

outbreak of the war the industry would have collapsed" he made a statement which was absolutely irrefutable. I emphasize this point, for it fell to my lot to visit the gumfields at the time to ascertain the actual state of affairs existing there, and to report to the Government. I reported that the position of the gum-diggers was a serious one, and that it was necessary for the Government to come to their assistance. That report was adopted, and after further consideration legislation was passed empowering the Minister to advance up to 50 per cent. of the prices current for kauri-gum on the 1st July, 1914.

The legislation—aye, even the promise of it—had an immediate effect, and put new heart into the gum-digger and the storekeeper on the field who supplied him. These men knew at once that whatever happened the Government were going to stand by them. With the passing of the Act of 1914 the product of their labour, which for weeks had been quite unsaleable at any price, was at once given a value, and a value of 50 per cent. of prices ruling two or three months previously. They knew at once that if the gum merchant or broker wanted to do business with them for their gum the starting bid would have to be higher than 50 per cent. pre-war prices. And the gum merchant and broker knew that equally well. It was no good telling the tale that the market was dead, that freights were high, and shipping-space almost unprocureable. Nothing like that was of any avail with the Kauri-gum Department on the box seat ready to make an advance to the digger of 50 per cent. on pre-war prices. The merchant and the broker knew that if they wanted to get any gum they had to, as the Americans would say, "get down to brass tacks" and start their offer at 55 or 60 per cent. of pre-war prices.

Thus it was that the Government "saved the situation" for the gum-digger in the years 1914 and 1915, and no amount of sophistry on the part of the trade can explain away the fact. Thus it was from 1916 onwards—the Government, having taken power to purchase gum outright by the Kauri-gum Industry Amendment Act, 1915, still kept the Kauri-gum Department on the box seat, and so continued to "save the situation" for the gum-digger. Thus throughout all the year 1918 up to the present time the Government has continued to "save the situation," so preventing the gum-producer from being exploited, and the storekeeper on the gumfields from going to the wall, as so many have done in the past.

Let me here quote an advertisement which appeared in the *New Zealand Herald* recently: "KAURI-GUM.—We are in the market again for all grades of kauri-gum.—LICHTENSTEIN, ARNOLDSON, AND CO., Quay St."

"We are in the market *again*" say Messrs. Lichtenstein, Arnoldson, and Co., the firm which has probably been the largest exporter of kauri-gum during recent years. But the Government Kauri-gum Department is in the market *all the time*, for the gum-digger has to live all the time.

Finally, this is what a well-known storekeeper on the gumfields has to say as to the Government having "saved the situation." The letter is dated the 19th April, 1918, and is addressed to the Right Hon. the Prime Minister:—

"I hope you will excuse the liberty I take in writing these few lines, but knowing your sense of fair play you will endeavour to give me a fair and square deal.

"I am a small storekeeper and gum-buyer in the far North; my customers are mostly Maoris not of military age and the old, all practically destitute except for this gum. Since the war broke out I have had great difficulty in disposing of my gum, and during the last month the Auckland merchants have refused to buy the gum at all. At this stage the Kauri-gum Department has come to the rescue and taken over some of my gum at a price, thus saving me from bankruptcy, and again enabling me to further assist these unfortunate Natives.

"Now, sir, what I want is your assurance that your Government will continue to take my gum at a fair valuation to assist me to carry on, for if your Government had not stepped into the breach and resolved to buy up gum it would have meant complete ruin to all small buyers, and consequently of all the kauri-gum industry."

With a very few exceptions every storekeeper on the gumfields has the same tale to tell. And therefore I repeat with added emphasis the words used in my report for 1917: "There is no doubt that the entry of the Government into the kauri-gum industry has had a beneficial effect on the industry, and this fact is generally recognized and appreciated by the producers—the gum-diggers and the small farmers. 'The pity of it' is that this Department was not set up twenty-five years ago. Here we have had a national asset which has been in a large measure wasted, and the lands which have produced the vast sum of eighteen million pounds left in a wilderness condition."

Under the heading "Sales by Government" an attempt is made to criticize the finances of the Department. Disingenuous still, the critics try to make it appear that for an expenditure of £47,000 the only asset is represented by sales of gum to the value of £10,889. Why no mention of the stocks of gum held by the Government at the time? The omission was not due to the trade being ignorant on the subject, for, strange as it may seem, it is a fact that within two days of the value of the stocks being telegraphed by me to Wellington the exact figures were in every gum-merchant's hands in Auckland. So they knew perfectly well when they issued their pamphlet that the Department had stocks of gum which they claimed to be worth £24,814 19s. 10d.; then why was no reference made to the value of the stocks? The reason is obvious. Even though the trade in its wisdom did not accept the values, why not have given the figures and have discounted them as much as they chose? This, however, did not suit their purpose: they wanted to ring the changes on £47,000 of debentures taken up, £10,889 worth of gum sold. It would rather have marred the rhetorical effect aimed at to have said, "Gum sold, £10,889; value of gum in stock, say, £20,000."

But there is no pleasing the trade. Last year the lament was that this Department had not sold enough gum; now the complaint is that we are selling too much.