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NEW ZEALAND.

HIGH WAGES AND THEIR EXPLOITATION

(MEMORANDUM FROM THE SECRETARY FOR LABOUR TO THE RT. HON. R. J. SEDDON,
MINISTER OF LABOUR, RELATIVE TO).*Laid on the Table of the House of Representatives by Leave.*

Department of Labour, Wellington, 31st May, 1904.

It may fairly be said without boasting that the Industrial Conciliation and Arbitration Act of New Zealand has drawn the attention of the civilised world to the progressive legislation of this colony. The very large number of inquiries made of the Labour Department by people in Europe and America, combined with the extensive literature relating to the subject of our laws recently published abroad (particularly in the United States), are proofs of how widely the subject engages the attention of persons occupied in the study or administration of socio-political matters. It therefore would be little short of a world-wide calamity should anything cause false inferences to be drawn from the effects or results of institutions working under any but fair and impartial conditions. The New Zealand Arbitration Act is not working under such conditions, nor is its beneficent power available to the full in the cause of public utility. The work of the Court is being neutralised by malignant collateral action. It is in the position of a single regiment or division of an army sent far into the enemy's country without reserves or supports. Or, to use a still closer metaphor, it is like a fair edifice the foundations of which are being destroyed by cunning miners working from every side.

The general effect of the Act has been to benefit the whole community by insuring to the employer stability of business and output, to the worker higher wages and shorter hours, to the general public that continuity of trade and business which was formerly too often dislocated by the mischievous waste of strike and lockout. These results have been of high advantage to the whole colony, as the great prosperity shown by every indication of the economic barometer denotes. Such effects are, however, rapidly becoming neutralised, and soon only the empty shell of an apparent prosperity will be left us if the unbridled covetousness of a few be not regulated and checked. Some of the necessities of life cost more than in former years; their price is rapidly advancing, and this out of all proportion to the rise in wages of producers. Of course, the rise in wages given by the Arbitration Court to certain classes of workers is asserted by some to be the reason for the increased cost of articles and services, but this argument runs in a vicious circle, for it is the increased cost of necessities which has caused the concession of higher wages. There has been no fair ratio between the rise in wages and the rise in prices. The fact is that there is a third hand in the game besides the employer and employee, and it is this third man—the non-producing ground-landlord of city and suburban property—who alone will rise a winner in the end.

The chief devourer of the wages of the worker and of the profits of the employer is excessive rent. That an equitable payment for the use of land and dwellings should be made to their owners is, under the present constitution of society, proper and desirable; but a greedy rack-renting system, which transfers gradually almost the whole earnings of the industrial and commercial classes to the pockets of the non-producer, is indefensible. It partakes of three characters: it is unauthorised taxation by private persons, it is a tribute to a conqueror, and ransom of a captive. In Wellington the rents have not only increased during the last ten years, but they have acquired an utter disproportion to earnings. It is difficult for a clerk or foreman at £250 a year to get a decent house near the city under £1 10s. a week, which means about one-third of his income. A labourer earning (taking wet days, illness, &c.) on an average £1 10s. a week must pay at least 10s. to 12s. a week for a house; he, too, finds that a roof over his head costs one-third of his income. This may be accepted as a general rule in the capital city—viz., one-third of the income goes to the landlord. The shopkeeper who by his industry and capability improves his business enhances the value of his holding, and discovers as soon as his short lease expires that if he wishes renewal he must sacrifice the profits of his business. In a certain southern city there is a striking instance of this process. A small piece of land, now in the centre of the town, was bought many years ago (almost by chance) for a person living in England, who paid £50 for it. That person has drawn £800 a year from it for twenty years, and now receives £2,000 a year therefrom. The tribute levied on the struggling colonists of New Zealand by this absentee would, if capitalised, “stagger humanity.” It represents no honest profit on investment.

Other items of necessities, such as meat, bacon, eggs, coal, firewood, &c., have also risen in price considerably, and have helped to minimise any advance in workers' wages. These, however, are more defensible in their deductions than unfair rentals, because some part of the profits made in such cases goes to producers. Unfortunately for the operative or labourer, he is seldom the owner of the means of production, and the point he is made to realise is that mutton is far more costly than it was ten years ago, while the increased cheques for frozen meat, freights, commissions, &c., do not come his way. Nevertheless, a certain number of his class are employed in the production or distribution of meat, and therefore advances in its price do not stand on the same footing as those of ground-rents. Even the farmers indirectly suffer by such mulcting of wages, for less farm-produce is consumed when the spending-power of the masses is checked, and directed aside into private banking accounts of the owners of city and suburban lands.

With the above considerations in mind, I very earnestly ask the Government to take into consideration the question of legislating for the acquirement of suburban lands and the housing of the citizens. Whether such consideration should take the direction of State or municipal control of compulsorily acquired properties I do not presume to suggest. Some scheme, however, should be earnestly pondered over having for its determination the breaking-up of the land ring. Just as Russia acquired by an Imperial ukase possession of petroleum-wells at Baku, and so controlled the market in order to prevent the cupidity of individuals destroying the transport service, &c., of the Empire (carried on by oil-burning steamers), so in New Zealand there is reason for the State to interfere to prevent the exploitation of its citizens and the draining of the earnings of the community into the possession of a few private persons.

It is beyond doubt that the advantages bestowed by progressive legislation are gradually being nullified, and will eventually be destroyed by certain adverse influences. Those influences must be sought out and neutralised fearlessly and effectively in the interests of all classes of workers—*i.e.*, of the vast majority of the citizens of the colony.

To the Rt. Hon. R. J. Seddon, Minister of Labour.

EDW. TREGGAR,
Secretary for Labour.

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