

98. Cannot you see that your percentage of discount on small purchases is absolutely impossible? How could a man give 5 per cent. like that?—He could give it by coupon.

99. I suppose you will admit that if the retail price is fixed by the manufacturer at a very high figure, with a big profit to the retailer, it is encouraging him to reduce the price to the consumer? No; that will increase our volume of sales, which means decreased cost of manufacture.

100. Supposing a man can carry on business on a profit of, say, 10 per cent., and if the price is fixed which allows him 70 per cent., would you not concede that that is so high a price that it almost encourages a cut?—We do not extend it to 70 per cent.

101. As a matter of fact you fixed a very high percentage on it?—It depends on how much he bought.

102. Do you remember a circular being issued by the Palmolive Company referring to the price fixed wherein it says, "The Palmolive Company (Australasia), Ltd., have shown their support of the retailer in their untiring work to maintain prices, and ensure you a proper profit. In addition they have enabled you to make abnormally large profits on Palmolive soap during the past four months." Do you remember that circular?—Yes.

103. I will put in this circular later. Is that statement true?—That is not specifically high for some of them.

104. Do you agree that that statement is true?—Yes.

105. Here is another, which is headed "Extra Profit," and it says, "In the meantime the price of Palmolive soap will be maintained at 9d. per cake to give retailers the chance to make large profits." You stand by that statement?—May I explain that every now and again the company has special advertising stunts.

106. I suppose you have seen this little pamphlet, headed "Price-cutting and Price-control"?—Yes.

107. At page 16 it reads, "It would be too broad a statement to say that computed margins of profit have little relation to net profits. However, too much stress is usually laid on 'Margin of profit' and not enough thought given to 'Rapidity of sale.' How often one hears the statement, 'Your product shows me only 25 per cent. profit: I prefer to handle and push XYZ brand, in which there is 40 per cent. profit, or my own brand of superfatted skin-soap [whatever that is] with a 50 per-cent. margin.'" I suppose you will concede that the stores that you complain about cutting your price have been stores that have acted on your margin of giving thought to rapidity of sale, and that has been their success?—I do not know what their success is due to.

108. You have not an idea?—No.

109. I have here an advertisement for Palmolive soap in the pamphlet called *Aussie*, and there is a little maxim contained therein which says, "First, because we believe it is fair to pass on to you, madam, the saving which your favour has earned." Now, can you tell this Committee your company's claims that it is fair to pass on "the saving which your favour has earned"—can you tell me any reason, or can you suggest a reason, why it is unfair for a retailer to pass on to his customer the saving which his custom has earned?—We fix a price so as to get the volume of sales.

110. May I, at this stage, interrupt you. I want you to assume that the retailer in question does the same?—When we get the volume of sales we lower our production-costs, which are in turn handed down.

111. Do you consider it is right for a retailer to pass on to his consumer any reduction as a consequence of reducing his overhead cost?—We will do the same to the public with our own goods.

*Mr. Myers*: That is a matter of argument. I want to save time if I can; but it is admitted that the whole point is this: we know that they cannot pass it on. It is part of our scheme that the goodwill in the article belongs to the manufacturer, and he cannot allow the retailer to damage his goodwill by cutting and even passing something on to the consumer.

*Mr. Collins*: We understand the position quite well.

*Mr. Kennedy*: It is clear that there is a certain amount of uneasiness on the part of my learned friend.

*Mr. Myers*: It will take a good deal more than my friend to make me uneasy; but what does make me uneasy is the taking up of time unfairly.

*Mr. O'Leary*: I must say that that is unfair on the part of my learned friend.

*Mr. Myers*: The position is that my friend Mr. Gresson said that, with the consent of his learned friends, it was proposed to so arrange matters that one counsel should take the cross-examination of witnesses. I do not mind, but so far every witness has been subjected to cross-examination by counsel, with the exception of Mr. Walker, who has kept to the arrangement.

112. *Mr. Montgomery* (to witness).] So far as your article is concerned, is it not a fact that prior to 1924 the price for your article was not 9d. per cake, but 1s. 3d.?—Yes.

113. It started at 1s. 3d., and came down to 1s., then to 9d., and then to 7½d.: is that not so?—Yes.

114. *Mr. Collins*.] Are you the agent for any other line or lines in New Zealand?—I represent the Palmolive Company. As a matter of fact, I am a member of the office staff.

115. *Mr. Reardon*.] What is the capital of the company?—I cannot say offhand: it is registered in Australia, and not in New Zealand.

116. *Mr. Montgomery*.] Do you consider that the reduction of the price from 1s. 3d. to 7½d. was due to price-cutting?—No.

*Mr. Kennedy*: I wish to hand in these several circulars, &c.: "Palmolive Soap is now Sixpence per Cake," "Price-cutting and Price-control," "Extra Profit," and "New Schedule of Prices Palmolive Soap."