

Especially is the Act no preventive of strikes among the powerful and militant unions, as the following table shows :—

Period.	Percentages of Total Stoppages among Miners and Shipping and Cargo Workers.						
1906-10	..	..	..	..	..	..	20
1911-15	..	..	..	..	..	..	50
1916-20	..	..	..	..	..	..	64
1920-25	..	..	..	..	..	..	78

The figures show that this tendency is increasing, and not diminishing. The Act clearly has not prevented strikes, and must be defended, if at all, on other grounds. The Right Hon. Sidney Webb, P.C., M.P., a most distinguished Socialist and labour advocate, says, "Perpetual liability to a disagreement between the parties to a bargain is a necessary accompaniment of freedom of contract."—("Industrial Democracy," p. 798.)

(5) It follows from the foregoing considerations that the system is detrimental to industrial efficiency, and almost all observers consider this to be the case. Our secondary industries do not seem confident of their position, and are constantly making fresh demands for tariff protection to shield them from the competition of countries where there is no system of industrial arbitration. The resistance to piecework is one manifestation of the little thought that is given to efficiency of output in New Zealand. "The conclusion seems unavoidable," says Professor Nicholson, of Edinburgh University, after a careful examination of the available data, "that compulsory arbitration leads to a demand for a relatively high standard of efficiency, yet in its operation tends to produce a standard relatively low. The gravity of this tendency up to the present had been mitigated by a real scarcity of labour, and by the fact that there are still unregulated trades which help to solve the problem of the inefficient worker."—(Rankin: "Arbitration and Conciliation in Australasia," p. 9.)

(6) The union considers the system to be unsound in principle and incompatible with the system of free enterprise under which our economic life is ostensibly conducted. Wages should depend on mutual bargaining of unions on both sides, thus registering the condition of supply and demand in the rates actually arrived at. There should be a physical anti-sweating minimum below which, in the public interest, labour should not be hired. This, perhaps, was the original intention of clause 32 of the Factories Act, 1921-22. Such a minimum should be revised to bring it into line with modern conditions and re-enacted, and above that minimum it would seem preferable to let ordinary collective bargaining take its course.

"A rising wage, unaccompanied by corresponding efficiency, cancels itself out in the long-run either in less employment or a higher cost of living. Employers will not permanently employ men at a loss. Either they pass on the increased cost or they do not. If they do, it raises the price-level; if they do not, it throws men out of work."—(Professor Murphy.)

To meet competition sheltered wages have inevitably to be bolstered up by tariff protection granted to the industries in which the wages are raised. This promotes a vicious spiral of rising wages, rising tariff duties, rising costs, rising prices, and rising cost of living, resulting in further and further applications to the Court as previous increases in money wages are cancelled out by a higher price level. This can go on until the non-protected sections of the community find their means and inclination to purchase seriously curtailed. When that happens extensively unemployment and a high cost of living generally are likely to result. The union considers that this position is upon us at the present time, and that the prevalent unemployment is in part due to inflated and inelastic money rates of wages. Employers cannot in the long-run employ labour at an uneconomic wage, as that amounts to handing over to their workers portion of their capital or legitimate profit.

The union further considers it in the public interest, and likely to promote efficiency and self-reliance, if the immediate parties to industry, employers and workers, were forced to solve their own problems themselves instead of having an outside tribunal to take the load off their shoulders. The parties will not in fact get together under the present system. Legally there is nothing to prevent it, but in practice the existence of the Court machinery means that for practical purposes it must be used.

Professor Murphy says: "It brings the parties together only in an atmosphere of contention, and continuously emphasizes the points where they are at variance. The Court gets no jurisdiction until there is a dispute, so that the parties cannot meet before it except when they are at loggerheads. It may be rejoined that it is quite open for them to meet privately to discuss common interests if they so desire, but in fact they do not, because the whole atmosphere of compulsory arbitration on a judicial basis fosters a contentious and litigious spirit. I do not say personal bitterness or enmity. The fact is, however, that the representatives of the unions on both sides are a race of quasi-barristers who enjoy the game for the zest of the chase, and who are often anxious to commend themselves to their unions by pointing to the scalps they have won on the field of arbitration battle. This means that the parties are in effect, if not in theory, prevented from exploring other avenues to industrial peace and productivity. The secretaries are more interested in putting technical points across their adversaries than in improving the productivity of industry. Theoretically unions need not use the Court if they do not want to, but once in the system it is not easy or safe to get out, as another union in the industry may be registered and an award made, binding non-members."

The parties to industry are thus prevented from exploring new avenues of settlement and new methods of industrial peace. In particular, it is difficult for them to get together on issues that are, or ought to be, non-contentious. The apprenticeship question, for example, had to be removed into a special subjurisdiction of the Court to try and eliminate the spirit of contention from the problem of industrial training. Compulsory arbitration is in fact, if not in legal theory, inconsistent with the