Commenting briefly upon these recommendations, it is suggested that three months' notice be given to the cash-order companies and individuals to express their willingness or otherwise to conform to the preceding proposals. If acquiescence is shown then it should be stated that the Government will not proceed with legislation. Such notifications should be made to the Department of Industries and Commerce within three months of the publication of this report. Failure to send notification will be taken as an indication of refusal to comply. It is further suggested that the Secretary of the Department should report the result to the Government during the approaching session of Parliament.

We desire to place on record our appreciation of the manner in which the evidence was tendered to us, and for the help given which enabled us to complete the inquiry within about six weeks from the date of its opening. There was no failure on the part of any section to disclose information, and even that of a confidential nature was freely given. We should also like to observe that the witnesses had generally prepared their cases in a very able manner, and that we did not lack any information in order to enable us to come to our findings.

JOHN G. COBBE,
Minister of Industries and Commerce.

J. W. COLLINS,
Secretary, Department of Industries and Commerce.

APPENDIX A.

THE CASH-ORDER SYSTEM AS VIEWED BY AUCKLAND COMPANIES CONDUCTING THE BUSINESS.

THE system is as follows:—

A person requires certain goods. He has not the ready cash to purchase them, and he cannot induce the retailer to give him credit. He secures an order for the required amount from the cash-order trader, and with this obtains from the retailer goods to the amount stated on the order. He repays the cash-order trader the amount of the order plus commission, by weekly, fortnightly, or monthly instalments. The fact that he is willing to pay the commission charge would indicate that he thinks it a fair one, and that it is worth his while to pay it.

The retailer who accepts the order presents it to the cash-order trader and receives payment according to arrangement, less an agreed-upon commission or discount. The fact that he is willing to allow this commission or discount would indicate that he thinks it a fair one and worth his while to allow.

Looking broadly at the question, we find on the one hand a big section of the buying public anxious to secure for themselves the convenience of a credit account so that they may buy their requirements at those times most advantageous and convenient to themselves, instead of waiting until they have accumulated the necessary cash. We find on the other hand a big number of retail traders anxious to supply the requirements of the would-be buyers, but unable to do so because they find it impracticable, and in many cases impossible, to install the necessary credit departments. The cash-order trader offers to serve both the would-be buyer and the would-be seller by placing at their disposal his financial stability and his expert knowledge of handling retail credit. Through his agency, buyer and seller are brought together to their mutual satisfaction and benefit.

Therefore we find that the cash-order system is the agent between the buyer and seller of household necessities covering a wide range; its chief application is to clothing and footwear. An analysis of orders issued over a period of twelve months by one Auckland company discloses that approximately 90 per cent. of orders were expended upon these lines, the balance being spread over hardware, furnishings, dental work, &c. The system unites the advantages of cash buying with those of credit buying with the relief to the buyer given by instalment payments. In no case may a retailer charge a customer purchasing with a cash order more than the actual cash price, as there is no means of knowing before the selection has been made and the cash order presented that the transaction is other than a cash one. This applies all the year round, including sale periods. For this service, combined with the advantage of instalment payments, the cash-order trader charges his client a commission. The retailer accepting the cash order does so with the knowledge that he takes no risk, as prompt payment of the amount by the firm issuing the order is assured.

For this service, coupled with the extra trade secured, the retailer allows the cash-order trader a commission or discount on the sale. Therefore the cash-order trader derives his profit or payment for service from two sources—part from the purchaser who uses the order and part from the retailer who accepts it. Both parties benefit through the transaction, and both are willing to pay the charge made, which in the aggregate is only an amount which the cash-order trader is justly entitled to for service rendered. Both parties are fully aware of the arrangement and are equally free to accept or reject it.

Its Advantages to the Public.—The economic system at present adopted by the principal civilized countries of the world is interwoven with a system of credit. This being the case it is reasonable to expect that the working classes or people of slender means shall not be penalized by placing upon them the absolute restriction of cash trading only. These people may very properly require credit, particularly at times of short working or unemployment, to obtain necessities such as clothing, footwear, &c., for