

necessary imports. At this point our troubles are directly linked with those of Great Britain, with whom we mostly trade. We can, however, materially assist in restoring and maintaining our living standards by increasing production in New Zealand.

As there is now virtually no unemployment in New Zealand, but on the contrary about 33,000 vacant jobs, this objective can be attained only by making better use of our available resources, and above all by increased output per unit of labour, whether it is in the mines, on the farms, in the factories, on the wharves, in transportation, or in the offices. Ways and means must be found, and found quickly, of galvanizing our people into greater activity.

A better understanding of the real position and a realization that in general every worker's standard of living is determined by his own output would, I feel sure, be very helpful and this could best be emphasized by some system of incentive payments, that is, payment by results. Whatever method, or combination of methods, is in fact adopted must have the objective of increased output per worker, which I would again stress is the only way in present circumstances of maintaining our own standard of living.

Economic Policy

Basic objectives in the Government's economic policy are full employment and a rising standard of living in terms of real wealth. To achieve these objectives it is our policy—

- (a) To bring about a development of our natural resources through an economic and efficient expansion of production to serve local and overseas requirements:
- (b) To organize marketing of export produce and goods for local consumption on a basis of reasonable price security for producer and consumer:
- (c) To avoid depreciating the purchasing power of money through inflation:
- (d) To ensure reasonable stability of individual incomes.

Salient features in the present situation are—

1. Wages and salaries, savings, and money supply generally, all show substantial increases above pre-war levels.
2. The quantity of goods available for consumption is appreciably below pre-war levels.
3. While aggregate production is slightly above pre-war levels it has shown a falling tendency over the last few years.
4. Imports have risen over the last few years, but are still substantially below pre-war levels.
5. Great Britain, with whom we conduct most of our trade, is going through a serious economic crisis.
6. Trade with United States and Canada is hampered by a world shortage of dollars.