

Discussions in
London and meat
agreement.

Since nearly a third of our export values consists of meat, it will be realized that the levy in the form proposed would have been a heavy burden for our producers to carry. After protracted negotiations in London we have reached an agreement covering the period up to the end of 1936 under which our principal meat exports, mutton and lamb, are to be entirely exempt from the imposition of any tax or levy. The quantities agreed upon will be ample to meet our export requirements, and it is believed that by careful regulation of supplies from the supplying countries to the market reasonable prices can be ensured to the producers concerned. Provided the Dominions supplying mutton and lamb can agree with the United Kingdom as to the quantities to be sent to the British market, the present arrangement will continue after 1936 and be the means of avoiding any question of a levy.

It is a relief to know that as matters now stand any meat levy will be confined to beef, and that chilled beef, if foreign suppliers agree, will carry the main cost. Though an agreement has been reached concerning chilled beef as between the Dominions and the United Kingdom, there can be no finality until foreign meat-supplying countries have also agreed. The matter is complicated by the fact that existing agreements outside the Empire do not expire until 1936. There is room for increased development and opportunities in the United Kingdom market under the arrangements made.

Arrangements have also been made for a continued development of our exports of pig-meat to the United Kingdom market. Here I would again stress the necessity for producing as many pigs of the baconer type as possible, the reason being that New Zealand already holds a large share of the imported porker trade, and this trade is mainly reserved for the United Kingdom producer. While New Zealand will receive fair consideration for future requirements, the market for pork is definitely limited. On the other hand, our share in the baconer trade is relatively insignificant, although the volume of baconers imported into the United Kingdom is eleven times that of porkers. It is to the baconer type that our producers should look for future developments.

Primary production.

At the lowest point in the depression export prices were about half those in 1928-29, but costs did not fall in anything like the same proportion. It is now generally realized that this disparity between farming-costs and selling-prices was at the root of our troubles and threatened the economic and social structure of New Zealand. It was evident that recovery was impossible until the disparity was substantially removed. Far-reaching measures were urgently required, and the Government did not hesitate to act. On the one side the exchange-rate on London was raised as the quickest and most effective means of augmenting the return from exports. On the other hand everything possible was done to bring down farmers' production costs. Land-tax was reduced, rates and fertilizers were subsidized, labour was made available by the Unemployment Board, and a series of operations was undertaken to bring down interest-rates, and finally to reduce excessive liabilities. These measures were necessary not only to rehabilitate the farming industries, but also to restore the foundations of prosperity for New Zealand as a whole.

Reduction in costs.

The success which has attended efforts to bridge the gap between costs and income is illustrated by the following indices compiled by the Government Statistician :—

						Farm Ex- penditure.	Farm Production.		Gross Farm Income.
							Volume.	Prices.	
1928-29	..	..	..	..	..	100	100	100	100
1929-30	..	..	..	..	..	100	103	83	86
1930-31	..	..	..	..	..	91	108	61	66
1931-32	..	..	..	..	..	76	112	53	59
1932-33	..	..	..	..	..	70	126	47	59
1933-34	..	..	..	..	..	70	126	60	76

NOTE—The farm expenditure index is for the calendar years 1929 to 1934.