

(ix) Page xci of the Cost of Living Report, 1912, was quoted as follows :—

4. Your Commissioners are of opinion that an amendment to the Commercial Trusts Act is necessary, and should be widened to embrace all commerce and include the following additional provisions :—

(1) That it is illegal for any combination of traders to arrange selling-prices to the retail trade or the public with a direct or indirect penalty to any trader refusing to do so. (Note : This would not prevent traders in any business mutually arranging to sell at uniform prices, without obligation or penalty to any one refusing to do so.)

Counsel then remarked, as referring to the P.A.T.A., “Here, although there is no obligation or penalty expressed, the obvious intention is that if retail prices are not observed we will boycott you.”

(x) Reference was made by counsel to the scheme of improved distribution practised by “cash and carry” grocers, and it was claimed that if the P.A.T.A. functioned they would have to go out of business, and that the public would lose the very considerable benefits at present obtained. The effect on the co-operative stores was also referred to, and it was claimed that such stores would be prevented by the P.A.T.A. from giving their customers the benefit of their efficient methods of buying and distribution. It was stated by counsel that the difference in overhead expense between these businesses and credit businesses might vary as much as 10 per cent.

(xi) It was pointed out that, as nearly the whole of the chemists and grocers would be forced into joining the P.A.T.A., no new proprietary product could come upon the market unless controlled by the association, because the retailers were bound not to recommend or push it in preference to a registered article.

(xii) Counsel said that there was no evidence of a mass attempt to cut prices; that cutting was sporadic, and that the lines cut were generally unessential lines which did not seriously affect the buying public. Counsel further said that the goods most commonly cut, such as tooth-paste, baby-powder, and toilet soap, were those which lent themselves extraordinarily to competition and substitution; that these were more or less luxuries, and that any of them could be dispensed with and an equally good article used instead.

OPINION OF THE ECONOMISTS.

14. The Professors of Economics at Victoria University College (Wellington), Canterbury University College (Christchurch), and Otago University (Dunedin) were supplied with—(a) A copy of the published constitution of the P.A.T.A.; (b) an interim report from the Registrar, Department of Labour, Ottawa, Canada, upon the operations of the P.A.T.A. in that country; (c) the Board of Trade Act, 1919, and the Commercial Trusts Act, 1910—and were asked to give opinions upon the proposed operations of the P.A.T.A. in New Zealand as disclosed by the constitution of the association. These opinions were accordingly given, and appear in the Appendix to this report. In addition, Professor Murphy, of Victoria University College, Wellington, appeared in person before the Committee, and his opinions were subjected to cross-examination by counsel appearing for the parties. This examination is embodied in the evidence section in this report. The opinions given by Professors Murphy and Tocker were distinctly unfavourable to the P.A.T.A., whilst that of Professor Fisher was more qualified.

RETAIL SHOPS IN NEW ZEALAND.

15. The only official statistics that were of service to the Committee in regard to the number of retail shops in New Zealand related to chemists. Comparative statistics are available of the number of drug-stores to population in Great Britain, Canada, and New Zealand for the year 1925 as follows: Great Britain, one to every 4,500 people; Canada, one to every 2,624 people; New Zealand, one to every 2,100 people. In the principal towns of New Zealand it is generally conceded that there are too many retail shops selling goods of the same class, and that chemists' shops particularly are in excess of the requirements of the public.

It will be recalled that Mr. Justice Frazer, Judge of the Arbitration Court, made a pronouncement in respect of the number of small retail shops selling general lines. He said (Book of Awards, vol. 25, page 390),—

We are of the opinion that a multiplicity of small shops, in close proximity to one another, that are able to make a living—and a meagre living at that—only because they can take advantage of being able to observe unrestricted hours when some of the larger shops in their vicinity have to close at specified hours is not in the public interest. The public is generally not so well served by the very small shop, with its small range of stock and high ratio of rate of rent to turnover, as by the larger shop.