

- (2) The chronic shortage of labour during that period.
- (3) The prosperity of the country due to the effects of refrigeration on our foreign trade.
- (4) The prosperity due to huge and continuous imports of capital from foreign loans borrowed for developmental purposes. As the effects of these stimulants have worn off, the potency of the Court as a vehicle for working-class welfare has fallen steadily, and dissatisfaction has steadily increased. The Court registered but did not cause the rise in wages, though it probably brought wage adjustments about more quickly than they would have been made had there been no Court."

The union views the principle of the Act, and its practical effects, with considerable dissatisfaction, and is opposed to the compulsory clauses in it; but should it prove impossible to secure its repeal at the present time, this union asks for the amendments hereinafter set out. These proposed amendments are more fully developed and justified under subsequent headings, but they may be summarized as follows :—

- (a) To make the penalty of a breach of the "preference to unionists" clause more effective.
- (b) To give third parties substantially interested in any dispute—e.g., primary producers in the freezing-industry dispute of two years ago—the right to appear before the Court.
- (c) In making an award, the ability of the industry concerned to bear an award should be taken into consideration.
- (d) That where possible the principle of piecework be adopted.
- (e) That farmers and those engaged in related occupations—e.g., freezing companies, which are, in the main, subject to the prices that are realized on the world's markets—should receive exemption from Arbitration Court awards.

(B) *The effect of the present system of industrial legislation on the primary industries of the Dominion, on which the prosperity of New Zealand ultimately depends.*

The most serious aspect of the problem, and that which directly hits the farmers, is the maladjustment between wage and price levels and between groups of industries, partly resulting from the system of judicial fixation of wage-rates. From this point of view the industries of the country can be divided into two groups, sheltered and unsheltered. Sheltered industries, either because of the market for their services—e.g., banking and tramway transport—or because of legislative interference in the form of tariffs or wage-fixation, are shielded from external competition. Unsheltered industries have to compete with foreign commodities either at home or in the markets of the world, and to take the world parity for their products. Their prices are fixed in the world market irrespective of costs of production at home, and they cannot pass on to the buyer any increased cost of production due to special local causes. On the other hand, the sheltered industries, subject to the effect of higher prices on demand, can do this. Award rates can be passed on by the sheltered industries, but not by the unsheltered ones. Now, farming is the most important unsheltered industry in the Dominion.

It is true that award rates directly affect only somewhat less than 30 per cent. of the workers; but these award rates are mainly fixed in the sheltered industries, and become the standard determining what other workers will regard as the wage to be paid in industries not directly regulated by the Court. It is also true that the Court, under its discretionary power, has more than once refused to make an award covering the wages of general farm hands; but some groups of workers whose wages are a direct or indirect charge on the farmer are protected by awards, and all workers tend, whether under the Act or not, to demand the minimum wages fixed from time to time by the Court.

In the sheltered industries the worker is protected by artificially determined wage-rates through the Arbitration Act, and the employer by artificial profits and prices through the tariff. These industries sell their products to the unsheltered primary producers, who are afflicted in two ways: (1) By higher costs of production, due to the increased price of the products of sheltered industries which they buy and use; (2) by higher wage-rates and labour costs in their own industry, indirectly resulting from rates fixed for protected workers and demanded by others.

The farmer cannot pass on this increased cost to his foreign buyer. If, then, the wage demanded is higher than the added value produced by the labour, the farmer must either stop employing men, or pay to them, as part of their wages, a portion of his legitimate profit or working capital. This process cannot be permanent.

The union quotes with approval the following extract from the Canterbury Chamber of Commerce Bulletin No. 28, of May last :—

"The Court reviews the wages and conditions only of those wage-earners who are members of the unions registered under the Act. But only 25 per cent. of the wage-earners of the Dominion are unionists, and, of these, some belong to unions which do their wage bargaining outside the Court. Making full allowances for unfinancial unionists and apprentices, it appears that from 25 to 30 per cent. at most of the wage-earners have their conditions directly investigated by the Court. But the Court's awards apply not only to unionists, but also to non-unionists in occupations governed by awards, and are accepted as standards over a wide range of other occupations as well. Hence the Court, on the basis of its investigation of the conditions of little more than one-fourth of the wage-earners, determines indirectly the general standard of rates for a much larger proportion, and exerts a very considerable influence over the whole range of wage-rates.

"From the earliest times the major part of the Court's attention has been given to wages, and, failing to find any other definite basis, the Court has gradually concentrated more and more on the cost of living as the standard by which to determine wage-rates. The drift towards this standard, strengthened by many judicial precedents, was given legal sanction when, from 1918 to 1923, the Court was authorized to grant bonuses on the basic wage calculated upon changes in the officially recorded cost-of-living index number. It is not surprising, therefore, to find that indexes of wages (mainly award