

Another fault in the Act lies in the immense power of the Judge. Hitherto we have had men of exceptional ability to fill this difficult position, but if an unfortunate selection were made the harm that might result in a very short time would be incalculable. The Judge has in his hands the destinies of every industry in the Dominion. Prosperity or depression depend upon the personality of this one individual.

A further condemnation of the Act as it stands at present, lies in the fact that it is incapable of coping with the situation that faces us to-day. A breakdown appears inevitable. The paramount necessity now is a reduction in the producing-costs to meet reduction in world values of our exports. This can be brought about in two ways—either by a reduction in wages, or an increase in *per capita* output. But, as we have shown, the Court has no power over output, and therefore must reduce wages. At the first substantial wage-reduction every union of workers could cancel registration. Arbitration would go by the board, taking with it the invaluable machinery of conciliation. A period of industrial chaos would be the result. The recent rise in the values of some of our exports may postpone such a thing for a while, but eventually it is certain to occur.

The final result of all the considerations we have put forward appears to us a conclusive answer to the question with which this paper opened: "Is there anything in the Act which has contributed to our present difficulties, and, if so, what is it, and is there a practical remedy?" There is something in the Act which has, at all events, to a large extent been responsible for our present difficulties. That something is one-sided compulsion, and its removal is the remedy. We desire to urge this Conference most strongly and emphatically to recommend this course to the Government. Especially do we ask the representatives of labour who are present to give it their serious consideration, for we are convinced that the measure will be not only not detrimental but actually beneficial to their interests.

It has been freely asserted that the removal of compulsion would destroy the Act, but we believe the contrary is the case, and that it would save it. Compulsory conference is now provided for by the Industrial Disputes Investigation Act, and there is no objection to compulsion to that extent. With compulsory conciliation in force, and voluntary arbitration as a possible sequel, conciliation would become the king-pin of the system. There would be no possible detriment to any union, whether of employers or workers, in registering under the Act. The percentage of workers under the Act, instead of 30 per cent., as at present, with a possible decrease to nil, would automatically increase to include all to whom collective bargaining is beneficial. The scope of the Council would be vastly increased and its work more efficient, while arbitration would certainly be resorted to in the great majority of cases where conciliation failed to reach a complete settlement. Thus all that is most desirable in the Act could be preserved. Conciliatory collective bargaining could cope with all the problems that the Court now settles arbitrarily, and without the heat engendered by the present method.

The removal, or even partial removal, of the defects we have mentioned, and of many others, could not but result in a considerable increase of output. As we have remarked, that is the alternative to a reduction in wages. We feel justified in asserting, therefore, that the reform we suggest is the only means whereby the existing standard of money wages can be maintained or the level of real wages be increased. A comparison with industrial conditions ruling in Canada, some of the United States, and South Africa, where a system of voluntary arbitration is in force, would, we think, support this view.

There are some general considerations which should not be overlooked. Compulsion is in itself repugnant to a freedom-loving people. It is the antithesis of true conciliation and the destroyer of good will, the very things that are most essential to peace and prosperity in industry. Placing employer and worker on a precisely equal footing under the law, both parties free from compulsion, must, on the contrary, tend to improve their mutual relations and to promote peace. The removal of the numerous minor defects in the system, which we all know to exist, must involve unlimited strife and difficulty, while adding greatly to the complications of the Act; to remove the one fundamental defect, which we are convinced is the root cause of most, if not all, of these minor defects is comparatively easy, and involves no interference whatever with the machinery of the system.

Finally, there is the consideration of abstract justice. The discriminative nature of the legislation so clearly indicated in Year-book description of the Act which we have quoted is contrary to the spirit of British justice. Whatever may be its effects for good or for evil, its amendment will remove a blot from the statute-book of New Zealand.

Put briefly, we consider that, while the Arbitration Act is by no means the only source of our present difficulties, it is largely responsible for them, by reason of the following tendencies:—

- (a) To discourage efficiency in the worker;
- (b) To increase cost of production and cost of living;
- (c) To accentuate the unfavourable economic position of the primary producer;
- (d) To increase rather than to lessen industrial friction;
- (e) To produce conditions leading directly to unemployment.

Against these objections we can find no corresponding advantage either to industry in general or to the worker in particular. Comparison with other countries proves that the Act has actually been a drag upon the upward tendency of wages in times of prosperity. It is merely owing to the fact that it has been a still greater drag upon efficiency that the worker is not in a better position than he is to-day.

This statement we have the honour to present for the consideration of this Conference, as representing the collective opinion of the sheepowners of the Dominion.

#### Questions.

*Mr. A. Cook:* There are just two questions which I would like to ask Mr. Williams. I understand that he is taking upon his shoulders the sins of Mr. Acland, inasmuch as he is going to reply to any