interfering with the right of the manufacturer to sell his goods upon conditions which permit him to name the terms on which such goods shall be resold . . . We are quite unable to say that the interest of the public would be better served by an alteration of the law which would prevent the fixing of prices of branded goods."

The above-mentioned report appears to be sufficient answer to the contention of price-cutting interests about the supposed evils that would ensue if there were any interference with the law of New Zealand prohibiting price-fixing and the withholding of supplies. It is surely significant that the tobacconists of New Zealand, who have been hard hit by price-cutting, and who recently secured the removal of tobacco and cigarettes from the Schedule of the Commercial Trusts Act, have since been able to stabilize the trade with satisfaction to themselves and the general public. [Read letter from New Zealand Retail Tobacconists and Hairdressers' Federation.]

The fact is, however, that with regard to the other commodities which are retained in the Schedule of the Commercial Trusts Act, the amending Bill before this Committee here to-day does not seek to give the same rights to distributors and manufacturers in New Zealand as obtain in England. All that the Bill seeks to do is to give the opportunity to private trade to put its own house in order, subject always to the jurisdiction of the Court in consequence of proceedings that may be taken at any time by Government.

We wish to make a particular point of the fact that it is in respect of proprietary articles (or branded goods) that price-cutting obtains, and the relief which business interests are seeking is in respect of proprietary articles. There would be no increase in the prices of commodities generally, resulting in an increase in the cost of living. If members of the public did not wish to purchase those particular proprietary articles they would have a choice of other similar goods, goods which would be competitive and not subject to price-protection.

Furthermore, the resale prices of the proprietary articles would be largely influenced by the prices of the competitive articles. Consequently, the cost of living would not be affected, except that those people desiring, of their own choice, to buy the proprietary article would be required to pay the resale price fixed by the importer, manufacturer, or distributor for that article. At the same time, retailers of proprietary articles would be assured of a reasonable margin of profit on those articles. Retail concerns which are at present price-cutting on proprietary lines could still continue to sell those proprietary lines, provided they observed the predetermined resale prices.

It is therefore urged that the Industries and Commerce Committee favourably recommend to the House of Representatives that the Bill be given passage this session.

3rd October, 1935.

Attached to the statement of the Associated Chambers of Commerce you will find a number of statements made by others who have been unable to attend this second meeting.

Mr. McCaul inquired from the Chairman if it was desired that he read these particular statements. He wished to facilitate the business of the Committee, and suggested that they be handed in if the Chairman was agreeable. The Chairman concurred, and the statements were handed in but not read. [After a short discussion it was decided that Mr. O'Leary should get a copy of the statements for his perusal, so that he could make any desired comment at the following meeting.]

The following statements were handed in by Mr. McCaul:—

Before the Industries and Commerce Committee.

EDGAR JOHNSTON, for North Canterbury Coal Merchants' Association.

COAL MERCHANTS.

Wholesale merchants should be allowed to refuse supplies to a dealer who is cutting prices below those fixed by the association and also to those who come into the trade for the winter months only.

The margin on which the association is working is a margin fixed between the association and approved by the Department of Industries and Commerce.

Recognized coal-dealers are in the business all the year round and are doing everything possible to retain their men in employment during the summer months.

The household coal trade is confined to about six months of the year.

Casual dealers enter into the trade at the commencement of the winter and leave the trade at the end of the winter.

Recognized coal-dealers have to make sufficient provision during the winter months to carry on during the summer and thus retain their men in employment.

The State Coal Department enjoys privileges which the ordinary trader does not enjoy, and the fact of the State Coal Department being in the retail trade acts as a brake upon unduly high prices being fixed for coals other than State.

Coal is being carried from collieries, by motor-lorry, into Christchurch and district and hawked from door to door during the winter months, to the detriment of those in the trade who are doing everything possible to keep their men employed all the year round.

There are 50 per cent. more dealers in the trade to-day than there were five years ago, and the consumption of household coal has dropped by 40 per cent. during the same period.

The public would be protected from having inferior coals foisted upon them.

The Department of Industries and Commerce receives, every month, from wholesale houses the selling-prices to retail dealers and can thus see whether the trade is treating the public fairly.

Legitimate coal-dealers are working under an award both for drivers and yard-workers. Others are able to avoid award rates.

To the Members of the Committee of Industries and Commerce.

PRICE-CUTTING AS IT AFFECTS THE SERVICE GROCER THROUGH THE OPERATION OF THE COMMERCIAL TRUSTS ACT.

Introduction.—For the guidance of members of the Committee it is desired to revert to the original purpose of the Commercial Trusts Act, 1910, and the opinions expressed by members when the Bill was brought before the House.

A perusal of *Hansard*, 1910, shows that the intention of the late Hon. Sir Joseph Ward in introducing the measure was to afford protection against certain trusts—*e.g.*, the American Meat Packing Trust—gaining a foothold in the country. The possible repercussions of the Bill were foreseen by the then member for Wakatipu (the late Hon. W. Fraser), who said, "We must not afford the opportunity for traders to be unnecessarily irritated or hampered in their operations," to which Sir Joseph Ward replied, "Powerful combinations only are aimed at: we do not want to derange business so long as it is conducted on right lines. *Legitimate traders must be protected.*"

It is the purpose of the evidence here submitted to show that the operation of the Commercial Trusts Act has been directly opposite to the intention expressed at the time of introduction, in so far as the legitimate service grocer is concerned, and that the Act as it stands affords protection not to the legitimate trade, but to those against whom it is professed to be directed. It is admitted that the circumstances which have arisen in the grocery trade were not present in 1910, but the Act as it now stands gave the opportunity for the introduction into the grocery business of protected price-cutters, which has already forced some traders to the wall and forced others to reduce hands. The price-cutter gained his foothold through cutting the prices of standard proprietary lines as a means of inducing custom, and, by adopting methods which could not be undertaken by the service grocer, was able to keep expenses at a low proportion. All means the service grocer has of protecting himself against the cutter are taken away by the