

case some variations in wages would no doubt occur as between individual wage-earners; but two other consequences would follow.

(1) There would be a danger of the return to sweated conditions. It is common in the same breath to blame the Arbitration Court for the wage disparity in sheltered and unsheltered industries, and to assert that the Court sets the standard for all industries and that there is no sweating, but that the absence of sweating is not due to the Court. Despite the tacit admission that the Court does influence wages in other industries and therefore must reduce the seriousness and extent of sweated conditions, and with the experience of other countries before our eyes (of the much praised United States as well as of the United Kingdom and continental countries), there are those who would dismiss the danger of sweated labour conditions under unregulated wage fixation with a gesture of airy optimism. This failure to profit by the experience of other countries, to ignore the fact that sweating did, in fact, exist in this country before the introduction of the present Act, and to give the Court no credit for the appreciable diminution of sweated conditions (even though at the same time accusing it of a general influence on wages when it suits) is, I think, unfortunate. Despite the fact that other factors besides arbitration have made for the improvement of wage standards in this country, the increased bargaining-power which the Court has given to weakly organized groups has surely been an important factor in the situation. Where workers are in unorganized groups, and where there is no legal minimum, it is a species of blind optimism to ignore the dangers of wage exploitation. It might be argued that a minimum wage might be enforced without our present system of arbitration. Agreed. But the criticism we are at present discussing is related specifically to the minimum wage; not to the level at which that minimum is fixed; nor to other weaknesses of the system.

(2) There is the further point that unregulated wage agreements would result in wage variations from industry to industry and firm to firm, as well as from individual to individual. What are the social implications of this? In the first instance the variations in wages are related not to variations in the capacity of individual workers, but in the efficiency of individual businesses. In the second place, the efficient business is placed at a disadvantage; for the weaker firms will meet competition at the expense of wages. A standard minimum throughout places all employers on the same competitive footing, and forces economies in production such that the minimum can be paid by all firms, while still permitting allowances for variations in wage payments to individuals within the firms. There should be little doubt as to which system is the more preferable. It might be argued that in the long-run the more efficient labour would migrate to the better paid jobs and so wages would vary in accordance with, though not necessarily in proportion to, efficiency. A theoretical case may, no doubt, be established on these lines; but in fact labour is not so mobile as to permit of this condition to perfection, or within a reasonable space of time. And in the long-run we are all dead!

(c) *Minimum Wage the Only Means of preventing "Sweating."*—There should be no question as to the desirability of imposing a minimum wage which permits of the standard considered reasonable in a given society; in short, of imposing a minimum wage to prevent "sweating." The meaning of the word "sweating" is ill-defined and relative to generally accepted standards. As far as New Zealand is concerned, I should define a "sweated" wage rate as one which is appreciably below the wage rate paid to unskilled labour under the Arbitration Court at the present time. I should say that the minimum wages at present paid to agricultural labour (viz. 54s. 4½d. per week according to the Official Year-book) are already pretty close to the "sweated line," at least for the married worker with a family, and that if there were no Arbitration Court and no minimum wage legislation other industries would soon approximate to the same condition. "Sweating," writes Professor Murphy, "can be prevented only by prohibiting the existence of an industry that cannot pay a living wage to its labour force. Industry is not a source of strength to a nation if it is not self-supporting, and if it involves net national loss the best course is to prohibit it once for all, thus saving the human and social waste involved in the advantage taken by the system of that section of the working community that is helpless to protect itself." ("Outlines," p. 205-6.). Professor Murphy states that the only effective means of safeguarding those whose bargaining power is weak is by minimum-wage legislation. "While work is a commodity," writes the same author, "the worker so inseparably bound up with it is a citizen and entitled to the minimum conditions compatible with decent life as such." (*Op. cit.* p. 189.) And again, "In the absence of uniform standards compulsorily imposed on all, the tendency will be, under competitive conditions, for industrial practices to sink to the level set by the most unscrupulous competitor, owing to the fact that such practices, in the short period, are profitable to the individual carrying them on." (*Op. cit.* p. 208.)

(d) *Minimum and Standard Rates.*—With these views I would agree, and also with the view that is clearly implied in the above statements that the *minimum wage* should be fixed in accordance with the minimum standard of living that is considered socially desirable.

This does not necessarily mean that the *standard wage rate* should be fixed in accordance with the cost of living, but that there should be a minimum below which wage-rates should not be allowed to fall, and that this should be related to the cost of living. What this minimum should be, I am not concerned with at the moment. Standard wages above this line might vary periodically in accordance with some clearly stated principle related to "what industry can afford to pay."

It is obvious, of course, that the standard set for the minimum wage should be such as the majority of industries can in fact pay out of production over a period, otherwise we may be reduced to the absurdity of a recent Australian example which calculated a reasonable living wage at such a figure that it could not be paid to all workers out of the national income. The basis on which this rate should be determined is not easy to decide; but the principle of fixing it on the basis of husband and wife, with appropriate additional allowances for children, on lines which have been developed