

"The State cannot abandon the economic field," writes McIver, one of the greatest of modern authorities on political science, "because within it some forms of universal regulation, such as only law can secure, are desirable and even necessary." The State properly intervenes, not to conduct the economic business of the country, but to uphold social standards, to prevent exploitation and manifest injustice, to remove the needless hazards of the economic struggle, to assure and advance the general interest against the carelessness or selfishness of particular groups, to control monopolies so that the public may be protected against their exactions, to see that the future well-being of the country is not jeopardized by the pursuit of immediate gains.—("The Modern State," pp. 296-7.)

Similarly, the late Professor Jevens, the noted economist, writes: "I conceive that the State is justified in passing any law, or in doing any single act which, without ulterior consequences, add to the sum total of happiness . . . The liberty of the subject is only the means towards an end; it is not itself the end; hence, when it fails to produce the desired end, it may be set aside and other means employed."—"The State in Relation to Labour," p. 13.)

Compulsory arbitration, as it at present operates in New Zealand, must be judged, not on the archaic grounds that it is an "infringement of natural laws," but on the grounds of its net effects on economic welfare. Nor is it sufficient to think merely in terms of price disparities and labour costs. These are important; but there are other considerations equally if not more vital—considerations of human values and industrial and social friction which, while more intangible than a wholesale-price index, are at least equally important, and are likely to have serious economic reactions in the long-run.

Within the State economic interests are opposed and unequal in strength; and economic power almost invariably rides through currently accepted principles of social justice and considerations of the common weal. The State, standing on a broader foundation of common interest than either of the contending parties, must endeavour to equalize the terms of conflict, and express, through its constituted authorities, the claims of the general public who are involved, even though indirectly, in every dispute. The State is justified in entering the field of economic bargaining, both because the two parties to the bargain are never of equal strength, and because the results of the bargain are of general interest.

The Arbitration Court provides the machinery whereby the State can perform some part of these necessary functions in New Zealand. Those who would repeal the Industrial Conciliation and Arbitration Act must not only demonstrate clearly that the present system imposes serious economic injuries, *which would disappear with the abolition of the Court*; but also they must offer an alternative method whereby the State may effectively perform the functions I have indicated, particularly as there appears little doubt that the field of economic regulation by public authority in the interests of the community as a whole will of necessity extend rather than contract in the future.

It is my opinion that the criticism laid against the Court by many of those who would abolish it have been extravagant and are tenable only to a small degree; that the social value of some aspects of compulsory arbitration has not been appreciated; and that no effective substitute has so far been offered.

2. The Alleged Failure to Secure Industrial Peace.

An important object of the Arbitration Court is to secure industrial peace; but it is asserted that the tribunal of the Arbitration Court set up to secure industrial peace appears to have now but little success in achieving this aim. Moreover, it is alleged that the Court has tended to promote the organization of conflicting parties and interests in opposite camps, to encourage the emergence on either side of a type of industrial advocate to whom the representation of interests is delegated, and to make the settlement of differences a matter to be decided by a Court of law rather than by agreement between the parties directly concerned, who alone can appreciate fully the real points at issue. The system of delegating authority to specialists in advocacy, the interests of the advocates themselves, the further representation of the opposite parties by assessors who tend to be regarded as additional advocates, the compulsion and finality of conditions imposed by the Court's awards—all these factors tend to widen rather than close the gap of misunderstanding, suspicion, and restraint which divides employers and employed and which is the principal cause of industrial strife.

The statement that the arbitration system has failed to secure industrial peace, and the related statement that it in fact tends to widen the gap between employer and employee, are both largely matters of opinion which have so far not been substantiated by any reliable evidence. We discuss these statements below.

(a) *International Comparison of Days lost through Industrial Stoppages.*—The following figures, taken from "The Conciliation and Arbitration of Industrial Disputes" (International Labour Office, 1927) compare the number of days lost per 1,000 of population in a number of important countries.

Country.	Average Number of Days lost per Annum, 1919-23.			Average Number of Days lost per Annum per 1,000 of Population.
Great Britain	..	..	..	819
Sweden	..	..	..	795
Germany	..	..	..	591
Australian Commonwealth	..	..	..	411
New South Wales	..	..	..	661
Victoria	..	..	..	234
Queensland	..	..	..	223
South Australia	..	..	..	270
West Australia	..	..	..	461
Tasmania	..	..	..	121
Italy	..	..	..	352
France	..	..	..	259
Canada	..	..	..	194
New Zealand.. .. .	..	..	..	84