

Telegram from the Right Hon. the PRIME MINISTER OF NEW ZEALAND, London, to the ACTING PRIME MINISTER, Wellington.

London, 16th November, 1916.

WOOL: Further conference with War Office, who now offer 55 per cent. advance on pre-war prices. Believe that this is better than 1916 prices for producer set out in your telegram. Arrangements not completed Australia. If they come in, no difficulty anticipated as to final agreement. Shipping going from bad to worse. From personal knowledge 10s. per bushel freight has been paid emergency shipment of wheat from Australia to London.

Telegram from the Right Hon. the PRIME MINISTER OF NEW ZEALAND, London, to the ACTING PRIME MINISTER, Wellington.

London, 17th November, 1916.

With reference to your telegram 17th November, wool: Negotiations are proceeding between War Office and Australian Government. Until finality arrived at we cannot decide definitely with regard to New Zealand. Think you should convene conference and recommend acceptance 55 per cent. advance on pre-war prices if Australia decides in same direction. Do not think there is much difference financially either way.

SECOND CONFERENCE OF REPRESENTATIVES OF THE WOOL-GROWERS, WOOL-BUYERS, AND WOOL-BROKERS OF THE DOMINION WITH THE HON. MINISTER OF AGRICULTURE.

WELLINGTON, 22ND NOVEMBER, 1916.

THE delegates having assembled,—

The Hon. Mr. MACDONALD (Minister of Agriculture) explained that the first business to be dealt with that day concerned only the wool-growers, and he would therefore ask the buyers and the brokers to retire to the separate rooms they had occupied when considering in committee the proposals placed before them at the first conference.

The representatives of the wool-buyers and wool-brokers having retired,—

The Hon. Mr. MACDONALD (addressing the wool-growers) said: I do not think, gentlemen, that I need add very much to what I have already said at the previous conference, but I think it would be as well for me first to read the resolution passed by the last conference and the cable I forwarded to the Prime Minister conveying the terms of that resolution, and then I will read the reply I have received to that cable. [Resolution and cablegrams to and from the Prime Minister read.]

Mr. PEARCE: Why could they not have accepted our offer?

Hon. Mr. MACDONALD: Well, this is Mr. Massey's opinion. As a matter of fact, the Imperial Board of Trade are dealing with Australia, also with Ireland and England, on the percentage basis, and I suppose the Imperial authorities do not want to depart from the percentage basis. That is the only reason I know of. You are now in the possession of all the information I have on the subject. The Imperial Government has increased its offer by 10 per cent., and it is now for the conference to decide whether it will accept it or not. I do not think it is necessary for me to traverse the whole position again, but as there are gentlemen here to-day who were not present at the last conference I might repeat that amongst the reasons put forward by the Imperial Government for acquiring the Australian and New Zealand clips was this dominant reason from their point of view: that owing to the outcry all over the world for wools, and the fact that neutral countries were buying in all directions, prices were being rushed up. If the Imperial Government had simply asked Australia and New Zealand to prohibit the export of wool to any country except the United Kingdom, as you will agree, it would have created a very unsatisfactory position both in Australia and New Zealand, and it would be far better to come to an agreement to sell outright than to have the wool held up in New Zealand on the owner's account, for there is no question that the shipping difficulty is going to be a serious one. I have said this before, not with the object of influencing the members of the conference in any way nor in any sense as a threat, but as a mere statement of opinion that if the Imperial Government required the whole of the wool of New Zealand, and asked the New Zealand Government to prohibit export to any country except the United Kingdom, it would mean that a large quantity of wool would have to be stored in New Zealand at the owners' expense for a lengthy period. Under the present proposals the Imperial Government will purchase the whole of the clip, pay cash for it here, get it away as fast as possible, and in the event of any large quantity being left in New Zealand or in Australia the burden will fall upon the Imperial Government and not upon the wool-growers of those countries. There is just one other phase of the question as regards prices to which I should refer, and it is this: The first offer to the wool-growers of New Zealand was 45 per cent. increase on 1913-14 prices, with the condition that all surplus wool not required by the Imperial Government or our Allies was to be submitted to public competition in London; then, if after paying expenses there should be any profits, one-half of those profits should be returned by the Imperial Government to New Zealand for distribution amongst the wool-growers according as each was entitled. I take it, therefore, that this present offer of a 55-per-cent. increase on the 1913-14 prices carries with it the same agreement, and that if there is any surplus of wool not required by Great Britain or her Allies it will be submitted to public competition in England, and any profits there may be will be shared equally with New Zealand. If, on the other hand, there is any loss, the loss will be borne by the Imperial Government. I would only say further that Mr. Massey and Sir Joseph Ward, who are on the spot, have made it clear to the Imperial authorities that, so far as the requisitioning of wool was concerned, New Zealand did not desire any differential treatment, but insisted on being placed on the same footing with other countries. I sent a cable to the Common-