

(d) Loss of bargaining-power: I well remember hearing the Hon. Sir William Nosworthy, when Minister of Agriculture, say that in one of our years of shortage, in bargaining for supplies, he was asked 10s. a bushel for wheat in Australia. The price was so high that, though New Zealand could have done with further supplies, she managed by rationing to hold off buying till her own harvest came in. It is very necessary that, even if the full supply is not grown in any one year, there should be enough grown for New Zealand to hold a certain amount of bargaining-power.

(e) Capital invested and labour employed: There is a large amount of capital invested in the industries allied to the wheat-growing industry. Flour-mills, stores, threshing-mills, traction-engines, implements, railway-wagons, &c., are all wanted. Dr. Condliffe (late Professor of Economics at Canterbury College), in an article written in April, 1926, on "Economic Aspects of Wheat-production in New Zealand," says of the above: "While economic change ought not to be lightly prevented on the ground of vested interests, it is to be remembered that a number of industries, such as threshing and flour-milling, are directly dependent upon wheat-growing. If it could be shown that the change-over from local production to importation was likely to be permanent and economical, the damage to these industries might be set against the gain to the community as a whole. But the probability is that the disturbance of local production would be irregular rather than permanent, and the consequent uncertainty would result in greatly increased charges for the subsidiary services, which would have to work on wider margins in view of the possibility of lean years." But probably a more serious aspect of this just now would be the dismissal of labour consequent on the closing or curtailment of the activities of these factories or services. Then, there would be the dismissal of a large number of men used on grain-growing farms, because it is well known that in the grain-growing areas the only other alternative is sheep-raising. This latter usually requires a less number of permanent hands and no harvest labour.

(f) Wheat Crop helps the Small Farmer: Small settlers, because of their ability to do all the work themselves on the farm, and because of their industry in thoroughly cultivating the ground before putting in the seed, find that wheat-growing pays and fits in well with their usual rotation. They get maximum yields from the usual amount of labour put into the land. If they had to pay for every farm operation at the ruling rates, even they, with their maximum yield, would find it difficult to show a big profit. On small farms sheep-raising cannot be practised without greater risk of disease on account of close stocking. The straw from the crop helps with the cows, and the seconds of wheat help with their fowls. There would have to be another revaluation of most of the soldier farms in Canterbury and Otago, and a further loss to the Government, if wheat-growing was cut out. Taking all these factors into consideration, I think there is a very strong case for protection of the wheat-growing industry.

(2) If that is so, the second question you have been asked to inquire into can be discussed—viz., "Whether the wheat-growers of the Dominion require protection or State assistance to enable them to market their product in competition with the importations from other countries." It can be said quite definitely at the outset that the New Zealand wheat-grower, under present conditions, has not the slightest hope of competing on an even footing with the Australian grower. The Australian farming methods are so totally different from ours, owing mainly to climatic conditions, that the costs cannot be compared; and the fact that Australian mills work, in most instances, twenty-four hours a day, and have a ready market at good prices for bran and pollard in their own country, enables them to export flour often at dumping rates. The current domestic value in Australia is often higher by £2 or more than the export value. Consequently it is not the landed price of Australian wheat in Auckland that rules the New Zealand price of wheat, but it is the price of Australian flour landed in Auckland that rules the New Zealand price of wheat. If we concede this, then the cost of production of the wheat crop in the South Island, plus a reasonable profit, will be the price fixed to enable the wheat-growers to proceed to grow sufficient for New Zealand's needs. If the profit is commensurate with the well-known risks, then sufficient will be grown; if not, then ordinary business prudence makes the wheat-grower stop growing it. That is shown clearly in tables prepared by Dr. Condliffe. We know that New Zealand's needs at present are about eight and a half million bushels. We know also that it is only the farming-lands of Canterbury and North Otago that are specially suited for the growing of wheat crops—there is a limited quantity of such good land, sufficient to grow present requirements without impoverishing the land. If the price is such as to give only a reasonable profit, it is grown. As soon as the price becomes more remunerative the poorer class of lands are brought into cultivation—a surplus is produced; then export prices rule. These, owing to distance from world markets, are low, less ground is prepared the following year, and much less the year after. In breaking-up grassland two crops are usually taken in succession, then it is put in oats and sown down again with grass. The poor-country wheat-growers, even if they only grow one wheat crop, find by experience that, though they may get a fair crop of wheat, there is greater risk through dry spells, and there is decided impoverishment of the soil, seen in the poor strikes of grass following the wheat crop. If the Government of a country decides that it is essential to grow sufficient wheat to supply the people, it is clear that the price of growing the crop will have a decided bearing on any assistance that may have to be given. I have here a table showing the actual yield for the last seven years (on my own land), and also a table showing the average costs of growing wheat on my farm, based on the average yield for this seven-years period. The farm is composed of alluvial soil (with stony ridges through it), the work is done by contract (the contractor has sufficient work to keep him constantly going on the place), and the average actual yield is 31½ bushels per acre. The contractor also uses my implements. A portion of my land is exceptionally suited for wheat-growing. If the field to be broken up is very twitchy the extra cost per acre would be at least another £1 10s., which, spread over three years, would be 10s. more per acre for the crop—roughly, 4d. a bushel more. The wheat crop is more prone to disease than any other cereal