

As to the nature of the "drastic action" that is considered desirable to attain these objectives, I refer to the statement of the prime mover in the P.A.T.A. in Canada, Sir William Glyn-Jones, whose utterance is reported as follows:—

If in your store you handle P.A.T.A. and non-P.A.T.A. proprietaries alike, you deserve all you get in the way of undue price-cutting. The organized retail druggists of the Dominion can, if they choose, make the merchandising of the non-P.A.T.A. proprietaries unprofitable to the manufacturer. There are perfectly legitimate ways of doing this, and I need not enumerate them. I make no apologies for asking you to make the path of the non-protecting proprietor of the proprietary article as hard as you know how. That should be your contribution to the success of the P.A.T.A."—(Canadian report, p. 19.)

Sir William Glyn-Jones's modest reticence in regard to the "perfectly legitimate ways" of accomplishing the ends of the P.A.T.A. is somewhat suspicious, especially in view of his immediately subsequent pronouncement. Cynicism and effrontery, as a matter of fact, could not be carried further than in his impudent statement, which sheds quite a flood of light on the spirit informing the P.A.T.A. and its methods of work. He invites the application of the boycott in its most brutal and ruthless form.

The documents submitted make it clear by admission that the intention of the P.A.T.A. in New Zealand is to conspire (a) to fix prices, (b) to withhold supplies of commodities from non-associated firms, (c) to prevent discounts or reductions of price from manufacturer or wholesaler to retailer from being passed on to the public in whole or in part, (d) to withhold *all* controlled commodities in case of reduction by the retailer of the price of *one*, (e) to wipe out all non-associated distributors and manufacturers, (f) to eliminate non-listed commodities from the market irrespective of the public demand, (g) to stereotype the present distributive organization, (h) to prevent co-operative profit-distribution and consequently the co-operative form of organization, and (i) to prevent reduction of prices either for the purpose of clearing stocks or for any other purpose. The documents in Canada and New South Wales, taken in conjunction, aim at producing much the same effect. It is an elaborate and concerted monopoly of an extremely noxious and pestilent type.

The agreement embodies that type of combine or monopoly which involves concerted action with respect to price-fixation, supply-control, and elimination of the competition of outside men and outside goods. It is a monopoly on the classical model, coming within the definition of "monopoly" usually accepted by economists for general purposes, as follows:—

Monopoly means that substantial unity of action on the part of one or more persons engaged in some kind of business which gives exclusive control, more particularly, though not solely, with respect to price.—(Ely: "Monopolies and Trusts," p. 14.)

It is as old as civilization, was the subject of complaint even in pre-classical Greece, and has been so all down the ages, though it has seldom shown itself as cynically or clearly as it does in the case of the P.A.T.A. In the eighteenth century Adam Smith noted the tendency of traders to combine for price-maintenance. "People of the same trade," he says, "hardly meet together even for merriment or diversion but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices." It is, further, much the most menacing form of combination from the point of view of the consumer, because (a) it acts directly and immediately on prices; (b) it is generally unobtrusive, and not spectacular, like the great manufacturing trust; (c) it is so pervasive and ramifies all over the community.

While associations, formal and informal, are the least definite of the various combinations, they are probably the most important, because their scope is coextensive with the country and with its business.—(Van Hise: "Concentration and Control," p. 64.)

A more or less formal understanding among dealers also checks the freedom of competition, and, in fact, introduces an element of combination quite similar in kind, though less in importance, than that found among large manufacturers. In many small cities there exist butchers' associations, grocers' associations, associations of hardware-dealers, of druggists, &c. Usually without formal contract, these organizations substantially maintain a general level of prices throughout the city, besides furnishing to all of the different members the opportunity of reading trade papers, of learning the condition of the wholesale markets, and calling to their attention other matters of common interest, in addition to giving information regarding the business rating of customers and often assisting in making collections of bills overdue. In such cities and villages a trader from the outside, particularly if he attempts to peddle his goods from house to house, is sure to be met with united action of all the dealers. And customers whose desire to save leads them to buy from mail-order houses or themselves to visit the near-by cities to purchase goods are noted and common influence is brought to bear to check these tendencies. Industrial combination has begun.—(Jenks: "Trust Problem," p. 24.)

This is quoted as showing how the germ of price-maintenance is latent everywhere. Hobson, our greatest British authority on the trust movement, made the deliberate statement in 1906 that local combinations in retail trade probably exercise a wider and larger effect on retail prices than the spectacular industrial trusts ("Evolution of Modern Capitalism," p. 191), and this is quoted with approval and amplified by Clay ("Economics for the General Reader," p. 148). Statistical proof of demonstrative force cannot, from the nature of the case, be adduced, because insufficient investigation has been made, but there is no doubt that the general and correct impression among economists who have carefully studied the matter is that price agreements among distributors wring more from the consumer than all the trusts that ever existed. Trusts sometimes bring about a fall in prices by passing on some of the economies resultant upon cheapened operation. There are no resultant economies from price-maintenance agreements—they are always followed by a rise of prices; and a fall of prices may be brought about not by the formation of a price-maintenance agreement, but by its collapse. I know of no economist of note in the modern world who has anything to say in favour of price-maintenance agreements from the point of view of public utility and welfare. Where investigation has been made, as in Canada and New South Wales, the data obtained and the tenor of the reports have substantially confirmed the deductions which the economist draws from economic principle as regards price-maintenance. In these circumstances the onus of proof is heavily on the