

Empowering Bill was prepared. The measure, on being taken over by the Government, was passed, with minor alterations to meet the possible objection that workers might be induced to enter into obligations resulting in extra output without corresponding extra remuneration or other advantage; this was effected by providing that before adoption the scheme shall be certified to by the Court of Arbitration as being favourable to the workers concerned. Power is also given to the Court to cancel the arrangement at any time if it finds that the scheme is no longer favourable to the worker, or if any other sufficient reason has arisen for cancellation; in such a case the amounts to the credit of the labour shareholders would then be paid in cash to them, or ordinary capital shares to the value of the accrued share of profits would be allotted to them. It is thus ensured that the workers shall not be placed in a less favourable position than before. It is specially pointed out by the promoter of the Bill that in any case the workers' share of the profits would be a matter for agreement beforehand between the parties; that any particular scheme that does not carry out the spirit of the Act (which is to give "labour" better status and emolument), would very soon defeat its own purpose, for men will not give better value unless there is a real advantage; also that the principle underlying the measure was a more equitable distribution of the profits as well as a share in control. He also stresses in particular the necessity, when entering into a co-partnership agreement with the employees, of ensuring that the conditions hitherto existing (such as the rates of wages and all other conditions that may be specified in an award or industrial agreement, and including their membership of industrial unions) should not be interfered with. It will thus be seen that the workers should in any case have nothing to lose under the scheme.

I understand that there is no legislation in any part of the British Empire giving a definite legal status to labour in respect of a share in the profits and in control or management of business. A Bill on these lines is, however, before the British Parliament.

The New Zealand Act now enables a company, if it wishes, to enter into an arrangement with its employees for the issue of labour shares for which the sole qualification is personal service. These shares do not require payment therefor, and thus have in themselves no original money value, but they give the employees a predetermined share in the profits, and also a share in all the other privileges of ordinary shareholders—such as a voice in the directorate—as may be agreed on when the arrangement is entered into. The apportionment of profits, after payment of net interest, &c., that would be agreed on might, for example, be in the ratio of 50 per cent. to the capital shareholders and 50 per cent. to the labour shareholders; the latter portion would then be divided as determined in the agreement. Each worker's share of the profits given to the labour shareholders is usually in proportion to his salary or wages; here again it should be borne in mind that all persons working for the company would be eligible to be labour shareholders. It will be seen that the only actual money value attachable to these shares is that acquired by profits accruing to the holders, and that these profits would be either payable in cash or utilized in acquiring ordinary capital shares, as provided in the agreement.

It might at first sight be claimed that investors would not care to become shareholders under such conditions, but it is stated in answer that investors would have a more sure, though limited, return for their outlay through the increased efficiency obtained by placing the employees in a position where their interests are more nearly at one with those of the ordinary capital shareholders; that, moreover, they would secure more contented and more continuous service; it is pointed out, too, that the increase in industrial activity would be a great community benefit. Support for this answer is contained in the recent remarks of the United States Secretary of Commerce. It was stated by him, *inter alia*, that 30 per cent. of the national effort was wasted; that a new relationship in industry was taking place; that ownership was being largely divorced from management, and labour's responsibility in the management of industry was growing.

The following remarks by the late Prime Minister (the Right Hon. Mr. Massey) when the above Bill was introduced to Parliament might be quoted here:—

"During the past fifty years many sincere and intelligent attempts have been made to solve the problems which arise when the two great factors in industry, capital and labour, come into conflict. It is becoming increasingly clear that most of such attempts have been barren of lasting result. Efforts to heal wounds and arrange settlement after the *casus belli* has been given and battle joined can only end in an armed truce. The solution must lie in some scheme which is designed to prevent conflict arising. Throughout the world, in the drift of opinion and the crystallization of ideas there seems to have emerged a belief that the conflict may be eliminated if the interests of both sides can be reduced to terms of partnership. When both parties are fighting for the same interests they constitute the same side. If this identity of interest can be made a real thing as between capital and labour, as it is a real thing from the point of view of the community at large, then a great and important advance will have been made. National production and national prosperity would immediately respond. The Government welcomes the efforts of such citizens as Mr. H. Valder to make co-partnership a genuine success. The proposals he makes go much further than a monetary inducement to make peace. They are founded on a belief in abstract justice, and are inspired by a spirit of fair play. They are, moreover, reduced to the terms of a business proposition. It is in the hope that Mr. Valder and other employers of labour will continue their experiments along the lines of real partnership that the Government has introduced the Companies Empowering Bill. The man who propounds a substantial solution to our industrial troubles will have earned the everlasting gratitude of his country. Every experiment is a step towards the goal."

The New Zealand Act has attracted attention in England, where the *Financial Times*, London, of the 8th November last, made a review of the measure. It quotes the New Zealand author's own remark that there is serious internal strife in the industrial world which is fatal to permanent prosperity; that there is a latent potential factor in industry not hitherto developed—viz.,