

inquisitorial interference with the details of private business. Since the Court prohibits direct action between the parties subject to its jurisdiction, and industrial stoppage is made a technical crime, the Court must necessarily interfere to adjust all industrial relations, however minute. There is no half-way house. Again, this is not the fault of the Court, but of the system. It is, however, a serious handicap, especially as its psychological effect on the outlook of both employer and worker is to diminish their feeling of responsibility for the conduct of industrial negotiations.

The awards are legislative in their nature, and have to be imposed over the whole area of the dispute without close consideration of modifying individual or local circumstances. This imports an element of rigidity into an area where flexibility is essentially desirable, and prejudices industrial efficiency. Industry should be multiform, and submit uneasily to the strait jacket of a Procrustean legal system.

"In settlement of these disputes, the Court makes rigid regulations regarding the minutest details of industrial relationship, each applying to all wage-earners under the particular award, and many of them disregarding local and individual differences and covering the whole Dominion. One authority says that he compiled a list of seventy different subjects of regulation under the awards in force, and added that before the war the Court's awards gave New Zealand the most complete system of State regulation of industry the modern world had ever known. Burdened with the dead-weight of this amazing complex of regulation, harassed by Inspectors, whose duty it is to see it observed in every detail, faced on the other hand with the ever-present necessity for the maximum elasticity in making internal adjustments to meet the constant flux and change of market conditions, it is little wonder that industry has failed to make progress and to increase productivity under the arbitration system."—(Canterbury Chamber of Commerce Bulletin No. 28).

It must be noted here, too, that this is the result of the nature of the system, and not of defective administration. The awards of the Court are subsidiary statutes, and must run in general terms imposed on all. Here, again, there is no half-way house. State regulation of industry necessarily involves this drawback.

(2) From its essentially litigious nature it fosters the devotion of energy and attention to contention rather than production, and tends to obscure in the minds of the parties the fact that wages depend on the output of industry, and can in the long-run be met only out of the product of industry, and can increase only as the product of industry itself increases. It is against the public interest for the parties to industry to look for increased reward to the judgments of a tribunal rather than to progress in production. Unless production is increased the gains of one group will be effected, if at all, only at the expense of another group, and industrial bargaining, instead of being rationally based on the productivity of industry, becomes a game of national "begger-my-neighbour."

"The system of industrial arbitration, with its encouragement of industrial unions, gives opportunity to vigorous trade-unions to establish themselves, enforce large and sweeping demands for social justice, organize themselves politically, and thus intensify the social conflict."—(Northcott : "Australian Social Development," p. 130.)

"Trade-union secretaries now spend much of their time as advocates before Wage Boards, and are naturally inclined to justify their existence by working for fresh awards."—(Thwing : "Human Australasia," p. 56.)

The result of this aspect of the system is to intensify industrial conflict of a litigious character, and retard rather than promote industrial peace. A system in which many parties are constantly applying to a tribunal to alter the terms of the industrial bargain cannot be called one of industrial peace. It is rather the intensification of a peculiar kind of industrial strife. It can have no end. The most that the employer can concede will stop short of what men will demand, and the Court machinery actually fosters the demand for concessions of a type which would never seriously be put forward in mutual negotiations between the parties, but which are worth while as a "try-on" before the Court if there is any chance, through inadvertance or otherwise, of getting away with them. There can be no finality to this litigious process, and it tends to keep the parties permanently apart in opposed camps, though not necessarily to foster personal enmities.

(3) The inflexibility of the system and the difficulty and delay incidental to obtaining any variation of terms to meet the rapid changes with which economic life is faced at the present day means that the system accentuates the disparity between wage and price levels in sheltered and unsheltered industries that is so baneful a feature of contemporary economic conditions. It is not contended that the system had produced this disparity between price-levels in sheltered and unsheltered industries, but it is submitted that it has accentuated the disparity and helps to maintain the disparity. "While," says Professor Murphy in an address from which I am quoting, "it would be incorrect to blame the Arbitration system for the whole disparity, there is little doubt that (a) the maladjustment is in part caused by award rates, (b) the readjustment is in great part hindered by award rates." The union endorses this view.

The union does not blame the arbitration system for the whole of the economic difficulties that are facing the farming industry to-day. It considers that over-capitalization of land-values, high interest rates due to shortage of capital, duplicated overhead costs in many avenues of public and private life, and public and private extravagance are in part responsible; but it does consider that the arbitration system is, and always has been, a source of loss to the country and a contributing feature in our economic distresses. Any statistical estimate of the relative burden of these factors is, of course, impossible. The union, however, wishes to emphasize that it is criticizing the system on general principles, and not attacking it merely as a reaction from agrarian difficulties of the moment.