

say it is sold at about one-half to two-thirds the price of kauri; Manila that would look like kauri would be sold at half the price. I met a large varnish manufacturer when I was in England the time before last. Gum at that time had risen very high, and he said to me, "I have done with kauri-gum. I am not to spend any more on these booms. I have altered my system of varnish-making, and I am to depend upon Manila." That appeared to show that kauri was not absolutely necessary. It was not a fact that certain inferior gums are saleable now which have never been saleable before; inferior gums have always been saleable. I believe Zanzibar competes with the higher classes of kauri. I have seen New Caledonian gum; it looks like Manila gum. I would not touch half a dozen sacks of it; and I am strongly of opinion that the importation of varnish gums should be absolutely prohibited here. Some time ago a few tons of New Caledonian gum came, and now whenever people get a quantity of kauri that looks like New Caledonian gum they believe they are getting a mixture. I cannot account for the fluctuations in price except in this way. Roughly, three-fifths of our production of kauri is consumed in the United States, and the remaining two-fifths in England and the Continent. In the United States they had a great financial crisis some four or five years ago, and their demand was considerably reduced. The production of kauri went on exactly the same, but there were people here enterprising enough to ship all that the Americans had been taking to London. The consequence was that the London stocks were immensely increased, and instead of a little over 600 tons they had over 2,000 tons of stock. It has taken fully three years to reduce that stock. I have no reason to believe that there is combination of brokers in London. I have heard a lot said about that, but I have no evidence. We used to have to complain of excessive sampling in London, but there is much less of that now. There is, of course, loss of weight due to natural dryage. Two years ago an analyst told me that kauri-gum contains 5 per cent. to 15 per cent. of moisture; there is therefore a legitimate loss of weight. In shipping the kauri-gum we put into each 2 cwt. case from 1 lb. to 3 lb. more weight than we invoice—1 lb. in the best quality, 2 lb. in the medium, and 3 lb. in the poor. We used to find that our loss in weight averaged 5 lb. to 6 lb. all round; that was due to sampling, to the natural dryage, and to the system in London of turning all the gum into a heap and putting it back into the cases again. I never heard of such a thing as putting inferior gum into cases which had held good gum. I do not believe there is anything in the way of robbery going on, but considering the rate of wages in London I think the dock charges very heavy. They pay 5d. an hour for labour in London. We pay nearly double, and any gum merchant here would be willing to do the same for the same money as we pay the London agents. When we complain, they tell us they have very heavy ground-rent to pay and that the fire insurance is very high. I have had to pay 2s. per cent. per month when the rate in Auckland was 2s. 6d. per cent. per annum. Germans are going into the varnish market very much; they use kauri, and they buy part of it in London. I think they get part of it direct. I think an export duty would be a great mistake. The digger would have to pay it, but if he got better roads it might pay him to pay the duty. I look upon an export duty as the same thing as if a bonus were offered on the Manila gum. It is just a question of the point at which manufacturers will leave our gum alone. £2 or £3 might turn the scale. I do not know if Manila gum could supply the whole market, supposing an export duty put kauri-gum out of the London market. A sliding scale, I think, would be less prejudicial than any other duty.

*Leonard A. Bachelder*, local representative of Messrs. Arnold, Cheeny, and Co., gum-merchants, having been sworn, and heard the evidence read over that he gave before the former Commission, saith: I confirm to a great extent what I then stated. We are, however, paying much higher prices for gum than we were then. We are getting the highest prices now for gum that has ever been paid, and yet the production is less than it was when I gave that evidence. This I attribute to the improvement during the last few years in the timber and mining industries. If kauri-gum advances, other gums must also increase in price. I believe Zanzibar gum would be a competitor with our gum if there were better facilities for getting it out. When I first went to Zanzibar, in 1875, we bought very largely of Zanzibar gum, and very little kauri. There was not much trade in rubber then, but now the natives can make more from the rubber than the gum. Zanzibar gum is altogether different from kauri. It is equivalent to the very best kauri, being a perfectly bright and transparent gum, and so hard that it is washed with caustic soda, which saves scraping. In my evidence before the former Commission I gave the average price of kauri-gum at from £45 to £53 per ton. The price has advanced from £10 to £15 per ton since then, and perhaps more on the average. I think the high prices ruling for good qualities has created a demand for lower-grade gum. What formerly we could buy at £45 is now worth £60. I think kauri-gum is holding its own against Manila and Zanzibar at present, but I think Zanzibar gum can be produced in large quantities if required. It only wants opening up. If the Commission recommended an export duty on kauri-gum the first result would be to reduce the prices paid here to producers. The higher kauri-gum goes it must certainly raise the prices of other gums. Increasing the cost of kauri-gum would result in encouraging the use of gums from elsewhere. If gum was raised in price 2s. per hundredweight I do not think varnish would be advanced in price, because other gums would be used in its manufacture. I notice in the evidence that in the country there has been a good deal said about the "gum ring" in Auckland. Now, I say that "ring" does not exist. There is as little combination amongst buyers of kauri-gum as in any business I know of. The quality of the gum varies so much that the price paid all depends upon the judgment of the buyer. I think both here and in London and New York prices are regulated by the question of supply and demand. I have never heard of "futures" in the gum trade. A man here buys entirely upon his own judgment as to the value of gum. We do not buy much gum direct from the diggers. I have not had any dealings to speak of with Austrians, but I hear them very well spoken of by all storekeepers as men who always pay well. As to their sending so much money away, it must be remembered that if gum to the value of £400,000 is shipped away in