

required in 1928.”* This disparity illustrates the effect of a change in the price level in its bearing upon an indebted country whose income depends on primary products; the debtor and the producer suffer inequitably—and not merely the debtor and the producer, for injury to them means injury also to creditors and to the whole community.

It is in recognition of this fact that New Zealand has proceeded during the present year in dealing with internal readjustment. We have taken careful stock of our position and in the light of the best expert opinion we could summon, we have felt obliged to take action which even a year or two ago we would have been unwilling to contemplate. By legislation we have scaled down fixed charges in the nature of rent and of mortgage and other interest payable within the Dominion; in general a cut of one-fifth has been imposed, with power reserved to the courts to meet special circumstances on the application of the land-owner, mortgagee or other lender.* The Government's own expenditure has been cut drastically. Economies have been imposed in three years aggregating £10,300,000 which compare with a Budget expenditure of about £25,000,000: though unemployment expenditure and interest charges have hidden the real reductions in expenditure.

This policy has taken us part of the way along the road of adjustment. Yet it is clear that neither the action which we have already taken, nor indeed any further action of a purely internal character that we could take, is able to restore our prosperity. It is for this reason that New Zealand looks with the most vital concern to our deliberations here at Ottawa. We make no pretence of offering a complete and final plan of rehabilitation. We are anxious to pool our information and our suggestions with those offered by delegates from Great Britain and our sister Dominions. We are anxious to reduce to a minimum the preliminary formalities to this Conference and to get at once to grips with our common problems. But briefly an indication may be given at this stage of the lines of our thinking.

To ensure the satisfactory settlement of our major problems, we recognize that world recovery is necessary; and we are unwilling to suggest remedial action for ourselves which would prejudice general recovery. We recognize, too, that however much we may foster intra-Empire trade, exporters of the United Kingdom and of other parts of the Empire must still look to foreign markets to absorb much of their output. The freeing of trade from restrictions recently imposed by foreign countries is therefore a pressing necessity.

Nevertheless the most urgent task of the moment, and the one with which we are immediately concerned, is the rehabilitation of trade and industry within and amongst our own countries. It is in the faith that by common action we can serve our mutual interests, that we enter upon this Conference. This is, after all, a British Empire conference. Though our special concern is thus with our own countries and we seek within them to reverse present disastrous trends in prices, our objects are in no sense detrimental to general world interests. On the contrary, steps towards recovery in our Empire are also the most effective contribution we can make towards general recovery. We look, then, in the first place to the stimulation of Empire trade.

My first reference to tariffs and preferential arrangements is to extend to His Majesty's Government in the United Kingdom the grateful thanks of New Zealand for the concessions granted under the tariff which came into force in March of this year. To an extent that was greatly appreciated, the products of the Empire were exempted from the revenue tariff then imposed; and this, we feel, marks the beginning of a new era in Imperial trade. To the Government and the people of the United Kingdom, we wish to express our gratitude.

For our own part, as I have indicated, tariff preferences already granted by New Zealand extend over the major part of our imports. We are prepared to go further. We will proceed by reducing where possible the rates of duty on British goods, and in certain cases we will increase the rates on foreign goods. This will increase the margin of preference for British goods. Moreover as an earnest of our desire to facilitate commerce generally, we will reduce also the general or non-preferential rates on many other imports upon which we are prepared to reduce the corresponding British rates.

*Report of Economic Committee, N.Z., 1932. Parliamentary Paper B-3, p. 9 cf. (ibid p. 14): "In recent years of high prices the returns from New Zealand wool exports have been sufficient to pay the overseas interest bill twice over. In 1930-1931 and 1931-1932, the proceeds of a similar volume of wool exports would pay only about half of the interest bill."

*National Expenditure Adjustment Act (New Zealand), 1932. This is apart from the provisions of the Mortgagors' Relief Acts, under which relief may be granted by the Court, on application made by the mortgagor or the mortgagee.