

utmost importance to the recent Conference at Lausanne, and they have followed its deliberations with deep interest, as calculated to enhance confidence and promote commercial intercourse. Complete success, in their opinion, must depend upon international co-operation, and my Ministers hope that a substantial measure of progress will be achieved by the World Economic Conference which is now contemplated.

My Ministers have continued their whole-hearted support of the League of Nations and of the principles of permanent world peace which it is its object to promote. They have been represented by their High Commissioner at the Disarmament Conference, which has been sitting at Geneva during the current year, and it is their earnest hope that when the Conference reassembles it will be able to effect a material reduction in international armaments.

MR. SPEAKER AND GENTLEMEN OF THE HOUSE OF REPRESENTATIVES,—

Owing largely to the prices of primary products in the world's markets continuing to fall during the past financial year, the disorganization of our economic life has been accentuated to such an extent that the Government felt it necessary to submit drastic proposals to meet the situation. More adequate provision to relieve unemployment was found to be essential, despite the fact that the cost of providing this relief increased the heavy burdens already pressing upon the people. So extensive a fall in prices altered all previous standards of values, and its suddenness and rapidity caused many borrowers serious embarrassment. The legislation passed during your special session to enable them to maintain production and in order to spread the financial burden as equitably as possible over all sections of the community has afforded considerable relief.

The stagnation in trade and industry was inevitably reflected in the public finances, and, notwithstanding additional taxation, reductions in salaries and wages, and other economies, the efforts of my Ministers to balance the Budget were unsuccessful, and the financial year closed with a deficit of £2,140,000. It is gratifying to note, however, that this amount is more than offset by reserves accumulated in more prosperous times.

The National Expenditure Commission, which was appointed to assist in effecting further economies in State expenditure consequent upon the reduced revenue, has now submitted its final report. Many of its recommendations have already been carried out, and legislation will be submitted to give effect to others the adoption of which is considered desirable.

In spite of prevalent adverse conditions, a loan of £5,000,000 was successfully floated in London in April. Of this amount, £4,000,000 was allocated to the redemption of short-term loans, and the remainder to public works.

My Ministers are of opinion that the Conferences at Lausanne and Ottawa, together with the large conversion loan successfully negotiated in Great Britain, have inspired a healthy and promising return of confidence. Improved trade conditions will result in better prices for the Dominion's products in external markets, and the national income, thus augmented, will benefit all classes of our people.

Renewed activity in business will aid materially in accelerating economic equilibrium, and my Ministers are anxious not to discourage enterprise by imposing upon the community any further burden. Although the budgetary position still demands anxious consideration, every effort is being made to avoid the necessity for any increase in taxation during the current financial year. As a measure of relief, my Ministers recently decided to restore the system of penny postage.

HONOURABLE GENTLEMEN OF THE LEGISLATIVE COUNCIL, AND GENTLEMEN OF THE HOUSE OF REPRESENTATIVES.

In common with other sections of the farming community, Crown settlers have been adversely affected by economic conditions, and in many cases it has been necessary to grant liberal concessions in order to ensure the