

may require to be conducted by overseas companies employing capital from abroad in association with capital raised in New Zealand. Enterprise founded here by overseas companies and interest in starting further establishments continue. An example of that interest is provided by the visit to this country during the year of a delegation from the British Rayon Federation to investigate the prospect of establishing a rayon-weaving plant in New Zealand. There is evidence, too, of increasing interest by British and Australian concerns, with official encouragement, to disperse large factories to this country. The approaches made to the Department indicate every probability of quite large expansion due to this cause. Moreover, as conditions of employment and rates of wages alter in other countries it becomes possible to increase the range of industries in which it is practicable for branch factories to be established in New Zealand, where the high intelligence of New Zealand workers and the potential capacity for high workers' output open up the possibility of satisfying a wider range of local requirements by local production instead of by imports and of establishing exports in lines other than a narrow range of primary products. An important factor underlying the increasing trend for overseas interests to commence production here, and underlying also the encouragement which should be given to economic ventures, is the strategic need on the one hand to transfer operations to this part of the world, and on the other to increase our population substantially. This last can be encouraged by providing wider opportunities for employment. It is to be remembered, too, that a wider range of industry brings with it the need for more ancillary trades and services, which themselves contribute to economic expansion, while both the industrial units and their employees become consumers of the products of our primary industries.

CHANGES CONSEQUENT ON INDUSTRIAL DEVELOPMENT

An outcome of economic development on these lines would undoubtedly be that some of the new production would be competitive with established lines of trade. Another outcome would be certain changes in the character of our trade. To the extent that we advance the processing of our own raw materials we should be able to sell, in addition to materials in the crude form, goods partially processed or in the finished state from our own production. Our woollen industry, for example, appears to offer good prospects for further development in this way. Except perhaps in an isolated case occurring in the period between the two world wars, past experience has shown that economic development of a country has not led to a shrinkage of its trade with the rest of the world, but, instead, its people have become consumers of commodities for which they did not provide such good markets previously. Reasons have not yet appeared to show that New Zealand would prove to be an exception to general experience.

RESTRICTIONS IMPOSED BY LIMITED RESOURCES

In our case, developments in industrial expansion deserve some thought in relation to the frequently expressed opinions that New Zealand is a poor country in that it has limited resources of raw materials for manufacturing industries. It is unfortunately true that we have no minerals in sufficient quantities for large-scale industrial development, but in very few countries are there both a wealth of raw materials for manufacture and an abundance of agricultural and pastoral resources to enable a high scale of diversification to be attained. The position of Great Britain herself in this respect is frequently overlooked. The raw products yielded by other countries which are imported into the United Kingdom to form finished products and in turn exported as producers' materials or consumer goods to other countries far exceed the raw-material resources indigenous to Great Britain. In many respects our industrial potential, particularly as regards power resources, is greater than that of several countries which, although similarly handicapped by the lack in their natural resources of certain raw materials are making marked headway in development of manufacturing industries.