

strengthen the *status quo*, and next to raise the prices listed. The New South Wales report notes the same tendency. The pressure towards high prices comes not only from the natural desire of the monopolist to get more and more—assuming, of course, that the demand for the goods is sufficiently stiff to bear it—but follows from the fact that a price agreement, if successful, sets in motion certain economic causes which inhibit a fall of prices and tend towards a rise. As the protected area is strengthened and widened, more and more commodities and men enter as competitors with one another in the sheltered lines, so that the profit anticipated from the monopoly protection is in part dissipated in excessive overhead charges and superfluous expenses due to excessive numbers. In no case of which I have ever read is there a record of a price-maintenance agreement being followed by a reduction of prices; such a contingency is neither intended nor desired by the promoters. For this reason such agreements must invariably operate against the interest of both the trade and the public.

The activities of the Merchants' Association of New Zealand, as described in the Cost of Living Report, 1912, a Government publication, are very significant in this connection. The P.A.T.A., indeed, bears suspicious signs of being this old unobtrusive body in disguise; and its noxious activities, as related by the Cost of Living Commission, would surely be duplicated by the P.A.T.A. if that body is permitted to operate. Attention is drawn to pages lxxv–lxx of the Commission's report. Mr. Fairbairn pointed out that in the case of articles tariffed by the association both wholesale and retail prices had been *invariably advanced*, and *in no case* had there been a reduction in the price of any tariffed article. This evidence was uncontradicted, and therefore admitted.

In the *Evening Post* of the 10th October, 1926, there appears what purports to be an interview with some person who is evidently a promoter of the P.A.T.A. This interview admits explicitly that the effect of the operations of the P.A.T.A. will be to raise prices, since the party is quoted as saying, "We want to stabilize prices. It will not mean that the goods will be much dearer. They may be a little dearer, but not much." An impressive point about the P.A.T.A. both here and in Canada is its brutal and cynical frankness. It makes no bones about what it intends to do, and what the effects will be. The Canadian body has made the same admissions. On page 20 of the Canadian report Mr. C. W. Tinling is reported as having remarked that "eventually full prices will be secured for everything, and this will be as soon as possible." Again he says, "When the P.A.T.A. is fully operating, full prices will be obtained." I like the employment of the word "full" in this connection. Though somewhat vague, it suggests amplitude and opulence, and is calculated to make the mouths of the conspirators water with anticipation. Significantly enough, the following quotation is also given: "Another important point stressed by Sir William was the advisability of being very cautious in taking the first step in increasing prices, so as to avoid the possibility of a public investigation into the legality of the movement." A careful perusal of the report in the *Evening Post*, and in the Canadian Labour Report, of the statements of the advocates of the P.A.T.A. will do more than the most exhaustive statistical treatment possibly could do to throw light on the intentions and certain results of this combination. The admissions of its advocates, and the contents of the constitution, draft letter, and agreement, make statistical investigation superfluous, since a formal admission dispenses with proof. They admit that their avowed object is to raise the level of prices, and to keep that level raised.

The openly expressed object in the P.A.T.A. constitution agreement and circular letter is to maintain prices—i.e., to prevent them from falling, which the is same thing. The safeguard against "excessive" prices is merely camouflage. Who shall define "excessive" for this purpose? The epithet begs the question. The raising and maintaining of prices is the avowed inducement held out in the letter of the 18th September, 1926, to secure members for the P.A.T.A. Retail-price combination invariably operates upwards.

(v) To raise the cost of living in New Zealand at the present time would be highly inexpedient. Our crying need is to reduce prices and costs, not to raise them. Our industries, both primary and secondary, are strained to the limit owing to the efforts of the Court of Arbitration to secure a high standard of living for the workers; yet the high range of prices keeps cancelling out this rise in money wages and promoting a vicious circle. Award rates are stretched to the breaking-point and cannot go much higher; and yet, owing to the price-level, which this contemplated manipulation would assuredly raise, the higher wage brings little additional comfort or satisfaction to the workers. The need is to lower prices, and to that end to encourage such efficient distributive methods as will enable prices to fall, not rise. It may be contended that proprietary articles are not, strictly construed, part of the cost of living; but this is irrelevant, because (a) the list of such articles does in fact include many food articles and is constantly growing in scope; (b) as already stated, protection to proprietary articles would enormously increase their number; (c) there is no fixed definition of what is a proprietary article; (d) such articles are in fact bought by the masses, and do in fact raise their family-budget expenditure, thus diminishing the value of their wages, causing unrest, and fostering claims for still higher wages; (e) the cost of living is an elastic and progressive conception.

(vi) Stabilized price-levels are economically unsound. It is in the public interest that prices should fluctuate with variations in demand and supply. Unless this is done there can be no economical adjustment of supply to demand, and no guide as to the volume and direction of profitable production. Prices are the barometer of production, and by their movements show the community in what directions demand is increasing or falling, or costs are increasing or falling. Fixed prices take all the elasticity out of demand and repress all tendency to variation in supply and costs. In such circumstances there could be little manufacturing progress and little innovation of a socially useful type, because the productive index afforded by price-variation would have ceased to function, and producers, especially would-be producers, would be working in the dark.

(vii) The P.A.T.A. would exercise an unhealthy tyranny over manufacturers and retailers mainly in the interests of a few wholesalers. They would be compelled to adhere to one type of distributive