

relation between wage payments and production is indeed not a matter for exhortation. It is a matter of plain fact. People who are not doing work equal in value to the wages they receive will soon lose their jobs.

(c) *Disparity between Prices received by Farmers for Products sold Abroad and Prices paid by Them for Products purchased Here.*—This, like the general increase in prices, is a world-wide fact, and cannot therefore be explained by merely local conditions. Farmers in England, the United States and elsewhere make exactly the same complaints as farmers do here, but because they have no Arbitration Court at hand, they place the blame on some one else. Nor is it necessary to acquit the Court of responsibility merely on this negative, though conclusive evidence. We can point to a definite cause of the farmers' difficulties, which is of much greater significance than the Court, and which is itself connected with the world-wide changes which have upset the relation between farming and other industries. Everybody now knows that numerous land transfers took place during the boom period at inflated prices, considerably above the real value of the land. The difficulties of the soldier settlements have been repeated in numerous private transactions, and the writing-off of losses by the Government has somehow to be paralleled by a similar writing-off by private persons. Writing off does not of course mean that the wealth so treated disappears. In the case of the soldier settlements it is transferred from the general body of the taxpayers to those persons who were fortunate or astute enough to sell their land at an inflated price. The position of private buyers, who happily are unable to transfer their burdens to the taxpayers, is certainly in many cases unpleasant, but the attempt to shift responsibility to the Arbitration Court proves nothing but the existence of a strong desire, such as we all sometimes feel, to blame other people for our own misfortunes. The present difficulties of farmers are not to any important extent due to the actions of the Arbitration Court, and if the Court were to be abolished or its constitution greatly altered, farmers would be greatly disappointed to find how little difference was made in their situation.

(d) *Hampering Restrictions which prevent the Expansion of Industry.*—Complaints similar to those which have been levelled against the Court on this score have been made against every expansion of factory and similar legislation, and though it is quite possible that such regulation may be pushed too far, it is reasonable to expect very definite evidence if we are to be convinced that this time the cry of "wolf" is actually to be followed by the appearance of the animal. We all feel at times that if only we were left alone without interference from meddling people outside, we should get on very much better than we do, but though this common feeling indicates a factor which should not be neglected, in rare moments of calm reflection most of us would agree that much of this feeling is an expression of irrational irritation rather than of a reasoned criticism of the situation. There is certainly no ground for supposing that in the absence of the Court employers would have a completely free hand. They should remember that complaints of this kind are just as common in England as they are here. It is no doubt desirable that wage rates should be a little more elastic in both directions than they actually are. Changes either upward or downward are nearly always made a little late. But an element of rigidity seems to be an inevitable part of any scheme for bargaining about wages, and there is no reason to suppose that it is a greater evil here than in England.

If then these objections to the Court's operations are rejected, the view is suggested that the maintenance in general terms of the existing machinery of wage-determination is the proper course to adopt. This is quite consistent with the view that in a country like Great Britain, where customs of negotiation and trade-union habits are quite different from ours, it would be disastrous to set up an Arbitration Court. The reasons suggested for maintaining our Court are indeed in essence the same as those for refusing to change radically the existing British machinery. In either case, it is desirable to maintain institutions to which the parties concerned have become accustomed. Trade-union secretaries and employers' representatives in New Zealand have no knowledge or experience of the technique of direct negotiation, and it would be surprising if in the process of learning it, they did not make serious blunders, with consequent sad results for industry as a whole. It is, of course, easy to exaggerate the degree to which wages in Great Britain are regulated by direct negotiation. The total number of British workpeople whose wages are regulated by bodies whose decisions are enforceable in the Courts in fact greatly exceeds the total population of New Zealand.

*Basis of Awards.*—It is impossible to lay down any formula for the guidance of Arbitration Court Judges. No such formula exists. Indexes of Production, to which some attention has been paid in recent years, are unsatisfactory, for, apart from the great technical difficulties in constructing them, it is not always desirable to make wage-movements exactly proportionate to production-movements. Sometimes wages ought to move less rapidly than production, sometimes more rapidly. The adoption of any formula would make difficult proper discrimination between different industries. For there is no reason why the existing relation between wages in different industries or wages for different grades of work should be regarded as fixed and unalterable. The most that can be said is that wages should be fixed at the highest point consistent with the avoidance of an undue amount of unemployment. If they are pushed higher than this, unemployment will certainly follow. This does not mean that the existence of unemployment is necessarily or even usually a proof that wages are too high. The causes of unemployment are far too complex to admit of any such easy solution, and I do not believe that the existing unemployment in New Zealand is to any considerable extent the result of unduly high wages. Nevertheless, fluctuations in the volume of unemployment are probably the best guide we have at present as to when it is safe to raise wages, and it is much to be desired, on this and on other grounds, that we should have a more accurate and complete knowledge in New Zealand on this subject, so that the influence of seasonal unemployment can be measured and proper distinctions drawn between the various industries.