

- (b) Should the Arbitration Court's power to impose regulations on industry be restricted?—*Answers*: 77 per cent., "Yes"; 5 per cent., "Power should be revised"; 7 per cent., "No"; 11 per cent., no reply.
- (c) Is the arbitration system in any way responsible for unemployment?—*Answers*: 59 per cent., "Yes"; 23 per cent., "No"; 12 per cent., "No with qualifications"; 6 per cent., no reply.
- (d) Should the Arbitration Court be abolished?—*Answers*: 27 per cent., "Yes"; 44 per cent., "Functions and constitution should be revised"; 26 per cent., "No"; 3 per cent., no reply.
- (e) Is the lack of adjustment between the price of primary and secondary products due to fixation of wages by the Arbitration Court?—*Answers*: 42 per cent., "Yes"; 23 per cent., "Yes, with qualifications"; 16 per cent., "No"; 7 per cent., "No, with qualifications"; 12 per cent., no reply.
- (f) Is the principle of preference to unionists a good one?—*Answers*: 72 per cent., "No"; 6 per cent., "No, with qualifications"; 15 per cent., "Yes"; 5 per cent., "Yes, with qualifications"; 2 per cent., no reply.

The above figures indicate impatience with the regulation of the conditions and rewards of industry in widespread degree.

4. The report which we referred to in paragraph 2 above summarized the complaints which had been made against the system in the following terms: (a) That the system was good while wages and prices were rising, but now that the tide has turned it does not operate to general benefit; (b) the system limits production; (c) it increases costs; (d) it hampers progress; (e) it stifles initiative; (f) it promotes unemployment; (g) there is too great rigidity in the fixation and interpretation of conditions governing unemployment; (h) the welfare of the general public is disregarded.

5. The following is a summary of the principal recommendations which were adopted:—

- (i) The Arbitration Court should be continued if its functions and constitution are revised.
- (ii) Payment should generally be by results, and should be based on the value and volume of output. The principles enunciated in the Bill providing for payment by piecework should be adopted, and there should be in general less restriction of conditions under which industry may be carried on, and conditions in awards should be interpreted reasonably, not with cast-iron rigidity. Further, it should be made a penal offence for any persons to coerce or cajole any worker to restrict his output.
- (iii) Wages should not be based on such artificial conditions as the size of a man's family, or the pre-war cost of living, but must be based on the economic position of the Dominion as a whole, the state of the primary producers, and the interests of the consumer.
- (iv) Due regard must be given to the economic fallacy of attempting to maintain wages at an unduly high level under protection.
- (v) Preference to unionists should be abolished.
- (vi) Full opportunity should be given for all parties affected to make representations through their own representatives or counsel, or through other medium.
- (vii) Employers should be advised and must be induced to adopt improved methods, and institute more efficient administration in order to do their full part in the economic readjustment now facing the Dominion.
- (viii) Finally, the Conference stated that it was not antagonistic to trades-unionism, but favours its legitimate existence and operations; it has not, and will not, oppose increase in money wages when justifiable; it nevertheless unequivocally affirms the principle that all movements in wages, costs, and prices must be directed towards the increase of real wages and reduction of the cost of living.

6. During the twelve months November 1926 to 1927 a wide and careful survey of the effects of the arbitration system and all other matters bearing on the problems involved was undertaken by the Department of Economics of Canterbury College, in co-operation with the Economics Committee of the Chamber of Commerce. The results were published in bulletin form, and we think that these are of such importance that we take the liberty of submitting as exhibits to this Conference the following seven bulletins:—

- No. 22—A Survey of Production and Occupations.
- No. 24—Economic Organization.
- No. 27—Position of the Wage-earner.
- No. 28—The Arbitration System.
- No. 30—The Relations of Capital and Labour.
- No. 31—Unemployment.
- No. 34—Costs and Prices in Primary Production.

7. From time to time this investigation brought the Economics Committee up against what they consider are from the national point of view evil results of the arbitration system, and we have attempted in the following paragraphs a brief indication of what seem to be the most important of these aspects of the system. The notes are brief, and in many directions, no doubt, suffer from condensation. Any or all of the points, however, can be amplified if the Conference desires.

8. The Arbitration Act was passed in 1894 with certain definite and very laudable objects. We do not, however, think that it was ever intended it should develop into a wage-and-condition-fixing machine as it has done. It is submitted that not only has it gone far beyond its original intention, but that it has gone far beyond the point where the State should interfere with economic forces. It is submitted further that as a result of (a) its policy of basing wages not on the market value of the product of labour but on the cost of living, and (b) the hindrance which the system