

EFFECT OF ADVISED RETRENCHMENTS.

In considering the question of retrenchment in so large a service as that of the New Zealand Government, the first idea which naturally suggests itself is to consider whether or no the average scale of payments is a fair one as compared with the rates paid privately for similar classes of work. The large command of borrowed money has placed the Government in a position to fix a scale of payments quite independent of ordinary economic principles. When we find that a thirteenth of the adult males in the colony are in the direct employment of the Government, in addition to the large number indirectly employed through contractors and in other ways, it will be at once obvious that whatever rates are paid by the Government must form a standard by which all those requiring similar services have to be guided. In this way a rate has been artificially fixed, not based on the law of supply and demand nor limited by the necessity for making a fair profit on capital invested. The scale of payments, both public and private, throughout the colony being thus an artificial one, it is clearly useless to attempt any comparison between the Government service and any other employment in the colony. We have therefore taken steps to obtain information from other colonies of such a nature as to guide us. The conclusion we arrive at is, that the average rates are considerably above those which the position of the colony will render it possible to maintain. It is necessary for the colony, in order to make real progress, to put itself in a position to compete in the markets of the world with the products of its labour, as well as to supply local requirements. To do this while the present artificial standard exists is impossible.

Present rate of wages artificial, and cannot therefore be sustained.

By continuing to pay higher rates of wages to a portion of the population than the agriculturists, manufacturers, miners, and other employers can get a return for, the Government has itself materially contributed to prevent the general employment of the whole population in remunerative occupations, has fostered unreasonable and unattainable expectations, which have prevented the offer and the acceptance of possible wages, thereby keeping a large portion of the population from constant employment, and preventing the full healthy development of the natural and permanent resources of the colony.

Prevents general employment.

The practical effect of the Government action on the mechanics and labourers of the colony is thus forcibly described by a large colonial manufacturer in a communication to this Commission: "Our hands were offered higher wages at the railway shops than the current rates, while they were still working for us, and in some cases they have dropped our work at half an hour's notice, and left us. . . . The result is, that we have lost heavily on contracts taken on the old basis of competing fairly with imported machinery, and we are now unable to secure orders from the impossibility of doing the work at reasonable prices. Our works have thus come almost literally to a standstill. . . . Wages nominally rose in consequence, and became permanently 'set' at a high rate. Our offers for contracts are now commensurately high, our orders proportionately few; so that now journeymen work perhaps two days for four they go idle, or two men work for four who walk about; and a cry arises that to insure full work at the current rates a protective tax is necessary on imported machinery to the extent of at least 30 per cent. Wages that formerly were 9s. being now 11s. and 12s., people desiring machinery for new enterprises 'do without,' and the artisans get 12s. a day for two days, equal to £1 4s. a week, instead of 9s. a day for six days, equal to £2 14s. a week. . . . The Government of the past is responsible for the inflated condition of things that tends to make one mechanic highly paid and two mechanics paupers, and on the Government will devolve the painful duty of restoring both classes to the potential position of moderate competency." Such is the opinion formed by our manufacturers from painful experience. The head of a large establishment of another description thus writes as to the effect of treating clerks in the Government service differently from those employed by mercantile firms: "I consider the present system of allowing Government clerks better hours than those obtained by mercantile and other clerks hurtful both to the individual and to the public service. The very fact of being allowed to cease work half an hour or an hour earlier than other clerks tends to

Experience of employers.