

*Mr. Myers* : All I say is that they do it. And, further, in the case I have in mind the trader invoiced the article as "Palmolive."

*Mr. Montgomery* : Will that evidence be submitted ?

*Mr. Myers* : Yes.

*Mr. Reardon* : I think there is an interesting history concerning those two names.

*Mr. Myers* : That may be so, but I am not concerned with that.

*Mr. Collins* : It is the dishonest practice you are concerned with ?

*Mr. Myers* : Yes ; and I say that that is the kind of practice which is brought about by the operating of cutting traders. While I am on this topic I would like to say that I have already referred to the case of the fancy-goods dealer. May I refer to the case of the cutting grocer ? It may be said by my learned friends that if these cutting grocers are not allowed to sell these proprietary lines at such prices as they think fit, even if at a loss, that the public is likely to suffer. I venture to say with confidence that that view is incorrect. They may say they are giving the public a benefit. My retort is that, if they are anxious to give the public any benefits, they can do it in another way ; but that other way will not suit them. That way is this : If they do not wish to sell the proprietary lines at the fair and reasonable prices fixed by the manufacturer, and think that the profit they are getting on these lines is too high, very well. My answer is that they can sell their flour, sugar, tea, and other staple lines at cheaper prices, and give the benefit that way. But that is not what they do. This is what they do : Such lines as Amber Tips and Bell tea, which they have to stock because people ask for it, they sell at or below cost, but the tea which they buy in bulk and sell readily they sell at a very handsome profit. And, of course, when a person asks for Amber Tips or Bell tea he will be told, "We have an excellent tea ever so much better than that, and it is such-and-such a price" ; and that tea is sold at a considerable profit to the detriment of the blending or wholesale concern which is dealing with Amber Tips or Bell tea. Their trade is ruined for the benefit of this particular retailer, not for the benefit of the public at all. The report proceeds as follows :—

We are satisfied that these considerations will effectively check any tendency to profiteering on the part of the retailers in the case of such proprietary goods. In times, on the other hand, where the supply is in excess of the demand, the ordinary conditions of competition will usually necessitate the price of proprietary articles being adjusted so as to meet the conditions of the market.

(B) The second section of this report is, however, the one which we conceive will be of more immediate and particular interest to the Standing Committee on Trusts. While in the case of proprietary articles referred to in section (A), the practice of fixing retail prices is and must of necessity be almost universal, we have been unable to satisfy ourselves that the fixing of retail prices by combines or associations is by any means widely prevalent, though no doubt it will tend to increase as the closer and more complete organization of various trades is gradually brought about. A witness who has a very long and wide experience of a certain section of retail traders informed us that, while the average number of articles regularly kept in stock by members of the retail trade on whose behalf he was speaking would number at least two thousand, he did not think the number of articles of which the retail price was fixed or controlled by associations or otherwise would at the outside exceed twenty, and even these he was not able to specify at the moment. He was speaking of a trade which is generally regarded and spoken of as being "pretty well organized," and we are of the opinion that the percentage stated in this case might fairly be taken as the outside limit of articles of general use which are the subject of price-maintenance controlled by combines and associations.

We have had the advantage of hearing the full details of the method of fixing retail prices in two particular trades as between (1) the producer, (2) the factor or wholesaler, (3) the retailer, and (4) the public, or consumer. The margin of profit allowed in such cases has generally, we find, been such as the experience of each trade has shown to be, in the opinion of those fixing the prices, adequate to remunerate each class of trader for the services performed by him. The view taken by the wholesalers, and still more by the retailers, whom we have heard is, however, we are bound to add, that the margin of profit allowed to them by the manufacturer, though it cannot be called unfair or inadequate, is less than they would have liked to obtain, and less than they are actually able to obtain in many instances in the case of uncontrolled goods. The price at which the retailer is under such arrangements allowed to sell to the public is in most cases, we believe, a minimum price, but we are informed that in practice this minimum price usually becomes a maximum or fixed price. Two reasons for this were given—(1) That in course of time the standard or market price becomes generally known to the purchasing public, and (2) that competition between one retailer and another prevents anything beyond the minimum price being asked for. We believe that in the majority of cases one or both these factors will regulate the retail price, but it should be pointed out that cases might arise—*e.g.*, where one retail shop serves a small village or district and rival shops are far away in which the retailer might take advantage of his position. This, however, he would do even more easily were there no fixed retail prices. In cases also where goods are handed over the counter in very small lots the minimum price may sometimes be exceeded. In the latter instance it must be admitted that some excuse may be made for the higher price being charged. We are satisfied, however, that, broadly speaking, where a minimum retail price is fixed, this tends more and more to become a standard or recognized market price. In some cases the retailer is bound not to sell at either more or less than the fixed retail price, and this system, of course, provides an additional protection to the consumer, as also does the system of marking upon the goods themselves the retail selling-prices where this is practicable, as in the case of the scheme recently adopted for the provision of standard boots. Various methods are adopted for enforcing upon the retailer the observance of the minimum price fixed. In almost all cases a clause is attached to the invoice to him, making it a condition of the sale that the article shall not be sold below the fixed price. Such a clause is, we understand, legally enforceable, and has in some cases been so enforced. In addition to this, it is not unusual to deprive the retailer failing to observe the price-maintenance condition of some special discount or rebate offered to those who observe the terms, and it might be in extreme cases that supplies would be withheld from those who fail to do so. No actual evidence has been placed before us that this latter step has in fact been taken. It is not unusual to couple with the price-maintenance conditions some special inducement in price or discount to those retailers who agree to confine their purchases to the particular body of manufacturers who fix the retail prices. The object of this, from the manufacturer's point of view, is obvious ; but it has been pointed out that from the retailer's point of view it is also advantageous in that it protects him from price-cutting by his rivals selling other and possibly inferior goods at a lower price. It is further supported on the ground that it tends to the closer and more complete organization of the trades concerned, and provides a bond of common interest between the manufacturers and the retailers. The above is a description, as brief as possible, of the extent and methods of price-maintenance combinations as they have been presented to us, and we believe it will be found to be a fairly comprehensive summary of the position as it at present exists.

I pause here simply to say that the question of exclusive dealing does not arise here in the operations of the P.A.T.A.