manufacture a toilet-soap of our own which is manufactured cheaper and consequently is sold at a cheaper rate. The same applies to drapery—that is to say, you get a greater profit on millinery.

110. I understand that you would have to make a difference in the case of butter and that class of commodity than on articles turned over at slower intervals ?—Yes.

111. On that principle 20 per cent. would not be very much, in fairness to their own products ?—I consider that 20 per cent. on an average is too high. As I say, my objection is to fixing to the consumer 20 per cent. or any other per cent., and I see no reason why you cannot give the consumer an advantage, whether it is through efficient organization or through a less rate of profit.

112. You say that you have the right to determine the price when the article is in your shop ?—I think so. I think the responsibility and obligation are mine.

113. *Mr. Collins.*] Have you any idea of the strength of the P.A.T.A. in manufacturers as compared with the total manufacturers in the United Kingdom ?—I should say they are very strong.

114. And what about the wholesale section ?—Yes, and the wholesale section too.

115. You say there is also a majority in the wholesale section too. I notice in the twenty-ninth annual report, published in 1925, it states that their retail strength is 7,750 ?—Members ?

116. Presumably retail shops ?—I should think so.

117. How would that total compare with the number of retail shops in England—they would not have the same strength there ? Could you submit to us a ratio ?—No, I could not give you a percentage at all.

118. Could you give particulars, so far as your personal knowledge goes, of some town of their operations ?—I should be surprised to know that there are only seven thousand retailers who signed an agreement with the association.

119. That number is stated in the report, and you think it is low——

Mr. Myers : I think they are only chemists.

120. *Mr. Collins* (to witness).] There is no doubt but that they are very strong in the United Kingdom in all sections. To what extent does your association support the P.A.T.A. ?—No more than we can help. Of course, I am only quoting from memory, but I should think that our wholesale trade with the P.A.T.A. would run to about £40,000 or £50,000 per annum.

121. What are your total purchases ?—They run about £70,000,000.

122. And your trade with the P.A.T.A. is only about £40,000 or £50,000 per annum ?—Yes ; and I am only speaking from memory. I may say that for two or three years we closed the account of the P.A.T.A.—that is, of people who were associated with the P.A.T.A.—but on account of advertising it brought such a sudden demand on our society that we were compelled to reopen an account to supply the needs of our members. I should say, speaking roughly, that by making our account with the P.A.T.A. at £50,000 to £80,000 per annum you would be well within the mark.

123. Can you buy direct from a manufacturer in the P.A.T.A., and thus avoid wholesale profits ?—They will not sell to us. So far as a manufacturer who is connected with the P.A.T.A. is concerned, their conditions have to run right through their business.

124. You cannot, even giving a huge order for supplies to the manufacturer, take delivery yourself ?—Not until we agree to his terms.

125. You are not employing the wholesaler ?—I am speaking of our business as wholesalers. I cannot say what the amount of the retail trade with the P.A.T.A. would be. I have only knowledge of what our account is with them.

126. Your expenses of management, wages, rental, and so on : have you any advantages in that respect over the ordinary retail societies ?—I think they are at a disadvantage, and I make the statement that from the point of view of wages they would pay better wages than any traders.

127. What about the question of rent ?—Most of the premises are owned by the society. Their rent would be 5 per cent. of the interest on the capital cost, and $2\frac{1}{2}$ per cent. is allowed for depreciation and 10 per cent. on factories—that would be the rent, and they would have no advantage that way.

128. *Mr. Reardon.*] They still fix 5 per cent. after the cost of the ground and buildings have been paid for ?—They give a building forty years' life at $2\frac{1}{2}$ per cent.

129. *Mr. Collins.*] If you pay the same wages and you have the same overhead expenses, where do your economies come in as compared with competitors ?—It is only by a large turnover ; and you as a business man know that the larger your turnover the smaller the ratio of expenses to that turnover. In view of the efficiency of the trade the profits would be too much, and you consequently want to pass on economies to the consumers, but you cannot do this if you are selling P.A.T.A. goods.

130. Do you ever find it necessary to have clearing sales ?—Yes, but not for fancy departments.

131. You apparently seldom find occasion for the ordinary slaughtering of goods, even in sale-times ?—Yes. So far as the P.A.T.A. goods are concerned, we always buy as required, and that class of goods would never be slaughtered—not by a sale.

132. You do not penalize your shareholders who join your society and take their business elsewhere ?—They are allowed to shop where they like.

133. Similarly, customers who sometimes support you would be at liberty to deal elsewhere if they thought they could buy cheaper ?—They are perfectly free to give their trade to any one else.

134. Would you as a director instruct your shareholders in any way to keep off proprietary lines and support their own lines ?—Naturally, we would prefer to push our own lines ; that is only natural.

135. It is an instruction to your societies to push your own lines ?—Certainly.

136. *Mr. Myers.*] What do you consider would be a fair and reasonable profit for the retailer to obtain on flour—I mean, the rate of profit ?—Do you mean flour in bulk or sold in small quantities ?

137. Flour sold in quantities such as 3 lb. or 4 lb., or, say, 1s. worth ?—10 per cent.

138. Is that on turnover or cost ?—Turnover.