SCOPE OF THE INQUIRY.

16. Section 13 of the Board of Trade Act, 1919, under which this inquiry is made, reads as follows:—

> The Board of Trade is hereby authorized and empowered to hold such judicial inquiries as it thinks fit (whether of its own motion, or on a reference from the Governor-General, or on the complaint of any person) into any matter whatsoever relative to any industry carried on or proposed to be carried on in New Zealand, or relative to any industry wherever carried on which may affect the industries of New Zealand, for the purpose of obtaining information which may be required for the due control, regulation, and maintenance of the industries of New Zealand; the due observance, enforcement, or amendment of the laws relative thereto; the discovery of breaches of those laws; the prevention or suppression of monopolies, unfair competition, and other practices detrimental to the public welfare; the proper regulation in the public interest of the prices of goods and the rates of services; or for any other purpose relative to the industries of New Zealand.

It is evident from a perusal of this section that the law contemplates that the Board of Trade should have very wide powers. The words that more particularly apply in the present case are, "the prevention or suppression of monopolies, unfair competition. and other practices detrimental to the public welfare; the proper regulation in the public interest of the prices of goods and the rates of services; or for any other purpose relative to the industries of New Zealand." The main questions at issue are, therefore,—

(*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 other 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?

17. The Committee feels that the evidence and opinions submitted were sufficient to guide it in coming to its findings and recommendations. The evidence certainly covered a wide field, and dealt with, as has been shown, not only the proposals of the New Zealand P.A.T.A., but the operations of like associations in Canada, New South Wales, and Great Britain. The able interim report of the Registrar of the Combines Investigation Act of Canada (Mr. F. A. McGregor) and his associate (Dr. W. A. Mackintosh), dated 25th September, 1926, was also available to the Committee. In regard to the P.A.T.A. in Great Britain, the Committee has relied upon the publications issued by that body, the report of the Profiteering Committee in Great Britain, and the evidence of one witness, Mr. W. A. Charter (page 11 *et seq.*), a director of the English Wholesale Co-operative Association. In regard to New South Wales, Judge Beeby's report was made available to the Committee. Recent reports, however, of the association and price-lists issued were available. The local evidence, however, covered a wide field, and with the addresses of counsel, together with the statement of economists, all phases of the proposed activities and likely effect of the P.A.T.A. in New Zealand were fully gone into.

FINDINGS AND RECOMMENDATIONS.

18. The Proprietary Articles Trade Association aims essentially at the maintenance of certain prices fixed or to be fixed for the resale of specified articles. The leading objective of the association is the elimination of what is commonly termed "price-cutting," the grounds for the association's action being that such price competition or price-cutting is detrimental to the best interests of manufacturers, wholesalers, and the general body of retailers.

It is therefore necessary to examine (*a*) the extent and nature of price-cutting, (*b*) the extent of the detriment to manufacturing and trading interests arising therefrom, and (*c*) the justification or otherwise for the system of price-maintenance proposed to be adopted by the association.

It is abundantly evident that the price competition or cutting may be classified under two headings—

(1) Price-reductions which have an explanation and justification based upon certain savings in costs of distribution or sale, economies, or advantages in buying and/or trading necessity arising from changes in demand or fashion or from financial reasons;

(2) Price-reductions which are designed either to eliminate competitors or to draw customers in the hope of selling other articles upon which a relatively high rate of profit is fixed.