

some extent in London; but for the Midlands and north-west, as well as for Scotland, the texture is too stiff. By sending to the latter markets cheese more like the Canadian, or made on the Cheshire principle, a greatly increased sale would be secured.

(g.) By altering the nomenclature now in vogue with regard to our butter, which produces confusion, and injures the reputation of the New Zealand article. What is now called "factory butter" should be designated "creamery butter"; "milled butter" should be prepared on a better system, and called "factory butter"; while butter prepared on the system at present pursued in New Zealand milling should be described as "milled." The distinction between these three classes will be found lucidly set forth in the statement of a Cardiff merchant, given in the body of this report.

(h.) By consigning on sale a certain proportion of meat, butter, cheese, rabbits, hemp, &c., in order to facilitate the opening-up of new avenues of trade. There is a consensus of expert opinion that the price of New Zealand butter in particular has been depreciated by the system of selling the whole output of the factories at a fixed rate per pound. Practically all the dealers whom I saw were of opinion that the high price obtained by New Zealand factories last year was purely empirical, owing to "insane competition" among buyers; and many of the latter were smarting to such an extent over their losses that they were likely to run to the other extreme of cautious dealing, with the result that prices would collapse. In one of his reports, Mr. H. C. Cameron, head of the Produce Department in London, contended that, owing solely to the system of selling the whole output, the price of New Zealand butter relatively to Danish had suffered serious decline. In January, 1901, Danish butter stood at 126s. to 128s. per hundredweight, with New Zealand 16s. per hundredweight lower. Within a short time, owing to certain New Zealand brands being advertised by dealers who had bought the output of factories, the prices of Danish and New Zealand butter approximated to within 2s. per hundredweight of each other; but, on account of these New Zealand brands getting into the hands of other merchants who offered a higher price for them, the value of the advertising was lost, and the price of New Zealand butter for several years suffered a steady decline as compared with Danish. The price of the Danish article being fixed by the Butter Control Committee, there is not the same competition for it as for New Zealand, and the consequence is a steady demand and steady prices. Possibly it is a correct deduction that New Zealand butter would be commanding a better price to-day if the system of consignment had been in vogue instead of the straight-out sale; but I cannot see that the New Zealand factories are to blame for the existing system, which has in a sense been forced upon them by the tactics of the English buyers.

After experiencing such high prices as were realised last season, it will be difficult to persuade the factories to send their butter on consignment, unless there should be a very serious collapse of the market. Nor is it to be expected that the British firms who have established purchasing agencies in this country will abandon their methods because of one rather bitter experience. It seems clear to me, however, that the butter export trade will not be placed on a secure and mutually satisfactory basis until the system of selling the output in advance of delivery is abandoned in favour of methods similar to those pursued by the Danes. In the judgment of qualified persons, New Zealand butter is equal to Danish in everything except paleness of colour. Its reputation is now well established; and there is no reason (save the trading system) why it should not bring a uniform price, year after year, only 1s. to 2s. lower than that of the best Danish. Merchants in the cities on the west coast of Britain would assuredly exert themselves to extend the market for New Zealand butter if they could do a non-speculative business on commission; and, if assured of continuity for a term of years, they would advertise and establish particular brands, and do their utmost to obtain the best price possible. Until butter is consigned for sale the price will fluctuate according to the keenness of competition for it, and the demand for it is not likely to increase. The system of consignment could be introduced by agreement between producers and merchants; but such agreement is not likely to be arrived at for some years to come. The factories imagine that they do better under the system of selling their output; and those merchants who have purchasing agents in New Zealand are not likely to relinquish the advantage they suppose they possess, but will go on in the hope of recouping themselves for last year's losses by making extra profits on future transactions. One or two years of calamitously low prices would do more than anything else to bring about the desired change. In the meantime, if an extension of trade is desired, the policy of consigning a part of the output of butter to reputable firms ought to have a trial. At the commencement of my inquiries I was fully satisfied that the system of sale was the best for New Zealand producers; but, after hearing the opinions of merchants—not those who had lost heavily by bidding too high last season, but those who saw the resultant disorganization of the market, as well as others whose interests were in no way affected, but who are desirous of entering into direct relations with the factories—I am driven to the conclusion that nothing but a change in methods of trading will lead to an increased demand for New Zealand butter, and establish a steady price for it in the British market.

(i.) By forming special commercial organizations to regulate business and secure equitable arrangements as to freights, bills of lading, &c. A start has been made with such associations in Great Britain, and the principle of them is so sound that the idea ought to be acted upon by New Zealand supporters. The *London Times*, in an article published in May last, commented upon the suggestion made by the Prime Minister of New Zealand, on the occasion of his visit to Manchester, that, in order to meet the competition of foreign rivals, merchants' associations should be formed to watch over their common interests in trade matters and enter into negotiations with the shipping conference as to services and freights. The proposal was warmly supported by the great London journal, and a few days later the *Manchester Guardian* published and commented upon a letter from a correspondent urging the advisableness of forming a merchants' association in Man-