

believe the minister should give us some better reason than he has advanced so far as to why that department should not be under the price ceiling if that ceiling must prevail in regard to the civilian population.

Mr. GRAYDON: Just before the minister answers that question I should like to ask him another one, having regard to the fact that there is no price ceiling upon the articles or commodities purchased by the Department of Munitions and Supply. I wish to ask if in his experience in administering this price ceiling policy under the wartime prices and trade board he has found that the fact that there is no price ceiling on commodities purchased by the Department of Munitions and Supply has had the effect of interfering with the operation of the general price ceiling policy and, if so, to what extent. How far do the breaches of the price ceiling which have been mentioned by hon. members during the course of this debate go toward endangering the whole price ceiling policy of the government? I just wanted to have the minister's opinion on that point, because, after all, he is administering the department, and I think his reaction would be very interesting to the committee.

Mr. ILSLEY: Before I come to that let me make one point clear in regard to the return quoted by the hon. member for York South. Certain meats, while not subject to the price ceiling when purchased by the Department of Munitions and Supply, in effect are subject to that ceiling now by agreement; or I believe the agreement is that they will not pay more than ceiling prices without first consulting the wartime prices and trade board. I am instructed that it goes even farther than that, that they will not pay more than ceiling prices for these meats, though the hon. member for Souris rather seemed to be under the impression that they were now paying more than ceiling prices for meat. They are not. That matter was settled by agreement last September, as I understand the situation. Naturally the wartime prices and trade board is concerned, as one of its main lines of activity, with civilian supply. It is the government body which is trying to meet the civilian needs of Canada, to see that the civilian part of the population of Canada has available what it needs.

Mr. GRAYDON: Of course it is doing more than that; it is keeping down prices, too.

Mr. ILSLEY: It is doing two things. Its representatives in the various districts are prices and supply representatives. They have [Mr. J. A. Ross.]

two great functions to perform. One is to see to supply and the other is to control prices; and the one cannot be done without the other. That is, prices cannot be controlled without enormous trouble, unless supply is provided. That is what this large organization is concerning itself with. It is a civilian organization; and when the military purchasing body, the body that must concern itself with supplies for the forces, comes in with its overriding and paramount powers which, as a matter of policy, it was felt it should be given, it disturbs the operations of the wartime prices and trade board, because it is likely to shorten the supply or unbalance the distribution. That may be inevitable, but for that reason it is desired to get these two bodies together, to get them to agree as far as possible. I am advised by the officials that very recently the Department of Munitions and Supply have agreed that they will not buy anything at all above the ceiling prices without first consulting the wartime prices and trade board and giving that board an opportunity to get for them what they require, or of directing them to it and arranging in some way that they may get it.

Mr. GRAYDON: That is really a reversal of your previous policy, under which you left the ceiling open as far as munitions and supply were concerned.

Mr. ILSLEY: No, it is not. The maximum prices regulations did not tie down the Department of Munitions and Supply, nor was it thought they could be tied down, because of the overriding importance of the function they perform.

Mr. GRAYDON: But now you are doing the same thing by agreement.

Mr. ILSLEY: It is provided that they shall not pay more than ceiling prices for anything without consultation with the wartime prices and trade board. That is only for civilian type goods.

Mr. ROSS (Souris): That applies to all foodstuffs purchased by munitions and supply for the armed forces?

Mr. ILSLEY: In regard to meat it is agreed that they will not pay more than ceiling prices anyway, but on the whole range of civilian type goods it is agreed—this is a working arrangement between two agencies of the government—that they shall not pay more than ceiling prices without consultation with the wartime prices and trade board.