'Federal Arbitration in Australia: A Historical Outline',⁽⁴⁾ is an attempted explanation of Australia's Federal arbitration system, in terms of the historical events that have shaped its evolution and is a journalistic-style contextual narrative designed for the layman. Healey discusses wage decisions, personalities and events of various periods and bases his discussion on newspaper reports and Commonwealth Arbitration Reports.

Of the scant research work done in related areas, there is one Bachelor of Law (Honours) Thesis by J. Eiggins, which discusses 'The Changing Role of The Conciliation and Arbitration Commission; National Wage Decisions 1953 - 1976. This analyzes National Wage Cases in legal and institutional terms rather

than in the semi-econometric framework used in this analysis. Changes in the legal framework and procedures are analyzed, rather than the object and criteria of the decision making process.

B. Dabscheck, who is currently a lecturer in the Department of Industrial Relations, ^{University of} New South Wales, has an ongoing analysis of the roles of the various actors in the Australian wage fixation process; entitled 'The Role of The A.C.T.U, Wage Indexation and Income Policy: The Role of The Commission In Australian Wage Determination'.

} Article ?
} Book ?
} Reference ?

Thus it can be concluded from the above survey that the historical quantitative analysis and research for possible factors on which the members of the Full Bench consistently base the magnitude of increases awarded in the minimum wage, and hence, the status of such increases in regard to marginal percentage increases in the minimum wage, constitute original research.



An Institutional and Historical Introduction to The
Commonwealth Conciliation and Arbitration and To Its
Administration of Minimum Wage Awards.

A - The Institutional Context.

The Federal arbitration system directly affects more than two million people in all States. This comes about by the machinery set up under legislation in 1904, which provided for the establishment of the Commonwealth Court of Conciliation and Arbitration - which became known simply as the Arbitration Court. Under further legislation in 1956-the Commonwealth Conciliation and Arbitration Commission was set up.

Although the Arbitration Court is still in existence, it has not sat since 1956, so from that year on we are concerned only with the Arbitration Commission - its more common name. This body is the most important industrial tribunal in Australia. Its decisions are generally taken as the standard for action by the several State industrial tribunals. This does not mean there is great jealousy between the various wage-fixing systems, but rather a willing acceptance of national standards.

The Constitution, under which the States became a Federation on 1 January 1901, gave the new Federal Parliament the power to make laws with respect to 'conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State.'⁽¹⁾

So when Federal Parliament set up the new Federal arbitration system, there was an inbuilt limited power on just what it could do. The tribunal could only involve itself in industrial disputes which were interstate in character. Provided this qualification ^{was} ~~were~~ met, the tribunal would hear both sides of the dispute, and would reach a decision as to what were to be the working conditions or rates of pay or both. This would be documented and so become a Federal award, taking precedence over any State tribunal or other award.

More than two million out of Australia's five million workforce are covered by the decisions-known either as awards or determinations-of State tribunals.¹⁰ These tribunals regulate working conditions and rates of pay or both, which arise from industrial disputes which are only intrastate in character. State tribunals differ slightly in name and composition. For example,

Victoria and Tasmania have wages boards—comprising a chairman and representatives of employers and trade unions. New South Wales, Queensland and Western Australia have industrial commissions. ¹¹

Commonwealth public servants—numbering more than 200,000—are indirectly tied to the Federal arbitration system. ¹² Their pay rates and working condition are set by the Commonwealth Public Service Board. In the event of non-agreement between the Board and the unions there is provision for the Public Service Arbitrator to set the pay figures and working conditions. But appeals against the Arbitrator's decisions can be taken to a Full Bench of the Arbitration Commission, and this is how public servants of the Commonwealth are tied into the system.

The Arbitration Commission comprises lawyers who are deputy-presidents with the title of Mr Justice, and the laymen who are commissioners or conciliators. Both groups have charge of all the Federal awards, which number about 700. ¹³ These awards or decisions, given in the process of 'settling an interstate industrial dispute', ¹⁴ are an important part of the contract of employment, which binds both employers and workers.

Within the Federal arbitration system there is the Commonwealth Industrial Court, whose members are judges. Part of the Court's function is to decide questions of law relating to the rules of registered organisations, to interpret awards and to impose penalties for breaches of the Federal awards.

In recent years the term 'National Wage Case' has been used frequently. It is certainly a most important feature of the Australian system. Issues involving very wide application, such as increases in the total wage, changes in long service leave provisions, and extra annual leave, are dealt with by the Full Bench of the Arbitration Commission. Such cases are known as national ones, because their decisions flow quickly and automatically to all Federal awards. State tribunals then usually follow the Federal lead.

A simple example of such a case would be the lodging of a claim for an increase of a certain amount by the A.C.T.U. on behalf of a number of unions. The A.C.T.U. would select a particular award and claim a rise in its pay rates by that amount. The application would be put forward as a 'test case' for all other Federal awards. The employer organisations, in refusing to grant the claim, immediately bring about an interstate industrial dispute. The Full Bench of the Arbitration Commission then decides the 'test case'. In such cases the Commonwealth Government intervenes in the 'public interest' and puts submissions to the Full Bench on the state of

the economy and the effect of such a change.

These national cases heard by the Full Bench of the Commission take place in either Melbourne or Sydney.

B - The Development of Minimum Wage and Associated Awards.

The basic wage concept dates from 1956 and until 1961 the basic wage itself had been ^{determined} received at intervals, first by the Arbitration Court, and after 1956, by the Arbitration Commission, but the Full Bench felt in 1961 that the time was right to launch a new approach, and that the only issue in February 1962 relating to the basic wage would be why the money wages fixed at July 1961 should not be adjusted in accordance with any change in the Consumer Price Index. In order to give effect to this decision the Bench adjourned the union's basic wage increase application until 20 February 1962.

The Australian Council of Trade Unions' advocate, Mr. R. J. Hawke, argued during the case that if the Bench provided for automatic quarterly cost-of-living adjustments, the necessity to consider the state of the economy would disappear. } Economist Sr. Douglas Copland, who appeared as a witness for the unions, agreed with him. He thought it more desirable for the Commission to fix a basic wage every three years when it would consider the state of the economy, including long-term trends and improvement in productivity over a period, and between such fixations to have some machinery whereby the purchasing power of the basic wage was protected against price rises. ¹⁶

[?]
Under. In earlier cases comments had been made from the Bench that a better index should be provided, as the old 'C' Series Index had become unreliable owing to post-war effects; ¹⁷ but in the 1961 decision the Full Bench said the emergence of the new Consumer Price Index, to replace the 'C' Series Index, had removed some difficulties, since it had enabled the Full Bench to fix a standard more likely to be properly maintainable than previously. ¹⁸

The Full Bench said it had determined as best as it could from time to time the highest basic wage in money which the economy could sustain. One of the factors considered was movement in prices. But while the Commission preferred the Consumer Price Index to the 'C' Series Index, it was not prepared to assume that the new index would at all times so accurately measure movements in retail prices that an automatic adjustment could be made to the basic wage.

The application of the Consumer Price Index should always be subject to control by the Commission, which should be able to decide whether a particular increase or decrease in the Consumer Price Index figures should be applied to the basic wage. The application of the Consumer Price Index should always be subject to control by the Commission, which should be able to decide whether a particular increase or decrease in the Consumer Price Index figures should be applied to the basic wage. Consideration of prices, the Full Bench said, should take place annually. 'We will each year make the assumption that the effect of movements in the Consumer Price Index should be reflected in the basic wage, unless we are persuaded to the contrary by those seeking to oppose the change'. 19

It seemed that once the question of prices was dealt with in accordance with the Consumer Price Index a review of the economy and in particular of productivity increases could more properly take place at longer intervals—every three or four years. The basic wage fixed in 1961 had taken into account productivity up to June 1960 and therefore the Commission anticipated not having to review the real basic wage for some three years. The Bench also said the onus would be on any party opposing such an alteration to show why it should not be made.

If the price index had risen, the unions had to rely solely on that fact. It would then be for the employers to show either that the increase in prices was of exceptional character and should not be reflected in a basic wage increase or that there was some other special factor in the economy which would make the increase inadvisable.

The Bench said one of the difficulties of an annual review was the making of a satisfactory assessment of the economy from the long-range viewpoint every twelve months. By adopting the new procedure the Commission felt it would be able more properly to examine the economy and not be too greatly influenced by short-run changes from year to year.

Productivity had been mentioned in various judgments by the Commission and the only issue in relation to this subject between the parties was whether productivity could be measured with reasonable accuracy and whether employees had, through wage increases, received their share of increased productivity.

The employers said the unions had different methods for calculating productivity. Sir Douglas Copland used a method in

which special emphasis was given to population. On the other hand, Mr. Hawke, for the Australian Council of Trade Unions, submitted that productivity based on employment was a better guide from the point of view of wage fixation. ²⁰

The employers used yet another system for assessing productivity. They urged the Full Bench to look at average earnings as a true indication of whether increases in productivity had been distributed to the workforce.

The Full Bench replied that it had to make a decision on actual amounts, and could not give approximate increases. It granted an increase of 12s. to the basic wage, saying this would bring wages up to the purchasing power of the year before. ²¹

The Minimum Wage Concept.

By the end of 1968 the trade union movement was already devoting some study to the question of a minimum type wage. The minimum wage should not be confused with the basic wage concept. When the minimum wage was introduced in 1966 it was higher than the basic wage and was in fact a 'little' total wage. It was set as a figure below which no Federal award worker could be paid. It did not apply where workers were receiving wages in excess of the amount fixed.

Originally under the old system a basic wage increase went throughout all Federal and most State awards, benefiting nearly all the workforce irrespective of the level of their salaries. The minimum wage applies specifically and only to low wage earners, who are not getting a sufficient over-award payment. The minimum wage can be altered without involving a general across-the-board increase.

The minimum wage came into existence in this way. In 1966 the Full Bench of the Arbitration Commission ordered a detailed examination into the 330 classifications in the Metal Trades award, and gave the task initially to Commissioner T.C. Winter.

Apart from ordering an investigation into the Metal Trades award, the Full Bench also introduced a minimum wage. The presiding judge, Mr. Justice Wright, said at the time that some temporary improvement should be made to 31 classifications in the award,

pending the outcome of Commissioner Winter's inquiry. There was no evidence as to the prevalence of over-award payments in this area and the new increases to low wage earners' rates were not intended to be added to any extra above-the-award payments.

'The object of this proposal', said Mr. Justice Wright, 'is to relieve the position of lowly paid workers, who are on award rates pending further examination of their position.' ²²

Mr. Justice Moore, dealing with the question of the 'low wage earner', said the problem associated with this group had been raised by the President in the 1961 basic wage case. In 1966 employers had suggested that there might be a special inquiry into the problems of low wage earners, but that no special action should be taken concerning them at this stage.

The judge said an increase in the basic wage would help the low wage earners, because the basic wage formed a high percentage of their income. ²³

(is that a quote from Moore?)
This is a crude method of attempting to improve the position of lower paid workers because it gives an equal increase to all, but it does give some relief. On this occasion, when for the first time the Commission has competing claims about both basic wage and margins, the Commission can in my view without further inquiry attempt some other and special measure to meet the condition of the low wage earners. It seems to me proper to write into the Metal Trades award a provision that no employee working under the award shall receive as actual pay less than the sum of the basic wage applicable to him and an amount of \$3.75 a week. This will have the effect of ensuring that low wage earners employed under the Metal Trades award will receive an increase which should improve their economic situation. They are probably not great in number and the amelioration of their circumstances should not have any great economic effect overall. ^{(24) 24}

He pointed out that this provision would only be an interim one. What happened to it in future would depend on the results of the work value inquiry to be undertaken by Commissioner Winter.

Mr Justice Moore also said it might ~~be~~ might not be appropriate to do in other industries what was being done in the metal trades. The rate for other industries, he said, might have to be different from that for metal trades, but some step would have to be taken to improve the position of low wage earners under other awards. ²⁵

The Full Bench, dealing with the introduction of the minimum wage, at that stage said consideration had been given to 31 out of the 330 classifications in the Metal Trades award. The classifications in question had a lower range of marginal rates—from as little as 90 cents a week to \$3.60 a week.²⁶ The new provision inserted in the award prescribed that 'no adult male employees shall be paid as a weekly wage for working the standard hours of work, prescribed by clause 11 and 12, less than the following respective sums:

\$37.25 in New South Wales; \$36.45 in Victoria, except at Yallourn, Hazel Power Station and Morwell Briquette Project (\$37.10); \$34.75 in Queensland; in South Australia \$36.05, except at Whyalla and Iron Knob (\$36.55); in Tasmania \$37.15, but within 10 miles of the chief post office, Launceston, \$36.75.²⁷

The different rates in the States were due to the varying basic wage figures. These differences came about because of the varying figures in the cost of living adjustments, measured by the index, between the States.

The Full Bench said it was not intended to affect the wage of any employee who was already receiving the prescribed minimum wage (through over-award payments).²⁸

The concept of a minimum wage was also written into other Federal awards in 1966. In 1967 the Full Bench, in introducing the total wage for the first time also retained the minimum wage.

In deciding to merge the old basic wage and the margin for skill—as had been sought by the employers since 1964—the Bench said the minimum wage would give:

- (1) Better protection to those whose needs were greatest, namely those whose take-home pay would otherwise be below the standard assessed by the Commission.
- (2) More flexibility in assisting them, because the Commission would have more scope to give them special consideration.²⁹

The Full Bench in 1967 added a \$1 increase for that year to the new minimum wage. In the words of this decision: 'Industrial justice demands that this standard should be reviewed regularly so that the special position of the low wage earners will be constantly attended to'.³⁰

The Total Wage Concept.

The basic wage increases in the late 1950s and early 1960s saw new demands for changes in the level of the rate for the margin for skill on the ground that frequent increases in the basic wage ^{narrowed} widened the gap between the unskilled and the skilled person in terms of money for his level of skill. At one stage applications for increases in both basic wage and margins were submitted at the same time.

Employers became concerned at the frequent changes-in both basic wage and margins-so they took a logical step. Why not abolish the concept of a basic wage, which had been in existence since 1907, and substitute a single wage-the total wage-which would embrace basic wage and margins. ³¹

They argued that in the early part of the century the concept of a basic wage-or living wage-had real meaning. But in the post-World War II era this was nothing more than a sentimental element of the overall wage. Workers, they said, were more concerned with what their total wage amounted to rather than how much went into the basic wage, or how much was for margin for skill. ³²

After the Arbitration Court suspended automatic cost-of-living adjustments in 1953 examination of the basic wage section was conducted at regular intervals by the Arbitration Court (later the Arbitration Commission). On the other hand, examination of the margins section of the wage was conducted at irregular intervals. For example, cases dealing with the level of margins for skill tookplace in 1947, 1952, 1959 and 1963 whereas basic wage cases were heard four times between 1956 and 1964. With each margins assessment the Australian Council of Trade Unions argued that the previous relationship between the basic wage and the margin for skill had been upset, and that the relationship should be restored by changing the level of the basic wage. ³³

The employers' organisation claimed that if both basic wage and margins could be examined at a single hearing, this would combat the unions' arguments that changes had to be made so as to maintain the relativity between the two elements of the wage, and moreover if these two elements could be combined in one single or total wage, this would be more realistic from a wage fixing viewpoint and more in touch with reality. ³⁴

The employers in the 1963 margins case before the Full Bench of the Arbitration Commission had put forward a theory of adjusting wages within gains in productivity. This had been the subject of argument before the Bench for some years.

In the 1964 Full Bench hearing the employers had an application which asked for the removal of the basic wage from the Metal Trades award, and its replacement by a total wage. Their application also sought increases in wages-to be conditional upon the Bench's agreeing that 'wages should be kept within movements in productivity'. The employers' theory was put in this way:

Movements in both wages and productivity should be in consonance with each other. If movements in wages exceeded movements in productivity, then there would be either an increase in prices or a drift from profits. Increases in prices were economically and socially undesirable and were inconsistent with the desirable object of price stability. A drift from profits was also undesirable because it would adversely impede economic growth.

The employers suggested that the Commission could properly adjust wages annually within the limits of long-term productivity, which on recent performance had been estimated at between 1 and 2 per cent a year.

Such procedure, they said, would ensure a just and equitable distribution of productivity increases to employees, as well as ensuring price stability and economic growth.

The employers submitted that each year the Commission should look at all the factors in the economy to see where, in the 1 to 2 per cent range, that year's increase would be. For 1964 the increase should be 2 per cent and this should be added to the total wage and flow to all Federal awards. ³⁵

The Australian Council of Trade Unions argued strongly against the abolition of the basic wage and stressed its importance to lower wage earners. Their advocate, Mr R.J.Hawke, maintained that the proposals for payment out of productivity would be quite unworkable because the essential controls did not exist.

The Full Bench said that, despite the attractiveness of greater simplicity and predictability, they could not implement the employers' proposal

(at any rate at the present time, particularly as it has not yet been successfully applied elsewhere.....Looking back on history one may argue that it was perhaps vital that the basic wage or something very like it should have come into being.....On the other hand, it may be that if one was now to start afresh and was charged with bringing into operation a national wage code, one would not worry about creating a basic wage or anything similar to it.....But it is history that a basic wage became and remained a national phenomenon and the real problem is whether that phenomenon still remains of value in the field of national wage fixation.³⁶

So the Bench concluded that the employers in 1964 had failed to demonstrate that the total wage approach was preferable—although it might be different if the Commission was to bring into operation a national wage code for the first time.

In December 1964 the employers again asked the Arbitration Commission to introduce a total wage in 1965.

But they used a different approach. The application was in alternative parts, and in broad terms sought a merging of the basic wage and margin for skill plus a 1.5 per cent increase in total wage.³⁷ A condition of the wage increase offer was that there would be no other increase of any kind under the Metal Trades award (the 'test' award for all others in the Federal system) before 31 December 1966.

Part 'A' of the employer's claim in effect sought the abolition of the concepts of basic wage and margins, and the introduction into the Metal Trades award of an obligation to pay a total wage, made up of the sum of the amounts expressed in terms of basic wage and a margin, plus an amount equivalent to 1 per cent of such sum.

Part 'B' of the claim did not seek the deletion of basic wage and margins, but allowed retention and sought both to be varied by reducing the basic wage by 6s. and adding 6s. to margins, plus 1 per cent of the wage then payable.

In the Part 'B' alternative the employers asked that in the ensuing twelve months the level of basic wage and margins, so far as the latter was determined upon economic grounds, should be decided simultaneously.³⁸

The Full Bench gave a majority judgment on 29 June 1965.

Mr Justice Gallagher, Mr Justice Sweeney and Mr Justice Nimmo said that as far as the Part 'A' application was concerned, the Commission should not depart from its 1964 attitude.³⁹ The Part 'B' application did not involve disappearance of basic wage and margins, but merely called for a decision whether the Bench should deal with both on general economic grounds at the same time. The Part 'B' application enabled them to apply an increase to basic wage alone, margins alone or partly to one and partly to the other. Simultaneous consideration of the two elements of the wage on general economic grounds would remove a source of friction represented by legacy claims (changes in the basic wage upsetting the relativity to margins and therefore sparking off fresh claims).

The majority decision of the Bench said it had no hesitation in accepting the Part 'B' application, and this approach was more likely to produce coherence and consistency in decisions on national wage cases than were separate hearings.⁴⁰

The judges said they would not adjust the basic wage with movements in the Consumer Price Index, as sought by the Australian Council of Trade Unions. A simultaneous determination of the appropriate levels for basic wage and margins would be made for the ensuing twelve months. No increase would be made to the basic wage as such, but metal trades margins would be increased by 1.5 per cent of the sum of the six capital cities' basic wage and the margin. Thus for a fitter whose six capital cities' basic wage was 308s. and his margin 106s., the 1.5 per cent increase of the total 414s. gave him an increase of 6s.⁴¹

The minority decision by the President, Sir Richard Kirby, and Mr Justice Moore was that they would have increased the basic wage by 8s.⁴²

The President said it was clear from the employers' submissions that the abolition of basic wage and margins sought in Part 'A' was not dependent on their argument that movements in award wages should be kept within movements in productivity. But he felt this part of the claim should be dismissed.⁴³

The minority judgment also said that while there was some merit in dealing with both elements of the wage simultaneously they would not accede to the request.⁴⁴

The employers' battle to secure the total wage concept gained some ground in 1966. In that year the employers again sought a total wage and the Australian Council of Trade Unions, on behalf of the trade unions, wanted increases in both basic wage and margins. Two Full Benches sat concurrently to deal with these two aspects.

The employers put in a two-pronged application. They wanted the basic wage and the margins elements deleted and the total amount of the wage increased by 1.5 per cent. Alternatively they sought that the basic wage be increased by 30 cents a week and margins by 1 per cent, together with an increase of 0.5 per cent of the increased basic wage and margins. 45

The decision was given on 8 July 1966.

The presiding judge, Mr Justice Wright, said there were two basic considerations and several subsidiary ones, which led him to conclude that 'the time is opportune for the adoption of the concept of a total wage'. On merit he favored an immediate change to the format of a total wage, but there was some advantage in deferring it. 46

Mr Justice Gallagher said that notwithstanding his unequivocal statements in the 1964 decision rejecting the total wage approach, he had come round to thinking in 1966 that the 'time is now approaching for the introduction of a total wage system'. 47 His reasons were:

- (1) Participation in the 1965 decision that there should be an annual review of the economy by a single bench and a simultaneous determination of the basic wage and margins level for the following twelve months.
- (2) The circumstances of 1966 in which the basic wage and margins claims were heard together, and the likelihood of this procedure being followed. A simultaneous hearing would conveniently enable consideration of wage rates as a whole and would obviate the necessity for separate assessments.
- (3) Under the system now being followed an employee would be expected to think in terms of his wage rate as a whole and not in terms of so much for basic wage and so much for margins.

(4) The circumstances that special provision was about to be made for employees on lower margins ~~(~~to be made~~)~~. 48

Mr Justice Gallagher said he again rejected the employers' productivity theorem—the movement of wages within the expected productivity range. 49

Mr Justice Moore, who also rejected this theorem, said that a pattern of wage fixation had developed through 1961, 1963 and 1964 and this was disturbed by the majority decision of 1965. Although he disagreed with the 1965 decision, it was a fact of industrial life to which some weight had to be given.

(This, together with the arguments of the employers as to the desirability of the Total Wage Concept, now inclines me to the view, that the Commission should probably ultimately accept the concept....but wage fixation must be dynamic and those involved in it prepared to accept change when change becomes necessary.....I am not prepared to do more than state that subject to further argument, I am inclined now to the view that when we finally deal with secondary wages in this award, the wages should be expressed as total wages. 50

The Full Bench declined to alter margins at the time, pending a work value investigation into the Metal Trades award. Mr. Justice Moore said it was essential that before such a step was taken, notice should be given to all concerned, including governments, both Commonwealth and States. It would give State industrial authorities an opportunity to consider their position and might possibly lead to a conference of State industrial authorities.

Commissioner T. C. Winter, who was also a member of one of the two Benches which sat concurrently, said he would not implement a total wage at this stage. However, he would serve notice on all that the Commission should consider the question of prescribing a total wage. (51)

In 1967, in the National Wage case, the President, Sir Richard Kirby, Mr Justice Gallagher, Mr Justice Moore and Commissioner Winter announced the introduction of a total wage.

These members had sat on two Full Benches simultaneously and had to decide two questions:

- (1) Whether there should be an increase in award rates of pay.
- (2) Whether any increase should be added to basic wage or expressed in a total wage.

In the decision they said the basic wage had become a tradition in Australian wage fixation.⁵² For some it meant the wage of an unskilled employee, to many it meant the lowest wage paid in their industry.

Some regard it as an assessment by the Commission of a family wage, but such an assessment has not for many years been undertaken or sought.

For the Commission not one of these meanings is apt, because the basic wage is in substance defined by the Act to mean that wage or part of a wage fixed without regard to the work upon or the industry in which a man is employed.

The Commission's basic wage had become important in three ways; it had guaranteed a minimum wage to workers under its awards; it had been the means of giving general wage increases on economic grounds and the secondary wage (margin for skill) had been built on it; and it had played a significant part in improving wage standards.

(Since the famous Harvester decision of Mr Justice Higgins some 60 years ago, the basic wage has served the workers of Australia well. It has been the keystone of our wages system and has had a special quality. But in our view the time has come to overhaul our time-honored system because a course is now open which is more consonant with modern requirements and which at the same time will give better protection to employees. We should now express wages as total wages and retain the minimum concept introduced by the Commission in July 1966.] 53

The new approach would ensure that under Federal awards, wage and salary earners would receive annually increases on economic grounds to the whole wage. There would be greater flexibility and reality.

We have not taken this step lightly. In four consecutive years the Commission has been called upon to consider applications of one sort or another for the abolition of the basic wage and

the adoption of a Total Wage. The applications of 1964 and 1965 were rejected, but there was an acceptance in principle of the application of 1966. Notwithstanding that acceptance in principle, if upon further reflection a reasonable doubt had remained as to the wisdom of changing a long-established system, those involved last year would have been prepared to revert to earlier views. However no member of either Bench entertains such a doubt.

As a result of the adoption of the total wage concept the Commission was able to handle the annual review and the total wage flexibly.

An increase could either be given as a flat amount (it was a flat \$1 in 1967)⁵⁴ or in varying amounts. No attempt was made to tie the hands of future Full Benches in their decisions on total wage increases.

The increase in 1968 was \$1.35—a flat amount. But in 1969 the rise was 3 per cent. It was 6 per cent in 1970. (The 1971 National Wage case was put off until 1972).

Wage Indexation - Introduced in 1975

The introduction of a form of wage indexation in the 1975 National Wage case (30th April, 1975) represented another attempt by the Commonwealth Conciliation and Arbitration Commission to regain control of wages.

The Full Bench of the Commission (Moore J. President, Robinson and Ludeke JJ., Isaac J. Deputy President, Mr. Taylor, Public Service Arbitrator, and Mr. Portus, Commissioner) had to consider claims by the unions for: (1) wage "indexation" in the form of automatic quarterly adjustments of the total wage based on movements in the Consumer Price Index (hereinafter "C.P.I."); (2) an increase in the total wage; and (3) an increase in the minimum wage together with indexation of that wage. The unions' claim for indexation of the total wage was by far the major issue for consideration by the Commission. The claim was supported by the Commonwealth Government and by the States of South Australia and Tasmania, although there were differences between the proponents of indexation as to, inter alia, the form which indexation should take. The unions claimed that full percentage indexation should be applied quarterly and automatically to all award rates whereas the Commonwealth Government proposed full percentage indexation only of those award rates up to and including the figure for

Average Weekly Earnings, with other award rates being adjusted by the C.P.I. percentage of the Average Weekly Earnings figure ("plateau" indexation). The private employers and the States of New South Wales, Victoria, Queensland and Western Australia opposed all forms of wage indexation.

The claim for wage indexation in the 1975 National Wage case was not novel. The unions have consistently sought some type of automatic cost of living adjustment since such adjustments to the basic wage were discontinued in the Commonwealth jurisdiction in 1953. (The history of wage indexation is examined in Wage Indexation for Australia? A Discussion Paper, Australian Department of Labor and Immigration, 1975.) The Commission, just as consistently, has refused to restore automatic adjustments although movements in the C.P.I. have clearly been an important factor taken into account in national wage cases. "The main reason for the repeated rejection... (being) the Commission's preference, under a system of annual reviews, to keep wage adjustments under its direct control in order to be able to apply the size and form of increase in pay in a flexible way from year to year depending on the circumstances prevailing at the time".³⁶ In its 1975 decision the commission, without altogether abandoning this view, introduced a form of wage indexation.

After noting the current serious economic situation (the high level of unemployment, the negative productivity growth in 1974, the high rate of inflation and the substantial fall in profitability), the Commission offered the unions a package deal which included a form of indexation. "(W)e are of the view that 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." However, having approved indexation in principle, the Commission was not willing to introduce an integrated system of wage indexation without giving the opponents of indexation an opportunity of advancing their views on the proposed indexation package and without some test in the field to see whether the wage fixing principles to operate in conjunction with indexation would be observed by the unions.

For these reasons, the Commission adjusted all award wages for the full percentage increase in the C.P.I. for the

wage determination set out in the decision would be observed. It also announced its intention of making a further adjustment following the publication of the June 1975 quarter C.P.I., provided that there was substantial compliance with the conditions for indexation, and it invited all concerned to make submissions on the new wage determination principles when it ^{set} ~~sits~~ to consider whether the adjustment should be made.

The principles of wage determination set out in the Commission's decision were:

1. Award wages and salaries to be adjusted each quarter in relation to the most recent movement of the six-capitals C.P.I., unless it is persuaded to the contrary by those seeking to oppose the adjustment.

2. The Commission will sit in April, July, October and January following the publication of the latest C.P.I. It is envisaged that such hearings will be short.

3. Any adjustment in wage and salary award rates on account of C.P.I. should operate from the beginning of the first pay period commencing on or after the 15th of the month following the issue of the quarterly C.P.I.

4. The form of indexation will be determined by the Commission in the light of circumstances and the submissions of the parties, provided that an increase of less than 2 per cent in any one quarter should be applied fully to all award rates.

5. No wage adjustment will be made unless the movement in the C.P.I. was at least 1 per cent. A movement of less than 1 per cent will be carried forward to the following quarter or quarters and an adjustment will occur when the accumulated movement equals 1 per cent or more.

6. Each year the Commission will consider what increase in the total wage should be awarded on account of productivity.

7. Other grounds for pay increases are -

(a) changes in work value such as changes in the nature of work, skill and responsibility required, on the conditions under which the work is performed; and

cases where awards have not been considered in the light of last year's community movements. These cases may be reviewed to determine whether they would qualify for a wage increase but care must be exercised to ensure that they are genuine catch-up cases and not leapfrogging. The compression of relativities that has occurred in awards in recent years does not provide grounds for special wage increases to correct the compression.

8. Any applications under paragraph 7 above, whether by consent or otherwise, will be tested against the principles laid down, and viewed in the context of the requirements for the success of indexation. The Commission should guard against contrived work-value agreements and other methods of circumventing the indexation plan. 58

These are the guidelines currently in force.

This appears to be a direct quotation & should be indicated as such by quotation marks.

The factors concerning which hypotheses will be made are essentially economic in character, in that they are mostly based on economic indicators published by the Commonwealth Bureau of Statistics and adjusted and standardized in some instances by the Institute of Applied Economic and Social Research. The raw data is that concerning such economic factors as the Consumer Price Index, the Average Wage Index, percentage increases in unemployment, the number of working days lost, gross domestic product, and the percentage increase in the minimum wage granted by the Full Bench at National Wage Cases.

From these raw data bases, independent variables are constructed, in such that they are expressed in terms of marginal percentage variations, and, in the case of wage increases, marginal percentage differences. Marginal percentage variations are the operative variables for inflation, which is expressed in terms of adults unemployed, industrial unrest, which is expressed in terms of the number of working days lost and productivity, which is based on gross domestic product. The general formula which is used for deriving marginal percentage variations in each of these variables is as follows:-

$MPV(\text{variable}) = ((\text{Variable} - \text{Variable}(\text{lag})) / \text{Variable}(\text{lag})) \times 100$
where Variable(lag) is the value of the variable applicable to the previous national wage case, in which minimum wage increases are awarded.

The marginal percentage differences are the units used to evaluate the minimum wage increases awarded in the previous national wage case and the increases occurring in the average wage, which reflects all wage increases awarded, as well as the minimum wage increases awarded. The general formula for the marginal percentage difference, henceforth referred to as the MPD is as follows:-
 $MPD(\text{wage}) = MPV(\text{wage}) - MPV(\text{Consumer Price Index}).$

The data for the independent variable MPV(WDL) is based on the number of working days lost from the date of the previous minimum wage increase was handed down to the date the given minimum wage increase is handed down. The data regarding the independent variable MPD(MW) and all the other independent variables is based on raw data values for the quarter preceding the quarter in which the minimum wage increase is awarded. Although the time intervals between the minimum wage awards vary in length, it is assumed that this is compensated for by corresponding variations in the magnitude of the data concerned.

*This seems questionable, but we'll wait
to see how it works out.*

→ Isn't this the dependent variable?

Increases in the national minimum wage, whether granted separately or as a component of the total wage, may, for reference purposes, be categorized as either above inflation, in line with inflation, or below inflation. However, these are not nominal categories, as they may appear to be at first sight, but rather, they are interval categories. A given minimum wage award may be further above or below inflation than another wage award.

The relationship to inflation of a given minimum wage award may be calculated by the formula:-

$$\text{MPD (MW)} = \text{MPV (MW)} - \text{MPV (CPI)},$$

where $\text{MPV (MW)} = \text{MW} - \text{MWlag}$

and $\text{MPV (CPI)} = \text{CPI} - \text{CPIlag}$.

*These are identical with the formula given on previous page
is $\text{MPV (Var)} = \frac{(\text{Var-Varlag})}{\text{Varlag}} \times 100$*

MPD (MW) is the abbreviation of the Marginal Percentage Difference of the minimum wage, hereafter referred to as MPD (MW). MPV (MW) and MPV (CPI) refer to marginal percentage variations in the minimum wage award and on the consumer price index respectively. MW represents the percentage increase granted at a given hearing, and MWlag represents the percentage increase in the minimum wage granted at the previous hearing, and CPI represents the consumer price index figure for the quarter preceding that in which the given minimum wage award is increased, and CPIlag represents the consumer price index figure for the quarter preceding the previous minimum wage increase.

Marginal percentage variations are the percentage increments to the value of a given variable. The concern here is with the analysis of relations between such changes in independent variables, and the effects such marginal percentage differences have on the dependent variable (MPD(MW)).

In order to evaluate the influence which various economic factors have on variations in the dependent variable MPD(MW), and whether such variations render the value of MPD(MW) positive, zero or negative, corresponding to above inflation, at inflation level and below inflation level hypotheses are made concerning the relationship between MPD(MW) and other variables which, according to economic theory, and, or generally held beliefs, are likely to affect variations of MPD(MW). These hypotheses are then tested by means of Pearson product moment correlations, for pairs of variables, partial correlation analysis and multiple regression analysis, which are related techniques. The Pearson correlation coefficient is a zero order correlation, because no controls for the influence of other variables are made. It is used to measure the strength of relations between two interval type variables, such as the dependent variable MPD(MW) and one of the independent variables MPV(CPI), and, when the Pearson correlation coefficient is squared, the proportion of variance in one variable explained by the other.

The absolute value of the Pearson correlation coefficient, ^{also} as is the case with the partial correlation coefficients, varies between 0 and 1. If the magnitude of the coefficient is close to one it is an indication that there is a strong relationship between the variables concerned. If it is close to zero the relationship is relatively weak. If it is less than .1000 it is virtually non-existent. ⁵⁹

Partial correlation analysis is used here to assist in the understanding of and clarification of relationships between dependent variable MPD(MW) and a number of independent variables. It is used in uncovering spurious relationships and for checking the effects of intervening variables. A spurious relationship is defined in two variables, A and B for example, in which A's correlation with B is solely the result of the fact that A varies along with some other variable, C for example, which is ^{also} indeed the true predictor of B. ⁽⁶⁰⁾ This occurs a number of times in the following analysis. Partial correlation analysis is useful in providing an insight into the possible causes of correlation between the independent variable MPD(MW) and the various independent variables.

^{Partial} Multiple correlation and ^{multiple} regression analysis is used here mainly for the purposes of formulating prediction equations in respect to ^{computing} predicting MPD(MW) values for any combination of values of the independent variables, for determining the degree of ^{of} linear dependence of dependent variable MPD(MW) on the independent variables operating jointly, for measuring the influence of each independent variable MPD(MW), with adjustments made for all independent variables. The last is achieved by the use of standardized partial regression coefficients, Beta. The reason why the standardized regression equation Beta is used is because each of the different variables involved, with one exception, is measured in different units from all the other variables and it is thus difficult to determine the relative importance of each independent variable on the basis of the unstandardized partial regression coefficients, B alone. Other things being equal, one standard deviation unit change in an independent variable, for example MPV(CPI), would precede a minimum wage award such that the change in the value of MPV(CPI) would equal the Beta coefficient multiplied by the ~~value~~ value of MPV(CPI). The multiple coefficient of determination and the Beta coefficient are used throughout the hypothesis testing, as a basis of comparison with the outcome of Pearson and partial correlation analysis, as well as in the construction and assessment of regression prediction equation.

You could use partial R^2

... would precede a change of β standard deviations = the index but variable MPD(MW)

Although the variables are essentially economic in character, they may be sub-categorized. It is reasonable, for example, to classify MPV(WDL) as an industrial relations variable, since it might be hypothesized that the Full Bench sees its role as one of maintaining a stable or strike-free industrial relations climate and, might, therefore, increase the minimum wage with the intention of reducing cause for complaint on the part of the unions. Similar hypotheses might be made about the average wage and the lagged minimum wage. It might be hypothesized that, if the lagged minimum wage award, or the average wage increase was clearly above inflation, then the Full Bench, in order to protect its credibility with the employers and the government would award a below inflation increase. Thus, hypotheses relating to MPD(MWlag) and MPD(AW) might be referred to as organizational maintenance hypotheses. These categories are not strict definitions, but they may overlap. A given hypothesis might well fit into more than one category. For example, it might be argued that the hypothesis regarding unemployment should be regarded as a social welfare hypothesis, since social problems are caused by unemployment. But unemployment also means reduced consumer spending, which has serious and widespread economic impacts, such as further unemployment. Therefore, unemployment has been categorized as an economic variable.

The statistical analysis in this thesis was carried out by the computer programme package, known as the Statistical Package for The Social Sciences (SPSS) on the Cyber 73-28 computer installation of the University of Melbourne Computer Centre. SPSS is an integrated system of computer programmes, designed for the analysis of social science data.⁽⁶⁴⁾ It provides procedures for data transformation and file manipulation. SPSS procedures provides a large number of statistical procedures. The SPSS procedures used in the research for this thesis were Pearson Corr,⁽⁶⁵⁾ Partial Corr,⁽⁶⁶⁾ and Regression,⁽⁶⁷⁾ alongside layout procedures such as List Cases.⁽⁶⁸⁾ The programme used is attached to this thesis.

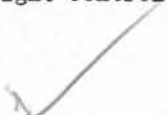
INTRODUCTION AND DISCUSSION OF HYPOTHESES.Economic Hypothesis E1.

The marginal percentage difference between the minimum wage award and inflation will coincide with negative variations of the marginal percentage variations in inflation. In other words, increases in inflation will coincide with minimum wage awards with a marginal percentage increase less than that of inflation.

Explanation for Hypothesis E1.

Hypothesis E1 is based on the theory of cost push inflation. Cost push inflation is created and sustained by costs in production, including wages, these increases being independent of the state of demand. The most common source of cost push inflation is held to be the power of trade unions to gain wage increases, which then lead to price increases, which in turn spark off further wage claims.⁽⁶⁴⁾ This consideration would cause the Full Bench, in times of high inflation, to issue minimum wage increases, which only covered the increase in inflation, or which might even be below the increase in inflation. The Bench might wish to be seen as making a positive contribution to the welfare of the economy. On the other hand, when inflation is low, the Full Bench might grant minimum wage awards over and above the rate of inflation, this being an increase in the real wage. The Bench would not wish to be seen refraining from increasing the standard of living of the workforce when there is no over-riding reason to do so. To grant increases in excess of inflation in times of high inflation and to grant increases below or pro-rata with inflation at times of low and insignificant inflation, would be tantamount to institutional suicide, since the government and employees may seek alternatives to the Arbitration Commission in the first instance, and in the second instance, unions may well abandon the Arbitration Commission in favour of resorting to direct bargaining with employers, which might cause an increase in the level of industrial dispute. Such a move by the unions may lessen the influence of the Arbitration Commission over the industrial relations arena, of which the Commission attempts to maintain control. Thus Hypothesis E1 might also be regarded as an organizational maintenance hypothesis, since the Commission may be attempting to maintain its ability to fulfill what it possibly perceives to be its organizational function, which is to maintain industrial harmony by way of tight control over the industrial relations scene.

Full Bench concern about



This should be (I think): "That the MPD between the minimum wage award and inflation will vary..."

Economic Hypothesis E2.

That the marginal percentage difference between the marginal percentage variation in the ^{minimum award} award and the marginal percentage variation in inflation, will vary directly with marginal percentage variations in productivity as measured by marginal percentage variations in the gross domestic product. In other words, the minimum wage award is more likely to exceed inflation when there are real increases in productivity and are more likely to be less than inflation when there are real decreases in productivity.

but productivity = $\frac{GDP}{workforce}$
& GDP would have to be deflated.

Reserve
maintain

Explanation for Hypothesis E2.

Productivity is a factor which is often used in arguments about the wisdom or otherwise of a particular increase in the minimum wage, both in minimum wage hearings and in the press. The productivity of labour, which is the independent variable in this case, is calculated here by the following formula:-

$$MPV(\text{productivity}) = \frac{MPV(\text{Gross Domestic Product})}{MPV(AW)}$$

In other words, MPV productivity is the quotient of the marginal percentage variation in the gross domestic product and the marginal percentage variation in the average wage. This quotient is otherwise known as the internal rate of return of labour and can be used to assess ^{r.c.}investing ^{of}funds into employing staff as opposed to buying labour-saving devices, for example. It should be noted that the variable MPV(productivity) is not as accurate an indicator of labour productivity as can be desired, because the Gross Domestic Product accounts for the output of machinery as well as labour.

The reason for suggesting that positive value of MPV(productivity) may influence the Full Bench to award above inflation minimum wage increases is, if the unions can point to an increase in the productivity of labour, the Full Bench may not be in a position to reject union demands for an above inflation minimum wage increase, which would be indicated by a positive value of MPD(MW). If the Full Bench does not award a minimum wage increase on the grounds of an increase in productivity, then it risks losing credibility with the unions by adopting what might be regarded as an anti-union bias. Therefore, economic hypothesis E1 might also be categorized as an organizational maintenance hypothesis.

Rate of return on labour surely is $\frac{GDP}{Average \times workforce}$

OM2
IF $MPD(AW) > MPV(CPI)$ then $MW < CPI$

But $MPD(AW) = MPV(AW) - MPV(CPI)$

So OM2 is
IF $(MPV(AW) - MPV(CPI)) > MPV(CPI)$ then $MW < CPI$

i.e. IF $MPV(AW) > 2(MPV(CPI))$ then $MW < CPI$

which doesn't look really plausible.

I think you mean:-

"If $AW > CPI$ then $MW < CPI$
and if $AW < CPI$ then $MW > CPI$ "

Organizational Maintenance Hypothesis O.M.1.

*Have you left
Some words out?
This doesn't make
sense as it stands.*

That the Marginal Percentage Difference between the marginal percentage variations in the minimum wage awards and in inflation, will, in a given year tend to be above inflation, and, in the following hearing, will award an increase at or below the level of inflation in the preceding quarter.

Explanation of O.M.1.

The aim of the Full Bench, as an organizational entity, would be to ensure its self-perpetuation. ⁽⁷⁰⁾ In order to achieve this goal it would have to make itself seem necessary and useful. If it were to be seen to be biased against the unions, it would, as an institution, become redundant. The unions would then have recourse to direct bargaining with employees, backed up by industrial action. On the other hand, if the unions wish to retain the confidence of employers and the government, it would avoid an image of being biased towards the unions. It is thus reasonable to hypothesize that in order to achieve an impression of partiality, the Full Bench might render the marginal percentage variations in its award alternatively greater than and lesser than the rate of inflation.

You seem to mean if MW lag - CPI lag is positive, the MW-CPI will be negative. If MW lag - CPI lag is negative, MW-CPI will be positive.

Organizational Maintenance Hypothesis 2. - O.M.2.

That if the Marginal Percentage Difference of the Average Wage in the quarter preceding the decision is greater than the marginal percentage variation in inflation, as measured by the Consumer Price Index, then the minimum wage award at that hearing will be less than inflation. If the Marginal Percentage Difference of the average wage is less than the marginal percentage increase in the Consumer Price Index, the marginal percentage variation in the medium wage award will be greater than the marginal percentage increase in inflation.

Explanation O.M.2.

When considering the effects of factors such as the Marginal Percentage Increase in Gross Domestic Product, M.P.V. in Consumer Price Index and M.P.D.(M.W), it can be assumed that these variables have a similar impact on M.P.D.(A.W.), for the quarter immediately preceding that in which the minimum wage increase was granted. This is because the average wage reflects the magnitude and direction of increases which may have been granted to particular occupational and industry groups at both Federal and State levels. If the marginal percentage difference between the average wage and consumer price index figure is negative, the Full Bench, in order to give an impression of impartiality, might award above inflation minimum wage increases to

wage and salary earners where possible, in order to prevent abandonment of arbitration in favour of pay demands presented directly to employers, backed up with industrial action. On the other hand, if the Full Bench determines that the M.P.D. (A.W.) is positive, the marginal percentage increase in the average wage being greater than the marginal percentage increase in the consumer price index, the Full Bench may award a minimum wage increase, such that the difference between the marginal percentage increase in the minimum wage and the marginal percentage increase in inflation is negative. The Full Bench would try, thus, to avoid the appearance of bias in favour of union demands, on one hand, and bias towards employers on the other hand.

Economic Hypothesis 3. E.3.

That the marginal percentage difference between the minimum wage award will be negative when there is a marginal percentage increase in unemployment and positive when there is a marginal percentage decrease in unemployment. In other words, an increase in unemployment might cause the Full Bench to abstain from granting a minimum wage increase above inflation.

Explanation for Hypothesis E.3.

According to classical wage theory, when real wages increase, the demand for labour can be expected to decrease.⁽⁷¹⁾ This is because the marginal increase in the profit which can be derived from each additional worker is reduced by the marginal increase in real wages. This is illustrated by the downward sloping demand curve for labour.



An increase in real wages can, therefore, be expected to lead to higher unemployment. The hypothesis can, therefore, be postulated that when the marginal percentage variation in unemployment is positive, the marginal percentage increase in the minimum wage will be negative. This is based on the assumption that the members of the Full Bench have a set of social, political and economic values such, that the minimization of personal, social and economic problems posed by unemployment is a desirable objective.

The second and related assumption following from the first, is that the Full Bench regards the preservation of employment to have higher priority than the increases in the real wage, even though the majority of salary and wage earners would prefer the wage increase.

→ if a decrease in the min wage.
do you mean $MW < CPI$, where both are rates of increase!

MPV (Industrial disputes)?

instead of : a reduced threat of unemployment.

Thus it can be hypothesized that the Full Bench will award a minimum wage increase, such that the increase in the minimum wage awarded will be less than or equal to the increase in inflation whenever unemployment is increasing.

Industrial Relations Hypothesis 1. - I.R.1.

i.e. MPD(MW) will vary directly with MPD(MW) } That the marginal percentage difference between the minimum wage and inflation will directly vary with the MPD(MW), such that the Full Bench will award above inflation increases in response to an increase in industrial disputes.
 There must be a misprint here?

Explanation for Hypothesis I.R.1.

One of the most prominent functions of the Commonwealth Conciliation and Arbitration Commission is the maintenance of industrial peace. This involves minimizing the incidence and severity of industrial disputes and stoppages. Given that many industrial disputes have been based on demands for increased wages, it would be reasonable to hypothesize that, in a minimum wage hearing following a period of relatively high industrial unrest, measured in terms of working days lost, from the date the previous national minimum wage increase became effective, the Full Bench of the Conciliation and Arbitration Commission would be prepared to be more generous. Conversely, following periods of low industrial unrest, the Full Bench might well not make an above-inflation minimum wage award.

This situation also has organizational maintenance implications. If there is a period of industrial unrest over wages, it could be indicative of a substantial gap between the rate of wage increase and the rate of price increase, causing an erosion of the standard of living. This could stimulate an increase in industrial unrest. Strike action may well be used by the unions as an alternative to the arbitration system, if, in the opinion of the unions, the increases awarded by one or members of the Conciliation and Arbitration Commission are inadequate. Inadequate wage increases might cause the Arbitration Commission to be by-passed, with the consequence that the role of and need for the Commission might be seriously questioned.

Political Hypothesis 1. - P.1.

That the Full Bench is more likely to award a marginal percentage wage increase above the marginal percentage increase in inflation when a party sympathetic to the labour movement, such as the Australian Labour Party, is in government, than when a pro-employer and anti-union party, such as the National Liberal/ and/or National Country Party, is in government.

Explanation for Political Hypothesis 1. - P.1.

A Labour Government is likely to apply pressure to the Arbitration Commission to award an increase in real wages. This is because the philosophy and inclination of the Labour Party policy supports real wage increases and improvements in the quality of life and standard of living of wage and salary earners. In addition, there is a close relationship between the union movement and the Australian Labour Party, with trade union members present in the policy making bodies, the state and federal executives, as well as in the federal Parliamentary Labour Party. In a ^{Labour} government, it would be highly probable that Ministers concerned with industrial relations would be former union officials, who have had experience in negotiating for wage increases with the Full Bench and with employers.

On the other hand, conservative parties, such as the Liberal Party, traditionally have a large number of members who are not wage and salary earners. Rather, they are mainly entrepreneurs themselves, or descendents of successful entrepreneurs, who have independent means. The interests of wage earners and the interests of entrepreneurs are somewhat opposed, in that the wage earners wage increase is the entrepreneurs loss. This loss can be recouped by increasing prices, but either direct union action or an arbitration commission determination will pass the costs back to the entrepreneur. Therefore, it can be hypothesized that when a right wing political party is in office, the marginal percentage increase in the minimum wage will tend to be less than the marginal percentage increase in inflation.

(Over Statement)

*These are
not the
same.*

That there is a negative correlation between the independent variable M.P.D.(M.W.lag) and dependent variable M.P.D.(M.W).

In other words, a positive value of M.P.D.(M.W) will coincide with a negative value of M.P.D.(M.W.lag) and a negative value of M.P.D.(M.W) will coincide with a positive value of M.P.D.(M.W.lag).

Thus if the full Bench will attempt to abstain from awarding, in successive hearings, minimum wages increases that are constantly above inflation, or minimum wage increases ^{constantly} below inflation. If the full Bench consistently awards above inflation increases it might be seen as being biased towards the unions thus inviting attack from employers and government. If minimum wage increases are constantly below inflation, the unions would by-pass the Arbitration Commission and resort to direct bargaining. So in order to protect its role, the full Bench of the Commission will attempt to ^{award} ~~avoid~~ minimum wage increases which are alternately above and below inflation.

Observation: Period 1 1956-1976 including wage indexation.

The Pearson correlation coefficient between independent variable M.P.D.(M.W.lag) and M.P.D.(M.W) is - .0149. Although the negative ? polarity of the coefficient supports hypothesis O.M.I, the magnitude of the coefficient indicates that there is virtually no relationship between M.P.D.(M.W) and M.P.D (M.W.lag) - Thus, on the basis of the Pearson correlation coefficient, hypothesis O.M.I is refuted due to the lack of any substantive relationship between the dependent and independent variables.

Hypothesis OM-I Period 1 Observations and Conclusions.

??

The partial correlation coefficients indicate, as does the Pearson correlation coefficient, that there is no substantial relationship between independent variable M.P.D.(M.W.lag) and dependent variable M.P.D.(M.W). The ^{partial} correlation coefficients ^(controlling for?) for the variables M.P.V.(C.P.1), M.P.D.(A.W.), M.P.V. (unemployment) M.P.V.(working days lost), and M.P.V (productivity) are respectively - .0627, -.0379, - .0171, -.0150, and - .0138.

between MPD

The partial correlation coefficient obtained when controlling for all the exogenous independent variables is .1344, the positive polarity of which refutes hypothesis O.M. in period one.

Adding MPD.(MWlag) to the regression equation for period one induces an increment to the coefficient of determination of .01405, indicating that variations in M.P.D.(M.W.lag) account for 1.4 per cent of all variations in the dependent variable MPD(M.W). The beta value for M.P.D.(M.W.lag) in period one is - .1252458, indicating that an increase in one unit in MPD(MWlag) induces a decrease of - .1252458 in the dependent variable MPD(MW), thus confirming the hypothesis O.M.I., which postulates that an increase in MPD(MWlag) induces a decrease to a negative value of dependent variable MPD(MW). Thus an above inflation minimum wage award in one year will have a very small influence in causing a below inflation minimum wage increase in the following year. The magnitudes of the Pearson and partial correlation coefficients indicate that any such causality to be extremely slight. It could, for all practical purposes, assumed to be nil.

Conclusion: Hypothesis O.M.I Period 1 1956-1976 (including wage indexation).

The hypothesis O.M.I is refuted because of the lack of any substantial correlation between M.P.D.(M.W.lag) and M.P.D (M.W), the independent variable. Thus, on the basis of the foregoing observations, it can be said that the Full Bench of the Commonwealth Conciliations and Arbitration Commission does not consciously attempt to vary the minimum wage increases so that they are alternatively above and below inflation.

Hypothesis O.M.I Period 2 1956 - February 1976 (excluding wage indexation).

Observations;

As is the case when wage indexation cases are included, the Pearson correlation coefficient is well below 1000, being - 0459, indicating that there is no substantial relationship between independent

Pearson r is answer > 1??

Do you mean 1.000 + - 0.0459 ?

same meaning:

variable M.P.D.(M.W.lag) and dependent variable M.P.D.(M.W).
 Although eliminating the data pertaining to those cases in which wage indexation applied has had the effect of increasing slightly the magnitude of the Pearson and Partial correlation coefficients, controlling for the variables M.P.V (unemployment), M.P.V (W.D.L) and M.P.V.(productivity), singly and in paired combinations gives correlation coefficients with magnitudes of less than .1000, thus indicating that hypothesis O.M.I is, for period 2, refuted due to lack of substantial relationships between the dependent and independent variable. Although controlling for the effects of both M.P.D.(A.W.) and MPV (productivity) together, increases the magnitude of the partial correlation coefficient to a maximum of $- .2415$, which indicates a confirmation of hypothesis O.M.I, nevertheless, due to the fact that the magnitude of the Pearson correlation coefficient and a number of the partial correlation coefficients falls below .1000, hypothesis O.M.I is regarded as refuted.

What are you trying to say?

between MPD(MWlag) and MPD(MW)

The partial correlation coefficient achieved by controlling for all the other variables is -0.3484 , which is similar to the partial correlation coefficients and is also the maximum observed magnitude achieved. This provides some confirmation of the hypothesis O.M.I, however, despite this, the Pearson and some of the partial correlation have magnitudes below .1000, which seems to indicate the non-existence of any substantial relationship.

all other indep variables?

Adding M.P.D.(M.W.lag) to the regression equation for period 2 increments the coefficient of determination by .04673 indicating that changes in M.P.D.(M.W.lag) explain four percent of the changes occurring in dependent variable M.P.D.(M.W.). The Beta coefficient for M.P.D.(M.W.lag) in period 2 is $- .2414791$, which indicates that an increase of one unit of M.P.D.(M.W.lag) is likely to bring about a decrease of .2415 units in the dependent variable M.P.D.(M.W.lag), which is consistent with, and is a confirmation of, hypothesis O.M.I, which postulates that a positive value of M.P.D.(M.W.lag) will coincide with a negative value of M.P.D.(M.W).

std dev.

std dev.

The reason for the discrepancy between the fact that the Pearson correlation coefficient, of $- .0459$, indicates no relationship, whilst the Beta coefficient indicates a relationship is that the beta coefficient and coefficient of determination are based on the - correlation coefficient produced by controlling for all exogenous variables, which in this case is $.3483$. *You said -0.2414 on prev. page.* It can be concluded that eliminating the data associated with minimum wage increases awarded under the wage indexation guidelines raises the magnitudes of the Pearson and partial correlation coefficients, but despite this, there are six observed partial correlation coefficients of less than $.1000$, in which three occur when controlling for single variables, and three occur when controlling for two variables together. This, coupled with the fact that the Pearson correlation coefficient is less than $.1000$ in absolute magnitude, is sufficient grounds to consider that for period two, hypothesis O.M.I is refuted, despite indications to the contrary by the beta coefficient.

Hypothesis O.M.I Period 3 Wage Indexation 1975-19

Observations: *Sign? Value?*
The negative polarity of the Pearson correlation coefficient indicates that it supports hypothesis O.M.I, which postulates that positive values of the independent variable, M.P.D.(M.W.lag) will coincide with negative values of M.P.D.(M.W). However, the magnitude of the correlation coefficient of $- .1354$ indicates that the relationship between the dependent and independent variable is slight. The magnitude of the partial correlation coefficients range from $-.0089$ when controlling for M.P.V.(W.D.L.) to a maximum of $-.8357$ when controlling for both M.P.V.(C.P.I.) and M.P.V.(unemployment) together.

The reason for the magnitude of the partial correlation coefficient when controlling for M.P.V.(W.D.L) is the fact that both the Pearson correlation coefficients between the dependent variable M.P.D.(M.W) and M.P.V.(W.D.L), of $.1770$ and between the independent variable M.P.D.(M.W.lag.) and M.P.D.(W.D.L.), of $-.7312$, are both

greater than the Pearson correlation coefficient between M.P.D.(M.W.) and M.P.D.(M.W.lag) of $-.1354$. Therefore it can be said that M.P.D.(M.W.lag) varies with the dependent variable M.P.D.(M.W) mainly because both the dependent variable M.P.D.(M.W) and the independent variable M.P.D.(M.W.lag) both vary with M.P.D.(W.D.L). This renders the hypothesis O.M.I spurious. This is despite the fact that it could be argued that M.P.I.(W.D.L) could be regarded as an intervening variable. This is because, that, although it is a widely held opinion that strikes are mainly based on pay demands, and hence, wage increases are based on strikes, the correlation in Period 3 (1975-1976 wage indexation) is that a positive value of M.P.V.(W.D.L) coincides with negative values of M.P.D.(M.W). Therefore, since in Period 3 the role of M.P.V.(W.D.L) as an intervening variable between M.P.D. (M.W) and M.P.D.(M.W)lag is debatable, M.P.D.(W.D.L) has been controlled for in this instance.

Main verb? { Another notable effect is that when controlling for M.P.V.(C.P.I), which produces a partial correlation coefficient of $-.0746$. It could be argued that inflation is surely an intervening variable in the relationship between the M.P.V. (M.W.lag) and M.P.V.(M.W). However, M.P.V.(M.W.lag) correlates with M.P.V.(C.P.1) with a coefficient of $-.4481$, the negative polarity of which contradicts the expectation that a positive value of M.P.V.(M.W.lag) will coincide with a positive value of M.P.V.(C.P.1). Instead, of inflation increasing following an above inflation minimum wage increase, inflation decreases following above inflation minimum wage increase. However, the correlation coefficient between M.P.V.(C.P.1) and the dependent variable M.P.D.(M.W.) $-.1550$, being positive in polarity, indicates that an above inflation wage increase coincides with an increase in inflation, although the magnitude of the correlation coefficient is small, indicating that the coincidence is slight.

or wage indexation

Since M.P.V.(C.P.I) does not behave as it would be expected to were it an intervening variable, it is doubtful whether it can properly be regarded as such. Since, however, M.P.V.(C.P.I) is the basis of wage indexation, on which the Full Bench bases its decision as to the magnitude of the minimum wage award, - it can be argued that M.P.V.(C.P.I) can be regarded as an intervening variable. Since the position is thus anomalous one, the effects of controlling for M.P.V.(C.P.I) will be disregarded. The controlling for both M.P.V.(C.P.I) and M.P.V.(unemployment) produces a partial correlation coefficient with negative polarity and a magnitude of $-.8357$, which, in itself, might be seen as a strong confirmation of hypothesis O.M.1. The characteristics of this partial correlation coefficient are due to the fact that independent variable M.P.V.(M.W.lag) may have a causative relationship with both M.P.V.(C.P.I), with a correlation coefficient of $-.4481$, and with M.P.V. (unemployment) with a correlation coefficient of $.5820$. The relationship might be described as causative since, in each case, the data of M.P.D.(M.W.lag) predates that of M.P.V.(C.P.I) and M.P.V. (unemployment). The correlation coefficients indicate that an above inflation minimum wage awarded in the previous national wage case hearing predates an marginal decrease in inflation and a rise in unemployment, both of which together, might slightly tend to predate a minimum wage award below inflation. In addition, M.P.V. (unemployment) correlates with M.P.V.(C.P.I) with a coefficient of $.4157$ indicating and confirming that any marginal decrease in inflation following an above inflation minimum wage increase would coincide with a marginal percentage increase in unemployment, following the same above inflation minimum wage award. The dependent variable M.P.D.(M.W) correlates with M.P.V.(C.P.I), very slightly, indicated by a correlation coefficient of $.1550$, and with M.P.V.(unemployment) with a pearson correlation coefficient of $.2480$, thus completing the indirect correlation between the dependent variable M.P.D(M.W) and independent variable M.P.D.(M.W.lag).

Thus, it can be seen that a time sequence is involved, with three stages first, there is the lagged minimum wage award, which predates marginal percentage variations in both unemployment and inflation, which both, in turn, predate the current minimum wage award. Therefore, it can be said that in period three both M.P.V.(C.P.I) and M.P.V.(unemployment), together, are intervening variables, and therefore the correlation coefficient thus achieved, - .8357, is logically invalid. This, then, would also be the case with controlling for M.P.V.(C.P.I) alone which might clarify the previously observed situation.

Adding M.P.D.(M.W.lag) to the regression equation for period three increments the coefficient of determination by .0245, which indicates that 2.45 percent of the variation in the dependent variable M.P.D.(M.W) coincides with variations in the independent variable M.P.D. (M.W.lag). The beta coefficient for independent variable MPD(MWlag) for period three is -.17645, which indicates that a decrease in dependent variable M.P.D.(M.W.) of .17645 units coincides with an increase of one unit in the independent variable M.P.D.(M.W.lag), and that an increase in dependent variable M.P.D.(M.W) coincides with a decrease in the independent variable M.P.D.(M.W.lag) of one unit. This is in line with the relationship postulated by hypothesis O.M.1, and supported by the Pearson correlation coefficient.

Hypothesis O.M.1 Period 3.

Conclusions:

It can therefore be concluded that, ^{if we set} on the consideration of spuriousness aside, the Pearson and partial correlation coefficients tend to confirm hypothesis O.M.1, namely that above inflation and below inflation minimum wage awards will occur in alternate years. However, if the effect of controlling for M.P.V.(W.D.L) is considered, then hypothesis O.M.1 might be regarded as postulating a spurious relationship. Furthermore it can be said that although

Main verb?

some partial correlations, such as that achieved when controlling for M.P.V.(C.P.1) and M.P.V. (unemployment), offer strong support and confirmation to hypothesis O.M.1. However, these partial correlations should perhaps be disregarded, since the variables controlled for, it can be argued, are intervening variables, in that they provide an intermediate interaction between the dependent and independent variables.

Since relationships between M.P.D.(M.W.lag) and M.P.D.(M.W.) involve sequenced, rather than coinciding, variables, it might be debated that all variables controlled for may be, to some extent, intervening. Therefore, all observations, for hypothesis O.M.1 period 3, based on partial correlation coefficients should be regarded with caution.

Therefore, on the basis of the characteristics of the Pearson correlation coefficient, between M.P.D.(M.W.) and M.P.W.lag), it can be concluded that hypothesis O.M.1 is very slightly confirmed, or, on the basis of controlling for M.P.W.(W.P.C) the hypothesis O.M.1 postulates a spurious hypothesis.

Organizational Maintenance Hypothesis O.M.2.

If the value of M.P.D.(A.W.) is positive, then the value of the dependent variable M.P.D.(M.W.) will be negative.

Is this a new term?

If the full bench perceives that, in relation to the quarter preceding case Y-1, there has been an above inflation increase in the average wage, the Full Bench will be likely to award a below inflation increase in the minimum wage.

Between what and what controlling for what?

Observations Period 1.

The magnitude of the Partial Correlation coefficient is .3302 which, being positive, refutes hypothesis O.M.2 and indicates confirmation of the antithesis, namely, that an above inflation increase in the average wage in the quarter preceding the minimum wage award is likely to precede an above inflation minimum wage award.

This is an odd concept - what does the difference between days lost and inflation mean?

The magnitudes of the partial correlation coefficients vary from a minimum of .1369 when controlling for both M.P.V.(C.P.I) and M.P.V.(unemployment) together, to a maximum observed value of .3534 when controlling for M.P.D (M.W.lag) and M.P.D.(W.D.L). However, controlling for M.P.D.(M.W.lag), singly or in combination with other variables is of doubtful validity, since M.P.D.(M.W.lag) could be considered to play a major role in determining the magnitude of M.P.D.(A.W.) due to the nature of the chronological relationship between these two variables. The probable reason for the low magnitude of the partial correlation coefficient achieved when controlling for M.P.V. (unemployment) and M.P.V(C.P.I) is that both the dependent and independent variables, M.P.D.(M.W.) and M.P.D.(A.W.) respectively, are both correlated with the variable pair M.P.V.(unemployment) and M.P.V.(W.D.L). The correlation coefficient between M.P.W.(W.D.L) and M.P.D.(unemployment) is -.4389, Since this is greater in absolute magnitude than the Pearson

correlation coefficient of .3302, it might be said that to a certain extent, independent variable M.P.D.(A.W.) varies with dependent variable M.P.D.(M.W.) because M.P.D.(A.W.) varies with M.P.V.(W.D.L.) with a correlation coefficient of -.2057, and dependent variable M.P.D.(M.W.) varies with M.P.V. (unemployment) with a correlation coefficient of -.2046. The link is completed by the correlation coefficient between M.P.V. (unemployment) and M.P.V.(W.D.L) of -.4389. The net effect of this parallel relationship is to boost the strength of the relationship between the independent variable M.P.D.(A.W.) and the dependent variable M.P.D.(M.W.). Controlling for the effects of these variables thus eliminates a structure which contributes to some of the strength to the relationship between the dependent and independent variables. ✓

The effects of eliminating this structure of correlation relationships is to reduce the magnitude of the correlation coefficient to .1369. It could thus be argued that the relationship hypothesized by hypothesis OM2 may be somewhat spurious.

The partial correlation coefficient achieved by controlling for all the exogenous variables is .3499, which is very similar in magnitude to the Pearson correlation coefficient and to most of the partial correlation coefficients achieved by controlling for one and for two variables. Thus the relatively low correlation coefficient achieved by controlling for both M.P.D.(W.D.L) and M.P.D.(unemployment) is unique to this combination.

Including the independent variable M.P.D. in the regression equation for period one increments the coefficient of determination by .10905, which indicates that increases in

MPD (what?)
(Aw?)

in M.P.D.(.A.W) induce ten per cent of increases in the dependent variable M.P.D.(M.W.) and ten percent of decreases in MP.D.(M.W.) are induced by decreases in the independent variable M.P.D.(M.W.). *(A.W), surely?*

The Beta coefficient for independent variable M.P.D.(A.W.) is .1443, indicating that a variation in M.P.D.(.A.W.) of one *S.D.* unit induces a variation in the same direction of *S.D.* .1443 units in the dependent variable M.P.D.(M.W.).

The foregoing suggests that hypothesis OM2 is refuted and its antithesis is confirmed. It is probable that above inflation increases in the average wage precede the above inflation minimum wage awards, rather than below inflation minimum wage awards as postulated in hypothesis OM2. ✓

Organizational Maintenance Hypothesis OM2 - Period 2
Observations and Conclusions. *|||||*

The Pearson correlation coefficient is .5379, indicating refutation of hypothesis OM2 and confirmation of the antithesis of hypothesis OM2, namely, that positive values of independent variable M.P.D.(A.W.) precede positive values of dependent variable M.P.D.(M.W.), negative values of which are preceded by negative values of M.P.D.(A.W.). In other words, above-inflation increases observed in the average wage *tend to* precede above inflation minimum wage awards by the Full Bench, and below inflation increases in the average wage *tend to* precede below inflation minimum wage awards.

This is similar to the situation for period one, with an increase in the magnitude of the correlation coefficient, which might be due to the decrease in the number of cases inherent in eliminating the data for the minimum wage awards. ✓

Why aren't you quoting the significance of your correlations?

*What on earth could this be?
The difference between inflation
and inflation?
The concept seems nonsensical.*

This is also the case with the partial correlation coefficients, the minimum observed value of which is .3880, produced by controlling for both M.P.D.(C.P.I) and M.P.D. (unemployment), together. This is due to the chain of correlation coefficients, such that the independent variable M.P.D.(A.W.) varies directly with M.P.V.(C.P.I), with a correlation coefficient of .4924, which in turn varies directly with dependent variable M.P.D.(M.W.) with a coefficient of .2511. Thus M.P.V.(C.P.I.) contributes substantially to the strength of the correlation between independent variable M.P.D.(A.W.) and independent variable M.P.D.(M.W.). Controlling for M.P.V.(C.P.I) has the effect of reducing the strength of the relationship between M.P.D.(A.W.) and dependent variable M.P.D.(M.W.). The *observation*

that above inflation average wage increases precede above inflation minimum wage awards does not imply any casual relationship. The average wage is determined by all wage increases awarded, including previous minimum wage increases, and increases granted to individual occupational groups by the Commonwealth Conciliation and Arbitration Commission as well as by State Wage Determination Boards, and increases negotiated by direct bargaining. Therefore it could be said that the overall inflationary situation might generate a tendency for most wage increases to either be above or below inflation at any given time, and therefore controlling for M.P.V.(C.P.I) removes the commonality link between the average wage and the minimum wage awards granted by the Full Bench and the fact that they react in a similar manner to changes in inflation.

Adding the independent variable M.P.D.(A.W.) to the regression equation for period two increments the coefficient of determination by .28936 indicating that 28 per cent of all

variations in the dependent variable M.P.D.(M.W.) coincide with variations in the independent variable M.P.D.(A.W.) The Beta coefficient for M.P.D.(A.W.) in period 2 is .6601146, indicating that a variation of .6601146 units in the dependent variable M.P.D.(M.W.) coincides with a variation of one unit in the independent variable M.P.D.(A.W.). The results of these observations are in line with the result for the Pearson and partial correlation coefficients, and indicate that hypothesis OM2 is refuted and its antithesis is confirmed. Above inflation increases in the minimum wage award are likely to coincide with above inflation movements in the average wage, although there ^{may be} ~~is~~ no causal relationship. ✓

Organizational Maintenance Hypothesis OM2 - Period 3

Observations and Conclusions.

The Pearson Correlation coefficient is .0801,, which indicates that there is virtually no relationship between the dependent variable M.P.D.(M.W.) and the independent variable M.P.D.(A.W.). Out of the six partial correlations obtained by controlling for exogenous variables singly, only one, obtained by controlling for M.P.V.(productivity), is indicative of any relationship between the independent and dependent variables. Controlling for all the other exogenous variables individually produces partial correlation coefficients with absolute magnitudes less than .1000.

Controlling for M.P.V.(productivity) produces the highly deviant correlation coefficient of .6217, which contrasts stringly with the other partial correlation coefficients.

↓
strongly?
strangely?
strikingly?

The probable reason for this is that the only relationship occurring between the dependent variable M.P.D.(M.W.) and the independent variable M.P.D.(A.W.) is based on the fact that both are strongly related to M.P.V.(productivity). The dependent variable M.P.D.(M.W.) varies with M.P.V.(productivity) with a correlation of $-.6614$, whilst the independent variable M.P.D.(A.W.) varies with M.P.V.(productivity) with a correlation coefficient of $.4921$. It might be argued that the relationship between the dependent and independent variable may be spurious.

Adding the independent variable M.P.D.(A.W.) to the regression equation for period 3 has the effect of incrementing the coefficient of determination by $.04868$, which indicates that 4.868 per cent of the variation in the dependent variable M.P.D.(M.W.) coincide with the variations in the independent variable M.P.D.(A.W.). The Beta coefficient of the independent variable for period three is $.6274616$ indicating that a direct variation of $.6274616$ units in the dependent variable M.P.D.(M.W.) will coincide with a variation of one unit in the independent variable M.P.D.(A.W.). This is consistent with the partial correlation coefficient obtained by controlling for M.P.V.(productivity), $.6217$, but is inconsistent with the Pearson correlation coefficient and most of the Partial correlation coefficients.

It can be concluded that for period three, hypothesis OM2 is refuted, due to the lack of any substantial relationship between the dependent variable M.P.D.(M.W.) and the independent variable M.P.D.(A.W.), with the exception

of that indicated by the relationship obtained by controlling for M.P.V.(productivity), which refutes hypothesis OM1 and supports the antithesis, in that the polarity of the correlation coefficient of .6217 indicates that above inflation net increases in, rather than below inflation increases, in the average wage will precede above inflation increases in the minimum wage granted by the Full Bench.

It was indicated by the relationship obtained by
regression at 1.4% (photochemical) which was
found to be significant and significant in that
the ability of the correlation coefficient of 0.81
indicates that there is a strong relationship between
the two variables. The correlation coefficient is 0.81
and this indicates that there is a strong relationship
between the two variables.

But aren't these completely uninformative
year calculations? ←

e.g.

Period A (3 months) Period B (12 months)

WDL → 100 400

$$\text{MPV(WDL)} = \frac{\text{WDL} - \text{WDL lag}}{\text{WDL lag}} \times 100$$

$$= \frac{400 - 100}{100} \times 100 = 300\%$$

Hypothesis I.R.I. (Industrial Relations 1)

That positive values of M.P.V.(W.D.L) coincide with positive values of the dependent variable M.P.D.(M.W), and negative values of M.P.V(W.D.L) coincide with negative values of M.P.D(M.W). A marginal percentage increase in M.P.V(W.D.L) should coincide with marginal percentage increases in the dependent variable M.P.D.(M.W). This hypothesis is based on the assumption that if the members of the Full Bench of the Conciliation and Arbitration Commission perceive that, since the last increase awarded in the minimum wage, there has been a substantial increase in industrial unrest over pay claims, the full bench will grant an above inflation minimum wage increase, in order to restore industrial harmony.

It should be noted that, since observations are based on the periods between minimum wage increases, rather than on the number of working days lost in the quarter immediately preceding the minimum wage variation awarded at a National Wage Case, the magnitude of changes in the number of working days lost will be affected by the length of the interval between national wage cases, the assumption is made that the Full Bench will take the length of the interval between National Wage cases into consideration when considering the incidence of industrial unrest as manifested in strikes.

Observations: 1955 to November 1976 including wage indexation period.

(Period 1)

The Pearson correlation coefficient is .07621 which indicates that there is no significant relationship between the dependent variable M.P.D.(M.W) and the independent variable M.P.V.(W.D.L), and, , on this basis, hypothesis IR1 is refuted. Analysis of the partial correlation coefficients reveals that they range in magnitude from -.0291, when controlling for MPV(unemployment), to a maximum of .1453 when controlling for the effects of

M.P.D(M.W.lag). Since there are no less than seven partial correlation coefficients less than .1000 in magnitude, as is the case with the Pearson correlation coefficient, it can be concluded that hypothesis I.R.1 is refuted. When all the independent variables apart from M.P.V. (W.P.L) are controlled for, the partial correlation coefficient is .0334664, which confirms this conclusion.

The ^{marginal increase in the} coefficient of determination, R^2 , is .00112, indicating that .00112 per cent of the variations in the value of the dependent variable M.P.D(M.W) is explained by the variable MPV(W.D.L). In the regression equation for period 1 the Beta value for MPV(WOL) is .423769, indicating that an increase of one unit in M.P.V.(W.D.L) will cause an increase of the magnitude of .0423769 units in the dependent variable M.P.D.(W.D.L). Thus it can be concluded on the basis of these results, that, in the period 1956 to the end of 1976, the Full Bench did not place much weight on the incidence of industrial unrest when considering the minimum wage increases awarded.

PERIOD 2
Observations: 1956 to March 1975, excluding wage indexation. The Pearson correlation coefficient is .0888 in magnitude, from which fact it can be deduced that hypothesis I.R.1 is refuted due to the absence of any substantial relationship between the independent variable M.P.V.(W.D.L) and the dependent variable M.P.D.(M.W).

The partial correlation coefficients range in magnitude from .0877 when eliminating the effects of M.P.D.(M.W.lag), to .4555, when controlling for the effects of both M.P.D.(A.W) and M.P.V.(productivity) together. The partial correlation coefficient achieved when controlling for all other independent variables is .0209117. These partial correlation coefficients provide indications ranging from hypothesis I.R.1 being refuted to slight confirmation for hypothesis I.R.1

Controlling for both M.P.D.(A.W) and M.P.V.(productivity) together produces a partial correlation coefficient of .4555 because of the effects of the relationship between independent variable M.P.V(W.D.L) and M.P.D.(A.W) as manifested by a Pearson correlation coefficient of $-.3363$, and because of a relationship between M.P.V.(W.D.L) and the dependent variable M.P.D.(M.W.) as indicated by a Pearson correlation coefficient of $.5379$. This means that the fact that a substantial relationship between the dependent and independent variables is absent is due, to some extent, to the relationship between M.P.D.(A.W.) and the independent variable M.P.V.(W.D.L), and also to the relationship between dependent variable M.P.D.(M.W) and M.P.V.(productivity). Thus the coincidence of negative values of M.P.D.(W.D.L) with positive values of M.P.D.(A.W.), and the coincidence of positive values of M.P.D.(A.W.) with the dependent variable M.P.D.(M.W.) causes the Pearson correlation coefficient to be reduced to $.0888$. Therefore controlling for both M.P.D.(A.W) and M.P.V (productivity), together, increases the magnitude of the correlation coefficient between independent variable M.P.V.(W.D.L) and dependent variable M.P.D.(M.W) to $.4445$. The absolute increment of the coefficient of determination, due to the addition of MPV(W.D.L) to the regression equation for Period 2, is $.08878$ indicating that only 0.8878 per cent of the variation in the dependent variable M.P.D.(M.W) is explained by variations in M.P.V.(W.D.L.). In the same regression equation, the beta coefficient is $.1315420$, indicating that a variation of one unit of M.P.V(W.D.L.) will cause a variation of $.1315420$ units in the dependent variable M.P.D.(M.W.). These results indicate that although the attention given by the full bench to the incidence of strikes when considering variations in the minimum wage in period 2 is miniscule, it is still slightly more than that paid to the incidence of strikes in period 1, which incorporates the wage indexation period. However, it is possible that this effect may be due to the reduction from 21 cases in period 1

to 14 cases in period 2.

It can therefore be concluded that, for period 2, hypothesis I.R.1 is refuted due to an apparent absence of consideration for the incidence of industrial unrest by the Full Bench of the Conciliation and Arbitration Commission in the course of National Wage Case hearings.

Hypothesis I.R.1 Observations Period 3 1956 - March 1975.

Dependent variable M.P.D.(M.W.) Independent variable M.P.I(W.D.L.).

Comment 7 The Pearson correlation is $-.7312$, which strongly refutes hypothesis I-R and confirms its inverse, namely, that the full bench would respond to a positive value of M.P.I(W.D.L) with a negative value of M.P.D.(M.W), which strongly contradicts the hypothesis I.R1. It might therefore be said that the postulated relationship may be considered spurious, if the results of controlling for both M.P.V (productivity) and M.P.D.(.A.W.) are considered.

The refutation of hypothesis I.R.1 for period three is borne out by the Beta coefficient of the independent variable M.P.V.(W.D.L) of $-.4392240$ which indicates that a variation in dependent variable M.P.D.(M.W.) of a given polarity, and of $.439224$ units in magnitude, will coincide with a variation of one unit in the independent variable ^{is} of the opposite polarity. This contradicts hypothesis I.R.1 which postulates that positive values of M.P.V.(W.D.L) will tend to coincide with an above inflation minimum wage award, and negative values of M.P.D.(W.D.L.) coincides with below inflation minimum wage awards. The antithesis is thus confirmed, in which positive values of M.P.V.(W.D.L) coincide with below inflation increases and vice versa.

Adding M.P.V.(W.D.L) to the regression equation for period three increments the coefficient of determination by $.53462$

which indicates that variations in independent variable M.P.V.(W.D.L) coincide with 53.462 per cent of the variations of dependent variable M.P.D.(M.W), which indicates the high relative strength of the inverse relationship between M.P.D.(MW) and M.P.V(W.D.L). It can thus be concluded that hypothesis I.R.1 is refuted and the opposite holds.

Comment? Interpretation?

Economic Hypothesis E.1

Hypothesis E.1 That negative marginal percentage differences between the minimum wage award and inflation will coincide with positive values of M.P.V.(C.P.1). At times when there is a positive value of M.P.V.(C.P.1), the Full Bench will award a minimum wage increase below the increase in inflation, such that the value for the dependent variable M.P.D.(M.W.) will be negative. When M.P.V.(C.P.1) is negative, then the Full Bench may award an above inflation minimum wage increase, such that there is a positive value of M.P.D.(M.W.).

Observations and Conclusions Period 1 21 cases 1956-1976 inclusive.

The Pearson correlation coefficient between the independent variable M.P.V.(C.P.1) and the dependent variable M.P.D.(M.W.) is .2033. The positive polarity of this coefficient indicates that a positive value of the independent variable M.P.V.(C.P.1) coincides with a positive value of dependent variable M.P.D.(M.W.), refuting hypothesis E.1, which postulates that a positive value of M.P.V.(C.P.1) would coincide with a negative value of the dependent variable M.P.D.(M.W.). On the basis of the Pearson correlation coefficient, it could be said that hypothesis E.1. is refuted.

Analysis of the partial correlation coefficients indicates that there are no exogenous independent variables, significantly affecting the relationship between independent variable MPV(C.P.1) and independent variable MPV(MW).

The magnitudes of the partial correlation coefficients vary from .1114 when controlling for the effects of M.P.D.(A.W.) in the quarter prior to the National Wage Case, to a maximum of .3974, when controlling for the effects of M.P.V. (unemployment). This means that, in response to an increase in inflation, the Full Bench would award a minimum wage increase

It's not high inflation but increasing inflation.

such that the value of M.P.D.(M.W.) is positive. However, a marginal percentage increase in unemployment, as indicated by a positive value of MPV(unemployment), would probably coincide with a positive value of M.P.V.(C.P.1), since the Pearson correlation coefficient between M.P.V.(C.P.1) and M.P.V (unemployment) is .5694. Perceiving the rise in

But they didn't in fact act this way.

unemployment coinciding with the rise in inflation, the Full Bench would hesitate to award an above inflation minimum wage increase for fear of increasing unemployment. Moreover, in times of rising unemployment, the ability of the unions to bargain for above inflation minimum wage increases would be diminished. Thus the restraining influence of

Can you suggest an explanation for your main finding?

MPV(unemployment) holds the correlation coefficient between MPD(MW) and MPV(CP1) at a lower magnitude. Controlling for the effects of this restraining influence would increase the magnitude of the coefficient to .3974. The net effect of controlling for all exogenous independent variables is a partial correlation coefficient of .3133, which could indicate the strength of the impact of M.P.V. (unemployment) in relation to the other variations.

The increment to the coefficient of determination, ², generated by including M.P.V.(C.P.1) in the regression equation for period 1 is .07771, indicating that M.P.V.(C.P.1) determines ^{7.71%??} .07771 per cent of the variations in dependent variable M.P.D.(M.W), which accounts for 31 percent of the total of 2.239 percent of variations in M.P.D.(M.W) caused by the combined effects of all the independent variables. The beta coefficient of M.P.V(C.P.1) is .4313, indicating that a variation of one unit in independent variable M.P.V(C.P.1) would cause a variation of .4313 units in M.P.D.(M.W), the independent variable.

It can thus be concluded that hypothesis E1 is refuted and its converse is true, namely, that a positive value of MPV(CP1) will coincide with a positive value of dependent variable M.P.D.(M.W). M.P.V.(C.P.1) contributes to one third of the variation in M.P.D.(M.W) caused by all the independent variables combined, which is miniscule. ??

Hypothesis E.1 Period 2 1956-1975 - Excluding Wage Indexation

The Pearson correlation between dependent variable M.P.D.(M.W.) and M.P.V (C.P.1) for period 2 is .2511, which indicates that there is a slight tendency for the Full Bench to respond to a positive value of M.P.V.(C.P.1), with an above inflation increase in the minimum wage such that M.P.D.(M.W) has a positive value, thus refuting hypothesis E1, and confirming its antithesis, namely that a positive value of M.P.V.(C.P.1) coincides with a positive value of M.P.D.(M.W). The relationship between M.P.D.(M.W.) and M.P.V.(C.P.1) in period 2 is similar to that for period 1. The elimination of the data for the National Wage Cases under the wage indexation guidelines has not made a major difference to the relationship between dependent variable M.P.D.(M.W.) and independent variable M.P.V.(C.P.1).

The Partial Correlation coefficients range in magnitude from a minimum of $-.0192$, when controlling for M.P.D.(A.W), to a maximum of $.4228$ when controlling for the effects of MPV (unemployment). Controlling for all exogenous independent variables produces a partial correlation coefficient of $.0800$. Which?

The partial correlation coefficient of $-.0192$ could be said to indicate that dependent variable M.P.D.(M.W) varies with M.P.V.(C.P.1) mainly because M.P.D.(A.W.) varies along with both the dependent variable M.P.D.(M.W.), with a correlation coefficient of $.5379$, and with M.P.V.(C.P.1),

with a correlation of .4929. This set of relationships seems to indicate that, for period 2, hypothesis E1 postulates a spurious relationship.

It could be argued that controlling for M.P.D.(A.W.) could be methodologically debatable, since increases in the average wage probably contribute to increases in the consumer price index, thus rendering M.P.D.(A.W.) an intervening variable. *X* ~~M.P.D.(A.W.)~~ *AW → CPI → MW*

However, it should be considered that average wage increases are not the sole factor determining the nature of increases in the consumer price index. Autonomous increases in prices, both in terms of local production and imported goods, play a significant role. Since the extent to which M.P.D.(A.W.) is an intervening variable is uncertain, its effects were controlled for for explanatory purposes.

The partial correlation coefficient of .4248 achieved by controlling for M.P.V. (unemployment) is a substantial increase on the Pearson correlation coefficient of .2511. This difference might indicate that if not for fear of causing increases in unemployment, the Full Bench would award above inflation minimum wage increases so that the value of dependent variable M.P.D.(M.W.) would be ^{But it is positive} positive. This _{even more?} observation is borne out by the correlation coefficient between M.P.D.(M.W.) and M.P.V.(unemployment) would coincide with a negative value of M.P.D.(M.W.). This indicates the Full Bench's desire to counterbalance the coincidence between increases in inflation and increases in unemployment, as indicated by a correlation coefficient of .3666.

Same words left out?

The foregoing indicates that, although the sign of the correlation coefficient is positive, refuting hypothesis E1, the effects of factors such as MPV(unemployment) reduces

the magnitude of the coefficient towards zero and negative signs, which, if accompanied by magnitudes above .1000, would indicate slight confirmation of hypothesis E1.

Controlling for the combined effects of M.P.D.(A.W.) and M.P.V.(productivity) produces a partial correlation coefficient of $-.2048$, which indicates that a positive value of M.P.V.(C.P.1) coincides with a negative value of the dependent variable M.P.D.(M.W.), thus confirming hypothesis E.1. However, this is subject to doubts about M.P.D.(A.W) being an intervening variable, and should be regarded cautiously.

The increment to the overall coefficient of determination caused by adding M.P.V.(C.P.1) to the regression equation for period 2 is $.00240$, which indicates that M.P.V.(C.P.1) contributes 0.24 percent of the variation in the dependent variable M.P.D.(M.W) out of a total of 62 percent of variation in M.P.D.(M.W.) accounted for by all the independent variables combined. The Beta coefficient for M.P.C.(C.P.1) is $.0695290$, which indicates that a variation of one unit in MPV(C.P.1) will cause a variation of $.0695290$ units in dependent variable M.P.D.(M.W).

Thus it can be concluded that hypothesis E1 is refuted due to the fact its antithesis is slightly confirmed, as well as the fact that a number of partial correlation coefficients indicate that hypothesis E1 may postulate a spurious relationship between the dependent and independent variables. The situation in both periods one and two regarding the relationship between M.P.V.(C.P.1) and dependent variable M.P.D.(M.W.) is similar. However, the removal of the wage indexation cases from the data causes the contribution of M.P.V.(C.P.1) to the variations in dependent variable

... which, if accompanied by magnitudes above 1.000, would indicate slight correlation of hypothesis E1. Controlling for the combined effects of M.P.V.(C.P.1) and M.P.V.(C.P.2) produces a partial correlation coefficient of -.00248, which indicates that a positive value of M.P.V.(C.P.1) coincides with a positive value of the dependent variable M.P.V.(C.P.2), thus confirming hypothesis E1. However, this is subject to doubt about M.P.V.(C.P.1) being an intervening variable, and should be regarded cautiously.

The increment in the overall coefficient of determination is obtained by adding M.P.V.(C.P.1) to the regression equation. The partial coefficient is .00248, which is less than the partial coefficient of the variable in the dependent variable M.P.V.(C.P.2) of .0248, indicating that the independent variable in M.P.V.(C.P.1) accounts for less than all the independent variation in M.P.V.(C.P.2).

With weak indication
MPD(MW) is 0 (full indication of MW)
or less (partial indication of MW)

So there could not be positive values of MPD(MW)

... the fact that a number of partial correlation coefficients indicate that hypothesis E1 may postulate a spurious relationship between the dependent and independent variables. The situation in both parties one and two regarding the relationship between M.P.V.(C.P.1) and dependent variable M.P.V.(C.P.2) is similar. However, the removal of the spurious indication cases from the data causes the correlation of M.P.V.(C.P.1) to the variations in dependent variable

MW=CPI

M.P.V.(C.P.I) to decrease, indicating that M.P.V.(C.P.I) must have played a significant part in the variation in M.P.D.(M.W.) during the wage indexation periods which is only to be expected, since the basis of the wage indexation guidelines was the increase in inflation as measured by the C.P.I.

Hypothesis E1 Period 3 - Observations and Conclusions.

The Pearson correlation between dependent variable M.P.D.(M.W) and independent variable M.P.V. (C.P.I) is .1550, indicating that there is a slight relationship. The positive polarity of the coefficient indicates that positive values, rather than negative values as postulated by hypothesis E1, of M.P.V.(C.P.I) coincides with positive value of dependent variable M.P.D.(M.W.), and negative values coincide with negative values. This indicates that hypothesis E1 is refuted, if the Pearson correlation coefficient is considered by itself.

The partial correlation coefficients range from a minimum of .0589 when controlling for M.P.V. (unemployment) to -.5161 when controlling for both M.P.D. (A.W.) and M.P.V.(W.D.,L) The negativity of some of the partial correlation coefficients confirm hypothesis E1, and there are some positive partial correlation coefficients which refute hypothesis E1.

Controlling for M.P.V.(unemployment) reduces the correlation coefficient to .0539, which indicates that the dependent variable M.P.D.(M.W) is related to independent variable M.P.V.(C.P.I) mainly because they are both correlated with M.P.V. (unemployment. M.P.V.(C.P.I), the independent variable, correlates to M.P.V.(unemployment) with a coefficient of .4157, and dependent variable M.P.D. (M.W) correlates to M.P.V. (unemployment, with a coefficient, of .2480. The relationship via M.P.V. (unemployment) is stronger than the direct relationship between M.P.D.(M.W.) and M.P.V (C.P.I),

Surely these low values must make you wonder about your concepts and/or calculations. ~~I would have expected~~

so that for period 3, the relationship postulated by hypothesis E1 may be regarded as spurious. There are some partial correlation coefficients of positive polarity, which refute hypothesis E1, while those of negative polarity tend to support hypothesis E1.

Adding M.P.V.(C.P.I) to the regression equation for period three increments the coefficient of determination by .07526, which means that 7.5 percent of the variation in the dependent variable M.P.D.(M.W.) coincides with variation in the independent variable M.P.V. (C.P.I). The beta coefficient for M.P.V.(C.P.I) in period three is - .4512, which indicates that an increase of one unit in independent variable M.P.V. (C.P.I) coincides with a decrease of - .4512 units in independent variable M.P.D. (M.W.), and a one unit decrease in M.P.V.(C.P.I) coincides with .4512 units increase in M.P.D.(M.W). This negativity of the Beta coefficient supports hypothesis E1, which postulates that marginal percentage increases in the C.P.I. should coincide with below inflation minimum wage awards by the Full Bench, and net decreases in the C.P.I should coincide with above inflation minimum wage awards by the Full Bench. Thus, if considering the Pearson and partial correlation coefficients, it might be concluded that hypothesis E1 is refuted. If the Beta coefficient is considered, it can be concluded that hypothesis E1 is confirmed. Since there are only six cases evaluated in period three, with all the potential inaccuracy that this implies, both conclusions should be regarded with caution, even though the six cases are regarded as comprising a statistical universe.

There are no above inflation increases in MW during a period of inflation.

But the beta coefficient is the partial correlation controlling for all the other indep variables in the regression equation

Economic Hypothesis

Hypothesis E.1. That the Full Bench will be more inclined to grant an above inflation minimum wage increase, such that the value of dependent variable M.P.D.(M.W) is positive when the M.P.V (productivity) of labour, or internal rate of return of labour, is positive. In other words, the Full Bench is more likely to grant real wage increases if, in the quarter prior to the increase in the minimum wage, there is a real increase in productivity such that M.P.V. (productivity) is positive. In other words, positive values of M.P.V(productivity) coincides with positive values of M.P.D.(M.W), the dependent variable.

Observations and Conclusion, Economic Hypothesis E2 Period 1
21 cases 1956-1976.

The Pearson correlation coefficient for the relationship between the dependent variable M.P.D.(M.W) and the independent variable M.P.V. (productivity) is .0544, the magnitude of which indicates that there is virtually no relationship between the dependent and independent variables. The conclusion to be drawn from this result is that, since the magnitude is not large enough to confirm the hypothesis, the hypothesis must stand refuted. *(Not convinced "is all you can say")*

The magnitudes of the partial correlation coefficients confirms the refutation of hypothesis E2, since none of the partial correlation coefficients is equal to or greater than .1000, which is the minimum value at which it is possible to hint at a relationship between the dependent and independent variables. When controlling for all exogenous independent variables, for example, the partial correlation coefficient is .0289.

Adding M.P.V (productivity) to the regression equation for period 2 causes an increment to the coefficient of determination of .00065, which indicates that M.P.V.

(productivity) accounts for .065 per cent of all variations in the dependent variable M.P.D.(M.W). The beta coefficient for M.P.D.(productivity) is $-.0271420$, indicating that an increase of one unit in M.P.V. (productivity) results in a decrease of .027142 units in dependent variable M.P.D.(M.W). It can thus be concluded that hypothesis E2 is disproved for period 1 because of the absence of a relationship between the dependent and independent variables. In other words, the Full Bench does not react in any specific manner to changes in productivity of labour when considering increases to the minimum wage.

Observations and Conclusions: Hypothesis E2 Period 2.

The Pearson correlation coefficient is .1839, which slightly confirms hypothesis E2. The partial correlation coefficients range in magnitude from .1264, when controlling for both M.P.C.^{V?} (C.P.I) and M.D.P.(M.W.lag), together, to a maximum of .5678 when controlling for the effects of both M.P.V. (unemployment) and M.D.P. (A.W) together. All these partial correlation coefficients, do, to some extent, indicate confirmation of hypothesis E2. The reason for the relatively high partial correlation obtained when controlling for both M.P.D.(A.W.) and M.P.V. (unemployment) is that there is a relationship between M.P.V. (unemployment) and M.D.P. (A.W.) indicated by a Pearson Correlation coefficient of $-.1177$, which indicates that a decrease in M.P.D.(A.W) will coincide with an increase in M.P.V. (unemployment). This inverse relationship is reflected in interactions with the independent variable M.P.V.(productivity). The correlation between M.P.V. (unemployment) and M.P.V.(productivity) is .4117, indicating that a positive value of M.P.V.(productivity) coincides with a positive value of M.P.V. (unemployment) whilst the correlation coefficient between M.P.V.(productivity)

and M.P.D.(average wage) is -12168 , indicating that ^{higher} positive values of M.P.V.(productivity) slightly coincide with ^{lower} ~~negative~~ values of M.P.D. (average wage).

Unclear
The strong relationship between M.P.D.(A.W) and M.P.D.(M.W), as illustrated by the magnitude of the Pearson correlation coefficient of .5379, is coupled inversely via the relatively weak correlation between M.P.V.(unemployment) and M.P.D.(A.W.), to the strong positive relationship between M.P.V.(unemployment) and independent variable M.P.V.(productivity).

Thus a net increase in productivity will coincide with an increase in M.P.V.(unemployment). However, this net increase in M.P.V.(unemployment) also coincides with a net decrease in the average wage. These coincidences occur in relation to the quarter immediately preceding that in which the minimum wage award is made. Therefore it appears that the presence of unemployment will reduce the willingness of the Full Beach to increase real wages following an increase in M.P.V.(productivity). Thus controlling for the link between M.P.V.(unemployment) and M.P.D.(M.W.) increases the magnitude of the correlation coefficient between the independent variable M.P.V.(productivity) and dependent variable M.P.D.(M.W.).

The Pearson correlation coefficient produced by controlling for all exogenous independent variables is .392275, which is in line with the above observations, and indicates slight confirmation of hypothesis E.2.

The increment to the coefficient of determination caused by adding M.P.V.(productivity) to the regression equation for period two is .09477, which indicates that variations in M.P.D.(productivity) contribute nine percent to all the variations of the dependent variable; M.P.D.(M.W). The beta coefficient for M.P.V.(M.W) is .5051642, which indicates that a one unit variation in M.P.V.(productivity) induces a variation of, in the same direction, of .5051642 units in

M.P.D.(M.W.). This indicates that net changes in labour productivity play a part in the deliberations of the full bench on the matter of increases in the minimum wage, although only a small part. Hypothesis E2, is, for period 2, thus confirmed, although slightly. A net increase in productivity of labour will have a slight influence in persuading the full bench to grant an above inflation minimum wage increase.

Hypothesis E2 Period 3 Observations and Conclusions.

The Pearson correlation of $-.6614$ is a strong refutation of hypothesis E2, indicating that a positive value of M.P.V.(productivity) will coincide with a negative value of the dependent variable M.P.D.(M.W.), while hypothesis E2 postulates that a positive value of the independent variable M.P.V.(productivity) coincides with a negative value of M.P.D.(M.W.), the dependent variable.

The absolute magnitudes of the partial correlation coefficients range to $-.9592$ or when controlling for both M.P.D.(A.W) and M.P.V.(unemployment), together. Controlling for these two variables together also produced the highest partial correlation coefficient in period one. The Pearson correlation coefficients between M.P.D.(A.W.) and M.P.V.(unemployment) are relatively low, but they are strongly correlated to the independent variable M.P.V (productivity) and dependent variable M.P.D.(M.W.). Controlling for the variables pair MPV(unemployment and M.P.D.(A.W) causes a substantial increase in the coefficient correlating the dependent and independent variables. M.P.V.(unemployment) correlates to independent variable M.P.V.(productivity) with a coefficient of $-.5450$, and M.P.D.(A.W.) correlates to M.P.V.(productivity) with a coefficient of $.4924$.

Thus, a negative value of M.P.V.(unemployment) coincide with a positive value of M.P.D.(M.W), the dependent variable, which reduces the correlation between dependent variable M.P.D.(M.W) and the independent variable M.P.V.(productivity). Controlling for the pair of variables M.P.V.(unemployment) and M.P.D.(A.W.) eliminates this dampening influence, raising the correlation coefficient to - .9592.

Independent variable M.P.V.(productivity) correlates strongly to M.P.V.(W.D.L), as does dependent variable M.P.D.(M.W.) with coefficient of .6878 and - .7312, both of which are greater than the correlation coefficient between M.P.D.(M.W.) and M.P.V.(productivity) of -.6614. It might be said that, to some extent, dependent variable M.P.D.(M.W) varies with independent variable M.P.V.(productivity) mainly because they both correlate strongly with M.P.V.(W.D.C). Controlling for M.P.D.(W.D.L) reduces the co-efficient with which M.P.D(M.W) correlates M.P.V.(productivity) to -.3312. The negativity of the partial correlation coefficients, suggests that a positive value of M.P.V.(productivity) may coincide with a below inflation minimum wage award, instead of an above inflation minimum wage award as postulated by hypothesis E2. The same effect holds for a positive value of M.P.V.(productivity) coinciding with a positive value of M.P.V.(W.D.L), which strongly correlates with a below inflation minimum wage award.

This is borne out by a beta coefficient of M.P.V.(productivity) of -.6701754, which indicates that a one unit increase in MPV(productivity) would coincide with a decrease of .6701754 units in dependent variable M.P.D.(M.W), which would probably be a manifestation of a below inflation minimum wage award. Adding M.P.V.(productivity) to the regression.

equation for period three increments the coefficient of determination by .08618 units, indicating that 8.618 percent of variations in dependent variable M.P.D.(M.W.) coincide with variation in independent variable MP.V.(productivity).

The conclusion can therefore be drawn to the effect that hypothesis E.2, which postulates that a positive value of MPV(productivity) coincides with above inflation minimum wage awards, is refuted in favour of an antithesis postulating a below inflation minimum wage award coinciding with a positive value of M.P.V.(productivity). This may be due to the diminishing marginal rate of return of labour during period three, coupled with rising inflation, prompting the Full Bench to award at or above inflation minimum award wages in accordance with the wage indexation guidelines.

Economic Hypothesis 3.

Hypothesis E.3. That the M.P.V. (unemployment) will vary inversely with the dependent variable M.O.D.(M.W.), such inverse variation being manifested by negative values of M.P.V. (unemployment) coinciding with positive values of the dependent variable M.P.D.(M.W.). In other words, a net decrease in unemployment in the quarter immediately preceding the award of the minimum wage increase will coincide with a ~~net increase in the~~ minimum wage above inflation. Conversely, a net increase in unemployment will probably occur in the quarter preceding the granting of a below inflation minimum wage increase.

Hypothesis E 3 Period 1 21 cases Observations and Conclusions.

The negative sign of the Pearson correlation coefficient of -.2046 indicates confirmation of the hypothesis E3, in that positive values of M.P.V.(unemployment) coincide with negative values of the dependent variable

Is this right?

This should be put the other way round. Dep Var will vary inversely with the Ind Var.

No. Higher values of MPV (unemployment) are likely to coincide with lower values of MPD (M.W.)

M.P.D.(M.W.), and negative values of M.P.V.(unemployment) are likely to coincide with positive values of M.P.D.(M.W.). The magnitude of the Pearson correlation coefficient indicates, however, that the hypothesis E3 is only slightly confirmed.

The partial correlation coefficients vary in magnitude from a minimum of $-.0987$ when controlling for both M.P.D.(A.W) and M.P.I(W.D.L.), together, to a maximum of $-.4153$ when controlling for the effects of both M.P.D.(M.W.) and M.P.V.(C.P.I.) Although, in relative terms, the magnitude of the partial correlation coefficient of $-.0987$ is a minor reduction from the magnitude of the Pearson correlation coefficient of $-.2046$, it may be attributed to the strength of the correlation between the independent variable M.P.V.(unemployment) and M.P.V.(C.P.I) as indicated by a Pearson correlation coefficient of the magnitude of $.5694$, and to the correlation between M.P.V.(C.P.I) and M.P.D.(A.W) of $.2926$, and to the correlation coefficient of $.3302$ between M.P.D.(A.W) and the dependent variable M.P.D.(M.W). Thus there is an indirect chain of three correlation coefficients linking the independent variable M.P.V.(unemployment) to the dependent variable M.P.D.(M.W). Each of the correlation coefficients involved in this chain of relationships is greater in magnitude than the direct correlation between M.P.V.(unemployment) and M.P.D.(M.W.) of $-.2046$. It might therefore be suggested that M.P.V.(unemployment) varies with M.P.D.(M.W.) mainly because both the dependent and independent variables vary with the pair of variables M.P.D.(A.W) and M.P.V.(C.P.I). Thus the hypothesized relationship might be said to be spurious when controlling for these variables.

The highest magnitude observed in the partial correlation coefficients is obtained when controlling for both M.P.V.

(W.D.L.) and M.P.D.(A.W) together, is $-.4153$. This can be attributed to a chain of correlation coefficients such that the partial correlation coefficient between the independent variable M.P.V.(unemployment) and the dependent variable M.P.D.(M.W.) is $-.4389$. Between M.P.V.(W.D.L.) and M.P.D.(A.W) the Pearson correlation coefficient is $.3302$. Each of the coefficients in the chain is greater in magnitude than the Pearson correlation coefficient between the independent variable M.P.V.(unemployment) and the dependent variable M.P.D.(M.W.). The presence of negative correlation coefficient in the chain of coinciding relationships and their dispersion therein, indicates an inverse relationship via the chain of coefficients. Thus a net increase in unemployment coincides with a net decrease in the number of working days lost through strike action, which coincides with a net increase in the average wage. Thus a coincidence of increasing unemployment, increasing average wages and a decrease in the number of working days lost through strike action, ~~will~~ tempt the full bench to award a below inflation minimum wage increase. Controlling for all exogenous independent variables produces a partial correlation coefficient of $-.1575$, which fits in with the above observations.

Are you assuming Period 1?

Adding the variable M.P.V.(unemployment) to the regression equation for period 2 produces an increment to the coefficient of determination of $.02158$, which indicates that net movements in unemployment determine 2 per cent of the total variations in the dependent variable M.P.D.(M.W.). The beta coefficient of $-.4068871$ indicates that an increase of one unit of unemployment will cause a decrease of $.4068871$ units in M.P.D.(M.W.), thus confirming hypothesis E3 in period one. Thus, it can be concluded that a negative value of M.P.D.(M.W.) may coincide with a positive value of M.P.V.(unemployment).

Economic Hypothesis E3 - Period 2 Observations and Conclusions.

The Pearson correlation coefficient between the independent variable M.P.V.(unemployment) and M.P.D.(M.W.), the dependent variables is $-.3321$. The magnitude and the negative sign of this coefficient indicates that hypothesis E3 is slightly confirmed. The Pearson correlation coefficient of $-.3321$ for period 2 is slightly higher than that for period one, $-.2046$, as is the case with the partial correlation coefficients. This could be due to the fact that period 1 covers 21 cases, whereas period 2 covers 14 cases.

The magnitude of the partial correlation coefficients range in magnitude from a minimum observed value of $-.1147$ when controlling for both M.P.D.(A.W.) and M.P.V.(W.D.L.) together, to a maximum observed value of $-.5575$, when controlling for M.P.V.(C.P.I) and M.P.V.(productivity) together. Controlling for the pair of variables M.P.V.(C.P.I) and M.P.V.(productivity) also achieves the maximum observed correlation coefficient in period one, indicating that the removal of the data for the national wage cases operating under the wage indexation guidelines does not drastically alter the inter-relationships between variables.

The Pearson correlation coefficient between the independent variable M.P.V.(unemployment) and M.P.V.(W.D.L) is $-.6405$, and that between M.P.V.(W.D.L) and M.P.D.(A.W.) is $.3363$, and between M.P.D.(A.W.) and the dependent variable M.P.D.(M.W) it is $.5379$. This indicates that the relationship between the dependent and independent variables is stronger through the pair of variables M.P.V.(W.D.L) and M.P.D.(A.W) than through the direct Pearson correlation coefficient between the independent variable M.P.V.(unemployment) and the

dependent variable M.P.D.(M.W.), which is $-.3321$. This means that the independent variable M.P.V.(unemployment) varies with the dependent variable M.P.D.(M.W.) mainly because both the dependent and independent variables vary with the pair of variables M.P.D.(A.W.) and M.P.V.(W.D.L.). This might be said to render the direct relationship between M.P.D.(M.W.) and M.P.V. (unemployment) spurious. This was also the case for period 1 when the variables M.P.D.(A.W) and M.P.V.(W.D.L) were both controlled for together. The net relationship of these 'bypass' correlations, in both instances, is the same as that for the direct Pearson correlation coefficient, which has a negative sign. In other words, during period two, a negative value of MPV(unemployment) would tend to precede a decision by the full bench to award an increase in the minimum wage such that the value of M.P.D.(M.W.) is positive, which ^{means} ~~is consistent with~~ an above inflation minimum wage increase. If the relationship between M.P.D.(M.W) and M.P.V.(unemployment) could be said to be spurious, there could not be any implications of a causative relationship between MP.D.(M.W.) and M.P.V.(unemployment). Instead, it could be suggested that the negative value of M.P.V.(unemployment) coincides with the positive value of M.P.D.(M.W.) for the same reasons that a negative value of M.P.V.(unemployment) coincides with positive values of M.P.V.(W.D.L) which in turn coincides with a negative value of M.P.D.(A.W.), in turn coinciding with a positive value of the dependent variable M.P.D.(M.W.). Thus a marginal decrease in unemployment coincides with an above inflation minimum wage award for probably the same reasons that a marginal decrease in unemployment coincides with net increase in the number of working days lost through industrial disputes which coincides with a below inflation increase observed in

What are these reasons?

the average wage, which might precede the granting of an above inflation minimum wage increase. The magnitudes of the correlation coefficients suggest that the direct coincidences between the changes in independent variable M.P.V.(unemployment and dependent variable M.P.D.(M.W) is weaker than relationships via M.P.D.(A.W.) and M.P.V.(W.D.L).

The probable reasons why controlling for the effects of M.P.V.(C.P.I) and M.P.V.(productivity) causes the magnitude of the correlation coefficient to increase are twofold, but related. In the first instances, there are the correlations between each of M.P.V.(productivity) and MP.V.(C.P.I) on the independent variable M.P.V.(unemployment), as indicated by correlation coefficients of .4119 and .3666 respectively. Secondly, there is the effect of the string of correlation coefficients in parallel with the direct Pearson Correlation coefficient between the independent variable M.P.V.(unemployment) and the dependent variable M.P.D.(M.W.), such that the correlation between M.P.V.(productivity) is .4119, between M.P.V.(productivity) and M.P.V.(C.P.I) it is .2508, and between MP.V.(C.P.I) and the dependent variable M.P.D.(M.W) it is .2410. Thus a marginal decrease in unemployment will coincide with a marginal decrease in productivity, which will coincide with a marginal decrease in inflation, which in turn coincides with a below inflation minimum wage award. This is in contrast with, and offsets, the coincidence between negative values of the independent variable M.P.V.(unemployment and a positive value of the dependent variable M.P.D.(M.W.), Thus, where there are, in parallel, direct and indirect relationships indicated by correlation coefficients of opposite polarities, i.e. positive and negative, the direct Pearson correlation coefficients between the dependent and independent variables are effectively reduced in magnitude. Thus, controlling for the variables constituting the indirect relationship, M.P.V.(C.P.I) and M.P.V.(productivity) would have the effect of removing the offsetting influence and

thereby raising the magnitude of the correlation coefficient to, in this case, $-.5575$.

Adding M.P.V.(unemployment) to the regression equation for period 2 causes the coefficient of determination to be incremented by $.18396$, indicating that, for period 2, change in unemployment induce 18 per cent of the variation in the dependent variable M.P.D.(M.W.). The beta coefficient for M.P.V.(unemployment) in period 2 is $-.4121725$, indicating that an increase of one unit in M.P.V. (unemployment) induces a variation of $-.4121725$ units in dependent variable, thus confirming hypothesis E.3, namely, that net increase in M.P.V.(unemployment) will induce a net decrease in the value of MPD(MW).

Economic Hypothesis E.3 period 3 3/75 to 11/76 (Wage Indexation).

Observations:

The Pearson correlation coefficient is $.2480$ which indicates that there is a positive relationship between the independent variable M.P.V.(unemployment) and M.P.D.(M.W.), the dependent variable. In this situation, a negative value of M.P.V. (unemployment) would coincide with a negative value of dependent variable M.P.D.(M.W.). As the hypothesis postulates that the polarity of the coefficient of correlation between M.P.V.(unemployment) and MP.D.(M.W.) be negative, the hypothesis is refuted, on the basis of the characteristics of the Pearson correlation coefficient.

The partial correlation coefficients are diverse in character, with correlation coefficients having negative and positive polarity present. The negative correlation coefficients range in magnitude from a minimum of $-.0347$

when controlling for both M.P.V.(C.P.I) and M.P.V.(.W.D.L) together, to a maximum of $-.8849$ when controlling for M.P.D.(A.W.) and M.P.V.(productivity). The latter is also the correlation coefficient with the maximum observed magnitude of all period 3 partials when analysing hypothesis E.3. The positive partial correlations range in magnitude from $.0855$ when controlling for both M.P.D. (M.W.lag) and M.P.V.(productivity) to a maximum of $.8422$ when controlling for both M.P.D (M.W.lag) and M.P.V.(C.P.I). As there are two partial correlation coefficients below $.1000$, while the pearson correlation is $.2480$, it might be assumed that for the six cases in the period March 1975, hypothesis E.3. postulates a spurious relationship. This suggestion is based on the assumption that none of the variables controlled for are intervening variables. This assumption has been made for all three periods, since increases in unemployment could be due to structural causes, such as the introduction of automation, the transfer of an operation to a cheap labour area, or closure of firms due to competition from cheaper exports.

Considering that a spurious relationships are revealed twice, and the presence of various correlation coefficients having both positive and negative polarity, and since there are a wide range of magnitudes evident among the partials, it can be concluded that for the six cases in the wage indexation period during 1975 and 1976, hypothesis E3 is refuted.

Adding the independent variable M.P.V.(unemployment) to the regression equation increments the coefficient of determination by $.0618$, which indicates 6.18 per cent of the variations in the dependent variable M.P.D.(M.W.) coincide

with variations in the independent variable M.P.V. (unemployment). The beta value for independent variable M.P.V. (unemployment) is .413862, which indicates that an increase of .413862 units in the dependent variable M.P.D.(M.W.) coincides with an increase of one unit in the independent variable M.P.V.(unemployment). This does not agree with hypothesis E3 which postulates that a net increase in unemployment, manifested as a positive value of M.P.D. (unemployment), coincides with a below inflation minimum wage award, manifested as a negative value of M.P.D.(M.W.). The reason for this is that, during period three, the main influence on M.P.D.(M.W.) has been variations in M.P.D.(W.DL), which accounts for 53.462 per cent of the variation in M.P.D.(M.W.), compared to the 6.18 per cent for M.P.V. (unemployment). This supports the conclusion that for all practical purposes, hypothesis E.3. is refuted in period three.

Political Hypothesis 1 - P1.

The Full Bench is more likely to award an above inflation minimum wage increase when a party sympathetic to the Labour movement, such as the Australian Labour Party, is in office, than when a pro-employer and anti-union party such as the Liberal Party is in government.

Observations:

Presented overleaf is the data for the minimum wage cases, classified according to the political party which was in the federal government in Canberra. Listed are the unstandardized values of the MPV(MW), MPV(CPI) and the difference between MPV(MW) and MPV(CPI), which is MPD(MW). These are listed in Table A. Since the political party in power is a nominal type datum, which is not amenable to Pearson correlation analysis, simple percentages are used as a basis of comparison. The percentages of the minimum wage increases are cross tabulated with the political parties in Table B.

(73)

TABLE A.

CASE. MARGINAL PERCENTAGE MARGINAL PERCENTAGE MD(M).
VARIATION IN MINIMUM VARIATION IN INFLATION.
WAGE.

LABOUR GOVERNMENT.

1973	18	6	12.00
1974	13	14	- 1.00
1975	12	6	6.00
1975	5	4	1.00
1975	4	4	0.00

LIBERAL GOVERNMENTS.

1956	0	0	0.00
1957	- 104	5.0	-99.00
1958	- 2944	2.0	-2942
1959	2.0	2.0	0.0
1961	6.0	8.0	- 2.0
1964	4.0	1.0	3.0
1966	7.0	8.0	- 1.0
1967	6.0	3.0	3.0
1968	18.0	3.0	15.0
1969	9.0	3.0	6.0
1971	9.0	6.0	3.0
1972	10.0	8.0	2.0

Is this possible?

LABOUR GOVERNMENT 1973, 1974, 1975.

1976	6.0	6.0	0.0
1976	6.0	3.0	3.0
1976	3.0	3.0	0.0
1976	3.0	2.0	1.0

(74)

TABLE B.

	<u>BELOW INFLATION.</u>	<u>AT INFLATION.</u>	<u>ABOVE INFLATION.</u>	
LABOUR	20%	20%	60%	100%
LIBERAL	26.66%	20%	53.33%	100%
OVERALL	33.33%	26.66%	40.01%	100%

Conclusions: Hypothesis P.1.

As can be observed, 60 per cent of the increases were above inflation under Labour and 53.3 per cent were above inflation under the Liberal Governments, and, complementarily, 26.6 per cent of the minimum wage awards were below inflation when the Liberal Party was in government, as compared to 20 per cent when the Labour Party was in government. On the fact of it, hypothesis P.1. would seem to be slightly confirmed. However, this slight confirmation of the hypothesis that above inflation minimum wage increases are more likely to occur when the Labour Party is in government, should not be taken as an indication that this party being in government in any way causes or influences the Full Bench of the Conciliation and Arbitration Commission to award above inflation increases. This is because the Australian Labour Party was in government for, approximately, only 25% of the wage hearings, whilst 75% of the minimum wage hearings took place whilst the Liberal Party was in government. The differences between the percentages of the minimum wage awards which are above and below inflation, may be caused by changes in the economic variables, such as MPV(GDP). If 75 per cent of the National Wage Cases had taken place while the Australian Labour Party was in government, instead of the Liberal Party, the percentages of minimum wage increases awarded above inflation may well have been similar to those granted whilst the Liberal Party was in government.

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MULTIPLE REGRESSION EQUATIONS.

Multiple regression analysis is a technique which can be utilized to determine the degree of linear dependence of dependent variable M.P.D.(M.W.) on the six independent variables M.P.D.(M.W.lag), M.P.V.(C.P.I), M.P.D.(A.W.), M.P.V.(unemployment), M.P.V.(W.D.L.) and M.P.V.(productivity).⁽¹²⁾ The concern is with the strength of the dependence, or equivalently, with the amount of variation in dependent variable M.P.D.(M.W) that can be explained by linear dependence upon the six independent variables operating jointly. For this purpose, the multiple correlation coefficient R and the multiple coefficient of determination R^2 would yield the appropriate information. For period 1, incorporating all the 21 cases from 1956 to 1976 inclusive, the R^2 is .22390, indicating that 22.39 per cent of the variation in dependent variable M.P.D.(MW) is explained by the six independent variables M.P.V.(C.P.I.), M.P.D.(A.W), M.P.V.(unemployment), M.P.V.(W.D.L), M.P.D.(M.W.lag) and M.P.V.(productivity). *Significant?*

In order to predict the values of the dependent variable M.P.D.(M.W), the value of the constant A and the Beta values are employed to obtain the prediction regression equation, with which a predicted M.P.D.(M.W) value for any given combination of the independent variables M.P.D.(M.W.lag), M.P.V.(C.P.I), M.P.D.(A.W), M.P.V.(unemployment, M.P.V.(W.D.L) and M.P.V.(productivity). The generalized form of the regression equation is:-

but β ? this is correct

$$Y = a + b_1 \text{ Var 1} + b_2 \text{ Variable 2} + \dots + b_n \text{ Variable N.}$$

A is a constant which is added to each case and b_1, b_2, b_n are the β coefficients, which are standardized versions of the partial regression coefficients, which are measures of the influence of each independent variable upon the dependent variable with adjustments made for all other independent variables. In other words, the beta coefficient is the partial correlation coefficient achieved when controlling for all exogenous independent variables, which is the reason why it has been used when analysing the hypotheses concerning each independent variable. *1??*

The reason why a standardized impartial regression coefficient is used, is that each of the independent variables are measured in different unit. Therefore, it is difficult to determine the relative importance of each independent variable on the value of the partial regression coefficient, B, alone. Since the relative contribution of each independent variable is of interest, the Standardized Regression Coefficients, Beta, are used.

Other things being equal, the partial correlation coefficient β indicates that one standard deviation unit of change would introduce a change in the value of the dependent variable equal to the value of the B or Beta coefficient multiplied by the value of

You are comparing average deviation with Std deviation

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the particular independent variable.

The regression equation for period one is:-

$$\begin{aligned} \text{M.P.D. (M.W.)} &= 18.26 + .1465 \text{ (M.P.D. (A.W.))} - .4069 \text{ M.P.V. (unemployment)} \\ &+ .4384 \text{ M.P.V. (C.P.I.)} - .1252 \text{ (M.P.D. (M.W. lag))} \\ &+ .0423 \text{ M.P.V. (W.D.L.)} - .0271 \text{ M.P.V. (productivity)}. \end{aligned}$$

The overall accuracy of the prediction regression equation is reflected by the coefficient of determination R^2 , which indicates the proportion of variation explained by the variables in the regression equation, which, for period one, is 22.18 per cent. Prediction accuracy in absolute units is reflected by the standard error of estimate for the regression equation, which is the standard deviation of the residuals, which are the values of the differences between the actual and predicted values of the independent variables M.P.D. (M.W.). For period one the standard error of estimate is .2446, which indicates that, on the average, predicted M.P.D. (M.W.) scores will deviate from the actual M.P.D. (M.W.) by .2446 units on the M.P.D. (M.W.) scale.

The regression prediction equation for period two is as follows:-

$$\begin{aligned} \text{M.P.D. (M.W.)} &= 57.62 + .6601 \text{ M.P.D. (A.W.)} + .5051 \text{ M.P.V. (productivity)} \\ &- .4122 \text{ M.P.V. (unemployment)} \\ &- .2415 \text{ M.P.D. (M.W. lag)} + .1315 \text{ M.P.V. (W.D.L.)} \\ &+ .0695 \text{ M.P.V. (C.P.I.)}. \end{aligned}$$

The R^2 value is .62510, indicating that 62.51 per cent of the variation in dependent variable M.P.D. (M.W.) is explained by the variables in the regression equation for period two. The standard error of estimate for period two is .21651, indicating that, on the average, predicted M.P.D. (M.W.) scores will deviate from the actual M.P.D. (M.W.) by .21651 units on the M.P.D. (M.W.) scale.

For period three the regression prediction equation is:-

$$\begin{aligned} \text{M.P.D. (M.W.)} &= 15.36 - .4392 \text{ (M.P.D. (W.D.L.))} - .4512 \text{ M.P.V. (C.P.I.)} \\ &+ .6275 \text{ M.P.D. (A.W.)} - .6701 \text{ M.P.V. (productivity)} \\ &- .2316 \text{ M.P.D. (M.W. lag)} + .2562 \text{ M.P.V. (unemployment)}. \end{aligned}$$

The R^2 value is .7447, indicating that 74.47 per cent of the variation in the dependent variable M.P.D. (M.W.) is explained by the variables in the regression equation for period three. The standard error of estimate for the period three regression equation is .86296, indicating that, on the average, predicted M.P.D. (M.W.) values will deviate from the actual M.P.D. (M.W.) values by .86296 units on the M.P.D. (M.W.) scale.

In overall terms, the regression equation for period three explains more variance for period three than do the other two equations for their respective periods, but is least accurate of the three equations, because of the high value of the standard error of estimate. The regression equation for period two is the most useful of the three equations, because it explains a relatively high 62 per cent of the variance in dependent variable M.P.D. (M.W.) and has a relatively high level of accuracy, as indicated by the standard error of estimate

of .2446, but it only explains 22.18 per cent of the variance in M.P.D.(M.W.).

CONCLUSIONS.

The hypotheses which have been postulated, the observations which have been made in order to test these hypotheses and the conclusions concerning the refutation and confirmation of these, hypotheses, are summed up in the following table:-

Hypothesis	Period 1	Period 2	Period 3	Overall
Organizational Maintenance 1	Refuted	Refuted	Spurious	Refuted
Industrial Relations 1	Refuted	Refuted	Refuted	Refuted
Economic Hypothesis E1	Refuted Converse Slightly confirmed.	Refuted Converse Slightly confirmed.	Refuted	Refuted
Economic Hypothesis E2	Refuted	Slightly confirmed	Refuted	Refuted, except for Period 2.
Economic Hypothesis E3	Confirmed	Confirmed	Refuted	Confirmed
Organizational Maintenance Hypothesis OM2	Refuted	Refuted	Refuted	Refuted

The overall impression gained from examination of the conclusions derived from testing the hypotheses is, that with the exception of Economic Hypothesis E3, on the basis of the Pearson and Partial correlation coefficients, they have been refuted. Economic Hypothesis E3 is regarded as confirmed, in that two out of the three periods studied indicate that, with the exception of the wage indexation period, the Full Bench tended to abstain from awarding an above inflation minimum wage increase in the event of a marginal percentage increase in unemployment. The fact of rising unemployment and high inflation during the wage indexation period accounts for the refutation of hypothesis E3, in that the indexation guidelines rendered changes in the Consumer Price Index as the major factor, notwithstanding the rising number of unemployed persons. The need of the unions to seek to maintain the living standards of their members was apparently so great that they were willing to put a number of jobs at risk, in order to achieve this and so at the quarterly National Wage Case hearings, they pressed for full wage increases in line with C.P.I increases.

Organizational Maintenance Hypothesis O.M.1 has been found refuted, due to the low magnitudes of the Pearson and partial correlation coefficients, which were below .1000 in magnitude, indicating that no discernible relationship existed between the status of the given minimum wage award in regard to inflation and the status of the previous minimum wage increase. This was the case for both periods one and two. The Pearson correlation for period three, which represents the wage indexation period in isolation, indicated that there may be a slight relationship between a given and a previous minimum wage increase. However, controlling for increases in inflation, as indicated by MPV(CPI), indicated a stronger relationship, but it was argued that inflation is an intervening variable, since an increase in MPD(MWlag) contributes, in the period of quarterly wage indexation hearings, to the magnitude of MPV(CPI), which is the basis of the Full Bench decision as to the magnitude of the next minimum wage increase. Therefore, it is unwise to regard the correlation coefficient obtained by controlling for MPV(CPI) as an indication of relationship, but it does point out the highly probable extent to which the relationship between MPD(MWlag) and independent variable MPD(MW) depends on inflation, rather than any desire by the Full Bench to alternatively present above and below inflation minimum wage awards.

Nor does it seem, on the evidence considered, that the Full Bench regards minimum wage awards as a policy instrument for reducing industrial unrest. In periods one and two, which include and exclude the wage indication period respectively, there is no indication that, as far as the minimum wage award is concerned, the Full Bench adopts any identifiable attitude towards variations in the number of working days lost, since the Pearson correlation coefficient is less than .1000. In period three, in which the wage indexation cases are isolated, the Pearson correlation indicates that large increases in industrial unrest tends to coincide with below inflation minimum wage awards, which refuted hypothesis I.R.I. However, since controlling for MPV(productivity) and MPD(AW) together render the hypothesized relationship spurious, observations based on the Pearson correlation coefficient should be viewed with caution for period three. The probable reason for the non use of the minimum wage as an instrument of minimizing industrial unrest, is, that strikes usually concern wages and conditions of employment in specific industries and for specific occupation groups, sometimes based on issues such as over award payments, skill differentiation, demarcation disputes and dismissals, and occasionally political strikes occur, such as the nationwide general strike over the Medibank issue in late 1975. Since strikes are not directed at the minimum wage itself, it is plausible that the minimum wage variations in themselves, are not used as an instrument to control strikes. If the unions consider a minimum wage increase inadequate, they tend to campaign for wage

increases under individual industry awards, which the Commission handles separately, with each claim judged on its individual merits.

Economic Hypothesis E1, which hypothesizes that, as an inflation control measure, the Full Bench will award a below inflation minimum wage award if there is a marginal increase in inflation, is refuted and the converse is slightly confirmed for all periods, when wage indexation is included, excluded and isolated, on the basis of the Pearson correlation coefficients, although for period three, the beta coefficient seems to confirm the hypothesis. The probable reason for the fact that there is a slight tendency for the Bull Bench to grant above inflation minimum wage increases, is that it feels that it is morally obligated to pursue a policy involving wage justice, preservation of its control over wage fixation and, possibly minimization of wage related industrial disputes. To deny wage increases necessary for wages to keep pace with inflation, would mean unions seeking wage increases outside the Arbitration system, by direct negotiation backed up by strike action. Thus, although minimum wages may not be in direct response to previous industrial unrest, above inflation minimum wage awards may possibly be granted as a palliative to possible future industrial action.

*That
before is
highly
questionable*

Productivity has, at times, been mentioned by the Full Bench as a basis for decision making regarding prospective minimum wage increases. On the basis of the definition of the productivity of labour considered here, it would appear that this is not always necessarily the case, as can be concluded from analysis of period one Pearson and partial correlations, the low magnitudes of which are evidence of the invisibility or non existence of any substantial relationship between the productivity of labour and the status of the minimum wage in relation to inflation. Eliminating the cases heard under the wage indexation guidelines, causes a slight confirmation of the positive relationship between productivity increases and minimum wage increases to become evident. However, this may be a statistical effect due to the reduction in the number of cases. For period three, considering the wage indexation cases in isolation, the hypothesis is refuted and the converse seems to be true, which is that decreases in the productivity of labour coincide with above inflation wage increases. This is probably due to the diminishing marginal rate of return of labour during 1975 and 1976, caused by the increases in minimum and other wages and antiquated equipment. The probable reason for the apparent lack of concern for the whole period 1956 - 1976, is, that productivity increased at a faster rate than inflation - hence wages and the replacement cost of capital equipment also increased at a lower rate than productivity. Thus, productivity was for most of the period 1956 - 1976 not a major consideration and, therefore, there was little, if any, response by the Full Bench to variations in productivity, thus refuting hypothesis E2.

Neither do observations of the relationship between percentage increases in the average wage and MPD(MW) present evidence of an organizational maintenance motivation on the part of the members of the Full Bench. HypothesisOM2 postulates an inverse relationship between MPD(AW) and MPD(MW), but the polarity of the correlation coefficients indicate that the relationship is a direct one. Marginal percentage increases in the average wage tend to precede above-inflation minimum wage awards, rather than below-inflation minimum wage increases, when including and excluding the wage indexation data, which, when isolated and examined separately, indicate the absence of a meaningful relationship between variations in the average wage and variations in the minimum wage. Thus it can be concluded that the relationship between MPD(MW) and MPD(AW) does not demonstrate organizational maintenance motivation on the part of the Full Bench.

On the basis of the foregoing statistical analysis, it can be concluded that for the periods from 1956 - 1976, including and excluding the wage indexation period, that there is a tendency for the Full Bench to award below inflation minimum wage increases if there is a marginal percentage increase in unemployment, or if there is a marginal decrease in unemployment, the Full Bench may tend to award above-inflation minimum wage increases, thus confirming hypothesis E3. In period three, where the wage indexation cases are isolated, it appears that the Full Bench awards above-inflation minimum wage increases, despite marginal percentage increases in unemployment. This could be due to the fact that, in 1975 and 1976, inflation was rising with such speed that the unions were prepared to risk employment to the extent of maintaining their real wage and, therefore, they pressed the Full Bench to award at least a minimum wage increase of the same magnitude of the preceding inflation increase. Thus, in the long term perspective of basic and minimum wage increases over twenty years, it seems that the Full Bench may have given some attention to variations in unemployment, but in 1975 - 1976, when there were rapid increases in inflation, maintenance of real wages became the main priority for the Full Bench.

Although most of the hypotheses tested have been refuted, this does not mean that the research described has been a failure. The aim of this thesis has been to determine whether the Full Bench consistently adhered to given criteria when deciding the magnitude of the given minimum wage increase, and hence its relationship to the magnitude of the percentage increase, which has profound social and political implications. The hypotheses, as instruments, rather than as objects of research, have provided the framework for the analysis of relationships, from which the following conclusions have been derived:-

- a) The Full Bench of the Commonwealth Conciliation and Arbitration Commission has not consistently alternated above and below inflation minimum wage increases.
- b) The Full Bench has not, throughout the period 1956-1976, consistently awarded below-inflation minimum wage increases following above-inflation average wage increases, or above-inflation minimum wage increases following below-inflation average wage increases.
- c) There has been a slight tendency for the Full Bench to award above-inflation minimum wage increases following on from marginal percentage increases in inflation.
- d) Over the period 1956-1976, the Full Bench has not consistently awarded above-inflation minimum wage increases in response to marginal percentage increases in productivity, or below inflation minimum wage increases in response to marginal percentage decreases in productivity.
- e) Over the period 1956-1976, the Full Bench has not consistently awarded above inflation minimum wage increases in response to increases in working days lost through industrial action.
- f) There has been a tendency, in the years 1956-1976, for the Full Bench to award above inflation minimum wage increases following a decrease in unemployment and to award below inflation minimum wage increases following an increase in unemployment.
- g) It has been determined that 26.6 per cent of the minimum wage awards were below inflation when the Liberal Party was in government and 20 per cent were below inflation when the Australian Labour Party was in government. However, it should be noted that sixteen cases were heard whilst the Liberal Party was in government and five cases were heard whilst the Australian Labour Party was in government.

FOOTNOTES.

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10. HEALEY, Ibid, page 3.
11. Ibid.
12. Ibid.
13. The Commonwealth Conciliation and Arbitration Act 1964 - 1976; section 1. op. cit
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19. Ibid
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22. Ibid
23. Ibid page 320

FOOTNOTES (continued).

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29. Ibid p.325.
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34. Ibid p.631.
35. Ibid
36. Ibid
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39. Ibid
40. Ibid p.190.
41. Ibid
42. Ibid p.191.
43. Ibid p.193.
44. Ibid p.194.
45. Ibid p.195.
46. Ibid
47. Ibid Vol. 111 p. 106.
48. Ibid p.109.
49. Ibid p.113.
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51. Ibid p.115.
52. Ibid p.116.
53. Ibid
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COMMAND-logout
CPA TIME 40.924 SEC, 40.924 ADJ,
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200=N OF CASES UNKNOWN
210=VAR LABEL VAR2=HPD MM/
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230= VAR4=HPV CPL/
240= VAR5=HPD MM/
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260=ivar7,mrv udl/
270=ivar8,mrv productivity
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220=              VAR3=MPD HW LAB/
230=              VAR4=MPV CPL/
240=              VAR5=MPD AU/
250=              VAR6=MPV UNEMPLOYMENT/
260=              VAR7=MPV WFL/
270=              VAR8=MPV PRODUCTIVITY
280=COMMENT       SUBSTITUTING NEW VALUES FROM/
290=              INSTITUTE OF APPLIED ECONOMIC AND SOCIAL RESEARCH/
300=              THIS IS THE PURPOSE OF THE RECORD STATEMENTS.

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SAMPLE LISTING OF PROGRAM USED TO PROCESS DATA USED IN THIS THESIS

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100=IAJZE,AC144135869X.
110=REQUEST1.SVF,FILE,RPF.
120=9P9S.
130=CATALOG,SUF,FILE,NATWAGE.
140=KEDR
150=RUN NAME
160=FILE NAME
170=VARIABLE LIST
180=INPUT FORMAT
190=INPUT MEDIUM
200=N OF CASES
210=VAR LABELS
220=
230=
240=
250=
260=
270=
280=COMMENT
290=
300=
310=RECODE
320=
330=
340=
350=
360=
370=RECODE
380=
390=
400=
410=
420=
430=RECODE
440=
450=
460=
470=
480=
490=RECODE
500=
510=
520=
530=
540=
550=RECODE
560=RECODE
570=
580=MISsing VALUES
590=COMPUTE
600=COMPUTE
610=COMMENT
620=
630=COMPUTE
640=COMPUTE
650=COMPUTE
660=COMPUTE
670=COMPUTE
680=COMPUTE
690=COMPUTE
700=COMPUTE
710=COMPUTE
720=COMPUTE
730=COMPUTE

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NATIONAL WAGE CASE
NATWAGE
VAR1 TD VARB
FIXED(F4.1AF6.2,2F7.2,F7.2)
DARD
UNKNOWN
VAR2=MPJ HU/
VAR3=MPJ HU LAG/
VAR4=MPJ-CPI/
VAR5=MPJ AN/
VAR6=MPJ UNEMPLOYMENT/
VAR7=MPJ UNL/
VAR8=MPJ PRODUCTIVITY
SUBSTITUTING NEW VALUES FROM/
INSTITUTE OF APPLIED ECONOMIC AND SOCIAL RESEARCH/
THIS IS THE PURPOSE OF THE RECODE STATEMENTS.
VAR2(-4.67=23.6)(4.0=24.6)(-29=25.6)(2.22=24.1)
(-3.56=27.6)(6.92=28.8)(3.14=30.8)(14.96=32.8)
(5.70=38.8)(6.49=42.3)(3.47=46.3)(9.48=51.0)
(4.93=60.0)(-5.74=68.0)(-1.33=76.0)(-0.06=80.0)
(-2.90=82.8)(-0.23=88.10)(-0.2=92.2)(.07=92.0)
(-3.75=98.50)
VAR6(214.89=42.85)(90.37=39.09)(14.40=7.84)
(-23.86=38.78)(-57.6=-42.35)(100.0=13.33)
(-50.0=-5.88)(45.45=-18.25)(68.25=58.75)
(-33.33=-8.67)(-11.13=8.22)(112.5=114.14)
(35.29=19.20)(21.73=8.76)(10.26=5.01)(13.95=10.29)
(-18.27=-63.64)
VAR4(8.9=77.0)(4.96=81.1)(-1.66=82.4)(1.53=83.8)
(1.90=90.1)(2.95=90.7)(2.95=98.4)(3.83=10.3)
(3.32=104.6)(2.96=107.8)(6.48=114.0)(8.16=133.4)
(8.40=130.4)(17.50=148.1)(6.58=168.1)(3.56=174.1)
(6.38=191.7)(2.98=197.4)(2.53=202.4)(5.09=206.9)
(9.199=180.2)
VAR8(14.0=278.0)(9.0=296.7)(8.0=390.9)(17.0=464.9)
(9.1=245.9)(9.2=277.3)(9.1.3=506.2)(12.0=703.6)
(6.0=541.4)(-7.0=606.4)(5.0=654.1)(8.0=757.1)
(-14.0=735.1)(2.0=789.4)(15.82=907.9)(-13.78=773.0)
(2.45=805.8)(.88=915.3)(14.05=792.3)(-13.42=81.15)
(2.42=86.01)
VAR1 TD VARB(BLANK=99)
VAR1(75.1=75.08)(75.2=75.41)(75.3=75.71)
(76.1=76.16)(76.2=76.41)(76.3=76.66)(76.4=76.91)
VARU=LAG(VAR1)
VARX=((VAR1-VARU)/VARU)*100
NOTE-VARIABLES ARE STANDARDIZED USING /
(VALUE OF VARIABLE-MEAN OF VARIABLE)/STD. DEV.
VAR4=(VAR4X-3.5307)/1.4931
VAR2A=LAG(VAR2)
VAR2B=((VAR2-VAR2A)/VAR2A)*100
VAR2C=VAR2B-VAR4
VAR2=(VAR2C+.8962)/1.1265
VARN=LAG(VAR8)
VAR8X=((VAR8-VAR8X)/VAR8X)*100
VAR9=((VAR8X/VAR8)+125.8168)/591.3224
VAR5B=VAR5-VAR4
VAR5=(VAR5B+.0224)/1.4305
VAR3A=LAG(VAR3)

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740=COMPUTE          VAR3=(VAR3A-.5427)/1.5670
750=COMPUTE          VAR4=VAR5
760=COMPUTE          VAR6=(VAR6A-(-5.2650))/30.2831
770=COMPUTE          VAR7=VAR7
780=COMPUTE          VAR7=(VAR7A-38.9250)/102.3342
790=PAGE SIZE       NOEJECT
800=PRINT FORMATS  VARI TO VAR8(5)
810=LIST CASES     CASES=21/VARIABLES=VARI TO VAR8
820=PEARSON CORR   VAR2 WITH VAR3 TO VAR8
830=STATISTICS     ALL
840=READ INPUT DATA (FOR ACTUAL DATA USED <SEE RECORD STATEMENTS>))
850=56.0 -4.67 -0.24 8.9 3.8 -84.44 886.23 99.1
860=57.0 -0.9 -4.67 4.96 5.2 214.84 81.90 99.2
870=58.0 -0.29 -0.9 -1.66 -0.89 90.37 25.86 14.0
880=59.0 2.22 -0.29 1.53 6.2 14.40 44.23 9.0
890=61.0 -3.56 2.22 1.90 12.9 -23.66 57.44 8.0
900=64.0 6.92 -3.56 .20 12.14 -57.6 7.99 17.0
910=66.0 3.14 6.92 2.95 6.9 -9.09 57.90 99.3
920=67.0 14.96 3.14 5.83 15.03 100.0 29.27 6.0
930=68.0 5.70 14.96 3.32 10.47 -50.0 66.69 -7.0
940=69.0 6.49 5.70 2.96 8.7 45.45 78.38 5.0
950=71.0 3.47 6.49 6.68 18.30 4.80 15.63 8.0
960=72.0 9.48 3.47 8.16 9.30 68.75 40.55 12.0
970=73.0 4.93 9.48 8.40 16.19 -33.33 -23.55 -14.0
980=74.0 -5.74 4.93 17.50 23.34 -11.11 2.24 2.0
990=75.1 -1.43 -5.74 6.58 4.0 112.5 118.87 15.82
1000=75.2 -0.06 -1.43 3.56 1.2 35.29 -84.45 -13.78
1010=75.3 2.90 -0.06 9.99 3.3 21.73 169.32 2.45
1020=76.1 -0.23 2.90 6.38 7.8 10.26 -53.74 .88
1030=76.2 .02 -.23 2.98 4.0 -11.20 -1.8 14.05
1040=76.3 .07 .02 2.53 3.4 13.95 71.23 -13.42
1050=76.4 -3.75 .07 5.99 1.35 -16.27 132.99 2.42
1060=WEOR
1070=PARTIAL CORR VAR2 WITH VAR3 BY VARI,VAR4 TO VAR8(1,2)
1080=
1090= /VAR2 WITH VAR4 BY VARI,VAR3,VAR5 TO VAR8(1,2)
1100= /VAR2 WITH VAR5 BY VARI,VAR3,VAR4,VAR6 TO VAR8(1,2)
1110= /VAR2 WITH VAR6 BY VARI,VAR3 TO VAR5,VAR7,VAR8(1,2)
1120= /VAR2 WITH VAR7 BY VARI,VAR3 TO VAR7(1,2)
1130=OPTIONS      2
1140=STATISTICS  ALL
1150=REGRESSION  /REGRESSION=VAR2 WITH VAR3 TO VAR8(1) RESID=0
1160=
1170=OPTIONS      ALL
1180=STATISTICS  NATWAGE
1190=SAVE FILE
1200=FINISH
1210=WEOR
1220=WEOR

```

*** PRINT 6 OK TO LOGOUT.