

P.A.T.A. IN CANADA.

8. The P.A.T.A. commenced operations in Canada early in 1925, and was organized by the founder of the British association, Sir William Glyn-Jones. The objects of the association are practically the same as those proposed by the New Zealand society. Sir William Glyn-Jones made a public statement in connection with the operations of the Canadian Association as follows (*Drug Merchandising*, 9th June, 1926):—

If in your store you handle P.A.T.A. and non-P.A.T.A. proprietaries alike, you deserve all you get in the way of undue price-cutting. The organized retail druggists of the Dominion can, if they choose, make the merchandising of the non-P.A.T.A. proprietaries unprofitable to the manufacturer. There are perfectly legitimate ways of doing this, and I need not enumerate them. I make no apologies for asking you to make the path of the non-protecting proprietor of a proprietary article as hard as you know how. That should be your contribution to the success of the P.A.T.A.

And in *Drug Merchandising*, March 1926, there is a statement as follows:—

Another important point stressed by Sir William was the advisability of being very cautious in taking the first step in increasing prices, so as to avoid the possibility of a public investigation into the legality of the movement.

"The legality of the P.A.T.A. has been thoroughly investigated, and there is nothing to fear so long as the druggist is moderate in his demands," said Sir William. "The retailer must not look upon this as the millennium at once. Every movement must be taken with an eye to the public and its possible reactions to increase in prices."

A minimum price-list will be issued for the time being, containing the lowest price at which the druggist can sell the articles. For example, an article which should be sold for 40 cents will have a minimum price of, say, 35 cents. If this article has been previously cut to 25 cents, the increase in price will not be so drastic as it would if the top price was quoted. Furthermore, it will enable the department stores and "cut-raters" to show the price as 35 cents as against the advertised price of 40 cents, and still create the impression that they are selling below the market value of the article. In time the minimum price idea will be abolished and the one price put into effect.

The association was receiving considerable support from manufacturers, wholesale druggists, and chemists. The latest records show that 150 manufacturers, 28 wholesale druggists, and 2,732 retail druggists had joined, this latter number representing nearly 90 per cent. of the retail drug trade in Canada.

In August, 1926, a petition, bearing nearly five thousand signatures, was presented to the Government requesting an investigation into the proposed operations of the association, and the Registrar of the Combine Investigation Act, 1923, was authorized, in connection with Dr. W. A. MacIntosh, Professor of Economics, Queen's University, to submit a report. This report, which was carefully considered by the New Zealand Committee, and which was largely quoted by counsel on both sides at the New Zealand inquiry, concludes that the operations of the P.A.T.A. in Canada, while of benefit to the interests included in its constitution, was disadvantageous and detrimental to the public interest, and therefore was a combine within the meaning of the Act under which the inquiry was made.

Since the publication of this report, a Royal Commission has been set up in Canada to take evidence upon the proposed operations of the P.A.T.A., and this Commission, so far as the Committee in New Zealand knows, has not yet given its finding.

PRICE-MAINTENANCE IN U.S.A.

9. The P.A.T.A. does not operate in the United States of America. Price-fixing between competitors is unlawful, both under the Sherman Anti-trust Law and under the Federal Trade Commission Act. Agreements to fix resale prices between a manufacturer and his dealers, or between a distributor and subdistributors, is unlawful under the above Acts. Resale price-maintenance plans or schemes involving any element of co-operation between the manufacturer or distributor and his vendees or subvendees are an infringement of the Federal Trade Commission Act. A manufacturer or distributor acting entirely alone may announce in advance his resale prices and may thereafter decline to sell to those who he ascertains, without any co-operation from his dealers or subdealers, fail to maintain such prices.

P.A.T.A. IN NEW ZEALAND.

10. The formation of the P.A.T.A. in New Zealand was the outcome of a meeting of the Chemists' Defence Association, held in September, 1920. It was decided by members present