

Turning to a consideration of the extent of the detriment to manufacturing and trading interests as a result of so-called price-cutting, the Committee believes that some financial loss has been occasioned and some trading difficulties brought about. So far as manufacturers are concerned, it may be said at once that the lines proposed to be listed by the P.A.T.A. are almost wholly of overseas origin. Learned counsel on both sides have expressed the view that under certain circumstances manufacturers may fix and enforce resale prices of their goods. The experience of witnesses shows that this is a substantial safeguard to manufacturers against any evil arising from price-cutting. It has to be recognized, too, that, while a manufacturer may suffer loss of business through disorganization of distributive channels arising from price competition, there is likely to be, as an offset, some increase in the demand due to sale by some retailers at lowest possible prices.

Wholesalers have undoubtedly suffered as a result of the keener competition among retailers, which in its turn has increased the intensity of competition in the wholesale section. Margins of profit have been reduced and financial risks have been taken which in some instances have resulted in definite losses. It is, however, not unlikely that the difficulty arises from an excessive number of wholesale distributors whose position can only be maintained with comfort to themselves by the establishment of a maintained or fixed margin of wholesale profit over at least an appreciable proportion of lines handled. The P.A.T.A. would ensure some such result. While the majority of the Committee recognizes the difficulty of manufacturers and wholesalers in this matter, the opinion is held that these difficulties are not such as to justify in full the claims put forward.

The P.A.T.A. proposes to arrange for the fixation of resale prices and to maintain those prices by a system of boycott, the effect of which is to withhold supplies of all articles registered with the P.A.T.A. should a trader sell one article below the fixed selling-price.

In view of the foregoing, the majority of the members of the Committee believes that the proposals of the association constitute a danger to the public, are too far-reaching in effect, and are not justifiable under existing conditions. The element of force obtained by the boycott is a weapon which no body of citizens could use without coming sooner or later into serious conflict with public opinion. The possibility of abuse and private vengeance cannot be ignored.

While the proposed operations of the association might be to the benefit of certain (mainly overseas) manufacturers, wholesalers, and certain retailers, the Committee cannot overlook the effects on the public, the word "public" being interpreted in its widest sense.

The majority of the members of the Committee considers that the Proprietary Articles Trade Association is a combination detrimental to efficiency in distribution, likely to unduly encourage the credit system, dangerous to public interest, and generally retrogressive. The majority of the members of the Committee therefore recommends that, if necessary, the Government should arrange for the making of regulations, under clauses (a) and (b) of subsection (1), section 26, of the Board of Trade Act, 1919, to prevent the Proprietary Articles Trade Association from operating in New Zealand.

Mr. W. R. Hayward finds himself unable to agree with the findings of the majority of the Committee, and accordingly he submits herewith for your consideration a minority report.

We all desire to place on record our appreciation of the work of the secretary, Mr. F. Johnson, of the Department of Industries and Commerce. Not only in his secretarial duties but in important accountancy investigations arising out of the inquiry Mr. Johnson performed most satisfactory services.

We have the honour to be.

Sir,

Your obedient servants,

J. W. COLLINS, Chairman.

W. B. MONTGOMERY.

M. J. REARDON.