It must be remembered that if decisive action had not been taken things would probably have gone from bad to worse. Dollar trade would have become chaotic and the United Kingdom might have been forced into deflation and a lower price level, which might have involved unemployment and hard times for her people. Without the change made, it would have made it difficult for us to maintain the prices for our exports, although we have the price protective clauses for two of our major products.

It should be emphasized that the devaluation of sterling is not a cure-all. A complete solution can come only from building up production in the sterling area and balancing its trade with the dollar area. The action taken, however, should bring an improvement in the position and provide a contribution to the ultimate solution of the problem.

In summary, the new situation is :

That the value of a New Zealand pound is the same as a sterling pound.

As from tomorrow, Tuesday, the 20th September, the New Zealand pound will be worth 2 dollars 80 cents.

Any urgent overseas exchange transactions may only be completed by the banks to-day, Monday, in consultation with and by approval of the Reserve Bank.