

consideration, deliberately reported against price-fixing agreements and recommended an alteration of the law to deal with that aspect. At page xci of the Cost of Living Report it is stated :—

4. Your Commissioners are of opinion that an amendment to the Commercial Trusts Act is necessary, and should be widened to embrace all commerce, and include the following additional provisions :—

- (1) That it is illegal for any combination of traders to arrange selling-prices to the retail trade or the public with a direct or indirect penalty to any trader refusing to do so. (NOTE : This would not prevent traders in any business mutually arranging to sell at uniform prices, without obligation or penalty to any one refusing to do so.)

Here, although there is no obligation or penalty expressed, the obvious conviction is that “ If you do not observe our retail prices we will boycott you.” It is too plain to be argued. I do want to refer the Commission—and this is the only passage I will read—to pages 20 and 21 of the Canadian report dealing with the question of enhancing of prices. The Registrar reports :—

But this is only the first P.A.T.A. list ; the margins which it provides for the wholesale and retail trades are not as generous as they will be, according to the assurances of responsible officers of the association. It is evident that, in issuing its first price-list, the association has had in mind, wisely enough in its own interests, the public feeling which would inevitably be aroused were prices to be immediately advanced to the full extent contemplated. This is emphasized by the following extract from the report of an interview given by Sir William Glyn-Jones to a representative of *Drug Merchandising*, in Toronto, in March of this year :—

“ 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. ‘ The legality of the P.A.T.A. has been thoroughly investigated, and there is nothing to fear so long as the druggist is moderate in his demands,’ said Sir William. ‘ The retailer must not look on this as a millenium at once. Every movement must be taken with an eye to the public and its possible reactions to increase in prices.’ A minimum-price list will be issued for the time being, containing the lowest price at which the druggist can sell the articles. For example, an article which should be sold for 40 cents will have a minimum price of, say, 35 cents. If this article has been previously cut to 25 cents, the increase in price will not be so drastic as it would if the top price was quoted. Furthermore, it will enable the department stores and ‘ cut-weighters ’ to show the price as 35 cents as against the advertised price of 40 cents, and still create the impression that they are selling below the market value of the article. In time the minimum price idea will be abolished and the one price put into effect.”

Again, in an article in *Drug Merchandising*, in April of this year, Mr. Charles W. Tinling, president of the National Drug and Chemical Co. and a vice-president of the P.A.T.A., states : “ There can be perfect confidence that eventually full prices will be secured for everything, and this will be as soon as possible.” In the same article he repeats : “ When the P.A.T.A. is fully operating, full prices will be obtained.”

I will not weary you with any further extracts, but if you will read the next page of the report (page 21) you will see that out of 105 articles which were included in the association’s list an investigation was made and it was found that sixty-three had previously been sold at lower than the association minimum, thirty were the same as the association minimum, and four were higher than their minimum. But that is the investigation of 105 articles. I submit that the evidence is overwhelming—with the possible exception of Great Britain, because we have had no evidence in respect of that country—that the effect of the operation must be increased prices.

*The Chairman* : We have had no evidence as to that from the Commonwealth.

*Mr. Gresson* : Has not Judge Beeby’s report been put in ?

*The Chairman* : No, it was not put in.

*Mr. Gresson* : I thought it had been ; I will put it in. There are two main objections to the operations of the association : First, that it will largely increase the number of proprietary articles ; secondly, that it will involve some increase in price. But here again I do not want to appear to be talking academically. But economically there is a far greater objection, and that is that it involves the stereotyping of a costly method of distribution. If we are ever going to get down the cost of living—and we had it that, if an article costs 100 cents, it costs 50 cents to put it on the market and sell it to the public—it must be in the interests of the country, and every economist will agree with us that every effort should be made to improve distributive systems and so lessen the ultimate cost to the public. Why I feel this so much is because that is the very scheme which my own client, Mr. Sutherland, has evolved. He has evolved the scheme which largely lessens the distribution of his article and which results in a lower price to the public, but if the association functions we have to go out. We cannot deal with those articles. You will remember that Mr. Hook, when asked about his own store, said, “ We have not yet sunk so low as not to wrap up our parcels.” If that is going to be the attitude of the ordinary grocer, how are you going to improve the distributive system ? We find that as a result of not using string, and doing away with the service of an assistant to wrap up, we effect over all our shops a large saving, which we can, and do, pass on to the public. It is a striking example of an improvement in the distributive system, which, from an economic point of view, is the very thing we all aim at. Further—and here I do not know how many of these societies operate in New Zealand—I submit it would mean death to the co-operative system of purchasing. Mr. de Fenq stated that the association had got no rule against co-operative purchasing. Of course it has not got a rule against it.

*Mr. Hayward* : It has in England—a specific rule.

*Mr. Gresson* : I am indebted to you, sir, but the point I make is that, rule or no rule, it will prevent co-operative purchasing unless they agree to the terms of the association. What my friend might say is that a wholesale co-operative society which wishes to make large purchases should be compelled to sell to its constituent members at the retail price fixed by the manufacturer, and at the end of its year’s operations it could then distribute amongst its members the profits it has made. But that is not an answer, because it would be distributing it among different individuals. The person who has the right to get the cheapest price is the person who buys the article, and not the 999 who constitute the membership of the society ; and I submit that co-operative purchasing would not be able to be carried on. A further objection is that no new product can come on the market unless it is controlled by the association, because if it is of a similar character to any association article the retailer is bound