Iudustrial Peace in New Zealand

by

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ON the accepted principle that circumstances alter cases and that you cannot accurately judge the case without a knowledge of the circumstances, so you cannot properly estimate the inherent value and practicability of a state experiment without some adequate information as to the conditions which have led to it and under which it has been tried. State activities, interferences, and enterprises which work satistactorily, for example, in New Zealand might well be disastrous in countries differing in size, climate, race, population, and standards of life and civilisation. A few words, therefore, as to the area, physical conditions, and other relevant factors of New Zealand seem a needful preliminary to a scientific examination of the state experiments I am about to discuss.

This Dominion is commonly referred to geographically as the antipodes of Great Britain, but its most northern point—the North Cape, the warmest—is in the latitude in the southern hemisphere corresponding to one hundred miles south of Spain, and the most southern—the coldest—is in the latitude corresponding to that of the north of Switzerland. In Wellington, the capital city, about half-way between the extreme north and south of the Dominion, snow never falls and even mild frosts are rare. New Zealand enjoys, therefore, a climate that is one of the healthiest in the world, and this helps to create in its people a vigour and energy which have long been conspicuous in many fields of action and enterprise.

The total area of the country is 103,581 square miles, or nearly the size of the United Kingdom. In natural resources it is scarcely inferior in any respect to the United Kingdom and in some important respects considerably richer. The richer land is subdivided very extensively into comparatively small holdings, and its chief products are wool, meat, butter, cheese, skins, and other pastoral products. Of foodstuffs it produces several times as much as it consumes, and it is only to a trivial extent a manufacturing nation. It has a total population of less than a million and a quarter, including

50,000 Maoris, who are, however, gradually disappearing. It has little illiteracy. Under the Education Act of 1877 state schools were everywhere established in which teaching has been free, secular, and compulsory. Thus for over forty years the state has set itself to banish illiteracy, and the very small fraction of the adult population who cannot read and write consists mainly of the very old and a small number of immigrants. The population has scarcely any foreign element, being more British than Great Britain itself. We have no colour question to contend with, for the Maoris are a strong, vigorous, law-abiding race, who demand and receive the same pay for the same work as the European settlers.

The Dominion has for many years had complete self-government, and since 1893 has had both manhood and womanhood suffrage, and manhood suffrage for a much longer period. The average wealth of the population over twenty years of age is £604. The standard of education and of comfort throughout the masses of the people is high as compared with some old-world countries, and there is no moral degradation due to poverty. There is no country where, to use Napoleon's test of an advanced democracy, "career is more open to talent", and where, if the descent of incapacity is not so well lubricated in respect of some important offices as Huxley would have it, birth or poverty offers no bar to individual advancement. Before the prevailing spirit of social and legal equality, family influence and traditions are afforded no place.

The Dominion has four chief cities of nearly the same size, none of them large enough to [favour the existence of extreme poverty, overcrowding, and slum conditions, which history shows make for social disorder.

In all these circumstances it is not surprising that labour determined upon active intervention in New Zealand politics many years ago, and that trade unionism succeeded in returning working men to Parliament as early as 1889, and has done so increasingly ever since, although it has never even approximately attained the position of having a majority in Parliament. This may be largely accounted for by the fact that New Zealand is still mostly an agricultural and pastoral country, with a large proportion of small farmers whose influence, although progressive, has been strongly against the somewhat revolutionary character of the platform which the official Labour Party has adopted during recent years.

In view of the foregoing outline of the situation of the New Zealand people, it would seem that, if prudent state experiments and enterprises can succeed anywhere in the world, they should succeed in this Dominion. No richer field can be found for the growth of the principles and institutions of a true democracy.

Contribution of Arbitration to Industrial Peace

About thirty years ago the conscience of the people of New Zealand was shocked by disclosures appearing in the public press of sweating, especially among woman and child workers, and particularly in the clothing trade. Legislation was passed to check this evil and to secure, by the intervention of a competent and impartial tribunal, a living wage for all those engaged in New Zealand industries. The framer of this legislation afterwards justified this statute on the principle that — to use the words of Sydney and Beatrice Webb— it prevented that injury to the community as a whole which results from any form of industrial parasitism, from the payment, for instance, of wages insufficient for the full maintenance under healthy conditions of workers and their families. The legislation was not due to any demand or pressure from the trades unions. It aimed rather "at improving the conditions of sweated workers too poor and too weak to give battle in the ordinary fashion of industrial warfare". At first the New Zealand Parliament attached no great importance to the Act, and in the words of its author, the Hon. W. P. Reeves, Parliament, "mildly interested, rather amused, very doubtful, allowed it to become law in 1894 and turned to more engrossing and less visionary matters".

The importance of this legislation, indeed, was not perceived until it came into operation in 1896, and then it had to encounter much bitter and concerted opposition. It was novel. It was the first long step the state had taken to override contractual obligations legally entered into between employer and employed, for it gave the Industrial Arbitration Court power to ignore such agreements and make legally obligatory the payment of a rate of wages and the provision of conditions of employment prescribed by the Court, no matter what the workman or workwoman had agreed to. It reversed the historic evolution so fully traced by Sir Henry Maine. It was a step not from status to contract, but from contract to status. To certain classes of workers, irrespective of agreement and, if need be, in the fullest departure from it, a certain minimum wage was required to be paid or legal penalties would be incurred.

The Court was composed of a President having the status of a Supreme Court judge and two assessors, one appointed by the labour unions and one by the employers. The whole system was based upon unionism, for, as regards labour, only unions could bring a dispute before the Court (the individual worker having no status before it), but the greatest facilities were provided by the Act for forming these unions. Societies consisting of three or more employers and fifteen or more workers could be registered and become subject to the

provisions of the Act under the title of an "industrial union". The awards, however, once made bound all workers and employers alike, whether or not members of industrial unions. The Court was given exceedingly wide powers over practically the whole field of employment, and from its decisions within its powers there is no appeal. Especially in later years it was empowered to enforce its decisions by extremely heavy penalties.

Supplementary to the industrial conciliation and arbitration statutes is "the Labour Disputes Investigation Act 1913". It applies where the workers in a trade are not organised, and provides machinery for the settlement of disputes by a Labour Disputes Committee.

The arbitration system and the factory legislation of New Zealand have now been so long in operation—over a quarter of a century—that their marked character as state intervention of a novel kind, invading and dominating as they so largely do the province of contract, have ceased to provoke opposition and are regarded as a normal function of the state. If indeed these laws were repealed today, it is highly probable that their influence would continue in the unenforced conduct of the employers concerned. Therein lies a lesson on the influence of ameliorative industrial legislation in creating a sense of industrial obligation in our economic and legal systems, and in moulding commercial practices to less selfish standards.

A great change has become noticeable, however, in the attitude of the two great parties mainly affected by it. For the first ten or twelve years of its career it was exceedingly popular with labour. Its intervention and assistance were eagerly sought by labour unions, while during these years its operation was, as a rule, resented by the unions of employers. Of recent years there has been a marked tendency in opposite directions. The system has declined more and more in favour with the industrial classes, while the employers have shown an ever-increasing desire to invoke it and rely upon it. This change is easily explained, at least on one broad general ground. In the earlier years of its operation the Court was able to award increases of wages, shorter hours, and improved conditions of labour, without imperilling the existing industrial system, but repeated reviews of awards, repeated increases of benefits to the trade unions making application to the Court, in time brought conditions of employment that, without a genuine menace to the industrial system itself, could scarcely be further improved by the Court. This stage marked the turning-point in different directions of the favour and popularity of the legislation.

Examination of the effect of this legislation upon industrial peace in New Zealand reveals both expected and unexpected results. There is no doubt but that the legislation gave a distinctly increased stability to industrial conditions for a

decade or more (1). It was during these years that the Dominion earned the reputation throughout the world of being a "country without strikes", and this reputation it well deserved. The Act followed the great maritime strike of 1890, and it was not until the general strike of 1913 that an industrial conflict of any marked magnitude took place. The character of the courts contributed much to this beneficent result. It must be admitted that its Presidents — all drawn from men of the highest position, that is from the Supreme Court judges — were animated fully by the desire to do ample justice to labour.

The method of hearing the cases also had a great deal to do with the success of the Court. On the hearing of the different disputes, the fullest enquiry was made into the profits earned in any industry in question, its risks, its permanence or otherwise, and the workers' cost of living judged by the New Zealand standard. All parties were heard fully and patiently, and the highest wage and best conditions awarded that the industry, considered over the term fixed by the award, could reasonably stand. The final decision rested with the President. Sometimes the employers' representative on the bench agreed with him, and the labour representative differed; sometimes the labour representative alone agreed with the President; and frequently the awards were unanimous.

Thus we are entitled to say that, taking the existing industrial system as it has stood and stands, labour has received as much in wages and working conditions as that system permitted. I believe that, whether admitted or not, the fairest representatives of labour feel this to be true, and the disappointment with the Court which has grown up of recent years among trade unions is, in final analysis, not so much a sense of any injustice on the part of the Court as a conviction that the whole prevailing social and economic structure requires radical reconstruction, if labour in New Zealand is to attain the benefits at which it aims. The powers of the Court are limited to the existing system, and, if

(1) The following table, taken from the *New Zealand Official Year Book* (Wellington, 1912 to 1920), illustrates the progress of conciliation and arbitration in New Zealand.

Year ending 31 Mar.	Number of strikes	Industrial agreements	Recommendations in conciliation	Awards in arbitration	Year ending 31 Mar.	Number of strikes	Industrial agreements	Recommendations in conciliation	Awards in arbitration
1904	—	19	13	25	1913	23	32	118	94
1905	—	15	10	26	1914	46	42	166	93
1906	1	5	7	52	1915	4	34	93	71
1907	12	4	12	59	1916	7	21	134	102
1908	12	10	15	98	1917	8	63	159	168
1909	4	12	9	88	1918	6	45	123	114
1910	11	14	102	89	1919	*	31	137	130
1911	15	17	87	74	1920	*	51	168	131
1912	20	25	119	80					

* Not reported. [Ed. *International Labour Review*]

labour is to promote its aims, it must, if that be possible, discover and employ some new power of the state which can govern and engage the whole field of production and distribution more fully than the Court can do in the workers' interest. The problem here involved is so far without any satisfactory solution.

Although a thousand schemes of extensive social and industrial reconstruction have been proposed, they have been schemes on paper, foredoomed to failure if submitted to actual trial; but while this is so, no fair-minded critic can deny how far from just or perfect is the system upon which the New Zealand Arbitration Court has had to base its awards, and, baffled "in discovering a way out", the labour unions in New Zealand, feeling a blindfold sense of wrong and injustice somewhere, are naturally disposed to blame something, ignoring the indisputable gains which have accompanied the Arbitration Court.

(1) The Court has served the great purpose of investigating publicly, fully, and impartially the merits of the disputes it has been called on to hear, and has given an explicit decision upon these merits. By this means the community, before any strike took place, has had the advantage of knowing the true nature of the unions' grievances, and the opinion of an impartial tribunal upon their merits or demerits. This has added the force and support of public opinion to the side declared to be in the right.

(2) The Court has been a powerful friend of the weaker and poorer workers, who would have been unable to improve their condition by any form of militant trade unionism. These workers, originally sweated, have now—thanks mainly to the Court—secured a living wage, while sweating has been banished from the Dominion.

(3) Hours of labour have been shortened without reduction in wages, and all labour conditions have been improved.

(4) The increases in wages of unskilled labour have been substantially greater than for skilled labour. This is due partly to the fact that the Court, having at first no basis presented by the statute for determining rates of wages, has increasingly taken the cost of living, which is regarded as much the same for both skilled and unskilled labour, as a main factor in this determination (2).

But the difference in the increases awarded to skilled and unskilled labour is also partly, perhaps mainly, due to the fact that in New Zealand unskilled labour represents a particularly important section of the working population. Conse-

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(2) Subsequently "The War Regulation and Statute Law Amendment Act 1918" made provision for the Court reviewing and increasing the rate of wages fixed by awards in the light of the increased cost of living.

quently their collective bargaining power in the industrial agreements entered into has been relatively greater than that possessed by the skilled workers. This, we are told, has caused an increasing scarcity of skilled labour, for artisans have to some extent forsaken their trades and joined the ranks of the untrained workers, while boys willing to spend a number of years in learning a trade are difficult to get.

It is a disputed point whether or not in practice the minimum wage fixed by the Court becomes the maximum. Many exceptions can, no doubt, be cited, but fuller consideration and investigation has not led me to alter the considered opinion I expressed in New Zealand in 1908, when I said: "Although the wage fixed by the Court is merely the least the employer is allowed to pay, it is in practice the highest the employer will pay. The result of this has been a marked tendency towards a uniform or dead level wage in each trade for all workers, good, bad, or indifferent".

One further result has been established by the operation of the Act, and that is that the penalties imposed by the Court against strikers are weak, if not entirely ineffective, deterrents. Indeed, long before the great strike of 1913, in smaller strikes involving little more than one hundred men, the enforcement of the penalties was found to be an almost insurmountable difficulty, not merely owing to the numbers of men concerned, but also owing to the fact that the men did not regard the strike as in any sense discreditable (regarding themselves rather as fighting for a principle than guilty of an offence), and the further fact that public opinion certainly did not appear prepared to support the authorities in the enforcement of the laws at least to the extent of imprisonment. For these reasons, although in a few cases, where the number of men involved was trifling, penalties have been enforced, the different Governments have shrunk from attempting seriously to put in operation the penal provisions of the Act. New Zealand's experience over a considerable term of years goes to show that industrial peace cannot be secured by the coercion of force or imprisonment (3).

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(3) Australian experience in this connection is valuable as a guide to sound conclusions. Mr. Hughes, the Federal Prime Minister, last year in the Federal Parliament stated as his conclusion that legal systems of industrial arbitration, compulsion, and all that was ancillary to them, had proved far less effective for the purpose than the method of getting both sides together in a friendly conference. In this he expressed not only current Australian opinion, but the results of the operations of its compulsory arbitration system. During 1913 to 1916 the Courts in Australia decided more of the disputes in favour of workers than in favour of employers, while it is true that during the years 1917 to 1920 the proportions were reversed. However, in support of Mr. Hughes' opinion it is to be noted that from 1913 to 1920 direct negotiations between employers and workers settled a majority of the disputes in favour of one party or the other, and not by compromise. Many of the compromises, moreover, were dominantly in favour of one side or the other.

In general, however, the compulsory arbitration system has done New Zealand good service. It has created or impressed on both sides by its awards and decisions a livelier and fairer sense of the mutual rights and obligations of both employers and employed, and has helped to stimulate more active and energetic public opinion regarding the moral duties inherent in their relationship.

Demands for Reform

Doubt and indecision as to the expediency of continuing or repealing the system of industrial arbitration exist in some quarters and are now becoming widespread. The Act provides a means of cancelling registration under it, and many unions have shown their dislike of the Act by obtaining this cancellation. I am satisfied, moreover, that far more unions would apply for this cancellation, but for the fact that the only alternative is reliance upon industrial warfare, and this, if possible, they would avoid. It must, however, be conceded that with the more militant unions the Act grows steadily less popular, and the recent changes in the legislation, which now no longer requires the President to have the status of a Supreme Court judge, will, in my judgment, lessen the authority and prestige of the Arbitration Tribunal.

In matters of fundamental social and industrial experience, conclusions are often vaguely felt by those most concerned before they are definitely expressed, and it is probably correct to say that in New Zealand our economic system under the operation and administration of the Arbitration Court for a quarter of a century has in the loosely-formed opinion of labour been tried under the most favourable conditions and has been found gravely wanting. The resentment and discontent that have arisen are increasing, expressing themselves in a "go slow" policy with its diminished production, a readiness to invoke even trifling causes for serious industrial stoppages, and an exaggerated estimate of sporadic and unimportant grievances, which a true spirit of co-operation would never create or permit. These are but symptoms of industrial unrest — proofs of the grave fact that the two great partners in production and distribution are drawing more and more into opposite and armed camps, eager not for peace but war.

The Board of Trade Act 1919

A point has now been reached, as stated, in the history of the compulsory arbitration system, where the expediency of continuing it, at any rate in the essentials of its present character, is a matter of grave doubt. It was probably this

grave doubt which led the New Zealand Legislature to place upon its statute book the Board of Trade Act, which, if workable, will supersede all that is important in the compulsory arbitration system. This statute was the successor, perhaps the outcome, of the Cost of Living Act 1915, which aimed chiefly at checking the evils produced in New Zealand's commercial and industrial system by conditions arising from the war. The powers and machinery of this Act were, however, quite inadequate for any materially beneficial result, and hence, after the war was over, and as a permanent measure, "The Board of Trade Act 1919" was passed.

The Board of Trade Act in its preamble declares that its purpose is the better maintenance and control of the industries, trade, and commerce of New Zealand. Industry, for the purpose of the Act, includes any trade, business, industry, or undertaking whatever carried on for the purpose of profit. The Act excludes from its scope the fixing of wages, and, as it is empowered by regulation to fix in the public interest the rates of pay of all other services, the exclusion of the right to deal with wages seems an anomaly. If, however, the Board of Trade Act becomes fully operative, this exclusion should disappear, or it may well be eliminated by a short provision if the Arbitration Act should be definitely repealed.

The Board consists of the Minister of Trade and Commerce, who is the President, and who may appoint any other member of the Executive Council to act for him in his absence as President. In addition to the Minister there are four other members appointed by the Government, who hold office for five years and who need have no prescribed qualifications.

The Board is authorised to hold such judicial enquiries as it thinks fit, either on its own motion or by direction of the Government or on the complaint of any person, into any matter whatever relative to any industry carried on or proposed to be carried on, for the purpose of obtaining information which may be required for the due control, maintenance, or regulation of all or any industries, or for the due observance or amendment of the law relative there to and for the discovery of breaches of these laws. It is further charged with the duty of ascertaining how monopolies may be prevented or suppressed, of how unfair competition or other practices deemed detrimental to the public welfare may be prevented, and what prices for commodities and what rates of services of all kinds should be fixed. For these purposes it is empowered to summon parties and witnesses; enforce under penalties the production of books, documents, and papers, whether or not such evidence may tend to incriminate the party or witnesses; and may publish the whole or any part of the information it thus obtains. The Act further confers power to examine persons privately. In lieu of a judicial enquiry, the Board may conduct

investigations, and for this purpose it possesses similar powers to those in the case of judicial enquiries.

By regulations in the form of Orders-in-Council, the Board may prevent or suppress methods of competition or business which it considers unfair or prejudicial to the public welfare. It may in the same way fix rates or prices for any class of goods or services, and may prescribe the machinery for regulating and controlling such prices or rates. It may prevent any differential prices or rates for goods or services. Finally, it has power " to regulate and control the industries of New Zealand in any other manner whatsoever which the Board deems necessary for the maintenance and prosperity of the industries and for the economic welfare of New Zealand ". Profiteering is, of course, rigorously provided against.

These regulations are declared to have the force of law, and are to come into operation either at once or on a date to be fixed by the regulations themselves. If Parliament is sitting at the time the regulations are made, they are to be laid on the table of both Houses within fourteen days of their being gazetted, and if Parliament is not in session, then within fourteen days after the commencement of the session next ensuing. Parliament may disapprove of all or any of them, and to the extent of such disapproval they are to be regarded as if they had never been made. Upon this last provision the following comments may be made.

First, as Parliament sits in New Zealand for one session a year of about four months' duration, commencing as a rule from the first of July, the regulations made in December would or could be in force until the following July without having come before Parliament. Secondly, they could take the shape of an Order-in-Council only with the approval of the government, and, if so approved, the government would rely upon its majority in Parliament when in session to permit them to remain in force.

It will be seen from the above how completely the determination of the form and development of all industries in New Zealand has been handed over to the Board and the Government. The Act gives these authorities practically unlimited power to mould and fashion our industrial and economic system as they please. Such a grant of power amounts, it must be conceded, to a confession that the problems confronting Parliament in this matter involve a more intimate knowledge of the data upon which their solution must proceed, and longer, more continuous, and undisturbed an application to questions of remedy than is possible for a wholly representative assembly. So much at least may be reasonably inferred from the very fact that this measure was actually passed, as well as from the cautious course which the Board has so far followed. The Board has plainly felt the infinite complexity of our economic system (simple

though it may seem to a casual observer), and it has hesitated to make any drastic alterations in its machinery lest they should bring the whole system into chaos and disaster. Its vigilance and anxiety in the public interest is beyond question, and it is perhaps to the Board's credit that it has allowed no revolutionary folly to rush in where patient wisdom would fear to tread.

So far one guiding principle in the operations of the Board can be recognised, and that is that honest trading can afford to live in the daylight and does not require darkness for its methods. Hence in the numerous proceedings which have been instituted by the Board it has sought to give the fullest publicity to such trading or industrial methods as it feels it its bounden duty to expose and condemn. The provision permitting the publication of all or part of the information the Board secures was mainly intended to enlist on its side the power of public opinion and conscience. Thus far, however, public opinion has failed to realise the enormous difficulty of the tasks imposed upon the Board, and this failure has led to a somewhat widespread dissatisfaction with it in the ranks of labour, and to the criticism that so far its career has been marked only by a series of makeshift and unorganised attempts to deal with casual grievances and disconnected evils as they have arisen in the existing system.

The Board has dealt somewhat arbitrarily with the price and the distribution among flour mills of good milling wheat. It has dealt with the price of flour and bread, providing in certain cases for a government subsidy to flour millers to enable flour and bread to be sold at a certain fixed price. It has further dealt with the price of sugar, butter, timber, coal, groceries, and several other commodities. It has also instituted numerous proceedings for profiteering.

It is not surprising that so far the Board has done little to add to industrial peace in New Zealand. It may be their wisdom or it may be a sense of expediency — one hears both judgments loudly expressed in New Zealand — but the fact remains that they have shown no disposition to democratise industries or increase the field of public ownership or collective enterprise. They have devised no machinery capable of giving constant and adequate expression to the co-ordinated demands of the whole of the workers. They have found no means of providing any measure of state control over essential industries, nor have they touched any of the existing foundations of capitalistic industry.

It has been well said that the changes involved in the existing system must be gradual. Anything iconoclastic would be disastrous, but what the workers say they are seeking is some reliable assurance that the whole problem of reconstruction will be taken courageously in hand, even if it is to proceed piecemeal. I am not, as will be inferred from what has already been said, condemning the Board of Trade.

They may be finding, or they may have found, that in the complicated structure of our present system the difficulties of reconstruction are insurmountable. I am merely pointing out and emphasising the reasons why the scope, powers, and operations of the Board have not sensibly, if at all, reduced industrial unrest in New Zealand.

Extent of State Enterprise and Control

Perhaps the task of reconstruction is so great and far-reaching that it should be undertaken by Parliament itself, and undertaken directly, not indirectly. The prevailing spirit in New Zealand favours, I believe, such a course. As an evidence of this, the state has not hesitated to embark on any enterprise that promised a reasonable measure of success and of general good. It not only owns, and has in the main constructed, the railways, but has adopted the settled policy of prohibiting the construction and working of any railway by private enterprise. Nearly all our city and borough tramways are municipally owned and operated. The state has acquired, to a substantial extent by compulsion, large pastoral estates and divided them among landless would-be settlers. It has lent these settlers money for farming purposes at the lowest possible rates of interest and on the most favourable terms. It has engaged extensively in ordinary banking. It has opened and worked coal mines. It has erected and conducted saw-mills for the supply of a portion of its requirements. It has extensively engaged in life and fire insurance. It has acquired land and erected many houses thereon for workmen generally. It has co-operated as a helpful and unremunerated partner with those engaged in nearly every branch of production. It has its own workshops for the manufacture of railway rolling-stook and similar requirements. It owns and operates a certain number of steamers and has erected tourist hotels and manages many tourist resorts. Indeed, popular objection to state enterprises in New Zealand is limited only to those cases where governmental control and operation cannot be shown to promise success or general benefits.

In 1891 a marked stride was taken by the government in the direction of practically making labour its own employer. In that year they adopted the co-operative system of carrying out public works, such as constructing railways and road formation, an exceedingly extensive field of labour activity in such a young country as New Zealand. This system is still in vogue, although since 1912 there has been some disposition on the part of the authorities to reintroduce a measure of the direct contract system. Under the co-operative

contract system the railway or road construction work to be done is divided into sections, and farmed out to parties of workmen, after plans and simple specifications have been prepared and cost estimates made. The body of workmen then become the contractors and the wages are divided among them. The workmen have control of their membership, subject to a somewhat nominal supervision by the government engineer. The government supplies materials, plant, tools, explosives, and other necessary equipment.

Again, as illustrating the trend of the industrial system of the Dominion, reference may be made to the Report of the Board of Trade specially requested by the Governor on 10 September 1918 to enquire into the conditions of the coal industry. The personnel of the special Board of Enquiry set up included men of very wide experience and a leading political scientist. Their investigations were long and thorough and their report is generally regarded as complete and impartial. It makes suggestions for the removal of the causes of labour unrest, including the institution of proper housing for all mine workers; the regulation of coal prices in the interest of consumers; and the establishment of a Dominion Coal Board representing the coal mine companies, the employees, and the Crown (4). This Board is given power to take over the existing coal companies, with their liabilities and assets, after valuation, and to issue stock to the existing shareholders in exchange for the shares held by them at the average market value of such shares for the period of the three years immediately preceding such exchange. The Board's recommendations involve very far-reaching changes in the present system of coal mine ownership and coal production. These changes, since the Board's report was made, have been under the consideration of the Government, but have not yet been acted on.

The foregoing will serve as an illustration of the trend of industrialism in New Zealand away from private ownership and towards some form of collective control. It can be said without exaggeration that the new conception of labour in this partnership in production has become more widely developed in New Zealand than it has in old-world countries. The old conception of labour as a commodity pure and simple has gone, and its human element has

(4) The Board is to comprise five members at the outside; the companies and the coal workers to appoint two members each, and the Government one member, who should be President; the nominee of the Crown to be appointed for a definite term; the representatives of the coal companies to be elected by the shareholders in the same way as directors are elected; and the representatives of the coal workers to be elected annually according to a system determined after consultation with the workers. In order to establish continuity of policy, members of the Board would hold terms for overlapping years, and not retire from office at the same time.

impressed itself more and more, not only upon the legislature, but upon private employers. There can be no doubt that a large section of labour has emerged from the old fallacious mists in which the pocket of the employer was regarded as a "Fortunatus's purse". This is indicated by the increasingly greater recognition by workmen that the quantum of their reward must, even under the existing system, depend largely upon the amount of wealth produced. It is becoming more clearly recognised by large numbers of those in the ranks of labour that one of the principal functions of the entrepreneur, if he would have better returns, is to increase the efficiency of labour by improving productive methods, and contemporaneously that the day of the old-time methods, once so prevalent among employers, of increasing their share in the shape of profits by reducing wages has passed away.

As regards, however, the broader question of whether state employment and state enterprises are found to contribute more to industrial peace and harmony among state workers than among those in private employment, it must be conceded that industrial contentment and peace are no greater among those in government employment (at least outside what is strictly called the Civil Service) than among those in private service.

The general attitude of labour in New Zealand differs but little from that in other countries. It is dissatiisfied with the existing structure of capitalistic industry. It is no longer content with remedies for smaller grievances arising from time to time, or with patchwork remedies. Without very clearly seeing why, it feels that it is not getting its fair share under our present system, and for this it believes the prevailing economic structure of society is to blame. It turns, wisely or unwisely, from private property and enterprise to theories of extended state capitalism, production, and distribution, under which the control of industry and the receipt of its profits would not be entirely in private hands, but would be more or less socialised. Labour conceives its rights in terms of ideals which force cannot check or unpracticability dismay. The views expressed in this article do not indeed reflect the opinion and feelings of the whole of the workers. It is the custom in New Zealand to refer to those working men who more or less consistently support the existing industrial system as "sane labour", but this fact does not shake the conclusion that the growth of discontent with that system among the wage-earning classes has of recent years been marked and rapid, and that the demand for industrial reorganisation on more democratic principles is now made or shared by a majority of those within the ranks of labour.

Let me in conclusion recall the natural physical advantages possessed by New Zealand—the race, character, and education of her people—their political and civic freedom—their comparatively high standard of material well-being—and in the light of these facts point out that industrial unrest is due to the pursuit of ideals, attainable or unattainable and vaguely or definitely conceived, rather than to the pressure of want or other intolerable conditions.