

so that those engaged in every national service will make their first thought the success of the national body, there will be greater national production and therefore more to divide, so that if we agreed to this plan and to divide the proceeds on the basis of present incomes, each would receive more than at present.

14. We know from experience, however, that people will not work harmoniously together in a common aim unless they are satisfied that there is a fair division of the proceeds, and that the working conditions are attractive to them. This means that before we can secure the full production of which we are capable there must be an agreement as to the division of the proceeds of the national enterprise.

15. In this division there are two main questions: One is, how much is to be given by way of interest upon the savings in property of the people—i.e., capital? and the other is, in what proportion are the members to receive the proceeds available for distribution?

16. Now, if the circumstances of a nation are carefully considered, it will be realised that there are certain essentials that by common consent every individual should receive before unessentials are available for anyone. In other words, it is not regarded as right or profitable in a British community that any member should be allowed to starve. This being so, it will be realised by any successful organiser of production that the essentials provided for all should be such as will bring them to their full productive power. In other words, if you want your people to be energetic and productive, you must put energy into them and lead them into habits of development.

17. It will be seen, then, that the first call upon the national labour and property is the essential needs in human service and property of every member of the nation, including all those who for any reason are unable to work in the national enterprise; and the national agreement for division of profits can be limited to the surplus production above these needs.

18. Such a policy means that those engaged in every service will ascertain the essential needs in human service and property of every individual in the nation, and devote themselves primarily to the supplying of those needs, relying upon the general agreement for their share of the surplus proceeds whether as owners of capital or labour; and, as Mr. Valder points out, if capital is given a fixed dividend with a risk rate where the risk is abnormal, and labour (including management) takes the whole of the balance, then capital is made more secure because labour will work for as big a balance as possible for itself. In this way, we form the nation into an open partnership, in which every one can see what is going on; the essential needs of all are treated as part of the working expenses of the partnership, and the balance, after necessary reserves are provided for, is distributed in the proportions fixed by agreement, which must be periodically ad-

justed as may be necessary to secure the harmonious association of the members.

19. What I am describing is merely the adaptation of the methods of our most successful private enterprise to the whole national enterprise. The practical procedure to be followed may be illustrated by reference to the timber industry. The present Government policy is to regard this industry as one service, and to see that it is directed primarily to the supplying of the needs of the people of New Zealand in timber. For this purpose the Government requires all users of a quantity of timber in New Zealand to send in an estimate of their requirements for the ensuing twelve months, and all sawmillers to send in an estimate of their probable output for the same period; and the timber dealers have agreed that they will not raise the schedule prices for timber without reference to the Government. Now, if in this service the present policy were carried to its legitimate conclusion, and the controllers of the timber industry were also required to send to the Government estimates of their requirements in property of all kinds (including new forests), and in labour, of all classes, it is obvious that the property required could be secured at much greater advantage and the labour much better organised than at present, so that, under efficient management, the needs in timber of the community could be secured much more economically and efficiently than they are to-day, and many of the risks now involved in the enterprise could be eliminated.

20. It is obvious that the effect of this organisation and control of prices will limit the remuneration paid to labour and capital in the industry to what is regarded by the Government as a reasonable amount, and the industry for those engaged in it will become a profession rather than a trade. It is, however, an essential industry, and the community must pay for the timber whatever is necessary to induce those employed in the industry to give themselves wholeheartedly to its efficiency.

21. But if the labour and capital in the timber industry are to be controlled in this way and limited in their earnings, and the employment is to be changed from a trade to a profession, what possible justification is there for refraining from treating other industries (such as farming and mining and the merchant service) in the same way? It is clear that no greater ability is required in the control of any one essential service than in any other—there is need for the greatest ability and knowledge in each service, and no reason why any one service should be preferred in remuneration and working conditions to any other.

22. The true national policy, therefore, is organisation on the basis of a national partnership in which each service is regarded as a profession, the whole national enterprise being devoted in the first place to supply the essential needs in human service and property of all members, and in the next place to supplying the means of a wider life for those who earn it, in such proportions as are found to secure harmonious co-operation.