

The committee considered the possibility of submitting a questionnaire to local employers and trade-unions, but decided that the results likely to be secured were not commensurate with the trouble and difficulty involved. The Government Statistician was also approached with a view to obtaining a more adequate statistical basis for future investigations, but was unable to hold out any hopes of an early extension and development of present methods.

In the preparation of this report the committee has assumed the continuance of the present capitalistic form of society, and has not considered the problems which might be raised by fundamental changes in economic structure.

Standard authorities have been drawn upon freely, notably Professor A. C. Pigou and Sir William Beveridge.

II. INTRODUCTION.

Of the many evils to which the development of modern industry has given rise there is probably none more tragic or more disastrous in its consequences than unemployment. Though the problem takes its root in and arises almost entirely out of economic conditions, it is essentially a human problem, and must be considered primarily in terms of the loss and suffering of the individual worker and his dependants. There is, first of all, loss of wages, which is the more serious because it is irrecoverable. The employer can in many cases tide over a period of depression by producing for stock or by reducing his labour and other costs, but the worker has only his *time* to sell, and once that time has passed without employment the loss cannot be recovered. Nor does his enforced idleness bring that rest and recuperation which ordinarily accompany temporary relief from work. On the contrary, it brings anxiety and strain, especially in cases where family responsibilities are heavy, leading in many instances to reduced physical and industrial efficiency. As a leading economist has pointed out, "It is not merely that technical skill is injured through lack of practice; though this, in some instances, may be a matter of real significance: the main point is that the habit of regular work may be lost, and self-respect and self-confidence destroyed; so that, when opportunity for work does come, the man, once merely unemployed, may be found to have become unemployable."

But, in addition to the loss to the individual worker, unemployment reacts seriously upon the industrial morale of the whole community. The fear of unemployment gives a feeling of insecurity to many not actually unemployed; it may be their turn next. This feeling of insecurity, at least in some industries, provides a direct incentive to practices such as going slow, trade-union demarcation, and limitation of entry, which, while they may benefit individual workers or groups of workers over a short period, nevertheless in the long-run mean loss to workers as a whole and to the community. Further, this feeling of insecurity leads to dissatisfaction, fosters industrial unrest, and lends support to agitation for violent change. This dissatisfaction is accentuated by the persistence of some degree of unemployment at all times, so that the phenomenon has come to be regarded as a necessary condition of capitalistic industry; and by the sense of hopelessness which arises from the fact that in times of depression both employer and worker feel themselves to be in the grip of circumstances beyond their control.

At the present time (October, 1927), New Zealand is faced with unemployment in a most acute form, and the object of this report is to investigate the causes of the present crisis and to offer some suggestions for future action and policy. It cannot be hoped that the conclusions reached will be final, for the problem is one which has eluded complete solution at the hands of both economists and industrialists. Nor can such an investigation be anything like comprehensive, for unemployment is not an isolated phenomenon, and to deal with it exhaustively would involve a minute examination of the economic structure not only of New Zealand, but of the world. Yet the problem has been sufficiently investigated by authorities of high repute to enable us to throw some light on its governing causes, while drawing attention to the special circumstances under which it affects New Zealand.

III. DEFINITION.

Unemployment may be defined as the enforced idleness of wage-earners able and willing to work which results from their inability to find an employer. This definition does not include the idleness of salaried persons or professional men, idleness due to old age, sickness, or infirmity, idleness due to choice.—*e.g.*, that of vagrants—nor idleness due to *direct* participation in strikes or lockouts. Nor does it include the idleness of persons permanently unemployed. These forms of idleness are not, of course, without economic significance, but they give rise to problems rather different from the main problem of unemployment, and are therefore excluded. Short time, if within the above definition, should be included as a case of partial unemployment.

IV. CAUSES AND KINDS.

Unemployment results from and is a symptom of a maladjustment between demand for and supply of labour at the current wage rate.

(1) *Changes in Demand for Labour.*

Over short periods the maladjustment referred to is due mainly to variations in the demand for labour, and it is these variations which usually precipitate an unemployment crisis. They may be classified as (a) casual; (b) seasonal; (c) cyclical; (d) secular.

(a) *Casual*.—Casual labour may be defined as labour which is engaged for short periods and by chance. It thus implies two elements: (i) short engagements, and (ii) want of selection. Such labour is *exemplified* at wharves and docks, where the demand is subject to considerable variation according to the amount of shipping to be worked at any given time. Its peculiar evil is that many workers