

its manufacture being undertaken locally. Such being the case, we consider that it would pay much better to ship the raw material to the consuming country direct from the island of origin. Copra is a splendid freight and easily handled. Most of it is shipped in bulk and loses little in transit, while, on the other hand, the manufactured product is difficult and comparatively expensive to handle.

We have evidence also of the experience of a large British concern which has a crushing plant in Australia. We understand it crushes and treats as much copra as supplies its own requirements there, and exports the balance of its large purchases as copra. To keep the trade as far as possible in British hands it might be worth the consideration of the New Zealand Government to increase considerably the export tax on all copra shipped from the Cook Islands to foreign countries. This would have a twofold advantage—it would have a stimulating effect on British industry, and any extra revenue thereby gained would help to lessen the cost of administration to New Zealand.

General Remarks.

It has been freely stated that traders in the Cook Islands are exploiting the Natives in connection with the purchase of their fruit, and are making unjust profits out of its sale in New Zealand.

For some time all traders have been willing to consign shipments of fruit direct to any auctioneering or other firm in New Zealand nominated by the Native grower. Fruit-cases have been supplied at practically cost, and the full net amount received has been handed over to such Native grower, together with the original account sales from the New Zealand auctioneer. Exchange at money-order rates, however, has been charged by some firms, while others have only charged exchange on shipments made to the South Island of New Zealand.

The reason for such generous treatment is that fruit to a large extent takes the place of currency. If a Native grower is shipping through a local trader he is financed to a greater or lesser degree by the trader, who looks to his accounts being paid by fruit, and makes no charge whatever for his services in the matter. We know of no similar instance in any trade where business is done for clients on terms so favourable as these. It is true that the traders have purchased fruit from Natives at apparently low prices, but from our inquiries we do not think undue profits on this line of business have been earned. Indeed, some of the traders have given up the purchase of fruit altogether.

It is unfortunately true that there is a lack of harmony between the Resident Commissioner and the traders. Friction of any sort in business matters must, to some extent, interfere with development; and we suggest that a little more frankness between the parties mentioned might clear up misunderstandings and lead to a happier relationship. A certain amount of bitterness exists in the minds of the white population arising from the fact that they have no voice in the government of the islands. To allay this feeling we suggest that, if at all possible, some representation on the Island Council be granted to them.

A serious attempt is being made by the Native growers to form a co-operative association for the sale of fruit and for the purchase of fruit-cases, and we think that encouragement should be given to such an aspiration. Although repeated attempts have been unsuccessfully made in various islands in the Pacific to form such associations, there is no reason why the attempt now being made at Rarotonga should end in failure. We take it as an axiom that the intention of the New Zealand Government is to govern these islands primarily in the interests of the Native population, and to encourage and assist them to work out their own salvation. As an association of this description is a step towards a higher development, any assistance that the Administration can give to it without prejudicing the white traders should be encouraged. We are informed, however, that notices were posted in public places asking the Natives to deal only with the Native committee, and were signed "By order." The traders contended that many Natives were under the impression that "By order" meant by order of the Administration, and as a consequence were afraid to sell or consign their fruit through the traders. As a matter of fact the Administration had nothing whatever to do with the publication of such notices: they were issued by the Native committee. This may be a