

*Combines Investigation Act***Mr. Coldwell:** No.

administrators of the wartime prices and trade board would have been glad to have had a simple device like that if it could have been effective. I pointed out, and quoted Mr. Gordon in doing so, that when this ceiling was put on it was not a flat ceiling that would apply to the sales of flour of a certain grade across the country. The ceiling was such that it had the same effect upon the whole complicated price structure of the different companies in the different zones and for different types of customers, even of the same company, as the eruption of Vesuvius had upon the citizens and buildings of ancient Pompeii. Just as that eruption overtook the buildings and citizens of Pompeii as they stood at a certain point of time so the price ceiling in the milling industry "froze" the whole complex price structure in the milling industry as it stood at a certain point of time.

The result was that the highest price at which Lake of the Woods Milling Company was selling to a certain type of customer in, say, Winnipeg was established as the ceiling price for that type of customer in that zone. If that price were unfortunate from that point on it remained unfortunate. In that way a ceiling was frozen on all prices as they stood in the various freight zones, for the various qualities of flour of the various companies to various classes of customers. The effect was that all anomalies—it requires no imagination to realize that there would be many in a price structure of that sort—were frozen.

In this respect the milling industry was different from some of the other industries in that its price structure was an unusually complex one. On its face this freezing order might seem to be a rather extraordinary, anomalous action, by the government. This was explained to me by Mr. Taylor, the present chairman of wartime prices and trade board, when he said that after a great deal of examination they came to the conclusion that by taking any other action they would create more problems for the bakers and other consumers of flour than they would solve for the millers, and that extraordinary as it may seem this price "freezing" device was the proper one to adopt.

Then a word with regard to the suggestion of the hon. member for Rosetown-Biggart, that the proper thing to do was to put on a floor. Let us take a concrete case. Supposing that in a certain zone for a certain type of flour sold to a certain type of customer—

Mr. Coldwell: I did not suggest that they should have put on a floor, I said that they did not put on a floor.

Mr. Garson: I think there is an implication in my hon. friend's argument that—

Mr. Garson: I want to be fair to my hon. friend and I shall put this to him in the form of a question. Is there not any implication in his argument that the government, if it had wished, could have solved this difficulty at a less cost to the federal treasury for increased subsidies by putting a floor under the price of flour?

Mr. Coldwell: That implication could be taken, but that is not the point I was making. I assume that the government could have protected itself in that way, but it was not done. That was my point.

Mr. Garson: My hon. friend admits the implication. Let us now deal with why it was not done. Let us take a concrete case. Supposing, as I said, that Lake of the Woods' price was \$6.50 per barrel at the time of the freezing order, and that Robin Hood's price in the same area was \$6.10. I suggest that after the freezing order went into effect the only way in which Lake of the Woods Milling Company could get its share of the business in that district would be by running its price down to the \$6.10. It was that process of adjustment all through the industry which in a large part explains the fact that there were substantial sales somewhat below the ceiling.

The wartime prices and trade board had to allow that freedom, otherwise business could not have gone on. One of the main objectives of the wartime prices and trade board policy was that in spite of the fact that they were putting on these controls business still had to go on. The purpose of the whole arrangement was to have business go on. That meant that if there were no floor prices in effect, then such adjustments could take place so that the milling companies could continue to do business along with their competitors. But suppose you put in an order that the minimum floor price for that type of wheat was to be 40 cents under the ceiling price. Since the 40 cents would apply to the ceiling price as it was when the price was frozen, you would then produce a new crop of anomalies at the lower level, and in the course of doing so make it impossible for the Lake of the Woods Milling Company to ever get any share of that business because they could not go through their floor which would be 40 cents under their ceiling in order to compete with the Robin Hood floor price.

I am told and I believe—I think it is a reasonable thing for any group of people to believe—that that is one of the main reasons why the floor price device was not adopted. In the absence of some such practical device as a floor price the administrator and the