

can buy a lot more of all the things they require, and employ more men in the towns than they used to. Although the cost of commodities has gone up, yet the wages that men can earn in the towns have gone up in proportion. The men in the towns must be better off than they used to be, because they spend far more on luxuries than they used to do. We can all see the number of places of amusement there are in Auckland. At one time there were only the two theatres, and they were not brisk. Now there are picture theatres all over the place. Everything that caters for the public in the way of amusement is a very favourite proposition.

77. You could hardly say that while a rich person is able to buy concert or theatre tickets at 10s., a show at which the charge for admission is 6d. should be denied to the workers?—No; but it shows that they are not so hard up as some people might think.

78. It really shows that the standard of living has risen more than the cost?—That is the position.

79. *Mr. Veitch.*] Do you know what the population of Auckland City is?—In the city and suburbs it is supposed to be something over 100,000.

80. How many people out of that 100,000 do you think attend picture-shows every night?—I do not suppose it is a very big percentage.

81. Do you think it would amount to a farthing per head of the population?—I think it would be more than that.

82. Would it be a half-penny per head?—One could not tell without going into the figures.

83. *Mr. Leadley.*] If the standard of living has risen, have not the people who have attained that standard to pay for it?—Yes.

84. Then, the cost of living must have risen?—Of course it has. I believe the cost of living, without considering the standard, has risen a certain amount, because as far as farm products are concerned the prices are higher than they were. From fifteen to twenty years ago you could buy butter in Auckland, for which the farmer got 6d. per pound as "farmers' butter." People will not have that now. Farmers' butter is put into the milk-depots, and sent away to feed the people in London. The people here must have factory butter. At the time I speak of they used to buy the farm butter. For cheese the farmer used to get about 4d. per pound; now he gets, perhaps, 7d. Those are two items that have increased in price.

85. You showed just now that the country people are more prosperous. Is not that prosperity reflected in the towns?—That is how the towns are prosperous: the farmer is more prosperous—his purchasing-power is greater, and that is what the city lives on.

86. *Mr. Robertson.*] What is about the retail price of farmers' butter now? Is it true that it is retailed here at about 1s. per pound?—I do not think farmers' butter retails as much as that. At certain times of the year it might.

87. Would you say that at the present time it might be 1s. per pound?—Yes, and factory butter is about 1s. 2d. and 1s. 3d.

88. At those prices, would not factory butter be the more economical?—Decidedly.

89. Therefore it is not a question of luxury when they take factory butter instead of dairy: it is a question of using the more economical article?—The factory butter is a superior article.

90. Its butter-fat content keeps better?—Since the introduction of the combined churn and worker they can work the moisture into it right up to the legal limit.

91. And the farmers' butter contains moisture beyond the legal limit?—Sometimes.

92. *Dr. Hight.*] You spoke of the farmer employing the people in the towns: is it your opinion that the work which is generally done by the town population is a necessary part of the production of the staple products of this country?—A great deal of it is, but not all. We could get a lot of it done more profitably by sending to London and Manchester for our goods.

93. What, for instance?—Our boots, and a great deal of our clothes, for example, we could get far cheaper in the Old Country than here. We have not enough labour to carry on the natural industries of the country, and a lot of labour and capital are diverted from those and put into industries that do not pay, and a profit has to be made up.

94. But you think the majority of the services rendered by the people in the towns is a necessary part of the production of the staple products of the country?—Undoubtedly.

95. You would not, therefore, draw a hard-and-fast rule between the town population, dividing the producing sections of the people from the non-producing sections?—You could not do that. So long as they are performing a necessary function in the production and distribution of produce, they are producers.

96. *The Chairman.*] Would you prefer to get these manufactures from Home?—You will remember that there went through this country some years ago an exhibition of the products of sweated industries. Would you prefer that people should be sweated at Home rather than sweated in this country?—I should leave every country to settle its own problems. If they are sweated there we cannot help it. I do not think we should do any good by ceasing to purchase these goods. There is any amount of employment for every one, and we do not want artificial protection.

97. What do you think of the protection of the flour industry?—It is a flea-bite, and it would not matter to any one if it were swept away.

MONDAY, 24TH JUNE, 1912.

JAMES WORDSWORTH McILRAITH, Litt.D., Inspector of Schools, examined on oath. (No. 139.)

1. *The Chairman.*] You are an Inspector of Schools for the Auckland Education District, Dr. McIlraith?—Yes.

2. You have made a study of the economic problems concerning which we have been appointed to make this inquiry?—Yes, for about the last five years I have concentrated my studies somewhat on this subject.

3. *Dr. Hight.*] How would you define the term "cost of living"?—I should say that the cost of living would be the cost of the amount of commodities, using the term "commodities" in a very wide sense, so as to include food, clothing, house accommodation, education, travel, recreation, and reasonable transport and communication facilities—such an amount of those commodities as would keep the individual in such bodily and mental health that he would be able to work with reasonable efficiency, and by so doing be able to maintain himself and his family—say, a family of five—with some degree of comfort; and I suppose, too, such an amount of commodities as would enable that man to work in such a way that he would be able to lay by something to maintain himself in old age.

4. Has there been a rise in the cost of living, as you define it, during the last twenty years?—I should say there has been a certain rise in the cost of living during the last twenty years.

5. I do not want to develop that just now: we will come back to that point later on. In the same period has there been a rise in the general level of prices in New Zealand?—Yes, there has been.

6. Do you consider that that rise has been part of a rise in the general level of prices?—Yes, as far as I can see, the rise in the cost of living has simply been a part of a general rise in prices.

7. And to what extent, considerable or otherwise, has it been part of the general rise?—Yes, it has been to a considerable extent. In fact, if you take the commodities which enter most directly into the cost of living, you find that they have risen practically the same as other commodities have risen.

8. Has the rise in the general prices been accompanied by a rise in the prices of those commodities people as a rule use?—Yes.

9. I will come to the standard of comfort later on. Number 10 question has reference to the influence of the value of gold: what do you understand by the term "rise in prices"?—It is somewhat difficult to define. We have, for instance, no such thing as all prices rising at the same time or perhaps all prices falling at the same time. There are causes which affect individual prices, and there are more general causes which, in my opinion, affect all prices taken together. For instance, we might have prices on the whole rising; but if we investigate the problem we may find that there are some commodities actually falling in price, owing perhaps to better methods of production, and to better means of transport and communication. To institute an analogy with the sea: we may have the crest of a wave very high and the trough between the waves very low, but if we strike an average we get the average height of the waves. We may have some of the prices very high and a few prices low compared with ten years ago, and yet on the whole we may say that prices are now, say, 10 per cent. higher than they were ten years ago.

10. Might you put it this way for the sake of illustration: Supposing there are in the market only five commodities; at one time you have certain prices, and you take the average of these and then the average prices at another period. Say A and B have been rising, C has remained stationary, and D and E have been falling in price: you strike the average of the second period of prices and compare it with the average of the first period, and as the second is higher or lower on the average than the first period you thus ascertain whether the general level of prices has risen or fallen?—Yes.

11. What is meant by the term "value of money"?—Simply the purchasing-power of money.

12. The power money has of getting things in exchange?—Yes.

13. I suppose you would understand money to be standard money, such as our gold coin, and also other legal-tender money?—Anything that does the work of money, that facilitates the exchange of goods; anything that sellers generally are willing to take for commodities and buyers are willing to give.

14. I want you to state what the exact relation is between the value of money and the level of prices?—One is just the converse of the other. For instance, if at the present time prices are so high that a sovereign would buy only half as much as it did twenty years ago, then we would say that the value of money is low and prices are high.

15. The general level of prices is not fixed—it fluctuates?—Investigation shows that it seldom remains stationary for any length of time.

16. Is it possible to measure its movements?—Yes; measurement has been made in various countries, but particularly in England, Germany, United States, and Canada; and as the variations in prices, or, to put it in another way, as the variations in the value of gold, revealed by these investigations coincide in different countries, the probability is that the methods adopted to measure the value of gold are correct methods.

17. The tables which you have had published by the Government Printer are an attempt to measure these movements in New Zealand?—Yes.

18. Will you name the agents that determine the position of the level of prices—that is to say, that determines also the degree of the value which money possesses at a given time?—The principal factors would be money on the one hand and the volume of trade on the other. If we have a certain amount of commodities to exchange against a certain amount of money, prices will be at a certain level. If money remains stationary while the volume of trade transactions increases, prices must fall, because each unit of trade can only be balanced against a smaller unit of money. If, on the other hand, the quantity of money increases while the volume of trade remains stationary, each unit of trade is balanced against a bigger supply of money than before; in other words, prices rise. It is, of course, a common thing that both the volume of money and the volume of trade increases at the same time, but it is very seldom that the volume of trade increases at the same rate as the volume of money, or that the volume of money increases at the same rate as the volume of trade. If the volume of money increases at a greater

ratio than the volume of trade, prices will rise. If, on the other hand, the volume of trade increases at a greater ratio than the volume of money, prices will fall.

19. Do you say, on the one side you have to take into account money and on the other side trade?—Yes.

20. On the side of money would you not consider separately certain factors—that is to say, (1) the amount of standard and legal-tender money; (2) the velocity with which that circulates or the rate at which each individual turns over his money during a given time; (3) the amount of credit money, chiefly cheques in this country and bills of exchange; and (4) the velocity with which these circulate?—Yes, all these would have to be taken into consideration in estimating the amount of money. I use the term "money" in a broad sense. We have first metallic currency; and, secondly, paper money—bank-notes, cheques, promissory notes, and bills of exchange. All these must be taken into consideration; and, furthermore, as you have pointed out, the question of velocity must not be ignored.

21. You think that in making an investigation into prices and their changes and the causes of them one should give careful attention to these factors?—Yes.

22. Let us look at them separately. There are, then, at least five causes that operate immediately on the level of prices—namely, the amount of money in circulation, the velocity with which it circulates, the amount of credit money in circulation, the velocity with which that circulates, and the volume of trade?—Yes.

23. Which of these five causes have in the last twenty years worked in the direction of raising the general level of prices?—I should say that the amount of metallic money has certainly increased. The velocity of money, too, seems by certain investigations to have increased very rapidly during the last twenty years; there has been a greater concentration in banks and a greater development of credit; then the system of book credits, instead of cash purchases, has increased the velocity of circulation, for under such a system there is no need to keep money lying idle in readiness for probable purchases. The amount of metallic money and the velocity of circulation, and the credit payments and the velocity of credit money have all increased considerably, and they have had a great effect in raising prices.

24. Then you think that the increase of these four factors—the amount of gold and other legal-tender money in circulation, the amount of credit money in circulation, and the increase of the velocities with which they circulate would account to some degree for the rise in general prices?—Yes.

25. Let us take each of these separately, and see what it is that influences them. Take the amount of standard money in circulation and legal-tender money, which would, of course, include bank-notes if bank-notes were legal tender. Are you of opinion that the state of foreign trade has any influence on the amount of money in use in the country?—Yes.

26. The amount of money in circulation varies with the foreign trade of New Zealand, other things being equal?—Yes. The effect of foreign trade is to prevent the country having too much money or too little. Suppose this country had such an amount of money in circulation that prices within this country rose higher than the level of prices in other countries, there would at once arise a tendency for other countries to sell goods to this country. It would be a good country to sell to and a bad country to buy from. Imports would increase and exports would fall off. The result would be that this country would have to pay a certain sum of money to balance the excess of its imports over its exports to other countries. As it could not send away its paper money to the other countries—for paper money circulates only within its own country—it would have to send away its gold—to deplete part of its currency—and prices would therefore fall. The effect of foreign trade is therefore to keep prices in a country at a fairly uniform level. It is impossible for any country to be depleted of its money, and it is equally impossible for any country to have too much money.

27. You mean that in countries that trade with one another the level of prices must be such as to keep a sufficient supply of money in each country—sufficient for the purposes of trade in that country, making allowance for cost of transport of goods from one country to the other and for such impediments to exchange as tariff duties?—Yes.

28. Has the cost of mining gold any effect on the amount of gold money in circulation in a country?—If the cost of mining gold increases, if the wages of labour increased and also the prices of such requisites of mining as timber, iron, and explosives, if these increase then the lower-grade mines, or mines which are just on the margin of profit, must be abandoned. If, on the other hand, prices are falling—the price of labour and the prices of all the requisites of mining—the tendency must then be for people to reopen these lower-grade mines. They have become cheaper to work. The result is that when prices rise through an excess of money in the commercial world, there is a tendency to close down the mines, and thus put a brake on the supply of gold. On the other hand, when prices are falling there is a tendency to reopen mines, and thus bring a greater amount of gold into the currency, and so raise prices. The process is practically automatic.

29. Then, as to minting gold. Gold is in the form of bullion at a certain stage. It does not become money until it is minted. What is it that determines how much gold shall be minted?—An Act of Parliament, in a way, determines it. The Bank of England is bound to buy at a certain price all gold offered to it.

30. Unlimited quantities of gold?—Yes, at a certain price—that is, the bank coins an ounce of gold into approximately four sovereigns. Gold, in a certain sense, has no price. The Act of Parliament simply states how many sovereigns shall be made out of an ounce of gold.

31. Would it be true to say, in your view, that gold bullion is retained as bullion so long as its purchasing-power as bullion is less than its purchasing-power as money?—I should say so.

32. We produce gold here to the extent of about £2,000,000 worth a year—at least we have done that on the average for many years past: what would be the effect if a law were passed in New Zealand to coin all the gold that is produced here, and put it into circulation?—It might raise prices temporarily, but gold would very soon filter away; it would flow out of the country. We could not keep it in circulation unless we had absolutely nothing to do with any foreign countries.

33. And if we had not, what would be the result?—If we were a self-contained country prices would rise. There would be simply more money balanced against the same amount of commodities.

34. Of course, the character of our banking and monetary systems also influence the amount of money in circulation?—Yes, especially paper money.

35. It has recently been stated, after very careful investigation, that in the United States—the only country in which such an investigation has been carried out on proper lines, I believe—the amount of money in circulation has increased from 0·87 billions of dollars in 1896 to 1·63 billions of dollars in 1909—that is to say, the amount of money in circulation has almost doubled in the United States?—Yes.

36. Are you aware of any similar change in New Zealand?—I cannot say that I am.

37. Has the amount of money in New Zealand increased, not necessarily doubled?—I should say it has. I have not looked up the figures.

38. They can be got from the banking returns, I suppose?—Yes.

39. The velocity with which money circulates, that is another factor under the head of money. You gave it as your opinion that any changes have been in the direction of increasing the velocity. What are some of the influences that have brought about the increased velocity of money?—The aggregation of people in cities. If the country is principally agricultural or pastoral, people live further apart, and they do not co-operate so well. That would apply to a backward country, but wherever population concentrates in cities, banks come more and more into use, and people leave money at the banks, and the banks make it circulate. Then, on the other hand, we have an increasing degree of honesty in the commercial world. I think it is undoubted that the honesty of the commercial world has increased very greatly during the last fifty years. That leads to greater confidence, and to people being more inclined to trust their money to banks that they were previously. Then, again, there has been the growth of the credit system, whereby people get their goods on credit instead of paying cash. If people have to pay cash they have to keep the money lying idle, but if they can get their goods on credit there is no need to keep the money lying idle. That means greater rapidity of circulation. Then, again, we have the fact that people perhaps spend more freely than formerly, or the standard of comfort has been raised, and money circulates more readily. Furthermore, under our labour laws people are paid fortnightly or even weekly instead of monthly. This means that they have money always on hand, and money can thus circulate more rapidly. Those are some of the principal factors. Then we have the development of the banking system, the invention of the telegraph and the telephone. We have quicker and cheaper postal facilities, and trade transactions take place more rapidly than previously.

40. And all this would have the effect of tending to raise prices?—It is equivalent to an increase in the amount of money.

41. Owing to the greater use made of banks and book credits, receipts and payments are probably more synchronized now than before—that is to say, the majority of the receipts and payments are now made at the end of a week or a fortnight or a month. Would that have any influence?—Yes, I should say that would keep money from lying idle, and would enable money to do a great deal more work than previously.

42. In the investigations that have been made in the United States it has been found that the velocity of circulation of money has increased from nineteen to twenty-two times in a year—that is, whereas in 1896 a man turned over his money nineteen times in a year, he now turns it over twenty-two times: have you any knowledge of the number of times money is turned over in New Zealand?—No; that would require very detailed investigation. I have made no investigation on that point.

43. As to the amount of credit money: in New Zealand money is chiefly deposited in banks, and is drawn upon by cheques?—Yes.

44. Has the amount of this credit money any necessary connection with the amount of metallic money in circulation?—Yes.

45. Would you say that it is directly dependent on the amount of metallic money in circulation?—Yes, almost directly dependent.

46. That is rather an important point. Have you proof of that?—Perhaps one of the best proofs is that at the time of the financial panic in the United States in 1907, when credit contracted and people were no longer able to give bills or promissory notes, payment was demanded in metallic money. This credit money is all right so long as it is based on confidence, but if that confidence turns into panic then people will demand metallic money instead of paper money. So banks must be careful that their supply of metallic money may be in a certain sense sufficient to meet the demands that may be made upon it. Bankers finance on the assumption that hardly 3 or 4 per cent. of metallic money will ever be demanded at one time for this paper money. Should a panic seize the people, and if, say, 50 per cent. demanded that the paper money should be converted into metallic money, no bank would stand a drain like that. Our banking seems to be built up on the belief that people will not all come forward at the same time, and demand that paper credits be turned into metallic money.

47. The paper currency is founded on what? There is a solid foundation of metallic money on which it is built?—Yes.

48. In addition to that foundation there is a certain elasticity. Paper money may contract or expand independently of changes in the amount of legal-tender money?—Yes.

49. There is another method of proof that is often used. I would like to know if you agree with it. Suppose, for example, that credit is expanding—that a greater amount of paper money is being put into circulation owing to the expansion of credit; that would mean that prices would rise, and that more money other than paper money would be required in payment of wages—a large proportion of wages still being paid in money proper—and in dealing at retail shops, and so forth, would it not?—Yes.

50. There would therefore be a greater demand for money proper—gold—and ultimately that demand would be satisfied in the case of England, which is the centre of the monetary world, from the vaults of the Bank of England?—Yes.

51. And if the Bank of England finds its gold being depleted in this way it puts up the rate for discount at once, and that has the effect of contracting advances?—Yes, and of inducing people to send in gold for deposit, so as to take advantage of the temporarily high rate of interest.

52. In the second place, we must remember that gold is the one thing whose price is absolutely unchanged. Gold is always worth, subject to one or two slight exceptions, £3 17s. 10½d. per ounce—that is, standard gold?—Yes; the weight of gold in a sovereign never alters.

53. Therefore, if all other things rise, gold becomes cheaper, and people demand more things which are made of gold. There will be a greater demand for gold in bullion, and money coins will be melted down and used as bullion in making watches, ornaments, rings, &c., and this extra amount of gold coin can be satisfied only by the drain from the Bank of England. Are you of that opinion?—Yes.

54. Then, again, there is still another line of proof. If prices rise owing to the greater circulation of credit money, and the country is a good country to sell in and a bad country to buy in, imports increase and exports fall off, and the result is a balance of indebtedness against the country, and that can be discharged usually only by shifting some gold out of the country?—Yes.

55. And the demand for gold for export will fall on the Bank of England, which will put up the rate of discount until a position of equilibrium is again reached?—Yes.

56. That is to say, the amount of credit money then is directly dependent on the amount of standard money?—Yes.

57. Suppose at one time the amount of credit money is three times the amount of money proper, the ratio is three to one: is that ratio constant necessarily?—I said before that there was the factor of public confidence. In fact, the psychological element enters very largely into the question. If you have an honest, industrious nation, a very large superstructure of credits can be built upon a rather small foundation of metallic money. On the other hand, in the case of a very backward country, such as Spain, the amount of credit which can be reared upon a given foundation of metallic money is rather small. I suppose the countries that build up the greatest superstructure of paper money upon gold—build it up successfully, I mean—are countries such as England, America, Germany, and France. The ratio of credit money to metallic money is by no means constant.

58. In other words, you say that the ratio will change with, for example, the development of banking?—Yes, and with the enactment of better bankruptcy, company, and trustee laws.

59. The ratio in the United States, it has been found, has increased from 1896 to 1909; or, rather, to take first the amount of credit money, this in the United States has increased from 2·68 billion dollars to 6·75 billion dollars. That is to say, while the amount of money proper in circulation has about doubled, the amount of credit instruments has about trebled?—Yes.

60. That is to say, the ratio of credit money to money proper has increased in the United States during the last sixteen years or so?—Yes.

61. Do you think, from your own observations, it is correct to say that a similar state of things exists in New Zealand?—Yes; I would not say that the same ratio exists, but I should say that the amount of credit money has been increasing. I do not know the ratio between them, but the ratio between credit money and metallic money has been increasing, although, since New Zealand is primarily a pastoral and agricultural country, it is not to be expected that we have all the factors that will cause the ratio to increase as fast as it will in an industrial country like America.

62. Now, the velocity with which cheques circulate depends on influences much the same as those which affect the velocity of circulation of money proper?—Yes.

63. Influences such as density of population, means of communication, &c.?—Yes.

64. Now we come to the fifth factor—the state of trade: you said that changes that were observable in the other four factors have all worked in the direction of raising the level of prices?—Yes.

65. And you think that the tendency of changes in the volume of trade during the last twenty years has been to lower prices or retard rises?—It has had the effect of retarding rises.

66. What are the factors that bring about changes in the state of trade, because they will indirectly influence the general level of prices? Would you say they are practically all the factors that operate in the production of wealth—say, the discovery of new mines, drainage, deforestation, tunnelling, bridging, harnessing water-power, making irrigation-works, manuring land, the application of scientific methods of cultivation to land, everything that bears on the efficiency of labour, the physique, intelligence, and morality of labour, division of labour, scale of production, the application of machinery to production—everything that induces increased powers of production—would you say all these are factors that operate on production, and through production on the volume of trade, and through the volume of trade on the general levels of prices, and through the general levels of prices on the cost of living?—Yes.

67. We need not go into each of these factors, because if we did it would take us too long; but I simply wanted to know if they bear on the problem, in your opinion?—Yes.

68. What has been the net result of the working of these five great factors on the level of prices during the last twenty years, and more particularly during the last ten years in New Zealand?—The net result has been a rise in prices.

69. You think the volume of trade has been outstripped by the increase in the other factors?—Yes.

70. Can you strengthen this opinion by reference to the history of the supply of money and the history of prices?—Yes; investigation seems to show that prices are now ten times as high as they were a thousand years ago, and from four to six times as high as they were during the period from 1215 to 1500—that is, up to the time of the discovery of America. The discovery of America caused the introduction of an immense amount of silver and gold, principally silver, into the markets, and hence into the currency, and prices rose. From about the time of the French Revolution—1789 to 1809—the stock of gold was rapidly increasing; and we find that during that period prices rose. From 1809 to 1849 the stock of gold was stationary, remained fairly stationary, and prices fell.

71. How do you explain that?—That was a period of great development of steam-power. Steam was used for the first time in manufacturing.

72. The rise of the factory system?—Yes. We may assume, then, that the volume of trade increased to an enormous extent, the stock of gold remained stationary, and credit not being highly developed trade outstripped the amount of money.

73. Up to the time of the Bank Charter Act?—Yes. The trade outstripped the currency, and the result was that prices fell. From 1849 to 1873, the period of the Californian and Australian gold discoveries, the stock of gold increased rapidly, and prices rose. From 1873 to 1896 only a slight increase in the stock of gold took place, and prices fell.

74. You mean that the rate at which gold increased fell off considerably?—Yes. You must bear in mind, also, that trade increased rapidly. This was a period of the application of scientific methods to manufacture, and it was at this time that the Suez Canal was opened. Trade increased very rapidly. The stock of gold increased slightly. The trade outstripped money, and prices fell. From 1896 to 1912 the stock of gold increased rapidly. We had the discovery of the Transvaal, the Cripple Creek (United States), and the Klondike mines. During that period, also, occurred the discovery and application of the cyanide process of gold-extraction. The stock of gold rapidly increased, and prices rose. The statement I have just made divides the last century or two into big periods. We find that, if the volume of trade increases in greater ratio than the stock of gold, prices fall, and *vice versa*.

75. Have you any figures to hand in connection with that?—Yes, I have here in greater detail the figures from the year 1865.

#### Gold-production.

The world's gold-production varied thus:—

Prices—		Compared with Average of Decade 1890-99.
Fell 2½ per cent.	from 1865 to 1870, an increase of 5 per cent.	.. .. 34 per cent. below.
.. 15 ..	1870 to 1875, a decrease of 13 ..	.. .. 44 ..
.. 11 ..	1875 to 1880. Stationary ..	.. .. 44 ..
.. 12½ ..	1880 to 1885, a decrease of 7 per cent.	.. .. 48 ..
.. 12½ ..	1885 to 1890, an increase of 8 ..	.. .. 44 ..
.. 4 ..	1890 to 1895, .. 33 ..	.. .. 25 ..
.. 6½ ..	1895 to 1900, .. 66 ..	.. .. 25 per cent. above.
Rose 3 ..	1900 to 1905, .. 20 ..	.. .. 52 ..
.. 3 ..	1905 to 1910, .. 33 ..	.. .. 102 ..

NOTES.—(1.) The gold produced during the last ten years (1900-9) was equal to that produced during the preceding twenty-five years (1875-99). (2.) The gold produced since 1895 was 30 per cent. greater than the amount produced during the preceding thirty-five years. (3.) The sources of greatest production are—Africa, North America, Australasia, Russia. (4.) The sources of most rapid increase are now—China, Africa, Russia. (5.) Australasia and North America are declining. (6.) 25 per cent. used industrially; £40-£50 annually converted into coin.

76. Have you a note as to the source of that information?—Yes, my information in respect to the gold-supply was received from the Director of the United States Mint at Washington. I communicated direct with him on the subject, and I think he is generally regarded as an authority on the subject.

77. What opinion have you formed of the probable course of gold-values in the immediate future?—That is rather a difficult question to answer.

78. We should like to know if you have formed an opinion, and also to know the grounds of your opinion?—As far as I can see at present, I think the gold-supply will continue to increase. I may state that the gold-supply is rapidly increasing. A year or two ago it increased by about 10 per cent. in one year. We have also the fact that the Russian and Siberian goldfields are increasing their output rapidly. The increase from the Transvaal mines is being well maintained. The Chinese gold-supply, although small at present, is rapidly increasing—at the rate of about 50 per cent. a year. Although China does not produce very much at present—about as much as New Zealand does—there are the possibilities of an enormous development in gold-production in China. There is also the possibility of getting cheaper labour for mines—black or yellow labour—and that would mean that the output would be enormously increased. Then there is the possi-

bility that scientists may yet discover a method of profitably extracting gold from sea-water. It is well known that the ocean is an immense reservoir of gold, and a process may be discovered of obtaining gold from sea-water by a method analogous to the production of nitrogen from the air.

79. Do you think it would be a good thing?—Perhaps it would send prices up one thousand or two thousand times higher than they are at present. It would be simply a universal calamity, and would probably have the effect of making nations discard gold as the foundation of their currency.

80. Do you not think the rise in prices will have a retarding effect?—Yes, it is true that the rise in prices will have the effect of closing down some of the mines. Then, again, we must not lose sight of the fact that China may adopt the gold standard. That would mean that prices would fall. It would mean that practically 50 per cent. more people would require gold for their commercial transactions, and that would make a vast difference in prices.

81. Is not the supply from Australia falling off considerably?—Yes; and the supply from the United States and Canada seems to be stationary. It is one of those things in regard to which it is difficult to forecast the future. In 1886 a Commission sat in England to investigate the cause of low prices, just as this Commission is investigating the cause of high prices. It was then seriously debated whether something should not be devised to take the place of gold in the currency, because gold was then so scarce. Now the problem is whether something cannot be discovered to take the place of gold because gold is threatening to become too plentiful. It is almost impossible to forecast what the future will be.

82. What, in your opinion, would be best—a fall in prices, a rise in prices, or stable prices?—In my opinion, a slow rise in prices is the best thing. A fall in prices, in my opinion, especially if it be a rapid fall, produces gloom. We had an example of that during the eighties. When prices are slightly rising it acts as a stimulus to trade, whereas falling prices act as a drug or narcotic. Stationary prices, I think, have a tendency to check enterprise. The principal evil of a rise in prices is that it is at times impossible to make wages or fixed incomes rise in the same proportion as prices. If there could be devised some means by which incomes and wages could be increased in the same proportion as prices the evil would to a great extent be corrected, and we should still have, in addition, a healthy stimulus given to trade.

83. That could be done by the adoption of a form of the tabular standard?—Yes, if you could get people to adopt it.

84. *Mr. Fairbairn.*] To what extent has the use of credit money supplanted legal tender and coined money during the last fifty years?—Investigations seem to show that in America, where the most detailed investigations have been made, coined money to credit money is in the ratio of about one to ten—there is about ten times as much credit money as metallic money.

85. I am referring to the increase: to what extent has it supplanted legal tender?—I am not prepared to say.

86. If the world's population is practically doubled every fifty years—and the population of Great Britain has doubled in fifty years—and our population is doubled, what would be the position?—I would not undertake to say that; such an increase has occurred in India, China, and Africa.

87. I am referring to white populations. That being so, there must of necessity be a greater demand for coined money?—Yes.

88. Is gold not subject to exactly the same fluctuations as any other commodity in its purchasing-power?—Yes; its fluctuations are only the other side of the fluctuations of prices. If prices doubled the value of gold is only half of what it originally was. If the value of gold is doubled prices are only half.

89. Is not that traceable to the law of supply and demand? The first cause would be the scarcity of a commodity and the demand for it. For instance, some years ago quinine was 27s. an ounce; now it is so plentiful that it can be bought at 1s. an ounce. The law of supply and demand must govern the whole thing. For instance, the scarcity of potatoes must govern the price of the article?—Supply and demand would govern the price of the individual commodity, but not the general price-level. If our bread, meat, and clothing rose very high through the operation of the law of supply and demand, what would be the result? It would mean that we would have less to spend on other things. Therefore our demand for other things would fall off. We would either have to give up using other things, or they would have to be sold to us at a lower price. The effect of the higher prices of things that we could not do without would be counteracted by the lower prices of other things we could do without, and that would tend to maintain prices at the same average or general level.

90. In connection with your investigation in reference to credit money, have you any information to give the Commission in regard to the increased use of credit money all over the world? The bulk of business is now done without the use of coin or legal tender, and that must of itself lead to a considerable displacement of the old gold standard?—Yes, the ratio of transactions discharged by the use of paper currency to those discharged by metallic money is increasing.

91. Is it possible to coin a single sovereign more than is required for circulation except for reserves?—Yes.

92. What will be done with it?—It will go into circulation and raise the price of all things, including labour.

93. There must be a limit to the amount of coined money. We can only use a certain amount?—I think there is no limit. We can keep on coining it. There would be more money put into circulation, which would raise prices, that of labour included. It is possible that we might coin so much money and on it build such a structure of credit that the wages of the ordinary labourer would rise from, say, 10s. a day to £10 a day. The effect of increasing the amount of money would be to increase prices, labour included.

94. I think you have misunderstood my question. It refers more to the limitation of the circulation of bank-notes than to coined money. Take our output of two million pounds' worth of gold: supposing we coined all that gold in New Zealand we could not use it. No one, for example, would hold money in his possession nowadays when he can find use for it by paying it into a bank and getting interest?—Supposing New Zealand was absolutely self-contained, we could coin that money and use it too.

95. I am speaking of New Zealand as it is, and bearing in mind the international overlappings that exist all over the world—that you cannot from a money point of view fix a national limitation?—I maintain this: that no matter how much gold we coin it can all go into circulation. It will simply raise prices, and the more money you put into circulation the higher prices rise. The higher prices rise the more money you want to discharge obligations.

96. You think there is no limit to the amount of coin?—Absolutely none.

97. There is another purpose for keeping reserves in gold. It is more with the view of a possibility of war, is it not, that high reserves are maintained in Europe?—There is a reserve maintained in some of the European countries in case of war. I believe that is so in Russia and Germany. I do not know whether France does so or not. I am inclined to think that the general tendency of monetary science is rather to look with slight contempt upon the laying by of a special reserve of gold for war. War is becoming so much more expensive than it formerly was that these reserves have now become practically trivial.

98. *The Chairman.*] There is an outer or foreign influence and a local influence at work in connection with the rise of prices in New Zealand?—Yes.

99. If the cost of living in England rises, does not the cost of living in New Zealand rise also?—Yes; I should say it does. My investigations have shown that prices in New Zealand follow on almost parallel lines with prices in England.

100. Is it not natural that if our customers have less money to expend on our products they will not bring so large a price?—Yes.

101. The price would fall?—Yes.

102. In your opinion, has not the fact of the existence of heavy armaments at Home added considerably to the cost of living in England and on the Continent?—Yes, in this respect: that it is making the workers maintain a very large number of people in idleness or in comparative idleness—I am referring to soldiers and sailors. Of course, I know that they may be regarded as a form of insurance; still, they are withdrawn from our industrial population, and that means a higher tax upon our people to maintain them.

103. You mention the Wall Street panic: is it not a fact that large supplies of gold were sent from England and France to assist the banks in the United States?—Yes.

104. Is it not a fact that if there were a run on one bank in New Zealand the other banks would come to its assistance?—Yes.

105. Is not the gold standard and the use of paper money much like an army of stage soldiers marching across the stage and behind the scenes and round and round again in order to make people believe that it is a continuous army marching, and similarly is it not sought to make people believe that there is gold behind banks when there often is not so much as many people believe?—Yes; and people act on that belief. So long as their cheques or promissory notes are taken they do not inquire into the matter.

106. Suppose there was a universal demand that all paper money should be met?—Every bank in the world would break.

107. It would be an end of the credit system?—Yes; but I do not think it is likely to happen.

108. Is that practice sound or is it an illusion?—We live largely on illusions. So long as most of us think a thing is all right, then it will be all right.

109. You have heard of the practice of watering stock in the United States?—Yes.

110. Upon whom does the burden of providing interest and working dividend of watered stock fall—on the general public or on the people who hold the shares?—Very often on the shareholders in the end, especially if they have got into a company where stock is much watered, and if the company has not been a sound one.

111. As long as the company goes on paying dividends it would fall on the general public to provide dividends in some cases?—I cannot say it would imply a loss to the general public to maintain it. If the stock was watered it would simply reduce the dividends.

112. Nominally, but not in fact. If you have an issue of one thousand shares at £10, and it is found that too much interest is paid and the public attention had been directed to that stock so that they will compete for it, and then the stock is made into two thousand shares of £5 each so that the interest appears lower, of course, that is hardly perhaps a form of watering stock, but it has the effect of protecting shareholders?—Yes, and deluding the public somewhat.

113. Is that another illusion from the public point of view?—Yes, if they think the company is earning only moderate dividends.

114. There was a case of increase of price of stock in America—a very good example—where the terminus of land at each end of a railway-line had risen very greatly in community-created value. The value of £2,000,000 was added to the assets of the company, and stock was issued for another £2,000,000. Was that community-created wealth?—Yes, you would call it wealth.

115. That is to say, so long as some catastrophe did not spoil the community-created value?—Yes.

116. It could be used as credit?—Yes, and the land itself could be used, otherwise it would not have that value put on it.

117. But, still, would it be considered to have been added to the world's wealth?—I think so.

118. You spoke about gold in the Bank of England: is there enough gold in the Bank of England to pay wages for one single year in Great Britain?—I could not say.

119. If I state that there are only £36,000,000 in gold in the vaults of the Bank of England at the present moment, would that be likely to be untrue?—I should say that those statistics are reliable.

120. So that the amount of gold in England really has the very slightest proportion to the amount of paper money?—Yes, a very small proportion.

121. In America you think it is only one-tenth?—Yes.

122. What is your opinion in regard to the creation of large private fortunes? It has been stated by some American writers that every time a big fortune is made by one of those multi-millionaires it has the effect of reducing the purchasing-power of the wages of the workers?—I do not think that the creation of multi-millionaires' fortunes necessarily raises prices at all. I do not see how it can raise the general level of prices.

123. When a multi-millionaire makes, say, \$26,000,000 in a day, where does the money which he makes come from?—I suppose part of it from the losses of other people.

124. Then the community is poorer for that?—Yes, if the millionaire can so manage affairs as to rig the market.

125. Do not say "rig" the market: it is "high finance"?—Well, if by means of "high finance" he can make a good scoop then other people lose.

126. Does not the community become poorer, and does not that add to the cost of living?—The shareholders that are outwitted perhaps would be poorer. I do not think it adds to the cost of commodities.

127. *Dr. Hight.*] Does it not depend upon what he does with the wealth?—Yes. Money is not necessarily thereby withdrawn from circulation or use, nor is the output of commodities curtailed.

128. The transaction amounts to a transfer of wealth?—Yes, from a number of persons to an individual. Some partial and temporary dislocation of business is perhaps inevitable.

129. And that numbers of persons are poorer?—Yes, they have lost purchasing-power; but I do not think the level of prices will fall.

130. *Mr. Fairbairn.*] Supposing a syndicate controlled shipping, and the immediate effect was to eliminate competition and add 5s. a ton on freights, would not that be an immediate loss to the community?—If we had to pay more for the commodity of shipping our spending-power in other directions would be reduced.

131. Would not the whole community have to pay for it?—If freights played an important part in our expenditure it would reduce our expenditure on other things, and would therefore reduce the price of other things, or the amount of other things we could afford to buy.

132. *The Chairman.*] Is not an easy method of getting credit the means of leading people to get things which are hardly necessary, and may that not add to the cost of living by their purchasing things which are not quite necessary?—Yes, that is one of the evils of the system; but I am inclined to think that the advantages of credit outweigh the disadvantages.

133. You spoke of the rise in prices being a benefit to trade—that means to the people who are getting profits out of trade?—Yes.

134. What about the general public?—If prices show a slight tendency to rise, or are gradually rising, the manufacturers and producers become more confident, and there is a buoyant tone in the industrial community, and that is reflected on all classes. People are more enterprising.

135. Even those with a fixed income?—That is the class that suffers.

136. *Mr. Veitch.*] With regard to the problem of land-values: assuming that the land at the end of a certain railway-line such as you mentioned became valuable, that represents so much increased wealth in the hands of the people that own that land, and it is a community-created value?—Yes.

137. Is it not a fact that that value really represents the power to extract rents from other people?—Yes.

138. And would not that affect the cost of living very materially?—It would affect it in so far as rents are concerned. On the other hand, if there was very much of that land on which rents were rising, the people would have less to spend on other things, and that would reduce the prices of those things, or if the prices were not reduced the consumption of those things would have to be reduced.

139. Supposing that the whole business of the country is controlled by trusts and combines, or the great proportion of it, and they fix prices, would it not have the effect of preventing people buying what they really needed, and making them do with less than what they want?—Yes; that is, if practically all businesses were controlled by trusts, and there were no competition.

140. Then, the greater the extent to which commerce is controlled by combines the greater the evil would be?—Yes; but they could not extract what prices they liked, because the people would not be able to pay them, unless, of course, the people greatly reduced their consumption.

141. We will assume that rent-value or the price of land rises to the extent of £5 per year, the capital value of the land will be roughly increased—say, to the extent of £100?—Yes.

142. A sufficient accumulation of what we might call such spurious capital would render certain individuals independent—that is to say, they could live without work?—Yes.

143. Therefore would not the effect of all this increase in community-created land-values be that a whole lot of people would be affected, and would it not reduce the number of people employed in industry?—It could have that effect, but the proportion of people so unemployed could only be a very small one.

144. *Mr. Robertson.*] Referring to the question of the transfer of wealth from a great number of investors into the hands of one millionaire by means of "high finance," would not the effect of that depend largely on the use to which it was put? Suppose the accumulation of wealth by a number of people by that means, would it not probably mean a larger demand for

luxuries that are within the reach only of such people as millionaires, and thus by diverting employment to the production of those luxuries decrease employment in other directions, and thereby raise the cost of necessary commodities by decreasing the amount of labour employed in them? Is it not a parallel to the keeping-up of an army or navy—a large body of men comparatively idle—and the keeping of a large body of men making luxuries?—Yes. If more men were employed in the production of luxuries it would tend to lower the price of other things. If there was less money to be devoted to necessities of life, those necessities would have to fall in price or be reduced in volume. But, practically, the ratio of millionaires to the rest of the community is so small that any such effect is likely to be insignificant.

145. Would not the price tend to rise to the highest point to which it could be taken—that is to say, by the diversion of labour from the production of these necessities?—You must consider the amount of money that would be spent upon luxuries. If a great deal of money was diverted to luxuries there would be less to be spent upon the purchase of necessities, and a fall either in volume or in the price of necessities would occur.

146. If it fell off in volume, of course, the price would rise?—Not necessarily; these necessities might be produced in the same volume as before, and sold at a lower price, or produced in diminished volume and sold at the same price as before. Or it might happen that a diminished consumption would take place at a slightly higher price than formerly. Much would depend upon the state of the industries producing those necessities.

147. So in that way it is possible that the fall in the price of necessities would counter-balance the rise in the price of luxuries?—Yes.

148. *Dr. Hight.*] As a matter of fact, is there ever such a rapid increase in the capital devoted to the production of luxuries?—I do not think so.

149. You consider that the demand for necessities is a constant demand?—Yes; and I think the amount devoted to luxuries, even by the creation of a thousand millionaires a year, would be trivial compared with the amount devoted to necessities. We have to remember the enormously greater number of people there are with small incomes than there are with huge incomes; and, after all, the number of luxuries is really slight compared with the number of things we regard as necessities.

150. *The Chairman.*] The point I wanted to get at is whether the purchasing-power of the salary incomes is impaired by the accumulation of larger volumes of wealth in fewer hands?—I do not think it would be very much impaired.

151. *Mr. Leadley.*] In the case of the accumulation of wealth in the hands of individuals, the depletion of the gross wealth of the community would depend altogether upon the use to which that wealth is put?—Yes.

152. If Rockefeller made a million dollars by one single deal, and spent that million dollars in the erection of another palace, the community would get the benefit of that: it could not be erected without the expenditure on labour, and the greater part of his money would go back into circulation?—Still, if he spent it on the development of the country he would have done much more good than if he had put it into the palace.

153. Then all indulgence in things that are not essential to life is an evil?—It depends upon what you call an evil. It may be a moral evil. Money would not be spent to such an advantage as in production. If you spend money on palaces and things that produce nothing, it is, I should say, of less benefit to the community than devoting it to the development of the country.

154. Will the community get back a great deal of that wealth?—A great deal of it goes into circulation, but it is as if the money were lying idle—it is not producing anything that in its turn will produce something else.

155. *Dr. Hight.*] In the reference the term "the higher standard of living" is used: "standard of comfort" would be a better term probably: do you recognize that the standard of comfort is different from the cost of living?—Yes; quite a different thing.

156. Take New Zealand at the present time: do you think that the standard of comfort of the lowest grade of workers—say, the casual labourer—casual labourer in the city—is such that he has a sufficient supply of the necessities of life, and, in addition, some little luxuries?—I think so.

157. Have you sufficient personal knowledge of their condition to give a definite answer?—I must say I am not very intimate with it except from my knowledge of the public schools. From observation of the children I should say that the standard is fairly high. Of course, there are other factors to be taken into consideration, such as scientific methods of home management. A wage that would maintain a high standard of comfort in one household might be utterly insufficient in another.

158. Owing to unskilful management?—Yes.

159. You think, I suppose, the standard of comfort of the general workers is such that they can afford something more than the necessities of life?—Yes.

160. Has that always been the case in New Zealand in the last twenty years?—I should say it has not.

161. Have you noticed changes in the standard of comfort?—Yes.

162. Could you describe in detail any changes you have noticed?—The changes I have noticed are principally in matters of dress. I know practically from my own experience that in a matter of dress and clothing the standard has risen very much. In the matter of food, both as to quantity and quality, the standard has risen considerably. In the matters of education, recreation, travel, and postal and telegraphic conveniences the standard seems, in my opinion, to have risen a great deal. Investigations that I have made into the consumption per head in New Zealand seem to indicate that there has been a very rapid rise during the past twenty years.

163. Have you any detailed information?—I have in my hand a table showing the prosperity of the people in New Zealand in quinquennial periods. According to my investigations, the

period from 1887 to 1891 shows the lowest standard that New Zealand has experienced since 1860, judging the standard of comfort by the volume—not the value—of the things consumed in New Zealand. I may say that that same period was the period in which twenty thousand more people left New Zealand than entered it. For that period the standard worked out at 98. The full table is as follows:—

Prosperity Table.—Average over Quinquennial Periods.

Year.	Year.	Year.	Year.
1880-84	125	1894-98	113
1881-85	129	1895-99	116
1882-86	126	1896-1900	125
1883-87	118	1897-1901	135
1884-88	111	1898-1902	142
1885-89	107	1899-1903	152
1886-90	101	1900-4	164
1887-91	98	1901-5	169
1888-92	99	1902-6	174
1889-93	101	1903-7	182
1890-94	102	1904-8	187
1891-95	104	1905-9	184
1892-96	107	1906-10	188
1893-97	110	1907-11	190

  

Period.	Compared with 1887-91.	Period.	Compared with 1887-91.
1880-84	27 per cent. higher	1898-1902	45 per cent. higher
1884-88	14	1903-7	86
1893-97	14	1907-11	94

These figures show that in the years 1907-11 we consumed per head almost twice as much in volume—again I would say not in value—as we did during the period from 1887-91. Each person consumed approximately twice the volume that was consumed per person twenty years ago.

164. Can you point out any casual connection between the rise in the standard of comfort and the rise in the general price-level?—The principal connection I see is the extraordinary rise that has taken place in farm products—in the products of the soil.

165. How do you connect that with the rise in the standard of comfort?—The country has produced in volume very much more from the soil than formerly, and the prices of those same commodities have increased by about 40 per cent. This, I think, has caused an inflow of wealth into New Zealand in exchange for those products, and that wealth has filtered down from the farmers to all classes of the community.

166. As to your own index number in your "Course of Prices," have you any corrections to make in it?—Perhaps the principal defect in those index numbers arises from the fact that a commodity such as timber has been omitted. Timber happens to be one of the commodities which has risen very much in price during the last ten or twelve years. The alterations that I would wish to make are at the bottom of page 65. There we have to add "1911, 107; 1912, 110" for the six months of the year. Prices have risen 2 per cent.—that is, without timber. If we include timber the figures are: 1911, 110, instead of 107; 1912, 112. In other words, the addition of timber has during the last few years raised the price-level 3 per cent. I have a number of other tables that might be interesting in showing the rise in certain groups of commodities.

167. Do they throw any light upon the movement in the purchasing-power of wages?—I think they do. I have taken out a table showing the variations in prices of certain groups of commodities for the period 1895-1900, and for the years from 1908 onwards.

General Level of Prices.

Year.	Including Timber.	Excluding Timber.
1890-99	100	100
1911	107	110
1912	109	112

Index Numbers indicating the Variations in Prices of certain Groups of Commodities.

Year.	Cereals.	Animal Products.	Minerals.	Material for Building.	Foodstuffs.	Exports.	Imports.	Timber.
1895	85	94	92	94	93	91	94	102
1900	84	113	113	115	101	102	100	103
1908	133	134	104	..	103	134	92	..
1909	104	132	99	122	102	121	93	..
1910	110	135	96	122	103	127	94	165
1911	119	131	100	128	107	126	101	165
1912	115	145	104	126	111	131	103	165

These figures seem to indicate that the prices of our imports have lately ranged about 3 per cent. or 4 per cent. higher than they were in the nineties. I have other tables on the matter of prosperity or the standard of comfort, which corroborate what I have already stated. For instance, the marriage-rate has shown a remarkable rise during this century.

168. These tables are founded on data compiled from very wide sources?—Yes.

169. And the commodities included are representative?—Yes.

170. And you consider, as one trained in statistical methods, that the plan you have adopted is in conformity with good methods?—Yes. And I may say that these results seem to be corroborated by the results obtained by English statisticians. There is one exception—that the two principal investigators in England—the editor of the *Economist* and Mr. Sauerbeck—show a somewhat greater rise than is indicated in my table. I put it down to the fact that they include in their tables a greater number of raw products than I do. There seems to be a tendency for raw products to rise faster than what we might call manufactured goods.

171. *The Chairman.*] Do your tables show the variations in the birth-rate as well as in the marriage-rate?—Yes; and at the same time the volume of consumption per head and the bankruptcy-rate.

Prosperity Tables.

Year.	Volume of Consumption per Head.	Marriage-rate.	Birth-rate.	Bankruptcy-rate.
1880	102	104	..	411
1881	123	103	..	396
1882	144	109	..	356
1883	131	106	..	412
1884	123	106	..	205
1885	122	103	..	233
1886	112	93	..	246
1887	104	93	118	230
1888	97	93	114	195
1889	98	92	111	165
1890	95	95	108	142
1891	95	94	107	130
1892	108	96	103	107
1893	108	96	101	100
1894	106	95	100	129
1895	103	92	99	96
1896	111	106	96	80
1897	121	106	95	79
1898	122	107	95	74
1899	125	113	92	70
1900	146	119	94	56
1901	160	121	96	39
1902	155	124	95	34
1903	174	127	97	31
1904	183	128	99	41
1905	171	128	100	47
1906	187	131	99	52
1907	196	138	100	53
1908	196	137	100	61
1909	171	129	100	71
1910	191	129	96	60
1911	195	..	..	..
1912	..	..	..	..

With regard to the marriage-rate, I have taken as my basis the average marriage-rate per thousand of population during the nineties and called that 100. Everything else is reduced to the percentage of that 100. Our marriage-rate and the prices of the products of the soil in 1905 were the lowest on record in New Zealand; and in 1896 the prices of commodities were the lowest on record in Europe and America.

172. *Mr. Hall.*] Do I gather that when the prices of farm produce were high the marriage-rate was also high?—Yes.

173. And that when the price of farm produce fell the marriage-rate fell?—Yes. Farm products touched their lowest in 1895, and then the marriage-rate was also the lowest on record.

174. Is there a closer connection between the marriage-rate and the cost of farm products than between the marriage-rate and the cost of non-farm products?—Yes, much closer. The marriage-rate rises and falls with the price of farm products. In 90 per cent. of the cases the marriage-rate rises the year after the price of farm products rises, and it falls the year after the price of farm products fall. Then, as to the bankruptcy returns in relation to population: In 1866 the rate stood at 657—that is to say, there were then six times and a half as many people

bankrupt per thousand of population as there were during the eighties. In 1867 it rose to 877. That was because of the crisis of 1866. After the land boom of 1875-77 the rates in three successive years were 338, 330, and 548. The latter figures are shown in my table. In 1893 bankruptcy practically ceased in New Zealand, the figure for that year being only 31. Then it rose to 41, 47, 52, &c. The Wall Street crisis in New York had a good deal to do with that rise. There was a temporary stringency here with a retrenchment policy. I think all these tables, taken together, show that the country has been more prosperous under a period of rising prices than under a period of falling prices, though the fact that the bankruptcy-rate is showing a tendency to rise and the marriage-rate a slight tendency to fall would indicate that the rather abrupt rise in prices of the last two years is having some effect—that the rise in our standard of living has received a slight check. I have here another prosperity table compiled by Mrs. McIlraith, and based upon the figures of the Rev. Edward Walker, in regard to the amount per head expended upon liquor in New Zealand. From the price of liquor and the value consumed per head there has been deduced the volume consumed per head. This table also shows that the volume consumed per head fell away during the eighties down to the nineties, and since then has risen again.

175. *The Chairman.*] You do not think that people drink out of desperation, but rather that they drink when they are prosperous?—The table seems to show that they drink more when they are prosperous; but the increase of prosperity indicated here is not so great as the increase indicated by the other tables. That is clearly intelligible from the fact that the temperance sentiment is now much stronger than it used to be:—

*Prosperity Table derived from the Volume of Liquor consumed per Head.*

Year.	Year.
1885 .. .. . 119	1898 .. .. . 94
1886 .. .. . 113	1899 .. .. . 98
1887 .. .. . 109	1900 .. .. . 103
1888 .. .. . 110	1901 .. .. . 108
1889 .. .. . 97	1902 .. .. . 105
1890 .. .. . 108	1903 .. .. . 107
1891 .. .. . 105	1904 .. .. . 106
1892 .. .. . 107	1905 .. .. . 102
1893 .. .. . 103	1906 .. .. . 107
1894 .. .. . 97	1907 .. .. . 113
1895 .. .. . 95	1908 .. .. . 114
1896 .. .. . 90	1909 .. .. . 104
1897 .. .. . 93	1910 .. .. . 107

This table seems to show that the volume of liquor consumed per head fell during the time of low prices of products and rose during the period of high prices.

176. *Mr. Fairbairn.*] Was not the period about 1890 the worst all over the world?—The worst decade all over the world seems to have been that between 1885 and 1895.

177. In speaking of the prosperity of New Zealand, to what extent has cool-storage and improved labour-saving machinery contributed to the prosperity of the last fifteen years?—I should say that one of the great causes of our prosperity has been the invention of the refrigerating process. That has been the invention of inventions for New Zealand.

178. But has not the improvement of labour-saving machinery come along very rapidly in all departments during the last fifteen years?—It has. I attribute our prosperity largely to the fact that while the goods we have been compelled to import have risen only 3 or 4 per cent., the goods we export have risen about 40 per cent.

179. *Dr. Hight.*] Have you any other additions or alterations to make in your published table?—In the first column, on page 73, the gold-production of the world you might add—1910, 217.

180. You have lived in other centres in New Zealand. Have you noticed any difference in the cost of living between Christchurch and Auckland?—I should say that in a matter of boots and shoes Auckland is cheaper than Christchurch; in the matter of gas-supplies it is also cheaper. In the matter of rents, on the other hand, the Christchurch rents are lower than those of Auckland.

181. Do you think that in fixing wages the differences in the cost of living in the various centres should be taken into account?—I think so; but that would necessitate a detailed investigation in each centre.

182. It would have to be done on a scientific basis?—Yes.

183. Do you consider that the statistics of New Zealand, particularly those relating to the economic condition of the country, are in a satisfactory state?—I think they are very unsatisfactory.

184. Can you suggest any method of reform?—In the first place, I think they should be compiled by competent persons—people who are specially trained for that purpose. For instance, when I asked how they obtained the wages paid in the different centres I was informed that they got the information from the police-station in each district. That was some years ago. That I consider unsatisfactory. Then, again, I would like to see some co-ordination amongst the different departments that are collecting statistics. We might very well have a statistician trained in the latest methods of economic investigation. Suppose we imported one from England or America—a man that has been engaged for some time in such investigations. We should have such a man for at least a few years to put us on the right track. We are only a small country, and I dare say our investigators have been at the work for some time, but have really not conducted

it scientifically. I think it would be well if we could import a trained statistician to put our statistical Department in order. Then I think these investigations should be collected over as wide a period as possible. They should be very full, going into detail, and at the same time they should also be published in outline so that everybody should have the opportunity of reading them. It is of the utmost importance that the whole commercial community should be in the closest touch with the statistics of New Zealand. At the present time we can scarcely say that one person in the thousand that visit our libraries ever takes down the volumes of statistics. If we are to progress on sound lines every producer and every consumer should be in the possession of accurate information about such subjects as the cost of living or the rise in the price of commodities, the variations of prices in past years, and the possibilities of further variations. He should also know what is the probable cause of such variations. In that connection I would suggest that when children leave the primary schools, or certainly the secondary schools, they should have a good working knowledge of the laws that govern prices. At the present time it is possible for a boy or girl to leave a high school at the age of eighteen or nineteen and have not the slightest knowledge of economic laws. Some of those laws are of great importance, and children should be interested in them from a fairly early age. There is no reason why even at the primary-school age they should not know something of the subject. From my experience, boys and girls of fourteen are quite able to grasp some of the elementary facts. I would also like to see our university colleges give us more assistance. At the present time a rapidly increasing number of students are studying economics, and their labour is to a certain extent misdirected, in so far that they contribute nothing during their University course to the enlightenment of the public mind upon these important questions. It should be possible for the Government to offer scholarships for economic research. It might be made a post-graduate course. I do not believe in a student going in for research as soon as he enters the University, but after a two-years course in economics the best students should be encouraged to go further. The Government now offer scholarships of £100 or £150 a year to students who devote their energies to manufacturing research. Similar scholarships might be offered for research in economics, so as to train for this work the most promising minds the University possesses. If this were done I am sure the Professors of Economics in Universities would gladly help, and it would give to their work a stimulus that to them would be very welcome.

185. *The Chairman.*] Is it possible for any Government to set up a just tariff, or even to set up just taxation, unless the industrial condition of the people and the conditions of trade and commerce have been thoroughly well ascertained?—It is impossible, and it is impossible also for the Arbitration Court to fix the rate of wages for any length of time. It is impossible also for the Government to fix the rates of rent for the national land. If it fixed its rents for a long period ahead, and the farmers' products rose much higher, the rents might become merely peppercorn rents. Unless the Government has full and complete information every year it is impossible to fix these rents equitably. Our Old-age Pensions Act will depend largely for its efficiency upon economic search. Up to the present time we have been working absolutely in the dark. We have made important legislative experiments, but through lack of statistical information we cannot say what the results have been. At present it would seem that a large portion of the community are disappointed with the results of some of the experiments. I think the failure, if there has been a failure, has been due to the fact that the experiments have been made in the dark.

186. Would it ever be possible to set up a flexible scale of wages, rising and falling with the result of the Government investigations into prices?—The trouble is that whereas the general level of prices may rise or fall, individual prices may not. The general level may rise, but there may be a few cases of falling prices. Those people concerned in a particular group might suffer, but there is no reason why the State should not group commodities, and make the wages rise or fall in the group. It might not always work out equitably, but the present system does not work out equitably either.

187. *Dr. Hight.*] Would it not be a stimulus to economic research if the Government were to offer positions in its statistical office to those who have passed through the University?—That would train up statisticians with thorough economic knowledge. Probably they would take their M.A. or B.Com. degree in economics, and after that, or during the period of taking the degree, and a year or two afterwards, they could enjoy the benefit of scholarships for economic research. I believe that our University course in economics and commerce is at the present time a truly excellent one, but a greater number of students would take it if they were sure it would lead to something more tangible than at present.

188. You think it would facilitate such work as the Commission is at present engaged upon?—Yes; we would have a number of people engaged upon it, and would possess statistics in which greater confidence would be placed.

189. What have you to say about the cost of education?—I find that the cost of maintaining children at school nowadays is considerably less than it used to be. Ten years ago the school-books for Standard I cost about 4s. a year. Now they do not cost the children more than 2s. 3d. a year. In Standards V and VI the books cost the children ten years ago at least 12s. per pupil. Now they cost them about 5s. 3d. That is to say, there has been a reduction of over 50 per cent. to the parents in the cost of educating their children. Of the reading-books I am taking into consideration only those they pay for. Any one at school ten years ago used only one reading-book, but the Government now supplies about five free reading-books for Standards V and VI. If you consider the increased number of books they read at the present time you might say that the cost has been reduced from 70 to 80 per cent.

190. What about secondary education in the district high schools?—The education at those schools, leaving out the books, costs the parents nothing. In many of the district high schools

they are getting as good an education as in the high or secondary schools—in some of them an education superior to that which they would get in some of the so-called high schools.

191. Would you say that the books in high schools would cost about 35s. a year?—Something like that. They used to cost more than that, but we are getting every year a supply of better and cheaper books.

192. For that expenditure of 35s. people are getting education which they could not have got at all some years ago?—Yes. At one time they had to pay three or four guineas a quarter for what they now get for nothing.

193. To what extent has the rise in the price of land in the last twenty years contributed to the cost of commodities?—I do not think it has contributed to any appreciable extent. I would put it the other way: that the rise in the price of commodities has enormously increased the price of land.

194. Have you anything to say as to the effect of our labour legislation?—As far as I can see, increased wages have not affected to any appreciable extent the rise in the price-level. If anything would corroborate that it is the fact that in England, where they have not got our labour legislation, prices have risen even more rapidly than they have risen here.

195. Have you anything to say about the movement of the urban and the rural population, and its effect upon the cost of living?—There has been in New Zealand a movement towards the cities that has, I am inclined to think, tended to raise rents. As the standard of comfort has risen, and with it the desire for more recreation and leisure, people seem to concentrate more in the cities.

196. Touching upon the free reading-books: they are not allowed to be taken out of the school?—No.

197. Do you think that that will ultimately increase the cost of education to the people? Will it result in a falling-off in the quality of the education?—It is rather difficult to say just yet. The system has not been in operation very long, but I know that some of the teachers find spelling a matter of increasing difficulty, especially in the classes in which the books cannot be taken home. It may be the fault of the teacher, and it may partly be the fault of the system. I believe that certain alterations are proposed that may overcome the trouble.

198. Would you consider it a better system if the Government grant now devoted to the purchase of reading-books were devoted to the purchase of stationery?—I believe every child should have a book which it can take home, because many teachers find that their time is fully taken up in school, and they have not time to teach spelling itself, whereas half or three-quarters of an hour spent by the child at home over a book would greatly improve his or her spelling. It also conduces to a child's care of his book if he has a personal interest in it.

199. *The Chairman.*] Have you noticed in the dairying districts that the children in school show any strain compared with other children?—I have noticed some cases where the children have a very drowsy appearance. I have been told that they have to get up very early in the morning to milk—in summer sometimes at 3.30 a.m.—and that they have also to milk in the evening, and feed the calves after that. Of course, home work is an utter impossibility under such conditions. I have noticed particularly that in such cases the speech of the children is affected—that in some purely dairying districts they seem to have no vitality of speech at all. You will find greater vitality of speech in the milling districts, where the children are more concentrated, and greater vitality still in the towns, where there is more social enjoyment. Where the homesteads are widely separated, and the children work night and morning, reading is a subject extremely difficult to deal with. Some teachers put it down entirely to the amount of work the children have to do.

200. *Dr. Hight.*] And the work in reading is a good index of the general intelligence of the child?—Children may be fairly intelligent, but yet have some lack of vitality. That would be natural at their age if they work excessive hours. Teachers have spoken of the children falling asleep in the school in the afternoon, especially in the summer months, when it is difficult to keep some of them awake.

201. Do you consider that the parents of these children occupy similar positions to the owners of special machinery, and therefore that those parents are reaping a quasi-rent?—Yes, especially in districts where the milking-on-shares system obtains. In such districts a man that has half a dozen children has really half a dozen very efficient machines.

202. Since most of them own their land, competition between them for further land would tend to put up the price of land?—Yes.

JAMES THOMAS REID, Printers' Broker, examined on oath. (No. 140.)

1. *The Chairman.*] What is your occupation?—I am a wholesale paper agent and printers' broker.

2. And with what purpose have you come before us?—I wish to make a statement with regard to Scotch herrings. In the Old Country I was connected with the herring-fishing industry. In Scotland we catch every year, on the average, about 1,000,000 barrels of herrings. A barrel contains about 3 cwt. Germany is our principal market. The Germans take 1,000,000 when we have that quantity to sell. Their duty upon herrings is 3s. a barrel—that is, 1s. per hundredweight. But the duty in New Zealand is 10s. per hundredweight, or 30s. per barrel. It is such an extraordinary duty that it hinders trade. Trade can never be built up on an article of food like that where the duty is actually more than the value of the article. There are two qualities of Scotch herrings—one, bearing the Crown brand, consists of herrings with the milt and roe. The value of a barrel of that description is 30s., and the duty here is just about the same. The other quality—young herring, without the milt and roe—sell in Scotland at £1 a barrel; so that the duty in New Zealand on these is actually more than the value of the fish.

3. *Mr. Fairbairn.*] Will the fish carry to New Zealand in 3 cwt. casks?—They come in that state rather better than in smaller casks. I have had a shipment in what we call kegs or firkins, and they have not turned out too well. They have landed in far better condition when sent in the full-sized barrel. The duty on the kipper herring, which is really a food of the people, is such as to make it a luxury in New Zealand.

4. *The Chairman.*] Would you suggest any means other than the alterations of the tariff by which this food-supply could make living cheaper in New Zealand?—In this instance I would not ask that the duty should be removed, but I would plead that it be reduced to what the Germans charge—3s. a barrel.

5. *Mr. Hall.*] Do you think that if the duty were lowered there would be a largely increased import of herrings?—Undoubtedly.

6. And consequently the revenue would be practically the same?—I should reckon that the revenue would be increased, because the present high duty gives no encouragement to business at all.

ROBERT SALMON, Master Butcher, examined on oath. (No. 141.)

1. *The Chairman.*] You are a butcher, carrying on business in Auckland?—Yes, I have been in that occupation for thirty-six or thirty-eight years.

2. Is it a retail business?—I have been both wholesale and retail. It is retail at the present time.

3. Has the retail price of meat risen in Auckland during the last ten years?—There has been no material rise in prices during that period.

4. Do you buy direct from the farmers?—No, direct from the auctioneer, in the public sale-yards.

5. Do you find in your business any bad debts?—There are a great many bad debts if you are not very careful.

6. What do you consider a fair average—1 or 2 per cent.?—2½ per cent. for any one who gives credit. I do not give a lot of credit.

7. Has the cost of labour risen to you very much?—Yes, during the last ten years.

8. What percentage?—I should say some 25 or 30 per cent.

9. Since the price of meat sold to the public has not risen, and the price of labour has, to what do you attribute the fact that you are able to sell at the same price now as ten years ago?—The wholesale price of stock at that period was not what it is at the present time.

10. It was lower then?—Yes.

11. So that the wholesale price of stock counterbalances the increased cost of labour?—That is so.

12. *Mr. Hall.*] What is beef per hundred selling at now?—A good class of beef sells at 27s. per hundred.

13. What was the price ten years ago?—About £1 per hundred.

14. *Mr. Fairbairn.*] Can you give us any prices for mutton and lamb to-day and ten years ago?—Lamb is a thing that varies very much, and is a very short time in the market. It is one of those things which depends upon the export trade. Lamb has kept at a very good price right through this season, on account of the large amount being exported. There has been more demand this season than there was ten years ago.

15. What is the present price of lamb?—I cannot say, because there is no lamb in the market.

16. What is the price of mutton?—Good wethers, on an average, from £1 to £1 2s.

17. What was the price ten years ago?—Wethers were sold at 15s. and 16s.

18. What is the average dead-weight?—65 lb. in each instance.

19. *Dr. Hight.*] Have you any knowledge that there is a great deal of waste in dealing with meat in households?—I have no knowledge of that; all I do know, as a business man, is that a great deal more prime cuts are called for nowadays—sirloin, prime ribs, rump steaks, &c. Still, there is any amount of beef at 3d. and 2½d. a pound; in fact, rough meat it is impossible to get rid of unless you export it out of the country.

20. People demand a better class of meat now?—Yes.

21. What would you estimate the cost of delivering meat in the city?—1d. per pound.

22. *Mr. Robertson.*] in reference to the rise in wages, do you know if the increases have been greatly in regard to labour employed in connection with the distribution of meat or with the slaughtering of cattle?—The wages ten years ago for shopmen were, on an average, £2 12s. 6d. a week; now they are £3 5s. The new demand of the men is for £4 5s.

23. Does that apply to all classes of shopmen?—General hands were £2 ten years ago; now they are £2 10s.; £3 5s. is demanded. You can see that wages have gone up from 25 to 30 per cent. Of course, the hours have been very materially reduced. There has been a reduction of about 15 per cent. in the hours during the last ten years.

24. Ten years ago was there a lot of meat given to the employees?—In some instances only; I never did. I always paid my men the full wage, and let them buy their own meat.

25. Did the award contain such a provision?—Not in Auckland.

26. *The Chairman.*] Is there any information which you can give the Commission in regard to the rise in cost of living, if there has been any?—We know that the cost of living has materially increased all round, not only for labour, but everything has gone up. If you want to buy a horse and cart or harness you find that everything has gone up in price as far as we are concerned. House-rent has gone up. There is a general demand for a better class of house. The labourer wishes to live more decently, and I do not blame him. I say so-much the better. The conditions under which he lives compared with ten years ago have been materially improved. He has a better house and a better class of food. He enjoys himself better than he did ten years

ago; he is not such a slave as he was ten years ago. The hours of work have been materially reduced in our trade.

27. You think there is a higher cost of living, and that it is a legitimate higher cost?—Yes, undoubtedly. As to the increased costs in connection with our business, I may say that when the old abattoirs were at Richmond the cost was very materially different from what it is now. I had my own abattoirs at Mount Roskill. The cost of bringing meat from the time we bought then until it was handed into our shops was 6s. per head for cattle. With the new abattoirs more up-to-date facilities have been given. There has been a very big increase in railway rates for stock. At the present time it costs us something like 14s. or 15s. per head for the same services we could get performed for 6s. ten years ago.

28. *Mr. Fairbairn.*] Can you tell us what the actual cost is for killing sheep and cattle—all charges incurred from the time they leave the saleyard, the abattoir charges, and until the meat is delivered at your premises?—15s. for cattle and 1s. 8d. per head for mutton.

29. Inclusive of inspection and cartage?—Yes, and including insurance, railage, and cartage.

30. Are your abattoirs far from Auckland City?—About seven miles.

31. The charges are very much higher than in Christchurch?—Yes.

32. Do you know why?—We have had a lot of correspondence with Christchurch on this matter—that is, when the new abattoirs were being built here. At that time we based our calculations on Christchurch; but, according to the amount spent in erecting our abattoirs, they have to pay 5 per cent., and the charges have been based on that calculation. I know that we are very materially higher than they are at Christchurch.

33. *Mr. Hall.*] What were the charges on sheep ten years ago?—The charge was 9d. We have an insurance fund now in connection with cattle, and that really saves the small butcher from being practically ruined, because if a small butcher gets a beast that is condemned he is only allowed one-third of the price from the Government, and we pay the balance out of the insurance fund. That fund is controlled by a board consisting of three farmers and three butchers, so that everything is done in an open manner. It is only the small butchers who are in the fund. We do not insure sheep.

*Re* ROBERT SMEETON, Grocer (subpœnaed).

*Robert Smeeton*, grocer, attended and said: I have appeared in answer to a subpœna, and if it had not been a legal holiday my solicitor would have been here to apologize for my absence. I have no evidence to offer to the Commission.

*The Chairman:* That is for us to say. Have you any reasons to give for declining?

*Mr. Smeeton:* I am advised that I should not give any evidence; but to aid the Commission, if it will be of any service, I have taken out a number of price-lists, going back for fifteen years—price-lists showing the retail prices of groceries.

*The Chairman:* We shall be very pleased to have that information. As to your refusal to give evidence, we shall be instructed later on how to deal with that.

ALOYS SCHMITT, Secretary, Farmers' Union, examined on oath. (No. 142.)

1. *The Chairman.*] You are a company manager, and also secretary of the Farmers' Union?—Yes.

2. And you yourself have been a farmer?—Yes, until the last two years, in the Auckland District.

3. So that you can speak first hand on farming matters?—Yes.

4. Has the price of land in the vicinity of your farm gone up of late years?—Decidedly.

5. Can you give us any idea of the percentage land has risen in value in the last ten years—50 or 100 per cent. I should say, on an average, about 50 per cent. in ten years.

6. Have the prices of farm produce gone up very much in that time?—In some things.

7. Have beef and mutton increased considerably in price?—Yes.

8. Do you consider it is in any way owing to the increased price of land?—No.

9. Do you consider that the increased price of land has been caused in a great measure by the increased price of stock?—By the more steady price of stock.

10. Induced by foreign shipment?—Yes.

11. Have you had any difficulty in the country in getting labour?—Not so much myself, but I gather from other farmers that there is a general feeling that labour is scarce.

12. Is it most scarce on dairy farms or on cropping farms?—On both.

13. Have you any suggestion to make as to the means by which labour could be induced to go into the country?—I should say that cottages on small areas of land for farm labourers in country districts would be a good thing, so that farm labourers and their families might have, say, from 10 to 15 or 20 acres each. Labour could then be found for cropping and doing other work in country districts, and failing that, the men could fall back on a little farm on their own account.

14. How do you propose that this land should be given to them? Do you suggest that the Government should form little hamlets, or that the land should be given by or bought from the farmers?—Where there was no Government land available something of that sort would have to be done.

15. You do not think that farmers themselves should assist in this matter?—I think the farmers would do anything that was reasonable.

16. Could you give us any idea of how the farms in your district are generally held, whether freehold or whether there is much land held on mortgage?—It is rather hard to say. I believe that there is a tremendous amount of money owing throughout New Zealand on farms on mortgage.

17. That would make the farmer's life more strenuous, because he has practically to pay a rent?—Yes, and it might also tend to there being easy facilities for getting on the land by private individuals or syndicates holding large tracts of country and letting out the land on easy terms. That may also add to the enhanced prices that are given for land.

18. Putting aside the larger products, such as beef, mutton, and butter, has it been brought to your notice that farmers do not get a fair show for their produce sent into auction—such things as potatoes, onions, fruit, and things of that sort?—I have some figures in regard to potatoes and chaff which I have worked out. I have received the figures from growers of potatoes. There are certain areas of land which are specially suited for growing potatoes. The land is generally valuable land, and it is in districts where values are high. I find that it costs to put on the trucks from those districts £22 17s. per acre, with an extra amount of 6s. a dozen for sacks or 8s. a dozen, because sacks have gone up considerably in price lately. I have put down the average at 7 tons to the acre, but the Government statistics put the average at 5 tons. The net returns for a yield of 7 tons is £3 15s. I have taken a low average price, because I have taken a higher average yield. The figures show a return of £26 5s., leaving a profit of about £1 an acre. There are some cases where farmers are doing well in potato-growing, but that is the average.

19. *Mr. Hall.*] Is £3 15s. the price which a great many potatoes have been sold at this season?—£2 10s., and even less than that—£1 10s. in December and January.

20. *The Chairman.*] That is a dead loss?—Yes.

21. Supposing they were selling at £3 15s., can you follow them into the retail shops, and tell us what the people of Auckland are paying for the same potatoes?—They are probably passed on to the wholesale dealer first. We will say that £1 is the price from the truck into the wholesale store. That would bring them from £3 15s. up to £4 15s. Then I presume there would be added at least £1 10s. a ton for retailing, so that the difference would be £2 10s., between the farmers' price and the retail price.

22. How does it cost £1 for retailing?—There is a wholesale price and a storekeeper's price. The bulk of potatoes are sold in the first place to the wholesaler, who handles the potatoes in large quantities, and they are sold out in tons and half-tons to the grocers as they are wanted.

23. Is there anything within your knowledge which leads you to think that the wholesale dealers have an understanding as to prices?—No.

24. Is there anything which leads you to think that the retailers have an association or understanding as to prices?—No.

25. Does that hold good in regard to fruit being sent to market by the farmer?—I have no knowledge as to fruit.

26. *Mr. Hall.*] Do you propose to submit any further prices of other articles?—In connection with eggs, I may say that to-day's price in the *Herald* newspaper is 1s. 4d. per dozen—the wholesale quotation. That is what the shopkeeper gives the farmer. On Friday last a sale of eggs at auction realized 1s. 9d. to 1s. 10½d. a dozen. To-day's price for eggs is 1s. 8d. to 1s. 9d. That can be got for them. What I want to point out is that the price of 1s. 4d. is absolutely misleading. That misleading statement does not only occur now and again, but it is a misleading statement which occurs repeatedly. The misleading price of eggs is misleading to the farmers—that is to say, it leads him to accept 1s. 4d. for his eggs in the country when in reality the price is 1s. 8d., 1s. 9d., or 1s. 10d.

27. Who gets that profit?—I am not prepared to say. It is not the farmers.

28. These are the prices which the shopkeeper gives the farmer?—Yes.

29. And yet they are realizing at that auction 6½d. a dozen more than the market quotation?—Yes.

30. *Mr. Fairbairn.*] I have been informed that there is a system of arranging prices for eggs weekly in the Auckland market, and that in the interim prices go up perhaps 3d. or 4d. a dozen: do you know of any arrangement of that kind?—I have only got a suspicion of a certain ring.

31. Do you know that it was customary to fix prices for eggs—prices to pay the farmer, say on Monday morning, and from then on to Saturday the price would increase, and drop again on the Monday: do you know of such an arrangement?—The quotation would seem to show that that is correct.

32. Have you heard of any explanation such as that eggs are classified according to their size? Do you think that farmers do that?—I do not think it is done regularly. They are generally boxed and sold to grocers in country districts. Some farmers are more careful than others. They test them, and only put in decent-sized eggs.

33. Do you recollect that being given as a reason for prices fluctuating?—No. In regard to the reduced cost in connection with sending in potatoes, I may say that I think there is an unnecessary expense attaching to potatoes through their coming to Auckland City in an ungraded condition. If grading were to be done on the farm where the potatoes were grown, and they came into town as classes 1, 2, and 3, it would save the wholesale merchants a tremendous lot of trouble, and the farmer also, and the potatoes might go straight to the grocers to retail without the extra cost which is now involved. In a great many cases they are bought on speculation, so to speak.

34. *The Chairman.*] You said you would not like to give information or an opinion in regard to there being a ring in connection with eggs: would you rather not do so even confidentially?—I would rather not.

35. *Mr. Hall.*] Could you tell us if there is any marked difference between the prices paid by merchants for factory butter and that paid for farmers' butter in Auckland?—Farmers' butter, I presume, is butter that is not made by the separator. There is very little of that in

existence. Nearly every one has a separator now. We are now getting practically wholesale separator butter from the wholesale merchant at 10½d. to 10½d. Factory butter is quoted in this morning's paper at 1s. 0½d.

36. *Mr. Fairbairn.*] Who gives those prices to the papers?—I think it is those lucky three or four people.

37. Interested people?—Yes. The idea for some time has been that farmers should be allowed to be members of a board, and help to regulate the prices a little.

38. Do you recommend that they should?—I do, most decidedly.

39. *Mr. Hall.*] Is it not a fact that in most country districts around here the grocer says, "I will pay you the price that appears in Monday morning's *Herald*"?—Yes.

40. Farmers' butter is 4d. a pound less than factory butter?—Yes.

41. *Mr. Leadley.*] Can you tell the Commission what is the ordinary rate of auctioneering farmers' produce in that line?—7½ per cent. for eggs and smaller goods, and even up to 10 per cent. in some cases; stock 3½ to 5 per cent.

42. And what on stock?—For beef, sheep, horses, &c., what I have stated. Horses are 5 per cent.

43. There is no farmers' co-operative association here?—There is one in the Waikato, but none operating in Auckland. There is another one at Whangarei.

44. Do they charge the same rates as the others?—They have differential rates, which they give to their shareholders.

45. *Dr. Hight.*] Do the farmers here find the method of valuing land satisfactory generally?—No, not on the whole.

46. Do they object to placing the valuation on the selling-price of the land?—I think the great objection is that there is not much allowed for improvement.

47. Do you know of any reforms which have been suggested?—There have been many reforms suggested, but, speaking for this province, I think the suggestions that have come forward and been most generally approved of have been that some one should be appointed from each district in the interests of the farmer to go round with the Government Valuer.

48. *The Chairman.*] A sort of assessor?—Yes.

49. *Mr. Veitch.*] You mean in the interests of the landowner?—Yes.

50. *Dr. Hight.*] Have you any figures to give the Commission as to changes in the price of land?—No.

51. *The Chairman.*] Is there anything else you would like to tell the Commission in regard to the question of the rise in the cost of living?—I think that rent is showing a very big part in it. I think that is due to the increased cost of timber, which has increased, I think, through protection. Then there is the increased cost of labour.

52. Would you be in favour of letting Oregon pine in free?—Yes.

53. *Mr. Hall.*] You have considerable intercourse with farmers?—Continually.

54. Have you heard many complaints of the difficulty of obtaining sufficient labour to enable farmers to carry on their operations?—Yes, repeatedly.

55. What do you think of the difficulty of obtaining labour in country districts?—I think that in a great measure it is owing to the uncertainty of occupation—that is to say, a farmer cannot give the wages that are demanded for the whole year. Labour is generally wanted in a rush of harvest time, and the men have not the inducement to come into the country for short periods. I should say that irregularity of work is the chief cause.

56. Can you say what is the ruling rate at harvest-time in this district?—1s. an hour.

57. Does that include board?—No.

58. What are the wages ruling ordinarily here for farm labourers—single and married men respectively?—I obtained work for one man the other day. He was offered £2 a week, a cottage, and milk. He was a single man.

59. He kept himself?—Yes. I think that £2 a week would be the ruling rate; and certain perquisites.

60. *Mr. Fairbairn.*] Do you accept that rate for married men as the ruling rate?—Yes.

61. *Mr. Leadley.*] Would that be on a dairy-farm?—There are such a lot of men who live on the share system now. There is a great deal of that done.

62. The hours are generally longer on a dairy-farm than on other farms?—Yes, and the pay for an ordinary dairy man is from 25s. to 35s., according to the ability of the man, with board and lodgings.

63. *Mr. Hall.*] Is it not a fact that some farmers paid considerably more than 1s. an hour last harvest?—It did not come to my knowledge if that was so.

64. *Mr. Veitch.*] When you said that rents have increased, were you referring to the town or country?—I was referring to the town.

65. And you say that is due to the increased cost of the timber and to increased wages?—A good deal. That plays a large part in it.

66. Do you agree that a considerable portion of it is due to increased land-values?—I do not quite see the connection between the two.

67. If a man pays rent for a house on a section, does he not pay rent for the section as well?—That may be so in the city.

68. Then you agree that a considerable portion of the increased rent is due to the increase in site-values in the town?—Yes, it must naturally be so.

69. Can you give us any idea as to what causes the increased land-values in towns?—Speculation a good deal.

70. And population?—Yes, the influx of people from the country to the town a good deal.

71. Is it a fact that, say, twenty years ago most of the men employed in farming districts were single men, on large estates particularly?—From memory, I would say that the usual employee was a single man.

72. And was there accommodation provided in those districts for married men if they chose to go there for work?—I presume in some cases that was so. The accommodation for farm hands was in many cases not very good twenty years ago.

73. And would not that have the effect of keeping married men in the towns, and preventing a rural population growing up in New Zealand?—It might be a factor, but not wholly so.

74. It would have an influence in that direction?—Yes.

75. And might not that account for the shortage of labour in the country at the present time?—No; I do not think that the farmer can really pay the wage that is demanded.

76. Do you think that the farmer is paying too much for his land?—Yes, from a farming point of view.

EDWARD PHELAN, General Secretary, Timber Workers' Union, examined on oath. (No. 143.)

1. *The Chairman.*] You are general secretary of the Auckland Timber Workers' Union?—Yes.

2. What is the number of members in your union?—About sixteen hundred financial members. On the books there are about two thousand members. Our district extends from Gisborne to the North Cape, practically speaking.

3. Are the rates ruling for workers in sawmills higher than they were ten years ago?—The most they have increased is 6 per cent. in ten years. They are absolutely the worst-paid workers in New Zealand at the present time.

4. Could you give us the actual figures?—I will give the Commission a copy of our latest award. I think, without going into the figures, that you will find that the minimum wage is 7s. a day. I think it will be recognized that that is not a living wage. 7s. is the minimum rate for ordinary yardmen. I mention that because it has been stated that it is owing to the high rates of wages paid that timber has increased in price.

5. How many of your men get the minimum wage, and how many get above it?—I think it is only fair to say that a considerable number of the men get more than the minimum wage. They could not get men to work in certain districts unless they paid more than the minimum wage. The minimum wage is from 7s. to 9s. Of course, there are expert workmen engaged in sawmilling. An expert sawmiller will handle thousands of pounds' worth of timber every day, and one faulty cut would perhaps mean the loss of a considerable amount to his employer; so you will realize that it is an important industry.

6. *Mr. Leadley.*] What would he be called on this list?—Head circular man.

7. *The Chairman.*] What sort of accommodation is provided for these men?—In the country it is very bad. The other day we waited on the Minister of Labour to try and get sawmillers' labourers included in the provision which has been made law with respect to the accommodation of shearers, and the Minister promised to do that. At present there is practically no accommodation provided, and the hardships which the men have to undergo are very severe in the country districts.

8. Do the men live in a sort of barrack hut or dwelling, with tiers of bunks?—Yes, in some cases. In other places the huts are divided into two, and there are two men in each room. In certain cases cottages are provided, and they are charged rent for them.

9. Has there been a considerable rise in the price of timber of late years?—Yes, from 25 to 35 per cent. during the last seven or eight years.

10. Could you give us the reasons for that rise in price?—I do not think I could. It is often stated that it is owing to the increase in wages, insurance, and sundry other things; but so far as wages are concerned, they are not the cause of it.

11. Is not the timber getting further back?—The introduction of new machinery has enabled them to get timber out of places which have been hitherto inaccessible.

12. Has not improvement in machinery enabled them to adopt better methods of production?—Yes, the introduction of new machinery enables them to get timber out of the bush which they could not get before. It is costing a little more to get timber out from the bushes. I will now try and illustrate the course of the increased cost of sawing timber. An ordinary producing mill should produce 1,000 superficial feet to every man who is engaged per day. We will take for argument's sake a mill-owner employing forty men, who produce 40,000 ft. per day. Those men have received a rise in wages of 1s. per day. That would be 40s. per day increase in wages, and to make provision for that increase of 1s.—it is a fraction over 1d. it will cost them per 100 ft., or 10d. per 1,000 superficial feet. So that if the men's wages have gone up 10 per cent., in order to make provision for that it is necessary to raise the price of timber a fraction over 1d. per 100 ft. If by some unfortunate circumstances they got a rise of 10s. a day, making 17s. per day, it would simply mean that you would have to only raise the price of timber 1s. per 100 ft. There are other little incidentals which may crop up: the increase in insurance may increase it a little bit more, but put it at 2d. per foot. The argument as to the increase in wages being the reason for the increased cost of timber is really no argument at all.

13. *Mr. Fairbairn.*] What would you consider the increased difficulty of getting timber out of the bush would add to the cost?—I should say, roughly, from 3d. to 9d. per hundred. I would not say there has been that rise.

14. Do you think that 1s. would be too much per 100 superficial feet?—Yes. I am willing to admit that the price of timber standing in the bush has increased, and I am inclined to blame the Government for that increase.

15. *Mr. Hall.*] What are the royalties for kauri?—The upset price is 2s. and 3s. per hundred; it all depends on the locality.

16. *The Chairman.*] Do the men now work the same hours as they did ten years ago?—Ten years ago they were working nine hours; now they are working eight hours.

17. So that wages really have risen with the amount of work done?—Yes. They are doing more work now than ten years ago. The introduction of new machinery enables them to get much more work done.

18. We have been told that New Zealand workmen are falling off in efficiency?—That is not so. We have emigrants coming from other countries, and we find that our own workmen can more than hold their own.

19. Do you think that preference to unionists is of importance to your union?—It is of vital importance.

20. *Mr. Robertson.*] Can you tell the Commission if there is anything, in your opinion, which would account for the increased price of timber beyond the facts we have mentioned?—No, I cannot. There are such things as combines. In the Auckland District there are two associations. The South Auckland Sawmillers' Association has fifteen members. The Auckland Sawmillers' Association have, I think, eleven members. Of course, they can combine together to regulate the price of timber to suit their own purposes.

21. *The Chairman.*] Do you mean that they can combine?—I could not say that they combine to do anything to unduly raise the price of anything.

22. *Mr. Robertson.*] When your union makes an application for an increase in wages, or in respect to anything affecting labour conditions, do you find the sawmillers in combination?—Very much so.

23. Could you give us any idea of what proportion of your workers are paid over award rates?—In the town I do not think there would be more than 15 per cent., but I believe I am safe in saying that 40 per cent. are paid over the minimum wage in the country.

24. Could you give us any idea of the percentage of increase in wages which that award represents on an average?—I do not think I could give you anything authentic in regard to that. Perhaps the average would be about 5 per cent. I am taking the average country worker, but only 40 per cent. of country workers are getting the minimum.

25. What is the percentage on the minimum?—I could not say, because I have never gone into that question.

26. Is there much time lost by the men in their work?—In country mills there is a considerable amount of time lost.

27. Are there always plenty of men available for work there?—Not for country work; the worker generally likes to remain about the city.

28. They are paying a little above the minimum rate owing to the difficulty of getting men at the minimum rate?—Yes.

29. I suppose we could regard those workers as pioneers in going out into the forests?—Yes. I may add that the men who go there very often settle down; they buy a little bit of property if they can get hold of it, and eventually become farmers.

30. *Mr. Leadley.*] How long do they usually take in getting a piece of land with those wages?—The land laws are generally liberal in regard to settlement conditions.

31. If the men are able to get farms, does it not point to the fact that the wages are fairly adequate?—I did not say that the men can live decently on those wages; they exist on them, but they do not live in a condition in which an ordinary human being should live.

32. *Mr. Fairbairn.*] You spoke of two associations of timber merchants: have they issued a uniform price-list?—The South Auckland Association is a limited company of some sort; they send out accounts and collect debts, and I think everything passes through the association.

33. Do they sell timber?—Yes; they will take orders and collect accounts.

34. But you do not know whether a uniform price-list is issued by the two associations?—I know that it is understood that the association meet and regulates the price of timber.

35. Both associations?—Yes; they regulate the price of timber.

36. Can you give us a price-list?—I have one here of one company, which I will hand to the Commission.

37. *Mr. Veitch.*] Kauri is going up in price?—Yes.

38. With regard to the men of the union who are working in the towns, are they casual workers or are they permanently employed?—They are all permanently employed.

39. Are there men in Auckland who are employed casually not making full time?—Not a great number about the mills; the workers are generally permanent.

40. Embracing the whole labour-market, do you think there are many?—Yes, but I cannot say to what extent.

41. In view of the heavy rents, do you think that those men suffer from the increase in the cost of living—suffer more than others?—Yes.

42. That is a class that has not the power to organize for its own defence?—Yes.

43. *Mr. Hall.*] Can you give us any idea how much longer kauri is likely to last according to the present rate of consumption?—I could not say definitely. I think the Government should open up the kauri and other forests at a quicker rate.

44. *The Chairman.*] Get it all removed as quickly as possible?—The argument I put forward is that the land is more valuable with the timber off than with the timber on it.

45. Do they really clear the land when they take the timber out?—I think the land is of considerably more value when the timber is off.

JOHN BYRNE TONAR, Manager, Waitemata Fruit-growers' Co-operative Society, examined on oath. (No. 144.)

1. *The Chairman.*] What is your occupation?—I am manager of the Waitemata Fruit-growers' Co-operative Society, wholesale fruit-brokers and auctioneers.

2. Do you act as auctioneer solely for your own association?—No, for anybody.

3. Are the terms you give to the shareholders in your own association the same terms as you give to the general public?—No. There are two classes of customers that we deal with—those who are shareholders and those who are not. We charge both the same rate on selling, but we give the shareholders a rebate in the form of a share of our profits, besides paying them interest on their share capital.

4. So they are partners in your business?—They are all producers on the co-operative principle.

5. Do you sell to retailers?—To retailers and wholesalers and private people.

6. Have you ever heard any accusation about retailers combining not to bid for certain classes of produce, and then dividing the lot which they have retained for a low price amongst themselves?—Very little of that is done. It might happen once or twice in two or three years, as far as we are concerned.

7. You would look after it in regard to your operations?—We would stop it if we saw it going on. We would refuse to sell.

8. Do you think that that conscientious objection on your part is shared by other auctioneers?—I believe it is.

9. They would stop any system of "ringing the changes"?—I believe they would.

10. Can you account for the difference which has been stated to exist—at any rate, in the south—between the prices received by the farmers for their produce and the prices at which that produce is sold in the retail shops?—The grower is somewhat to blame for bad grading of fruit, and I think the reason for the increased prices before the consumer gets the fruit is due to the very poor system of distributing fruit to the outlying districts.

11. Will you describe the distribution system?—Most of the fruit is sold to the fruiterers, who, as a rule, take it away in their carts. In other cases carriers call for it.

12. Do you think the fruit gets unfairly knocked about, and that that is one of the reasons why such low prices are obtained?—A lot of the fruit that is sent to market ought never to come to it. It is also packed in with the good fruit, which it causes to depreciate in a short time.

13. Do you remonstrate with your shareholders for sending in their fruit in such a condition?—We do, but it is hard to convince some of them. Some of them know very little about the proper method of grading fruit as yet. There has been a marked improvement in the last twelve months or two years, but, still, the buying of a case of fruit is a lottery. There is a heavy cost in the conveyance of single cases to the purchasers' homes. In many cases the carrier charges from 10 to 20 per cent. of the cost of the fruit for delivery.

14. Do people buy in such small quantities?—Many people buy single cases, and the carrier charges 1s. for the delivery of a case that has cost from 4s. to 7s.

15. Who supplies Auckland with vegetables?—The Chinese, as a rule.

16. Do farmers complain of poor prices for such vegetables as cabbages and cauliflowers?—We are not large vegetable-sellers, but in many cases the market is completely glutted with one variety of vegetable. One year there is a shortage of cabbages, and high prices prevail. That induces every farmer to grow cabbages in the following year, and then there is a glut in the market.

17. What chance has a private person in competing when the retailers are present?—He has a very good chance if he is known, but if he is an unknown man he may not. In too many cases private buyers forget to call for their purchases, and the fruit is left on our hands, with the consequence that before the next sale-day it has deteriorated.

18. Is there no chance of the retailers running the price up on the private buyer?—I have not seen it.

19. *Mr. Hall.*] In what way has the formation of your company improved the position of the growers in the district?—We are encouraging a proper system of packing fruit, and also exporting fruit, and putting the industry on a firm basis. We are also trying to lower the prices of every class of material the fruit-grower requires.

20. Is there any proposal to start a packing establishment, which would take in a farmer's fruit and pack it for him?—No, but the Government have sent experts to the fruit-growing centres to give demonstrations of how to pack, and that will make a marked difference in a short time. Eventually, instead of selling fruit by auction, it will be sold at a certain fixed figure, satisfactory to everybody. At least I hope that will be the case. At present the packing is so unreliable that you must sell by auction. I am not speaking of all fruit-growers, but of a percentage.

21. *The Chairman.*] An average?—Yes, a good average.

22. *Mr. Hall.*] Is there any prospect of finding an outside market for local fruit?—Last month we sent over 1,000 cases to South America, and a cable message has been received stating that it arrived in good condition, and ordering 5,000 cases. The price for the class of fruit to send away will, I fear, prohibit the sending of a second lot this season. The growers have not got into the way of grading and wrapping apples. It is the first time it has been done, and he takes a long time about it, but that will soon be overcome.

23. Do you think the orchardists have been growing too many varieties of fruit?—Far too many, and not attending to the flavour of the apple. They have been growing for a showy apple, instead of one which the public would enjoy in the eating.

24. Could not the cost of delivery be reduced if some arrangements were made by a company like yours for delivery to private houses?—I think that if the fruiterers do not take on the busi-

ness of distributing fruit, or if the storekeepers do not develop some such system as there is in America. Some company like ours will have to do so. But we prefer that the fruiterers, or wholesale fruiterers, should do the business. Arrangements were made with an American firm, and machinery was imported to manufacture packages suitable for the distribution of fruit-baskets like the "Climax" basket used in America and England, but they have not been turned out this season. Still, all the machinery for making them is in the country. I refer to the Ellis Veneer Company.

25. *Mr. Fairbairn.*] Is fruit put up in suitable quantities for household requirements?—No. I think the baskets I speak of would be far more suitable for selling purposes than the present method. The present package is too heavy. A bushel case of fruit weighs over 50 lb., and a half bushel about 27 lb. Those packages are rather awkward for a householder to take away at times.

26. If any fruit is undisposed of at the end of an auction sale what is done with it?—We sell privately at any time during the day, except when we are too busy in the day.

27. It is not compulsory that fruit must go under the hammer?—By no means.

28. If you had a line of 500 boxes of apples of good sample they might be sold privately, and not go to auction at all?—We often sell a lot that way.

29. Is that the practice in all the fruit auction-rooms here?—I believe it is.

30. *Dr. Hight.*] If an export trade were opened up in fruit, would not that result in an increased price on the local market?—I do not think so, because this season many fruit-growers have decided to turn their attention to cows, and some of them have done so. There is no great profit in fruit under the present methods of working.

31. What sort of turnover has the average fruit retail shop in Auckland and its suburbs?—Candidly, I think there are too many of them, but I have no idea what their turnover is. There are between 100 and 200 in the city and suburbs.

32. It would be an economy to the public if the number were reduced?—I think so, and those remaining would be on a far better footing. I may mention that this has been the worst season for ten years from the growers' point of view.

33. *Mr. Hall.*] I take it that when you say you sell privately you never deal with any one unless you get a satisfactory price for the grower?—Of course, we just study our clients.

34. If the price offered were not considered satisfactory, you would put the fruit up to auction?—Yes.

35. *Mr. Leadley.*] Do you hold daily auctions?—In the early part of the season they are held daily. After that twice or three times a week.

36. What is the average size of the holding of a fruit-grower in this district?—I should say that the average orchard would not exceed five acres, but some go up to 80 acres.

37. What is the number of members in your association?—About three hundred.

38. *Mr. Hall.*] Have you tried cool-storage?—Yes.

39. Have the results been satisfactory?—Not entirely, but partially so. The matter is in an experimental stage.

40. Is that owing to the fact that the fruit grown in this district is softer than that from other centres?—No. It is that owing to lack of knowledge the fruit-growers have put in bruised and immature fruit.

41. Do you think you would get satisfactory results if the fruit were carefully selected and packed at the right stage?—Yes. The returns are in every way satisfactory.

42. In that case you would be able to extend the marketing period during which the Auckland public would be able to buy local fruit?—Yes. I do not speak of cold-storage as not being a success. I mean that our experience has not been satisfactory. The idea is all right.

43. Is any fruit imported to this centre that we could grow ourselves with such an extended season?—I think we could do entirely without Tasmanian apples, but not without the American.

ARTHUR ROSSER, Workers' Union Secretary, examined on oath. (No. 145.)

1. *The Chairman.*] In what capacity do you attend?—As a representative of the Auckland Grocers Assistants' Union, the Auckland Dairy Employees' Union, and representing myself as a citizen.

2. Is it your opinion that the cost of living has increased during the last ten years?—Very much so.

3. Can you state the cause or the causes of that rise?—The enormous increase in the cost of rent. I am not in a position to state whether the cost of commodities has risen largely or not, but I think not. Each time the workers, either by means of a private agreement or through an award of the Arbitration Court, have had an increase of pay, the cost has been passed on to the consumer out of all proportion to the increase in the cost of producing or distributing the article.

4. Can you give specific instances of that?—In the last carters' award there was an increase of 2s. per week to drivers of one horse, and 4s. to drivers of two horses. Immediately afterwards 6d. per load was put on to the cost of carting.

5. How many loads is a carter expected to do each day?—Six.

6. And how much is the load?—An average of 2 tons. I have gone into figures, and I find that 16s. 6d. per week is the amount passed on to the public in respect of the 2s. increase—thirty-three loads at 6d. per load. That, I consider, is out of all proportion to the increase gained by the workers in the industry.

7. Is not 2 tons rather a heavy load?—It is the average load.

8. For one horse?—If they were going uphill they would put on two horses. Last November I conducted a case before the Arbitration Court for the Brickmakers' Union. In some cases the men

got an additional 1d. per hour, and in others 2d.—the majority got 1d. Within a week the price of bricks was raised 2s. 6d. per thousand.

9. *Mr. Fairbairn.*] What would the labour be?—I am not in a position to say what the relative proportion of the cost of production bears to the 2s. 6d. per thousand, because it would be made up by clay-workers, burners, settlers, and flangers, and not being secretary of that union, I am not aware how it would work out.

10. The only way to get at it would be to get the output of the brickworks?—And we union secretaries are not taken sufficiently into the confidence of the employers to be able to give you those particulars.

11. *The Chairman.*] At all events, you consider that the cost of living to the workers has risen considerably in late years?—Yes. I am secretary of the Grocers Assistants' Union, and I know—it is common knowledge—that we are in the hands of a ring or combine in Auckland. For instance, the wholesale merchants meet every week and settle the wholesale prices for the following week. Again, the representatives of the Master Grocers' Union meet every week—I believe, on the Saturday—and make the prices for butter and eggs for the coming week.

12. Do they report those prices to the *New Zealand Herald*?—Yes, they declare what the prices are to be. For instance, the week before last eggs were quoted at 1s. 3d. per dozen; they were sold retail at from 2s. to 2s. 3d. Therefore we, the consumers, pay the piper, and the poor farmer does not get what is paid to the piper. The piper comes between those two parties. I think it would be said that there is a scarcity of eggs, but that scarcity is considerably increased by the demand. The grocer who gave me this information first-hand stated that Wellington, for instance, is a very large consumer of eggs, and Wellington does not supply its own market. A good deal of its supply goes from Auckland. There are five or six retail grocers who "make the price"—that is the term they use—for the eggs. They have perhaps 2,000 dozen to supply to a shopkeeper or merchant in Wellington. There is practically a corner in eggs here, and the small local shopkeeper cannot get eggs for 1s. 3d.; he has to pay higher prices, and those higher prices have to be passed on to the consumers. Even in the season when eggs are plentiful the quotation is made that they are wholesale at 8d. That should be 10d. to retail. The price is oftener 1s. and 1s. 3d., because of the fact I have mentioned—that the markets elsewhere are supplied from here, and our shopkeepers have to take what is left. I think it is unfair that the men who make the price should be able to corner a commodity when they themselves have the first chance of getting eggs in, and furnish local supplies after furnishing big orders such as 2,000 dozen. A grocer told me on Saturday that he had, as every grocer has, one or two cut lines—that is to say, they advertise a cut line in order to draw custom for other commodities. This grocer advertised that he was selling Taniwha soap at 10½d. per bar. It cost him 9½d. He received notice that if he did not conform to the prices fixed by the board, or whatever the controlling body may be called, his supplies would be stopped. The document he received was a slip attached to a notice of a meeting of the Grocers' Union, which read as follows: "Taniwha soap is sold to you on the distinct understanding that you charge a minimum of 1s. per single bar, 5s. 9d. for six bars, and 11s. 6d. for twelve bars." I think the Commission should have power to subpoena people who could state these facts, and force them to attend. On our side we give to the Commission what we honestly believe to be *bona fide* information; but if the other side keep out of the way, and so avoid cross-examination, there is no chance of getting at the facts. If Mr. King, secretary of the Grocers' Union, were summoned, he would have to admit the truth of what I have just stated.

13. If the accusations of those who accuse the Merchants' Association or the Master Grocers' Union are made public, and the other side are invited to reply and do not do so, the public will know perfectly well what to think of them?—That is the only way we can get at them.

14. *Mr. Hall.*] Who is the maker of Taniwha soap?—I cannot say, further than that it is made in the Dominion.

15. Is it the Union Oil, Soap, and Candle Company?—I think so. Another grocer may make a cut line of certain patent medicines. Amongst others, Scott's emulsion may be a cut line. I have here a notice issued by the Auckland Grocers' Union of Employers, which runs as follows: "The proprietors of Scott's emulsion, being desirous of securing to retail traders a fair margin of profit from the sale thereof, have fixed a minimum selling-price of 2s. 3d. per bottle for the small size, and of 4s. 3d. per bottle for the large size. It is made a condition of the sale of Scott's emulsion to you that the preparation be not sold below the above-mentioned prices. Your co-operation is earnestly solicited."

16. *The Chairman.*] Have you any knowledge of any discrimination being shown amongst grocers with regard to certain lines?—Yes.

17. Have you any documents to prove it?—No; but I have it from an employer in the grocery trade to whom I was speaking on Saturday. All that I can say of my own knowledge is that in Colombo Street, Christchurch, I saw an advertisement on a board in front of a grocer's shop offering sugar at a lower rate than that at which it is sold in Auckland, because it is a tariff commodity.

18. There is a case pending with regard to the Sugar Refinery Company, so we are not allowed to go into the question of sugar?—Well, that is a pity. However, I can give evidence of my own knowledge with regard to butter. Some three years ago my grocer notified me that he could supply me with first-class Taranaki butter purchased in London cheaper than he could do if he had bought it in New Zealand. But I could not give that man's name, because he is a member of the Master Grocers' Union.

19. *Mr. Hall.*] What quantity did he want you to buy?—1 lb. or ½ lb., whatever I wanted.

20. Was that the year in which there was an unusual shortage, and some of the butter sent Home was shipped back again?—It may have been.

21. Would the same thing apply to the present season?—I do not know. I might mention that there are a number of commodities in which there is a tariff governing the prices at which they must be

sold—such goods as Colman's mustard, and starch, and groats. If they are sold below certain prices, the supplies of the retailers who sell them will be stopped.

22. *Mr. Fairbairn.*] Can all people buy at the fixed prices, or is there a favoured rate for certain people?—Whatever rate is fixed by the wholesale grocers, the retailers must not sell below it. Other lines of the kind are Reckitt's blue, and blacklead, and the Highlander brand of condensed milk, and tea. The merchant must be allowed a profit of 4d. per pound on tea.

23. What kind of tea is that? Is it not one of the proprietary brands?—My informant simply spoke of tea. Then, there are tariffs in regard to tea, candles, and cocoa.

24. The candles of the Union Oil, Soap, and Candle Company?—Yes.

25. And what cocoas?—I believe, all tinned cocoas.

26. Is it within your knowledge that there are certain retail firms in Auckland that are allowed to buy from the manufacturers on the same terms as the wholesalers?—That is because they can afford to import direct. But every grocer cannot afford to import direct.

27. Have you heard of any understanding to prevent such importing?—The wholesalers, such as Entrican and Co., Heather, Robertson, and Co., and some others, practically control the market.

28. But if any retail grocer tries to do his own buying at Home, is there anything to prevent it?—I have not heard of anything, except his want of capital.

29. Are these the same gentlemen who fix the price of butter?—No; that is the wholesale board. There are about six of them who meet and fix the prices of butter and eggs.

30. Could you give us their names?—Messrs. A. W. Page, R. W. Gallagher, H. M. Smeeton, Rev. A. J. Entrican, and the National Trading Company. Now I come to the question of rent; but I do not know that I can supply more information than has already been supplied by the Labour Department. But with another object in view, I issued circulars to the members of the Grocers Assistants' Union calling for the fullest information as to what their wages were, what they paid in rent, the number of rooms in their houses, and the number of each man's dependants, and I have here a list of thirty. More were returned, but a great many were in relation to single men; that does not affect the question of rent, but the question of board. The majority of the single men pay £1 per week for board. The particulars supplied by the thirty married men are as follows, varying as to rent according to the locality in which they live:—

*Wages and Rents paid by Workers, June, 1912.*

No.	Wages, Weekly.	Rent.	Number of Rooms.	Dependants.	No.	Wages, Weekly.	Rent.	Number of Rooms.	Dependants.
	£ s. d.	£ s. d.				£ s. d.	£ s. d.		
1	2 7 6	1 0 0	8	..	16	2 10 0	0 14 0	6	5
2	2 12 6	0 7 0	2	1	17	2 15 0	0 15 0	5	1
3	2 15 0	0 15 0	4	2	18	2 12 6	0 15 0	5	2
4	2 15 0	0 17 0	6	6	19	2 7 6	0 14 0	4	3
5	3 0 0	0 16 0	5	4	20	2 12 6	0 16 0	5	5
6	3 0 0	1 0 0	7	2	21	2 12 6	0 16 0	5	5
7	2 15 0	0 15 0	6	2	22	2 10 0	0 11 0	7	2
8	2 7 6	0 15 0	4	4	23	2 10 0	0 18 0	7	6
9	2 10 0	0 15 0	5	3	24	2 12 6	0 14 0	4	3
10	2 10 0	0 15 0	5	3	25	2 15 0	0 17 6	6	4
11	2 5 0	0 10 6	3	2	26	2 15 0	0 18 0	6	3
12	2 5 0	1 0 0	7	*	27	2 12 6	0 9 0	5	7
13	2 15 0	0 15 0	5	7	28	2 5 0	0 17 6	5	1
14	2 10 0	0 11 6	4	3	29	2 5 0	0 14 0	5	2
15	2 10 0	0 12 0	4	2	30	2 10 0	0 15 0	..	2

\* Not given.

I would like the Commission to notice that in most instances there are very few dependants. The day of large families has gone by—for the present, at any rate.

31. *The Chairman.*] When you get in all the replies, could you supply us with the average rent for the whole lot?—I will run out the average, and let you know how it bears out the particulars contained in the list I have handed in. I do not think the average will be affected very much.

32. *Mr. Veitch.*] Have you any data on which to make a comparison between the rents of the present time and the rents of ten years ago?—I can only state of my own knowledge that they have increased very largely indeed.

33. To what do you attribute that increase?—To the rapacity of the landlords. I do not know what else.

34. Do you think the landlord displays more rapacity than formerly, or is it simply that he has greater power to exercise it?—Of course, he has a bigger field for his labour. When we were getting less in wages he had less chance of getting increased rents.

35. Do you think the increase in land-values has had an influence?—That is really at the bottom of it. Take the cost of building material. I suppose the secretary of the Timber Workers' Union has given you an idea of the rise in the cost of the commodity and the rise in wages. But there are houses that, speaking generally, have not had a nail driven in them for ten or fifteen years, and yet

the prices of those have gone up just the same as new buildings have risen, because of the cost of timber and wages.

36. Would not the condition of those buildings be really worse than formerly?—Yes; but still the owners get the higher rents, because people must have houses to live in.

37. Do you attribute the increase in land-values to the increased population?—Yes.

38. Has the landlord done anything to produce that wealth?—I cannot see that he has. It is community-created value.

39. Can you suggest any means of bringing down the cost of rent?—We have heard for years—ever since the time of the late Sir John McKenzie—of the proposed Fair Rent Bill, but no Government has been courageous enough to introduce it.

40. Can you suggest any other means?—Taxation of the land.

41. You mean taxation of the unearned increment in city land?—Yes. I would like to mention that some three years ago we found that we were paying 4d. for the 2 lb. loaf of bread. Some of the workers got together and formed a co-operative bakery. Since that bakery was started the price has never reached 4d. per loaf. We began with one cart. I may say that the unions took shares in the venture. The Tramways Union took twenty-five shares, the waterside workers fifty shares, and other unions took twenty-five, twelve, ten, and so on to smaller amounts. Individual members of the unions also became shareholders. The amount of the share was £1, of which 2s. 6d. was paid on application, 2s. 6d. on allotment, and the balance at 1s. per share per month until it was paid up. The trade has now increased to such an extent that there are now three or four carts. It is some time since I was on the committee, but at the outset we had to meet a good deal of opposition through pressure being brought to bear upon merchants to refuse to supply us with goods. Three union secretaries, including myself, went as a deputation to the merchants. We went to Mr. A. J. Entrican, because his firm was understood to have a directing position in the business. His foreman had rung up the co-operative bakery and stated that his firm could not supply it with goods any further—that would mean butter and eggs, raisins and currants, and other goods required to produce bread and small goods, and also flour. The manager of the bakery asked whether, if he paid cash—that is to say, paid cash at the end of the month, which is as good as cash over the counter—they would continue to supply us. The dealers said that they could not, because the other bakers were bringing pressure to bear upon them. So we went to Mr. Virtue, manager of the Northern Roller Mill Company. I do not want to advertise Mr. Virtue, but he intimated that he was prepared to let us have all the flour we needed on the ordinary business terms. Consequently, the boycott was broken down. We practically threatened that if they boycotted us, we, as members of the union, would boycott them. Then Mr. Entrican told us that he had given no instructions to his employees to issue the mandate that had been issued to the bakery, and that he would be prepared to continue supplying us. I found when I was a member of the committee that when flour went up £1 per ton bread was raised by the smallest coin in currency here—by ½d. per loaf. If you take a ton of the best flour, which produces 1,400 loaves, you will easily see what the 1,400 half-pence would amount to—£2 18s. 4d.; it gives a surplus of about £1 18s. per ton to the master baker after paying the additional £1 per ton. But, as I have stated, since the co-operative bakery was established the cost of bread in Auckland has never touched 4d. per loaf. It is still 3½d. Not only the shareholders of the co-operative company benefited, but the whole community has had the advantage of the keeping-down of the price of bread. I am told that in Palmerston North the price is 2½d. per 2 lb. loaf.

42. *Mr. Hall.*] Is 3½d. your price for bread delivered?—Yes.

43. *Mr. Leadley.*] What profit does the company show?—Up to the time when I left the committee we had been unable to declare any bonus. The profit went into the share capital, because we were hampered for want of share capital.

44. *Mr. Hall.*] Have they been able to declare any bonus since?—No. We want to extend our business, and the profit goes for that purpose. We started with only £80.

45. *Mr. Leadley.*] Can you tell us what the profits are?—I could not give the figures from memory.

46. *Mr. Hall.*] Does the company give any credit?—A week's credit, except in the case of a policeman or Civil servant, who is paid at the end of the month, and in his case the account runs on for the month.

47. Has there been any serious loss in bad debts?—There have been losses from that cause, but not so heavy as those of other bakers.

48. Could you state the percentage?—No.

49. *Dr. Hight.*] With regard to the cases in which you state that the charges for goods or services were increased out of proportion to the rise in wages, are you cognizant of any other changes in the conditions affecting production besides the change in the rate of wages that would warrant the increase in price?—No.

50. Did the employers or merchants, as the case may be, give any other explanation of the rise beyond the increased cost of labour?—No. They always put it down to "owing to the increased cost of labour" the goods have gone up a certain amount.

51. Can you suggest anything with respect to the price of eggs?—Only the free exchange of commodities between the producer and the consumer, without any intermediate board.

52. Have you any knowledge of the prices that eggs were bringing in Wellington at the time you speak of?—None.

52a. If an attempt were made to prevent eggs being sent from Auckland to Wellington, might it not result in the price of eggs in Wellington being forced up?—Yes.

53. As to the price of bread, has 4d. per loaf been reached in any other centre than Auckland—say, Wellington, Christchurch, or Dunedin?—In Dunedin it has, but in Wanganui it has not. I do

not know about Wellington. I believe they have had co-operative bakeries in both Dunedin and Wanganui. In Wanganui the co-operative people have bought out one or two other bakeries.

54. When you say that when flour rises £1 per ton the price of bread goes up  $\frac{1}{2}$ d. per loaf, do you mean that that is the usual movement in the price of bread?—Yes. The Master Bakers' Association has a tariff.

55. *Mr. Robertson.*] Would the co-operative bakery put up the price of bread coincident with a rise in the price of flour?—The co-op. is governed solely by the cost of production. We supplied bread for a time at 3d. per 2 lb. loaf. At that time it came down to 3 $\frac{1}{2}$ d. for outsiders, but we could not make the profit we ought to make at 3d. For a time we charged 3 $\frac{1}{2}$ d., with a rebate of  $\frac{1}{2}$ d. per loaf if the bill were paid during the week. Now the price is 3 $\frac{1}{2}$ d., the same as that of the master bakers.

56. You consider, then, that though it is not selling more cheaply than other bakers, you believe it is keeping the price down?—It is.

57. Previous to the formation of the Co-operative Company, bread did sometimes reach 4d?—Yes. We formed the company when bread was at 4d. That was the reason why we formed it.

58. Did you appoint a manager?—Yes, a manager who is a practical baker.

59. How many men were there when you left the committee?—Three in the bakehouse and three on the carts. We have a shop for the sale of small goods.

60. Would not the cost of distribution be somewhat higher than in the case of the other bakers?—Yes, because they can divide their larger deliveries into districts. One of them has twenty or twenty-two carts.

61. We have had evidence with regard to a scarcity of farm labour in the country districts around Auckland. It has been alleged that the farmers have great difficulty in securing the necessary labour?—The long hours, and the uncertainty of the hours and wages are responsible. The farm labourers are working under no award. The farmers have always refused to come under an award. Another factor is the lesser degree of comfort in which farm labourers live.

62. What do you mean by that?—That there ought to be more inducement for a man to isolate himself away from the city, where there are many comforts that cannot be obtained in the country districts.

63. You mean that there should be compensating inducements?—Yes.

64. Have you noticed much influx of labour from the country districts to the city?—Very little. At any rate, not in the unions with which I am connected. In the Grocers' Union more men come from the Old Country than from anywhere else.

65. Do you believe that if the conditions of country labour were improved—for instance, if more permanent employment could be provided, and a greater degree of comfort assured—there would be the same difficulty in getting labour for the country?—I do not think so.

66. You think that would probably solve the problem?—I think so. Take the case of the city labourers: In connection with the tramways agreement of last December—one of the few that have been concluded at the so-called Round Table Conference, without arbitration—I had a return from the labourers on the roads—the men employed in laying down lines and maintaining those already laid down, showing that in three years, although these men had a constant job, yet with wet weather, holidays, and sickness their average earnings for the three years were 33s. a week.

67. *Mr. Hall.*] Is that without board?—Yes; we board ourselves in the city.

68. And even at that comparatively low wage of 33s. these men prefer to remain in town and work under those conditions rather than go into the country and work under the conditions that rule there?—Yes, because he has a greater range of employers than he would have in the country.

69. In your opinion, are those conditions preferable?—Well, I am a city man, and would not live in the country if I could. Therefore I do not know that I could give an impartial opinion.

70. *Mr. Leadley.*] What personal knowledge have you of the conditions that obtain in the country?—I am the son of a cockatoo farmer.

71. How long is it since you left cockatoo farming to come into the city?—I left it in 1882.

72. Have you any definite personal knowledge of the conditions obtaining in the country in recent years?—I have not said that I have.

73. Then, all your information on the subject is hearsay?—Then, it is of no use for me to give further information. I give it from the men I have to do with—pretty nearly a thousand every week.

74. *Mr. Robertson.*] Are you giving us the impressions you have gathered from coming into contact with these men?—Yes; and I think I am justified in stating them.

75. *Mr. Leadley.*] Are you aware that in a very large majority of cases the farm labourers live with the members of the farmer's family—take their meals in the house with them, but probably have sleeping-accommodation elsewhere? Are you aware that the labourers live practically the same as the farmer himself and his family live?—I believe they do. But are you also aware of how the farmer lives, and the profits that are to be made by him from living under those conditions, whereas the man himself gets only his weekly wage?

76. But the weekly wage also includes living?—Yes.

77. *Mr. Veitch.*] Are you aware that in a great many cases the children and wives of children, as well as the farmer himself, are employed on the farm, particularly in the dairying industry?—Yes; and in the Taranaki District there is a less percentage of passes in the public schools than in any other district.

78. The farmer who has no family would have to employ labour?—Yes.

79. And would he not have to pay the same price for his land as the farmer who had a family to work it?—Yes.

80. Would not the result of that be that the rate of wages in the country would be fixed on the child-labour basis, and the farmer who has no children would only pay the wages which would give him a similar return to that of the man with a family?—Yes.

81. With regard to the distribution of milk, fish, fruit, vegetables, and other perishable commodities, would the members of your unions favour the Municipality taking up that work, and placing it on a thorough scientific basis?—They would. Since the hawkers have been licensed in Auckland we have had cheaper fruit than when we had to buy it from the shops. That kind of work should, I contend, be done by the Municipality. There should be municipal markets.

82. Can you say whether the time-payment system is in operation to any great extent in this district with regard to the purchase of furniture, clothing, &c., for the workers?—Yes, but not to such an extent as formerly.

83. Is it a benefit or a disadvantage to workers to buy under the time-payment system?—A disadvantage.

84. Have you any knowledge of the details of the system?—No. I only once bought anything on time-payment, and I would never have another. It was a sewing-machine, and I know that paying for it that way I paid more than its value.

85. *Mr. Robertson.*] In the list of wages and rents you have handed in I noticed that one worker, earning £2 7s. 6d. per week, is renting an eight-roomed house at £1 a week, and there are several similar cases: can you state whether it is the practice of workers to keep boarders?—Yes, and that is destroying the home life. But that is the only way in which they can get decent houses to live in. There are also cases where two families share one house. I do not know whether the Commission propose to go into the price of coal here, but the selling-price in small lots, 36s. per ton, shows a very large margin of profit compared with the price at the mine. We have no State coal-mine or State coal-depot here.

86. *Dr. Hight.*] What is that price?—I only know the hewing-rate, 2s. 3d. per ton.

87. Has there been any attempt to induce the Government to open a mine here?—Yes; for several years we have tried to get them to do it.

88. Have you any knowledge why the available coal-measures have not been developed?—I have no idea, but I believe the State has ground over which there is an option.

89. *Mr. Veitch.*] Have any of the members of your unions complained that they do not get full weight in a ton of coal?—I have seen a dealer take his ton—12 bags—from the coal-shed, and by some mysterious means, when he has got to the end of his journey there were thirteen bags instead of twelve. I have seen him take a share from each bag to make the thirteenth bag. Coal is not sold by weight. I think it should be.

90. *Mr. Leadley.*] The co-operative bakery has, on the whole, been a success from the baker's point of view?—Yes.

91. In view of that success, have they ever contemplated co-operation in other branches of trade—grocery for instance?—That is provided for in the articles of association. When I say the business has been a success, I mean a success all things considered, but not in the profit to the shareholders. It has been a success in keeping down the price of bread. We have never had the capital to embark in other lines.

92. Do you supply to the general public?—Yes.

TUESDAY, 25TH JUNE, 1912.

EDWARD CORRIGAN BANKS, Farmer, examined on oath. (No. 146.)

1. *The Chairman.*] You are a farmer, residing at Matamata?—Yes.
2. How long have you been farming there?—Since the estate was cut up by the Government, eight years ago.
3. Since that time, has the valuation of the land increased greatly?—Yes.
4. How much per cent. in eight years?—About 40 per cent.
5. Is it a dairying district?—Yes, almost entirely; before we went there it was one of the properties of the Assets Board, and they ran sheep on it.
6. Could you give us any idea of the cause of changing from sheep to dairying?—It was simply owing to the cutting-up of the estate into small farms; it is not suitable for sheep.
7. Is it cropping land?—It is good land for oats, and we can grow wheat, but the climate is not such as to encourage us in wheat-growing.
8. Dairying is safer?—Yes, it is a good paying industry, and we have gone in for it almost wholly.
9. Do you send your milk to factories?—We send to the local creamery belonging to the New Zealand Association, and they pay according to the working-expenses of machinery.
10. Does the company give the farmers an advance?—Yes.
11. Have you any difficulty in getting labour in that district?—I have no difficulty in getting a man and his family to do the milking, but we have generally to teach the work to those who come there. For instance, four years ago I took a man with his family from the coal-mines at Westport and taught them the work, and they became a very good family of milkers. A year ago I took a wagoner from another district—one of the sons was a bootmaker; the family was taught the work of milking and farming, and now they are making a good thing out of it.
12. Are you milking on half-shares?—One-third for milk, one-third for calves, and half the value of the pigs, with a free house and as many potatoes as they liked; a gallon of milk in the summer-time, and at this time of the year they get all their butter and milk. At the present season they milk about a dozen cows.
13. Are there many farmers who give as good terms as those?—That is about the usual thing up our way.

14. Under those conditions, you find you can get a reasonable supply of labour?—We have a good cottage within a mile of a school, and can always get labour. The difficulty is to get families which are good at milking.

15. *Mr. Leadley.*] What would be the money value of those concessions per year?—I think this year they will get an equivalent of £400.

16. That would be amongst how many members of the family actually engaged in working?—Children going to school he does not allow to work. There is one boy of fourteen who milks about eight or ten cows morning and evening.

17. Children below fourteen years of age are not allowed to milk?—No.

18. It has been represented to the Commission that great abuses exist in some country districts with regard to child-labour on dairy farms: can you enlighten us on this matter?—I do not think there is much abuse of child-labour in our district. I do not see why a girl and boy of twelve or fourteen years could not do some milking.

19. We are told that in some cases children only nine years of age are required to milk both early in the morning and also in the evening. Do similar conditions prevail in your district, or have you heard of anything of the kind?—I have heard of it, but I have not seen it.

20. You think those must be isolated instances?—They would be very rare in my district. I would call any one under twelve years of age a child, and no child at that age has been allowed to work on that farm. I can give you pretty well the ages of those who are milking. There is a boy of fourteen, a girl of sixteen who sometimes works for the neighbours in doing household duties, a girl about eighteen, and there are two older girls, and one of them is out at service. There is a son who was brought up as a bootmaker, and who when he came there knew nothing about the work, but who is now a good milker.

21. The son devotes the whole of his time to the work of the farm?—During nine months of the year he has to be there all the time, but at this season of the year only the father is required to be at home.

22. Do you employ any single men on the farm?—Yes, generally as ploughmen.

23. Does he live in your house and board with the family?—Yes.

24. Are those the conditions which generally obtain in your district?—Yes; and the wages are from 25s. to 30s. I have been paying 30s. to one man. It is difficult to get really good men on a farm. I am just arranging about a four-roomed cottage on the farm. I am giving £9 a month for the first year and £10 a month for the second.

25. What are his duties?—I call him a ploughman. He has to put in the crops, and he has to be a good all-round man at farm-work. He has also to look after a valuable draught stallion. I give him a free cottage and the wages I have stated. He has a cow and a horse and will be able to keep a trap.

26. Have you had much difficulty in obtaining the necessary labour?—I can always get a good man for about 30s. and his keep—at least, a fairly good man.

27. Is there any general complaints amongst the farmers in your district of the difficulty of obtaining the necessary labour?—Of course, the more isolated farmers experience that difficulty.

28. But not in the more settled parts?—When the farm is handy to a railway-station, and there are so many comforts such as they have on my place, I experience no difficulty in getting labour; but there is a difficulty in getting families who are good milkers. At Cambridge the other day a farmer sold out several herds of cows because he could not get families to do the milking.

29. Why is that?—I should say that something to do with it is the bolstering up of wages in certain trades in the big towns.

30. Do the long hours have much to do with it?—No, I do not think so. The work of milking is very easy. The easiest work that I do is to sit down and milk a few cows. It is a rest from other work.

31. Can you indicate any cause as to the difficulty as to the getting men to go into the country apart from the isolation and loneliness of country life in many places? Is it the irksomeness of that class of work, or is it the wages or long hours?—People are flocking into the towns, and it is the bolstered-up wages in certain trades that is helping to keep them in the towns. If those bolstered-up wages were done away with, the natural wages would be only about 7s. or 8s. instead of 12s. or 15s. a day. There are a lot of young people who wish to enjoy town life. My ploughman can save from £1 to £1 5s. quite easily. He has got no expense. He can save in the country on his present wages a much larger sum than he would be able to save in the town, even although he got in the town 8s. or 10s. a day.

32. *Mr. Robertson.*] Would you advocate making the conditions of workers in the towns less attractive, and let them gravitate to the country in that way?—I would simply say that you should not bolster up trades in the towns.

33. How does bolstering up trades in the town affect the labour question in the country?—Simply because instead of the men making 12s. or 15s. a day in the towns they could make 7s. or 8s. in the country.

34. Do you advocate reducing wages in the towns?—I advocate doing away with the bolstering-up of trade. I would give the men what they are worth for their work.

35. How many members of the family you spoke of are actually engaged in the work of milking?—I mean in the season?—There are none of them able-bodied men who could go and earn good wages. Their ages are fourteen years and upwards. There are three men, four girls, and the mother.

36. All engaged in milking?—In the summer-time; but at this season of the year there is only one.

37. How many cows do they milk?—I generally run over 120 cows.

38. You calculate that on the system of working—one-third milk, one-third calves, one-half pigs, with house and so on—it works out at about £400 a year for the family?—Yes, and they can have three months in which to work away from the farm in the winter-time; there are several of the family away from home now.

39. If they can get work?—There is any amount of work for all—even domestic service for the girls. There is plenty of road-work for the men if they want it.

40. As far as the girls are concerned, they would only be available for domestic service a month or two in the winter?—One has been out for two or three months, and will be out for several months yet. The flush of milking is only for half a year.

41. Is not the demand for girls for domestic service greater in the summer than in the winter?—They are wanted all the year round for domestic service.

42. The system you are working on now of one-third shares—is that the prevailing system in your district?—Yes.

43. How long has that prevailed there? Was it not half shares at one time?—It was never half shares in our district. It has been one-third shares for the last eight years.

44. I suppose the values of land have risen considerably during the last seven years in your district?—Yes, about 40 per cent. The dairying has done it. I have improved my farm very considerably—to the extent of from £2 to £3 an acre.

45. Is it not the price of butter-fat that is largely responsible for the increased value of your land?—It is the consumer in England.

46. That is due in a great extent to the improvement in the quality of the butter?—I cannot pay too high a compliment to the directors of the dairy company who give such a large amount of their time to bringing about such good results.

47. How does what you are now getting for butter-fat compare with what you received the previous season?—It is about 1d. higher than it was for the three previous seasons.

48. How much has butter-fat risen since you began dairying?—It was 8½d. about eight years ago, and it has increased about 50 per cent. in the last eight or ten years.

49. And your land-values have risen about 40 per cent.?—Yes.

50. *Dr. Hight.*] Have you had experience as a farmer in any other part of New Zealand?—I was brought up on a farm in Canterbury.

51. You are a member of the Auckland Education Board?—Yes.

52. Can you inform us of any difference as to the cost of primary education?—I have not gone into that very much. I know that the cost of education during the last ten years has gone up to the State, but it has not gone up to the individual. I do not think there is any difference to the parents.

53. You could not say whether the cost of providing books and stationery is provided by the School Committee from the Board's funds—that is, from the State: it only amounts to a few shillings for books for each child.

54. *The Chairman.*] Eight persons working for £400 a year would have a wage of about 19s. a week each. When you consider that the wages of the men are included, would you consider that a very large income?—If they worked for the other six months of the year as they are working for one six months of the year, they would make nearly double as much.

55. *Mr. Veitch.*] You say that in your opinion tradesmen in the towns should receive 7s. 6d. a day?—I did not say that; I spoke against the bolstering-up of certain industries by means of high duties.

56. To what industries are you referring?—I may mention, for instance, that the engineers have been suggesting that the existing duties on certain manufactures should be increased.

57. You are only referring to something which they propose should be done?—They have got a duty already, and they want it raised.

58. Do you consider that the workers in town are paid too highly?—In certain trades.

59. What trades do you refer to?—I will not name any particular trade, but, as I have said, the engineers, for instance, have asked for higher duties to be imposed.

60. Have you had any experience in engineering?—No.

61. You know nothing about it?—No; I am simply a farmer at present.

62. At the same time, you consider you are a better judge of the work than the Judge of the Arbitration Court?—No; I consider that they should be paid what they are worth. We ought to encourage people to go into the country. We ought to encourage agriculture. We are getting less and less a manufacturing country. We ought to encourage people to go into the country instead of bolstering up trade, and thus encouraging men to live in the towns.

63. Do you advocate starving them out of the town in order to get cheaper labour in the country? Is not that the position?—No, I can get any amount of milkers to do the work I want.

64. You have given us certain figures showing the amount that a family receives on your farm: do those figures mean that the owner of the land must be getting something like £800 a year out of it?—I do not get £80 a year out of it. I have to pay £180 a year for rent out of the £800, and my manure bill was bigger than my rent bill.

65. Do you know whether in times gone by most of the men employed on farms were single men?—Yes.

66. Do most of the farmers now provide accommodation for married men?—No, most of the men on farms are single men.

67. Can you show us any reasonable remedy for this difficulty in getting men to go into the country?—By not bolstering up industries with a big Customs tariff.

68. You want free-trade?—I want free-trade in industries that affect the farmer directly. We ought to encourage agriculture, and not go against it.

69. *Mr. Leadley.*] Assuming that the family you have mentioned came into town, and were working in town, would the total of their wages approach the total value of money or the equivalent which you give them?—No, I am quite certain they would be worse off in the town than they are with me.

70. *Mr. Fairbairn.*] When you mentioned £400 a year, you did not refer to profits—you meant one-third of the whole proceeds?—Yes, one-third of the whole proceeds.

71. *Mr. Robertson.*] Do you do any cropping on your farm?—I have pretty well given it up.

72. You said you do not see more than £80 a year?—I have my living out of it; but my profits are practically nil.

73. In regard to so-called bolstered industries, would you say that the flour-milling industry is a bolstered industry?—I do not see why flour should be protected by duty.

74. If you were growing wheat, would you still be of that opinion?—Yes, I think I would. I am not afraid of Australian butter coming into New Zealand. If one form of agriculture does not pay, then let us go in for something else that will pay. We can compete with any country in the world in dairying.

75. You would be quite willing to advocate the duty coming off butter?—Quite willing.

76. You do not think it would injure the dairying industry in New Zealand?—No, we can hold our own with Australia.

77. You believe in an absolutely free market?—I believe we should encourage the production of butter-fat and other things in regard to which we can hold our own.

78. *The Chairman.*] You said you made your living out of the farm, but made no profit: do you want people to desert the towns, and make no profits in the country?—I make my own living out of the farm. It is a decent living for myself and family and my employees. I think that a man who is on a farm is the happiest individual. At any rate, a man who is working, say, 100 acres will probably in the future be the happiest individual, because he will not be bothered with the labour question. That will be the best class of work for an educated man.

E. C. BANKS further examined.

79. *Mr. Fairbairn.*] We have had evidence to the effect that the cost of curing bacon is 1d. per pound, and that a farmer would get 5½d. for his pigs. I suppose that means dead-weight?—Yes, dead-weight, when bought at the country station. The Co-operative Bacon Company, of which I am a director, has agents at nearly all the railway-stations. The agent buys the pigs over the scales, and deducts about 27½ lb. in the case of the bigger pigs, and 23 lb. from the smaller pigs—the difference between live and dressed weight—and we pay cash on his statement. The price has varied very much this season. The highest price we have given was 5½d., and the lowest 4d. The average price last year was 5d., and the year prior to the formation of the company it was about 4d., and went as low as 3½d.

80. There seems to be a very big cost of distribution if it is sold wholesale at 9d. and retail at 11d., 1s. 1d., and 1s. 2d.?—Well, it takes 140 lb. of pork to make 100 lb. of bacon, so that your 140 lb. pig gives you only 100 lb. at 7d. Then, the cost of curing comes to more than 1d. on the yield of bacon—nearly 1½d. Then the railway carriage is very heavy, both on the pig and on the bacon. It would be about ¼d. a pound on the pig in bringing it to the factory, and another ¼d. bringing it to Auckland. The working-expenses and the carriage bring the price of the bacon up to about 9d.

81. Have you any knowledge of prices being arranged between the Co-operative Bacon Company and the other bacon-curers in Auckland? Are they selling at fixed prices?—There is no understanding with the other factories. In fact, Mr. Dimock, of Wellington, has been doing his best for the last year to beat us on the market. This is one of the reasons why prices have been so high.

82. Competition is perfectly open?—Perfectly.

83. *Mr. Leadley.*] Do you sell wholesale, or in smaller quantities?—We sell wholesale, and we retail to the farmer shareholders.

84. Not to the small storekeepers?—No. We have an agent in the Waikato, and another in Auckland, and all orders come through them.

E. C. BANKS further examined.

85. *The Chairman.*] I understand that you wish to amend a statement which you made when formerly under examination?—I stated that a milking family received £400 a year, including a free house and other benefits. What I wish to say now is that he receives £400 in actual cash, and he has a free house and other benefits for nothing. Moreover, he earns that £400 in about eight months.

GERALD LOFTUS PEACOCKE, Land and Estate Agent, examined on oath. (No. 147.)

1. *The Chairman.*] You are a land and estate agent?—Yes; and for many years I was editor of the *New Zealand Farmer*. I brought out the first number of that journal.

2. You have resided in this district for many years?—Yes, except during an interval when I was in England reading for the Bar, I have been here all my life.

3. You are well acquainted with land-values in the vicinity of Auckland?—Yes.

4. Have those values risen considerably during the last twenty years?—They have risen very much indeed. I may say that I have been very busy, and when I received a notice requesting me to attend the Commission I was not able to hunt up all the figures and statistics to confirm any opinion that I could give, so that the statements which I make must be taken as my general opinion, based upon my knowledge of the rise and fall in values. I cannot give you the exact figures, although I can give you something near it.

5. Can you give us any idea of what percentage in value land has risen in, say, two periods—ten years and twenty years?—The town and suburban land is, of course, in a perfectly different category from country land. Town and suburban land in many cases has tripled and quadrupled in value—that is, land within a few miles of a big centre like Auckland. Country land has increased in value

very much indeed since the establishment of the dairy industry, and the general prosperity that there has been for our agricultural and pastoral industries. Land has increased in some cases 50 per cent., and in many other cases 100 per cent. The increase is unequal, and has been according to the advantages of particular districts. On the average, all agricultural land has increased in value, some, of course, very much more than other land. I have known farms which twenty years ago would not have fetched more than £5 an acre which now fetch £20 an acre. Farming land of that kind has gone up in some cases, where it could be used for residential purposes, to over £100 an acre—land which a comparatively few years ago was sold at £30 an acre. I am referring just now to land, say, within thirty miles of Auckland. That means that a farm has been subdivided, and not sold as a whole.

6. Have these farms changed from being stock farms or cropping farms into dairy farms?—No, that is very greatly the case all over the country. Just now in some cases there has been a return to feeding stock, because for the last two years beef has been very high—up to 25s. and 26s. a hundred, instead of 20s. and 22s.—and that has encouraged some people to go in for beef-grazing as being less troublesome to them than milking.

7. Could you give us any idea of the percentage of persons who own farms, and of how many put down a lump sum and have the rest on mortgage?—I could not give you the percentage, as I do not know everybody's private business, but a very large proportion of the people who buy high-priced farms do not pay more than a small proportion of the purchase-money—sometimes as little as 20 per cent.

8. So that before they can get any profit for themselves they have a large amount of interest to keep on paying?—Yes, they have interest on a large sum to pay, which may be counted as rent. I think that in many cases in some districts land is a great deal dearer than is legitimate for farming purposes, and probably the idea is that the value of the land will rise still higher, and the holders of the land will get the benefit of the rise.

9. Do farms change hands very rapidly? Are there cases where farmers stay two or three years on a farm and then move on to some other farm?—There are a great many cases of that kind where land is rapidly rising in value, and where the owners sell out and take up cheaper land. In fact, a great many farmers make their farming-profits out of selling their farms. I have written down some rough notes with regard to the increased cost of living which, if I may be permitted, I will read to the Commission. "Has the cost of living increased during the past twenty years, and still more during the last ten years?" So far as food and clothing is concerned, I should say there has been no increase in cost worth speaking of. In urban and suburban districts there has been a considerable rise in house-rent, especially in certain favourite localities, such as those close to a railway-station or a tram-line. Part of this rise in rents has been owing to the increased cost of building caused by higher prices for material and labour; also to a higher standard of building being generally demanded. But probably the chief cause of higher rents has been the rapid rise in the value of desirable building lots caused by the rapid increase of the population in cities like Auckland. So long as the demand for houses to live in is ahead, even a little ahead, of the supply there is a keen competition amongst would-be tenants for favourably situated houses; so that the rental-value is really a site-value, which is increased by every facility created for getting in and out of town—such as extension of tramways, improved suburban railway services, better roads, besides the advantages of improved public services such as a good water-supply, gas-mains, drainage, and so forth. A house to let within the twopenny section will have three or four times as many people after it as one beyond that radius, and naturally rents go up in proportion, apart altogether from the comparative cost to build the two houses. This is caused by the natural competition for the most desirable sites; and therefore all rating should be on the unimproved value, and no man should be taxed either by the local or General Government on his expenditure of labour and capital in building a house, and planting a garden and orchard—thus discouraging what is a public benefit. We tax dogs to keep down their numbers. No one would argue that it was an encouragement to a man to keep a dog when you make him pay 5s. or 10s. a year for the privilege—everybody knows it is a discouragement—and so to tax houses is to a certain extent a discouragement to the building of them. On the other hand, by the taxation of site-values you discourage the keeping of the ground vacant, waiting for a boom in the demand for building lots, and the value you tax is the value created by municipal and other public improvements, and by the natural increase in population in any given town or district. Fuel is undoubtedly far more expensive than it need be if the State worked the coal-mines under good management in the interests of the public instead of to earn profits for shareholders, as in the case of private companies. Of course, the companies have a perfect right to do the best they can for their shareholders, and to sell for 32s. a ton coal that can be placed in the trucks and brought to Auckland for about half that rate. But the question is whether the State ought not to own the natural supplies of such a necessity of existence as our coal-deposits, and work them for the benefit of the people as a whole (minimizing the chances of disastrous strikes). If State-owned railways is the right thing so is the State ownership of coal-deposits, and also of natural water-power. The difficulty of the cost of living is in direct ratio to the standard of living. You cannot say the cost of living has increased because we choose to live in a better way than satisfied us in the past. Assuming that food, clothing, shelter, and all reasonable necessities and common comforts of life cost the same to-day as they did ten or twenty years ago, but to-day we want things we were content to do without then. Under these conditions, unless our income had increased in proportion to our requirements, the cost of living would be a greater difficulty to us. But this only means that a higher standard of living costs more to maintain than a lower standard. I certainly think that the general standard of living in this country, as in many others, has risen, and perhaps more in proportion than the rate of wages. One of the causes is no doubt the more general diffusion of education, and the consequent general raising of human values. It is an inevitable accompaniment of the progress of humanity. A bare animal existence, entailing only the fulfilment of bare animal require-

ments, naturally costs less than the fulfilment of the desires of an existence that is not purely animal in its wants and aspirations, but which feels the needs of intellectual as well as physical food, and the satisfying of more refined and artistic tastes. The higher existence wants books and pictures and good music, thinks more of health and cleanliness, and therefore wants better houses, and light to read by at night, instead of going to sleep soon after dark. The people are taught hygiene in the schools, and the religion of personal cleanliness, and therefore want bathrooms in their houses, and enough clothes to be able to change them before they "hum," as the boys express it. All this increases the difficulty of the cost of living, without necessarily implying that the cost of commodities has increased. I believe the cost of education is much less than it used to be. Of course, some education costs more than no education at all; and in the days when a man did not think it necessary to educate his children, and was not compelled to do so, he saved the money a man now pays for school-books, besides getting the benefit of any wages the children could earn, instead of going to school as they have to do now. But a far better education can be got now for less money than was the case thirty or forty or even twenty years ago. The rise in the price of farming land, though very great in the last ten or twelve years, has had little or no effect in this country on the price of such commodities as meat, grain, potatoes, butter, milk, and so on, for the reason that we produce far more of all these things than we can consume in New Zealand, and therefore the prices of the products of the land are regulated entirely by the state of our export trade. The London market rules the price of all our staple products from the land. If land were cheaper no doubt the profits on these exports would be greater, unless the cheaper land so stimulated production here as to lower the level of prices in Europe. Such a result might tend to lower prices here, but it is unlikely that any increase of production from the land in New Zealand alone would appreciably affect prices in the markets of the world, where the demand is steadily growing for all such staple commodities as wool, meat, and dairy produce.

10. *Mr. Veitch.*] What do you consider the effect upon land-values of the operations of the Advances to Settlers Department?—I think that must have had an effect of increasing land-values, by reason of the facilities thus afforded for working the land by the capital lent at a low rate of interest. It has had the very best effect in the encouragement of the agricultural industry in New Zealand—perhaps more almost than anything else, except the establishment of the frozen meat and butter industries.

11. What effect do you consider the building of roads and railways would have upon rural land generally adjacent to them?—It directly tends to increase the selling-value of land if a railway runs anywhere near it.

12. Do you consider that the increase in the values of land in New Zealand are entirely due to the selling of our products in the Home markets?—No; I think that in particular districts that are served by public services such as railways, &c., these have had a great effect in raising the value of land in those districts.

13. Who do you think benefit mostly by the extension in suburban areas of railway services?—The owners of land in those areas benefit by the rise in value of the lands affected, undoubtedly; at the same time, so also do the people who use the railways, and who have work to do in town. Then there is the great general hygienic advantage of encouraging the city population to live out of the actual precincts of the town.

14. *Mr. Hall.*] What would be the rental of the allotment in the suburban district in which you live?—The ground-rent for a fifty years' lease in the Dilworth Estate, Remuera, would be about £12 10s. a year for half an acre, but it would be worth a great deal more than that if the land were to be let again now.

15. What would it be worth at the present time?—Valued for rating purposes on its capital value that land would be worth about £1,000 an acre—the freehold, if it could be sold to-day.

16. Are there any allotments still available?—There are a good many, I believe, which have not been offered to the public as yet.

17. Supposing these were offered to the public at a rental on the same lines as the others were, what would the rent be per annum for half-acre allotments?—Of course, there are differences in different parts of the estate. In some places the allotments, instead of being £25 a year rental per acre, would be worth about £35 a year as compared with six or seven years ago.

18. That is £35 for an acre?—Yes, ground-rent.

19. How many cottages are allowed to be built on an acre?—They are not allowed to build on anything less than a quarter of an acre. About three cottages to the acre is about the most they will allow, and they have regulations as to the value of the house.

20. You think that ground-rent has gone up from £25 to £35 an acre?—I think it has in the best places. It is impossible to say, because there has been no actual transaction. They have not offered any land for some time past at any new rentals that I know of.

21. *Dr. Hight.*] You have said that farmers are paying more than you consider a legitimate price for their land?—Yes, I think they are. I mean that their difficulty of making a profit from the land is very much increased by the high rent to which the interest on the purchase-money is equivalent.

22. Is not the cause psychological? Do not the farmers who are paying for the land consider that the good times of the last ten years will continue indefinitely?—Yes. I think that in many cases men with small capital are encouraged to agree to pay the prices they do because they are not asked for much cash down. But they are really working for the landlord, not for themselves and their children. Their interest practically amounts to a ground-rent, and if they never raise the money to complete the purchase the landowner is quite safe, because he will get back the land.

23. Could not that tendency be diminished if wider knowledge were given to the people of the past history of prices generally?—Perhaps so. It depends upon how far they would avail themselves of the knowledge. I think they want to be taught something about the commercial basis of things

24. Are you of opinion that the system of rating on unimproved values may stimulate over-building under certain conditions?—I think I mentioned that as a danger, and that therefore the system should only be applied in urban areas with well-considered building regulations.

25. And when the population is increasing rapidly?—Yes. That evil could not come in if the municipal body made certain regulations, under which every house should have a certain area around it. With that the system is quite safe; without it there is an encouragement to crowd buildings on small pieces of ground.

26. You advocated State ownership and working of coal-mines: do you suggest that the State should have a monopoly of the coal-mining business, or merely that it should compete with private persons and companies?—That is merely a question of method—of how to bring about the change. I do not think it is quite fair or advisable that the State should compete with private people. If possible it would be far better that coal-mining should be run by the State entirely, paying for any working-mines that were taken over; but of course that might not be practicable, unless it were brought about gradually.

27. You would not advocate it unless you were assured that State management would be thoroughly efficient, enterprising, and progressive?—I put in the saving clause, "under good management." Some people think nothing can be well managed by the State, but that seems to me simply an assumption.

28. You enumerated a number of things that people want now which they did not want some years ago—porcelain baths in houses, &c. I suppose you agree that they must have the money in order to get these things—that the mere desire to have them, in itself, would not bring the things?—Yes.

29. Then you mean that people have a greater command of money than they had ten years ago?—I mean that they have been taught to want things by their experience of life, and better training, and higher development generally.

30. And the possession of money?—Yes. We know that wages have increased, and that has enabled people to live better than they did. There is always a tendency to progress, and their wants multiply. Besides, people are inclined to run to the end of their tether as far as their incomes are concerned.

31. You also say that education is cheaper than it was. For instance, though a parent may have to spend 35s. a year on his child's books and stationery for use in a secondary school, yet he gets in return for that £50 or £60 worth of education, which was not available to him ten years ago?—I think so. I am not taking into account what he pays through his share of taxation. That is understood.

32. *Mr. Robertson.*] Can you give us an example of building regulations being in force to prevent congestion of buildings under the rating-on-unimproved-values system?—An attempt has been made to frame such regulations in a road district not far from where I live—the Epsom Road District; but there has been great opposition to the proposal, and I think the fight is in the balance still. The people who wanted to cut up their land into small pieces opposed any restriction, and those who were thinking only of the interests of the district advocated the regulations. I do not know which side won. At Devonport, which was one of the first suburban districts to adopt rating on unimproved values, there were no such building regulations. There is no doubt that though the system did have a good effect in stimulating the building of houses, still they were crowded on too closely, because no precautions were taken beforehand.

33. You suggest that the regulations should be so framed as to prevent overcrowding?—Decidedly.

34. *Mr. Leadley.*] In the subdivision of estates, is it not the custom for the owners, before selling, to provide for roads and channelling?—Yes.

35. Is that compulsory?—It is, before the local body is compelled to take over the roads, where by-laws have been adopted by the local body to that effect.

36. Would not the cost of such works be charged against the selling-price of the sections?—Certainly.

37. Would not that very materially increase the cost of the sections?—Very much indeed. In fact, in cutting up a block the loss of land set aside for roads, and the cost of making them, is one of the biggest items, and has to be taken into account in regulating the prices.

38. Is not the tendency to pay high prices for country lands largely accounted for by the fact that many men are tempted to go in by the very small deposit?—Yes; I said so.

39. Would it not pay a man taking up land to go in on a small deposit, seeing that he would probably get his money at a lower rate of interest than if he paid a large deposit and crippled himself in regard to the working capital?—Decidedly. If he has to take up the land at high prices the smaller the amount he pays the better.

40. So that there is not such a great disadvantage in paying a small deposit as appears on the surface?—I do not mean that there is a disadvantage in paying a small deposit, except that it encourages people to take up land at too high a price. If they had to pay down a larger proportion, then probably they would not pay so much per acre.

*Re L. D. NATHAN AND Co., and MR. SCHISCHKA, Merchants (subpœnaed).*

*Dr. Bamford, solicitor, said.*—I appear on behalf of Mr. Schischka and L. D. Nathan and Co., who have received subpœnaes to attend the Commission to give evidence. These firms, acting under advice, respectfully decline to give evidence before the Commission. At the same time, if I might be permitted, I would like to make this statement on their behalf: that they, in common with the other

merchants here, are not refusing to give evidence upon the ground that they have anything to hide, but with all respect to the Commission they are taking this stand upon what they consider a matter of principle. I notice that in Christchurch—

*The Chairman:* If neither the person who has been subpoenaed nor his counsel offers any explanation for non-attendance except that he is doing it under advice, we cannot receive any statement from him. Certain accusations have been made. Persons who are responsible do not appear; and if they do not choose to appear the Commission will take its own course in dealing with them afterwards, and the public in the meantime will have their own opinion as to why they refuse to give evidence.

*Dr. Bamford:* Then, I understand that nothing further can be said.

*The Chairman:* Nothing further can be said.

*Dr. Bamford:* May I add a reason?

*The Chairman:* No.

FREDERICK GEORGE EWINGTON, Land and Estate Agent, examined on oath. (No. 148.)

1. *The Chairman.*] What is your occupation?—I am a land and estate agent, and have been in that business for forty-five years.

2. During the last twenty years, have you found the land in Auckland and in the neighbouring rural districts increase greatly in value?—Yes.

3. Can you give us an idea of the percentage by which land in the rural districts has risen?—The following paper which I have prepared will answer that question: This is my fiftieth year in Auckland and forty-fifth year in the land and estate agency business. In 1902 workmen's cottages of four rooms in Auckland were let at 9s. per week; five rooms, at 11s. to 12s.; six-roomed houses, at 14s. to 15s. per week; but now houses for workmen are scarce, and about 20 to 25 per cent. dearer than they were ten years ago. Capitalists do not now generally build cottages to let to working-men because of the unprofitableness of that class of investment. For working-men's cottage property the outgoings are, I estimate, from one-fourth to one-third of the rent for repairs, vacancies, loss of rent, sanitation, legal expenses, rates, and incidental repairs. The discontinuance of building that class of house, and the consequent scarcity, led to keener competition for renting cottages, and that helped to make them dearer. I also think that the demands made by Borough Councils and local bodies for roading of land newly opened for sale in subdivision has something to do with the increased cost of dwellings. Higher prices for land and building material are amongst the principal causes of increased rentals; but greater demands for more conveniences and a better style of house add to the cost. I am of opinion that unrest in the labour world during the last five years has helped to make it more difficult to get small houses for working-men, because of uncertainty as to the result upon such investments. I think the scarcity presses hard on working-men, because it compels them to buy allotments and build cottages with inadequate capital, and that causes them much anxiety, and costs them more than when they paid a straight-out rent to the landlord. For a while, working-men can go on paying weekly instalments, but such payments become a trouble as a family increases, or sickness or slackness of work befall them, and then they risk losing what they have paid. The anxiety thus caused induces unrest, and incapacitates some men from working at their best. Considering the increased cost of living, I am of opinion that twenty years' prosperity in New Zealand has led to improvidence, love of pleasure, and a loss of a sensible and sound estimate of the value of money. Although a section of the working-classes have large savings in the banks, building societies, and friendly societies, their wealth is nothing like what it ought to be in a country like New Zealand, and the numbers of those who have saved are, almost certainly, much fewer than they ought to be. I cannot but think that the ample provision made by the State for old-age pensions, accident insurances, compensation, and by benevolent societies and churches for the relief of distress, has on some minds the bad effect of making them careless to provide for a rainy day. So far as New Zealand is concerned, I believe the people could, if they chose, be the happiest and most prosperous in the world. If the present extension of our railways and the consequent opening-up of more land could be expedited it would, I think, help to deplete our cities of redundant population, and lead to our farmers getting suitable labour at a reasonable cost, and that would increase the production of prime necessaries and reduce the cost of living. I think immense good would result from getting manual workers to live in the country, which cheap train fares would render possible and profitable.

4. *Mr. Hall.*] Are the demands made by local bodies for roading land that is being subdivided much higher than they used to be?—Yes. They demand now that land, when cut up, shall be roaded, and in some cases kerbed and channelled. The cost of new roads at Devonport is about £1 per foot. That, of course, goes on to the cost of the land.

5. You think the enhanced value of the sites is to a great extent due to the demands of the local bodies that the roads shall be metalled to the full width?—I think it is quite right that the people who have cut up the land, and are making the profit, should have to make these improvements, but the cost of them is being shunted on to the buyers.

HENRY GREEN, Waterside Worker, examined on oath. (No. 149.)

*The Chairman.*] What are you?—I am a labourer, and I appear as representative of the Waterside Workers' Union.

2. On what subjects do you propose to address the Commission?—On the cost of living generally. First, as to the price of bread. When I came to New Zealand in 1906 the cost of the 2 lb. loaf was

3d. At the end of 1906 flour went up £1 a ton. Immediately the price of the loaf rose to 3½d. That meant a profit to the bakers of £1 6s. 8d. per ton of flour above the extra £1 of cost. As to potatoes, the cost of prime potatoes now is £6 10s. a ton, and that of medium potatoes £4 10s. to £5. In 1909 the cost was 4s. per hundredweight. At the present time they are sold in small lots at 1d. per pound—that is, over £9 a ton. That means 50 per cent. for distribution—for the auctioneers and shopkeepers and their employees. The price for medium potatoes by the ton is £6 10s. now—that is, by taking the ton off the merchant. In 1909 and 1903 they could be bought by the 2-cwt. sack at 8s. 2d. In 1906 you could get mutton at from 4d. to 5d. a pound; to-day it is 6d. Rump-steak at that time cost 7d. and 8d., and blade-bone steak 7d.; that steak, best varieties, is to-day 9d. Sirloin of beef in 1906 cost from 4½d. to 5d.; you cannot buy it to-day under 6d. Pork in 1906 cost 6d.; to-day it is 8d. If you wanted a sheep's head at that time it cost 3d.; now it is 4d. A fry has risen from 3d. to 4d. A shin of beef from 10 lb. to 14 lb. was then sold at from 8d. to 1s.; it varied in price in accordance with where it was bought; to-day it is sold by the pound, at from 2d. to 3d. per pound. The highest cuts of bacon at the time I speak of cost 10d.; the same to-day would cost 1s. and 1s. 2d., though you can get the belly portions at 6½d. or 7d. If the bacon is cut into rashers it rises 1d. per pound, which makes it a dear picking to the worker. When I lived at Mount Albert up to two years ago I kept a fowl-run, and could buy sharps at 12s. a bag, and maize at 14s. 2d. per sack of 2 cwt. 2 qr. To-day the maize would cost 5s. 6d. a bushel by buying small lots, prices having been worked up by the Grocers' Association and the millers and those connected with the trade. Mixed fowl-wheat used to cost me, nine miles from Auckland, 3s. 6d. a bushel; now it is 5s.; so that it has risen over 40 per cent. Milk is now costing 4d. per quart, as against 3d. when I came here. I call that an extortionate price. I hope to see a municipal depot established for the sale of milk. Last Sunday week I saw in the street where I live, which has only about thirty houses, six carts delivering milk. Before the recent rise of 2d. in the hewing-rate, coal could be purchased from a man named Ferriday at the Auckland Railway-station at 19s. a ton. Newcastle coal was being brought for the Government through Mr. Winstone at £1 a ton. Now the local coal is fetching 32s. a ton. In 1907 I was charged 28s. a ton for Huntly coal; to-day it is 3s. per bag taking it in small quantities, or 36s. a ton. Coal can be put into the trucks at Huntly at 10d. a ton. The freight to Auckland is 6s. 6d., making in all about 11s. 8d. When the hewing-rate went up by 2d. a ton the price of coal was raised by 4s. a ton; but ten miles outside the Auckland ring you can get it for 2s. per ton less than the ring charge. At Henderson, for instance, you can buy coal at 2s. 9d. a bag, as against 3s. in New Lynn, where I live, four miles nearer town. It is time the State took over the coal industry, and sold it to the consumer at a reasonable rate. Now it is the merchant and the middleman who get the profit. Then, as to fish: In 1906 you could get flounder and schnapper, good-sized fish, for 3d. and 4d. each—more than one person could eat. To-day you will pay 6d. for one flounder not more than half the same size, and schnapper are in the same proportion. When the Government stopped trawling in the Hauraki Gulf the price of fish went up. There are as many fish in the gulf now as in the trawling days, but Mr. Sanford has a monopoly of the supply and regulates it. If more than a certain quantity comes in, it goes to the freezer. After it has been a little time in the freezer it may go to the hawkers, and then the public will get it a little cheaper; but it will not keep for more than two or three hours, when it begins to stink, and the purchaser probably has to bury it. With smoked fish it is much the same. They say they pay 2s. 6d. a bundle for wet fish, but it averages 6d. a pound when it gets to the consumer. That evil could be met by having municipal control of a fish-market, or by the Government stepping in with a trawler and giving the catch out to be sold in the open market. Another great item is bricks. In 1906 you could get bricks for from 28s. to 30s. per thousand, according to the class of bricks. In 1909 the price was 35s.; and to-day it is £2 6s. 6d., for the reason that the brickmakers combined to put the price up, in conjunction with the Master Builders' Association, most of whom have big interests in the brickworks. I have worked in the brickyards, and know that the wages of the workers went up by from ½d. to 1½d. per hour within this last six months. The works were turning out when I was there from 30,000 to 37,000 bricks a day. My remedy for that would be that the Government should open State brickworks, in order to break down the present monopoly. Then, as to the cost of houses in timber: a house 26 ft. by 28 ft., with 11 ft. stud, in four rooms, and scullery, erected on a Government section at New Lynn within four years ago was £172 10s., and there was a little timber left, and with this a little scullery was built. The present price of that house, or a house equal to it, built recently, and without the scullery, is £305. That shows what an increase there has been in the cost of timber, for there has been very little increase in wages in the period. It is the monopoly in timber, bricks, and iron that has done it. I see by the Year-book that the tariff is 2s. per hundredweight, yet iron has recently gone up by £1 a ton. An 8 ft. sheet of iron costs to-day 3s. When my place was built the iron cost 3d. per sheet less than that. Linseed oil has risen in price from 3s. 6d. in 1906 to 5s. 6d. per gallon, by buying it by the 5-gallon drum. In the painting of a house that makes a great difference.

3. There is a reason for that outside New Zealand?—It is just the same with the bricks, coal, and timber.

4. Oh, no?—Well it has a lot to do with it. Coming to the land, land has risen through the operations of speculators. Four years ago land in New Lynn was sold at £30 per acre. A man bought an area adjoining the Hetana Hamlet, and now you cannot buy a section of similar land at less than £80 to £100 for a quarter-acre section. Land that was fetching £10 an acre ten years ago is now being sold at from £60 to £75 for the quarter-acre section. Again, at Mount Albert, land that was selling at 22s. 6d. a foot frontage is now selling at £1 15s. and £2 respectively. My remedy for this would be to give increased facilities for rating on the unimproved value. L. D. Nathan and Co. hold a lot of land on which there is nothing but gorse and tea-tree, and they are allowed to hold it, while the

land alongside is being taxed to the utmost. It is time the unimproved-value rate was struck in nearly all suburban districts, so as to make those who do not improve pay equally with the men who do. Then, as to boots, I have on a pair of boots which two years ago cost 10s. 6d., and are now 12s. 6d.; and with women's boots there has been a similar increase. There is nothing to account for such an increase. Children's boots show an increase of from 15 to 20 per cent. As to rents, there is a house in Grey Terrace which eight years ago brought 7s. 6d. a week, and to-day it lets at 12s. 6d., without any increase in accommodation beyond the addition of a water-closet. When first I came to Auckland I lived in a three-roomed cottage in Nelson Street, which cost me 9s. a week; to-day that same place is let for 12s. 6d. From there I went to a house in Lowe Street, four rooms and scullery, at 11s. 6d. a week, which to-day is let at 18s. 6d. Next I went to a six-roomed house in Ponsonby, with all conveniences, which cost me 16s. a week, but is now let at £1 a week. Out by the brickyards, where I now live, a house that formerly let at 5s. a week is bringing 10s. a week. In my opinion, the State lands have been a great help to the worker, but enough advantage has not been taken of the lease-in-perpetuity provisions. Under the thirty-three years' lease that has taken its place the Government has not been a good landlord to the worker. But compare my own case with that of some of my neighbours. My own rent is £3 12s. 6d. a year, but a storekeeper next to me has to pay between £3 and £4-odd a year for the same area of ground, with the same frontage. He has only a thirty-three years' lease, while mine is for 999 years. Wages have not risen in proportion to the increase in the cost of living.

5. *Mr. Veitch.*] With regard to the brickyard, what proportion do the wages bear to the number of bricks sent out of the yard? Can you state the number of men employed at the works?—About forty, all told, in all departments.

6. What would be the average wages of those men?—I got 1s. an hour in the clay-hole, and the others would be getting about 1s. 0½d., a rise of about 1d. per hour all round; and the boys about twenty years of age, at machines, got the same as the men, and they earned it. There has been about a penny an hour increase all round.

7. What is about the average production of bricks per day from the yard?—They have done over 40,000 in one day since I left; but the output varies according to the weather and the condition of the roads and the machinery.

WILLIAM RANSTEAD, Farmer, examined on oath. (No. 150.)

1. *The Chairman.*] What is your occupation?—I am a dairy-farmer in the Matangi district, Waikato, and have been in the district for about eleven years.

2. Are most of your neighbours dairy-farmers?—Yes.

3. Has the price of land in the district risen?—Very considerably indeed. Until last year the increase had been about 25 per cent. Owing to the good season we have had, and the largeness of the returns from London, there has been a tremendous further increase within the last month or two.

4. Your idea is that the increase in land-values has been due to the increased prices in London?—Absolutely.

5. And the increased prices of land have little influence on prices?—None at all.

6. Have you any difficulty in getting labour?—No, because we do it all ourselves.

7. Do other farmers in your neighbourhood complain of such a difficulty?—No. Good farmers have no difficulty in getting milkers on shares.

8. Are their terms, on the average, the same as those mentioned by Mr. Banks?—Generally.

9. Do you think the families that go milking are well satisfied and well treated?—Yes. Mr. Banks spoke of Mr. Taylor, of Cambridge, having to sell out his 350 cows because he could not get milkers. I happen to know that the people who have milked for him for some years have done so well that they have taken up land on their own account. He has a good herd, and does not want to trust them to new people, so he sold them at auction last week, and is going out of dairying.

10. Do you think many people have been induced to take up land owing to the low deposit required on transfers of expensive land?—Yes.

11. Suppose the price of butter falls in London, what is going to be the position of those people?—They will not be able to get out, or if they do there will be very little left for them.

12. Does not the interest they pay represent one form of rent for the land?—It is practically the same as rent.

13. Though they are called freeholders, are they not really managers for other people?—Yes, for the mortgagees.

14. *Mr. Leadley.*] What would be a fair profit on your operations for the year, allowing something for interest on the capital invested, then the wages and superintendence, then what might be called an assurance or contingent fund for such contingencies as bad seasons or serious fluctuations in prices?—I would reckon that a fair profit would be as much as we could get. We might not be able to get any. The bill for interest comes in every six months, then there is the account for manures, and by the time you have got your monthly cheque and doled it out to the people who are waiting for it there is little left for yourself. If at the end of the year we have got a new suit of clothes, and had a day in Auckland, that is all about there is in it. But we live a good, healthy, and happy life, and for my part I would not change it for life in town.

15. It has its own compensations?—Compensations which you cannot measure by the money standard. If we sold out we should make money, but we would not get cash. Probably we would have to take a mortgage.

16. What area are you farming?—About 500 acres.

17. If you were supervising for an employer a farm of that area, what salary would you expect?—I would want to be provided with a house, and a salary of about £200 a year.

18. Would you be satisfied with £200?—I think so. The manager of a neighbouring estate, which is a big property, had about that, and he was satisfied. It is a gentleman's life.

19. But he would not work as you work for yourself?—No; he would not milk any cows.

20. Are not your services to yourself worth as much to you as they would be to another man and rather more?—No. I could get a man at 25s. a week to do all that I do, and I could earn more than 25s. in town. I do it because I like it. I do not make any money out of it.

21. What would be the profit upon the operations you have been carrying on, if these items are taken into consideration?—There would not be any.

22. Is farming in general carried on on those lines?—I do not know. My neighbours seem to be doing pretty well. They have enough to eat; but we never have any cash. If we ever have any spare money we put it into the land. On the whole, we are happy and comfortable, and what more do you want?

23. As a matter of fact, your own wages are sunk in the land as you go along?—You cannot measure the effect of your work. You put it into the land, or into fruit-trees, and so on.

24. And though there may be a very large increase in the value of the land, if you sell out at the present values you are simply getting deferred wages?—That is it. One has been saving them up.

25. Does the co-operative principle obtain largely in your district?—We have the Co-operative Dairy Association, which handles milk, makes butter, and ships it to London. In consequence of that, we have been able to cut down expenses, and as it is on a large scale, we can handle the business economically. Last year's turnover was over half a million, and I think it is the second largest thing in New Zealand, if not south of the Line; and through keeping down expenses it gives us a big return. Then we have the Co-operative Auctioneering Company, which has reduced the rate of commission for sales by 25 per cent. They also give us a rebate on seeds, and give us 8 per cent. on the capital; and they have put away a reserve fund. We have also a Co-operative Bacon Company. Until we had that we got very little for our pigs. At the beginning of the season we got 4d. per pound; but by January, when the early pigs were ready, the dealers did not seem to want them, so they dropped the price to 3d. We got tired of that, so we formed the co-operative company to take over one of the existing businesses. The company has done very well indeed. By means of the company we have realized up to 5½d. per pound. If we extend the co-operative principle to buying pretty well everything we want, we shall be able to save a lot of money. We are selling co-operatively now, having got rid of the middleman to a considerable extent. We want, for instance, to buy food, boots, clothing, and everything of that kind, just as they do in Canterbury, I believe. There is no big co-operative store in the Auckland District.

26. Do you think the labour difficulty has been very accentuated in your district?—We have a lot of Maoris, whose assistance we can get at harvest-time; but it is very dear labour, and very inefficient.

27. Do you agree with the statement that the prosperity of the country is largely reflected in the towns?—Yes. The more money we get, the more we spend. Three years ago we had a drought in the Waikato, and the shopkeepers in Hamilton were much concerned because the monthly cheques dropped off tremendously. It was a very bad time for them. When we have any money we spend it nearly all, for farmers like to have nice and comfortable things, as well as other people. The money is put into circulation as soon as we get it.

28. *Mr. Robertson.*] When you stated that a man required pretty well all he had to get on to the land, I suppose you meant that he sinks all his available capital for the purpose?—Suppose the vendor of the farm I want asks me for £1,000 to go in. If I have only £750, he will squeeze me for that £750. If I am tied up for money after that, I have to borrow. But if I have not even the £750, he will take as much as he can get. Many owners like to get out of the property, and retire, and live on the interest on their mortgages. Lots of people are retiring from the country now, when land is bringing £30 and £40 an acre.

29. They practically become ground landlords?—Yes.

30. Does not the question of their ability to produce have a direct bearing on the labour side of the matter? Does it not cripple them in their ability to employ labour?—Of course. If they had the money to spend they would employ labour. As a rule, a farmer does all the work himself, because he has no money to spend.

31. Is there not a tendency that with constant trading in land and speculating, the advantages reaped from the co-operative concerns will be nullified by the rises in land-values?—Certainly. They help to put up the value of the land.

32. And the man who retires and lives on the interest gets a larger income in consequence of the advantages obtained from the co-operative concerns?—Yes; but we cannot shut up the concerns because of that.

33. If the co-operative principle could be extended to the land itself, you might make it a complete circle. You agree, at any rate, that the advantages gained from the "co-ops" are nullified to a great extent in the way I have suggested?—Yes; but everybody is after a good bit of land, with a good road, and near a school, and near town. The London market is the thing. If prices drop in London, away go land-values.

34. What do you usually pay for Maori labour?—In my district we pay 1s. an hour, and they want tea and tucker occasionally. And sometimes they come and sometimes they do not. If there is to be a tangi they will go away or stay away, instead of working.

35. *Mr. Hall.*] Do you think the great shortage of pigs in the United States has anything to do with the enhancement of the price of bacon?—Not in New Zealand. We tried exporting pigs two years ago, and did pretty well, and we exported again last year, and did not do so well. It paid better to keep them in the country.

36. Do you think the enhanced values you get in selling out farms are due to any extent to the improvements effected upon them from year to year?—Yes. For instance, in our own neighbourhood we raised a loan of £1,000 to metal the road. The Road Board surcharged the land on both sides of the road for interest and sinking fund. We are responsible for the whole outlay. On that road there is a large area of Native land, which we cannot tax. It is that road that is making the land in the neighbourhood sought after. Then, the settlers wanted a school, but the Education Board had not the money to build one. So the settlers decided to build a hall, and we raised the £400 for the purpose by issuing debentures. We now rent the hall to the Education Board for £39 a year. There is now a good attendance of sixty scholars, and there are two teachers. But we have had to do these things for ourselves, and they have enhanced the value of the land.

37. *The Chairman.*] Still, the added value is only stored away. You can get it some day? If you do not want to sell it has bettered your home?—We have the value. It is not one we can put into cash at present.

38. *Mr. Hall.*] Would the Sedgwick scheme, if gone on with, have been good for the country and for the boys?—It depends upon the lads themselves, and also on the hands they get into. They can be made little drudges, or they can be made very happy. Besides, you must be careful about the kind of boys. When I was in Canada some London boys had arrived in the district I was in, and they certainly were not a good feature for the neighbourhood. When they arrived they were well behaved, but after some time they turned out larrikins.

39. Has that been experienced in this country?—I do not know.

40. *Mr. Veitch.*] What is your opinion as to the effect upon land-values of the reduced rates of interest brought about by the Advances to Settlers system?—That it has assisted people to give more for the land than they would otherwise do.

41. It has put up the value of land?—Yes.

42. So that a farmer who buys now, at a lower rate of interest, is not much better off than he would have been without it?—No, he is not.

43. Except that the man who owned the land has become wealthy?—Yes.

WEDNESDAY, 26TH JUNE, 1912.

JAMES WILSON WISEMAN, Wholesale and Retail Saddler, examined on oath. (No. 151.)

1. *The Chairman.*] What is your business?—I am a wholesale and retail saddler. My family have been in business in Auckland for a long period.

2. Have you been acquainted with the business for many years?—Yes.

3. Has there been any material increase in the cost of leather during the last few years?—Yes, and there have been rises in all lines of our manufactures—in the raw materials.

4. Could you give the percentage of rise in the last ten years?—I have not the figures by me, but I should say 15 per cent., perhaps 20 per cent. Leathers, on the average, have gone up about 10 per cent. in the last three years.

5. To what do you attribute that rise?—To the shortage of hides, due to outside competitors buying the hides up.

6. Is there a shortage of leather all over the world?—Certainly.

7. To what do you attribute that? Is it due to the extended use of leather in the lining of railway-carriages, motor-cars, &c.—I presume it is due to leather being used for more purposes than in former days.

8. Has the cost of labour increased materially in late years?—Yes, I should suppose by about 10 per cent.—perhaps 15 or 20 per cent.; but I have not gone into the question, and cannot give accurate figures. Our last award gave another 1d. per hour; but I do not think that affected labour 10 per cent., though it was really 10 per cent. on the old one.

9. Have you any knowledge of the existence of any ring or understanding amongst the sellers of hides as to limitation of price?—That is a question upon which I do not wish to have anything to say. We have an open market. We can go to Australia for hides if we want them.

10. If you buy hides in Australia, do you buy at any disadvantage compared with persons who are buying as favoured buyers in New Zealand?—No; there is always a certain amount of leather coming in from other sources.

11. You do not know of any discrimination being exercised by certain sellers in New Zealand in relation to certain customers?—No.

12. It is a free market?—Yes.

13. *Mr. Hall.*] Does the rise in the cost of wages lead to any increased importation of goods which you used to manufacture?—It has that tendency.

14. In what particular lines?—In general.

15. *Dr. Hight.*] Do you mean that the increase in the labour-cost has put up the prices?—Certainly. The consumer has to pay for it.

16. Can you give us an idea of the extent to which prices have been affected by that increase?—No.

17. Has the rise in wages stimulated the use of better machinery, and improvements in other directions?—To a certain extent it has.

18. *Mr. Robertson.*] Do you think the 10 per cent. rise in the last award has added 10 per cent. to the cost of manufacturing?—I do not think it does.

19. How do you account for that? Has there been an improvement in methods, or what?—Most people were giving more than the minimum wages before.

20. It does not mean actually 10 per cent. over what you were paying?—No. I think altogether the labour must have gone up 20 per cent. in the last ten years. That would be about the average.

21. *Mr. Leadley.*] Is there limitation of apprentices in your business?—Yes.

22. Has that had any prejudicial effect upon the supply of efficient labour or on the carrying-on of the business?—To a certain extent. Latterly we have not been able to get enough boys.

23. What causes have led to that? Do they go to easier businesses?—I do not think boys like going to trades like they did. They prefer easier billets—clerking, and something clean.

24. What has been the general effect of the labour legislation upon your business?—We have no objection to it.

25. It does not affect you?—It is rather better for us, because we know that other people have to pay the same wages as we do under the awards.

26. Has the character of the labour either improved or depreciated through it?—It is much about the same.

27. The legislation has not had any appreciable effect?—No.

28. Is the output as great?—It is about the same.

29. *Mr. Robertson.*] As there is difficulty in getting boys, any limitation of the number of apprentices would hardly have any effect?—There are times when we could put more on, and we are then hampered.

30. But at the present time you would not be able to get them in any case?—At present the market is fairly scarce.

31. If there were no restriction of apprentices is there not a danger that lads would be taken on indiscriminately, and after a few years be turned off when they are becoming useful and want higher wages?—There might be.

32. Do you not think that might have an effect in reducing the general standard of quality of the work?—I do not think it would make any difference.

33. Do you not think the fact that the employer had them for only a short time, and then turned them off, would mean that he would not give the same care to teaching them the trade that he otherwise would do?—I do not think there would be any difference.

34. Are you aware that there has been a suggestion made to fix an export duty on hides and sheep-skins?—I am not aware of it.

35. Would you be in favour of it?—I do not think I would. I think we want to consider the good of the community as well as of ourselves.

36. *The Chairman.*] Do you know of anything else that would assist the Commission in ascertaining the cause of the rise in the cost of living?—The general rise in the prices of labour and material naturally increases the cost of production, and if the cost of labour goes on increasing it goes without saying that an increase in the cost of living will naturally follow.

37. Have you had experience of a slight rise in the cost of labour being made an excuse for a considerable addition to the price of an article?—I cannot say that I have. With reference to the limitation of the number of boys, I was speaking of extreme limitation. I think our limitation is too small at the present time.

38. What is it: one to three?—Practically. It varies in the different departments. I think it could be altered without detriment to any one. We are a growing community, and want to provide labour.

39. *Mr. Robertson.*] Do you find any difficulty in getting journeymen?—Yes.

40. Would an increase in the number of apprentices relieve that?—To a large extent it would.

41. At the same time, you believe the principle of having some limitation is a good one?—In some businesses.

42. It is a good principle as a whole?—I have no objection to limitation provided that it is within reason.

HUGH WILLIAM SEGAR, Professor of Mathematics, examined on oath. (No. 152.)

1. *The Chairman.*] What is your position?—I am Professor of Mathematics at the Auckland University College.

2. I understand that you are prepared to make a statement to the Commission?—It was not my original intention to offer evidence, but I was requested by the Commission to do so. I was uncertain as to the points upon which the Commission would wish to hear me, but I have prepared a short statement giving my opinions and conclusions. It will be understood that it is necessarily brief for such a subject, to which justice could not be done in anything short of a treatise. I propose to deal with questions 1, 2, and 4 in the order of reference together, as they deal with the fact of the increase in the cost of living. Then I will take questions 3, 5, 6, 7, 8, and 9, which relate to suggested causes. Next I will take questions 10 and 12, which bear closely upon the question of gold-production; and, lastly, I will take question 13, though it is perhaps going beyond my province and trespassing upon what is properly the work of the Government. 1. The cost of

living in New Zealand has increased during the last twenty years. During the first three years or so of the period the cost of living and prices generally were falling; since then there has been a considerable rise both in the level of general prices and in the cost of living. The rise in the latter cannot be less than 20 per cent. 2. This increase has not been any more marked in New Zealand than in other English-speaking countries as a whole. It is, I think, certainly less considerable than in Canada and the United States. 4. In Auckland the increase in the cost of living has been most marked in rent, the foods which are pastoral or agricultural products of this country, clothing, and fuel. Taking actual index numbers of reputation, the increases in the prices of commodities in different countries were as follows, taking the years 1896-1910. It must be understood that about 1896 prices touched bottom. These figures therefore represent the increase of prices from that period. I am not giving a comparison with an average of years, as is frequently done, but I give the rise since the rise started. The figures are—United States, 45 per cent.; Germany, 42 per cent.; Canada, 35 per cent.; France, 31½ per cent.; England, 28 per cent.; Belgium, 27 per cent. This is on commodities in general. Taking food only, and comparing the year 1910 with the average from 1890-99, the increases were—United States, 34 per cent.; Canada, 28 per cent.; Germany, 25 per cent.; United Kingdom, 8 per cent.; France, 1 per cent. Taking the New Zealand figures available, we have the work of Dr. McIlraith, which is of very high value, and no doubt will become the classical basis for reference in such matters for a long time to come. It traces back for fifty years the prices of the majority of some forty-five commodities. But I cannot myself accept the index numbers which Dr. McIlraith derives from those prices, especially for the purpose of comparison with the index numbers of other countries, for these reasons chiefly: Dr. McIlraith omits certain important commodities. Of course, there were reasons for that—the difficulties in tracing them back. Take potatoes, for example. They vary so much in price and quality from season to season as well as from year to year that it is difficult to get a fair average price current, let alone going back over a series of years. Still, notwithstanding that there is such a good reason for the omission, I consider that it vitiates the result. Again, cotton, a commodity of enormous importance in the commercial world, is omitted. There is hardly any commodity enumerated in the list that exceeds cotton in importance. Copper, tin, and timber are also omitted. But the real point that makes the omission of these commodities of importance is this: it is not merely the importance of the commodities, but it is the fact, as I deem it, that these commodities, in their respective classes, are the commodities which have risen most. For instance, potatoes—I speak of Auckland in respect of that commodity—have risen more than any other agricultural product. Cotton has risen much more than wool, although if you take it as represented by cotton goods in New Zealand the increase would be diminished to a very appreciable extent by the relief afforded in the alteration in the tariff a few years ago. Then, coming to the metals included under the heading of minerals, copper—which is the metal next in importance to iron—has risen more than any other mineral except tin. Then, coming to materials, I reckon that timber is more important than any three of the materials enumerated, and it is the material that has risen most. There is an understanding in the text-books that the commodities chosen on which to found index numbers do not really matter, so long as you take a reasonable number of commodities which will give you a fair average. That is, after all, trusting to luck. It assumes that some items will counterbalance others—that, if some would raise the average, others would lower it. Possibly Dr. McIlraith has settled the point in that way, and has not been circumspect enough to examine the chief omissions. I am speaking about his figures, because they are the only figures available for New Zealand, and considerable attention is bound to be given to them and considerable argument based upon them, and it seems to me that as the final results stand they will lead to misapprehension of the real position in New Zealand. As regards Auckland, the figures given for coal are utterly misrepresentative. Of course, he does not pretend that they are the figures for Auckland. They are the figures for Canterbury. Still, as a matter of fact, they are misrepresentative of Auckland. According to Dr. McIlraith's figures, coal dropped in Canterbury at the ship's side from 30s. in 1896 and the years thereabout to 20s. 6d. in 1910. Now, from the point of view of the householder in Auckland the only coal that matters is Taupiri coal, which is in universal use. If you take household coal proper, in 1895 that coal stood at 25s. per ton, with 1s. discount for cash, making it 24s. for the average purchaser, delivered by the ton in sacks. It now stands, and has stood for two or three years, at 32s. or 31s. net. That is an increase of 7s. per ton in Taupiri coal as compared with Canterbury coal, which represented a decrease of 9s. 6d. per ton. I say that if you apply those figures to Auckland there is that special defect, for which he is not to blame. I am pointing it out in case his figures should be used in application to Auckland. Then, I consider that Dr. McIlraith inadvisedly "weights" certain relatively unimportant commodities—unintentionally, of course. It is the custom—not universally, but still commonly—in compiling these index numbers, to "weight" certain commodities—commodities of special importance. In doing this statisticians sometimes quote different varieties of one commodity, and each counts as a commodity. That roughly makes up for the importance of the commodity, and Dr. McIlraith rightly does that in his tables. For instance, in connection with iron, he takes two varieties of iron in order to give some weight to iron on account of its special importance as a commodity. He, however, includes also a number of comparatively unimportant commodities, some of which one is somewhat surprised to see in the list, which comprises only forty-five in the total. But what I object to chiefly in that respect is that some should be "weighted." For instance, take soda and soda crystals. Each of these is counted as a separate commodity, and receives the same weight as some very important commodities. That practically gives double weight to soda. Of course, there is a slight variation in the prices of soda and soda crystals, because of varying market conditions. I do not know that soda crystals are manufactured in the country.

3. *Mr. Fairbairn.*] Yes?—Then, I do not know the quantity used. Only £70 worth was imported in 1910. Then, rice and sago are quoted as separate commodities. I think it is a mistake to duplicate

them. If they are quoted they should be averaged and taken as one. The real objection is that all these—I do not like to say defects, but I cannot get the exact word I want—tend in the same direction. Suppose they are defects, and suppose that they were rectified, then every one of the rectifications would tend to increase the increase in prices shown by the index numbers. They do not counteract one another, but are all in the same direction.

4. *The Chairman.*] The effect is to make the rise greater?—To make it greater than Dr. McIlraith's index numbers show. It is not a reflection upon his work. You could not expect a man to do the work and not complete the argument as he did. I am sure that he is conscious of the effect of the omissions, but he has not recognized that they affected the final figures to a rather unexpected degree. I have taken out Dr. McIlraith's figures as to the separate foods, and classified them according to the recommendations of the committee of the British Association, a very distinguished committee that was appointed about a quarter of a century ago to consider the matter and make certain recommendations as to what commodities should be included in index numbers, and what weight should be given to them. These are for the average of the years 1908-10, as compared with the years 1894-6, giving the average of the three years in each case. In breadstuffs the items include wheat, flour, barley, rice, sago, oats, oatmeal, and the increase is 14 per cent. According to the classification of the committee, potatoes would be included, and that would still further raise—certainly in Auckland—the percentage very considerably. Then, meat and fish—beef, mutton, lamb, and salmon (the only fish available from Dr. McIlraith's figures)—15 per cent.; dairy products (butter and cheese), 49 per cent. If these be taken together, and weighted according to the recommendations of the committee of the British Association, we get a rise in these foods of 21 per cent.

5. *Mr. Fairbairn.*] That is, the aggregate result?—It is the average of the lot. Milk also is omitted. That would come under dairy products in the committee's classification. The increase in the cost of milk in Auckland is such that it would not affect the result appreciably. I happened to give a lecture recently upon the increase in the cost of living—one which I had resolved upon before this Commission was appointed—and for the purpose of that lecture I made some investigation. Mr. Ward Baker, who is a land agent in Auckland with long experience, especially in the letting of houses, volunteered to look up figures from his books comparing the rents ruling at the present time with those in 1896. He was able to trace back twenty-two houses for the whole period, and to say that in that time the houses have not been improved. They were mostly in more or less central positions. Mr. Baker's impression before he made the investigation was that the rents of such houses had not increased—that rents had increased only in the suburbs. The result shows that impressions are not to be trusted.

6. *Dr. Hight.*] And he probably would have said so if he had come before this Commission?—I think so, because he seemed to be quite confident on the point. Mr. Baker confined his attention to houses that might be called working-class houses, inhabited by people with small incomes. The figures with which he supplied me are:—

Sample Rents in Auckland, supplied by Mr. W. Baker, of Samuel Vaile and Sons, Land and Estate Agents.

Years.	1896.		1912.		1896.		1912.		1896.		1912.		Totals.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Sample rents	0	3 60	7	00 6 00	7	60 7 60	10	00 6 60	10	01 3 6	1	14 6		
	0	2 00	8	00 6 00	8	60 12 60	18	6 00 5 00	10	01 5 6	2	5 0		
	0	3 00	8	00 7 00	6	00 7 00	13	00 8 00	12	01 5 0	1	19 0		
	0	8 00	10	60 15 00	17	01 2 61	15	6*0 5 00	12	62 10 6	3	15 6		
	0	13 00	16	00 6 60	10	00 7 60	10	00 .. ..	1	7 0	1	16 0		
	0	6 00	7 60	6 60	10 00	8 60	12 6 ..	.. ..	1	1 0	1	10 0		
Totals	1	15 6	2	7 0	3	5 6	4	19 6	1	4 6	8	12 6	13	0 0
Increase	..	..	..	..	..	..	..	..	..	..	..	..	..	51%

The total rents of the twenty-two properties in 1896 were £8 12s. 6d., and in 1912 they are £13, representing an increase of 51 per cent.† That corresponds very closely with what I would expect, after watching the changes in the value of land and the increase in the cost of building. I may mention, as it comes in appropriately here, that undressed first-class kauri timber has increased in cost since 1895 from 12s. to 25s., an increase of more than 100 per cent. Other timbers have not increased so much, but the increases have been very considerable. I do not think any timber has increased less than 50 per cent.

7. *The Chairman.*] These figures are for the same houses?—Yes; each pair of rents applied to the same property.

\* A working-class boarding-house. † Not only is there this average increase in the rents, but the majority of the increases also are in the neighbourhood of 50 per cent.

8. Then the advance in the price of timber in the meantime would have hardly any effect upon their rents?—It would, decidedly. If you have a quantity of flour which cost you £2, and the price of the flour rises to £4, you would not sell it for the £2, but would want the £4. It is the same with houses. Passing to another matter, I have made an estimate of the increase in the cost of living in the sense of the expenses of the people dealt with in the "Inquiry into the Cost of Living in New Zealand," written by Mr. J. W. Collins, of the Labour Department. Mr. Collins analyses the returns in the family budgets supplied to the Labour Department, and shows how much, on the average, is spent on the various items such as rent, fuel, clothing, &c. I take the amount he gives as being spent during the year under examination, which was about 1910. I take the average prices of the various commodities from the Government statistics. I do not know how these were compiled, so that I do not know to what extent they can be trusted, especially as the earlier statistics give the averages for the commodities, whereas the later statistics gives the extremes. To get the average for the later years I take the mean of the extremes. I do not know whether the earlier averages were obtained in the same way, but such as they are I take them, for the periods 1894-96 and 1908-10, so as to diminish somewhat any extreme variations for a single year—a three-year period in each case. Then, in taking the average for the foods, I have compared them with my own experience, as a kind of check. I thought that if they disagreed with what I thought ought to be I would not carry the calculation on, but if they did agree with my own experience I would proceed with it. They certainly did agree, as a whole, with my impressions. I could not take any decided exception to any one of the changes indicated. The table comes out in this way—

Estimate of increase in Cost of Living in Auckland, from 1894-96 to 1908-10.

	1894-96.			1908-10.				1894-96.			1908-10.		
	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
Rent .. .. .	0	7	11½	0	12	0	Sundry other foods ..	0	3	6½	0	3	8
Bread .. .. .	0	1	9½	0	2	2½	Clothing .. .. .	0	6	10	0	8	2½
Meat .. .. .	0	3	11	0	4	7½	Fuel and light .. ..	0	3	0	0	3	1
Vegetables ..	0	1	1½	0	2	5½	Groceries other than food	0	2	1	0	2	2
Milk .. .. .	0	2	0½	0	2	4½	Total .. .. .	1	16	7½	2	5	7½
Butter and cheese	0	2	0½	0	2	8½	Miscellaneous .. ..				0	13	5½
Sugar .. .. .	0	1	0¾	0	1	0¾	Total, with miscellaneous				£2	19	1
Tea and coffee ..	0	1	3	0	1	1							

An increase (excluding miscellaneous items) of 24.6 per cent. This accounts for 77 per cent. of the expenditure. If we exclude "miscellaneous," and "clothing," we get a total of £1 9s. 9½d. in the first column, and £1 17s. 5d. in the second, showing an increase of 25.7 per cent. If we take the total, excluding only "miscellaneous," the increase is from £1 16s. 7½d. to £2 5s. 7½d., an increase of 24.6 per cent. The increase in vegetables seems very large, and I admit that it may be a little too large. It is the increase that would follow from the Government statistics as to the prices of commodities in Auckland. It would not be too big, I believe, in the case of potatoes only. Some cases, such as that of tea and coffee, were a little awkward to deal with. Nearly every one takes tea, but coffee is not so much used by the poorer people. Fuel and light have moved in two opposite directions. Fuel has increased, and light has diminished in cost—noticeably in the case of kerosene. Electric light is new, and you cannot make any comparison. With regard to clothing, Mr. Caughey, of the firm of Smith and Caughey, took me through a large part of their establishment, and we conferred with the heads of the departments as to their opinions with regard to the increase in the cost of clothing. The result was to convince me that since 1896 there has been a rise of something like 20 per cent. in the cost of clothing, taking it all through, but varying very much from one kind to another. Still, if it should be only 15 per cent., or should it be 25 per cent., that would not make very much difference in the resulting percentage in the budget increase in the cost of living. But allowing for a little possible error, the possibility of which I freely admit, for the class of people dealt with in this inquiry, the increase in cost has not been less than 20 per cent., and it may be a little higher. That is all I have to say with reference to questions 1, 2, and 4.

9. Mr. Hall.] Were rents at the normal level in 1896, or was it a time of depression?—There had been a depression, but it was just then lifting. Certainly within two years after that I found myself unable to get a house in Auckland. Whether at that actual date the depression was seriously affecting rents I could not say.

10. Do not rents as low as 2s., 3s., and 3s. 6d. seem abnormally low?—Yes.

11. In speaking of potatoes, are you taking the wholesale or the retail prices?—I take the wholesale price, which shows a very big increase.

12. Potatoes have been selling in Auckland at £3 per ton?—I did not know that.

13. Mr. Fairbairn.] Would not 1912 be high-water mark in connection with rents in Auckland, as compared with the past?—I think so, decidedly.

14. In making these calculations, was any attention paid to the rates ruling in the period between 1895 and 1912?—No; I just compared the two years.

15. Is it not possible that in taking the two you exaggerated the difference?—Possibly, I freely admit.

16. So that spread over the whole period the increase of 51 per cent. that you indicate might not be quite accurate?—Accurate for the two years, but possibly misleading. There is a possibility that in the first of the two years the rents were abnormal.

17. That increase, for instance, might not hold good for the last ten years?—I had no figures and was glad to get what Mr. Baker volunteered. I happened to have a special interest in this particular period, because I arrived in the Dominion in 1894, and married and started housekeeping

in 1895, and I know that I had to pay a heavy rent, so I do not think the rents could have been very much depressed for the class of house I wanted.

18. But the 2s. a week suggests it?—Yes.

19. Is not one of the essentials in arriving at an index number to have accurate values of all the commodities dealt with?—As accurate as possible.

20. Is not the next thing to find the proportionate consumption of all commodities in different groups of homes—say, the home of a working-man earning £2 a week, that of a family living at £4 a week, and that of a family living at £6 a week—in order to work it down to its true terms? Has that been done?—I do not know of it.

21. It seems that if you took the six leading commodities, and attempted on that to fix the index number, it would fail to be accurate?—A perfect index number is impossible.

22. Would it not be a better basis to work upon to take the commodities consumed in an average family, spread over twelve months?—If it is from the point of view of the cost of living of the people in general, undoubtedly. I was thinking of the prices of commodities in general, which is not quite the same thing.

23. If there was an attempt to put the statistics on a proper foundation would not that be necessary in regard to the cost of living?—I might not go so far as to say it was necessary, but it would be a very good method. There might be other ways of arriving at the same result.

24. Dr. Hight.] As a matter of fact, have not nearly all inquiries into the cost of living had reference to what we term "the workers"?—That is so.

25. For instance, the United States Bureau of Labour, in their investigations, weight the prices according to the amounts consumed, as estimated from some thousands of working-class budgets?—Yes.

26. The figures you have given seem to lead to the conclusion that the increase in the prices of food-products is very much less than the increase in the prices of commodities in general?—You have to take into account the different periods. I have pointed out that the different basis of comparison lowered the percentages. As a matter of fact, taking the United States, Canada, and Germany, the advance in food-prices is shown to be much the same as that in other materials, but in the United Kingdom it seems to be decidedly lower, and in France remarkably lower. At the same time one has to bear in mind that index numbers are only approximate, and may easily vary by 10 per cent.—different index numbers dealing with the same country and the same period, because one calculator may take different commodities from those of another, and may weight them or not, or may weight them differently. Different commodities change differently in price, and the consequence is that you get different results. A perfect index number has never been compiled, and I am afraid never will be. Such calculations are only rough, necessarily.

27. Assuming that they do give, roughly, a true picture of the relative increases in foods as compared with commodities in general, have you any explanation to offer as to the difference observable—as to why the increase in food should be very much less in the case of England and France than in the United States, Germany, and Canada?—That is a point upon which I would myself like to get some information. One wants to be more or less intimately familiar with the commercial conditions of the several countries.

28. Do you know of any explanation of it?—I have not seen any.

29. The articles omitted in arriving at Dr. McIlraith's index numbers have all risen greatly in price during the last fifteen years: do you think the fact that there have been drops in prices in the case of other articles would counterbalance those increases?—I was thinking largely of Dr. McIlraith's tables as compared with other index numbers derived from a comparatively small number of commodities. The commodities I took were those you find invariably in such lists. They are important commodities. Tin is not so important as the others, but potatoes, cotton, and timber are specially important. Of course, there are a number of important commodities that are not in any of these short lists from which some index numbers are derived, and it is quite possible that your suggestion would apply to all the index numbers derived from short lists. I was pointing out where Dr. McIlraith's differs from well-known lists in other places.

30. Dr. McIlraith's index number for 1911 is 107, and that for 1912 is 109. For those two years he has modified the index number by including timber?—I am glad to hear that, but I had not received the addition.

31. The result is to alter the 107 to 110, and the 109 to 112. Those increases would be in accordance with what you would expect?—Exactly.

32. With reference to the Labour Department's investigations into the cost of living, do you consider the distribution of expenditure given there to be representative of the way in which income is expended by the workers generally?—I should say it is.

33. Do you think the number of returns received is sufficient?—Sufficient for the purpose. The use I made of it is for the purpose of weighting, and it is sufficient for that.

34. Mr. Robertson.] You gave the price of coal for 1896 as 25s. per ton: was that in ton lots, or selling by the sack?—By the ton in each case. It comes to more than that by the sack. Steam coal, which is used in many houses—my own for example—has gone up in the same period from about 20s. or 21s. to 28s. net, showing a more than proportionate increase.

35. Is it possible to get that coal in Auckland now?—Yes, Taupiri steam coal. There is also a still cheaper grade of steam coal, but you could not use it for household purposes. I now come to the next division of my subject, contained in questions 3 and 5 to 9 in the order of reference. The question of the suggested causes of the increased cost of living is quite distinct from that of a higher standard of living. In the former question we are concerned mainly with the increased cost of what are classed as the necessities of life, in the latter with increased capacity per individual to purchase.

The first depends on the prices of commodities; the second also depends on these, but further also on wages and the size of the family. It is thus the standard of living that is dependent in part on the prices of commodities rather than the reverse. The point of the suggestion that a higher standard of living is largely or wholly responsible for the increased cost of living seems to be that people are buying commodities of better quality, and, having to pay more for that better quality than previously for an inferior quality, get the impression and complain that things are getting dearer. This may be so to some extent, and may aggravate the grievance felt, but statistics also show clearly that the rise in the prices of goods of fixed or given qualities is on the average very pronounced. Many purchasers are unwittingly getting poorer and not better quality in some of their purchases, as it is the practice in certain lines for shopkeepers to supply a progressively poorer quality of goods in order to be able to supply their customers with an article at the price to which they have been accustomed. Whilst monopolies, combines, trusts, and other associations of manufacturers or sellers of the necessities of life may have raised prices of certain commodities beyond the level that would have been reached under free competition, I do not think they can be held responsible for a large proportion of the increase in the cost of living as a whole. The effect of the tariff reductions made in New Zealand has reduced the increase in the cost of living relatively to what otherwise would have obtained. The rise in the price of land in New Zealand has not contributed to the rise in the price of commodities. It is itself largely the result of the same causes that have produced the rise in the prices of commodities, acting through those prices. The price of land, given the rate of interest the same, is but a measure of its advantages relatively to the other land in use. It is certain that no farmer in New Zealand gets more for his produce in London on account of the price he gave for his land, or the price he could get for his land. The notion that the price of country lands directly affects the prices of their products is a wrong way of looking upon the fact that, as population increases, poorer or less accessible lands have to be taken into cultivation, tending to increased cost of production. In the poorer or less accessible lands this is the result of the poorer quality or diminished accessibility; the purchasers of the richer and more convenient lands have merely to pay more for escaping these disabilities. The cause of any consequent rise in price of the products of the land then is the necessity of taking up the less eligible lands. I do not think that there is any conclusive evidence that as yet there is any serious influence towards increasing the cost of living, arising from this cause, that is not counterbalanced by improvements in agriculture and the science and practice of the land generally. Certain of our exported products have, during the period under investigation, become more popular and more firmly established in reputation in the Home market, and this has tended in the direction of hardening their prices in the Home market and consequently in the local market. This question, however, is pre-eminently one for those expert in the commercial history of the several products concerned. Labour legislation has facilitated a rise in wages fairly corresponding to the rise in the cost of living. Without it wages might have lagged behind considerably as has been the case, *e.g.*, in Great Britain. On the other hand, the great advances in wages in some other countries, as the United States and France, show that such labour legislation is not an absolutely necessary means of obtaining increasing wages. The increased cost of labour has increased the cost of such services and commodities as are independent of foreign competition.

36. You say that the increased price of labour has increased the price of such commodities as are independent of foreign competition: would not the factor of competition within New Zealand itself induce employers, when wages are raised, to adopt improved methods, which would have the effect of counteracting any increase which might arise from the increased price of labour?—Of course, there is always a tendency that way. It is notorious, for instance, that the great cost of labour in America has led to marvellous developments in machinery, both in connection with agriculture and manufactures; but I do not think it could be depended upon; and I doubt whether it has taken place in this instance.

37. We have had evidence before us in regard to one or two industries. The industries I am referring to are industries that are highly protected; but in spite of the protection from foreign competition, we had evidence that the increase in wages was counteracted almost entirely by improvements in methods and machinery?—I quite believe it in certain instances—at least, I am not surprised to hear it in certain instances; but it does not follow generally.

38. In regard to the cost of services in connection with distributive processes, would you say that the increase of wages has been more marked in connection with distributive processes than in connection with production—that is, whether the increase has been more marked in increasing the cost of distribution?—It would vary considerably with the actual commodity—the cost of labour, the cost of the raw material, and so on. I would not like to give a general opinion offhand.

39. In regard to the price of land, the price of land you said was the measure of its value relative to other land in cultivation. Did you say this also: that the increase of population meant that land was brought into cultivation which it was previously unprofitable to cultivate—that that had a tendency, in raising prices, to make it profitable to cultivate that land?—Yes, that is so.

40. Do you believe that these increases have been counteracted by the improvements which have been made in connection with agricultural methods?—Yes, that is my opinion.

41. Could you give us any data in regard to that?—No, I have not got any data available.

42. If those improvements did not take place in connection with agriculture, having a counteracting effect in that way, would you say that the forcing of that particular land into cultivation would have the effect of raising the prices of commodities?—The tendency would be that way, particularly in the absence of counteracting influences. These would have to be taken into account.

43. The principal counteracting tendency would be the improvements in agriculture?—And in handling and in communications.

44. *Dr. Hight.*] You think, evidently, from what you said, that a rise in prices may take place in several ways. You may pay more money for the same commodity, or you may pay the same amount of money and get an inferior article called by the same name, or you may pay the same amount of money and get smaller discounts?—Yes.

45. All these imply a rise in prices?—Yes.

46. As to the relations between a rise in wages, and the use of machinery, and the price of the product: given a rise in wages, there may be a stimulus to improved methods of production on the part of the employer?—Yes.

47. And this may counteract the increased labour-cost, so that there may be no observable effect on the prices?—It may counteract them either wholly, partially, or not at all.

48. But in time may it not be that more economical methods of production would have been introduced apart from the stimulus of higher wages?—Undoubtedly in many cases it simply brings about improvements at an earlier period.

49. In that case the ultimate effect of the rise in wages has been to prevent a fall in the price of the product?—That is so.

50. Have you any statistics to give us as to the comparative rates of increase of wages in an industry with the rates of the increase in the price of the product?—There are such, but I have not got them in my possession.

51. Such, for example, as this: say, that for a rise of 2s. a week in drivers' rates of pay the cartage rates were advanced 16s. a week approximately. You have no statistics of that character?—No, not of that character.

52. You have no first-hand knowledge of the relation between the increased rates of wages to miners and the consequent increase in the price of coal?—No, you would want to get that information from the man in the trade.

53. The increase in the price of coal is alleged to be the result of the increased price of labour in the mine?—I have no first-hand knowledge of that.

54. *The Chairman.*] Question No. 6 is, "What has been the effect on prices on the tariff reduction?" Can you say if the people have benefited by reductions in the tariff, or whether the reductions have been restricted in their passage to the people—the consumers?—Only from the Press and from one's own experience. I think, for instance, we know from our own purchases that when the duty was removed from cotton goods the prices, as a whole, were reduced correspondingly.

55. They were reduced?—Yes, undoubtedly; that is my own experience.

56. Was that the case with kerosene?—I am not a consumer of kerosene.

57. Of course, if the tariff reduction was not carried on to the public there might have been outside influences?—The price of any commodity fluctuates, and sometimes a reduction in the tariff might be made just at the time when the commodity was about to rise, and so the reduction in the tariff would prevent a rise in the price of that particular commodity.

58. I am informed that is the case with cotton goods, and that the price is very nearly what it was before the tariff reduction came about. Would it be a reasonable thing to say that that was on account of the increased price of cotton outside?—Yes, it would be quite reasonable. Raw cotton has increased enormously in price, and cotton goods were increasing in price when the duty was changed.

59. *Mr. Fairbairn.*] We have had very definite evidence both from manufacturers and also from labour sources that in two important industries the increased cost of wages has been counterbalanced by improved methods and by improved machinery during the last fifteen years—inventions have not ceased in regard to labour-saving appliances; and in each instance the admission has been that the cost of production has not increased in consequence of wages, although wages have been increased approximately 25 per cent.?—There is more or less a fallacy in the argument. The question is whether the increase of wages produces an improvement in machinery. The improvement might have taken place without the increase in wages.

60. How has it affected the consumer?—You have two opposing influences, and they more or less counteract one another.

61. In those two industries there is no net increase in the cost of production?—Yes.

62. We had another illustration in connection with the increase of wages to slaughtermen at the abattoirs. It was found on close investigation that the actual increase of cost was a farthing per carcase—60 lb. dead-weight mutton—*i.e.*, an increase which you cannot determine by any coinage in the world because it is so small, yet there has been an increase in the cost of mutton to the consumer?—Yes; but, as the Scotchman says, "Every little makes a muckle." "A bucket of water is made up of drops."

63. It would be decimal 0·2, and is not worth considering?—Still, it is an increase.

64. I mention that because it might have had some influence in your investigations?—No, I recognize that an increase in wages—that is, a reasonably small increase—will often make a very small increase in the price of commodities.

65. We have a still further illustration in connection with coal. Witnesses in the South Island stated that there had been an increase of 8d. per ton added on account of the increase in the cost of labour, yet the consumers were charged an increased price of 3s.?—The same thing practically has taken place in Auckland. The figures resemble those very closely.

66. What extent would the alteration in the tariff have on the value of the index numbers. The New Zealand tariff has been altered three times within the last twenty years. For example, there was a reduction of 2d. per pound on Mediterranean fruit, which would mean reducing the price more than half on most lines. The loss in duty would have to be made up in some other way. It would be regarded as a saving?—Not necessarily as a saving.

67. My point is this: that these particular items which would show an index price as being stationary would really represent an increase if one took into consideration the 2d. per pound duty?—The taking-away of the duty would reduce the index numbers.

68. But it would not be a fair reduction in one sense, but it is a reduction that ought to have been explained and provided for?—Yes, the money has to come in other directions, but possibly not on the part of the same purchasers. If you take a duty off, say, flour and put it on motor-cars you have reduced the cost of living to the working-man, and increased the cost of living to the comparatively rich man. That has to be taken into account.

69. *Mr. Leadley.*] With regard to the tariff reductions, where these are not followed by corresponding reductions in the price of the goods on account of the rise in the cost of the article occurring simultaneously with the tariff reduction, have you any local instances of that?—No, I would prefer that local instances should be brought forward by the people concerned.

70. *Dr. Hight.*] Suppose that flour advances £1 a ton, and the bakers raise the price of a loaf of bread by  $\frac{1}{2}$ d., and this gives them surplus profits more than is necessary to reimburse them for the increased price of flour—if they can do this, does it not imply that they are in combination to fix prices?—There is a presumption, certainly. The presumption is strong.

71. *Mr. Veitch.*] You have dealt with the causes of increases in the values of country land: do you propose further to deal with city land?—No, I did not go into that; but the argument is similar. Precisely the same argument will apply to either case. It is a question partly of accessibility. There is the difference in quality in the one case, and in the position of the site in the other. The same principle will apply both to town and country land.

72. Can you suggest a remedy for this difficulty—that is, for the increase in the cost of living—the enhanced value of land in the city, for example?—I am afraid we will have to put up with that.

73. You cannot suggest any remedy?—There is no getting away from the rent. One difference might be made in the State owning the land, but the occupier of the land would still have to pay rent. From the occupier's point of view there is no getting away from it. A man must pay, unfortunately, in this world for what he gets. If he gets a better site or better land he has to pay for it.

74. *Mr. Robertson.*] Might not there be a slight difference from the taxpayer's point of view?—Yes, that is where it would come in. In regard to questions 10, 11, and 12, the meaning of question 10 is uncertain. If it means to what extent the rise in the cost of living is but a part of the general rise in the price-level of commodities, it may be stated in reply that, in the world generally, it may be broadly affirmed that the proportional increase in the cost of living is about equal to that of the average prices of commodities. Great Britain appears to be an exception, as there the cost of living has not advanced quite as rapidly as average general prices. Growing urban districts have the effect, of course, of tending to increase average rents. No other very appreciable influence on the cost of living seems to be directly traceable to the movements of the urban and rural populations of the Dominion. But the increase of urban populations and denser settling of the country in many parts of the world assists to promote the use of banking facilities with a result to be considered in the next question. The commodities dealt in in any country may be divided into two main divisions—(a) those of international commerce dependent for their relative prices on world conditions; (b) those of local production free from foreign influence. Another class is sometimes affected by foreign competition, sometimes not. Foreign competition thus determines the relative prices of certain commodities, and then local conditions those of the rest relatively to the first and to one another. There are very numerous causes which may thus affect the prices of commodities relatively to one another. Sometimes the price of a particular commodity is inflated, sometimes depressed, according to the influences of some of these causes. But, whilst relative prices are thus determined, the average level of prices in the commercial world—whether as a whole they are high or low—depends on the amount of currency compared with the business and trade to be effected. The increased cost of living also is mainly due to the great increase in the currency of the world as compared with the increase of its trade and commerce. The chief factor in the increase of the currency is the output of gold, which has increased no less than a little over fivefold in the last twenty-four years, and more than fourfold in the last twenty years. The next important factor is probably the extension of banking facilities and the increased use made of them, resulting in considerable economizing in the use of the rapidly growing stock of money. In regard to the question of the gold-supply, I have here a diagram showing the gold-supply of the world from 1851 to 1911 (see Exhibit No. 5). I do not know whether the Commission cares for me to say anything as to what occurred in America in connection with the growth of credit instruments. Professor Fisher, in an extremely interesting and valuable volume on "The Purchasing-power of Money," arrives at certain conclusions as a result of very elaborate statistical investigation, and, although his conclusions are not supported accurately by figures, the results are sufficiently close to be striking. There are four elements that come in. There is, first of all, money—that would include bank-notes; and then there is credit—largely cheques drawn on bank deposits.

75. *The Chairman.*] Is not a bank-note a cheque?—They are not quite the same. There is a legal difference. A bank-note is classed with money, and not with cheques. Each of these quantities have what they call a velocity of circulation or an average turnover. A man has so-much in the bank, which he is really turning over by drawing cheques on it, and replacing it so many times a year. Professor Fisher just remodels the old quantity theory of the connection between money and prices, and shows how prices depend on those four quantities—the two forms of currency with their respective velocities of circulation; and then at great trouble—with some assistance from some of his best students—he investigates the figures and shows how his conclusions were arrived at. I have brought his figures further than they are shown in his text. The period referred to is from 1896 to 1910. The money in circulation nearly doubled in those fourteen years. This is in the United States only. What is of particular interest is this: that this is the first work of the kind, and no doubt the work will have

a profound influence on the science of money in the near future. The velocity of money increased by 10 per cent. That was a very considerable increase. Remarkable figures are given in connection with the deposit currency; that nearly trebled in fourteen years. What is equally remarkable is that the velocity of circulation increased by 50 per cent.—that is, of the deposit currency. The volume of trade nearly doubled. If you take the product of the money in use and the circulation of the money that gives you what you might call the money circulation—the actual business carried out by money payments. That rather more than doubled. Rather more than twice as much business was done with money—money was paid for it, not cheques. But if you take the credit circulation that would be the product of the credit currency and its velocity of circulation you will find that it almost quadrupled. Whereas a little more than double the amount of business was done with money, almost four times the amount was done with credit in 1910 as compared with 1896. That shows that in the case of the United States the development of the credit system in connection with banks is supporting the output of gold in producing increase in prices. If you take the sum of those two—that is, the total amount of work done by both money and credit—the increase comes out about 270 per cent. Altogether there was an increase in the currency that changed hands in the period of fourteen years of 270 per cent., and trade scarcely doubled—that is, the volume of trade apart from its money value. If you take the trade of the later year, and reckon the prices of commodities on the earlier year, you would find that there was not quite twice the value of trade done; but in the meantime prices had gone up. That gives the relations of the two—currency increased 270 per cent., and trade itself had scarcely doubled.

76. The result of that would have been that it would add greatly to the price?—Yes. Then Professor Fisher investigates the influence of each commodity in another way; but I have modified that again with the view of making it clearer, and these are the results. Supposing the other three quantities had remained constant, and money only had increased in the way it did, the increase in the total circulation would have been 89 per cent. So that 89 per cent. of the increased currency was due to the change in the money only. If the velocity of the money only had changed, and none of the other three, there would have been an increase in the amount of currency that changed hands of  $1\frac{1}{2}$  per cent. only. If the ratio of the credit currency to the money only had changed, that requires a little explanation; but Professor Fisher shows, and there is no need now to go into the argument, that the result of an increase in money would be to produce a corresponding proportional increase in the credit currency, and apart from other influences would tend to increase the credit currency. The mere increase in money currency would produce an approximate proportional increase in the amount of credit currency. So when we want to distinguish the effect of the change in credit currency from that of the change in money we have to consider the ratio of the one to the other. If this ratio of the credit currency to the money currency only had changed it would have resulted only in a change of 37 per cent. in the total amount of currency that changed hands. And, lastly, if the velocity of the credit currency had been the only factor of the four to change, it would have produced a change of  $41\frac{1}{2}$  per cent. in the amount of currency that changed hands. If we take the first two together, and also the last two—this is the point I wish to draw special attention to, and it is the last point—if you suppose the money had changed and its velocity of circulation, but that the credit currency had not changed at all or its velocity, that would have produced an increase in the currency that changed hands of 92 per cent. On the other hand, if the other two quantities—if the ratio of the credit currency to money had changed, and also the velocity of circulation of the credit currency—if those two had changed together, but not the money, either in amount or velocity, that would have produced a change of 94 per cent. in the amount of currency that changed hands. You notice that those two are almost equal—viz., 92 per cent. and 94 per cent.—showing that the increase of the currency in the United States that changed hands was almost equally due to the increase in money and its increased velocity of circulation, and to the increase in bank deposits and their increased velocity of circulation. The two influences were almost equally divided. That is a point that Professor Fisher does not bring out, and it is very noteworthy.

77. Could you tell us in a few plain words what is the result of that intricate calculation from the popular point of view, so that plain people may understand? Does it mean, on account of the velocity, the amount of credit has expanded so enormously that prices rise? Does it mean, notwithstanding the enormous rise in the gold-production, which you have shown us on the graph, that the prices still continue to rise on account of credit having expanded so tremendously? Or is it the result of both?—It is the result of both. But what is new—and this is a revelation—is the extent to which the development of credit is supplementing ordinary money.

78. That is, the development of credit is forcing up the prices of the necessaries of life without having anything except paper behind it—is that it?—There is more than paper behind it. There are always securities. You have either to draw on money in the bank or have some security in the form of property or bonds.

79. The paper in the bank is about as valuable as paper floated on credit, is it not, if there was a sudden call upon it?—If there was a sudden call for money, and nothing but money; but, of course, the whole banking system is built on the assumption that that kind of thing will never come about. When it comes about on a small scale in one locality we know the result—the bank closes its doors, and it fails unless some other bank comes to its assistance.

80. It seems that we are paying high prices for a lot of things on account of the credit system?—Not that singly, but that combined with the greatly increased output of gold.

81. Where does the extra money that we are paying for this—where does that go?—Increased prices.

82. Who gets the benefit of the increased prices?—No one. Prices go up.

83. *Dr. Hight.*] Does not credit perform certain necessary functions?—Undoubtedly, in facilitating business.

84. *The Chairman.*] Facilitating business and getting money out of the public, because the public seem to lose in the whole matter?—If no one got credit some people would be in a bad way.

85. *Mr. Fairbairn.*] Is not the extended use of credit money a more scientific method of handling business; that is what it amounts to?—Yes, undoubtedly, it is the machinery of business.

86. And the use of coinage, so far as business is concerned, is generally relegated to persons who have no bank account?—Yes, except the money used in retail business.

87. The enormous increase in credit money is accountable for the fact that business had developed all over the world. It is merely an interchange of international credit?—Yes, the tendency is very marked. Business is becoming more a matter of credit. Would the Commission care to hear anything about what I think as to the future of the supply of gold? The supply of gold being such a large factor in the rise of prices, it should be of interest to consider what chance there is of this output diminishing in the near future. Early in the nineties of the last century MacArthur and the Forests brought the modern perfected cyanide process to bear on the mining industry. Since then very little new ground has been discovered or opened out. Klondike is the only new area of importance which has been added to those from which the yield of gold is obtained. With this exception the cream of the world's goldfields had previously been skimmed as far as was possible by the older methods. The lower-grade deposits were formerly passed over, but were known, and were lying waiting for the application of any improved processes that would make them payable. It is chiefly the application of the cyanide process to these innumerable widely dispersed reefs which has raised the output of gold to the very considerable dimensions of the present time, and accordingly it is these low-grade deposits which provide the greater portion of this large supply, and which will mainly have to provide the supply of the future in the absence of the discovery of other considerable virgin areas. So far the output has increased steadily and continuously except for the set-back in 1900 due to the practical stoppage of operations in the Transvaal as a result of the South African war. Progress was rapid, for known explored fields and reefs were lying waiting for the application of the improved processes. The result has been that since 1887, when the value was as low as a little over £19,000,000, the output of gold has mounted to a value of no less than £95,000,000, nearly three times the maximum production in any one year in the previous era of expanding output that followed the discoveries in Australasia and California in the middle of the last century. When is this influence of the new methods going to reach its maximum? No one can say for certain; but there are reasons which I shall now bring forward for thinking that this event will take place in the near future—*i.e.*, it is probable that we are now nearly approaching the time when the output of gold will reach its maximum. Speaking generally, gold can be exhausted much more rapidly than any other metal. Taking copper as an example, though our remarks will apply to the case of any other metal, an abnormal increase in the output of this metal immediately overtakes the demand and reduces the price, with the result that the output has to be reduced and inferior mines closed. This effect is quickly brought about. These mines then form a reserve to come in again at a later stage. In the case of gold, however, it is only by the gradual accumulation year after year that prices can be affected sufficiently to make a substantial difference in the cost of production, and the process being slow, more time is afforded for improvements in the processes of mining and extraction to wholly or partially nullify the effect of increasing prices. Consequently all the mines go on working, and the richer mines do not force the poorer ones to close down except very gradually, and, possibly after a few years in which little change will take place, will begin to fall off, not improbably with some rapidity. In 1903 the output of gold in Australia reached over £16,000,000, only some £3,000,000 less than that of the whole world in 1887. Last year the output was only £10,500,000, or two-thirds of the maximum output. Not only is there this great fall in eight years, but the fall that was and is still taking place is remarkable for its regularity and consistency. Every State in the Commonwealth contributes to the decrease, and if we take the returns month by month in any State and compare the results with those of the corresponding month of the previous year, or with those of the previous month in the same year, the rule is that a decrease is shown, and this is a rule to which the exceptions are only occasional. New Zealand continued to increase its output much longer than any of the Australian States, but now at last it has joined forces with them. But even previously the increase in New Zealand was by no means sufficient to counteract the deficiency in Australia, and since 1903 the output for the whole of Australasia has fallen regularly and rather rapidly. The principal causes of this falling production may be stated to be—(1.) The lessened productivity, or, in other words, the progressing exhaustion of the mine. Reefs sometimes are found richer at depth, but the rule is the other way. Also reefs reach to various depths; the majority do not reach a depth of 1,000 ft.; and the value of a reef may vanish as a result either of the disappearance of the reef itself or of the gold which it carries. The shallower mines are being worked out, and the others are for the most part yielding poorer returns. (2.) That the Australian yield should be the first to reach its maximum was only to be expected. Its great previous history had led to its being well known, and it was possible to bring the cyanide process into operation rapidly to the extent of which the field was capable. Expenses have been increasing as a result of the greater average depth of the mining and of the increasing cost of operations arising from higher wages and cost of materials. No further very substantial improvement on the best present methods of mining and extraction can be anticipated. Thus it is becoming a contest between the increasing output of gold and the increasing prices; an increasing quantity of gold is raising prices, and rising prices are restricting the output of gold. Of course, a great number of mines have a large margin of profit, and do not as yet feel these influences seriously, but others again—and these are the more numerous—have only a small margin of profit or are carrying on at a loss in the hope of better things, and it is these mines that are feeling the pinch and being driven gradually into the hands of the liquidator. No other of the great gold-yielding continents has yet reached the stage of declining output. But the United States seems to have reached that stage of very slow increase which is usually the immediate precursor of decreasing production. The output in 1910 was less than that

of the previous year by some £600,000, and greater than that of 1906 by only some £400,000. Up till this latter year the increase of the total output in the United States during the cyanide era had been regular and rapid. It would certainly appear that the United States is about to join Australasia in producing a smaller amount of gold year by year. The Transvaal is the most important goldfield of all. Except for the interruption of production during the South African war its output has not failed at any time to increase year by year. No inference can be drawn from the mere figures of production in the direction of concluding that the output was likely to fall off, or even its increase to slacken. This increase, in fact, was £3,000,000 last year as against only £1,000,000 the year before. But of all the goldfields of the world this is perhaps watched most closely on the London market, and is certainly the one whose future can be foreseen and calculated with most certainty or probability. Now, the feeling on the London Stock Exchange has latterly been that the Transvaal has reached or is just about to reach the best period of its production. In fact, the field is only given a total future life of from thirty to forty years, and although a single mine may peter out somewhat suddenly, the end of a very extensive field like that of the Transvaal must be very gradual. Many of the mines have only some ten years or so during which they can continue production. A rise in expenses in that period may even curtail it appreciably. The dividends are already falling very rapidly, there being a fall of about £2,000,000 in the last two years. They amounted last year to only £7,750,000, only about one-fifth of the annual output, the margin thus evidently becoming very small in many of the mines for increased cost of working. New properties are not being taken up readily, though existing properties will of course be worked while they yield a profit, or even longer in the hope of a profit, although the profit may be inadequate. Thus, on the whole, there is an anticipation of lessened production in the comparatively near future. The development of agriculture in the Transvaal is creating a rival demand to that of the mines for the limited available amount of black labour. This will tend to increase the scarcity of labour that has sometimes been experienced, and at the same time to raise the cost of what is obtainable. We have now considered the three greatest sources of gold at the present time in the inverse order of their importance. Their total outputs constitute three-quarters of the total output for the world, so that all the remaining fields scattered about the world—in Klondike, South America, India, Russia, and elsewhere—only jointly produce the remaining quarter. None of them have given grounds for any anticipation that they will develop so as to take the places of the sources we have considered. Being smaller and scattered, their development no doubt, on the average, has been behind those of the larger and better-known fields. For this reason they may reasonably be expected in the total to continue to increase their output for some years after the larger fields are showing signs of exhaustion, but once this latter process has well set in the fall in production in the larger fields may be expected to largely outweigh the increase in that of the others. Already, in fact, in the most recent year 1911, the increase in the output of gold was dependent on the increase in the Transvaal, which greatly exceeded the falling-off that appeared in the output of the rest of the world combined. But even when the output of gold begins to diminish, it must be borne in mind that we are not in consequence to expect diminished prices. The influence of gold on prices does not depend on whether the output is itself increasing or diminishing, but really on the quantity of gold in circulation relatively to other matters that we have previously considered. The normal condition of the world at its present stage of development, however, is one of continually expanding trade and industry. This requires normally an increasing quantity of gold to conduct it at the same prices. What increase would be wanted in any particular year to effect this purpose would depend on the other magnitudes of the equation of exchange, and would vary from year to year. Whatever quantity it might be that would be necessary for the purpose, if the quantity produced be in excess of it, the excess will be effective in raising prices; if in defect, then the deficiency will produce a fall in prices. Now, there is no doubt that a production of £95,000,000 a year is greatly in excess of the amount required on the average to provide for the increased trade of the world at the same prices, to supply the arts with the gold that is required as the raw material of their manufactures, and to provide for hoarding; though it is difficult to say what that amount would be. Suppose we place the sum at some £60,000,000, which many would consider altogether too large; even then there would be no less than £35,000,000 a year which can only find an outlet by raising prices. Whatever the sum may be, until the annual production comes down to it there can be no stop to the rising of prices. Some two years ago the Press reported that an American professor attached to one of the western universities declared that the output of gold would reach £150,000,000 a year, and that prices would increase manifold. Professor Fisher himself expresses definitely the opinion that prices will continue to rise for another generation at least. Neither of these gentlemen appear to take due account of the considerations we have brought forward, and especially of the fact that any great increase in prices must at the present stage react injuriously on the mining of gold. At the other extreme was very recently a suggestion in the *Economist* that as the gold-yield of the Transvaal might begin to diminish in the near future, we might now very soon be confronted once again with an era of falling prices. The writer overlooked here that a diminishing output does not involve in itself, in virtue of its diminishing, falling prices. If I may venture on a personal opinion, unsupported by elaborate argument, I would give it by saying that the probability seems to be that the rise in prices will continue for some ten or fifteen years, and by that time we shall not improbably be near an era—the final era under the present monetary system of falling prices; unless, indeed, a falling birth-rate brings about a comparatively stationary population, leading to small increase in the amount of business transacted. The important point is that, considerable as has been the rise in prices, we certainly have not yet come to the turning-point; we are still in the midst only of an era of rapidly rising prices, although we are already confronted with an increase as great as the whole of that which followed the great Californian and Australasian discoveries of gold.

88. *The Chairman.*] So that labour and prices will fall if the output of gold does not increase any more?—That does not follow. It is not because so much that the output of gold is increasing as because

of the amount of the output of gold. Prices might be increasing when the output of gold was diminishing, so long as that output was sufficient to produce the increase. In the meantime trade may overtake the gold. We cannot foresee the future altogether.

89. There are millions of pounds paid to shareholders of the Australian banks in dividends: where does that money come from?—The profits of the banks.

90. Who pays this money?—The borrowers from the banks. You cannot expect any one to carry on a bank without making a profit, and if shareholders have shares in a bank they must have their profit.

91. The public has to pay it all in the rise in the cost of living; is not that it?—No, I would not put it that way. The profit of banks comes from tradespeople generally. They get credit from the bank.

92. Then, the tradespeople are getting it out of the public?—Yes, that is part of the expenses of capital. If capital is used, capital gets its interest.

93. Then, the rise in the cost of living is owing to capital getting its interest?—No, I do not say that. It is one of the expenses of business paying for capital, whether it is in the form of credit or in the form of actual cash. If you could get capital for nothing no doubt it would result in a decrease in the prices of some commodities at all events.

94. *Mr. Veitch.*] Assuming that the quantity of gold produced is only very moderately increased in the near future, as you seem to think it will be, would not that have at least a tendency to reduce prices?—If the annual output were diminished?

95. Yes?—It will tend to prevent the rise being so rapid.

96. Is it not reasonable to suppose that if there is a falling-off in the gold-supply, there will be an agitation for the bimetallic system?—The agitation for bimetallism is bound to come up again. It was not successful last time, and it will be more difficult to make it successful in the future, because practically the whole world is now establishing its business on the mono-metallic system—viz., gold.

97. It simply means, in fact, that it is hardly worth looking for any improvement in that direction in the cost of living—that is, as to the diminished output of gold?—Not in the very near future.

98. Around the City of Auckland the capital created by the people must amount to a very large amount of capital; is not that to a very large extent an increase in the cost of living, apart altogether from the gold standard?—In a sense it is; but there is a difference in the right way and the wrong way of putting it.

99. If I have put it in the wrong way, how would you put it?—Owing to the assembling of a community of 100,000 people, they have to occupy a certain area of land, and in that area of land there are some particular spots which are of greater value than others; and the users of those spots have to pay for using them.

100. If I understand you correctly, you say that to a very great extent the increased cost of living is due to the increased output of gold. I cannot in my own mind establish any connection between the prices of the site-value and the increased gold-value?—I know your point. My difficulty is to give my reply to a complex problem in a few words. As I expressed very briefly in my remarks on prices, various commodities are affected by an endless number of causes relatively to one another; and the sites that you mention are one class of those commodities. When you have got your relative prices fixed in respect to one another, and the relative values of the commodities, then the general level of the whole is dependent upon gold and credit.

101. The increased output of gold really means a reduction in the value of each unit of gold-value?—That is so, and you have to pay on a larger scale. But the whole thing is more or less complicated when you bring in other ideas.

102. It seems to me that we have to look to these land-values more than to gold to get us over the trouble?—The conditions which bring into existence land-values, diminish the return to the worker. If the land-values went to the State the user of the land would not get directly any benefit. On the other hand, if the State owned the land and got the proceeds of the land, the State could use it for the benefit of the public.

103. Instead of taxing the people?—Yes.

104. *Mr. Hall.*] Do you think that the main part of the rise in prices is due to the increase in gold? Has that been the dominant factor in the position?—Gold and credit, absolutely so.

105. *Mr. Fairbairn.*] Has the depreciation of gold-value been followed by increased prosperity to the whole of the community? Has that been noticeably the case?—Yes, I think so; it is usually the case.

106. In regard to any question of the rapid depreciation or rise in gold-values, has not the issue of free paper currency—I mean by that unstamped cheques, bills of exchange—has not that in a large measure supplemented the use of coins, or stamped money? Is it likely that that exercises a steady influence in the event of any disparity in future years in the output of gold? Is it not supplanting the use of gold? Your own evidence indicated that?—Yes, it is tending that way. The figures which I gave you might be put in this way: in 1896 14 per cent. of business was done under conditions I have stated, and 8½ per cent. in 1910; in the previous year it was 9 per cent.

107. That confirms the statement that credit money is replacing the other?—Yes, to a large extent.

108. In regard to the values of commodities, the law of supply and demand is the final determining factor as to relative values?—Yes.

109. It is the most important factor beyond the mere existence of mediums of exchange?—Yes; but it itself is governed by other important factors.

110. The scarcity in any particular commodity is immediately followed by an increase in prices?—Yes, as a rule.

111. And quite apart from any consideration whether, as to gold or other currency, its value is determined by its scarcity?—Even then the currency has its influence; but the influence of scarcity may outweigh altogether the influence of the currency, of course.

112. *Dr. Hight.*] The banker's profit is derived from the difference in the rate of interest which he charges the borrowers and the rate of interest which he gives the depositors?—Yes, that is so; the latter to a large extent is nil—the interest to depositors—unless it is money on fixed deposit.

113. That is the main source of the banker's profit?—Yes.

114. Do you consider that banking as carried on in most countries nowadays is a necessary link in the chain of production?—Yes, absolutely so.

115. And if the capital invested in banking did not get an adequate return the banking facilities would not be provided?—Certainly not.

116. And production and trade would fall off?—If banks disappeared at all rapidly, I am afraid so.

117. And therefore the cost of living would increase enormously at once, would it not?—I would not say that. The trouble would be that many people would not have the money. That is the way it would work probably.

118. Shareholders in banks, or banks, would get their dividends whether the general level of prices is high or low?—Yes; of course a diminishing currency or fall in prices may affect the prosperity of a bank as it may affect other businesses.

119. Do you consider that credit is tending to be substituted altogether for gold?—No, not altogether.

120. Do you consider that the gold standard is a necessary foundation for credit?—That is my opinion. Of course, something depends upon the habits, practices, and character of the people.

121. There is certainly a limit beyond which credit cannot go—it is an elastic limit; but still it is there?—Yes.

122. And the fact that it is there is capable of proof?—I think so.

123. As to rent—that is, the price for land the site for a house or other building—that is the price of a special commodity, so to speak?—That is so.

124. And if rents increased greatly relatively to other commodities, you may say that land and house-room are drawing to themselves a greater proportion of the money-supply?—Just so.

125. *Mr. Hall.*] With regard to your views on question No. 11, some American economists have urged that the great rise in food products is largely due to the movement of rural populations to the cities—by decreasing the number of people who produce food, and increasing the number of mouths to be fed: what is your view on that? Do you think that is sound?—I did not quite catch the latter part of your statement. You spoke of workers leaving the country for the cities.

126. Yes; it decreases the number of producers, and increases the number of consumers of food?—A feature that is never taken into account in the argument is this: that a person only wants a certain amount of food, and after that he can eat no more. But if he has the means he may buy other things. He may look forward to the time when he can buy a motor-car. You have to allow for the increased efficiency of agricultural labour; and in America the increased efficiency in agricultural methods has been enormous. You have to take all that into account. That means that you do not want the same amount of labour to produce the same amount of food. Food can be produced by a smaller amount of labour. That is why people are leaving the country districts.

127. That does not apply to the last ten years, to a large extent?—I could not give the various dates when the various improvements were made; but, in my opinion, there have been improvements made in the last ten years.

128. I heard Professor Hill lecture on this subject, and he said that the population was increasing much faster than the supply of food—I am referring to America only?—Yes; I was dealing with the world problem.

129. He expressed the opinion that if the population of America continued to increase during the next twenty years as it has done during the past twenty years, there would be no wheat to export from the United States?—It seems to be so, in that particular instance.

130. Perhaps that may account for the rise in the cost of food products?—That would no doubt have something to do with it, especially when you consider the tariff barrier between United States and other countries.

131. *Mr. Veitch.*] Is it not a fact that the general wealth of the whole world has very largely increased of late?—Yes; more in proportion than the population.

132. The extra workmen in the towns are really required to provide luxuries for those people who have become more wealthy owing to the increase in the world's wealth?—I should say, briefly, all classes have become more wealthy. Real wages have increased, though perhaps not in the most recent years—and there is a greater margin for luxuries. The requisite amounts of food and other necessaries have been obtained with less labour, owing to the development of new countries, improvements in agriculture, &c. More labour is thus available for the production of luxuries for all classes. The smaller average family is also a considerable factor in producing the relatively greater demand for luxuries as compared with necessaries.

133. *Mr. Leadley.*] Can you throw any light on the 13th question—viz., "What steps should be taken with a view to reducing the costs of the necessaries of life?"—The main causes of the increase in the cost of living may be regarded as certain to operate as effectively as it has done in recent years for some years to come. Unfortunately they are beyond the sphere of action of the Legislature. Any practicable methods of alleviating the situation must deal mainly with the production, distribution, or taxation of the commodities themselves. I consider the Government missed an excellent chance of cheapening coal in Auckland in not acquiring and working the Waipa Coalfield; but it is right that advances in the field of production by Government should be considered with the utmost caution. In

the field of distribution much might be done by co-operation in the direction of diminishing even the present normal costs of distribution, which are a tax on the community of a magnitude not generally realized. In relation both to production and distribution it is urgent upon the Government to do all that is possible to prevent the growth of monopoly—an evil that is capable of reaching relatively great dimensions in the small and protected market that this country constitutes. It is, however, in the region of taxation, by further concessions in the matter of Customs duties, that we find the simplest, most effective, and most immediately operative method of lowering the cost of living. On the other side of the problem, it should be borne in mind that increased efficiency in production and distribution increases or tends very strongly to produce increase of wages. May I suggest, before leaving, that I think the Government ought to start two index numbers—one of the cost of commodities, and the other of labour—companion index numbers, as published by the English Board of Trade. I think it would be a good thing if the Commission made their recommendation in that direction. I would like also to say that I am fully in sympathy with what Dr. McLraith said the other day about the promotion of the study of economics and statistics. We are improving—for instance, the introduction of methods of statistics in our Civil Service examinations, and we have a few students who every year give attention to this subject; but I think strongly that it ought to be introduced into the schools—even the elementary schools. There are some elementary truths, too, that you can teach children, which will dissipate some fallacies which, if they do not get rid of when they are young, they will retain through life; and all argument and reasoning on many matters will never lead them to a right conclusion unless they are taught those elementary truths, and unless they have proper notions on certain elementary theorems of economics. When I left Home eighteen years ago economics was taught in many schools. The subject of economics in school examinations was not a compulsory subject, but many students took it up. There were little shilling primers published for the younger students, and half-crown primers for the students of secondary schools, and books costing, say, about 10s. 6d., for university students. I do not think there is any study which deserves more encouragement than that of economics, and the more advanced study of the subject in the universities should be taken in conjunction with the study of statistical methods. I hope the Commission will consider the advisability of making some recommendation in that direction.

GEORGE WINSTONE, jun., Coal-merchant, examined on oath. (No. 153.)

1. *To the Chairman.*] Witness said he was a coal-merchant, carrying on business in Auckland. His firm has been established for about forty years. It was one of the oldest businesses of the kind in Auckland. The cost of distribution, so far as driving was concerned, had risen very much in Auckland during the past ten or twenty years. There had been an increase of wages, the cost of handling had increased, and the price of horses had also increased. The latter, he supposed, had increased about 40 per cent. during the last eighteen years. Horse-feed fluctuated in price, but it had risen very considerably—he thought, about 30 per cent. In addition to the increase in wages, the men did not do so much work now per day of the same number of hours as twenty years ago. He did not say that in former years the men did not work too hard, but what he said was that they did not do so much now as formerly. They worked longer hours in former years, and they also worked harder when they were at it. The greater cost of delivery, charges for driving, &c., had added, in his opinion, to the cost of living. He did not know that it would be advisable to reduce wages. He believed that men should be well paid. They should, however, do their utmost during the time they were working. There was too much of this agitation of each one doing as little as he could, with the idea that his employer was robbing him. Socialistic teaching by some persons was inculcating that spirit amongst labour.

2. *To Mr. Veitch.*] There was no association of coal-merchants in Auckland, but there was an association of coal-distributors. They practised the principle of charging a fair price for a fair article. In his opinion, the retailers were not making a fair profit from the supply of coal, and he could give the Commission figures to prove that. There were 214 members in the Auckland Coal-dealers' Association. Any man could become a member of that association who was a seller of coal by paying a 5s. subscription per annum, provided there was nothing against his character; and he might say that no man had ever been rejected on that ground. Not a single man had been refused admission in thirteen years. The dealers paid the merchants 24s. 9d. net for house coal; that was the price at any of the depots in the city and suburbs—at the railway sidings. They received for the coal 31s. net, which gave them a margin of 6s. 3d. a ton for Taupiri coal. That only meant 6s. 3d. a ton for taking coal from the depots and putting it into the householders' coal-bin. The charge was a little higher in proportion for smaller quantities. It took longer to deliver smaller quantities. He might say that his firm two years ago seriously considered the question as to whether they could not cut out quarter-tons, because it was not paying them. Dealers had a loss in the wear-and-tear of sacks. The average life of a sack was three trips. Dealers had also to stand losses in bad debts.

3. *To Mr. Fairbairn.*] There had been one alteration in the price of coal since 1908, but the dealers did not benefit by it. He might say that nobody sold coal underweight—not a single report as to selling short weight had come to this knowledge with respect to any of the 214 dealers he had referred to.

4. *To Mr. Veitch.*] He thought that more coal was now being sold in small lots than was the case formerly, and that meant less profit to the dealer. In regard to the increase in the price of coal, he had the figures since 1900. The coal-dealer had only put his cost of delivery up 1s. a ton. The wholesale merchant had only put it up 1s. a ton. They considered one another in connection with their prices. The coal-merchants of Auckland treated the dealers with the utmost respect, and assisted them in every way. The Railway Department charged an excessive rate from the country—viz., 6s. 6d. He thought that in New South Wales the carriage of coal for a similar distance would only

cost 2s. 6d. The Department had charged the same price all along. There had been no increase in the charge. Fees were paid to the Railway Department in different ways—for demurrage and delay in discharging. He thought that the mine-owners had increased their charge of coal on the truck by about 3s. during the last ten years. With regard to the increased charges of putting coal on trucks: In 1900 the price on trucks to the public was 13s. at Huntly; now it is 16s. there; there has been a rise of 3s. in the twelve years. In 1907 it rose 1s.; 1908, 1s.; 1910, 1s. The retail price of coal in 1906 was 28s., 27s. net to householders; 1907, 28s. net; 1908, 30s.; 1912, 31s.; it rose in 1910. It has remained the same since 1910.

5. *To Mr. Hall.*] That includes delivery anywhere; it can be taken from different parts of the railway-line to Huntly. Our association affected only Auckland and suburbs; outside of that we have nothing to do.

6. *To the Chairman.*] We bag it in Auckland for the most part; some dealers bag their own coal. It was stated that coal should be sold at 2s. per ton less; the object of the association was to charge a fair price for a fair article. Figures produced show this.

7. *To Mr. Veitch.*] You fixed prices to get a fair profit?—Yes.

7A. Does that not apply to the trade-unionists?—Probably. The following figures show the prices at Wellington and Auckland:—

	Auckland Coal-dealers' Association.		Prices at Wellington, where there is no Coal-dealers' Association.	
	s.	d.	s.	d.
Taupiri (house, steam) .. .. .	28	0	..	..
Taupiri (house) .. .. .	31	0	..	..
State coal .. .. .	..	..	32	0
Newcastle coal .. .. .	33	0	37	0
Westport .. .. .	34	6	37	0

8. These figures show Wellington coal is 4s. per ton dearer?—That is so. And the reason is because the Auckland dealers are not getting a fair profit; the price is less here in spite of the association. We are bound to raise the prices, but we await the Arbitration award *re* carters. The dealers are losing money on the business now, and have been doing so for the best part of twelve months. The mines have raised the coal 3s., and we have raised it an additional 1s.; that 1s. does not now cover the increased cost to us at present. The cost of Newcastle to Auckland is the same as to Wellington, and therefore the prices should be the same. The charges are 9s. 6d. freight and 1s. 3d. wharfage. The standard price for household coal is 11s. in Newcastle to us, which is a better class of coal. Insurance and exchange costs 3d. per ton; the cost of receiving and cartage is 1s. 9d. per ton; handling on to store is 6d., plus cost of storage, bagging, and delivery to private houses. Then there is 5 per cent. loss in weight; it is weighed in Newcastle. The Wellington man would have to stand that loss too, and would have to pay the same expenses. The loss in weight is due to handling on ship and on wharves, and so forth. The coal is wetter when straight from the mines, and evaporation is also a source of loss of weight.

9. *To Mr. Fairbairn.*] I do not know the cost of Westport coal at the mines. The retail price is 34s. 6d. per ton net.

10. And in Wellington?—37s. per ton net. I mentioned this because it was alleged that Newcastle could be bought at prices at which it could not be bought. We get no discount off the prices I have mentioned. The prices of State coal are more than ours. [Witness produced figures, and left them with Commissioners, substantiated by the manager of the State mines, showing Taupiri coal was retailed one grade 4s. per ton lower than State, and another 1s. per ton lower.]

11. *Mr. Veitch.*] You cannot class State coal with Taupiri coal?—Yes, I do; I have brought State coal up here, and have had replies from the buyers that the results are no better than obtained from Taupiri. I have no other knowledge. Quality does not affect the cost of mining the State coal. The comparison is: the Taupiri coal is mined and delivered to the homes of the people cheaper than the State is doing in Wellington, though the cost of freightage and hewing is practically the same. I produce also a clipping from the newspapers, in which it is stated that the present price of State coal is not paying [clipping produced].

12. The reasons for that increase do not apply to Huntly?—No. State coal has increased in price very considerably since the mine was opened—I do not know how much.

13. With regard to your association, are there any other functions performed?—We make it a happy association, and have an annual dinner, and so forth.

14. Business functions, I mean?—We meet to protect one another from bad debts, to arrange prices, and to generally conduct our business.

15. Any means of punishing a man who does not conform to the rules?—Yes; but in the whole thirteen years no one has been punished. Some breaches have been committed, and in every case when interviewed the trader has agreed to conform to the rules.

16. Suppose your association did agree to put on a wrongful increase?—There are 214 of them who have to do it; the majority might agree, and then the minority would have to agree; but other dealers would then be encouraged to come on the market.

17. If there were fewer distributors, could the coal be sold cheaper than now?—A man works better for himself than for his employer, and I do not think there could be better distributing means than now—free competition.

18. *To Mr. Hall.*] The dealers and the public can buy direct from the mine.

19. What is the freight on coal in New South Wales, say, on Newcastle for a similar mileage to Taupiri?—I have no definite data *re* freights, but I understand that within fifty miles the freight is 2s. 6d. in Newcastle.

20. *Mr. Fairbairn.*] What percentage of Newcastle is sold in comparison with Taupiri?—2 tons in 100; 50] Taupiri to 1 ton Newcastle for retail purposes. Hotels and suchlike use a good deal more, but we do not supply them.

21. What percentage of Newcastle is used in Wellington?—I do not know.

22. Does it not seem that the low price of Newcastle is not an important factor in the Auckland price of Newcastle?—But in hotels there are many tons of Newcastle used. Perhaps I am out in my figures.

23. Is any penalty fixed by your association for not selling at given prices?—I am not sure what the penalty is; there is a fine for underselling or breaking other rules; but it has never been enforced.

24. *Mr. Robertson.*] *Re extra 1s. you put on, that was only for increased cost to you?*—Yes, extra distribution; there was a general rise in horse-fodder, in handling coal; carters and deliverers' wages went up in 1908. One large item affects coal just now—the sack question; we pay 7s. per dozen for our sacks, and up to last year we were paying 3s. 6d. The life of a sack is three trips. That puts on 1s. per ton on coal. I have a shipment of sacks from Adelaide, and they are a little over 7s. per dozen. At present we are faced with a loss of 1s. through the sack question. We do not buy new sacks for the coal, but it does not pay to buy worn-out sacks.

25. Some of the members of your association just take out coal from yards, bag at yards, and deliver to customers?—Yes, the majority.

26. How many buy direct from mines?—I should say three-fourths buy from the sheds; all in Auckland buy at sheds, because it costs less—that is, they buy through us.

27. Does all the coal leave the yard bagged?—Yes, for private houses, even if in 3-ton lots.

28. *Mr. Leadley.*] Are you in a large way of business?—Yes, we keep over a hundred carts.

29. Have many dealers only one cart, and drive themselves?—200 of our 214 own only one or, at most, two carts.

30. How much would a single cart deliver in a day?—From 3 to 4 tons per day. I have figures of our own men's work. One man drove in 1909 and another in 1912; he delivered 4 tons in a day, 3½ tons, 3½ tons, 3½ tons a day, and so on. The average would be a little over 3 tons per day. His wages are £2 4s. per week full time. He earns overtime. His average weekly wage with overtime would be about £2 8s. In 1909 the average was 4½ tons; the average in 1912 is 3½ tons. The "beats" on which the coal was delivered were almost similar. The wages were the same in 1909 as in 1912. The incidental expenses were lighter in 1909.

31. Repairs and maintenance are more now?—Yes; vehicles cost more, horses cost more. The depreciation of horses is very heavy. For every three horses we have in work we have one out to grass; we have only three-fourths of our horses in work; on the average, the horses last five or six years; at any rate, they would depreciate 50 per cent. in five years. The horses generally cost £50 or £45; the depreciation per pair of horses would be about £10 per year.

32. Do the trade-unions impress on their men the need of giving full value for the wages?—They should not encourage the spirit of giving as little as possible for the wage. There is an inclination for the men to drop into a slow rate of work. I do not accuse the unions as unions of encouraging this, but individuals do so. The majority of the men do a fair day's work, but not all of them.

33. *Mr. Robertson.*] Do you mean that unions or organizations try to get the men to slow down?—I have no knowledge of this being done by unions as unions, but I know of individual officers of the unions doing this. Our own particular men are a good lot of men, and I do not want to reflect on them as a body; but many of them have got the idea it is the duty of all unionists to do as little work as possible.

34. *The Chairman.*] But you said your men do not work as well as they did years ago?—That is so, but they used to work longer hours. I am not talking about the whole body of men; taken as a class, they are good workers.

35. *Mr. Robertson.*] But you said the average delivery in 1909 was 4½ tons, and now it is 3½ tons?—That is a fact. But the present driver is a good man, all the same; and I do not say he is not doing a fair day's work.

36. Did he do more than a fair day's work before?—I think there was more push in years gone by than now.

37. Is there not a difficulty in the way of delivery—houses in more inaccessible places?—Yes; it is most difficult to compare accurately, because of these differences; one man has a coal-bin built in a good place, and another man wants his coal carried to an inconvenient place.

38. *The Chairman.*] But you volunteered the statement of less work relatively?—No, sir, I was asked the question.

39. *Mr. Robertson.*] Then, you say there are difficulties of delivery to account for this?—There are men who do not do the right amount of work, a proportion of them will not work properly, and I think the proportion of such men is much bigger than it used to be; the spread of the suburbs would account to some extent for increased cost of delivery.

40. *Dr. Hight.*] The men worked longer hours in 1909?—I did not mean to say so; the hours are the same, but about ten years ago they worked longer.

41. *Mr. Veitch.*] Is not a large proportion of the coal delivered in smaller quantities?—About ten years ago people bought bigger quantities, I think; there is not much difference between 1909 and 1912. People generally now just ring up and order, without asking the price.

42. *To the Chairman.*] We weigh each individual bag. We put in 3 lb. extra to make up for weight of sack. Each individual sack is put on the scale, and the weight adjusted.

43. *Mr. Leadley.*] What is the average wage of the men?—£2 8s. per week, with overtime, I think; they do not own their horses and carts; these are our own employees.

44. *To Mr. Fairbairn.*] I have been working hard on figures to get my figures out, and I think I am correct.

45. Your figures make an increase of 8d. per ton?—I have not worked out what the actual cost of the difference is. We have not added on any price for additional cartage; I have not gone into that at all, though it is a matter that requires immediate consideration.

ANDREW CLARKE CAUGHEY, Draper and Clothier, examined on oath. (No. 154.)

1. *To the Chairman.*] He had been in business in Auckland over thirty years, and had a good knowledge of the trade.

2. Have you any knowledge of the increase of prices?—I have two price-lists [put in], one for 1911–12 and one for some six years back; they deal with clothing and drapery.

3. Can you give us an idea of other goods?—In 1902 an all-wool suit was 21s., coat, vest, and trousers; to-day the price of that is 25s. 6d.—that is, an advance of 4s. 6d. A suit we sold for 29s. 6d. we are getting the same for to-day, but it is costing us 2s. more; on that we do not get as much profit as we did, and that applies to a number of articles; the cost has increased 10 per cent., but the selling-price has not been advanced proportionally. Trousers we are selling to-day at 6s. 11d., and ten years ago the price was the same.

4. Can you give us the percentages?—In several cases the cost has increased 10 per cent., but the selling-price has not increased proportionally, owing to keen competition; these are goods that we purchase direct from the mills. So far as the New-Zealand-made goods are concerned, the cost to us has increased, but the percentage of profit is not so great by from 5 to 10 per cent. as ten years ago; that applies to all-round popular standard lines for working-men. I am not dealing with the higher-class goods—*e.g.*, denim trousers of a well-known brand, a first-class article which must be kept by us, has increased 46 per cent. in cost to the consumer.

5. *Mr. Fairbairn.*] Is that to do with duty?—Yes, to some extent; they cannot be or are not made here, and there is a considerable demand for the goods.\* With regard to other suits: ten years ago the charge for making chart suits was 21s.; to-day the price is 30s., an increase of 48 per cent.

6. *The Chairman.*] Is that increase in labour charges?—Yes. We are paying also an advance for tailor-made suits of quite 20 per cent. We keep tailors and tailoresses of our own, but the chart suits we do not make on the premises. With regard to clothing generally, we are selling higher-grade goods. The character of the trade is improving all the time, and folks are not satisfied with what they were satisfied with years ago. That may be true economy, to get better-class goods.

7. *Dr. Hight.*] Do you cater for the same class?—Not altogether; our trade is on the up grade all the time. We do perhaps cater for a better class of trade than we used to. The denim trousers we sell chiefly to country customers. We find that the character of our business is rising all the time; in every department there is a demand for better class of goods. Our being in Queen Street would affect that to some extent; the suburban shops cater more for the cheaper classes of goods.

8. Do the women also want a higher class of goods, as well as the men?—Yes.

9. Has the cost risen to you for drapery?—Yes; the cost of cotton goods particularly has risen to us. I have a few notes regarding that, as follows:—Drills: We sell a good deal of these, and our price is the same as ten years ago, although the duty has been dropped; we do not get as much profit; we buy direct from the manufacturers in the Old Country; sometimes we might buy from the merchants here, but we do not do much of that; that is a typical cotton-goods line; there has been an advance all round in the cost of these goods. Linen: The duty is removed; they are all admitted free for the last twelve months, and they are the same price as ten years ago, but they have been higher in the interval; we get our linens direct from the makers; there are no middlemen in that line, so far as our company is concerned. Crockery: The head of this department says that white saucers, plates, wringing-machines, &c., the retail price has not been advanced, although the cost to us is increased; the ordinary bread-and-butter goods are sold at practically cost. The increase in the cost of china is 15 per cent., and on ironmongery 25 per cent.

10. Why keep this kind of stuff at all?—Well, we hope for better things. That does not apply to all lines; on fancy lines we can get more. We are forced into this position by competition. Sometimes things are sold at less than cost-price. Clark's cotton is a very big business indeed, and it runs to a lot of money in the twelve months; and the lowest price we can buy in big quantities from the makers is 1½d. per dozen higher than I saw listed in a retail catalogue yesterday. The merchants' wholesale price is 1s. 10½d. and the retail price 1s. 6d. That is one of the things we have to compete with. This is done for the purpose of creating an impression. This price-list I saw was issued two years ago. Now that firm charges 1s. 9d., but still that is 1½d. lower than the lowest merchants' wholesale price.

11. You are not bound to sell at certain prices?—No; there is no arrangement of that sort. There used to be boycotts tried; that is long ago, and we have outlived it.

12. Is there no ring now, or trust?—None at all; there is an association, chiefly for arranging terms.

13. You know of no combination in restraint of trade?—No.

14. *Mr. Veitch.*] You said the percentage of profit is not so great; but the turnover?—That is greater, of course.

15. Do people buy finer or stronger quality?—Both.

16. *Mr. Fairbairn.*] In connection with our scope, we cover the last twenty years: hardly any of the increases in ironmongery and crockery have reached New Zealand yet?—That may be. I got these figures from my departmental manager; he is a Londoner. I would modify my evidence by saying that this is merely what I was told by my departmental manager.

\* Witness stated later that the increase in cost was not due to increase in duty, as inadvertently stated above.

17. *The Chairman.*] Have you anything else to tell the Commission?—I do not think so, sir; land-values are going up, and rents, and wages. These are important factors; but the greatest is that modern civilization is not satisfied with the simple life. Better conditions are wanted all round.

18. And therefore the cost of living goes up?—Yes; people spend more on luxuries and amusements.

SAMUEL WING, Manager for R. W. Hellaby and Co., Butchers, examined on oath. (No. 155.)

1. *The Chairman.*] How long have you been connected with the firm?—Twenty-five years.

2. How have your prices fluctuated?—I have prepared the following statement, which covers a period of nine years:—

Wholesale price of beef, June, 1903 .. .. .	28s. per 100 lb.
Sheep, wethers, costing from .. .. .	10s. 3d. to 20s. 3d. each.
" ewes, .. .. .	8s. 9d. to 15s. 0d. "
Wholesale price of beef, June, 1912 .. .. .	27s. 6d. per 100 lb.
Sheep, wethers, costing from .. .. .	16s. 0d. to 24s. 0d. each.
" ewes, .. .. .	14s. 0d. to 21s. 0d. "

	1903.	1912.
Retail price charged for meat per pound,—	d.	d.
Sirloin of beef .. .. .	7	6
Ribs of beef .. .. .	6	5
Rump steak .. .. .	9	9
Beef steak .. .. .	6	6
Top side beef .. .. .	5	5
Gravy beef .. .. .	5	4
Corned beef, average .. .. .	5½	5
Legs of mutton .. .. .	6	5
Mutton chops .. .. .	6	6
Fore quarter of mutton .. .. .	3	2½
Sausages .. .. .	5	5
Veal .. .. .	6	6
Pork .. .. .	6	6½

3. That is practically a reduction?—There is. These are retail prices.

4. *Mr. Fairbairn.*] How long have they prevailed?—We take the average of live-stock once a month, and fix the prices on the preceding month. These prices are a reduction on the prices prevailing in April. In winter the stuff is rather higher. It would hardly be fair to accept them as an average for a long period.

5. *The Chairman.*] Have you any difficulty in getting workers?—No; any amount.

6. Have your costs of trading increased?—Yes; the price of horse-feed and other incidentals. We have twenty-six establishments in the various suburbs, all retail.

7. Do you find there is any change in the last ten years in the quality of meat demanded?—The conditions are much the same as always; they only buy the best cuts.

8. What do you do with the worst cuts?—Can them. The meat is just as good, only it does not look so good.

9. Has the export trade affected you? Do the Auckland people get the "rejects"?—We are not freezing.

10. Do the freezers buy the prime meat?—It has naturally put up the price of live-stock all over the Dominion.

11. *Mr. Leadley.*] You do a considerable trade in potted meats and preserved meats?—We have one shop. We do a large export business in beef. There has been a shortage of canned meats in New Zealand; therefore we have not been able to fill the outside orders. We have rather allowed the local trade to slip from us, and have cultivated the islands business; 90 per cent. of our goods go there.

12. Is the increasing demand locally owing to the difficulty of obtaining domestic help?—I do not think so. Five years ago we opened a shop for these goods particularly; it was not a success here.

13. Then, the suggestion that the ladies buy a tin of tongues or roast-beef for the husband's tea is not warranted?—We do a lot of that class of trade; it is done mostly in the summer, and for picnics.

14. You fix the prices once a month, as you explained?—Yes; a good many of the butchers do the same thing.

15. In association?—No; there is a Butchers' Association, but we do not belong to it.

16. You have twenty-six shops?—Yes.

17. How many retail butchers' shops are there in Auckland?—About a hundred, I should think.

18. Do your shops all carry your name?—Yes, they carry our name, but other names as well sometimes, for convenience of accounts.

19. The number given in the Labour Department return for retail shops is eighty-nine?—That may be right; a hundred was a guess.

20. Are the prices free?—Yes, all the retail shops have a free hand; we charge what we like, but the prices have to be low, on account of competition.

21. Do you know of any fine inflicted for undercutting?—No, I do not know of that.

22. You keep a large number of carts on the road distributing?—About a hundred horses.

23. Has there been much increase of wages of distribution?—Yes, well over 20 per cent. all round to all hands—those men inside and those outside on the carts.

24. What is the difference in delivered meat and cash meat over the counter?—½d. per pound. For booking or delivery we charge ½d. per pound—½d. for the two. If booked and delivered, the cost is ½d. extra to the customer; but the cost to us for these two services is 1d. per pound.

25. You do not act in conjunction with any other firm *in re* prices?—Oh, no.

26. *Dr. Hight.*] Are the prices you handed in average prices for the year?—Oh, no; only for the actual dates they are given on. They refer to the particular months I have noted down. It would not be fair to take a summer month and a winter month, and contrast them.

27. *Mr. Fairbairn.*] They are approximate prices?—Those are actual prices for the given dates, but they would be approximate for a period.

28. Have you any figures *re* bad debts?—It is not more than 1½ per cent.; I think it is 1½ per cent. If taken on the whole turnover, it would not be ½ per cent. We do not take in the export trade, of course. The 1½ per cent. is taken on the whole retail trade—cash and credit.

29. *Mr. Leadley.*] Is your killing done at the abattoirs?—No, we have our own; we have a Government Inspector in charge all the time.

30. What is the cost of killing?—For slaughtering and inspecting a bullock, 5s. 6d. all weights; the average would be 600 lb. That is the actual cost, including inspection, in our own slaughterhouse; delivery would cost us another 1s. 6d.; that makes 7s. altogether. A carcass of mutton would be 60 lb. average weight, and average cost 1s. 5d. delivered into Auckland—that is, delivered to Railway Wharf. Another 2d. per carcass would be required per sheep for delivery to shop.

31. *Dr. Hight.*] You carry back the comparison to 1903?—Yes; the auctioneers could not go back any further, and I had no records.

32. Our records would indicate that there was a considerable increase in 1903?—I do not think there was much difference.

33. *Mr. Hall.*] Are your slaughtering fees lower than abattoirs?—We do our own work, but pay the same fees for inspection. We pay slaughtering fee and inspecting, the same as other butchers do, I believe. I do not know anything about the charges at the public abattoirs. Our carcasses come in in very large quantities, and so we can handle cheaper.

34. *Mr. Leadley.*] But the public abattoirs charge more?—I do not think so. We pay 3s. 6d. to the Council for every bullock we slaughter. The inspection is 4d. per bullock; the slaughtering is 2s.; 4d. is for inspection, and 3s. 2d. is for abattoir fees. We kill about 14,000 head of cattle per year.

35. *Mr. Fairbairn.*] A witness states definitely the cost is 15s. per head?—There is an error somewhere; moving small weights on the railway would be more expensive. My rates of freight are right; the 5s. 6d. is an actual payment. I believe there are some few charges for collection of fat, &c.

36. *Mr. Hall.*] You think the difference is in freight?—Yes, and for looking after the small goods and offal.

37. *Mr. Leadley.*] Is your meat delivered by train?—Yes; it is a very satisfactory service.

38. *Mr. Veitch.*] Are there any other wholesalers supplying the market?—We supply one shop, but I think every other butcher buys his meat, and kills for himself at the abattoirs. The butchers will not buy dead meat; they buy live stock.

GEORGE GEORGE, Director of Technical Education for Auckland District, examined on oath. (No. 156.)

1. *Dr. Hight.*] Could you give us some information with regard to the cost of education now as compared with some years ago—actual cost to the parent?—I do not think there has been any change since I have been here; books and stationery have not changed much. Nine years ago there was no free-place system, either for day or evening technical-school students; now there is, but that does not cover cost of books, &c.

2. Can the cost of books be borne by the average worker?—It would depend very largely upon the number in the family; sometimes it becomes a burden. Pupils have, I know, been compelled to go to work, even with a free place, because of the cost of books. There is the actual loss in earning-power, too.

3. What would be the average cost of books?—I can hand in the cost. About 30s. for the first year; the second year is not quite so much, because some of the books are available for the second year.

4. We had a statement that a parent had a list of books, &c., including uniform, and that these things came to over £3?—I do not think it could come to quite that. The uniform is an ordinary suit of clothes, which is fairly cheap. [Details given.] A large number of the pupils are already wearing that uniform when they come to us. Probably 75 per cent. of the boys in Auckland are wearing that costume. It has become very popular. The object of the uniform is for the general good of the institution. We have a tremendous demand for students from our College, and the uniform ensures that if anything goes wrong we can hear about it easily, and so a higher standard of manners and general behaviour is engendered. In the manual training department we include domestic science, and the course for the girls is two years. [Syllabuses handed in.] This is for the Fifth and Sixth Standard girls. We have eight or nine centres going in the Auckland Province, and that is having an effect. The girls can make better use of the income available. The chief function of a girl is to become a wife and mother, and we have not given half enough time to that department of education. That is where education for girls must be improved. In the Technical College we have a limited number of girls, and the education there is given on more advanced lines than indicated in the syllabus for school girls. A girl who takes a course in our day school is well set up to make a start in dressmaking and other branches of women's work. We are also trying to train domestic helpers, and have some association whereby the girls would

be paid a better rate of wage than the ordinary domestic worker, who is often very inefficient. These girls we want to be recognized as something more than the ordinary domestic drudge.

5. You come into close contact with workers, plumbers, carpenters, and others: what opinion have you of their efficiency?—I have had a good deal of outside commercial work, and have come into contact with building operations, and there seems to be a tendency for less work and poorer quality. There are an increasing number of people who receive good technical training. But the provisions of the Arbitration Act have increased the cost of living. There has been a lack of grading; there has been too much levelling down to a minimum wage. I believe in arbitration, but it has had this effect. A highly paid man is not the most expensive. The highest-paid boot operatives live in Massachusetts, but the boots from there compete with other boots.

6. *The Chairman.*] Are you speaking of your own knowledge in Arbitration awards? Do you know that about 60 per cent. of the men are paid above the minimum wage?—I should not think it was that. In Birmingham, for instance, the men are moved from one grade to another; there are four grades. This applies to brassfounders. The Conciliation Council makes the changes, and there are sixteen men's representatives and sixteen employers' representatives on this Council. A system of fines prevails for wrongful classification. Something of that sort would tend to increase the efficiency of the workmen. Another thing that increases the cost is that there are different awards for different trades, such as cabinetmakers and carpenters. Different wages in different branches often mean that workers demand the higher wage of one branch, and so the cost of the work goes up.

7. But the minimum merely shows a point below which a man shall not work: is not that efficient?—No, it does not seem to work. Often there are not 5 per cent. of the men getting more than the minimum, so the employers tell me. I have discussed this with employees too, and the efficient ones favour this grading idea. There is a very large percentage of inefficient workmen that have to be employed, on account of the great demand, and many employers will tell you they make the money out of the less efficient. In my opinion artificial salaries would be detrimental in the country. The whole prosperity of New Zealand depends on the produce. The prices are regulated outside New Zealand, and by bolstering up many trades to employ a few workmen we have every time landed the extra cost on to the man on the land. This is responsible for the "white slavery" in the country districts—in dairy districts. The children have to milk night and morning, because the farmer cannot get cheap labour otherwise, and then the children were not in a suitable state for educating. I have this direct from the teachers themselves. [Witness referred to a scheme instituted in South Africa to overcome these difficulties.]

8. *Mr. Veitch.*] How do you propose to get labour to go to the country districts?—That is the problem of the world at the present time. I merely say that I think the bolstering up of trades in which a small number of workers only are engaged has tended to make labour more difficult in the country. Naturally, this country should be the cheapest to live in, and the fact that it is expensive to live in is brought about by artificial means.

9. In what way?—By import duties—by protection.

10. Then, you propose free trade?—Not universally, but in some trades it is better to have an open market.

11. But if there are only a few men employed that will not supply country labour?—But everybody has to pay for these trades.

12. *Mr. Hall.*] Have you a large number of young people going to the domestic-science classes?—All the girls in the schools are compelled to take a certain amount, but the number doing domestic work only is not large—about forty or fifty. I think more should do so. I am afraid the girls do not think it is important.

13. *Mr. Fairbairn.*] The compulsory stage is confined to the public schools—primary and secondary schools?—In all the primary schools in Auckland City and suburbs, but in the backblocks we cannot provide it. It is compulsory wherever there is a technical school. In the secondary school every girl has to devote a certain number of hours per week to this subject, taken from ordinary school work. Less time is devoted to, say, arithmetic or English. Two hours per week is given to domestic science for the girls, and the boys go to manual work. The pupils are keenly interested in this, and the natural function of every girl is to become a wife and mother.

14. But beyond the compulsory stage the girls will not go in for the work?—A comparatively small number of girls follow up the full course; the opportunities for girls in commercial life are so great.

15. *Mr. Robertson.*] You thought there was a decline in efficiency of different trades?—Yes; I refer to both quality and quantity. The men do less work, and work of a poorer quality. I was speaking from my own experience as builder of schools, and in association with employers who have informed me of the general conditions.

16. Do you not think the machinery work in the way of making mouldings, &c., tends to give the worker less training?—Yes, that is so; but there are various things which every man has to do, and the tendency to do these things less well is apparent all round; they do not bother so much.

17. But is there not a tendency to prefer the man who can saw and drive nails quickly?—Yes, that is so. Employers do make this selection. The employers are largely to blame for this decrease in efficiency. Even in unskilled labour, such as weatherboarding, there are grades of good and bad work.

18. *The Chairman.*] But do you not want the men all paid the same—the first-class weatherboarder and the first-class joiner?—Yes, for first-class men.

19. *Mr. Robertson.*] With regard to the effect of high wages—the increase of cost of production: would that not apply to flaxmilling and other trades not so protected?—The coal-miners are paid by Arbitration awards, or their wages are the outcome of other wages fixed by the Arbitration Act.

The flaxmillers are outside the protection, but they have to compete with the world's supply, on [the world's market.

20. You do not think high land-values have anything to do with the cost of living?—I think they have a great deal to do with it.

ARCHIBALD KENT, Baker, Newmarket, examined on oath. (No. 157.)

1. *The Chairman.*] Have you been a baker long?—Since I was a boy.

2. Over ten years?—Yes, more than that. The price of bread was lowered in June, 1910, for a 2 lb. loaf on account of lowering of flour; it was lowered from 4d. to 3½d. per 2 lb. loaf; and five months previous to the commencement of the Co-operative Bakery in Auckland, and subsequent to the Co-operative Bakery starting, it was lowered to 3d. per 2 lb. loaf. It was stated the bakers put on ½d. per loaf when there is a £1 rise in flour. No rise takes place until £2 10s. is put on the flour. Say, the bread is 3½d. per loaf; then, say, £2 10s. is put on flour; then we would call a meeting to consider putting on ½d. per loaf.

3. *Mr. Fairbairn.*] Does flour ever go up £2 10s.?—No, not at once; it goes up 10s. per ton at a time, as a rule.

4. *Mr. Leadley.*] When would you reduce the price?—When it goes down the £2 10s.; but generally we are compelled to bring the price down before we should, through competition of non-employers among the bakers. There are seventy-four master bakers in Auckland. The reduction would be ½d. per 2 lb. loaf. It has been stated that the delivery was dearer to the Co-operative than to the master bakers; that is not the case. I received this evidence from one of the directors of the Co-operative. He said he was doing 1,000 loaves per day, with three carts—over 300 per day per cart. I find on inquiry that the general delivery is 200 small loaves per day per cart; that is the average. Most of those workers who joined the Co-operative are men who have families. Two loaves a day is a good customer; and many such customers belong to the Co-operative. In many cases the shops sell at the same prices as the carts. The general price to boarding-houses is 3s. per dozen—that is, ½d. per loaf less. Practically speaking, a baker does not get more than 3½d. per loaf. The majority of the trade is wholesale trade. Almost every grocer sells bread.

5. *Mr. Fairbairn.*] What area would the deliveries cover?—We have a cart that does one district alone; he might go into one place with a 1 lb. loaf, then miss several places, and go to another house. Down south the 4 lb. loaf is recognized as a loaf; in Auckland the 2 lb. is reckoned the standard; and many of our customers take 1 lb. loaves. The 200 loaves delivered were 2 lb. loaves.

6. *Dr. Hight.*] Less bread is taken now than formerly?—Yes. One lady gave me the explanation that it was no use cutting lunches for her sons; they go to the restaurants. The servant-girl problem induces families to dine at restaurants.

*The Chairman.*] But they would eat the bread at the restaurant?—Yes, but that is wholesale trade. The bread there is sold as low as 2½d. sometimes. There is no regulation price about that at all. The Co-operative director gave me some further information. A witness stated that the profits were first devoted to make the capital larger in the Co-operative. As a fact, there was a loss; there were no profits. I am referring to the first year's operations of the Co-operative Association. This is only hearsay evidence. It would be better to get the balance-sheet for the year ending June, 1911. The reason the bread was raised was because it did not pay at 3d. per loaf. Flour is dearer by 50 per cent. than in 1901. It was £6 10s. to £7; it is now £9 10s. to £10. 1901 was an exceptional year; there was a great surplus of flour in Australia. There has been no great fluctuation in prices for the last three years.

8. *Mr. Robertson.*] The drop in the bread was owing to the drop in the flour?—Yes, I am sure of that.

9. The figures for flour in 1909, ten guineas, and 1910, £10, are given to us by a miller: does that justify a difference of ½d. per loaf?—That depends on the rate of decrease or increase in flour, as I explained before.

10. Can you give us the price of flour in June, 1910?—No.

11. What are the objects of the Bakers' Association?—To assist the trade generally; to discuss labour laws and the Arbitration Act. The association is registered, and any one can see the regulations.

12. What are the declared objects?—I could pass the rules in to the Commission.

13. *Dr. Hight.*] The price of flour is not the only item?—No; horse-feed has gone up.

14. Do you find that before the £2 10s. increase applies to flour you have to raise the prices of bread?—It is so long since there was an increase I can hardly say that. It has been proved here conclusively that even the Co-operative could not sell at 3d. per 2 lb. loaf.

15. *Mr. Leadley.*] Was there any attempt at boycott?—No, none whatever.

16. *Mr. Robertson.*] Do you know any flour-merchants that refused to supply the Co-operative?—No. Two refused to supply flour because they thought the Co-operative was not solvent. We charge the same prices delivered or over the counter. Customers residing next to the shop would not give more than the counter price.

17. *Mr. Fairbairn.*] When the price of flour was £6 10s., what was bread?—2½d.

18. *Mr. Hall.*] Is there much loss through bad debts?—It varies greatly according to locality. The "boss" bears the whole responsibility of that.

THURSDAY, 27TH JUNE, 1912.

WILLIAM MORGAN EVANS, Fruit-merchant, Retail and Wholesale, examined on oath. (No. 158.)

1. *The Chairman.*] What have you to say?—The fruit business is ruled by climate and supply and demand.

2. Has fruit risen much in price?—The island fruit has, owing to cyclones; local fruit is much the same. We buy local fruit at auction, and for island fruit we deal on the wharf.

3. What is the difference between the price growers get and the price retail?—About 100 per cent. on some lines; on the lower-class fruit—cooking fruit—it would not average 25 per cent. With dessert and soft fruit a great deal goes bad.

4. Is there any understanding among buyers as to not bidding up—a ring?—Oh, no; I buy all the grapes in the town one day, and another man the next day; we do not buy up the lot, and share.

5. If farmers complain that they get very small prices, why is that?—Because of poor quality sometimes, because of being “topped”—the top is good, but the middle and lower portion of the case are poor quality; that practice is very prevalent.

6. Would it be of benefit to have grading of fruit?—Yes: There should be regulations as to size of cases, too. Many growers cut down the cases, and inexperienced buyers buy at, say, 6s.; but that might be very dear, because the case holds so-much less.

7. What is the price of 40 lb. cases for apples?—The custom is to buy by the case. The bushel cases cost the grower 6s. 6d. per dozen; smaller cases less. There should be a law to have a uniform size of case.

8. Uniform size of case and uniform grade of fruit is what you want?—Yes. That grading would have to be done in the man's own orchard; and the cases should be all the same size. The prohibition of Tonga Islands through blight is the cause of oranges going up in price; we get only one boat per month with oranges from Rarotonga. The hurricanes have spoilt the bananas, too, for the last two years. We expect to get a full supply of bananas from November onwards.

9. *Mr. Hall.*] What size of case do you recommend?—Bushel and half-bushels.

10. What size would that be?—I could not give you the measurements offhand; I could do so later.

11. If graded the fruit would secure a better price?—Yes.

12. Do the “topped” fruits bear any special brand?—Mostly unbranded. If a man grades his fruit and brands it, he would get a better price. There are several brands we always go for now.

13. *Mr. Fairbairn.*] The island fruit is sold by dealing on the wharf: is that always so?—Yes; I think the Harbour Board do allow an auction of overripe fruit.

14. The best fruit is sold on the wharf?—Yes.

15. Do you deal privately for the fruit on the wharf?—Yes.

16. *Dr. Hight.*] Have you been in your present premises long?—Twelve years. The rise in rent has been 50 per cent. The premises are in Queen Street. The rates and taxes have increased too—I pay £10 more than I did ten years ago, I think. The amount is £45 now, as compared with £35.

17. Have the hawkers tended to keep down the price of fruit?—Some say they do, some say they do not; I think it lowers the price myself. The majority of counter-sales are for 6d. worth of fruit—6d. up to 5s.; my 6d. cash-register key is worn out.

18. *Mr. Robertson.*] Is there much loss through bad fruit?—Only in the summer months; I could not say what it works out at. I have bought a thousand bunches of bananas, and have had to get them carted away; they went bad in a night.

19. *Mr. Leadley.*] Do you try to stop this “topping”?—The auctioneers do not seem to care, and we cannot stop it.

20. The cases are opened at auction?—Experienced buyers know the cases which are packed like this; inexperienced buyers do not. The practice is very common. The auctioneers do not take any steps to stop it, in my opinion. We can trace the “topping” fruit—that is, the auctioneers could, but they simply will not concern themselves.

21. *The Chairman.*] The rise in your rent and rates has made fruit dearer to the general public?—I do not think so.

22. *Mr. Hall.*] Do you think some arrangement could be made to put the fruit in cold-storage, and so lengthen the season?—A thousand cases were put in cooler last season; pears do very well; apples come out all right; it all depends on how they are packed.

23. Will not that have a tendency to keep out imported fruit?—My experience of local-grown fruit is that 75 per cent. of it should never come on the market at all. The class of fruit we put in the freezer would fetch as much when it went in as when it came out. Only the best class can be put in. When the public are “biting,” pears might fetch 7s. or 8s. per case; then, perhaps, 10s. per case. Then the pears are put into the market. The public's taste has declined; they are eating something else; and so the pears go down in price. We get about 6d. per pound for the pears when they come out of the freezer.

24. Are many apples imported from Tasmania?—Oh, yes; the Hobart sturmer is the apple with the public.

25. Could not these be supplied locally?—No; we cannot grow as good an apple—not so good in flavour; our climate is against the winter apple.

HORATIO NELSON BAGNALL, Tea and Coffee Merchant, examined on oath. (No. 159.)

1. *The Chairman.*—Have you been in business long?—Yes, many years; but I am here as a consumer. I have some books showing prices over the last eighteen years, which I thought would be valuable to you. I have made the following abstract of the prices: they are cash prices to me, as a consumer:—

Article.	1894.		1898.		1912.	
	s.	d.	s.	d.	s.	d.
Cream of tartar, per lb.	1	4	1	4	1	2
Soda, per lb.	0	4	0	4	0	4
Rice, per lb.	0	2½	0	2½	0	2
Tapioca, per lb.	0	2½	..	..	0	3
Marmalade, per lb.	0	7	..	..	0	8
Sugar, per lb.	0	3	0	3	0	2
Raisins, per lb.	0	7	0	7	0	5
Jam, per lb.	0	5	0	5	4½d. to 5d.	
Butter, per lb.	0	11	0	9	1	2
Tea, per lb.	1	8	1	8	1	8
Barley, per lb.	0	2½	..	..	0	2
Beef, any part, per lb.	0	3½	0	3½	from 0	3½*
Kerosene, tin	6	0	6	6	6	0
Oatmeal, per 25 lb.	2	9	3	9	3	6
Starch, packet.	2	4	2	3	2	3
Flour, 100 lb.	10	0	15	0	11	0
Bread, 2 lb.	0	3	0	3½	0	3½
Currants, per lb.	0	5	0	6	0	5
Candles, per lb.	0	8	0	8	0	6
Matches, doz. tins	1	0	1	6	1	6
Potatoes, cwt.	..	..	9	0	6	0

2. What is the general tendency of that?—In seven articles there has been a small rise; in seven a small fall, and seven are about the same. I have taken twenty-one articles altogether. The prices are therefore practically the same as they were eighteen years ago. Sugar is cheaper now than then; bread is the same; flour is cheaper. With regard to the cost of living, my experience is that clothing is about the same as thirty years ago—or, rather, cheaper. A pound will go further in cash than at any previous time; boots of the same quality can be bought cheaper; writing-materials are cheaper; books are much cheaper; timber is much higher. Nowadays men are buying pianos and sewing-machines on the instalment plan; also for jewellery; also industrial insurance, insurance for children, payments being made from week to week; these are all coming out of the wages class, not the salaried man.

3. On the whole, do you think the time-payment system is bad?—Oh, no, it is a good thing; it enables people to buy necessaries they could not otherwise get; leaving out the jewelleries, the things bought are necessaries. The amount spent on amusements and entertainments and sport has much increased; these things are much more favoured.

4. Do you not think the Press encourages this, giving columns and columns to football?—No, the people want this; they of their own accord spend much more on races and games and sports. These are avenues of expenditure, and eat up the income of the people. But, notwithstanding all these avenues of expenditure, while the population has increased 52½ per cent. since 1895, the accounts in the Savings-bank have increased 250 per cent., or thereabouts; while the total credits have increased over 300 per cent. Savings-banks are used by the class mostly interested in the cost of living—wage class and small shopkeepers. The total credit increased from £462,000 to £1,410,000; that was from the Year-book for 1910. The average credit per head rose from £28 5s. in 1895 to £37 1s. 3d. in 1910. It seems to me, therefore, that the cost of living cannot have increased so phenomenally.

5. They can afford to go to sport more, you say, and yet save more?—Yes, that is so. Out of every twenty persons you meet in the street, nine of them have a savings-bank account. In 1895 the number was 163,513; in 1910, 408,770; that is from Year-book for 1910.

6. *Mr. Fairbairn.*] I think there is something inconsistent in these figures: the figures will not balance, if each depositor has £37?—The deposits are £14,104,000, not £1,410,000 as given above. During the same period the totalisator investments went up 290 per cent.

ALFRED GEORGE TOOLEY, Caretaker of Grammar School, examined on oath. (No. 160.)

1. *The Chairman.*] You have some evidence *re* buying fruit, I believe?—Yes, I have bought fruit for home consumption.

2. Do you bid at the auction sales?—Yes.

3. Was there a free hand given you? Was there any suspicion of any ring?—No, I have never noticed one.

4. What condition did you get the fruit in?—Sometimes they were good on top and poor underneath; but generally the fruit was according to the sample.

5. Has the price of fruit gone up in late years?—Slightly; not very much; not to add greatly to the cost of living.

6. Have you noticed any rise in cost of living generally?—Generally speaking, it costs more to live now.

7. Because you want better things, or has the price risen very much?—The latter. Milk and bread and butter have risen in price.

8. *Mr. Hall.*] Have you bought much fruit this season?—Twenty or thirty cases—apples, plums, peaches, and pears. The average price would depend on the time of the season; sometimes it was very cheap; and it would vary in quality. At present apples are 3s. to 7s. per bushel case.

\* Depends on cut.

9. And in the height of the season, what is the price?—About 2s. to 4s. The 2s. case would be a poor, small case.

10. *Mr. Fairbairn.*] Have you ever bought island fruit?—Only oranges; that was from the auction sales.

11. Is not most of it sold on the wharves?—Oranges are sold on Tuesdays and Fridays in the auction-marts. I have seen oranges and bananas on many occasions sold by auction, I know.

12. *Dr. Hight.*] What do you save per week by buying fruit and vegetables at auction rather than at shops?—Several shillings per week, I should say, approximately.

13. What would you spend on fruit and vegetables?—That would depend on the season.

14. Would 2s. 6d. per week all the year round be too low?—Too low, taking the average all the year round. I have six in my household—four children. You can buy a dozen bunches of carrots and parsnips; cauliflowers are put up in dozen lots, and also in sacks.

15. Do you have to take a dozen?—No; sometimes six at a time.

16. The ordinary householder has equal chance with shopkeepers?—In two marts, at least. I buy in several marts, but only in two as a rule.

17. *Mr. Leadley.*] You think living has increased in cost?—Yes; bread and butter and milk are more; rent does not affect me.

18. Is the rise due to other articles demanded, regarded formerly as luxuries?—Bread and butter are necessities.

19. Is the rise attributable to rise in necessities, or attributable to luxuries and recreations?—I think the increase is chiefly on the necessities—in articles of everyday use.

20. *Mr. Hall.*] You speak of making a considerable saving: what does it cost for delivery?—We are living so close that practically delivery costs me nothing; I get the fruit myself, or my boys do. As a rule, delivery costs 1s. or 1s. 6d. for several cases.

21. Could the auctioneers make some arrangement to deliver?—I fancy the auctioneers do deliver fruit for any householders.

22. Suppose you go early in the morning, can you buy privately?—Oh, yes; the storeman will sell at market value. I generally bid for my fruit under the hammer.

JAMES HENRY GUNSON, Grain and Produce Merchant, Chairman of Harbour Board, examined on oath. (No. 161.)

1. *The Chairman.*] Have you a statement to make?—Yes. The cost of living I would term as the monetary cost to the individual or to the family to reasonably and adequately provide in a general way for—(1) The articles of food and clothing which are necessary to maintain sound health; (2) comfortable and sanitary housing, with attendant conveniences; (3) a liberal education to children and youth; (4) an excess of revenue over expenditure sufficient to meet the claims arising from the vicissitudes of life and provide for old age. I have been connected with the grain and produce trade of this city for twenty years; the principal lines handled are potatoes, onions, cereals, flour, chaff. Prices fluctuate considerably, markets are always changing; the principal and main factor in such is that of supply and demand. Instancing potatoes as a staple and principal food, the prices depend upon—(1) The season's crops, (2) the export trade. When the area is large and the yields good, prices are, as a rule, low. For the first three months of this year values were down to a figure £3 to £4 per ton—cheap to the public, but unprofitable alike to the grower and the merchant. The markets were glutted with no export outlet, under those conditions prices are always low. Prices are higher now by 50 per cent., owing to the North Island crops being exhausted and the South Island yield light. Also, there is a prospect of continued Australian trade, in which market prices are at present abnormally high. Prices are just as likely to be low as they are likely to be high, say, in December next; it is a matter entirely of season and crops. One, therefore, could not say that there has been any marked increase in cost to the consumer during the last ten or fifteen years. Low prices are felt more both by the grower and merchant to-day owing to the increased cost of labour. The cost of distributing the produce from the grower to the consumer is reasonable. Onions and cereals might be referred to in the same manner. The farmer wins his livelihood from the land; upon his produce the city population largely subsists. In this young country, fortunately, the farmer is protected by Customs tariff—take chaff, for instance. Last year, despite a duty of £1 per ton, thousands of tons of chaff were imported into New Zealand. Under an ordinary system, Australia, at our door, with her extensive and abundant crops, would, were there no New Zealand duty against her, completely wipe out our farming industry. demoralize our trade, and absorb annually from this country a very large amount of money. This also refers to flour-milling and many kindred industries. Speaking broadly, there has not been any appreciable increase during the last two decades in the cost of living as far as the main articles of produce, such as potatoes, onions, &c., are concerned. Possibly, given similar conditions of markets and export trade in 1913 as existed, say, in 1895 or 1900, prices to the public would show some slight increase, which would be due to the increased cost of handling, but this on produce lines would not be appreciable.

2. Have you found that the cost of living generally has increased?—Generally speaking, I think it has, but not to the extent commonly thought.

3. Do you attribute that to increased rents?—Undoubtedly increased rents form a large factor in the increase.

4. Is it due to the higher standard of living?—Yes.

5. People are not content with what they were content with ten or twenty years ago?—That is my view.

6. You are in favour of protective duties?—Yes, protection is necessary to ensure stability of industry and protection to the farming community in a young country.

7. *Mr. Veitch.*] Re your statement as to Australia wiping out our farming industry?—Yes, I believe that. I refer largely to produce lines—cereals, grains, and root crops; I do not refer to the dairying industry.

8. That only applies to grain and produce?—Yes, my evidence is confined to those lines.

9. *Mr. Hall.*] Do you think the farmers can afford to grow potatoes at the prices realized during the recent glut?—No; it costs £5 or £6 per acre to grow potatoes, and they did not get that in many cases. I think the cost would be £1 per ton to the farmer, and the yield about 6 tons; perhaps it cost £2 10s. to £3 to place potatoes on the market from the farm. The cost on the farm might be £1 10s.

10. *Dr. Hight.*] Has scarcity of labour affected production of potatoes?—No, I think not.

11. What is the cost between wholesaler and retailer?—Presuming merchants gets £6 per ton for potatoes, those would cost the consumer £7 10s.—that is, add on £1 10s. per ton for distributing from wholesaler to retailer, and the retailer's profit. That is, assuming the retailer sells in small quantities, speaking generally, of average lines.

12. You say Australia would wipe out our farming industry, &c.: if we took a great quantity of produce from Australia would we not have to send other stuff to Australia?—Not necessarily. If our produce is drawn from Australia the profit on the growing goes to Australia.

13. If we import all our farm produce, we must give something in return?—We must pay either in cash or kind.

14. Ultimately we must pay in kind—the people must find some employment?—Yes, employment would be directed into other channels.

15. Have the harbour costs and handling costs increased?—Not in harbour charges; there has been no increase for ten years; but the costs of handling have increased.

16. The facilities for landing goods have increased?—Oh, yes; the value of the service we render is very much greater.

17. *Mr. Robertson.*] You excluded the dairy industry, what did you mean?—Take potatoes, they can be grown here at such time as there is a profit for the grower; otherwise they are imported from places where production is cheaper. The dairy industry is different; it is an export trade; we are dependent on European markets for our values in dairy trade. The removal of protective duties would not affect the dairy trade; but with produce the case is different. There would ultimately be a difference caused by removal of butter duty, but at first it would not affect the matter.

18. *Mr. Leadley.*] Do you think, taking a number of years, that the Australian farmers could compete against the New-Zealanders?—Yes; the history of the markets proves conclusively that they could.

19. How do the freight charges affect the matter, as contrasted with freights from southern ports?—They are approximately the same. That should not be so. That is a disadvantage to the New Zealand farmer. The coastal freights are too high. That is due to a monopoly. The freight charge on chaff from Australia is 15s. per ton, and from Lyttelton it is £1 2s. 6d. per ton; there is only the Union Company to carry that from Lyttelton; all opposition that comes along is squashed.

20. What is freight from Australia on wheat?—9s. to 10s.; and from Lyttelton, 9s.; practically the same.

21. Are the supplies chiefly drawn from Australia?—No, not to any appreciable extent; chiefly from the South Island.

22. You said the removal of duty on agricultural produce would destroy our agricultural industry?—I referred to produce.

23. Take wheat—would that be the case in re wheat?—It would.

24. Have you any knowledge of cost of growing wheat in Australia and in New Zealand?—From my general knowledge, Australia is much the cheaper place to grow wheat; the conditions are better. There is no question that the Australian farmer could drive out the New Zealand farmer from wheat-growing. I know the average production of wheat in Australia and in New Zealand.

25. What is the average price?—Probably over a period of years, 3s. 3d. to 3s. 6d.

26. If we eat 6,000,000 bushels of wheat at 3s. 4d., it means we consumed a million pounds' worth of wheat in New Zealand?—Yes.

27. It would be a national calamity if we had to send out a million sovereigns for wheat?—It would, and there would be many industries affected.

28. The ramifications and benefits are so great you mean?—Yes.

29. Felt by every branch of trade?—Yes; and therefore I would strongly oppose the remission of duty.

30. Can you suggest how the unfair advantage can be removed?—I cannot suggest anything; the monopoly is so strong inside and outside the Government that I do not know what to do. Look at the mail contracts and island fruit contracts; undoubtedly the Union Company can wield great influence in high quarters.

31. *The Chairman.*] What about nationalization?—It might be good, but I do not favour nationalization where private enterprise can carry on the business.

32. Supposing the farmers, the wheat-growers, could not grow the wheat so cheaply in New Zealand as in Australia: is it worth while bolstering up the New Zealand grower?—I believe that the position would be greatly prejudiced, owing to the number of industries involved.

33. *Mr. Leadley.*] Supposing the farmers devoted their land to other things, and there was a shortage of wheat in Australia?—If the wheat-growing in New Zealand was substituted by growing other grains, with the same ramifications in other industries, the effect would not be detrimental. If there was a drought in Australia, we might have to turn to Canada and India and other places; we might have to get it from places where there was sweated labour.

34. *Dr. Hight.*] You consider the trade would be much more unstable with a system of free trade?—Yes, our supply would be uncertain, and our business would be spread to every quarter of the globe.

35. If we imported all our wheat you do not hold we should have to send out so many million sovereigns?—Oh, no, that would be absurd.

36. *Mr. Fairbairn.*] Is much wheat imported from Australia?—Not very much. Between New Zealand and Australia there exists considerable feeling, and much improvement might be effected in the tariffs, to the advantage of both countries.

37. *Mr. Veitch.*] Do you think the wheat-growing is declining in New Zealand?—I do not think statistics bear that out.

38. Assuming your prediction is sound, that the price of wheat would go up if you took off the tariff, would not the New Zealand farmers go in for wheat-growing?—Yes, during a year of high prices; but the prices would vary, and the farmers would not go in for wheat-growing regularly.

39. You think the bringing in of cheap Australian wheat would bring down the price here?—Yes.

40. And the farmer would cease to produce?—Yes. Nothing we could do would influence the world's price; the Australian prices and the New Zealand prices are governed by that. Our wheat would be imported without the duty from Australia at lower prices than it can be grown in New Zealand. It is not only the question of wheat; flour is manufactured in Australia cheaper than in New Zealand; and the importation of Australian flour would knock out the New Zealand millers. Australian prices are, as a rule, very much lower than New Zealand prices; the New Zealand millers work under greater costs.

41. The prices here are higher than the world's market, you infer?—Yes.

42. Where can the famine price come in?—If it were only the matter of flour alone, undoubtedly the New Zealand public could get cheaper flour from Australia; in face of the duty the Australian can now be sold cheaper; if it were only the flour, remove the duty I should say; but the ramifications are so wide in the industrial world here that remitting the duty would be a bad thing.

43. So long as supplies are available from Australia there would not be famine prices?—No; I did not mean to infer that there would be.

44. *Mr. Hall.*] Is any flour dumped into this market?—They do not dump their surpluses, but Australian flour is sold here lower than in the Australian markets this year; generally that is not so.

45. If prices for grain were unremunerative, farmers might divert their work into other channels: would they not be more likely to leave New Zealand for Australia if prices there were better?—There might be a tendency; farmers to-day are abandoning grain-growing and taking up dairying, because that is more profitable to-day.

46. *To Mr. Leadley.*] The freight on chaff was 15s. per ton for 1,000 tons from Victoria, and £1 2s. 6d. per ton from Lyttelton, subject to 10 per cent. advance.

THOMAS BELL, Manager, Union Soap, Oil, and Candle Factory, examined on oath. (No. 162.)

1. *The Chairman.*] Has there been any discrimination to customers?—There has, and there has not; it is a wide question. The larger portion of the common soaps are open to anybody; retailers can buy half a ton of soap, and take delivery within six months with 10 per cent. and 2½ per cent.; there is no advantage to the merchants. In other lines we have worked up a trade, and now labour and timber is higher, and we try to get a fair profit, and to let retailers get a fair profit too. We think we have a right to say what price the goods should be sold at. There are hundreds of other brands on the market for soaps, &c.

2. Do you issue instructions to sell at certain rates?—Yes; not below certain prices. There is an agreement\* to that effect.

3. *Mr. Veitch.*] Is there a retailers' association?—I do not know.

4. Are you associated with the Merchants' Association?—Yes, the wholesale association gets certain discounts on two proprietary lines that the retail man does not. We do not keep travellers on the road at all, and we trust the wholesalers to get orders, and they get a special discount on that account. We supply retailers as well, as explained.

5. Do you fix the selling-prices in order that retailers shall not undersell?—The retailers can sell at what prices they wish, provided they do not go below a certain price.

6. Do you insist on retailers selling at such a price as will guarantee wholesalers a profit?—With certain lines we expect the retailers to sell at certain prices; that applies to some lines only; say, 90 per cent. is sold as the retailers wish, 10 per cent. of it is sold on fixed prices; that is to prevent the soaps being sold at less than cost price. There are always people in business who cut on particular lines, and we want to prevent that. Candles have been sold at ¼d. per pound below cost.

7. Why should you prevent retailers making some of the lines cutting lines?—We have been for years trying to get a good trade on certain lines, and why should we allow soap to be sold at ½d. per bar below cost. We cannot fix prices on all lines, because there is so much competition.

8. With free and open competition, would not soap find its way cheaper to the consumer?—No, it is as cheap now as it can be made, and the price is brought down by competition.

9. *Mr. Fairbairn.*] You spoke of the market being free—with English, American, and German soaps—what protection have you got on imported soaps?—I do not know what it is on Australian soap; on toilet soap it is one duty, on common soap another. On common soap it is £5 per ton. That would not be a £10 protection. There is an imported soap that is sold 50 per cent. higher than our price for similar quality.

10. Is there any common understanding between your firm and the merchants *re* certain discounts?—No, nothing beyond the usual trade relations, and my reply to a former question *re* the Merchants' Association.

\* Witness subsequently altered this word to "understanding."

11. Have you discontinued a wholesale discount to a certain firm who agreed to your selling conditions, but are not members of the Merchants' Association?—T. H. Hall has nothing to complain of; they are getting goods on the same terms.

12. We have your letters saying you refused to supply candles?—He is getting them now at the same prices as others. We were asked to supply at the same price for two years, but if the price went down he was to get the benefit.

13. There is no reference in the correspondence to this?—Perhaps not; but if he was not a member of the Wholesale Merchants' Association he would not get the discount. He was refused on that account.

14. *Mr. Leadley.*] You said if a retailer were to sell your soaps at ½d. per bar below cost, that would ruin your trade?—Because the grocers would not sell our goods on those terms; one man would undercut, and the others would drop that line out; unless the public absolutely demanded the goods, the grocers would not keep them. The undercutting would drive the other grocers out; they would not want it from us; and so our trade would suffer.

15. *Mr. Fairbairn.*] Do you mean the supplier of an article, after disposal of goods, should dictate the prices?—I think we have that right; I would sell it with the understanding that you should sell at certain prices.

THOMAS LONG, Workers' Union Secretary, examined on oath. (No. 163.)

*Witness:* I desire to say at the outset that I regret I have not had the opportunity of going into this matter fully, as I have been absent from Auckland for ten days.

1. *The Chairman.*] You have been resident here for some years?—Eighteen years.

2. Have a wide acquaintance with the workers?—Yes.

3. Has the cost of living increased, in your opinion?—Yes.

4. What are the main increases?—Rents.

5. Can you give us any information as to the rise in cost of living?—I know of cottages that twelve years ago were rented at 8s. per week, and to-day the tenant—the same tenant sometimes—is paying 14s.

6. Have improvements been made in the meantime?—At least two, so far as the inside of the house is concerned, have not been improved at all; they have simply been painted outside, and connected with drainage and sewage systems.

7. Do you think clothing has gone up?—It is some years ago since I have worn dungarees, so I cannot say if they have increased.

8. What about food?—I might refer particularly to the price of coal. Mr. Winstone made much of the fact that the retailers were only making 6s. 3d. per ton profit—gross profit. I want to place this fact on record: coal was retailed in Auckland at 24s. per ton.

9. Per sack, or whole ton, or what?—That was the price per quarter ton, three sacks, delivered by coal-dealers; that was Taupiri coal—household coal. This was the best household coal. If you bought a single sack, you paid more. Now we pay extra for quarter-ton lots. I think it is 34s. per ton—34s. per ton for quarter-ton lots.

10. *Dr. Hight.*] The price for 1902 was given at 27s. per ton?—I have not that price—only the price for 1904 as given.

11. *Mr. Fairbairn.*] Have you anything to support your prices?—My authority is the man who delivered the coal. I will undertake to get some documentary evidence as to this.

12. *The Chairman.*] Have you anything more to tell us about coal?—In the opinion of our people, there is a ring controlling the coal. The Coal-dealers' Association is a very close corporation; it is not possible for anybody to obtain supplies unless he is a member of that association; further, he has to enter into a bond not to sell coal below that price, and if he violates that agreement the supplies are stopped, and there is a penalty of £25, I understand.

13. You are speaking of your belief: of your own knowledge, can you state these facts, or can you produce anybody?—I have this from a man who was until recently in the coal-dealing business.

14. Can you give his name?—I will hand it to the Chairman in writing, not for publication.

15. Is that man still in business?—No, he has retired; but he was in business here.

16. Have you anything more to say?—In one of the unions of which I am secretary the majority of the members are working at two guineas per week—the Brewers' and Aerated Water Employees—they are bottling-house labourers, and are getting only two guineas per week. That is not a living wage. Some of these men take on other jobs at night, for the purpose of being able to live in decency—they are doorkeepers at theatres, and some fold newspapers, and so on. Certainly, 42s. to 45s. per week does not give a man an opportunity of living decently and making provision for sickness and unemployment.

17. If the cost of living has increased, these wages should have been increased?—That is my contention. The wages of the men in the aerated-water factories have not increased since 1907. This notwithstanding the fact that we placed before the Arbitration Court facts not refuted by employers as to increased cost of living and house rent in general; and the Court did not see its way to give the increase.

18. This Commission cannot listen to reflections on the Arbitration Court, you will understand?—Oh, yes; I do not desire to cast reflections; but merely to point out that the cost of living has gone up and the wages have not.

19. Have you copies of any statements in regard to cost of living?—I have one man's statement, as made in the Arbitration Court; it has been sworn to. I can produce that, I believe.

20. Have you observed men at work lately?—Yes; I am often in the factories and other places.

21. Do the men work in less efficient and less hearty manner than years ago?—No, certainly not.
22. *Mr. Veitch.*] To what do you attribute high rents?—Inflated land-values.
23. You spoke of wages of brewery and aerated-water employees: the increase in the price of beer has not benefited those workers?—There has been no increase in the price of beer; but aerated waters have increased. Some considerable time ago there was an association like the Coal-dealers' Association, and the aerated-water sellers were under agreement not to sell below certain rates. I know this for a fact. Then cut-throat competition was started, and the prices went down to 7d. per dozen, after the ring burst.
24. What was that for?—1s. 7d. for bottles and contents—1s. for bottles and 7d. for contents. It was 2s. per dozen before—the drop was 5d.
25. Do you know anything about casual labour?—I have seen a good deal of this, some four years ago, but not since then.
26. It has been stated that there is a great shortage of farm labour: why do not the town labourers go into the country?—My explanation is that the farm labourer has no protection—not the same protection as other classes of labour; he has no scale of wages or schedule of hours; they are at the mercy of their employers as to hours and wages.
27. Would the effect be that a man with a good employer would be well off, and with a poor employer he would be badly off?—Yes. There is no certainty of regular employment. The farmers have made a great howl of scarcity of labour, but wherever the trades-unions have tried to fill that scarcity they are up in arms. The conditions regarding farm labourers will not entice men to leave the cities; the conditions in the cities are better.
28. *Mr. Hall.*] If there is the scarcity of labour, cannot a man get work on another farm?—Well, round about our district there are no agricultural labourers employed, except men on dairy farms. These are the men required particularly, and I believe they have a good deal of difficulty in getting men for this, because the wages are so poor, and the conditions are not of such a character as would induce them to start at 3 a.m. or 4 a.m., and work late at night. I know what these conditions are from quite recent knowledge.
29. But cannot a man save more money in the country than in the town?—Maybe he is perhaps in an outlying district where there is no possibility of spending it; but there is no analogy between the farm labourer and the city worker at, say, £3 per week.
30. I have worked on farms, and I did not find the conditions such as you describe?—Perhaps you had a good and reasonable farmer as employer. The majority of them are such.
31. What district were the rents in to which you referred?—Parnell. The houses were four and five rooms and kitchen.
32. *Mr. Fairbairn.*] We are told that any one can get a truck of household coal delivered at railway, and take delivery on their own account?—My information leads me to believe that this is not possible, if you are going to retail the coal. I know business people do get their own coal, but not if they are to retail it. This is to the best of my knowledge.
33. Can you get us this information?—Yes. But the working-man does not want to buy a truck.
34. *The Chairman.*] Could a group buy a truck-load and divide among themselves?—I do not know; to the best of my knowledge, they could not get it.
35. *Mr. Fairbairn.*] Could you buy truck lots, and please yourself what you did with it?—I do not think so.
36. *Dr. Hight.*] Can you say why the wages of the bottlers have not increased?—I wish I could. I can advance strong reasons why they should have been increased. The Arbitration Court did not advance them, and it does not give any reasons for its decisions.
37. *Mr. Leadley.*—You say the coal-dealers have a close corporation: it has been represented to us that any man with a horse and cart can go into the coal-dealing business?—He cannot obtain his supply unless he is a member of the association, and complies with the rules.
38. You have no recent personal acquaintance with conditions of country life?—Within the past two years I have not worked as a farm labourer, but I have been on farms and have seen the conditions—have seen the shanties in which the men were compelled to live in Helensville, shanties that were a disgrace to civilization. I have no knowledge myself of southern conditions.
39. *The Chairman.*] Have you anything else to add?—We people in the trades-union movement have not had a great deal of opportunity to go into these matters, but we feel that this Commission has not had sufficient power, or has not used it to compel some people to give accurate information. Unless this is done, the report of the Commission will not be so valuable as it might be.
- The Chairman:* Of course, the Commission is fully aware of its powers, and is the best guide as to its own conduct.
- Witness:* I was merely referring to some witnesses who have refused to give evidence.
- The Chairman:* The Commission will deal with those people later.
- Witness:* We believe the workers' wives should have been called to give evidence as to cost of living: they are more conversant with the exact cost of living.
- The Chairman:* It is the rise we want, the exact accurate rise; but we find we cannot get very much accurate information by documentary evidence of such rises from the housewives. Perhaps you could give us such a comparative statement, and that would be very valuable to us.
- Witness:* Yes, I can get such statements from a number of workers' wives.

GEORGE CHARLES GARLICK, Furniture Warehouseman, examined on oath. (No. 164.)

1. *The Chairman.*] Could you tell us if the cost of furniture has risen during the last ten or twenty years?—It must have risen on account of wages rising.
2. They have risen considerably?—Yes.
3. And the timber?—That has risen. Materials generally fluctuate up and down.

4. How much have wages risen during the last ten years?—I could not say.
5. You know they have risen considerably?—Yes.
6. Is the furniture trade an absolutely open market? There is no understanding between furniture-trade makers to limit the output?—It is perfectly free.
7. Do you sell retail as well as wholesale?—Yes.
8. Do you find a greater difficulty in getting material of good character than formerly—in seasoned timbers?—No, we get just as good now as formerly; but the price is more. I could not say how much more percentage.
9. The increased price of furniture would increase the cost of living generally?—It is only natural if wages rise, the cost of furniture must rise, I think.
10. Is there a more general demand for better class of furniture?—Not from our experience.
11. Do you work on time-payment system at all?—That wants defining.
12. Cash down, and monthly payments?—We give ordinary credit.
13. What is that ordinary credit?—That I could not say exactly.
14. You have no business of letting furniture go for small deposit and the remainder paid in instalments?—I could not say anything about this.
15. *Mr. Leadley.*] Is the class of goods demanded of a more expensive and luxurious character than formerly by the wage-earning classes?—I could not say. We do not cater for that class of trade. Ours is high-class trade.
16. *Mr. Robertson.*] How much have wages risen in the last ten years?—I could not say.
17. Nor as to the rise in cost of materials?—No.
18. You are sure the rise in wages has caused prices to go up?—It could not do otherwise. The awards of the Arbitration Court advance every time, and so the price must go up.
19. But sometimes these rises are counteracted by improvements in machinery?—Not in ours.
20. You use a good deal of timber?—Yes; that fluctuates every season in prices.
21. Do you use much flax-tow?—Very little; I do not know anything about the prices.
22. Rents have increased in the meantime?—They say so; I do not rent any premises. Ours is all freehold.
23. The site-value has increased?—Yes.
24. And you allow 5 per cent. for capital value?—Yes, about that.
25. How much has that amount increased?—I could not say.
26. *Dr. Hight.*] You say the materials fluctuate in price: is there a perceptible trend upwards?—Yes. That is brought about by the strikes at the present time.
27. Does the labour-cost form a large proportion of the total cost of producing furniture?—That I cannot say offhand.
28. *Mr. Fairbairn.*] In connection with the cost of timber, it is a matter of common knowledge that kauri and figured red-pine has increased?—Nearly all our timber is that.
29. Then your timber-charges have gone up?—Yes. There has been no advance in oak or walnut—it is the other way about: they are lower. Veneers are at a discount, because they are out of date.
30. Mostly, you use kauri and figured red-pine?—Yes, and they have advanced.
31. When goods are sold on time payments, there is a bailment, and the seller never parts with his property until the last payment is made?—I am not prepared to answer that question. It has nothing to do with the cost of living. I have been advised not to answer this question.
32. We do not wish to probe into your affairs?—It is probing into our private business affairs, I think.
33. You said you did not sell on time payments?—I did.
34. And now you are not prepared to answer the question?—I have given the answer, No.
35. Do you not sell furniture on bailments?—I refuse to answer that question.
36. *Mr. Veitch.*] Your business is protected by tariff: why should that tariff not be removed?—I cannot give any reason.
37. *Mr. Fairbairn.*] You state that the rise in wages has led to increase of furniture?—Yes.
38. But the increased cost of timber has had the same effect?—Yes, naturally.
39. What is the extra cost due to increase of wages?—I could not answer that question.
40. Could you get that?—I do not feel called upon to get it either.
- Mr. Fairbairn:* I think the Commission had better go into committee. [The Commission adjourned, and considered the matter in committee.]

ARTHUR TOOMAN, Auctioneer of Fruit, &c., examined on oath. (No. 165.)

1. *The Chairman.*] Have you been in Auckland long?—All my life.
2. What is your experience of fruit from the country? Is there good fruit on tops and sides, and poorer in quality in the middle?—Not altogether; it is not dishonestly packed, as a rule; the packing has improved greatly in the last five years. There is still room for improvement. With the large commercial people there is nothing to complain about, but the smaller inexperienced people give some trouble. At present nearly all growers have brands, and the brands are known to the auctioneers.
3. Have you ever remarked that any of the retailers had a conspiracy of silence, and then divided the purchases?—There is more said about that than necessary, speaking from my experience.
4. Can you give us any idea of the percentage put on between auctioneer's hammer and retail-shop price?—About 20 per cent., and I do not consider that too much. I know of no fruiterer who has retired with much money. A great many fruiterers do not pay much rent, except in Queen Street; the city fruiterers have to pay very high rents, particularly at the bottom of Queen Street.
5. *Mr. Hall.*] What sort of season has it been this year?—The prices have been very low this year, owing to surplus supply. All lines are the lowest we have known, and they still keep down; never before in New Zealand have apples been so low. They have realized about 5s. per case. They

have not been much lower for good fruit; but there has been a very large crop of inferior fruit, due to bad season; two-thirds of the apple-supply is second and third class, first class is very short.

6. Could any steps be taken to get the consumer a better supply of fruit?—Not better than the auctioneers' hammer, I think. If the same system were adopted in other parts the people would be better off. I do not think grading could be adopted without great experience. I think cool-storage is satisfactory up to a certain point. The market could be extended in this way, but there is a limit to how long fruit can stand in the cool-storage. Fruit must deteriorate in the cool store after a certain time. Apples are on the market now that have not been put in cool store. Auckland apples do not keep so well as South Island apples.

7. Is much imported fruit brought in here that could be grown here?—There is a fair quantity coming, but the imports are being reduced every year, as local production increases. This season we expect very few apples from Tasmania, because the Sydney market will be higher than the New Zealand. There is a protection of 4s. per case on Tasmanian apples for duty and freight, &c.

8. Do you deliver fruit?—Yes; but we have no regular rate for customers.

9. *Mr. Fairbairn.*] Do you sell island fruit?—Yes; the bulk is sold privately at the ship's side. People can buy a case or more at auction. The average gross profit over cost would be about 20 per cent. on fruit. There are many fruiterers cutting in the trade.

10. We had evidence that a case of 40 lb. at 7s. was sold at 6d. per pound?—That might be; in some shops 6d. per pound would be charged, and the same fruit might be sold further up the street for 3d. or 4d.

11. What is the usual quantity of fruit sold?—75 per cent. of the sales would be for 6d. worth.

12. *Mr. Leadley.*] Did you say that never had prices been so low as this year?—Yes.

13. Does that refer to fruit generally?—Yes, and to apples in particular.

14. *Mr. Hall.*] Do you attribute that to there being far more orchards planted and coming into bearing?—Yes, and there is very poor hope of getting outside markets; we can never export canned fruit or pulp, &c. The only shipment that brought any satisfactory prices fetched only 7s. per case gross in London.

15. *To Mr. Leadley.*] The price of grapes was rather better, I think.

16. Do you mean prices to the grower?—To the grower; but the growers' and consumers' prices should keep pace.

17. *Mr. Hall.*] What would be the charges on this shipment of 7s. apples?—About 4s. per case for charges, I should say; and therefore the grower would get only 3s.

*Re A. J. ENTRICAN, Merchant (subpœnaed).*

*A. J. Entrican*, merchant, declined to give evidence, owing to being a member of the Merchants' Association, and being involved in a case now under consideration by the law-courts of New Zealand.

*Mr. Entrican* was excused on this ground.

*Re E. LANGGUTH, Merchant (subpœnaed).*

*Eugene Langguth*, general merchant, also refused to give evidence, because a member of the Commission in a letter to Parliament—

*The Chairman:* I cannot accept any statement of that kind.

*Mr. Fairbairn:* If I retire, will you give evidence?

*Witness:* No. [Witness withdrew.]

EWAN WILLIAM ALISON, Chairman of Directors of Taupiri Coal-mines, examined on oath. (No. 166.)

1. *The Chairman.*] Can you give us any information *re* prices of coal?—I cannot give you the prices for twenty years, because the Taupiri Coal-mine has only been in existence since 1899, but since then I can quote prices. The following are the relative prices of household and steam coal, per ton, for the years 1900, 1907, 1908, and 1909: 1900—household, 13s.; steam, 9s.; 1907—household, 14s.; steam, 9s. 6d.; 1908—household, 15s.; steam, 10s. 6d.; 1909—household, 16s.; steam, 11s. 6d. The output of the company was—1900, 78,000 tons; 1912, 261,000 tons. The annual dividends paid by the company since its formation thirteen years ago (with the exception of one year when 10 per cent. was paid) have been 7½ per cent., no allowance being made for the exhaustion of coal.

2. What about the surplus profits?—Surplus profit is carried to reserve; that is an ordinary business provision. At the present time the company has a considerable indebtedness, and its capital has been increased from £75,000 in 1899 to £122,000 in 1912. Machinery with increased power has been provided to cope with the greater demand for coal.

3. Is that transaction finished?—Yes; the capital is now £122,000, as compared with £75,000 when the company started.

4. Were the prices per ton you gave the prices at the pit-mouth?—Yes, delivered on railway-trucks at Huntly.

5. *Mr. Veitch.*] Has there been any increase since 1909?—No, not on household or steam coal.

6. *The Chairman.*] Is there any restraint exercised by the company in choosing its customers?—No.

7. Do you know of the Coal-dealers' Association?—Yes, I know of it. We sell on the conditions the company has redelivery of coal—the greater the quantity up to a certain limit the greater the discount. A differential discount based upon the quantity ordered is allowed. There is no understanding of any kind by which coal-merchants or coal-dealers at Auckland are favoured in regard to the price of coal.

8. *Mr. Robertson.*] Those prices you have given are subject to discount?—Yes.

9. *Dr. Hight.*] Can you give us any information as to the causes of increase in prices?—Yes; to the increase in cost of hewing-rates, to increase of wages to both underground and surface workers, and to shortening of hours of labour. In 1909 the hours were eight hours underground, exclusive of meal times; now the hours are eight hours from pit-mouth to pit-mouth, resulting in a reduction of one and a half working-hours. Also there has been passed legislation affecting the working of mines, adding to the cost of production. There is also the increase of mining expenses, a rise in the price of mining materials, increase of taxation, increase of insurance under Workers' Compensation Act, and to loss through strikes.

10. What has been the change in the hewing-rate?—In 1900–3 it was 2s. per ton; from 1903–7, 2s. 2d. per ton; from 1907–12, 2s. 3d. per ton. The wages for miners for the same period were 9s. per shift in 1903 award; in 1907, 10s. per shift; in 1910, 10s. 6d. Only one shift per day is worked on coal, excepting when headings are being driven. The other workers' wages were also raised. I will give the figures for 1903, 1907, and 1910. They are as follows: In the industrial award which took effect on the 17th March, 1903, and continued in operation for two years—to 1905—the hours of labour for underground workers were eight hours per day for five days a week, and on Saturday the men ceased work at 2.30 p.m. The Coal-mines Act then made provision that, subject to the provisions of the Act (1891), a miner shall not be employed underground for a longer period in any day than eight hours, exclusive of meal times; such period of eight hours shall be deemed to commence from the time the miner enters the mine, and to finish when he leaves the mine. Wages: In 1903 the minimum wages for miners were as follows—Miners, 9s. per shift; roadmen, 8s. 6d. per shift; bankers-off, 8s. per shift; onsetters, 8s. per shift; horse-drivers, 7s. per day; youths up to the age of seventeen employed as horse-drivers or for any other class of work not coming within clause 8 hereof shall be paid from 4s. to 6s. a day, according to experience and ability. In 1907 the new award provided that the minimum wages for similar work were as follows: Miners, 10s. per shift; roadmen, 9s. 6d. per shift; rope roadmen, 9s. per shift; onsetters, 9s. per shift; horse-drivers, 7s. 6d. per shift; youths the age of sixteen to eighteen employed as horse-drivers or for any other class of work not coming within clause 8 hereof shall be paid from 4s. 3d. to 6s. 6d. per day, according to experience and ability; over eighteen years of age, if experienced, 7s. 6d. per day. During the first year of this award the union demanded an increase in the wages fixed, and to obviate a strike the company agreed to increase the wages 5 per cent., which increased the total wages for the year by over £2,500. In 1910 the award fixed the miners' minimum wages as follows: Other underground workers shall be paid not less than the following wages—Miners and workers engaged on general shift work, 10s. 6d. per shift; roadmen, 10s. per shift; rope roadmen, 9s. 6d. per shift; onsetters, 9s. 6d. per shift; banksmen, 9s. per shift; horse-drivers, 7s. 10d. per shift; youths of the age of sixteen to eighteen years employed as horse-drivers or on any other class of work not coming within clause 8 hereof shall be paid from 4s. 6d. to 6s. 10d. per day, according to experience and ability; over eighteen years of age, if experienced, 7s. 10d. per day. In the 1903 award the wage of truckers was 8s. per day; in 1907, 8s. 6d. per day; and in 1910, 9s. per day. Double shifting: In 1903 the tonnage rate for hewing coal was 2s. per ton; in 1907 the tonnage rate was 2s. 2d. per ton, and where the grade was one in six or over, 2d. per ton extra; in 1910 the tonnage rate was fixed at 2s. 3d. per ton, and where the grade was one in six or over, 2d. per ton extra. Wet places: The wages paid for miners working in wet places were—In 1903, 9s. per shift, and the hours fixed at six; in 1907 the wages were 10s. per shift, and the hours fixed at six; in 1910 the wages were 10s. 6d. per shift, and the hours fixed at five and a half. Truckers' wages (1903):—Truckers shall be paid the following rates: From sixteen to seventeen years of age, 4s. per day for the first three months and thereafter 5s. a day. From seventeen to eighteen years of age, if without three months' prior experience, 5s. a day for the first three months and thereafter 6s. a day; if with three months' prior experience, they shall be paid 6s. a day. From eighteen to nineteen years of age, if without three months' prior experience, 6s. a day for the first three months and thereafter 7s. a day; if with three months' prior experience, they shall be paid 7s. a day. Nineteen years and over, if without prior experience, 7s. per day for the first three months and thereafter 8s. per day. Experienced truckers over the age of nineteen shall be paid 8s. 6d. per day. Clippers working on endless rope to be paid the same rate as truckers. (1910):—Truckers shall be paid at not less than the following rates: From sixteen to seventeen years of age, 4s. 6d. per day. From seventeen to eighteen years of age, if without three months' previous experience, 5s. 6d. per day for the first three months and thereafter 6s. 7d. per day; if they have had three months' previous experience they shall be paid 6s. 7d. per day. From eighteen to nineteen years of age, if without three months' previous experience, 6s. 10d. per day for the first three months and thereafter 7s. 10d. per day. Nineteen years and over, if without previous experience, 7s. 10d. per day for the first three months and thereafter 9s. per day. Experience truckers over the age of nineteen years, 9s. per day. Clippers working on endless rope to be paid at the same rate as truckers. Surface hands:—The wages for surface hands were as follows: Bracemen—1903, 8s. per day; 1907, 8s. 6d. per day; 1910, 9s. per day. Tippers—1903, 8s. per day; 1907, 8s. 6d. per day; 1910, 9s. per day. Blacksmiths—1903, 9s. per day; 1907, 10s. per day; 1910, 10s. 6d. per day. Engine-drivers (first-class certificate)—1903, 9s. per day; 1907, 9s. 6d. per day; 1910, 10s. per day. Winding-engine drivers—1907, 10s. per day; 1910, 10s. 6d. per day. Uncertificated engine-drivers and

firemen—1903, 7s. 6d. per day; 1907, 8s. 6d. per day; 1910, 9s. per day. Carpenters—1903, 9s. per day; 1907, 10s. per day; 1910, 10s. 6d. per day. Holidays:—In 1903 the recognized holidays were: Good Friday, Easter Monday, King's Birthday, Labour Day, Christmas Day; double time being paid for Good Friday, Christmas Day, and New Year's Day, and ordinary time for the other days. In 1907 the recognized holidays were: Ngaruawahia regatta day, Good Friday and Saturday following, Easter Monday, King's Birthday, Labour Day, Christmas Day, and 1st and 2nd January; double time being paid for Good Friday, Christmas Day, and New Year's Day, and ordinary time for the others. In 1910 the holidays were fixed as follows: Ngaruawahia regatta day, Good Friday and Saturday following, Easter Monday, King's Birthday, Labour Day, Christmas Day, Boxing Day, and 1st and 2nd January. For work done on Good Friday, Christmas Day, and New Year's Day double time to be allowed, and ordinary time for the others; the rate of pay on Saturdays being fixed by an amendment of the Coal-mines Act at time and a half. These are extracted from the several awards. I might also mention that in the industrial award made in 1900 not only were the hours of labour fixed at eight hours, but on Saturday the men knocked off at 2.30 p.m.; now the men work six hours and a half and knock off at midday one Saturday, and the next (pay Saturday) they do not work at all.

11. *Mr. Leadley.*] How many hours per week do they work?—The award fixed eight hours bank to bank for miners; their actual working-time is six hours and a half per day for five days, and five hours and half every alternate Saturday.

12. *Dr. Hight.*] Have the increased wages and shorter hours had any effect on the output per man?—Yes, a lessening of the output. For the hours worked I think the output per hour would average about the same as when they worked eight hours.

13. *Mr. Leadley.*] What is the total increase of all these disabilities—the increased cost due to lessened time, &c.?—I could not give that extending over the whole period, but Mr. Justice Cooper remarked in the first award as follows: "In January, 1900, an industrial agreement came into operation; this was the outcome of a dispute which was heard by the Board of Conciliation in November, 1899. The Board then recommended considerable increases in the hewing-rate heretofore paid by the company, and the agreement is almost identical with the particulars recommended. In consequence of such increase the company raised the price of coal. The result of the company's operations since this industrial agreement is that, although the price of coal has been raised by them, the whole of the increased return has been absorbed in the increased cost of production, and the figures appearing in their balance-sheets show a decrease now amounting to about 4,000 tons in their year's production and sales, as compared with the production and sales for the year ending the 31st March, 1900. It does not appear to us that the employees of the company have been underpaid, and the operations of the company will not permit them to pay a higher rate and obtain any reasonable return for the capital invested." That shows that because of the increase of wages for the 1900 award, a rise of 1s. per ton did not compensate for the altered working conditions. In 1907 came fresh demands for increased wages and working conditions, the contention being that a further rise in the price of coal should be made to cover this. Since then there has been a further award made, necessitating another advance of 1s. per ton, but the cost of production to-day is considerably increased.

14. *Dr. Hight.*] Has your company tried to discourage or restrain competition?—It has not encouraged competition, of course.

15. There is an all-round increase?—Yes. Whilst the 1907 award was in operation the men threatened to strike, and the company increased the wages 5 per cent. all round, which cost £2,800 or thereabouts; that was during the currency of an award.

16. *Mr. Fairbairn.*] Your company is a limited liability one?—Yes.

17. With balance-sheets available?—Yes.

18. Does the increase of capital come from profits?—None whatever.

19. What is your reserve fund at present?—From memory, I think it is about £5,000.

20. There has been no disposal of profits except as dividends?—No payment to shareholders, except the 7½ per cent. and the 10 per cent. one year. This year there was a bonus of 3d. per share—this year only.

21. You spoke of improved machinery: has that reduced the cost of getting coal?—The better the working appliances, the less the cost of production; it has reduced the cost, but not appreciably.

22. Manufacturers in other businesses have admitted that although wages have increased 25 per cent. the production has decreased owing to improved machinery?—I cannot say that; our costs have increased every time a new award is made; I cannot offhand say by how much.

23. You gave particulars of prices at Huntly: those are subject to special discounts for quantities?—Yes.

24. If a man wanted to start as a coal-dealer, could he buy on exactly the same terms as his competitors, and be unrestricted as to selling?—Certainly. The company is under no obligations to any one, and the company has never refused any supplies; but it will not supply 20 tons at the same price as 1,000 tons.

25. There is a Coal-dealers' Association: how do they buy?—Through merchants. The merchants have accommodation and yardage, and it would be inadvisable for dealers to buy in any other way; they can buy more conveniently from the merchants. The company has no agreement with the Coal-dealers' Association, and no preference is shown by the company to individuals. The company would not be a party to such agreements. We have had pressure brought to bear to prevent us selling along the railway-line, and there were endeavours to make us sell to dealers only; in fact, they refused for some time to buy because we would not accede to their wishes. Anybody can buy a truck of coal along the railway-line.

26. *Mr. Veitch.*] It would not make any difference a person being or not being a member of the Dealers' Association?—Not to any dealer. None at all, but differential rates apply to quantities.

27. Is 7½ per cent. paid on original value of shares?—Yes, on existing capital, par value.

28. Are the shares above par?—They are selling at 21s. for £1 share; they are generally under par. The 7½ per cent. is on the par value.

29. *Mr. Leadley.*] Have the surface-men received increases?—Yes, that is shown on the return read in. There was an all-round increase. Horse-drivers in 1903 got 7s.; in 1907, 7s. 6d.; in 1910, 7s. 10d. per shift. The engine-drivers also had an increase.

30. There is nothing to prevent a group of workmen clubbing together and buying a truck of coal?—We do not deal in that way; to do so would necessitate an altered system of dealing with the coal. The company would require to have yards, and further accommodation. There are two ways of dealing with output—to sell to coal-merchants with discounts, or to distribute retail. The directors are of opinion that it is not in the interests of the company to become retailers, because the expenses in connection with the retail business are very heavy, and entail considerable responsibilities.

31. *Mr. Veitch.*] With regard to machinery, this was partly paid for out of increased share capital?—I said the share capital of the company had been increased from £75,000 to £120,000.

32. You called up fresh capital?—Yes.

33. None of the profits went into that?—A certain amount of the working-expenses always goes into plant and development.

34. A considerable amount of expenditure in the mines is due to increased wages?—Yes.

35. Could you give the Commission a statement showing exactly to what extent that applies—approximately?—That would take a good deal of working out; it would mean going over the whole working business of the company from the start. The reasons I have given for increased cost of production are not merely due to increase of wages. If machinery works six hours and a half it will not give the same result as if worked for eight hours. The company's output has considerably increased, necessitating the installation of more powerful machinery. I do not think I could provide the statement you asked for. I have given you information which would enable you to take out such an analysis.

36. *Mr. Leadley.*] You would sell small lots of coal to any one ordering it along the railway-line?—Yes, that would be 6 to 10 tons dependent on the capacity of the truck. There would be no objection to any farmer, or any one else on the Main Trunk line, getting a truck of coal. That could not be done for the town worker. The conditions differ in the town. There is only a certain area to which the railway can deliver direct. The trucks are shunted into the merchants' yards, and there unloaded.

37. If a farmer ordered a truck of coal he would take delivery at the station?—Yes; but at Auckland the Railway Department could not put on one side single trucks, and allow a party of workers to come along and each take a share.

38. If one man ordered for the rest, could not this one man take delivery?—Yes, he could take delivery, but all coal goes through the dealers' hands at present. Unless the company had a place where the coal could be received direct from the railway yards, the system of delivery of single trucks could not be beneficially carried out.

#### GEORGE COURT, Draper, examined on oath. (No. 167.)

1. *The Chairman.*] Where is your business?—In Karangahape Road, I have been there for twenty-five years. Drapery has gone up very much during the last five years.

Can you give us any idea of the percentage of increase on, say, a man's tweed suit?—10 per cent. in the last five years.

3. And on a man's working-suit—dungarees, &c.?—I do not deal in these.

4. Has the cost of drapery generally risen?—All round, we average increase at 10 per cent. in the last five years.

5. Do you notice application made for superior articles?—Very much so.

6. Does that extend to all classes?—More so in the working-classes.

7. Do they want more elegant looking clothes, or clothes of better quality?—Fashion is more studied than it used to be.

8. Have you noticed much difference made by reductions in tariff? Is there much effect to the buyer?—We do not import; we make all our own clothing, and deal in colonial stuff only, practically speaking. Sometimes we buy up cheap English lines, but usually we stick to the colonial lines.

9. Can you give us any idea of the cause of the rise in living?—Rents are the chief cause; meat and everything is dearer, or they are all thinking so.

#### HERBERT GOLDSTEIN, Medical Practitioner, examined on oath. (No. 168.)

1. *The Chairman.*] We are inquiring into the rise of cost of living: do you know anything about the practice of lodge doctors?—I have had experience in lodge work.

2. Is it within your knowledge that the cost of medical attendance has risen?—Not of the medical attendance. The position in Auckland for over twenty years is: the cost per head per annum has been £1; formerly it was £1; some few years ago there was an attempt to separate expense of attendance and the drugs. The medical men had averaged their expenses down to 4s. as cost of the drugs—that was, 16s. for medical attendance and 4s. for drugs. Some time ago a dispensary was formed, and they said they could not run this under 6s. or 7s. for the drugs.

3. Who formed the dispensaries?—Friendly societies. In order to still keep the rate at £1, they offered the medical men the difference—13s. or 14s. That was really lowering the attendance. There was some trouble over this. Some of the doctors resigned the work, and other medical men new to New Zealand took on the work. There has been no increase to the medical men, but a distinct decrease. That is the position as regards half the friendly societies; about half of the societies keep on the £1 per head per annum. The medical men have not asked for more than £1, although everything has gone up considerably the last five years.

4. Most of the doctors have to use motor-cars?—Yes; and the increase in rents is great. The whole cost of running a practice has increased; but the medical men have not asked for any increase in the lodge rates.

5. Are the maternity expenses borne by the lodges?—Yes, the lodges have always paid two guineas for maternity cases; that has prevailed for twenty-five years.

6. Have you reason to believe that the establishment of St. Helens hospitals has lowered the cost?—I do not think it has to any great extent; very few people take advantage of these homes; the feeling is so strong to remain in their own home; the women object to going either to these St. Helens homes or into private homes.

7. Why?—Just a personal feeling, I think, a sentiment; there is no real tangible reason for their objection.

8. Has the cost of drugs increased greatly?—I really could not say. There has been a tendency, not very marked, for a rise; the difference is that much more expensive drugs are used; that is a necessity. Where one was content with rough drugs, nowadays purer drugs are used. That is part of the advancement of scientific treatment. As far as I can see, the general public has not met that increase.

9. Has the cost of living risen through drugs or medical attendance?—Any increase is due to the fact that there is more disease nowadays, more illness. There is no increase of cost taking it per attendance; but the amount of illness seems to be on the increase.

10. Through want of health or through a more decided readiness to run to the doctor?—I do not think it is the latter. There is an increase in the amount of disease; I have no doubt of that myself.

11. Is there anything within your knowledge which would tend to increase the cost of living?—I myself have been markedly struck with the increase in rent that the working-man has to pay; that is the most striking thing to my mind.

12. Does that tend to keep him in unhealthy surroundings?—No, I do not think so.

13. Does it add to his mental trouble, having to pay so much rent, inducing neurosis?—I can hardly say; I have not studied the disease "worry" sufficiently to be able to say.

14. *Mr. Leadley.*] Is the general air of comfort and independence among the working-classes more noticeable than formerly?—I think so, decidedly.

15. *Mr. Robertson.*] Is the increase of disease more noticeable in one class?—No, all round.

16. In the country districts?—It is more in the cities.

17. To what do you attribute this?—The general opinion is that the luxurious way of living in the cities has much to do with the matter.

18. *The Chairman.*] Want of exercise, late hours, self-indulgence?—I would include all those.

19. *Mr. Robertson.*] Is it amongst the children?—Yes, especially. It is due to luxurious feeding in the way of sweets and cakes; those were once luxuries. The child considers sweets an everyday occurrence.

20. Indulgence in sweets produces other evils?—Yes, it renders the stomach incapable of assimilating other more wholesome foods.

21. *Dr. Hight.*] Do you consider that the ordinary housewife is economical and efficient?—I think she is, on the whole.

22. What percentage of increase is paid for rents by the doctors?—That would be hard to say exactly. I cannot speak for myself, but I have heard that mentioned several times. I think there has been £25 per year increase on each £100 spent on rents.

JOHN GALLAGHER, Fisherman, examined on oath. (No. 169.)

1. *The Chairman.*] Are you a fisherman?—Yes, have been all my life; at present I have an oil-launch. I have nets, but fish with lines at present. Just at present I am working ashore, but usually I catch schnapper.

2. How are the fish sold?—To the various dealers. I break the agreement when it suits me, and the dealer breaks it if it suits him; otherwise I supply for a certain period. Seventy-five per cent. of the boats deal in that way. A fisherman gets the same price for his fish, whether there is a loan on the boat or not.

3. How do you sell to the dealers?—Just at present I am in an auction, but the fishermen will not supply the auction; that was set up by private individuals to sell fish, but the fishermen will not patronize it, because all the fish did not fetch the same price on the same day. I generally sold the fish myself to a dealer—big dealer, who would take all I caught.

4. Was there any understanding to keep down the prices?—No; sometimes they give better prices than others; there is quite open competition, I think.

5. What is the difference between the price given by dealers and the price to consumers?—Sometimes there is not much difference; we might get 2s. 6d. for fourteen; and last night I bought enough fish for a family for 9d. The middleman has to be paid, and the shopkeeper has to get his profit, and I do not think the shopman gets too much profit, and the middlemen have great expenses; they have £40 expenses per week sometimes, and have to make it up somehow.

6. If you were told it was 4d. worth of fish and 8d. worth of delivery?—I can quite believe it; the fish must be nicely cleaned and delivered to the door, and sometimes they want it cooked, too. It has to go through several people's hands before it gets to the consumer. When I started fishing, thirty years ago, I could go out in a little craft; now I have a £450 boat, and have to go out a hundred miles to get my fish. Trawlers would not be a success; it would exhaust the beds. We have exhausted the beds near at hand, and now we have to go a greater distance. It is only in 30-fathom water and less that we can catch fish. We had to drop the nets and take to hand-fishing because of various

changes in the fishing-beds. The housewives will not go to the trouble of cleaning their fish nowadays, and the fisherman has not time to clean them, and so the middleman has to come in.

7. *Mr. Robertson.*] What was the strike about some time ago?—Because the dealer would not take all our supplies; and then we tried to sell direct, and the people would not go to the wharf. We were catching more fish than the dealers could handle, and they would not take what we caught, and so we struck. Cold-storage would get over the difficulty to some extent.

8. Were there a number of dealers involved in the strike?—Yes, they wanted to reduce the price; they wanted bigger bundles for the same money.

9. How many wholesale dealers are there?—Six or eight.

10. Who started the auction?—Best; I am working for him at present. We are packing fish for Australia now, and we get a better price than we do locally. We put this in the freezer—hapuka and flounders. We cannot sell locally at such good prices. Flounders have been very scarce lately, and there has been great difficulty in getting bait. I have seen a thousand lines out in the summer-time with fishing pleasure-boats. That means so-much less for the fishermen to catch.

11. *Mr. Leadley.*] Why cannot you take the surplus to the freezer?—There would not be space; there has not been sufficient fish caught for the local demand at times; but through all the year there would not be space enough to store the surplus, and we get better prices in Australia. A large amount of fish is imported, and we could not catch enough to replace this.

12. How long is it since the people have been so particular about the fish delivered?—About fifteen years.

13. What is that owing to?—Disinclination to work, I think, is the cause.

*The Chairman.*] Who owns the freezer?—It is owned by a large company, and they let space to various people.

14. Who takes the space?—The fish-dealers; they each hire a special room.

15. Does the fish-dealer put fish in after it is bought at auction?—The auction has fallen through; he buys from the boat.

16. Does that not give him the power of refusing to buy at certain prices?—We can always sell to the public. Providing the weather is suitable, the people will come.

17. Supposing there was a market?—The fishermen would have to keep the men working at the market, and pay their wages.

18. But the clerk's expense might be cheap as compared with the middleman?—Government interference harassed us. Every fisherman now has to get a master's ticket; now everybody can go without a ticket on the same ground. Everybody has to have an oil-engineman's certificate. The fisherman should be allowed to go where he liked. A man should be able to take a 6-ton boat or a bigger one, as he thinks fit. We are restricted by Government regulations. We have regulations as to size of nets.

19. And as to the nets?—We are depleting the fishing-grounds, I know; there are very few nets going. We cannot make a living at it at all, except in Thames and further out. The restriction as to dry nets is foolish in my opinion. We should have bigger boats, and go further, if we wished, without let or hindrance as to Government regulations.

*Re H. BANFIELD, Union Secretary (subpœnaed).*

*H. Banfield*, secretary, Carpenters' Union of Workers, attended, and stated that his union had instructed him to decline to give evidence.

Later *Mr. Banfield* attended and gave evidence in his private capacity (see p. 352).

WILLIAM RICHARDSON, Journalist, examined on oath. (No. 170.)

1. *The Chairman.*] Is it within your knowledge that the cost of living has increased?—No. I am a family man, of forty-six years' experience, and have been a general storekeeper; and the increase of prices would be impossible to prove by investigation of price of stores, or investigation of any house-keeping bills. There have been small fluctuations, such as in cheese, bacon, &c. I am an exceedingly thrifty man, and would notice any change. I know the value of wholesale and retail prices. It is a political statement made and repeated by a number of new chums that there has been a considerable increase in the price of foodstuffs. I could say, further, that the whole of the grocery lines have never been as cheap as they are now. Sugar has advanced  $\frac{1}{4}$ d., cheese 1d.; but these are exceptional. Other lines are very low. For £1 you can get a wheelbarrowful of groceries. In my storekeeping days such goods would cost 50s.

2. The cost of living is lower in food commodities?—Flour has advanced a little; but it is so cheap that the cultivation of wheat is going out in the South Island. I was an importer of flour for many years, and the profit is more on imported flour. That is a serious fact that wheat-growing is going out. When flour was imported, altogether the price would go up in consequence, as is always the case with imported stuff. If you were here on a race-day you would see where the money was going. I have been to see the phenomena; gambling is done wholesale. From pay-day, all through Sunday till next morning gambling is in full swing on the railway-works; it is on all the railway-works. I know men who smoke at a cost of from 1s. to 14s. per week, owing to the cigarette habit; 7s. 6d. is common for cigarette-smokers. I did an electoral canvass in different districts, and the women told me that their husbands spend in drink from 10s. to 15s. and 25s. per week. Of course, in cases like that, money runs short, and then some excuse has to be got. A business man told me that after the races no money was available for weeks.

3. I know from my own personal knowledge that men drink less now than they used to?—There was drinking done heavily on the goldfields; but the drink bill per head is increasing, I am sure. Then, we have eleven picture-shows, and they are crowded every night of the week. The trouble is that the

extravagance of the people has increased, and the thriftiness has declined. I was speaking to a gang of workmen, and one of them said to me, "I am not going to save a penny; I am going to get the best out of life, and when I am ill you will have to keep me." I know more about the working-man than most men, and I know their minds; and they have the idea that they must have cheap food, free hospitals, old-age pensions, and high wages at the same time. They will say boldly: "We will do as little as possible for our wages," and they are cheered by the hundred on Sunday afternoon. I attend their meetings, and I am loyal to the working-classes; but I point out that they should not be dishonest; but I am only laughed at for saying this. These are facts I thought I would tell you. I meet the workers twice every Sunday in the streets, and tell them that their want of thrift, their gambling, and their extravagance will prevent any one helping them.

ARTHUR MORTON CARTER, Dentist, examined on oath. (No. 171.)

1. *The Chairman.*] Has the average cost of dentistry gone up in late years to the public?—Not for the same class of work done twenty years ago—if anything, it has gone down; but so many new lines of work have been introduced. The dentistry is on a totally different footing from that of twenty years ago. For the same class of work the price is lower.

2. The general class of work has been raised?—Yes, the standard of work is raised. There is an entirely different class of work; we save thousands of teeth nowadays that twenty years ago would have been extracted.

3. Is that increase in quality shared by all classes of the population: do classes which would not have availed themselves of it avail themselves now?—Only to a certain extent, on account of extra cost.

4. Has dentistry added much to the cost of living?—No; I do not think that is a fair way of putting it. In many ways it is a saving in cost of living. In our Dental Hospital we have treated forty-five thousand patients in two years and nine months. Those people have been treated gratuitously, or practically so. Only to a limited extent could those people have been treated by dentists at all without the Hospital.

5. There is nothing amongst dentists answering to the lodge doctors?—Nothing at all. We have a Dental Association, but the question of prices has not entered in. We have three-fourths of the men in the association, and the question of prices has been raised, and we have no restriction; there are the highest-price men and the lowest-price; there is no restriction or arrangement of any kind.

6. As certain friendly societies have doctors, is there any arrangement with the dentists?—Well, we have the Dental Hospital, and the dentists set that up themselves; and that does the work of many benevolent institutions. That is the only provision we have similar to the lodge-doctor's work. Auckland is the only place in which we have a Dental Hospital on this footing.

7. Most of the patients from these institutions are treated free?—The district hospital is under the Charitable Aid Board, and for free work there must be a report from relieving officer; other patients are admitted from other dentists—patients who cannot afford to have the work done by a private dentist. These patients are sent to the Hospital after inquiry made by the individual dentist whom the patient has first consulted; treatment is then given at the Hospital on one-fourth or less of lowest-price work.

8. *Mr. Fairbairn.*] Do many cases of that nature come before you—where you fill in application for the Dental Hospital?—Yes, a great many, particularly school-children. Some thirty children were treated from two schools recently. We have put in eighteen hundred fillings and extracted fifteen hundred teeth in the last two to three years that the Dental Hospital has been in existence.

9. *Dr. Hight.*] Do you think a general system of dental inspection would be advantageous?—We have here obtained permission for examining school-children's teeth; we have examined two schools already, with the permission of Education Board and Charitable Aid Board. The mouths of the children are charted, in duplicate, so that we are already well into that work in Auckland. No scheme will be beneficial unless some further scheme is formulated to carry out the necessary treatment. Any children not able to pay ordinary dentist's charges, and can prove that, can get their teeth filled and treated. We initiated this scheme for the benefit of the community; we do not benefit at all personally. Out of two hundred children examined in Chapel Street school, one child had a clean mouth, and most of the mouths wanted considerable attention. They would not have their mouths attended to without some such scheme as ours.

10. *Mr. Hall.*] Do the children's teeth go more quickly in this country than in other parts of the world?—Not so much as is supposed. The teeth of the children at Home—of the younger generation, that is—have become worse; the army regulations have had to be lowered for this reason. The establishment of institutions at Home to treat teeth has become common. The teeth seem to be practically as bad at Home as in the colonies; possibly this is more due to diet than to climatic conditions, in my opinion.

FRIDAY, 28TH JUNE, 1912.

WILLIAM EDWARD SILL, Secretary, Butchers' Union, examined on oath. (No. 172.)

1. *The Chairman.*] In your occupation have you taken notice of the changes in the cost of labour?—Yes. The wages have increased from 15 to 20 per cent. during the last ten years, and there is great room in other centres particularly. I was, prior to taking my present situation, a practical butcher myself.

2. Have you reason to believe that the cost of labour has added to the cost of the meat?—No. Owing to the fluctuations, it can be shown that the wages have had nothing to do with prices to the

public. The wholesale price of meat in Auckland is governed to the butcher by the price at Home; a high Home market means a high local market.

3. Is the supply to the local market the residue of what is imported?—That is so. The meat sold in Auckland generally is of inferior quality—from medium to inferior. That applies to both beef and mutton. The prime portions are sent Home; only a small percentage of prime quality is sold here; and the price of meat is fixed on this highest price to the butcher. Considering the inferior meat sold, the price is very dear here. The price of meat in Auckland is governed by the Butchers' Association. One large firm is not in the association—Hellaby's; but the butchers all co-operate. As regards the price of meat, Hellaby's co-operate with the other butchers, although outside the association.

4. Who are the members of that association?—All the butchers in Auckland, except four or five. Dalziel, C. Brooks, Reed, and Hellaby's are outside the association. The other butchers (excepting Hellaby's) are very small butchers. The association fixes the prices, and the members accept it. I have price-lists which I can submit from different butchers; they are issued by the Butchers' Association. In June, 1909, the butchers received a considerable increase in wages. About that time meat to the consumer was fairly high; but D. Reed was operating in Auckland, and the association members were beginning to go back on their own prices; each butcher started to sell on his own account at lower rates. The prices were somewhat similar to what they are now. They went down about 3d. per pound in August, 1909. I was selling rump-steak at 9d. or 10d., and although an increase in wages was granted two or three months previously, the price went down to 7d. and 6d.

5. The cause was that the price-list being for the time abolished, free competition allowed the prices to fall?—Yes.

6. *Mr. Hall.*] Did this refer only to rump-steak?—No; that is shown in the list I have here. I can produce a list which was issued to me previous to August, 1909 [handed in].

7. After September, 1909, you have another list?—Yes. Mr. Reed was then rendered inoperative. Owing to some consignments of his meat being placed unsuccessfully in London he went bankrupt. Then the prices rose, as shown in the price-list I hand in dated the 1st May, 1911.

8. *The Chairman.*] Was it not a fact that Reed was selling meat at so low a price that he became bankrupt?—Oh, no; his Auckland business did not bankrupt him; it was his London business. He is still selling meat low; but perhaps not so low as before. His output was fifty bullocks a week. He bought his meat up the country, not in the Auckland market. The competition is not in the retail market, but in the markets. The small butcher is generally retailing the best meat.

9. *Mr. Leadley.*] Is there any attempt made to block small men getting supplies?—Yes.

10. And this man bought his supplies partly in the country?—Yes. He has been known to buy live-stock up the country, and put it on the market. He would buy it on better terms than in the market with people who were trying to cut him out. It was not the best quality of meat he was selling; but it was a fair average of the meat sold in Auckland. The prices are based in Auckland on highest-quality meat; but there is a large quantity of inferior meat sold at the highest prices; canning-meat is sold as best meat. The brands are cut off, and the meat sold in the shops.

11. That can only obtain during part of the year—there is no export at times of the year?—I do not say the best quality is always sent Home; but I know that the carcasses of meat in the shops are far below what are sent Home. I have sold more inferior meat in Auckland during my six years in shops than ever I sold at Home.

12. The statement that the best meat is sent Home is only true when Home buyers are not operating?—That is so. When no exporting is going on the whole supply is available. In 1910 there was a larger supply exported than the district could afford. Till 1911 they were selling meat as in the price-list I have, at highest prices. The local prices as shown in the list are not regulated by the price of the carcass; the prices are ruled by the association locally. Meat is cheaper in the wholesale market than in other places, such as Christchurch; but to the consumer it is dearer. It is selling at present from 20s. to 27s. 6d. The prices are quoted for the market from such-and-such a price to such-and-such, and you do not know how much goes at the low rate.

13. *To Mr. Fairbairn.*] The price has been as high as 32s. and 33s. for primest meat; at present the market is unstable. I have seen it quoted recently as 24s.; that was for best quality available.

14. *To Mr. Hall.*] He could ascertain the various market prices, and would hand them in.

15. *Mr. Fairbairn.*] Our evidence is that meat is higher than two years ago?—The cost was something similar to 1903 I think; in 1903 the article was very low value, and there was very little trouble taken to see even to the weighing. I cannot give the wholesale prices. It may be true that meat generally is not higher than it was ten years ago, but the price-lists I produce show that rises have taken place. Delivery is now charged for ½d. per pound; at first only 1d. per pound was put on for higher cuts. The 1911 list is in operation now. Delivery charges have to be added.

16. *Mr. Leadley.*] Do the butchers fix the prices?—Yes; they issue a price-list once a month, and these lists I produce are the price-lists they issue.

17. It is claimed that the butchers have an absolutely free hand to-day?—It is not so. Very probably I can supply the actual lists issued, with the heading "Auckland Master Butchers' Association."\*

*The Chairman.*] Is this a registered industrial union?—Yes. Unless they immediately revised their rules, a man votes according to the number of shops he has—twenty votes for twenty shops. There are about sixty shops; the Auckland Meat Company have fourteen votes, and Hellaby's shops would have twenty-six votes.

19. Do they vote without being in the association?—No, but they are represented. Mr. Wing represents the small butchers, as an assessor, for example, and keeps to his instructions. All the rising suburbs have branch butcher shops in them; there are no small independent shop set up. The small

\* These lists subsequently came to hand, headed as indicated.

shops are dying out, five or six have died in the last three years. There are restrictions as to having no hawking carts; that is absolutely an emphatic rule. They fine their members if they run hawking-carts. The free butchers observe this rule. There is a common understanding even among the butchers not in the association. They have to do so in regard to hawking, because the big butchers would cut them out.

20. *Mr. Leadley.*] What does the ½d. per pound include?—Booking or delivering, or both. It is far easier to charge that ½d. per pound than to organize the business to lower this. Better management would decrease the cost of delivery. The small proprietor's name is kept on the shop often, although the big firms have bought out the shops. Probably half the shops owned by Hellaby have been absorbed from smaller butchers, but the old name is often kept up.

21. *Mr. Hall.*] When did these small men give up?—Not within the last two years altogether. They took over a business at Epsom of a bankrupt butcher; they took over a Newmarket shop recently. The small men are not usually put in as managers. The Auckland Meat Company also took over several small shops within the last four years. The small man is hampered in various ways. The worker goes often for the best joints, such as sirloin, when he could get brisket for far less. There is only one cutting shop in Auckland at present; there have not been others, except when the association was suspended.

22. *Mr. Leadley.*] A cutting shop is a shop where dead meat is bought from big butchers, and cuts it up?—There are no shops like that. I meant a price-cutting shop.

23. Are there cutting-butchers' shops?—I do not know of any shop except perhaps one, and I believe he now goes on to the market himself. This man gets the best stuff; he has to do so to make his reputation.

24. *Mr. Hall.*] Is there difficulty in getting rid of inferior cuts?—Yes. The small man sells these to a large man for canning; he sustains a loss. The canners can give just what they like. Hellaby's charge a fair price, say, for a side, but for the offcuts you have to take what they like to give.

25. Is there a tendency to buy better quality?—Yes, they ask for the best cuts; they have to do so, because of the inferior quality of the whole carcass.

26. What did sirloin go down to when the low prices prevailed?—It was sold for 4d. and 5d., according to the locality—poor neighbourhood or good suburb. When there is no cutting, the shops get what they think their own customers will give. Sirloin here in September has been 7d., and delivery 8d. At present it is 6d. delivered. When there was no price-list prevailing there was a price of 3d. or 4d.

27. *Dr. Hight.*] Are the wages of butchers' assistants the same as elsewhere?—No, lower; they are more in Dunedin, Wellington, and Christchurch, and Gisborne. Excepting Wanganui, the wages here are lower than elsewhere. It is recognized generally that the butchering trade here is more favourable to the employer than elsewhere.

28. Supposing living is different in Auckland from that in other centres, would it be a good thing that the wages should be the same over the four centres?—The cost of living being less in Auckland, say, the wages should not necessarily be lower; if the profits are higher here, the employees should share in them. The employer fixes the wages on the cost of living, but not his profits on that basis.

29. Do you believe that, generally speaking, the prices of meat are independent of wages?—Yes; I have shown that so far as Auckland is concerned. The wages have never governed the price of meat. The shopmen got a rise of 10s., and the other hands 7s. 6d., and yet the prices went down.

30. There are other expenses?—Yes; but the shops are doing more trade owing to increase of population. I say it is far easier for the butchers to have a meeting and raise the prices than to effect economies of management and organization.

31. The prices locally are governed by the Butchers' Association?—Yes, and in proof I hand in the price-lists.

32. Have you any other proof?—When I know the association are disunited the prices are low, when they are united the prices are high; that is so for nine years. I know that the big butchers run the association; the small butchers have very little to do with it.

33. In August, 1909, there was a cutting price?—Yes; I think the butchers still made profits; they seemed to be satisfied.

34. Were they selling below cost price?—No; not for the whole period; perhaps for a month or so they might, but not for one year and nine months.

35. Is it better to have butchering on a large or a small scale?—If the large business will consider the public interest, that is best; but he does not—he takes advantage of his position of monopoly for his own private advancement. It depends on the kind of man running the large business. Given competition, the large scale of business is better.

36. There are certain advantages of conducting a butchery on a small scale because of personal attention—to prevent waste, and so forth?—But that would prevail in the big shops, where there is a capable shopman.

37. You think the ordinary housewife is ignorant of different qualities of meat?—Yes, they are absolutely ignorant. That is a disadvantage to the buyer; she might think a nice lean-looking piece of meat is good quality.

38. If it were possible to include instruction in purchasing meats in the domestic-economy course of the public schools, would that be a good thing?—No; you could not teach it theoretically. I do not think it could be taught even practically in the schools. If you just show a joint there are plenty of butchers who could not tell good meat from bad. There is often a wide scope of judgment wanted.

39. You could instruct as to the difficulty between very good and very bad meat?—Perhaps so, as far as the inferior is concerned, but even then it would be difficult. I can see that a steak is apt to be dry, but I would need to see the whole carcass perhaps. I would want to know whether it was

a cow or a heifer. You could not teach the public to tell this from the joints. The meat should be graded first, second, and third for the public. There are hundreds of ewes sold, and the public do not know that. The meat could easily be graded. I do not think that need increase the cost much to the consumer. Beef could be graded in the same way.

40. Would there be any possibility of the public still being deceived with the grading?—Well, if a man is bent on gulling the public he will do it; the grading would lessen the chance perhaps.

41. Can you tell us anything about the small-goods trade?—No, nothing in particular. There is a good price for the small goods, and usually they are good quality. A good deal of mutton is put in pork sausages, but still they are wholesome. Sausages vary in price; I was selling at 3d. per lb. once.

42. *To Mr. Leadley.*] Pork sausages are often made of mutton.

43. *Mr. Fairbairn.*] In regard to inferior parts, what is the loss there through canning?—It is a big loss. Where the man does his own canning it is not so much loss, but to the small butcher it is a loss.

44. What weight of meat is carted by the delivery-cart?—I could not say approximately; perhaps a man would deliver only 100 lb. per day, because he is engaged in other work. The big shops might keep a man on exclusively.

45. *Mr. Hall.*] Can you give us any idea of the quantity of beef shipped from this centre?—I could not say; there has only been a little shipped.

46. When grading sheep for export, are they graded by weight?—By weight and by quality. Some of the lighter ones are kept here, and some medium ones.

THOMAS DONALD MCNAB, Grocer, examined on oath. (No. 173.)

1. *The Chairman.*] Have you been long in business?—Eight years. The National Trading Company bought my business, and I am manager for them.

2. Have you any knowledge of any ring controlling prices, say in eggs, e.g.? Do you know of any combination?—There are two or three wholesalers and two or three retailers who fix the price every Saturday morning. One firm will ring up the others and ask what is the price. Entrican and Co. do this. The National Traders (wholesalers), Gallagher and Co., Page, and Smeeton (retailers) fix the price of eggs. I used to have a cut in it myself. I think there is another firm—Hutchinson, I fancy—but I cannot swear to that.

3. You were in that ring yourself?—Yes.

4. What is the effect of that ring to the producer? Has it not a very depressing effect on his prices?—Yes.

5. A low price may be fixed on the Saturday, and then for the following week the prices to the public may be above?—Last week they were quoted at 1s. 3d. on Saturday.

6. Who gives the newspaper that information?—Mr. Entrican.

7. And the retailer?—He has to give 1d. over that—the 1s. 3d. is the market price. The wholesalers give 1s. 3d. and the retailer 1s. 4d.

8. *Mr. Hall.*] Do not the country growers agree to supply at newspaper rates?—They know too much now; it used to be customary for the country people to take from the storekeeper the price quoted in the newspapers. The farmer had no say in fixing this price. That price was published in Monday's papers.

9. Is it within your knowledge that, whilst eggs were quoted at 1s. 3d. by the auctioneers, 1s. is stated to be the selling price?—Oh, it might be; I was asked from a wholesaler 1s. 7½d., although eggs were supposed to be 1s. 3d.

10. Have you known any southern firm, such as Aitken, Wilson, and Co., of Wellington, which has bought up the eggs here, and so influenced prices?—I know they have contracted beforehand to buy up the Auckland eggs, and Thomas has done this too. They have made a contract for 100,000 dozen eggs for a season.

11. *The Chairman.*] The effect would be to make eggs dearer to householders here?—Yes.

12. Are you aware of similar operations in other lines?—No, the eggs are the only line I know of.

13. Are other prices tariffed?—I think the farmers should get the benefit. I have known grocers give 10d. for eggs, and they are sold for 1s. 6d. to the consumers.

14. Are you aware that there are certain lines obtainable only through the Wholesale Merchants' Association?—Yes, tariff lines, such as mustard, condensed milk, and various other lines—pretty well all cocoas.

15. Have certain retail firms the benefit of being able to buy direct?—Yes, if they have the money. A good few of them do so.

16. They are able, then, to have merchants' profit as well?—Yes.

17. That means a handicap against firms dealing with the merchants?—Yes.

18. Generally in regard to a great many lines there is not a free and open market?—No; sugar, tea, Colman's goods, groats, cocoa, soap (you cannot sell these at what you like), and so with other lines. The prices are fixed by the Master Grocers' Association.

19. *Mr. Hall.*] With regard to the eggs, last Christmas the price fixed was 9d. per dozen, and they were selling at 1s. 4d. at auction?—I do not think that is correct.

20. Have you ever noticed a difference in Monday's quoted prices and the auction price?—Yes, a difference of 3d. per dozen sometimes.

21. *Mr. Leadley.*] A drop from Saturday to Monday?—Yes; sometimes the eggs are put on the market and not shipped.

22. *Mr. Fairbairn.*] In re tariff lines, you thought any one wishing to import could do so?—I think so.

23. Is it not impossible to import except as a member of the Merchants' Association?—I know a grocer here who has imported most of his goods. I could not say whether that is within the last few months.

24. *Dr. Hight.*] The price of eggs is not fixed as a bargain between seller and buyer?—No.

25. Would not the present method discourage the production of eggs?—Yes.

26. You said eggs were purchased for Wellington here?—Yes. I could not say what the price of eggs would be in Wellington; it must be higher there.

27. Auckland and Wellington are competing for eggs perhaps?—It may be.

28. You must sell certain goods at fixed prices?—Yes. I know the prices are fixed by the Merchants' Association. I belong to the association myself.

29. *Mr. Hall.*] This association approached the Agricultural Association to assist in appointing representatives to fix prices?—Yes; they were never consulted, though. They complained of this.

30. *Mr. Leadley.*] Does not the position in *re* eggs arise through export trade?—Yes; but that has been going on for twelve or fifteen years. There are some sent Home, too.

ERNEST ARTHUR CRAIG, of Craig (Limited), Carrying and Coal Merchants, examined on oath. (No. 174.)

1. *The Chairman.*] You have a large establishment?—Yes.

2. Has there been a distinct advance of late years in the cost of carrying?—There has been a spasmodic increase.

3. Due to labour-costs?—Yes, it has coincided with these.

4. What percentage would labour-cost bear to cost of delivery?—I could not say.

5. Has there been a rise in the prices of horses and horse-feed?—Yes, that has been a factor in increasing the rates, too.

6. You would consider such a rise in the cost of delivery would have an effect on the cost of living?—Yes, indirectly; not markedly enough for us to follow.

7. The rise in coal would hardly be noticeable?—There have been rises in the cost of coal during the last eight or ten years, but not very much.

8. Has living increased in cost?—I could not say. I can only speak in *re* my own business.

9. *Mr. Leadley.*] What has been the effect of recent labour legislation on your business?—The margin of profit gets less; the cost of labour is increasing—the cost has increased, and the output of labour has decreased. That means we are not getting to-day the same labour from our men as we were getting years ago. Unfortunately we cannot pass that on to our customers; we have borne that burden ourselves so far; sometimes it must be passed on to the customers. The position is getting more acute. The men are working under an award; they are affiliated to the Drivers' Federation of New Zealand.

10. *The Chairman.*] Would not the cost of delivery be more because the distances have grown greater?—He certainly would have farther to go; but the man to-day does not do the same amount of work as years ago. This is due to slowing down—an intentional slowing down.

11. Has not a worker as much need to stand well in his employer's eyes as before?—No. The men depend largely on an organization for protection, not to their own merits. He trusts to the organization now more than to his own individual effort.

12. *Dr. Hight.*] Can you give us any facts bearing on that point?—I would be able to give general instances.

13. The statement is a well-considered one?—Absolutely. We have over four hundred horses working and about two hundred men in the carrying trade. In the various businesses we employ approximately four hundred men.

14. Were the wages increased in the last award?—Yes, from £2 2s. to £2 4s., and 3s. on double teams.

15. When that increase was made carting went up 6d. per ton, it is stated?—In some cases it might. Each firm carts on the merits of the cases—difficult or easy.

16. This 6d. per ton would bring in an additional 16s. 6d. per ton?—It is possible if those figures were correct, but I dispute that 6d. per ton was added on every ton carted—not by any means. It was put on a certain proportion; I could not say what.

17. Why was the increase put on?—Owing to increased wages, and possibly produce was dearer—horse-feed. This is an important factor.

18. Do you do sea-carriage?—Yes. We trade locally—to Whangarei, Thames, &c. We have intercolonial traders taking timber, produce, and coal.

19. What are the changes in freight rates?—The coastal freights are arranged by the Auckland Coastal Masters' Association; we have to abide by that. That is as far as Whangarei.

20. What is a coastal master?—The master of a little coastal vessel; he is not always the owner; very often he is either owner or part owner. There are plenty of other owners besides ourselves in the trade.

21. Those who navigate the boats fix the cargo rates?—To a large extent they do. Some of them are owners and part owners, but only a very small proportion.

22. What are the changes in the freight rates?—I could not say; I could only quote for shingle and such stuff as we deal in ourselves. Shingle is used for concrete work.

23. And the intercolonial freights?—They have risen. Produce from Australia and timber to Australia are fixed by supply and demand. There is competition between the various lines, and no agreement between firms.

24. As a result the freight rates are cheaper between Auckland and Australia than between Auckland and Lyttelton?—It may be. Flour from Victoria to Auckland would be 10s. to 12s. 6d., and chaff 15s. to 17s. 6d.

25. What is the rate on Newcastle coal?—9s. 6d.

26. Do you own any coal areas?—We own a lot of land, and we assume some of it is coal-bearing; it is within the coal-bearing area, close to Huntly.

27. Why not work it?—It costs too much to open a coal-mine, and would not pay.

28. *Mr. Fairbairn.*] Does much Newcastle coal come in here?—There is a certain amount of ordinary household coal for hotels and boardinghouses—about 2 per cent. compared with Taupiri coal. There is a considerable amount of Newcastle steam-coal.

29. Is there a common understanding between coal-merchants as to prices?—We have a stated price for Taupiri coal only, not other coals.

30. You work with the dealers?—The dealers fix the price, not the merchants.

31. Could an independent man start as coal-dealer in Auckland and draw supplies from merchants as members of the association?—There is nothing to stop him ordering from a mine direct, and he can become a member of our association, but he must conform to our prices—he could not sell at less. We would not allow him to sell at less, nor would it pay him to do so.

32. Can he join freely?—Yes, by ballot; but we do not refuse anybody. There is no question of high moral character. Our association is made up largely of storekeepers and grocers. A man simply makes application, pays 5s., and is accepted, and sells at fixed rates. He can buy any quantities he likes, from a sack to a ton.

33. *To Mr. Leadley.*] The people who buy must be sellers, not private persons.

34. *Mr. Hall.*] What are the freights on chaff from Lyttelton?—I do not know anything about that; we rarely freight chaff from there. I would like to pass one or two remarks *re* Taupiri coal. The cost of the coal at the mines in 1900–6 was 13s. net for household coal (the discount is off that according to the quantity). Up to 20 tons the discount is 6d. per ton; over 20 tons, 1s. per ton; over a large quantity on house-coal, up to 2,000 tons per month, 1s. 9d.; on steam coal, 1s. 3d.; those are maximum discounts. The selling-price was 27s. when the price was 13s. The figures in full are: 1900–1906—Cost at mine, 13s.; retail delivered price, 27s. 1907—Cost at mine, 14s.; retail delivered price, 28s. 1908–9—Cost at mine, 15s.; retail delivered price, 30s. 1910–12—Cost at mine, 16s.; retail delivered price, 31s.

35. *Mr. Fairbairn.*] These are net prices?—The net price is delivered, and there is a discount per ton to come off at the mine, according to quantity bought. It has been stated there is an exorbitant profit in the coal business. I am willing the Chairman should inspect our books, and he will see the small profits. Going back ten years, our profit is 6½d. per ton; the profit comes in the large turnover. From 1902–12 the profit is 6½d. per ton. Of course, the coal business in a great measure is a branch line, and the coal-dealers are content if they make wages. We are both merchants and dealers. I do not think the profit is enhanced by short weights. I have never heard of this; we have had no complaints ourselves. The figures I have given cover the whole of our coal trade, including all kinds of coal. Some of these lines we do not handle ashore; they come over the ship's side. Here is a copy of a statement made by the Hon. Mr. R. Mackenzie *re* State coal: "The Hon. Mr. R. McKenzie to-day informed Mr. Myers that coal has always been sold much cheaper in Auckland than in any other part of the Dominion, and that it has been ascertained that the establishment of a State coal-depot there could not reduce the current market rate of coal; consequently, it is not proposed at the present time to open a depot in Auckland." A statement was made by Mr. Long last night *re* prices of coal; but from 1900 to 1906 the price did not vary, and there has been no rise since 1910. With regard to other statements made, that it was not possible to get coal at the pit by outside persons, that is not so. There is no such thing as a bond in the Auckland Coal-dealers' Association. The whole crux of the matter is the question of the extravagant and high standard of living of the working-man. They are entitled to comforts; but at present they live in a style that some employers cannot do. Pleasure seems to rank first; loyalty to employer follows. The savings are greater than they used to be, and therefore the standard of payment must be better; it shows a high standard of prosperity. I think we are nearing a very dangerous financial zone, owing to recklessly high extravagance in the standard of living and the exorbitant demands of labour.

36. *Mr. Leadley.*] The less work you do the longer you will live, I see, is said by some labour agitator in this morning's paper?—They are advised to do this by their leaders against their better natures. That bears out my experience.

WILLIAM JOHN HOLDSWORTH, Manager of Holdsworth and Son (Limited), Boot Retailers, examined on oath. (No. 175.)

1. *The Chairman.*] Have you had experience in the boot business?—Yes, all my life. The price of boots has gone up very little, considering the big advance in raw materials.

2. That has had to be passed on to the consumer?—That and the increased tariff have a great deal to do with the increased price of boots. Unfortunately, the tariff hits heaviest the very stuff not manufactured in New Zealand.

3. Some lines cannot be manufactured in New Zealand, which should not have been included?—Yes; the whole population of New Zealand are handicapped.

4. Are not those cheap lines used by the working-classes?—Just so, slippers and evening shoes particularly; they are all taxed fairly heavily.

5. The duty would be a large part of a cheap shoe, but a small proportion of a high-priced shoe?—Yes, that is so.

6. A shilling per pair might constitute 50 per cent. of the price?—Yes, and on some classes of slippers; the bar on the slipper means it comes in as a shoe. Since the tariff has come in we do not know the difference between shoe and slipper. A shoe with a bow in front might come in at one duty; another with a few lace-holes comes in higher.

7. Have you any knowledge of devices for deceiving the public—Parisian boots made in Auckland, e.g.?—Some of the brands bear a striking resemblance to names of European and American cities.

8. Have you any knowledge of cardboard in imported shoes?—That was so years ago more than now. It would not pay to import it now.

9. Have you noticed any composition in the heels?—Yes, in lower-grade shoes of the imported shoe; but that does not affect the wearing-qualities, unless it gets very wet. I saw some rather sweeping statements about this made in Christchurch. We have a Boot Retailers' Association, and they asked me to express a doubt about such statements; such conditions do not exist in Auckland, at any rate. The increase of boots is not due to the retailer, as was stated. A 22s. 6d. shoe was quoted as being made for 10s. Retailers would not do much business on those lines.

10. *Mr. Fairbairn.*] What is the price?—Clarke's peg shoe was quoted as above. They made a wide range of shoes. Our association was formed for regulating hours, &c., not for regulating prices. It was formed with that in view—hours, wages, &c. The boot retailers got up a requisition *re* hours of closing. Now the drapers stock boots and keep open later. The Labour Department told us the drapers were not boot retailers, and we formed an association to get things on a better footing.

11. It is difficult to decide what a shop is sometimes, so many kinds of goods are kept?—Yes.

12. There is nothing in the way of banding together to put up prices?—No, nothing; it would be impossible; there are so many grades. The boot trade has been as well catered for as any trade you could mention, and competition is keen. A blucher retails at 4s. 11d.; years ago it was retailed for 4s. 2d. Even in a warehouse it is sold at 5s. 3d.; and retailed below cost at 4s. 6d., and so on. That is a cutting line, of course. The public have given 4s. 11d. for so many years that they will not pay more. Nugget Polish was sold for 4½d. retail in London, and in Auckland it was sold for 4d., and even 3½d.

13. The general effect of the tariff is deleterious to the public?—Yes. Fours to sixes in infants come in duty-free. A lady might pay 2s. 11d. for a pair, and then if she wants a size larger she has to pay 4s. 6d. You have to explain that it is the tariff. The manufacturers of New Zealand do not want to make children's stuff, and they simply oblige you; they are busy on larger stuff; and I think the larger sizes should be put on the free list. You want special machinery for children's shoes, and the country is not large enough to warrant this.

14. *Dr. Hight.*] If the factories amalgamated and manufactured special kinds, would that not get over the difficulty?—It might; they are doing that in Australia. Wages are about the same as in New Zealand, and yet you can land the Australian goods here about one-third cheaper.

15. *Mr. Hall.*] You are of opinion, if the duty were remitted on special lines, the public would benefit?—Yes, and no hardship be inflicted on workers.

16. *Mr. Fairbairn.*] The heavy duty is really on the whole of the goods the workers use?—Yes; heavier in proportion.

17. Would you recommend that the tariff be altered?—Yes, the *ad valorem* duty is better than a fixed duty.

18. You spoke of Nugget Polish: has there been any change in buying conditions?—No; 3s. 9d. is the finest you can buy.

19. Is it a scaled line?—We buy only through the association. They have a representative in Christchurch, I think, and I believe it is tinned there. I think it is a tariffed line. We always buy it locally, through the warehouses, and they have a fixed price for it. The increase in boots is largely due to increase of raw materials; the increase in sole leather is over 80 per cent.; kips, over 50 per cent.; sheepskin, over 50 per cent.; French calf, 50 per cent.; and in everything that goes to the make-up there has been increase. The boots have not gone up owing to labour-saving machinery. The wages have advanced about 20 per cent., I think. The increases have not been passed on, owing to competition.

20. *Mr. Fairbairn.*] Has there been any advance on home supplies?—Yes, 3d. on men's, and 2d. on ladies' goods.

21. *Dr. Hight.*] Do you find changes in fashion affect your trade?—Yes, it has almost turned our trade upside down, as compared with ten or fifteen years ago; you stand to have a great deal more stuff on hand.

22. Wholesale prices are much the same, owing to efficient machinery?—Not the same, but the prices have been kept down. The boots made by hand have increased—the heavier sorts. That is a class of goods we have no outside competition with, and the manufacturers here will not make it because they say there is no profit on it. On the materials there has been an upward grade of prices.

DAVID ALEXANDER HEADLEY, Grocer, Mount Eden Road, examined on oath. (No. 176.)

1. *The Chairman.*] Were you present when Mr. McNab gave evidence about the eggs?—Yes. The egg market is a very funny market to handle. I have been doing business for twenty years. The price is fixed every Monday morning, as published.

2. Do you fix the prices? Are eggs sold above that?—We allow ½d. over the price—that is, 1½d. altogether. Through the summer I handle 2,000 dozen per week.

3. Have you got higher rates than quoted in the papers?—Yes, sometimes.

4. How much higher? Supposing 1s. 3d. was quoted?—Sometimes we would rise to 1s. 5d. or 1s. 6d.

5. For large quantities?—Yes.

6. *Mr. Fairbairn.*] Is that a wholesale price?—Yes, we handle wholesale.

7. *To Mr. Hall.*] It costs us 1½d. per dozen more than newspaper price.

8. *The Chairman.*] Do the persons who fix the price also buy at the fixed price?—Yes.

9. Is that price put in with the idea of making growers think that is the price?—Certainly not; the growers understand the game. I lost £7 on eggs. They came down 4d. There will be another fall. I have to make this up on the rise. I cannot get any contracts yet.

10. Do you know anything of lines tariffed "groceries only" bought from the Merchants' Association?—Yes, matches are tariffed. We used to buy for 2s. 9d. once. Now we pay 4s.

11. Reckitt's blue?—Yes; and candles and soap. We buy imported candles at 5½d.; you have to buy 250 cases to get them locally at the price. There is also tea and cocoa tariffed; Colman's mustard is a fixed price. On twenty-five cases of condensed milk you get the discount.

12. Do you know of any retailers buying for themselves?—They do not import; they must buy certain lines through the merchants.

13. *Mr. Fairbairn.*] Have you known of a tariffed line being reduced in price?—No, I do not.

14. Do you know any that have been increased?—Matches. I have to buy fifty cases to get them for 3s. 6d.

15. *Mr. Hall.*] Have you been refused goods?—Mr. Page tried to stop me selling certain lines cheap—tea and other lines. I sell soap on scale rates.

16. Was a circular issued saying soap would not be sold under certain rates?—No.

17. We have a witness saying the retailers could not obtain soap without this agreement?—We would buy through the merchants; they do not refuse to sell, so long as you pay the bill; I am sure of that; you could give it away if you liked.

18. *The Chairman.*] Did you ever sell tea at less than 4d. per pound profit?—Yes, at 2d.

19. Was any attempt made to stop that?—No, the merchants did not try to stop me.

20. Was there any attempt made to find out where you got the tea?—They wrote to the National Trading Company; but I bought for cash. I found that was the best scheme to work on.

JAMES WILLIAM GARRETT, Butcher, examined on oath. (No. 177.)

1. *The Chairman.*] Are you well acquainted with prices?—I have been in business eight years.

2. Can you tell us about those eight years?—Prices have gone up and down more than once.

3. Does any association control the prices?—No; speaking for myself the trade is free.

4. Do not the prices follow the lines of the Retail Butchers' Association?—Not always.

5. You are free to sell at any prices?—Yes.

6. Are you aware there was an understanding as to prices?—There is not very much now.

7. You know of no regulation of prices of meat?—No; I buy from anywhere I like.

8. *To Mr. Leadley.*] The names of people I buy from are Buckland, Loan and Mercantile, and Dalgety.

9. What do you do with your left-over meat?—Very seldom have any; sometimes in summer we have to throw it out.

10. Do you sell it to larger firms?—If it is in good order they would take it.

11. *The Chairman.*] I am informed that you could give information as to butchers being bound to sell at certain prices under deposit?—No, I have never deposited £20; I know nothing of this.

DOUGLAS REID, Grocer and Butcher, examined on oath. (No. 178.)

1. *The Chairman.*] Have you found any of your lines could only be purchased through certain persons?—Yes, certainly.

2. What are the lines?—The lines Mr. Headley said—matches, and so on; also pepper. A pepper ring has been formed lately, and the price fixed. Last week I could buy it 1d. per pound less than to-day; and the association have put on 1d. on the pepper, I believe.

3. The other lines are?—Matches, condensed milk, and candles, and other lines. There are other lines I know are tariffed.

4. *Mr. Fairbairn.*] *Re* Taniwha Soap, do you know anything?—I do not know anything about that. I just do a little cash trade. My meat business is the main thing; I sell the other things as side lines.

5. *The Chairman.*] Supposing a retail firm were allowed to buy at merchants' prices, would not that be unfair competition?—Some lines I buy as well as the merchants—seeded raisins I landed at 3s. 6d.; the merchants to-day charge 4s. 3d. to 4s. 6d.; I retail them at 4d. I sell one-dozen packets at 3s. 9d. Therefore I can sell cheaper than the other grocers. These are 1 lb. packets.

6. An open market means the public will get the benefit?—Yes; if they come to me they get that benefit as far as I can give it to them. At the present time I am extending my business, and hope to give the public the benefits. The grocers have been building the warehouses for the merchants here, and if the grocers combined they would do away with the double profit. There is a Grocers' Association here.

7. *Mr. Hall.*] Do they issue price-lists?—I believe they do; I do not belong either to the Butchers' Association or the Grocers' Association.

8. Is there any attempt to interfere with you with regard to the supply of other goods?—No; if one merchant would not supply, I would go to another or to an outside merchant.

9. *The Chairman.*] Have you ever heard of New Zealand merchants getting manufacturers in England to refuse to deliver goods here to retailers?—No. I believe Fry's cocoa could be bought and shipped and retailed cheaper than the association were buying at, but not through that channel. I have heard that said.

10. *Mr. Fairbairn.*] You could not buy these goods as you suggest.
11. *The Chairman.*] Were you present when it was said by the Butchers' Union secretary that prices fell when prices were free, in spite of increase of wages—that the Butchers' Association regulated the prices; and that for nearly two years there was a free market, when prices of meat were dear?—No; last year small butchers were selling very low in spite of meat being dear; I kept my prices right, and so continued. Lots of other small butchers had to sell out and clear out. They tried to crush me out. I do not think the Auckland Company or Hellaby's belonged to the association then; but there is a combine among the butchers to fix prices, and they are under penalty to sell at certain prices; I am the only free man.
12. *To Mr. Hall.*] I was selling very low last winter; for about three months the meat was sold at a loss, taking in trade expenses.
13. *Dr. Hight.*] You said there was a penalty?—I know that of my own knowledge. There is supposed to be a bond put up in Auckland, and they have come to me repeatedly and asked me to join, and I have refused. I reckon I have been a champion to Auckland people so far as keeping down prices.
14. *Mr. Leadley.*] Have they told you there was a bond?—They have told me. There is £25 bond down. I have been asked to put it down myself, to join the association—I was told that was the bond to be put down. I was asked to put down a bond of £25 and come in with the rest.
15. *The Chairman.*] Do you believe any such understanding is against the public interest?—Certainly. I would have put up my money if I did not think so. I do not think there is much "plunder" to share. The expenses of delivery are very great. I do not think all the shops prosper; some of them will not pay their way.
16. *Dr. Hight.*] Has the combination any effect?—Certainly, the people have to pay the prices. I could guarantee 1d. per pound all round decrease on the combination prices. The expenses are reckless in the combination, I think; that is why they do not make very much profit.
17. They are not effecting the economies in their business that combination is supposed to lead to?—No, I think not.
18. They are secure of high prices, and reckless in expenditure?—Yes.
19. *Mr. Fairbairn.*] That 1d. per pound might mean 15 per cent.?—I can prove that the public buy the same quality, the best quality available, from me at 1d. per pound cheaper. I give a weekly credit to boardinghouses. Mine is a cash trade otherwise. I get a fair profit at present.
20. *To Mr. Hall.*] I know of several butchers who have gone out of trade in Auckland. I could not say why they had to close up.
21. *Mr. Leadley.*] Are your prices lower?—Yes; but you cannot get an all-round price from the butchers—the same for sirloin, prime ribs, mutton, all at the same price. Sirloin might be booked at 6½d., cash 6d.; fore quarter mutton, 3d.; rump steak, 9d. or 10d. per pound; but an all-round price would come from me at 5d. say. I give the same price for all the meat.
22. *Mr. Fairbairn.*] Is not that rather speculative?—No, I give a customer a week's trial, and quote accordingly 4d. or 5d. I could extend that to the family trade.
23. *Mr. Hall.*] Have you any difficulty in getting rid of cheaper lines?—I can never get enough sausages; I make over 1 ton a week, 1,500 lb. was made by me on one Saturday; that is where the cheaper meat goes. In the winter time the meat goes into soups, but in summer we have it left. I have no wastage whatever. If I buy bullocks cheap to-day I give the public the benefit.
24. Do you buy at auction?—Yes, at auction-sales. There are three auction-sales here. I used to get a fortnight's credit from them, as did other butchers. When the price-lists were formed I was told by note that if I did not join I could not have any further benefit of the fortnight's credit, and had to pay cash before I took delivery. That meant I was buying £150 worth of meat per week; I had to find £300 at once—really find about £500 at a day's notice. We buy under the hammer. I am the only one paying spot cash for my meat. If I join the association I get the benefit.
25. *Dr. Hight.*] There are other butchers outside the association?—They are in the combine. At present I am the only one crushed in this way, to make me join the Butchers' Association and the butchers' price-list combine.
26. The secretary of the Butchers' Union says there are others outside the association?—There may be, but the auctioneers told me I was the only one; perhaps they have to pay cash, too; I can only speak for myself.
27. *The Chairman.*] Does the association call for £25?—No; the combine that makes out the price-list. There is an executive committee that fixes up the prices.
28. *Mr. Leadley.*] Do you get a copy of that?—Yes, sometimes; I do not always get it. I have asked for it. They generally print their price-list in the *Star*. I stick it up in my shop, and put up my own beside it. I could get the letter referred to, asking me to pay cash. The following is a copy of notice published in the *Star* recently:—"Public Notice—Retail Price of Meat.—The Auckland Master Butchers' Association hereby notify the public that no advance will be made in the retail prices of meat for the month of July.—C. GROSVENOR, Secretary.—29th June, 1912."
29. *Mr. Hall.*] Was any reason assigned for the letter?—I know what the reason was.
30. *The Chairman.*] What is the Auctioneers' Association?—The three companies joined to keep up one yard, and they charge *pro rata* for that. They work in with the butchers. The other work out at the yards. There is a boardinghouse, which supplies three hundred with dinner, and one of the butchers noticed a difference in quality of meat—I was not serving all the time. They asked the boardinghouse-keeper to knock off getting meat from me, or they would boycott her. The woman consulted me about the matter, and I suggested that she knocked off getting meat from me, and dealt with the association.

31. *Mr. Leadley.*] Who own the saleyards?—The Auctioneers' Association. Mrs. Mason came to me with this story, and I said she should knock me off, as I did not want to see her bread-and-butter taken away. I said I would make her come back to me. I rang up an association-executive officer, and told him the facts. This member of the executive said he had heard nothing about it. I said the boardinghouse-keeper had been told this, and she went to the telephone and told him the facts. I said that if they did not let her get her meat from me I would start an auctioneering business myself, and split up the rings. The woman is getting her meat from me now. I have been in the meat-auctioneering business before.
32. *Mr. Hall.*] Was it admitted this was done by the executive?—No, it was done by some individual butcher; the woman would not give the man's name; it was not done officially by the association.
33. Would they have countenanced it?—I do not think so. They knew I would carry out my threats.
- PATRICK JOSEPH NERHENY, Contractor and Commission Agent, examined on oath. (No. 179.)
- Witness:* The fact that I have been in New Zealand for thirty years, in Auckland District for that time, has given me a knowledge of the place. I have been president of Liberal and Labour League, and member of various societies. Regarding rent, there has been a big increase during the last twenty years, it is alleged. I took list of properties under my charge for twenty-six years. There are fifty-three houses connected with this property. The rent was higher more than twenty years ago than to-day. Eighteen years ago houses were practically empty throughout the city, and owners had often to pay caretakers to look after the houses. Gradually the houses became tenanted, and the rents began to increase as population increased and times improved. To-day the rents are certainly much higher than sixteen years ago. Here is a property of fifty houses, which I hand in, to show rents fifteen years ago and to-day. There are actually twenty-one houses the same rent in both periods. Others have had the rents increased, owing to large expenditure and increased accommodation.
1. *The Chairman.*] Are the houses all together?—No, they are scattered all over the city; they are mostly small cottages for working-men.
2. You think there has not been much increase of rent?—Not in houses built twenty years ago, except where the landlords are extra greedy; but with houses built the last twelve years, owing to enormous increase in the price of timber they cannot be let at the same price. You have to have more accommodation and sanitary arrangements, &c., and therefore the rents are dearer.
3. You must acknowledge that it is proper to have good sanitary arrangements and breathing-space?—Yes; what is done is much required. Formerly there was merely a wooden shoot for the sink-water; that is all abolished, and rightly so. But the timber has gone up enormously in the last twenty years.
4. *Mr. Hall.*] Does the list give the previous rents?—Yes.
5. *Mr. Fairbairn.*] Are they all old properties?—None under twenty years old.
6. *Mr. Leadley.*] Any been remodelled?—Oh, several of them have the sanitary arrangements, and the increases are due to this. Drainage is compulsory now.
7. *The Chairman.*] Has there been great rise in cost of labour of building houses?—Just about ten years ago a carpenter was getting 10s. per day. I have known them work for 6s. per day; that was before the Arbitration awards. When I came here first I got 12s. per day. So that really they are no better off than twenty-six years ago so far as wages are concerned. The wages, then, need not be taken into account, but the timber must. I have a bill which I will put in showing costs of timber for house.
8. What are the present prices of timber?—I put this in, too. I put in these to show the enormous rise. In some cases there is 9s. per hundred in first-class timber, and 7s. 6d. in rough and medium. The difference in a house is very much against low rents to-day. I have bought rough timber for 8s. 6d., less 10 per cent.
9. Supposing you had to build a house at £200 thirteen years ago, what would be the price of such a house built to-day?—Taking everything into consideration, it would cost twice that amount.
10. *Mr. Fairbairn.*] Offering no more conveniences? On the same specification?—That might want explaining. Previously iron was cheaper; bricks were 32s. then, and now are 64s.
11. *The Chairman.*] In the cost of building a house what percentage is for labour?—About 50 per cent. we reckon.
12. *Mr. Fairbairn.*] What increase would you estimate there has been in wages during that period?—During the last thirteen years there seems to be very little increase in wages; about 10 per cent. would be plenty to allow for the increase.
13. The actual increase owing to labour would be 5 per cent. in cost of building?—You have to put more work into a building now.
14. But the same building, I am speaking of?—I do not know that I could give you that. A carpenter twelve years ago would give more work because he would not be required to do it so well; not that he worked harder than now, but because he puts in a better class of work.
15. *Dr. Hight.*] You mean in the rate of pay?—Yes. A good man always commanded a good salary; but of late years they are somewhat all put on the same level, because the employers will not go beyond the Arbitration award, and the good man is ground down, and has to work the same as the others. I think if a man were paid something to encourage him it would be better; but now a man taking it easy, or not so good a worker, gets as much as the good man, and so the good man will not exert himself.
16. You think there has been a general slowing-down?—Hardly; I think I can get as much work as ever I did. There is no slowing-down on the part of the men individually; but the quantity is less,

because they do a better class of work. The increased cost in the building of houses, the timber-costs, is not justified. The Arbitration award is given because it is made clear that the industry is able to stand the increase. Supposing timber-workers get an increase, then you get a notice that timbers are up 1s. per hundred; whereas if the Judge is satisfied that the industry can stand the strain, then that should be binding on both parties—the prices should not be put up. The men might as well ask for an increase of wages because prices are put up the next month. The insurance for fire is a good illustration. When there was a big fire the premiums were raised, and that continued till we had the State Insurance Department. Something will have to be done to stop the prices being bumped up simply because it is decided that the present prices are good enough to stand an increase of wages. There are hundreds of people whose purchasing-power has gone down because the prices are put up artificially in this way. I believe our Arbitration Court law ought to be amended, and the Conciliation Commissioner should have attached to him one or two practical commercial business men; and when they awarded an increase in pay it would be on the understanding that the industry would not be crippled; and they should then have the power to fix that the price should remain for the same length of time as the wage lasted.

17. That is, that an increase in price would be a contradiction of the award?—Yes; the Court says the industry can stand 6d. per day extra for the men for, say, two or three years, and it should then be said there shall be no increase in the price of the commodity produced. Now the awards are very little use. The increase is “passed” on. The merchants were in a humble way years and years ago, and they are in a position that a hundred years’ work should not bring them to.

18. Could you tell us anything of a combination among timber-merchants to raise prices?—I could not say that; but I know that some fourteen or fifteen years ago, if you were not satisfied with one mill’s prices, you could go to another, and get a reduction; to-day you get the same price from all the mills; they all give the same quotations.

19. You think from that there is a regulation of prices?—Yes; formerly we could get 9d. per hundred difference; now there is not a penny difference in the prices. Some sixteen years ago I added coal and firewood business to my own, and carried it on for eight or ten years, and then dropped it owing to having other matters in hand. I give the price-list, in which my name is given as one of the association; and I was in that “ring,” if you call it so. At that time the association was for various purposes. This list was drawn up in 1900, and Taupiri coal was then £1 2s. 6d. per ton with 1s. discount, £1 5s. net, best bagged coal. You got 12 bags to the ton from the merchants, and the price was £1 5s. net. At that time screened coal for household purposes was used; and nuggety coal was used then, that was sold for £1 2s. per ton less discount; a sack was sold then for 2s. 3d., with 3d. discount; the bigger coal, that fetched £1 5s. per ton, was sold at 2s. 4d. net. Previous to that, thirteen years ago, that coal was sold for £1 3s., less 1s.—£1 2s. net. That was in 1899. The nuggety coal was sold for £1 per ton. At the time the list was drawn up there were a good many hawkers going about; they got six sacks from the merchants, and made it into eight sacks, and they sold this per sack, under the dealers’ prices, of course. The dealers used to say they could sell cheaper if they had no yard; that is what the hawkers used to contend. The association was formed to bring those men into line, and to force them to sell the right weight. Then the merchants had a big advantage over a smaller dealer, because of the larger discount allowed at the mine; so that they were able to sell cheaper to the customer than the dealer who had only a small yard. The people whose names are on the list went to the merchants, and threatened the merchants they would join together and order the large quantity, and get the bigger discounts. The merchants then joined in with the small retailers, and they supplied the coal to the retailers for 19s. per ton, and it was retailed at £1 5s. per ton. So that the coal, in my opinion, has gone up altogether beyond what there was any need for.

20. *The Chairman.*] Could you tell us something about the persons who control the sale of bricks? Is there any reason for bricks having doubled in price?—I do not know of any. Men were getting as good wages on the brickyards years ago as now. I know Lancashire men who came out, and were getting, working with a little puddling-machine, 12s. per day; and they still sell for the £1 12s. I am not aware of any ring. I know there are only a few men brickmaking. The price has gone up enormously. The men got a little increase in wages, and then straightaway 2s. 6d. per thousand was put on the bricks. I would like to refer to the enormous increase in the price of land in the city. The increase in land, excepting in Queen Street and Karangahape Road, has not been so great as some people have alleged. The side-street areas have not trebled. It is a steady increase, that is not extraordinary outside the principal streets. On Karangahape Road there is a house at £1 5s. per week rent; that was rated at £39 per year for rate-paying; owing to a property being sold at £130 per foot next door, then the value went up; the rates were increased from £39 to £200. That house will have to pay £30 per year rates. Of course, the rent is gone in rates. In that case the owner has no power to sell, and so hardship is inflicted on him. The rates before were £39 at 2s. 9½d. in the pound. The rate is still 2s. 9½d. in the pound. I think it would lower the rents of this city if our present laws allowed a man to buy a house by paying down £10, not only on the Government areas; when the Valuer valued it the man should be given a right to buy in any part of the city on the same conditions. Then hundreds of people would be able to become their own landlords. We have hundreds of acres of leasehold, but under the Glasgow lease; and on that money cannot be borrowed, even from the Government, for house-building. I think the Glasgow lease should be included in property for Government advances.

21. *Dr. Hight.*] Suppose the timber-worker got 6d. per day in wages, you get a notice that timber goes up, say, 1s. per hundred?—Yes, I have received such notices.

22. You want the prices fixed for the same period as the wages are fixed?—Yes.

23. Is wages the only element in the price of a product?—I take it that as long as the worker has to show to the Court that the industry can stand the increase, it is not fair for the other side to be at liberty the day after to increase the price of the commodity.

24. But supposing there are changes in the other elements of producing that commodity—take the cost of timber: there are freight rates to be counted?—Instead of going for three years, you could make the award for one year or two years, and when the producer could show his inability to pay the wages the award should be reconsidered by the Conciliation Commissioner. The wages-man has to abide by the wages for three years, but the seller, the timber-man, can put up his prices whenever he likes.

25. *Mr. Fairbairn.*] Did the coal-dealers, when they made the threat to the merchants, get any concession?—Yes; they gave in, and supplied the retailers at the same price.

26. From the coal-dealers, do they all get the same price?—Yes; and they all have to sell at the same price. I note that the retailers have to pay £1 5s. to the merchants for what he formerly got for 19s.; if the merchant could sell at a profit at 19s. formerly, why not now? The expenses have not increased enough to warrant the increased prices to £1 5s.

JOHN ROWE, Builder and Contractor, examined on oath. (No. 180.)

1. *The Chairman.*] Have you noticed a rise in building materials?—Yes, through the last twenty years.

2. What are the principal items that have gone up?—There are several reasons other than wages. For the thirty years I have been building the recognized wages for carpenters have been 10s. per day, excepting the last few years, when it is 1s. 4½d. per hour. For a few years, probably up to 1889, things were bad in New Zealand, and carpenters’ wages went down; but those conditions are not a criterion. The carpenters’ wages are always 10s. per day, and always have been up to lately; now they are 11s. But the rise in timber is considerable. I could produce a price-list of 1898–99 showing 14s. 6d. for rimu, with 10 per cent. discount, and 2½ per cent. To-day for the same material you pay 14s. 6d., with only 5 per cent. discount. The kauri has risen about 9s. per hundred. In 1898 kauri was 12s. to 14s., heart of kauri and rough heart. I produce price-lists to show this. Kauri is now 25s. and 26s. per hundred. The ordinary door in 1900 was 13s.; to-day that same door is 20s. The whole of the joinery-list shows a rise in comparison with the rise in timber. The rise in values of land has to be considered as well. Oregon pine is imported, and I maintain it is unjust for us to export the native products, and not allow something like this Oregon to come in instead—Oregon and jarrah. Oregon pine could be imported for 11s., instead of 22s. per hundred, as is the local price for planed tongued and grooved. There is a duty on it; I do not know what it is. Oregon has advanced with the other timbers. There is a differential rate on the railway for Oregon. Take all the mills in the Waikato: you do not pay the individual man, but you pay the Sawmillers’ Association—the bill always comes from the one office. In Auckland you get the individual bills. But the Waikato mills are all in one association; you pay the association for the timber, no matter what Waikato mill you get the timber from. The cost of land has gone up considerably, probably double in some cases.

3. *Mr. Hall.*] What portion of the rent is due to enhanced site-value?—Say, 1s. per week.

4. *The Chairman.*] Is there a duty of 4s. per hundred on Oregon?—I think that is so. I think Oregon should be let in free, seeing that there is practically free exportation. That is the only way to get cheap timber.

5. What about the bricks? Has there been a rise?—Yes, a considerable rise. In Dunedin bricks are sold much below the prices in Auckland. The present price is 63s. per thousand, I think; twenty years ago it was 28s. to 30s. I do not know of any reason for the rise; I do not think it is scarcity of clay or rise in wages. In Sydney there is a State brickyard, and they could give the costs of production. In Auckland all the bricks are the same price. There are only two or three yards making bricks. Certainly, increase of coal-cost is one reason. I think, without doubt, the State should start a brickyard.

6. *Mr. Hall.*] Have bricks been reduced since the State yard was started in Sydney?—Oh, yes, considerably.

7. *Mr. Leadley.*] I thought the Government were making bricks for themselves?—Well, I know bricks are less in Sydney now, perhaps because the brickyards have lost the custom of the Government.

8. *Mr. Fairbairn.*] What has the increased cost of wages added to the cost of building?—There is 1s. per day increase; but we do not get the same amount of work. I do not wish to say anything disrespectful of working-men, but we do not get the same amount of work. It used to be recognized for a builder to allow 6s. to 7s. per hundred for working up timber; to-day no builder would be safe in allowing less than 10s.

9. *The Chairman.*] You said that men were getting small pay because it was difficult to get employment at one time?—Yes.

10. Consequently there was pressure for work, and there was no protection from the Arbitration Court, so with free competition the men might have to put forth their strongest effort, as they did under the whip of necessity?—I do not take those years into account. I take the ordinary years when 10s. per day was paid.

11. *Mr. Fairbairn.*] To what extent has labour-saving machinery militated against this?—That should make timber cheaper to work up. I am taking the whole thing when I count the 10s. per hundred. We say 20,000 ft. of timber at 6s.—£60 for carpenters; to-day we say £100 for labour. The value of the building would be £400. That has added 10 per cent. for labour. I am reckoning the extra 1s. That is not for the same kind of house that there would be 10 per cent. extra.

12. *Dr. Hight.*] What would such a house cost twenty years ago?—Twenty cottages built in 1891 cost £280 each; off the same plan, with exactly the same specifications, they cost £347 now. They consisted of four rooms and scullery. Some of these houses are in Onehunga and some in

Parnell. The material was bought at 12s. per hundred all round, medium. Now the same cottages, with ordinary building rimu, cost 15s. 6d. per hundred.

13. A house at £450 would have cost £360?—Yes, about that.

14. Labour would be one-sixth twenty years ago, and now it would be about one-fourth?—That is so.

15. *Mr. Hall.*] What about plumbing and painting?—The wages of painters have gone up 1s. to 1s. 6d. per day, and materials are about the same, on the average. Plumbing has gone up.

16. What would the plumbing be in a £340 house?—£28 it used to be, and now £35 would be the cost. These prices are without bath and hot-water services.

17. *Mr. Fairbairn.*] You show an advance of timber of 25 per cent., and other materials 25 per cent.: would wages have increased 25 per cent.?—I should say they have gone up 10 per cent. on the total cost of the building.

18. *The Chairman.*] In spite of the protection given by the Arbitration Act in 1894 and onwards, you still think the efficiency of the men has fallen off?—Yes. I ascribe it to this fact: that you hear the men say themselves, "I am not going to do more than So-an-so because I'm getting no more." I think a minimum wage should be given, but no maximum wage should be fixed. That is not fixed by the Court. The men do so, and they want to know at once why such-and-such a man is getting more, and will pick up their tools if they do not get the same. It introduces discontent if the employers differentiate in this way, according to merit.

19. *Mr. Hall.*] The men now consider if you pay one more than the other you are doing it to speed up the others?—It would be a good idea, if practicable, to classify the men, but they will not recognize the grading principle.

20. *Dr. Hight.*] As to Customs tariff, you favour the removal of the import duty?—Certainly; that is better than imposition of export duty. I should like to add that if Oregon and jarrah were allowed into New Zealand free of duty, or a very much increased export duty on kauri, you would soon see the cost of building considerably reduced; but I think free Oregon and jarrah the best course to pursue.

J. W. HALL, Wholesale Grocer, further examined on oath.\* (No. 181.)

*Witness:* The reason I am here is because of the published report of evidence given by a previous witness. My first attendance at this Commission was under subpoena, and the only evidence I tendered was the submission to the Commission of correspondence between my firm and a company—the Union Oil, Soap, and Candle Company. In the published report of the evidence of the manager of that company, in the *Auckland Star* of 27th June, he is reported to have said, in answer to a question, certain things. "We have letters here saying you refused to supply a certain firm with candles?—They are getting them now at the same price elsewhere. We were asked to supply at the same price for two years, but if the price went down the firm in question was to get the benefit." The "firm in question" I assume to apply to T. H. Hall and Co.

*The Chairman:* That was the firm; it was mentioned by the manager of the Soap and Candle Company.

*Witness:* I have to say that my firm have no knowledge of this whatever. There is nothing in the correspondence suggesting any idea of getting a contract for a period, nor was that in our minds, nor ever proposed by us. It is quite possible that the witness who made the statement may have mixed up our firm with another; but it certainly does not apply to our firm. I wish to have particular record made of that. It is an unhappy position for us. This evidence referred to candles.

1. *Mr. Fairbairn.*] As applied to your firm, the statement is untrue?—It is. I communicated with the manager of the Union Oil, Soap, and Candle Company on the 22nd June, saying that I was handing in the correspondence between his company and my firm of June and July, 1910. I have had no acknowledgment from the Union Oil, Soap, and Candle Company of receipt of this communication. To-day I wrote to the company's manager that I would attend the Commission respecting the evidence reported as given by him. The manager has perhaps not had time to reply to this note of to-day's date. My presence here to-day is due to a natural and proper desire on my part to assure the Commission that there was no condition whatever as to any forward contract in our correspondence, or in any other way, the non-acceptance of which would have justified the refusal of supplies.

FREDERICK WILLIAM ARNS, Secretary, General Labourers' Union, examined on oath. (No. 182.)

1. *The Chairman.*] Is your union a strong one?—Yes, about 1,300 members.

2. Has the remuneration for general labourers' work increased of late?—No. I could not say whether it is the same as ten years ago; I have been in Auckland only four years.

3. In that period you have been thrown into connection with many working-men?—Yes.

4. Do you find their lot so comfortable in the town that if they had free quarters and milk and vegetables in the country do you think they would go?—Yes, 75 per cent. would go.

5. Say regular employment, accommodation, and decent rate of wages—if they had these, would they go?—Yes, 75 per cent. of them would rush it.

6. Do you hear much complaint among your members as to cost of living?—The greatest bogey with us is the rent question; workers cannot get a house in agreement with their earnings. Statistics I compiled showed that the average wage was 32s. per week, counting broken time, &c. We find the average rent is 14s. 6d. per week for a house in any way habitable at all. There are many instances where two or three families take a house together; they get a £1 or 22s. house, and all the families live together. That is a very bad thing for the workers. There are plenty of the

\* For main evidence see page 258.

workers I represent who are packed away in the slums, and even there the rents they have to pay for the hovels, the insanitary hovels, they live in are abominably high.

7. *Mr. Fairbairn.*] That rent of 14s. 6d.: is that a fair average rent for a cottage?—The lowest rent I have heard of, when compiling my statistics for the Arbitration Court, was shown on the list. A good deal of our stuff was sent to the destructor on removal of the union offices. What I state to-day is based on actual facts. The lowest rent was 9s. for two rooms. I could easily obtain statistics and forward to the Commission. In compiling statistics you may strike a house where two families live: that would reduce the cost per family. I could state in my list how many families were living in the house. As near as we could say, the rent here is 14s. 6d. per week per family.

8. *Dr. Hight.*] The average rents according to census are 10s. 6d. for four rooms, and so on; and the Labour Department say 11s.?—I think those figures are too low. If we could get five-roomed houses for 13s. we could place five hundred tenants in them to-morrow.

9. *The Chairman.*] Here is a report made on the 8th August, 1910, by an officer of the Labour Department: "In some cases in Auckland City one pan-closet has to do duty for more than one house, and the small back yard is often the common playground for children resident in two separate homes, and in one case there is but one back yard (about 50 ft. by 30 ft.) for five houses. Worst of all, it is found that in some of these so-called dwellings there is undoubted evidence of overcrowding. In Auckland, for instance, the following cases might be quoted: Eleven, ten, and eight persons, comprising one family in each case, occupying average six-roomed and four-roomed houses, with no conveniences, and a two-roomed house, old and decayed, with no conveniences, occupied by a family of five. In Vernon Street—a side street—there are two two-roomed houses at 6s. and a three-roomed at 9s., all dilapidated old places, having one dirty yard about 36 ft. by 18 ft. between them; no conveniences. Two dirty and old pan-closets serve for the three houses. One of these houses is occupied by a married couple, another by two bachelors, and a third by a man, wife, and two children. Other houses dilapidated, worm-eaten, &c., with no conveniences. In Sale Street there is a block of dwellings—a low neighbourhood—consisting of two, three, and four roomed houses—two rooms at 6s. 6d., three rooms at 7s., four rooms at 7s., 8s., 10s. 6d., and five rooms at 10s. These are all old places, cramped for space, no conveniences, and decidedly unhealthy. There are also two others of three rooms at 8s. 6d. and four rooms at 6s. up a right-of-way 4 ft. wide; and another two rooms at 6s. 6d. up a 6 ft. right-of-way; all very old, with no conveniences. 'No conveniences' mean no bath, no wash-tubs, and no copper. The tenant of an old three-roomed house in Parnell, the rent of which is 10s., complained that the place was infested with ants, fleas, and other vermin. Others were overrun with rats, while one at 16s. per week was very damp and unhealthy through defective and insufficient drainage. In another case a five-roomed house in Phillipps Street, very old and dirty, was said to be infested with bugs, and there was one small yard about 12 ft. by 15 ft. to do duty for two families. Again, in Gloucester Street complaint was made that the house—a six-roomed one at 15s.—has no conveniences, and is overrun with rats; the latter is a very frequent complaint. In Manning Street a two-roomed house, very old and decaying, was found to be occupied by five persons; a three-roomed place, also by five persons; and one of four rooms by eight people. All these are old, and none of them have conveniences. In Marmon Street, off Upper Queen Street, is a number of poor, dilapidated, and old places of four rooms at 8s. to 12s. 6d. a week rent, with practically no conveniences, in some cases not even a scullery, and in all cases very small and cramped back yards. In Yelverton Terrace there is a number of three, four, and five roomed houses built very close together, spaced not more than 3 ft. apart, some of which are quite unfit for habitation, being in an advanced state of decay, and to which there are practically no conveniences. Similar conditions exist in York Street. In Vermont Street a very old house of five rooms, at 10s., is in a bad state of repair; in fact, is literally falling to pieces. The floor-joists are riddled by the borer. This house was inspected from underneath, and found to be in a deplorable state. In a very short time the whole structure must collapse. The position in regard to rented houses at Auckland was peculiar. At the time the inquiry was conducted (May, 1910) there was an unsatisfied demand for houses suitable for working-men, and it was reported by several tenants that they were afraid to ask for repairs or additions, as they would be liable to receive notice to quit. There was no difficulty in letting houses of any size or in any condition, and after the rent-collectors had finished their day's work there was usually a crowd of people awaiting their report as to whether a house was available through failure of a tenant to pay his rent promptly. The comparatively low rents ruling in the suburbs of Auckland are partly due to the fact that land can be placed on the market for building purposes without the necessity of forming metalled roads and footpaths and providing kerbing and channelling, as are insisted upon by other municipalities." This is the sort of house you describe as being in the slums?—Yes. In the average I have struck, it is for members of my organization, not for all workers.

10. *Mr. Fairbairn.*] Could you make further investigations, and send us a statement?—I should be very pleased.

11. *Mr. Leadley.*] There are 1,300 members of the union?—Yes. There is not free admission; they pay initiation fee. Anybody can get in provided he is a man at labouring work. If a man comes from another organization he comes on his clearance card. A new arrival in New Zealand can become a member on payment of 2s. 6d.; there is an open door.

12. Are the members mostly past the prime of life?—Oh, no; mostly on the young side.

13. Have you seen the statement regarding advice tendered to workers—advising them not to work too hard, &c.?—That is not the general ethics of unionism. Those statements are made by irresponsible men; they are not advocated by trade-union leaders to my knowledge.

HENRY BANFIELD, Organizing Secretary, Amalgamated Society of Carpenters and Joiners, examined on oath. (No. 183.)

1. *The Chairman.*] As a private citizen you now appear?—Yes. I am a carpenter and joiner.
2. Has there been any rise in wages for carpenters?—Twenty-five years ago I was getting about the same wage. The standard rate during twenty-five years was 10s. per day; then the rate went up recently 1s. per day. I have been secretary of the society for eight years. There is no falling-off in efficiency; that is simply the talk of employers who fancy they are not getting enough work. I have seen men work very, very hard, fussing, and not do as much as men who work along steadily and quietly. A great deal of work is done by machinery nowadays. The class of work done now is a great deal better than ever it was. The architects are more modern; anything used to do at one time—the architects did not know any better; now every architect and every builder tries to make his job the best. The men are required to do more work at times, but they are required to do a better class of work, and so apparently they do less.
3. Has the class of labour increased in the house?—The cost of construction, owing to extra rise in wages, would not mean more than £5 extra as compared with what it cost ten years ago. Ten years ago the standard wage was 9s. 4d. as fixed by the Court—1s. 2d. per hour. Then they worked forty-four hours—£2 11s. 4d. per week. Then we got a rise to 10s., in 1907. Twenty years ago I was getting 11s.; then there was a depression, and it was a job to get up the wages again to the old level. The hours are the same now.
4. You mean that is the minimum wage?—Yes, at all times I speak of the minimum wage. It is only human nature that all men are not equal, and if an employer finds he has a man who can do half as much work as another he offers inducement to the man to stop. With the majority of unscrupulous employers the minimum wage is made the maximum wage. If the employers would give the man what he can earn it would be all right, but they will not. A man's wage is fixed according to the standard of living. We endeavour to fix a wage as a minimum under which a man cannot live; the employer should fix the maximum wage.
5. *Mr. Hall.*] Would there be dissatisfaction if there were differential wages?—Every man would try to get up to the higher standard. The minimum wage man would realize he must earn the extra amount if he wanted to get it. It is nonsense to say the work is slowing down; they are working as hard as they ever did. I could take you to see the men working.
6. *Mr. Fairbairn.*] Have you ever taken out estimates of labour for cottages?—Not recently.
7. What amount of carpenters' labour would be required in a £350 cottage?—£35 for the carpenters' work, I should say. There is a house just built in the suburbs; a friend of mine was working on it; it was a private job, not a contract. It was a four-roomed house, scullery, and bathroom, and the labour was £35 for the man and his mate. I am now speaking of actual cost of carpenters' labour itself, not for what the builder charges for that labour.
8. Could you obtain in any contract you know the carpenters' time in a building of £800 value?—Provided I gave this I do not suppose you would publish the names.

*The Chairman.* Certainly not, if you mark it confidential. You need not even give us the names unless you wish.

*To Mr. Hall.*] A good deal of work was done by piecework—floor-laying, &c. We used to get 2s. per square for lining twenty years ago, and about 1s. 6d. per square for flooring. The doors were not hung in those days. Advertisements might be inserted for carpenters' work, and men would apply not knowing the work, and all sorts of prices would be given. I might be out of work for a month; another man with a bigger family might be putting in a price. I might put in £40, and the other man would do it for £25, and the job is worth perhaps £85. That was on the principle that half a loaf is better than none. Nowadays there is no piecework and sweating of this description.

#### BOOT-MANUFACTURER.

A boot-manufacturer, examined on oath (No. 184), gave confidential evidence.

JAMES SLATOR, Architect and Engineer, examined on oath. (No. 185.)

1. *The Chairman.*] Has building increased?—Yes, it has increased considerably. It would be 33 per cent. increase as compared with ten years ago. A house you could build then for £175 would cost £300 now.
2. Is part of that increase owing to site?—No, not the ground.
3. What proportion does the labour bear?—The labour runs into pretty nearly half. It goes a long way towards half. I dare say it would be half ten or fifteen years ago, counting increase in timber and bricks. Materials have advanced immensely.
4. Why have bricks risen so much?—Labour is dearer, and there is a difficulty in supplying the demand.
5. They have the "drop" on the public?—Well, the brick-merchants say they cannot supply any cheaper; but the Auckland bricks are the worst in the world, I should think, taking them all through. They say it is the clay, but I believe it is in the burning and making. You cannot get a brick wall tight here unless you plaster it. I have worked at the trade all over the world, and I never saw such bad bricks anywhere as here. I could not say what bricks were ten years ago—I think it was £2 per thousand; now they are £3 4s.
6. *Mr. Leadley.*] Are all the firms' bricks alike?—There are a few good bricks to be picked up, but there are only two firms making them. The Maraiti bricks were no good; they would crumble to pieces. They were pressed bricks, I think.
7. *The Chairman.*] Have you noticed a great falling-off in the efficiency of the men?—Oh, yes; if you level down, and pay the same wages to good men as bad, you cannot expect them to take pride in their work. The inferior man is paid the same as the good man.

8. The Arbitration Court fixed a minimum wage; above that the employer can give what he likes?—They all get the same wage. When I worked at the trade the best man got the best wages. Lots of carpenters nowadays are only fit to nail up lining-boards. There are a lot of very poor men in the trade. There are some good men. I believe the employers give the same wages—good, bad, and indifferent workers alike. That is the fault of the unions, and the Government, and the Arbitration Court.

9. That is not the fault of the Arbitration Act: that only lays down the minimum wage?—I think it is the fault of the unions and the Government. I never heard of the Act fixing only the minimum wage, and allowing employers to go as much higher as they liked.

10. *Dr. Hight.*] You mean the minimum wage is fixed too high?—I think so. I am certain, with plenty of jobs, that the contractor could not clear the expenses.

11. Then, the men have to suffer?—I do not think they have to suffer; they get the Arbitration Court wages. I do not think 1s. 4d. per hour is a bare living wage; I think it is a good wage.

12. *Mr. Leadley.*] Do you think the men are paid too highly?—The employer must have some good men on the job, but he has to pay them all too highly. Probably to those one or two good men a higher wage is given.

13. *Mr. Hall.*] An employer stated that if he gives more than award rates there is discontent?—He cannot do it openly. I believe it is done sometimes, but there would be discontent if it were done openly.

WILLIAM HENRY WHITEHEAD, Boardinghouse-keeper, examined on oath. (No. 186.)

1. *The Chairman.*] How many lodgers have you?—My business fluctuates a good deal. I keep a restaurant too. I have good acquaintance with the cost of commodities extending over sixteen years. The cost has increased very much of late years.
2. What is the price of fish?—The fish industry for the last thirty-eight years has been controlled by two men in this city. I pay for schnapper 3s. 6d. per dozen. I could not say how many pounds that would be; we judge by the eye.
3. Are they dearer now?—I do not think so. I pay 4s. for smoked fish and 3s. 6d. for fresh. With respect to flounders, I have two sons, who use a great many, and they pay 3s. 6d. to 4s. 6d. per dozen. We have to buy through Mr. Sandford; he has a depot at Thames and also at Tauranga. He has practically the whole fish trade in his own hands.
4. Do the Chinese provide most of the vegetables here?—Yes, they grow them and sell by auction.
5. Do none of the farmers send in produce?—Very few; only one or two from Avondale, because the prices they get would not pay them.
6. When they sell wholesale they get such a small return?—I only know one or two growers besides the Chinese, and they are pig-keepers as well.
7. Has the price of vegetables increased?—Not besides potatoes, and they fluctuate. I bought at 30s. recently, and now we pay £9.
8. Has the cost of meat gone up?—Yes, through the association. I buy from Mr. Reed, and save 1d. per pound all round, and sometimes 2d. I have an invoice six years old, and this man has toured round the world on the profits of his business. They will not give me an all-round price.
9. *Mr. Leadley.*] What are the increases in?—In almost everything—I mean everything in the way of meat. If we could get cheap fish we could use twice the quantity. I have a note for trevalli, because they had no schnapper. I prefer schnapper to trevalli. Many people prefer schnapper to mullet. Every restaurant could use twice the quantity they do. My boardinghouse is just a working-man's boardinghouse. I charge 18s. and 20s. for board and lodging. I have nothing to do with the washing. Fifteen years ago I used to supply board and lodging for 15s. The £1 now is for a private room. Eggs and milk and butter have all gone up, and the wages of my assistants have gone up. I used to pay £3 10s. rent, and now I pay £5 for the same place, and the rates have gone up proportionately.
10. Then, the profits are not so good to you?—We made as much money at 15s. years ago. The rent of one of my boy's shops was raised recently from £6 10s. to £9 10s., and he is a weekly tenant. They will not give him a lease, either.

SAMUEL COCHRANE MACKY, ex-Farmer, examined on oath. (No. 187.)

*Witness.* In giving my evidence I will endeavour to be as brief as the importance of the subject will allow me to be. (1.) In endeavouring to answer the first question upon the order of reference, I may state that I can only give the flour and wheat quotations the first Friday in August of each year from 1891 to 1901 inclusive, taken from the *New Zealand Herald* files:—

Year.	Flour, per Ton.			Wheat, per Bushel.		Year.	Flour, per Ton.			Wheat, per Bushel.	
	£	s.	d.	s.	d.		£	s.	d.	s.	d.
1891	12	10	0	3	9	1897	12	0	0	4	0
1892	11	0	0	3	9	1898	12	0	0	4	3
1893	8	10	0	2	6	1899	7	10	0	2	6
1894	8	10	0	2	9	1900	7	15	0	2	9
1895	10	0	0	2	9	1901	7	15	0	2	10
1896	10	0	0	2	6	1901 (southern flour)	6	15	0	..	..

I prepared this table and published it in the *Herald* as a reply to an officious M.H.R. who had asked the Government whether they would introduce a Bill "to render illegal the flour and other trusts whose objects are to destroy competition and exact an artificial price from the

people for the necessaries of life." The table made it quite clear that there did not seem to be a rapid fortune in flour-milling. I wrote again on the flour question in 1907, and showed the relative prices for wheat per bushel in the middle of May, as follows:—

Year.	Sydney.	Melbourne.	Adelaide.	Auckland.	South.
1901—					
Wheat ..	£ s. d. 0 2 8½	£ s. d. 0 2 9¼	£ s. d. 0 2 7	£ s. d. 0 2 11	£ s. d. 0 2 7
Flour ..	6 7 6	Not given	6 5 0	7 10 0	7 0 0
1903—					
Wheat ..	0 5 11	0 6 0	0 5 8	0 4 4	0 4 0
Flour ..	12 10 0	12 10 0	12 0 0	11 15 0	10 7 6
<i>From Farmers' Advocate.</i>					
1905—					
Wheat ..	0 3 5	0 3 5	0 3 5	..	0 2 10*
Flour ..	8 0 0	7 15 0	7 10 0	..	8 10 0*
1906—					
Wheat ..	0 3 6	0 3 4½	0 3 4	..	0 3 5
Flour ..	8 0 0	7 10 0	7 5 0	9 15 0	9 10 0
1907—					
Wheat ..	0 3 6	0 3 7	0 3 5	..	0 3 9
Flour ..	8 0 0	8 0 0	7 10 6	10 10 0	9 5 0†
<i>Took out what follows from files lately.</i>					
1908—					
Wheat ..	0 4 7	0 4 6	0 4 3	..	..
Flour ..	9 15 0	10 0 0	8 15 0	..	..
1909—					
Wheat ..	0 5 4¼	0 5 1	0 5 1	..	..
Flour ..	12 10 0	11 10 0	11 0 0	..	..
1910—					
Wheat ..	0 3 5	0 3 6	0 3 4¼	..	..
Flour ..	8 10 0	8 10 0	8 5 0	11 15 0	10 0 0‡
1911—					
Wheat ..	0 3 6	0 3 6	0 3 5½	0 4 2	0 3 6½‡
Flour ..	8 10 0	8 0 0	8 0 0	10 15 0	9 15 0‡
1912—					
Wheat ..	0 4 5½	0 4 4½	4s. 1d. to 4s. 2d.	0 3 5§	..
Flour ..	10 0 0	9 5 0	£8 17s. 6d. to £9 2s. 6d.	10 15 0	9 15 0‡

In the first table I have only given the quotations of the price of wheat and flour in Auckland. In the second table I have endeavoured to give the prices in the chief towns of Australia also. You will notice in 1905 I took the quotation from the *Farmers' Advocate*, and up to this New Zealand wheat was always lower in price than Australian. Being anxious to get the southern farmers to become members of the Empire and Tariff Reform League, I drew their attention to the fact that, as they had not hitherto availed themselves of the protective duty of 9d. per cential, they would be better to join the league and assist us to get rid of protective duties and go in for preferential trade with Britain and her self-governing colonies. Instead of doing so they decided, at the summer conference of the New Zealand Farmers' Union, to raise the price of their wheat, and they have kept on top ever since. I had occasion to prepare another table showing the price of some farm-products:—

	April, 1901.			August, 1907.		
	£	s.	d.	£	s.	d.
Flour ..	7	10	0 less discount	11	0	0 less discount.
Dun Southern..	7	0	0 net in Auckland	10	10	0 net.
Oatmeal ..	11	0	0	14	0	0
Wheat ..	0	2	6 per bushel	0	4	10 fowl-wheat.
Oats ..	0	1	10	0	3	6
Maize ..	0	2	2	0	3	6
Potatoes ..	2	5	0	5	5	0
Leg mutton ..	0	0	4 per lb.	0	0	6 per lb.

The last column might be taken as to-day's prices, being just on a par with them, proving that there has been a considerable increase in prices of farm-produce. In *re* questions (2), (3), (4) on the order of reference, I will leave them. (5.) Will also hold over. (6.) The public have not had the benefit they were entitled to as the result of tariff remissions. Sugar (No. 1A) was down to 8s. 3d., now it is 10s. 3d. per 56 lb. bag; and tea is much worse in quality and higher in price. Members of the Commission may remember that a return called for was laid on the table of the House of Representatives in 1907, showing

\* Christchurch. † Dunedin. ‡ Auckland. § F.o.b. || South.

that the average price of the bulk tea imported was only 8d. per pound, some of it being only 4½d. and 6d. per pound, yet there is no tea worth drinking under 1s. 6d. per pound in the market. (7.) I do not think the rise in the price of land has contributed to the rise in the price of commodities. (8.) The price of agricultural produce either in England or Australia is bound to affect prices here. A drought in Australia would likely cause a great increase in the price of produce. The protective tariff, together with (9) labour legislation, has been the cause of the increased cost of living. Those working protected industries did not seem to think it necessary to try for higher wages, and it was only after the maritime strike that there was any feeling of discontent. Then, in 1894, the first Industrial Conciliation and Arbitration Act was passed, and amended in 1895, 1896, and 1898. A new Act was passed in 1900, which was to remedy the defects of all the previous attempts at conciliation and arbitration. I think tailoresses were the first to take advantage of the Acts. The seventh case before the Conciliation Board was the paper-hangers and painters, where twenty-five employees cited seventeen employers. As most of the employers were working at their trade they did not require the intervention of the Board, but agreed to higher pay and better conditions, getting the Board to confirm it, notwithstanding the protest of Mr. John Mitchell, architect for the Board of Education, who represented that body, and under whose superintendence the painters employed permanently by the Board worked. And so it has been ever since. Where the employers and employees agree to increased wages and better conditions the increase is always passed on to the consumers, who must pay the increased cost, and they have absolutely no redress. The professional labour agitator has taken good care that every trades and labour union has been before the Arbitration Court, and then they wonder why the cost of living has increased. That heaven-born legislator Keir Hardie, M.P., told his audience at Christchurch on the 7th January, 1908, "It was most unfair to attribute the increased cost of living to increased wages." He evidently thought that only his own particular friends were to get increased wages, whilst all others who provided them with the necessaries of life should work on at the old wages. How different was that prince of labour members, Mr. Ramsay McDonald, M.P., whose visit must be fresh in your memory. By circumstances over which he had no control he could not speak freely here, but upon arriving in Melbourne he let himself out. He told a reporter, who cabled his words of wisdom to our daily papers—I will quote a passage: "The great problem the New Zealand worker has to consider is the purchasing-power of money. In the past he has been trying too much for increased wages without thinking what the increased wages would purchase." He then advised us not to try for higher wages, as the cost of living would go up out of all proportion to the increased wages. After an address I gave at Waihi I was asked, "Why is our beef dearer here than in England?" Because the butcher must pay wages as fixed by the Arbitration Court to his slaughtermen, shopmen, drivers, and butcher boys doing their rounds. His carts and wagons are either built by Arbitration Court labour—as also the harness, horse-covers, cart-covers—or else imported, paying a high protective duty. These employees of his are living in houses built of timber which is 4s. per hundred dearer than it ought to be, on account of the protective duty. They have been papered and painted by arbitration-award painters. His horses are shod and vehicles tired by blacksmiths working under an award. He and his employees are eating bread where the wheat has been carted from railway-station to mill, flour delivered, and baked and delivered by bakers' bread-cart, all done by men working under awards of the Court; so it is not a matter for wonder if the price of both meat and bread are higher here than in London. (5.) After showing up this close labour trust, I will repeat what a prominent grocer—now retired—told me about twelve months after one of the grocers' awards, "We used to make sugar a leading article, now we make about £20 per week out of it." The late Government are more to blame for the rise in the price of land than even the land agents. At the last valuation of Devonport the price or valuation of property went up 100 per cent. in some cases. One property, 5 acres, leased by auction by the Harbour Board, Glasgow lease, rental £25 per annum, was valued by the Department at £1,500. I objected on behalf of owners or lessees, and the valuer sustained his objection by making a plan of it, putting streets on plan and so many allotments at £— each. It transpired that there had been a conference of Government Valuers in Wellington a few months previous, where they received their instructions. In my opinion, there is no doubt that it was the increased protection of what are called local industries, at the expense of the workers in the four great staple industries—flax-dressing, gum-digging, gold-mining, and agricultural industries—that has enabled the machinery of the Arbitration Act to be used to get higher wages for those working under it. Even when the Tariff Bill of 1907 was passed, the Government boasted that they, through it, had just benefited forty local industries. For over twenty years successive Ministries have been legislating for the towns, claiming that the more labour employed in the towns the better for the country. The 1907 tariff increased the duty on steam-boilers for gold-mining, flax-milling, and farming purposes from 5 to 20 per cent.; candles, from 1d. to 1½d. per pound; whilst three pages of *Hansard* are occupied with a discussion on whether tea will be dutiable if imported in less than 5 lb. packages, the object being to find work for our poor girls, and allow some of our merchants to gain notoriety as expert tea-blenders. To reduce the cost of living we must get rid of protective duties, which is causing the young people to leave the country to get the higher wages ruling in the cities and pleasanter conditions of life. The Government has been building workers' cottages, but, unfortunately, they have selected the wrong sites, as the proper place for these is right away in the backblocks. The primary industries cannot get protection, neither do they require it; but the unprotected workers are going to stop paying bonuses to those who are working for them in these protected industries.

MONTAGUE GARNAUT, Fisherman, examined on oath. (No. 188.)

1. Mr. Fairbairn.] Have you any statement to make?—There is 200 per cent. increase in the price of fish to the consumer during the last fourteen years.

2. To the public?—Yes. Boardinghouses buy a little better, I think. The fishermen have received 160 per cent. increase in the prices of the bundles; there are no wages-men in the fishing trade.

3. Then fishing pays better?—No, the fish are scarcer than before, and benzine is a considerable item. Benzine was never more than 6s. 8d. per case in former years; to-day it is £1 temporarily, and ordinarily it is 11s.

4. Is there any arrangement to limit the catch of fish?—There has been no limit for two years; there has been a scarcity of fish.

5. Have you any arrangement in regard to prices?—The fishermen fix the wholesale price to the dealer. There would be upwards of twelve dealers to whom the fishermen can sell.

6. How do the dealers dispose of the fish?—All the dealers have a wholesale establishment and retail branches as well. Auctioning fish was tried, and has proved a failure.

7. Do you know of any combination among the dealers?—No, I know of reckless and keen competition there has been for some considerable time. I have some knowledge of the distributing trade; I do not think the cost charged is unnecessarily high for distributing.

8. Do you think people get fourpence worth of fish to eightpence worth of service?—That is inevitable, owing to bad weather and scarcity of fish. That proportion is too high, I think.

9. What is the proportion?—We get for schnapper 2s. 6d. per bundle; that is sold on the average to the public at 85 per cent. increase, say, 4s. 6d. per bundle. 6s. to 7s. would apply to fried-fish shops. I was surprised to hear that said. I believe the information you have had is unreliable. I think 4s. 6d. is about right.

10. What about flounders?—I do not know much about them; the fishermen get 3s. 6d. per dozen for fair-sized fish, big and small together.

11. What do the public pay?—A dealer told me he could not sell these profitably off the barrow. Schnapper is most plentiful here; and flounders are scarce, and in strong demand. The average person will not buy three or four small flounders; they will have schnapper, because it is bigger.

12. *Mr. Leadley.*] The distance you go out is greater?—It should be, but the Government has compelled us to work these waters, owing to restrictions as to handling a small boat. A man can manage a big boat much easier than a small boat. We are handicapped by these restrictions, and things are so complicated that very few fishermen know what is the position. The regulations are frequently changed. The Government pass regulations and then revoke them, and the certificates are continually being changed. I think plenty of the fishermen would have bigger boats if they knew they could under the regulations. I think the fishermen should not be interfered with at all. Binding down men to a small boat does not conserve the fish.

13. What do you recommend?—I do not think there should be any limit at all; I think the fisherman should be able to go to sea in any boat he likes. I do not think the fishing excursionists take much of the local supply, and I think there is plenty of fish further afield.

14. *Mr. Hall.*] We have had it stated that the fishing picnics do harm?—I do not think they do. The fishermen do not like to see the boating parties catching fish and giving them round to their friends. There are upwards of two hundred fish-boats working here. More than that are registered, but there are two hundred working in the trade. The Fish-cleaners' Union does not allow the employment of casual labour by the fish-dealers. I believe that is the cause of the fishermen being limited in certain months of the year. The arrangement with regard to casual labour is that if a man is employed for one hour he has to be kept on for the week, or paid the week's wages, at any rate.

SATURDAY, 29TH JUNE, 1912.

GEORGE DAVIS, Secretary, Drivers' Union, examined on oath. (No. 189.)

1. *The Chairman.*] What is the minimum wage for drivers?—There are three sets of drivers—one-horse driver, 44s. per week; two-horse driver, 48s.; three-horse driver, 50s. Those rates are lower than those ruling in the South.

2. Do the drivers have difficulty in living on those wages?—Yes, great difficulty, for several reasons. In the "Cost of Living Inquiry," issued by the Labour Department, page 13, I notice that families having over four children, and receiving under £143 per year, are shown to spend 2s. 6d. weekly over their incomes. A driver's wage is £114 8s., provided he loses no time; and for a two-horse driver, £124 16s. A driver works 50½ hours, exclusive of stable attendance; there is 47½ hours and fifteen minutes travelling time each way—half an hour per day. There has been no increase in wages since 1902—not practically. Our last award did give an increase of 2s. per week—that was in 1908; but prior to that there was no travelling time, and the hours were increased by travelling time three hours per week, and practically, therefore, the men got a reduction. Under the old award they would have got 1s. 3d. per hour for extra time. The two-horse driver got 2s. extra, and three-horse driver 4s. extra.

3. Are there many drivers outside the union?—Not many. We do not govern grocers, butchers, and milkmen; they are in their own respective trades here. The cab-drivers are the same.

4. What percentage of your men are working over the minimum wage?—Most of the small firms, where the work is clean and not so constant, pay considerably over the award wages.

5. Do you ascribe that to the individual employer knowing more about the men?—No, I do not think so. Men working at such firms as Craig's and Winstone's could not be beaten: they are first-class men, and yet they are on the minimum wage, whilst men of less ability in smaller firms get more money. In some of the smaller firms they give an additional fortnight's holiday, on pay, per year.

6. Do you not think that in the small firms there is a closer bond between employer and employee than is possible in a large firm?—I do not think that is the cause. I think the question is this: a man in a small business realizes more fully the value of his men. The large men look upon the worker as a machine.

7. *Mr. Leadley.*] What is the rate paid over the minimum wage?—I know of one man getting 50s. for driving one horse, and he is not required to do stable work; another firm pays £3 per week for a two-horse driver. There are a large number of single drivers getting 50s. to 55s., but they have to attend to their horses.

8. *The Chairman.*] What percentage do these men represent of the number of drivers?—I cannot say.

9. *Mr. Leadley.*] They are isolated cases?—Hardly. Most of the ironmongers and general merchants pay above the award rates.

10. *Dr. Hight.*] Is that because they make higher profits than the carriers?—No. The men doing the carrying for shipping, &c., pay higher wages, and they have a lot of lost time. These are permanent carriers on the independent carters' stand I am talking about. As a rule, such drivers get 50s. per week for one horse.

11. *Mr. Hall.*] Does the merchant feed the horse?—The driver.

12. *Mr. Fairbairn.*] Who owns the horse?—The merchant does, and the independent carriers do too—not the drivers themselves. There are a number of drivers getting above the minimum wage in such circumstances.

13. *Mr. Leadley.*] How many members are there in your union?—Seven hundred.

14. *Mr. Fairbairn.*] Are the men employed by the merchants employed by the week?—Yes. The master carrier owns the horse and cart. The master carrier gets so-much per ton for carting. There are a number of men known as independent carters. These men engage drivers on weekly wage, to do the work of one, two, or three firms at so-much per ton; but they pay the driver they engage 50s. per week. The merchant does not pay the wage; the independent carter pays him. The boardinghouse-keepers charge a special rate for drivers—2s. per week more, on the average. That is because it is necessary for the landlady to rise so much earlier for the breakfast, and they never know when the man is going home for meals. Sometimes boardinghouse-keepers refuse to take carters as boarders. It has been said there was slowing down; that is not so. It is possible that there is not the same amount of work done as there used to be, but that is due to other reasons. It is common to see vehicles belonging to different firms outside one warehouse; men are often detained at the railway for two hours at a time. The men are anxious enough to get through their work, but they cannot do it. If a man tries to jump another driver's claim at the railway-station there is trouble.

15. The increasing loss of time is caused by increasing pressure of business?—Yes.

16. *Mr. Leadley.*] Is there not some faulty arrangement in keeping the men waiting?—No. If you go to the railway after 3 p.m., you will find a continual stream of carts. Many of the goods could be sent in the morning, but they are kept back till the afternoon, with the view of making up a full load.

17. *The Chairman.*] Could you tell us why the cost of living has increased? Is there anything in regard to driving to add to cost of living?—In 1902 an award was given the Auckland Drivers, whereby one section received an increase of 4s. The employers said that owing to the increase they would raise the price of carting. They did so 3d. per ton.

18. Raised all round 3d. per ton?—Yes; that was in 1902.

19. *Mr. Hall.*] Was it an all-round rise?—It was published as a general thing. I know that appeared in the papers. The position is that it is a small day's work for a man to take six loads a day; that would be 6d. per load—3d. per ton, and two loads to the ton. I mean six loads from the wharf. That would be one-horse loads.

20. *The Chairman.*] Mr. Craig said that applied only to long distances?—Oh, no, that is not so. The advance has been made generally, and as an outcome of that several merchants have put on their own vehicles. Of late years they are introducing the lorry system on the wharf, and that would carry anything from 3 to 5 tons. Two horses would draw the lorry.

21. Anything else you would like to tell us?—The question of cost of living is rather a large order. A good deal has been said in reference to the subject generally. One feature is very noticeable in this city—in the grocery lines. In the past few years all the merchants have put up new buildings worth thousands of pounds. I contend that shows there must be some enormous amount of profit to allow them to do this. I could mention many of the firms—Nathan, Entrican, Christie, Smeeton and Co.—who have all built large new premises; so have Hutchison Bros. and A. H. Nathan, too. That would show the prosperity is general. You have had some evidence in reference to fish. I have had a little experience of that trade, and I think the Government should do something in respect to our salt-water fish. At certain times of the year kerosene-tins full of roe are found in the shed; each represent hundreds and hundreds of fish. It is not right to allow fish to be taken from the water at this time of the year. The fish in the harbour are dying out fast. In England the fish-supply is very important, and we should keep our fish looked after here—i.e., there should be a close season, I mean. The late Minister of Labour (Mr. Millar) stated that the discontent in labour circles was amongst the unskilled trades. I have been connected with the labour movement for years, as secretary of skilled organizations. The Arbitration Court base their awards upon the cost of living, we are told. Many trades get £3 per week, and unskilled workers get £2 2s. and upwards. I am satisfied that if a man is expected to be honest, and rear his family respectably, he cannot do it under £3 per week; it is impossible. Mr. Craig referred to the question of pleasure. The pleasure does not apply to the carter, because he leaves home before daylight, and it is after dark when he returns at night, and then he goes to bed. Drivers have no time for pleasure of any kind. The men require to do all the heavy and dirty work, and have the greatest wear-and-tear on their bodies. They have the lowest wages, too. A

horse required to do heavy work gets more oats than the one doing light work, but that does not apply to human beings, apparently. I am satisfied to-day there are many men who will not marry because of the risk on the small wages they now receive.

WILLIAM FREDERICK BINES, Coal-dealer and General Carrier, examined on oath. (No. 190.)

1. *The Chairman.*] Did you belong to the Coal-dealers' Association?—Yes.
2. Was there any attempt to fix prices?—The prices were always fixed; they were fixed for retailers by the association.
3. Selling-prices as well as buying?—Yes.
4. If any member sold below these prices?—His supplies were stopped, after representations by some of the members to the association.
5. Did that ever happen?—There was a man selling below the tariff price, and, of course, he was called to order, and the result was he went out of the business altogether. That was about eight years ago. This man was a hawker, so he had no fixed place of business. He was not allowed to buy any more coal.
6. How long is it since you were in business?—I sold out last month.
7. During the previous ten years did you notice any great falling-off in the efficiency of the men employed?—Yes; during the first ten years in which I was in business I only had two regular men; they each stayed about five years in my employ; they were real good men. I did not increase the staff; they left my employ to better themselves, although they were treated exceptionally well. I did the stable-work, so that they could get off on Sunday; and I let them off when work was light. Since the second man left I have had four different men, and these I found very much below the grade of the former men.
8. Was that bad luck, or was it the general tendency to slacken off?—My opinion is that to-day a great number of the men take it easy.
9. What is the cause of that?—I think the cause is that some of their leaders have taught them that the employers are getting "fat" on their labour, and that they ought to take a pull at their work.
10. Do they lean on the collective strength of the union?—Yes, I think they do. They feel more secure as unionists.
11. *Dr. Hight.*] This hawker who went out of business, I suppose, could not get the coal from the mine?—No, because he was not a member of the association; the mine will not supply anybody outside the association.
12. Is that the position at present?—Ever since I have been in business—twelve years—I have always got my coal direct from the mine. Of course, the order has to go through one of the three merchants—Craig, Winstone, or Carpenter.
13. *The Chairman.*] The orders of any member of the association?—Yes.
14. Do they get a commission on these orders?—I know nothing about the arrangements between the merchants and the mine. During all these years there have only been four members of the association who have availed themselves of this privilege.
15. *Mr. Leadley.*] What is the advantage?—We got our coal about 1s. 6d. per ton cheaper.
16. *Dr. Hight.*] You could buy from the mine, but not on good terms?—I bought from the mine, and shovelled it up myself, and thus saved 1s. 6d. more per ton than if I had bought through the merchants. Of course, I got my coal at Newmarket, and through the goodness of the Railway Department, I kept my coal perhaps a day on the loading-bank, as long as I did not obstruct others. I could not do this in the Auckland Station.
17. *The Chairman.*] There was some service rendered by the merchants for this 1s. 6d. per ton?—None at all; only they have their sheds, and it is convenient for the coal-dealers to get their coal there.
18. *Mr. Fairbairn.* You were buying your coal at less rates?—I saved by handling myself 1s. 6d. per ton; after paying for the shovelling, I still got the coal at 1s. 6d. per ton less from the mine than if I had gone to the merchants' sheds for it.
19. *Mr. Leadley.*] But you are prevented from giving the public the benefit of this 1s. 6d.?—Certainly. If I gave the advantage to the public, I should have been warned; and if I did not heed, I should have got my supplies stopped. I always employ married men, not single men.
20. *Mr. Hall.*] Have you known cases where men who bought from the mine direct had to pay commission to the merchants?—No, I do not know of any arrangement between the mines and the merchants. Outside the radius of the city, any one can send an order to the mine—*e.g.*, the farmers get a truck of coal down. That would not apply to Onehunga. They are under the same restrictions as Auckland City. I am referring to Taupiri coal only, and the restrictions apply to Auckland and suburbs.
21. *The Chairman.*] Is there anything else?—The cost of coal to the merchants is 23s. 3d. in the sheds, that is net. That is including bagging, and is for best Taupiri house coal. The merchants sell to the dealers the same coal, and charge 24s. 9d. net. The dealer himself takes the coal, and delivers at tariff rate.
22. *Mr. Fairbairn.*] Are there any handling-charges to the merchants?—The merchants load up the carts. The price to the public is 31s. per ton—a whole ton. There is graduated scale in the price of coal. At the present time—1 ton, 31s. net;  $\frac{1}{2}$  ton, 16s. net;  $\frac{1}{4}$  ton, 8s. 3d. net delivered; and single sacks, 3s. net. There are twelve sacks to the ton. When I started business twelve years ago the price of coal to the public was 24s. net., delivered in ton lots; it has gone up 7s. per ton. Taupiri house coal on the trucks at Huntly was 6s. per ton less.
23. The prices at Huntly on the trucks?—The price is now 15s. 9d. net, and in 1902 it was 6s. less. The difference in Auckland was 7s. But the Taupiri Mines took 6s., and the coal-dealers

1s.; so that the coal-dealers are only 1s. better off in twelve years. I know coal was 24s. when I started business in Auckland, delivered. The railage is just the same as it was formerly.

24. Do you remember Taupiri coal sold at Huntly below 13s.?—No, I do not think so.

25. You might look into this matter again, and let us have your mature statement, will you?—Yes, I shall do so, and let you have the information from my old books. Something has been said about a bond: there is nothing of the kind. We are only liable to have our supplies stopped.

Witness desired to add the following statement to his evidence given above: In reference to the evidence given by me at your sitting at Auckland, I wish to make some revision. I find that the Taupiri Coal Company have, and do now, receive orders for and deliver trucks of coal to persons who are not members of the Coal-dealers' Association. The merchants also supply non-dealers at their sheds. Of course, there is one tariff for dealers, and another for non-dealers. Regarding the price of coal in 1900, I find it was 13s., so that the company have raised the price 3s. between 1900 and 1909. Since 1900 house coal has risen 7s. a ton, divided thus: Mine-owner, 3s.; merchant, 3s.; dealer, 1s.: total, 7s. to the public. I cannot give the price at pit-mouth to me in 1900, as, after selling my business five weeks ago, I destroyed all my old books and papers.

ALBERT CRUMB, Brick and Tile Manufacturer, Manager for New Zealand Brick and Tile Company, examined on oath. (No. 191.)

1. *The Chairman.*] What experience have you had in this business?—Practically all my life in the trade; with this company six years and nine months.
2. Three or four years ago, what was the price of bricks?—45s. per thousand.
3. What is the price to-day?—46s. 6d. That is after allowing discounts and commissions.
4. What do the public pay?—49s., less 2s. 6d. if paid within one month.
5. *Mr. Fairbairn.*] We had other evidence as to prices?—I am speaking of bricks at the works at New Lynn. 1s. 9d. per ton cartage is charged, one to twelve miles. The freight would be 5s. 10d. per thousand for railage.
6. What would the carting from the railway be?—It would depend on the radius—6s. to 10s. per thousand, perhaps.
7. *The Chairman.*] You have been in the brick trade all your life?—Yes.
8. Assertions have been made about the tremendous rise in bricks—that they are nearly double?—For three years we got 45s.; then we were likely to be a big firm, and, owing to competition, there was an attempt to run us out, but our competitors failed, and now we charge 46s. 6d. instead of the 45s.
9. There are only two brickmaking establishments?—There are several: three big places.
10. What is the understanding about prices?—That is the understanding. We just put our heads together, and agree that that is the best price we can sell at. In 1905 the price was 45s.; that remained for three years, then cutting came; and now the price is 46s. 6d. The 45s. was less 2½ per cent.; the 46s. 6d. is net—49s., less 2s. 6d. for monthly payments.
11. What is the mode of procedure when you confer as to the prices?—There is no bond; we can pull out whenever we are dissatisfied, but that means a cutting-price. The understanding is not altogether verbal; we put it in writing. There are no penalties, but we know if we pull out, bricks will come down to cutting-price—bricks came down to 30s. per thousand in this way once, and they cannot be produced for that money.
12. Your company has been in a flourishing condition?—It is now; but up to now no dividends have been paid. The capital has increased only a little—£6,000 in a £25,000 concern—£1,000 per year that is. We put the profits into the business. That includes the plant. There has been no profit; it has been outside money found; we have had to call up increased capital to the extent of £6,000. We have fully paid-up shares now. Several Auckland builders are shareholders. They do not get any favourable prices for the bricks.
13. *Mr. Hall.*] What is the price of bricks in Sydney?—Fairly dear, I think—over £2, I think. I have all the particulars. Bricks from Sydney here cost £8 per thousand to the builder. There is no trade in bricks. The bricks are made cheaper in Sydney, but sold dearer than they are in Auckland, I believe. They are better bricks.
14. *Mr. Leadley.*] How does the quality compare here?—Not at all. They have better clay here than down south, and they make worse bricks. The Auckland bricks are really bad. That is due to the rough-and-tumble way of doing business—anything is good enough for Auckland. Even the bricklayers born here never learn how to make a brick. The bricks are rough and bad, and the joints are all over the place.
15. You have fixed up the latest machinery?—Yes; and I think we are making the best thing; but anything sells in Auckland. Auckland does not appreciate good bricks, or good anything. We made a better brick than other people, and could not even get 6d. per thousand more; then we made a worse brick, and sold for less. We are making fancy bricks. We are making face bricks for the Y.M.C.A., and others are making the inside bricks.
16. *Dr. Hight.*] Have the wages of brickmakers been increased?—Yes.
17. By 1d. per hour?—Well, once you could get good men for 6s. per day, now we pay some men 14s. per day.
18. It was stated in evidence that when the brickmakers' wages were increased 1d. per hour, and in some cases 2d., the price of bricks was raised 2s. 6d.?—Yes, that is so.
19. Do you consider that was a fair increase in price?—It is more than it should have been raised; it allows the man a penny and the maker a penny.
20. What would a penny per hour represent in the cost of production?—Take fifty men at 1d. per hour, and you are producing, say, 20,000 bricks per day.
21. *Mr. Fairbairn.*] That would be 1s. 9d.?—Well, the increase was 2s. 6d.; but, of course, the men do not do the work now that they did. One man used to do the work of three—not in

brickmaking. In my time in the south one man would do as much as three men here. The tradesman had a bigger move than he has now.

22. *Dr. Hight.*] You think the workers have shown a perceptible slowing down?—Yes. I think that is due to combination of labour—the men will tell you that. I have not got unionism set, but they say that the people below them were fools to work so hard, and the present-day men are not going to waste themselves in this fashion.

23. *To Mr. Leadley.*] The price of coal has increased from 2s. to 5s. per ton for slack at the mines. That was waste coal at one time, and freights have to be added—6s. 8d., I think.

24. You have not told us the ruling rate of wages?—8s. 6d. for rough labour. When the award was raised we had not a man working at the minimum wage. We have all good men. We have one man working at 14s. per day, although his minimum wage is 8s. 6d. All our men are at 9s. and 10s. The average rate would be 1s. above the award, or, perhaps, 1s. 6d. If we get a good man, we put up his wages.

25. One witness represented that a man could not possibly last at the work, the rate the men were driven?—There is nothing in that.

THOMAS BELL, Manager, Union Soap, Oil, and Candle Factory, further examined.

*Witness:* I come here to explain that Mr. Hall did make the proposal for a forward contract, and I shall send a statement to the Commission in Wellington as to the details.

WILLIAM BRACK LEYLAND, Manager of Leyland-O'Brien Timber Company, examined on oath.  
(No. 192.)

*Witness:* For the sake of brevity, I have condensed what I wish to say, and submit the following statement—Wages: The increases for six years at our Customs Street mill for seventy-six men and boys, doing same class of work and working same hours, is—1906, wages weekly, £138 12s. 6d.; 1912, wages weekly, £195 15s.—an increase of £57 2s. 6d.=41 per cent. Out of sixty men—mill and yard hands—now at work in this mill, twenty-four are receiving more than award wages, or, say, 40 per cent. In fixing wages we do not discriminate sufficiently between labour and labour combined with intelligence. The minimum for the labourer in our business may be low, but it is high—too high for some men; and the employer, as a rule, is only too willing to pay more than the award to the man who combines labour with intelligence. As to the cost of production and retail price of timber, after patient and exhaustive inquiry the finding of the Timber Commission was as follows (report, p. vii): “Bearing in mind cost of production, we have come to the conclusion that the average prices now obtaining for the great bulk of the timber are not unreasonable.” The royalties on kauri have quadrupled in ten years; must be prepaid, or pay interest; must take all fire risks. Bush wages: 35s. to 45s. per week and found (10s.) ten years ago, 57s. 6d. to 70s. at present and found (20s.). Accident insurance: 5 per cent. on average of £208=£10 per annum, or, say, to insure 100 bushmen costs £1,000. Interest: Owing to royalties and increased cost of working, distance, &c., logs in creeks now cost quite as much again as they did ten years ago, so we have to pay twice as much in interest for twice as long a period. Depreciation: As logs now average twice as long a time from stump to tidal water, in addition to generally having to come over rougher country, the depreciation is at least 33 per cent., of 10s. value per 100 ft., whereas it used to be 10 per cent. on 4s. value. Cost of booms have increased, and we have to face blackmail in the form of bogus claims and unfair claims for alleged damages done to property bordering on creeks where driving. As proof of increased cost of getting out kauri, ten years ago we let a contract for felling, cross-cutting, and putting logs into the Waiwawa River at 2s. 8d. per 100 ft. super. We have at present a contract let for putting logs in the Waiwawa River at 6s. The contractor wants a rise; says it will cost 7s. In further proof—buying logs in the open market: We bought ten years ago logs at 4s. per 100 ft. super. From the same man we lately bought logs at 9s., or more than twice the price; and these logs have to be brought to Auckland at a 50-per-cent. increase in freight. Then we have frequently owing to being unable to regulate freshes that bring out logs, to suffer very heavy loss by the salt-water borer *Teredo*. This loss alone has amounted to thousands of pounds in Auckland alone. Income-tax unfairly levied on timber cut from Crown lands or freehold adds to cost of production—*i.e.*, for illustration, a bush, cutting rights only, costs, say, £10,000. The miller will, we say, make a profit of £3,000. On this he pays 6 per cent. income-tax, which is fair; but he has also to pay 6 per cent. on the £10,000, as he is not allowed to charge this amount to cost of goods he sells. It is claimed that this is capital. This cannot be capital, for a timber company with a capital of, say, £50,000 will in time pay several times the amount of its capital for standing timber, and so he might have to write off the amount of the capital of the company much more than was ever put into it. Prices: Kauri—first, 25s.; medium, 19s. 6d.; second, 12s.; s. Ht., 10s.; inferior, 6s.: total, 72s. 6d., which averages 14s. 6d. The discount is 1s. 6d., which leaves 13s. as the average price obtained. This does not include claims for allowances and bad debts. Freights: Coastal freights have increased from 25 per cent. to 100 per cent. during the last ten years or less, as follows: Tairua, formerly 1s., now 1s. 3d. per 100 ft.; Wharekawa, formerly 1s., now 1s. 6d. per 100 ft.; Mercury Bay, formerly 10d., now 1s. 3d. per 100 ft.; Whangapoua, formerly 1s., now 1s. 6d. per 100 ft.; Cabbage Bay, formerly 6d., now 1s. per 100 ft.; Mangawai, formerly 8d., now 1s. per 100 ft.; Waipu, formerly 1s., now 1s. 6d. per 100 ft.; Mangapai, formerly 9d., now 1s. 3d. per 100 ft.; Whangarei, formerly 9d., now 1s. per 100 ft.; Kauri Mountain, formerly 1s., now 1s. 6d. per 100 ft.; Ngunguru, formerly 1s., now 1s. 3d. per 100 ft.; Takou Bay, formerly 1s. 3d., now 2s. per 100 ft.; Mangonui, formerly 1s., now 1s. 6d. per 100 ft. The wages on the “Stella” when we took over the management were £87 per month; now £140. We could not face this and a big internal repair bill, so we have had to lay her up. We have bought another vessel which will cost less to man, but her owners would not have sold if they could have made towing pay. Rent: We are apt to forget that only a small proportion of the

workers pay rent to a landlord. It would surprise you if you knew the number of houses, say in Ponsonby, in which the dwellers are the owners, or own a considerable equity. In the street in which I live every house is owned by the occupier, and I know of another street where only one occupier pays rent to a landlord. Now, if we take the average cost of an artisan's dwelling at £600, and the average equity at £200 only, and the average interest at 5 per cent. plus rates, &c., the rent would average under 10s. per week. I am not trying to prove that rents are not too high, but that the difficulty of making present wages sufficient is often because a man forgets he is thrifty, and is saving weekly by paying off principal as well as interest. Cost of timber is only a small factor in increase; cost of house, land, labour, and other materials all contribute their share, especially cost of land. Whilst it is true that the increased cost of timber is one of the factors in increase of rent, rent also is one of the factors in increased cost of timber—*i.e.*, about twenty-three years ago we, at auction, being the highest bidder, got the lease of about three-quarters of an acre where our Customs Street mill stands for £166 per annum. About two years ago the lease expired; then, without any tenure, which barred all improvements, we had to pay £500 per year. Now we are to get a lease of the same area with less water frontage for £750, an increase of 450 per cent., and proportional increase in rates. This area is worth it for general business sites, but, unfortunately, timber takes a lot of room, and to go further from the town would mean more than the saving in cartage. We pay over £3,000 per year in rent, wharfages, licenses, rates, and taxes before we get one penny for wages. In my opinion, the cost of living has increased proportionately with the increased standard of living, increased comfort in the home, and greater indulgence in various luxuries and amusements which inevitably accompanies increased income. The necessaries in food, bread, butter, meat, bacon, sugar, tea, &c., do not cost more than in England. Wages for labouring-men are twice as high, but he has to pay about 25 per cent. more for rents and imported goods. This leaves him with at least a 75-per-cent. advantage over his fellow-labourer in the Old Country. Very many workers do not waste this advantage, for in addition to shorter hours and increased comfort they are paying for their homes.

1. *Mr. Fairbairn.*] We have to inquire into the question of trusts and combines: is there anything in connection with the timber trade in this way?—I was a member of the Timber Commission; we were very keen to unearth any combinations, but we failed. We are a registered union of employers, an association, and the only rules that bind us are approved by the Registrar of Industrial Unions. We meet together, and say the prices ought to be so-much, and we issue a price-list, and the prices are not always rigidly adhered to. There is no penalty for not keeping the prices according to the list. [Handed in.] Kauri, of course, does not enter more than 15 per cent. in the local timber-sales. We do not all work on the same price; I produce various timber companies' prices. We have no bond, and no penalty in case the prices are not adhered to. These various firms compete with one another in the Auckland market.

2. *Mr. Hall.*] The opinion has been expressed that it would be desirable to reduce the duty on Oregon?—Certainly. We pay \$5 for Oregon. America has reduced the duty from \$2 to \$1.25 to Canada.

3. Our local duty is 4s. per hundred?—2s. per hundred, I think. That is on sawn and undressed timber. There is a freight rate against the farmer of 50 per cent., which is a very cruel thing to the farmer. They have to pay rate and a half, and it is a lighter timber to carry than kauri or rimu.

4. It would be in the interests of the community generally to reduce the duty?—Yes. If I were a consumer I should advocate the total abolition of duty; considering how soon our supplies will be exhausted, we should be glad to take it. The Americans will wake up some time and refuse to export. We are large holders of timber areas, but in spite of that I think timber import duties ought to be abolished, and also the differential rates. There are also anomalies in royalties. We pay in advance on gross lot here on the tree standing, and in Westland and Nelson they pay on the sawn output. Thus we pay twice as much royalty as the Westland people do; and they say the waste is about 60 per cent. The Timber Commission made a strong recommendation for alteration in this direction, but nothing has been done. I do not know why this has not been done. We bring timber to Auckland by rail fifty miles, and I pay 2s. 2d. freight—rough or sawn. If we export we pay wharfage, and for fifty miles in Westland they pay 1s. 4d. per hundred, and no wharfage. I think they pay wharfage now, but they did not at the time of the Timber Commission. I am speaking of rimu timber here. There are differential rates in the different districts for other timbers. The West Coast had always had a “favoured nations” clause, according to Mr. Ronayne.

5. *Mr. Hall.*] What length of time will the kauri last?—It is difficult to say, owing to high prices tempting contractors to work timber formerly considered inaccessible. Fire destroyed more kauri than the axe, and it is difficult to reckon such losses. I think it is a folly to set up a tariff war against a commodity of which we are short, and will soon be shorter. There is no better timber than Oregon for joists, &c.; but if the Government were to put Oregon in, say, this building, a profit to the Dominion could have been made on exporting the kauri and importing the Oregon—10s. per hundred profit. Mr. Kensington limited the life of timbers for New Zealand to fifty years, but this is admitted to be too long, taking increased consumption into account. This shows the need of conservation, in the interests of the Dominion as a whole.

6. *Mr. Leadley.*] The argument *re* imported Oregon would apply also to hardwood?—Yes. We have only puriri, which is scarce, which comes into competition with hardwood. Puriri is better timber for sleepers than jarrah. We have had puriri in bridges for sixty years, and is still perfectly sound. I think the duty on hardwoods should be removed, and the differential railrage rates should be removed too.

ADAM NIXON, Engineer on Devonport Steam Ferry Company, examined on oath. (No. 193.)

1. *The Chairman.*] Can you tell this Commission anything *in re* rise in cost of living?—I have had a considerable amount of experience in the fish trade. I have been engineer on trawlers, also in freezing-works, and in hook-and-line work, and I have seen the fishing industry in all forms. I have invested capital in the trade. I consider that the system is altogether wrong. We have had here wrangles between fishermen and dealers. The fishermen have a union to fix the price. I am a unionist myself of thirty-three years' standing, but I do object to a combine. We are told that the dealer regulates the price. The dealer does not. It is impossible for any man to sell cheap fish under present conditions. In 1902, speaking from memory, we had a trawler, and during the time she was running we had a regular supply of fresh wholesome fish alongside Auckland wharf every morning. There was a great agitation that the trawler destroyed the young fish. There was only one man for the trawler, and all the others were against her. The trawler belonged to Mr. Sandford. We were driven into the middle of the gulf with bad weather, and the Inspector came and seized the boat. Then Mr. Sandford got lines to work, and paid the men 45s. per week at the lowest. When we went to the Thames there was no freezing-works and no oil-engines. Flounders then were 1s. 9d. and 1s. 6d.; to-day they are 3s. 6d. To-day on the Thames there are three freezing-works and an up-to-date method of handling the fish, but not of fetching it. Fish is 100 per cent. dearer than before there were these methods. The gulf would not stand the trawling, it was said; it would exterminate the fish. But after two years we got more fish the last six months than we did for any twelve months previously. We have not in our market to-day, and have not had, any soles, very few skates, and I have not seen a crayfish since the trawler was stopped. When we erected the freezer on the Thames we had eight miles of nets; to-day the nets would reach twenty-five miles from all the boats. And yet the fish have gone up 100 per cent. There are as many fish caught, but the catching is distributed among so many that the men do not make the same money. I have seen men coming in with nets ripped to pieces with sharks, and they did not catch the sharks. With the trawler we never lost our nets, but we caught the sharks—the fish's greatest enemy.

2. Has the trawler a smaller mesh?—No; the Government regulation is 4 in. We made the mesh a little larger. I have spoken to members of Parliament and leading officials, and they could give no good reason. With the present method, with all the nets, they cannot fish fifty miles of the two hundred miles in the gulf; 150 miles is not fished at all at present, excepting with the hook and line. The price of fish from the fishermen goes by the bundle—say, sixteen. Four schnapper might cost the dealer 7½d., and the most he could realize would be 10d. We who take any interest in the fishing industry think that 10d. is too much by 100 per cent. for that fish; it should be sold for 5d., smoked and finished. The dealer has no guarantee that the fishermen will supply the fish—even that they will go to work. I have seen men sitting round the fishing-sheds doing nothing; but the dealer has to keep his own men about in case the fish are brought in. Notwithstanding all that is said about the combination of dealers, the combine is with the fish-catchers. I say the fish at present ought to be retailed at 2s. 6d. per bundle to the public. I have discharged nine cart-loads of fish from the trawler in the morning; by 2 p.m. every one of those fish were cleaned and distributed round the City of Auckland and suburbs. To-day it would be a sight to see a fish-cart round the town; I have never seen a cart in my street the four years I have lived there. There is nobody making any money out of the fishing industry, and the public has to pay all the time. The only people making money is the Vacuum Oil Company for benzene, and the people who supply the nets. As regards the trawler, that was stopped; she was left to rot on the beach. They were simply told that they could not fish, because they were driven by bad weather into the limits where they should not fish; there was no redress. I heard a man who gave evidence here boast that he made £20 last trip, and I asked if he thought it reasonable and fair that he should make £20 in three days when another working-man could not buy fish for his children. Then he started to talk of expenses, and it turned out that boats and nets cost two-thirds of the £20.

#### WELLINGTON.

TUESDAY, 2ND JULY, 1912.

WILLIAM ARMSTRONG BOUCHER, Assistant Director of Orchards, Gardens, and Apiaries, examined on oath. (No. 194.)

1. *The Chairman.*] Have you held your present position long?—Since the reorganization of the Department—three years; prior to that I was Pomologist for the North Island.

2. Can you tell us if the fruit industry is flourishing in New Zealand?—Yes, particularly since we have put into operation the Orchards Diseases Act. The expansion of the industry has been considerable. Last season in one district over 200,000 trees were planted; in this same district this season more than 200,000 will be planted—that is, in Nelson and surrounding districts. The greater number of these trees will be apple-trees; the expansion at present is particularly in apples, the idea being to establish an extensive export trade.

3. Will New Zealand then have to pay more dearly for apples?—Not necessarily; at present fruit is altogether too high in value, and we want to reduce the price to the consumer.

4. How can you prevent what has happened in regard to meat—that we have to pay twice as much because of the export trade?—The principal trouble at present is that there is too much difference between price to grower and price paid by consumer; the latter price is about the limit, and cannot well be increased. Taking some of our markets: If a case of apples is bought at 8s.—2½d. per pound—it is retailed at 6d. per pound. Very few people of moderate means—the majority of the people—can afford 6d. per pound, therefore the sale is decidedly restricted. We want a different system of marketing altogether. At present there is no organization for the distribution of fruit in quantity to the homes; it is bought at retail shops at the shop price. If apples are bought at 8s. per case, they are sold at 16s. per case—at that rate per pound. That is, buying in small quantities.

5. We have had complaints from witnesses as to growers getting far less than 8s.—I have the returns—the wholesale prices, the auction prices, and the prices charged retail—and I shall put this in.

6. Could you give us an idea how those prices compare generally? Tell us about Christchurch, for instance?—For apples, 1d. to 1½d. per pound wholesale. Fruit is sold differently in Christchurch; it is sold by the pound, not by the case. The recognized case is the standard bushel of 40 lb. net weight of fruit. That would, at 1½d. per pound, be 5s. per case. Lately the price has gone up to 2d. and 2½d. That deals only with good-quality fruit; we do not in our prices consider anything else.

7. That is the tip-top price?—Yes; some fruit that comes into the market is not worth these prices. The branding system is recognized of value by commercial growers. Complaints as to the prices come mostly from the growers, who do not understand the handling of fruit. The fruit is inferior, the grading and packing poor, and old cases are used, and the result is an unattractive sample altogether. Unfortunately, the fruit is sometimes "topped" with good fruit. That is done by farmers who have merely a few cases of fruit they want to sell. He therefore does not receive proper value for the fruit at times, and often it is not really worth more than it fetches.

8. Have you any statement to make?—Yes. With reference to price paid to grower and price paid by consumer: There is no doubt that high retail values are restricting the output, and I have one or two suggestions to make that might enable the general population of New Zealand to get cheaper fruit. The Prime Minister proposes to arrange for the despatching of fruit by post. If that is carried into effect there is no doubt it will be a most important departure, ensuring a better supply of fruit—better in quality and quantity, and better in price. In order to establish a quarter- and half-case trade, there should be co-operation among auctioneers, and reasonable delivery-charge. We have our milk, butter, and meat delivery every day at our homes, but no definite organization has been made of the fruit trade, and therefore we all purchase by the pound. If organization has brought about the delivery of other commodities of life, why not fruit? Another thing in connection with the handling of fruit: We should have our season prolonged greatly if cool-storage were used. We are importing £56,000 worth of fruits that we could grow here—apples and pears. If it pays the growers in Tasmania and California and Canada to pack for our market, and send their fruit here, why should it not pay our growers to store the surplus stocks of fruit, and bring them on to the markets in time of scarcity? In connection with co-operation amongst auctioneers: If this were carried into effect, it would be possible that more reliable information could be furnished to growers as to the quantity of fruit any market wanted at a particular time. At present the growers are in the unfortunate position of not knowing the condition of any particular market at any particular time. The result is that in various centres the market is oversupplied for the time being, with no benefit to the growers, and the consumers do not benefit either. The return I shall hand in will show that usually the retail prices vary little throughout the season. With better organization and co-operation amongst auctioneers, it would be possible for the auctioneers to say approximately the amount of fruit required. That is done in California. At one time I used to live there, and have therefore a personal knowledge of the system. At one time the growers of oranges and lemons were so hardly pushed that they were faced with starvation. A few wealthy growers combined to start a co-operative organization; they won over all the growers, and established their system, and under that system the citrous fruits are sold. One man in Los Angeles practically manages the whole affair. He knows the conditions of all the different markets, and issues his instructions for the quantities of fruit to be sent to the various markets. So many cars are sent here, and so many there. If the market is poor in the meantime during the transit they are diverted, and the organization is so perfect that cars may be a month in transit, and yet arrive in the nick of time, when the market is right. We want a similar organization here, so that proper quantities are sent to the different markets, and surpluses are taken from one market to another. This season we should have sent 80,000 cases of apples, and realized very profitable prices, but all we were able to send amounted to 6,544 cases. That was largely due to want of proper organization among growers, and want of knowledge of the markets. After one order for 20,000 cases had been declined in various districts, I found that one district could have provided 10,000 cases easily. That was, instead, placed on the market, with the result that we got a glut; it dropped in value to the grower in this instance, but not appreciably to the consumer.

9. You would consider the loss is owing to want of organization of the fruit industry?—That is so. There is another important way of development for the disposal of surplus soft fruits—canning. That will develop inevitably in New Zealand. It may be interesting for you to know that at present an effort is being made among Auckland growers to form a company, with a capital of £25,000, for canning fruit. I hope before next season that company will be in actual operation. The prospects before it are good.