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ECONOMIC COUNCIL OF CANADA

Interim Report

Consumer Affairs

and

the Department of the Registrar General

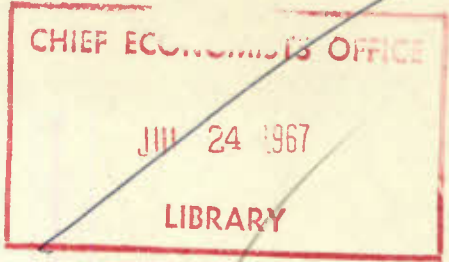
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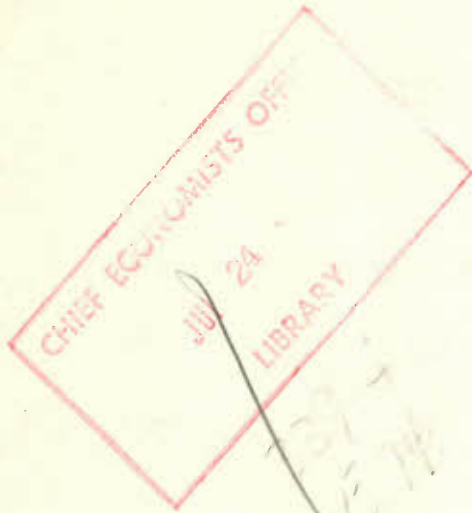
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CHAPTER 1

INTRODUCTION

In July 1966 the Government requested the Economic Council of Canada "in the light of the Government's long-term economic objectives, to study and advise regarding:

- (a) the interests of the consumer particularly as they relate to the functions of the Department of the Registrar General;
- (b) combines, mergers, monopolies and restraint of trade;
- (c) patents, trade marks, copyrights and registered industrial designs".

The Government requested the Council to press forward with this comprehensive study as swiftly as was practicable in order that appropriate legislation might be prepared thereafter with a minimum of delay. The Government also suggested that the Council make interim reports on such particular aspects of the study as it deemed appropriate to enable the Government to consider taking initial steps consistent with the general review. In the light of this request, and because the Council thought it appropriate to give high priority to part (a) of the reference, this interim report on "the interests of the consumer particularly as they relate to the functions of the Department of the Registrar General" is now being made. Work on parts (b) and (c) of the reference is in progress and will be the subject of later reports.

The Department of the Registrar General was established by the Government Organization Act proclaimed June 6, 1966. The duties of the Registrar General as outlined in the Act concern matters relating to combines, mergers, monopolies and restraint of trade; patents, copyrights and trade marks; bankruptcy and

insolvency; and corporate affairs. In the course of debate on the Act, the Prime Minister said:

"One of the matters which will have to be considered early in the establishment of the department of the registrar-general is to what extent it can further assist and protect the Canadian consumer.... The Department of Trade and Commerce, the Department of National Health and Welfare and the Department of Agriculture now have active consumer protection roles within their own departmental areas of responsibility, but there may be other areas in which the federal government can develop consumer protection programs and there may be a real need to co-ordinate what is being done now in a number of departments.

It is the Government's intention to ask the Economic Council to look at the field of consumer affairs, along with some of the other functions now to be undertaken by the registrar-general under the legislation before us, with a view to providing advice as to the courses of action that seem best suited to meeting the needs of the Canadian people and the Canadian economy in the consumer field."

In the time which has elapsed since the Council received this reference from the Government there have been a number of developments in Canada and abroad which have focused public attention upon consumer affairs:

- In the autumn of 1966, widespread consumer protests directed against rising food prices occurred in Canada and the United States. More than sixty centres in Canada witnessed spontaneously organized consumer protests.
- The Special Joint Committee of the Senate and the House of Commons on Consumer Credit, first established in 1964, was instructed by supplementary orders of reference in September 1966 "to also enquire into and report upon the trends in the cost of living in Canada and factors which may have contributed to changes in the cost of living in Canada in recent months". The Committee held a series of public hearings in Ottawa and other cities. Two reports

on its enquiries into changes in the cost of living were issued, containing a number of recommendations relating to consumer affairs. A final report on consumer credit was also issued.^{1/}

- In the same period a number of provincial governments proposed or enacted legislation expressly designed to protect or promote the interests of consumers.

These developments in Canada took place against a background of growing interest in consumer affairs in all Western countries and the widespread adoption of more active policies for protection and promotion of consumers' interests. They reflect the changing character of economic relationships in societies where change itself is becoming an increasingly dominant characteristic.

One hundred years ago, consumers making decisions were faced with a limited supply of goods and services, most of which were simple and familiar and many of which were produced or sold by people with whom the buyers were personally acquainted. A high proportion of consumer expenditures went towards the purchase of bare necessities. For many consumers today, this is no longer true. A very wide array of consumer goods and services is available, including many complicated products whose qualities are sometimes difficult to judge. Many more consumers now have incomes which permit discretionary expenditures and occasional experimental purchases beyond the level of necessities. For those who are not in this fortunate position, the changes in consumer goods and services have in some cases made their problems more acute. The market place itself has become more complex. Relationships between buyers and sellers are increasingly impersonal. Not only are there many different types of outlets from which the consumer can buy, but there are many new selling and purchasing techniques. There is a growing use of credit and of leasing arrangements. The pace of change itself is increasing, and new products, outlets, and methods of acquiring goods and services are common features of our economic life.

^{1/} See Special Joint Committee of the Senate and the House of Commons on Consumer Credit (Prices), Interim Report, December 20, 1966; Fifth Report, February 15, 1967; Sixth Report, April 25, 1967.

The Economic Council has not attempted to deal in this interim report with all the consequences of these changes. The work of the Council has focused upon the existing activities of the federal government which protect and promote the interests of consumers, the organization of these activities within the federal government, and their relation to the existing activities of other levels of government, business organizations and consumer organizations. Rather than present detailed solutions to problems in narrow areas, the Economic Council has attempted to see current problems in perspective and to propose improvements in the organization of present government functions in the consumer field. Work on part (a) of the reference (the interests of the consumer) will continue in conjunction with work on other parts of the reference concerned with such matters as combines, mergers, patents and trade marks. In reporting later on these other questions, the Council may well find occasion to add to what is said here, on an interim basis, about the interests of the consumer.

A word should be said about the nature of the research on which this report is based. Existing legislative and administrative functions of the federal government in the consumer field were reviewed, with particular attention being paid to the methods by which these activities are co-ordinated. Among other things, this involved many interviews with government officials whose co-operation and assistance we gratefully acknowledge. In addition, we reviewed current topics of concern to consumers, as expressed by private individuals, business and consumer organizations, both in briefs presented to the Council and on other occasions, including the hearings conducted by the Special Joint Committee on Consumer Credit (Prices). A survey of certain experiences and practices relating to consumer affairs in other industrial countries was also undertaken.

CHAPTER 2

THE INTERESTS OF THE CONSUMER AND PUBLIC POLICY

The consumer is the user of the final goods and services which the economy is organized to produce. It follows that:

- everyone is a consumer;
- the consumer's interest embraces all final goods and services, whether produced by private enterprise or by government;
- some final goods and services are typically consumed by individuals (food, clothing, information services such as broadcasting and advertising), others by households (cars, houses), and others collectively (fire and police protection, public education);
- some final goods disappear in consumption (food), and others are added to the possessions of individuals (clothing, books), households (appliances, cars), and society (hospitals, roads). As long as goods are in use they are within the scope of the consumer's interests. The consumer is not simply the purchaser of goods, but the ultimate user of the goods and services produced by economic activity;
- the services which the consumer uses may be personal (haircuts, information, product repairs, etc.), financial (borrowing, insuring, investing), or public (parks, police protection), and they may be used by individual consumers or households, or be consumed collectively;

- the possibilities of balancing and making choices between present and future consumption are an integral part of the consumer's interest;
- the interests of the consumer thus embrace all the factors likely to affect the composition and magnitude of the economy's output of final goods and services, now and in the future. The consumer is interested in the achievement of a rapid increase in the country's total production; he is also interested in the pattern of uses into which that production flows.

Public Policies in the Consumer Field

In the light of the above, what activities of government are likely to be of particular interest to consumers?

Two broad classes of such activities may be distinguished:

- those affecting the economy's total capacity to produce goods and services; and
- those affecting the uses to which productive capabilities are put.

The first group of public policies is directed towards the simultaneous achievement of the Government's long-term economic objectives: full employment, rapid economic growth, reasonable price stability and a viable balance-of-payments position. These performance goals for the economy have been established so that efforts will be directed towards realizing potential real output, and hence towards the attainment of the highest possible real incomes.^{1/} The consumer interest obviously embraces these goals, which are essentially directed towards enhancing consumption possibilities, but it extends beyond them to embrace another set of public policies concerned with the composition of output, or the uses to which the productive resources of the economy are being put.

^{1/} See Economic Council of Canada, First Annual Review: Economic Goals for Canada to 1970, December 1964. A fifth goal, an equitable distribution of rising incomes, bears less directly on the magnitude of output.

Policies in the second group are directed towards the achievement of a flow of final output which is safe, satisfactory, and responsive to the needs and desires of consumers. In a highly specialized economy, individual or household income must be converted into the desired goods and services which, along with the preferred amount of leisure time, constitute standards of living. For the most part public policies of this second type are designed to work indirectly, by improving the efficiency with which incomes may be converted into desired goods and services. Such policies are necessary because increases in real income and total consumption do not necessarily result in commensurate improvements in living standards. The following questions, for example, need to be answered before it can be known whether higher standards of living are likely to result from an increase in output:

- What form has the increase in output taken? Would consumers have preferred something else? Did consumers have sufficient information to make informed choices? Could the same products have been made available at lower prices?
- Supposing the consumer has bought what he wants, how well does the article function in use? What is its frequency-of-repair record? Does it expose the user to unnecessary hazards?
- To what extent do increases in the sale of certain consumer goods and services (e.g., transportation to work) represent real gains in satisfaction, and to what extent are they necessary merely to offset such things as the growing inconvenience of living in congested urban areas?
- Has the increase in output been achieved at a cost in leisure which is greater than the value attached to the increased output?

Such questions indicate that the performance of the economy cannot be judged exclusively by the behaviour of total output and income. From the standpoint of the consumer, there are additional criteria which are important in determining living standards and which must be considered in any judgment of how well the economy is serving the consumers, who are its fundamental raison d'être.

Thus, "the interests of the consumer, in the light of the Government's long-term economic objectives", are only served to the degree that the growing productive capabilities of the economy are in fact converted into improvements in living standards.

The major responsibility for seeing that an efficient conversion of this kind takes place devolves in our society upon business and consumers themselves. But there are certain government policies which help the process along. These are policies which are not primarily directed towards raising total income and consumption expenditure but towards enhancing the probability that household money incomes will be efficiently transformed into desired goods and services and that productive resources therefore will not be used wastefully.

An important set of public policies already exists in Canada for the purpose of enhancing the effectiveness of each household's conversion process. Laws which prohibit or regulate the sale of goods and services likely to endanger health and safety, laws prohibiting fraud and misrepresentation and laws demanding or encouraging the disclosure of pertinent information to the consumer are in this category. So also are laws designed to ensure that production is responsive to consumer choice by prohibiting undue restrictions on competition, laws providing for government production of specific goods and services, or for regulation of particular industries.

Opinions vary about how far government should go in its efforts in this general area. These differences of opinion may reflect general differences in approach to governmental prohibition, regulation, or encouragement of economic activity, or they may be related to the performance of particular industries, or to particular selling practices. As indicated earlier, the Economic Council has not attempted, in this interim report, to define precisely the boundaries of an appropriate role for the federal government in the consumer field, having regard to both constitutional and other factors. Instead, the report focuses on the question of how to achieve a more effective application and a more efficient co-ordination of existing policies, within the field of federal government responsibilities as defined and interpreted under the British North America Act.

In drawing up this report, we had in mind certain considerations which should be made explicit at the outset:

- The greatest possible freedom of choice should be preserved for consumers, so that each individual or household is free to choose the component parts of its way of life or standard of living, within the bounds of the law.
- Consumer choice should be the ultimate arbiter of which goods and services are produced and continue to be produced.
- Government regulation of the processes of production and exchange, except when matters affecting health, safety, or economic fraud are at issue, should only occur when alternative methods of seeking objectives are not available or have proved to be ineffective.
- The growth of the governmental bureaucracy should be kept to a minimum consistent with efficient and effective administration of legislation.
- It would be a serious mistake to base public policies upon a presumption of inevitable conflict between the interests of Canadian consumers and producers. Both producers and consumers have a common interest in high and rising levels of output and in assuring consumer satisfaction with particular products. One of the features which has emerged from the Council's study is the degree to which co-operation between business organizations and consumers is developing in Canada, and the degree to which both business organizations and organized consumer groups are seeking improved channels of communication with each other. The growing use of codes of ethics and other forms of self-regulation by business bear witness to this mutual interest.

CHAPTER 3

PRESENT FEDERAL GOVERNMENT ACTIVITIES IN THE CONSUMER FIELD

The purpose of this Chapter is to outline briefly the present extent of the major federal government policies and programmes which are most directly concerned with consumer affairs. The main objective of these measures, which are fairly considerable in number, is to set out certain basic requirements which consumers can normally expect to be observed when they shop for and use goods and services.

Before proceeding to examine these matters, it is necessary to emphasize one point in particular. All of these federal government activities have evolved in the light of the division of legislative responsibilities under the Canadian constitution. In some cases, such as weights and measures, the British North America Act has assigned specific responsibility to the federal Parliament. In other cases the activities arise from the more general federal responsibility for criminal law. A leading example here is the Food and Drugs Act. Still others have developed under federal responsibilities for regulating trade and commerce of an interprovincial or international character. Typically, these activities must take account of provincial legislation affecting intraprovincial trade in the same product areas. In addition, there is an important area of concurrent jurisdiction, the field of agriculture, in which both federal and provincial legislatures may make laws of major significance to consumers.

There are also many areas of concern to consumers which come entirely within the constitutional responsibilities of the individual provinces, especially those which are closely related to property and civil rights. These include the nature of contractual relationships between buyers and sellers, the regulation of many forms of commerce conducted on a purely local or provincial basis, and the incorporation of companies with provincial objects. Finally,

the provinces have delegated to municipalities responsibility for a variety of laws affecting consumer interests.

Thus under the Canadian constitution no single level of government has jurisdiction over all the matters in which consumers are interested. Each level of government undertakes a number of activities affecting consumers, and the degree of protection afforded any individual Canadian can and does vary significantly from one location to another within the country. It is clear that a satisfactory over-all approach to this important area of public policy can only be fully developed through effective co-ordination and co-operation among the federal, provincial and municipal authorities concerned. We will return to this vital matter again later in this report. In this Chapter, we are concerned essentially with those activities over which the federal government exercises jurisdiction under the present distribution of responsibilities.

There are, however, some important areas of interest to consumers where the federal government has responsibilities but which do not fall within the scope of this Chapter. For example, we do not attempt to deal with such matters as policies affecting over-all levels of economic activity, matters relating to combines, the regulation of rates in transportation and communications. Rather, the policies and programmes which concern us here are those whose principal objective is to influence the framework for normal day-to-day relationships between business and consumers. These various functions and responsibilities are based on a wide range of legislation. They have developed over several decades and are scattered almost haphazardly through a large number of government departments and agencies. In many cases they have emerged as the result of the pre-occupations and efforts of these departments. The present distribution of policies and programmes thus inevitably reflects the lack of a co-ordinated approach to consumer affairs in the past. The functions of certain departments overlap to a significant extent, and some programmes may attempt to fulfil several purposes, not all of which are directly related to consumer interests as such.

In the circumstances, it is not surprising that there are no simple and clear-cut categories into which all these programmes and policies will fall. Nevertheless, taking the consumer's point of view, it appears that they attempt to serve one or more of the following objectives:

- (a) protection against fraud and deception;
- (b) protection against hazards to health and safety;

- (c) promoting the development of suitable quality standards and grades;
- (d) providing information of assistance to consumers.

For families to whom every penny counts, these measures are obviously of very immediate concern. Indeed, the efficiency with which they are carried out will have a direct bearing on consumer confidence in the operations of our market economy.

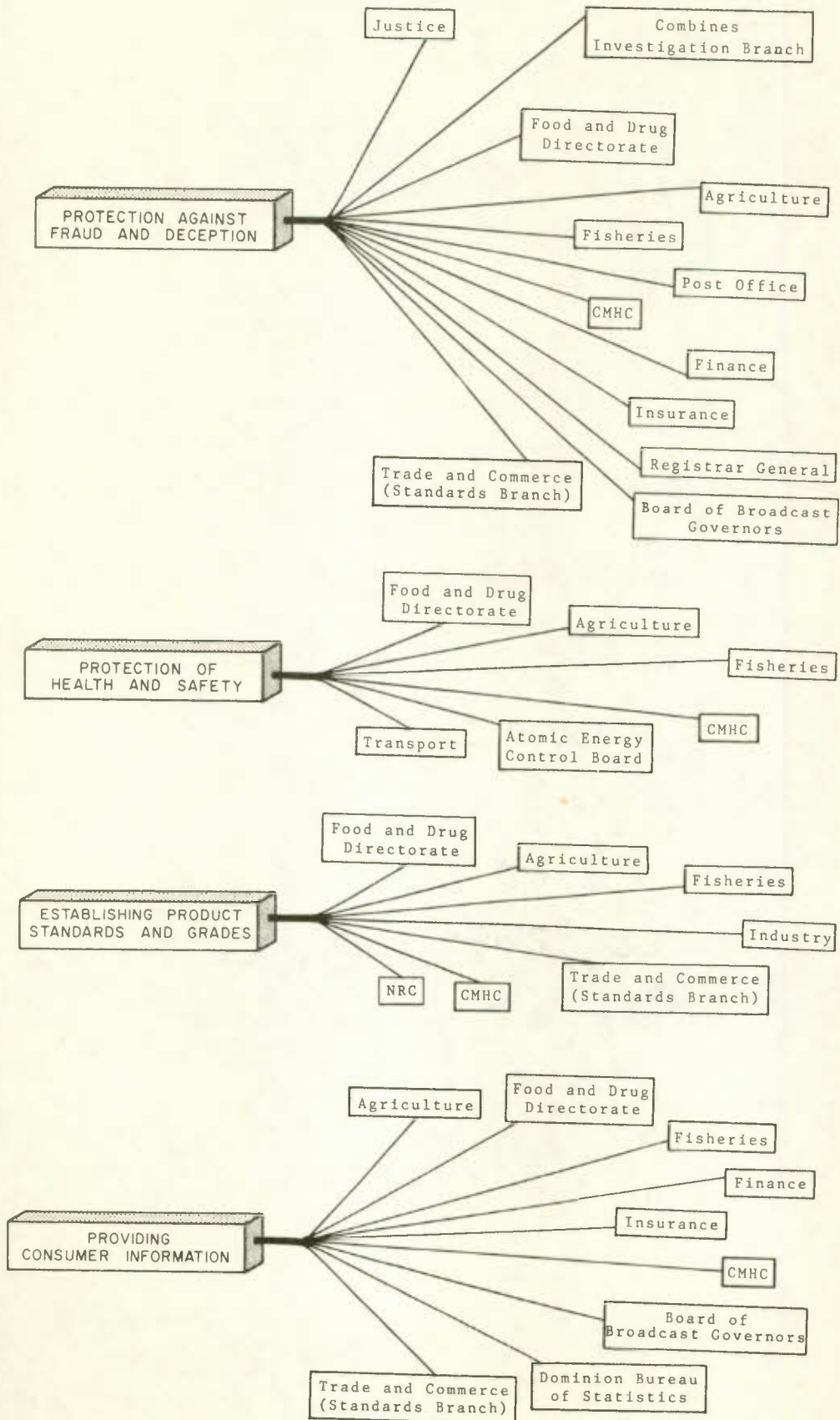
The existing distribution of a number of federal government activities affecting consumers is illustrated in Chart 1. These measures are described in greater detail in the Appendix to this report. What follows in this Chapter is of necessity a highly condensed summary of this activity.

Protection Against Fraud and Deception

One key piece of federal legislation is the group of general criminal code provisions against fraud, deception and misleading sales techniques. For the most part, enforcement of these laws has been left to provincial governments, but a number of federal agencies do have responsibilities for enforcement activities based on criminal law. For example, there are prohibitions against fraud and deception in the food and drug legislation administered by the Department of National Health and Welfare. The Combines Investigation Act contains a section directed against misleading price advertising. The Royal Canadian Mounted Police is actively concerned with the suppression of counterfeit money, and the Post Office engages in a number of activities to prevent the use of the mail for criminal purposes.

In addition, under the constitution, the Standards Branch of the Department of Trade and Commerce has a particular responsibility for ensuring the accuracy of weights and measures used in commerce. The Broadcasting Act provides that the Board of Broadcast Governors may make regulations respecting the character of advertising on radio and television. Under federal responsibilities for trade and commerce, the Departments of Agriculture and Fisheries also attempt to prevent the use of deceptive descriptions of the quality of a variety of food products. Similar provisions exist in regard to the sale of certain other specified commodities and services. However, no single federal agency is regularly concerned with assessing and ensuring the over-all adequacy of enforcement activities to prevent fraud and deception. There seem to be some areas in which enforcement is virtually non-existent.

CHART I
EXISTING DISTRIBUTION OF
FEDERAL GOVERNMENT ACTIVITIES
AFFECTING CONSUMERS



Protection of Health and Safety

A number of measures have been adopted to protect the health and safety of consumers. This is a major concern of inspection and regulatory activities carried on by the Food and Drug Directorate and the Departments of Agriculture and Fisheries. The Department of Transport and its various agencies have responsibilities relating to the safety of air, rail and marine transportation services. Some activities, such as the sale of narcotics and prescription drugs, are regulated in great detail. In other areas, enforcement is focused on setting minimum safety standards which have to be observed. This is a very complex field in which a high degree of technical competence is essential for effective administration. At the same time, although considerable effort has been made to achieve close working relationships among agencies with overlapping responsibilities, divided jurisdiction can and does create difficulties in administration. For example, there seem to be significant gaps in the retail inspection of meats. In addition, there are some areas, such as automobile safety, in which no federal department has had clear responsibility for investigating whether there is need to revise existing policies.

Establishing Product Standards and Grades

Several departments have been concerned with promoting the development and use of widely accepted standards and grades to indicate product quality and safety. Apart from the few instances where standards have been imposed as the necessary part of regulatory activities, most have been developed with the active co-operation of representatives of the producers concerned. Occasionally they have involved active consultations with consumers and users as well. The most important agencies in this field have been the Food and Drug Directorate, the Departments of Agriculture and Fisheries, and the Standards Branch of the Department of Trade and Commerce through its activities under the National Trade Mark and True Labelling Act. There are also the important provisions of the National Building Code developed by the National Research Council in co-operation with the Central Mortgage and Housing Corporation and other interested bodies, as well as the incidental consumer benefits derived through the operations of the Canadian Government Specifications Board in setting standards applicable to purchases by the federal government for its own use. These programmes supplement many private activities of a similar nature, such as those of the Canadian Standards Association.

The use of standards and grades is not applicable in every area of interest to consumers. But there are a number of areas where standards and grades can and do act to provide buyers with an objective source of useful information and guidance. They also serve as a means by which responsible members of an industry may move to prevent the sale of products of an unacceptable or dangerous quality.

In the future the development of standards work in Canada will also be influenced to an increasing extent by the trend towards the wider use of standards and grades in many areas of international trade in which this country has a vital interest. We understand that the Government is currently giving intensive study to its policies and programmes in the field of standards and grades. One of the possibilities which has been mentioned is the establishment of a new widely representative body at the national level to develop a more co-ordinated approach to standards work on a voluntary basis. We would commend such a development. Standards work should not be left to government alone; there should be active participation by both producer and user groups if the future development of standards is to be fully effective and able to meet changing needs over time.

Providing Consumer Information

Many government departments have policies and programmes designed to provide information of assistance to consumers. In part this is done through labeling requirements which stipulate the information that must be shown on packages or containers. Moreover, the consumer service branches operated by a number of agencies, including particularly the Food and Drug Directorate and to a more limited extent the Departments of Agriculture and Fisheries, provide information helpful to consumers. In addition, some financial support has been provided for the work of the Consumers' Association of Canada. Recently the Department of National Health and Welfare has begun to provide support for studies and experimental programmes in the field of credit counselling services for low-income families. Requirements also exist for business firms to make public certain information regarding their operations. However, the present consumer information services are not conducted on a co-ordinated basis, and there does not seem to be an over-all policy in this area. Also, some agencies such as the Dominion Bureau of Statistics provide information intended mainly for

other purposes which is also of great potential value to consumers, but frequently more could be done to put it into a form which meets consumer needs.

Protection in Financial Transactions

The consumer is also afforded some protection in his financial dealings, including borrowing, saving, insuring and investing, with institutions coming within federal jurisdiction. Among other purposes, legislation in this area serves to provide for inspection and regulation to ensure minimum standards of performance, for measures to prevent fraudulent activities by unscrupulous operators, and to encourage the dissemination of reliable information to assist the public to make informed decisions regarding their financial transactions.

* * *

Our survey of these current activities has left us with two main impressions. The first is that many of these programmes have arisen as ad hoc reactions to periodic crises or pressures in particular problem areas. Consumer protection programmes are generally carried on in departments whose primary concern is with other matters, and in some cases they have not always been given adequate attention. In certain instances, lack of staff appears to have hampered enforcement. We have been very much impressed, for example, by the rapid expansion in the staff of the Food and Drug Directorate which occurred after the thalidomide incident. Although their scope is very wide, the existing responsibilities are widely diffused and are not the result of a coherent over-all plan. There has in fact been no single part of government which has had specific responsibility for the essential task of providing a continuing review and assessment of the total package of policies and programmes relating to consumer affairs.

Our second impression is that there has been no effective means for ensuring efficient co-ordination of the administration of these programmes. Those who bear responsibility for their administration seem to be engaged in an uneven battle against the problems of duplication and gap-closing. In the present maze, there is a great risk of making an unwarranted, but understandable, assumption that "somebody else" is taking responsibility for a specific matter. At the same time, a number of different departments may be drawn more or less independently into closely related activities which would seem more suited to administration on a co-ordinated basis.

Two specific examples illustrate the present lack of co-ordination:

- (a) Not only are existing responsibilities scattered widely among different departments and agencies, but published information about them is generally sparse. Indeed, it frequently requires a very considerable research effort even to find the precise location of existing responsibilities. As a consequence, both consumers and businessmen are frequently puzzled about where they should go with complaints and requests for information and guidance. When their inquiries are misdirected, replies may be inadequate or at least needlessly delayed. There is a pressing need to improve the channels of communication between the government and the public regarding programmes in this area.

- (b) A number of policies require retail inspection services for effective administration. For some time, at least three agencies have been concerned with making periodic visits to retail food stores for the purposes of their own programmes: the Food and Drug Directorate, the Standards Branch of the Department of Trade and Commerce, and the Department of Agriculture. The latter department in particular has a very extensive programme involving regular inspection of agricultural products in stores in large urban centres which account for roughly 65 per cent of total retail food sales. Recently, the Department of Fisheries initiated a retail inspection service in Montreal and is considering extending it to other cities. The present organization of retail inspection services raises the distinct possibility of unnecessary duplication, and it would appear that these services could be carried on more efficiently by co-ordinating them within a single inspection service. Where feasible, individual inspectors could be trained to perform a larger number of functions during the course of their visits to retail establishments.

The present organization of federal government programmes and responsibilities inevitably gives rise to considerable confusion and frustration for consumers, businessmen and government officials

alike. It also raises the possibility of serious gaps developing in essential programmes. It is a tribute to the dedication of the government officials concerned that they have made these programmes operate as effectively as they have. Certainly there have been few complaints regarding the competence of the public servants involved -- rather the complaints have concerned the organizational labyrinth in which these public servants must work. Clearly changes are necessary to improve the co-ordination and efficiency of administration of the laws which are now on the books, if the public is to be assured that this legislation is adequately fulfilling the objectives for which it is intended. There is also a need for continuing research to detect and deal with emerging problems before they reach crisis proportions.

CHAPTER 4

RECOMMENDATIONS

High standards of performance in the Canadian economy -- including particularly the maintenance of high employment, strong productivity growth and reasonable price stability -- will provide a basis for achieving important and continuing improvements in consumer welfare and real living standards. However, these improvements will only be realized fully and effectively if adequate attention is paid to the process of relating productive efforts as closely as possible to the needs and aspirations of consumers. To a large extent this can be achieved by the operation of flexible markets sensitive to changing consumer preferences. But there are some areas in which an active and continuing concern with public policies designed to protect and promote consumer welfare would lead to improvements in living standards. More generally, consumer welfare will also be enhanced by measures which seek to improve consumer information, education and understanding.

The establishment of the new Department of the Registrar General, with important responsibilities for consumer affairs, provides an opportunity to improve the effectiveness and efficiency of federal government policies and programmes in this area. This new Department can play an important role in focusing attention on the needs and wishes of Canadians as consumers and in bringing these to bear directly on the wide range of government activities which provide the framework in which both businesses and households conduct their affairs.

This function of protecting and enhancing the consumer interest is widely diffused throughout the federal government, reflecting a piecemeal and ad hoc development of programmes in the past. At the present time a lack of co-ordination between the work of different departments and gaps in consumer protection are evident in several areas. The recommendations which follow are designed both to close these gaps and to lead to a more efficient administration of consumer programmes through improved

co-ordination of functions. The implementation of these recommendations does not require a vast expansion in government activity and in the size of the bureaucracy. Any such tendencies should be strongly resisted as being neither necessary nor wise.

1. Responsibilities of the Registrar General

(a) Co-ordination

In view of the wide scope of consumer interests and the many departments which are engaged in activities affecting consumers, there is no possibility of concentrating all these activities in a single department, nor would it be desirable to try to do so. A great improvement in present methods of co-ordination is necessary, however, and for this purpose we recommend the establishment of an Interdepartmental Committee on Consumer Affairs under the chairmanship of the Deputy Registrar General. The Committee should include the Deputy Ministers of Trade and Commerce, National Health and Welfare, Industry, Agriculture, Fisheries, Insurance, Finance and Justice, and such other departments as have a continuing interest in consumer matters. In such matters as food, pesticides, consumer credit, consumer goods standards and trade practices, where responsibilities are widely distributed, such co-ordination is imperative for efficient administration. This Committee should have a permanent Secretariat within the Department of the Registrar General which would assist in the work of the Committee and in keeping the Minister informed of federal government activities in the field of consumer affairs.

(b) Information and Research

The Secretariat to the Interdepartmental Committee, under the direction of the Deputy Registrar General, should also be centrally responsible for dealing promptly and adequately with consumer queries directed to the federal government. At the present time there is no single office to which these inquiries may be addressed. The complicated interlocking of departmental responsibilities, which in most cases appears to rest on the basis of informal and unrecorded working agreements developed over time, has led many consumers and businessmen to record their frustration. We have been informed, for example, of delays of many months' duration in responding to consumer inquiries. The designation of an appropriately titled officer associated with the office of the Secretariat to handle consumer inquiries should make it possible to deal more effectively with this important matter.

The Registrar General's Department should be responsible for co-ordinating all consumer information programmes of the federal government, whose basic purpose should be to assist consumers in making more informed spending decisions so that the productive resources of the economy may be used to the best advantage. This programme should also be directed towards informing consumers of the scope and purpose of federal government legislation in the consumer field. The implementation of this programme on a regional basis, as is currently the practice in the Department of Fisheries and the Food and Drug Directorate, should be continued and developed through the existing regional offices.

This information programme should be supported by a programme of research into consumer problems, both those which exist now and those which are likely to arise in the future. In a society where dynamic technological, economic and social change have become a way of life, new problem areas which cannot be foreseen now will inevitably emerge in the years ahead. This requires, first of all, continuing research into developments of direct concern to consumers and, secondly, a flexibility in the development of policy and institutional arrangements which permits appropriate action to be taken promptly as new needs arise. The development of suitable research programmes and facilities should therefore become a responsibility of the Registrar General.

(c) Representation of Consumer's Point of View

The scope of federal government activities affecting consumers' interests has already been indicated, but in many instances the effects of these activities in protecting or enhancing consumer welfare have been incidental to other purposes, and their importance to consumers never clearly articulated. It should be the responsibility of the Department of the Registrar General to inquire into the effects upon consumers of any proposed government policies or regulations which have a significant relationship to consumer interests, to serve on interdepartmental committees, and to be prepared to express the consumer point of view on appropriate occasions. It is clear that there will be timely implementation of appropriate policies in the field of consumer affairs only if informed spokesmen for consumers are present to participate in the early stages of the Government's consideration of these matters.

(d) Administration

One of the Department's functions would be to administer certain existing legislation which is of general importance to all consumers. The Registrar General already administers legislation relating to patents and copyrights, trade marks, combines, and other matters. The Economic Council has carefully considered the advantages and disadvantages of transferring responsibilities for other existing federal government functions to the Registrar General and recommends that at the present time only a few such transfers be made. This decision should, however, be subject to review after a period of experience in the operation of the new Department of the Registrar General. At that time, in the light of what has been achieved in the way of improved performance and co-ordination of consumer functions by the federal government, the question can be considered of whether further transfers of such functions to the Registrar General should be made. If the present recommendations of the Economic Council are accepted, they should not require any significant net growth in the federal public service. Our emphasis is on the improved organization, rearrangement and co-ordination of activities, and not on the proliferation of staff engaged in these functions.

i) Weights, measures and standards

Responsibility for ensuring the accuracy of weights and measures and for administration of the National Trade Mark and True Labelling Act, as well as certain other legislation to protect buyers, is now the function of a self-contained branch within the Department of Trade and Commerce, the Standards Branch. The Economic Council recommends that these responsibilities now be transferred to the Department of the Registrar General, where they would form the focal point and provide the experienced personnel for a number of the co-ordinating activities in standards work which the Registrar General's responsibilities will demand.

The field of standards may be expected to become increasingly important to Canada with the growing use of standards in international trade, and one of the most rapidly growing areas in this field is that of consumer goods standards. It is important that Canadian consumers and producers and manufacturers of consumer goods be able to participate fully in these developments both nationally and internationally. As we noted earlier, there is much that can be done to encourage and extend voluntary private activities in the field of standards. We believe this could be one of the main purposes of a national

co-ordinating body. Composed of representatives of government, business and consumers, such an organization could focus on the development of general policy at the national level. While responsibility for the development of new and revised standards could remain with existing standards-writing bodies, their work should benefit and be made more effective through the greater co-ordination which would result from their participation in a national organization. We believe that the Department of the Registrar General should play a prominent and continuing role in fostering and supporting the work of any new widely representative standards organization. In addition, although many of the Government's own activities in the development of standards would continue to be located in other departments, the Registrar General should have a basic responsibility for ensuring that consumer interests are effectively represented in this work.

ii) Retail inspection services

Under present arrangements, a number of government departments are involved in carrying out inspections of retail stores to enforce various legislative provisions. These include the Standards Branch of Trade and Commerce (to ensure accuracy of weights and measures) and the Departments of Agriculture and Fisheries (mainly to check on such matters as product displays and the use of grade designations). The latter two departments both plan to expand their activities, which would lead to a proliferation of inspections. It would appear that inspection activities at the retail level could be carried on more efficiently by combining them within a single inspection service located within the Department of the Registrar General. We therefore recommend that the Registrar General assume responsibility for the retail inspection services now administered by the Departments of Agriculture and Fisheries, and co-ordinate these with such work of the Food and Drug Directorate as is carried out in retail food stores. These services in turn should be co-ordinated with inspections in retail outlets which are currently undertaken by the Standards Branch.

To be effective, of course, retail inspection services must have close links and easy communications with other government branches which are concerned with the same products at earlier stages in the production and distribution process. A high priority should be given to the development of efficient working relationships of this kind, and this should become an early responsibility of the proposed Interdepartmental Committee on Consumer Affairs.

iii) Financial matters

The consumer who desires to borrow, lend, invest or insure is provided with certain types of protection by the federal Departments of Finance, Insurance and the Registrar General, and by provincial authorities. Constitutional issues make this a very complicated field which, with the recent rapid expansion of responsibilities at both levels of government, is in a state of flux. The Royal Commission on Banking and Finance recommended a reorganization of departmental responsibilities in the area. The Economic Council would concur with the opinion that there appears to be some need for reorganization, but for the present we propose to confine our recommendations to two matters which should become the responsibility of the Registrar General.

- The Registrar General should be fully informed on financial matters of interest to consumers even though much of the responsibility for these may lie outside his Department. In particular he should be conversant with the concerns of the recently established federal-provincial committee on financial institutions and securities regulation.

- The Registrar General should assume the initiative within the federal government for co-ordinating the work now in progress in the field of consumer credit. He should see that the federal government's share of responsibility in the necessary job of informing the public of recent changes in disclosure provisions is promptly undertaken. Some forms of consumer protection are largely ineffective unless the consumer is aware of their existence before he enters upon a transaction. The interest rate disclosure provisions which now appear in the Bank Act and in some provincial legislation are of this sort, as are the "cooling-off" provisions now in force in some provinces.^{1/} It is appropriate that the minister responsible for consumer affairs assume the responsibility for the consumer information programme at the federal level in the field of consumer credit. For the time being

^{1/} The so-called "cooling-off" period is the time, usually two to five days, during which householders may cancel agreements made with door-to-door salesmen for the purchase of goods or services on credit.

at least, it seems desirable that the inspection and regulation of companies operating under the Small Loans Act be left with the Department of Insurance. However, consideration might be given to transferring this supervisory function to the Department of the Registrar General after it has an opportunity to develop its staff and programmes.

iv) Deceptive trade practices

There is now no single unit in the federal government which is responsible for the co-ordinated enforcement of existing prohibitions against economic fraud and misrepresentation, although such prohibitions are contained in a number of Acts of Parliament:

- Section 33C of the Combines Investigation Act specifically prohibits misleading price advertising.
- The Trade Marks Act contains broad prohibitions against unfair trade practices.
- The Food and Drugs Act and Regulations, although directed mainly towards protecting consumer health and safety, also contain provisions concerning economic fraud in the sale of food and drugs.
- The Criminal Code has a number of sections relating to fraudulent or misleading trade practices.
- The National Trade Mark and True Labelling Act includes a section prohibiting untrue or misleading descriptions of specified commodities.

The lack of a single administrative agency within the federal government responsible for co-ordinating the administration of these prohibitions against deceptive trade practices has resulted in significant differences in the stringency of enforcement, and in some cases to virtually no enforcement at all. We therefore recommend that legislation be drafted to provide for an administrative unit in the Department of the Registrar General whose chief concern will be the efficient administration of these provisions. Such a unit would enable the federal government to co-operate more effectively with provincial governments in controlling fraudulent practices that damage the welfare not only of consumers, but of responsible business firms as well. It would be expected to work closely with other departments

having related responsibilities, to carry out appropriate studies and investigations, and where necessary to recommend prosecutions. The activities of this branch could be one of the most significant consumer functions of the Registrar General.

* * *

The Council has also considered the possibility of whether a number of other legislative and administrative programmes in the federal government should be transferred to the Registrar General. However, we do not feel that such additional transfers are called for at the present time.

In particular, the advisability of transferring all the activities of the Food and Drug Directorate to a department whose major concern is with consumer affairs was carefully assessed. The Food and Drugs Act is specifically directed towards consumer protection, and covers products which account for a significant share of total consumer expenditure. In many respects, this legislation has served as a model for other countries, and it has been administered by dedicated and competent personnel. However, enforcement of the existing laws has been hampered by lack of staff, and the laws themselves and the accompanying regulations have tended to lag behind technological change. Also, the Food and Drug Directorate is not the only branch of the federal government administering food laws. There are considerable overlaps with the administrative responsibilities of other federal departments and other levels of government, but at the same time there are also gaps. The very complexity of Canada's food laws and the confused lines of responsibility which have arisen over time are attributable to a number of factors: to the sharing of administrative responsibilities amongst several departments, to the fact that some of the federal laws come under the power to legislate in criminal matters and others under interprovincial and international trade powers, and to the sharing with the provinces and municipalities of certain responsibilities for protecting the health and safety of consumers. We have concluded therefore that a simple transfer of the present responsibilities of the Food and Drug Directorate alone would be inadequate to resolve the administrative difficulties which characterize Canada's food and drug laws.

To ensure that the health and safety of Canadian consumers is adequately protected in this rapidly changing area, as well as for the sake of economy in government spending through improved co-ordination, we would urge that:

- (1) high priority be given to a thorough review of food and drug legislation and its administration -- a review which would be undertaken with the help of appropriate professional and technical advice and in which the Department of the Registrar General would take an active and significant part; and
- (2) the question of transferring the activities of the Food and Drug Directorate to the Registrar General's Department remain open. There has recently been an increasing number of intradepartmental contacts between the Food and Drug Directorate and other branches of the Department of National Health and Welfare, and higher priority has been given to the work of the Directorate within the Department in recent months. Both developments tend to argue against transferring the Directorate at the present time, but we nonetheless recommend that a final decision await the results of the proposed general review of food and drug legislation in the light of recent technological and other developments.

In summary, the proposed functions of the emerging Department of the Registrar General in the field of consumer affairs are co-ordination, research and information activities, representation of the consumer interest, and the administration of a limited number of laws affecting both trade and financial matters. It is not anticipated nor intended that a substantial increase in the size of government staff should be necessary to perform these functions satisfactorily.

2. Federal-Provincial Co-operation

In view of the complex jurisdictional questions which arise in almost every area within the consumer field, co-operation between federal and provincial governments and between the provinces and their municipalities is necessary if consumers are to have adequate protection, especially in matters relating to health and safety, and to economic fraud. The Economic Council recommends that all departments of the federal government, including the Registrar General's Department, undertake to work closely with the provinces in matters of concern to both in the consumer field. The Department of the Registrar General should at all times be kept informed of these discussions as a basis for ensuring appropriate co-ordination at the federal level.

3. Private Activities

Voluntary action by firms, industries and private associations has led to the adoption of a number of policies which afford protection to consumers. The Consumers' Association of Canada, the Better Business Bureaux and a number of other organizations have played a leading role in this field. Such groups have for some time been actively engaged in valuable work which is directed towards improving the effectiveness with which households, and particularly low-income households, convert their incomes into goods and services. In so far as these activities complement the federal government's consumer policies, such organizations should be encouraged in their private efforts and receive close co-operation from federal government authorities.

4. A Canadian Consumer Advisory Council

It is clear that the range of consumer interests is so wide and so diverse that it is not possible for a single department of government, or indeed even a single level of government, to deal effectively with all of them. Also, there is much that consumers themselves and business representatives can do to enhance consumer welfare, provided necessary information is available and there is a suitable means for promoting wider discussion and understanding. For these reasons, the Economic Council considers that an essential complement to the governmental functions outlined above is an independent advisory council on consumer affairs. We therefore recommend that the Government establish such a council at the same time that the Registrar General assumes increased responsibilities for consumer affairs.

We would think that the council might be composed of about fifteen private citizens, drawn from all regions of the country and having a strong personal interest in consumer affairs. Some of these members should be appointed in consultation with organizations already active in this field. In order to promote effective consultation and communications, some of the membership of the council should also be drawn from producer and distributor interests. The council should have a full-time chairman and a small secretariat. To avoid unnecessary duplication, the council should draw upon the assistance of the staff and resources of the Department of the Registrar General for the research, information and administrative services which it requires to carry out its duties effectively.

It would be the duty of this independent council to advise the Government, through the Registrar General, on matters related to

the particular interests of the consumer in the Canadian economy, especially as these may be affected by public policies in the field of consumer affairs. It should have the continuing task of studying and where necessary recommending changes in government policies and programmes affecting consumer affairs, and of reporting on specific matters referred to it by the Government. In addition, the council would be expected to foster and promote appropriate channels of communication between producers, sellers and consumers, and to provide a forum for a more informed discussion and regular exchange of views on matters affecting consumer affairs. The council would also review the developments and needs regarding research, information and education on consumer matters, and should publish an annual report reviewing generally developments of interest to consumers as well as such other studies and reports as would serve to promote wider understanding of matters of special importance to consumers.

Among the matters on which the council's advice should be sought would be those arising from the proposed comprehensive study of Canada's food and drug laws and their administration discussed above. We would hope, too, that the council would concern itself in a continuing way with what is one of the most difficult problems facing consumers in the market place: how to obtain the information required to make informed choices. For the most part, the market place is relied upon to allocate resources in response to consumer demand. The effectiveness of consumer demand in guiding this allocation is impaired, however, when suitable information is lacking. Some of the most frequent consumer complaints concern the difficulty of obtaining accurate and unbiased information, on a comparable basis, about the price, quality, quantity, composition and probable performance of many consumer goods. This is a complex question in which the appropriate roles for governmental and private activity are not well defined. It is, however, a matter which must receive adequate attention if households are to enjoy the highest possible living standards and the productive resources of the economy are to be used most effectively.

Conclusion

The above recommendations constitute a number of practical steps towards better organized and more effective consumer policies in Canada. Among other things, they give to the Department of the Registrar General, in the field of consumer affairs, a central co-ordinating role within the federal government and a coherent group of operating responsibilities. This should help to provide a sound administrative base for the future pursuit of consumer policies.

We found that the experience of other countries with consumer policies was of only limited usefulness in helping to formulate recommendations for Canada. This was partly because of institutional and constitutional differences between Canada and other countries, and partly because not enough time has elapsed to permit a proper assessment of the experience with many of these relatively new policies.

Under these circumstances, we believe that a good deal of flexibility should characterize the development of Canadian policies in the consumer field. In general, when new consumer problems arise, it would be well to resort first to improving and increasing communications between the various interested parties. This should precede legislative remedies, and may in many cases result in voluntary actions that would make legislation unnecessary. Moreover, legislation itself should be subjected to periodic review as the nature of problems changes. It is clear from the experience of other countries that there are many methods of dealing with problems in the consumer field, and that a flexible approach emphasizing effective solutions will be more appropriate than one characterized by rigidities and doctrinaire formulas.

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W. Ladyman	International Vice-President, International Brotherhood of Electrical Workers, Toronto, Ontario.
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Mr. Marcel Pepin, President, Confederation of National Trade Unions, announced in November 1966 that his organization had withdrawn its participation from all federal government agencies, including the Economic Council. Consequently, Mr. Pepin did not participate in the preparation of this report.

Mr. Claude Jodoin, President, Canadian Labour Congress, was unable to participate in the final stages of this report owing to illness.

APPENDIX

Selected Federal Legislation and

Programmes of Interest to Consumers

The purpose of this Appendix is to indicate the present scope and range of certain legislative and administrative programmes of the federal government which are of obvious and direct concern to consumers. These measures have been classified according to the department or agency which currently has the main responsibility for their administration and enforcement. This material is intended to serve as more detailed background for the discussion of these matters in the main body of the report. It covers activities under a wide range of legislation administered by a large number of federal departments and agencies. These activities are examined under the following headings:

Department of National Health and Welfare
Department of Agriculture
Department of Fisheries
Department of Trade and Commerce
Department of Justice
Department of the Registrar General
Department of Finance
Department of Insurance
Department of Industry
Central Mortgage and Housing Corporation
Transportation and Communications
Atomic Energy Control Board

The Appendix concludes with a listing of Acts of Parliament which provide the basis for these and other government activities affecting consumer affairs.

Department of National Health and Welfare

The Food and Drug Directorate of the Department of National Health and Welfare is concerned with the administration of three statutes: the Food and Drugs Act, the Proprietary or Patent Medicine Act, and the Narcotic Control Act.

Food and Drugs Act

The Food and Drugs Act provides protection from health hazards and fraudulent practices in the sale of foods, drugs, cosmetics and medical devices. Based on criminal law, the provisions of this Act apply to all such products offered for sale anywhere in Canada. They are not limited to products passing in interprovincial or international trade.

Under the Food and Drugs Act, it is possible to establish standards for foods, drugs, cosmetics and medical devices; to regulate packaging, labeling and advertising; to require certain controls in the manufacture and sale of drugs and to control the distribution of drug samples and the sale of remedies for certain designated diseases; to stop clinical trials of new drugs or ban their sale; and to make such other related provisions as may be considered necessary to prevent the consumer or purchaser from being deceived or misled or to prevent injury to health.

The Food and Drug Regulations define actual standards of composition or identity. They also state, among other things, what information must appear on the label and where on the label some of this information must appear; what information is necessary to permit the evaluation of new drugs; what additives may be used in foods, and where, how and in what quantities they may be used. In addition, they establish a list of safe limits for residues of pesticides and weed killers that may appear on foods as a result of farm spraying programmes.

Foods

The Act prohibits the sale of any food that is unfit for human consumption. More specifically, it forbids the sale of any food that has in or upon it any poisonous or harmful substance, or contains any filthy, putrid, disgusting, rotten, decomposed or diseased substance,

or was manufactured, prepared, preserved, packaged or stored under unsanitary conditions. Another major provision relates to fraud or misrepresentation and states that "no person shall label, package, treat, process, sell or advertise any food in a manner that is false, misleading or deceptive or is likely to create an erroneous impression regarding its character, value, quantity, composition, merit or safety".

Where the Directorate has also prescribed a minimum standard for a food, all of that food sold in Canada must comply with the standard. Close to 300 standards for foods have now been established under the Food and Drug Regulations. Most of the standardized foods listed in the Food and Drug Regulations at present are so-called 'basic' or staple foods, such as bread, milk, cheese, tea, coffee, shortening, canned fruits and vegetables, meat, sugar, fish and poultry; but a number of others, including ice cream, jams and jellies, are also standardized. The standards for these foods spell out the ingredients which may be used in their preparation.

Foods for which there are no standards of composition or identity in the Food and Drug Regulations are called 'unstandardized' foods for the purposes of the Regulations. Generally speaking, the Food and Drug Regulations do not require manufacturers to list the ingredients of standard foods on the label of the package. However, with a few exceptions such as bakery products, soft drinks and soups, the Regulations do stipulate that the label for an 'unstandardized' food consisting of more than one ingredient must carry, grouped together, a complete list of the ingredients by their common names, in descending order of their proportions.

Drugs

The Food and Drugs Act also prohibits fraudulent or deceptive promotion of drugs. It gives authority to require that all drugs must meet a standard of composition, purity and potency, and that manufacturers give proper warnings in respect of dangers that might arise from the use of their products. The Food and Drug Regulations also require that certain drugs be sold only on prescription. These are drugs that present a significant hazard in their use by the general public or are liable to abuse. Another section of the Act prohibits the sale of thalidomide and LSD. The Food and Drug Regulations define the conditions that must be met before a new drug may be placed on the Canadian market.

A Drug Advisory Committee, established by the Minister of National Health and Welfare, advises the Food and Drug Directorate on matters pertaining to drugs. This Committee meets at least once a year to discuss proposed regulations or policies in administering the laws as they apply to the sale of drugs. Its membership consists of representatives of the Canadian Medical Association, the Royal College of Physicians and Surgeons, the Canadian Pharmaceutical Association, the Canadian Pharmaceutical Manufacturers' Association, the Proprietary Association, the Pharmacological Society and representatives of the Directorate.

A subcommittee advises on the necessity of placing drugs on "Schedule F" to the Food and Drug Regulations, thus restricting their sale to doctors' prescription only. Ad hoc committees, to advise on problems related to drugs in which expert knowledge in depth of a particular field is needed, are appointed as necessary.

Cosmetics and Medical Devices

The Food and Drugs Act also prohibits the sale of cosmetics that may be harmful to consumers. Similarly, it forbids the sale of devices that might be injurious, as well as false or misleading labeling and advertising of such devices.

Proprietary or Patent Medicine Act

The Proprietary or Patent Medicine Act controls the licensing and sale of all secret formula drug preparations. If the Directorate is satisfied that the article meets the claims made for it as well as the other requirements of the Act, it may then be registered for sale. Continuing control over these registered preparations is provided by a regular review and renewal of licences.

Narcotic Control Act

The Narcotic Control Act forbids traffic in narcotics or the possession, export, import or cultivation of narcotics by persons other than those authorized in accordance with the Act. A special division of the Directorate is responsible for the administration of this legislation as well as for regulation of certain controlled drugs specified under the Food and Drugs Act. This involves the licensing of importers and manufacturers, the reporting of all transactions in narcotic and controlled drugs, and the retention of appropriate records of sales and distribution to ensure compliance with legal requirements. Surveillance is also maintained over the prescribing of such drugs by doctors and their use by known addicts. Severe penalties are provided for violations.

Organization of the Food and Drug Directorate

A Bureau of Operations is responsible for day-to-day enforcement of the Food and Drugs Act and Regulations as well as the Proprietary or Patent Medicine Act. About half of the Directorate's total staff is assigned to this Bureau. While the headquarters of the Directorate is located in Ottawa, regional offices and laboratories are located in Halifax, Montreal, Toronto, Winnipeg and Vancouver. In addition, food and drug inspectors are located in 24 other centres to provide service on a local basis. The Bureau of Operations is particularly concerned with the following functions:

- (i) the examination and analysis of foods, drugs, cosmetics and devices for compliance with the Food and Drugs Act and the Proprietary or Patent Medicine Act;
- (ii) inspection of food and drug manufacturing plants;
- (iii) approval of all food and drug advertising materials for radio and television;
- (iv) examination of labels and advertising matter;
- (v) registration, inspection and licensing of licensed drugs and proprietary or patent medicine drug manufacturers;
- (vi) handling of consumer complaints, and
- (vii) institution of seizure or prosecution action whenever necessary.

A small Consumer Division is responsible for disseminating information on foods, drugs, cosmetics and medical devices to Canadian consumers and to their organizations. In addition, the Division obtains information, opinions and suggestions from consumers, as well as receiving and answering many consumer queries each year.

In 1964, an Advisory Council of Consumers was formed to advise the department on matters of consumer interest in the administration of the Food and Drugs Act and the Proprietary or Patent Medicine Act. The Council works within the confines of these two Acts. It does not, for example, advise on textiles, household appliances, automobiles or sports equipment. The Council consists of a permanent chairman, a permanent secretary (both of whom are departmental officials) and

15 other members appointed for a term of three years. These 15 members are representative of various parts of the country and are selected from among persons whose work and interests have been largely in consumer fields. The Council normally meets two to three times a year.

The Directorate's Research Laboratories are responsible for carrying out the research needed to solve many of the complex technical problems associated with the administration of the three Acts, including the development of methods of analysis suitable for the examination of foods and drugs, and for carrying out microbiological, nutritional, toxicological and pharmacological studies.

A Bureau of Scientific Advisory Services is responsible for

- (i) providing the Directorate with the bulk of the investigative, consultative and advisory services required for the evaluation of submissions on new drugs, food additives, pesticides, cosmetics and medical devices;
- (ii) the collecting and dissemination of information on hazardous household substances through Poison Control Centres across Canada, and
- (iii) the operation of an adverse drug reaction reporting system.

The Directorate attempts to maintain regular liaison with other government agencies operating in closely related fields, including the Department of Agriculture, the Department of Fisheries, and the Standards Branch of the Department of Trade and Commerce.

Other Departmental Activities

A number of organizational units elsewhere in the Department of National Health and Welfare, particularly in the Health Services Branch, provide support and advisory services to the Food and Drug Directorate. The Laboratory of Hygiene provides personnel to carry out the inspection of drug plants producing such parenteral drugs as injectable liver extract, insulin, vaccines and antibiotics. This laboratory also carries out control work on these drugs. Typing of Salmonella isolated from foods is conducted by this group. The Virus Laboratories provide advice and the testing required on such products as poliomyelitis and smallpox vaccines.

The Epidemiology Division assists in problems associated with food-poisoning organisms and food-borne diseases. The Mental Health, Child and Maternal Health, Dental Health and Occupational Health

Divisions provide advice on problems within the jurisdiction of the legislation enforced by the Food and Drug Directorate.

In another area of the Department's activities, certain grant programmes administered by the Welfare Branch enable the provision of counselling to assist persons to make better use of their financial resources.

A specific example under the Welfare Grants programme is an initial demonstration project by which funds have been provided through the Ontario Government to the Credit Counselling Service of Metropolitan Toronto. The aim of this project is to demonstrate the value of skilled counselling to individuals in relation to the use of credit.

Through agreements under the Canada Assistance Plan, the federal government will be sharing, retroactive to April 1, 1966, in the salaries of new staff added to public welfare agencies and voluntary agencies, which have been approved by the provinces, offering a variety of services to persons in need or persons likely to be in need.

Department of Agriculture

Although they were initiated as a means of extending markets for Canadian agricultural products, a wide range of grading and health inspection activities which provide a significant degree of consumer protection are currently carried on by the Department of Agriculture.

Canada Grade designations indicating product quality are now available for butter, cheddar cheese, skim milk powder, eggs, fresh and processed fruits and vegetables, honey, maple syrup and sugar, meat and poultry. Health inspection to promote product safety is provided for meat and poultry products.

Strictly speaking, federal grading and health inspection are required only for products sold in interprovincial and export trade and for imported foods of a kind made in Canada. However, the voluntary use of a Canada Grade on any commodity brings it under federal legislation regardless of whether it moves between provinces. Also, in a number of important areas, the Department co-operates with provincial authorities in administering identical or similar provincial regulations for trade occurring within provincial boundaries. While most products consequently come under common regulations, the existence of divided jurisdiction and policies which differ from product to product continue to give rise to some variation in the grading and inspection services which consumers can expect to be enforced for the food products they buy at the retail level.

In the past, federal grading activities were carried on under different statutes for different products. A few years ago, the Canada Agricultural Products Standards Act was passed for the purpose of bringing under one statute the federal government's authority for grading of agricultural products. Gradually regulations have been approved under this Act, and except for dairy products, the grading of most commodities now comes under it.

This Act also includes authority for the regulation of labeling and package sizes. The Department endeavours to permit a sufficient range of container sizes to meet justifiable variations in consumer requirements but to avoid a proliferation of sizes which could be deceptive or confusing.

Under the Meat Inspection Act, the Department's Health of Animals Branch is responsible for carrying out inspection services to ensure the wholesomeness of meat intended for sale to consumers. All poultry and livestock slaughter plants, killing and processing for interprovincial and export trade, must operate under the inspection of federal veterinarians. In addition, any plant meeting the strict federal sanitary standards may apply for this inspection whether or not its produce is sold outside the province. As a result, about 85 per cent of all meat and poultry slaughtered in Canada is now under federal health inspection. In inspected plants, inspectors examine meat animals and poultry before and after slaughter to ensure that all diseased or otherwise unwholesome meat is condemned as unfit for human consumption. Inspected meat and meat products are stamped, tagged or labeled with the official inspection legend -- a round stamp bearing a crown in the centre, and around the crown the words "Canada Approved" or "Canada", plus the registered number of the plant. This stamp does not indicate quality or grade, but means that the food is accepted as being fit for human consumption.

In addition, the Department has commodity legislation relating to products purchased by farmers, such as feed, fertilizer, pesticides and seeds. The Acts involved set standards and labeling requirements. Householders benefit from the provisions of this legislation when they purchase such products for their own use.

In addition to the wide range of grading and inspection activities carried on at various stages of production and processing, the General Service Division of the Department provides a retail inspection service. This general service was undertaken about ten years ago as a means of consolidating a variety of retail inspection activities then

being carried on by different commodity divisions in the Department. When it is extended to Montreal and Quebec City later this year, the service will have a total staff of about 100 engaged in examining agricultural products in retail outlets. The Division's inspectors concentrate on the larger urban areas, and pay an average of three visits annually to stores accounting for roughly two thirds of total retail food sales. They are concerned particularly with poultry products, dairy products, fruits and vegetables. It is understood that meat products at the retail level are examined from time to time by the retail inspection service of the Department, by officers of the Health of Animals Branch, and by Food and Drug personnel.

The Department has had a consumer section since 1939, although a home economist service was provided earlier. At present, the staff of the consumer section includes eleven home economists, plus technicians and clerical staff. The functions of this section are "to provide a national service to consumers on the buying and use of Canadian food products of agricultural origin, to increase the consumption of such foods, to broaden consumer understanding and appreciation of grading and marketing regulations administered by the Department, and to collaborate with commodity divisions of the Department in the development and evaluation of grade standards for agricultural products". In the field of consumer education and information, "the specific fields stressed are those related to the section's functions and no formal studies have been made to determine which of these should be stressed at any particular time. Commodity consumption promotion is accented in relation to supply and price." The role of the consumer section is currently being reassessed.

Department of Fisheries

The programmes of the Department of Fisheries chiefly concerned with consumer protection are those administered under authority of the Fish Inspection Act and the Meat and Canned Foods Act. Adherence to these measures is required for fish products moving in interprovincial and international trade.

The regulations under both these Acts require that fish or shellfish products are plainly and conspicuously marked to indicate the true and correct description of the contents, including the name and weight or quantity of the contents and the place of origin. The regulations prohibit the marking or labeling of fish or shellfish products in a manner that is false, misleading or deceptive.

In the case of certain specific products where it has been ascertained that particular measures for consumer protection are desirable, additional regulations have been made. An example is the minimum requirements for fish in fish sticks.

The regulations under these Acts specifically prohibit the disposition, for human consumption, of fish or shellfish products which are found to be tainted, decomposed or unwholesome.

In view of the possible dangers to health which can be associated with molluscan shellfish, the Department conducts a comprehensive programme of shellfish control in co-operation with the Department of National Health and Welfare.

Registration requirements for fish or shellfish processing establishments ensure that processing is conducted in an environment conducive to the production of safe and sanitary consumer goods.

The fish inspection regulations and canned fish inspection regulations have recently been revised to incorporate a number of changes. These include provisions for compulsory inspection at processing plants for all forms of fish products for sale outside the province of origin, a closer control over the use of quality designations, and standards for fishing vessels and for cold storage.

The Department believes that at present most of the fresh and frozen fish produced in Canada is of a high quality when it leaves the processing plants. However, the controls at this level are sometimes nullified by improper handling and storage at the retail level. In 1966, Montreal became the first Canadian city to have retail store fish inspection on a regular basis. Briefly, this inspection consists of advising retailers of recommended storage temperatures, surveying practices affecting sanitation, examining fish for signs of spoilage, checking labels for evidence of fraud or deception, and investigating consumer complaints. The Department is planning to provide similar inspection services in other major cities.

The Department's regulatory authority does not apply to fish or shellfish products produced, processed, sold and consumed in the

same province or territory. For some time now, the Department has been in contact with various provincial authorities responsible for inspection of fish or shellfish products in intraprovincial trade, with the ultimate aim of achieving the same measure of quality control for consumer protection within the province as exists in interprovincial and export trade. Arrangements of this kind have either been made or are planned in a number of cases.

The Department also maintains an information and consumer service. The service, in collaboration with others in the Department, "carries out continuing programmes aimed at increasing public awareness of the importance of the fisheries resource, broadening understanding of the Department's role in conserving the resource and improving the product, and raising the consumption of seafoods in Canada". The service makes use of demonstrations by home economists, exhibitions, publications, radio, television, and films, in an effort to inform consumers about the proper handling, storage, cooking and nutritive value of fish and fishery products.

Department of Trade and Commerce

The Standards Branch of the Department of Trade and Commerce is responsible for ensuring honest and accurate practices in those areas where measurement is the basis for determining the price to be paid for an article or service. The Weights and Measures Act controls the measurement of commodities by weight, volume or length. An exception has been made in the case of foods put up in manufacturers' plants, which have been placed under the administrative responsibility of the Departments of National Health and Welfare (Food and Drug Directorate), Agriculture and Fisheries. The Standards Branch carries out its control functions under the Weights and Measures Act by approving devices which may be used for measurement, by providing regular inspection of these devices and by carrying out a factory and retail prepack check programme. Additional legislative provisions have been enacted under the Electricity Inspection Act and the Gas Inspection Act to control measuring devices which utilities may install.

Under the Precious Metals Marking Act, the Branch regulates the sale of articles of precious metals which are marked with claims of quality such as karat or sterling. Although marking of this kind is not mandatory, the legislation becomes operative when claims for quality are made. Items involved include jewellery, watches, flatware and other goods manufactured from gold, silver, platinum and palladium.

Inspections for this purpose are carried out in manufacturing plants, retail and wholesale outlets, and at customs posts.

The National Trade Mark and True Labelling Act provides for the use of Canada's national mark (indicated by the words "Canada Standard" or the initials "C. S. "). This is restricted to manufacturers who agree to produce to a prescribed specification. Little use is made of this mark, and the children's garment sizing programme which some manufacturers have adopted is about its only application. The same statute also provides for the issue of regulations to ensure truthful labeling and advertising for specified products. In areas where these are operative, the regulations do not require labeling, but stipulate the manner of labeling when a claim for quality or content is made. Regulations of this kind now cover fur garments, textiles, hosiery, chamois, turpentine and watch jewels. Inspection is maintained at the manufacturing level, and in retail and wholesale outlets, with assistance of the respective trades.

Department of Justice

Several sections of the Criminal Code contain important elements of consumer protection. Sections 303 and 304 deal with false pretence and prohibit the representation of a matter of fact, either present or past, that is known to be false and is made with a fraudulent intent to induce a person to act upon it.

Section 306 makes it an offence to publish an advertisement that purports to contain a statement of fact but is untrue, deceptive or misleading or is intentionally so worded or arranged that it is deceptive or misleading. Under this Section, there is also a prohibition on the advertisement of a statement or guarantee of the performance, efficacy or length of life of anything that is not based upon an adequate and proper test.

Section 323 prohibits the use of deceit, falsehood or other fraudulent means to defraud the public or any person of any property, money or valuable security, including fraudulent activities to affect the public market price of stocks, shares, merchandise or anything that is offered for sale to the public. Section 324 specifically prohibits the use of the mails for the purpose of transmitting or delivering letters or circulars containing schemes devised or intended to deceive or defraud the public, or for the purpose of obtaining money under false pretences.

Sections 349 and 350 make it an offence to forge a trade mark. Under Section 351 there are prohibitions on the intentional passing off of other wares or services for those which are ordered or required, and also on making use of any description that is false in a material respect as to:

- i) the kind, quality, quantity or composition;
- ii) the geographic origin; or
- iii) the mode of the manufacture, production or performance of such wares or services.

Under Section 354, it is an offence to sell, possess or advertise for sale, goods that have been used, reconditioned or remade and that bear the trade mark or the trade name of another person, without making full disclosure that the goods have been reconditioned, rebuilt or remade and that they are not then in the condition in which they were originally made or produced.

Department of the Registrar General

Under the Government Organization Act of 1966, the Department of the Registrar General was established with duties, powers and functions over matters relating to:

- a) combines, mergers, monopolies, and restraint of trade;
- b) patents, copyrights and trade marks;
- c) bankruptcy and insolvency, and
- d) corporate affairs.

The Combines Branch of the Department, through the Director of Investigation and Research, is responsible for investigating restrictive trade practices under the Combines Investigation Act. The same Act has also established a Restrictive Trade Practices Commission to give further study and consideration to evidence submitted to it by the Director of Investigation and Research. Investigations by the Director or the Commission may result in legal proceedings or other actions provided for in the Act.

The Combines Investigation Act prohibits combinations that prevent or lessen unduly competition in the production, purchase, sale, storage, rental, transportation or supply of commodities, or in the price of insurance. It also prohibits mergers or monopolies that may operate to the detriment of the public and unfair trade practices, including price discrimination, predatory pricing, certain promotional allowances and resale price maintenance. Misleading price advertising is likewise banned, to prevent an advertiser from representing an inflated price as the price at which an article ordinarily sells for the purpose of making his own selling price look favourable by comparison.

The Patent and Copyright Office administers the Patent Act, relating to the granting of patents of invention, the Industrial Design and Union Label Act, the Timber Marking Act and the Copyright Act.

The Trade Marks Office is responsible for administration of the Trade Marks Act, and maintains a complete record of all trade marks registered under the Act or previous statutes relating to trade marks.

At the request of the government, the Economic Council of Canada is currently engaged in a comprehensive review of the adequacy of the various policies and programmes relating to combines, mergers, monopolies and restraint of trade and to patents, trade marks, copyrights and registered industrial designs in the light of the Government's long-term economic objectives.

The Bankruptcy Branch of the Department is responsible for the efficient carrying out of the provisions of the Bankruptcy Act. The Superintendent of Bankruptcy has certain powers of control over trustees in the discharge of their duties. In accordance with recent amendments to the Bankruptcy Act, the Superintendent has been given the responsibility for investigating allegations as to offences and irregularities occurring prior to bankruptcies and for reporting his findings to the Deputy Attorney General of the province concerned, where appropriate.

The Corporations Branch has as its primary purpose the administration of the Canada Corporations Act, dealing with the incorporation of companies, the filing of financial statements and annual summaries, the maintenance of a register of mortgages and charges of such corporations and similar matters. The Branch maintains an up-to-date index of all Canadian corporations whether federally or provincially incorporated.

Department of Finance

The Department of Finance, especially through its regulatory powers over banking, administers a number of legislative provisions affecting financial transactions of direct concern to consumers. In particular, the Inspector General of Banks is concerned with ensuring the stability and solvency of the country's chartered banks. The new Bank Act also requires banks to make full disclosure of the cost of bank loans. Charges for borrowing must be expressed both as a rate per annum and, except in special circumstances, as an amount in dollars and cents. In addition, the recent establishment of a Canada Deposit Insurance Corporation guarantees the safety of deposits which are made in banks and other financial institutions coming within the scope of this programme.

Department of Insurance

The Department of Insurance administers several Acts setting out certain conditions which must be met by insurance, trust and loan companies operating under federal jurisdiction. This legislation includes the Canadian and British Insurance Companies Act, the Foreign Insurance Companies Act, the Trust Companies Act, the Loan Companies Act, the Co-operative Credit Associations Act and the Small Loans Act. The Small Loans Act is of special interest to consumers. Under this legislation, limits are placed on the charges which may be made in connection with loans up to \$1,500.

Department of Industry

Under the responsibility of the Minister of Industry, the National Design Council has been established to promote and expedite improvements of design in the products of Canadian industry. One of the main objectives of the Council is to implement programmes to create wider awareness by industry and the general public of the need for good design. In addition, special labeling privileges are granted by the Council to products which are considered to be of outstanding design. The National Design Branch of the Department is responsible for helping the Council in developing and carrying out its programmes. Although primarily intended for manufacturers, programmes for design improvement indirectly benefit consumers in so far as better designed products incorporate high quality, safety in use and other desirable characteristics.

Central Mortgage and Housing Corporation

The constitutional responsibilities for establishing building standards, control of land use and planning requirements, and the

registration of land titles lie at the provincial level. However, the Central Mortgage and Housing Corporation does perform a number of activities arising from its role as lender, insurer and property owner under the National Housing Act. These provide an important measure of protection in the purchase of housing services covered by the Act.

In co-operation with the Division of Building Research of the National Research Council and other interested bodies, the Corporation has participated in the development and periodic revision of the National Building Code on Residential Standards. These are prescribed as the minimum standards required for housing constructed under the provisions of the National Housing Act. They are intended to ensure good and safe practice in residential construction. In addition, the Corporation arranges for testing of certain critical building materials and products, and issues a list of all such products which will be accepted under the National Housing Act. It also examines plans submitted with NHA loan applications and carries out site inspection for such housing at several stages of construction to ensure that the required minimum standards are being met. A title search and certification is required on all NHA loans, and regulations have been established to control the fees which may be charged a borrower in respect of these loans.

In its processing of NHA loans to developers, the Corporation also provides a planning and architectural review of land development plans in order to determine whether or not the proposed subdivision or housing development is consistent with sound current practice.

Transportation and Communications

The Department of Transport and various federal agencies concerned with transportation have a major regulatory and operating responsibility for ensuring public safety in the use of air, rail and marine transportation services. Similarly, the National Energy Board is concerned with the safe operation of interprovincial and international pipe lines.

In the field of communications, the Post Office Act contains a number of provisions intended to prevent the use of mails for unlawful purposes. Under the Broadcasting Act, the Board of Broadcast Governors may make regulations respecting the character and amount of advertising on radio and television.

Atomic Energy Control Board

The Atomic Energy Control Board carries on a number of functions of importance to consumers, including regulations concerned with ensuring safety in the manufacture, sale, shipment and use of radioactive materials and devices containing such materials (such as luminous dial wrist watches).

Selected Acts of Parliament of Interest to Consumers

Criminal Code

Department of Finance

Bank Act

Quebec Savings Bank Act

Interest Act

Pawnbrokers Act

Department of Insurance

Canadian and British Insurance Companies Act

Co-operative Credit Associations Act

Foreign Insurance Companies Act

Loan Companies Act

Small Loans Act

Trust Companies Act

Department of Trade and Commerce

Electricity Inspection Act

Gas Inspection Act

National Trade Mark and True Labelling Act

Precious Metals Marking Act

Weights and Measures Act

Department of Fisheries

Fish Inspection Act

Meat and Canned Foods Act

Department of National Health and Welfare

Food and Drugs Act

Proprietary or Patent Medicine Act

Narcotic Control Act

Department of Agriculture

Canada Dairy Products Act

Fruit, Vegetables and Honey Act

Maple Products Industry Act

Meat and Canned Foods Act

Department of Agriculture (continued)

Canada Agricultural Products Standards Act
Meat Inspection Act
Pest Control Products Act

Department of the Registrar General

Combines Investigation Act
Canada Corporations Act
Trade Marks Act
Patent Act
Bankruptcy Act
Copyright Act
Industrial Design and Union Label Act

Department of Transport

Canada Shipping Act
Aeronautics Act
Railway Act
National Transportation Act

Department of Industry

National Design Council Act

Central Mortgage and Housing Corporation

National Housing Act

Board of Broadcast Governors

Broadcasting Act

Atomic Energy Control Board

Atomic Energy Control Act

National Energy Board

National Energy Board Act

Department of Indian Affairs and Northern Development

National Parks Act

Dominion Bureau of Statistics

Statistics Act

Post Office Department

Post Office Act

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