

Maintenance of full employment of both persons and material resources is an objective accepted as a basis for Government policy. Experience has shown that unemployment is a serious potential menace in a simple economic environment such as characterized New Zealand for many years. It is now recognized as essential to the economic well-being of the country that a right balance be maintained as between the rural and urban populations, that is, too, between primary and secondary industries. It is logical, therefore, that, in planning for the maintenance of full employment industrial development should find an important place. Matters involving broad issues or policy have continued to be studied by the Industrial Development Committee which was set up in 1944 under the Chairmanship of the Hon. Minister of Industries and Commerce, and which includes representatives of the New Zealand Manufacturers' Federation, the New Zealand Federation of Labour, and of this Department.

Fortunately, it has not been a problem either for the Industrial Development Committee or for the Department to devise means of stimulating industries in New Zealand. In the period covered by this report there has been continuation of the feature evident since the late 1930's that there were strong desires among manufacturers, both in New Zealand and overseas, to extend existing industries or to establish new ones in this country. In the short period since 1st April, 1944, until the present time the Department has been engaged with matters concerning the establishment of sixty industrial units which have either commenced operations or are under consideration. These units embrace electrical and general engineering, rubber tires, ropes and twines, textile and carpet manufacturing, and so on. Their employment potential, quite independently of the associated building, maintenance, and transport industries, is 6,400 males and 2,000 females. Yet the field of possible expansion of secondary industries, based on New Zealand raw materials, has been only lightly cultivated and further local and export markets are within the bounds of practical future possibility for manufacturing industries processing our natural products. An appreciation of this possibility is quickly formed on reflecting upon the importance of the utilization of our large exotic forests and forest products, and upon the prospects of the woollen-mills, the dried-milk and lactose-producing industries, the industries engaged in the canning of vegetable produce and fruits, as well as those which produce certain chemical and synthetic substances.

It is most desirable that efforts to develop New Zealand's industrial economy should be directed first to those lines of production which are allied to our national resources and to our primary products. Much interest has been shown recently in the possibilities of processing greater quantities of our wool locally than has hitherto been the case. Because of the importance of the considerations involved and of their complexity, the Government, through this Department, invited Professor A. F. Barker, an eminent authority on this subject, to investigate and report on such matters as the suitability of New Zealand wool for the uses to which it is applied, the present state of the woollen-milling and associated industries, and the possibilities of further expansion in these fields. The professor's report has been received and is now being studied.

At the same time expansion is occurring in industries using imported raw material and plant and a substantial proportion of overseas capital. This is encouraged, because both the recent war and economic events which preceded it clearly showed that a much greater measure of industrial diversification is not only desirable but essential. There is not necessarily anything unsound or uneconomic in the establishment of efficient undertakings which utilize imported raw materials, and our industrial policy should not be such as to exclude enterprises of that type if they are capable of attaining efficiency even though, to secure the necessary technical skill, many of the major ventures