

117. But the Government could not guarantee the price?—If the Imperial Government could see their way to control wholesale and retail prices they would be able to say what they could afford to give.

118. But the New Zealand Government could not do it?—No, only in conjunction with the Imperial Government.

110. *Mr. Talbot.*] Under your scheme for buying would the buying firms cease operating—for instance, would Sims, Cooper, and Co., and Borthwick be eliminated altogether?—Not by any means. There is nothing to limit competition if anybody wants to come in and buy, provided they hand the meat over to the Government at a price. Under my scheme there would be one ultimate buyer and one ultimate seller. The farmer would get the benefit of all the competition there is.

120. *The Chairman.*] Would it affect the position if Australia declined to enter into similar arrangements with the Imperial Government?—Australia ultimately should be a much larger shipper than she has been. Up to the present she has not been affecting the trade to any great extent, but the trouble in regard to Australia is that she is on the market about the same time as we are, and in a measure spoils it for us, because they can sell at a lower price than we can owing to cheaper production. However, I think you would find that Australia would be quite willing to come in, but I do not think so far as mutton and lamb are concerned it would affect us very much if she did not. All countries, from what I have read, are afraid of the Meat Trust, and they are all endeavouring to find a remedy.

WALTER GEORGE FOSTER examined. (No. 4.)

1. *The Chairman.*] What is your position?—I am manager, chairman, and director of the Wellington Meat Export Company.

2. The Committee will be pleased if you will make a statement in regard to what you know as to the operations of the Meat Trust?—Well, sir, I have not come prepared with any statement. I imagined that I would be only asked to tell you what I knew or suspected of the operations of the American Beef Trust. There is not very much I can tell you as to that. We know, first of all, that Armour and Co. are here, and they have stated quite frankly that their cards were on the table. Those are the words used by the manager in Christchurch. He said they had come here to do business, and to do the business of the country if they could get it. By that I mean they would be able to do everything that is offered to them. In order to start business here they registered as a private company. There are five members, all of whom, with the exception of the solicitor, are directly connected with institutions in America which are very largely owned by Armour and Co. They registered that company for the purpose of carrying on operations of enormous magnitude, if they can get the business, with a nominal capital of £20,000, the registration fee being quite nominal (£20); but New Zealand companies contemplating doing a smaller portion of business in comparison with a capital of £200,000 or £300,000 have to pay a considerably greater registration fee. The trouble, however, is this—and it gives them an enormous advantage over other New Zealand companies which are trading here—they do not contribute to the New Zealand revenue at all as compared with those companies which are registered here and are New Zealand companies. The result is that you cannot tell what profits they are making. Take Armour and Co., for instance: they do not need to disclose the actual profits on their transactions, because their business passes through their foreign office. They may show a profit here or they may show nothing at all. It is not essential to Armour and Co.'s business, because the profits are realized outside New Zealand, and can be concentrated in their American balance-sheet. I happen to know, on good authority, that is the case: that the firms of Armour and Co., Swift and Co., and other American businesses which are conducted in London, their London profits are not shown in connection with their London branches but in America. Therefore they have an immense advantage over us. As to how that is to be coped with is quite another thing. I take it the Government here has power to refuse registration to any company. The direction in which legislation should go, to my mind, is to endeavour to follow their business through to its end and collar the taxation on their profits as if earned here. Whether you can do that I do not know. In regard to Armour and Co.'s operations here I have heard what Mr. Millward has said. He has given you an indication of what business is being done by Armour and Co. and Swift and Co. I might say that my company this last year has been persistently followed round by the buyers of these American companies, who have said to the farmers, "You sold to the Meat Export Company; we will give you 1s. a head more for your sheep than they will." Those are the tactics which are followed. You can imagine that sort of thing must keep the trading companies very much on the stretch, and it is a very cheap way of making the other fellow sweat. We have had to sweat a good deal this year, and I think that has been the position of other companies here. Armour and Co., as Mr. Millward has mentioned, purchased right out an old Canterbury firm of dealers—viz., A. L. Joseph and Co. Mr. Joseph died not long ago, and the executors sold the business. Armour and Co. had absolutely no connection to begin with, and their only object in taking over that business was for the purpose of purchasing in the local market. I have been informed that Armour and Co. put a buyer into the Auckland Province at a substantial salary. He was running there for three months, and a gentleman told me that Armour and Co. had lost in that time £3,000 between purchase-price and the sales to the Government. That, of course, is pretty substantial. I think they sacked the man. I do not know whether they went on with their business there. Their manager, Mr. Kingdon, saw me on one occasion in regard to our company freezing for Armour and Co. He told me that they