

Combines Investigation Act

subsidy that they agreed upon in order to hold flour at that price. The government did not want flour to be sold for less than this ceiling price because that would have involved the payment of more subsidies. If the government had intended that flour was to be sold for less than the ceiling price it would have planned to pay more subsidy in the first place; but having fixed both its subsidies and its ceiling price it was basic from that time on that it wanted the industry to sell at, or as close as it was practically possible, to that ceiling level.

I want to lay before hon. members, some of whom have been so extremely critical of our position, the dilemma that this public service disagreement presented to the government. For the sake of argument let us assume that Mr. McGregor is right in his view. But even if he were, this disagreement as to basic facts would place the Department of Justice in an impossible position in the event of our prosecuting. How could we prosecute such a charge if we proceeded to put in the case based upon the flour report and then were confronted with the evidence of Mr. Gordon and Mr. Taylor who could very easily have been subpoenaed for that purpose, and who in their dealings with the flour industry, according to what they inform me, and I believe them implicitly, had time and time again told the milling companies what their position was under the law.

The hon. member for Rosetown-Biggart (Mr. Coldwell) has been questioning our position. I should like to question his for a minute. He says, or inevitably implies, that the course which the milling companies should have followed was not to have sold at or near the ceiling and thereby protected the treasury, but that they should have engaged in competitive price cutting to drive down the price of flour to whatever level to which free competition would take it. Is that a reasonable statement of my hon. friend's position?

Mr. Coldwell: That is a reasonable statement.

Mr. Garson: If it is a reasonable statement, as my hon. friend admits, I suggest that there could be nothing more contrary to government policy and nothing more advantageous to the millers than this very procedure recommended by the hon. member for Rosetown-Biggart. He seems to misunderstand or forget the nature of this arrangement.

Mr. Coldwell: No, I remember very well.

Mr. Garson: The arrangement was that regardless of the price at which they sold their products they could neither make nor lose any money; hence any reasons that they might have had, for example, in peacetime,

[Mr. Garson.]

for reaching an agreement, illegal under the Combines Investigation Act, to make money, simply could not exist under this subsidy arrangement, because they could not make any more money by selling for a higher rather than a lower price. As long as that arrangement obtained the only advantage that they could get was an altogether different one. Not having to foot the bill for any cuts in prices that they would put in effect themselves, they could build up markets at one another's expense, they could make good fellows of themselves with the consumers, entirely at the cost of the public treasury. What my hon. friend and those who take the same position as he does argue is that that is what the millers should have done. Let us look at this proposition for a minute. Let us suppose the companies had followed that course. Suppose they had reduced the price on flour to a much lower level. The consumers would have been quite happy and I suppose my hon. friend would have been happy to see them happy, and the milling companies would have earned his approval by that course of conduct. But in the end, Mr. Speaker, these same happy consumers who got their cheap flour would, in their capacity as taxpayers, have helped to pay the subsidy put up by the federal treasury which made the whole arrangement possible.

That was not done. The milling companies dared not take such a course. They were warned that, if they did, punishment would be visited upon them in the form of a decrease in subsidy or an increase in the price of their wheat. Because they cooperated with the board in not attempting to create good will for themselves with the consumers at the expense of the taxpayers of Canada the flour report says that they should be prosecuted. My hon. friend from Rosetown-Biggart argues that we should reward them for doing what the wartime prices and trade board directed them to do by prosecuting them for an offence under the Combines Investigation Act. Well, sir, we do not think that that would be a conscionable attitude for the government to take, and we are not going to take it. We are not going to prosecute the milling companies for doing what they did in accordance with the subsidy and rigid profit control administered through the wartime prices and trade board.

Mr. Coldwell: That is what the commissioner recommended, not the member for Rosetown-Biggart. The commissioner recommended that they be proceeded against.

Mr. Garson: I am sorry; I accept the correction. I thought that my hon. friend—