

In December, 1916, after extensive consultation with the Australian and New Zealand Governments, the purchase was agreed upon from those two Dominions of all their wool then remaining in first hands and all the wool to be shorn up to 30th June, 1917. The purchase price was fixed at 55 per cent. above the level of 1913-14 prices, this being subsequently arranged in the case of Australia to mean exactly 1s. 3½d. per pound greasy weight over the whole clip. The Government of Australia drew up baremes or detailed schedules of prices according to quality for the purchase of the wool from the individual farmers, subsequent adjustment being made to bring the total price for the year to 1s. 3½d. placed on shore in Australia with an extra allowance of ½d. per pound for administrative, holding, and other charges up to f.o.b. It was further agreed that while this price should be final as regards wool used for British Government purposes and for certain Allied military purposes, a return of one-half of the profit on sales of surplus wool effected by the British Government should be made to the Dominion Governments.

The Australian and New Zealand Governments made efficient arrangements for collecting and storing the wool and shipping it to the order of the British Government. This Directorate was responsible for arranging, shipping, and distributing the wool to the best advantage. The distribution of colonial wool in England was carried on, as has been stated, in conjunction with home wool, a very large part being dealt with by the Bradford Topmaking Section.

In the middle of 1917 an extension of the contract with Australia and New Zealand for another year was arranged without any change of terms, and at the end of the year the purchase of about 111,000 bales of South African wool was negotiated with the Union Government on the same terms as the Australian and New Zealand contracts. In 1918 further contracts were negotiated with the Governments of Australia and New Zealand for the purchase of their entire wool-clips for the whole remaining period of the war and for one entire wool year thereafter, it being subsequently agreed that these contracts should be interpreted to include all wool appraised up to 30th June, 1920. The conditions of price and profit-sharing arrangements were continued without change, except for a concession to meet the special conditions of New Zealand wool.

There can be no question that these successive contracts with Australia and New Zealand were wise and statesmanlike measures at the time they were made, and have worked out to the advantage of all the contracting parties. It was an immense advantage to the sheep-farmers of both Dominions to have secured to them the purchase of all the wool as soon as it was shorn at a schedule of prices fixed on a remunerative basis. They were thus relieved from all the anxieties connected with the war situation and with the critical condition of ocean traffic. Great accumulations of wool took place owing to the difficulty of providing sufficient steam tonnage during the submarine campaign, and the course of prices when the war should end was unknown. Great Britain on her part received compensating advantages. The control of a sufficient quantity of wool suitable for military purposes was essential for the efficiency and security of the Supply Departments, and it is admittedly the case that from 1917 onward wool could not have been obtained from foreign sources so cheaply as it was secured by the requisition of the British clips and the purchase by contract of Australian and New Zealand clips.

Very shortly after the first shipments of wool under the Dominion contracts were made, early in 1917, the German submarine campaign was developed in full vigour, and a period of extreme anxiety was passed through as to the possibility of obtaining adequate supplies from across the seas. The worst apprehensions were not realized, but from the beginning of 1917 for a period of two years a condition of chronic scarcity of wool existed, which at certain periods caused very justifiable alarm in England, while in France and Italy the scarcity was often so acute as to amount almost to famine.

During the three years of Government control from 1916 to 31st March, 1919, the selling-prices of wool within the British Dominions were kept on an almost uniform level, and for the greater part of that period were considerably lower than in any other part of the world. In fixing these prices no attempt was made to secure more than a moderate margin of profit over and above the requisition or contract cost of the wool with a proper allowance for charges and contingencies. The purchases of Australian and New Zealand wool, having regard to the greatly increased transport charges, resulted throughout in a higher proportionate cost than that of the home wool, and as home and colonial wool are to a great extent interchangeable in use it was necessary to fix the prices on the basis of a fair margin over the cost of colonial wool, thus leaving a considerable margin over the cost of the home-grown wool. In the case of colonial wool provision had to be made for maritime losses, which at the height of the submarine campaign were almost incalculable in extent; and when regard is had to this and other important elements of risk due to the abnormal conditions of the time it must be recognized that selling-prices were fixed on a reasonably low level throughout the period of control.

When hostilities came to an end in November, 1918, orders for military equipment were suspended as rapidly as possible, and every preparation was made for a speedy return to peace conditions. Pressure was brought to bear on the Ministry of Shipping to secure the carriage at the earliest possible moment of such quantities of Australian and New Zealand wool as should bring up stocks in Europe to a comfortable level. The Department had to look forward for a period of two years or more to being the sole purveyor of Australian and New Zealand wool, and a special responsibility was felt for the requirements of France, Belgium, and Italy, and more particularly of the two former countries, whose wool industries had been temporarily destroyed by German invasion. It was necessarily a matter of great difficulty to forecast the rate of restoration of the French and Belgium manufacturing industries, and the responsibility was cast upon this Department of building up a stock of wool in England sufficient for the requirements of our Allies as well as those of our own industries. To maintain a stream of supplies fully sufficient for this purpose, without getting into hopeless difficulties regarding storage and transit facilities, has been one of the most difficult tasks of this Directorate during the past eighteen months, and it cannot be claimed that absolute success has been attained. The Department has been charged, not altogether without reason, with having some share in the congestion which has taken place in the Ports of London and Liverpool; but to avoid this altogether would have been impossible without running into the more serious fault of short supply, and it may be claimed that in the face of very great difficulties the regulation of the supplies, through England, of the wool-factories of Europe has been carried out with a considerable measure of success.