

77. You can see that a manufacturer, particularly one who is manufacturing a good article, has a very valuable goodwill?—Unquestionably. I am told that half a million dollars was paid for the goodwill of Eskimo pie in the United States.

78. When a trader or a number of traders sells a manufacturer's article to a retailer at a price either at cost or below cost, or at a price which does not leave them a margin of profit, you recognize, do you not, that they are doing injury to that manufacturer and his article, no matter whether it is right or wrong?—I think it is probable that destructive price-cutting might ultimately damage the manufacturer by restricting the demand; but whether that has been done I do not know.

79. Do you think that that is justifiable on the part of the trader who is adopting those methods? It depends upon what you mean by justifiable. I think it is legal, but socially undesirable if it became a general policy. It could not become a general policy, because it would break up.

80. Do you not see that in some cases the traders, for advertising purposes, purchase a particular article and sell it at a sacrifice as a decoy article, and thereby make larger profits on other articles?—Whether it is done or not I do not know, but I have heard that it is done.

81. Assuming that it is, is that economically sound or unsound?—I do not think it is good business for it to become universal. What is the difference between a retailer destroying the goodwill of the manufacturer through the public Press by counter-attractions or ultimately injuring the manufacturer by selling the article below cost?

82. Do you recognize even now that a manufacturer may legally—I do not say it is practicable—sell his goods on such terms to the retailer that the retailer must sell at his price?—What the legal position is I do not know.

83. Would you say from your point of view that the lawyers are wrong?—It is not for me to give an opinion on the law.

84. I do not mean to say that they are legally wrong, but they are wrong from your point of view?—I think it is an unfortunate point of view, assuming it to be the law.

85. So that the position we have is this: you, as an economist, take one view as to what is in the public interest, and the Courts have taken another view, which I suggest is the correct one, and in your opinion they have taken a wrong attitude?—Well, their view is different from the view I have expressed.

86. *Mr. Collins.*] How long have you been an economist?—I have been a professional economist since 1918—that is to say, that has been my exclusive occupation since 1918.

87. How long have you been associated with Victoria College?—Since July, 1918.

88. You mentioned, in the course of your examination, the Cost of Living Report of 1912: how do you view that report?—It is quite sound, and I think it was a very able document.

89. I have noted that during the course of your examination you made strong objection to price-fixation: you know, of course, that the Ford car is subjected to price-fixation?—Yes.

90. He has given the world a product at a cheap price, and he insists on that cheap price being maintained in order to maintain the popularity of the car?—I do not know what his policy is.

91. Would you be opposed to it?—I do not know it; I do not know what it is.

92. You seem to be opposed to all price-fixation?—I think that competition in distribution should be the rule.

93. Can you state any case where price-fixation would be justified from the point of view of the economists?—I cannot think of one. I think the fixation of prices in such services as transport is in the public interest, but I cannot think of any hypothetical case where price-fixation of commodities is in the public interest. The older I get the more it seems to me that competition in a retail business is the only way of weeding out superfluous men.

94. Would you believe in price-fixation being necessary in emergency conditions?—If prices are to be fixed, they should be fixed by the Board of Trade—that is, not *the* Board of Trade, but by *a* Board of Trade.

95. Do you know of the operations of the P.A.T.A. in Great Britain?—No; I do not know of anything beyond what is in McCrosty.

96. It has been operating since 1896?—All that I know of the P.A.T.A. in England is what I have read.

NOTE.—For Professor Murphy's written statement see Appendix A.

GEORGE GLADSTONE MARRIOTT sworn and examined. (No. 26.)

1. *Mr. Gresson.*] You are a grocer, in business at Parnell, Auckland?—Yes.

2. You began business in 1913?—Yes.

3. And took over a family business?—Yes.

4. That was a credit business, was it not?—Yes, we did a family trade of nearly 90 per cent.

5. In 1921 you were president of the Auckland Master Grocers' Association, were you not?—Yes.

6. Did you become interested in cash stores in Auckland?—Well, I have just returned from Australia and whilst I was there I have been inquiring into various operation existing there.

7. When did you turn your business into a cash store?—About 1922. It was not entirely cash, but I adopted a method which has not, so far as I know, been in operation in either New Zealand or Australia. I was considering the desirability of turning my business into an entirely cash store, but recognizing that by so doing I would have to sacrifice 50 per cent. of my credit customers, and not seeing where I would get 50 per cent. back, I proceeded to make provision for the credit customers as well. I published two prices—namely, the cash price and the credit price.