

lines, we consider that if New Zealand is to continue to undertake the manufacture of certain classes of goods, conditions should, as far as reasonably possible, be such as to encourage production on a quantity basis and at lowest possible costs.

We have also taken the view that in deciding upon the industries which have valid claims for protection and in coming to a conclusion as to the amount of such protection attention must be paid not only to a purely economic considerations but also to the social well-being and general progress and development of the Dominion.

In assessing the measure of protection required in each instance the Commission has had most valuable assistance from detailed information submitted by witnesses and collected by departmental officers bearing upon (a) the cost of production and selling prices of New Zealand made goods, and (b) the f.o.b. prices, landed costs and selling prices of competitive articles imported from overseas. This information has, wherever possible and necessary, been supported by financial and trading accounts and statements. Without this information—largely of a confidential nature—the Commission could not, in many cases, have satisfactorily made a recommendation as to the rate of duty which should be imposed.

Evidence was tendered to the Commission in support of requests (a) for the maintenance of existing duties, (b) for new or increased protective duties and (c) for reduced duties. Of the requests for protection it may be said that many were of such a nature as to indicate that the establishment of local manufacturing industries has resulted in increasingly keen competition from imported goods. While it is, in general, impossible to ascertain the reasons which have brought about reductions in prices of imported goods, and while these reductions have, no doubt, in many cases been due to causes not directly related to conditions in this Dominion, there appear to be ample grounds for believing that the existence and competition of local manufacturing enterprises have, in some cases, brought about decreased prices on this market.

Many of the requests for new or increased protection had relation to minor trades and industries and in a number of these cases it was clear that the limited trade available in the Dominion does not permit of manufacture on an economic basis. In other cases while the total trade is appreciable the market demand for a variety of patterns or sizes is such that in those instances also a reasonable level of efficiency cannot be attained. In consequence, the Commission cannot recommend that such requests be acceded to.

Following the policy hitherto adopted we have, in dealing with requests for tariff assistance in relation to both farming and manufacturing industries, endeavoured to apply the same general principles and have based our recommendations upon the necessities of and the facts available respecting each case.

In several instances requests were made for duties upon goods which, though not of the same nature as those produced by the applicant, were nevertheless directly or indirectly competitive. We consider that it is not possible to lay down any principle which can satisfactorily be applied in all such instances, but, as a general rule, we cannot agree that duties should be imposed for no other reason than that the goods in question indirectly compete with local products.

In our recommendations we have, as far as possible, endeavoured to assist industry—both farming and manufacturing—by the admission of industrial requirements free of duty.

In a few instances the circumstances are, in our opinion, such as to warrant the removal of protection now afforded by the tariff and we have consequently recommended the abolition of the duties in question. We also consider it undesirable that any suspended duties should now be included in the Tariff Schedules and we have accordingly suggested such adjustments as will make possible the removal of these suspended duties.

PREFERENCE.

A consideration of the Tariff in force in previous years shows that the principle of according preferential tariff treatment to goods of Empire origin has been followed continuously since 1903. It has been urged upon the Commission that