

increased duty would not help matters much, because they have such a demand for the goods now in the trust that if the duty were doubled they would still make the tobacconists take them. They would not allow their cigarettes to be sold at over 6d. a packet, so that extra duty would only come out of the pockets of the tobacconists. A concession might be made in the duty on the raw material, which would enable the cigarettes to be made in the colony. We have to pay now 3s. per pound for the raw material, while the American and English cut tobaccos made up in fancy tins pay only 3s. 6d. per pound. There is a difference of only 6d. per pound to pay for the cutting-up, tinning, and labelling.

4. What is your opinion about the quality of the tobacco grown in New Zealand?—There has been none grown for a few years. I used a lot of it years ago, but when we were getting on well the Government increased the excise and import duties.

5. Do you think that tobacco could not be grown in the colony to perfection?—For blending purposes it could. All over the world tobacco is blended, so that we should be only following the example of other countries.

6. What reason has the grower given for giving up the cultivation of the tobacco-plant?—I think it was because he considered it did not pay him to grow it. Those who went in for it had rather exalted ideas as to the value of the product as compared with those of other countries.

7. How would decreasing the duty on the raw material affect the industry?—It would allow us to compete better against the imported goods. It would allow us to go into competition with the trade here. If the trust had factories here we should not trouble the Committee.

8. Do you think, if the duty on the raw material were decreased, they might be induced to set up factories here?—They might do so. My complaint is that they will not allow us to manufacture and do not manufacture here themselves.

9. You think the only remedy is for the State to interfere?—I think so. I have several cuttings from newspapers showing what is being done in other parts of the world, and also that nations are up in arms against the trust.

10. Is this country suitable for the cultivation of tobacco?—Yes, as far as the North Island is concerned.

11. *Mr. Houston.*] Do I understand that the tobacco trust has put a sort of embargo upon the merchants not to sell certain tobaccos, and if they do the trust will not supply them with its own tobaccos?—Yes. I am told everywhere I go that they are debarred from handling our stuff. To-day I cannot sell a packet of cigarettes. I should like to give you full particulars and the names of these people, but they are frightened to give any information that might injure them with the trust.

12. *Mr. Laurenson.*] You suggest that the New Zealand Government should take over the local factory and convert the tobacco business into a State monopoly?—That is my suggestion.

13. If we increased the duty on imported tobaccos and cigarettes it would give you a sort of preferential tariff, so to speak?—I suggested, in reply to a question by Mr. Bollard, that a decreased duty on the imported leaf would assist the manufacturers here, but that would not meet the operations of the trust, because any increased charge on the imported goods would only come out of the pockets of the tobacconists and smokers. There is a huge margin of profit on their cigarettes, and if you doubled the duty it would not rob them of their profit. I am also speaking on behalf of the English manufacturers who are outside the trust. I am told of an instance where the A.M.T. Co. gave one firm practically only twenty-four hours' notice to clear an English-made cigarette out of their place, but I wish to avoid giving names.

14. *Mr. Rutherford.*] Who established the factory in Auckland?—It was established twenty years ago.

15. By whom?—A little local syndicate called the "Auckland Tobacco Company."

16. Did you join them?—I joined them in 1884.

17. How many times has the company been reconstructed?—Three or four times.

18. Because it did not pay?—It did pay at one time. I ran it myself and made it pay, but I could not stand against the trust. When the trust got control we went back, and have been going back since.

19. You say that the profits of the American trust are very great?—Yes.

20. You mentioned that cigarettes ought to be charged 3d. for a packet of ten: how is it you cannot compete if they charge 6d.?—We cannot get anybody to take our goods.

21. Because they are inferior?—I will not admit that, and I do not think any of the smokers will.

22. It seems to me an extraordinary thing that the public will not buy your goods?—They are debarred from doing so by the trust.

23. You suggested that the State should buy your company out?—Our company is in liquidation, but I say the State should undertake the monopoly of the growth and manufacture of tobacco.

24. I take it that you cannot successfully undertake the growth of tobacco without black labour. Men have found it was not profitable here with white labour, and in Australia and in Fiji considerable quantities have been grown by Chinese and coloured labour. I suggest to you that it is not possible to grow tobacco profitably with white labour?—There are one or two farmers who used to grow tobacco and it paid them well, but they did not go on with it.

25. You said the State would make an enormous amount of money if it set up a monopoly?—Yes, including the present duty.

26. It seems to me that the cost is due to the large duty. The wholesale price of negro-head is only 10½d. per pound. The average price of tobacco for all qualities in New Zealand should be about 1s. 7d.?—I suppose it would be something like that.

27. Would 10½d. a pound for negro-head be about the price?—I do not think you could import it at that price. You would have to give another 2d.