

cent. greater than before the war, and labour under award rates appears to enjoy a slightly higher standard of living. Some other section of the community is therefore bearing the burden of lower production and higher charges, and much of it appears to fall on the farmers, whence it reacts on the community in general.

No reasonable objection can be raised against high wage-rates and high standards of living—on the contrary, they are much to be desired, so long as they are justified by high productivity of labour. It appears, however, that wages and labour conditions are fixed in New Zealand with very little regard either to the productivity of labour or to the capacity of the country to absorb labour under the rates and conditions awarded. For this the system of compulsory arbitration is mainly responsible. Our system was established as an experiment aiming mainly to promote conciliation and collective bargaining, with the Court as a Court of Appeal to be used in case of emergency. It has developed, in a manner never intended, into a system of State regulation of wages and labour conditions.

10. *Compulsory Arbitration: Objects.*—It is usually stated that the primary objects of the compulsory arbitration system in New Zealand were to prevent industrial stoppages and sweating. No absolute measure of its success in these spheres is possible, for there are no adequate standards of comparison. Statistics are quoted of the incidence of strikes in Britain and New Zealand, and it is inferred that because Britain has more strikes, compulsory arbitration is successful in preventing strikes. The two countries are plainly not comparable. Britain is highly industrialized, densely peopled, with many large and strong trade-unions, to whom, until quite recently, the strike has been a traditional method of industrial negotiation. A much more valid comparison might be made between New South Wales and Canada, for there conditions are more alike. And in New South Wales, where compulsory arbitration is fully used, the incidence of strikes is more than three times heavier than in Canada, where compulsory arbitration is not in force.

But none could claim that the system has freed New Zealand from strikes, and since nearly all strikes during recent years have occurred in industries over which the Court has no effective control, it is at least doubtful whether it has any appreciable effect in reducing the number of stoppages. For in most of the industries under the Court, conditions are such as to make serious stoppages under any circumstances very improbable.

It is very doubtful, too, whether the Court is now needed to prevent sweating. There is little if any evidence of sweating now in occupations quite beyond the Court's influence—for instance, amongst women typists and domestic servants, who are altogether unorganized and unprotected. In their case the demand for their labour is an effective regulator of wages and conditions and a sufficient safeguard against exploitation. The Court was set up in 1894, at the end of many years of falling prices and depression, and it would have been surprising if, under the economic conditions then prevailing, some sweating had not developed. Since then there has been a long period of rising prices, expansion, and prosperity, which created keen demands for labour. In addition, Factory Acts, Shop Acts, &c., have given workers additional protection. Sweating has certainly been practically eliminated, but other factors have probably had much more influence than the Court in achieving this end.

There is, indeed, little evidence that the Court (apart from the Conciliation Councils) is now performing any useful services in connection with the prevention of strikes and sweating. There is much evidence, on the other hand, that it does many things which were better left undone, and other things imperfectly.

11. *The Court's Influence.*—In the first place, the scope of the Court's investigations is limited. It has to deal with disputes between trade-unions of employers and employees. Originally a dispute was intended to mean some serious difference such as might occasion a stoppage of work. Now a dispute might mean any triviality brought before the Court. Normally the Court is approached by workers' unions, occasionally by employers of workers enrolled in unions registered under the Act. The Court then investigates directly the conditions of workers in registered unions. Out of about four hundred thousand wage-earners in the Dominion, slightly less than one hundred thousand, or 25 per cent., are unionists. Of these about eleven thousand are railwaymen, who are outside the scope of the Court. Allowing for other unions which remain outside the Court, and for non-unionist apprentices, &c., it appears that less than 25 per cent. of the total wage-earners desire representation before the Court.

Moreover, practically the whole of the trade-unionists who approach the Court, and their employers as well, are engaged in sheltered industries, where it is comparatively easy to pass on in higher prices the expense incurred by rises in wages and restrictive regulations. But the Court's awards apply not only to trade-union workers, but to other workers engaged in similar occupations, hence these awards tend to prevail over a part of the field of industry considerably larger than the part directly investigated. They have a further indirect influence on wages of other workers quite beyond the jurisdiction of the Court, as on the rates paid to clerical workers whose salaries bear some customary relation to manual workers' wages. In this way the influence of awards becomes widely diffused throughout the sheltered industries, which can pass on their rising costs, with little if any regard to the ultimate effect on the economic life of the country.

It is quite beyond the power of any tribunal to regulate effectively the whole of the economic life of a country. The Arbitration Court was established not to attempt this, but to settle disputes. In the settlement of disputes, however, it has become involved in the detailed regulation of a considerable part of our economic life, and this regulation has important and far-reaching effects on the whole.

12. *The Basis of Wages.*—The chief matter of dispute which our arbitration system has had to settle has always been wage-rates. Having no guiding principle laid down, the Court and the disputants who come before it have concentrated more and more on the cost of living as the standard by which wages should be fixed. As a result the standard of living, as far as the figures will show, has become stereotyped at approximately the level which happened to prevail in 1914. The attempt appears to