and trade organization, and that a costly and inefficient one. Variation in business organization, rate of profit per unit, rate of turnover, and selling policy would be prevented, and trade methods stereotyped. This is not in the public interest. Progress depends on successful variation, and the field should be kept clear for experiments in such directions. It is precisely the most able and enterprising merchants that would be handicapped most. As more and more articles come under control this mischief would grow greater, and all trades would be bound to the same methods. There is no sphere where innovation is more in the public interest than the present costly and wasteful system of distributive trade. This innovation the P.A.T.A. would prevent. The door would be banged, bolted, and barred on progress in distributive enterprise.

(viii) The P.A.T.A. constitutes an unjustifiable and vexatious interference in the internal affairs of individual traders, and would prevent them from reacting to such casual emergencies as clearing dead or slow stocks, stimulating slack trade, holding a special sale to liquidate a debt or overdraft, varying their turnover in accordance with the state of demand, and so on. By diminishing elasticity it would lessen a man's credit and tend to make bank accommodation more difficult to secure.

(ix) The P.A.T.A. would prevent any type of distributive organization from existing except the private shop as at present organized, and in particular is fatal to co-operative merchandising or any other type in which profits are shared in part or whole with purchasers. All economists praise co-operative enterprise as a splendid agency of thrift and a means of elevating the standard of life of the masses. A co-operative store cannot handle P.A.T.A. articles. No private organization should be able to dictate another type out of existence by getting an octopus grip on essential supplies. The same applies to the "purchase and carry home" type of business, which eliminates certain services and costs of no value to the workers and passes the saving on to them in reduced prices of goods. This type would also be eliminated, greatly to the public disadvantage. It seems monstrous to me that any private monopoly should be permitted to menace the existence of either co-operative or "purchase and carry" businesses, which are of very great value to the workers in hard times such as the present.

(x) The P.A.T.A. penalizes the ablest merchants in favour of the inert, lazy, and unenterprising. Men of brains, energy, and originality seek their profit through innovations in method resulting in cheaper supply to their customers, to the advantage of both. The P.A.T.A. would cut out this type of business man, who relies for his profit on innovation and originality, in favour of the type which relies for profit on conspiracy against the consumer. Nothing should be done to discourage stores aiming at a rapid turnover at a low per-unit profit. This the P.A.T.A. is expressly out to kill. Efficiency and community service are the last things these people think of, and are conspicuously absent from all their literature that has come under my notice. One of the principal causes of the alarming cost of retail business is slow turnover; and slow turnover, in turn, is partly caused by multiplicity of brands, inflated prices, and excessive numbers of traders—all factors directly fostered by the P.A.T.A. This view is confirmed by the remarks of the Canadian Commission, given on pages 12–13 of their report. They further say:—

The P.A.T.A. proposes a rigid system of price-fixing and price-maintenance which would keep trade to the traditional channels of "manufacturer to wholesaler, to retailer, to consumer," compel all dealers to charge the same prices regardless of variations in their operating costs, prevent the public securing full advantage of such improved methods of distribution as have developed, and render useless, if not impossible, further methods of experimenting which might result in reducing the admittedly excessive costs of modern distribution.—(Canadian report, pp. 14–15.)

Business itself, in the United States, less than a year ago expressed itself forcibly to the same effect in treating of this problem, when the Committee on Methods of Distribution appointed by the National Distribution Conference gave the following as one of its five conclusions: Marketing methods have been continually improved through the competitive attemps on the part of manufacturers and distributors to find better methods. Marketing channels and methods are not cut-and-dried. There is continuous experimentation. In some cases trade associations have attempted to block changes in selling methods. Manufacturers have been boycotted by jobbers, for example, because they have attempted direct sale to retailers. This is not right. Progress in marketing methods can be made only under a regime of free competition, whereby each producer or middleman is free to try new methods. Artificial restraints are to be condemned.—(Canadian report, p. 26.)

The distributor who pioneers and devises more efficient means of distributing goods increases his business by reducing his prices and so passing on part of his economies to the consuming public. If other distributors are to maintain their position they must effect similar economies, or persuade the public that they offer greater service and that the greater service is desirable. By this method economies in the distributive system come about and are widely adopted. Under a plan of price-maintenance, such as is embodied in the P.A.T.A., it is not possible for low-cost distributors to pass on to the consumer any of the economies effected. The cost to the consumer of proprietary articles must be the same regardless of what distributor is chosen. By this system a premium is put on the elaboration of service rather than the reduction of cost. The distributor who has a rapid stock-turn, and in consequence reduced operating expenses in proportion to sales, or who by buying in quantity gets the largest discounts suggested by the P.A.T.A., makes a larger net profit, but is not permitted reduced prices and so enlarge the number of his customers: he can do so only by increasing his advertising and increasing his service, even though the public may be more desirous of lower prices than of more elaborate service. Thus, through the shutting-out of price competition, there is less inducement and pressure towards the reduction of distributive costs. In consequence progress in this direction is impeded.—(Canadian report, p. 27.)

It will confirm the inefficient merchant in his inefficiency, whereas the more efficient will be restrained from passing on to the consumer any of the benefits that may accrue from increase of business or lower costs of operation.—(Canadian report, p. 28.)

This system, it may be noted, is to be enforced by the most brutal and violent methods; trade is to be confined to stereotyped, unprogressive, and costly channels, and maintained there by the threat of boycott and ruin.

The only promising way of getting a more effective distributing process is to let any and every experiment be tried by any one who thinks he can do the thing more cheaply. And this would seem to be a decisive reason against the fixed-price system. It stands in the way of the experimenter. As regards the spread between producer and consumer, it looks to the maintenance of the *status quo*.—(American Economic Association: Supplement to *American Economic Review*, March, 1916, p. 181.)