

with large quantities. So also has Finland. If we expect to enjoy permanently the advantage we have had during recent years from curtailed supplies in the Northern Hemisphere, we are making a very serious mistake. To base a policy on that expectation would be dangerous in the extreme. Thus the carry-over policy is unsafe. We have had in New Zealand a small illustration of what is likely to happen in the pursuit of that policy. The "Otarama" completed her discharge on the 20th April of this year. One company that shipped by that vessel realized immediately, and got for its butter from 150s. to 162s. Two other companies, so I have heard, directed that the "Otarama" and subsequent shipments were to be held, probably till September. Now, the holding of that butter will cost almost 1½d. per pound. If it were held for six months the cost would be a little over 1½d.; for four months a little over 1d. Thus the holding of the butter is costly, and it is highly probable that it will ultimately be sold at a lower figure than if it had been realized upon at once. That is one of the dangers of the carry-over system. Sometimes you may gain by it, but there is a chance of losing more than you could gain, and the policy is not safe. Concerning gambling in butter, sometimes that term is confused. There are large numbers of people in the Old Country who need regular supplies of butter, and they buy forward to make sure that they will have adequate supplies for their requirements. That, admittedly, is *bona fide* business. Neither poolites nor anti-poolites would have anything to say against it. But there is in the butter and cheese business, as in exchanges and in practically every walk of life, a certain amount of gambling. But it is negligible as far as the butter business is concerned, and I express the opinion that it would continue under the most drastic form of control, because prices would rise and fall, and people who wanted to gamble would watch for their chances. Indeed, I am of opinion that gamblers would have better information for their improper purposes under control than under the present conditions, because under control that information would be all focussed at one point, whereas now it is distributed over forty or fifty points, and therefore is much more difficult to assess. Fluctuations are another thing which it is sought to eliminate. If they could be eliminated it would be greatly to the advantage of all sections of the industry. But these fluctuations during the last year or two have been abnormal, and the reason for the abnormality is the inability to adjust requirements to the new ratio of supply from the Northern and the Southern Hemisphere, as demonstrated by the statistics I have already submitted. Another reason is dumping from other countries, due to economic disturbances. Ordinarily, butter might be destined for America or Germany, and if currency or other considerations made trade there impracticable it might be diverted to England. The result has on more than one occasion been a glut. Further, Ireland has again come in, and is now an important factor in the butter business. During the rebellion the butter-supplies from there were negligible, if not nil; but now Ireland is coming back, and that is another factor in fluctuations. Again, currency contributes also to the effect. Normally, £1 will buy 18·15 kroner. For a long time you could get 22 kroner for £1. Then quite suddenly the price varied, and you could buy 24 for £1. Danish butter is quoted in kroner. Manifestly, if you can buy more kroner for £1 you can buy more Danish butter for the £1. The result was a sharp decline in the value of Danish butter on that occasion. These are some of the influences which cause fluctuations. Those fluctuations are to be deplored, but they are due to circumstances which are beyond the control of any Board or any Government.

(Examination interrupted in order to take witnesses who were obliged to leave Wellington at once.)

JAMES HINE examined. (No. 7.)

1. *The Chairman.*] What company do you represent?—I desire to give evidence on behalf of the Tikorangi Dairy Company, and also the Patua, Lepperton, and Mokau Dairy Companies. I am a small farmer, delivering milk to the Tikorangi Company. That is one of the most successful, one of the soundest, and I think it is the oldest of co-operative dairy companies in the Dominion. We have no dry shareholders, and we have successfully carried on our business for thirty years. Our suppliers unanimously oppose the Bill. They oppose it on the ground that it is vicious in principle, economically unsound, and that it denies to them the right to carry on their own private affairs. The promoters of the Bill, in Taranaki especially, have told us what they are not going to do under the Bill. We can only assume that they will take and put into operation practically the whole of the powers it will give them. Mr. Grounds himself has been more careful in his statements. He has not committed himself in the way a good many supporters in Taranaki have done. But although we have been assured in our district that the present channels of marketing are not to be disturbed—that practically things are to go on in the usual manner—yet the promoters of the Bill, or some of them, have stated that if the marketing scheme is cut out it has no value to them whatever. That statement was made by Mr. Grounds yesterday to Mr. Green, in a discussion between them as to the prospects of the Bill if the marketing scheme were eliminated. In our opinion the aims and ideals of the promoters of the Bill are absolutely wrong. With our experience of thirty years we are satisfied that in the interests of the industry our best, and safest, and wisest course is to have shipping so arranged that our produce will be put upon the English market regularly as fast as it is made. The question of storage is at the back of the minds of the promoters. We have had it on several occasions. I might say that I think Mr. Grounds is a living illustration of the aphorism that speech was given to us to conceal our thoughts. Nevertheless, he has at times let things slip out, and he has dwelt on the question of continuity of supply. Mr. McMillan, M.P. for Tauranga, spoke at Palmerston North in reference to the Bill, and remarked, "How nice it would be if we had our produce in London waiting for a market." That implies storage, and storage would be absolutely disastrous. It has proved so. During the last two or three years, while the post-war conditions in Europe have been abnormal, the