

Government should legislate and put it right out of existence. The New Zealand Master Grocers' Federation, through its secretary, gave evidence showing that his organization was definitely against the system. Other bodies also forwarded letters and resolutions strongly opposing the system, but it is unnecessary to quote them here, it being considered sufficient for this report to quote only those having Dominion or provincial status.

It was to the New Zealand Federation of Drapers, Clothiers, and Boot-retailers, however, that we looked for the main evidence regarding the working of the system as it affected retailers. In addition to the full statement, which was read to us by the secretary, it was pointed out that the propaganda issued by the cash-order companies was designed to mislead the public. The system was undoubtedly an incentive to extravagant buying, and witnesses subsequently called on behalf of the Federation proved that those in possession of the orders did not get the same value that the ordinary customers received. The secretary further asserted that the system had been kept out of towns like Napier, New Plymouth, and Wanganui because of the opposition of retailers, but they feared that even in these communities if some check were not put upon the system it would inevitably find a footing. It was further declared that the association represented 85 per cent. to 90 per cent. of the capital invested in the businesses covered by the association, but in point of membership the association included perhaps from 45 per cent. to 50 per cent. of the total number engaged in the trades. A questionnaire was submitted by the association to their members, and although only 150 responses were received, a large majority opposed cash-order trading. The secretary of the Federation averred that the introduction of cash orders had increased the credit business tremendously, and that the majority of retailers felt, despite the opposition of some of the members (particularly in Auckland), that they should not allow the system to operate.

The witness under cross-examination stated that the retailers themselves could not stop the system or introduce a system of their own for the reason that unanimity could not be secured.

We have dealt at some length with his evidence because it was asserted that fully 95 per cent. of the orders are negotiated with firms dealing in drapery, clothing, and footwear, and the evidence of the association is therefore to be given great weight because of this fact.

The evidence given by retailers generally supported that of the New Zealand Federation, but in Auckland an influential section of retailers gave contrary views. We propose to quote that evidence in some detail.

It was decided at a meeting of the Auckland Drapers, Clothiers, and Boot-retailers' Association that the body would not tender evidence as an organization, but that it should be left to individual members to represent their views. A group of six representative firms submitted a statement, and the main points may be summarized as follows:—

- (a) That the opposition to the system is being made by firms which do not indulge in that form of trading, but employ other methods of accommodating customers, such as long-term credit, hire-purchase systems, &c. Some of the advantages of the system were, in the opinion of these witnesses, as follows:—
- (b) The cash-order trade is confined to necessities, and is therefore preferable to hire-purchase systems under which luxury goods are bought in excess of the income of purchasers.
- (c) Housewives requiring an article but having insufficient money to make complete purchase, and who are unable to obtain credit, are able to take out a cash order, obtain the article, and pay off from future earnings; frequently this is used in cases of dire necessity.
- (d) Persons entering employment, or their parents outfitting them, often use this system, which is of great benefit, enabling them to be equipped for their job.
- (e) Purchases of drapery are generally too small to be governed by a hire-purchase agreement, and the only method of obtaining credit for the poorer folk is by means of a cash order; by this system the working-classes are placed on a more equitable footing with those in better circumstances and who are able to obtain unsecured credit.
- (f) In these days of purchasing ahead of income, cash-order trading is probably the safest of all systems, and payments are kept up to the mark by weekly collections; also, the caution of the cash-order trading companies has a controlling and limiting effect which keeps the transactions within bounds.

It was further stated that associated bodies, such as the Federation of Drapers and Boot-retailers, and Chambers of Commerce, were inexperienced in the handling of cash-order business, and that it was not competent for these bodies to judge of the merits or demerits of the system, and that many of the members of these bodies were interested only in other credit systems and were therefore not altogether unbiased.