

New Zealand Balance of Payments

A stable long-term market for our exports does not solve all our external problems. Because of our high *per capita* level of overseas trade, the economy of New Zealand, and thus the standard of living of our people, is highly susceptible to variation through changes in the prosperity of the rest of the world.

If New Zealand's exports receipts were reduced the guaranteed price system would, where applicable, ensure the maintenance of farmers' incomes and prevent depression spreading from this source, while other internal government action could be taken to ensure the maintenance of a high level of employment. Our ability to import a large quantity of goods may, on the other hand, be impaired by reduced export receipts, by an increase in prices of the goods we desire to purchase, or by lack of dollars and other currencies preventing or restricting us from purchasing imports in the best markets.

The Government has sought to provide against the possibility of a falling off in export receipts by the long-term bulk-purchase contracts with the United Kingdom for meat and dairy products. The tendency for our imports to increase in price and the fundamental unbalance of international trade which is reflected in the world dollar shortage are, however, factors which we must accept; and though we may cushion their effect on our economy, we cannot, except by increased production in New Zealand, prevent shortages.

New Zealand's balance of payments transactions are estimated for the calendar year 1948 as follows:—

	RECEIPTS	£(N.Z.)
Butter	37,000,000
Cheese	13,000,000
Meat	30,500,000
Wool	37,250,000
Other exports	25,000,000
Other than for exports	32,000,000
Estimated receipts	<u>£174,750,000</u>

	PAYMENTS	£(N.Z.)
Licensed imports	120,000,000
Government imports for Government use	13,000,000
Government imports for public use	8,500,000
Debt services	4,000,000
Other Government requirements	11,500,000
All other payments	25,250,000
Estimated payments	<u>£182,250,000</u>