

(5) COSTS OF LIVING AND COSTS OF PRODUCTION.

Owing to the depressed conditions through which we are passing it is even more essential now than formerly that a determined effort should be made to reduce costs of production and costs of living. It is only necessary to refer to the dairy industry and other primary industries to recognize the necessity for this course. The tariff, as proposed, makes very considerable reductions in this respect. There is a matter in this connection to which the Tariff Commission has drawn attention—viz., the burden of the tariff on the building industry. It is important both for town and country that building costs should be reduced as far as possible. The measure now before the House provides for important changes along these lines.

(6) TARIFF ON RAW MATERIALS.

It is the view of the Government that raw materials for the primary and secondary industries of the country should be admitted either free of duty or at as low a rate as possible. If, therefore, goods are manufactured in New Zealand which are the raw materials for other important industries, it is essential that they should be available at the lowest possible cost, and that tariff protection, where required, should be kept at a minimum.

II. MAINTENANCE AND EXTENSION OF MARKETS ABROAD.

As I have already indicated, the use of the tariff for the purpose of maintaining and extending markets for our products is one of great importance at the present time. Great changes have taken place in international trade during the last few years. Before the depression tariffs were the chief means by which countries regulated their imports. Now, however, control is exercised by means of quotas, embargoes, licensing systems, exchange controls, and other devices, as well as by tariffs. This is due to the development of intense nationalism, which is a feature of the policies of some of the principal nations of the world. Some countries, especially debtor countries, finding it almost impossible to get their goods over the high tariff walls in other countries, felt forced, by way of reprisal and in an effort to reduce their consequent unfavourable trade balances, to impose higher duties on imports, or, where these were ineffective, to resort to the more drastic methods already mentioned. The tendency towards self-sufficiency is particularly evident with respect to agriculture in certain European countries.

According to information available on the subject, it seems that the most recent tendency is towards the negotiation of agreements which aim at balancing the trade between countries. Illustrations of this will be found in the India-Japan textile agreement. France has recently granted special quotas to countries granting corresponding facilities to French exports; action along similar lines appears to have been taken in Belgium, Italy, Germany, and other countries. Some system of exchange-control exists in Germany, Czechoslovakia, and other countries. The most important so far as New Zealand is concerned is the alteration which has taken place in the trade policy of the United Kingdom.

It seems that to maintain and develop her overseas markets this Dominion must give serious consideration to its position. Whether or not the new policy is theoretically sound is of minor importance. As many of the great trading nations of the world have embarked on this system, there appears to be no alternative but that New Zealand, to preserve and extend her external trade, should mould her policy accordingly.

In my view New Zealand should make a strong effort to enter into negotiations with other countries, especially the highly industrialized countries which offer possibilities for the disposal of our primary products. To do this we should be prepared, subject to the Ottawa Agreement, to reduce foreign tariffs, or to adopt quotas or other regulative devices in return for concessions for our products. It is admitted, of course, that the carrying-out of such a policy cannot be achieved in a short time. Negotiations of this nature are necessarily difficult and involved, but in view of the outlook for some of our primary products (particularly dairy products) it is essential that the matter should be dealt with immediately. It is therefore proposed to pursue the policy indicated above. As honourable members are aware