his goods; he is dependent on the machinery already in existence—the wholesale chemists and grocers, and the retail chemists and grocers. Obviously, he has to set aside a margin of profit for these distributors if he wishes to gain their interest in his article and sell it with a good will to the public. The average manufacturer knows all this, and provides a reasonable profit for the wholesaler and retailer. He also advertises his line to bring it before the notice of the public and proclaim its merits. The usual method is that, for a new article, the advertised article for the first three years makes little progress. The manufacturer is paying out money all the time. If the manufacturer has a good article and all goes well we can assume that at the end of three years he is beginning to get a return, and the line becomes popular; and then the danger-point arises, because it is then that the cutting-shop steps in and sells the article at cheap prices. The result is disastrous to the manufacturer. From that point the trade throughout New Zealand begins to turn against his article and substitutes others for it. So that in answer to Mr. Kennedy I would say that the manufacturers' price to the retailer should be observed, and that the manufacturer, through the association, should have the right to fix that price.

37. In that discussion you have just given us you indicate that the interests of the manufacturer are apparently paramount. I put it to you, in considering any article one must not lose sight of the good will and demand of the consumer?—Quite so.

38. And I put it to you that the interests of the consumer must in a matter like this be paramount over the interests of the manufacturer?—I do not agree with you. But I think the manufacturer must in all cases give the public a fair deal. He cannot possibly charge too much for his article, otherwise he will not sell it.

39. But in your view it is possible to charge too much to the consumer because you object to a retailer passing on to the consumer some of the economies he effects in his own business?—I agree that it is not right to do that on an article the goodwill of which has been obtained by the manufacturer's money.

40. But the goodwill is the consumers' demand?—No; it is the distributers' goodwill as well as the public's.

41. But if your wholesale houses are useless without the goodwill of the consumer the ultimate thing is the demand of the consumer?—Then, I say again that no proprietary article can get the goodwill of the public if the retail price is fixed too high. One of the essential things for the manufacturer is to be able to say that his article is not retailed at too high a price.

42. But under the machinery of your organization you have no means of ascertaining whether, having regard to its manufacturing cost, the manufacturer is not fixing too high a price to the consumer?—I say that the price at which it is sold to the consumer will depend largely on the price of competitive articles—and competition is very severe. It is hardly possible that the manufacturer would make his price too high.

43. Do you think competition between manufacturers desirable?—Yes, highly desirable.

44. But not between wholesaler and retailer?—Certainly; they can compete in service.

45. What objection is there to allowing them to compete in the matter of prices where a consumer wants price but not service?—We say he has no right to use the manufacturer's name to make his business by reducing the fixed price, so long as that price only shows a reasonable profit, and the association is out to see that only a reasonable profit is made on a line.

46. *Mr. O'Leary.*] What are the chief lines you deal in in your business?—Our agency lines are mostly toilet, perfumery, soaps, and medicines.

47. Do you deal in foodstuffs?—In some lines.

48. Proprietary foodstuffs?—Yes.

49. So that the free operations of the association and an amendment of the Commercial Trusts Act is very desirable from your point of view?—Yes, we would like to see these lines listed.

50. I was interested in the suggestion made that on your association you would permit a representative of the Board of Trade. I will go further, and ask you would you agree to a representative of the consumers sitting on your association?—He would be represented by the Board of Trade official. I would not be in favour of a member of the general public being included.

51. Your principals are quite satisfied with the operations of the association in England?—Yes.

52. They have quite pointedly brought the matter before you and shown you the benefits of the association?—What we did was simply to write to all our principals and inform them of the proposed association here and ask whether they wished their lines to be listed.

53. So the creation of the association here was inspired from England?—We received various replies from our principals in England, and they agreed as to the desirability of forming a similar association in New Zealand.

54. *Mr. Walker.*] The manufacturer of a new line offers what you call a reasonable margin to the retailer to use his salesmanship on that new line?—Not exactly for that reason. He fixes his price to start with at a reasonable rate.

55. But if he goes on the market with a new line he wants the retailer to push the line?—He wants the retailer to sell it with a reasonable goodwill.

56. In other words, the manufacturers wish the retailer to push a new line in preference to lines he may be already carrying?—He would very much like the retailer to do that, of course.

57. *Mr. Myers.*] Who creates the goodwill?—The manufacturer creates it by advertising.

57A. You have been asked about the manufacturers' prices to the wholesaler: Is it possible for the association or any other body to influence those prices?—Absolutely impossible.

58. Whether you have an association or not, or any similar body, can there be any control, except possibly trade control, for the manufacturers' prices to the wholesaler?—I do not see how it is possible.