29. Is there any objection to your telling the Committee what percentage you aim at on the whole of your turnover ?—According to figures I have taken out, it is necessary for us to obtain at least 15 per cent. gross to cover our working-expenses.

30. I think you do not pay anything extraordinary in the way of dividends to your shareholders ?—The dividend paid by the company at its highest was 7½ per cent., and of recent years it has been 7.

31. If you are losing money on Eno's you have to make it up on some other article or articles ? Yes, that would be necessary.

32. You must make up your 15 per cent. ?—Yes, that must be done.

33. So that if the public are not paying on one line they are paying on some others ?—That is so.

34. I think you instance Crême de Menthe dental cream as an article which is cut, do you not ?—Yes. Some two or three years ago a manufacturer in Sydney, Mr. Warne, put on this line. Big sales were made to wholesalers, one of the conditions being that the retailer's price to the public must be 1s. 9d. per tube. That was fixed by the manufacturer as a condition of his trading.

35. Was it an advertised line ?—Not through the newspapers, but it was through display matter and show-cards.

36. Did it acquire a substantial market in New Zealand ?—No.

37. Why not ?—Because the conditions under which it was sold by the manufacturer to the wholesalers and retailers were not observed.

38. What happened to it in some of the retail stores ?—Instead of being sold at 1s. 9d., it was sold first at 1s. 6d. and then it went down to 1s. 3d., which was below the price at which it could be purchased, and it was discontinued.

39. What attitude did the non-cutting retailer adopt towards it ?—They discontinued stocking it.

40. And I suppose as a consequence you had to discontinue it ?—Yes.

41. I think you can tell us something about Cuticura soap. Is that a well-known line ?—Yes, very well known.

42. Has it been well advertised and kept before the public by propaganda ?—It has been advertised continually for very many years.

43. When it became a well-known and favourite article, did the cutters get to work on it ?—The first case of cutting was when the retail drapers used it as a cut line to advertise their business.

44. At what price did they sell it relative to its cost ?—In some instances as low as cost price. I know that. And I believe in some instances it was sold below cost.

45. What was the effect of that on the other retailers ?—It lost favour with other retailers, and was not stocked to the same extent as previously.

46. I think you can tell us the effect it had on your sales ?—Yes. Taking the year 1923 at 100 per cent.: in 1924 there was a decrease of about 5 per cent., in 1925 the decrease was 33 per cent., and in 1926 it was 50 per cent. Those decreases are below the 1923 figures.

47. They are based on your own sales of that article ?—Yes.

48. And were you carrying on your business in regard to Cuticura during these years in the same intensive way as you were in 1923 ?—Yes; we were stocking it largely and doing our best to sell it.

49. Is it an article which throughout this period has been a favourite amongst the cutters for cutting purposes—I mean from 1923 onwards ?—It has been a leading line with the cutters.

50. Do you find the non-cutting retailers taking the same interest in Cuticura soap as they did previously ?—Judging by our sales, no.

51. I think you can give us similar figures with regard to Colgate's dentifrice ?—Yes. I will take the year 1922 as representing our sales at 100 per cent.: in 1923 the decrease was 50 per cent.; in 1924, 66 per cent. decrease; and in 1925, 66 per cent. decrease.

52. During those periods under review, were Cuticura soap and Colgate's dentifrice being advertised as widely as previously ?—I should say so.

53. And were your efforts to promote sales as efficient as they had been previously ?—Exactly the same.

54. Knowing what you do of your business and of the necessity to get an all-round profit, can you see any benefit to the public by the cutting tactics of these cutting retailers—or wholesalers, for that matter ?—It is not apparent to me. I do not see where any benefit to the public comes in.

55. We may take it that on the whole of their commodities the public have to find the average rate of profit for both retailer and wholesaler ?—Yes, I think so. It must be done to carry on.

56. I think you have some knowledge of what happens to some of these cutting people themselves. Do you remember a man named Wheeler ?—Yes.

57. Was he a retailer ?—Yes. He started originally in Auckland and had a chain of stores throughout the North Island. That was about three or four years ago. He was carrying on business in a large way.

58. Adopting cutting tactics of proprietary lines ?—Entirely.

59. How long did he last ?—About eighteen months.

60. And then what happened ?—He crashed, and a big loss was incurred by all his creditors—wholesalers, principally.

61. I suppose those wholesalers had either in that or in following years to make up the losses they had incurred through Mr. Wheeler's failure ?—Yes, it was against them and they had to make it up.

62. So again it comes back on the public ?—Yes, it must.

63. While Mr. Wheeler was operating, what was the effect on other retailers and wholesalers so far as concerned the proprietary lines which he was cutting ?—Any retailer in the vicinity of Wheeler's operations was compelled, in order to keep the connection of his customers, to meet his price. In order to do that he had to effect arrangements with the wholesalers to obtain lower prices. Both were selling at a loss.