

possible level by employing the most up-to-date plant and adopting the most improved methods of production. If the tariff is so high as to stand in the way of low costs of production, both manufacturers and employees suffer through loss of trade due to inefficiency. My view is that New Zealand would be in a far better industrial and economic position if the protection granted by the tariff were limited to those classes of goods the manufacture of which is natural to the country either through the local production of raw materials or otherwise. I do not wish to appear to prejudge the results of the inquiry which is to be held, but from the information which has been supplied to me, in some cases even by manufacturers themselves, it is difficult to resist the conclusion that there are industries in New Zealand upon which the protection is too high, and that in the case of others the removal of the substantial tariff assistance at present granted would be an advantage to the whole community. It must be remembered that New Zealand's prosperity depends to a great extent upon the export of its primary products, and it is essential, if we are to compete with other nations in the world's markets, that the farmers' costs should be brought down. I cannot therefore too strongly impress upon the House and the country the importance of this question.

We are apt in judging results of the Conference to weigh the concessions granted by the United Kingdom against the concessions granted by New Zealand. But it must be remembered that the so-called "concessions" which we make in reducing tariffs are not of advantage to United Kingdom exporters alone. They are a gain to ourselves. The contrary view rests upon the fallacy of assuming that tariff duties are paid by exporters. They are, in fact, as is well recognized, paid rather by purchasers and consumers. Their reduction is therefore a necessary step towards lower costs of production and lower costs of living.

One of the resolutions to be introduced provides for the abolition of the primage duty on Australian goods except the 3 per cent. *ad valorem* imposed last year on practically all classes of goods which were otherwise free of duty. This action is taken because it is considered that under the Tariff Agreement with the Commonwealth such primage duty cannot be charged on Australian goods when the surtax on similar United Kingdom goods is abolished. This will simplify the tariff so far as primage duty is concerned, which is at present in a very complicated state.

New Zealand manufacturers may feel that, owing to the abolition of surtax, the primage duty of 3 per cent. on raw materials otherwise free of duty should be abolished. Financial conditions do not at present permit of this concession, but industrialists can rest assured that as soon as possible primage duty will be abolished. In the meantime our manufacturers have the advantage of the 10-per-cent. exchange on the difference between the cost of raw materials and the value of the imported finished article.

With respect to the effect of the proposed change on the revenue of the Dominion, it is estimated that for the remainder of the present financial year there will be a reduction of about a quarter of a million pounds.

Not all the results of the Ottawa Conference can be expressed in terms of Customs schedules and tariff changes. The Conference afforded an opportunity for discussion and for agreement on many matters in which our countries face common problems. I refer to some of these.

MONETARY POLICY.

The representatives of all Governments were emphatic in describing the collapse in commodity prices, unprecedented in its suddenness, as the most serious aspect of the depression. This has wiped out margins of profit, causing industrial stagnation and unemployment. It has rendered fixed monetary obligations intolerable, and has necessitated most drastic measures of adjustment. By general agreement, first the raising of the general price-level, and then its reasonable stabilization, must be our objective. Ways and means of achieving this were discussed and a policy of co-operation with the United Kingdom was agreed upon.

The statement by the Chancellor of the Exchequer arose out of long and detailed consideration of a complex problem. It emphasizes the inadequacy of monetary action alone. Manipulation of the monetary system, attractive as this