

very low, and the B.A.W.R.A. method of regulating the quantity sold and agreeing upon price-limits appears to furnish the only means of preventing an even greater fall than has occurred up to the present.

I find it very difficult to believe that the withdrawal of Imperial stocks for two years would remedy this unfortunate position. On the present figures consumption is less than the crossbred wool being grown, even if all accumulations were destroyed, and so long as the Imperial wool remains in existence it will affect the market almost as much as if it were offered.

You are aware that the British Australian Wool Realization Association (Limited), which is entrusted with the sale of all carry-over wool, is ready to co-operate in any way with the New Zealand and Australian growers in maintaining prices in relation to the cost of production, and in order to help the wool-growers it has been decided to offer only one bale of old wool to two bales of new, and old wool has been repeatedly withdrawn from the auctions in an attempt to sustain the market even when sellers of new wool refused to co-operate. I am afraid that we cannot go further than this, for public opinion in this country, especially in Yorkshire, would be bitterly opposed to the total withdrawal of the Imperial stocks of wool from the market, more especially as it is well known that deterioration in condition is going on, and that to prolong the period of liquidation for several years might mean arriving at a point when the wool was valueless.

I am indeed sorry not to be able to recommend the acceptance of a policy which I can quite understand appears attractive to the New Zealand wool-growers in the extremely difficult state of affairs which they have to face. Similar proposals were considered before, and the Government, after careful consideration, felt it necessary to decline to accept the proposed policy. It could only be accepted by the special decision of the Cabinet, and I must warn you that I see no prospect of the Cabinet altering its decision of a year ago.

Yours, &c.,

HOWARD FRANK.

The Right Hon. W. F. Massey, Prime Minister of New Zealand, Hotel Cecil, W.C. 2.

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