"In the result this case, which has occupied so much time in its progress through all the Courts, resolves itself into one question—namely, Has the prosecution established that on the facts of this particular case the monopoly or control was of a nature contrary to the public interest? The question is, of course, such as to lend itself to prolonged discussion, and it has been fully and ably argued on both sides. In their Lordships opinion, the question in the circumstances of the present case is really one of fact and cannot be decided merely as a matter of law. Their Lordships, after reviewing and weighing the evidence, have come to the conclusion that the prosecution has not discharged the burden of proof which lies upon it, and that the judgment of Mr. Justice Sim should be restored."

Commission of Inquiry: Proprietary Articles Trade Association.

A judicial inquiry, the first of its kind, under section 13 of the Board of Trade Act was opened in February last into the proposed operations of the above association, which was in process of formation in the Dominion. The association's purpose was to fix the wholesale and resale prices of a wide range of proprietary articles which are sold by chemists, grocers, drapers, and fancy-goods shops. The Government received several protests by way of deputations, petitions, and letters against the association operating in New Zealand, and it was decided to hold an inquiry for the purpose of elucidating the facts and reporting upon the main questions at issue, which were—

(*a*) Is the P.A.T.A. a monopoly detrimental to the public welfare?

(*b*) Does it engage, or does it propose to engage, in unfair competition, or in practices detrimental to the public welfare?

(*c*) Does it interfere, or does it propose to interfere, with the proper regulation of the prices of goods?

The Committee heard the evidence of thirty-one witnesses from all parts of the Dominion, and written opinions were submitted by three well-known Professors of Economics. Both parties were represented by counsel. The inquiry was held in private in accordance with section 21 of the Board of Trade Act; but, as section 24 of the same Act authorizes publication of evidence which is deemed expedient in the public interest, the Committee decided, with the approval of the Hon. the Minister of Industries and Commerce, that the evidence should be printed with the findings after information of a confidential nature had been deleted.

The judicial Committee appointed to make the inquiry comprised Messrs. J. W. Collins, Secretary of Industries and Commerce (Chairman); W. B. Montgomery, ex Comptroller of Customs, Wellington; W. R. Hayward, manufacturer, of Dunedin; and M. J. Reardon, Wellington, ex workers' representative on the Court of Arbitration.

The Committee's findings and the evidence were laid on the table of both Houses by command. The majority of the members of the Committee considered that the association was a combination detrimental to efficiency in distribution, likely to unduly encourage the credit system, dangerous to public interest, and generally retrogressive. The Committee recommended that, if necessary, the Government should arrange for the making of regulations to prevent the association from operating in New Zealand. Mr. W. R. Hayward found himself unable to agree with the findings of the majority, and submitted a minority report, in which he expressed the view that the P.A.T.A. should be allowed to operate in New Zealand.

Wheat and Wheat Products.

The Department has again to record in outline the action taken in connection with the supply and prices of the above-mentioned commodities.

Just prior to the harvesting of the wheat crop of 1926, the Government decided, at the request of growers and merchants, that there should be no intervention by the State in the matter of price-fixation, purchase, or importation, and, with the exception that necessary imports for distribution as fowl-food should be admitted duty-free, the market was left to take its course behind the protection of the Customs tariff.

It was recognized at that time, of course, that the harvest would fall short of our national needs, and that heavy importations of wheat or flour (or of both wheat and flour) would be necessary to fill the deficiency. When the final figures of production were ascertained, it was shown that the harvest of 1926 had provided only 4,617,041 bushels, produced from 151,673 acres. This recognized shortage, coupled with a relatively high price in the outside markets, resulted in the payment by millers of prices for wheat somewhat above those at which the Government had previously been asked to take control. Millers could not, as a general rule, import wheat and pay duty as provided by the tariff in competition with imported supplies of flour. In other words, the duty on wheat has, relatively to the duty on flour, been too high to admit of the milling of imported wheat in the Dominion. This applies, however, more particularly to the mills in the South Island, whose market is to a large extent in the North Island. For that reason millers were competing keenly for supplies of local wheat, which did not suffice to keep all mills running normally until the local harvest of 1927 became available. A number of mills closed down during 1926, while others conducted operations on a reduced scale. Importations of flour during the latter part of 1926 in particular, and early in this year, were consequently particularly heavy.