

Any tax upon industry is likely to defeat its own ends by preventing the investment of capital in industry or by imposing additional costs that struggling industries cannot meet. Moreover, a tax upon industry based upon the number of employees, as is the case under the insurance system, is unfair in its incidence, since it imposes upon those who are providing the greatest volume of employment a charge greater than is imposed upon employers who may be much better able to pay but who are engaged in a business which employs comparatively small numbers of workers.

If an insurance scheme similar to the English or to the Queensland scheme, under which agriculture and the professions are not called upon to contribute to the cost, were introduced into New Zealand, we feel that practically the whole cost would be borne by the secondary industries, and that this extra burden upon these industries might tend to increase rather than lessen the amount of unemployment.

It appears to us that those who advocate for New Zealand the adoption of an insurance scheme similar to that of England have not fully recognized the great difference that exists between local and English conditions. In England secondary industries are highly developed; workers entering an industry tend to continue in the same industry during their working-life. Under such conditions insurance is possible; but in New Zealand, where many secondary industries are just struggling to establish themselves, where workers, particularly unskilled workers, so freely move from one industry to another, and where the seasonal character of our main industry—farming—is so pronounced, the conditions do not lend themselves to such a system of insurance.

Finally, no insurance scheme, so far as we have been able to learn, goes much further than to provide sustenance payments for the unemployed, whereas in our opinion it is essential that in any scheme for New Zealand the main function shall be to secure an opportunity of employment for all workers who are capable and willing to work.

For these reasons we are unanimously of the opinion that the adoption of an unemployment insurance scheme on the lines of those operating in other countries would be a very grave mistake, and we have therefore directed our efforts to devising a plan suitable to New Zealand conditions as they exist.

In framing the following recommendations we have endeavoured to provide machinery which will primarily assist to enlarge the field of economic employment in productive industry, and by which temporary relief may be provided for the unemployed until such time as that enlargement is secured.

Recognizing that the essential functions of a satisfactory scheme for unemployment relief in New Zealand are—

- (1) The provision of employment between seasons for those workers who are regularly employed in seasonal work connected with the primary industries:
- (2) The provision of employment for those workers who are displaced by changes of industrial methods, increased use of labour-saving machinery, and changes in the demand for commodities:
- (3) The provision of sustenance payments for unemployed workers willing to work and capable of working during periods when employment cannot be found for them.

We reach the conclusion that two things are urgently required: first, the creation of a permanent organization to deal with problems of unemployment, and, second, a fund to be used for the purposes of such organization.

Dealing first with the question of organization, the necessity for this has been made very clear to us during the course of our investigations. We have already referred to the fact that there does not appear to have been sufficient correlation of effort between the various existing organizations that were attempting to deal with the problem of unemployment. We are also of the opinion that the creation of employment by carrying out unnecessary public works is not an economic method of dealing with the unemployed, and it would be cheaper for the community in many cases to provide sustenance payments for unemployed workers until employment of an economic value can be found for them.

We are convinced that unemployment should be regarded as a social problem to be dealt with permanently and continuously by a representative body of capable men, who would devote themselves primarily to the study of means by which the field of economic employment may be enlarged through the development of productive industries. This Board, to be called the New Zealand Employment Board, should be composed of representatives of organized employers, of organized workers, and of that section of the community which is not represented by either of these organizations. Our recommendations for the setting-up of this Board and its constitution are framed to give effect to this idea. The Board should function continuously. It should act in an advisory and consultative capacity to the Government on all questions affecting the welfare and development of industry. It should also act as a central authority exercising a measure of control over all works undertaken as relief works, whether by the State or by local bodies, in order that such work should be undertaken at the most suitable time and in the most suitable places to absorb the greatest number of workers otherwise unemployed.

The whole of the work of the Board should be designed with the object of assisting the natural solution of the unemployment problem—viz., the expansion of productive industries and the development of new industries which will absorb labour. Relief work may be necessary at times, but relief work must be regarded only as a temporary provision to meet cases of urgency. Men should not at any time be sent by the Board to relief work if work can be found for them in productive industries. As a part of the Board's organization it will be necessary to establish a system of labour exchanges at which all unemployed should be required to register and through which the supply of available