

You also say there are no undistributed profits on New Zealand wool. We have the definite statement from the Department that the undistributed profits amount to £8,000,000.

I shall, of course, write to your successor, because it is impossible for me to allow the matter to remain where it is; and, while I think the New Zealand sheep-farmers have a very serious grievance, I have no intention of asking for anything more than what is right and just and fair.

Yours, &c.,

The Right Hon. Lord Inverforth, Arnos Grove, Southgate.

W. F. MASSEY.

Letter from the Right Hon. the PRIME MINISTER OF NEW ZEALAND to Sir HOWARD FRANK.

DEAR SIR HOWARD,—

Hotel Cecil, W.C., 15th June, 1921.

I have heard from Lord Inverforth that you have succeeded him as head of the Department which is dealing with the balance of wool left over from the purchase made by the Imperial Government during the war. He also informs me that he has forwarded to you a copy of a letter he has recently written to me on the subject of New Zealand wool, and I take it that you are acquainted with the position and the attitude of the wool-growers in the Dominion.

Up to a certain point, and not so very long ago, matters in connection with the wool transaction between New Zealand and the Imperial Government worked very smoothly. The first trouble arose from the telegram of the 3rd July, 1920, from the Secretary of State for the Colonies, which stated that the Department here was willing to hand over to the sheep-farmers £1,600,000 profits in hand which belong to the growers on condition—and this is the extraordinary part—that they consented to pool the balance remaining in hand. In the opinion of the growers this condition should never have been made. Either the money was theirs or it was not. However, the Department in New Zealand agreed to the proposal.

This was followed up by a further telegram from the Secretary of State for the Colonies stating that, so far as New Zealand wool was concerned, there were £8,000,000 of undistributed profits on hand, but that it was decided to hold the amount in case of further losses being incurred. Since then it has been made abundantly clear that the Department here has no intention of doing anything more except to wind up the business, irrespective of the interests of the men who produced the wool and who sold it on the conditions of which you are aware, but at prices which were considerably below the market prices ruling at the time.

The whole transaction has left a feeling of soreness in New Zealand which is very much to be regretted, and which no one regrets more than I, seeing that I was entrusted with the handling of this business from the commencement when I was in London in 1916, as well as on the occasion of my subsequent visits to the United Kingdom in connection with the sittings of the War Cabinet. In New Zealand the work, of course, has been handled by the Imperial Government Supplies Department.

I shall be glad to learn what you propose to do with the wool now in hand, or whether you have any proposal to make. Let me assure you, as I have assured Lord Inverforth, that I want nothing for the New Zealand producers except what is fair, just, and right. I was sorry to notice that some one interested in this business has already been "wire-pulling" here, as witness an inspired paragraph which appeared in the columns of the *Daily Telegraph* about a week ago. However, that sort of thing does not affect me in the very slightest.

Yours, &c.,

W. F. MASSEY.

Sir Howard Frank, K.B.E., Disposal Board, Caxton House, S.W. 1.

Letter from LORD INVERFORTH to the Right Hon. the PRIME MINISTER OF NEW ZEALAND.

DEAR MR. MASSEY,—

Arnos Grove, Southgate, Middlesex, 17th June, 1922.

I have before me your letter of the 15th June, and am indeed sorry to hear that your sheep-farmers consider they have serious grievances against the British Government and that you to some extent share that view. Sir Howard Frank is writing you at considerable length on these matters, and I do not wish to carry on a separate discussion of the same matter. I do feel, however, that I ought to tell you that I have watched these transactions from first to last with the greatest personal interest, and that I am convinced that it would have been impossible to deal with them in a more sympathetic and liberal spirit than has been done on behalf of the British Government by the Department of which I was lately at the head. The first part of the purchase turned out favourably for the British Government; the latter part was a splendid bargain for the sheep-farmers, as results show; but, quite apart from the course of the market, there always was and still is the greatest desire on the part of the British Government to settle everything in a fair and liberal spirit. If your sheep-farmers do not recognize this it is a great pity that they have not been kept better informed.

Yours, &c.,

INVERFORTH.

Letter from Sir HOWARD FRANK to the Right Hon. the PRIME MINISTER OF NEW ZEALAND.

DEAR MR. MASSEY,—

Caxton House West, Westminster, S.W. 1., 20th June, 1921.

I have before me a copy of the correspondence between you and Lord Inverforth, ending with your letter of the 15th June.

I regret that you should apparently have formed an impression that this Department is in some way less anxious than before to work the New Zealand wool business to the best advantage of all