

the men and the work, and giving the lighter work to the aged and less capable men, and the heavier work to those best fitted for it, the earnings, as a whole, proved satisfactory, and the men are quite prepared to go to work again on the same principle if further work was available.

"The experience gained in this instance has indicated the course which it will be advisable to adopt in the future. It should be arranged—(1) That the men form themselves into parties voluntarily; (2) in case there are more men than work can be found for, the men of equal capabilities should ballot amongst themselves as to who is to get the work; and (3) that a classification of the men be arranged beforehand, so that the abler and stronger men, and those accustomed to the work, might receive the largest share of the profits, the next or second-class a slightly lower rate, and older and weaker men a somewhat lower rate again. By so doing, the feeling of a man working for his fellows would be avoided, also the feeling on the part of others that they were dependent on their fellows. With a suitable classification, on the lines that I have indicated, the system would, I am satisfied, work on the whole admirably.

"Considering that the system is only now being tried for the first time in connection with our public works in New Zealand, it must be conceded that it has proved fairly successful; and, as we gain further practical experience with its working, I have no hesitation whatever in saying that it will ere long be recognised as the proper system on which our public works should be constructed.

"The colony in the past has not received the benefit that it should have received from the public-works expenditure. We have had contractors who have made large fortunes, and who have taken the money so quickly and easily made and spent it in the Mother-country or in the other colonies. Again, we have had large sums of money expended in the different districts, yet the districts have not profited by the expenditure. We have had large estates made valuable by the construction of works, and yet we have not increased the settlement on the land. Had the system of co-operation obtained in years gone by,—had lands adjoining the works been thrown open for settlement as the works progressed,—had those employed shared in the profits in addition to their wages, which is the principle of the co-operative system—then, as they shared their profits, so they would have taken up the lands and settled thereon. It is necessary that a remedy should be devised for the mistakes of the past, and that remedy is the construction of works on the co-operative system, and the simultaneous throwing-open of lands for settlement in the vicinity of the works. The work will not cost the colony any more, and a large portion of the money expended on the same will come back to the Treasury in the shape of payments made for the purchase or rent of lands.

"Another advantage to each district will also ensue. In calling for tenders for works on a large scale it has often occurred that in the locality in which the work is situated there has been a large amount of labour available, but the contractor, coming, as he frequently does, from another provincial district, brings his own men with him. The work, therefore, instead of providing labour for those resident in the district, has the reverse effect, as men who go there expecting to obtain employment do not receive it, owing to the contractor having brought his men with him, and hence the labour-market in the district, instead of being relieved, is congested more than it was before. Not only so, but, as our experience has recently demonstrated, we have had the labour-market glutted in one part of the colony whilst in other parts labouring-men were not obtainable. I attribute this inequality, to a large extent, to the system that has obtained in the construction of our public works. There is, doubtless, a certain class of public works where technical skill is required—such as large bridges, and so forth—in which the old system of doing the work by public tender, and having a middleman in the shape of a contractor, will, for a time at least, be necessary; but, in the course of time, even this, as working-men gain more experience, and the absurdity of the middleman being kept to make a profit from both the Government and the workmen is more clearly recognised, will be seen to be entirely unnecessary."

Enclosure C.

EXTRACT FROM PUBLIC WORKS STATEMENT, 1892.

"The result of the experiments in the construction of our railways and public works on the co-operative principle has proved highly satisfactory, though, as in all new systems, there was a little friction at first.

"Amendments have been made in the terms of agreement between the workmen in the direction of reducing the numbers in each party, it being very difficult to get thirty or forty men who can work harmoniously together, and who are physically and otherwise capable of performing an equal amount of work. But by subdividing the parties, and allowing the men to select their own co-partners, it is found that they practically classify themselves, and thus very largely reduce one of the principal difficulties in working the scheme. There have, in some cases, also been little difficulties at first with the officers of the Government in dealing with the system, owing to their being accustomed to deal only with contractors, and owing also to the subdivision of the work, and having so many separate parties of men to deal with, entailing a considerable amount of extra work upon both the engineers and the overseers. The engineer, in fact, has practically to take the position of the contractor, whilst the overseers have to act not only as overseers for the Government but also as foremen of works for the contracting parties. Taken as a whole, however, every satisfaction has been given by the staff, with one or two exceptions; and at the present time the whole of the works are going on quite smoothly and satisfactorily to both the Government and the men who are doing the work. The work has cost no more than it would have cost if it had been done under the contract system, and, at the same time, a better class of work has been done.

"A great advantage in constructing works under the co-operative system is that the Government has the expenditure thoroughly under control. Should any circumstances arise rendering it desirable to curtail expenditure, it is simply necessary to reduce the number of men, the agreements with the men providing that the Government is at liberty to order the work to be discontinued