

Much misconception exists as to the nationality of the gum-digger. Some think all diggers are of Austrian origin (Dalmatians, Croats, &c.); others think that the gum-diggers are Austrians and derelicts sent out of Auckland by the Magistrates. Both these ideas are very wide of the truth. My experience enables me to say that the gum-digger compares very favourably with the worker in any other industry, and it could probably be shown that in the Mangonui County a larger proportion of men from among the gum-diggers have enlisted than from any other section of the people.

The fact is that the majority of the gum-diggers are men of British origin and Maoris. For the year ending 31st December, 1916, the number of licenses issued was 1,651. Of this number 878 were issued to British-born and Maori subjects, 773 to men of the Dalmatian race, 430 of whom had become naturalized British subjects, and the remaining 343 being aliens. So that even in this—the third year of the war—with so many gum-diggers gone to the front, the so-called Austrians still constitute the minority of the gum-diggers.

VISIT OF KAURI-GUM SUPERINTENDENT TO CANADA AND UNITED STATES.

In April of last year it was decided by the Government that I should visit Canada and the United States of America with the object of ascertaining the marketable conditions of kauri-gum, and of obtaining information of interest and assistance to the Government in connection with the kauri-gum business.

In order to give effect to this decision I was appointed Special Commissioner, and His Excellency the Governor graciously accredited me to His Excellency the British Ambassador at Washington and to the British Consul-Generals at New York and San Francisco. I was also accredited by the Right Hon. the Prime Minister to the Minister of Trade and Commerce, Ottawa.

I left New Zealand on the 12th May, and returned on the 12th November.

During my stay in America I visited the works of the principal varnish and linoleum manufacturers in various parts of the States and Canada, and was able to obtain much useful information concerning the kauri-gum trade, a full report of which I had the honour to submit to you on the 8th December last.

It was one of my duties on arrival in New York to complete arrangements in connection with the appointment of Messrs. G. W. S. Patterson and Co. as Government agents for the sale of kauri-gum in Canada and the United States. This matter being soon satisfactorily concluded I was able to devote myself, in co-operation with the agents, to the question of the sale and disposal of the Government stocks of gum and to other matters affecting the industry, full particulars of which I refer to later on.

I desire here to place on record my opinion that a wise choice was made in the appointment of Messrs. G. W. S. Patterson and Co. as Government agents. Mr. E. H. Patterson, the president of the firm, is a man of high commercial standing in New York, and, added to an all-round knowledge of the gum trade, is possessed of great energy and keen business ability. I am confident that under the firm's direction the Government business will be conducted in a thoroughly satisfactory manner.

POSITION OF THE KAURI-GUM TRADE IN AMERICA.

It was found that the kauri-gum trade was in a rather unsatisfactory position owing to the following reasons:—

- (1.) The decrease in the demand for kauri-gum caused by the war.
- (2.) The decrease in the demand owing to the increase in prices and the deterioration of quality during recent years.
- (3.) The competition of other varnish gums and of China wood-oil.
- (4.) Speculative dealings in gum and other harmful practices.
- (5.) Absence of a system of standard gradings.

(1.) *Decrease in the Demand caused by the War.*

The discontinuance of shipment to Germany and Austria has resulted in a very considerable reduction in the demand for the cheaper grades, while the general disorganization of trade has had the effect of greatly reducing the demand for all varieties of gum.

(2.) *Decrease in the Demand owing to the Increase in Prices and the Deterioration of Quality during Recent Years.*

There has been a gradual but steady decline in the demand for kauri-gum in the United States and Canada since the year 1907, when, owing to the loss of a very large cargo of gum by the wreck of the barque "Viking," prices reached a very high level. It was about that time also that the deterioration in the gradings had begun to give trouble to the varnish-manufacturers, who found it had become necessary to use a larger quantity of gum to produce former results, so increasing the price of the manufactured goods. It was then the manufacturer began to look for substitutes for kauri-gum.

(3.) *The Competition of other Varnish Gums and of China Wood-oil.*

The gums which may be classed as competitors of kauri are Congo, Manila, Pontianak, and Koro. The chief of these at the present time is Congo, a hard fossil resin produced in the Belgian Congo. Prior to 1914 probably not more than 500 tons of Congo per annum was used in the United States, while last year the consumption increased 300 per cent. It may be added that the prevailing prices for Congo were in October last 50 per cent. lower than those ruling