

and in my opinion that bargain was a particularly advantageous bargain to New Zealand. The second big purchase was made, and the details were fixed, by Mr. Arthur Shirlcliffe, who was sent by Mr. MacDonald and myself to Australia for that purpose. That also was particularly advantageous to this country. But the third time we attempted to go on the market in Australia we found the position very difficult. The Australian Wheat Board tried to "sting" us. I forget the exact particulars, but I think they asked as much as 16s. a bushel. I think that is what it worked out at. Well, we thought it was a very big price, and we refused to pay it. We turned the bargain down, and we kept off the market. I think the Hon. Mr. Nosworthy was the Minister in charge at that time. I consulted with him at Ashburton, and we went into the matter and determined to turn it down. With what we had we were just able to scrape through by the time the crisis had passed.

Was there not some inferior wheat imported?—That was prior to 1916.

Was there any complaint about that?—Yes, there was; but that was prior to 1916.

Is Australian wheat very much superior to our wheat?—I do not think it is superior to some qualities of our wheat. But in our first bargains we got some very good wheat from Australia. It was the best crop ever produced in Australia up to that time. It was a particularly fine class of wheat. But it was a long way above the average Australian wheats. It was an extraordinarily good crop.

Had you any trouble in connection with the shipping?—Yes. We had to watch that very closely. We had a good deal of trouble during the fulfilment of one of the contracts.

Do you think it would be wise to rely upon the Australian market for our supplies?—No, I do not.

Can you give your reasons for that opinion?—Yes. I will give you an instance. We had sufficient wheat in 1916—I am speaking subject to correction, but I think it was in 1916—we had sufficient wheat in New Zealand to see us over till the next crop, when a strike occurred in Australia. That was something New Zealand could not control in any shape or form; and immediately wheat and flour began to soar to famine prices. That was nobody's fault. But the people started to get very panicky. There was panic buying, and we had to step in to prevent the prices going too high. Now, if we rely upon Australian importations we would be continually in danger of similar happenings taking place. Then, there is the danger of a drought in Australia; but I do not pay so much attention to that. There might still be enough in Australia to supply Australia and New Zealand even if there was a drought. But what I fear most is a strike cutting off our supplies and interfering with the shipping. Then immediately you might have panic conditions in New Zealand, and no Government could stop it. You would have panic conditions immediately you had the supplies interfered with, and the public might quite easily pay during that panic a good deal more than they are paying for the mildly protectionist policy at present in vogue.

When you were in charge, was a departmental subsidy to the wheat-growers discussed at all?—Yes, that was discussed.

And the sliding scale?—No. There was no need for the sliding scale during our period—no need whatever—because we were the only importers and we had the whole supply ourselves. There was not any need of a sliding scale at all. We were the sole importers. We had prohibited anybody else from importing wheat.

*Mr. McCombs.*] How do you account for the fact, Mr. McDonald, that people in Great Britain can get flour and bread very much cheaper than we can in New Zealand, although they are dependent for their supplies on outside sources all over the world?—I would like to have a critical examination of the figures before I would accept the statement that Great Britain gets it very much cheaper.

Would you be prepared to dispute the figures supplied by the Government Statistician, which show that over a period of years—right back to the time of the war, and up to the present time—that, year by year, without exception, flour and bread have been much cheaper in England than they have been in New Zealand?—I do not admit that flour and bread are much cheaper in England.

But it is cheaper.—I will agree with that. But the difference is that England can draw from the whole world, but if we were shut out from Australia we would have to depend practically upon our own resources.

The ships of the world can come to New Zealand.—But that is the position.

*Mr. Bitchener.*] Had you anything to do with the first deal that the Government made with the wheat-growers?—Yes.

In your opinion, was that a good deal?—Yes.

It was a good deal?—Yes.

From the farmers' point of view?—Yes, I think it was.

But I think you will agree with this: that if the farmer should grow a better class of wheat he should get paid for that better class?—Yes.

Well, you and the Government established a flat rate for wheat and gave no consideration as to the quality?—No; I disagree with that. If you will look at my scheme you will find that my scheme provided for a differentiation between Tuscan and Hunter's or Pearl.

But the Government did not adopt it?—Yes, they did. That is on record in the *Government Gazette*.

I am not positive, but I think the Government gave the farmer a flat rate of 4s. 10d.?—I was not in office then.

You were not in office?—No; that was before 1916. That was a price that was obviously wrong.

It discouraged the farmer from growing a better class of wheat?—Yes.

I think you said that you had to keep off the Australian market on account of the high price asked?—Yes, I did.

When was that?—That was in 1920.

*Mr. Waite.*] I think you said that your control ceased in 1922?—Yes.

The object of the control being achieved?—Yes.