

Wages cannot be fixed solely with regard to an arbitrary cost-of-living standard, as they are to a great extent at present. The "cost of living" is merely a statistical abstraction, derived from ascertaining the present prices of what workers' wages would purchase in 1914, at the culmination of a generation of unparalleled prosperity in the Dominion. Other sections have had their standard of living cut down; there is no reason why labour should be exempt from national hardship.

Wages should bear an ascertainable relation to productivity, and depend largely on production. The union endorses the following abstract from the address of Professor Murphy already referred to:—

"Wages in the long-run depend on productivity, and are paid out of the product of industry. They should be based on what a man produces, not on what he consumes. The cost-of-living basis of wage-fixation is, in my judgment, economically unsound.

"It is the buyer, not the seller, who in the last analysis holds the price situation in the hollow of his hand, and market prices are determined primarily more by what the buyer can afford than by what it costs the settler to produce. If labour costs are not so adjusted as to allow of production within the range of the buyer's demand, then production, in the long-run, will stagnate and cease. In the short-run, however, an industry paying an uneconomically high wage-rate is really eating up capital disguised as wages.

"Wages, then, in New Zealand tend to be settled on the basis of investigation by the Court of about 30 per cent. or less of the workers in mainly sheltered industries. It is true that the Court probably does all that human sagacity can do in estimating the effect of its awards on other groups of labour; but it is the special problems of the dispute under consideration that it primarily views, and the effect of the award on other industries is seldom explicitly argued, nor would such an inquiry lend itself to judicial methods of investigation, since it can be elucidated only by reasoning and deduction from facts.

"The object of the Court has been to maintain the 1914 standard of living for unskilled workers. This has been substantially obtained. No sensible man will quarrel with so desirable an objective, if the national production warrants it, but you cannot get more than a pint out of a pint-pot, and if the national production in conjunction with export prices will not permit of this standard being maintained, then fall it must sooner or later. Post-war conditions do not permit all industries to bear the pre-war standard of living translated into present-day money values. This is especially true of farming. If this wage-level falls on the farmer either directly in the wage he has to pay, or indirectly through the commodities he has to buy, then the burden of maintaining the pre-war standard is passed on to the primary producers as a special tax. It is inequitable that this should be so.

"The farmer has to bow to the law of supply and demand in the sale of his products, and he has to submit to the law of supply and demand also in the rate he pays for his borrowed capital and credit. He does not object to this, but he thinks that what is sauce for the goose should be sauce for the gander, and considers that if supply and demand rule the price of his capital and commodities it should also rule the price he has to pay for labour. As things are, he loses on the swings and does not make up on the roundabouts. He is ground between the upper millstone of the world price for commodities and capital, and the nether millstone of an artificially protected wage-rate."

(F) *Payment by piecework or otherwise, according to volume of output.*

The union asks for the passage into law of sections 12, 13, and 14 of the 1927 amending Bill.

The union considers that, wherever feasible, it is in the interests of both labour and employers, as well as the public, for wages to vary with volume of production, subject to a minimum limit. This encourages industry, gives exceptional reward to exceptional workers, and does not penalize the slower man in any undue manner. Flat time rates, in industries where piecework is suitable, discourage production and lower efficiency to that of the weakest man. This is economically unsound. Wages are a price for services rendered, and men are paid because they produce value. It is right that reward should vary with the value produced. Under piecework, men are rewarded in proportion to their energy, efficiency, and initiative, production is stimulated, plant and machinery are utilized to their full extent, overhead charges are lowered, and cost of production is reduced. This results in lower prices to the consumer, higher profits for the employer, and steadier work at greater reward for labour.

Piecework is a valuable antidote to go-slow methods of work. The go-slow policy is nationally pernicious. "Its ultimate effects are wholly disastrous. Involving, as it does, a diminished production of wealth, this entails lessened accumulations, consequently higher interest rates, and less demand for labour, resulting in lower wages. Commodities, moreover, are scarcer, and consequently dearer, so that the cost of living is raised. Unrestricted production, on the other hand, means greater accumulation of wealth, lowered interest, more employment, higher wages, and more and cheaper commodities."—(Murphy: "Economics," pp. 202-3.)

The union advocates piece rates, as tending to increase production and lower the cost of living.

The Court of Arbitration has jurisdiction to prohibit piecework, though it is now inclined to permit it. *In re Northern Carpenters* (Book of Awards, Vol. XXIV, at p. 461) Mr. Justice Frazer points out that the prejudice against piecework on the part of the Court is now disappearing with changed circumstances, and that it can now be allowed under reasonable and fair conditions. It is evident that His Honour does not disapprove of piece rates. It is, however, only a matter of discretion, and another Judge might take a different view. The union thinks that the Court should have no discretion to prohibit piece rates, any more than it now has to prohibit the bonus system of reward, and that the position should be defined and made mandatory by statute.

(G) *The constitution of the Court of Arbitration and the representation thereon of parties concerned.*

The union considers that the Court should consist of three Judges of Supreme Court rank. At present the nominated assessors are merely additional advocates for the parties, without any pretence