

9. In your opinion, is it detrimental or otherwise to the public interest?—In my judgment, it is very detrimental to the interests of the consumers, and in certain instances it might be ruinous to unassociated firms. That is my opinion.

10. There is, of course, a difference between the constitution of the P.A.T.A. in New Zealand and the Canadian constitution?—Yes, there are verbal differences. I compared them and I have ascertained there are such.

11. In the New Zealand document the expression is used “concerted action,” whereas the Canadian uses the milder term—namely, “co-operation”?—Yes. My recollection is that it does not appear in the Canadian constitution.

12. New Zealand contains the restriction on “excessive prices”?—Yes, there is such a clause.

13. The Canadian document contains the proviso “not detrimental to the public interests,” which does not appear in the New Zealand document?—Yes, that is so.

14. In considering the effect of the P.A.T.A. constitution did you think it desirable to also consider the effect of the draft agreement that they sent out with it?—I think so. I think they are substantially one and the same document, because they indicate the same policy pursued. I took the constitution, the covering letter, and the draft letters as being substantially the one document.

15. Did you consider that this showed, first, an agreement to fix prices?—Yes; that is in black and white.

16. And (b) to limit competition?—That is also in black and white.

17. And (c) to boycott independent traders by cutting off supplies of all controlled articles?—That is so.

18. And (d) to boycott independent commodities by refusing the right to sell them in substitution for listed articles—that is, to drive them off the market?—That appears to me to be so.

19. In reference to your suggestion regarding boycotting, have you seen the passage quoted by Sir William Glyn-Jones—that is, his utterance in the Canadian report?—I have.

20. And you consider that that supports your view?—Yes, in the most open and cynical way.

21. Now, what have you to say to the suggestion that if a person refuses to observe the retail price in regard to one controlled commodity that all the controlled commodities can be kept from him?—That seems to be an effective weapon to drive a man out of a proprietary business if he refuses to adopt the policy of the P.A.T.A. in respect of one line. It seems to me that that clause is the one that would be relied upon to make the agreement practically effective. To be eliminated from one commodity is not very much, but to be eliminated from the whole range of proprietary articles is a very serious thing. That is the view I take.

22. As regards price-fixation generally, what view do you hold so far as the consumer is concerned?—I think that the consensus of opinion amongst the economists is that it is contrary to the interests of the consumer.

23. Have you in your perusal of economic literature come across any instance of where price-fixation agreements have been followed by a reduction in the price of the article to the consumer?—No. I think it is only fair to state that the amount of literature in regard to price-fixation is meagre. Economists can say a lot about trusts, because their balance-sheets are published.

24. Now, in considering the desirability or otherwise of the functioning of the P.A.T.A., would you say, first, what you consider is the meaning of the words “proprietary article”?—I cannot define it. I think it is a term that is expansible. I have seen no definition of it in economic literature. Of course, you would not expect to find it there.

25. From the point of view of economists, is the proprietary-article trade desirable?—No. The trade in proprietary articles would be regarded by economists as an expensive and wasteful type of trade.

26. For what reason?—I do not want to labour this point. Proprietary articles are sold by virtue of their name. They are generally distributed from small centres over great portions of the world, and their sale is facilitated by nation-wide advertising campaigns, so that the manufacturer creates the goodwill attaching to the proprietary name, and the public demand is a factor compelling the retailers to stock it. It is believed that the advertising bill runs into a great amount of money, and that ultimately goes against the consumer; and, moreover, it is not constructive advertising, and the effect of that expense is to displace one commodity by another which is much the same, and, as I say, ultimately that advertising cost must be paid by the consumer. Another point is that expensive containers are sometimes out of all proportion to the value of the commodities, because they are a bait for the customer. Another point is this: that the retailers have to keep in respect of one fairly representative stock a lot of small lines of similar articles. That simply increases the cost of the retail business. Those are some of the reasons why I said in my report that, in my judgment, a proprietary-articles business is very costly, and I drew the inference from that that there should be no sympathy with it and it should not be encouraged.

27. Is New Zealand itself, from its situation, vulnerable to monopolies?—Yes, in my judgment.

28. Why?—The facts are given in the Cost of Living Report of 1912. The bulk of the articles such as glassware and other things are imported, and those articles are not subjected to effective competition with locally manufactured articles. Moreover, the country is very much isolated by distance, and that makes it possible, as it seems to me and as the Commission of 1912 found, for distributors to get effective control for the supplies coming into the country.

29. What do you consider will be the effect of prices in New Zealand if the P.A.T.A. functions here?—Well, I can only answer that from what appears in their own document. I think they will stabilize price-levels. And then their idea of fair profits is this: you can get a certain price for an article, but if you can get more that is fair. I think this economic effect would take place if the prices were stabilized or raised—that is, the profit would grow. I cannot see from the document that the P.A.T.A. intends to exclude other people coming into the field as long as they observe their conditions. That means more and more would be spent in overhead and the profits from raised price-