

of sales is lower prices; hence, to expand production and employment, the cost of production, including labour costs per unit of output, must be lowered. Conversely, if labour costs of production are standardized at a level higher than the market for goods and service will bear, then sales, production, and employment must be reduced accordingly.

“One of the latest and most authoritative pronouncements on the wages question is the South African Wage Commission’s report of 1925, in which the hand of Professor Clay, of Manchester, one of the greatest living authorities on wages, is clearly discernible. The report states, *inter alia*, ‘A fundamental distinction is to be drawn between policies which increase, or seek to increase, wages by increasing the volume of wealth-production as a whole and policies which increase or seek to increase wages at the expense of other incomes in the community.’ We may not realize the fact, but the Arbitration Court has been trying for many years to maintain the standard of living of a particular section, the manual workers in sheltered industries, comprising about one-fourth of the total wage-earners, with little regard to the effect its efforts have had on other sections of the community. The intractable nature of the prevailing unemployment shows that that attempt has now reached its limit.”

- (C) *The possibility of adjusting the effect of industrial awards and agreements on the primary industries, taking into account (a) their fixed income from the sale of their products abroad, and (b) any other method of encouraging primary industries.*

The union understands this somewhat obscure item to mean whether any way can be devised of mitigating the burden of awards on the primary industries. Since New Zealand has no control over the prices received for exported primary products, the union cannot see any possibility of “adjusting” awards. It is urgently necessary to reduce costs in primary production, and the only adjustment that the union can see possible is the complete withdrawal of farming and related and ancillary occupations from the jurisdiction of the Court. Even this will still leave the farmer affected (a) by the wage standards set in protected industries and demanded by other workers, (b) by the higher cost of commodities produced by sheltered industries working under artificial tariff and wage-level conditions. This matter has been fully dealt with under heading (B) above.

- (D) *The exclusion or inclusion of any particular industry from or in the Industrial Conciliation and Arbitration Act.*

The union considers that a clause on the lines of section 11 of the amending Bill of 1927 should be enacted, providing that the Court of Arbitration shall have no jurisdiction over the farming industry, or such industries as threshing, freezing, and other occupations connected with or ancillary to primary production. The union considers this matter to be of crucial importance for the welfare of the Dominion and its primary producers.

There is nothing in the present Act to prevent the Court from making an award regulating the conditions of the farming industry, though in practice it has not as yet made an award regulating the working-conditions of general farm hands. The grounds on which the Court has refused to do this are so important, and have been so consistently followed, that it is submitted a strong case exists for stabilizing the existing practice for all time by incorporating the present position in the Act. The Court of Arbitration is not legally bound by its own precedents. Section 80 of the Act reads as follows: “The Court shall in all matters before it have full and exclusive jurisdiction to determine the same in such manner in all respects as in equity and good conscience it thinks fit.”

Hitherto the Judges have been too wise to interfere in a direct manner with the farming industry, but some day there might be a Judge on the Bench without the wisdom of his distinguished predecessors, and there is nothing in the present Act to prevent such a Judge from interfering with the farming industry. The above clause is very wide in its terms. As long as the Court acts *bona fide* and in accordance with natural justice, it can do what it likes.

In view of the magnitude of the national interests at stake, of the peculiar nature of farming, and of the mischief that would be wrought in farming by inquisitorial methods or ill-advised interference, it is not safe or in the public interest that farming conditions shall be left, as they are at present, to the discretion, uncontrolled, of a single possibly fallible tribunal. It appears from many cases that the Court is disinclined to make an award if it is inexpedient in the economic conditions of the country, or impossible or highly inconvenient to regulate hours or wages, or to supervise such regulation. There has, however, been a tendency on the part of the Court to make an award governing certain branches of farming whenever a specific schedule of duties can be assigned, and, in fact, awards have been made governing the conditions of shearers, drovers, threshing-mill hands, musterers, and packers. This process may, in unwise hands, go much further, and the definition of “general farm hand” may be gradually narrowed until the farmer is hemmed in, as he is in Australia at the present time, on all sides. In conjunction with preference to unionists this might make the farming industry highly inconvenient to operate, or positively unworkable. If a schedule of duties were assigned, for example, for ploughmen, then ploughmen would refuse any unscheduled duty, and if the duty were within the scope of another award the parties might be liable for breach of the preference clause. It would be impossible to run a farm and react to its ever-varying conditions in such circumstances. A Judge with a labour bias might go so far as to make farming impossible.

Three Judges have refused to interfere with the farming industry, and in two cases have given considered judgments. The Union adopts the reasoning of their Honours in these cases, and bases its case on that reasoning.

In *Re Christchurch Agricultural and Pastoral Labourers* (Book of Awards, Vol. IX, p. 517), an application was made to fix the conditions of ploughmen, harvest hands, general farm hands, and day-labourers. After a lengthy hearing, Mr. Justice Sim refused to make an award, on the following grounds:—