

1931.
NEW ZEALAND.

UNEMPLOYMENT BOARD

(REPORT OF THE).

Presented to both Houses of the General Assembly by Leave.

REPORT.

1. INTRODUCTORY.

THE acute economic depression through which the world is passing at the present time is causing world-wide unemployment of a magnitude without parallel in recent history. World prices have fallen to pre-war levels in the space of a few short months from the relatively high levels ruling for over a decade, and in the case of some important commodities—notably wool—to prices considerably lower than pre-war prices. New Zealand, in common with other primary producing countries in a comparatively early stage of economic development, is particularly dependent on its overseas trade, the prices received for its products in the world's markets being the principal factor determining the economic welfare of the Dominion.

The recent collapse in the prices received for the exported produce of the Dominion has curtailed the national income very considerably, and the consequent disorganization of industry and trade has been accompanied by an alarming increase in unemployment. Registrations at the employment bureaux of the Labour Department have increased from 7,402 on the 24th November, 1930 (an already abnormally high figure), to 38,028 on the 30th March, 1931, by a practically unbroken succession of week-to-week increases.

The machinery brought into operation by the Unemployment Act, 1930, was designed to deal with the situation as it existed at that time; and this sudden and unprecedented increase in unemployment registrations occurring immediately upon the commencement of the Board's operations imposed a tremendous strain upon its resources. Although the definite prospect of, at least, partial employment under the Board's schemes was undoubtedly in part responsible for this increase in the number of registered unemployed, the abnormality of economic conditions since the Board has been in existence is the main factor contributing to its difficulties. Brief reference is now made to the main features of the economic situation adversely affecting employment at the present time.

The extent of the fall in the prices received for the products exported by the Dominion is illustrated by the export-price index numbers compiled by the Government Statistician. In March, 1931, export prices were, on the average, 14·2 per cent. below the 1914 level of such prices—a fall of 36 per cent. as compared with the figure for March, 1930. The maintenance of a favourable visible trade balance in the face of this tremendous drop in export prices has been achieved only by a ruthless curtailment in imports, the value of imports for the twelve months ended 31st March, 1931, being £10,867,107 lower than the corresponding figure for the previous year. This decline in the import trade, although necessary in the economic adjustment of the Dominion to the altered conditions prevailing at the present time, is necessarily accompanied by a marked falling-off in employment. Although the decrease in import values has been in part caused by a fall in the prices New Zealand pays for its imports, and to that extent is advantageous to the Dominion, the volume of imports has also declined very considerably, thus throwing out of employment a large proportion of the workers engaged in the sale and distribution of that produce.

In no department of industrial activity are the effects of altered economic conditions so apparent as in the building industry. The value of building permits issued by cities, boroughs, and town districts during the year ended 31st March, 1931, was £5,473,395, a decrease of 45·05 per cent. since the previous year. The building trades normally provide employment for a large number of workers—both skilled tradesmen and unskilled labourers. The effect of this sudden falling-off in building activity has been the unemployment of a large number of these workers. In addition to the displace-