

218. Or from any of your retail members?—Not that I know of. If a retailer did so notify us the reply would be that we are not yet functioning, and were powerless to deal with the matter.

219. We gave an undertaking to the Board of Trade in November that we would not function.

220. In the form of application for enrolment by a retailer these words are used:—

I (or we) agree that when asked for an article on the list of the association I (or we) will not attempt to influence the customer to purchase any other article in its stead.

That is so, is it not?—Yes.

221. Those words are still used?—Yes.

222. What is the reason for using them?—The retailer may strike out those words if he wishes when signing the agreement. If he does not strike them out he agrees that when he is asked for the article of a specific manufacturer he will supply it without trying to substitute any other article for it.

223. In whose interests do you suggest that is?—The consumer's.

224. And do you suggest that your association has incorporated those words for the consumer's protection, and not for the protection of the manufacturer?—The protection is a general one—for the manufacturer, the wholesaler, the retailer, and the consumer.

225. How does it protect the consumer?—Because he gets what he asks for, and is not prevailed upon to accept something else.

226. *The Chairman.*] Suppose I go in to a chemist's shop and ask for, say, aspro, and a qualified chemist recommends me to buy aspirin on the plea that it is a better article, and I accept that because of his knowledge as a chemist—it has actually happened to me: what then?—If you take his advice, or appeal to him as a chemist, then you are buying goods plus service.

227. But you would not apply that to grocers? If I ask for Palmolive, say, he would not be entitled to point out that there was a cheaper and equally good article made in New Zealand?—Not unless you asked him.

228. *Mr. Gresson.*] And if he does recommend other articles without being asked, he is put on the "black list"?—If he substitutes other articles for those asked for it would be pointed out to him.

229. *Mr. Kennedy.*] You said the natural law of competition is the best protection for the public?—Yes.

230. Is that your considered view?—Yes.

231. But the aim of your association undoubtedly is, you will admit, to prevent competition by retailers among certain lines?—No. The retailer may do as he likes with his own goods, but when he is dealing with a proprietary article he is dealing with the proprietor's name, and he has no right to do what he likes with that.

232. So that the effect of your association is to prevent competition by retailers in your proprietary lines?—No; it is to prevent retailers from using proprietary articles as cheap advertising.

233. It is to prevent the retailer from reducing the price of that article to the public?—No; it is to prevent the retailer from presuming to do something that he is not entitled to do—that is, to use the manufacturer's line as bait to bring customers into his shop.

234. *The Chairman.*] Mr. Kennedy's question is that the association fixed certain prices for proprietary lines, and that these prices must be adhered to. Is that so?—Yes.

*Mr. Myers:* Mr. Kennedy was asking for the motive.

*The Chairman:* He was asking whether competition was allowed.

*Witness:* I maintain that competition rests with the manufacturer.

*The Chairman:* But if the manufacturer fixes the price there can be no competition?

*Witness:* He is trading with other manufacturers.

235. *The Chairman.*] Your answer is that in other lines they can do as they like, but that in association lines there is no competition, because prices are fixed?—Yes.

236. Presuming a manufacturer of soap, let us say, has joined the association and fixed a price for his commodity from wholesaler to retailer, and suppose another manufacturer in the soap business has a similar article selling at half the price, and he applies to join the association, would he be allowed to join, knowing what the effect would be on the price of the article of the manufacturer whose article was already registered on your list?—That aspect would not be considered at all. If his article showed a fair margin of profit it would be registered, irrespective of the number of similar lines already on the list. Even if, say, Palmolive were registered and some one registered an exact replica, that would have nothing to do with us.

237. If he is a new man starting in business you would undoubtedly register him?—Yes.

238. *Mr. Hayward.*] You would not be concerned with his price, except so far as profits were concerned?—That is so.

239. *The Chairman.*] Who decides whether an applicant is accepted as a member of your association?—The council of the association.

240. Has the council any right of discrimination as to membership?—None whatever.

*Mr. Myers:* It is part of their policy to get every manufacturer to come in, whatever his prices may be compared with those of another manufacturer who may be on the list.

241. *Mr. Gresson.*] In one of your clauses in the constitution it says the association reserves the right to deregister any article which may have been registered on the list. Under this rule the association may at any time put a man off the list and hand back his subscription?—The only case which could arise under that would be where a retailer cut prices and the manufacturer condoned it.

242. *Mr. Reardon.*] An interesting question arises out of the history of Palmolive soap and Palm and Olive soap. We know there is a serious conflict between the respective manufacturers. Let us assume that Palmolive is already in the association and Palm and Olive apply. The position would be that Palm and Olive is selling at lower prices than Palmolive. Suppose the Palmolive