

You may perhaps be interested to learn that I have been working on an industrial scheme which, from the few details contained in the cable mentioned above, seem to closely coincide with your ideas. I therefore enclose particulars of this scheme.

Yours faithfully,

(Signed) H. VALDER.

Cloan, Auchterarden, Perthshire,

January 15th, 1921.

H. Valder, Esq.,

Hamilton, N.Z.

Dear Sir,—Unfortunately there was no full report of the address I delivered in London, to which you refer. I have repeated its substance elsewhere. Briefly it is this:

One source of class consciousness in Labour is the exclusive domination of Capital, which takes all profit after paying the minimum of cost. This would be abrogated if the principle were that of payment for services rendered to a business. Capital would be paid at the market rate for its own service, a payment proportioned to the risk run. This would leave the profit remaining to be shared between the management and the workmen, again in proportion to the value of their individual services. The remuneration of management might have to be high, but it would be well worth while for the business as a whole to provide this.

As to wages, the Trade Union standard would determine the minimum. The surplus would be divided among all services, except Capital, which would have received its full reward.

I have been careful to put this forward, not as a rigid, statutory scheme, but as an ideal to be worked out by business organisers who seek tranquility. This prejudices nothing, involves no final programme. My belief is that it would be possible to negotiate a basis of distribution in each undertaking by common consent.

Yours sincerely,

(Signed) HALDANE.

Dumping.

Our article on dumping in last issue, and the paragraph which appeared in the *Dominion* previously on the subject, appear to have created quite a little controversy in the public Press, and most of the writers, and, indeed, the editorials, follow up the fallacy that by importing low grade timbers we conserve our natural supplies. And, indeed, at first sight this is a very natural error for one not familiar with the timber industry to assume. Also, we note that the Institute of Architects used the same argument in support of their contention that the duty should be removed, though one would naturally suppose that this body should be

sufficiently conversant with the New Zealand timber industry to prevent it from following up such a fallacy.

The following extract from evidence recently given before the Tariff Commission we think should be quite sufficient to disprove the fallacy referred to in the minds of all except the absolutely biased:—

"A very large percentage of the Oregon Pine timber which has been, and is now being, imported into this Dominion is of the class or grade known as 'Seconds Merchantable,' and its importation has the effect of displacing the classes of New Zealand timber known as 'O.B.' or 'Seconds.'

"During 1908-1909 large quantities of Oregon were imported, and the evidence submitted to the 1909 Commission proved incontestably that there was thus brought about such a diminished demand for any but the exclusively higher grades of rimu that a very large percentage of the millable timber was either left to rot in the bush or was destroyed at the first possible point where it could be separated from the higher grades.

"It is unquestionably a fallacy to assume that the encouragement of the importation of Oregon would tend to conserve our native forests.

"The conditions which existed in 1908-9 proved conclusively that, independently of the fact that so much lower-grade timber was destroyed, the area of forests that was worked out to provide even the higher grades which were marketable, was far greater than is now necessary to provide the same quantity of such timber; because when leaving the lower-grade logs in the bush there was always an inseparable quota of higher-grade timber also abandoned.

"The evidence given before the 1909 Commission fully bears out this assertion. On folio 339 of the Report, commencing on the fourth line, Mr. D. Tennent says: 'You will thus realise that the true conservation of our forests consists in securing the New Zealand markets to the New Zealand millers. Otherwise what is to-day a valuable asset will be largely wasted, as what is now left to us consumes not more than 50 per cent. of the actual timber available.' See also the same witness:

Folio 342, paragraph 56

" 345, " 126-129

" 346, " 136-139

" 350, " 250-252;

"also A. Dalziel,

Folio 24, paragraph 26;

"also G. A. Gamman,

Folio 383, last paragraph.

"Competent authorities (including the Crown Lands Ranger, West Coast) have estimated that 30 per cent. to 40 per cent. more timber is now taken from a given area than would have been