that they will be working to-day to adjust their overseas transactions to the new rate, so that business can be carried on as usual to-morrow, Tuesday.

It is not necessary to declare a bank holiday in New Zealand. But, to give an opportunity for the various technical adjustments to be made, I am using this occasion to ask the banks throughout New Zealand to refrain from dealing with any overseas exchange transactions to-day without, in each case, the specific authority of the Reserve Bank. It is possible that two or three days may pass before normal exchange transactions can be resumed with some countries, because a transaction cannot be effectively carried out until the country in question says how much of its currency is worth a pound sterling or a dollar.

What British Decision Means

The decision made by the Government of the United Kingdom means that instead of a pound sterling being worth approximately 4 dollars, it will be valued at 2 dollars 80 cents. The result is that British goods sold in U.S.A. for 4 dollars will return the British exporter not one pound sterling as formerly, but approximately 28s 6d. Thus, the competitive position of British goods will be improved to such an extent that a substantial increase in British exports to U.S.A. and Canada can be expected. The decision is final and definite, so that traders will no longer be holding back to see what is going to happen.

As the margin between the official and the free rates for sterling will be greatly narrowed, if not eliminated, there will not be the same inducement for distorting normal trade through black-market operations. This should mean a substantial gain in dollars to the sterling area pool.

In every way the effects will be in the direction of increasing dollar earnings and therefore be a substantial step towards a solution of the dollar problem.

Having regard to the fact that nearly all our exports go to the United Kingdom and a large proportion of our imports are obtained from Britain, it is undoubtedly in the best interests of New Zealand to make no alteration in our existing rates with sterling.

Our ratio with the United States dollar will be approximately 2 dollars 80 cents to the pound New Zealand, the same as the pound sterling. This follows from the fact that our pound remains at parity with sterling.

The new rate will mean greater returns in New Zealand currency for goods sold for dollars and, conversely, a higher cost in New Zealand currency for American goods.