

postponed and wool also was held up. During the year ended 31st March, 1922, all previous years' balances were cleaned up, and the shipping of the 1921-22 production was fairly well up-to-date. The safer figures to go on are the actual production in each year. The latest figures for the present season indicate that our production of butter will be much ahead of that of last year, and of cheese a little more. Meat will be about the same, and there will be a falling-off in wool.

In considering these figures it must be borne in mind that the season just closed has been one of the best growing seasons experienced throughout New Zealand for some years past, and it is unlikely that next season will equal it. One of the best barometers of production by farmers is the importation of fertilizers, which for the last year shows a distinct falling-off.

18. The British Board of Trade prepares index numbers in which the average values of Britain's imports and exports are expressed in percentages of 1913 values, the index figure for which year is taken as 100. They are of such interest that we give them here :—

<i>Average Values as Percentages of 1913.</i>					Total Imports.	Exports (United Kingdom Goods).
1920—First quarter	..	..	..	..	284	326
Second quarter	..	..	..	..	285	358
Third quarter	..	..	..	..	289	376
Fourth quarter	..	..	..	..	283	373
1921—First quarter	..	..	..	..	220	334
Second quarter	..	..	..	..	192	283
Third quarter	..	..	..	..	182	241
Fourth quarter	..	..	..	..	170	226
1922—First quarter	..	..	..	..	149	218

These figures show that, relatively, Great Britain is still receiving much higher prices for her exports than she is paying for her imports. During the first quarter of the current year the margin has widened further in Britain's favour, the difference being 69 points against 56 points for the last three months of 1921. The relative values of her imports and exports are really more favourable to Great Britain than the figures given would indicate. These values are taken at British ports. Britain, however, brings in imports and sends away exports in her own ships, and freights are much higher than before the war.

In New Zealand the position is the reverse. We export what Great Britain imports, and import what Great Britain exports. While the average value in New Zealand of our exports is no higher than pre-war values, the average cost of our imports delivered in this country is very much higher. The outstanding feature of our present trade position is the small purchasing-power of our products in the goods and services received from other countries. It is the purchasing-power of our products that governs our whole financial situation.

Expenditure and Loans.

19. The following statement shows the increase in interest, sinking funds, war and other pensions, and ordinary expenditure, between 1914 and 1922 :—

	£	1922. £	1914. £
Total expenditure	..	28,466,838	11,825,863
Less—			
Interest and sinking funds	8,442,278	2,887,981	
War pensions	1,722,596	..	
Old-age, widows', and miners' pensions ..	957,729	443,352	
		11,122,603	3,331,333
Ordinary expenditure	£17,344,235		£8,494,530

Increase in ordinary expenditure, £8,849,705 = 104 per cent.

The following statement shows the increased borrowing since the 31st March, 1914 :—

Public Debt apart from Sinking Fund.

	£
1914	99,730,437
1919	176,076,260
1920	201,170,755
1921	206,324,319
1922	216,827,319

In addition to this local bodies are borrowing heavily, largely outside the Dominion, and are adding at a very rapid rate to the annual foreign payments that the Dominion has to meet.

The Committee emphasizes that borrowing, if continued at the above rate, will add, in four and a half years of peace, as much to our annual bill for interest and sinking fund as the whole amount payable in pre-war days. It would seem desirable, therefore, that until the quantity of the Dominion's exports is largely increased no money should be borrowed either by the Government or local bodies unless the expenditure of such money will certainly be reproductive.