

When the index number given in the fourth and fifth columns rises above 100 the price relationship is beneficial to the farmer as compared with 1914, and he can purchase more goods for a unit of produce. When the index falls below 100 the price relationship is injurious to the farmer. An examination of column 5 shows that the farming community as a whole benefited from the price relationship in the years 1915–17; suffered in the years 1919–22, 1924, and 1926–27. The position of the dairy-farmer (column 4) is very similar. In view of a margin of possible error in the figures, a change of 1 or 2 per cent. in the ratio is perhaps not significant; but the general position is clear enough. Speaking generally, we may say that, apart from the year 1923, the farmer would have been worse off than in 1914 during the whole of the period 1919–27 even had costs moved proportionately to export prices.

4. MOVEMENT OF AGRICULTURAL CHARGES.

For the purpose of this inquiry we have taken (1) taxes, (2) wages, (3) cost of farm requisites, (4) annual charges in respect to land, as the most important payments to be made by the farmer out of his gross income. Assuming all other factors to move in such a fashion as to leave the farmer's net income unchanged, what would be the influence of each of the above factors, taken separately, on the farmer's economic position?

(1) *Taxation*.—Since the war the total *per capita* burden of taxation has increased considerably. As far as farming is concerned, the main relevant taxation is local-body rates and land-taxation. In the former I have included county rates, rates of Road Boards, river districts, land-drainage districts, and half the rates of Harbour Boards. It is impossible to determine what proportion of Harbour Board rates are levied on rural districts, and the proportion is a considered guess. The item is not important, however. The figures for local-body rates are given in Table 2.

TABLE 2.—LOCAL-BODY RATES AS THEY AFFECT THE FARMER.

Year.	Local-body Rates (000 omitted).		Year.	Local-body Rates (000 omitted).	
	£			£	
1913–14	..	897	1920–21	..	1,672
1914–15	..	963	1921–22	..	1,334
1915–16	..	1,056	1922–23	..	1,885
1916–17	..	1,125	1923–24	..	1,905
1917–18	..	1,187	1924–25	..	2,029
1918–19	..	1,375	1925–26	..	2,144
1919–20	..	1,482			

Local-body rates show an increase of over 100 per cent. during the period 1913–14 to 1925–26. Export prices, on the other hand, were about 70 per cent. higher in 1925 than in 1914, and about 38 per cent. higher in 1926. Local-body taxation would have to be reduced by roughly £500,000 in 1925 to bring it to the same parity with export prices as in 1914, and by roughly £900,000 in 1926. These are only approximate figures, but show an appreciable increase in the burden of local rates. Some portion of this is, no doubt, balanced by improved services, such as better transport facilities, reacting to the economic advantage of the farmer; but it is difficult to believe that the increase in such economic advantages is sufficient to counterbalance the increase in local taxation.

The problem of the land-tax is more difficult to elucidate. The total land-tax increased from £767,000 in 1913–14 to £1,229,000 in 1927. In 1926–27 the tax assessed on those engaged in farming and allied pursuits was £603,000, or somewhat more than half the total amount. The number of taxpayers in this group is given as 25,470; but some seven thousand taxpayers appear to pay approximately £500,000 out of the total of £603,000. It would appear from this that, in so far as the vast majority of farmers is concerned, any changes in land-tax are not likely to be an important item in the present situation. The average assessment per taxpayer was £24 in 1926–27. If we exclude the seven thousand taxpayers referred to above, the average amount of tax paid by the remaining farmers must be very low.

(2) *Wages*.—Wages are again compared with export prices by dividing the index number of nominal wages of agricultural labour into export prices. The results are given in Table 3.

TABLE 3.—EXPORT PRICES OF (1) DAIRY-PRODUCE, (2) ALL COMMODITIES, TOGETHER WITH NOMINAL WAGES AND EFFECTIVE IN AGRICULTURAL AND PASTORAL INDUSTRIES, AND A COMPARISON OF EXPORT PRICES WITH NOMINAL WAGES, FOR THE YEARS 1914–26.

(Base average, 1914 = 100.)

Year.	Export Prices.		Wages.		Column 1: Column 3.	Column 2: Column 3.
	Dairy-produce.	All Commodities.	Nominal.	Effective.		
	(1)	(2)	(3)	(4)	(5)	(6)
1914	100	100	100	100	100	100
1915	108	119	117	109	92	102
1916	130	138	121	104	107	114
1917	150	157	129	100	116	122
1918	151	162	136	95	111	119
1919	168	167	144	92	117	116
1920	174	164	152	86	115	108
1921	214	152	153	86	140	99
1922	144	114	145	91	99	78
1923	156	140	148	94	105	95
1924	159	159	147	92	108	108
1925	146	170	148	91	99	115
1926	136	138	148	91	92	93
1927	125*	134	147†	91	85	91

* Average monthly figures, January–June, 1927.

† March quarter.

After "New Zealand Official Year-book." Figures of export values recalculated to base year 1914 = 100.