

The implication of this statement is clear. The main condition hampering the seeking of improved methods, industrial progress, and lowered costs is not the restrictions imposed by the Arbitration Court; but uncertainty as to the future. Attempts at wage reduction which would certainly follow the abolition of the Court and the increased industrial friction which would unavoidably ensue would scarcely set the stage for an era of industrial peace.

III. THE PRESENT ECONOMIC POSITION, WITH SPECIAL REFERENCE TO PRICE DISPARITIES.

So far we have been concerned with certain general problems related to industrial arbitration. There now remains to consider certain alleged economic effects.

1. *The Court is alleged to be a Main Factor in the Present Depression.*

It is confidently asserted that the regulations of the Court, and the influences of minimum-wage legislation, have raised industrial costs and thereby the cost of living. It is argued that the so-called "sheltered industries" are able to pass on these costs in the shape of higher prices; and that a wide disparity therefore exists between prices in such industries, the market for which is local, and in "unsheltered" export industries, the prices for which are determined by conditions abroad. It is argued that the disparity is at the root of most of our economic troubles to-day, for, so it is alleged, it maintains costs at a high level in the agricultural and pastoral industries during a period when export prices are falling and so reduces their capacity to purchase the goods of the "sheltered" industries. Hence the market for "sheltered goods" is restricted and unemployment is a consequence. The implication clearly is that the present depression is attributable mainly to the Arbitration Court.

The above conditions occasion a drift to the cities, which is augmented by the higher wages paid to urban than rural workers. This drift to the towns swells the volume of urban unemployment.

Those who would support this view have a difficult task in front of them. They must first prove that the disparity exists; second, that it is due to the operations of the Court, and not to other general causes; third, if they are abolitionists, they must demonstrate clearly that the disparity is likely to disappear within a reasonable time after the present system is abolished.

The ultimate and crucial issue, as raised by such critics of the Court, is that it raises production costs. Personally, I would suggest that there are other issues besides the effects on cost of production; but the alleged effects on industrial costs represents the gravamen of the main charge against the Court. The artificial level of wages, interferences with productive enterprise, friction between employers and employees, are objected to primarily because they are assumed to be translated into higher costs of production. It follows that whatever doubts may be permitted of the merits of other criticisms of the system, this charge must be proved up to the hilt; but in fact, a case based on this ground is far from strong.

2. *Wage Disparities.*

It is convenient first to discuss the disparity in urban and rural wages. In this connection, the objection that the Court tends to keep wages up over the whole field of industry is conveniently forgotten and the reverse argument is applied—that it widens the disparity. We compare below certain agricultural wage-rates in New Zealand with those in certain other occupations:—

AVERAGE MINIMUM WEEKLY ADULT WAGES (31ST MARCH, 1927).

<i>Agricultural and Pastoral.</i>				<i>Other.</i>			
		s.	d.			s.	d.
General farm hands	..	54	4½	Freezing (general hands)	..	91	8
Ploughmen	..	65	4	Bricklayers' labourers	..	86	7
Musterers	..	110	0	Builders' labourers	..	83	5
Shepherds	..	75	0	Sawmilling (general)	..	84	4
				Waiters	..	87	0
				Stone workers (general)	..	85	4

(“New Zealand Official Year-book,” 1928, pp. 789-90.)

Urban wages are selected at random from amongst the relatively unskilled. Agricultural and pastoral wage-rates include an allowance for board and lodgings; but no allowance is made for differences in the cost of living, nor apparently for payments in kind other than board and lodging. It is apparent, however, that, after all allowance is made for difficulties in statistical comparison, there still remains a measurable difference in minimum wage rates.

But a comparison of urban and rural wage rates reveals precisely the same disparity in other countries. Average monthly wages (agricultural) in the United States in 1923-24 were at the rate of 33.44 dollars plus board, or 47.38 dollars without board. Unskilled labour in blast-furnace earned at the rate of 100 dollars per month; lumper, 72 dollars per month; hod-carriers, 164 dollars per month. The lowest paid unskilled labour received a wage at the rate of 72 dollars per month.

The Agricultural Tribunal of Investigation (U.K.) reports that a common ratio of real agricultural to real industrial wage in Europe is 2:3, and places this as the chief cause of the rural exodus; while the disparity between rural and urban wages in the United Kingdom is notorious. It is clear from these instances that the disparity is due to general causes operating in a wide variety of countries, and related in large measure to the relatively inferior bargaining-position of rural workers.

It might be argued that in New Zealand the Arbitration Court is a factor because it increases the bargaining-power of the unskilled urban worker; but this is only to admit that the disparity would be reduced by weakening the bargaining-power of unskilled labour. This is another way of saying that the Arbitration Court is necessary if the standards of the poorest-paid urban workers are to be maintained; and few would assert that these workers enjoy extravagant standards.