

*Combines Investigation Act*

These groups played an important and highly useful part in the wartime control of their respective industries; but the last word, the ultimate control, lay not with them but with government.

That statement by Mr. McGregor is quite correct, of course. Agreements as to prices and so on, which in peacetime were contrary to the Combines Investigation Act, became in wartime desirable rather than undesirable instruments of wartime control and integration under the wartime prices and trade board. As we all know, war is essentially a totalitarian business. You integrate your whole economy for the purpose of delivering the greatest possible blow against the enemy. And the wartime prices and trade board approved, rather than disapproved, of companies in the same industry forming committees to work in conjunction with the wartime prices and trade board officials. I should like now to quote from a letter from the secretary of the commission to H. E. Manning, K.C., of Toronto, dated June 20, 1942:

While it is not possible to state definitely whether any such orders do sanction agreements of the whole trade, it is true that in most instances to date they have met with the approval of a representative group of the trade involved. This follows from the fact that the board has adopted the practice of establishing advisory committees from each trade and industry whose contribution is to make suggestions for economies, standardization and simplifications and to discuss and criticize recommendations of the board or of the administrators. Thus, while many of the orders which have introduced restrictions of competitive practices have originated with or had the approval of a large section of the industry or trade concerned—

And may I interject that they could not have had that approval, the restrictions could not have originated with the industry, unless those in the industry had got together to discuss and agree on what they were to originate or approve.

—it could not be said that they are merely giving recognition to agreements within the industry or trade to restrain competition.

Again I quote from Mr. McGregor's testimony before the prices committee, on the point as to whether direct war control had replaced discipline under the Combines Investigation Act, as follows:

During the latter years of the war, activities under the combines act were largely suspended in view of the establishment of direct wartime emergency controls over practically all branches of industry and trade.

As to the effectiveness of these controls, I quote Mr. McGregor again:

While indirect control by price competition can never be expected to be completely effective, neither can a system of direct price control, even in wartime. Wartime price controls in Canada, direct controls, were singularly successful in spite of stupendous difficulties.

I quote that because it is in direct corroboration of the position Mr. Donald Gordon took in Mr. McGregor's presence at the interview in my office on October 22. Then with respect to the wartime prices and trade board administration succeeding the Combines Investigation Act as the appropriate method of wartime control, in reply to a question by the hon. member for Eglinton (Mr. Fleming) Mr. McGregor told the committee:

The objective of the prices board and the objective of the Combines Investigation Act was the same; to protect the public from improper prices. When the prices board was established it was given such complete powers and such wide powers in the emergency period that it could stop high prices just over night. A directive could be issued as soon as an undesirable condition was found out. Now, we could not take that direct action under the combines act. That is not the appropriate safeguard for a wartime economy.

Then I should like to quote from some of the annual reports of the commissioner under the Combines Investigation Act, with regard to the wartime controls superseding that act. I quote from the report for the year ending March 31, 1942.

Other cases which in the absence of wartime regulations would have been dealt with under the Combines Investigation Act have been dealt with by the appropriate wartime agency.

You will find similar references in the reports for 1943 and 1944. Mr. Donald Gordon told us that one of the reasons why the wartime prices and trade board did not leave behind a trail of orders in council and written directives of one kind and another was that the prime object, to which every other consideration was sacrificed, was more and more production; and that to this end assurances were given—in some cases, where they were demanded, of a formal character but many of which were informal and oral; that anything done by an industry in furtherance of the substance of the wartime prices and trade board legislation would not be subject to prosecution under the Combines Investigation Act.

As far as the milling industry was concerned I suggest that the real test as to whether action by any milling company was in compliance with the objectives of the wartime prices and trade board and therefore privileged under the Combines Investigation Act would be whether it was in substantial furtherance of the substance of the policy of the board. What was the policy of the board? It was to pay a subsidy of a planned amount, which was based upon the investigation made by this firm of chartered accountants. The policy was to fix a ceiling price and, by having the industry sell at or near that price,