

C246367

19.

substandard wages and cannot be considered fairly to be adjustments for rising cost of living. Opinions will differ as to whether the suggestion would result in many or few increases.

While the Committee has been unable to find any wholly satisfactory solution to this problem, it feels that the essential principle to be followed should be that at which the Government aimed in the present Order, i.e. that the amount of bonus should compensate for the increase in the cost of living since the start of the war not already taken into account in wage increases, and that the presumption should be that any wage increase granted before November 1941 did in fact compensate for the increased cost of living up to the time it was made. Accordingly the Committee recommend that the Board be given discretion with respect to applications to increase any cost of living bonus to an amount which taken together with the increase in wage rates since August 1939 for the employees in question equals the maximum bonus, and further that in so doing the Board may disregard any increase in basic rates which is shown on evidence to have been necessary to adjust the basic rate existing in August 1939 to a fair and reasonable rate in relation to other wage rates and apart from any increase in the cost of living.

9. The Future of the Cost of Living Bonus

The second problem is that of the future of the cost of living bonus system. The Majority recommendation is that it be discontinued for the future (after present bonuses have been absorbed into basic rates) or that, if the Government wishes to continue it, it be started on a new base and be uniform for all workers. The minority recommendation is that after adjusting all bonuses to the maximum rate the system be continued as at present.

The cost of living bonus system was adopted in a partial way before the price ceiling policy was instituted. Even in its incomplete coverage, it was a powerful argument for the adoption of the price ceiling policy and in its extended and mandatory form it has exercised a very strong pressure on the Government to maintain the price ceiling. It was largely because of the existence of the system