

In June last I wrote to Dr. Hilgendorf, of Lincoln College, in reply to his inquiry as to whether it was correct that I was not growing wheat this year, and I give extracts of this letter which, I think, define my attitude :—

Dr. F. W. Hilgendorf, Canterbury Agricultural College,
Lincoln.

DEAR DOCTOR HILGENDORF,—

Re *Wheat Duties*.

5th June, 1929.

I am sorry not to have replied to yours of 12th ultimo before, but I have been particularly busy with my clearing sale, which is only just over.

You have been correctly informed as to my not growing any wheat this year, and, in fact, it is doubtful as to whether I shall go in for it again at all. The position I was placed in was this :—

As you know, for some years past I have made wheat-growing my main occupation (last year I had some 1,000 acres, the year before about 1,500 acres, and over 2,000 acres the previous year), but farming-costs have latterly been rising steadily and the margin of profit is now so small that in my opinion the large wheat-grower cannot afford to take risks with the market-price fluctuations of wheat in addition to weather risks as he could in the past. This being my firm opinion, you will realize that my scheme for contract growing of wheat for the millers was one that I considered absolutely essential for the grower, and the method that I was pinning my faith on to stabilize the wheat-growing industry.

The sliding scale of duties brought into force by the Coates Government was such that it made contract growing on a large scale quite practicable, and I looked forward to the time when practically the whole of the wheat requirements of New Zealand would be grown under this system. After all, the millers are practically our only buyers, and if the price of flour is stabilized at a price which will give them a reasonable profit, and without increasing the price of bread to the consumer, the millers are then in a position to have their wheat grown under contract at a price that is reasonably profitable to the grower. That the millers realized this position is fully evidenced by the fact that the first year my scheme for growing wheat under contract was tried nearly one-half of the total New Zealand crop was dealt with in this way; and this was only possible owing to the stabilizing of the position by the sliding scale of duties.

The United Party has on many occasions while it was in opposition given evidence that, as a party, it was opposed to wheat protection, and one of its main planks at the last election was "no duty on imported foodstuffs." So you will realize that when this party got into power I considered my position as a large wheat-grower became particularly hazardous, and I prepared a full statement of the wheat-growers' case to submit to the new Government in support of the existing duties. Armed with this, I went to Wellington and laid my facts before Sir Joseph Ward on the 19th December, 1928; but he was absolutely non-committal in all his statements to me, and I considered they were not reassuring.

As I am not in a position to risk a very large sum on wheat at possibly the whim of a Government, I took steps to secure sufficient sheep that would enable me to change over my farming methods if I could not get some satisfactory assurance from the United Party. The millers also were fully alive to the danger of the position, and as a final effort I persuaded them to join in sending a deputation to wait on the Minister of Customs on the 14th January, 1929, with myself and another large wheat-grower to see what further could be done, and we were most urgent in our statements to the Minister that we should know before the end of January as to the Government's attitude, to give us time to prepare our land for wheat-growing for the following season. If we could not have the assurance that our crop for 1930 would be protected, we were not prepared to proceed with our work in preparing the land for it. I do not think we could be accused of "threatening" in any way; we were simply stating facts as ordinary prudent farmers and business men, and I think that Mr. Taverner realized this, as he seemed impressed, and promised to see what could be done when Cabinet met. However, time passed, and as I got no reply from the Government, and as the millers refused to make contracts to grow wheat owing to the uncertainty, I then decided that I must drop wheat-growing and use my land for sheep, thus engaging in an industry that is not absolutely dependent on Government protection.

Later, at the opening of the electrification of the Lyttelton Tunnel, on the 14th February, Sir Joseph made a pronouncement that this year's wheat would be protected (1928-29 crop), but the position would be reviewed presumably for the 1929-30 crop; that wheat was too dear; that wheat should be grown in other parts of New Zealand than in Canterbury and North Otago, to reduce its cost; and various other statements which, in my opinion, made the position very unsatisfactory to the wheat-grower. His statement seems to have been variously interpreted, but it is sufficiently clear to confirm my decision to go in for sheep and to drop wheat-growing.

Ministerial statements since then have been made to the effect that the 1929-30 crop is to be protected; but the earlier ones appeared to me to be of doubtful authority, as Sir Joseph has remained silent on the point; in any case, these are too late. We can all be wise after the event, and pronouncements now, after the damage is done, are valueless.

On the 13th March the Minister of Lands stated to the New Zealand Poultry Association that the duties for the 1929-30 crop would be continued. But "duties" are outside his Department, and it must be noted that the Prime Minister and Minister of Customs were silent; and it was obvious that the wheat-growers continued to be most apprehensive, as at a meeting held in Temuka on the 20th, presided over by Mr. Burnett, a long telegram was sent to Mr. Forbes asking that the position be clearly defined by Cabinet.

Any one with a practical knowledge of farming knows that the farmer's policy and operations are absolutely dictated by his season's changing, and he simply cannot wait, but must make his decisions as the weeks pass, so that step by step I have had to go on: First, acquire sheep, to be in a position to go in either for sheep or wheat; second, decide it was too late to prepare land for the 1929-30 wheat crop and commence to take delivery of my sheep-purchases in February; third, decide it would be bad business to leave all my wheat-growing plant lying idle indefinitely, so it should be sold; fourth, to actually sell it and reduce my staff to a sheep-farmer's level in May.

This question of staff-reduction is one that has given me much concern, as there is a good deal of unemployment, and some of my permanent staff have been with me for years and I was most reluctant to dismiss them. What was I to do? I cannot afford to keep men when I have no work for them, and the only way in which I could provide for some of the most capable was to finance them as contract workers, and so on, and this I have done as far as possible, but even then it is only for a few, and the unskilled worker I cannot assist.

The necessity for such drastic changes as I have had to make is, perhaps, not one that faces the small farmer who each year grows a small area of each class of crop and runs a few sheep, and I sincerely hope, in the interests of the Dominion as a self-supporting country, that similar action has not been taken by many others; but in the meantime you must count me out as a wheat-grower, and consequently as a large employer of labour.

This letter may seem to you as a straight-out attack on the present Government, but I submit that if you examine the position as I saw it from time to time I have been compelled to take the various steps I have taken.

To leave my own affairs and deal with the wheat-growing industry of the Dominion, I would most strenuously urge that no effort be spared to convince the United Party (as the Coates Government was convinced) that wheat-growing is an essential industry for New Zealand, and the only satisfactory way it can be established and continued for our own requirements is by means of the retention of the existing sliding scale of duties. This method has proved to be the solution sought after for years by experimenting with fixed duties, dumping duties, Government control, subsidies, and so on; and it is satisfactory to growers and millers, and has not increased the price of bread to the consumer. The facts concerning wheat-growing, as to the employment of a large amount of unskilled labour, making