

serious effect upon an essential article such as baking-powder. So much for the manufacturers. Now I come to the wholesalers, and again I invite correction if I am wrong. I think that the wholesaler who has given the information was the representative of Sharland's, and also Mr. Press. Before dealing with the evidence of the wholesalers, may I advance to this Committee an argument which only struck me whilst I was listening to the evidence to-day, and which seemed to me to throw some light upon the problem you have to solve, and it is this: I am amazed to hear that apparently our economic system does not depend upon the manufacturer, the wholesaler, and the retailer. There is no recognized channel of trade between those three people. Clearly, according to the evidence of Mr. Boyd, you can go as a retailer to the manufacturer and you can buy from him direct in many cases; and, moreover, according to Mr. Boyd's evidence, you can go to one wholesaler and buy at one price, and to another wholesaler and buy at another price. Well, gentlemen, if that is the position, is it not extraordinary. If cutting is in existence at all, it is no good for Mr. de Fenq to come before this Committee and say, "This is the wholesale price for such an article, and it is being sold in that shop for so-much, and that is price-cutting." I think it was cogent evidence that price-cutting was in existence, and that it applies in the first instance among the wholesalers themselves. I understand that a man can buy from one man 5 per cent. cheaper than from another man, and if this is the case—it has only struck me to-day—it seems to me that the matter is worthy of the gravest consideration of this Committee, because I do not see how you are going to ascertain how price-cutting is going on unless you can find in each instance what was the invoice price at which that article was purchased from the wholesaler. I do suggest, however, that the evidence shows, so far as price-cutting is concerned, it is nothing like as strong as was indicated by Mr. de Fenq when giving his evidence. I think the evidence shows that the case has been met where it was asserted that price-cutting is going on to a serious extent. When Mr. de Fenq said that he went into Boyd's shop and other shops and bought the various articles submitted in evidence I must confess that I was impressed, and when he went through the list of articles and gave the price at which he bought them it seemed in some cases as if they were making a huge profit. When Mr. Sutherland, however, comes and gives his explanation we find that he admits in regard to certain lines that it was a mistake and that he had been charging too much, but in regard to the other lines he says that the price he was paying was more than Mr. de Fenq was aware of, and therefore the charge as regards Sutherland is amply met. If I am pushed to the position I am prepared to take up this position—here again I am fortified by the opinion of Professor Murphy: that economically the wholesaler is an excrescence on our system; we do not need him, and I suggest that this Committee should not do anything to try and bolster up the wholesaler. On the contrary, it is surely in the public interest to encourage people to do as Mr. Boyd and others do—namely, buy direct from the manufacturer and pass on in consequence the reduced price to the public and by so doing ultimately reduce the cost of living.

*Mr. Collins:* I do not think that Professor Murphy was so direct as that.

*Mr. Gresson:* Perhaps not, and no doubt I am trimming it to some extent. Having dealt with the wholesaler, I wish now to refer to the retailer. I again confess that the evidence in this respect has to me been the surprise of the whole inquiry. I fully anticipated when my learned friend opened his case as he did, and dealt with the evils of price-cutting, that he would be flooding this inquiry with chemists who would say how price-cutting was affecting their business, and this also applies to the small grocers; but when the evidence comes to be examined I find that, as regards the chemists, only one of them has been examined, and he was a chemist from a suburb of Wellington—namely, Hataitai. As I say, he was the sole retail chemist who was called; and, as I am now given to understand, another one was called on the day that I was not present.

*Mr. Myers:* I do not wish to interrupt my friend, but the Committee will remember that we were expressly asked not to multiply the witnesses.

*Mr. Gresson:* I quite understand that.

*Mr. Myers:* I could have called a good many more, but we were asked not to do so.

*Mr. Gresson:* I suggest that my friend is quite justified in his comment. Though it was necessary to produce only two chemists, that should not apply to two grocers, particularly when it is recognized that the grocers are the ones who are more affected by the inquiry. I only make the comment in passing.

*Mr. Myers:* I might retort to the effect that you did not call Hart, McKenzie, and others.

*Mr. Collins:* I think the importance of the evidence called is more a matter of concern than the number called.

*Mr. Gresson:* In respect to that, it is suggested that on the evidence of those manufacturers, wholesalers, and retailers the Committee is asked to sanction the introduction of a system which, as I stated in my opening address, has immense potentialities for evil, and to support that my friend leads evidence which shows that certain non-essential articles have been deleteriously cut. I contend that the scheme as indicated by the P.A.T.A. is one which it is abundantly clear is for the protection of the manufacturer and wholesaler alike, and that the retailer and the general public are not seriously affected.

*Mr. Montgomery:* Do you not mean the consumer, and not the retailer?

*Mr. Gresson:* The system mainly.

*Mr. Montgomery:* You said "the retailer."

*Mr. Gresson:* I thank you for the correction. I indicated to you in my opening what appeared to be the view as to the rights of the manufacturer in the goodwill of the article which he manufactured, and I also indicated to you that some of the economists take a different view of the matter; but it is generally recognized that the manufacturer spends his money knowing what the state of the law is, and knows that when the particular article gets into the hands of the purchaser the existing state of the law allows the man to throw the article into the sea if he so desires. It will