

that is right ; but the urge of the price-cutter is not always lower prices to the consumer, but because he considers it a more effective means of making profit, or, rather, an effective means of increasing profits. If a person can distribute commodities at, say, 5 per cent. on cost and can cover his overhead and also leave a margin for his own labour, it appears to me to be quite reasonable and just to allow him to do so, provided his doing so is beneficial to the public, and to prevent him would be detrimental to the public interest. I may say that I have sold goods in one wholesale department at 4 per cent. on turnover and in another department at 22 per cent. on turnover, and the return on the capital invested was comparatively equal. It appears that under the P.A.T.A. the goods must be sold at a fixed price—I hope Mr. Myers will put me right if I am not defining the operations of the association correctly—and I believe that the fixing of the minimum price as proposed by the association will retard sales. The sales of a commodity at, say, 1s. 6d. are not likely to be so extensive as the same commodity at, say, 1s. 3d., and in so far as the proposals simply cut out the sales at lower prices the turnover of the manufacturer will decline, and to recoup himself he will automatically increase his price to the wholesaler and the retailer, or he will reduce the sale price to the public without a corresponding reduction in price to the wholesaler and the retailer. The proposal of the association limits—almost abolishes—competition between retailers ; but there is to be competition between the manufacturing members of the association so far as attractiveness of get-up, quality of the article, quantity of the article, advertising, &c., are concerned. This means, for example, that the job of each manufacturer is to induce the general public into using more of his commodity, and when “ sales resistance,” as it is called, has been overcome, and the public are using it to saturation, the job then is obviously to capture the trade of every other manufacturer of a like commodity. In so far as the sale costs go up, and to the extent that they can retain the market, they will advance. If they cannot advance the sale price to the public they will advance the price to the wholesaler and the retailer, and to the extent that they have captured the public demand the retailer will be compelled to stock the line. The association proposes to control the registration of articles and to determine what articles shall be sold under its auspices. This cannot be beneficial to the general public and the members of the association. If a manufacturer with a new commodity for sale, the marketing of which may tend to cut out some of the articles already under the control of the association, applies for registration, the association may either refuse to register or may register. If it registers, it will be detrimental to its existing membership ; if it refuses, it may be so powerful as to cut off all possibility of marketing a new commodity, which will not be beneficial either to the enterprising manufacturer or the general public. Presuming the manufacturer endeavoured to market his commodity outside the association, it would probably resort to the steps proposed in Canada : it would render assistance to its members to prevent substitution. The assistance would probably be by way of quiet persuasion, through coercion, and the stopping of supplies. That is the only way I can find under association rules, where they can stop assistance being given to the substituted article. I have had the experience of the methods adopted to coerce wholesalers or retailers who did not see things with the same eye as the powerful manufacturers. In 1904 I was in business in Birmingham, England, and among the firms from whom I purchased was the Imperial Tobacco Co. A difference of opinion with one of the members of the combine—namely, W. D. and H. O. Wills—lasted for some time, and ultimately Wills’ representative threatened to stop supplies. I was fairly easy about it, and I said, “ You can go on with the job ; I will find other sources of supplies.” I could at that time obtain all the supplies that I required at 1 per cent. on, and I took my supplies from another man. Wills’ representative was not taking that, and said, “ All right ; maybe you do not understand that the stopping of supplies would not be confined to Wills, but would extend to Players, to Ogdens, to Churchman, to Lambert and Butler, and all the manufacturers associated in the Imperial Tobacco, Ltd., and that not only would your supplies be stopped, but that supplies to any other wholesaler or retailer who supplied you would be stopped also.” That is exactly the method of the P.A.T.A. that they propose to adopt here—that is to say, the P.A.T.A. would act just as powerfully in New Zealand, and the power they would be able to exercise would be such that very few, if any, retailers could afford to disagree with them. Whilst a case can be made for the manufacturers exercising some reasonable control over his articles, the effect of minimum-price fixing is likely to be detrimental to the public, and ultimately detrimental to the retailer also. An example of the effect of charging reasonable prices for goods is set out below. Whilst acting as the representative of a British manufacturer I carried, among other articles, one good line which I sold at 2s. 6d. f.o.b. British ports, and with landing charges added the cost in the shop was slightly less than 3s. 4d. In one of the cities I visited a client’s order included one gross of the article referred to, while another client ordered one dozen. On my next journey, twelve months afterwards, I found that the man who had purchased the gross had sold his first consignment and two gross in addition, whilst the man who had purchased the dozen had either eight or ten left. The one had featured it at 4s. 6d., whilst the other had marked it at 10s. 6d. He thought it was a good article, of exceptional value, and he priced it, as I say, at 10s. 6d. That is one illustration, but there are many others of that description. The man who had sold that article at 4s. 6d. had advantaged the public, himself, myself, and the manufacturer. The P.A.T.A. would stop anything of that kind occurring. To the extent that the P.A.T.A. is an organization of manufacturers, wholesalers, and retailers, it is different from the accepted type of monopoly of primary producers or manufacturers. The three agencies from which the public obtain supplies are agreeing with one another to charge higher prices, and there is only one body left to pay the higher price, and that is the general public. If a distributive genius can find ways and means of supplying the public needs at a lower cost than the average he is entitled to use those ways and means to make his living, and if he finds that he can increase the return to himself by reducing the price to the public, then I see no reason why he should not do so, always presuming that he does not sell under cost. There are