One of the objections to the coupon system is that it may be the means of securing trade virtually by false pretences based upon an exaggerated description of the value of the gifts ultimately to be secured by the purchaser.

With the straight-gift system the purchaser is usually able to see and reasonably assess the value of the whole of his purchase—gift or concession included.

(3) The straight gift system does not, as in the case of the coupon system, tend to tie the purchaser up to continued buying of one brand or quality in the desire to avoid loss of gift value even when the purchaser may be in some degree dissatisfied with the quality of that particular brand. In other words, the straight gift does not lend itself to the sales promotion of inferior-quality articles as a continuous process.

(4) There are very definite physical limitations to the adoption of the straight-gift system with proprietary lines. Large or bulky gifts cannot be packed or otherwise distributed with small articles. The coupon system, however, can be and is used to distribute large gifts through the continued sale of small articles.

As another phase of the same matter there are very clear value limitations of the straight-gift process. It is clear that gifts of high value cannot conveniently or regularly be given with articles of low price.

In view of these two points, the practice of giving gifts directly and without a coupon system is not likely to become extensive along those lines to which objection is now raised.

(5) The straight-gift system amounts, in effect, to the making of a single sale of two articles conjointly—a practice which, as already mentioned, is a common and often admittedly regular and legitimate procedure.

Apart, however, from the difficulty of finding any principle of differentiation between the good and the allegedly bad, it must be recognized that any law designed to prohibit the straight gift or concession would be easily evaded.

This could (and undoubtedly would) be done—

(a) By advertising and regularly offering for *sale* not one article, but two, at an inclusive price. To suggest that any defendant was guilty of an offence of giving something with the major or main article and to contend that he must be adjudged guilty of that offence until he could prove his innocence would, in face of such advertising and such offers—commercially made and constructively accepted by the buyer—be legislation and legal action of a most extreme character.

(b) By selling two articles conjointly but with a *specified* price for each. Conditions of sale could be so framed that it would be impossible to prove that the sale of either article constituted a gift or concession. Even though one of the articles be sold at a price below its cost of production or cost of prior purchase, that fact would not by any means constitute proof that a gift or concession had been made. Goods are often sold at or below cost in recognition of changes in fashion, or recession in market values. This condition of affairs is particularly evident in certain trades, and is more noticeable at a time when general price-levels are falling.

It would be virtually impossible in many instances to administer and enforce a law of the character in question, and at best the process could be carried out only with constant friction and irritation of commercial interests.

The law could be further evaded by the adoption of special methods of packing under which wrappers or containers could be made to constitute something in the nature of gifts of value. It is in fact a recognized policy of some manufacturers to use this method—often advertised and stressed—of increasing sales. Householders may, for example, buy well-known brands of tea or other products partly with the desire to secure particular sizes or shapes of canisters, &c.

(6) So far as the matter may be of interest, it is worthy of mention that while the coupon-trading system is prohibited in various parts of the world, so far as is known, no country has been prepared to face the matter of attempting to prohibit "straight" gifts or concessions in the commercial field.

Special Report.

I have the honour to report that the Industries and Commerce Committee desires to record its high approbation of the ability, courtesy, and tact with which the Chairman, Mr. Munns, has conducted the business of the Committee during the session.

It desires also that this resolution shall be recorded on the minutes of the Committee, and be reported to the House.

H. Holland,
A Member of the Committee.

9th November, 1931.

Special Report.

I am directed to report that the Industries and Commerce Committee desires to compliment its Clerk, Mr. Fox, on the courtesy and ability shown by him in carrying out his duties this session.

It desires also that this resolution shall be recorded on the minutes of the Committee, and be reported to the House.

9th November, 1931.

Final Report.

I have the honour to report that the Industries and Commerce Committee, consisting of ten members, has held thirteen meetings during the session. Three Bills were considered and reported to the House, including the Trading-coupons Bill of this session and accompanying petitions, on which twenty-six witnesses were heard. Two other petitions were also taken and reported on.

9th November, 1931. G. C. Munns, Chairman.

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