is placed now, which dealt with a matter of which Mr. Ilsley as Minister of Finance had knowledge, because he was being kept informed throughout the period from September 1947 to July of 1948, was not made available to the commissioner? If he was kept informed by the commissioner, why did not this document come to the attention of the commissioner, or why was it not a material factor in stopping the making of this report?

Mr. Garson: To which document is my hon. friend referring?

Mr. Coldwell: The memorandum of June 21, 1943.

Mr. Garson: That is a memorandum made by Mr. Hart, I think the name is.

Mr. Coldwell: Mr. Ilsley was present.

Mr. Garson: Yes, quite.

Mr. Coldwell: And he was subsequently minister of justice.

Mr. Garson: Quite right.

Mr. Coldwell: Then I cannot understand this at all. It makes it more difficult to understand.

Mr. Garson: I think not. I am afraid I am getting off on a tangent from the remarks of the leader of the opposition, but I do not think I can afford to ignore the point the hon. member for Rosetown-Biggar has raised. The memorandum to which he has referred sets forth the beginnings of the negotiation for the profit control arrangement that was imposed upon the milling industry. That profit control arrangement ultimately went into effect, and it was covered by the various orders in council, references to which are appended to Mr. Gordon's last memorandum. The position Mr. McGregor took, which is basic to an understanding by hon. members of this whole difficulty, was that he did not deny the existence of the arrangement with regard to subsidy and profit control contemplated in this memorandum. In that respect he could communicate with Mr. Ilsley on any number of occasions and there would be no point at issue between them at all.

Mr. McGregor's difficulty was simply this. He said that although the subsidy and profit control arrangement might be in effect, in his view it was essential that the milling industry should preserve free competition below the price ceiling in order to keep the prices of these products at all times as low as free competition would take them. His view was that if the milling industry did not do that, it should be prosecuted, because that was an offence against the Combines Investigation Act.

Mr. MacInnis: Did Mr. Ilsley disagree with that position?

Mr. Garson: This is a rather subtle point to get over.

Mr. Drew: It is very subtle.

Mr. Garson: It is not often you get such a strongly held cleavage of opinion about a point which is not so clear, shall I say, as those which ordinarily form the basis of cleavages of opinion. Mr. McGregor's position was that competition should take place below the ceiling in order to take the price down as far as it could go under free competition. Mr. Gordon and Mr. Taylor, who had responsibility for the enforcement of all these arrangements, simply scorn that idea. They say that if the government steps in, provides a subsidy, and, after long negotiations and a voluminous report by a firm of chartered accountants, finally decides upon the approximate amount that the treasury would have to put up in order to pay that subsidy so that flour can be sold to the consumer at the ceiling price on the basis of $77\frac{3}{8}$ cents for wheat, then that is the government policy. Having decided to put up tens of millions of dollars to subsidize the cost of flour to the consumer, the government did not want to have to put up some indeterminate figure, running into tens of millions of dollars more, because under the profit control arrangement the millers might push down by competition the price of flour to the consumer at the government's expense. If the government had wanted the price of flour to go down to two-thirds of the level of the ceiling price, it would have put up more subsidy in the first place, and in that event the higher subsidy and lower ceiling price would have been government policy.

Having gone to a lot of trouble to determine the amount the government was prepared to pay by way of subsidy, and to fix the price of wheat that goes into the making of the flour, and to fix the ceiling price on the flour, and to place the industry under such rigid profit control that the millers were compelled to pool all their export profits on which there was no ceiling, Mr. Gordon and Mr. Taylor say it is simply preposterous to imagine that the government should lose that control by free competition below the ceiling. That is the difference between the two viewpoints.

In answer to my hon. friend's fair question, the point I am making is that I do not think it likely that Mr. Ilsley, with all the multitudinous claims upon his attention and the load he had to carry, would burden his mind sufficiently with the implications of