if the flax industry is fairly treated, and other industries crushed by taxation, the load eventually will fall on our industry": what does that mean?—If a certain load has to be carried, and if a certain number of industries or concerns are put out altogether, the remaining men or concerns will have to carry the load, and then the load would not be fairly distributed.

Then the other industries are carrying your industry on its back?—No. The flax industry has been most unfortunate. We were singled out for double taxation. They did alter it at the finish. They put us on the same footing as the industrial manufacturer. Before, we were paying the two taxes.

All other industries pay land-tax?—We are paying a very solid land-tax.

You very laudably wish to see an attempt to encourage manufacturing because the consumer buys local manufactures cheaper than the imported?—Yes; it is best to buy local machinery, for instance.

Do you think that New Zealand is going to be an exporting country permanently; will her prosperity depend for all time upon her exports?—No.

Well, for many years to come?—One can overrate the value of the land. As a matter of fact, in order to carry on small farming successfully in this country you must have a manufacturing population as well as a country population. Imagine what a man would grow on a 5-acre plot, and what you can sell to a manufacturing population. What do the Hutt people sell to Wellington?

But in the meantime and for many years to come New Zealand's prosperity will depend upon the volume of her exports?—It would not take me long to work out a statement to show that the population of this country will be very small unless we have a manufacturing population. If we had a paper-mill it would employ a big population.

Mr. Weston.] You would not be able to run a paper-mill in this country?—With all due respect I think certain kinds of paper can be manufactured in this country; in the North Island the waste is terrific.

Mr. Shirtcliffe.] Take the conditions as they are and must be for many years to come, do you not think that the prosperity of the community in this country depends upon the volume of the Dominion's export trade?—To a very large extent, but it is not the only way. If we entirely rely upon that without encouraging industries I think we will be carrying a heavy weight of taxation for many a day. You also want to manufacture what can be manufactured in New Zealand.

The productiveness of this country has not nearly reached its maximum; it may be doubled within the next quarter of a century?—I would think that might be so.

You still think we ought to encourage industries all we possibly can?—I think so.

You also realize that if you do not sell you cannot very well buy?—Yes; and you cannot sell unless you have got a buyer. What the small farmer produces must be sold to local consumers. You cannot sell it elsewhere.

If we manufactured the great bulk of the goods we consume in New Zealand, where would we find our markets for our exports?—We would have a large population here as consumers. One thing will grow with another. You should consider that many a manufacturing industry can only be carried on by pooling capital.

Mr. Begg.] In regard to the taxation of companies, apparently you object to it from two points of view; firstly, because in an industry like the flax industry you cannot pass it on?—That is so.

And you object to it in respect of other industries because they can pass it on?—Yes, because it only makes the cost of living higher.

You think that is the effect of taxing a company that sells within New Zealand?—I do, because, as Mr. Shirtcliffe read out, there has not been any decrease in the company dividends while the taxation was high as compared with the dividends when the taxation was low. You see that they get about equal dividends.

Mr. Shirtcliffe.] That would depend upon what amount they put into their reserves.

Mr. Begg.] Those companies are not handicapped if they can pass it on?—I can easily imagine that. Take the gas companies and the banks; the banks can put up the exchange rate in order to get sufficient for their shareholders.

Then it is not injuring these companies; what, then, is your objection to it?—I have no special objection to it, but it is putting up the cost of my business. We have got to make use of the banks. I think the better way would be to have a low graduated land-tax, which would cause industries to revive, and the lower rate would produce more.

Do you think the taxation of companies which they can pass on ultimately recoils on a section of the community that cannot pass it on?—I suppose it must. It goes round and round; but its worst effect is that it will knock out the industries that cannot pass it on—industries that are in competition with other parts of the world—wool, meat, butter, pelts, and flax. We are all in competition with the outside world, and we are bringing about artificial conditions here, because men must live.

You think that to the extent that it does recoil upon those who cannot pass it on it must affect the industries?—Yes.

You mentioned the big lending companies fixing the rates of interest in order to give their shareholders dividends, do you think the big lending companies do fix the rates of interest?—I think they do. A man with £1,000 or £2,000 does not fix the rate, but the big lending companies fix the rate to local bodies, and the other people with £1,000 or £5,000 fix their rates accordingly. They do not go any lower because they are going to be included.

Is that not rather vitiated by the Government coming in and lending money?—Yes, perhaps, but the Government cannot meet the situation.

You do not think the Government prevents the big companies fixing an arbitrary rate?—No, because the Government cannot meet half the situation.