

level would be dissipated through the retailers, and the retailers would be very little better off, and the result would be that the public would be paying the higher level. That is the view I take. Of course, I may be wrong.

30. What is your view from the economic point of view as to the stabilization of price-levels?—I think it is economically unsound. There is some literature that states the stabilization of commodities is a good thing. In my opinion, it is a bad thing, because the price-level that is established for commodities under competitive conditions is a fairly good index of production. It is in the interest of the public that price should fluctuate in accordance with demand and supply. Unless this is carried out there cannot be any economical adjustment of supply to demand. I maintain that prices are the barometer of production. If prices are going up in a certain field without any alteration in production, that means that the public demand is concentrating, and if they are going down elsewhere the demand is leaving those commodities. Manufacturers can use this as an indication of the direction in which production may be extended to correspond with the demand. In my opinion, the manufacturers' price-level is the barometer or index of production and demand.

31. In what way, in your opinion, would the P.A.T.A. affect the question of cost of distribution?—It would stabilize prices, and it would prevent the elimination of superfluous traders.

32. Actually is it, from an economist's point of view, important that costs of distribution should be reduced as much as possible?—The general view of economists and of business men is that the spread between manufacture and the ultimate distributive cost is abnormally great. The Board of Trade, if it has compulsory power over a period of years, could ascertain the spread.

33. The cost of distribution is lessened by any innovation in the way of delivery methods?—It will be lessened by successful new methods.

34. Would the tendency of the P.A.T.A. be to eliminate this?—I do not see how you could experiment with a fixed price level. I take it the object of a distributive experiment is to enable a dealer to so reorganize his business that he can attract more custom. He might do that by adding to his advertising cost and not lower his price, or he might experiment upon the line of a lower unit and a bigger turnover.

35. Under the operations of the P.A.T.A. is there any inducement for the unbusinesslike merchant to put his business into the same condition as the more competent merchant?—He will be able to go along and he will know that he will not be undercut.

36. What is your point of view with respect to the question as to whether or not there is at the present time in New Zealand an excessive number either of wholesalers or retailers?—The prevailing impression is that there are certainly too many retail shopkeepers. Whether there are too many wholesalers I do not know; but the impression I have obtained through conversations is that there are too many retailers. I take it that some of these small shops are kept open as distributive vents by some of the large wholesale houses. I have not been able to verify this, but that seems to be the most forceful explanation of the survival of shops of that description.

37. *Mr. Myers.*] I do not think you will find that that is correct?—That is my opinion. I know it is true in regard to the drug trade in part, because I am aware of several tied houses. It is true so far as the furniture trade is concerned. But I have always been of the opinion that the existence of these little cardboard shops is very largely due to the interest of the wholesale houses keeping retail vents.

38. *Mr. Gresson.*] Is the multiplicity of small shops desirable?—No; quite the contrary.

39. There is a passage from the opinion of Judge Frazer, Judge of the Court of Arbitration, that I would like to read to you. I am quoting from the Book of Awards, Vol. xxv, p. 390, wherein he says: "We are of the opinion that a multiplicity of small shops, in close proximity to one another, that are able to make a living—and a meagre living at that—only because they can take advantage of being able to observe unrestricted hours when somewhat larger shops in their vicinity have to close at specified hours, is not in the public interest. The public is generally not so well served by the very small shop, with its small range of stock and its high ratio of rent to turnover, as by the larger shop."—He repeats that in another shop-closing-hour case a year later.

40. What trade was he referring to?—A small suburban general store. The problem is insoluble under the present state of the law.

41. How do you suggest that the inefficient retailer should be dealt with?—I think he should be left to take care of himself. I do not think he should be bolstered up by being allowed to come under a price-maintenance system.

42. So far as those men are concerned, you agree with the principle of the survival of the fittest in trade?—Entirely, in trade; but I do not think that that should be so in the matter of transport. For instance, to have, say, three or four tramways in one street would be ridiculous. In the wholesale trade I think the prevailing objection is that there is not enough competition, but too much overhead.

43. You think that the cost of overhead is out of proportion?—That is so.

44. If wholesale and retail prices are fixed, what inducement is there to reduce the costs of distribution?—None.

45. Is British trade based on competition largely?—So far as distribution is concerned, competition is strongly the rule and monopoly is the exception. That is the ostensible position.

46. What do you consider would be the effect of the P.A.T.A. on the possibility of non-listed articles coming into circulation?—I think it would make it more difficult to get it into circulation, in two ways: it would mean, when a manufacturer was getting up new proprietary articles, he would not only have to consider his costs, but he would have to get it on to the list. He might, in getting a new article on to the list, prejudice the interests of some other persons already listed, and if things were going on well with what he has got he would leave well alone. I think there would be less innovation and variation, and in the long-run I think it would discourage competition.