

of Fisheries and the Department of the Registrar General, your Committee is not prepared to recommend the nature of the administrative structure for such a department until the Economic Council of Canada reports. However, because of the need for consumer protection, for coordination of existing legislation and for the immediate establishment of machinery to receive and investigate consumer complaints, the Economic Council of Canada should be asked to report on item (a) of their reference as soon as possible.

Additional legislative authorization may be necessary ultimately for the protection of the consumer but this should not stand in the way of immediate action which could be carried out under existing regulations. Your Committee reached certain specific conclusions, which are:

(a) with particular respect to food, that the establishment of standards and grades should be extended to cover all commonly purchased foods for which standards or grades would be useful to the consumer.

(b) that a standardized nomenclature for designating grades for different classes of food should be developed as quickly as possible and that an intensive campaign should be undertaken to acquaint consumers with the meaning of the grades;

(c) that manufacturers of consumer products should be required to modify their packaging techniques so that, where applicable, the weights or contents are expressed in terms which minimize the difficulties of calculating and comparing prices.

#### Recommendations:

(a) That a Department of Consumer Affairs headed by a Minister be established.

(b) That immediate steps be taken to promote standardization and simplification of grades, nomenclature and packaging for commonly purchased consumer items.

#### 7. The Promotion of Retail Sales

Your Committee noted, with interest, the variety of promotional schemes which had been introduced by the major retail chains to

encourage customer loyalty. One senior executive of a corporate chain expressed the view:

"A lot of people are anxious to play games and have these contests. It is all part of their present-day life to engage in these adventurous things. It is a challenge... Have you ever considered how dull it would be for a housewife to go into a store and see nothing but price tickets and a display of produce."

The competitive significance of promotional devices was emphasized by another chain store executive when he said, "If stamps are in fashion, then you had better be in style yourself."

The impact of stamps, premiums, games and contests on the retail price level is difficult to assess and clear differences of opinion were expressed by responsible officials of the chain and other stores. Your Committee did not have sufficient evidence at this time to reach any final conclusions about the effect of promotional devices on prices but it did conclude that the different forms of promotion should be used with restraint. Its opinion was that competition not based on price should not be allowed to diminish unduly the healthy effects of vigorous price competition at the retail level. It is your Committee's intention to conduct further investigations for the purpose of making final recommendations on promotional devices such as trading stamps, games and contests.

Your Committee, however, saw at least one example of a technique of price competition which it considered to be objectionable. This was the system, evidently sponsored by manufacturers or processors, of labelling packages to imply that the product was being sold below the regular retail price. The use of the so-called "cents-off" labels seems to be of fairly recent origin and now to be quite common for such classes of commodities as detergents and processed foods. Your Committee feels that this device tends to create uncertainty about what the regular retail price is, particularly in a period of change. Cents-off labels therefore, confuse the consumer and lead to abuses. Anything which smacks of deception in advertising and merchandising is unacceptable. Competition or promotion on the basis of price or quality is a desirable goal but competitive methods which create doubt or confusion should be prohibited.

Your Committee learned much about the methods used by chain stores to attract customers. On the other hand, it observed some