

than anything else. That is an increase of fully 60 per cent. in sole-leather; and in upper-leathers there has been an increase of fully 40 per cent. also. You can readily understand when two-thirds of a boot is represented by material of this kind what a substantial increase it must have made in the cost of boots. I estimate it at one-third labour as against two-thirds material. Probably, in order to state the position more accurately, I might have to modify that perhaps by 4 or 5 per cent., because the machinery has probably made the labour a little smaller per boot. I may add that, in my opinion, the rise in material has not been caused from any combination of the tanners. I am speaking of materials that are turned out here, and which form a fairly large portion of the uppers. It is entirely due to the increased demand for hides and skins all over the world. And to-day I think the tanners will tell you that their competitors are the Canadians. The world evidently has overtaken the supply of the raw material. Going back a generation or two, you will find that in South America hundreds of thousands of cattle were slaughtered entirely for their hides. That is now all a thing of the past. A beast now is killed for its beef, and its hide is a secondary consideration. There is no doubt that, with the increase in the population, hides are in genuine demand, and that demand has not been brought about by any combination or anything of that sort. It is too strong a factor. The same remark applies to lots of other commodities, which we do not make but which we have to import, such as French calf, glace kid, and lines like that; the prices of these have risen enormously.

4. *Mr. Fairbairn.*] 40 per cent.?—Yes, a full increase of 40 per cent.

5. *The Chairman.*] Most of your material is made in the Dominion?—Yes, all the sole-leather. The glace kid is made from goat's skin, and that material is not manufactured in the Dominion, but is all imported. It is produced mostly in America and Germany, and a little in England. There is another factor in the price of boots which I wish to bring under your notice as affecting the public. As I have explained, there is no doubt that the increase is due entirely not to the increased wages bill, but entirely to the cost of material. Another factor is this: the public demand, and are buying, better stuff than they did. Boots and shoes which were bought ten, fifteen, and twenty years ago people would not look at to-day. The whole trend of the public is for more style, more quality, and they are paying higher prices for it. The question of fashion is a very big item now. Women will not look at certain boots and shoes if you imported some lines which are a little out of fashion. There are shoes selling to-day in Christchurch at 6s. and 7s. a pair which cost £1 a pair to import—boots of good quality, but which are not fashionable, and they will not be looked at. They are not selling even at that rate. That statement the Commission can verify by inquiring from retailers. I have said to retailers, "Can't you get rid of these boots? The boots are of splendid quality." They say, "We cannot sell them." And I am afraid to tell the Commission what they are being sold at. I may mention that one line of fifteen hundred pairs was sold at 4s. a pair, which cost us 15s. a pair; and these boots were sold at 5s. 11d. a pair retail.

6. *Mr. Fairbairn.*] Does the same apply to men's boots?—No, not to the same extent. I think it is the fashion which regulates women more than the men. Men, of course, have got their shortcomings, but not in that respect. There is no doubt of a better quality of boot being in demand. I suppose that denotes a certain amount of prosperity in the country. Then there is stuff manufactured in New Zealand which probably could not be bought twenty years ago.

7. *The Chairman.*] Do you think it is the fashion, and also the general advance in better conditions, which is responsible?—I think it is. I think it is a sort of emulation which has something to do with it. Women and men are now better dressed, and they see others better dressed, and each one is stirred up to be the same. Whether it is justifiable or not I am not sure, but I think that feeling is there.

8. I suppose they think they cannot afford to look dowdy?—I am not saying it is wrong. It is perhaps right. I think it is the aim in life to have better conditions in regard to everything we can get.

9. Do you buy material from merchants at Home?—Yes.

10. Have you found that you can only get certain lines from certain merchants at Home? Have you found any increase in prices from the existence of trusts or rings at Home?—I do not think there is any trust or ring. It is free competition. Business is very well classified there. In New Zealand we make all-round classes of boots. In America some firms only make women and children's boots, and other firms only make men's boots. In those countries the work is more specialized than we can have it here.

11. Is that the explanation why such a quantity of goods is imported—that a factory in the United States makes nothing but a particular kind of boot or shoe, and turns them out by the million? Of course, in such cases, I suppose they can afford to pour their surplus into New Zealand at a cheap rate—much cheaper than the general manufacturers here can make the boots, when he is making all classes of boots?—There is no doubt that the effect of specialization is to cheapen.

12. And that handicaps you here in the way of local manufacture?—Undoubtedly. Mr. Frostick, writing to me the other day, said that he called on one house in England and said that he could not fulfil certain general orders, and the manufacturer showed him his order-book, containing one order of 60,000 pairs of one line, without any variation, to be delivered in seven days. That was an English order. We make too many classes. We cannot help ourselves—the demand is there.

13. *Mr. Veitch.*] There is one point I am not quite clear about. With regard to the fact that people are going in more for higher-priced goods than they used to, do you think that the duty has anything to do with that?—There is a very curious thing taking place in connection with the tariff. A duty was placed on boots at per pair as well as *ad valorem*. It, no doubt,