

transactions with the dollar area. Again, the main reason for this improvement is the high price of wool and the much larger quantity of this commodity which is being purchased in New Zealand by the United States of America. Also our dollar expenditure is lower than last year because we have reduced dollar imports, in common with other sterling-area countries, to nearly three-quarters of the value of our dollar imports in 1948.

Our present external position would have been much stronger had not more than £50 million been used for overseas debt repayment, in some cases many years before the debt was due for payment, and at a time when the debt could easily have been renewed on advantageous terms and at lower rates of interest. The disadvantages of repaying that debt heavily outweighed the saving in interest charges.

As it is, we are using all our receipts at a record level of £200 million per annum when every circumstance is favourable. Nothing is being added to our inadequate reserves. The problem is a fundamental one, very closely related to the economic welfare and living standards of the people. Accordingly we must proceed with reasonable caution. However, some 326 lines of goods from soft-currency countries have been entirely freed from import control, and thus can be imported without restriction of any kind.

In future years we may have to face falling prices for some of our exports. That would inevitably mean less money available for imports. In the meantime every effort should be made to increase production, both primary and secondary, for more and cheaper production is the only thing in those circumstances that would maintain the standard of living. I would again stress the need to get costs down and output up in all fields of economic endeavour.

The Government, for its part, has already set up a special committee to consider ways and means of increasing farm production.

Abolition of Controls

In furtherance of its policy of removing as many as possible of the hindrances and obstacles to economic freedom, and particularly those affecting trade and industry, the Government has made a searching investigation of controls and restrictions existing when it took office.