

two sources from which a distributor may make money: he can sell below the cost and obtain sufficient for the time being to carry on, but it will ultimately lead both he and the manufacturer from whom he has bought to the Bankruptcy Court, or he may make it out of the public. Returns can only come from either the man you buy from or the man you sell to. By way of general remark, I may say that whilst I was going into the question of the P.A.T.A. I also went into one other feature that I think is of particular interest to the general public and should be taken notice of by this Committee, and which I consider is a dangerous tendency. This is illustrated in a return of occupations, industries, and employment that was made out by the Government Statistician and which was published in 1925. It sets out in detail the occupations of various people in the years 1901, 1906, 1911, 1916, and 1921. I have just a summary of the figures that I will put in. The dangerous tendency is this: the tendency is for professional and commercial classes to increase out of proportion to the increase of the industrial and primary producing classes. The extent to which those classes have increased is illustrated by the return which I attach hereto. [Return put in, marked "Exhibit A.D."] If these figures are analysed it will be found that an extraordinary advance in the professional and commercial groups is revealed, with a corresponding decline in the industrial and primary groups. The actual percentages are shown in the following table:—

Occupational Group.	Number occupied per 10,000 of Total.		Percentage Difference.	
	Year.		Increase.	Decrease.
	1901.	1921.	Per Cent.	Per Cent.
Professional	504	410	..	34·8
Commercial	516	650	26·0	..
Industrial	1,310	1,154	..	11·9
Primary	1,448	1,207	..	16·0

In other words, in 1901 516 out of each 10,000 persons were engaged in commercial transactions in connection with the disposal of the production from 2,758 persons engaged in secondary, primary, and imported commodities. In 1921 650 out of each 10,000 were engaged in like transactions for the production from 2,361 persons—that is, the number of persons that are engaged in industrial production has gone down by 397 as against the number engaged in actual distribution, which has gone up by 144. Just by way of final remark, I think that if the rules as set out are rigidly enforced the association's method would completely cut out co-operative stores from the sale of articles registered by the association. That is mentioned in the Canadian report. There are, I contend, already too many shops in existence, and the effective organization of the P.A.T.A. will extend the number. It will add to the overhead cost of distribution, and ultimately to increased prices. To the limited extent to which competition operates in the present system the power of exploiting the public is also limited. Competition, in my opinion, is useful only where we have some rational form of co-operating together for the purpose of distributing that which the public of New Zealand wants.

2. *Mr. Collins.*] In quoting those figures about the various occupations, what deduction do you want this Committee to take: is it that the cost of distribution is going up because of the number engaged in it?—Yes.

3. *Mr. Reardon.*] Does that differ in any part of the world?—No.

4. It is the same everywhere?—Yes.

5. *Mr. Hayward.*] It is the same in the United States?—I do not want to suggest that, because that would be going beyond the scope of this inquiry. There is a lot to be said against the competition system which is operating in the United States to-day.

6. *Mr. Reardon.*] As a matter of fact, the whole thing bristles with theories that have been contradicted—in evidence you say that it is unfair to the co-operative stores. We had a director of a wholesale society in England here the other day, and he said that they declined to trade with the P.A.T.A. articles to any extent, and that they were successful?—Yes; but supposing the co-operative stores in New Zealand have proprietary goods on hand to-day and a proportion of their trade has been built up by that means and they are demanded by the public, if they are not allowed to purchase those articles in the future, then obviously it will affect their trade.

7. Would you be surprised to know that the statement of the director to us was that they reluctantly stocked proprietary articles, but the proportion sold was something like £45,000 as against a total trade of £20,000,000?—I should say that the co-operative wholesale societies in Great Britain are so organized and so effectively stocked with their own proprietary lines that they would not be affected by the P.A.T.A. as would be the case so far as co-operative organizations in New Zealand would be.

8. It is the popular theory that if you reduce the price you increase the sales: would you be surprised to know that almost the whole of the evidence led on behalf of the P.A.T.A. as to effective price-cutting in New Zealand is that where proprietary articles are cut the sales fall?—No. I can give you evidence from my own experience where cutting has definitely harmed the proprietary articles. I am not considering the manufacturer; the people I am thinking of are the general public, and will it be beneficial to the general public?

The Committee adjourned until 10.30 a.m. on Tuesday, 1st March.