

# STATISTICAL AND SOCIAL INQUIRY SOCIETY OF IRELAND.

## SOME COMMENTS UPON THE REPORT OF THE COMMISSION ON THE REGISTRATION OF SHOPS.

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[*Read on Thursday, November 29, 1934.*]

Problems connected with the distribution of goods to the consumer are receiving much attention nowadays, and before dealing with the various recommendations of the Report it is necessary to have a background from which to judge the general effect which the Report seeks to produce.

In a book written by Mr. David Neal, entitled "Retailing and the Public," it is stated, "the root problem in this matter is created by the separation of the producer from the consumer; between the two stands the retailer commanding the approaches in both directions."

On the whole we may accept this with the qualification that the "commanding" referred to is one of position, not of control, for the Report shows that the retailer is not satisfied with his status and desires that his "commanding" be more complete and secure; also that his route be the one selected by which the goods are to travel.

For it is a mistake to suppose that the manufacturer reaches the consumer in any uniform and stereotyped fashion. Broadly speaking, the means adopted are as follows:—

1. The small independent shop.
2. The speciality shop.
3. The departmental store.
4. The multiple branch organisation (this differs from No. 1 in respect of ownership).
5. The multiple shop concentrating upon a single field of merchandise.
6. The fixed chain store—Woolworth's, etc.
7. Mail order business (said by Mr. Neal to be a declining factor owing to rapid growth of road transport).
8. Co-operative movement outside the channels of regular trade organisations.
9. Clubs system of trading (Mr. Neal states that in certain parts of England and Wales it "has become such an integral part of retail distribution that it cannot be ignored").

Economic considerations determine the manufacturers' choice; there is no uniform and accepted practice. For any particular commodity there may be experiment by trial and error: variations exist as between any different groups of products, and in any single group the price of the article is a determining factor. In the Book Trade a publisher may "subscribe" one book direct by canvass, another by mail order, or he may use the service of wholesalers or supply direct to retailers and this is true of most trading groups.

At the shopkeeping end the individual who enters the field normally (I stress this word) perceives an opening, where service is bad or non-existent, and in virtue of his knowledge believes a living can be made.

The mechanism connecting the manufacturer and his market is sensitive and responds to demand and appears to give an efficient service.

On the subject of the evolution of retail trading there will be found few business firms who have given it any special consideration. As manufacturers or wholesalers they have endeavoured to sell to the public mainly through the medium of the shopkeepers, developing their business by sending out travellers, or by responding to the requirements of traders when they visit their showrooms and warehouses and place orders. They try to make their goods available to the retailer at competitive prices, and the profit margin in the retail business varies between narrow marginal points.

From personal experience in the Free State I would say over the past 30 years there has been a steady improvement in the service given to the public by the retail shopkeepers, not only in the larger cities, but throughout the various urban and rural areas. The appearance of the shops has been much improved: the display of goods is more attractive: the stock turned over more rapidly. The general impression created is as follows: The increase has been greatest in shops trading in sweets, cigarettes and tobacco, hair-dressing establishments and druggists; this is precisely the class of trade for which there is an expansion of demand from the public; the goods sold and the service given are in respect of articles on which there is a fixed price.

It may be argued that too large a share of energy is directed into this channel and not enough to production of suitable goods of permanent worth; that we should have a larger proportion of the population engaged in building operations or manufacturing commodities of a permanent character, and not so many manufacturing tobacco, sweetmeats, etc., which are the commodities largely occupying the shelves of the retail shops, to which attention is being directed. It does not, however, follow that the closing of one door would mean the opening of another.

This employment aspect of the shop trading position is passed over in the Report except in so far as it is dealt with in the evidence printed as an Appendix by Professor Shields, but it is one of the issues involved in any attempt to impose restrictions. It is possible that the restrictions suggested by the Report would tend to maintain or even enhance the profit earned by the retail trader, whereas the situation may require a movement to diminish the profits of retail

trading so as to make it less attractive, and thus leave the attractions of alternative employment in manufacturing, etc., in a superior position and draw away those who otherwise would find their living in serving the public as shopkeepers. This movement at the upper end of the scale is accompanied by changes which take place at the lower end. While, on the one hand, the alleged increased number of people entering upon retail trading can be explained by the attractions for making a profit which are offered thereby, it is also true that it is the absence of alternative opportunities which has subjected this particular sphere of business activity to such a degree of competition. There are a certain number of people who find shop-keeping an attractive refuge, for which the qualifications are not high, and the difficulties of financing business are eased by competition between the wholesaling and manufacturing firms, who are more ready to give somewhat easier credit terms than they used to do. Both tendencies are equally disturbing to the *status quo* which the Report seeks to preserve.

This paper assumes an acquaintance on the part of the audience with the Report, but to assist those who may not have a copy and to preserve a record of the recommendations, there will be found a summary at the end, which, however, it will be not be necessary to read. To compress into its compass a full survey of the various points raised would be impossible.

Section 3, containing general observations, challenges close scrutiny but does not connect up with the evidence summarised in Section 2 or, except vaguely in one sentence, with the problem of multiplicity of shops.

The Minority Reports give alternative conclusions to those of the Majority and the evidence for and against is set out with great fairness and in as great detail as is compatible with a reasonably short statement of the position.

To those, however, who anticipated a complete investigation into the problems connected with retail distribution which would arise if control by way of registration and licensing were to be imposed upon the trading community in the Free State, the Report of the Commission will be judged as rather inadequate. This is not altogether surprising, because the ground to be covered was new and untravelling, and the problem an exceptionally difficult one.

Although there is a recommendation in favour of both registration and licensing, the Report has treated most of the difficulties arising from such a proposal in a somewhat superficial way. The Questionnaire circulated sought in paragraphs 1 and 3 to obtain an opinion as to the connection between price and multiplicity of shops, and how licensing would affect prices, but in its conclusions the Report leans not upon its investigations but upon the Report of the Prices Commission some years ago; too heavily, indeed, for the support is weak. The majority of the present Commission reject entirely the criticisms of that Report by Professor Shields (which are very properly set out (Appendix 8) in detail), and produce no fresh statistics throwing a light on the actual facts.

What is meant by the statement that there is a multiplicity of shops? If there be a multiplicity it must be in relation to certain other factors. The Prices Commission uses the population basis

for its comparison, and contrasts the Free State position with the position in other countries, but the figures available were incomplete and, in any event, comparison with other countries provides an uncertain basis for any policy of control.

What is a shop? The definition by the Commission merely indicates a place for a sale, and gives no clue to the real problem. Is the redundancy found in some particular type of shop, a mixed store, a lock-up shop, shops with houses attached to them? Is the redundancy in rural, suburban or urban areas? As regards the latter point, there is a reference in the Report suggesting that there can be no such thing as redundancy in an urban area (see p. 43, 63b).

This absence of facts is not peculiar to the Free State, and in the book referred to above Mr. Neal points out there has been no adequate statistical study directed to the evaluation of the purchasing power of any particular community and the assessment of its character and quality. Also there are no data available to indicate the relative weight of spending even for the major groups of commodities. There are no surveys to indicate on the basis of total turnover or of aggregate floor area, whether this community or this district is well served or too choce a bloc with shops. He asks for area surveys to provide a quantitative and qualitative index of consumer's purse and commodity surveys to reveal the effective demand.

To illustrate what might be done I quote from the "Manchester Guardian" of February 16th, 1934, where a survey of six wards is given; the total number of shops 2,869, giving one shop to 55 people: assuming that rateable value is a guide to size (but noting that 83 per cent. have a house attached) the following results were obtained:—

*Per Cent. of Rateable Value.*

Private ... 84.      Multiple ... 11.      Co-operative ... 5.

These are the proportions for all six wards. Individually the wards are interesting:—

	<i>Percentage</i>					
	<i>Percentage of all Shops</i>			<i>of Total Rateable Value</i>		
	Private	Multiple	Co-op.	Private	Multiple	Co-op.
Withington	85	10	5	82	12	6
Didsbury	91	7	2	85	11	4
Blackley	88	4	8	81	5	14
Levershulme	89	7	4	83	12	5
Miles Platting	95	4	1	90	6	4
Medlock Street	95	4	1	86	13	1

For this survey the shops were divided, according to commodities sold, into 31 classes, one being for miscellaneous goods. Ten classes were for shops selling foodstuffs, and account for more than half the total for each ward. One class contains all the small, general or chandlers' shops, selling a multiplicity of goods, including foodstuffs; for the six wards the percentage of these shops to total shops is 12. (In Manchester as a whole about one-fifth of the shops are general shops.) Of these far more than half are rated below £20, and all below £50 per year. As was to be

expected, these small shops are found most often in the poorer wards.

#### *Registration.*

At no point is stress laid on the absence of detailed information, and the Licensing Authority is expected to build up a technique of control without facts, and the Registration Authority to base its decision upon a census which has been taken for the first time, and must be regarded as on trial and an experiment in a new field of statistical investigation. It is wrong to imply, as the Report does upon page 9, that the object of the Census was to assist in the organisation of retail distribution; as well suggest that the Population Census is taken to further a scheme of Eugenics.

Senator Wyse Power points out that Registration is not necessary to secure sanitary control while amenities come under the scope of Town Planning.

But, undoubtedly, registration would secure information of the kind which is required in order to have the whole subject brought under review in a suitable and proper manner. The Census of Distribution might accomplish that by another road and, possibly, could be availed of, but we have not had the results obtained from the list drawn up, because the Report is not yet to hand on this particular Census, and it would not record quite so effectively the movements which take place from time to time; any conclusion for or against the relative value of the two methods would be premature.

The Terms of Reference before the Commission mentioned registration, but did not mention licensing. The introduction of the licensing proposals raises difficulties which would not arise in considering registration, and for reasons which will be mentioned hereafter appear considerably to increase the cost of the proposals.

#### *Licensing.*

This leads to the more complicated problem of licensing.

The Report assumes somewhat too readily that the classification of licences for the purpose in mind can follow precisely the lines of the Census of Distribution. It seems to me that this is altogether too facile an assumption. The Census of Distribution has been taken for the first time, and it is too much to suppose that the description provided by a multitude of shopkeepers who were asked to state their principal line of business can be anything more than an approximate basis suitable for census purposes.

To anyone who has knowledge of the variety of goods sold in shops throughout the country it is improbable that the classification can be regarded as anything more than approximately useful, and could in no way be used as a basis to decide upon the allocation of licences between traders competing with one another in an adjoining or in the same area. Nor is the suggestion very helpful that for country areas some type of omnibus licences could be adopted. There are too many "mixed shops" in the city and suburban areas for this difficulty to be treated as a purely rural one.

Let us assume, however, that a suitable classification has been reached. We have then to face the difficulties presented when issuing or renewing licences. According to the Report it should

be a simple and inexpensive procedure. Mr. Maguire says it will not be inexpensive, and he probably understates the position. The Chamber of Commerce and other bodies emphasise the probable cost, and some comments which will be made later on indicate the magnitude of the enquiries which will have to be made. Mr. Maguire states—and it is the only place where there is a figure given in the Report—that there are 45,000 shops approximately. Now, while the shops are to be registered—and, therefore, there will be 45,000 registrations—the licence is to be given to the individual, and is to be in respect of the business which he is carrying on. There are 19 descriptions in the census classification, which is incomplete. Assuming there are 30 lines—and this is possibly an under-statement—I leave it to someone to work out the probable total number of licences which may actually be issued. It would be very large, indeed,—say—200,000.

*Renewals.*—But an additional difficulty arises from the fact that there is a continual movement going on in connection with the business of retail trading. The position is far from static. Businesses change hands; this may be because of bankruptcy or death of the owner, or some other of the reasons which are constantly leading to changes in ownership. The continuance or cancellation of a licence will have to be dealt with very rapidly. There will be a goodwill attached to it, and there will be competition.

*Qualifications.*—It is seldom that such changes take place without some effect upon the character and efficiency of the business. Is the licensing authority to consider qualifications of applicants? Mr. J. J. O'Leary, Blarney, alone of all those giving evidence, is recorded as stating that qualifications should be required (Section 35, p. 25). It is not disclosed whether these were to be merely financial or include a capacity to conduct any business and show some knowledge of the trade concerned. The qualities requisite for success in Retail trading are many and varied. The shopkeeper has to be able to sell and also to buy. He must have some knowledge of accounts, debtor-creditor, and an understanding of how and when to give credit. If he has a staff, that calls for the ability to supervise and issue instructions. The requirements vary in importance according to the character and size of the business. They are possessed to a greater or lesser degree by all who enter business, and proof as to whether they are suited to the occasion is provided by the relative degree of success attained; a priori reasoning is quite inapplicable. But, if the present eliminatory force of competition is to be weakened or removed, some substitute of this kind must be found, otherwise the consumers' position will be worsened.

*Competition.*—On page 45, Section 68, the Report states “cases will presumably arise from time to time in which there would be competing applications.” That is surely a very mild way of stating what would happen. There is every prospect of a continuous stream of applications arising from the customary changes taking place in the retail economic structure, and the flow would be encouraged by the idea that behind the licensing wall there was a protected and assured haven of profit.

*List of Goods.*—One also visualises a series of problems presented to the licensing authority somewhat analogous to the decisions

made in respect of imported goods, by the Revenue Authorities, in deciding upon the particular group into which should fall some particular articles over which there is a dispute by rival traders. Nor is it easy to understand what the licensing authority is to do with regard to a new line of goods coming for the first time upon the market. Carrying one's mind back to the time when there were no gramophones and no wireless we must realise that it would be very difficult for the licensing authority to decide to what shops the manufacturer or wholesaler may sell these particular goods.

*Complaints.*—At the foot of page 46 we are allowed a glimpse into another difficulty which may arise, namely, the amount of business which is to be a criterion of adequacy. That is a certain type of complaint against licensees and, in defence, the most ingenuous and ingenious explanations can be given by any particular trader for not doing an increased business in some particular type of goods. At the present time every manufacturer has to face that problem, but what he does is to allow his traveller, if business is not sufficiently good in one shop, to go and offer the goods in another shop. The second shop may not, up to the present, have been selling this particular product. The manufacturer is free to seek out his own market, but if the proposals in the Report are carried out the manufacturer will be definitely hampered, and be at the mercy of the shopkeepers. The post-war experience contains evidence that manufacturers who were prepared to produce lower priced goods were stopped from doing so by the action of Trade Associations and circumvented this difficulty by finding a channel for sale through shops which had not previously sold their particular goods.

#### *Licensing Authority.*

Some comments appear to suggest that the Department of Industry and Commerce should be given this responsibility. In Section 26 the evidence of the chartered accountants is in this direction, and in Sections 62 and 63, pages 41 and 45, the reference to the Control of Manufactures Act suggests that the Department would be dealing with the matter. The matter is a fundamental one, because the administration would have to cover the whole area of the Free State, and it is clear from the Report that the decisions to be arrived at must largely depend upon local facts, which would really require first-hand knowledge in order to give them a proper value and correct perspective. The investigating authority would find it very difficult, indeed, to ascertain with precision, the volume of trade in an area, unless very close investigation was made into private affairs. Shopping areas overlap, for the public seeks service and will go far afield to get it. The public also seeks convenience, and likes to have its requirements easily obtainable at comparatively short notice. The fact that shopping areas overlap is, of course, an argument that, after all, the public cannot be seriously inconvenienced by any restrictive policy. In that event, the injury which may be done by an unfair restriction is committed upon the citizen, who is excluded from trading, rather than upon the public. But although the public can shop with a certain amount of freedom there are commodities which it is a convenience to have near at hand. At the present moment the public gets the maximum convenience which an enterprising trader is prepared to give.

Much of the argument in the Report tends to assume that price is determined by retailers, but that was never wholly true, and it is becoming increasingly less so as manufacturers brand their goods and fix the selling price. The "distance limit" problem obtains support from retail trading organisations with the object, not of selling cheaper to the public, but of securing what appears to them a reasonable profit out of the margin between the manufacturers' retail price and the charges he makes to the trader.

A further point, which also involves delicate decisions, arises from the difficulty of forecasting the trend of public taste. Even when there is a definite trend noticeable, it is very hard, indeed, to estimate when it will reach saturation point. This is the empirical problem presented to every manufacturer and distributor, and no one acquainted with business would be disposed to underestimate its difficulties.

This means that the licensing authority has to make decisions without being able to measure the facts. The needs of the public on the one hand; the service to the public given by the shopkeeper and the profit that the shopkeeper is to obtain—these are the points upon which decision has to be made. No two shops selling the same goods at fixed prices obtain the same rate of nett profit. No two areas of equal size and population offer precisely the same market for the same class of goods. It seems clear that Section 61 of the Report, which deals with the problem of enquiries, is far too superficial. Admittedly there would be a few extreme instances when a Licensing Authority might not feel any hesitation for or against an applicant but there are many more doubtful cases in between the extreme limits than is assumed by this paragraph. If it could be certain that in doubtful cases the applicant would be given the benefit of the doubt it would be a different matter, but the trade organisations certainly consider that existing traders should be given the benefit, not the newcomer, and would oppose new licences by every available argument.

In Section 35a the Retail Provision and Grocery Trade Association put forward the conclusion that in any area there is a certain amount of trade which can be handled by a definite number of traders. That precludes entirely the conception of an elastic demand, or assumes that any increase should accrue to the existing shopkeepers.

The whole of Section 62 reveals that the Prices Commission is depended upon to ensure that the fruits of legislation in licensing are secured to the public. This is a somewhat damaging admission. One may admit most of the reasoning in the Report on pages 42 and 43 regarding the effect of licensing upon "rings" and still feel a certainty that the system will not make the evil of overcharging any easier to deal with.

The recommendations are made in respect of the whole field of retail trading in the Saorstát. No suggestion is made for a trial with any one or two groups of articles. Although price reduction is an objective no suggestion is made for treating the goods which are not sold at fixed and uniform prices any differently from those where the manufacturer controls the profit margin, and the public are not affected by variation of price.



*The Travelling Shop.*

If a case be proved in favour of the registration of shops it followed necessarily that there should be a restriction on the travelling shop. The door could not be closed to one form of retail trading activity and a competitive form be allowed to have free scope. But the problem created by this modern development is discussed with considerable detail, and throws an interesting light on the general situation which the Commission was set up to investigate.

The object of registration and licensing is to reduce competition, and the travelling shop is a competitor to many traders. The Report gives in full interesting evidence for and against this kind of competition. On the one hand the Irish Registered Traders' Association submitted evidence which is not given in full detail, but according to the Report they wanted protection. No fine distinctions were in their mind between one particular kind of shop and another; all were to be abolished; failing that there should be no increase in their number. The evidence for the travelling shop submitted by the Registered Food Distributing Vans' Association is given in great detail, and to anyone who is not engaged in business directly affected by this type of marketing the statement for the travelling shop is very convincing.

The Retail Tobacconists and Confectioners are opposed to this form of competition, but do not claim to have suffered from it, probably because they are a localised Dublin Association. The Licensed Grocers' Association were "intensely opposed" to this method of trading.

The Report quotes evidence from the Customs and Excise Association, submitted by Mr. J. J. Breen, who thinks that the travelling shop "is, undoubtedly, a boon to people living in rural areas, and even is a considerable factor in reducing local prices, and it would be unfair to the public to refuse it a licence." At the same time he thought there should be some restriction of their enterprise and that they should not be allowed to multiply unduly. He took the view that the present state of development should be taken as a criterion that the needs of the community are precisely covered by the existing shops, and that the existing state of affairs may be taken as an arbitrary satisfactory figure.

The problem does not appear to be essentially different from that which is created by improvement in delivery service of an up-to-date firm by motor, or by the newly-acquired facilities for a countryman to visit a town where he may purchase the goods he requires at the prices he is prepared to pay. There does not seem any good reason brought forward why he should be restricted in this way, but if the principle of restriction on the travelling shop is adopted it seems logical that the principle of the travelling consumer should equally be brought under control. Both movements tend to interfere with the existing state of trade, and both are equally objectionable to those who desire no change should take place.

The argument against the travelling shop is that it pays no rates, and selects the peak opportunities for doing business, but the evidence submitted would show that this is an incomplete statement

of its activities. It pays a licence, so that it does not escape entirely from contributing to revenue.

There is a distinction drawn in the Report between the travelling shop, which is an extension of a regular retail shop, and that which has a storehouse behind it. In the former case a radius limit is suggested as a permanent measure of control. In the latter the Committee draws a distinction between the type of commodities offered for sale, and will allow the distribution by existing shops of bread, fish, vegetables, fruit, ice cream or fuel, but prohibits those offering hardware and apparel.

The Report gives no indication that the country trading position was at all thoroughly investigated, and a decision appears to have been taken on inadequate evidence.

#### *Foreign Competition.*

The Commission is unanimous regarding the necessity for taking some steps to prevent competition due to the activities of firms with headquarters outside the Free State. It recommends that their activities be scheduled and watched and regulated. The Minority Reports both indicate that this can be done by using similar machinery to that set up for operating the Control of Manufactures Act, and without introducing the machinery recommended in the Report for a comprehensive registration and licensing scheme, and it would be possible to agree that this particular type of competition should be excluded or, at any rate, controlled, without accepting the recommendations of the majority on the Commission. It may become all the more important to permit competition between the Saorstát citizens if outside competition is in this way excluded. The matter was not explored as regards its economic aspect, and a decision would probably be more influenced by national sentiment than by other factors.

#### *General Comments.*

It would appear that there are certain general considerations which should be carefully brought under review in coming to a conclusion regarding retail trading, apart altogether from the specific arguments or evidence produced in the Report.

It is a mistake to suppose that retail trade pursues an entirely free and unregulated course, and that there are no economic forces in being which tend to curb extravagance of competition. There is evidence in the Free State of tendencies towards control by those who are interested in manufacturing and distributing, while in the outer world the evidence formulated in the Report on the Restriction of Trade reveals these tendencies developed to a very considerable extent, and working out a technique of distribution which is determined by economic reasons. Some manufacturers whose goods require ancillary services and special knowledge tend towards restriction; others appear to seek a wide distribution; it becomes a matter of judgment and experience.

The question must arise as to whether the State is in a stronger position if it stands outside this arena watching what happens on behalf of the consumers, rather than fostering conditions which must inevitably tend to enhance or create monopoly. This is the view taken in the British Report.

That Government control has been already exercised in certain directions by way of interference with trade has to be admitted, but the conclusions drawn in the Report from the experience of the State's activities in regulating the conditions for the sale of liquor or the issuing of bootmakers' licences fail to take note of an important distinction between the two spheres of action. The licensing authority at present seeks to limit sales and services in deciding where a new licence is wanted, its object is to permit the minimum service for the convenience of the public. Surely this is the reverse of what is wanted in connection with the control of shops selling goods and providing services, regarding which the State proposes no limit.

But there is more than that to be said of this aspect. If reference be made to Section 9, page 9, it would be found that the Report actually claims in support of its recommendations the view of the British Board of Trade Report on the Restraint of Trade: that the existing schemes of control are "inherently reasonable" and "hold out possibilities of a more economic organisation." The Commission claims that it merely adopts as the policy controlled and operated by the State a policy which, in the opinion of the British Committee, appeared to hold out these definite advantages. It can surely be argued with force that the situation becomes entirely different in kind and not in degree when the State steps in and fixes boundaries and limitations to the carrying on of retail trade. A flexible and continually changing mechanism controlled by economic forces and influenced by actual and potential competition becomes under State influence rigid and static. Outside the area of a sale for commodities which are absolutely essential for livelihood there is no monopoly or quasi monopoly which can afford to ignore competition as a potential influence. The alternative inducements to the public as to the way in which money may be spent are so many and varied that, in fact, the danger of monopoly is eliminated for a long period, and reduced to comparatively small dimensions on the short run, but if the State confers upon an organisation, small or large, a legal status, it has then introduced an entirely new factor and, indeed, raised the problem to another plane, where arguments drawn from our experience in the former position lose their validity.

This examination of the Report leads to the following conclusions. Mere registration of a premises would be useless. Detailed information regarding shops, so as to provide a suitable basis for discrimination or judgment, would be expensive to secure, but is essential if action is to be taken. Licensing presents difficult problems for which there is, as yet, no available basis from which decisions can be reached. The evidence that either or both are required to protect the public interest is incomplete, and the reaction between the number of shops and the prices at which goods are sold has been examined most inadequately. Any treatment of the problem which desires to restrict the normal activities of the individual must be supported by a greater array of facts in favour of its recommendations and satisfy the public that it has taken into consideration the consumers' interest as well as the interest of those who wish to secure an escape from the pressure of competition.

At the moment there is exceptional movement taking place, for the economic mechanism of the Free State is vastly disturbed; to stereotype its form, because certain parts are subject to unusual stress, will hinder the adaptive forces from playing their due part.

*Extracts from the Report of the Commission on Registration of Shops  
Showing Recommendations.*

1. Compulsory registration of all shops. (52)

*i.e.*, any premises, including any tent, stall or other erection, used for the purpose of selling and exposing or keeping for sale any goods, wares or merchandise. The expression "exposing for sale" is intended to include exposing samples or patterns of any goods, wares or merchandise for which orders are to be accepted and which are afterwards to be delivered. (50)

Except 1. "Licensed premises" as such.

2. Premises where there is any selling

- (a) which is confined exclusively to sales to members of the trade; or
- (b) which is conducted on premises which are being casually and for convenience used for the purpose of disposing by auction or other sale during a limited period of goods, wares or merchandise previously in use on the premises; or
- (c) of articles used for religious or devotional purposes, provided that such sales are conducted on Church premises; or
- (d) of articles exhibited at any art or arts, crafts or industrial exhibition at which there is a charge of not less than sixpence for admission and which is not under trade management or control; or
- (e) of articles at any show or bazaar conducted for the benefit of some charitable purpose and for which there is a charge of not less than sixpence for admission; or
- (f) in hotels, railway stations, clubs and in or on other premises primarily used for a purpose other than that of a shop, where the sales are for the convenience of persons ordinarily frequenting such premises for such primary purpose. (50)

2. A very small fee should be imposed. (52)

3. A system of compulsory licensing for retail dealers with the main objects:—

- (a) of preventing the retail trade of the country, or a considerable portion thereof, coming under a control that is not in the national or public interest;

- (b) of securing a measure of control over the manner in which the retail trade is conducted where the interests of the general public are liable to be injuriously affected;
- (c) of protecting various legitimate interests of retail dealers themselves and of their employees; and
- (d) of preventing such an excessive multiplication of shops that the retail dealer could not afford to sell at a reasonable price owing to the small ratio of turnover to overhead charges and expenses. (55)

4. Cancellation, suspension or endorsement of the licences of price-cutting shops. (59)

5. If a licensing system is to be availed of to extinguish price-cutting shops where the price to be maintained is adjudged reasonable, then, as a correlative, price-maintenance agreements should not be enforceable at law without the approval of the price by the Prices Commission. (59)

Every condition, including any term or condition subject to which the owner of any patent right or copyright has granted any licence, and every covenant or agreement under which, and to the extent to which a licensee (under the provisions hereinbefore proposed) is prohibited from selling or has covenanted or agreed not to sell any goods, wares, or merchandise, which he is authorised to sell under his licence (under the provision aforesaid) below any specified price or below such price as he may think fit, shall be absolutely null, void, and of no effect, unless and until and save as from the date upon which the price sought to be maintained by such condition or covenant has been approved by the Prices Commission as reasonable within the meaning of the Control of Prices Act, 1932. (81)

6. A general restriction on the granting of new licences except where the licensing authority (subject to any appropriate right of appeal) is satisfied that the granting of such licence is not open to objection on either of the following grounds:—

- (a) The unsuitability of the applicant, having regard to nationality, unreliability or lack of financial credit; or
- (b) that the licence applied for is for carrying on business in a shop which could only be expected to draw its custom from a limited area in which competition in the particular business in question (including the prospective competition of any person to whom a new licence has already been granted) is as keen as is economically or in the public interest justifiable. (63)

7. (a) Licences for existing shopkeepers as of right.

- (b) Licences should be renewable as of right where there has not been an offence that would be a ground for cancellation.
- (c) Provision to meet the case of a licensee desiring to transfer his business to different premises in the neighbourhood.
- (d) Suitable provisions in the case of death or the sale of a business with the good-will. (64)

8. (a) That the licence granted for carrying on the business of retail dealer should specify the class or classes of commodities to which the licence extends in accordance with a prescribed classification which should include general or mixed classes, such as "Departmental Stores" and "Provision and General Country Store" and "Mixed." (69)

*Companies.*

9. We do not see any reason why a licence under the suggested provisions should not be granted to a company incorporated under the Companies Act or to a firm, provided that in case of a firm the names of all members of the firm should be stated in the licence. (66)

*Travelling Shops.*

*i.e.*, any cart, van, lorry or other vehicle, used for the purpose of conveying from place to place any goods, wares or merchandise to be sold or exposed for sale at or from such vehicle.

A vehicle is a "delivery man," if the prospective purchasers are only persons to whose premises the goods, wares or merchandise are conveyed at their express request or are regular customers to whose premises the goods, wares or merchandise are brought in the ordinary course of dealing. (77)

1. There does not appear to be sufficient ground for withholding licences to travelling shops used only for the sale of baker's bread, fish, vegetables, fruit, flowers, ice cream or fuel.

2. New licences should not be granted for travelling shops for the sale of hardware, drapery, and articles of clothing generally. (73)

3. The granting of new licences for travelling shops should be confined to cases where, in the opinion of the licensing authority, there is a definite economic benefit to be gained by transacting business by means of the travelling shop. (74)

4. The situation might conveniently be met by limiting the absolute right of renewal in the case of existing travelling shops to five years in the case of motor vehicles, and ten in other cases, and leaving subsequent renewal to the licensing authority, with a discretion to treat the application as one for a new licence. (75)

*Irish Free State Products.*

Both in the case of ordinary shop licences and in the case of travelling-shop licences we recommend that where the licensee only requires the licence for the purpose of selling or exposing for sale goods, wares, or merchandise of which he is the manufacturer, maker, grower, breeder, fatterer or otherwise the producer, the licence should not be refused on the ground of the number of licences already existing, provided that the goods, wares or merchandise have been produced in Saorstát Éireann. (79)

*Hawkers.*

Hawking of certain articles, viz., fruit, flowers, and fuel, is sanctioned by long custom and we do not recommend that the present position should be disturbed. But in the case of the

hawking of other articles, we recommend that no new licences should be granted, and that existing licences should only be renewed in case of hardship. (78)

*The Licensing Authority.*

Applicants for new licences would generally be persons proposing to carry on a particular business in a particular area. (67)

Cases would presumably arise from time to time in which there would be competing applications for a new licence, *i.e.*, where presumably only one would be granted. Assuming that administration is, in general, entrusted to the Minister, as under the Control of Manufactures Act, 1932, and that in such contested cases he was empowered to appoint an arbitrator to decide on the competing claims, we have in contemplation some such rules as the following:—

1. On consideration of an application for a new licence:—
  - (a) the Minister may dispose of the application forthwith or direct a hearing before an arbitrator appointed by him;
  - (b) direct any notice he thinks fit to be given by advertisement or otherwise of the application;
  - (c) fix a date for the hearing of the application or applications, or any similar applications which in his opinion or in the opinion of the arbitrator should be heard and disposed of at the same hearing.
2. At the hearing of any application before an arbitrator any person or representative of an organisation claiming to be interested in the granting or refusing of the application may be heard.

Where there are several competing applications for a new licence we think that other things being substantially equal, the claim of the first in time (unless the difference in time is insignificant) should prevail. (68)

(Note: The figures in brackets are the Sections of the Report.)

## DISCUSSION ON MR. EASON'S PAPER.

*Following are résumés of the observations of speakers to Mr. Eason's paper:—*

**Professor George O'Brien**, proposing a vote of thanks, expressed his complete agreement with Mr. Eason's conclusions. He said that the connection between high retail prices and the large number of shops was generally assumed without sufficient inquiry into its truth, and gave reasons for thinking that the part played by retailing costs in widening the margin between prices received by producers and those paid by consumers tends to be exaggerated. He argued further that, in so far as the price level was affected by retailing costs, the number of retailing units is less important than the disorderly marketing methods of consumers. The insistence by manufacturers on price maintenance, he suggested, is the real explanation of the high retail prices of many commodities, and the prohibition of such price maintenance contracts would result in a reduction of the number of number of retailers, without the administration expense and difficulties involved in licensing. He was not in favour, however, of such a prohibition, as the effect on prices would probably be slight, and any good results arising from a reduction of prices would be outweighed by the interference with the liberty of traders, the inconvenience to consumers and the increased unemployment caused by the elimination of many small retail shops.

**Mr. Joseph Johnston** in seconding the vote of thanks said: Bureaucratic control of all economic activities was a feature of the declining Roman Empire. The real trouble was the decay of commerce and the dissolution of the exchange economy that was silently taking place. There was no shops to register or control in Charlemagne's time because there was no money and no commerce. Between 300 and 800 A.D. Europe had achieved the ideal of the self-contained economy in thousands of instances. The Shops Commission were looking for something worth finding, but they did not find it. In comparison with their restrictive licensing proposals I prefer the present unregulated freedom. The licensing system I did recommend involved the imposition of a flat rate tax of £5 a shop on all shops, to be treated as part payment of income-tax in the case of the 25 per cent. of shopkeepers who do pay income-tax. Such a tax could not be passed on to the consumer in any form. It would tend to eliminate the least efficient shops. I am inclined to find in the excessive rigidity of retail prices, imposed on retailers by their present economic circumstances, the kernel of the explanation of business depressions. The State would be doing a useful work in introducing any factor into the activities of commerce which would tend to cheapen distribution and expand consumption. Unfortunately the activities of the State have generally the opposite effect, and the State galvanised private enterprise with which we are painfully familiar would be as dead as John the Baptist if the consumer's head was not handed to our "enterprising" industrialists on a receptacle which is rightly named a "charger."

**Lieut.-Col. Edgeworth** said: Mr. Eason's paper deals with certain aspects of the problem of social organisation, and I desire to draw attention to the important part which is played by the human element in problems of this character. The systems of social organisation with which we are concerned may be divided into three classes—systems based on private ownership and individual enterprise, systems based on State monopolies and systems in which private enterprise is retained but is placed under State control and State restriction. Taking first the system of free enterprise, it is often argued that the individual trader is inefficient and that he is always on the look out for opportunities for exploiting the consumer and earning abnormal profits. We know that there is some truth in these allegations but the point which I wish to make is that, operated by perfect individuals, the existing troubles of the system would disappear. We then come to a very serious trouble which usually seems to be associated with any extension of State enterprises and that is the increase in the opportunities for bribery and corruption. The old Turkish Empire which disappeared during the War was rotten with corruption. It is also a matter of common knowledge that "graft" plays a considerable part in the affairs of the United States. At the present time, Great Britain and the Irish Free State have probably a higher standard in these matters than any country in the world. Finally we come to the system into which the Irish Free State seems to be drifting at the present time, a system of State controlled private enterprise. The first and most obvious disadvantage of the system is that it leads to duplication of personnel. It means that there will be two sets of people—the private traders and the Government inspectors—each trying to run the trade of the country. And not only will there be two sets of people trying to run the same job, but it is quite clear that the outlook of these groups will be different and that a great deal of time will be taken up in arguing about how the business ought to be



run. In estimating the relative values of these different systems of social organisation it is essential that the influence of the human element should be taken into proper account. Unless the inevitable imperfections of our human instruments is realised many serious dangers which lie in our path will certainly be overlooked.

**Professor Shields** paid a tribute to the excellence of Mr. Eason's paper, and referred to his own evidence before the Commission, as printed in the Report. He pointed out that a certain confusion had arisen respecting the implications of registration and licensing. A rigid adherence on the part of the Commission to the terms of its reference, viz., the necessity and feasibility of the registration of retail firms, and its relation to the methods of conducting business would have enabled further valuable information to be obtained, such as the conditions of credit and of employment, especially in shops not subject to the control of the Shop Hours Acts. No proof was given by the Commission that there is a multiplicity of shops in the Irish Free State, that such multiplicity would lead to excessive prices, and that a system of licensing would lead to lower prices or is practicable. The statement in the Report of the Tribunal on Prices, 1927, that there is an excessive number of shops in this country is based on insufficient data. It merely compares the average population per shop with that in other countries, overlooking the fact that the number, size and type of shops, the purchasing power and consuming capacity of various countries vary greatly. Retail prices are fixed in a number of ways, not affected by the multiplicity of shops, for instance, by fixed resale conditions, retailers' agreements, cut prices to attract custom, leading prices by one or a few retailers, customary prices, such prices as will yield a profitable margin on all or most goods sold, competition, etc. A reduction in the number of shops would, in certain cases, facilitate the establishment and maintenance of price agreements, with the result that consumers would not benefit by the increased gains, unless competition were very keen and a number of retailers started price cutting. The problems of service and consequent unemployment should also be considered. The difficulties, in fact the impracticability, of granting new licences were stressed.

**Mr. H. Steer Wood** said: It is not clear from the paper or the discussion whether the objections raised this evening to registration and licensing are because of a dislike to Government interference, or are based on the inadequacy of the Commission's report. The discussion itself has been entirely from the angle of individualism. Since 1914, Governments have become charged with new and unprecedented responsibility for the operation of the economy as a whole. The vital defect of individualism is that the multitude of individual decisions is not sufficiently enlightened to keep the economy as a whole in working order. There is nothing new in intervention by Government; the new thing is that they are now compelled to look upon the economy of the national establishment, for which they are responsible, as a whole, and not as a mere assemblage of separate interests which they serve, protect, and regulate. We must recognise this trend in affairs. If we ask for witnesses to the irresistible character of this change in function they may be found in those who in principle deplore it, and yet have acted to carry it out. Mr. Hoover, and Mr. Roosevelt, in America, both rugged individualists, have had to resort to collective action. The Conservative Government in England, and the Central Electricity Board is another illustration.

**Mr. J. R. Clark** said that the ratio obtained by dividing the population of a country by the number of its shops leaves out of account an important factor—density of population. A statistical table constructed from the particulars of the number of shops in the Irish Free State, given on page 9 of the Report of the Tribunal on Prices, omitting the city counties Dublin, Cork, Waterford and Limerick, and arranging the counties in the order of the density of their population per 1,000 acres, showing the number of shops per 1,000 acres and the number of persons per shop, instead of revealing differences between the districts in the Irish Free State revealed extraordinary regularity. The persistency of the ratio of persons to shops is remarkable. In the first seven districts out of the total of 15 it lies between 76 and 78. If a graph is made by plotting the districts according to the number of persons and number of shops per 1,000 acres, a straight line drawn through the position of Leix and Offaly, the most thinly populated, and Wexford, the most populous except one, enables you, if given the density of population of any district, to ascertain the number of shops in that district to within one in 10,000 acres for ten districts and to within two in 10,000 acres for two districts. Admitted that if the ratio of persons to a shop remains constant then the number of shops must vary directly as the density and in simple proportion. I think that the figures and graph show that density itself increases the number of shops beyond the simple proportion. The denser the population the fewer the persons per shop.