individuals to amass immense fortunes at the expense of the people. Under free and competitive trade the best and most economical methods of distribution from the producer to the consumer will succeed, and the whole community will benefit.

Then the Commission goes on to say,—

An isolated, highly protected, and sparsely populated country like New Zealand, so far distant from the worlds' markets, especially lends itself to the manipulations of trusts and combines. It is a comparatively easy matter for a few wealthy individuals in any given industry or business to secure control of the output, and by slightly raising prices to levy secret taxation on the whole community.

Then later on the Commission says,—

But what appears to your Commissioners to be particularly reprehensible is the practice common in New Zealand of combinations in different branches of trade not merely fixing selling-prices, but fixing penalties for breaches of the agreement to sell as arranged, or bringing pressure to bear on suppliers to refuse supplies to independent traders who do not conform to their selling conditions.

What the Commission declare to be highly reprehensible is submitted as what the P.A.T.A. designedly to-day proposes to do. My submission, then, is that it is in the public interest that the distributive costs should be reduced to the lowest figure—that the lowest sum should be added on to the actual cost of the manufactured article: that if retailers can buy direct from the manufacturers at less than they can buy from the wholesalers it is to the public advantage that that mode of distribution should obtain, and if they can import from abroad at a cheaper figure than they can buy from the wholesaler, then it is to the public interest that they should so import. If, also, large economies can be effected by increased turnover, then it is to the public interest and advantage that turnovers should be increased if some of the benefit of the large turnover can be passed on to the consumer. I submit, further, that the P.A.T.A. is an instrument that is designed to be the salvation of the inefficient as against the efficient, and it will result in the continuance in business of the most costly distributor as against the less costly and efficient distributor. It will put a premium on increase of service as against cheapness of price—that is, the man who wants cheapness of price will not be able to get it. There will be added services, and I submit, if the success of the cash grocer is proved, that what the public want is not added additional services, but cheap prices. I have always thought that competition was the life of trade, and that competition is a struggle between various traders—that is to say, they compete for the public goodwill; and the method of their competition takes two forms—namely, they offer the public either cheaper prices or they may offer better quality. No man is in trade primarily for public interest; he is in trade for himself first. I mention that because one would think that some of these persons who have cried out for the P.A.T.A. were in business not for themselves but that they are there to serve the public interest. They are, however, in business like the rest of us—namely, for themselves. That leads me to this suggestion: that no manufacturer has any special right to come before the Committee and claim that he should be bolstered up and sheltered from the ordinary competitive forces ruling in trade. He entered competition with his eyes open, and he is taking certain risks. If he has been successful, there is no special reason why the place should always be kept warm for him. If by advertising or otherwise he has secured the good will of the public, he has no right to demand that the public shall for ever be married to his particular article; it must be subject to substitution, and if the public are better served elsewhere, then the public should be so served. They have no right to demand that competition shall cease. It seems to me that differences of price under modern conditions are inevitable. Some men will deal direct with the manufacturer, some will have a larger turnover, and some may more efficiently conduct their business, so that differences of price is an inevitable normal condition of modern trade. It follows that what profit one man may regard as satisfactory would not be sufficient for another. I think these factors must be borne in mind when one approached even the question of price-cutting. I venture to suggest that the real meaning of price-cutting is this: that one man is selling lower than another because, first, having regard to the conditions of his business, and, second, on account of his unsound purchases, he cannot sell as cheeply as his neighbour, and he is inclined to suggest that his neighbour is a price-cutter. It is submitted that the evidence shows that amongst wholesalers there is a difference in price, and retailers can by reason of that and by reason of other conditions buy at different prices, so that it is inevitable that there will be competition in prices between retailers—that is, there will be selling by one man at a lower price than that charged by another. If it be suggested, as it has been submitted, that one man sells at less than cost, I shall submit to the Committee that no man other than a man from a lunatic asylum could continue that for any time; and any man would cause, if he is selling at less than cost, his rivals to buy from him and thereby bankrupt him. It is submitted that this is merely the position, and that no man in business is so foolish as to sell at less than cost.

Mr. Myers: Not all these lines.

Mr. Kennedy: Nor in any considerable quantity.

Mr. Myers: Nor could he buy from the cutting retailers any quantities.

Mr. Kennedy: Even if he cannot buy any quantity, on hypothesis, then no harm can be done.

Mr. Myers: I hope my friend did not think I meant that the retailer could not sell any quantity. What I meant was that the man who bought from the retailer could not buy a sufficient quantity.

Mr. Kennedy: The fact is that we come back to the question that prices at which a man might buy vary, and some men can buy better than others. It is submitted that there is no evidence that there is extreme price-cutting. There is competition in prices, it is true, and selling below the marked price, it is true; but I venture to suggest that when one analyses the evidence—and I do not propose to go into it now—and takes a broad view of it, it becomes apparent that there is no appreciable price-cutting. I submit, as it appears from the position in Canada, that the extent of price-cutting is, for very obvious reasons, very considerably exaggerated. Take, for example, one item—namely,