(g) That, on account of the small size of New Zealand factories as compared with their overseas competitors, the question of amalgamation in respect of the small-order question and multiplicity of design be considered ;

(h) That as certain manufacturers have been able to operate on a satisfactory paying basis by disposing of their products through retail shops which they control or mainly supply, it is suggested that the question of co-operative action between manufacturers be considered with a view to the reduction of marketing and distribution expenses ;

(i) Co-operative action between New Zealand manufacturers in the establishment of a purchasing centre for materials would reduce stocks of materials, particularly foreign leathers that now frequently become dead stock ;

(j) That the question of manufacturers retailing their own products is indicated as a means of meeting competition from overseas products.

In addition to the above recommendations, the members of the Committee other than the official members unanimously adopted the following resolution :—

"That the recommendations made above in this report cannot be effective without the safeguard of additional Customs tariff of 5 per cent. for a period of five years. The granting of this increased tariff would, it is felt, enable the manufacturers to adopt the recommendations by giving them the necessary increased output, and, furthermore, would enable footwear made in New Zealand to be sold without increase in prices."

The report was freely reviewed by the press, who generally complimented the Committee on the thorough manner in which the investigation had been carried out. One report stated that it was "the first big scale attempt to introduce into the country the methods of rationalization in industry. It contained many trade admissions of faulty organization, and so many sound recommendations for dealing with these, that it must do some good if its findings are considered at all."

Since the issue of the report in October last the Government Statistician has published the production figures of the industry for the year ending 31st March, 1929. These figures indicate that the industry has suffered a further setback for the period as shown by the following summary :—

	1928.	1929.	Difference 1928–29.
Number of establishments	81	74	−7
Employees	2,338	2,293	−45
	£	£	£
Salaries and wages paid	405,443	392,499	−12,944
Cost of materials used	565,250	580,927	+15,677
Added value	603,487	563,942	−39,545
Value of products	1,168,737	1,144,869	−23,868

The imports of footwear wholly or mainly of leather have decreased slightly during the twelve months ended 31st December, 1929. The relative figures for the previous year are shown as under : 1928—153,337 dozen pairs ; value, £763,915. 1929—140,020 dozen pairs ; value, £753,843. Representing a decrease of 13,317 in quantity and £10,072 in value.

From reports that have reached the Department it would appear that some of the large factories at the present time are keeping their factories working full time with improvement in sales due in one case to the reorganization of their marketing methods. Other factories report that conditions are worse compared with those of last year. Unskilled labour is available, but there is a shortage of competent machinists. The price of leather has been reduced slightly during the year, but this has been offset by the reduction in prices of footwear to meet competition.

Price-cutting.

During the last year or so there has been considerable discussion and controversy on the question of price-cutting, and numerous complaints have been made as to the unfairness of what has become a more or less common trade practice. Price-cutting is not a new phenomenon in the commercial world, and for many years certain traders have cut the prices of special lines of commodities. It is, however, certainly true that during the last two or three years an increasing number of retailers and wholesalers in various trades have made a feature of finely cut prices for some of the lines which they sell.

Indiscriminate and consistent price-cutting regardless of profit or loss, is uneconomic, and can lead only to one end—the elimination of those financially least able to stand it. Provided a retailer or other trader is performing a real and necessary service in connection with the distribution of goods from the manufacturer to the consumer, then he is justly entitled to a reasonable profit or reward for his services, and price-cutting which tends to reduce what is a reasonable profit is illogical and uneconomic.

On the other hand, all price competition is not price-cutting, and many of the complaints that have been made of late years in this connection are entirely unjustified. New methods of distribution have arisen and are still being evolved. The process of rationalization of industry brings with it more rational or reasonable methods of distribution as well as of production.

Excessive numbers engaged in many lines of business, each unit conducting a comparatively small volume in relation to the total, keep costs at high figures relatively to turnover, and although it does not necessarily follow that the largest establishments have the lowest overhead costs, yet the experience of the last few years—out of which have arisen the outcrys against many miscalled price-cutters—shows that very often these small units are an unnecessary burden upon the consumer.

The channels of distribution have changed considerably during the last few years, and in the field of retail trading, chain stores, department stores, and other similar organizations, have become an