

**RURAL LAND PRICE AND ITS INFLUENCE**

Ladies and Gentlemen:

Whenever freehold land tenure obtains there is a land market and the land has a price. Therefore in discussing the influence of land price I am discussing an essential feature of this form of land tenure.

The group of primary industries considered in my last lecture, namely the production of eggs, table poultry and pig meats have one thing in common — by far the largest item of production cost is animal feed grains. Land price, I have pointed out, is a relatively minor item. In this respect these industries differ from most other forms of farming whether of the extensive or intensive kind.

These industries apart, land price is the most decisive factor determining the structure of the whole farming industry. I say this because in my view it finally determines the number of farms, the size of farms, and the number of families engaged in the industry. It has a less direct effect, but a very real one, on excessive urbanisation and rural depopulation, employment and the economic policies of government.

This may appear to many as an exaggerated statement because in all the expert reports on New Zealand agriculture, its present state of stagnation, and its future outlook, which fall as thick as autumn leaves, this fact is seldom mentioned and is never given the prominence its very great importance merits. It may be a central economic determinant but it is tapu.

I propose in this lecture to discuss this matter of land price and to show that the statements I have made are justified by the facts. The subject is large and it is not easy to cover it in logical sequence in the lecture time. I will treat it under a number of separate headings. The first of these will be

**Landprice and the selling out industry**

Many people think of farming as a stable slow-changing way of life. They think of the sturdy countryman as an independent man dwelling contentedly on his own land which he has inherited from his father or acquired by patient industry. In due time he will pass on to his son the productive land which he has tamed to his needs and on which he has stamped the imprint of his personality.

This is a racial memory and ninety-five per cent myth.

There are farms — good productive farms — mainly large and pastoral — of which this description is almost true but there are not many. On the small Nelson farm where my mother was born over a century ago what will be the fifth generation of owner-occupier-farmer is now a boy. This is exceptional. A small proportion of farmers are on land their fathers owned and a smaller number still on land farmed by their grandfathers. A very large number farm their land until the land market is right, subject to such factors as health, age, domestic circumstances, and at the right time they sell out. They pass on to the new owner all the problems they inherited themselves some years before, but usually in a much exaggerated form. This is because the price which the new farmer has to pay is the maximal price for the land the retiring farmer can get. Rising overseas prices, a succession of good seasons, technological progress, "incentives" such as subsidies, tax concessions, cheap loans — all have made farming more profitable than when the seller took up the land some years before. He has chosen his time well. Every single advantage has been capitalised and added to land price. The new farmer needs much more capital and has a much heavier load of mortgage interest to bear. If all these favourable conditions continue he will get by. If they do not this farm will be unprofitable and he cannot carry on without more "incentives". The price of land is on a ratchet. It can move only one way — upwards. Occasionally the progression halts for a period. When I was younger the vendor in this scenario was generally known as a "successful farmer" and the buyer as a "struggling settler".

Both are travellers on a familiar New Zealand road. Fifty years ago Condliffe wrote: "There are thousands of farmers and ex-farmers at the present time who plume themselves upon their farming and financial ability when in reality they have gained fortuitously from speculation in land values on a rising market."

I have called it a familiar New Zealand road and I believe we have reached its end. Land values have never been so high as they are in New Zealand today and the selling out industry is booming. The pattern of farm land ownership transference shows a high velocity of transfer or turnover rate especially in periods of good prices and/or increased "incentives". The rate of transfer is really extraordinary. Of course all transfers are not

sales. Some are due to inheritance or gift. But it may be safely assumed that this is a fairly constant factor.

The table I have placed before you illustrates some of these points:

Year	No. of farm holdings	No. of transfers	Transfers as a per cent
1972	62,789	7,089	9.54
1973	63,196	9,250	12.45
1974	63,455	8,150	10.97
1975	68,442	5,720	7.70
1976	67,774	6,291	8.47
1977	68,571	7,185	9.67

You will notice that the highest turnover rate was in 1973. This was a boom year of good prices.

I will not overload you with more figures but when these figures are broken down into classes of farms such as dairying, grazing, arable, etc. the horticultural group exceed all others first because it involves extensive subdivision of existing farms into smaller units and secondly because it is at present the centre of a minor storm of land speculation in the genuine New Zealand tradition.

Look again at the right hand column. The average turnover rate of these six years is 9.8 per cent, say 10 per cent in round figures. This means that the average period of occupation of the farms of New Zealand is ten years and they all change hands on average once in that period. Of course they don't all change hands in that time. Many don't change hands in fifty years but many change hands in five and the average does it in ten years.

Substantial subdivisions in horticultural land and the speculative spree at present going on in such lands are probably affecting the total number of holdings and the turnover rate. These factors almost certainly will show up more strongly in the 1978-80 figures. The turnover rate will probably reach 12 or 13 per cent.

This average brief period of occupancy of our farms shows how false is the picture I drew earlier of the sturdy husbandman on his paternal acres. It leaves little scope for long term production planning or farm development. It does not make for stability or permanence. It is a great weakness in the structure of rural society.

In a later lecture of this series I will advocate that we should gradually abandon freehold land tenure and replace it by a

Crown leasehold system. I will suggest that an appropriate term for a rural lease might be fifty years with a preference right for a member of the same family on the succeeding lease.

Many would instinctively defend freehold tenure on the grounds of the security, stability, and continuity which it is said to ensure. The turnover rate of our farms give the answer to such claims. All our experience denies it.

I believe this constant change of ownership provides a poor base on which to build a great national industry. I believe it does not make for optimal production; nor does the preoccupation with capital gain built into the farming industry.

In New Zealand today production is stagnant. There is constant discussion about securing new markets and expanding old ones. Markets are not the central problem. We cannot meet all demands for our produce in some fields now. Our national problem is insufficient production to pay our way. "Incentives" will not do indefinitely. In the selling out industry we have an efficient and ingenious procedure for selling them off for cash and calling out loudly for more. The farming industry will stay stagnant indefinitely. Minor growth will occur with a fortuitous world price rise for its products or with more and more "incentives" pumped into circulation. It's a sick industry and will so remain until it is radically restructured.

#### Land price and the number and size of farms.

Farms are getting larger. This categorical statement is difficult to support with precise figures. If the total farmed area remains constant a smaller number of holdings must mean larger farms. The Year Books do not record the total number of holdings at all in the critical period from 1960-1972. Nor have I sighted any analyses on the number of holdings in other years.

There are variable factors which may or may not be important. The number of holdings should increase when waste lands are brought into production by the Lands Department or private persons. They should increase when existing farms are subdivided into horticultural units. On the other hand they should decrease when farms amalgamate or farms are cut up for building lots. If these factors were statistically quantified it would help.

The figures I have placed before you show the total number of rural holdings from one to ten thousand acres or more in the years stated.

Total number of rural holdings

from 1 acre to 10,000 acres and over

1919	80,468	1952	90,288
1925	85,977	1960	76,926 (under 10 acres omitted)
1937	85,482	1972	62,789
1941	86,304	1974	63,445
1949	87,076	1976	67,774

I do not think it is irrelevant to remark that in 1936 the population was 1.5 million — just half what it is today — but there were nearly 20,000 more farms.

It will be noted that the great decline in the number of farms began sometime after 1960. The lack of any figures in the Year Books denies us any more exact statement. It is probable that the modest upturn in the number of rural holdings shown in the 1976 figures is due to the formation of horticultural units and ten acre blocks.

The figures in this table, crude and incomplete as they are, are capable of only one interpretation and that is that New Zealand farms have got fewer since 1960 and they must therefore have become larger.

It must be remembered that during the period under review enormous national effort and millions of money were poured into the effort to establish more men on New Zealand farms. This was especially true of the settlement of ex-service men after each of the two world wars. There has been a continuing and sustained programme of advances to settlers, a constant supply of "incentives" and a mass of sustaining advisory and technical services.

All this effort, all this expenditure of public money, all this technical help, has failed to increase the numbers of farms and farmers.

There is yet another small but eloquent piece of evidence which supports the thesis that farms are becoming fewer and larger. Twenty years ago the average dairy farmer milked sixty cows and made a living. Today he must milk double that number to survive. Twenty years ago the sheep and cattle farm carried one thousand stock units. Today three thousand units is more usual.

The pressures compelling the steady increase in the size of farms are not only operative in the private sector. The Lands Department purchases non-productive land and develops it into productive farms and disposes of them by ballot to

qualified applicants under the most favourable conditions possible.

In 1978 the Department had fifty-five units ready to offer for ballot. The Department's report had this to say:

"Increases in values continued and although on revenue figures at the time of offering the units are viable the board is concerned at the continuing need to increase the size and capacity to ensure viability."

What are the economic forces behind this movement to larger and fewer, and almost certainly, farms with less production per hectare. It is a large question and the answer is not simple. Still among the numerous factors having some influence there must be some very major ones. I am trying to identify what I will call tidal forces and not the influence of mere wind and wave.

First I must point out that freehold land tenure always tends to land aggregation. It does this always, constantly and under all conditions. It is characteristic of the institution. This bias to aggregation facilitates the operation of the aggregating forces which I will identify in a moment. This bias arises from forces ever present.

The first element is fairly obvious. It is this. The supply of land is fixed and demand grows constantly as population increases and the economy evolves. Land price must go up and up — restrained by some factors, encouraged by others — but always up — halting periodically but falling seldom and then only temporarily or locally.

The second is almost equally self evident. If a poor man finds a diamond it will not stay in his possession for long because only a rich man can buy it. So it is with high priced land only the rich can buy it and most of the rich are already landowners.

These two simple facts are the genesis of that disease of natural society called Monopolistic Capitalism. This disease has one cardinal symptom. Natural resources in the end are owned by 10 per cent of the population and ninety per cent pay them tribute for their use. The disease is incurable as long as society permits natural resources to be owned by private persons as if they were chattels.

For a hundred years our leaders have been passing Acts and devising policies to correct, halt or neutralise this force — all designed to promote more rural settlement in a property-owning democracy. This is a tidal force and our statesmen have

been no more successful in resisting it than the late King Canute.

This strong tendency to land aggregation wherever freehold land tenure and its land market obtain makes aggregation always potential. The question I am attempting to answer is what factors make aggregation actual. What is the mix of forces causing a strong move to larger farms?

I am going to drop all my defences, and stand wide open to the critics of all kinds, by pointing to what I think are the decisive factors — the tidal forces which run deep.

In my view the principal forces causing ever larger farms are (a) land price, (b) machines, and (c) the influence of taxation and inflation. The resultant of these three forces is a thrust towards larger farms.

To be able to make the massive investment needed to purchase a farm today, demands that as far as possible all elements in the venture must also be enlarged to the same scale to achieve the necessary production for the venture to survive. There must be increased production from the same area of costly land. There must be more stock, more fertiliser, more development and above all, machines and powered equipment.

The final total investment is much more than land price but this provides the primary spur.

Machines in daily use, and power, alone make the enterprise possible. They save labour costs and multiply the effectiveness of the labour input. Land price primarily sets the scale of the enterprise and machines make it possible to increase production, first to the point where it can survive and then to a profit making level.

Consider the case of a young man with limited capital who has worked long and hard to get enough money to buy a farm.

The price hurdle is too high to buy a farm as big as he would like but with help from the Rural Bank he buys what the Bank judges to be a viable unit. It is viable provided he uses optimal amounts of fertiliser, carries the maximal possible stock and makes full use of machinery and power to keep labour costs down and production up. His debt load is heavy, and is his principal problem.

Naturally all "incentives" are very welcome, especially generous depreciation allowances on his mechanical equipment. Years pass and he becomes established but he must still

work hard and live economically but his income tax is small and inflation is steadily reducing his burden of debt. He borrowed good dollars and he is repaying bad ones. In a few more years his main financial problem is income tax. He is now not working for his creditors but for the Minister Finance. He could get by with less income if need be. It would pay him to increase his capital assets and take advantage of all incentives available by getting more land.

It might be a good thing to purchase the farm next door. He can't go wrong. He is eminently creditworthy. Getting money from appropriate sources is no problem. The opportunity arises and it is done. Of course he can manage the productive work. The answer is more machines; not only those of daily use but seasonally used labour savers. Total production from the two farms is perhaps less than when they were separate entities but his income tax is relatively less and he is now sitting on a very valuable estate absolutely inflation protected and he can avail himself still more of the numerous "incentives" the taxpayer provides.

The machine has made all this possible. If in his prosperity he has unwisely purchased seasonally used gear prematurely, this itself may be a spur to adding farm to farm because the machines earn their keep better on the bigger area.

Whether this presentation of economic factors and motivation is completely correct I do not know. All I can say positively is that farm amalgamations of well developed farms are occurring. In the last ten years in Hawkes Bay a pattern has emerged of two farmers buying out a neighbour and producing two larger farms where there were three before. Total production almost certainly suffers. The local community suffers, the country moves just a little further away from health. Production has fallen. The farmers' net worth has expanded. The future is bright. If only the Federation of Labour would see reason about their absurd wage demands all would be well.

#### **About New Zealand farmers**

So far I have been speaking about New Zealand farming. Some of you may have gathered the impression that I am critical of New Zealand farmers as a segment of our community. Nothing could be further from the truth. The New Zealand farmer, gauged by production per head, has no rival on earth today for efficiency and this really means that he is the most



efficient producer from the soil the world has ever known. As a citizen he has no rivals.

I repeat I am not speaking in a critical way about farmers but about patterns of farming being distorted, development mis-directed and farm ownership being destroyed by freehold land tenure. Farmers are not the cause of this situation they are the victims of it.

Nothing I can say about the economic position of farmers in New Zealand today is true for every part of the country and every sort of farming. This land is nine hundred miles long. The western part is wet and the eastern dry. Districts vary in soil, climate, temperature and elevation and population densities are variable. The spectrum in personalities, in life styles and economic security is very wide.

In discussing farm amalgamation I have unwittingly picked an imaginary farmer from mid-spectrum and have followed his fortunes over a period of say twenty years until success has crowned his years of toil and sweat and he is the owner of a much larger farm and is probably the chairman of the local branch of Federated Farmers.

I will sketch the circumstances of one more farmer and his wife picked at random from mid-spectrum and then do the same for those at the two extreme ends.

My first is a farmer about forty years old. He bought his farm five years ago. He and his wife toiled for years as sharemilkers on a 50/50 contract. Money from the Rural Bank alone made it possible for him to get his farm. He borrowed two thirds of his total investment at 7½%. As a well known Minister of Agriculture once remarked, "There is nothing like a good sized mortgage to make a man work." They have two children. Husband and wife have worked as partners for years. Work and poverty made any more impossible. But they made it.

Inflation now works for him not against him. He is all for high land prices. After all it shows how healthy the farming industry really is at bottom.

He is a tireless worker. He will try anything new. He is an ingenious do-it-yourselfer. He is at the growing point of New Zealand farming. No cheap loans, no stock incentive schemes, no guaranteed minimum prices, no subsidies are wasted on him. He needs the lot to stay in business. He and his wife live for the happy day when they can enlarge the scale of their operations and even perhaps get more land.

My second is from the extreme right end of the spectrum. I was going to say left end but it did not seem appropriate. He is possibly a successor of one of the 'twelve apostles' of Hawkes Bay or his forebears took up a Crown lease outside the Wakefield settlements in Canterbury, Marlborough or the Wairarapa a hundred or more years ago. Even with only average industry or skill he is today economically impregnable. He and his fellows can weather any storm. If they borrow at all it is on overdraft for seasonal requirements. If they mortgage at all it is only for short-term development. They are good producers of sheep meats and wool. Between them all they produce a large part of the country's overseas earnings. They are conservative producers and feel neither the need to be initiators nor to experiment in diversification programmes. They have no need for incentives of any kind. Their problem is different. It is how to use such handouts in a way which will not push the income tax too high.

My third pick is at the extreme left end of the spectrum, or more correctly just a fraction to the left of the end.

He is one of the multitude of the good farmers and their wives who might have been. The ones who never got there or did not even try because they knew it was hopeless. Many were country born and bred. Most on leaving school entered non-farm occupations. Some had taken agricultural courses at high school and some even went to Massey or Lincoln, still thinking they might get a break some time. They might even win a ballot. The nearest they got was to be farm valuers, stock inspectors, farm advisory officers, managers for trustees, departmental officers or agricultural contractors or perhaps they went to Australia. The principal factor shutting them out from the career of their choice was the price of land. They have some consolation when they see a rural life which has become increasingly barren of social attractions.

An industry which does not draw into itself a continuing stream of reinforcements has no future. Those who do enter the industry must have only one essential qualification viz money. Health and strength of body, good character, intelligence, vision, courage, education and firmness of purpose are useful in the new recruits but not essential. They are quite useless anyhow without the one essential, viz money.

It is not realised the priceless asset the country has in our young potential farmers, the tradition in which they stand and

the high social status the farmer enjoys in our society — but the supply will dry up if present trends continue.

In feudal countries, where freehold tenure is limited to a few, work in the fields is the work of serfs and peons. The farmers are illiterate, ignorant, hopeless and degraded by generations of poverty. "Land to the Tiller" programmes are defeated before they start by centuries-old customs and a rural population lacking health, knowledge and the ability to learn new ways.

What a contrast here. Our country has at present the very finest human material in abundance if the barriers were broken down and the lockout broken by a radical reform in land tenure.

I believe that in a just society every man who was properly qualified and who wanted to farm should have access to the use of his native soil as of right as long as there was land available and he accepted the terms the community laid down.

I repeat because it merits repetition that land price plays a central part in this social catastrophe. It prevents new farmers, young farmers from buying land and establishing a farm. The recruitment so necessary for growth or even maintenance in the nation's one essential industry does not occur. Men of high quality with experience and dedication to the rural way of life cannot enter the ranks of the primary producers. They are locked out. As long as there was any chance of acquiring his own farm a man would work as a farm hand, a sharemilker or a manager or even a seasonal labourer to keep contact with the land he hoped one day to farm.

It has now become impossible. The rural worker with no hope of ever acquiring a property of his own has gone to town, has taken a job and resigned himself to the urban way of life. Once this process starts it becomes self-perpetuating because the more people leave the country the more barren and unattractive rural social life becomes and the more people leave the country for the town. They leave because the country offers few jobs, little social life, difficulties in the education of children and a static future. The town offers more. Urban life may be a second best in many ways but there is no real choice. One must go where the work is and give the children a chance.

There are some hill farming areas in the King Country where the rural farming community is slowly bleeding to death. Seasonal labour is increasingly difficult to get. Bad times are a

blessing in that they lessen the outflow. There was a time when there were always Maoris available for scrub cutting, fencing, shearing and harvesting but now they are few.

Political power moves with the population and back country roads are neglected and bus services are poor. The stores in the townships get less and less for their labour and give less and less in return. Back country life has become needlessly isolated and needlessly deprived.

There are many ancillary factors operative no doubt in the urban drift but I believe these are the wind and the waves and the decisive tidal factor is land price.

In this process not only is the rural community and the farming industry gravely harmed, the towns and the nation is damaged in other ways.

#### **Some consequences of the rural migration**

The first consequence of importance is that the population of the towns are excessively increased — a process which has been going on for many years. Ever increasing amenities must be provided by the municipalities. Water, power and sewerage reticulation must be expanded and all municipal services from libraries to parks and streets must be much enlarged. Motorways, public transport, traffic control, fire services and a hundred more things must be provided.

The greater part of community resources are expended on the urban areas. In consequence urban property rates have become excessive and this has led to retrograde changes in our rating methods such as Differential Rating. Political power in a democracy is where the population is. Comparatively the rural areas are deprived because their amenities do not pay their way.

#### **Social problems**

I am speaking more especially now of economic matters and will say only in passing that many serious social problems have been aggravated by this increased urbanisation. In times of full employment they are not so obvious but if you want a recipe for social disaster crowd frustrated young people together, with no jobs, little money and no hope for a future structured creative life. Bleeding the countryside has done its part in producing this situation. Of course when the young people are rural young Maoris the problems created are not different but

are much intensified by other factors.

### Urban sprawl

Historically the flat arable lands were the first to attract population and on this sort of land our first towns arose. When these towns spread in area they cover more of the best quality land. This is not true of Wellington and Dunedin, which were primarily ports, with little rich lands nearby but this general rule applied in most other towns. The ease of urban spread on flat rich land has been only marginally restrained by Town Plans. In the main they have been ineffective.

The encroachment of the towns on productive rural land would have to be accepted if it were necessary but I know of no major area where the problem exists where it is necessary. Take a critical look around Invercargill, Christchurch, Palmerston North or Auckland. Everywhere is underused land and an astonishing amount of unused land. Everywhere are car parks where at least three-tiered parking platforms should be, single story structures which should be several or many storied, cottages where there should be high rise apartments. Everywhere the delusion is abroad that cities can be made by an aggregation of bungalows. Nowhere is this more clearly seen than in Auckland. This city in terms of area is said to be the fourth largest in the world. The population of the twenty-four territorial municipalities which make up metropolitan Auckland total 741,340 and have an area of 319,150 acres. The density of population is thus 2.33 persons per acre. Auckland is the worst example but the others named differ only in degree.

Year books are usually limited to recording useful information. They are not usually organs of opinion but there are exceptions.

I am quoting from the New Zealand Year Book 1978:

"Between 1949 and 1964 urbanisation claimed about 15,800 hectares of good farming land and expansion up to 1984 will require another 30,000 hectares of land. Considering that the total area of good farming land includes approximately 8,300,000 hectares of first class pastoral land and 500,000 hectares of first class cropping land . . . this is not considered a serious problem on a national scale."

Most of the land around the cities I have mentioned comes into that five hundred thousand hectares of first class cropping land of which it is forecast another 30,000 hectares will be

covered by building and bitumen by 1984.

Fifty acres of good cropping land intensively used is a good family farm. Thirty thousand hectares is seventy-five thousand acres or fifteen hundred farms each of fifty acres.

"This is not considered a problem on a national scale. . . ."  
From this opinion I dissent absolutely. It is a national disaster and it is unnecessary.

Until every square foot of land zoned under the Town Plan for a particular use in towns is maximally used for that purpose not one square foot of suburban rural land should be encroached upon. First class cropping land — indeed first class land of any kind is the most precious asset our country has and as population grows it will become increasingly more precious.

I believe an iron ring should be placed around every town and outside the ring a periurban zone should be defined. In this periurban zone the Crown should claim the right of pre-emption and should patiently acquire it all. This land should be Crown leasehold land and it should be used for rural production. Naturally this would tend to be used for uses related to the urban needs such as market gardening, berry farms, orchards, apiaries, plant nurseries, poultry farms and town milk supply. Land in this area should be released for urban use only after exhaustive study and under strict control.

The peri-urban zone now is and has ever been the prime area for land speculation. This is where unearned fortunes are made. In fact the combined efforts of land speculators and developers play a major part in promoting unnecessary urban sprawl over rural land. This is the reason why I say the peri-urban land should be purchased by the Crown and leased to occupiers, to permanently destroy this speculative factor which now plays a destructive role in this area. Many seminars on peri-ruban land use have been held in recent years and with amazing ingenuity this vital fact is buried deep under a mud flow of endless jargon and carefully analysed irrelevancies. Any mention of land speculation is strictly tapu.

In this matter there is no place for academic detachment and shallow make-believe. A clear policy and clear decisions based on policy are demanded by the gravity and urgency of the case. Now decisions are in large part made so as to maximise capital gains to private persons. In terms of our country's needs and economic health this is totally unacceptable. Local public advantage and the national interest alone should determine

both policy and decision making in this vitally important zone.

### Farming policy

I have so far discussed two matters which raise the question as to whether as a nation we should have a farming policy, with defined objectives, which will be a practical guide in decision making.

These two matters are (a) the strong move towards ever larger farms and ever fewer farmers which I have discussed in this lecture, and (b) the quite rapid transformation in viticulture which I described earlier. Vine growing began in the family vineyards and today it has become an agri-business, characterised by corporate ownership, large holdings and mechanisation.

The question I am raising now is whether we should allow the forces discussed to operate unchecked by any positive farm policy. There is no doubt that these forces are destroying the very concept of the family farm before our eyes. The idea that farming is a "way of life" as well as a source of livelihood is rapidly losing ground. In its place we have slogans such as "farming is a business like any other business" and it is widely assumed that chemicals and machines mean more production and are therefore desirable. Any social consequences resulting from their use are completely ignored.

Such a passive acceptance of "progress" seldom finds expression in the advocacy of a positive policy to foster and promote larger and larger farms and fewer and fewer farmers. It tends rather to be accepted as being an unfortunate necessity. Soon, however, it will be actively advocated because as the process spreads vested interests will arise to encourage it.

The only example I have encountered of an active advocacy of a "larger farms — fewer farmers" policy is in the Mansholt Plan for European farming and I cannot tell you to what degree it was applied and with what results.

I am mentioning it only to define the issues better and help you to see the conflicting ideals more clearly.

Dr S. L. Mansholt is a Dutchman and was a Vice-President of the European Economic Community and his plan was enthusiastically endorsed by many European agricultural 'experts' — most of whom, I strongly suspect, had never had cow-dung on their gumboots. The plan aimed at rapidly

increasing the size of farms by amalgamating family farms and as humanely as possible transforming the farmers, both young and old, into industrial workers. The plan embodied the concept that this was a kind of liberation of the farmers and their families and generous aid was provided during the period of transition. Wrote Dr Mansholt:

"Factory workers, men on building sites and those in administrative jobs — have a five day week and two weeks' annual holiday already. Soon they may have a four day week and four weeks' holiday per year. And the farmer: he is condemned to working a seven day week because the five-day cow has not yet been invented and he gets no holiday at all."

New Zealand has no Mansholt Plan but we are getting the same results without it and I believe these results are socially and economically disastrous.

Europe or the United States may survive such a degradation of the world's greatest and most basic industry but New Zealand certainly will not.

I believe that as a nation we lack and need a policy about farming and the ideals it embodies should be pursued with energy, direction and constancy of purpose.

Farming is a business **unlike** any other business and in social terms farming is a way of life.

The farm is a part of living nature. Life in the soil; life in the crops; life in the pasture; life in farm animals; the farmer's life and his family's life; all are woven into one web of life. Farmers, and farmers alone, live, work and die in this mutually interdependent economy of life. Further, farmers must everywhere and at all times adapt to and co-operate with inanimate nature — rain and drought, wind and calm, heat and cold, days long and short and the eternal cycle of the seasons.

This intimacy with nature has since the dawn of time been the source of natural religion and the religious instinct it fosters opens the heart and mind to the highest spiritual concepts. The countryside is not only the source of our bodily food, it supplies spiritual nutrients as well:

Here domestic peace, family unity, natural virtue, respect for nature, and health of body and mind are more readily attained than in any other part of our society.

Farming is much more than a mere business like a factory and it is a way of life and the good life at that.



In this connection let me say that the essential nature of a farming enterprise is in fundamental contrast with that of a joint stock company comprised of a large number of faceless shareholders united in one thing only — the pursuit of a reasonable profit. Their sole concern is with the market price of the shares and the annual dividend. It is impossible to conceive of any legal entity less concerned with farming procedures — the intimate co-operation with nature, generation to generation continuity, environment, health, or the social importance of this great industry on whose wellbeing nearly all societies in some degree depend. At any time control of a company can change in almost any direction and remove it further and further from the enterprise on which it depends.

I am credibly informed that in Denmark the corporate ownership and operation of farms is forbidden by law. The reason is not far to seek. But I digress from my main theme of a farm policy.

The subject is a large one and not easy to present in a mere section of a lecture such as this.

Again I will try to compress the subject into a few brief statements expressing my views and I will risk the easy charge of dogmatism.

1. I repeat, that I believe we as a nation do need a policy on farms and farming and the ideal this policy must embody is the family farm. Fortunately nature itself supports this policy because we have insufficient productive land for prairie farming.
2. The family farm must have a stable base in a just system of land tenure.
3. Guided by this policy society must endorse all things which promote the family farm and prevent as far as possible all things detrimental to it.
4. With a growing home market and increased technical knowledge and just land tenure, the natural tendency should be for the viable family farm to get smaller, not larger. We have today about sixty-four thousand farms. The number could be multiplied by three at least — by subdividing farms now too large for efficient production, by bringing waste lands into production, by flood control and by irrigation schemes. It is much better to spend money in this way rather than in unemployment benefits.
5. Closer settlement means a richer fuller social life for the

farming community.

6. The multiplication of family farms is essential to our defence and our national survival. It is in this context that these lectures have been planned. I have earnestly urged economic integration with Australia on the same ground. You may ask how does closer settlement on family farms bear on our future defence. My answer is:

- (a) Such a policy is the starting point for an ever more productive farming economy and this will be the base which will underpin an evergrowing superstructure. This growing economy will provide the means of paying the costs of Fortress Anzac.
- (b) It will favour the growth of population without which our defence is impossible.
- (c) It means a more evenly distributed population with intimate local topographical knowledge. Every farm house will be a centre of resistance to any invader.

Fanciful nonsense? If you still think so I have spoken to you in vain.

### Farm technology

There is one further matter on which I must speak before my time is up. You may have gathered the impression from my reference to agricultural machines in this lecture that I advocate a rejection of modern technology on the farm. This is absolutely incorrect. When I was a boy the cream separator (usually an Alpha-Laval) was new. Later the milking machine came into general use. Without these two machines the great dairy industry of New Zealand would have been impossible. I have seen the farm tractor accomplish development and productive miracles — work which took two generations previously, completed in a few years. No one with these memories could be a New Zealand Luddite.

Huge seasonally used machines, especially such as can be used only on flat or gently rolling land, may be efficient on the vast plains of America's Mid West but in my view they have a very limited place in New Zealand agriculture.

The co-operative ownership and management of farm machinery is at present little practiced in New Zealand, it must surely have an increasingly important place in our farming economy.

Well, ladies and gentlemen in this lecture I have ploughed a

fairly long furrow and as the Roman poet Virgil puts it, "I must halt my steers".

My next lecture, you will be relieved to hear, will be in an entirely new field.