

enter upon them. The other point was as to people losing their jobs if they do not do work equivalent in value to the wages they receive. I have discussed this matter with business men, and I must say that I could not get them all to agree with me. But it has always seemed to me to be an extraordinary position for men to say that they have men in their employment who do not earn the wages they receive. I have said, "Why do you not get rid of them, then?" and the reply was "We cannot get rid of them because the work has to be done." Surely, if that is the position, the money paid to them is the measure of the value of their work. When people continue to employ men at wages which it is complained are greater than the value of their work, the fact that such men continue to be employed is proof that the work they do is equal in value to their wages. This may seem to be merely a debating-point; but it is in fact of great importance, for it illustrates the enormous difficulty of stating definitely what the value of work done actually is. It is very easy to say you should pay men according to the value of the work they do, but as far as I know there is no easy method of determining what the value of the work is. But there is one pretty satisfactory basis, and that is that if people continue to be employed there is good reason to suppose that the value of their work is the equivalent of the wages they are paid. If they are put out of their jobs, that is an indication that the work they did was not worth the wages paid to them. It would take a very long time to work out detailed statistics for introducing great flexibility into the arrangements existing to-day, and I am not quite certain that economists are really the right people to do that. The suggestion was made by Mr. Fisher that it would be a good thing if industries were able to work out their own machinery. I agree with that if the parties wish to do so. If the parties concerned can work out something on those lines, it should not be discouraged; but it is certainly a matter of great difficulty for any outsider to lay down any general lines upon which that sort of thing should be developed. If the builders want to work out something with the carpenters and bricklayers, let them consult with them and see about it. It would be much more satisfactory for them to do that than anything I can suggest.

Now I would like to refer to one or two general points raised in the course of the discussion. There seemed to be in the minds of some speakers an idea that we ought to have better distribution, and that this belief was inconsistent with insistence on increased production. Now, I said very little about the importance of production, because I thought that was so obvious that it was not necessary to labour the point. It seemed so obvious that it appeared to me that you should not wait for Professors of Economics to tell you before you believed it. It seems quite obvious that it would be better if we had more houses and better houses, and better clothing, and more books and more facilities for education, and for artistic appreciation. The question would not stand arguing. We certainly do need more production. If that is not an obvious thing it is very difficult to proceed further in the discussion of the methods for carrying on production. At the same time it is true—and I think on this point all my colleagues will agree with me—that it would be a good thing if distribution were less unequal than it is to-day. I do not know any economist who does not hold that opinion. They also think that the range of the Arbitration Court in diminishing inequality is very limited; but inequality of distribution is a very much bigger problem. We could go on discussing it for a long time, but it would take us far beyond the immediate purpose of the Conference. But there is no harm in saying that we need more production and more even distribution. It is also true that economists agree that in certain respects a more equal distribution will have a good effect upon production. But that is not the whole story. If you want more production you must do other things besides trying to arrange for equal distribution. Economists are reproached for being unduly lacking in positive proposals, but the rather brief experience I have had in this country has convinced me that at the present time the chief function that economists have to carry out is definitely a negative one—to show people that it is wrong to do a great many things they have been proposing to do. I refer to the point raised by Mr. Nash in that connection. Mr. Nash, I take it, would agree with the suggestion that the Arbitration Court has not been mainly responsible for the difficulties in New Zealand. Having stated that point, Mr. Nash then advances a further point, which is only from one-eighth to one-fourth of a truth, but which apparently meets with the support of people who have not the same outlook as Mr. Nash—that is, the suggestion that over-importation is the main factor in explaining New Zealand's position to-day. Now, over-importation has no doubt a certain relevance to the matter, which is explained, or referred to, in Professor Belshaw's paper, and in further detail in the work of Professor Tocker, and that fact makes Mr. Nash's statement at least one-eighth correct. But if you are going to look back over a long period of years and say that the farmers' troubles are due to the fact that in the last seven years the balance of trade was less favourable than in the preceding seven years you are barking up the wrong tree entirely; because the full facts of the situation show that the variations over a long period in the relation between exports and imports are directly connected, and necessarily so, with the variations in the amount of the Government and private borrowing. Whether the policy of borrowing is right or not I am not discussing, but the explicit suggestion that has been made in regard to over-importation is quite a misleading one that will only lead us into a maze that will be quite unsatisfactory.

One final word: It would, of course, be very easy to refer to all the various economic problems which have a direct or indirect bearing on the work of the Arbitration Court, but if you do that there would be no end to the discussion, and a great many points have not been discussed even in the very wide and rambling debate we have already had. But I take it that the position to-day is that there has been in the last year or two a definite and direct frontal attack on the Arbitration Court as the cause of the farmers' troubles. It is true, as has been stated, that people who have weighed their words have been careful to admit that the Arbitration Court is not the only factor, nor even the main factor, in the present position; but I think the farming representatives will agree that a great many farmers have been led into the position in which they believe that the Court is the thing to hit at. That is the bogey—if you can get rid of the Court everything will go well. And that is the position I was