We would further submit that the protest made by such bodies as the Federation of Drapers and the Chamber of Commerce expresses the opinion of that part of the business community which is inexperienced in the handling of cash-order business, and that, without holding an investigation such as your Commission is making, it is not competent for these bodies to judge on the merits or demerits of the system; also that many of the members of these bodies are interested in other credit systems and are not altogether unbiased.

In respect to limitation of commission from the trader to the cash-order company, we would submit that this can safely be left as a matter of contract between these two; the trader, who is naturally careful of his profits, will see to it that this does not get out of bounds.

Much is made of the point that the retailer to give, say, 10 per cent. discount to cash-order trader must charge the ordinary public more for their goods (as much as 5 per cent. to 10 per cent. being mentioned). This is fallacious, as no trader would allow a large proportion of his sales to be made on this basis (in Auckland it is under 5 per cent. on the total turnover), and the commission allowed the cash-order trader represents less than 1 per cent. on the whole turnover—a percentage probably less than is spent by the long-term credit trader in the cost of handling his class of business.

We would suggest that standard articles be purchased from the large firms giving unsecured and lengthy credit and from one doing cash-order business and a comparison made. Firms dealing with cash order are prepared to challenge values with any other firm.

Dealing with the evidence submitted by the Federation of Drapers, Clothiers, and Boot-retailers, we attach a copy, and have for convenience of reference numbered the clauses. Our comments thereon are as follows:—

1. We give this our emphatic denial so far as our firms are concerned.

4. There will be ample proof before you that this is not so.

5. We submit that these so-called middlemen are rendering a service to the public.

6. This is viewed as an attempt to discredit the system with the object of discouraging trade under this method, and is indicative of the attitude of those retailers who are feeling the competition.

8. The illustration of how cash-order trading affects profits and prices is out of all proportion (being 40 per cent. on turnover). This illustration should assure the Commission that retailers are not likely to let cash-order trading grow unduly. This trade can be viewed in light of a sale to a wholesale customer, the trade, including those opposing cash-order system, at present allowing a minimum of 10 per cent. to hotels, boardinghouses, and other wholesale buyers. The extra cash-order-trading turnover enables the merchant to purchase in larger quantities, at more advantageous prices, of which the public gets the benefit.

9. It is impossible to estimate what extra business is done by means of this system, and it is probable that without the easy means of payment for necessities, money would be spent in small sums on amusement and other luxuries.

11. This discloses the motive behind this organized attempt on the part of the retailers, either prohibited by their class of business or out of the swim, to smash the system. We can certify that the president of the federation, supported by the managing director of one of the fashionable and largest credit-giving houses in this city, was one of the prime movers recently in an attempt to promote a cash-order company amongst the members of the local association; this failed only because those already trading under this system refused to break off their present contracts; and, having failed, their next step was to seek a Commission to inquire into the system. The suggestions made by the federation have been aimed at suppressing the system; controlling it is only accepted as a last resource. This, in our mind, amply proves that the movement to abolish or control cash-order trading is biased, and originated in the desire of one section of traders to upset the method of their competitors.

13. Our reply to the statement that all shopkeepers will be compelled to adopt cash-order trading is that many businesses are not equipped for this form of trading, which is chiefly used by the working classes. These firms are the chief agitators against the system; their long-term and unsecured credit systems and hire-purchase system are in our opinion infinitely more harmful.

14. This argument applies more appropriately to a fashionable business giving lengthy credit: some one must pay for the advantage gained by one class of customer over another. A comparison of prices of the firms doing cash-order business with those doing a credit business will prove that the former's prices are invariably lower.

15. The trade in cash orders in Auckland does not exceed 5 per cent. of the turnover; the allowance to the cash-order trader on this amount does not amount to 1 per cent. of the total turnover—considerably less than would be paid by a credit firm for handling this amount of business on their books.

18. It will be obvious that 5 per cent. maximum each way would strangle the cash-order trader and kill the service.

23. It is obvious that this so-called extra business is the bone of contention and is the envy of a number of traders.

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