

## The Family Budget and Wage Adjustments

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Thirdly, if the persons concerned sign a collective agreement its enforcement must be supervised. Mixed commissions can have this responsibility; sometimes it falls upon the union official and the company representative. How regulate grievances? What should be the behaviour of the accountable delegates? In short, there is the highly technical problem of the administration of collective agreements to be explained by our chairmen.

The recourse to conciliation, to mediation and above all the appeal to arbitration foreseen by our legislation also raises difficulties for the two parties in litigation. Strict procedures must be followed in arbitration. The preparation of the suit demands competence and judgment. It is necessary to prepare the proceedings carefully, summon witnesses and experts, participate in the discussions. And the arbitrators themselves should be particularly well-versed in the considerations which will

guide the decisions of the arbitration sentence. We will study the technical aspect of arbitration procedure.

Labour relations can no longer, we know, develop by chance or in a slipshod manner. They require principles of honesty, on the part of the participants in order to be maintained in real and fair balance, and also techniques which measure up to the importance of the stake — that stake which is the maintenance of social peace through a wise division of wealth.

N.B.—Each lecture will be followed by a forum where convention members will have an opportunity of exchanging views. There will also be on Monday night a meeting of special groups such as employers, workers, personnel directors, officials of parity committees.

We will have at our disposal the large Concert Hall of the Chateau Frontenac. More than four hundred took part in the third Convention. We expect still more at the next which will take place the 2nd. and 3rd. of May next.

The speaker invited to the closing dinner is a person of international reputation. His name can be revealed only next month.

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## THE FAMILY BUDGET AND WAGE ADJUSTMENTS<sup>1</sup>

JEAN-MARIE MARTIN

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In an article appearing in our January number we were led to the conclusion that the Cost of Living Index has for its only function the measuring of variations occurring in the retail price of certain well-defined services and merchandise in the course of a given period. It should be pointed out as well at the beginning of this second article, that the Index is concerned solely with those essential products which frequently constitute only an existence minimum, and that the initial period (that which served as base for the setting up of the index) was still, in many parts of the country, a period of depression. Hence the living standard which this index reveals cannot, in consequence, correspond with a normal level of life.

It is evident then from the previous statements that the Cost of Living Index is certainly not the best argument to produce when wage adjustments

are in question. In my opinion, the family budget can demonstrate more precisely the need of an augmentation or reduction in wages. It constitutes, assuredly, the most exact means of measuring the *real* needs of *real* families.

François Perroux, in a study of the science of man and the science of economics<sup>2</sup> confirms the preceding when he studies the problem of minimum wage. « To calculate it », he says, « we must start with a *typical budget* of worker's consumption; but, if drawn from purely economic facts this signifies little. It appears more and more indispensable to correct it by biological data (number of calories and vitamins) and even by psychological data (social performance, etc.) ».

Nevertheless, when we construct a family composition according to many factors, of which

(1) This article is mainly composed of notes and constitutes rather a series of remarks than a bona-fide article.

(2) "Trois essais sur la science de l'homme" par le Dr R. Barthe, M. Caullery, François Perroux, Librairie de Médicis, Paris 1943.

the more important are: — the family revenue, budget, we must not forget that it can vary in the number of persons in the family, the age of the persons composing the family, the general level of prices, the place where the family lives, the ethnic origin of the family. <sup>3</sup>

Certain other factors can also contribute to modifying the treatment of the budgets, such as the age of the head of the family, the training and education of the members of the family, the social class to which it belongs, etc., these last factors being evidently quite difficult to measure numerically. <sup>4</sup>

This variation in the composition of budgets is stressed in the following sentence taken from the publication, « The Cost of Living, revised Edition 1944 », published by the Welfare Council, page 30 : — « In estimating a budget, it cannot be over emphasized that the needs of each family will differ and changes must be made for each case. » On their side, the editors of the report on the inquiry on the cost of living in Quebec, published by the « Service Familial » in 1945, noted on page 5, « In preparing a budget it is wise to take into account the family revenues and not only the salary of the head of the house. » This testimony is strongly corroborated by the following passage from the summray of a course in general and applied statistics by Armand Julin, <sup>5</sup>

« We frequently delude ourselves on the real scope of the statistics we use and the error which results is due simply to lack of reflexion on the part of the reader and not to the statistics themselves. How many times have we not evaluated the sum which can be expended by a working man's household in considering only the wage of the head of the house? Now, besides this source of revenue, there may be many others resulting from the work of wife or children, the income from a small legacy or property or diverse grants. Without falling into as apparent an error do we not find our selves frequently ignoring the revenue coming from additional occupations? These, because of the difficulties of detecting them, are often omitted from census returns. We know, nonetheless, that in certain regions they are extremely frequent and that their importance is not negligible. These questions, and many others of the same kind, should be asked before undertaking the reading of statistics, because if we neglect this precaution we risk exceeding the legitimate conclusion which can be drawn from the figures examined. »

From the preceding it must be concluded that wage claims in order to be warranted, cannot depend upon the Cost of Living Index for justification; that it is much better to depend upon the presentation of real budgets, of course taking into account the factors of variation indicated above.

Must we deduce from these remarks that a subsistence budget should be established for each family of a group making wage claims? Certainly not! All that is necessary is to construct, following known scientific methods, budgets which apply not to the average typical family of the interested group, but to the most numerous categories (differing one from the other) of the families included in the group. It is true that this is a long and sometimes onerous method. But the justice and the order which should prevail in all society respectful of the rights of the human being and of the legitimate nature of property, merit the taking of all efficacious means for assuring their observance.

- (3) The author of this article has had occasion to study at length the influence of the factors enumerated above on the composition of many family budgets, an influence which can be considerable, as was emphasized in a publication of the Federal Bureau of Statistics called "Family Income and Expenditure in Canada 1937-1938". Certain tables published in a study made by Monsieur François-Albert Angers, in the review, "L'Actualité Economique", January 1948, and entitled "L'évolution des besoins dans la famille", demonstrate also the influence of many of the factors mentioned. The same thing is exemplified in parts of another study also published in "L'Actualité Economique", in July 1948, by Monsieur Armand-F. Goudreau, called "Peut-on payer le salaire minimum vital au Canada?"
- (4) See "Family Income and Expenditure in Canada 1937-1938", Federal Bureau of Statistics, 1941, Chap. 19.
- (5) Armand JULIN, *Précis de cours de statistique générale et appliquée*, 6e édition, Librairie des Sciences politiques et sociales, Marcel Rivière, Paris, p. 135, 136.