80. But that would be due to your bad buying in stocking so many lines ?—No.

81. Why buy so much ?—We have to buy many varieties.

82. But you are assuming that fourteen or fifteen lines would be cut at the same time ?—No, some of them are being cut; but we are continually getting other lines coming nicely along, and then they start cutting those.

83. Actually, then, you have made your profit on the goods you have sold, and what you complain of is not being allowed to go on making further profits ?—Yes.

84. *Mr. Kennedy.*] You say you want to see prices stabilized ?—Yes.

85. And I suppose stabilized prices will ensure to the chemist his ratio of profit ?—No, to the manufacturer.

86. Well, the manufacturer will fix his price, but it is your desire that his price shall show a profit to the chemist ?—Naturally.

87. And you recognize that a price which is to show a profit to a chemist may be a much higher price than would show an adequate profit to a grocer ?—No, I am not prepared to admit that. We are not asking for anything out of the ordinary in the way of profits.

88. A competitive price that you are complaining of is the competitive price of a man who is not a chemist ?—Yes.

89. *Mr. O'Leary.*] It is a very general belief that such things as shaving-soap, shaving-cream, tooth-paste, and the like, can be bought cheaper at fancy-goods shops—like Hart's, say—than at the chemist's. Do you agree that that is so ?—Yes, I agree that that is so. Those shops make a catch line of them to draw people to their premises and get them inside, and there are any number of lines inside showing tremendous profits over and above anything of that kind.

90. Taking the case of a man who only goes to the fancy-goods shop for his shaving-cream, or soap, or tooth-paste, or anything else, he is benefiting by going there instead of to a chemist ?—Provided he never buys anything else, yes.

91. But for those lines and nothing else ?—He gains, certainly.

92. *Mr. Myers.*] I understood you to say to Mr. Gresson that cutting brings about a reduced demand ?—Yes.

93. I would like you to explain the reason for that ?—Take a line that becomes popular and is returning a reasonable margin of profit, which will enable a distributor to pay 20s. in the pound, and then some trader or number of traders start to cut that line to such an extent that it does not pay its way in the business: The retailer naturally loses interest in it. He sells it if he is obliged to do so, but he does not push it. Of course, the manufacturer may continue with a course of advertising and keep the demand going, but the line ultimately suffers.

94. You say that the non-cutting trader will not push the line, but rather discourage it ?—Yes, I suppose he does.

95. So that whereas it was suggested yesterday by a witness that in theory, at all events, cutting brings about an increased demand, you say that practically the contrary is the case ?—Yes.

96. From what you said before, that Kolynos had acquired a big demand, what does that mean in regard to a proprietary article or patent medicine ?—That the article practically sells itself.

97. When it comes to another line, such as Pyrex, does that sell itself, or do you have to push it ?—We have to push it all the time, because no money is spent by Pyrex.

98. That is what you do ?—Yes, because the price of that is fixed.

99. You said that, naturally, where you have two tooth-pastes, and one shows a bigger profit than the other, you try to sell that which gives you the bigger profit. Is that so invariably—take for instance, the case of Kolynos, which is selling at a fixed price and giving you no adequate profit, as against a less-known line which might show you a better profit ?—We would rather sell the Kolynos, because we can make the money quicker, and let our customer get away, and when we are busy that is what we want to do.

100. That is what you do ?—Yes.

101. So that it does not invariably follow that you sell an article which gives you the higher rate of profit ?—No. If the price of Kolynos was fixed at 1s. 6d., and it cost us 14s., and some one came along with an identical article at 1s., the average chemist would not bother with it. He would rather sell the Kolynos easily than look for an extra 6d. at the expense of a lot of bother and trouble.

102. *Mr. Hayward.*] There was a report, Mr. Smith, on the P.A.T.A. by the Registrar of the Department of Labour in Ottawa, Canada. He deals with marketing methods. You are an experienced retailer, and you may be able to express an opinion on this. The report states: "Marketing methods have been continually improved through the competitive attempts on the part of manufacturers and distributors to find better methods. Marketing channels and methods are not cut and dried. There is continuous experimentation. In some cases trade associations have attempted to block changes in selling methods. Manufacturers have been boycotted by jobbers, for example, because they gave attempted direct sale to retailers. This is not right. Progress in marketing methods can be made only under a regime of free competition whereby each producer or middleman is free to try new methods. Artificial restraints are to be condemned." Do you think that the distribution of goods under such a method as is practised under the operations of the P.A.T.A. in overseas countries is a restraint in the marketing of those goods ?—No, I do not think so.

103. You do not think it restrains the sale, or has a general trend in that direction ?—No; otherwise we would not have the support of the manufacturers, who have had experience of the working of the P.A.T.A. in England, Canada, and Australia. If they thought it interfered with the marketing of their goods in any way they would not be anxious to join up.