repressive clauses of the Commercial Trusts Act, and it is proposed to show wherein the operations of the price-cutter is inimical to the welfare of the worker, the trader, and the Dominion as a whole.

When the depression became apparent, price-cutting stores came into operation in all parts of the Dominion, and, by adopting methods which could not be undertaken by the service grocer (cash and carry, &c.), were able to cut prices on standard lines—viz., Edmond's baking-powder and others.

Some aspects of price-cutting are now placed before you:—

Tobacco.—Owing to indiscriminate cutting by cutting stores and large combines the position of legitimate tobacconists became so acute that the Government was forced to realize the injustice being done, and removed this article from the Schedule, with the result that prices for tobacco are now uniform, and a fair margin is assured to the trader.

Proprietary lines.—Manufacturers of proprietary lines have, by careful attention to the needs of the consumer, followed by judicious advertising, created a demand for their lines, and it is these, which are easily handled, that have been exploited by the price-cutter with the object of inducing custom. A few such lines which were used are Bell and Amber Tips tea, Edmond's baking-powder, and Lane's emulsion.

The cutting of standard lines has been made possible through mass buying, reduced overheads—*i.e.*, less employees—and the cash-and-carry system, and the result is that the service grocer who buys as his requirements direct is faced with the alternative of keeping the line on his shelf or cutting the price, and whichever is adopted, a detrimental effect is had upon his business in that his turnover decreases or his profit vanishes. The decreased turnover means less hands employed, and the lost profits, less ability to pay those kept in employment.

The service grocer finds it unprofitable to handle lines which have been cut by price-cutting stores and the line is not pushed. This reacts on the manufacturer, who, in turn, suffers from the limited avenue for the disposal or distribution of his goods. The grocers' traveller finds it difficult to secure orders for lines which are cut by the price-cutter, and the smaller orders tend to make the delivery van an unprofitable adjunct, so that the service grocer is forced to face the question of cutting prices or reducing hands. This latter course has been adopted in Dunedin, and numerous cases can be quoted. Efforts by service grocers to maintain their staffs have led to more disastrous effects to the community in that many have been forced out of business, and to name a few in the Dunedin district who have suffered this extremity during the past few years the following are submitted: C. O'Hara (Momona), Anderson (Mornington), Tavendale (South Dunedin), A. McDonald (King Street), Hunter and Etheridge (George Street), J. Stewart, A. G. Lambert, A. G. Blackwood, and others, and employees who have been put out of work have been forced on to relief.

From the foregoing it is obvious that price-cutting, as it is allowed by the Commercial Trusts Act as it stands at present, is the root cause of the straitened position of the service grocer to-day. Mr. Nash, during the debate on the amendment last session, said: "The object should be to get the maximum quantity of desirable commodities and services distributed to the maximum number of people at the minimum price, *provided that* everybody who renders useful service in making that commodity available to the public is fairly paid for the work done." In view of this statement the question may be asked, Is the service grocer who supplies the means of distribution receiving adequate payment for the services rendered? Mr. Savage said during the same debate, "I think we ought to fix the price for certain services and see that the people are properly paid for the services they render." This matter is one that requires immediate attention.

Price-maintenance.—The Commercial Trusts Act prevents the fixing of prices of articles covered by the Schedule thereto, and it is maintained that the ability to fix prices would not be detrimental to the consumer. The choice of well-known brands of similar goods is so wide that the manufacturer, for his own protection, will see that the retail price is not fixed at too high a figure, while the exploitation of a popular line will be eliminated. If a reasonable margin of profit were assured to the service grocer, it would mean that lines would be sold at a standard price, and would allow distribution to be made through the service grocer in his own locality, and would lead to the re-employment of hands.

Appeal.—It is felt that some measure of protection will be afforded the service grocer by the passing of the amendment now under consideration. The amendment is not against the interests of the public, and it would be a real benefit to traders and manufacturers generally. As pointed out under the heading of price-maintenance, lines would be retailed at a standard price which would tend to distribute trade around the various service grocers and so lead to the re-employment of hands who had been put off.

It is common knowledge that the number of service grocers now paying income-tax is very small, and the amount paid by those who are fortunate enough to be in the position to pay has likewise shown a corresponding decrease.

The fact that numbers have been forced out of business through the operations of the price-cutter should not be lost sight of, and this appeal is directed in the endeavour to save to the business community some of those who are gradually meeting the same fate. The employee is safeguarded by the Arbitration Act and is assured of a living wage, but no protection or secured income is assured to the service grocer himself.

Otago Master Grocers' Industrial Union of Employers,
Dunedin, 1st October, 1935.

Industries and Commerce Committee.

Mr. G. STRUTHERS, Storekeeper, Cheviot.

I support the amendment of the Commercial Trusts Act.

The Act needs modifying because of the change in trading conditions.

The advent of chain and departmental stores has revolutionized trading. The result of their system has been to force individual storekeepers out of business. It may be suggested that this result is due entirely to the financial depression.

That is not true, but the advent of the chain and departmental stores has added to the depression.

The methods of the price-cutting store are:—

(1) To eliminate services (meaning delivery, credit, accommodation, &c.), which in turn creates further unemployment.

(2) The cutting of prices of standard lines of commodities as an inducement for the sale of their other goods, as instanced by the cutting of tobacco and cigarettes.

Tobacco Trade.—The action taken by the Government in removing tobacco from the Commercial Trusts Act has resulted in many more tobacconists going back into business and doing favourably well.

Why then cannot this protection be extended further for commodity lines and thus enable the smaller storekeepers to remain in business, creating further employment, and making all concerned more self-reliant.

We would instance what has happened under present conditions—

Since 1928 forty-eight stores have gone out of business in Canterbury, and business is now non-existent. Sixty-six store-owners have assigned their estates, gone bankrupt, or lost capital, but being continued in restricted manner. This state of affairs has been brought about by the unrestricted price-cutting that has been rampant.

A balance-sheet has been taken out showing, based on Government Statistician commodity prices, a definite loss. The continuance of this unsatisfactory condition of trading is still forcing many out of business. It is an economic law that only by showing profits on trading can business legitimately be carried on.

Costs of these prices are taken from Rattray's price-list, looked upon as the wholesale standard list for the trade, and the retail from recent advertised prices.

Other countries have found the necessity for legislation, as instanced by Canada.