

some agency, the character of which he did not know, and the Committee can only know by the exercise of their own judgment. Mr. Isaac says, "I could not get it"—the flour—"from the association; not only that, but they wrote to merchants in this city and told them not to supply me with flour or they would not supply them." He says that Mr. Mitchell told him that the association was formed, and they were not going to let those have flour who did not keep in line with the Bakers' Union price. This man had to get flour from Adelaide to meet the difficulty created by this interference with the ordinary course of his trade. The Christchurch Workingmen's Co-operative Society found themselves in the same position. They could not get their flour, and though they did their level best to try and get an explanation from the association, writing a number of courteous letters, the secretary did not consider it worth his while to reply to them. Then, there was another witness—a man named Beynon—who said that his business was practically extinguished because he could not get flour. He was doing a cash counter trade. He went with Mr. Mitchell, of Laery and Co., to Mr. Virtue, the Wellington representative of the trust, to find out the reason. He was informed he could have no more flour unless he ran his business on lines determined upon by the Master Bakers' Union, and he had to agree to charge the same price for his bread as other bakers, and when he did that he found that his cash trade practically died off, and it took him some months to build up his business on its present basis. He is now doing a very fair business, and, owing to the existence of free mills, gets flour easily. He says that he has never defaulted in his payments, and he is getting a fair profit on the bread he makes, and has no difficulty in getting flour now, because since March last the association has been selling flour practically to any one who wants it. Clause 9 of the charges—"That the association was officially connected with the Master Bakers' Union in arbitrarily fixing the price to be charged for bread": That has already been proven. Clause 10—"That as a result of the methods named, and others, the New Zealand Flour-millers' Association has deliberately restrained trade, and endeavoured to force the public to pay an excessive price for bread, so that the members of the Flour-millers' Association could escape from the consequence of their excessive investment of capital in the flour-milling business." That is the kernel of the whole matter, and I submit that I have placed before the Committee enough evidence to show that it is unreasonable to argue for a moment, as no doubt the association will do, that they can restrict the output of these mills by two-thirds and make no provision for interest on the capital invested in these plants while they are not producing. It is contrary to common-sense and ordinary judgment to take up a position of that kind. The fact that they have been getting undue profit is shown by Mr. Dall, Steven and Co.'s representative, when he pointed out that in the two months—September, 1902, and September, 1903—there was a large difference in prices of flour, and that in September, 1902, the millers were making from £2 5s. to £2 10s. more profit than in 1903. That is to say, that under their arrangement with the association they were getting more for their flour than they were getting in 1903. Steven and Co. deny that they were the first to cut prices. In March, 1903, after they withdrew from the association, they say they were subject to unfair pressure; the association, in successive drops, brought down the price of flour by £3 a ton within sixteen days of their leaving the association; and that drop was in no way controlled by the price of wheat. That fall in the price of flour was arranged in order to bring into line this objectionable mill. Fortunately this association did not get a fair start. You must judge it not altogether by what it did, but by what it desires to do, and by what it might have done. It got into touch with the Bakers' Union, and used undue pressure to bring Gardner, Heslop, and Steven into the association, and it was pressing other mills to come into the combination. If you take the methods the association adopted towards the owners of the free mills, coupled with the utterance of Mr. Meek—the president of the trust, who, although in attendance here for ten days, was not examined for some reason or other—at the annual dinner of the Flour-millers' Association held in March of this year, when he said there were three times more milling facilities than the business warranted, and that within a very few months they would see all the millers of New Zealand belonging to the association, you must realise the danger this association is to the public. I say again, it is fortunate that the association did not get the complete grip on this colony that it was designed to do. The fact that when it did not easily get the grip intended it sold flour below cost in Auckland and Dunedin, that it used undue pressure towards free mills, that it joined with the master bakers and would not supply cash-selling bakers: if you take all that evidence into consideration, then I say you must admit that I have proved my contention that the association did operate to the public injury. If Mr. Meek's prediction were realised, and all the millers of New Zealand were to join the association, they would be in a position to fix the price of wheat to be paid to the farmer so far as the wheat-requirements of the colony are concerned, and that constitutes a very grave danger to the community. The price of bread fixed by the association and the bakers was not to be according to the fluctuations in the price of wheat and flour. It was an arbitrary price fixed by the Bakers' Union, and to that extent I say the intention to unduly tax the public was clear and conclusive, and generally I say that the operations of the Flour-millers' Association are calculated to work to the injury of the State, and should be controlled by legislative enactment. I asked my witnesses whether the removal of the duty on flour would have any effect, and they were all of opinion that the removal of the duty on flour would make it impossible for any association to permanently exercise undue power. They said that the removal of the duty of £1 a ton would put all the millers in competition with the flour-millers of Australia and Manitoba. It will be suggestive no doubt to the Committee that the reason given for the restricted output during the past two years and a half was that the export trade fell off almost entirely simultaneously with the formation of the association. Mr. Wood, of Christchurch, evidently to conceal the restriction on production exercised by the association, was unwise enough to make that statement distinctly that the cessation of the export trade took place simultaneously