

From this classification the obvious conclusion to be drawn is that the two main problems facing us are—

- (1) To provide work between seasons for those workers who are regularly engaged in seasonal occupations connected with the primary industries and also regularly unemployed for a portion of each year.
- (2) To provide work for those workers who being capable of working and willing to work are displaced from industry by causes which are a part of the progressive changes in manufacturing and industrial methods and in the demand for commodities.

It must also be recognized that during periods when workers are unemployed by reason of these causes, and until employment can be provided for them, some provision must be made for their maintenance.

Apart from seasonal unemployment, it is clear that what may be called our normal industrial system is not fully absorbing all available labour, and that this incapacity of industry to absorb labour has been more evident in the last five years than during any previous period. In this respect New Zealand is suffering in common with all other civilized countries. Moreover, as stated in our first report, we are convinced that unemployment arising from changes of methods and the increased use of labour-saving machinery is a continuing problem inevitably bound up with the development and progress of our civilization.

We have carefully examined the remedial measures hitherto employed in New Zealand and also the various measures adopted in other countries. In this latter connection we desire here to express our appreciation of the valuable publications of the International Labour Office at Geneva, and the excellent manner in which detailed information upon the different unemployment schemes of Great Britain and other European countries is set out therein. We have found these publications of the greatest assistance in our investigations.

The remedial measures hitherto adopted in New Zealand have been restricted to attempts by the Government and by local bodies to provide for the absorption of the surplus labour not required by industry, by an extension of public works and by the inauguration of special relief works. We recognize the difficulty of quickly devising a permanent and satisfactory means of dealing with the problems with which we have been confronted in the last few years, and also that probably no better means could have been so quickly brought into effect. We cannot, however, recommend this method of dealing with the problem permanently, or even for anything more than brief periods of special difficulty. Our reasons for this conclusion may be briefly stated here and more fully developed as our report proceeds.

In the first place the returns of expenditure upon relief works by the Government and local bodies (see special appendix section) show that the proportion of the total cost which has reached the workers in the form of wages has been approximately 70 per cent., the other 30 per cent. having been absorbed in the cost of materials, supervision, and overhead. This cannot be counted a satisfactory result if the object of the expenditure of any given sum of money is to relieve the greatest possible number of necessitous cases.

Again, there does not appear to have been any proper correlation of effort between the State and the several local bodies; between local bodies themselves; or between the State, local bodies, and private employers; and the lack of some central controlling authority has probably been one of the principal reasons of the uneconomic result just referred to.

It is our considered opinion that the application of relief measures hitherto has been unscientific, uneconomic, and at best to be regarded as a temporary expedient only.

A complete solution of the problem of unemployment would be the natural development of industries sufficient to provide work for all who are willing to work and capable of working. It may not be possible to quickly bring about this perfect solution, and in the meantime some measures of artificial aid must be provided. Nevertheless the ideal solution should never be lost sight of, and every measure taken should be designed to bring nearer its ultimate attainment.

UNEMPLOYMENT INSURANCE.

In England, in many European countries, and in Queensland, the method of dealing with unemployment has been a system of insurance under which the employer, the State, and the employee have jointly contributed to a fund which has been used mainly to provide sustenance payments for persons unemployed. We do not propose to discuss the merits of these systems as applied to the countries in which they are operating, but we have considered them from the point of view of their applicability to New Zealand.

In the first place, the principles of insurance do not seem to us to be capable of application to the case of unemployment, because the risk is an incalculable one. In the case of life, fire, and accident insurance, &c., experience has given a basis upon which the amount of premium required can be actuarially calculated, but in the case of unemployment no such experience is available. A premium fund which is quite adequate in one year may be entirely inadequate the next owing to some entirely unforeseen conditions. In those countries in which an insurance scheme has been inaugurated experience has shown this to be true. An insurance scheme should be complete in itself, and should be actuarially sound, but no such scheme has yet been devised for unemployment.

INCIDENCE OF COST.

Under the insurance schemes of other countries, the whole cost of the relief of unemployment is borne by industry (employers and workers) and by the State. It is true that the State's contribution is found by the taxpayers, but outside those actually engaged in industry either as employers or employed no one makes any direct contribution to the cost, and therefore no one feels any personal responsibility.