

Combines Investigation Act

trade—were concerned primarily with the food trade, but I suggest that the reading of these reports and an analysis of the situations outlined in the reports leads to the conclusion that none of the findings is applicable only to one particular field of trade or industry alone. On the contrary, I suggest that the findings and conclusions are as valid with respect to the field of hardware distribution, or fountain pen distribution, as in the field of the grocery trade. Let me read some of the conclusions of the Stewart commission, volume 1 at page 36:

While we think that efforts to assure informative advertising should be intensified we also attach importance to the issue of opportunity for choice and particularly the opportunity for choice offered by a reduction in price. In many instances, promotional expenditures are undertaken as an alternative to a reduction in price. The significant feature of a reduction in price is that the buyer can, if she chooses, reduce her expenditure on the particular commodity and turn the released expenditure to other things. (It is true that in some cases a reduction in price would not reduce and might even increase consumer expenditure on the commodity.) Reduction of price gives the consumer the widest possible extension of choice among the things on which she will spend the income released. In our opinion, forms of non-price promotion which substitute for price reductions are detrimental to the welfare of consumers. The extent of this activity is evidence of an increasing reluctance on the part of business firms to offer reduction in prices.

I submit that there is not a word there which is not of general application to the field of trade generally. Again, I should like to refer to one passage in volume 2 of the Stewart commission report where it is said on page 59:

The corporate and voluntary chains have been able to draw heavily on suppliers for advertising allowances. In this way the chains have been able to pass back to suppliers part of the costs of advertising and thus to reduce the extent of these costs which must be borne by themselves; the division of costs is shifted even if total advertising costs are not reduced. The competitive position of the unattached independent store is affected in so far as these stores or the wholesaler supplying them are unable to extract the same terms from their suppliers.

I submit to you again, Mr. Chairman, that there is not a word there which is not of general application to the field of trade generally. In that light we came to the conclusion that the findings of the royal commission and the restrictive trade practices commission both supported the proposal that legislation should be introduced to deal with this kind of promotional allowance which had been found to be an unfair form of competitive device. May I also read this passage from the report of the restrictive trade practices commission's study at page 5:

Finally, the issues which were raised by complainants in wholesale and retail trade in the grocery field were in many respects the same as

those raised by complainants, primarily retailers and wholesalers, in other fields; hence the analysis that follows will deal with general problems that are common to a number of fields even though the problems may differ in magnitude and in detail from field to field.

I conclude that there is no real validity in the suggestion that this amendment is not capable of general application and should not be made of general application to industry and distributive trades generally.

I said in the committee, and I think it is proper to repeat here, that I feel that a great many of the complaints of uncertainty can be met, first, by the statement that there is some uncertainty in all legislation; second, but perhaps more importantly, by the suggestion that if people are uncertain how they are going to work out the system of making promotional allowances proportionate—which simply means fair as between those who purchase from them—well, then, it is not a bad thing to end the system of promotional allowances. I think what they are really saying is that they are uncertain how they can make it fair. If they are uncertain in that respect I suggest that the best possible course would be to refrain from granting promotional allowances so as not to be guilty of an infraction of the law.

While this might ordinarily be urged against me by way of argument as interfering with a trade practice, I would answer that at once by saying that here we have two reports, one of our standing commission on restrictive trade practices and one of a special royal commission, both of which found that the practice has in it inherent elements of unfairness and that in addition to that it had the undesirable feature that it tended to prevent genuine price reductions which would be passed on to and thus benefit the consumer.

This legislation, as I see it, will have one of two effects and possibly both. In the first place it will force those who make promotional allowances to give them fairly and thus restore the competitive position—the proportionate competitive equality—of those to whom they are granted. If it does not have that effect, then it may have the effect of discouraging the granting of promotional allowances, thus opening the door at least a little wider to the possibility of price reductions. In either or in both of those ways it will be of benefit to competition, the consumer and the economy generally.

The Deputy Chairman: On clause 33C.

Mr. McIlraith: Mr. Chairman, this clause deals with misrepresentations as to ordinary price. It seems to me there is no apparent reason why misrepresentations as to ordinary