

The report follows, and this extract is of interest :-

"It is a matter of great contention as to whether these five firms compete amongst themselves, and the records of our Courts and public bodies are monuments to this contention. Entirely aside from any question of conspiracy to eliminate competition amongst themselves and against outsiders, it appears to me that these five firms, closely paralleling each other's business as they do with their wide knowledge of business conditions in every section, must at least follow coincident lines of action, and must naturally refrain from persistent, sharp, competitive action towards each other. They certainly avoid such competition to considerable extent. Their hold on the meat and many other trades has become so large through the vast equipment of slaughterhouses, cars, and distributing branches and banking alliances which each of the five controls that it is practically inconceivable that any new firms can rise to their class; and in any event even sharp competition between the few can only tend to reduce the number of five and not increase it. Of equal public importance is the fact that their strategic advantage in marketing equipment, capital, and organization must tend to further increase the area of their invasion into trades outside of animal products. Furthermore, as these few firms are the final reservoir for all classes of animals, when the few yards where they buy become erratically oversupplied with more animals than their absolute requirements, it remains in their hands to fluctuate prices by mere refusal to buy, and not necessarily by any conspiracy. In other words, the narrow number of buyers undoubtedly produces an unstable market, which reacts to discourage production. It can be contended, I believe, that those concerns have developed great economic efficiency that their costs of manufacture and profits are made from the wastes of forty years ago. The problem we have to consider, however, is the ultimate social result of this expanding domination, and whether it can be replaced by a system of better social character and of equal economic efficiency for the present and of greater promise for the future. It is certain, to my mind, that these businesses have been economically efficient in their period of competitive upgrowth, but as time goes on this efficiency cannot fail to diminish and, like all monopolies, begin to defend itself by repression rather than by efficiency. The worst social result of this whole growth in domination of trades is the undermining of the initiative and the equal opportunity of our people, and the tyranny which necessarily follows in the commercial world."

I should like to state that the Government have received a certain number of communications relating to the granting of a license to Armour and Co. (Australasia). These have come from farmers' organizations. The names of the organizations which have stated that they are in favour of a license being granted are as follows: New Zealand Farmers' Union, Palmerston South; farmers' gathering, Ashburton; New Zealand Sheepowners' Federation, Christchurch; Wairoa Farmers' Co-operative Meat Company, Wairoa; Canterbury Sheepowners' Union, Christchurch; North Otago Farmers' Union; South Otago Farmers' Union; sheep-farmers, Timaru; North Otago Agricultural and Pastoral Association, Oamaru; Lake County Agricultural and Pastoral Society; farmers' meeting, Whangarei; Clutha and Matau Agricultural and Pastoral Society, Balclutha; farmers' meeting, Ohacawai; farmers' meeting, Kaikohe. The following are against the granting of a license to Armour and Co.: Dominion Conference, Farmers' Union, Wellington; farmers of South Canterbury, Timaru; New Zealand Farmers' Union (Wellington Provincial), Palmerston North; New Zealand Farmers' Union (Taranaki Provincial), Hawera; Manawatu and West Coast Agricultural and Pastoral Association, Palmerston North; Masterton Agricultural and Pastoral Association, Masterton; Taranaki Farmers' Meat Company (Limited), (300 present), New Plymouth; New Zealand Farmers' Union (Clutha Branch), Balclutha; Feilding Industrial, Agricultural, and Pastoral Association, Feilding; New Zealand Farmers' Union (Gisborne Branch), Gisborne; New Zealand Farmers' Union (Southern Hawke's Bay Branch), Dannevirke; Lowgarth Co-operative Dairy Company, Stratford; public meeting, Gisborne; Kaipara Farmers' Union, Helensville; Auckland Provincial Executive, New Zealand Farmers' Union; Egmont Agricultural and Pastoral Association, Hawera; Ngaire Co-operative Dairy Company (shareholders meeting), Stratford; Opotiki Farmers' Union, Opotiki. According to this list there were fourteen meetings in favour of the license being granted and eighteen against it. The Armour Company presented a petition praying that a license be granted to them: that petition was referred to this Committee. The petition was signed by a number of people resident in various parts of New Zealand. As far as is shown by last year's sheep returns, the total number of sheep owned by the people who signed the petition is 201,015—those are the only people named in the petition whom we could identify by the sheep returns; but there were several names in the petition whom we could not trace as sheepowners, but who might be interested in the ownership of sheep shown in the returns under other names. The list is not alphabetical, but in counties, and consequently it was difficult to trace the names. Our difficulty was increased by the meagre addresses given in the petition, and also by the illegibility of some signatures, but I consider it may be taken that the signatures represent not more than 300,000 sheep out of a total of something like 25,000,000 sheep in the Dominion. It is fair to say that I understand that those who were interested in the matter went on the lines that all that was necessary was to get some sort of petition rather than take time to canvass a large number of sheepowners. There was one point stressed very strongly by those who were in favour of Armour and Co. being granted a license, and that was that it would be of great benefit to the producers of this country if Armours came into our fat-stock market in competition with the present buyers. It was inferred that under the conditions that have been obtaining up to the present time the farmers are not getting as much for their stock as they would get if competition were keener. Suggestions were also made that the freezing companies were not "playing the game" in every case, and that the producer was suffering, and that therefore the introduction of Armour and Co. would help to remove that disability from the producer. Well, it seems to me that that is a very fallacious argument. When we bear in mind what have been the results of allowing these "Big Five" companies to get into the trade in other countries we must realize that if there is anything wrong here it would be a very dangerous thing to bring into our trade a company which has shown itself capable of practices in other countries which have called forth such drastic comments as have been quoted before this Committee. It is like trying to make two wrongs make a right; and if there is anything wrong here the proper thing to do is to go to work and put it right, and not to introduce another proved wrong element and set the two fighting each other. The result of that might well be that the producer would find himself between two stools,