

In the matter of rehabilitation, the Government's schemes are directed to restoring, as far as possible, the opportunities lost by ex-servicemen and ex-servicewomen as a result of the war. Priority is given to them for State houses, while the future needs of the building industry are being assisted by the establishment of additional trade-training centres throughout the Dominion. Land-settlement plans, involving an expenditure by the State of some £54,000,000, will provide for the establishment of 6,000 settlers during the next four years. The records of the Rehabilitation Department show that up till the end of June, 1946, 163,592 men and women have passed through the Department. Of this total 133,006 are in employment, 38,916 finding employment themselves, 52,661 returning to pre-service employment, while 18,927 have been placed by the Department. Men undergoing full-time training in rehabilitation training centres total 3,280, while 4,142 men have had or are undergoing training with private employers under the Department's subsidy scheme. The 30,437 men and women not yet placed include 21,819 service personnel not yet discharged, in hospital, &c.

Economic policy

It is ten years since I presented my first budget to this House. In it I stated the aim of the Government which was "to organize an internal economy that will distribute the production and services of the Dominion in a way that will guarantee to every person able and willing to work, an income sufficient to provide him and his dependents with everything necessary to make a 'home' and 'homelife' in the best sense of the meaning of those terms."

That statement was made at a time when the people of New Zealand were rising out of the despair and unemployment which had been their lot for several years.

In that budget I outlined the economic plan by which the Government subsequently lifted the country out of the miseries of the economic depression. That plan can be equally effective to-day in overcoming the difficulties of the post-war period and maintaining full employment, good living standards, and economic security for all the people. The policy then, and it is equally valid to-day, depended on putting the power of economic direction into the Government's hands, necessitating control by the Government of the currency and credit structure of the Dominion. This basis was made secure by the Government acquiring complete ownership of the Reserve Bank.

In the first few years of the administration of the Reserve Bank it was used effectively to reverse the effects of existing deflation, but since the war began the Government control of the Reserve Bank has provided a powerful weapon against inflation.

The State's own borrowings from the Reserve Bank during the war have been characterized by a restraint which is unique amongst