

164. That rule applies to all flour-millers, merchants, or salesmen, does it not?—Yes.

165. You have had opportunities for observing the contest which has been going on in Dunedin between Steven and Co. and the Flour-millers' Association?—Yes.

166. Now, on the question of reducing the price of flour, from your observations—you have seen the quotations which have been put before you—in your opinion who is responsible for the reduction in the price of flour to its present low level—the Flour-millers' Association or Steven and Co.?—As far as I can see, since Steven and Co. withdrew from the association the association has been on the defensive all the time.

167. Do you mind explaining that a little more fully?—A few days before the expiration of the agreement Steven and Co.'s salesman was out on the line offering bakers little side inducements in order to obtain business. At that particular time there was a drop in wheat, and flour was brought down in price, and then these little inducements came in again—such as paying railage, cartage, and so on. These inducements were not being offered by the association, as they sold f.o.b. train. Mr. Dall said, "We will pay railage; and if the association offer you anything more we will do the same." The last drop in flour was made by Steven and Co. They said the competition in fifties was too keen—that there was not a proper margin between fifties and sacks, and consequently they reduced sacks by 10s. a ton.

168. Then, your observation is that the association acted on the defensive?—Yes. That ten-shilling drop was not made in the interests of the public, because Steven and Co. knew full well that we could not afford to reduce the price of bread in sympathy with that 10s. It was simply a cut, and the association was forced to follow suit.

169. Will you explain that?—Supposing there was a drop of 10s. a ton in flour and we were to reduce the price of bread by $\frac{1}{2}$ d. on the 4 lb. loaf, then we should be 18s. per ton out of pocket.

170. The smallest fraction by which you can reduce or increase the price of bread is $\frac{1}{2}$ d. on the 4 lb. loaf?—Yes.

171. And consequently a drop of 10s. does not enable you to go up or down $\frac{1}{2}$ d. in price?—No.

172. There has been a suggestion made that the association forces certain brands of flour upon the bakers who cannot get the brands they want?—Our experience has been the reverse. I have always got the brand I chose except, I believe, on one occasion, when we were on what we call a "spurt." At that time every one wanted to buy, because things were booming. I went up to the agent of the association and said, "I want another 25' tons." He said, "I do not know about that, Mr. Laurenson. Whose flour do you want?" I said, "I will take the usual brands"—that was Steven and Co.'s, Evans's, Harroway's, and Hudson's. He said, "Some of these will not supply"; and I said, "Whose can you sell?" and he named the mills that would sell, and I accepted them.

173. What has been the effect of the formation of the Flour-millers' Association, according to your observation, upon the price of flour and the quality of the flour generally?—I am not in a position to compare the prices, because I should have to go into the price of wheat, and that, of course, is out of my line. I would rather confine myself to the quality. The quality has been materially improved in this way: that the millers have endeavoured to work up to a higher standard since the formation of the association than they did before; so much so that there is practically no difference in the several brands of flour. From that I take it that, getting a payable price, they do not require to grind fowl-wheat, but grind first-class wheat, and consequently we have got better flour, and the public have been getting the very best bread. Under the cutting system a man is often compelled to use wheat which is not fit for human use, because he is forced to try and make ends meet.

174. *Mr. McNab.*] Under your rule which prohibits a miller selling to a man who cuts prices, would it not operate in a case like this: that where a baker, through improved methods, is making a profit quite equal to yours, but is underselling you, your rule would prohibit the flour-miller selling to that man?—We do not prohibit the miller selling to such a man at all. If he likes to take up such people he is welcome to do so.

175. But would you not withdraw the custom of your members from him?—Yes.

176. And that would apply to such a case as I have mentioned: where the customer who causes the trouble is making a profit equal to your own but does not always sell at such a high figure?—It does not always follow. With our arrangement with Steven and Co. there was one particular firm that always undersold us, and a condition was set out that that firm should be allowed to sell at $\frac{1}{2}$ d. per 4 lb. loaf less than our price. If there was any other special case I have no doubt Steven and Co. would have embodied that also.

177. But under the rule as it at present stands the case would not be covered?—No.

178. *Mr. Rutherford.*] If a baker started with improved machinery whereby he could turn out bread $\frac{1}{2}$ d. cheaper than you, would not all the other bakers follow his example?—They might do so.

179. Do you think they would still retain their old-fashioned method of bread-making?—Well, we are a poor lot, and not in a position to put in improved machinery. The machinery in bakehouse-work is very expensive for men of small means, like the majority of us, to get.

180. Would not municipal bakeries pay, seeing that municipalities can provide the means for obtaining improved machinery?—Of course, that is a moot point. We fear no fair competition from municipal or co-operative bakeries; but what we object to is this: that bread should be made a leading article and sold at cost-price. If that were done by any large grocer or co-operative society, how should we be able to get a living?

181. In the event of a municipal bakery being started, and, through improved machinery, being in a position to sell bread $\frac{1}{2}$ d. per 4 lb. loaf cheaper than you were selling it at, where would you come in then?—Perhaps it would then resolve itself into a question of the survival of the fittest.