

do that, but we do not propose on that account to abolish them. It is very common to exaggerate grossly the losses inflicted by strikes, and it is quite a mistake to suppose that New Zealand is a country peculiarly afflicted by them. Strikes in other parts of the world—in Great Britain, Germany, and the United States—are much more numerous and much more violent than they are here. Statistics of wages lost are not a satisfactory measure of the damage to the workers concerned if, as is often the case, the work which would otherwise have been done during the strike period is merely postponed and not entirely lost. The fact that strikes are most frequent in the freezing industry, in mining, in shipping, and waterside work is not a matter of chance, nor is it the result of any peculiar moral or mental disability among the wage-earners engaged in those industries. For it is precisely in those industries that the normal conditions of work are most irregular, and where it is unusual to have long periods of employment without a break for some reason or other. It is not surprising that men who feel that in any case employment is likely to be intermittent are more ready to interrupt it by striking than are men with assured prospects of regular work. A feeling of insecurity is an unstable foundation for industrial peace. It is significant that industrial conflicts in other countries are also common under conditions similar to these. The direct loss of time due to strikes is certainly very much less than that due to industrial accidents, and probably much less than that due to preventable illness. It is easy to think of a time when wage-earners always worked quietly and were grateful for what they received, but of that time it is impossible to find any trace in history, and there is no reason for believing that industrial conflict is an evil peculiar to our own time. As a preventive of such conflict the Arbitration Court appears to be as efficient as could reasonably be expected. From a different point of view the fact that strikes seldom inflict nearly as much harm as is commonly supposed is perhaps one reason why it is often rather foolish to engage in them.

3. *Judicial Functions.*—The Arbitration Court carries out a judicial function in the proper sense in dealing with disputes under the Workers' Compensation Act and similar legislation. This could, if necessary, be undertaken by other Courts.

4. *Wage Determination.*—The most important function of the Court to-day is however the determination of minimum wage rates, which are legally enforceable. It is impossible to describe with any precision the nature of the ideal machinery for wage determination. Much depends on what the people concerned think about it. If they believe that the machinery will work, it usually does. But that some machinery is necessary is not open to question. The nature of modern industry, especially when carried on a large scale, makes it impossible for separate and independent contracts to be made between employers and each one of their employees. Either collective bargaining in some form must be practised, or else the employer himself must be allowed to determine the wage he is to pay to his employees. It is sometimes suggested that the latter course is adopted in some American industrial units, but no one seriously supposes that it is possible here, and very few would even suggest that it was desirable. If then some machinery is essential, what type is likely to suit our purpose best? It is impossible, or at least unwise, to make a decision here without reference to the nature of the existing machinery. If we have become used to machinery of a certain type, it would be unwise to alter it unless very good reasons were shown for the change. A conservative attitude, using conservative in its proper sense, is here the correct one. It is therefore necessary to consider in more detail the objections that have been raised against this side of the Court's work.

(a) *Increase in Cost of Living.*—It is alleged that by forcing wages up the Court has forced prices up as well, and, therefore, is largely responsible for the increase in cost of living since 1914. It is of the utmost importance that it should be generally understood that this is an entirely inadequate explanation of the changes in the price level in recent years. Economists, who are constitutionally cautious, know that the economic organization is complex, and therefore hesitate to affirm that there is absolutely no connection between price changes and the work of the Arbitration Court, but there is not the slightest doubt that, compared with the influence of currency changes, the part played by the Court is quite negligible. The change in the price level was a direct consequence of currency inflation, it has changed in much the same way in other countries which have never heard of Arbitration Courts, and there is little doubt that our price level to-day would have been substantially the same if we, too, had had no Court.

(b) *Excessive Emphasis on Cost of Living as a Wage-regulator.*—There are few people who would deny in set terms that wage movements must be largely dependent on movements in production, but it is no doubt regrettable that we have so much fallen into the habit of discussing wages in terms merely of cost of living. Under some circumstances this would tend to check desirable increases in wages. In the period of currency inflation during and after the War, a cost-of-living sliding scale was a reasonable, if somewhat crude, policy, and was adopted nearly everywhere quite independently of Arbitration Courts. It was unfair that people who made contracts for receipt of wages should lose part of the real income which they had confidently expected because of a diminution in the value of the unit in terms of which their incomes were paid. With a more stable currency, however, the urgency of this need greatly diminished. The Court has indeed always denied that it has been guided merely by cost-of-living considerations. "The Court," it was said in May, 1922, "must first ascertain the movement in the cost of living, and then must look to the general condition of trade and industry and all other relevant considerations." The Court would perhaps have been embarrassed by a request for more precise definition of "all other relevant considerations," but there is no reason to doubt the claim that general financial and economic conditions are considered by the Court in making its awards. The fact that I am assured by intelligent and sincere partisans on either side that the Judge always gives the unions what they ask for, and that he also always gives the employers what they ask for, encourages me to believe that he has succeeded, broadly speaking, in fixing wages very near the level to which they would be directed by the operation of economic forces, but that this has been done with a great deal less friction than would have accompanied any alternative mode of regulation. The