

1948
NEW ZEALAND

**ADDENDUM TO FINANCIAL STATEMENT OF RIGHT HON. WALTER NASH
MADE TO THE HOUSE OF REPRESENTATIVES, 19th AUGUST, 1948**

MR. CHAIRMAN,—

Whilst the subjects I have mentioned and the adjustments proposed are of importance, there is another question to which consideration must be given. If members will examine the statistics that are available it will be found that there is a disequilibrium between New Zealand prices and those prevailing in other countries.

The latest analysis suggests that unless corrective measures are taken this disequilibrium and disparity will grow.

If the income of our country is to be equitably shared—as every one agrees it should be—we must bring costs down and action to do so must be immediate.

When in 1929–33 the fall in overseas prices jeopardized the primary-production industries of this country, it was in general agreed that some action was necessary to maintain them. Whether the actual course followed was wise or otherwise is debatable, but it was decided to depreciate the New Zealand rate of exchange to £(N.Z.)125 to £(stg.)100, and that rate has been operating up to the present time. The present comparative index figures suggest that an adjustment in the rate is now warranted and necessary.

After examining the whole position it has been decided to appreciate our currency from the present rate of £(N.Z.)125=£(stg.)100 to parity with sterling, and the new rate will operate at once.

With regard to primary-producers, the Government will, if desired, negotiate a guaranteed-price procedure to cover their costs.