

issue a general order raising wages. After that there will be no adjustment of wages up or down unless prices rise or fall by more than 5 per cent. The farmer will be treated in the same way. In the event of a general order affecting other forms of remuneration the farmer also will receive an adjustment in his price. But the whole purpose of the plan is to avoid any such marked fluctuation, and the Government is confident that with your co-operation and good will it can be avoided.

"The success of this great enterprise—for it is a great enterprise—depends on all of us pulling together. It would be quite easy to obstruct it. It would be quite easy for any section of the people to decide selfishly or blindly that they should have special treatment, that the plan might be good enough for the community, sound enough in principle, but would not suit them. What would be the effect of that? The effect would be, and could only be, that the attempt to stabilize prices for all would fail. Everybody would suffer for the selfishness or blindness of a few. That would be the position, and if this is clearly understood by all, as I hope it will be, then we shall have no miserable sabotage of the collective effort.

"The War Cabinet and the Government are in this matter looking forward. They are looking to the end of the war and beyond it. All of you are doing the same. There is no single one among us who does not think, and think often, of New Zealand after the war. What kind of country do we want it to be? What kind of New Zealand do we want our soldiers, sailors, and airmen to come back to?

"First of all, we want it to be a New Zealand unsullied by enemy hands—that is the first purpose of our war effort, and it will continue to be until the end of the war. That is why our men fight abroad. That is why other men, and women too, stand ready in New Zealand. That is our first objective.

"Our men abroad are doing their part—how well they are doing it you know—and to the best of our ability the people of New Zealand are supporting them. But it is not enough to ensure the safety of this country from the enemy. We must also preserve its economic stability. What a poor reward it would be if our men, returning eagerly to New Zealand after their war service, found their homeland economically deranged: if they found that, through our failure to pull together, our failure to do what we expect them to do every day, their wives and families, their next-of-kin, were suffering all the hardship and deprivations that come about inevitably first through an uncontrolled rise in prices, and then through financial and economic collapse and depression. They could say truly that we had let them down. They could say that they had incomparably the harder part and had done it: and we had the easier part and had failed.

"This shall not happen. So far we have averted all serious danger of its happening. Now we must do more. The war effort is not going to be easier because the United Nations have lately won great successes. It is going to be harder. The necessity for sacrifice is not going to grow less. It is going to increase. But sacrifices can and will be borne if they are equitably distributed and shared. The measures I have outlined impose sacrifices of some kind on every one with a definite object in view, an object which all of us desire and which all of us can reach, if we pull together.

"Let me say in conclusion that it is not in this country alone that drastic measures of economic stabilization are being found necessary to avert inflation. President Roosevelt has already said bluntly to the American people: 'You will have to forgo higher incomes for the duration of the war.' In Canada also there is now a ceiling on wages, salaries, and profits. And I could not finish better than by repeating to you some words used by President Roosevelt when he presented his stabilization programme to the Congress of the United States, for the President said—

"Next to a military and naval victory, a victory along this economic front is of paramount importance. Without it our war-production programme will be hindered. Without it we would be allowing our young men, now risking their lives in the air, on land, and on the sea, to return to an economic mess of our own making."

"The Government of New Zealand sees this terrible danger equally with the great President of the United States, and we are determined to do our utmost to avert it, to save our fine young men who are risking their lives and enduring untold hardship, sickness, and wounds for us, from its destructive efforts, and please God, with your help, we shall succeed."

Letter dated 18th June, 1943, addressed by the Hon. the Minister of Industries and Commerce to the Secretary, the Farmers' Federation:—

Office of the Minister of Industries and Commerce
(Board of Trade),

Wellington, 18th June, 1943.

The Secretary,
The Farmers' Federation,
P.O. Box 715, Wellington C. 1.

DEAR SIR,—

FARM PRODUCTS STABILIZATION ACCOUNTS

Referring to your letter of the 31st May and to discussions that have taken place between representatives of your Federation and of the stabilization organization, I understand that agreement has been reached on the points involved subject to my approval. The form in which the arrangement now stands is as follows:—

1. A separate account will be kept in respect of each product or group of products as may be determined by the Government after consultation with the industry.
2. Stabilization accounts will be kept in the Marketing Accounts with the Reserve Bank, but will be recorded separately from existing pool and other accounts.
3. Into the stabilization account for any product will be paid any increase in price received from sales overseas for that product after the determined date unless the increase, although related to a specific product or products, has been paid for a general national purpose, in which case it will be applied as provided in clause 5 below.
4. If any increase in price is paid to meet increased costs in respect of more than one product the increase will, after consultation with the particular organizations dealing with the products involved, be allocated among the respective stabilization accounts in proportions related to the cost increases.
5. If any increase paid from overseas on any product is paid for any general national purpose such as to maintain sterling balances, to offset general import price increases, or Government expenditure in holding costs, that increase will be applied as follows:—
 - (1) If it includes compensation for any cost increase held by subsidy which is charged against a stabilization account, a credit equivalent to the amount of the subsidy will be made to the appropriate stabilization account.
 - (2) The balance of the payment will be credited as the Government determines.
6. Where a subsidy is required to keep costs of production of any product down to the level existing on the determined date, the amount of that subsidy, excluding the continuation at the level on the determined date of any subsidy paid or payable prior to that date, will be debited to the appropriate stabilization account subject to the provisions in 7.