

they are led to believe are desired by the public. One of these reforms, it is suggested, is that of abolishing what has hitherto been contended as being "A restricted monopoly." Without an amalgamation of the chief interests it is impracticable to give effect to the desire of the public. The merger now proposed will enable the public not only to become financially interested in the industry in which they are so directly concerned, but also to obtain the particular beverage which they may desire.

Another reform that it is confidently expected will be brought about will be in the direction of limiting the goodwills paid in respect of hotel properties to reasonable amounts. Hitherto, with the various brewery firms in active competition for avenues for the disposition of their outputs, goodwills have been paid for hotels far in excess of their intrinsic values, a position which, from a public point of view, was not beneficial. With this competition removed, excessive goodwills ought to be abolished; licensees should be in a position to conduct their businesses upon more reliable lines; and the necessity of "tying" public houses as understood by the public should disappear.

211. The first of these quoted paragraphs implies that the abolition of "a restricted monopoly" would be a reform. It also implies that without this reform it would be impracticable to give effect to the other reforms desired by the public. The second of the quoted paragraphs states some of those other reforms, viz. :—

(1) The removal of competition for hotels which had resulted in the payment of goodwills "far in excess of their intrinsic values."

(2) The enabling of licensees to conduct their business on more reliable lines, meaning thereby, presumably, on a less speculative basis and, therefore, with less inducement to break the law by after-hour trading for the purpose of assisting their financial position.

(3) Removing the necessity of tying public houses as understood by the public, meaning thereby, presumably, that, as each vendor company had parted with its brewery, it would no longer require a secured outlet for beer and that the amalgamated company would not need to "tie" because most hotels would require one or more of its products.

212. All these reforms were to follow from an amalgamation of interests. The meaning of the prospectus was that the substitution of an extensive or even a universal monopoly in place of a restricted one would cure some major mischiefs. There would be no need to compete for hotels because the interest of each individual brewer would no longer be only that of securing outlets for the sale of his own beer. His interest would lie in sharing in the profits from the sale of all the principal brands of beer in all hotels in which those brands were sold upon a basis, at the outset, to which he had agreed—viz., that his share should be proportionate to the value of his asset in relation to the total value of the assets transferred to the amalgamated company. This private amalgamation of brewery assets was therefore in line with the proposals for corporate control in that both would remove the desire of any individual to secure outlets for the sale of beer.

213. The private amalgamation was not, however, in line with the object of corporate control in two other respects—viz., (1) the private amalgamation would naturally seek to promote the sales of all the brands manufactured in order to increase the profits of the amalgamated company, whereas corporate control, in which the State had the deciding voice, might be thought to have regard to the public interest by refraining from a strong sales policy designed to encourage the consumption of beer; and (2) the private amalgamation did not cover the whole field and did not exclude the possibility of competition by a new brewery or breweries which might result in another brewers' competition for hotels, whereas corporate control was intended to cover the whole field and to exclude all competition for hotels, both in the present and for the future.

214. As we shall see, the amalgamation of New Zealand Breweries was carried through and the company carried on business. Corporate control did not survive as an issue for any period of time. In 1930, after seven years of prosperous trading, New Zealand Breweries had to face the competition of a new company, Dominion Breweries, Ltd. From 1933 onwards very large amounts were paid by New Zealand Breweries and Dominion Breweries for hotels. To these we shall later refer. Thus in 1933 New