

survival of the fittest. The first principle of this association is to protect the weak from the greed of the strong, and to insure for all a fair measure of trade.

Charge 2: That the number of flour-mills in New Zealand is greatly in excess of the requirements of the colony and of its export trade.

This statement is apparently based upon the assumption that New Zealand flour-mills and their operatives should work night and day. Upon any other assumption the statement is quite untrue.

It is contended in reply that there is no reason why flour-mills and their operatives should work twenty-four hours any more than that other manufacturers should do so. The fact that there has been practically no export trade for the last three years, and that during that time many mills have been run from sixteen to twenty-four hours, whilst none have been actually idle, proves the utter fallacy of the charge. In any case, the machinery and plant was in existence before the formation of the association, which is not therefore in any way responsible for the alleged excess.

Charge 3: That the Millers' Association arranged to restrict the output of each mill and pool the product.

The full explanation of the objects and methods of the association given under answer No. 1 to charge 1 completely refutes the present charge. The actual operation of the association has been plainly stated, and speaks for itself.

Charge 4: That the price of the pooled productions of the association's mills was fixed to cover the cost of such reduced productions, and to provide interest upon the capital invested in plant and buildings while such were lying idle.

The answer to this charge is partly involved in the answer to charge 2. No mills have been idle during ordinary working-hours, as has already been pointed out, and the only factor regulating the output of mills is the demand for flour. No more time is now lost by the millers than was lost before the inauguration of the association, and if plant is lying idle it is certainly not the fault of the association. In any case, it is urged that if interest on the value of idle plant is being charged against the public, the economies, as explained under the answers to charge 1, overbalance it. As a matter of fact, however, no such interest-charge as is alleged is being made. The fact is that the great depreciation in the milling industry which prevailed for so long a time prior to the formation of the association resulted in a corresponding depreciation of milling property. The records of actual sales of milling properties at enormously reduced values conclusively prove this. The following are some instances:—First: The Crown Mills, in Dunedin, originally costing £24,000, fully equipped and in good working-order, and only five years old, were sold in 1898 for £7,000. The purchaser, after an expenditure upon improvements of £3,650, resold the property recently for £10,500. Secondly: The Auckland mills, which it is asserted originally cost £100,000 or thereabouts, were sold for £30,500, with all working plant included. Thirdly: The Canterbury Roller Mills, which cost £24,000, were sold in 1900 for £6,000.

Fourthly: A country mill, which in 1889 cost £10,000, was in 1896 leased for a term of years at an annual rental of £300, thus showing a writing-down of capital value from £10,000 to £5,000. These instances could be indefinitely multiplied, and many others will be given in evidence sufficient at any rate to prove that milling property is reduced to far below its cost-price.

It is confidently asserted, and, as far as such a general statement can be proved by evidence, it has been proved that all millers in New Zealand have written down the value of their plants in sympathy with the actual market values of the same, and that the difference between such cost has been written off as an actual loss, and no longer affects the calculation. Under these circumstances Mr. Taylor's charge No. 4 falls utterly to the ground.

Charge 5: That the Millers' Association has striven to establish a monopoly in the flour-milling business in New Zealand, and within certain areas has succeeded in doing so.

This is absolutely denied, and, as has already been pointed out, one of the main objects of the association is to prevent monopolies. It is a fact that the association aims at obtaining the sole agency for distributing the local trade of New Zealand, but its objects in so doing are clearly set out in answer No. 1 to charge 1, and are perfectly legitimate and unobjectionable. As a matter of fact, it is extremely improbable that such a result will be obtained, seeing that at the present moment there are in New Zealand as many mills outside the association as in it.

Charge 6: That unfair means have been used in Auckland and elsewhere to force free millers into the New Zealand Flour-millers' Association, such means including the sale of flour at prices fixed to render profitable trade by the Auckland and other millers difficult, if not impossible.

The association denies that it used unfair means to force Auckland or other millers into its ranks. What was done in Auckland happens every day in ordinary business. The southern millers found their Auckland trade (which had been about 700 tons per month) disappearing, and immediately concluded that they were being undersold. They then adopted the course usually adopted under like conditions, and in order to keep their trade lowered the price of their products. This was the very condition of affairs that obtained more or less all over the colony before the formation of the association. As a matter of fact, what is being done in Auckland is not the action of the association, but of private individual millers. The Auckland trade is on the same footing as export trade, and every miller who feels inclined has a free hand to sell as much flour in Auckland as he chooses, and at any price that he thinks fit, but at his own risk.

Charge 7: That the association has refused to sell flour to bakers who refused to charge for their bread the price fixed by the Bakers' Association, with which latter association the New Zealand Flour-millers' Association had a working-agreement.