

REPORT

I HAVE the honour to submit the annual report and statement of accounts of the Marketing Department (Export Division) for the year ended 31st July, 1943.

This report relates to the 1942-43 production season (the fourth year of war), and the transactions in respect of dairy-produce, meat, wool, tallow, woolly sheep-skins, hides, linen flax, and scheelite are reviewed under the appropriate headings.

CONTRACTS BETWEEN THE UNITED KINGDOM AND NEW ZEALAND GOVERNMENTS FOR THE FOURTH YEAR OF WAR, 1942-43

The contracts of purchase of wool and woolly sheep-skins by the United Kingdom Government run for the period of the war, and include the following season's wool-clip and production of woolly sheep-skins. There is provision in the contracts for review of prices, and in May, 1942, the United Kingdom Government announced an increase of 15 per cent. in the ex-store price of wool, not including the additions for storage and handling charges which enter into the total price paid. Details of the increased prices which applied for the 1942-43 season are shown in the wool section of this report.

In the case of dairy-produce, meat, tallow, linen flax, and scheelite discussions on details of the contracts for the 1942-43 season were necessary, and the results of these discussions are revealed in the appropriate sections of this report.

In the report for the 1941-42 season (page 3) reference was made to the accumulation by the end of May, 1941, of somewhat embarrassing stocks of butter, cheese, and meat awaiting shipment, and to the consequent agreement entered into with the United Kingdom Government covering the handling of such surplus stocks. It is pleasing to record that improved liftings of products by overseas ships, and action taken in New Zealand in the canning of certain classes of meat and in the dehydration of butter and meat, relieved the situation and avoided any serious difficulty. In May, 1943, meat storage was fully taxed, but again improved liftings by steamers quickly changed the situation, and at this date (September, 1943) quantities of meat and dairy-produce awaiting shipment are well below normal.

ECONOMIC STABILIZATION IN NEW ZEALAND

In view of the relationship between prices paid by the Marketing Department for food and other products, and the economic stabilization policy of the Government, it is considered appropriate to record in this report the principles of the policy, and the agreement reached with representatives of the farming industries in regard to its application to farm products. Accordingly a statement made by the Right Hon. the Prime Minister on 15th December, 1942, and correspondence with the Farmers' Federation are quoted as follows:—

BROADCAST ADDRESS BY THE RIGHT HON. THE PRIME MINISTER ON 15TH DECEMBER, 1942

"Economic Stabilization"

"Seven years ago the Government of this country pledged itself to the ideal of social security, to the ideal of a society in which the fear of poverty should be banished from every home. That ideal is well on the way to being realized. Under our social-security legislation the destitution which used to come with sickness, unemployment, and widowhood is a thing of the past. And lately we have become conscious that we are not marching alone along this road. The ideal of social security is accepted in Great Britain and the United States, and has, indeed, passed into the post-war programme of the United Nations.

"Now social security implies something much more than a system of money benefits for people who have suffered unemployment or some other economic misfortune. It implies an order of society in which every citizen—wage-earner, trader, professional man, or pensioner—is safeguarded against economic fluctuations.

"It is my plain duty to tell you to-night that social security in this wider sense of the term is in danger. It is not in danger because it is opposed now by any large part of the community, for I think I can say that social security has now become a national policy. It is in danger because the impact of war has let loose forces which, if they are not firmly checked, will throw our economic system into disorder.

"It should be unnecessary for me to tell you that if social security is not built on a stable currency it is built on sand. If the wage-earner is not sure that his wages will buy approximately the same amount of goods a month or a year hence as they buy to-day, there is no real social security.

"The Social Security Act and the minimum wage are only one side of social security in this country. The other side is the measures we have taken, particularly since the outbreak of war, to control the cost of living. Let me remind you of some of those measures. In September, 1939, all prices were brought under control through the Price Tribunal. In September, 1941, thirty-eight of the more important commodities entering into the cost of living were stabilized. Meat, bread, and butter, for instance, have not increased in price since the beginning of the war. But perhaps the most important factor in controlling our cost of living has been the control of farm prices.

"The Government soon saw that these measures ought to be crystallized into a plan, and in September, 1940, referred the whole matter to the most representative conference of economic interests ever held in this country. This Economic Stabilization Conference unanimously urged the Government—

"To stabilize prices, wages, and costs so that the cost of the war is not thrown unfairly on one group to the benefit of another."

"The Government made this proposal its policy and appointed a committee to carry on the work thus begun. The present stabilization plan has emerged from this committee's day-to-day grappling with the practical problems involved.

"So far the result of this work is one of which we can be proud. In no country now at war has there been less economic dislocation through changes in the value of money.