

The Ministry of Shipping, by its own authority or through the medium of the Allied Maritime Transport Council, gradually extended its control of the movement of ships until in 1918 it was almost impossible for any steamer to undertake a voyage in any part of the seas without the licence or direction of the Allied authorities. The cargo to be carried was also dictated in almost every particular by the Transport authorities in agreement with the Supply Departments. The available tonnage fell so far below the increasing requirements of commodities from overseas that the duty of deciding between the conflicting claims of the various Supply Departments and of the several Allied countries became one of the most responsible and difficult tasks of the Government. This difficulty became overwhelming in 1918 in consequence of the enormous demand for tonnage for the transport of American troops and military supplies. International Programme Committees were set up in London, consisting of representatives of the American, French, and Italian Supply Departments meeting under British chairmanship. These committees reported to the Allied Maritime Transport Council on the apportionment of the available tonnage, as between countries and as between groups of commodities, and the difficulty of their task may be measured by the fact that many months before they were established the requirements of the Food Ministry added to those of the Ministry of Munitions (excluding textiles and leather altogether) were in excess of the total amount of tonnage available after the necessary troopships had been provided.

It was under the growing pressure of the conditions described in the preceding paragraphs that operations in raw materials to which this report refers were initiated and developed. Each separate group of commodities was treated on its own merits as necessity seemed to require.

Our methods of purchase and distribution necessarily differed in the case of each separate commodity or group of commodities. . . . In the case of wool we took over the principal clips within the Empire at fixed percentages over pre-war prices. . . .

To a very large extent the raw materials thus obtained were used in the manufacture of military equipment, and whenever a satisfactory system could be devised, the exact cost of the material supplied was allowed for in fixing the manufacturer's price, thus eliminating all question of profit to the Department or to any intermediary. The direct saving thus secured in the cost of military supplies was an infinitely more valuable result of the Department's efforts than the profits shown in the Trading Account, but in the nature of the case no estimate of these savings can be other than a conjectural one. . . .

The accounts now presented do not extend beyond 31st March, 1919, at which time war contracts were still being executed, though on a rapidly declining scale, and the process of removing controls was far from being complete. . . .

This Directorate, in the course of its operations, has been continually in contact with large and important sections of the commercial and industrial community, and these relations have in the main been extremely amicable. Government control is not popular with traders and manufacturers, and the new and far-reaching powers exercised by this Directorate met not infrequently with considerable opposition, but in every branch of trade the leading men were soon persuaded of the grave need of emergency measures, and threw themselves with great public spirit into the task of organizing their various trades to meet the new and trying conditions. . . . In several important cases it was necessary to depart so widely from ordinary methods that a great loss of business resulted to groups of traders whose services could not be made use of. In the case of Australian and New Zealand wool, for instance, the purchase by the State of entire clips and the direct allocation of the wool to manufacturers put out of action a number of merchants whose activities in the past had been essential to the efficient conduct of the wool trade. This Directorate had no power to grant compensation for such indirect consequences of the disturbance created by war, and it is to be feared that there were many instances of grievous losses of this character, often very patiently and patriotically borne. . . .

DETAILED MEMORANDA.

By MR. J. A. COOPER, C.B.E., F.S.A.A., DIRECTOR OF FINANCE.

Wool.

. Military needs became very urgent at an early period of the war, and when it reached its maximum intensity over three-quarters of the available stocks of wool and the existing machinery power had to be used in order to cope with the enormous demands of the British and Allied Forces.

Early in 1916 it was decided to requisition the whole of the British wool-clips, a very bold measure requiring the improvisation of very novel and complicated administrative machinery, as it was necessary to provide for the purchase of about 140,000 individual clips direct from the farmers. After careful consultation with all the interests concerned, it was decided to purchase the 1916 clip on the basis of 35 per cent. above the average price ruling for each type of wool from June to July, 1914.

British wool being of the crossbred variety was eminently suitable for military purposes. About 70 per cent. to 80 per cent. of the total was therefore issued to manufacturers for Government contracts. Having the ultimate destination of the wool in view, the Department required authorized merchants to "case" or grade all fleeces taken up by them according to a standard laid down. This work required frequent inspection by the District Executive Officer.

The wool being thus collected, its distribution was arranged on a method which from 1917 onwards was extended to colonial wools, the two classes of wool being dealt with conjointly to great advantage. A Topmaking Department was set up in Bradford and arranged for the manufacture of tops and noils out of the combing-wool for Government account at fixed rates of commission based on ascertained costs. Schedules of prices were drawn up for wool and tops, and spinners and manufacturers were supplied with the materials they required month by month at these fixed prices.

In 1917 the total home clip was again requisitioned, the price being fixed at 50 per cent. above the June-July, 1914, level. In 1918 the third and last purchase of the total home clip was carried out, the price on this last occasion being 60 per cent. above the 1914 level.