

It is impossible for anybody mathematically to calculate the precise effect on prices which will result from regulation of supplies. But it can be assumed that such regulation will tend to raise prices to a remunerative level. The United Kingdom Government are able, in accordance with the Agreement, to safeguard the interests of consumers; and the plan adopted will, it is believed, be beneficial to producers without detriment to consumers.

CONCESSIONS BY NEW ZEALAND.

I have dealt with the concessions which by virtue of the Ottawa Agreement the United Kingdom extend to New Zealand, and have sketched the position in regard to meat. I now turn to the changes in the New Zealand Customs tariff to which we agree.

Generally, our undertaking is that "protection by tariffs shall be afforded against United Kingdom products only to those industries which are reasonably assured of sound opportunities for success." We agree to institute an inquiry into existing protective duties (at which inquiry United Kingdom producers will have facilities for expressing their views), and where necessary we will reduce protective duties to such a level as will place the United Kingdom producer in the position of a domestic competitor—that is (to quote the text of the Agreement), protective tariffs will be reduced to a level "which will give the United Kingdom producer full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production."

We agree also to remove at once the surtax on goods produced in the United Kingdom and, when financial conditions permit, to remove the primage duty of 3 per cent. *ad valorem*. These were imposed, it will be recalled, for revenue purposes and not for the protection of local industries.

Turning now to the detailed changes in our Customs tariff to which we are committed by the Ottawa Agreement, and which will be placed before the House to-night in the form of Customs resolutions, the agreed list of changes in duties levied on United Kingdom manufactures is as follows:—

No. 1.—Confectionery	..	Reduce from 30 per cent. to 27½ per cent.
No. 2.—Apparel and ready-made clothing	Reduce from 32½ per cent. to 27½ per cent.
No. 3.—Hosiery	Reduce from 32½ per cent. to 27½ per cent.
No. 4.—Silk and artificial silk piece-goods	..	Reduce from 10 per cent. to free.

That is the whole list. It is not an extensive list. Moreover, it is to be noted that by legislation passed by Parliament in 1931 the duty on apparel and hosiery was already to be reduced to 27½ per cent. as from 1st April 1933, and the duty on silk piece-goods was to be abolished as from that date. As far as those items are concerned, therefore, the result of the Ottawa Agreement is merely to anticipate by a few months tariff changes which have already been approved by the Legislature. Confectionery is the only new item. We are also proposing to grant the United Kingdom a preference of 10 per cent. on writing and printing paper in large sheets (they already have the preference on small sheets), and this will be given by imposing 10 per cent. on foreign paper.

It will be noticed from the resolutions that it is proposed to reduce the General Tariff on the last three classes of goods previously mentioned to the level provided for in the 1931 legislation. It is also proposed to make a reduction in the General Tariff on confectionery. It was generally recognized at Ottawa that the rates of duty under the New Zealand General Tariff were too high, and clause 10 of the Agreement allows New Zealand the right to maintain the existing margin of preference where less than 20 per cent. *ad valorem*, and where these margins at present exceed 20 per cent. to reduce them to that figure. The relatively high duties now imposed on many lines of foreign goods do not confer any real benefit on United Kingdom traders, and merely tend to keep up the cost of living and the cost of production here.