

28. The high duty is the cause of tobacco being so dear in this country ?—Yes.

29. Is the profit made by the retailer not a remarkably small one, and may it not be compared with the profit made by grocers on sugar ?—I will admit that it is small, but I do not think any manufacturer can control that. It is due to the cutting system carried on by the grocers.

30. But if a State monopoly were created would not the grocers supply the tobacco at a very small profit ?—We have tobaccos that can be sold at 8d. a stick.

31. The point, after all, is this : Would not the grocers and other people selling tobacco at little profit continue to do so for the sake of attracting customers for other goods if tobacco were made a State monopoly ?—I assume they would. One of the things the legitimate tobaccoists want is a license issued in order to avoid the cutting of prices by the grocers.

32. Speaking as one of the public, I should say we want as much cutting as possible so that we may get our tobacco cheaper ?—Well, tobacco would not be up to much at 10½d. a pound.

33. Take the relative cost of tobacco : is it not a fact that it is sold at a very low margin of profit ?—Yes.

34. If a shopkeeper depended on the sale of tobacco he would hardly flourish; would he ?—There are people in this town who have made money by selling tobacco.

35. Is the American company here the same company which has increased its capital, according to the newspaper report this morning, to £72,000,000 ?—This is the New Zealand branch of it.

36. It is a branch of it ?—It is connected with it.

37. You are quite clear on that point ?—Yes.

38. Does the company here get its tobacco from that company ?—Yes.

39. *Mr. Hanan.*] Before the boycott by the American trust in respect to New Zealand goods how did your business fare ?—For some years I was doing pretty well, and I had to pay income-tax.

40. Up to when ?—About four years ago.

41. When was this boycott adopted ?—It was started by the company only about a couple of years ago, but they began cutting prices against us about four years ago.

42. But the falling-off in your business was not altogether attributable to this boycott ?—I put it that way, because the firms who for years had dealt with me were induced by the company to withdraw their orders from us on the ground that they could not stop buying Old Judge and Vanity Fair cigarettes controlled by the A.M.T. Co. Those who did stick to us were told that they would get special prices conceded so as to bring them to below cost.

43. If the boycott were removed, could you then compete ?—I think so.

44. Notwithstanding the continued cutting of prices ?—That is a question I could not answer.

45. With the cutting of prices that began four years ago could you have competed against the company ?—Not if they resorted to the cutting again. When they got me out of the distributors' hands they put their prices up again, and I assume that when all the factories are closed they will put the prices up higher.

46. Do you not think it probable that with their great capital they can continue to cut prices and run you out of the market altogether ?—Yes.

47. How many growers of tobacco are there in the North Island ?—There are one or two experimenting—they are not growing tobacco for manufacture.

48. How many have there been during the last five years ?—None.

49. How do you account for that if New Zealand is suitable for growing tobacco ?—In 1895, I think it was, an Act was passed increasing the excise duty. I stocked 30,000 lb. or 40,000 lb. weight of colonial leaf at one time, but when an Act like that was hanging over one's head one could not tell what the duty might be to-morrow.

50. The same might be said of any other industry ?—It does not affect any other agricultural industry in that way.

51. Have you not found a great difference in the cost of growth and production of tobacco manufactured in New Zealand ?—Yes, but we were supposed to get a concession.

52. Would not the protection you require mean a considerable increase in the cost of tobacco to smokers ?—No; the protection is there now. If the New Zealand leaf were grown there is a protection of 2s. a pound.

53. What protective duty do you think should be put on ?—I suggest that 6d. per pound should be taken off the imported leaf, to allow a larger proportion of blending with the American leaf, and 6d. per pound increased duty on imported cut tobaccos. We have not yet grown a leaf that every one will smoke.

54. Even with that protection could you compete against the American trust ?—I do not know that we could.

55. Do you not think that capital would win every time ?—I am afraid it would.

56. What is the paid-up capital of your company ?—Fourteen thousand pounds.

57. How long have you been in existence ?—Twelve years—about nineteen months as a limited company.

58. Have you paid any dividend ?—No, and we are now in liquidation.

59. If the State took the industry over could it compete against the tobacco trust ?—It could not help doing so, but we do not want the trade to be confined to New Zealand tobacco.

60. Does not any remedial measure mean increasing the cost of tobacco to the consumer ?—No. The Government could give a cheaper article. If the Government found employment for the people and retained the present profits from the duty that is all that is required.

61. Why do you think people would now go into the growth of tobacco ?—For the last few years we have been getting a different class of settlers up north, and they are prepared to go into any new thing. Twenty years ago it was a common thing to see people growing the plant.