

Will you proceed with your statement?—Mr. Chairman and gentlemen, I would start by saying that I was appointed to the Board of Trade in February, 1916, and I remained Chairman of the Board of Trade until October, 1922, and then I left to take up the managing-directorship of Distributors Ltd. I was managing director of Distributors Ltd. for about a year, and since that time I have been in business in various directions in New Zealand. One of the first inquiries that the newly appointed Board of Trade—it was appointed in February, 1916—was asked to undertake by the National Government was an inquiry into the wheat and flour production in New Zealand. But we were then, as you know, at war, and the question of the food-supply was one of very great national importance. Well, we made various reports to the National Government, which are on record and have been printed; but as the war developed the position got really more acute, and the situation that we had to face was either of an actual shortage of the supply or an anticipated shortage, and we had to deal with that position. That is, we were dealing with an actual shortage or an anticipated shortage in the wheat-supply; and in addition to that we were also dealing with the fact that the shipping situation was becoming, as the war progressed, progressively more difficult. Well, in 1917 the Government, on the advice of the Board of Trade, determined, in view of all the circumstances, and particularly owing to the fact that there was a shortage of wheat and a difficulty in the shipping with Australia, to take over the whole supply; and they set up a system of wheat control whereby the Government actually bought the whole of the crop from the farmers at a stated price and resold to the millers at a slightly increased price, using the existing channels of business as their agents—that is, the grain-brokers as the agents of the Government—to make the bargains with the individual grower and the miller. Well, I was appointed the administrator of that control scheme, and I remained in charge of it as Wheat Controller from the 1st January, 1918, until the 31st October, 1922, when, of course, as you know, the war was over. Our scheme of organization was successful enough, at any rate, to produce a surplus; and when I left the Board of Trade there was no longer a shortage of supplies at all, but there was a surplus, and on behalf of the Government I had already arranged to carry through the export of that surplus. I forget exactly how many bushels were exported, but I should say from memory that there was about 1,250,000 bushels that were exported in 1922. Now, that, of course, might have been a convenient time to have dropped control, and at the end of that year it was dropped. But when I say “dropped” I do not mean that the actual control went out of it, but it was dropped in the sense that the Government no longer guaranteed the price and was no longer responsible to the farmer for the carrying-out of the sale and the distribution of his wheat. But there were two schemes that had the support, at any rate, of the Government after 1922, but they were operated privately. Now, it seems to me that it would have been impossible for the Government to have withdrawn entirely from the business and to have declared a policy of free-trade in wheat in the years from 1923 to 1926. I believe, had that been done, that the wheat-growing industry in New Zealand would have been put entirely out of existence. Furthermore, the declared policy of the Government of the country, irrespective of which party has been in power, for more years than I can remember has been mildly protectionist; and when the last Tariff Commission conducted its inquiries I think the problem they had to deal with and answer was mainly this: whether it was desirable that New Zealand, which it has been shown can become self-supporting, or almost self-supporting, in regard to the food-supply, should remain self-supporting, or whether the supply should be entirely unregulated by Government acts of any kind. That was a policy question really, and I think that if it is answered affirmatively, that it is desirable that New Zealand should produce sufficient wheat to be independent of importations, then I know of no better method of carrying out that policy than the sliding fluctuating scale of duties. Now, I myself think, as a matter of personal opinion, that in view of the history of the country from 1916 onwards it is desirable that New Zealand should not have to rely on importations to supply its requirements of wheat; and that being so, then it seems to me more or less a matter of bargaining between the parties. I should say, if we are going to grow wheat, we can grow it as an economical proposition to the farmer, and an economical price should be paid—that is, a price the farmer can afford to sell his wheat at to make it pay, after considering the competing things he can do with his land otherwise. The prices of wool, and lamb, and dairy-produce would have to be taken into consideration. The idea of the fluctuating scale, of course, is not entirely new. It has been tried in England. It was tried in England before the policy of free-trade was adopted, and it worked successfully. And it has been advocated by Professor Jethro Brown as applicable to protectionist Australia in his book “Prevention and Control of Monopolies.” I was very much struck with his reasoning in that book; and that is why I have expressed my opinion that the sliding scale is the easiest and most practical method of giving effect to the mildly protectionist policy of this country, and of giving effect to the proposition that it is desirable that we should grow sufficient wheat in New Zealand for our own purposes. I think that is as much as I wish to say, Mr. Chairman.

*Hon. Mr. Forbes.*] Have you any figures in regard to the price of bread when prices were fixed? When the Government took over control, what was the price of bread?—It varied. I cannot remember all the variations. But it was an easy matter to fix when the price of wheat was determined. When the price of wheat was determined it was a comparatively easy matter to determine the price of flour, and from the price of flour to determine the price of bread. There were varying conditions, and we had to vary the price from year to year.

Were you able to control the matter better than it could be controlled under private sale?—While I was Wheat Controller I would not say that we controlled it better, but we controlled it well because we had the whole supply in our hands. But the value, to my mind, of the sliding-scale is this: it effects the same object as we effected, with less Government interference.

You had to get wheat from Australia?—Yes.

What sort of a reception did you get on the Australian market? Did they tie it up?—They attempted to. But the Hon. W. D. S. MacDonald made the first bargain on the part of this country,