

1931.
NEW ZEALAND.

UNEMPLOYMENT.

STATEMENT BY THE RIGHT HON. J. G. COATES, MINISTER IN CHARGE OF UNEMPLOYMENT.

Laid on the Table of the House of Representatives, 13th October, 1931, by Leave.

STATEMENT.

IN New Zealand to-day more than 50,000 adult men are registered as unemployed; many women and young people are unable to find employment; as yet there is no tendency for these huge numbers to contract. In three months, October to December, of last year the number of registered unemployed doubled; it again doubled in the first three months of the New Year.

Not all of the 50,000 men are wholly unemployed; many of them are engaged in part-time relief work for sustenance. We have not resorted to the so-called "dole," or relief without work—a decision which, in my judgment, was sound, and for which the Government previous to this one is entitled to credit. Of the men placed, however, more than 36,000 are employed under what is called Scheme 5, which is mainly roadwork with pick and shovel. The Unemployment Board is spending money at the rate of £2,500,000 a year, and more than nine-tenths of that large sum has been going into Scheme 5. Much of the roadwork is useful, but it cannot be described as directly productive; and, as time goes on, it becomes ever more difficult to find satisfactory roadwork to be undertaken.

The position as it is to-day must be changed. We cannot afford to become "a nation of navvies." In the interests of the country and of the men directly concerned, those who are now unemployed or are engaged on unproductive relief work must, as far as practicable, be diverted into productive work. It is to this task that we must at once apply our energies. An immediate objective will be to move, say, 20,000 men from Scheme 5 into productive work. That is a substantial number, though far short of the total unemployed; yet it is well to remember that every man placed, every forward step towards recovery, will indirectly lead to the employment of other men.

The situation to-day is a challenge to our capacity to set things right; it is a challenge to our traditional way of doing things—a challenge to our traditional ways of thinking. I approach the question without any preconceived theories of a general nature. I do not profess to have any magic physic, nor do I profess to say the last word on the way in which the question has to be dealt with in New Zealand. I expect criticism, and I invite it, because I am convinced the remedies to be applied will be as varied as are the industries and districts of New Zealand.

SOME BASIC CONSIDERATIONS.

At the outset, however, I must start with some indication of my general viewpoint. It seems to me basic that—

- (1) We should view our problem less as one of simply relieving unemployment, of making work for work's sake, than as one of enabling production to proceed.
- (2) New Zealand has reached a stage in its development when its people must depend more on the fruits of industry and less on development work—national or local—out of loan-money.
- (3) We have unemployment because on present price-levels it is uneconomic to employ labour under the conditions on which it must be employed. Unemployment will only be solved when the wheels of industry revolve of their own volition and again employ labour to the fullest extent.
- (4) Primary production from our farm lands is the keystone of the Dominion's economic structure. It is essential that the unemployed labour should be directed from road and unproductive work to productive work on the farms. This is the policy which the Unemployment Board by every possible means intends to pursue. So far as men engaged on roadwork are concerned, the ideal must be to move them "over the fence" on to the land.

- (5) Important as farming is, we cannot hope to absorb in it the 50,000 men now unemployed. After ninety years' development New Zealand has 80,000 farmers; it would be vain to expect now to place 50,000 additional men on the land. Consequently we must look also to other productive work for the absorption of the unemployed. It may be held necessary to take action to relax restrictions now militating against the employment of labour on an economic basis. This, I recognize, raises controversial issues bearing upon labour legislation, and I shall not deal with the matter here.
- (6) It is also to be recognized, I think, that in expending moneys on productive work we must take into account not the equal allocation of funds as amongst districts, but those purposes and localities which promise to be most economically justifiable.

FINANCE.

At the outset regard must be paid to the subject of finance. Without additional funds the task of transferring men into productive employment cannot be seriously attempted. To-day every penny available to the Unemployment Board is being used. Its whole income, allowing for recent increases in the unemployment-relief tax, and including the subsidy from ordinary taxation, is £2,500,000 a year, or less than £50,000 a week. Its expenditure now is at the rate of £50,000 a week; and so long as there are 50,000 unemployed men this expenditure cannot well be reduced.

All members of the Unemployment Board are closely in touch with the realities of present conditions in New Zealand. They are aware of the very real sacrifice that has to be borne not only by the workless, but by many of the lower-paid workers who are obliged to pay the levy and the 3d. in the £1 charge on wages and salaries. To increase the tax must inevitably add to hardship, and the Unemployment Board recognizes that such a course is to be avoided if this is at all possible. Yet so convinced are the members of the Board that men now engaged in unproductive work should be moved into productive industry, and so inescapable is the conclusion that further cash must be provided to this end, that they have been compelled to consider the necessity for recommending an increase in the charge by 2d. in the £1—that is to say, from 3d. to 5d. We are still hopeful that means will be found to finance our work from funds already available or in sight. Every effort is being made to avoid the necessity of additional taxation, yet if the steps necessary to effect an improvement cannot otherwise be taken we must not hesitate to ask for further funds.

LAND.

(1) *Existing Farms.*—Given the necessary funds, the Unemployment Board and the Government will proceed vigorously with the task of moving men into productive work.

We turn first, as I have said, to the land: and in speaking of the land our first effort must be directed to see that the farms already occupied are enabled to absorb additional labour and to increase production. Everything that retards the prosperity of the farmer adds to unemployment; by helping the farmer we help every one in the country.

Already the Board has devised plans under which farmers may obtain *additional* and subsidized labour under Scheme 4A. The Board desires that it should be for developmental work, but, provided the labour is additional to that which would otherwise be employed and does not displace men already in employment, it may be used for productive work not entirely developmental. Under this scheme the Board finds 10s. per week for single men and £1 per week for married men, the farmer providing food and lodging. After being temporarily suspended, this scheme again operates as from the 1st October. Under another plan—known as Scheme 4B—we will assist in developing farm lands on a *contract* basis; the Unemployment Board pays one-third of the wages of men engaged on contracts for developmental work on farms. It is open to any farmer in New Zealand now to apply for men under either of these schemes. For labour under Scheme 4A he should get in touch with the nearest local Unemployment Committee or branch office of the Labour Department, or his local Postmaster, and for labour under Scheme 4B he should apply to the Commissioner of Crown Lands for his district.

(2) *New Development.*—Apart from existing farms, we must see to the bringing into cultivation of new land. In consultation with my colleagues and their Departments, we are examining afresh the possibilities of opening up blocks of Crown lands. I am pleased to be able to say that we have under review, with the intention of taking immediate action, some 120,000 acres, which include land for irrigation and reclamation.

Already some relief camps for single men have been established, and it is hoped to use them as part of the plan for bringing land into use. The relief pay (I emphasize that it is not wages) is lower than we would wish, but its limit is fixed by the funds available. I recognize, too, that conditions are not ideal: how could they be in experimental camps? But no effort will be spared to ensure that living-conditions will be comfortable. Let me add, too, the men drafted out for developing these lands will be given an opportunity, if they desire, to acquire sections when the land is partially or wholly developed. This is but a beginning. More will follow.

I am not satisfied that we have yet done enough to explore the possibilities of absorbing men on the land. Good as the plans are that have already been devised, they do not go far enough. We are faced with the fact that, with 42,000 men placed under the various schemes, less than 6,000 are on the land, more than 36,000 are on the roads.

(3) *Small-farm Settlements.*—We are giving consideration to the establishment of small-farm holdings. We have the land; we have the cottages or hutments of the type used in Public Works camps; and we have the men anxious to get on the land. Can we not bring these together? We might visualize a group of cottages—not over-elaborate, it is true, but more acceptable than conditions that many must now accept—cottages with a few acres of land on which families could occupy

themselves part-time. Families grouped together around a centre might develop into a prospering, self-reliant community with a social life and amenities of their own. This is but an idea roughly sketched. It is something that may lie ahead, something that could not be tackled in a day, but only with careful forethought and planning.

At the moment we have under consideration a plan to place a definite number of families in cottages in country villages and districts.

Another form of possible assistance, both for farms and for industry, is that of a "labour loan," by which the funds available for relief might be used to tide over the difficulties of people temporarily unable to finance necessary labour. The proposal is being investigated with a view to its adoption, and I am sorry I am not in a position to say more on it just now.

(4) To assist in the work in hand, I now propose to summon the counsel and assistance of Chairmen of County Councils throughout New Zealand, in association with their colleagues and all other persons who can be helpful. It has been my privilege to occupy the position of a County Chairman, and from that experience I am aware of the heavy responsibilities and skilled knowledge that occupants of that office must have of local affairs. My hope is that from their knowledge of local conditions they will be able to throw light upon the best means of attacking the problems in hand. They will indicate blocks of land, public or private, that are worth consideration. Recognizing that existing farms must absorb far more men, they will suggest effective means of attaining this end. Any plans devised here in Wellington must be adapted to varying local needs; County Chairmen and those whom they call together will be able to give advice of unique value in this regard. Our object must be to bring the country into complete organization and to use in this crisis the genius inherent in our people. I am at once sending a letter to every County Chairman to deal more fully with this subject.

LOCAL COMMITTEES.

This brings me to refer to the work of the local Unemployment Committees and other bodies that are helping to-day to meet our difficulties. Almost every city and town has its local committees: in all some 2,000 men and women are giving services voluntarily. Members of local bodies of all kinds, people in every organization and every walk of life are doing their bit. Members of these Committees recognize, I am confident, that they hold a position of serious responsibility. They are not merely advocates of the claims of the unemployed. Theirs is a trusteeship, charged with the duty of guarding the general interest, of conserving our resources, of using to the best advantage every penny of the limited funds available. They must recognize that unemployment relief must not be made so attractive that there is any incentive for workers to remain on it—in fact, every facility and inducement must be given to them to become absorbed as soon as possible in the ordinary life of the country.

In speaking of Committee work, I am not unmindful of the imperative need there is to see that the services of all Government Departments are co-ordinated for the most effective attack on the problems in hand.

SECONDARY INDUSTRIES, ETC.

I have referred at some length to the machinery foreshadowed for attacking our problems and to the vital importance of the work of local Unemployment Committees. I have spoken of farming as our paramount industry. But, as I have said, we cannot hope to divert anything like 50,000 men on to the land. We must look to other avenues as well.

Gold-prospecting and gold-mining are enterprises with special promise to-day. The Unemployment Board and the Mines Department are co-operating to encourage and guide unemployed men in such work. Already a grant of £2,000 has been approved for prospecting; thirty parties with one hundred men have set out, and they have shown fine results. There is a general revival now in Kumara, Hokitika, Thames, Marlborough, and Otago.

In recent years New Zealand has turned to forestry as an enterprise of special promise. There is scarcely a country in the world where the rate of growth of trees is as rapid as in New Zealand. With our heavy rainfall, the annual growth of standing timber is five times as great as in many countries that are afforesting for profit. We have, however, lacked one thing, and that is research and development in the utilization of timber products. Consideration is being given to possible ways of associating the Government and private interests in research, so that the extended use of New Zealand timbers, on a competitive basis, may be encouraged.

Flax-growing, and the general development of the flax industry are enterprises which are engaging the close attention of the Unemployment Board. This is an industry native to the country—an industry which, in comparison to the total value of the finished article, employs more labour than almost any other industry in the country. The competition of other fibres has, for the time being, destroyed overseas markets, but every attention is being given to developing fresh markets and to organizing production on such a basis that our flax industry shall again compete in the markets of the world and can absorb profitably a large number of workers.

Critical examination is being given to the prospects of developing for fruitgrowing the clay lands of the North, a project that would at once yield gum for sale and bring land into cultivation for small fruits. I am informed that the technical problems involved in the storage and export of these small fruits have been solved. The prospects of developing a substantial overseas market are bright.

These are examples of possibly productive works that are being explored.

To the utmost of their power, the Government and the Board will stimulate and encourage manufacturing and other industries. I believe that it is possible and necessary to absorb a great deal more labour through the development of our manufacturing industries in the Dominion. Industrialists

must recognize, however, that they are required to find an alternative to the easy method of the protective tariff, which, in too many cases already, allows New Zealand industries to continue unco-ordinated, ill-organized, and upon an uneconomic basis, at the expense of the consuming public.

One great weakness of our industrial position at present lies in the fact that we have so many firms working independently of one another, and all attempting to produce small quantities of a great variety of "lines." Manufacturers must recognize that the onus rests upon them to place their industries upon a more economic basis by agreeing upon some scheme of co-ordination and specialization in the lines they produce, thus enabling them to reduce prices.

When we turn our attention to the possible extension of New Zealand's industries, primary or secondary, it is certain that the key to the problem is the market for the things we produce.

MARKETS FOR GOODS.

So far as exports are concerned, our country must compete in the markets of the world at prices determined in the markets of the world, at prices which we cannot control. Our problem here is to reduce costs.

We are not, however, wholly dependent upon the outside world; we are not altogether helpless in regard to markets for the things we produce or might produce. There is a part of our economic life that is within our own immediate power to control; it may indeed be a part that is somewhat smaller than the part in which we are dependent upon the outside world, but just because it is something which is within our own responsibility it is something which we cannot too strongly emphasize. Whether our local industries will prosper, whether employment will be offered to our people, depends in a great measure on the choice made by individual men and women in their day-to-day buying. It is a responsibility, admittedly, of the Government and of local bodies, but—far more important—it is a responsibility of individual men and women. Of women particularly, I might add, for the great bulk of the final retail buying of the world is in the hands of women. At this time, when there is need to do everything in our power to revive industries in New Zealand, I want to make a very special appeal to take deliberate and conscious thought in buying goods—that, where price and quality are right, we should consider afresh the merits of goods made in our own country.

ASSISTING IN RECOVERY AND IN LESSENING BURDEN.

There are some other specific directions in which, by taking thought, our people can help to restore prosperity and can help to lessen the burden of the depression while it lasts. Let me refer to one or two of these. So far as Government Departments, local bodies, manufacturers, and private individuals are concerned, my first appeal is that they should, as far as possible, buy New Zealand goods in preference to all others, provided quality and price are right. If they cannot buy New Zealand goods, they should look next to the country which, above all others, buys from us—that is to say, Great Britain. While Britain is depressed we cannot prosper. The surest way that we can help her, and thus help ourselves, is by buying British goods.

To all employers of labour, might I make an appeal to a course of action which, I fully realize, many of them are already following? When business is slack, let them help to tide us over difficult times by sharing employment, by rationing work. This is always difficult, and will sometimes be impossible; but, to the extent that it can be done, employers and manufacturers will render a service in doing it. It is a time, too, when some firms can properly consider the prospects of manufacturing for stock. One suggestion, which can be of only restricted application, is offered here. In some occupations it may be possible as an emergency measure, rather than dismiss regular employees, to give leave of absence without pay for a period of weeks. Where this can be considered, workers and employees themselves who are in a position to do so might be invited to apply for leave, so that the initiative and the selection would come from the employee rather than be imposed in a manner to cause hardship. It is a small point, but it is worth considering.

Addressing myself to a wider audience, may I make a further appeal? Prices have now fallen low and we may reasonably suspect that they have reached rock-bottom. There are, indeed, good grounds for believing that in the light of events of the past few weeks, prices may now move upwards. We are well entitled to be hopeful. This is a time when all sorts of useful work—the repairing and painting of property, for instance, much of it in the nature of odd jobs—can be undertaken. It is a time, too, I dare to say, when well-chosen expenditure is wiser than saving.

To-day there is every good reason why mortgagees, be they State Department or private lenders, should give financial assistance to protect the property that is security for their loans. This is a sound business proposition.

I have one other specific appeal to make, addressed to those who are usually classified as "employers," and, not less important, to all who are in a position to offer employment. Amongst the more than 50,000 men who are registered as unemployed there are scores and hundreds with exceptionally high qualifications. There are able and skilled men, temporarily out of work, who are compelled to-day to take navvying-work for sustenance. Their names and their qualifications are enrolled in the Labour Department's Employment Bureaux; they are anxious to get in touch with those who can place them in employment in their own trades. Will all employers, all who can offer work, get in touch with the Employment Bureaux of the Government Labour Department?

OTHER MATTERS.

I have come to the end of my statement, and there are many subjects I have not touched upon. The whole problem of unemployment amongst women, for instance, is one that is engaging our attention. It is one in which everything that can be done, will be done. The co-ordination of

social services is a necessity. The necessity to provide avenues of employment for young lads just leaving school is ever before our minds. This is one of the most tragic phases of the present depression. Men who have passed middle age have more or less formed their characters, but boys leaving school at the ages of sixteen and seventeen, with all the high hopes of boyhood before them, will be irretrievably ruined if in the next two or three years they find they are not wanted. The country must resolutely face this position. Every avenue of employment possible for boys must be opened. Every opportunity to learn any craft or trade must be made available. Then there is the special and very difficult problem arising from the stopping of railway-construction works. This is difficult, but it will be faced. It will be dealt with in a separate statement to Parliament.

In the whole task of unemployment, I am happy to say, we are receiving the co-operation of local committees and men and women throughout the country. To these again I want to return thanks. I want to acknowledge, too, my gratitude to all of my colleagues in the Ministry and to members of Parliament for the assistance they are giving. To an especial degree I want to express my appreciation of the services of my predecessor as Chairman of the Unemployment Board—Mr. S. G. Smith, M.P. May I say that to my fellow-members of the Unemployment Board—Mr. Jessep, the Deputy Chairman; Mr. Malcolm Fraser, the Commissioner of Unemployment; Mr. Bromley; and Mr. Climie—I am indebted for helpful co-operation. But, most of all, I feel that a tribute is due to the courage, the patience, the quiet determination of the unemployed themselves. One cannot have even the smallest part in dealing with the unemployment problem without being moved to admiration for the spirit shown by those on whom the burden of the depression has fallen most heavily. It is something that recalls to our minds the character of the pioneers of the country.

Faced with so large a number of our fellow-citizens seeking employment, it is imperative that all bend their energies to solving this great problem. It is a great task, but not greater than the spirit of New Zealand—not greater than the spirit which enabled the pioneers of this country to conquer the forests, the rivers, and the plains.

We must not dwell too much upon the depressing influences of the position as it is to-day, but look forward with confidence to a brighter future, bending all our energies to bringing nearer that brighter future. It is a challenge, as I said at the outset: it is also an opportunity.

Approximate Cost of Paper.—Preparation, not given; printing (750 copies), £6.

By Authority: W. A. G. SKINNER, Government Printer, Wellington.—1931.

Price 6d.]

