in the future it may prove to be a very real menace. From the manufacturer's point of view the scheme, of course, must be of benefit. It benefits the manufacturer and the wholesaler. It benefits them because it enables them to get a fixed margin of profit quite irrespective of whether their overhead system is antiquated and out of date, and whether they are attempting to improve their distributive system and to reduce the cost of it to the public. That is its vice economically. But the further effect, which is just as evil, is that it is inevitable that all proprietary articles must, if the scheme once comes into operation, come within the ambit of the organization—first, because of the assured profit. No man is going to put a patent medicine on to the market and not avail himself of the association, because he gets his fixed profit. Secondly, because under the scheme the retailer is bound to push an association article in preference to an outside article. I have never read a report quite like that Canadian report, where the high priest of the scheme, Sir William Glyn-Jones, speaks so frankly about what the objects of the association are. In his report, to which I have already referred, the Registrar, at page 19, says :—

> As between manufacturers, too, there will be less competition from those who do not join the Proprietary Articles Trade Association, because of boycotting measures which have been advocated by the managing head of the association. The following is quoted from a statement of Sir William Glyn-Jones appearing in *Drug Merchandising* on June 9, 1926 : "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 a proprietary article as hard as you know how. That should be your contribution to the success of the P.A.T.A."

It certainly is very good of Sir William Glyn-Jones to express his opinion so frankly. The real risk, as has appeared during the course of the cross-examination, is, of course, that it might, and possibly would, extend to foodstuffs. I know what my friends' comments on that will be. They will say that there is the Commercial Trusts Act, and the schedule to that which prevents the foodstuffs coming under such a scheme. All that I say in answer to that is that I am not as certain as they appear to be that such a scheme as this comes within the Commercial Trusts Act, and personally I would feel very much safer if the matter were made clear by an Order in Council. A further objection to the scheme is this : that if all proprietary articles have to come in under it—and so far I have contended that the effect of it must be that they will have to come in under it—then a pistol is held to the head of every trader. How can my clients not join the association if all proprietary articles come in under it ? How can any cash grocery refuse ? We would be dominated by the others. Certainly, we are not bound to join. I admit that the association does not bring any pressure to bear in inducing our joining, but they make business life impossible by withholding things we have to sell if we do not join.

Mr. Myers : It is not necessary to join the association.

The Chairman : That is quite understood.

Mr. Gresson : But I say the economic effect is that we will be pushed into joining it by commercial pressure. We will be pushed into having to observe the conditions of resale — I say the association's conditions. That is the real crux of the position, I submit, but the clear effect of the operations of the association is that they say to every trader, be he free or controlled, "Unless you sell all goods which we control at a price fixed by our association in conjunction with the manufacturer—we admittedly knowing nothing of the manufacturer's costs—we will supply you with none of them unless you observe the retail price." Why I say that is the crux of the matter is that if that be the correct view, then that constitutes monopoly naked and unashamed. It is absolute control of all the articles on the association's list. I would like to have recorded on the notes a definition of monopoly, and I will quote the definition as given in Ely on "Monopolies and Trusts" : "Monopoly means that substantial unity of action on the part of one or more persons engaged in some kind of business which gives excessive control, more particularly, though not solely, with respect to prices." If that view be correct, what are the results which will naturally flow from it ? First of all, there must be a largely increased number of proprietary articles—I say extending to foodstuffs ; my friends dispute that. You remember that Mr. de Fenq said to me in cross-examination, when I asked him whether there was anything to prevent the operations of the association extending to foodstuffs, "No, we do not intend to register them." But Mr. de Fenq cannot bind the association. They may not register them now or next year, but they may in the future. And the sole question is whether the existing law prevents their doing it. I do want to stress this point : that if the operations of the association are going to result in a largely increased number of proprietary articles, that in itself is socially wasteful and economically wasteful. When a proprietary article is sold, the consumer pays for the tin or the package and a large amount of money expended in advertising, and I cannot on this point stress my argument better than by giving an example. Mr. Wilkie tells me that in the Star Stores in Christchurch he can sell a good quality of cocoa of the same weight as that which is supplied in the Bourneville cocoa-tin for 4d. ; that an analyst will certify that it is of the same quality as the Bourneville cocoa and the same weight as is sold for 1s. The difference of 8d. is paid for the tin, advertising, and packing. Therefore I would point out to the Board that proprietary articles are not matters which in the public economic interests it is desirable extensively to protect. The next and by far the more important factor from the public point of view is that, if the association operates, an increase in price of the controlled articles is inevitable. For that I cite as authority the reports both of the Canadian and the Australian Commissions. Further, Professor Murphy will say, when giving evidence, that there is no case cited in economic literature where a price agreement has ever been followed by a fall in prices. Again—and Mr. Collins will know of this, because the matter has already been investigated by the Cost of Living Commission in 1912—that Commission, after the maturest