

cluded from dealing with it as fully as its importance deserves. It is also impossible from the evidence to measure the extent, as expressed in percentages, to which trusts, monopolies, and combines have raised prices in New Zealand, but there is no doubt that some prices have been appreciably raised through the operations of these bodies. The evidence that the Commission has been able to collect proves conclusively that trusts, monopolies, and combines operate extensively in the commerce of this country.

This restraint of trade in the Dominion has only become acute during recent years. In the United States of America and other countries it has proved to be the greatest curse of modern civilization, enabling unscrupulous individuals to amass immense fortunes at the expense of the people. Under free and competitive trade the best and most economical methods of distribution from the producer to the consumer will succeed, and the whole community will benefit.

An isolated, highly protected, and sparsely populated country like New Zealand, so far distant from the world's markets, especially lends itself to the manipulations of trusts and combines. It is a comparatively easy matter for a few wealthy individuals in any given industry or business to secure control of the output, and by slightly raising prices to levy secret taxation on the whole community.

Trade combinations in America were in the first instance adopted for the purpose, amongst other things, of eliminating unnecessary expenses in the cost of manufacture and distribution, and had this been the sole object of such combinations the consumer would have benefited, as all improved services such as labour-saving machinery, cheaper transport, railage, postal, cable, telegraph, and banking facilities are directly beneficial to the whole community. But the operations of these associations and combinations in New Zealand as disclosed by our investigations have had an exactly opposite effect, for their avowed object is to corner supplies and increase prices to the detriment of the people.

While the common object of these associations is so to regulate industry that it may become more profitable to those in whose interests it is regulated, the Commission must not be understood to condemn all form of combination, as, for instance, a combination of traders who buy in concert in order to obtain maximum discounts, cheaper transportation, and other legitimate objects of a like nature, such benefits being passed on to the consumer. But what appears to your Commissioners to be particularly reprehensible is the practice common in New Zealand of combinations in different branches of trade not merely fixing selling-prices, but fixing penalties for breaches of the agreement to sell as arranged, or bringing pressure to bear on suppliers to refuse supplies to independent traders who do not conform to their selling conditions.

3. Acting upon legal advice, individual members of the Merchants' Association of New Zealand refused to give evidence. The Commission has definite proof that the members of this association have banded together for the purpose of restraining trade in their own interests, and boycotting independent traders. Where they have succeeded in securing control of imported and locally produced commodities their operations have been followed by increased prices. In no single instance have they reduced the price of any commodity to the public. They have obtained control and fixed higher prices for at least the following commodities, viz: Sugar, matches, cocoa, Keiller's marmalade, Colman's mustard, Colman's starch, Keen's spice, Keen's blue, Robinson's groats and barley, oatina, gerstena, Neave's food, Mellin's food, Edmond's baking-powder, sapon, Levers' soaps, Reckitt's polishes, local starch, soap, candles, proprietary teas, Highlander milk, tobacco, cigarettes, and certain brands of cigars.

It was proved to the satisfaction of your Commissioners that the Merchants' Association are bringing constant pressure to bear upon local, British, and foreign suppliers to refuse supplies to independent traders who refuse to join the "ring." As an instance of their methods the following letters are quoted. It should be explained that these letters were at first given to the Commission in confidence, but that that embargo was subsequently removed.