

- (3) Period to be covered by agreements.
- (4) Prices and profit.
- (5) Further supplies from New Zealand.

These points, which had remained outstanding at the time of the visit of the Acting Prime Minister, Hon. Mr. P. Fraser, to Britain, formed the basis of the subsequent discussions with representatives of the United Kingdom Government, and the following extracts from the minutes of this meeting will be of particular interest:—

“MINUTES OF MEETING WITH REPRESENTATIVES OF NEW ZEALAND GOVERNMENT TO DISCUSS QUESTIONS ARISING OUT OF THE LONG-TERM AGREEMENTS FOR THE PURCHASE OF FOODSTUFFS.

“Monday, 6th November, at 11.45 a.m.

“*Present.*—Right Hon. W. S. Morrison, M.C., K.C., M.P.; Mr. A. T. Lennox-Boyd, M.P.; Lord Perry, K.B.E.; Mr. C. N. Ryan, D.S.O., M.C.; Miss Coates; Hon. Peter Fraser, M.P.; W. J. Jordan, Esq.; Mr. R. M. Campbell; Mr. C. A. Berendsen, C.M.G.

“The New Zealand representatives were introduced by Mr. Jordan, who said that Mr. Fraser, Deputy Prime Minister, had a number of points he wished to raise.

“1. *Price of Goods imported into New Zealand.*—Mr. Fraser said that the first point he had to raise concerned the general economic position of New Zealand under war conditions. If prices in England were to rise considerably, the imports of United Kingdom goods into New Zealand would be bound to fall. He pointed out that if, despite considerable increases in prices in the United Kingdom, payments to New Zealand remained on the basis of the prices now included in the various agreements under negotiation, a position of considerable difficulty would arise and might seriously affect the financial and economic position of New Zealand. In this connection the New Zealand Government had suggested that the price of produce sold by New Zealand to the United Kingdom should be subject to review if the United Kingdom index of wholesale prices increased by 10 per cent. or more; another suggestion was that the New Zealand Government should be given the benefit of any price-control fixed in regard to United Kingdom goods. He thought, therefore, the agreements now being negotiated with New Zealand should be dependent upon the maintenance of a price equilibrium based on existing price-levels. In the case of wool, for example, the agreement extended for the war period and for one year afterwards, and provision was included for a price review every year in May.

“2. *Delayed Shipments.*—Mr. Fraser next raised the question of New Zealand's position in the event of delayed shipments. He quite realized that the responsibility for the provision of shipping must rest with Great Britain and that a difficult position might arise from time to time. Nevertheless it would be very serious for New Zealand if they had to be penalized owing to such delays, and the gravity of the position might be accentuated in view of the fact that suitable storage accommodation was limited. They had been trying to increase this accommodation just before the war.

“Mr. Morrison said that, although it was difficult to forecast the position with any certainty, he did not anticipate any serious delays in shipping. If any major diversion of shipping from New Zealand were to take place, he could only visualize it as part of a common Empire effort towards some particular war operation of the highest importance.

“Mr. Fraser said that New Zealand fully appreciated that these agreements were part of a general co-operative effort, but he urged that if, owing to unforeseen circumstances, it became impossible to implement the transaction either by reason of the lack of shipping or owing to a really substantial increase in the price of materials imported from the United Kingdom into New Zealand, then the terms of the agreement should be regarded as open for reconsideration.

“Mr. Morrison agreed that in such circumstances the arrangements would have to be regarded as open for discussion.

“*Conclusions 1 and 2.*

“It was agreed:—

“(a) To take note of Mr. Fraser's representations regarding effect on the financial position of New Zealand of (i) a serious increase in the price of materials imported from the United Kingdom, and (ii) of any serious delay in shipping exports of foodstuffs from New Zealand.

“(b) That, in the event of it becoming clearly impossible to implement the terms of the agreements covering the purchase of foodstuffs, the two Governments would be free to enter into discussions as to the steps to be taken.

“3. *Period to be covered by the Agreements.*—Mr. Fraser referred to the question of the period to be covered by the agreements. In the case of wool the transaction was for the period of the war and for one year thereafter. His Government was most anxious to apply this arrangement to the foodstuff agreements. After the last war the cessation of Government purchases had had disastrous results for the producers. It might be impossible wholly to avoid this after the present war, but the task of attempting to circumscribe the collapse should occupy their early attention.

“Mr. Morrison replied that wool and foodstuffs were on a different footing in two respects. In the first place wool was much less perishable, and excess stocks could be stored