

man, who is prevented from taking undue advantage of violent market fluctuations, and allocating to himself what properly belongs either (a) to the consumer or (b) to the trader or manufacturer. These remarks are, however, subject to the overriding consideration that it is necessary that the price charged by the original producer or manufacturer shall be a fair and reasonable one, and not one which yields him an unreasonable profit or allows him to exploit for his own advantage the various conditions of the market, either in raw materials, labour, or other factors of production. The witnesses who appeared before us, however divergent their views were on other aspects of the question, were unanimous on this point: that, provided the original price charged by the producer to the particular purchaser to whom he sells is fair and reasonable, the further steps in the transactions as between wholesalers, retailers, and the consumer may be fixed and controlled to the advantage rather than to the detriment of the latter. The final point, therefore, on which we have to express our view is as to what steps are practicable to ensure a "fair start" in the case of those articles for which a retail price is fixed. The methods suggested to us to this end are three, viz.,—

1. That a Department shall be set up whose duty it shall be to investigate at the source the actual cost of every article of general use, and to lay down a price beyond which the producer may not sell. In our view this plan, though it would undoubtedly check profiteering in all its forms, would be far too cumbrous and costly to justify its adoption, even if it were practicable, apart from the fact that it would perpetuate and render an integral part of the national life the system of government and bureaucratic control. It would also, we believe, hamper unduly the development of industry and initiative. It would require legislation of an intricate and comprehensive character, going far beyond anything which it is believed would commend itself at present to public opinion. In short, we cannot recommend it as a practical solution of the problem.

I may point out here that, whatever may have been thought practical in England, we have it here in our Board of Trade Act.

Mr. Collins: But one is a free-trade country and the other is protected.

Mr. Myers: My point is that if we require a remedy we have it in the Board of Trade Act, which enables the Board of Trade to fix maximum or minimum prices, and which also makes it an offence on the part of any person to sell any article at an unreasonably high price as defined by section 2 of the Board of Trade Act.

Mr. Reardon: The investigation mentioned there is already operating here?

Mr. Myers: Not by this inquiry.

Mr. Reardon: No; by the Board of Trade.

Mr. Myers: Yes, that is quite true. The report goes on:—

2. A scheme has been suggested to us which has, we believe, already been adopted in certain trades, and which in our opinion deserves further consideration, and might eventually, subject to any modifications which experience may prove necessary, lead to a practical solution. As, however, legislation which might be difficult to secure would be required to render its adoption effective, we cannot see our way to recommend it at the moment as a practical solution of the question on which we are asked to report.

The method suggested may be summarized as follows:—

That every association (as defined in the report of the Committee on Trusts) which fixes retail selling-prices should be required to obtain from its members, and at the end of each six-monthly period publish or deposit with the Board of Trade a statement showing (1) the average trading profit and the average net profit in relation to the turnover of the industry in so far as it is covered by such association; (2) the average ratio of turnover to capital; (3) the average wages earned per hour of skilled, semi-skilled, and unskilled labour. Such a statement would, it is suggested, enable the consumer to judge whether the price he was called upon to pay was reasonable in view of all the circumstances.

Again I say that our Board of Trade Act gives the Board power to call upon any trader to give any such information which is suggested by that alternative scheme.

3. The third method is the one recommended in the report of the original Committee on Trusts, which provided, in effect, for the setting-up of a tribunal under the control of the Board of Trade or other Department having charge of commercial matters which could investigate specific complaints of excessive charges on the part of monopolies, trusts, or combinations, and would be empowered to take or recommend such action thereon as they might consider advisable. We cannot at present suggest any procedure more likely to attain the object in view—viz., that in any trade where retail prices are fixed, facilities should be afforded for ensuring that the prices at which the goods controlled are originally put on the market by the producer are not unfair or excessive in view of all the circumstances.

DOUGLAS WENHAM,
GEO. WM. BAILEY,
JOHN HILTON,

JOHN W. HOPE,
T. B. JOHNSTON,
H. L. SYMONDS.

Again my reply is that all the necessary power is already conferred in New Zealand by the Board of Trade Act. The next point I want to make is this: That the report which I have just read is in consonance with the opinions of the highest Courts in the land. I refer to the House of Lords and the Privy Council. I do not desire to lay too much stress upon the recent litigation in New Zealand and in England relating to the flour question, but it is not without its importance in this inquiry. It is not without its importance for this reason: that the charge made by the Crown against Distributors Limited and the millers associated with that company was that the organization and the operations of the organization or combination were contrary to the public interest. I desire to point out that in that case the proceedings were under the Commercial Trusts Act, and I desire also to point out that the article which was dealt in was a staple article of the people's food. The object of the combination was mainly to prevent dislocation and disorganization of the flour-milling trade. True, there were other questions involved, such as the maintenance of the wheat-growing industry and other industries, but the principal point was that the combination was brought about by reason of certain mills cutting the price of flour, which would in time have brought about the inevitable result of chaos in the flour-milling industry. The object of the combination was to ensure that a fair and reasonable price—not more than a fair and reasonable price—would be obtained by the millers for the product they were manufacturing—"products," I should say, because there were the products of bran and pollard also; but flour was the main article in dispute. It was contended that by reason of the competition being prevented, by reason of a price being fixed which was in excess of the price at which flour might and