function. The Arbitration Court does nothing of the sort. It has no principles to lay down. If I remember rightly, on more than one occasion, when asked by persons appearing before it, it has refused to lay down principles. It is a legislative body which imposes its views upon the community, or imposes compulsorily upon the whole of an industry just what conditions two bodies may agree upon. It is legislating without any principle to guide it, because it has uncontrolled discretion, and it has the right, uncontrolled by any party, to lay down restrictive conditions affecting the whole of an industry, without power of appeal. I should like to quote here from the address which I mentioned as having given before. I then stated that it is a Court administering a complex system of jurisprudence. It is not sufficiently flexible to accommodate itself sufficiently to the changing conditions of industry. It does not maintain economic principles. As it is a compulsory tribunal it has to provide an elaborate system of inspection and enforcement. It is compelled to deal with matters of trivial importance which should never come before a Court at all. The parties are debarred from any direct action as long as they are working under an award or an agreement. All sorts of petty matters may arise. It is not very long ago since the Arbitration Court had to decide, either in Wellington or in Auckland, whether the spreading of raspberry jam on tarts was skilled or unskilled work. It seems to me preposterous that such trivial matters should come up for decision by a judicial tribunal. Yet these matters have to be dealt with by the Court, for there is no half-way house. If you have a compulsory principle you debar the parties from direct action. If you do that, then the tribunal must settle all disputes between them, however trivial they may be, and in that way I suggest that the Court has been forced to depart from its original function of dealing with major questions, and has been compelled to embody in awards all sorts of trivial details that regulate industry. It may be said—and probably it is true—that that would be the case with collective bargaining between unions, apart from the compulsory system. Possibly it would, but it seems to me that we have the added disadvantage that the whole complicated code is given the force of law, that it lies like a wet blanket upon industry, and takes away all elasticity. I cannot say, and indeed it would be impossible to assert, that the Arbitration Court has very greatly lowered efficiency in industry. Most observers think it has, and I think if industry has to be carried on under all the detailed conditions in this way such regulation is likely to interfere with industry, from the theoretical point of view, by preventing minor adjustments on the spot from being made between the parties. As I understand the situation, an award may not be varied even by consent of both parties. At the present time it can be varied only by decision of the Court. That is quite reasonable, because if the parties could contract themselves out of an award, you might just as well close up the wage-fixing function. There is no doubt that the position of the Court in regard to inflexible trivialities has a hampering effect upon industry. Another point I want to make is that it gives our industrial classes on both sides a wrong angle or slant as to the view they should take of industry. The only way to get an alteration in conditions is by application to the Court to vary the awards when they come up for reconsideration. It is only natural that the leaders on both sides should want to do the most they can for their clients. It is only natural that the men should want as much as they can get. But that seems to me to involve this proposition, that none of us reflects all the time on problems of production. If you have got this constant avenue to improved or altered conditions, it seems inevitable that everybody working under the system—and particularly the workers, for they are the main aggressors since the employers have usually the least to gain by a change of conditions—has his attention directed—and this applies to those who are doing their best to better their fellows—to problems of contention, and not to problems of production. A number of labour men in this city are my personal friends, and I have heard their remarks. I have never heard one of these gentlemen really troubled over problems of production. It is always problems of contention that they discuss, and that seems inevitable when the only method of obtaining an alteration in conditions is through a Court. These conditions will foster the idea that increased remuneration can be got by litigious process, and they will think less and less of the actual production problems of industry. The Act is defended because it secures industrial peace, but I cannot see how you can call a system of perpetual application to the Court anything else but a continual disguised type of industrial war. After all, continued application to the Court in order that that tribunal may give you better conditions, failing which you will take direct action, is industrial peace only in name. I think the effect of the Act is not to produce industrial peace, and your opinion as to that effect will depend largely upon whether you think this litigious process is really peace or is not. In my judgment it is only thinly disguised war. I am satisfied that one bad effect of the Court is to confine the parties to problems of contention rather than to problems of production. They are least interested in this aspect of industry and keep their minds on the question of disputes. This fosters a belief in the contentious process. This is not a good thing: it is national production which sets the limit for what can be distributed, and it seems to me that it would be better for New Zealand if men looked for increased remuneration along the avenue of increased production rather than along the avenue of continued and unending contention, which is ostensibly peace, but which is not in fact true peace. Another point on which an outsider may pass an opinion is this: that the system shifts the responsibility from the parties it fairly belongs to to an outside tribunal. That statement will probably appear to every one in the room, except to my three colleagues, as an absolutely academic point of view. But I would like to stress that aspect to you, because it is very seldom that a professor has a chance, such a chance as I have to-day, to address men in industry. I hold quite strongly that industry is, and should be regarded as, a social function. It would be a good thing for our community, as for others, if both labour and capital regarded their function as a community service, in the way that the best professional men regard theirs. But you never can get that view as long as they can shift the ultimate responsibility for the conduct of industrial affairs from their own shoulders to those of a tribunal. In my judgment the responsibility for industrial progress and peace should rest primarily on the