

1932.
NEW ZEALAND.

FINANCIAL STATEMENT.

(In Committee of Supply, 4th October, 1932.)

BY THE RIGHT HON. G. W. FORBES, P.C., ACTING MINISTER OF FINANCE.

MR. CHAIRMAN,—

In the absence of the Hon. Mr. Downie Stewart, who, as honourable members are aware, is at present furthering the Dominion's interests in London, I have again to submit for the information of honourable members the annual review of the public accounts, together with a summary of the Government's stewardship during the past year.

During this period the "economic blizzard," as it has somewhat aptly been described, continued with unabated force, and its effects were felt in all parts of the civilized world, particularly in the primary producing countries. World prices continued to fall at such an alarming rate that confidence was shattered and trading became seriously disorganized and unprofitable, with a consequent large increase in unemployment, hardship, and suffering. Unprecedented strain was imposed upon the financial and economic structure of nations, leading to large Budget deficits, colossal losses, together with depreciation of currency, defaults, and, in some cases, serious disorders. Even the financial bulwarks of Great Britain were not proof against the international storm, and that great nation was forced off the gold standard in September, 1931. Few indeed will doubt that the year 1931 will go down in history as a year of world-wide calamity.

As is usual in such circumstances, primary products suffered most from the fall in prices. New Zealand was thus among the countries that had to bear the full brunt of the depression. As pointed out by the Economic Committee in February last, export prices for 1931 were about 40 per cent. lower than for 1929, and appreciably lower than those ruling in 1914. The result is that about 80 per cent. more exports are now required to meet our annual debt charges. Furthermore, import prices on a sterling basis have fallen to the extent of about 12½ per cent. only, and the net result of these unfavourable movements is to the Dominion a real loss of considerable magnitude. Exports for the year ended June, 1929, amounted, in round figures, to £56,240,000, and for the year ended 30th June last to £35,547,000. Compared with the previous year (*i.e.*, ended June, 1931), this last figure represents a decline of £1,400,000 in value, or approximately 4 per cent., whereas during the year export prices declined by approximately 11 per cent. This means that to some extent falling prices were offset by increased production, which is cause for some satisfaction. Imports for the same years were—1929, £46,510,000; 1931, £33,370,000; and 1932, £23,060,000. There has thus been a very heavy falling-off in imports, the striking fact being that imports for last year were only about half what they were in 1929—not only in value, but also in quantity. This has undoubtedly been an important factor in the increase in the number of unemployed.

External trade.