

REPORT
OF THE
ROYAL COMMISSION
ON
PRICE SPREADS



OTTAWA
J. O. PATENAUDE
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1935

X: 76 ok 51.72-N34t
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ROYAL COMMISSION ON PRICE SPREADS

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SUMMARY OF RECOMMENDATIONS

CHAPTER III

CONCENTRATION AND THE CORPORATE SYSTEM OF BUSINESS

1. Amendments to the Dominion Companies Act:—

1. Abolition of shares of no-par value

or

A requirement that the *full* consideration received for no-par shares be credited to the capital account.

2. All premiums from the sale of par stock should be placed in the capital or non-distributable account.
3. All increases in surplus or reserves which result from an increase in asset values (as a consequence of write-ups, appraisals, etc.) should be regarded as capital surplus, i.e. incapable of having dividends charged against them.
4. Companies should be incorporated only for activities which they intend seriously to pursue at the time of incorporation. They should be prevented from engaging in activities not directly related to those for which they were incorporated, unless they have previously secured,
 - a. approval of the shareholders, and
 - b. supplementary letters patent.
5. A company's annual statement, together with the auditor's report should be required to be published in the daily press and in *The Canada Gazette*, in such a way as to ensure the widest publicity.
6. The company should be also required to file such statements with a public authority more specifically with the Securities Board recommended below.
7. The responsibility for this publicity should be placed on the Board of Directors of the Company, who should file with the Securities Board, satisfactory proof that this obligation had been carried out. Suitable penalties should be provided for non-compliance with these provisions.
8. Annual statements should be given in more detail than at present and should include information under the following headings:—
 - a. Fixed and intangible assets to be given in more detail than at present;
 - b. Investments and securities—nature, and market value.
 - c. Inventories—so as to show raw materials in process of manufacture.
 - d. Accounts and Notes Receivable—in such a form as to make a distinction between current and overdue and doubtful accounts.
 - e. Executive salaries and bonuses—so as to show the number of executives and the total amount paid.
 - f. The amount, if any, by which fixed assets (including goodwill and other intangibles), have been written up.
9. The prospectus provisions of the present Act should be altered to place upon a company and its directors the responsibility for representations made on any offering for general public subscription, whether made on behalf of the company or not. If this change cannot be made through the Companies Act, it should be made a criminal offence to offer for public subscription, securities of a company with federal incorporation, if those securities have not been subjected to the prospectus obligations of the Dominion Companies Act.
10. Every prospectus should be required to state in clear detail all commissions, fees, and other remuneration received by promoters, underwriters or middlemen.
11. Whenever shares are allocated otherwise than through an offer to the public, a statement in lieu of prospectus should, as formerly, be filed. It should also be published in the press and in the *Canada Gazette* in such a way as to ensure the widest publicity.
12. The classes of shares that may henceforth be offered to the public should be limited to *common* and *preferred* without any subdivisions.
13. All shares offered, both common and preferred, should bear equal voting rights.
14. Management shares should be prohibited.
15. When the management of a company have become aware of the serious impairment of the capital of that company, they should be required forthwith to inform the directors of that fact, who shall be under obligation immediately to call a meeting of shareholders and put the above situation before them.

16. The first permanent directors of a company should be held responsible for all business transacted by the provisional directors.
 17. Directors should be prohibited from speculating in the shares of their companies. They should be required to disclose annually to their shareholders the extent to which they have directly or indirectly purchased or sold their company's shares during the year.
2. Provisions to Prevent "Stock-Watering":—
1. It should be made illegal for directors, promoters, etc., to issue fully paid-up shares unless the company receives for these shares, adequate consideration in cash, property, or services. The Courts should investigate the adequacy of such consideration, when such adequacy is involved in any litigation. If the Courts decide that inadequate consideration was given, then liability for the balance of the consideration unpaid should attach to the directors concerned, if it is shown that,
 - a. such directors had knowledge of the inadequacy of the consideration, or
 - b. failed to take reasonable steps to ascertain the adequacy of the consideration.
 2. A Securities Board should be set up, functioning as a section of the proposed Federal Trade and Industry Commission. Its functions would be:—
 - a. To review and investigate the proposed capital structure of all companies incorporated under the Dominion Act and desiring to issue stock to the public.
 - b. To pass on all such issues of bonds or stock after careful investigation.
 - c. To scrutinize the advertising and publicity material accompanying such issues.
 - d. The Board should have no power formally to approve; merely to reject.
 - e. No company or investment house whose proposed issue of shares has been under review, and not rejected, should be permitted to make any reference to that fact in its advertising literature.
 3. Appraisal companies should be made liable in damages to anyone suffering loss through the purchase of stock, to which purchase any such appraisal has contributed, if it can be shown that such appraisal was untrue in any material part, and that it was issued or published by the Appraisal Company,
 - a. without honest belief in its accuracy, or
 - b. without such company first having taken all reasonable means to verify the accuracy of the facts or opinions contained in the appraisal.
 4. Mining companies might be exempted from those specific recommendations concerning inadequacy of consideration, with the directors being liable for any inadequacy found, since such companies are by nature highly speculative.
 5. The whole trend of law should be towards putting the managers and directors in a trustee capacity, with respect to all security holders.

CHAPTER IV

INDUSTRY

Recommendations covering this Chapter will be found under "General Recommendations," Chapter IX. Such questions as: Competitive practices in the tobacco industry; territorial price discrimination in the fertilizer industry; discriminatory discounts in the rubber footwear industry; surplus capacity and unfair competition in the milling and baking industries; proposals for industrial self-government in the furniture industry, would all fall within the purview of the proposed Federal Trade and Industry Commission.

CHAPTER V

LABOUR AND WAGES

The major recommendations of this chapter are better administration of the labour laws now on both provincial and Dominion statute books, miscellaneous improvements in this legislation, a few types of new legislation, and more con-

tinuous study of, investigation into and publicity for the whole range of problems covered by the title of this chapter. In detail they are as follows:—

1. More complete organization of industry into employers' and trade associations. More adequate general statistical work and more intensive research into personnel problems. Collective bargaining by trade unions and associations.
2. More complete organization of workers into trade unions. More adequate recognition of trade unions by governments and employers.
3. More adequate appropriations, larger and better staffs for labour law administration, both Dominion and provincial.
4. Improved provincial minimum wage laws with
 1. enforcement and inspection,
 2. increased penalties for violation,
 3. minimum wage boards, having the power to order restitution of any deficiency in wage payment,
 4. no general exemptions to firms for any reason,
 5. no "80 per cent clause,"
 6. no "averaging,"
 7. rigorous definition of "inexperienced workers," and definite restriction of the proportion of them to the total force in any factory,
 8. a careful reconsideration of regional differentials, if any, in the legal minimum wage set,
 9. minimum wage laws for men, and
 10. non-partisan administrative personnel.
5. Hours of labour laws.
 1. Administered by the minimum wage or other appropriate authority, which should determine both the hours for which the minimum wage is payable and the maximum hours which may legally be worked.
 2. Maximum hours of labour for men.
 3. Reduction in the standard hours of labour which should certainly not exceed 44 hours per week as a maximum.
 4. Flexibility in the administration of such laws permitting long hours when necessary, with time-and-a-half and double-time for overtime.
6. Employment Records.

Legal requirement that every employer keep, in either French or English, a complete set of employment records.
7. The extension of collective labour agreements by law, provided:
 1. that there must be no impairment of the right to strike,
 2. that the agreement is genuinely representative of the recognized interests of a majority of the workers in the industry,
 3. that the law be not used as a method of crystallizing low wage rates, and
 4. that the law must protect the public interest against the possible danger of monopolistic combination of employers and workers.
8. Amendment to the Criminal Code to make certain undesirable industrial relations practices indictable offences.
9. Amendment of the Fair Wages and Eight Hour Day Act, 1930.
 1. to cover all Dominion contracts, direct or indirect,
 2. to authorize the Department of Labour to determine and define "fair wages and conditions" in the occupations and industries affected, and
 3. to restrict the bidding on public contracts to a "white list" of eligible bidders.
10. Industrial disputes investigation.

The I. D. I. A. or the Inquiries Act should be amended, if necessary, and utilized to bring within the scope of public investigation a wider range of industries, but without restriction of the right to strike.

11. More and better labour statistics.

12. Division of Research, Standards and Services.

The creation in the federal Department of Labour of an entirely new division under thoroughly competent supervision, adequately staffed and financed, for the following purposes:—

1. General research into industrial relations.
2. The provision of information, advice, and service to provincial departments of labour, employers and workers.
3. The drafting of model labour statutes with explanatory memoranda for legislative committees, etc.
4. The planning and management of Dominion-Provincial Conferences on matters such as International Labour Conventions, or uniform provincial labour laws.

13. National regulation of employment conditions preferably by Dominion legislation, if feasible, or, alternatively by inter-provincial co-operation.

1. Thorough exploration of the constitutional possibility of the enactment of Dominion labour legislation.
2. If such legislation is now precluded by insuperable constitutional obstacles, the necessary amendment of the B. N. A. Act.
3. The creation of an unpaid, permanent, representative, rotating, and non-partisan, Advisory Council to the Dominion Minister of Labour, for the following purposes:
 - a. To work out the general principles and procedure of effecting the necessary readjustments after the Dominion legislation is enacted.
 - b. To plan for decentralized but uniformly efficient administration, through provincial Departments of Labour, if possible.
 - c. Regardless of the enactment of Dominion labour legislation, generally to encourage and promote public understanding of the problems of labour relations, legislation and administration.
 - d. And for such other purposes as the Governor in Council or Minister may determine.
4. Pending the settlement of the constitutional question of Dominion or provincial competence, annual convocation of a Dominion-Provincial Labour Conference to consider:
 - a. Methods of harmonizing provincial labour legislation.
 - b. The implementing of International Labour Draft Conventions.

The agenda for such Dominion-Provincial Labour Conferences and all memoranda should be drafted and circulated by the proposed Division of Service and Standards of the Dominion Department of Labour.

CHAPTER VI

PRIMARY PRODUCER

1. The Fruit and Vegetable Grower:

1. The extension to all canning plants and to all produce of the experimental inspection service began in 1934 and designed to check deliveries of fruit and vegetables for quality, grading and weight. This should remove complaints of arbitrary and excessive "dockage."

2. The Live Stock Producer:

1. Direct shipments of live stock to packers' yards to be subject to the same rules of weighing, grading, publication of prices, deliveries, sales, competition and supervision as shipments are to the public stock yards.
2. Regulations to be passed to permit producers, where they so desire, to sell stock by auction, on the public stock yards.
3. Live stock Commission agents' charges should be based on a lower specific charge plus a commission reckoned on the value of the live stock sold.
4. All commission agents to be licensed and their responsibilities clearly defined by the Dominion Government.
5. All truckers to be licensed and bonded, and to use standard bills of lading. Truckers to be prohibited from selling stock themselves.
6. The sale of hogs by fixed differentials to be discontinued with the exception of the premium on selects and each grade of hogs to be sold separately at whatever price it will bring.

7. Grading of hogs on the rail to be introduced and developed where producers desire it and conditions make it possible; grading of live hogs by Department of Agriculture officials to be continued.
8. Cattle to be graded and sold on grades. All live cattle to be graded before export to Great Britain.
9. A percentage of cutter and canner beef to be removed from the meat trade and diverted to other uses, such as fertilizer or tankage.
Diseased, old, and thin stock to be kept off the fresh meat market entirely.
10. Municipal and small abattoirs to be placed under the Health of Animals Branch, Department of Agriculture.
11. Consumer grades for meats.
12. "A" grade bacon for export to be composed of sides from select and bacon hogs only.
13. Grading of bacon and hams for export to be done in Canada by qualified government inspectors.
14. Reduction of freight rates on live stock for export.
15. A Live Stock Board to be established under appropriate jurisdiction with the following duties:
 - a. The prompt dissemination of information to producers and the trade generally, in respect to production, marketing, stocks, and prices, both export and domestic;
 - b. Administrative jurisdiction in matters connected with all phases of live stock marketing and in connection with disputes between producers, processors, etc.;
 - c. Licensing and supervision of truckers, dealers and export packers; where necessary in co-operation with provincial authorities;
 - d. Adequate inspection of all marketing stages and action to correct abuses;
 - e. Co-operation with producers, processors and the trade generally, to ensure as far as possible a balance between production and available markets;
 - f. To encourage the organization of producers of live stock for regular and orderly marketing;
 - g. Improvement of quality of all live stock;
 - h. The formation of a uniform policy on external marketing, with a view not only to promoting new, but also retaining and developing, existing markets;
 - i. The stabilization of supplies, and the regulation of quality to each particular market;
 - j. The utilization of all available means to secure fair returns to the primary producers of good stock.
16. The Live Stock Board to make a careful survey of the situation in the British market, with a view to:
 - a. Ascertaining to what extent Canadian Packers and the British Bacon Committee operate as a mutual body; and
 - b. To revise the grading of export bacon so as to insure the highest possible price for Canadian "selects" and "bacon" hogs; and
 - c. To secure such a system of distribution as will satisfactorily meet the requirements of the British trade, while at the same time insuring full and adequate protection to the producer of hogs in Canada.

3. Fisheries.

1. The present system of culling and weighing fish purchased from fishermen by the distributing companies, to be revised.
2. Uniform zone freight and express rates for fish, from Atlantic Coast points.
3. Adequate official and compulsory inspection for all fish, whether for export or domestic consumption.
4. Trawler operations to be gradually discontinued by Government prohibition.
5. Encouragement of the co-operative movement.
6. Establishment of a Fisheries Control Board with the following duties:
 - a. To make every possible effort to raise the price to the fisherman.
 - b. The elimination of misrepresentation of varieties and grades of fish as now prevailing in the retail markets in Canada.
 - c. The establishment of a higher standard of quality of fish marketed in Canada by regulating the conditions under which fish, and especially fresh fish, may be handled.
 - d. The establishment of adequate inspection of grades as affecting products for the Canadian and export markets.
 - e. The elimination of consignment shipments.
 - f. The elimination of cut-throat competition and other unsound trade practices.
 - g. The direction of surplus production of fish through channels calculated to bring the most profitable financial return.
 - h. A thorough survey of conditions surrounding, as well as the disabilities retarding development of existing and potential export markets.

7. Local advisory committees to assist the Control Board: at least five, as follows:—
 1. On Fresh Fish.
 2. On Dried and Cured Fish.
 3. On the Herring Fisheries.
 4. On the Pickled Fish Industry.
 5. On Lobsters, Salmon, etc.
 8. The Dominion Government should give early and favourable consideration to the establishment of a limited fund for the extension of credit to fishermen for the purchase, or repair of equipment, gear, etc.
4. General.
- Official encouragement to primary producers to organize for co-operative marketing.

CHAPTER VII

RETAIL DISTRIBUTION

The practices and problems discussed in this chapter are those which would fall under the purview of the Federal Trade and Industry Commission. Our recommendations, therefore, in connection with distribution generally, will be found under the General Recommendations of Chapter IX.

Certain specific recommendations are, however, made in this chapter with respect to the Consumers' Co-operative Movement, as follows:—

1. Consideration of the possibility of federal legislation for the incorporation and regulation of consumers' co-operatives, enabling them to do business under the same conditions as any federally-incorporated company.
2. Prohibition of the use of the word "co-operative" in any trade mark or as part of any trade name except by a bona fide co-operative company, organized as such.

CHAPTER VIII

THE CONSUMER

1. Consumer Standards: Marking, Labelling, etc.
 1. Extension of the functions of the National Research Council to include the preparation of consumer standards and specifications and the analysis and testing of consumer products.
 2. Creation of a Consumer Commodity Standards Board, as a section of the Federal Trade and Industry Commission, with the following duties:—
 - a. The establishment of consumer standards. A list of suggested products for immediate attention is given.
 - b. Enforcement of such standards as might be established.
 - c. Publication of findings of non-conformity to standards set up, of harmful or injurious substances, or of excessive price spreads.
 3. Authorization of the Research Council to analyze or test products on request, and at a charge to cover expenses. Such analyses or tests are for consumers alone and it should be provided that the results cannot be used for advertising or commercial purposes.
 4. In order to prevent adulteration, the National Research Council should be instructed to compile a dictionary of trade names of products which shall be accepted in all commercial transactions in courts of law.
 5. The registered name and place of business of the true manufacturer of a product should be required upon the product, whether it is sold under his brand or not.
 6. A term "Canada Standard" should be adopted exclusively for products conforming to official standards as established.
 7. All grade designations to be numerical, as Grade 1, Grade 2, etc. Exceptions, in favour of alphabetical grades, may be provided when necessary. No more than one grade should ever, under any conditions, be permitted above Grade 1 or Grade A, and this only for a very small percentage of the product.

8. Grade designations should be unmistakably set out on the product.
9. In the case of products of which a knowledge of the ingredients or formula is necessary to their proper use, such should be shown.

2. Amendments to the Weights and Measures Act.

1. The principle of net weight should be modified to permit the inclusion of paper bags or wrappers in the weight of bulk goods sold over the counter and weighed by the merchant at the time of sale.
2. The maximum weight to be permitted for paper bags or wrappers should be fixed by Order in Council in relation to the weight of the contents.
3. In the case of any product liable to shrinkage through evaporation, the "net weight" should be interpreted as the anhydrous weight. Standards of moisture content for all commodities should be determined by the competent department of the Government, and published by Order in Council.
4. The number of inspectors in the Weights and Measures Inspection Service should be increased.
5. Penalties for breach of the Act should be more severe.
6. Provision should be made for the standardization by Order in Council of the quantities in which any packaged commodity, whether a food product or not, may be sold.
7. For food stuffs sold by weight or volume, packages and containers should be permitted only in the sizes presently authorized under the Meat and Canned Foods Act.
8. Net weight should be clearly marked on all goods, whether food products or not, which are packaged in advance of sale by manufacturer, wholesaler, or retailer. The only exception should be bulk goods sold over the counter and weighed by the retailer in the presence of the customer.
9. Certain exceptions, as outlined, should be permitted to the requirements suggested under 6, 7 and 8 above.
10. The regulations proposed above should apply to all imported goods, with certain exceptions as specified.

3. False and Misleading Advertising.

1. Amendment of Sub-Section 2, Section 406 of the Criminal Code, by the deletion of the sentence "provided further that in any prosecution under this sub-section, the case may be dismissed if it be established to the satisfaction of the court upon proper evidence that the accused acted in good faith."
2. Any statement or guarantee of performance, efficacy or length of life of any product, to be made an offence in itself unless based upon an adequate and proper test, such as a test by the National Research Council or other competent department of the Government.

CHAPTER IX

THE PROBLEM OF STATE CONTROL

GENERAL RECOMMENDATIONS

1. Federal Trade and Industry Commission.

1. Structure:

- a. To consist of five members appointed by the Governor in Council, as a semi-autonomous Board under the President of the Privy Council.
- b. Its status both in its authority and in its relation to the responsible Minister and Parliament, to be similar to that of the Board of Railway Commissioners.

2. Functions:

a. Administrative

- (1) Rigorous administration of an amended Combines Investigation Act, for the purpose of retaining and restoring competition whenever possible.
- (2) On instruction from the Governor in Council, to regulate monopoly, when competition cannot or should not be restored or enforced.
- (3) On instruction from the Governor in Council, to sanction and supervise agreements for industrial self-government.
- (4) To prohibit unfair competitive practices.
 - (a) Such practices should not be set out in detail in the Act setting up the Commission, but a general definition of unfairness should be included.

- (b) A definition for this purpose is suggested.
- (c) Certain practices such as discriminatory discounts, rebates and allowances, territorial price discrimination and predatory price-cutting, should be included within this definition.
- (d) The Commission should act by inquiry, hearings and where necessary, prohibitory orders.
- (e) An appeal from these orders to the Exchequer Court of Canada, should be permitted.
- (f) The Commission should be given adequate power, as outlined, for the enforcement of its orders.
- (g) In more serious cases, the Commission might prosecute directly under the Act for the offence of competing unfairly.
- (h) The results of its major findings should be published.
- (5) To supervise generally, or co-operate in the administration of existing laws relating to merchandising and business practices for which no other agency exists.
- (6) To administer new laws for the protection of the consumer.
- (7) To administer the regulation of new security issues for protection of the investor.
- (8) To co-operate with Chambers of Commerce and Boards of Trade in the development of commercial arbitration or the refereeing of business disputes.
- (9) To co-operate with other Government agencies, whether federal, provincial or municipal, in the solution of trade and industrial problems.

b. Advisory

- (1) To Government
 - (a) To recommend to the Governor in Council the recognition and regulation of monopoly in special situations where competition cannot be restored.
 - (b) If so requested by an industry, and after investigation, to recommend to the Governor in Council the granting of powers of "self-government" in special situations where competition seems undesirable.
 - (c) To recommend to the Governor in Council such regulatory measures as each such situation seems to require under (a) or (b).
- (2) To Industry
 - In co-operative trade practice conferences to advise industry and secure its advice about the elimination of unfair trade practices.

c. Investigation and Publicity

- (1) Full power to inquire into the organization and practices of any industry.
- (2) General economic investigation.
- (3) Full publicity to the results of any investigation.
- (4) Authority to require that firms or industries publish such information about prices or other matters as may be in the public interest.

2. Amendments to the Combines Investigation Act.

- 1. To facilitate the application of the Act to single unit monopolies, as well as to combinations in restraint of trade, a definition of monopoly is given which should be included in the Act.
- 2. Section 28 of the Act should be amended to ensure that reports of inquiries by the Registrar, when the inquiry has been such as a Commissioner would make, should be subjected to the same provisions in respect to publication as are Commissioner's reports.

3. Proposals for the Extension of the General Statistical Work of the Dominion Bureau of Statistics.

THE ROYAL COMMISSION
CANADA

GEORGE THE FIFTH, by the Grace of God of Great Britain, Ireland and the British Dominions beyond the Seas **KING**, Defender of the Faith, Emperor of India.

T. RINFRET,
Deputy Governor General,
(L.S.)

To all to whom these Presents shall come or whom the same may in anywise concern,

GREETING:

WHEREAS a Select Special Committee was appointed by resolution of the House of Commons passed on February 2, 1934, in the following terms:

"That a Select Special Committee of eleven members of the House be appointed to inquire into and investigate the causes of the large spread between the prices received for commodities by the producer thereof, and the price paid by the consumers therefor; and the system of distribution in Canada of farm and other natural products, as well as manufactured products, and, without restricting the generality of the foregoing, more particularly to inquire into and investigate;

"(a) the effect of mass buying by department and chain store organizations upon the regular retail trade of the country, as well as upon the business of manufacturers and producers;

"(b) the labour conditions prevailing in industries supplying the requirements of such department and chain store organizations, and the the extent, if any, to which existing conditions have been brought about by the purchasing practices of such organizations, and the effect thereof upon the standard of living amongst those employed in such industries and organizations;

"(c) the relation between the flour milling industry and the bakeries of the country, and the effect of such relations upon the baking industry of Canada;

"(d) the methods and system prevailing in the marketing of live stock and animal products for domestic consumption and export, and the extent to which the present system affords or restricts opportunity for fair returns to producers.

"That the committee shall have power to send for persons, papers and records and the further power to request the appointment of a commission or commissioners under the Inquiries Act, to secure evidence to be presented to the committee by such commission or commissioners.

"That the committee shall report to the House from time to time its findings, together with the recommendations of such measures as in the opinion of the committee may be considered necessary to secure, as far as possible, fair and just practices in the distribution and marketing systems of Canada, with fair and just returns to producers, employees and employers, not inconsistent with the rights of consumers."

AND WHEREAS owing to the prerogation of Parliament the said Select Special Committee was unable to complete the said inquiry and recommended to the House of Commons that the investigations and inquiry be continued and completed and that for the purposes aforesaid the members of the said committee be appointed commissioners under the provisions of Part 1 of the Inquiries Act, Revised Statutes of Canada, 1927, Chapter 99.

AND WHEREAS pursuant to the provisions of the said the Inquiries Act His Excellency the Governor General in Council by Order, P.C. 1461, of the seventh

day of July in the year of Our Lord one thousand nine hundred and thirty-four, copy of which is hereto annexed, has authorized the appointment of Our Commissioners therein and hereinafter named to continue, complete and report on the inquiry into those matters mentioned in the aforesaid reference to the Select Special Committee of the House in respect of chain stores, agricultural implements, fish, flour mills and bakeries, canning of fruit and vegetables and to hear evidence of any person who may be affected by the matters heretofore considered by the said committee, and who may desire to be heard before Our said Commissioners.

Now KNOW YE that by and with the advice of Our Privy Council for Canada, We do by these presents nominate, constitute and appoint the Honourable H. H. Stevens, Thomas Bell, James Ilsley, Jean-Louis Baribeau, Oscar L. Boulanger, Alexander McKay Edwards, Samuel Factor, Donald MacBeth Kennedy (*Peace River*) William Walker Kennedy (*Winnipeg South Centre*), Mark Senn and Edward James Young, Members of the House of Commons, to be Our Commissioners to continue, complete and report on the inquiry into those matters mentioned in the aforesaid reference to the Select Special Committee of the House in respect of chain stores, agricultural implements, fish, flour mills and bakeries, canning of fruit and vegetables and to hear evidence of any person who may be affected by the matters heretofore considered by the said committee and who may desire to be heard before Our said commissioners.

TO HAVE, HOLD, EXERCISE AND ENJOY the said office place and trust unto the, said the Honourable H. H. Stevens, Thomas Bell, James Ilsley, Jean-Louis Baribeau, Oscar L. Boulanger, Alexander McKay Edwards, Samuel Factor, Donald MacBeth Kennedy, William Walker Kennedy, Mark Senn, and Edward James Young during Our pleasure.

And the said commissioners are hereby authorized to engage the services of counsel, secretary, accountants, technical advisers, reporters, clerks, stenographers and investigators to aid and assist the said commissioners in the inquiry, and to print the evidence, proceedings and documents received by the commission, and that the meetings of the said commission be held at the city of Ottawa at such places and at such times as they may consider expedient for the purposes of the inquiry; and that the commissioners shall hold such office without any salary, fees, wages, allowances, emolument or other profits of any kind attached thereto under the provisions of the Senate and House of Commons Act, Revised Statutes of Canada, 1927, Chapter 147, Section 11.

And We do hereby require and direct Our said commissioners to report to the Minister of Trade and Commerce at his office in the Department of Trade and Commerce the result of their investigation.

And We do further appoint the said the Honourable H. H. Stevens, M.P., to be chairman of Our said commission.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent and the Great Seal of Canada to be hereunto affixed.

WITNESS, Our Right Trusty and Well-beloved Counsellor the Honourable Thibaudeau Rinfret, one of the Judges of the Supreme Court of Canada and Deputy of Our Right Trusty and Right Well-beloved Cousin and Counsellor, Vere Brabazon, Earl of Bessborough, a Member of Our Most Honourable Privy Council, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, formerly Captain in Our Territorial Army, Governor General and Commander-in-Chief of Our Dominion of Canada.

At Our Government House, in Our City of Ottawa, this seventh day of July in the year of Our Lord one thousand nine hundred and thirty-four and in the twenty-fifth year of Our Reign.

By Command,

E. H. COLEMAN,
Under Secretary of State.

P. C. 1461

CERTIFIED to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by the Deputy of His Excellency the Governor General on the 7th of July, 1934.

The Committee of the Privy Council have had before them a report, dated 6th of July, 1934, from the Right Honourable Richard Bedford Bennett, the Prime Minister, submitting:—

That a Select Special Committee was appointed by Resolution of the House of Commons passed on February 2nd, 1934, in the following terms:—

“That a Select Special Committee of eleven members of the House be appointed to inquire into and investigate the causes of the large spread between the prices received for commodities by the producer thereof, and the price paid by the consumers therefor; and the system of distribution in Canada of farm and other natural products, as well as manufactured products, and, without restricting the generality of the foregoing, more particularly to inquire into and investigate:—

“(a) the effect of mass buying by department and chain store organizations upon the regular retail trade of the country, as well as upon the business of manufacturers and producers;

“(b) the labour conditions prevailing in industries supplying the requirements of such department and chain store organizations, and the extent, if any, to which existing conditions have been brought about by the purchasing practices of such organizations, and the effect thereof upon the standard of living amongst those employed in such industries and organizations;

“(c) the relation between the flour milling industry and the bakeries of the country, and the effect of such relations upon the baking industry of Canada;

“(d) the methods and system prevailing in the marketing of live stock and animal products for domestic consumption and export, and the extent to which the present system affords or restricts opportunity for fair returns to producers.

“That the committee shall have power to send for persons, papers, and records, and the further power to request the appointment of a commission or commissioners under the Inquiries Act, to secure evidence to be presented to the committee by such commission or commissioners.

“That the committee shall report to the House from time to time its findings, together with recommendations of such measures as in the opinion of the committee may be considered necessary to secure, as far as possible, fair and just practices in the distribution and marketing systems of Canada, with fair and just returns to producers, employees, and employers, not inconsistent with the rights of consumers.”

That pursuant to the said Resolution of the House of Commons referred to, the committee was in session on sixty separate days and heard and examined under oath various witnesses, and under the powers conferred upon it, appointed auditors and investigators to examine into matters pertinent;

That the committee on the 29th day of June, 1934, reported that the said inquiry had not yet been completed; that until the inquiry was completed the committee could not finally report to the House of Commons; that it would not be possible to bring the inquiry to completion before prorogation of Parlia-

ment to enable such report to be made; that, under the rules of Parliament, the powers of the said committee cease on prorogation and being fully seized of the necessity of completing the work undertaken, the committee recommended to the House of Commons that the investigations and inquiry be continued and completed and that for the purposes aforesaid the members of the said committee be appointed commissioners under the provisions of Part I of the Inquiries Act, Chapter 99 of the Revised Statutes of Canada (1927); and

That the report of the Select Special Committee above referred to was adopted by the House of Commons on the 30th day of June, 1934.

The Prime Minister, therefore, recommends:—

1. That the personnel of the Select Special Committee, aforesaid, namely, Honourable H. H. Stevens, M.P., Chairman,
Thomas Bell, M.P.,
James Ilsley, M.P.,
Jean-Louis Baribeau, M.P.,
Oscar L. Boulanger, M.P.,
Alexander McKay Edwards, M.P.,
Samuel Factor, M.P.,
Donald MacBeth Kennedy, M.P., (*Peace River*),
William Walker Kennedy, M.P. (*Winnipeg South Centre*),
Mark Senn, M.P., and
Edward James Young, M.P.,

be appointed commissioners under the provisions of Part I of the Inquiries Act, Revised Statutes of Canada, 1927, Chapter 99, to continue, complete and report on the inquiry into those matters mentioned in the aforesaid reference to the Select Special Committee of the House in respect of chain stores, agricultural implements, fish, flour mills and bakeries, canning of fruit and vegetables, and to hear evidence of any person who may be affected by the matters heretofore considered by the said committee, and who may desire to be heard before the commissioners.

2. That the commissioners be authorized to engage the services of counsel, secretary, accountants, technical advisers, reporters, clerks, stenographers and investigators to aid and assist the said commissioners in the inquiry, and to print the evidence, proceedings and documents received by the commission, and that the meetings of the said commission be held at the City of Ottawa at such places and at such times as they may consider expedient for the purposes of the inquiry; and that the commissioners shall hold such office without any salary, fees, wages, allowances, emolument or other profits of any kind attached thereto under the provisions of the Senate and House of Commons Act, Revised Statutes of Canada, 1927, Chapter 147, Section 11; and that the commissioners report to the Minister of Trade and Commerce.

3. That the Honourable H. H. Stevens be appointed chairman of the said commission.

The committee concur in the foregoing recommendations and submit the same for approval.

E. J. LEMAIRE,
Clerk of the Privy Council.

P.C. 2743

CERTIFIED to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 29th of October, 1934.

The Committee of the Privy Council, on the recommendation of the Right Honourable Richard Bedford Bennett, the Prime Minister, advise that William Walker Kennedy, Esq., K.C., M.P., be appointed chairman of the commission constituted under Part I of the Inquiries Act, by Order in Council P.C. 1461, July 7, 1934, to continue the inquiry into the spread of prices, etc., in the place of the Honourable H. H. Stevens, resigned.

E. J. LEMAIRE,
Clerk of the Privy Council.

P.C. 2946

CERTIFIED to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 19th day of November, 1934.

The Committee of the Privy Council have had before them a report, dated November 17, 1934, from the Right Honourable the Prime Minister, stating that on the 7th day of July, 1934, Your Excellency, by Order in Council, P.C. 1461, appointed:

Honourable H. H. Stevens, M.P., Chairman,
Thomas Bell, M.P.,
James Ilsley, M.P.,
Jean-Louis Baribeau, M.P.,
Oscar L. Boulanger, M.P.,
Alexander McKay Edwards, M.P.,
Samuel Factor, M.P.,
Donald MacBeth Kennedy, M.P. (*Peace River*),
William Walker Kennedy, M.P. (*Winnipeg South Centre*),
Mark Senn, M.P., and
Edward James Young, M.P.,

commissioners under the provisions of Part I of the Inquiries Act, Revised Statutes of Canada, 1927, Chapter 99, for the purpose of continuing, completing and reporting on certain matters mentioned in a resolution passed by the House of Commons of Canada, on the 2nd day of February, 1934, which resolution is fully set forth in the aforesaid Order in Council.

That doubts have arisen as to whether the powers conferred by the said Order in Council are sufficiently explicit to enable the said commissioners to deal with all the matters referred to in the resolution of the House of Commons of Canada, of the 2nd day of February, 1934, aforesaid,

The Prime Minister recommends that the said commissioners named in Order in Council P.C. 1461 of the 7th day of July, 1934, and Order in Council P.C. 2743 of the 29th day of October, 1934, be authorized and empowered to continue, complete and report on all or any matters referred to in the aforesaid resolution passed by the House of Commons of Canada on the 2nd day of February, 1934.

That the said Order in Council, P.C. 1461 of the 7th day of July, 1934, except as varied by Order in Council, P.C. 2743, of the 29th day of October, 1934, and by this Order in Council, be confirmed.

The Committee concur in the foregoing recommendations and submit the same for approval.

E. J. LEMAIRE,
Clerk of the Privy Council.

OTTAWA, April 9, 1935.

The Hon. R. B. HANSON, K.C., M.P.
MINISTER OF TRADE AND COMMERCE,
OTTAWA, ONT.

SIR,—As Chairman of the Royal Commission on Price Spreads, appointed by Order in Council P.C. 1461 of July 7, 1934, I have the honour to report that we have concluded our inquiry in pursuance of the terms of reference contained in that and subsequent Orders in Council, and beg leave to submit thereon the attached report.

It should be noticed that Messrs. Boulanger, Factor and Ilsley have signed the report with reservations set forth in the accompanying addendum, and that Mr. Young has written a minority report which is also submitted herewith.

I have the honour to be, Sir,

Your obedient servant,

W. W. KENNEDY,
Chairman.

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