

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 actions by food retailers which were poor from the viewpoint of their public relations. Your Committee's attention was repeatedly drawn to the practice of re-marking goods on the shelves with a new and higher price without removing the old price. Whatever the reason for this practice, your Committee's view was that some adjustment in the method of inventory management and more care in marking prices on containers would eliminate this irritant to consumers.

#### Recommendations:

- (a) That non-price competition by retail food outlets should not be allowed to become sufficiently important to outweigh price competition.
- (b) That cents-off labels, in view of their tendency to cause confusion and to distort price relationships, should be prohibited.
- (c) That the Minister to be responsible for consumer affairs undertake a review of the effectiveness of the investigation and prosecution procedures under existing statutes relating to misleading advertising.
- (d) That more care should be used in re-marking the prices of goods in the inventories of retail food stores.

#### 8. Public Disclosure

In times of both depression and prosperity, Canada has in the past resorted to a series of Royal Commissions or parliamentary inquiries on prices and price spreads, each of which has had to compile its own information on costs, profits and return on investments. Your Committee was no different, and used its parliamentary privilege to ask for and receive from corporate witnesses information never before made public. However, your Committee feels strongly that if those responsible for or concerned about the management of public affairs are to be properly informed, such information should be available publicly on a continuous basis for the scrutiny of parliamentarians, public officials, consumer groups, investment analysts and the academic community. Such public disclosure would also be a spur to greater efficiency and productivity by preventing inefficient entrepreneurs from hiding their inefficiency from shareholders or public scrutiny. Further, your Committee sees no reason why large public companies should be compelled to compete in the market place against other large private competitors whose operations are almost wholly secret and many of which are privately held wholly-owned subsidiaries of non-Canadian parents.