

unsheltered industries, receiving prices only about 40 per cent. above pre-war level for their products, can afford to buy at present prices their usual quantities of goods produced by the sheltered industries; or how all the workers can continue to be employed in those industries if the market for their products is curtailed because buyers' incomes are unequal to sellers' prices. Is this a cause of the present unemployment problem? The question raises large and important issues. It includes the whole question of the soundness or unsoundness of our present arbitration procedure, and the general problem of unemployment as well. These two questions will provide the subject-matter for Bulletins Nos. 28 and 30.

The Arbitration System.

(Canterbury Chamber of Commerce Bulletin No. 28.)

1. ITS AIM—INDUSTRIAL PEACE.

More than thirty years have passed since in 1894 the Parliament of New Zealand, "mildly interested, rather amused, very doubtful," passed the Industrial Conciliation and Arbitration Act. Its object was to encourage the formation of industrial unions and associations, and to facilitate the settlement of industrial disputes by conciliation and arbitration. "Frankly," said Mr. Reeves, who introduced it, "the Bill is but an experiment, but it is an experiment well worth the trying. Try it, and if it fail, repeal it."

Such was the spirit in which New Zealand accepted the experiment of compulsory arbitration. Following upon a period of serious industrial strife, the Act aimed to provide official tribunals before which representatives of employers and wage-earners might meet, and in a calm judicial atmosphere discuss and settle their differences dispassionately and without resort to industrial conflict. For the next ten years industrial peace appeared to have been achieved. The Conciliation Boards were used less than had been expected; but the Court, which had been regarded as merely a Court of appeal, before which intractable cases might be brought for final decision, shouldered the additional burden; times were prosperous, prices and wages rose steadily, no serious industrial stoppages occurred, and in many quarters New Zealand's system of compulsory arbitration was regarded as having settled the strike problem.

Twenty years have passed since that period of peace ended, and it appears now that peace was due not to compulsory arbitration alone, but also to the considerable volume of additional legislation for improving labour conditions, to relief from the depression which prevailed in the early "nineties," and to the rising tide of prices and prosperity which made continuous wage increases possible. From 1906-7, when a temporary setback to the country's prosperity checked the rising trend of wages, the Court's power to secure industrial peace began to wane, and, despite many amendments and consolidations in the Act, industrial troubles became more frequent. The stronger and more militant unions in particular, whose disputes the Court was designed to control, learned to place themselves beyond the Court's jurisdiction at their convenience by declining to register or cancelling their registrations under the Act. The Industrial Disputes Investigation Act, which followed the serious conflicts of 1913, was a tacit admission of the inability of the arbitration system to secure the measure of control which had been expected of it.

The official records of disputes involving stoppage of work from 1906 to 1925 are summarized in the following table:—

|         |    |    |    | Strikes. | Lockouts. | Total Stoppages. |
|---------|----|----|----|----------|-----------|------------------|
| 1906-10 | .. | .. | .. | 22       | 3         | 25               |
| 1911-15 | .. | .. | .. | 146      | 1         | 147              |
| 1916-20 | .. | .. | .. | 221      | 1         | 222              |
| 1921-25 | .. | .. | .. | 299      | 2         | 301              |
| Totals  | .. | .. | .. | 688      | 7         | 695              |

One stoppage of work occurred in 1906; the number gradually increased till it reached 73 in 1913; it fell during the war, but rose to 77 in each of the years 1920 and 1921; it fell to 34 in 1924, but reached the record number of 83 in 1925.

The official figures for the distribution of disputes since 1906 may be summarized as follows:—

| Disputes in                |    |    | Whole Period :<br>1906-25. | Fifteen Years :<br>1906-20. | Last Five Years :<br>1921-25. |
|----------------------------|----|----|----------------------------|-----------------------------|-------------------------------|
| Food, drink, &c.           | .. | .. | 102                        | 65                          | 37                            |
| Mining                     | .. | .. | 242                        | 135                         | 107                           |
| Shipping and cargo-working | .. | .. | 215                        | 86                          | 129                           |
| Totals for three groups    | .. | .. | 559                        | 286                         | 273                           |
| All other groups           | .. | .. | 136                        | 108                         | 28                            |
| Totals                     | .. | .. | 695                        | 394                         | 301                           |

During this period, from 1906 to 1925, the total of disputes involving stoppages of work in New Zealand numbered 695, of which 242 were in mining, 215 in shipping and cargo-working, and 102 in food, drink, &c. (mainly freezing-works), or 559 stoppages in these three industrial groups combined. Over this major part of the field of industrial trouble the Arbitration Court has had little effective control, though the Industrial Disputes Investigation Act has probably exercised some restraining influence. During the five years 1921-25 the concentration was even more marked, for out of 301 stoppages, 273, or 90 per cent., were in the three industrial groups named above, and 28 in all the other groups combined. It appears now that in the industrial groups dominated by strong and militant unions, where compulsory arbitration is most necessary for the settlement of disputes, the system either fails to operate, or operates only at the convenience of the unions. Obstructionist tactics are commonly used with impunity, and the unions can compel the employers to accept the awards of the Court, but the employers can exercise no such compulsion over the unions, for they may register under the Act or not, as they please.

2. WAGES AND ARBITRATION.

It was shown in our last bulletin, No. 27, that the Court reviews the wages and conditions only of those wage-earners who are members of unions registered under the Act. But only 25 per cent. of the wage-earners of the Dominion are unionists, and, of these, some belong to unions which do their wage bargaining outside the Court. Making full allowances for unfinancial unionists and apprentices, it appears that from 25 to 30 per cent. at most of the wage-earners have their conditions directly investigated by the Court. But the Court's awards apply not only to unionists, but also to non-unionists in occupations governed by awards, and are accepted as standards over a wide range of other occupations as well. Hence the Court, on the basis of its investigation of the conditions of little more than one-fourth of the wage-earners, determines indirectly the general standard of rates for a much larger proportion, and exerts a very considerable influence over the whole range of wage rates.