

A sample survey of the net incomes of some 1,200 to 1,500 dairy farmers shows that the average net income for a herd of fifty-seven cows totalled £452 in 1945 as compared with £306 in 1936 when the herd average of the sample was fifty-six cows. The average return per cow from butterfat totalled £19.36 in 1945 compared with £13.03 in 1936.

New Zealand has experienced to date a smaller increase in the general level of prices than has obtained in any other country. The wartime index figure of essential items in the cost-of-living indicates that in March, 1946, retail prices of essential goods were less than 1 per cent. above those ruling in 1942. These statistics indicate very clearly that New Zealand is continuing to maintain a high standard of well-being for the people.

Index numbers, of course, tell only part of the story, the absolute level of prices of essential commodities in relation to purchasing power is the real criterion of the prosperity of the people. A table is appended to this statement (Table 10) which shows that, in regard to the level of prices of basic needs, New Zealand also shows up in a most favourable light. Retail prices of bread, flour, milk, butter, cheese, beef, and bacon are shown to be lower in price than in other low-priced areas, the efficient control of distribution of basic foods contributing in no small measure to this result.

The Government firmly adheres to its stabilization policy, which undoubtedly is in the best interests of all sections of the community. The policy must continue until such time as the supply of goods for consumption is adequate to meet the demand, but the administration of the scheme must remain flexible, and methods will no doubt alter as conditions change and the position generally is eased. Recent happenings in the United States of America, where the supply position is relatively much better than in New Zealand, is an object lesson as to what happens when controls are lifted prematurely. In such circumstances some producers and traders for a time can make large profits by exploiting the shortage of goods, but with higher costs it is not long before other sections demand increases, and if that process continues the ultimate result is disastrous for everybody.

Numerous suggestions are made that inflationary difficulties can be adjusted overnight by the simple process of currency manipulation. I am satisfied that there is no road to national prosperity and an increase in general living standards, except by increased production and equitable distribution, and to this end the Government are concentrating their best efforts.

In view of the special significance to New Zealand of exports, it is interesting to record that in 1936 our exports were valued at £50,000,000, in 1939 at £58,000,000, and, in spite of the local difficulties arising out of the war in respect of man-power, fertilizers, and