

1900.

NEW ZEALAND.

THE TRADING - STAMP SYSTEM

(CORRESPONDENCE WITH REFERENCE TO THE WORKING OF) IN THE CITY OF WELLINGTON
TO THE 30TH DECEMBER, 1899.

Laid on the Table of the House of Representatives by Leave.

DEAR SIR,—

Wellington, 1st August, 1900.

This report concerning the working of the Trading-stamp Company is, to the best of my belief, absolutely correct in every detail. It constitutes the working in the City of Wellington for ten months, or, more correctly, from the time the first collection was made right up to the 30th December.

When the company commenced business here the trading-stamps cost the tradesman 2s. 6d. per hundred, and the value of the presents which were to be given in exchange for all albums redeemed (every album containing 990 stamps) was to be £1 5s. retail value. After a short time the price of stamps was reduced to 2s. per hundred, thus reducing the value of presents to £1.

When the showroom was first opened there were presents (very few) worth £1 5s.; but when they were taken their places were filled with inferior goods. The average value of these presents was 11s. or less; the average value of the presents that are being given at present is between 4s. 6d. and 8s. 6d.

There have been some twenty thousand albums printed, and up to the 30th December there were less than nine hundred redeemed, or, on an average, twenty per week. For the first three months there were not more than sixty-two albums redeemed.

The amount collected for this period was £2,936 4s. 2d. Of this amount £2,613 4s. 10d. was deposited in the Bank of New Zealand, £161 5s. paid in salaries, £161 14s. 4d. paid away for alterations to building, freights, printing, &c.

For every album the company gets £1 in advance.

There is no company in existence, and the said company is not a registered one.

The Premier.

JAMES ST. CLAIR.

Total amount collected, £2,936 4s. 2d. Salaries, £161 5s.; rent, £130; 900 albums at 11s. 6d., £517 10s.; general expenses, £161 14s. 4d.; deposited in bank, £2,613 4s. 10d.

The cost of goods and total expenses amounts to £970 9s. 4d.

DEAR SIR,—

The Trading-stamp Company, Auckland, 4th August, 1900.

I enclose for your information, as requested, a detailed statement of the working of the Trading-stamp Company since the month of December, 1898, to the 31st July, 1900, a period of nineteen months. The figures are exact, without fractions, and can be verified under oath, if necessary. All books and papers are at your service, or the service of the Committee reporting the Bill. In a personal interview I called your attention to the fact that the trading-stamp system was particularly adapted to the working-man's condition, as being the only means of giving him a discount upon small purchases. Never before in the history of trade has a system been so generally adopted, and so fairly and honestly carried out, or has conferred so much benefit on a class who had hitherto no means of enjoying a state of things that a comparatively well-to-do person has had. Any one in comfortable financial circumstances could make large purchases, and secure a discount by paying cash; but the working-man, receiving his wages weekly, is more often than otherwise living from hand to mouth, and the majority of his purchases average from 6d. to 2s. Upon such small amounts there has not been hitherto any means of keeping track of such purchases. The trading-stamp system enables these small buyers to enjoy the same benefit as their richer neighbours. The trading-stamp system is also a great benefit to the small trader, who cannot, like his richer neighbour, spend thousands of pounds a year in advertising, the consequences being that he has been gradually driven to the wall, until in desperation he has sought some means of saving himself from utter extinction in trade. The trading-stamp system is also a boon to him; it is at present his only salvation, which has enabled him to give to his customers something that the large shops cannot give, and any opposition that there is against the trading-stamp system has had its origin in the overgrown general stores throughout the country, who have found the small

shopkeeper getting the trade that they had, and perhaps filching a little from them. I venture to say that out of the enormous quantity of people in New Zealand that have been using trading-stamps in some form or other you could not find one in a hundred but what will speak well of the fairness of the system, and the promptitude and honesty with which it is carried out. You will observe by the accompanying sheet that the profit of the Trading-stamp Company during the nineteen months is almost nothing; in fact, taking into consideration interest on capital, and my salary, which is paid by the Home office, we have suffered a positive loss in New Zealand, and we would welcome any legislation that would enable us to retire from the country without loss; but to close up our nine branches without due time being given to realise on the investment and fulfil our obligations to landlords, employes, newspapers, and the general public would entail a serious loss, equal to the extent of close upon £10,000. There would also be more serious loss to the shopkeepers, who would see their trade drift from them to the larger shops, and I am afraid you would find your list of bankrupts during the next year would be materially increased. The public would also be great sufferers, and as nine-tenths of these are the poorer classes, and are the supporters of yourself, and more particularly your party, it does seem a hardship that they should be made to suffer, if you pass this Bill in its present form, by special class legislation.

Our system is in successful operation in eighty-nine towns in Great Britain, where it has never been molested in any form. A few of the papers, feeling a loss of patronage, have indulged in leading articles against us. In the United States we have 230 branches; the same state of things exists there. The State of New York and State of New Hampshire passed a Bill limiting the operations of the Trading-stamp Company. Both Bills were declared by the Supreme Court as contrary to the constitution of the United States. Your attention has been called, I understand, to alterations that could be made in our system, such as redeeming with cash entire books or fractions of books, or redeeming portions of books with goods. These systems were adopted ten years ago, and abandoned, after a short trial, for some cause or other; the public would not present sufficient portions of books for redemption, and, as the expenses of running two systems was very great, we found there was a loss; we therefore confined ourselves to redeeming one book. We also adopted the plan of purchasing small quantities of stamps; this was also a failure—a decided one—for more often than not the husband would either smoke, drink, or gamble away the small amount of money that was given for the stamps. So, though it may appear that the interests of the people would be better served by redeeming in cash or goods portions of books or a less number of stamps than we do at present, our experience so far has been that it is a failure, and the system becomes unworkable and dies a natural death; but the present system goes on year after year, and, while it pays a fair dividend on the investment, it is not by any means the gold-mine that some people have led you to believe.

Permit me to call your attention again to my request that you will give the company time to so arrange its affairs that we shall not suffer a total loss of our capital. Some one, we presume, must be responsible for this if we do, and it would be a great pity, if not a calamity, should we be compelled to turn this matter over to the State Department at Washington: As you are aware, our Presidential elections are approaching. The republic party is now, as it always has been, pro-British in its sympathies, while the democratic party are obliged, in the event of their being successful next November, to intervene in South Africa. Should the fact become known to the leaders of that party that a company of American capitalists had come to New Zealand, and under the sanction and protection of your laws invested a considerable amount of capital in a legitimate enterprise—an enterprise that was welcomed and is in existence wherever the English language is spoken—I say that should it become known that this company had been specially legislated against, their capital destroyed, their employes thrown out of employment, and special legislation directed against them, it would do more to place the democratic party in power than anything that has occurred during the last ten years. It is for you, sir, to say whether you, in your capacity as Premier, will be a party to even incidentally helping on a state of things that would be disastrous to the friendship of Great Britain and America.

Thanking you for your courtesy when I visited Wellington, and trusting that you are enjoying good health,

The Hon. R. J. Seddon, Wellington.

I have, &c.,

R. J. PARKER.

				£	s.	d.
Total receipts from sale of stamps ...	...	...	...	16,425	0	0
<i>Disbursements—</i>						
Salaries ...	...	...	...	1,359	0	0
General expenses ...	...	...	...	1,509	0	0
Rent ...	...	...	...	1,015	0	0
<i>Defalcations of employes—</i>						
Wellington ...	...	...	...	20	17	0
Napier ...	...	...	...	66	13	0
Wanganui ...	...	...	...	68	17	0
				156	0	0
				5,049	0	0
				11,376	0	0
Total purchases ...	...	...	...	10,979	0	0
Less goods afloat and at branches ...	...	...	...	972	0	0
				10,007	0	0
Say ...	...	...	...	10,000	0	0
Net profit ...	...	...	...	£1,376	0	0

The collections, £16,425, represent 16,442 books, of 990 stamps each. We have redeemed 15,622, or 15,621,000 stamps, leaving in the hands of the public 820,000 stamps, equal to 826 books, that have yet to be redeemed.

The 15,622 books were redeemed by goods of the total value of £10,000, being practically at the average wholesale import price of 13s. for each book.

The money received by us for each book was 19s. 10d. gross, which, after deducting proportion of expenses, represents a net profit of 10d. on each book redeemed; but there will be stamps to the amount of 3 per cent. of 16,425,000 lost or destroyed, amounting to 46,800, leaving 352,000 yet to be provided for.

The highest price of any article cost £1 12s. 6d., of which we gave 1,115; the lowest, 11s. 6d., of which we gave 1,941. An ex-employé at Wellington purchased, without my knowledge or authority, twenty-seven pieces of goods at 4s. 11d. each. He distributed eighteen of them before I discovered it; then no more were given out, and, after discovering some other irregularities, he was discharged.

The capital representing the vested interests amounts to £7,820. We have nine branches and about ten agencies. We give employment to about seventy hands, besides those employed in the company's premises.

DEAR SIR,—

The Trading-stamp Company, Auckland, 8th August, 1900.

The *Herald* of this morning states that you presented to the House yesterday a portion of a letter from an ex-employé of this company, wherein it is asserted that the receipts at our Wellington office were £2,987, and the disbursements for goods and expenses were only £987. I wish to say that all goods are shipped from Auckland, or, if sent direct from the factories, were produced either in the colonies or abroad, are charged to the head office, Auckland, and that the figures you appear to have presented to the House are wrong, and taken at random. No employé, either ex or otherwise, can at any time have any or the faintest idea as to the expenditure of any branch; the collections passing through his hands (if he is a local manager) may be calculated. The figures given you are wrong, and I protest against such methods being taken to prejudice the mind of the public and members against our case. Press your Bill by all means, if you care to do so, but do not destroy my belief in your promises and of the boasted "British fair-play" that I have heard so much about, but as yet have failed to find. In all honesty and equity present my statement mailed to you on the 4th instant, if you have presented the other. We do not ask any favours; treat us fairly, and not as if we were criminals or outcasts. The man whose figures you have made use of was discharged for irregularities of the worst kind. You are too great a man to descend to such a petty proceeding; you must have been imposed upon by some one with an axe to grind. I have declined numerous invitations to agitate in favour of our side of the case. We do not want to continue our business in New Zealand, and shall be glad to get out of it; then you may build your Chinese wall as high as you like, and sit down until you find out that you will have to build mighty high to keep your own population in. I trust, however, that the *Herald* is "drawing on its imagination for its facts," and that you are wrongly reported.

The Right Hon. R. J. Seddon.

I am, &c.,
R. J. PARKER.

Approximate Cost of Paper.—Preparation, not given; printing (1,200 copies), £1 18s.

By Authority: JOHN MACKAY, Government Printer, Wellington.—1900.

Price 3d.]

