

although not so large as the profit on uncontrolled goods. In the committee's opinion, fixed prices, between the different interests concerned, were to the advantage of the public in times of scarcity and undue inflation of prices, and in times of plenty a good return of profits was allowed, which prevented speculative dealing by the middleman. It further added that this opinion was subject to the prices charged by the manufacturer being fair and reasonable.

It should be emphasized at this point that the P.A.T.A., wherever it operates, does not take into consideration manufacturers' costs, and does not insist on these costs being fully disclosed. It cannot, therefore, form any judgment as to whether manufacturers' prices are reasonable or otherwise. The British sub-committee concluded that the Government should set up a tribunal under the Board of Trade to investigate specific complaints of excessive charges on the part of monopolies, trusts, or combines, and recommend such action thereon as they might consider advisable. (This power of investigation and for taking action is already law in New Zealand: Board of Trade Act, 1919, and its amendments of 1923.) This conclusion was come to by the British sub-committee after examination of two other suggested methods of action. See evidence section, pages 4-8.

The British sub-committee's report further shows that price-fixation controlled by associations or otherwise was at that time (1919) the exception rather than the rule. A witness with a very long and wide experience of a certain section of retail traders, stated that out of two thousand articles stocked the retail price fixed or controlled by associations or otherwise would not, at the outside, exceed twenty.

The report makes it clear that the demand for all goods was then in excess of supply, and that price-fixation tended to restrain undue inflation of prices.

P.A.T.A. IN NEW SOUTH WALES.

7. This association was first formed in 1903, and it has a like constitution to the English society. In its early stages its members consisted of wholesale manufacturing and retail chemists, who framed rules for the strict preservation of minimum resale prices of proprietary articles and patent medicines. In February, 1921, the association's activities were investigated by a special inquiry made by his Honour Mr. Justice Beeby, President of the Profiteering Prevention Court. Counsel appeared both for the association and for the Crown. A few witnesses only were examined, but the whole constitution and operations of the association were discussed fully between counsel and the presiding Judge. In his judgment the President drew attention to the large number of important businesses, such as Anthony Hordern and Son, Ltd., Pattinson and Co., and Washington Souls, who were selling below the listed prices of the association, and to the fact that rigid enforcement of the stop list was not employed, but in the case of smaller concerns drastic action was taken. In the course of his summing-up, the President referred to certain effects of the operation of the association, and that the effect of the combination of wholesalers and retailers was undoubtedly the maintenance of prices, which might have been lowered by the operation of ordinary competition. The association, no doubt, had been actuated, in the Judge's opinion, by the legitimate desire to prevent cutting of prices in certain lines, and to eliminate unfair competition; but in attempting to achieve this purpose the members had lent themselves to a combination the effect of which was to restrain the trade rights of others, and to build up a system of price-regulation which was clearly against the public interest. Mr. Justice Beeby concluded his judgment as follows:—

That within the meaning of section 10 of the Profiteering Prevention Act of 1920 the purpose of the Proprietary Articles Trade Association is the regulation of prices of commodities produced in New South Wales or imported into New South Wales, and its operations have tended to restraint of trade and abuse of a power to control trade.

The New Zealand Committee has been officially advised recently that after receipt of the report the then Attorney-General ascertained that the association had modified its practices, and was, in fact, practically defunct. Later in the year further inquiries were made by officials of the Profiteering Court, as a result of which the Minister decided that, as there was no evidence that the association was exercising unfair methods, a further reference to the Court was unnecessary.

The provisions of the Profiteering Act terminated in New South Wales in December, 1922, and the association was then reorganized and is functioning to-day. The number of manufacturers belonging to the association was stated to be sixty in 1925, but the number of retail members is not known.