

largely because of the instability of the general international price levels, which has had a marked effect on foreign exchanges. The catastrophic fall in the prices received for New Zealand's primary produce considerably reduced the foreign exchange available to New Zealand for imports, and, as a consequence, resulted in reduced imports. On the other hand, the raising of the exchange rate in 1932 not only aided New Zealand farmers, but was, in effect, an added protection to New Zealand industry. Coupled with this was a definite tariff policy which was aimed at stimulating New Zealand industry with a view to the absorption of the surplus employable population in the country. At a later date, owing to the continued insecurity of the foreign-exchange position, the decision to license imports and to ration foreign exchange was a notable factor in encouraging secondary industries in the Dominion. In the operation of this latter policy a definite attempt was made to encourage certain secondary industries in the Dominion, particularly those using predominantly New Zealand raw materials. This had the effect of creating a demand for labour in the Dominion, and had quite a definite influence in the absorption of the unemployed. In a report such as this, which is concerned chiefly with population, it is not in place to discuss the financial details of the developments of the particular secondary industries. It should be mentioned, however, that marked development took place in the manufacturing of consumable goods in the country, particularly in the field of electrical appliances and radios. There was a marked expansion in the manufacturing of clothing for internal consumption, and in a number of other fields, particularly in the field of the assembly of motor-vehicles, the secondary industries expanded very considerably. This accounted for the large increase in the population concerned with secondary industries prior to the war. When war came and New Zealand was to all intents and purposes shut off from overseas trade, it became necessary to concentrate still further on the internal manufacture of as many commodities as possible. Coupled with this, the demands for the manufacture of munitions and other warlike equipment, including clothing for the troops, had a very marked effect on the industrial activity of the country. This development, which has resulted in the construction of large factories and the purchase of large amounts of industrial machinery, has given the basis on which the future industrial expansion of the country will take place. In many fields, particularly in the clothing field and in the field of the domestic electrical appliances, New Zealand now, to a very large extent, is entirely self-contained.

There are other developments taking place due largely to the relative change in the comparative cost structure as between New Zealand and the countries from which she previously imported her manufactured commodities. Rising wages and costs in Great Britain have placed New Zealand in a very advantageous position relative to the import of commodities from overseas. The stabilization policy pursued over the last few years has kept New Zealand's price-levels much more stable than in most other countries of the world, and the net effect has been that industries have not only been able to commence, but to maintain their position despite the potential emergence of overseas competition. One indication of this is the tendency for overseas firms to set up factories in New Zealand. Even since the war there is evidence to the effect that certain rubber concerns are proposing to make tires in New Zealand, some motor-manufacturing concerns are proposing to set up assembly depots in the country, and on all sides there are indications that an era of industrial expansion is bound to occur.

It will be of interest, however, to discuss the developments during the period up to 1931, when these industries were concerned largely with the production of the more directly consumable goods. At a later stage reference will be made to developments subsequent to the depression, when there was a greater expansion of the more truly manufacturing industries.