

prices and the huge volume of arrears of requirements, it is quite clear that we will have to husband our overseas resources carefully and ensure that sufficient is reserved for essential requirements.

The Government intends to foster our export trade as much as possible and endeavour to find new avenues for such trade, thereby increasing our ability to import, but it is clear that only a minority of the population can be employed on farms. This being so, the only way we can achieve a better standard of living for every one is to manufacture more goods in New Zealand. The policy is to obtain full employment in making those things that can be most economically manufactured here, and particularly in industries that can utilize our own raw materials. Much of the additional activity will come by way of expansion of existing industries, and many new ones can be organized efficiently—and we must strive for efficiency—without help from overseas. But in other cases we lack the necessary knowledge and skill, and alone cannot hope to keep abreast of the larger countries in research work. In such cases the best course is to invite and encourage successful overseas businesses to bring the necessary plant and key personnel and establish a branch factory in this Dominion. It should be clearly understood that development of a policy of expanding manufacture in New Zealand does not mean reducing the aggregate value of our imports, but it will gradually involve some change in the nature of such imports. From necessity we will utilize our overseas resources to the full—and we cannot do more than that—in importing the wide range of commodities that we cannot manufacture economically in this country.

**Industrial expansion.**

I would like to emphasize that new industries and extensions of existing industries must be efficient and economically sound taking all factors into account. Our main industries are, and will remain, our export industries, which have to face competition on the world's markets. Therefore, in aiding any new industries we must ensure that costs in the primary industries are not unfairly increased.

Concerning external trade, it should always be borne in mind that the United Kingdom buys the vast bulk of our exports, and that, wherever quality and price are reasonably competitive, it is plainly in our interest to buy goods of British manufacture. Where new types of manufactures in New Zealand, and particularly those that need to be in large units, are found to be economic in pursuance of a policy of obtaining full employment in productive industry, we will, in accordance with our obligations already undertaken, invite the views of United Kingdom industries, and, should they so desire, give United Kingdom interests concerned an opportunity to put forward proposals for establishing factories in the Dominion.

**Overseas trade.**

Whilst adhering to the long-established policy of preference for British goods, the Government are fully aware of the interdependence of all countries in economic welfare, and are ready at any time to support international arrangements that will facilitate an expansion of world trade and stabilize it at a high level. At the same time we will never lose sight of the fact that prosperity begins at home, and that consequently our first and greatest contribution to a better world is to bring about full employment and a higher standard of living in our own country. We want to do that in a way that will, as far as practicable, help and not hinder our international friends, but we cannot achieve our objective without maintaining our own industries in a thriving state. That is fundamental; but if we combine it with balancing our external trade at the highest possible level, we will have made a maximum contribution to world prosperity. As there is a world shortage of food, New Zealand is able to make a particularly valuable contribution.

Within this country we have a serious housing shortage to overcome; we are short of power and have a lot of leeway to make up in other directions, but we are fortunate in having no devastated areas to rebuild, nor have we any gigantic armament industry to convert to peacetime purposes. Relatively our problems are simple compared to those of many less fortunate countries. The Government, realizing its share in the responsibility to contribute towards an improved living standard everywhere in the world, affirm that one of the great truths that has been publicized since the International Labour Conference at Philadelphia last year is that "Poverty anywhere constitutes a danger to prosperity everywhere."

The United Kingdom proposes to give exports a considerable measure of priority over her own internal requirements, and while this means that the British people, who have had to endure much during the war period, will have to continue to get along with inadequate supplies for a longer period than would otherwise be the case, their sacrifice will react to our benefit. Even so, it will obviously be several years after the war before we can hope to catch up with our essential requirements of imported goods. For many reasons, wherever practicable, we should be prepared to wait until we can obtain our requirements from the United Kingdom. In any case, as the United Kingdom buys nearly all our exports we can obtain other currencies only in exchange for sterling, and there are likely to be difficulties in doing that beyond a limited extent.

**Import priorities.**