

but there is a connecting-link between the producers and our system wherein lies one of our greatest troubles. I have been for the last fortnight travelling round our various ramifications, and I have not had time to familiarize myself exactly with what you wish; but I wired to my head office after receipt of the letter from Mr. Jamieson and asked them to send me some details, which I regret to say they have failed to do. But on my return to Christchurch I will be able to supply you with a comprehensive table. With regard to freights generally, I make bold to say that, even allowing for certain contingencies, and the existing conditions generally, they are, from the producers' standpoint with regard to shipping, rather too high. After allowing for all those unfortunate contingencies which the shipping people have to contend with—increased wages, increased prices for coal, and all the rest—there is no doubt about it that huge profits—undue profits—are made. When those in leading positions connected with producers' organizations saw how things were going, some years ago, they held a conference here in Wellington, under the auspices of the various farmers' organizations. Sir James Wilson was in the chair. It was decided to hold a large gathering of the leading farmers of the North and South Island, and I was asked to go round them. Now, you know what it is in practice in connection with these meetings of producers. It is necessary to prepare their minds as to the exact purposes for which the meeting is called, if the meeting is to be a success. Seeing that we were drawing men from all parts of New Zealand, we deemed it necessary to prepare their minds, and I was asked to go round. I travelled practically night and day, and I saw as many as I could of the leading producers of this Island, and I deputed another man to deal with the South Island. It was a good move—for this reason, that we had a most successful gathering in Wellington. They knew exactly what it was they had met for, and resolutions were unanimously carried expressing sympathy with our schemes, and that they would back us right up to the hilt with capital if it was found advisable to embark upon a shipping venture. Now, in view of the shipping position at the time, I, for one, at any rate, was very loath to urge our farmers to engage in such an undertaking as a shipping venture. So far, in connection with our various organizations, we have succeeded; but there are great elements of danger in a shipping enterprise. So we thought it advisable to invoke the assistance of the Government. I called upon Mr. Jack this morning, who acted as secretary at the conference, and I managed to get these papers from him to refresh my memory in connection with this matter. They are the minutes of the proceedings. A committee was appointed by the conference to consider the shipping question, and I was a member of that committee. I will now quote our tentative report, which will explain the position as it was at that time:—

“The Committee appointed by the conference held at Wellington on the 18th April, 1917, to consider the shipping question has the honour to report:—

“1. That there is a serious menace before the producer if the present control of shipping is to be held in London by what is practically a trust.

“2. The Meat Trust accentuates the menace.

“3. In order to combat these two trusts, which at any moment may work together (if they are not now doing so), combined action of the producers is necessary, in conjunction with Government assistance, which in consideration of the seriousness of the case the committee deemed it necessary to ask for.

“The Committee recommends:—

“(a.) That a company of, say, £5,000,000 be floated for the purpose of entering the shipping trade, and that the predominance of shares be held by producers.

“(b.) That in such company the Government should hold a certain portion of the capital (as in the Bank of New Zealand), and have representation on the board of management, but that the predominating party should be the producing shareholders.

“(c.) That the Legislature should be asked to give power (as in the Orchard-tax Act) to Government to make such a levy upon producers as would provide capital for the company; scrip to be given in exchange to the amount of the levy collected in each case.

“(d.) That in the formation of any such company the Scales Company should have the opportunity of being merged into the new company under the most favourable conditions.”

Sir Walter Buchanan was there. You all know Sir Walter Buchanan: he was present. He took a great interest in this shipping question, and, being largely interested in Scales's concern, he was anxious that it should be allowed to form the nucleus of the company.

“(e.) That to assist the producers in the control of such shipping the dividends should be limited, and after providing for dividend on capital, depreciation, reserve fund, and taxation the surplus be divided amongst the exporters and importers by way of a bonus upon the amount of freight paid.

“(f.) That the votes apportioned to shareholders should also be limited, so as to make it impossible for the control of such company to pass into the hands of any combination of the capital of the company.

“In view of recently published cables it is evident that the question of the future relations between the present shipping companies and their clients will shortly be reviewed by the Imperial Government, and, as the Right Hon. W. F. Massey and Sir Joseph Ward must have been consulted on this question and have received inside knowledge of the lines likely to be adopted, it was decided ‘That the committee should meet again when the Ministers have returned, and discuss the whole question on the above lines with them.’”

Now, with reference to the cables mentioned, very lengthy cables were sent both to Sir Joseph Ward and Mr. Massey, through Sir James Allen, who also took a great interest in the matter; but replies were received urging us to stay our hands. Mr. Massey thought it was a very serious thing to embark on a venture of this kind. He got into touch with the Imperial authorities, and after his return we had a meeting of the committee here in Wellington. Sir Joseph Ward was also present, and they both assured us that they had been in close touch with the Imperial authorities, who had assured