conditions by securing more orderly or less expensive marketing. Later, when the war shipping shortage prevented us from sending apples abroad, the orchardists handed their Fruit Board organization

over to the Internal Marketing Division, feeling unable themselves to tackle the enormous task of selling our export crop locally at a payable figure.

At the same time the disposal of our other main crops came under Government control for war reasons. In short, by 1943 most New Zealand produce was being marketed collectively—but now by Government, not by producers', organizations.

Since then however, a third stage in this development has begun—Government-Producer Marketing.

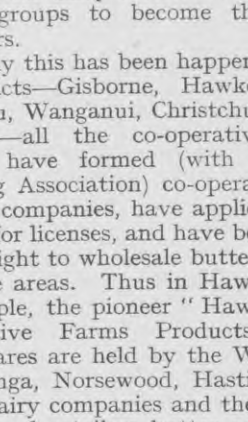
One form this has taken is Marketing Councils, composed half of producers' representatives and half of Government appointees, including consumer representatives, and using as machinery the Marketing Department organization, staff, and experience. The first to form was the Fruit Marketing Council, which now directs the sale of all apples and pears (except direct producer-consumer transactions) both internally and for export. A similar Honey Marketing Council is under way, and a Commercial Gardeners' Council has been proposed.

Councils differ from the old Producer Boards not merely in being Producer-Government partnerships, but in controlling (or at least having power to control) *all* wholesaling in their produce—*i.e.*, both overseas and local. Government and growers combine to be their own middleman.

Whether farmers are to export their own meat and wool—either individually as hitherto or by some collective arrangement—will have to be decided when the emergency period ends. No serious suggestion has yet been made, however, that Government purchase of dairy produce, our leading export, should be abolished.

However, the Government does not buy all our dairy produce. The 20 per cent. of it that is consumed in New Zealand is sold by the factories that make it either to wholesale distributors or else direct to retailers. Formerly these made their own terms and there was much waste and confusion. But since 1937 distributors must be licensed by the Internal Marketing Division. Their profit is limited to ½d. on each pound of butter. And if their service to the retailers of their area is unsatisfactory, their right to trade is transferred to some one else. The Internal Marketing Division itself does not normally distribute butter. It merely keeps farmers' returns from the local sales equal to what they would get by selling for export, and sees that no district goes short. Hence the way has been open for dairy factories to join into regional groups to become their own wholesalers.

Recently this has been happening. In six districts—Gisborne, Hawke's Bay, Manawatu, Wanganui, Christchurch, and Westland—all the co-operative dairy factories have formed (with the Pig Marketing Association) co-operative distributing companies, have applied to the Division for licenses, and have been given the sole right to wholesale butter in their respective areas. Thus in Hawke's Bay for example, the pioneer "Hawke's Bay Co-operative Farms Products, Ltd," whose shares are held by the Woodville, Te Rehunga, Norsewood, Hastings, and Wairoa dairy companies and the P.M.A., sells to local retailers butter and bacon from all these concerns, and no one else



may wholesale any butter from any source anywhere in the province.

Thus again the Internal Marketing system, which looked at first as though it were going to end producer selling, has