

TELEGRAM.

NEW ZEALAND.

From the United Kingdom High Commissioner.

Dated 21st. April 1939. Received 12.23 p.m. 21st. April.

IMMEDIATE.

No. 96 Secret.

My telegram of the 18th. April No. 92 Secret, paragraph 2. 1. Minister for Industry and Commerce who is Chairman of Committee 2 (on supply problems) is pressing strongly for the inclusion of the following paragraph in the report of the Committee for submission to the full Conference. Begins. " New Zealand is totally lacking in supplies of certain commodities for use in war . These essential stocks, details of which are a matter for further investigation, should be built up in the near future. The Committee recognise that the obtaining of these necessary supplies from overseas will be dependent on the sterling funds being available. " Ends.

2. United Kingdom representatives on the Committee requested that the last sentence of the above paragraph should read " The Committee takes note of the statement of the New Zealand representatives that the obtaining etc. " or alternatively that some such word^s as " the provision of the necessary finance " should be substituted for the words " sterling fund being available ".

3. New Zealand representatives have refused to accept either alternative and are pressing hard for the adoption of the wording quoted in paragraph 1 on the grounds that it is a mere statement of fact.

4. In private talks with the Chairman of Committee and also with the Minister of Finance and the Deputy Prime

Minister

Minister I have up to now resisted this on ^{the} grounds that questions of finance are outside the scope of the Conference.

(The following section, received in cypher and since paraphrased begins :-

5. It appears to me that the association of the delegation from the United Kingdom in the proposed reference to dependence on sterling funds being available might be held to imply on the part of the United Kingdom some responsibility for the provision of sterling funds if they wish to see the recommendations with which they are associated carried out by New Zealand . Furthermore, great pressure from Ministers in favour of their wording appearing, indicates that they attach to it political importance and that it is not a matter merely of drafting.

End of cyphering)

6. We are continuing our efforts to find an acceptable compromise, but whatever ^{the} result, matters will be almost certainly raised by ^{Ministers} in the full Conference on Monday morning. We should therefore be glad to know by Sunday evening (New Zealand time) whether we should maintain our attitude or whether the wording proposed by New Zealand representatives may be accepted.