

It is our sincere desire that His Majesty's Government in the United Kingdom will be able to increase the preferences already granted on Empire products, and to consider the feasibility of extending them to products which are not now included. Apart from the products on which preference has already been given, which is greatly appreciated, New Zealand is interested in meat and meat by-products. I take it that details in applying the principle of reciprocal tariff preferences will be considered in committee as this Conference proceeds. Experience has proved beyond question that tariff preferences are a valuable instrument in stimulating Empire trade. Their influence is however expressed in long-term trends; and it is we think necessary that, in the present emergency, they should be aided by some more direct means.

For this reason we support the proposals that have been made for the judicious application with respect to selected commodities, of the principle of the quota to govern the importation of non-Empire products into Empire markets. In no case do we think the quota, or quantitative restrictions, should apply to products of the Empire; but the end can be best achieved by taking power to restrict the volume of foreign imports. This is an unusual course, but prevailing conditions are so highly abnormal that we are forced to regard it as necessary. With the dislocation of trade, we have all the elements of uneconomic dumping by foreign countries of surpluses at prices regardless of costs of production. At the appropriate time we shall be prepared to discuss the application of the principle of the quota to selected articles of import into New Zealand. New Zealand is concerned at the threatened flooding of the markets on which we rely; and in respect to dairy produce, meat, including pig-products, and fruit, we think that a quota on imports from foreign sources into the United Kingdom is urgently necessary. In offering this opinion, we are aware that the paramount consideration of His Majesty's Government in the United Kingdom must be the welfare of their own citizens, both as consumers and as producers. We are convinced that the quota can be applied without injury to their interests; and indeed, that while the interests of the consumer are safeguarded, the Home producer can be materially assisted thereby.

The further discussion of import quotas may presumably be postponed to a later stage of the Conference. For the present, the New Zealand delegation give their full support to the general principle, viewing it as an emergency measure designed to tide us over this abnormal period.

We look upon the quota, or some other effective means of insulating Empire markets from the disastrous influence of unduly low price-levels, as bearing a vital connection with efforts to raise sterling prices. That these must be raised is generally realized. It may be that efforts to raise the price-level should be undertaken on a basis even wider than that offered by this Conference. But this surely does not justify the shirking of action within the competence of Empire countries. It is proverbially easier to find excuses for doing nothing than it is to do something: there might be danger in assuming that the possibility of a world conference may excuse inaction here and now.

As New Zealand sees this matter, an explicit avowal by the British Government of the principles on which they and their monetary advisers have recently acted would revive throughout the world confidence in the future of prices. Britain has already given a lead by bringing clearly into view a period of cheap money. She has given a lead by eliminating fluctuations of a speculative character in the exchange value of sterling. The mere statement that Britain is working, with her unrivalled knowledge and financial machinery, for a recovery of wholesale prices would, in our opinion, emphasize and support the improvement already in evidence in important commodity markets.

We offer no opinion, we ask for no decision as to the ultimate objective of British monetary policy. But British statesmen and financiers have shown and are showing a courage that shines out brightly in a distracted world. All we ask is an assurance of this Conference that the objects of British monetary policy are to provide a sound basis for the continuance of trade and for the fulfilment of contracts.

The burden of inter-governmental and other debts, particularly those in the nature of war debts, is a problem of real difficulty and one which, we take it, may appropriately be discussed at this Conference as well as at a wider one. We are gratified to note the extent to which interest rates are being reduced in the London money-market, and we hope that the Dominions will benefit as loans domiciled in London fall due for repayment or conversion. That is promising, but we are glad that the presence of the Right Hon. the Chancellor of the Exchequer of Great Britain enables us to emphasize the pressing urgency for action with the least possible delay, to raise the price-level. We have spoken of the difficulties that face us. We can make some local adjustments,