

The following is another significant extract, cabled from Melbourne on the 15th of last month, and which appeared in the *Evening Post* of that date :—

“Speaking in the Federal House of Representatives, Mr. W. M. Hughes stated that the British shipping combine had unsuccessfully endeavoured to induce the Commonwealth Line to increase its freights. As the combine’s freights were not increased, it was assumed that the Commonwealth’s refusal to raise its rates prevented the British increase.”

I do not know what the rates of freight in Australia are, or how they would compare with the rates demanded from us ; but it would appear that they must be lower than ours.

2. *Mr. Powlrell.*] Is there any possibility of getting the Australian Government’s balance-sheet with the view of ascertaining how their ships are paying ?—I do not know ; but a statement has appeared in the papers to the effect that the Commonwealth Government were £1,000,000 to the credit on their shipping venture at quite a recent date. It certainly looks as if they were in a sound position when they refused the request of the liners to increase the freight ; and they are also, of course, building a lot of new ships. The following cable, dated London, 13th April, 1920, appeared in the Press of the Dominion on the 16th April :—

“Mr. Larcin, manager of the Commonwealth State steamers, in an interview in the *Daily Express*, states that it is unquestionably entirely due to the Commonwealth Government Line that the Australian freights have not risen. He enumerates a number of advantages which he declares the British merchants derived from the Government line, including the utilization of intermediate ports in the United Kingdom, causing the conference steamers to follow suit.”

The following cablegram from Melbourne, dated 15th April, 1920, and which appeared in the New Zealand Press on the 16th, is quite apropos :—

“Replying to a deputation of unionists, which urged the Government to arrange further ship-building contracts with New South Wales, Mr. Poynton, Hon. Federal Minister, stated that the Government had decided to build eleven ships of 12,800 tons each to maintain a fortnightly service with the United Kingdom. The Ministry’s policy was to continue building, but it must have a continued guarantee from the unions.”

Concerning labour, I suppose that means freedom from strikes. I have recently received a cable from Mr. Seales (who within the last four or five months has paid a visit to London and New York) stating that it was impossible to charter steamers because there was no outward freight obtainable ; that the steamers would have to depend entirely upon export freight from New Zealand for their earnings, and, no freight outward being obtainable, that he was unable to charter any steamers. In regard to sailers he stated that it was possible to charter sailers at a slight reduction upon the liners’ rates of freight. But the charter condition would stipulate that unless storage was available immediately upon arrival of the ship in London, so-much per week would be charged for storage in the vessel herself. My cabled reply was to this effect : that the prospects of wool-prices in London, together with the apparent great difficulty as to storage, would probably mean storage on wool in New Zealand to a very considerable amount, and it was therefore inadvisable at the present juncture to enter into any charter.

3. *Mr. Field.*] How long ago is that ?—About a week or ten days ago. As I have stated, we are up against this : that unless we are able by some means to put an end to the monopoly of outward freight by the liners we are absolutely in their hands as to the rates of freight and conditions for the next twelve months. The question, therefore, for us to consider is whether there is a practical remedy. I had a search in the library, with the result that I found the United States had passed an Act in 1916, the effective sections of which I propose to read to the Committee.

4. *Hon. Mr. Nosworthy.*] Is that an American Act you are going to quote from, Sir Walter ?—Yes.

5. *The Chairman.*] You have given us the history of what was done in the past. We want also to get at the history of the present and future, if possible. You have intimated you cannot suggest anything in the direction of the reduction of freights ?—No, at present I cannot, unless it be the American Act I have mentioned.

6. There is in that proposal something that might deal with this question ?—I think at this stage it would be useful to the Committee if I quote a portion of a letter sent by the Prime Minister (Right Hon. Mr. Massey) to the Chairman of the Board of Agriculture (Sir James Wilson), and dated 3rd February last :—

“It seems to me the first step was to see what could be done with the shipping companies trading between this country and Britain. Are they prepared to carry our products at a fair and reasonable rate ? If so, well and good. If not, then let us do what under the circumstances seems to be the next best course, and I think a strong Committee should be set up to look after the interests of the producers, consisting of the Board of Agriculture and representative men from the farmers’ unions, and the agricultural and pastoral associations, and the freezing companies. I have sometimes heard it said that the farmers are not business men, but I must say that that is not my experience. Where their own interests are concerned there are no keener business men in the world. The men of whom I am thinking could hold their own with the representatives of the shipping combines, or the Meat Trust, or any of the other great organizations of which we have heard so much. Let the matter be left in their hands to negotiate, with a representative or representatives of the Government. If a satisfactory agreement cannot be arrived at, and if it become necessary to put additional ships in the trade, then the Government will assist to the full extent of its ability. Personally, I think if anything is done in this way the producers should at least be part-owners, because if such an undertaking is to be a success it will require all the support it is possible to obtain, and must be managed upon thoroughly business-like and systematic lines. If it is left to be financed and managed by the Government, then the Development Fund will be seriously interfered with, and this will happen : contending parties will seek to outbid each other for political support. We had some experience of this sort of thing not long ago, and the result would be a constant reduction of freights and passenger fares until the balance-sheet showed a loss. This would not happen if the great bulk of the shareholders were producers, anxious for the welfare of the company in which part of their capital was invested. If it becomes necessary to start such an undertaking the Government will do its part, either by guarantee or by taking up a proportion of the shares, whichever may be decided upon ; but we must do our business as sensible business men, thinking not only of our own interests, but of the greater interests of the Dominion as a whole. If we act in this way and pull together with our full strength, there need be no fear of exploitation from any trust or combine. I am quite sure you will appreciate the great importance of the subject, and I shall be glad to meet representative men to discuss the position at any suitable opportunity.

“Yours sincerely,

“W. F. MASSEY.”