

When the Cash Order Regulation Bill was before the Victorian Parliament a few months ago it was stated on authority that some of the cash-order traders in Australia compelled their clients who happened to fall in arrears with their payments to sign a loan contract for the balance, for which they charged the usual terms of the regular money-lender, and this, be it noted, over and above the excessive rates charged in the first instance. It was also stated during the debate on the Bill that in a few instances cash-order companies were combining money-lending with cash-order trading. If this kind of trading becomes general it will be a sorry day for the country that permits it.

As showing the rapidity of the growth of the system it is stated in one of the Australian papers that in Australia the number of cash-order companies in 1925 was ten, with a turnover of £1,000,000. In June, 1928, the number of companies had grown, it is estimated, to seventy, with a turnover of £10,000,000. He would be a bold man who would say that this huge amount represented new business. A proportion of the increased trade would be accounted for by increased population, but then it must be remembered that increased population brings with it an increase in the number of traders. The greater proportion of the ten millions must be ordinary trade done at a discount and commission for which the public have to pay.

In some parts of the Dominion the local traders have got together and by resolution have agreed among themselves not to accept cash-order coupons, and have for the time being prevented the system from being put into operation in their districts. This is only a temporary remedy, however, as sooner or later the system will creep in in spite of their resolutions. If the evil is to be remedied it can only be done by legislation. Those who are favourable to the system are those who in the meantime have secured extra business, which they are naturally loath to risk losing by the demise of the system. The consensus of opinion of economists, traders, and those who have studied the system is that it is an iniquitous system and should be abolished by law.

APPENDIX C.

CASH-ORDER TRADING.

It is desired to represent that there is not unanimity amongst the retailers in Auckland on the matter of cash-order trading, and that a considerable number of the members of the Auckland Drapers, Clothiers, and Boot-retailers' Association, a body affiliated to the New Zealand Federation of Drapers, Clothiers, and Boot-retailers, are adverse to any interference with what they consider legitimate business. In consequence of this it was decided at a meeting of the Auckland Drapers, Clothiers, and Boot-retailers' Association that that body would not tender evidence as an organization, but that it be left to individual members to represent their views. We desire, therefore, to respectfully tender as evidence the following:—

The opposition to cash-order trading is being made by firms who do not indulge in this form of trading, but who have other methods of accommodating customers, such as long-term credit, hire-purchase system, &c. Probably of all credit systems the long-term credit is the worst, where women with husbands in settled employment in professions and commerce can, with this backing, obtain credit for periods ranging from one to twelve months. When interest, cost of extra staff engaged in book-keeping, bad debts, cost of collection, and loss of turnover on the amount standing on a credit firm's books are considered it must be apparent that the public are paying for this accommodation.

Hire-purchase system has its abuses, and a recommendation was made to the New Zealand Drapers' Federation by the Auckland Association that in the event of restrictions being placed on cash-order trading similar restrictions should be made to apply to hire-purchase system, and with this we are in accord. It is only equitable, and it is a matter of comment in Auckland that one of the traders carrying on hire-purchase system to a dangerous extent is one of the most active in the attempt at suppression of cash-order trading; were this successful the effect would be to greatly increase this firm's turnover in this form of trading. Credit systems will be used by the community indefinitely, and to stifle cash-order trading will only have the effect of building up other systems in its place.

Some of the advantages of cash-order trading are as follows:—

- (a) Cash-order trading is confined almost entirely to purchase of necessities, not luxury articles, and in this respect is preferable to hire-purchase systems under which pianos, gramophones, &c., are bought in excess of the income of purchaser.
- (b) 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.
- (c) 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.
- (d) 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 better-class folk who are able to obtain unsecured credit.
- (e) 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 keep the transactions within bounds.