

What is the principle?—The price fixed in Apia is the highest price that shall be paid. In olden times the Natives had an abundance of boats, and they brought their copra to the place where they could get the highest price. Then the Natives approached the merchants to open stations where they could bring their copra right to the door and buy goods. The merchant had to see that the price he was paying for the copra satisfied the Native, otherwise he would take it away from his station to another station or Apia, where a higher price would compensate him for his trouble.

*Mr. Meredith.*] Have you got a fixed difference between Apia and the other stations?—Yes, because if we do not pay a higher price or a lower price the Native will bring his copra to Apia, and the stations that we have erected would be lying idle.

So that you fix the price so that it will not pay the Native to bring his copra into Apia, and also fix the price so that it pays you?—Yes.

So in buying copra at the stations you allow a profit for the stations?—Yes.

So that the station has a profit, as well as the profit that is made between Apia and London?—That is a matter of book-keeping.

Now there are two profits?—You can call it two or one, according to where it is accounted for.

Was the idea to pay a fair price at the stations so that this price, plus the cost of getting it to Apia, would be equivalent to the Apia price?—If it were not so the Natives would bring the copra to Apia themselves.

It was common ground that for many years, upon each substantial change of the European market price, the traders met and fixed a common price to be paid for copra, whether delivered at Apia or at any of the out-stations of the traders. It is said that occasionally a trader broke away from the agreement fixing prices; but we are satisfied that, as a general rule, for a considerable period of years the Samoan had to be content with such price as the traders chose to pay him for his copra. There was no real competition. The Samoan producer was helpless. If he did not accept the traders' fixed price he had practically no other means of disposing of his product. One other circumstance is of great importance. The traders made it a rule to pay one price only, whatever the quality or condition of the product, provided only it would pass the Government Inspector as fit for export. The Samoan producer had no incentive to exercise care and attention in the preparation and drying of his copra. The better the quality of his copra, the more the profits of the traders were enhanced. It may well be that a change of system in the direction of paying a better price for increased quality might have involved difficulties for the trader; but it is clear that the trader had no inducement to alter the system, with which he was well content.

For many years complaints had been made to the Administrator by many Samoan District Councils complaining of the system under which the Samoans were compelled to sell their copra, and pressing the Administrator to provide some remedy, either by controlling the sale of or regulating the price of Native copra, or in some other way ensuring an increased price for their product. The Samoans were aware that in American Samoa, either by sale to or by marketing through the Administration, Samoans living in that Territory obtained better returns for their copra than the price paid by traders in Samoa. There appears no reason to believe that the copra produced in American Samoa was of better quality than that produced in Western Samoa. The quantity available for export from the first-mentioned Territory was about 600 tons, as against 12,000 tons in Western Samoa. It was admitted that the traders were for some years past aware of the complaint of the Samoans that they were not getting fair treatment in the matter of their copra from the traders. The traders, however, appeared content with the position. It is clear that the Samoan was not in a position, nor was he possessed of the knowledge necessary, to enable him to deal on equal terms with the traders for his copra. The Samoans were wholly incapable of forming a co-operative marketing organization of their own. The Administrator, regarding himself as standing in a quasi-paternal relationship to the Samoans, apparently devised a scheme to deal with a portion of the Native output of copra, and it is the possible extension of this, or the adoption of some similar but more extensive scheme, which has alarmed the traders. In February, 1926, the Administrator had obtained authority from the Minister of External Affairs to assist the Natives to market their copra through the agency of the New Zealand Reparation Estates. These estates had been German property vested in the New Zealand Government by the New Zealand Reparation Estates