

SECRET

No. D. 210/63.

7023/2A

Subject: New Zealand Defence.

Reference to previous correspondence:

(99) 7025/2

letter from D.O. - 28.4.39 - F.720/321.

No. 45. 11.5.39

With the compliments of Mr. Archer.

(Only available copy of encl. to this despatch has been sent to Major Jacob, C.I.D.)

A copy has also been sent to Major Jacob (C.I.D.)  
Major Grover (Admty)  
Major Rogers (W.O.)  
W/Cdr. Foster (A.M.)-

Dominions Office, Downing Street,

5 JUN 1939

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COPY

WELLINGTON,

No. 45.    SECRET.

11th May, 1939.

Sir,

With reference to the last paragraph of your secret telegram No. 49 of the 29th April, I have the honour to report that on the 30th April I had the opportunity of a few minutes' conversation with Mr. Nash at the station before his departure. I asked him whether he could let me have any information as to the defence proposals which he was going to put forward on his arrival in London. He said that he had been conferring with the Deputy Prime Minister and the Minister of Defence regarding the New Zealand defence programme for the financial year 1939-40, and he referred me to Mr. Fraser and Mr. Jones for further information.

2. I accordingly saw these two Ministers on the day after Mr. Nash's departure. They told me that the defence estimates were before the Cabinet and that no final decisions had been taken: no such financial decisions would, of course, be possible until General Mackesy's report had been received and it was also known what financial assistance might be forthcoming in London. They thought, however, that they could furnish me with a memorandum giving some information as to the defence expenditure, so far as at present approved, for 1939-40 (and the items of which it is composed), as compared with the expenditure during previous years. I gathered that a memorandum containing such  
information

THE RIGHT HONOURABLE

SIR THOMAS INSKIP, C.B.E., K.C., M.P.,

SECRETARY OF STATE FOR DOMINION AFFAIRS.

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information was being prepared for Mr. Nash, and I said that I would certainly be glad to be furnished with a copy of any such memorandum, which would serve as the background, as it were, of any specific proposals that Mr. Nash might put forward. I explained that I should also be glad of information as to any specific proposals so that I could communicate them in advance to the United Kingdom Government. It would, I knew, be most useful to the United Kingdom authorities to have such information before Mr. Nash arrived.

3. Mr. Jones received me on the 8th May and handed to me the enclosed memorandum, explaining that a copy was also being sent to Mr. Nash. It will be seen that this contains a review of the additional defence expenditure undertaken during the last two or three years, but though it states that some consideration has been given to the recommendations of the recent Conference, it does not furnish any definite information as to decisions reached, and, indeed, in the circumstances could hardly be expected to do so. Mr. Jones explained again, as he had on a previous occasion, that, as regards military expenditure, the Government would not be able to arrive at any conclusions until they had received General Mackesy's report.

4. I hope to see Mr. Jones again in the course of the next few days, and I shall not fail to communicate without delay any further information that I may receive.

I have, etc.,

(SGD.) H. F. BATTERBEE.

High Commissioner.