

*Combines Investigation Act*

Combines Investigation Act, then it would appear that during the whole period of wartime control any firm or company which in concert with other companies in the same industry agreed to sell its products in accordance with the orders from time to time made by the wartime prices and trade board would also have been guilty of an offence under the Combines Investigation Act.

Mr. Gordon says most emphatically that this was not government policy as administered by the wartime prices and trade board, and we agree with him; because we are quite certain that industry generally would not have given that splendid co-operation which it did give, and which made our Canadian price control system the best system of its kind in the whole world, if the businessmen of Canada had thought that in every move they made in that regard they were breaking the Combines Investigation Act or if the wartime prices and trade board took the position that they were contravening that act.

Of no industry would these remarks that I am now making be more true than of the milling industry; for in the milling industry there was in effect, during by far the greater part of war control, a unique profit-control system under which the industry could not make or lose money regardless of the level at which it sold its products. Therefore it had no money incentive to do other than co-operate with the government by selling its products at or reasonably near ceiling prices.

I have dealt at some length, although I think not at too great length, with this price rise in September because it typifies the cleavage of opinion between Mr. McGregor and Mr. Gordon that has been at the bottom of some of the difficulties that the government has had in this connection. The same cleavage of opinion between Mr. McGregor on the one hand and Mr. Gordon and his successor, Mr. Taylor, the present chairman, on the other, as to whether the milling companies' compliance with the government's direction in September, 1947, constituted an agreement illegal under the Combines Investigation Act, extended to the whole period of the wartime price control over the milling industry.

Again in this larger sphere—that is, the sphere of wartime price control—we accept the opinion of Mr. Gordon and Mr. Taylor and we reject Mr. McGregor's opinion. We do so for several reasons. In the first place, we think there is no one in Canada who can speak with greater authority than Mr. Donald

Gordon himself with regard to this period of wartime control. He was the chairman of the wartime prices and trade board throughout most of this period, having worked under him as many as eighty odd administrators of various industries. Of these eighty odd administrators he was the master integrator of the policies which all of them pursued. Largely through him were their efforts coordinated. He was the one man who carried in his own head a great many of the arrangements made and reported to him by the administrators of all the industries under control, many of whom, being given the free hand, which he was bound to give them, exercised their own judgment as to the way in which they controlled their particular industry. Some of them would be meticulous with regard to written instructions or the securing of agreements and orders in council. Others, according to what he tells me, achieved at least as good a result, and sometimes a better result, purely by oral arrangements from beginning to end.

The second reason that we accept his view is this. It is a most extraordinary thing that, although at Mr. McGregor's request, Mr. Gordon recommended Mr. McGregor while he was still combines investigation act commissioner for appointment as the enforcement officer of the wartime prices and trade board working under Mr. Gordon, and in spite of the fact that Mr. McGregor worked in a dual capacity in this connection, he never went near Mr. Gordon from first to last in connection with the preparation of the flour report. He made no attempt to ascertain from Mr. Gordon whether the statements of wartime prices and trade board policy that are so freely interspersed throughout the flour report were in accordance with what the chairman of the wartime prices and trade board himself thought.

**Mr. Diefenbaker:** Will the minister permit a question? Would he not think that the then Minister of Justice who had been Minister of Finance would have brought that to the attention of Mr. McGregor?

**Mr. Garson:** Mr. Speaker, I think it is hardly proper for me to undertake the rather large responsibility of explaining the mental processes of some other gentleman who preceded me in this office. But I might point out in that connection, as my hon. friend perhaps well knows, that under the Combines Investigation Act the commissioner, with regard to the preparation of his report, has the power to initiate it, to conduct the preliminary investigation, and if he thinks it is warranted, to go on and to take every