

(xv) The question whether the margins established by the P.A.T.A. are fair and reasonable is irrelevant, because (a) who shall say what is fair and reasonable? From whose point of view is the fairness to be considered—that of the manufacturer, the wholesaler, the distributor, or the consumer? There is no definition possible of these evasive and question-begging words. "Fair" generally means either what you are accustomed to or what you can get. This was strikingly shown in the inquiry into the sugar monopoly in Australia some years ago.

*Question 7927:* Dealing with the last five years, I must still press you to put a figure on what you think, having regard to the nature of this business and its present position, would be a fair interest on your capital?

*Answer:* As much as you can get.

*Question 7930:* What would you put it down at?

*Answer:* Fifteen per cent. or more, if you could get it.—(Brown: "Prevention and Control of Monopolies," pp. 161–62.)

(b) What is fair and reasonable to-day might not be so to-morrow, owing to manufacturing progress, discovery of new processes, altered interest rates, new business methods, changes in demand, position of competing commodities, and so on. (c) The gravamen of the charge against the P.A.T.A. is the tyranny it imposes and the unwarrantable interference it involves in the private affairs of the individual trader. (d) Prices would soon be raised by the P.A.T.A. if it got the chance, and its ideas of what is fair would expand with its power. (e) The P.A.T.A. kills invention, initiative, and new products and methods. (f) The P.A.T.A. preserves economic inefficients and inhibits competition. (g) The P.A.T.A. would act like a pawl on a winch: it would allow prices to move only one way—upwards, never downwards. (h) The P.A.T.A. would stultify the economic barometer constituted by the price-level. (i) Generally it has all the disadvantages, without the corresponding benefits, assuming such to exist, of a protective tariff, and is operated not by the people through the Government, but by private individuals for their own interests. If prices are to be fixed at all, they should be fixed by the State, acting through the Board of Trade, on the advice of its experts after taking the evidence of interested parties in all sections of the community. (j) The P.A.T.A. gives no guarantee of quality.

(xvi) There is every reason to suppose that the operations of the P.A.T.A. would soon extend beyond its ostensible written objectives, which are intended for public consumption and are therefore made reasonably palatable. There is no merit in the contention that its objectives are open and aboveboard, because they could not be concealed from those prejudicially affected. The P.A.T.A. therefore makes a virtue of necessity by a disingenuous appearance of frankness, so transparent that it would deceive nobody. By fostering the habit of conspiracy the P.A.T.A. would soon accustom its members to further assaults on the public welfare. If men combine for one purpose they will extend the combination for other ends if it suits them to do so. In promoting secret arrangements aimed at the consumer there would soon be other objectives in prospect not put in writing at all. The Canadian report (p. 19), already quoted, shows clearly the type of predatory warfare contemplated for the purpose of driving all unassociated men from the field. These independent traders are entitled to the protection of the State, because they are a safeguard for the consumer. There is no other possible safeguard, and there are no other persons with a direct interest to fight retail monopoly. The public welfare is the prime consideration. Traders exist for the community, not the community for the traders, and the welfare of the people must take precedence. The State should not sanction the operations of any body which deliberately avows its intention to repress all traders not of its way of thinking, and to raise prices to a level to be determined solely by the interest of the vendors. No man should be judge and jury in his own case. The buyer cannot protect himself, especially with proprietary articles, and his only safeguard is the maintenance of independent competition. Competition in standardized articles is almost entirely a matter of price. This consideration is of great practical importance. Where the articles are standardized duplicates, as is the case with proprietary goods, the only possible competition is in price-levels, because other avenues are closed. If competition in prices is stifled, then it cannot take place at all. It is idle to suggest there is sufficient scope for competition in other non-proprietary lines, because (a) the field of proprietary articles is constantly extending, and (b) the obstruction of competition in proprietaries, which form so wide a range, hampers the whole competitive system of a retailer carrying large stocks, and prevents an economical adjustment of his turnover and unit profits.

(xvii) There is no justification for the common notion that stores with a "low price and rapid turnover" policy pay low wages to their employees. Mr. Sutherland, who operates such stores, states that he pays more than the award rates to his employees. A business that pays high wages and sells cheap goods is a benefit to the public. If people of the wealthier class desire obsequious refinements of service that are costly to supply and that add to the price of commodities they are at full liberty to get them; but it is unjust that the workers and others, to whom the price-level is of more importance than elaboration of salesmanship, should be penalized by being forced to accept and pay for services that they do not desire and do not greatly value.

(xviii) The P.A.T.A. asserts that it aims to prevent destructive price-cutting—that is, the sale by retailers of lines at less than a price which will yield a profit—as this practice is detrimental to the manufacturer. In reply to this, it should be noted: (a) That the existence of such destructive price-cutting should be proved affirmatively, and not assumed. If it exists at all, it is confined within very narrow limits. (b) There seems little distinction between a man spending money in advertising and attracting custom through the public prints, and spending it in attracting custom by lowering certain lines. It is a free country, and a retailer should be allowed to judge which system suits him best. (c) Cutting lines does not injure the general public, while price-maintenance certainly does. (d) The P.A.T.A. remedy is a great deal worse than the disease. The less evil should be chosen, if perfection cannot be attained. (e) If a retailer is normally and as a continuous policy selling goods at a margin which, in conjunction with his general turnover, yields him a profit that he regards as satisfactory, the mere fact that he is competent to turn over at a lower per-unit cost than others whose businesses are not so well organized does not constitute destructive price-cutting. The selling