

FULL EMPLOYMENT

It will be recalled that a major principle laid down in the Charter of the United Nations at San Francisco was one of full employment. The effect of this Declaration at San Francisco, which was ably supported and maintained by our Prime Minister, the Right Hon. P. Fraser, M.P., P.C., and the effect also of the Declaration of the International Labour Organization at Philadelphia, which was influenced and supported by the Right Hon. Walter Nash, M.P., was seen and felt in the work and recommendations of the Employment Committee of the International Labour Organization in Paris in October, 1945. The following extracts from the recommendations indicate to what extent problems of our nation have a counterpart in all nations of the world, and will also indicate that the policy of the Government of New Zealand in bringing in measures to cope with such problems have actually been endorsed by the very representative Committee of experts from all nations to which I have already referred.

Dealing with the question of the inter-dependence of nations, one of the Resolutions adopted reads as follows:—

Inasmuch as the successful implementation of a full employment policy in any one country will often depend upon factors controlled at least in part by other countries, including the availability of raw and semi-manufactured materials and capital equipment and the equilibrium of the balance of payments, Government policy in relation to these matters should have due regard to the impact of particular national measures upon the employment situation in other countries.

The matters are further considered and followed up by definite recommendations to the nations as appropriate to counteract economic upheavals.

The following extract, together with the consequential recommendations, expresses the mind of the Conference thereon:—

(1) The existence in most countries of a relative shortage of production and consumption goods, accompanied by a high effective demand for such goods both from current income and from liquid assets accumulated during the war, tends to cause an inflationary spiral in prices which would be of such a character as to disturb the economy and might ultimately provoke a crisis. In addition, the rise in prices would have serious social consequences, including a reduction in the real income of workers, especially white-collar workers, and of all groups in the community who depend upon a fixed-money income, as well as the danger of widespread industrial conflict. Appropriate measures, including the following, should therefore be adopted to counteract inflationary developments.

(2) The supply of goods should be increased by measures to facilitate the expansion of production and, where appropriate, of imports.

(3) Provision should be made, so far as is administratively practicable, for the retention, as long as shortages prevail, of—

(a) Price controls over goods and services; and

(b) Direct controls over the production and allocation of raw and semi-manufactured materials, transport, sources of power, and capital goods; and

(c) Limitation of demand for consumption goods by such means as rationing.

(4) To the extent that the above controls are ineffective or only partially effective in preventing inflationary developments, they should be supplemented, as long as is necessary, by financial or taxation measures designed to absorb any excess of monetary demand.

(5) An educational campaign should be undertaken to persuade consumers to refrain from using their increased purchasing-power in such a way as to force up prices.

(6) As the various countries emerge from the phase of shortages and potential inflation into more normal conditions, measures of the following type, construed and timed in the light of the circumstances prevailing in particular countries, will become appropriate:—

(a) The controls mentioned in paragraph (4) above should be relaxed in such a way as to keep pace with the increasing supply of transport, power, materials, capital goods, and consumption goods;

(b) The high level of taxation necessary during the war and the early post-war period should be relaxed as the inflationary danger recedes, and in applying this principle the benefit of tax reduction should apply initially—

(i) To taxes which bear on lower incomes; and

(ii) To taxes likely to restrict necessary investment.