

unanimous in believing that we have sufficient information before us to enable us to present our general conclusions on the subject. We consider it important that our report should be presented without any avoidable delay, as the subject for consideration is one which has recently been referred to in the Press, and has on several occasions been before local profiteering tribunals.

The witnesses before us have included those representing various classes of manufacturers, merchants, and retailers, who have practical experience of the working of the different systems of price-maintenance in vogue, and we have also had the benefit of the views of a representative of the co-operative movement, who is also a member of the Consumers' Council, and of the Standing Committee on Trusts, and who was able to place before us some aspects of the question which were of great interest and assistance to us.

Our discussions have led us to the view that there are two distinct headings under which the subject of the fixing of retail prices should properly be considered, and it is proposed to treat these more or less separately in this report, as we believe it to be important for the proper understanding of the question that they should be somewhat clearly distinguished. These headings may be set out as follows: (A) Proprietary articles sold under trade-marks or trade names, or made under patents, these in the case of medicines (a very numerous class), being subject to the Inland Revenue stamp duty. (B) Goods of common or general use, controlled by associations or combinations, which fix prices at which retailers must sell or below which they must not sell to the public.

(A) Taking this class first, it will be found to include (*inter alia*) the large bulk of articles comprised in the list referred to above, which has already been circulated to members of the Standing Committee on Trusts, and to which a further reference is suggested. It should be noted that, generally speaking, the prices for these articles are fixed by the individual manufacturer producing them, and not by combines or associations, except in the case of the Proprietary Articles Trade Association, which is more particularly referred to later. In the cases of such proprietary articles as are referred to in this section of our report, there have been placed before us two separate memoranda setting out the origin of the system, and the reason why its adoption has been considered necessary. We refer to the memorandum named above by Sir William Glyn Jones on the Proprietary Articles Trade Association, and to that submitted to us by the Imperial Tobacco Company, from whom we also received oral evidence. These memoranda are in agreement on all essential particulars as to the origin of the plan of fixing retail prices, and may be summarized as follows:—

I would here remark that this summary is very valuable, because the circumstances are precisely the same here, and it is precisely the same in other countries where such an institution as the association has been found by traders to be in their interests. The report goes on to say,—

At the time when open competition in proprietary articles was in vogue it was found that there was very keen cutting of prices between retailers themselves, proprietary articles being sold at a margin of profit which left less than a living-wage to the retailer. Many of the smaller men were driven out of business, and this reacted on the manufacturer, who found the number of retailers who were prepared to push the sale of, or even to stock his product, diminishing. In addition to this, it was found that the large stores were in the habit of selling proprietary articles at a price less in some cases than the actual cost to the small retailer. This was done in order to attract purchasers for other goods, and not by way of legitimate competition, it sometimes being found that the proprietors of a large store, after accomplishing their object, ceased to stock the article any further, with the result that the manufacturer of it was "let down," and the small retailer had lost that part of his business without any corresponding advantage to the public. We believe this to be briefly the history of the origin of systems of price maintenance in proprietary and named articles.

With regard to this portion of our report, we believe it to be the case that where, as at the present time, the demand is in excess of the supply, the method of fixing retail prices has undoubtedly restrained or tended to restrain any undue inflation of prices, such as might easily have taken place if no such method had prevailed. The standard or fixed price is usually a matter of common knowledge to the consumer, and no retailer has a chance of obtaining a higher price except in very rare instances.

The evidence has satisfied us that the price fixed by the manufacturer has, in almost every instance, been adhered to by retailers. We further find that the margin of profit allowed to the retailer is in most cases not so large as to enable him to cut the price even if he wished to do so, except at a loss, but that it is such as the experience of the particular trade has shown to be adequate to enable him to earn a fair remuneration for his services as a distributor. We may add that the evidence of the retailers whose evidence we have taken was generally to the effect that the margin of profit on goods for which retail prices are fixed is not so large as that which they would, on the average, obtain for uncontrolled goods, and that, while they recognize that in most cases a not unreasonable profit accrues to them from the sale of these goods, they would have been glad to be allowed a more liberal scale of profit. It is, we submit, clear that a manufacturer of a proprietary article, in fixing a margin of profit to the retailer, must determine a rate which (1) will afford the retailer a sufficient inducement to stock and push the sale of his products on a sound basis of trading, and (2) will not be so high as to deter the public from purchasing, or to induce them to look out for a substitute which will equally serve the purpose at a lower price.

You, gentlemen, will hear something during the course of the evidence as to this substitution, and I shall show you a case where one of these concerns, setting themselves up as selling goods at reasonable prices and on fair terms to the public, has substituted a cheap article called Palm and Olive soap when asked for Palmolive soap, which is a proprietary article. Is that kind of trading in the public interest? Is it honest? Yet that is the kind of thing which we know happens, which our common-sense tells us must happen in the case of the ordinary cutting trader.

*Mr. Reardon*: Is not that a case where a British firm is trying to get in against an American firm?

*Mr. Myers*: I do not care whether that is so or not. The point is that you or I ask for Palmolive soap; we may or may not—probably we do not—look at the article given us. We expect to get Palmolive soap. That is what we ask for and pay for. We may be paying less, perhaps, for the substitute, or for the real article, than we would pay in the shop which adheres to the tariff. That is not the point. We expect to get the article we ask for, and not an article cheaper and probably inferior; at all events, it is not what we want. That is all right so far as you and I are concerned; but what about the other people, who are attracted by this apparently cheaper price, and who ask for this or that specific article and are given some other cheap substitution? Is that the kind of thing that we should tolerate? Yet we know that is what happens.

*Mr. Gresson*: Do you suggest that because of the similarity in the names they would be able to "get away with it"?