

It is clear that the cost of goods for our own consumption and of all social services must affect the cost of primary production, but it is difficult to gauge the real cost of such goods and services to the community. It is contended that the interests of the country as a whole require wheat to be grown, and at the same time the growers of wheat say they cannot produce at the world's parity prices, and they have secured a protective duty on wheat. We do not propose to discuss the merits or demerits of the wheat duty, since that is now to be investigated by another body, but we mention it to illustrate the difficulty of determining the real cost of goods produced for our own use. The cost of our own wheat is higher than that of imported wheat, but it may be worth while paying the extra cost for the sake of preserving the wheat industry. In the same way it may be worth while to pay a higher price for certain articles manufactured locally than we might pay for similar articles imported, if to import them means creating unemployment of our own people.

Again, many services are provided by the State and by local authorities and are paid for by the users directly or by the taxpayers indirectly. It is difficult to gauge the real cost of these to the community, or to say whether we are paying too dearly for any particular one, since there is in many cases no standard with which to compare it. It can be stated as a definite rule that the cost of all our locally made goods and of all our social services must be kept as low as possible (by "cost" we mean everything that enters into the cost of the goods or services); that methods of manufacture, including use of labour, must be efficient. But it is difficult to set standards of cost or of efficiency. The standards of other countries alone are not safe guides, but they are of use when considered in conjunction with the need for providing employment for our own people. There is, however, this plain fact to be borne in mind, that the prosperity of New Zealand depends upon the margin between the selling-price of our exported products and their cost of production, preparation, and delivery. That margin is our national trading profit from which must come the capital for the bringing-in of more land, the expansion of our industries, and the establishment of new ones.

From the foregoing discussion certain conclusions are to be drawn, and may be stated as simple rules for our guidance:—

- (1) Our principal business is the production of exportable farm-products. It is a profitable business, and capable of steady expansion in volume, though prices tend to be lower in the future than in the last few years.
- (2) It follows that in primary production and incidental industries we should engage the largest possible proportion of our population and of our capital.
- (3) There will always be a proportion of the population and of capital which cannot be employed in primary production but which can be usefully employed in other industries.
- (4) The costs in both primary production and other industries must be kept low enough to permit of the expansion of our export trade.
- (5) Cost of local government and State services are just as much a factor in our costs of primary production as the costs involved in privately owned industries, and should be as carefully controlled.
- (6) Changes in industrial method and other causes will lead to the unemployment of groups of workers from time to time, and for their relief some provision must be made. The nature of that relief we will discuss later.

At this point, however, we wish to emphasize three points in connection with the relief of temporary unemployment: First, any relief work provided should be useful and productive work, otherwise it is a waste of capital and of labour; second, care is needed to avoid providing permanent relief work for inefficient labour; third, the cost of necessary relief work must be spread as evenly as possible over the whole community. If it be made a tax upon industry or sections of industry it may have a boomerang effect and increase rather than diminish our problem.

The immediate unemployment is not our first concern, but it is none the less necessary for us to present a true picture of the present situation before developing our report further. It has taken almost the whole of the time since our appointment to collect the information needed to enable some of the following classifications to be made.

(NOTE.—Mr. Roberts here makes the reservation that while the foregoing contains many statements with which he is in agreement, it also contains suggestions and statements to which he cannot subscribe. In view of the seriousness of the unemployment problem, however, it is not his intention to submit a minority report, as he considers it most desirable that the reports of the Committee, particularly as to suggestions for overcoming unemployment, should be unanimous.)

In considering the magnitude of the unemployment problem the Committee have examined the available statistics on the subject, and are of opinion that the registrations with the Labour Department employment bureaux (together with those on relief works) are the best available indication of the Government unemployment problem. Facilities for registration in the smaller towns and country districts have been provided at all post-offices throughout the country, and any not registering are evidently not seeking Government assistance in the matter. Applications at the Labour Department bureaux must be renewed every fortnight or otherwise they are struck off, and the numbers on the register each week may therefore be taken as representing the extent of unemployment from week to week. The Committee attach a series of tables and graphs covering their investigations in the matter.

In the figures of unemployment given the Committee have dealt only, as stated, with those on the Unemployed Registers. It is well known that the employment offered by the Labour Department is mainly of an unskilled character, and that skilled tradesmen are not in the habit of registering when seeking new jobs. Whatever number of unemployed there are unregistered the Committee are not in a position to deal with them, and the following statement is confined entirely to those on labour bureaux registers.

The Committee would also emphasize that the classifications as to periods of unemployment, dependency, &c., shown, except where otherwise stated, are based on the particulars given by applicants themselves when registering.