

Under section 23 there are provisions for investigations on the lines of scientific economic research. Authority is given to demand and inspect balance-sheets, accounts, books, and documents, and to abstract particulars; and considerable use has been made of this provision. For example, the Board has published a report on the financial operations of the woollen-manufacturing companies in the Dominion, and a summary of the assets and profits of the firms has been tabulated. There is no doubt that much valuable information has been obtained under this section.

Sections 24 and 25 confer upon the Board the right of publication. The fact that publicity is a most effective deterrent to unfair business practices is too well known to be disputed. In America publicity has been liberally used by the Federal Trade Commission and similar organizations, and it is said to have been more effective than legal proceedings. The Department proposes to make more use of this section of the Act in the future. Such publications could be of use to business people as well as to the general public, because the need for business statistics is stressed by many authorities.

Section 26 is an important section—one of the most comprehensive in the Act—providing the Board with wide powers. During the war and post-war difficulties other provisions of the Act have received more attention, but section 26 lays the basis for a constructive and positive policy. Under this section provision can be made for the suppression of unfair methods of competition, for the control of monopolies, and for an anti-dumping campaign. It is noteworthy that a recent measure in New South Wales—the Profiteering Prevention Act, 1920—definitely provides for the suppression of certain specified unfair methods of competition.

The main function of the Department of Industries and Commerce is to assist in the development of industries and commerce along right lines, avoiding the evils that have attended industrial development in other countries. The Department in its administration of the powers conferred by this Act will endeavour to secure the co-operation of the business community, and will secure this co-operation by constant insistence upon the observance of appropriate standards of commercial morality. It will constantly keep before the minds of the business community the ideal that the reward the business community receives from the public should be appropriate to the services it renders the public. In the enforcement of these standards the Department will seek to understand and make allowance for the difficulties of particular problems; it will endeavour to see both sides in every case; it will endeavour to protect men in the furtherance of legitimate self-interest by reasonable and fair methods, and at the same time strive to keep the channels of competition free and open to all, so that the man with the small capital may engage in business in competition with powerful rivals, assured that he may operate his business in competition with those rivals free from harassment, and be given a fair opportunity to work out his business problems with such efficiency, industry, and intelligence as he may possess.

SUPPRESSION OF PROFITEERING.

Although section 32 of the Act made it an offence to take unreasonably high profits on the sale of goods, there was for some time doubt as to what constituted an “unreasonable” profit. The “Big Ben” clock cases were taken as tests, and the question of replacement value was fully dealt with. The Magistrate dismissed the cases, on the grounds that replacement value must be taken into consideration in fixing prices. On a rising market, however, replacement value negatives the application of section 32 in so far as it refers to most imported goods; and as such constitute a large element in New Zealand trade the Crown appealed against the Magistrate’s decision. The appeal case was heard at Wellington, where the Magistrate’s decision was upheld, the Judges declaring that in the fixing of prices allowance could reasonably be made for replacement values. At the same time another appeal, in which a Wellington grocer had been fined £100, was considered, and the decision of the Magistrate was upheld. It was laid down by the Judges that the customary or modal profit resulting from the prevailing market price was a good test of reasonableness. The next big cases were prosecutions in regard to New Zealand tweeds on which high profits had been taken; and the cases went in favour of the Crown—five maximum fines (three of £1,000 each and two of £200 each) were inflicted. Since then there have been other successful prosecutions taken in various parts of the Dominion. There is no doubt that these have had a restraining effect on the prices of locally made goods. In regard to imported goods, however, the replacement value introduces serious complications; but now the market is inclined to be dull, and the replacement-value practice is working directly in the public interest.

PROBLEMS OF PUBLIC REGULATION AND PUBLIC CONTROL.

The problems of monopoly practices and unfair competition are among the most intricate and far-reaching subject with which the Department has to deal. In order to be well armed with information on these subjects the Department has made a special study of developments in other parts of the world, and has instituted local inquiries with a view to ascertaining how far monopoly practices are in vogue in the Dominion.

In some quarters the Department is faced with an appeal for the relaxation of all State control, so that business competition may be unrestricted. Among the majority of business men there is a genuine conviction that the normal working of business competition is the best remedy for our post-war difficulties. What these people frequently overlook is the fact that competition seldom, if ever,