

gain a precarious profit, the trust thus monopolizing the whole of New Zealand. As showing the profits made by the tobacco trust in New Zealand, a cigarette under the brand of the "Atlas" cigarette was imported into New Zealand, and, with a view of prejudicing the locally made article, was absolutely given away to the distributors, who had only to pay the import duty—17s. 6d. per thousand—and were expected to dispose of the goods to retailers at a price that would allow the package of ten cigarettes being sold at 3d. per packet, the A.M.T. Co. obtaining nothing for the cigarettes. The same brand of cigarettes was sold to a firm—Henry Marks and Co.—in Suva, Fiji, at 5s. per thousand in bond. The package contains, besides the ten cigarettes, holders and pictures—in fact, to all appearances is equal in every respect to the "Old Judge" brand of cigarettes, for which the distributors are paying 15s. per thousand in bond in New Zealand. Several American manufacturers outside of the trust offer similar cigarettes at from \$1.50 to \$1.75 per thousand c.i.f.e. New Zealand—i.e., 6s. 3d. to 7s. 3d. per thousand—but owing to the trust's boycott they are unsaleable in this country. The contention of the trust as regards their not manufacturing their supplies locally is that the New Zealand Government have placed a prohibitory tariff on cigarette-manufacturing, precluding the trust manufacturing at a profit. Let us see how the matter stands. All cigarettes made by machinery are liable to 2s. 6d. per pound excise duty after paying 2s. per pound import duty on the leaf tobacco—i.e., the average-made cigarette at 2½ lb. per thousand pays 11s. 3d. per thousand duty, against 17s. 6d. per thousand charged on the imported cigarette of similar weight: 6s. 3d. per thousand differential rate is therefore considered as an unpayable profit by the American Tobacco Company. The cost of manufacturing in bond in New Zealand should not exceed 5s. 6d. to 6s. per thousand. This proves that the A.M.T. Co. could produce a packet of ten cigarettes locally to be retailed at 3d. per packet, as is done elsewhere—cost, 16s. 6d. to 17s., to sell at £1, as against £1 12s. 6d. imported. The profits on their brands of cut tobacco are also enormous, and, including their brands of plug tobacco and cigars, the colony is being exploited to the tune of thousands and tens of thousands of pounds for the benefit of the American Tobacco Company in New York. In the United States the tobacco manufacturers and growers are protected as shown in the following table, which also shows the duties imposed in New Zealand:—

	United States Duties, per Pound.	New Zealand Duties, per Pound.		
		Import.	Excise.	Total.
Leaf tobacco suitable for cigar-wrappers, unstemmed	\$ s. d. 1.85 = 7 8½	s. d. 2 0	s. d. 1 6	s. d. 3 6
Ditto, stemmed .. .. .	2.50 = 10 6	2 0	1 6	3 6
Other leaf tobacco, stemmed .. .. .	0.50 = 2 1	2 0	1 0	3 0
Ditto, unstemmed .. .. .	0.35 = 1 5½	2 0	1 0	3 0
Cigars, cigarettes, and cheroots of all kinds .. .. .	4.50*	..	..	18 9*

\* And 25 per cent. *ad valorem*.

You can see, therefore, how the Americans protect their industry. Any leaf sent to the United States from our Fiji plantations would be taxed 7s. 8½d. per pound. We tax American and other cigars only 7s. per pound. Cigarettes made in New Zealand and exported to the United States at the average weight of 2½ lb. per thousand would be charged £2 7s. 4½d. per thousand, besides *ad valorem* duty of 25 per cent. We charge only 17s. 6d. per thousand on American cigarettes. The trust practically averages 10s. per thousand profit on 75,000,000, or £37,500 on cigarettes alone. Their profits on the tobaccos average 6d. per pound—on 1,750,000 lb., say, £43,750. Roughly, £80,000 per annum is taken out of the colony by the trust. The New Zealand Government gets about £295,000 for tobacco, £27,000 for cigars and snuff, and £78,000 for cigarettes; a total of £400,000. If they had a State monopoly they should make fully £500,000 per annum. A State monopoly would encourage the cultivation and sale of tobacco-leaf in New Zealand. The A.M.T. Co. has never spent one penny in this direction, whereas the Auckland factory purchased considerable quantities of New-Zealand-grown leaf, and would now were suitable leaf procurable. The proprietors of the Auckland factory have expended considerable sums of money on their plantations in Fiji (a British colony) in their endeavours to produce a good marketable cigar leaf, and have been highly successful in this undertaking, as evidenced by the cigars made entirely from the Fijian leaf at their Auckland factory. Unfortunately, the severe competition of the American trust having practically ruined their business in New Zealand, operations have had to be suspended in Fiji, and the proprietors are being compelled to close down the Auckland factory owing to the unprofitable nature of their undertaking through loss of trade from above-mentioned causes. At present it would be a trifling cost to the New Zealand Government to take over the local tobacco-factory and manufacture on its own behalf. Further funds would of necessity be required to enlarge the operations to meet smokers' requirements. Fifty thousand pounds should, however, equip the suggested State factory with all necessary plant and appliances, easily repayable within a short period out of profits. The smokers should be able to obtain a cheaper article and still leave a large margin of profit.

3. *Mr. Bollard.*] Can you suggest any other remedy for the state of things you have described than the State taking over the colonial manufacture of tobacco?—I am afraid I am rather at sea in suggesting any other remedy, but pretty well all the nations of the world are admitting that something should be done against the American tobacco trust. You may have noticed a cable message in to-day's paper stating that the united capital of the trust is going to be £72,000,000. It seems to me that an