

continuous readjustment of the incidence of taxation. Moreover, there are few cases where monopoly is in exclusive possession of the market, and competitors should be protected against extinction by the monopoly selling for a period below the cost of production in order that it may afterwards recoup itself by increased prices. Nor would the Board be bound to guarantee profits in the price fixed, but to make reasonable profits possible provided the business concerned maintained a fair standard of efficiency.

Fixation of prices goes hand in hand with (a) publicity, (b) public regulation of competition, and these three policies the Board specially stresses as providing an adequate means for protecting the public against what is loosely termed "exploitation and profiteering."

SECTION V.—RECOMMENDATIONS.

In giving effect to the policies herein outlined, the Board recommends that a Department of Industries and Commerce be established consisting of—(1) A Minister of Industries and Commerce; (2) a Board of Trade; (3) a Secretary of Industries and Commerce; (4) a Secretary to the Board, and a staff adequate to perform the economic and accountancy work that would necessarily be involved.

The power should also be given to the Board of Trade to call to its assistance, with the consent of the Minister, such experts as in particular investigations it deems advisable.

The questions to be dealt with involve exceedingly complex business situations which require the advice and assistance of the best minds procurable, and the problems presented for solution are fundamentally questions of practical business affairs, and the decisions given may be very far-reaching in their effects.

Power should also be given to the Board—

- (a.) To investigate the organization and business conduct of industry, especially protected industries already in existence:
- (b.) To require annual and special reports from businesses and industries:
- (c.) To investigate and make recommendations, and in suitable cases to enforce recommendations where infringements of the Commercial Trusts Act are alleged.
- (d.) To investigate trade conditions in and with other countries, particularly in regard to the operation of monopolies and trusts:
- (e.) To determine and prevent unfair methods of competition:
- (f.) To bring about improvements in the methods of accounting used by businesses, particularly with respect to accurate and uniform methods of cost-accounting.

This feature is stressed, as many of the investigations already conducted show that a large percentage of the business community, particularly the small businesses, have a very inadequate knowledge either of costs of production or of selling-costs. Many businesses keep their books in such a way that they are not able to supply the Board with even the simplest of facts concerning their operations. Proper development of cost-accounting methods is essential to the obtaining of information of any real value. Statistics based on estimates are apt to be misleading and are therefore dangerous, yet with the methods in use in business at the present time these must be used. Proper accounting even for the small manufacturer or business is of vital importance. It is necessary for his success that he knows on what particular article he is making a fair profit, or a narrow margin, or losing money. Uniform methods of cost-accounting, however, do not mean uniform costs, nor the standardization of costs by the adoption of arbitrary charges. To assist the Board in improving accountancy methods the Board should have power to utilize the services of an advisory committee of accountants.

- (g.) To investigate and report upon trade associations and control their activities.

The activities of these trade associations are of a varied character, and many of them are of great benefit not only to the trade concerned, but to the general public; nevertheless their activities have sometimes involved them in practices that would be condemned as unfair competition.

The Board should report to the Minister in Charge from time to time and, with his consent, publish such reports. At the beginning of the session its reports should be laid on the table of the House, but decisions in any matters relating to unfair competition should be made public during the recess, and as early as possible after being arrived at.

The Board of Trade in its administration of the powers herein sought to be conferred upon it should endeavour to secure the co-operation of the business community, and should secure this co-operation by constant insistence upon the observance of appropriate standards of commercial morality. It should constantly keep before the minds of the business community the ideal that the reward the business community receives from the public should be appropriate to the service it renders to the public.

In its enforcement of these standards the Board should seek to understand and make allowance for the difficulties of particular problems; to see both sides of every case; to protect men in the furtherance of legitimate self-interest by reasonable and fair methods, and at the same time to keep