

At length, in February, 1920, the embargo was removed. At the first New Zealand hide-sale following the raising of the embargo phenomenal offerings were made, and the prices realized were approximately 50 per cent. in advance of the schedule of prices previously in force. These high prices were maintained and increased at subsequent sales, until peak prices were reached towards the end of April, and these were over 100 per cent. in advance of the schedule rates. The market then began to fail, and prices declined, until early in July they were again on a level with the embargo schedules. From July onwards declining prices continued, and by November the market had practically collapsed.

The purchase of hides by tanners is a seasonal operation, which usually commences shortly after the beginning of the killing season in November and runs on till March. By acquiring stocks at this period the tanners obtain a better article from the point of view of "substance," as the hide is not loaded with long hair and dirt. When the embargo was raised the tanners' buying season was already late, and it was not contemplated that the market would collapse with the degree of suddenness that actually occurred. Consequently most of the tanners' stocks were replenished at peak prices.

There was no doubt that the sudden collapse of the market complicated business for all concerned with the manufacture of leather goods, and even at the time of writing (1st June, 1921) comparatively few of the cheaper hides have been through the manufacturing process in this country.

FOOTWEAR.

The Department has investigated the profits of boot-manufacturers, wholesalers and retailers, and is in possession of reliable financial records relating to the numerous firms operating in the boot business in New Zealand.

Up till the end of 1919 local boot-manufacturers were fairly prosperous, but at no time has the manufacturer of boots enjoyed the profits which have fallen to the lot of the man engaged merely in trading operations in footwear. In the period of rising prices the trader, working on the basis of replacement values, was able to amass considerable profits; but the manufacturer's business was more complicated, and contracts for future orders were sometimes rendered unprofitable by unforeseen rises in the costs of raw materials and labour. Furthermore, the competition of imported footwear became increasingly keen in 1920, and added to the difficulties of the local manufacturer.

Between 1914 and 1919 several boot-factories were extended and some new establishments opened. In the results of the investigation into the manufacturing business there is no evidence that unreasonable profits have been taken at any time during recent years.

A few prosecutions under section 32 of the Board of Trade Act were instituted against retailers, but only one was successful.

STANDARDIZED FOOTWEAR.

Preliminary inquiries in regard to the standardized footwear were referred to in the third annual report of the Board of Trade. Shortly after that report was issued the Department arranged for the drafting of regulations embodying a scheme for the manufacture of standardized footwear and the control of the prices of thirty varieties of boots made in New Zealand from New Zealand leather. Briefly, the scheme is as follows:—

The Board will issue to any boot-manufacturer in New Zealand who is willing to comply with the conditions set out in the regulations a license to place on the New Zealand market boots branded "New Zealand Board of Trade." The maximum retail price must be marked in plain figures on the sole of each boot, but it is not a breach of the terms of the license if a retailer sells at a lower price. The figures to be stamped on the boots will provide for the cost of manufacture, plus a reasonable profit to the manufacturer and a sufficient sum to cover the costs and profits in distribution. Should a retailer or manufacturer employ a middleman, or warehouse, to finance him the retailer or manufacturer must pay the middleman for his services without increasing the retail prices of the boots, the idea being to reduce handling-expenses to the lowest possible figure and to bring the retailer into direct touch with the manufacturer. The license contains a clause that all boots manufactured shall conform with specifications according to type or class issued by the Department, and must correspond in quality with the sample, which will remain in the possession of the Department. By the courtesy of the Labour Department the services of the Inspectors of Footwear are available to see that the boots are manufactured according to samples and specifications. The Board of Trade reserves the right to alter the retail prices from time to time according to fluctuations of the market for material and labour.

Since the regulations were approved on the 6th October, 1919, a large number of the boots have been manufactured and sold to the public. Most of this activity has been concentrated in Wellington, but the Department has made demonstrations in the other centres with a view to giving the people information concerning the scheme. It must be confessed that the system has not met with the anticipated success, but the Department feels convinced that the principles underlying the movement are so sound as to ensure their ultimate adoption by the New Zealand manufacturers. The scheme merely puts into effect the benefits of specialization. A great source of wasted energy in the industrial world at the present time is that many manufacturers are engaged in miscellaneous operations with no economic standards, and quite unnecessary variations in the products have been allowed to intrude themselves merely because it has been nobody's business to see that they are reduced to a minimum.

The Department's scheme provides the public with two guarantees—(1) that the quality of the boots is quite satisfactory, and (2) that the profits of the manufacturer and dealers are reasonable.