

that this privilege exists in theory only. As a matter of practice there is not one dairy-farmer in fifty who is not willing to dispose of his farm if by doing so he could recoup himself the original cost and improvements made thereon. This, of course, applies particularly to producers who have purchased their land since 1916, and as a tremendous amount of properties have changed hands during the past eight years the above fact applies to a substantial majority of dairy-farmers. Much evidence has also been given before the Commission as to the effects of taxation on primary and secondary industries. It is admitted by all that the primary producer has no means of passing on either direct or indirect taxation, principally owing to the fact that he has no control over the fixing of prices for his produce. I have seen the argument advanced by witnesses before this Commission that business people and manufacturers are not able to pass on such taxation on account of excessive competition. This argument cannot, however, be considered sound, for the simple reason that, no matter what the competition, all trading and manufacturing concerns are more or less subjected to the same taxation. Although in time of slump and depression the business man may have to add the amount of taxation to a financial loss incurred during the year, his general calculations of his selling-values of his goods is based on such a percentage which at the end of the year will show him a reasonable net profit. This is a fact which I think the Commission should take into serious consideration when devising just ways and means of taxing the dairy-farmer. Commenting on unearned increment which is apparently looked upon as an exclusive advantage possessed by the owner of land, I am of the opinion that unearned increment exists equally not only amongst the secondary industries but every trade and profession. The business and professional man who grows up with his town reaps the same benefits and advantages as the man who happens to be the possessor of land, and as it is practically impossible to ascertain the exact value in such cases it would be much better to do away with taxation on unearned increment altogether. I would rather advocate that every encouragement should be given to every man that settles on the land in order to induce him to make his farm a home for himself and his children, in which case the question of unearned increment, as far as rural properties are concerned, anyhow, would practically disappear. I would ask the members of the Commission that, when framing their recommendations to the Government with regards to taxation, to take into consideration that the producers of this country are responsible for 98 per cent. of the total export values of the Dominion. I would also ask them to fully consider the hardships and disadvantages the dairy-farmers in particular are labouring under at the present day, and I feel confident that if the members of the Commission have a real and true conception of these things they cannot help recognizing the importance played by the primary producers of this country and frame a recommendation accordingly.

*Mr. Hunt.*] You do not like the income-tax on account of the difficulty of making up the returns, and you do not like the land-tax because you have to pay it whether you make profits or not: how would you like an income-tax and no land-tax?—That would be preferable to the present system.

You would sooner have that?—Yes. I think there is a feeling amongst the farmers that they did like the land-tax previous to the alteration made in 1916, but it seems hard that if a man has a farm mortgaged up to the hilt he has got to pay land-tax up to the total value of the property.

*Mr. Weston.*] Do you not think that that is a wrong position for the farmer to place himself in—to acquire a large area of land with practically no means to work it?—Possibly, but very largely the country is built up on that principle. Many men set out in a smaller way many years ago, and they are prosperous to-day.

I am an old Taranaki man. When I was practising in Taranaki in the “nineties” you could buy land there at £6 or £8 an acre. You could get a farm of 200 or 300 acres for from £1,200 to £1,600?—Well, in the days of which you speak, farming was just as big a starvation job as it is to-day.

They have pulled through by reason of the big increase in land-values?—More particularly the increase in the value of the produce.

Take a man with £4,000 capital if he buys £10,000 worth of land. Until recently he calculated that the bigger the farm he had the bigger the profit he would make on the resale. Supposing he resold at a profit, there would be a big profit on his £4,000, whereas the man who played safe and bought a small place and put a small mortgage on it, if it came to reselling he would not make nearly the same profit as the other man?—That is the speculator's point of view, but I am speaking about the legitimate farmer.

You say that the bulk of the men in your district have bought since 1916?—I am alluding to the farmers in New Zealand in general, not to my district in particular.

These men have bought with the knowledge that there is a land-tax on land?—But they were under the impression that immediately things got better that land-tax would be reduced or done away with altogether.

But it has been reduced?—But not by a very appreciable amount.

There is no use in magnifying our difficulties. I find that the land-tax on a property worth £8,000 unencumbered at present comes to £45 per year. Do you think that that is an excessive amount to have to pay, seeing that the man who bought the land did so with the knowledge that he would have to pay land-tax?—I do, if there is no surplus cash to pay it with.

Ought you not to blame the farmer himself for having purchased a property which he finds does not give him sufficient return to pay his land-tax?—You will find that in connection with every farm bought since 1916 the same thing prevails.

Ought not he to blame himself and say, “Well, I have been a fool”?—There is such a big collection of fools. They were no different to other people who were brought into all sorts of speculations. It is like life on a goldfield. If we had boom prices to-morrow there would be extravagance. It is human nature. When you have got the money you will speculate.