

by other considerations, for example, increases in wages, increases in the price of materials and inflation. Full-scale monitoring could be costly and largely ineffective. We feel that it would contribute little to consumer knowledge about the price effects of the GST. The Committee therefore recommends that:

The GST Consumer Information Office not attempt to monitor all prices or to regulate prices in the marketplace after the implementation of the GST.

Witnesses suggested that the most effective weapon the CIO could bring to bear in fulfilling its mandate to investigate complaints would be its ability to exercise moral suasion in direct dealings with trade associations and industries. According to the CAC, the possibility that an industry sector would be accused of price-gouging should encourage its members to passthrough FST savings.

Some witnesses, however, expressed concern about this aspect of the CIO's mandate. Some felt that an agency for receiving and investigating complaints would have no effect on whether the FST savings would be passed on to consumers in the form of lower prices. Others were concerned that the work of the CIO could become a "witchhunt" or a game of identifying non-typical price changes without adequate consideration of the many factors that go into the setting of a price.

Although part of the CIO's mandate is to inform the public of irregular pricing practices, we cannot support any CIO action that might involve publicizing the names of businesses that had not passed on the FST savings to consumers. We have argued that it is virtually impossible to determine precisely how much FST is embedded in the prices of most products and to separate price changes resulting from the removal of the FST from changes due to other factors. For these reasons, only the most flagrant cases of abuse could be identified and even then with the risk of legal action.

We believe that positive, rather than negative, publicity would be a more effective method of promoting the passthrough of FST savings. The government should encourage businesses to communicate their pricing strategies to the public and to provide this information to the CIO. Moreover, businesses should be prompted to make a public commitment to pass on any relevant FST savings to consumers. Those businesses who act as good corporate citizens in this regard should be duly recognized for their contribution to easing the transition from the existing tax regime. The Committee therefore recommends that:

The GST Consumer Information Office explore the feasibility of establishing a program to recognize businesses that make public commitments to pass on all federal sales tax (FST) savings to consumers.