to state that we wrote all our customers on the 29th October stating that there was no demand whatever for gum, and consequently we were not in a position at present to buy any gum. We do not know how long we will be out of the market, but we will be pleased to keep the gum here for you until such time as the market brightens, or if you prefer it we will hand the gum to whoever you may desire. Should we find ourselves in a position at any time to buy any of your lines we will be pleased to do so and render account sales immediately, holding the balance for you as above stated. Kindly let us know your intentions."

On the 26th September, 1914, A. S. Paterson and Co.—one of the signatories to the "statement"—in a letter addressed to the Right Hon. the Prime Minister, said, "A certain amount of business is still being done. The volume of business passing through our hands has been reduced about two-thirds." And the same firm, on the 15th October, 1914, in their "Gum Report for Storekeepers only," say, "There is, we regret to state, no improvement in the market. 'The "Star of Scotland" may be taking cargo in towards the end of the week, and this will ease the stores. The demand, however, is decidedly falling off, and there is absolutely no competition. Values all round are declining. This has been caused partly by diggers bringing gum to town in fair quantity and selling direct to exporters at best prices offered, thus creating a new basis of values."

Again the same firm, on the 12th November, 1914, in their report, say, "Only a very small portion of the gum coming to hand since our last report has been sold, principally what are recognized as standard grades. The market has just about as near reached a stoppage as it possibly can. Those exporters that have not closed down entirely are working a few old hands on half-time, working up any surplus stock they may have on hand. It is to these latter firms we occasionally sell a few packages. Swamp ordinary: If it is absolutely necessary to buy ordinary from low-lying ground, the best plan is to pile it and class when there is a demand for it."

"The market has just about as near reached a stoppage as it possibly can" is a fairly definite statement, made at a time, if we are to believe the pamphlet, "*long after the crisis had actually passed.*"

On the 18th November, 1914, Langguth and Co., large exporters of kauri-gum, in recommending Mr. Bicknell to me, say, " . . . and it is only due to the total absence of orders caused by the European War now raging that we have had to terminate his engagement."

Messrs. R. and J. Miller, gum merchants and exporters, in a letter to a gum-digger near Waipu, under date 31st August, 1914, say, "There is no market for gum. Theoretically values are half old rates; practically most buyers will not purchase at even much larger deductions. For instance, a digger sold a sack of $\frac{3}{4}$ range for 40s. per hundredweight—we should have said 'gave it away'—after hawking it round town. Unluckily it was not offered to us. This is an isolated case as regards value, but it shows you the panic the trade is in. —— and Co. have closed down; they are the largest European buyers. We foresee very hard times ahead for all classes, the aftermath of years of speculation, luxury, and thriftlessness, even if the war terminates this year. We will advise you *re* range white rescraped and ditto washed immediately we have any foundation to work on, and we also advise you, in the face of the unsatisfactory financial position, that you will not be wise to attempt to hold gum if you can get even half former values for it, as storekeepers' credits and advances were stopped immediately after the war, and they are now only taking gum against goods and accounts at their own value. These conditions rule from the North Cape to the Waikato."

Messrs. L. D. Nathan and Co., in their "Gum and Produce Report" for the 22nd February, 1915, say, "Unfortunately since our last report there is little change to relate except a further drop in prices. We consider that in view of the state of the market we have been fortunate in disposing of the consignments we have placed, and these realized well up to market prices. We are doing our best to hold out against a further lowering of the quotations, but, as brokers and shippers in Auckland have good quantities in hand, we fear that unless fresh business comes in there will be a further change for the worse. We would like to point out that to some extent the market is dislocated by diggers bringing the gum into town themselves and selling it direct to the shippers at ridiculously low prices. Auckland brokers naturally have great difficulty in obtaining a standard price when the market is upset by gum being sacrificed," &c.

Now, either the statements in paragraphs 2 and 4 of the pamphlet quoted above are true, and the letters, circulars, and reports from which I have quoted, issued by the trade in 1914 and 1915, were untrue, or the letters, circulars, and reports were true and the statements in the pamphlet are untrue. In any case the statements are quite irreconcilable; but it is not conceivable that reputable business firms like Messrs. Lichtenstein, Arnoldson, and Co., A. S. Paterson and Co., and L. D. Nathan and Co. would have issued the letters, circulars, and reports which they did issue unless they were satisfied as to the accuracy of the statements contained therein; nor is it conceivable that the said statements were made for the purpose of deceiving the country storekeepers and the gum-diggers. Are we then to conclude that paragraphs 2 and 4 of the pamphlet were written for the purpose of deceiving the Ministers of the Crown, members of Parliament, and the public generally? I will let it go at that.

Paragraph 3 reads, "In his first report the Superintendent states 'it was ascertained at that time, as evidence of the serious slump in kauri-gum, that soon after the declaration of war nearly 90 per cent. of the gum-sorters employed in Auckland City had been thrown out of employment.' It is useless wasting words over such a gross misstatement of facts," says the pamphlet; "suffice it to say it is quite untrue, and this can be easily shown by reference to the wages-books of the respective exporters."

This information was supplied to me and to Mr. Samuel Stafford, a member of the Kauri-gum Commission, at the time by the secretary of the Gum-sorters' Union, and I have no doubt at all of its correctness. The information is confirmed by Messrs. A. S. Paterson and Co. in their report of the 12th November, 1914: "The market has just about as near reached a stoppage