

But it can, I think, be said with some certainty that after the war social needs rather than profit margins will determine the production of a much wider range of commodities than was the case before the war. Housing is a case in point. In a passage in his "World Crisis," Mr. Winston Churchill has recorded how the transition from war to peace in 1919 affected the national approach to the housing problem in Great Britain: "A requisition for half a million houses would not have seemed more difficult to comply with than those we were already in the process of executing for a hundred thousand guns. But a new set of conditions began to rule from eleven o'clock onwards. The money-cost, which had never been considered by us to be a factor capable of limiting the supply of the armies, asserted a claim to priority from the moment the fighting stopped."

Neither in Great Britain nor in New Zealand will such a transition occur after this war. The Government will requisition for the houses the country needs. That means control of private buildings, control of building materials, and perhaps some control of labour. Nor is it inconceivable that, in some countries at any rate, the supply of essential food commodities will be dealt with by the method of requisition and not left to the hazards of private enterprise.

Economic Difficulties, 1937

I have said that we are no longer as conscious as we were of a sharp difference between the principles of a war economy and the principles of a peace economy. A consideration which is closely related to this, and which is too often lost to view in popular discussion, is that many of the controls which we have come to regard as wartime controls in fact have their origin in the monetary difficulties which became acute towards the end of 1937. These difficulties involved us first in exchange and import control, and then, by a natural sequence, in controls designed to regulate the cost of living. Two views are possible of the origin of these difficulties. One view is that they originated simply in an unbalanced fiscal policy. The other view is that the

monetary crisis of 1937, while it was hastened by an unbalanced monetary policy, had its fundamental causes in certain changes in the world monetary situation and in the monetary relationship between New Zealand and Great Britain. New Zealand's balance of payments (on this view) had always been balanced before the depression, by borrowing on the British market. This process could continue only as long as it could be assumed that New Zealand's export trade could continue to expand and that the British capital market was readily accessible. During the depression both of these assumptions became invalid, with the result that New Zealand was certain to be faced, sooner or later, with difficulties of external payments.

If you take this second view of the nature of the monetary crisis which faced New Zealand in 1937 (a view which may or may not be sound), then you must accept a conclusion of some importance, which is that our wartime import and exchange controls and also those controls designed to regulate the cost of living are not an innovation, but represent merely the speeding-up of economic trends which began before the war.

The Future of Trade

At this point I may well be accused of basing sweeping conclusions on the somewhat inadequate basis of events in New Zealand over a decade or so. It could be pointed out that for more than a year the monetary experts, and latterly the Governments of the United Nations, have been drawing up plans which have as their object the elimination of quotas, exchange controls, excessive tariffs, and all the administrative devices which have broken down the relatively free system of international trade which existed before the depression. If these plans are completed and put into operation, is it likely that New Zealand will obstinately exclude herself from their scope? Probably not. But will these plans come to anything? At the moment the situation is fluid and there is no evidence on which a reasoned judgment can be based. An opinion expressed now cannot be more than a