

50. *Mr. Hall.*] You referred to the Boot-manufacturers' Federation: where is its headquarters?—This year they are in Auckland. The president is in Auckland this year.

51. Do any of the American or English firms slaughter their surplus stuff—send it to New Zealand and sell it at under cost price?—I do not think so. Mr. Frostick informs me that it is refreshing to go to England and see the absolute independence of the manufacturers there. The industry is going on there at the very highest pressure. There is wonderful activity in the trade.

52. Do you think that the operatives in Northampton are earning a fair living-wage?—From our point of view I should say No.

53. But taking into consideration their cheaper cost of living?—I could not say.

Statement added by witness.] I intended to emphasize the fact that there exists to-day very keen competition between the importers and the local manufacturers. This is shown by an increase of £50,000 for the year ending 31st December, 1911 (the last published returns). I have already pointed out that the duties now enforced just about equals the difference between our wages and those in force in England and Germany, and I am of the opinion that any further increase in wages under present conditions will at once lead to a further extension of the import business. It will be realized that with the outside competition with the manufacturers the public are not by any means in the hands of the local manufacturers.

HORACE HENRY BARLOW, Tobacco-merchant, examined on oath. (No. 51.)

1. *The Chairman.*] You are a tobacco-merchant carrying on business in Christchurch, Mr. Barlow?—Yes.

2. What special line do you deal in?—Simply tobacco and tobaccoists' goods.

3. Has there been, to your knowledge, any considerable rise in the price of tobacco during the last ten years?—No, not as far as I know; none whatever.

4. Has any alteration in the duty affected the sale?—There has been no alteration of duty during the last ten years.

5. What is the duty now?—3s. 6d. per pound on tobacco, and 7s. on cigars and cigarettes.

6. Is it your opinion that the existence of an all-round duty upon tobacco of 3s. 6d. per pound has an unfair incidence upon the poorer classes?—Of course it has.

7. Would you explain the difference in the incidence of the duty upon the poor man's tobacco?—The poor man, to start with, buys his cigars at 3d.—he can only afford to pay 2d. each. The ordinary class of individual—a man earning a fair income—would pay 6d. for each cigar. The poor man is paying from 200 to 250 per cent. duty, whereas the other man only pays from 33 to 50 per cent. duty. The poor man has to pay four times that of the other man. The difference between Juno and aromatic tobacco—the cost price—is, I suppose, a difference of 1s. per pound. That is a difference of from 40 to 50 per cent.; but the duty is all the same. There is not so much difference in that. As to other goods in our line, such as pipes, and tobaccoists' goods generally, the poorer class of individual, the working-man, has to pay all the time just double the duty the other man has.* If a man can only afford to buy a 1s. pipe he has to pay double the duty the man has to pay who can afford to buy a 5s. or a 6s. pipe.

8. *Mr. Fairbairn.*] Will you please explain that?—There is a preferential tariff. Hardly any of the cheaper pipes are made in England at all—just a small percentage. We have to pay a preferential tariff on the cheaper lines of stuff, whilst on the dearer stuff we do not. It makes an enormous difference, of course.

9. What is the cost of the most expensive tobacco which you import in bond?—About 6s. a pound in bond.

10. And the cheapest black tobacco is 1s.—Yes, or a little more.

11. Therefore, the duty being the same, the cheap-tobacco buyers pay about six times the amount of duty, in ratio, to the value?—Yes, on the 6s. line; but there is none of it sold—nothing to speak of.

12. *The Chairman.*] A Wellington tobaccoist informed me that he sold some tobacco at 14s. a pound?—He was probably referring to the retail price. I am speaking of the price of the wholesale tobaccoists.

13. *Mr. Fairbairn.*] The point I want to elucidate is this: that the duty on the tobacco that the multitude use is about six times more on its value, compared with the duty on the more expensive tobacco?—Yes, it tends to make people smoke rubbishy tobacco—the present arrangement of the duty. A man has to pay the 3s. 6d. per pound duty, and it tends to make people smoke these black tobaccos, which, in my opinion, are worth nothing.

14. *The Chairman.*] You think, in justice to the classes you refer to, the duty should be altered to an *ad valorem* duty?—Yes, I think so.

15. Is your firm entirely wholesale?—We have a retail shop also; Davies and Lamb's shop belongs to us.

16. Is it fair to ask what you consider a fair profit in retailing?—The profits are fairly small—the profits of retail tobaccoists especially.

17. Is it not true that you have also to charge interest on the duty paid?—In the wholesale business we pay no attention to the duty—all our goods are charged separately.

18. The general public buy from the retailer, and if the retailer is paying interest on the amount paid in duty the public has to pay it?—Yes. The retailer has nothing whatever to do with the tobacco in bond; it is delivered at his shop, and he pays for it some ten days after he gets delivery. That is one of the worst faults in our business. He should pay cash.

19. *Dr. Hight.*] But the wholesale merchant is out of pocket in the matter of duty?—Yes.

* Later the witness qualified this statement by saying there would be a difference of 50 per cent., not "double the duty."