

amounting to £112,001. The output of the mills was worth £359,382. They are protected to the extent of 22 per cent., and 22 per cent. on this £359,000 is £79,064, so that we already give the woollen-mills a bonus of £79,064. Then, in addition to this, the people have to pay duty through the Custom-house to the extent of £81,034, making a total of £160,098. This is the whole cost of protecting the woollen-mills, and in addition to that we have to add the wholesale and retail profit upon that duty, which amounts to £80,049. It therefore costs us £240,147 to protect a wage-sheet of £112,001, so the country loses over £100,000 per annum for the protection of the woollen-mills. Now, the colony imported and produced—I have taken the total amount of goods imported and the amount of goods produced in the colony—a little less than one pound's worth of woollen goods per head per annum. But this one pound's worth of woollen goods costs the community £1 6s. at least—it would be even more than that, because it is somewhere between £1 6s. and £1 10s.—and for this they only get one pound's worth of woollen goods in value. Therefore the people cannot buy colonial goods because they have not the purchasing-power with which to purchase them. Let us turn to the Auckland manufacturers engaged in making up these imported goods. I called upon the manufacturers of Auckland to find out what percentage of goods manufactured in Auckland were imported, and two out of three of the largest firms gave it to me as over 50 per cent., one 20 per cent., and in my own business I make up over 75 per cent. of imported goods. If you take that as a criterion of the amount of imported goods made up throughout the colony, I have estimated it as 30 per cent., and therefore I have taken 30 per cent. as the number of hands engaged in that wholesale manufacturing trade. That is to say, 850 workers in the colony are employed in making up goods in the wholesale, and in the retail tailoring 1,621, making a total of 2,471 people who are employed in this industry. In the woollen industry there are only 1,600 hands employed in the whole of the mills of the colony. Therefore in order to further protect the woollen-mills an increased duty is asked for to be put on the raw material of 2,071 workers. When there was a duty on sugar in England there were a large number of refineries throughout Britain, but when the duty was taken off sugar many of those people went out of business, but immediately there sprung up throughout Britain a large number of industries that used sugar in their productions. The reverse of that case is being tried in New Zealand. By increasing the cost of woollen materials you will reduce the number of workers employed in the industry and the quality of the goods. There has lately been a change in the fashion and demand for certain classes of tweed in New Zealand. People have changed their demand from the colonial tweeds to the finer vicuna and worsted fabrics, but it is only a matter of a short time when there will be another reversion, and they will probably change back to New Zealand goods. One thing detrimental to New Zealand goods is that the woollen-mills are able to turn out certain goods of only a limited number of patterns, and if people were compelled to use colonial tweeds they would appear in a kind of uniform. But there are certain classes of goods which our woollen-mills can make the best in the world. Take, for instance, blankets: In 1891 we imported 19,622 pounds' worth, and in 1900 9,667 pounds' worth. Therefore the importation of blankets has decreased under present conditions by £10,000 in those ten years, showing that they have only to get the right class of goods, then the market is open for them and they can sell them. There is one thing that has been overlooked in connection with this question—that is, when you increase the duties on goods the wholesalers and retailers add the cost of the duty and profits on the duty to their goods, so that the increase does not really affect them very much, because they add that increase and employ less labour to do the same amount of business. If we take, as an example, a hundred pounds' worth of goods, the retailer adds, say, 20 per cent. He can sell the goods for £120; but if the goods cost £120 by increasing the duty and he adds 20 per cent. he has to sell them for £145, making £25 profit, so that you increase the price of the article to an enormous extent before it reaches the consumer, and at the same time the retailer gets a bigger return by employing less labour. I might say that I found a great deal of difficulty in getting the retail tradesmen in Auckland to give evidence before this Committee, because they said it did not matter very much to them if the duty were increased, because they would add the duty to the cost of the goods, and it did not matter what they paid for them provided all paid alike.

3. I forgot to ask you what your occupation is?—I am a clothing and shirt manufacturer, and employ about 130 workers.

4. You are an importer?—No; I make up goods for wholesale merchants.

5. *Mr. Rutherford.*] I suppose there is a great demand for what are called shoddy goods?—The question is, what is "shoddy"?

6. I suppose most of the goods sent out from England contain more or less shoddy?—Only a certain class of goods. There are goods that come out without any shoddy in them at all.

7. They are not all pure wool?—It all depends upon the make of the goods. I defy anybody in the trade to tell me what is shoddy and what is not shoddy. We can tell when cotton is mixed in the goods. You may take the best cloth, costing 10s. or 15s. a yard, and one cannot say there is or is not any shoddy in it. The manufacturers cannot get the proper face on their goods without putting shoddy into them. That is the difficulty.

8. It has been represented to me that there is a great demand for what I call shoddy goods, and it would be a very great hardship if the duty were increased on certain imported goods. It has been represented to me by a clergyman that a Kaiapoi woollen rug costs £1 15s. as against an imported one at 12s. 6d. ?—I should not think there would be quite that difference. *Mr. Finlayson* is here to represent the wholesale warehouses, and he will take up that side of the question.

9. You speak practically as a Free-trader?—I am a manufacturer and also a Free-trader. I only handle these goods as a manufacturer. I do not buy or sell them—I get the piece-goods from the warehouse and make them up according to order. Therefore I do not know anything about the price or cost of the goods.

10. It would be a hardship, would it not, to a large class of the community to increase the duty