

Combines Investigation Act

chairman were thrown back upon instructions, exhortations and directions to the milling industry to this general effect: We admit there must be some flexibility under an arrangement of this sort or otherwise business cannot go on, but we tell you quite frankly and give you notice that if you systematically sell beneath the ceiling price by unreasonable margins, and thereby involve the treasury in additional expenditures for subsidies in large sums of money we will step in and take some action, probably by reducing the subsidy or increasing the price of wheat.

The hon. member for Rosetown-Biggart (Mr. Coldwell) scored many of the points made by the opposition in this debate, at least the ones which I thought were worthy of rebuttal. Reference was made by him for example to the fact that these milling companies sold ships' stores to government departments at fixed prices. He intimated that was a most reprehensible thing, and in itself was a breach of the Combines Investigation Act because it indicated an agreement to fix prices which was contrary to that act.

In relation to my hon. friend's argument I put to the house what seems to me to be a very simple proposition. If the milling companies, in concert if you like, sold flour to the department of munitions and supply, we will say, at the ceiling price, that department would pay the ceiling price and it would cost the treasury nothing by way of extra subsidy. But suppose the milling companies had followed the course, which the hon. member either stated or certainly clearly implied they should have followed, of selling flour to the department of munitions and supply for the ceiling price less \$100,000. Then the position would have been simply that the department of munitions and supply would be in \$100,000 and the treasury would be out \$100,000 for additional subsidy. If you like you can put it in terms of a bookkeeping entry, debit treasury, credit department of munitions and supply, \$100,000. The department's righthand pocket would be out \$100,000 and its lefthand pocket would be in \$100,000. The milling companies would not make or lose a penny because of the nature of the profit control arrangement which the government through the wartime prices and trade board had imposed on them.

But if these ships' stores were sold to other than the Canadian government, then the situation would not be that treasury would be out \$100,000 and the department of munitions and supply would be in \$100,000. In such a case the treasury would be out \$100,000 and the purchaser of the ships' stores be in \$100,000; and the result of my hon. friend's

[Mr. Garson.]

suggestion would be that we the taxpayers of Canada through the federal treasury would be subsidizing this purchaser.

Listening to the uncomplimentary remarks in this matter which have been made concerning the government in general and to a certain extent about myself in particular, I must say I think that anyone with any discernment at all, who had placed on his desk a report in respect of which there were widely divergent views amongst the highest levels of the civil service, would make reasonable attempts to reconcile those views. May I say I have put forth great efforts in that direction. I should like to place before the house today some of the materials which I think clarify to some extent the issues arising out of the conflicting views to which I have referred.

In order to comply with the order for return in the name of the hon. member for Rosetown-Biggart, we have had quite a time going back through the old files of the wartime prices and trade board, to try to get the documentary evidence that we have produced. We found there were serious gaps in some of these voluminous files. In order to check against the wartime prices and trade board files, I asked Mr. McGregor to produce to me from his file copies of any and all memoranda which he wrote, prepared or received in his capacity as an official of the wartime prices and trade board, as commissioner of the Combines Investigation Act, or in any other capacity.

The material I received in reply to my request is most illuminating. It shows not only what was the policy of the wartime prices and trade board, but that Mr. McGregor himself, as the person in whose possession these documents were and from whom they came, must have known what it was. I should like to read into the record first of all extracts from Mr. McGregor's evidence as found in the minutes of proceedings and evidence of the special committee on prices on February 16, 1948, at page 158.

The first selection I wish to read is upon the point that the government encouraged companies in any given industry to organize and to agree amongst themselves in order to deal more effectively with the wartime prices and trade board for control purposes. The excerpt reads:

Throughout the war years concerted action on the part of producers and distributors was encouraged rather than discouraged by government agencies, and quite properly.

Under a direct control system, quicker and more effective action can be secured if the one controlling agency can deal with a single organization representing a whole section of a trade or industry rather than with a multitude of independent units.