

Industries Encouraged

In a number of ways we have given direct encouragement to our industries to earn more dollars. We have given our exporters who have sold to dollar countries help with export credits. We have sent special representatives to America and Canada. We have given special treatment with raw materials and so on. We have also done our utmost to increase our productivity so that we could get down our costs and so keep down our prices. We had a good deal of success. All through 1948 the gap between our dollar earnings and our dollar payments was gradually closing. Recently, however, that tendency has been reversed. Some of our export prices to dollar markets have been too high, and in a number of cases those markets did not bring a good enough return to encourage our manufacturers and exporters to expand their dollar exports.

It was pretty clear in the light of the experience of the last few months that without a marked reduction in the dollar price of our exports and an increase in our sales pressure we were running a most serious risk that our dollar earnings would not be high enough to maintain the flow of essential imports so as to keep up our standard of production and of living. In the old days this reduction in price would have been forced by creating unemployment and bankruptcy. The unemployed would not have needed any imported raw materials, for they had no work, nor would they have been able to buy much food, for they had no wages. That would have reduced overseas expenditure. When enough people were unemployed, fear and misery would have made it possible to cut down the general wage level, and bankruptcy would have forced a cutting down of other industrial costs. In that way our goods would have become cheaper and so we should eventually have got a greater volume of sales.

There can be no question of this Government accepting such a policy. Our deepest conviction is that the productive powers of the whole people must be used to the full and that poverty in the midst of plenty—no jobs, no wages, no goods for those who ask only for jobs to produce the goods—must never return if anything that we can do will prevent it.

Over the last year or two we have repeated over and over again that a rapid increase in productivity was the best way to reduce our costs and sell our produce. We have improved our productivity, but not quickly enough. Time is now so short and our reserves have got so low that a change in the dollar rate of exchange is the only way in which we can get our prices down quickly enough. We had hoped that the growth of our productivity and other improvements would have made this unnecessary ; but events have moved too fast.