recognizes the advantages of this both from the point of view of making the trader keep abreast of the times and from its beneficial operation in the interests of the consuming public.

Cut-throat competition, however, can be a distinct menace to the mercantile life of the community in many respects. It lowers the quality of the goods sold, it drives the high quality goods more or less out of the market, and incidentally it inflicts injury on a large section of the tax-paying community and undoubtedly tends to swell the volume of unemployment.

Though the defect in the Act applies generally, I will particularize by giving you briefly the history of this class of competition as it has affected our brand " Amber Tips " tea.

History of our difficulties.—For many years we could claim to enjoy a very large consumer demand for the brand. Price-cutting, from time to time, has always more or less been with us, but up to 1924 was spasmodic, and did not last long. In 1928 a general price war was in force in Manawatu, Wairarapa, Hawke's Bay, and Wanganui Districts, and leading proprietary brands were being sold at cost price, and in some instances below. At the request of many retailers we undertook to see every retailer in the districts with reference to our brand and endeavour to persuade them to stop the insane cutting. We were successful in our efforts, and a standard price was faithfully observed by every retailer for four months—from December—but in the New Year a chain store opened shops in Palmerston North and Masterton. These people refused to adhere to the price agreed upon, with the result that our tea was again cut to cost or thereabouts. In Auckland our experience was the same, spasmodic cutting from time to time, but after reasoning with the retailer we were always able to bring about a better feeling with one another, but here again the chain store opened up and at once cut the price.

In Canterbury for many years no trouble occurred, till the opening-up of a chain in 1928, when our tea, and other lines, were cut to cost, or thereabouts; the same thing happened later in Otago.

Friction caused by Price-cutting: Damage to Valuable Goodwill.—This cutting of our brand in so many parts caused endless friction with retailers, who demanded that action be taken to put a stop to it. Legitimate traders do not want to handle a line showing no profit. But the Commercial Trusts Act prevented us from saving our brand. Unrestricted price-cutting of our brand was very damaging. It is a fact that retail price-cutting of a proprietary line injures rather than benefits the line. Cases were reported to us where the cutting led buyers to think there was something wrong with the article and another brand was purchased, where previously " Amber Tips " had been looked upon as a standard for quality at a standard price.

Its Effect on Retailers.—We had evidence of retailers who, to kill the sale of our brand, upon which they were getting no profit, placed it next carbolic soap or any other goods that would taint, never exposed the brand for sale and insidiously suggested to customers the brand was now of inferior quality, and generally a more or less boycott was in force. This bad feeling was entirely engendered by the price-cutting of our line by chain stores and was very damaging to our trade.

English Conditions.—In England a man has the right to deal with whom he pleases and may refuse to sell his goods except on such conditions as he may think fit to impose.

In New Zealand the Commercial Trusts Act, 1910, makes it obligatory for merchants to supply retailers whose conduct in business ruins the merchant's lines. It is a curious fact that price-cutting a standard line does not increase sales, because legitimate traders lose interest in it when they cannot handle it at a profit.

It might be pointed out that in the case of a patented article the owner of such article has the right to attach conditions of sale, and refuse to supply those who do not abide by same.

Price-control in England.—In Great Britain price-control has been in force in the Drug trade since 1896, Publishers Association since 1900, Stationers Association since 1905, Motor traders since 1913, Grocers P.T.A. since 1923, and Tobacco trade since 1931, and latest reports indicate that the movement continued to expand.

A Guarantee to the Public.—The packers and manufacturers of standard proprietary brands have, by careful attention to detail, quality, price, and long years of trading, with a very large expenditure on advertising, built up a valuable goodwill owing to the wide-spread demand from the public, and the price-cutter seizes upon these brands to cut to much lower than the marked prices, even to cost or below cost, to draw customers to their shops in order to sell them other goods, non-proprietary, unbranded, unknown goods, or bulk, upon which a good profit is to be had. It is by this cutting the cutter builds his business, to the very grave detriment of the brands to cut. It is a well-known fact the more popular the product the wider its distribution and sale, and the more does it attract the attention of the price-cutter.

Effect of Unrestricted Price-cutting.—Unrestricted price-cutting can ultimately have a very damaging effect upon a standard proprietary brand. Cases are known where the cutting led consumers to think there was something wrong with the goods, as they thought they were being sacrificed, where for years previously the article had been looked upon as a standard for quality at a standard price.

The sale of a well-known proprietary-line which has come into public favour for its quality and by judicious advertising is used by price-cutters to attract custom to their shops, on the grounds no doubt that as they are selling a well-known proprietary line at cost or less than cost, that therefore the price which they charge for their other articles is correspondingly low. In this way the people trading with the price-cutter make a grievous error. It is, however, the man who has built up a good business in respect of an article on fair and legitimate lines who is unduly penalized. There ought to be a provision by which a trade can protect its members against the unfair trading methods adopted by the price-cutter, and to enable this to be done the Commercial Trusts Act requires to be drastically amended. If, for instance, a person or firm were to decline to sell to the price-cutter or to any person who would refrain from resale except at a certain figure, such person or firm and the people dealing with such person or firm on such conditions would at once become members of a commercial trust and guilty of an offence under the Act.

Price-maintenance of proprietary brands would be strictly governed by your competitor, who in many cases packs a similar article and consequently selling-price must be influenced by that of your competitor.

The choice of well-known brands of almost similar goods is so wide that the public is amply protected against exploitation. Price-protection leaves the consumer a very wide choice, and if the price of a proprietary article seems too high, he can purchase non-proprietary non-branded goods, grocer's own packs, or bulk, but the proprietors of standard brands, in their own protection, will take care that prices are fair and reasonable.

Price-control does not mean Increased Prices.—Price-maintenance does not in the main necessarily mean increased prices, but the maintenance of reasonable standard prices for standard proprietary quality goods, with a possible lowering of prices of other lines. It is submitted that the present restrictions imposed by the Act are undesirable as being one impediment to better trade conditions. Retailers have been ruined by the unrestricted price-cutting, with heavy losses to merchant packer and manufacturer, loss of revenue to the Government, and must have added to the numbers of unemployed.

There is nothing immoral in protecting your trade to enable many to make profits, and yet the Commercial Trusts Act would indicate it was so. It is contended this Act was placed upon the statute-book owing to the ramifications of the American trusts, the measure being designed to protect our primary producers. It was, in effect, for the protection of legitimate trade, but owing to its far-reaching provisions has allowed the price-cutter to work his will, to the serious detriment of the many other traders.

It is claimed that as the tobacco traders have been given protection against the price-cutter the same measure of protection should be granted all other traders. The small retailer fills a want in the community, he spends his money locally, and generally takes an active part in the social affairs of his district, and is therefore deserving of protection, to permit him to earn a reasonable living.

It might be pointed out that cutting chains have succeeded in getting upon many wholesale lists, and have used the extra discounts to cut prices to what means cost or almost cost to the small trader.