

not to supply Sutherland, but the law allows you a perfect right to sell to whom you choose. He is not a member of the P.A.T.A., and, moreover, he is a cutter." If you could prove such a conspiracy as that—probably my friend will agree with me when I say this—then we would be within the law to deal with the matter; but the difficulty is to prove that such a position as that took place. As I say, the manufacturer or the wholesaler actually has got the right under the law to say, "I have no right to supply you." You will see, therefore, that there is a very real reason why, under these circumstances, my client refuses to join the P.A.T.A., and if he remains an outcast pressure would be brought to bear to stop him getting supplies, and that is the real fear that my client has. I suggest that the matter was summed up by Professor Murphy when he said that the P.A.T.A. is an instrument of evil, and that, even if price-cutting exists, the remedy is worse than the disease. Now, gentlemen, the objection to the P.A.T.A. from the grocers' point of view comes almost entirely from the credit grocers, who are unable to compete with the cash grocers. I do not propose at present to go into details with respect to the figures which Mr. Sutherland submitted, but it must at least be clear to the members of the Committee that if he can, as he apparently successfully can, carry on business for three or four years, increasing his capital every year and increasing his output enormously—it must be apparent that his business is in a sound financial position; and, moreover, he is doing a service to the public by reducing the cost of living by 5s. or 6s. per week. I think you are asked to approve of an association which may deleteriously affect that position. I know that my friend will comment—in fact, I think the comment came from Mr. Hayward—that his trading margins might be bigger. That may well be, gentlemen; but from my point of view it is immaterial, for this reason: on the figures that are put forward and from the balance-sheets you will see that if a paralysing slump came about, and he had to sell all the goods in his shop at cost, his financial position is sound so far as his capital is concerned, if the worst came to the worst. I suggest that you might examine his balance-sheet, and also the balance-sheets of Wilkie and others, and you will see that the public do get the benefit of all discounts and of reductions. My friend made a comment on one of these balance-sheets, where he pointed out that after having allowed management expenses the resultant net profit was, as he said, too little on the turnover for the shop. On this point I am in the hands of the Committee, but I do suggest to you that a fair point of view is this: that if you look at the resultant net profit which my client is doing, after deducting his actual cost of management, he is paying 10 per cent. on the capital involved. It cannot be said that he is carrying on his business on too small a margin if he is paying a dividend of 8 or 10 per cent. on the capital, and, moreover, handing the benefit on to the public.

*Mr. Collins:* It all depends upon the man in the business. In this case it might be quite adequate, but in other cases even though it was 20 per cent. it would be totally inadequate.

*Mr. Gresson:* That is a matter which the Committee will investigate for itself; but I do suggest, on the example that I have put before you, that the margin is adequate and sufficient. Well, gentlemen, as regards the rest of the evidence I do not see how I can really help you. The matter falls into two definite groups: it falls into groups of manufacturers on the one side and the cash men on the other side. But I do repeat that before you can feel that you are justified in putting the signet of approval on to a new organization such as the P.A.T.A., which is unpopular in the field of New Zealand commerce, you must be satisfied that price-cutting exists to a serious degree, and loss is thereby caused to the public. I submit that there has not been a bit of evidence of that, and therefore there is nothing to justify the introduction of an organization which may so seriously affect the rights of those cash grocers.

*Mr. Reardon:* Supposing we do not approve of the P.A.T.A., how far do you suggest that the law of the country should go to prevent it?

*Mr. Gresson:* I suggest that the law of the country should follow the report of the Cost of Living Commission, and prevent price-fixing at all; it should be declared illegal. I submit the view that if the law were altered to provide that the manufacturer shall not have a legal right to fix the price it would be a step in the right direction.

*Mr. Reardon:* You mean, to prevent a man from saying that he will not sell to whom he likes?

*Mr. Gresson:* I am suggesting that he should not be allowed to fix the retail price. No country would stand for a law to prevent a manufacturer selling to whom he pleases, but a country may interfere when it comes to the right of the manufacturer to fix the retail price that must come out of the pockets of the public. If I am asked in what way I agree, I say it is in respect to the Cost of Living Commission, wherein they recommend that the Commercial Trusts Act should be altered to declare all price-fixing contracts illegal. In conclusion, I must thank you for the patient hearing you have extended to me throughout the proceedings.

*Mr. Collins:* As you will be leaving Wellington before the conclusion of the sittings of the Committee, I would like to take this opportunity of saying that we wish to express our appreciation for the way you have conducted your case, and for the very helpful way in which you have assisted the Committee. I feel sorry that you have to withdraw before the close of the proceedings, but, as I said before, we feel that we have been greatly assisted by you.

*Mr. Gresson:* I must thank you, and say that you have relieved my mind.