

The Committee resumed at 3 p.m.

Mr. ARTHUR SUTHERLAND's evidence continued.

*Mr. O'Leary:* We had finished the reading of written evidence of some witnesses, and there are just one or two questions I would put to Mr. Sutherland.

Mr. Sutherland, have you any personal knowledge of the retail trade?—Being a wholesaler, we have quite an intimate knowledge of the retailers' trade.

What is your view of the cash-and-carry stores monopolizing the grocery trade?—I would say there is no possibility whatever of the cash-and-carry stores putting the service stores out of existence. It has been proved the world over that there is a definite need for both types of stores, and in many countries the cash-and-carry stores have been going longer than they have in New Zealand and still do only a small percentage of the total trade.

In your opinion, what is the effect of the cash-and-carry stores on unemployment?—I would say that the cash-and-carry stores do not tend towards unemployment in the least, but that they rather tend towards employment. There is, for instance, only a certain amount of money which can be expended on groceries; the worker has only a certain sum which he can spend. If he, by the expenditure of a certain sum, is able to buy more goods, he requires more people to produce those goods, and if he does not buy goods from the grocer the additional finance which he has will be spent in other directions. It is quite definite that the cash-and-carry stores do not tend towards unemployment.

Is it not a fact that National Distributors supply 400 other customers besides the Self-Help?—That is so.

Do you think if a manufacturer's article is cut unnecessarily the manufacturer suffers?—I would say definitely no. On numerous occasions where articles have been sold at a certain fixed price and that fixed price has been abandoned, I have been informed by the manufacturers' representatives themselves that never in the history of their trade has so much been sold. But even where manufacturers are able to fix a resale price they are not unanimous amongst themselves that it is for their benefit. This is one of the problems that a manufacturer has right throughout the world, whether to fix a resale price or not, yet many of them are of the opinion that not to fix a retail price is to the personal advantage of the manufacturer himself.

*Mr. Harris.]* I gather, Mr. Sutherland, that you think there is a very grave danger in allowing any wholesalers, particularly a monopolistic group of wholesalers, to say what price goods will be retailed at to the general public?—Definitely.

I gather that you think there is a possibility of the public being exploited: the concern is for the general public, the people who have to pay?—Yes.

You heard Mr. O'Leary's opening address in reference to the things that are retailed; an individual trader can do what you cannot do?—Yes.

Would it be possible for retailers to so combine as to unduly raise the price or to agree to a system of price fixation?—Retailers do combine and endeavour to bring pressure to bear upon the manufacturer to fix a retail policy for his product. They point out to that manufacturer that unless he will bring such a policy into operation they will cease to give his line favourable treatment.

In the direction of lower or higher prices?—In my experience a fixed retail price always is higher than when a commodity is available to the public without a fixed price.

You think that the effect is bad from the standpoint of the consuming public?—Yes.

*Mr. Healy.]* The Merchants' Association is a body that is endeavouring to stabilize fixed prices, is it not? It endeavours to control prices, and you said a little while ago that you were hampered in every way by the Merchants' Association, but that association must do that in the interests of the other members with a view to keeping prices up, I take it?—We are hampered and harrassed by the Merchants' Association. The merchant was making a lot of money before we came into existence, he could get high prices, and the effect of our competition has been to cause him to sell on a cheaper margin than he formerly used to. Consequently, every endeavour is made to prevent us getting into the market.

Would it not be to the interests of the association to sign you up as a member to prevent competition: would it not be an obvious policy?—I dare say we will be admitted after we have cost them more money than it has cost them already. You will see from the correspondence that we would not be put on certain lines until we definitely became members.

Another statement made by the witness that certain firms in Wellington enjoyed 2½-per-cent. advantage in flour. Is that controlled to a large extent, if not wholly, by chain stores who would be in the same position as the National Distributors?—I do not control any retail stores through it.

Your company is on the wholesale list for sugar?—Yes.

Would the shareholders be the same?—The shareholders in National Distributors have no shares at all in retailing companies. That is absolutely definite, and no retailer or shareholder in a retailing company has shares in National Distributors.

*Mr. Ansell.]* In reference to your statement that you have been hampered and harrassed in every possible way by wholesalers and retailers, what particular lines would that statement refer to?—Biscuits and confectionery. It took us years of fighting before we got on to the list. It took us many years of effort to get on the candle list. That is the object; we would be entitled to purchase candles on a wholesale basis; and also pressure was brought to bear by merchants on representatives of lines not to recognize or to quote us for direct handling—so much so that we have written to the principals of these concerns overseas. They have got in touch with the New Zealand agents and, finding their reasons absolutely unsatisfactory, have overridden them and offered to supply us direct from the country of origin.