

efficient producer. The community therefore are not getting the benefit of improved methods, improved machinery, or efficient management, because the price is based on a sum which will give a profit to the least efficient plant in the industry. I consider, in a case like that, that the cost to those who are using the article I am speaking about is unreasonable. What is the use to the community of improved methods, improved machinery, and efficient management if prices are to be based on a basis which will pay the least efficient plant?

3. Is your case a supposititious one?—No, an absolute fact.

4. Will you be able to bring forward figures to allow us solid ground to go on?—I cannot give figures. I am giving the absolute facts of the case.

5. *Mr. Macdonald.*] That is totally opposite to the American method. Mr. Carnegie, in the *North American Review*, comparing the price fixed for rails and applying that to the industry, said that the price, if controlled by a Board, should be fixed on what the most efficient plant could produce?—In that case all the plants are efficient. Our industrial position is quite different to the industrial position in America. To a large extent the trusts and combines have squeezed out the small producer, and here the small producer has not been squeezed out. It seems a hard thing to say that the small producer must go, but whether the State fixes the cost or not, and I believe it should so that our industrial production is to go along the only lines it can go, the small man must be squeezed out, because to have a number of manufacturers in one industry when one is sufficient is suicidal to the community. Any nation that goes on living at a high standard of cost for its food and necessities is not going to be a big nation. Regarding America and a Board of Prices, I saw recently where Edison was advocating that a Board of Prices should be set up to fix the price at which each commodity should be sold, just as we fix the minimum rate at which labour is sold. But that can only be done when the trust has squeezed out all the small producers.

6. *Mr. Veitch.*] Do I understand you to mean that the small man has got to go in any case, and if the State does not take his place the large monopolist will?—All industrial history is tending in that direction. In America in the youngest industry that the combine has entered into it has squeezed these small producers out.

7. *The Chairman.*] We are inquiring into the cause of the rise in the cost of living: how does your argument bear on that?—If there are ten manufacturing concerns manufacturing a commodity which is used by all the people all the time, and one plant can do it—and that example can be given in concrete cases—there are nine separate plants in operation, there are nine rents to pay, nine managers, nine sets of clerks, and different expenses of that sort which could be eliminated.

8. What has this to do with the rise in the cost of living? It is quite evident that we will do the work much cheaper by eliminating all these persons. But what we want to find is, what is the cause within the last ten years of the rise in the cost of living? Do you say it is because some of these people are living on the public?—I say that instead of putting production on an economical basis new plants are being constantly laid down, and that must advance the price of the commodity to the public. We have to do one of two things: either say that the products which every man must consume to live shall be made the basis for profit, or shall be placed at the disposal of the public at the real labour cost.

9. *Mr. Macdonald.*] Do you not think also that No. 10 in the order of reference has something to do with the increase in the cost of living—that the increase in the gold-production has brought about appreciation?—I think that question has more to do with the rise throughout the world than any other one factor. I understand that the Commission will sit in Christchurch. I, in company with several workers, met the clothing-manufacturers in conference the other day, and submitted certain demands as the basis for a new award. The conference was abortive. After the conference, Mr. Hercus, who is president of the Colonial Clothing-manufacturers' Association, gave a statement to a newspaper that if our demands were granted in full they would result in an increase in a boy's suit of from 1s. to 2s., and in a man's suit from 2s. to 4s.—that is, in the retail price. Mr. Hercus is a responsible man at the head of a big company. That statement is either true or it is not true. If it is true it means that the increase in wages which the workers ask for is multiplied four times before it gets to the public. I make this statement: that if the whole of the demands were granted it would not increase the cost per garment more than 6d., and I am giving them at least 2d., I think, when I say that.

10. *Mr. Fairbairn.*] Is that on a boy's suit or a man's suit?—I am working it out for the garment.

11. What do you estimate would be the increase in labour per suit?—Not more than 6d. on a man's suit, and not more than 4d. on a boy's.

12. *The Chairman.*] Have you within your experience any other examples of a rise given to labour in wages being made the vehicle for a very large advance to the consumer?—My opinion is that in nine cases out of ten the rise that takes place in the price of a product is out of all proportion to the rise in wages which the worker gets.

13. Have you any examples under your special notice?—Not that I have been specially connected with. I was specially connected with this clothing-trade dispute. I would like the Commission to ask Mr. Hercus to give the Commission some information on that point. The difficulty I find in trying to get at the bottom of this question of the rise in the cost of living is the absence of statistics, and I am afraid that ultimately that will be one difficulty the Commission will have. Some years ago the statement was made from a hundred platforms, based on the authority of Mr. Coghlan, that wages had risen in fifteen years (that was up to 1904) in New Zealand by 8½ per cent., and that during that time in the large centres meat had risen 100 per cent., house-rent 30 to 50 per cent., and other items 10 to 50 per cent. That was always quoted as a definite statement to be found in some of Mr. Coghlan's works. Mr. Seddon used it, and other responsible men also used it. I have always maintained that an incorrect statement, or a statement you cannot base on authority, is more harmful than having no statement at all. In order to get