

70. Suppose you were able to extend your operations to foodstuffs, such as creamoata, would you call that a proprietary article?—We have not considered extending it to foodstuffs.

71. You have, in fact, refused to accept foodstuffs?—Yes, there are a few patented foodstuffs, such as Allen and Hanbury's and ovaltine.

72. Since you have been organizing here, have you contemplated extending to foodstuffs?—No.

73. Are you sure?—Positive.

74. Does some of your literature deal with the question of foodstuffs?—No.

75. By "foodstuffs," do you mean foodstuffs in their widely accepted sense or proprietary foodstuffs?—Creamoata, which you have just cited and "K" jam—they are proprietary.

76. I will read the following letter, written by you to the grocers' section of the Canterbury Employers' Association, dated the 19th July, 1926. The letter is as follows:—

DEAR SIR,—Yours of the 15th instant to hand; contents noted. It is evident that your committee does not realize that although it is proposed that for the purpose of formation the P.A.T.A. embrace only patent medicines and toilet preparations, there are many other proprietary lines, such as soaps, polishes, &c., that will be included as soon as the association is established. There is no reason that even proprietary foodstuffs will not be included at a very early date. Even if the P.A.T.A. confine its operations to patent medicines and toilet preparations it would be worth while to the grocer who wished protection against the cutting store who uses the popularity of these lines as "bait" for the purpose of inciting the public that "theirs is a cheaper store." We quite understand that the formation of the P.A.T.A. will not meet with the approval of a few members of your association, but we feel sure that the majority of your members will welcome it. I trust that it is quite clear that, although we appeal to the members of your association for a committee, it is not an association matter.

That letter was signed by you. Have you any comments to make?—It refers to patent foodstuffs only, such as ovaltine, and Allen and Hanbury's, and lines of that nature.

77. Then, I understand that the association can include any form of food which comes under the heading of a patent food?—That depends on the scope which the Board of Trade allows.

78. But you contemplate extending to them?—Only in accordance with the law.

79. But you will cover things like Mellin's food?—If the Board allows us. I mean, patented proprietary foods. There is a difference between ovaltine and creamoata and "K" jam.

80. You will admit, I suppose, that the object of the association is to either stabilize or increase prices? No; it is to stabilize prices, not to increase them. The tendency is to reduce them.

81. Can you tell me in what way the tendency is to reduce them?—Yes; by the manufacturer fixing the selling-price for his goods his turnover would be increased; or, in other words, he would get the full value of his advertising, and through the increased turnover the cost of production would be reduced and there would be a tendency for him to pass that benefit on to the consumer—first, in an endeavour to get his goods to the consumer at a better price than is being charged for a similar article; I mean a lower price, a maintained price. That is practically the only reason.

82. As I understand it, you agree that the sale of a manufactured article at a low price does not, as one witness said yesterday, increase sales to the general public?—A low maintained price would increase the sale to the public, but a cut price would reduce sales.

83. I understand that one of the lines sold on the market at the present time showing the smallest margin of profit is Edmonds' baking-powder?—Yes.

84. Has that been going for long?—It is an isolated case. I mean the cutting of the price of Edmonds' baking-powder is confined to isolated territories. It is being sold in isolated places at a near-cost price.

85. Would you not expect that to affect the total sales of Edmonds' baking-powder?—No.

86. Why not?—Because the cutting of Edmonds' baking-powder is confined to very small territories. The price in Auckland is different from that in Wellington. I believe it is 1s. 4d. in Auckland, and I think the Christchurch price is even better than that. I do not know much about it, but I know it is sold in Wellington for 1s. 2d., which is only a small portion of New Zealand.

87. Do you know that it is a fact that Edmonds' baking-powder during the last year or two has doubled its sales?—I would attribute that to their clever advertising and to the virtue of their article. They themselves realize that it costs them more in advertising to sell their goods owing to the non-observance of a standard price, and sales which might be retarded in one section are made up in another.

88. It follows, then, on your own showing, that if a line is seriously cut the manufacturer, by suitable advertising, can do away with the effects of the cutting?—No; the manufacturer realizes that it costs him considerably more in advertising to sell his goods, and that there must come a time when there will be a reckoning—in other words, a big falling-off in spite of his forceful advertising.

89. Suppose all proprietary articles in New Zealand were put on your list, it would mean that no retailer who refuses to join your association could handle any of those articles?—That is not so.

90. Why not?—There is no restriction made in that way by the association. Anybody can handle the goods, irrespective of whether they are members of the association or not.

91. You mean, if they observe the conditions?—Yes.

92. Assuming, as I say, that every proprietary article in New Zealand is put on your list, then a retailer who refuses to observe the stipulated price can obtain no article on your list?—If the retailer does not observe the price laid down by the manufacturers, supplies of all registered goods are stopped to him.

93. And the price is to be fixed by the manufacturer, the wholesaler, and the retailer by virtue of the machinery you have set up?—No; but the wholesaler does not enter into the fixing of prices—the manufacturer does.

94. Has the wholesaler no representation on the committee which fixes the prices?—No; the manufacturer is the only one who fixes the price.

95. Suppose I have a proprietary article and sent it to you, and I say that the wholesale price is to be 1s. and the retail price 1s. 6d., who does it go before?—Before the executive of the P.A.T.A.