

1933.

NEW ZEALAND.

FINANCIAL STATEMENT.

(In Committee of Supply, 9th November, 1933.)

BY THE RIGHT HON. J. G. COATES, MINISTER OF FINANCE.

MR. CHAIRMAN,—

In rising to review the position of our national finances I am glad to be able to note that export prices generally are on the up grade. The further disastrous sag in prices which occurred during the last June quarter was followed by a rapid recovery, and, though a slight check has since been experienced, there is reasonable ground for the belief that this is only a temporary halt. Furthermore, the general movement covers practically all of the products in which the Dominion is vitally interested, and is apparently of such a nature that the prospects for economic recovery are brighter now than at any time since the heavy fall in these prices brought depression to New Zealand.

Export prices.

As the return from our exports increases, the gap between prices and costs in the primary industries, which constitutes our basic problem, will close, and farming will again become profitable. When some measure of equilibrium is thus restored at the foundation of our economic structure, recovery generally will follow rapidly, although it will naturally take time to clear away the wreckage of the slump and get trade and industry working smoothly again. The outlook, however, is heartening, and gives us renewed courage to press forward with the work of reconstruction.

Abroad, as a result of economic pressure, there is widespread unrest, and in some countries far-reaching changes have been made. In fact, conditions in most countries are in a state of flux, but it is becomingly increasingly evident that the economic tide has definitely turned, and that business activity is gaining momentum in the leading countries notwithstanding the failure of the nations to deal comprehensively with some of the major problems of the world. Fortunately for New Zealand, Great Britain at present appears to be making more solid progress towards recovery than any other great nation.

Outlook abroad.

It is a matter for regret that it was found necessary to adjourn the World Monetary and Economic Conference before it had really started on the work for which it was called together; but, as indicated in the report of the New Zealand delegation, already submitted to you, the views of the various nations as to the best and quickest way out of economic chaos were so divergent that no other course was possible. In the meantime, each country is endeavouring to work out its own salvation.

World Conference.

In New Zealand we depend to such an extent on our export trade in primary products that our economic welfare is bound up with the prices obtained for wool, meat, dairy produce, &c., in our principal market, Great Britain.

Internal adjustments.