

the claims to remuneration of the different parties engaged in production. Naturally, discretion is necessary as to the use that is made of the information supplied, but, as Professor E. Cannan, of the London School of Economics, stated before the Sankey Coal Commission in London recently, "It is high time we dropped the notion that trade is a kind of war in which everything must be kept secret for fear of information being conveyed to the enemy. It ought to be regarded as a co-operation among friends, none the less friendly because they bargain or even haggle."

There is no reason why the same publicity should not be demanded from privately conducted concerns as is now freely and openly supplied by State trading concerns. Furthermore, there is no reason why from information supplied to a Department of the Government regular reports on the cost of production in different industries should not be issued, which would enable the public to check prices of the commodities dealt in. Publicity would thus be a safeguard against economic abuses. If it is the case, as is often alleged, that profits in most industries are inconsiderable, that fact ought to be known in the interests both of the investing public and of industrial peace. If they are excessive, that fact should be known in the interests of consumers. Fear of publicity will often be sufficient to check exploitation, profiteering, and unfair competition, in the same way as lighting in our streets is often the best policeman. Moreover, the disclosure of high profits would stimulate competition and direct capital and enterprise to that industry. It is suggested that the Board of Trade, strengthened as recommended later in this report, should have the following powers:—

- (a.) To call for any information which may be deemed expedient from any person, firm, or company, failure to supply which should be made a continuing offence and an appropriate penalty imposed. The Cost of Living Act, 1915, read in conjunction with the Commission of Inquiry Act, appears to confer this power on the Board at present, but the penalty for failing to provide the information is merely a fine of £20.
- (b.) To confer with any Department of the Government and examine any records, documents, or papers in its possession.
- (c.) To publish such information as in the public interest it deems advisable.

(d.) LEGISLATIVE REGULATION AND CONTROL OF COMPETITION.

The legal regulation and control of competition should aim at maintaining competition in regard to price, quality, or efficiency of service, in order to ensure that monopoly will come into existence only as the result of superior efficiency and not by the abuse of power. Unfair methods of competition should be declared illegal, and it is suggested that the Board of Trade should be empowered to prevent business firms from using unfair methods in commerce, and for this purpose should be endowed with complete powers of investigation. The policy here advocated would draw a clear line of demarcation between the ordinary trade policy of increasing business by superiority of output, cheapness of price, or facilities of service, and an endeavour to crush rivals out of existence by devices the general character of which is summed up in a dictum of the Supreme Court of the United States in the Standard Oil case, 1911. The dictum refers to "those contracts or acts which have not been entered into or performed for the legitimate purpose of reasonably forwarding personal interest and developing trade, but on the contrary are of such a nature as to give rise to the inference or presumption that they have been entered into or done with the intent to do wrong to the general public and to limit the rights of individuals." For example, a refusal to sell goods to others for cash, either absolutely or except at a price so high as to justify the reasonable belief that the seller desires to discriminate against an actual or an intending buyer as compared with other buyers, or upon terms or conditions which express or imply that the buyer shall not buy from any one but the seller or parties indicated by him, or shall not resell except at a price and upon terms and conditions as dictated by the seller, would come within the dictum referred to.

The cost of investigation should be borne by the Government, not as at present by the person injured, as the object would be primarily to protect the public and not to determine individual rights. The Board should have power to take action on its own initiative as well as on complaints by any member of the public, or by direction of the Government. It would be a mistake, however, to attempt to define in the enacting statute what specific acts would amount to unfair competition. The power of definition should be left to the Board, as unfair competition may take forms so numerous that its prohibition by statute should be in general terms, in order that the Board, guided by its administrative experience, may progressively defeat the perverse ingenuity of those individuals who may seek to render the law nugatory.

There are specific evils which need to be dealt with by ancillary legislation:—

- (a.) The abuse of patent rights. This is a subject which requires a detailed study, but some suggestions may be offered:—
 - (1.) The advisability of forfeiting patent rights which have been bought up simply to be pigeonholed.
 - (2.) The advisability of enacting that the Government should have the right to purchase any patent at appraised valuation.
 - (3.) The advisability of enacting that patent rights should be granted only on the condition that the use of the patent should be free to any one on payment to the owner of a reasonable royalty, to be determined by a special committee or board.
- (b.) The Board should be empowered to constantly watch the operation of any tariff designed to protect local industries, as under the shelter of the tariff wall combines may be formed to exploit the home consumer by charging higher prices than are warranted by the duty imposed.