7. Is it also a manufacturing company ?—To a certain extent.

8. In the questions I am going to put to you now I want you to confine yourself to proprietary lines. What do you say as to the advisability or otherwise of wholesale trading on a satisfactory basis when the retail prices of proprietary articles are being cut by the retailers ?—It brings about a very disturbing condition and makes wholesale trading very difficult.

9. How does it affect the trade generally in the article so far as the manufacturer is concerned ?—It may affect him in a number of ways. He may lose sales.

10. Have you yourself had that experience in various lines ?—There are certain lines I could mention where the cutting of prices by retailers has led to the demand for those articles being affected.

11. Where the retail price is being cut by a few, in places, say, like Wellington and Christchurch, what is the effect on other traders dealing in the same article ?—The trader who institutes the cut prices makes it so that the general retailer cannot handle the lines so cut with profit, and usually discontinues stocking such lines.

12. And in your experience does he usually look round to see whether there is something else he can sell at a lower price ?—I should say so.

13. I want you to tell us something about Eno's fruit-salts. What is the best price at which wholesalers in New Zealand—that is, firms like yourselves—can buy Eno's fruit-salts ?—As a matter of fact, we do purchase to the best advantage, and to do that we have to buy in 50-gross parcels, for which the price is 34s. 6d. net.

14. Is that the best price at which Eno's can be bought by wholesalers ?—Yes, it is the best I know of, and the best I have been able to get.

15. And I suppose Sharland's are as anxious as any one else to buy their supplies on the best terms ?—Yes.

16. Will you tell us what expenditure of capital is required to buy at that best price ?—For that particular line it means £1,000 in order to buy at that price.

17. I think you know that it is being sold by retailers at very low prices ?—The lowest price I have heard is 3s. a bottle.

18. Is that a price at which a trader can sell and make that profit which is necessary to enable him to conduct his business on proper lines ?—It is not possible, at the price at which the retailer can buy it from the wholesaler, to sell it at 3s. a bottle.

19. What is the best price that the retailer can buy from the wholesaler ?—The best price is 38s. per dozen.

20. That does not seem to leave much of a profit ?—It does not cover working-expenses in our particular business.

Mr. Hayward: It works out at 9 per cent. on returns.

Mr. Myers: : We all know that a business cannot be carried on on that margin.

The Chairman: It depends on the turnover.

Mr. Myers: Yes, but a druggist's business cannot be carried on on that margin.

21. *Mr. Myers* (to witness).] So that you are selling this article at 3s. 2d. per bottle wholesale, which does not leave you a working-profit on the article ?—That is so ?

22. And they are sold in some shops at 3s. a bottle ?—Yes.

23. Take Morton's seidlitz powder ; what is the price at which these goods are sold by the wholesaler to the retailer ?—12s. 2d. net.

24. Can you tell at what price some retailers are selling that article ?—It has been sold at 1s. a box.

25. What have you found in regard to Eno's : It is an article, I suppose, which you have to stock ?—Yes, its merit makes it necessary, no matter what the price, for us to stock it.

26. And you have to meet this competition of the retailer selling at 3s. a bottle in order to keep your customers attached to you ?—It would perhaps assist the Committee if I replied to that by quoting a letter which we received from one of our travellers on the West Coast the other day. It reads—

SIRS,

Mr. ———, chemist, Nelson, suggested that our price for Eno's fruit salt, 38s. prompt net cash for order received lately, does not compare favourably with our competitors. I assured him that this line has been used as a sprat to catch a mackerel, and that I would write about the matter and get the firm's attitude in regard to same. He retails it at 3s. 6d. He is not in any way annoyed—in fact, gave the enclosed order—but am sure would appreciate reason for difference in price of 36s. 4d. and 38s. I think 36s. 4d. is ——— price.

Yours faithfully,

———.

So that in order to meet the competition caused by the retailer selling at 3s. you will probably have to bring your price down to cost or below cost ?—In order to retain the good will of Mr. ——— we would have to reduce our price.

Mr. Reardon: So the merchant is cutting as well as the retailer.

Mr. Myers: He has to. Someone else is buying at 3s. and unless the retailer can get the wholesaler to come down he will not do business. Someone must lose money. That is my point, and because the retailer is selling at this price it means that the wholesaler must come down also and that the bulk of them must make up their profits on other lines.

27. *Mr. Myers* (to witness).] Supposing you do not bring your wholesale price down to meet Mr. ———, would you expect to keep him as a customer for other lines ?—It would not assist us in keeping him ; we might, of course, retain him.

28. You have to make a gross profit on your turnover of a certain percentage ?—Yes.