

tax on the pastoral industry, while it was not calculated to benefit the producers. A deputation from the Board interviewed the Hon. Mr. Myers again in the matter; finally the embargo was withdrawn subject to the condition that the sellers should agree to supply the Government with 10 per cent. of the hides in hand if required to meet the military requirements. The hides question, however, seems quite satisfactorily settled now, and fair prices are being offered; there should be no further complaint in the matter.

#### THE WHEAT QUESTION.

In January, 1915, we considered the question of the wheat-supply of the Dominion, which had been referred to us by the Right Hon. the Prime Minister, and we had an interview on the subject with Mr. R. Triggs, Assistant Public Service Commissioner, who detailed the steps that had been taken by the Government to import wheat from Australia and Canada. He also furnished us with particulars regarding the estimated yields of the wheat crops in the Dominion for the 1914-15 harvest, and the position as it would be at the end of 1915. We also went into these matters with Mr. M. Fraser, the Government Statistician, at the same meeting, whose figures revealed the fact that the importation of wheat would be necessary to carry on till the following harvest.

As a result of our deliberation of the subject the Board recommended the Government to remove all restrictions on the price of wheat, to publish the available information both as to local stocks of wheat and the price at which the Government could import it, and to arrange to import the wheat required to make good the local shortage and sell it at not less than cost price, thus ensuring that farmers would get the import price.

The Board met yourself and the Board of Trade early in January last to consider what would be the best means to adopt to induce farmers to grow more wheat. The Board of Trade proposed to requisition the whole of the wheat in New Zealand at the present time, and to guarantee farmers a certain fixed price for the duration of the war and for twelve months afterwards. There was, however, a difference of opinion amongst the members of the Board of Trade (and between them and the Board of Agriculture) as to what would be a fair price to guarantee. After a lengthy conference it was agreed that the Board of Agriculture should submit a report embodying its views to you, and a recommendation was sent to you the same day. Subjoined is a copy of the recommendation:—

“The Board of Agriculture has come to the conclusion that if the price for wheat is to be fixed, to increase the area grown, it will not effect the object aimed at if the price be below 6s. per bushel on trucks for good milling-wheat. If the price is fixed at less than this figure the Board feels certain that it will result in a further decrease in the area sown in wheat next season. In fact, the Board is by no means sure that even a guarantee of 6s. per bushel will result in a sufficient quantity of wheat being grown for the requirements of the Dominion. The Board is of the opinion, considering all the circumstances of the case, that it might be better to adopt an alternative plan and, instead of fixing the price for wheat, allow the trade to take its normal course and attempt to regulate the price by a sliding scale of duties. The present duty on wheat is 9d. per cental, and on flour and wheat-offals 1s. per cental. The Board does not think that any reduction of the duty on flour should be made, because it would tend to injure the flour-milling industry, which employs directly and indirectly a large amount of labour; but a reduction could be made in the duty on wheat and wheat-offals. The Board thinks that the duty on wheat and wheat-offals should remain as it is so long as wheat remains at 5s. 6d. per bushel for good milling lines f.o.b. Lyttelton or Timaru, which are the main wheat ports. This would be equivalent to 5s. 4d. per bushel on trucks at the average railway-station. For every increase of 1d. per bushel in the price of wheat beyond 5s. 6d. f.o.b. ports named a reduction might be made of 1d. per cental in the duty, and a proportionate reduction in the duty on wheat-offals. This would mean that by the time good milling-wheat reached 6s. 3d. per bushel f.o.b. the duty on both wheat and wheat-offals would come off altogether. The Board thinks that this would act as a sufficient check upon the undue increase in the price of wheat and flour. It thinks, too, that farmers would look upon it as a reasonable protection to the consumer, and it would not have the effect of frightening them from growing wheat. The Board does not recommend this as a permanent arrangement, but merely to operate during the currency of the war.”

The Government, however, did not accept these recommendations, but shortly afterwards it was announced that it was fixing the maximum prices f.o.b. at the nearest port for the 1916-17 crops, ranging from an average of 5s. 8d. in February, March, or April, 1917, to an average of 5s. 10d. for wheat sold for delivery later than July, 1917.

The Government made no definite announcement at that time as to its intentions with regard to the 1917-18 crop, but it was generally understood that similar maximum prices would be fixed for the coming season. Our Board therefore called the attention of yourself and of the Hon. the Acting Prime Minister, Sir James Allen, to the fact that fixing a maximum price without guaranteeing a minimum one was calculated to deter farmers from growing the required quantity of wheat for the coming year, to which both you and Sir James Allen replied that Cabinet had decided to guarantee a minimum price of 5s. 5d. per bushel for next year's wheat-supply, or a price in excess of 5s. 5d. up to 5s. 10d. as a maximum, as the Government may determine; and it is to be hoped that in spite of the shortage of labour in the rural districts there will be a sufficient acreage sown.

Our President again urged that the minimum price should be raised to 5s. 10d. per bushel o.t., and after you had visited the Canterbury district, when you addressed many meetings of farmers and conferred with them in several places, you publicly stated that the Government would purchase next season's wheat at 5s. 10d. per bushel f.o.b. Our Board still think that the o.t. price would bring a much larger area into wheat than the f.o.b. price.