

*Combines Investigation Act*

went to Mr. Short and got him to prevail upon his own company, Lake of the Woods Milling Company, to agree to an increase in the price of flour and millfeed substantially below any increase that was under consideration at that time, and of course very much less than the increase which had taken place in the United States and which we were trying to avoid in this country. The suggestion which was conveyed to the industry at that time—

**Mr. Diefenbaker:** By whom?

**Mr. Garson:** By Mr. Taylor—was that although the ceiling on flour and millfeed had been suspended, if there were not reasonable co-operation in adhering to the precise prices for both flour and millfeed which had been named by Mr. Taylor, then the government would have to consider restoring the ceiling in order to produce the same result by compulsion, if it could not be secured by the co-operation of the industry.

This request was accepted by the milling industry under protest. My information, coming from people who are competent to express it, is that, as was revealed by the discussions which took place in connection with Mr. Taylor's ultimatum, there was not a firm in the industry at that time which did not intend to increase its prices. Further, my information is to the effect that the increases were not going to be uniform at all, that they all had different ideas as to how much they should get. But not one firm intended to increase its prices by as little as the amounts specified in Mr. Taylor's statement.

At one o'clock the house took recess.

The house resumed at three o'clock.

**Mr. Coldwell:** On a question of privilege, Mr. Speaker, may I point out that sessional paper No. 53-I, tabled this morning, states at page 3:

In a file of one of the senior officials of the prices division, I find a note dated June 21, 1943 (copy attached hereto) recording a discussion I had with him dealing with an interview. . . .

And so on. The copy of the document referred to is not attached.

**Mr. Garson:** I think it was by inadvertence that it was not attached in the office of the Secretary of State. I have a copy here that I will table during the course of my speech. My hon. friend may have this copy.

**Mr. Coldwell:** Thank you.

**Mr. Garson:** When the house rose for the one o'clock recess, Mr. Speaker, I was pointing out that Mr. K. W. Taylor, the

present chairman of the wartime prices and trade board, had, under government instruction, told the milling companies in September, 1947, at the time of decontrol—which companies, as it then appeared, were going to raise their prices for flour and mill feed—that the government would have to consider the reimposition of ceilings if the contemplated increase exceeded \$4.05 per barrel for flour and \$10 per ton for mill feed. Mr. Taylor's request on that occasion, I think perhaps a better term would be "direction", was accepted by the milling companies under considerable protest. My information from Mr. Taylor is that there was not any firm in the milling industry that at that time had intended to increase its price by as small an amount as that which was suggested by Mr. Taylor on behalf of the government. But after considerable remonstrance, protest and discussion amongst themselves, the industry accepted this increase.

One of the purposes of the government's direction in this connection was the desire that the indicated relationship be maintained between flour and mill feed prices in order to prevent mill feed prices from mounting to the height at which it was then being sold in the United States. This action upon the part of the milling companies in complying with Mr. Taylor's direction has been designated by the flour report for one, and by the hon. member for Rosetown-Biggart (Mr. Coldwell) in the debate the other day for another, as a breach of the Combines Investigation Act, in spite of the fact that it was the direct result of practically an ultimatum which had been given by the chairman of the wartime prices and trade board to the milling companies through Mr. Short, the flour controller, to the effect that no greater amount than the amount specified would be acceptable to the government, and that if increases in excess of those figures were put into effect the government would have to consider restoring the price ceiling.

I have gone at great length into this matter with Mr. Donald Gordon, the wartime chairman of the wartime prices and trade board, and Mr. Taylor its present chairman on several occasions. Both of these chairmen of the wartime prices and trade board take strong issue with this allegation to which I have referred, as does the government in accepting their views. They contend that any such action as the one which I have indicated taken by industry under the direct domination or direction of the government certainly does not constitute an offence under the Combines Investigation Act. For, sir, if this be an agreement contrary to the