

with a year ago of over 2,000,000 pounds. Production in July was up 3·5 per cent over last year, but consumption was up 14·5 per cent that month. Then in August we started out with stock on hand of 631,000 pounds better than the previous year but at the end of the month the stocks were 1,405,000 pounds less than the previous year. In other words, in that month stocks decreased as compared to the previous year by over 2,000,000 pounds. Again in the month of August production was at 6·1 per cent over the previous year but consumption was up 18·7 per cent; and I think that that is the chief answer to the question of the rises in price.

Mr. MONET: And that would apply for the other two periods I just mentioned; November to December, and December to January; the same thing would apply?

Mr. SILVERWOOD: Yes, I think so; because in the month of November there was a decline of 1,500,000 pounds between the first of the month and the end of the month in stock as compared to the previous year and in the month of December there was a decline of more than 2·5 million pounds. Production in November was a little better; 7·6 per cent ahead of the same month in '46; but consumption was up 11·7 per cent. In December the production was still lower, it was only ·2 per cent higher than 1946; but consumption was 11·6 per cent higher. Then the same situation carried through in January and February; the stocks declined by 313,000 pounds in January and by 2,000,000 pounds in February.

Mr. MONET: And you would think the reasons you have just given would have been one of the main factors for such substantial increases in these special periods?

Mr. SILVERWOOD: Yes, I think those are the main reasons.

Mr. MONET: And your brief submitted yesterday, at page 3, under the heading "rise in butter prices"—subparagraph (b), the second section—you also stated that the assurance of adequate storage space would have been a factor in the increase in the price. That is on page 3, of your brief.

Mr. SILVERWOOD: Yes. Well, at the beginning of the season, that is early in June, we said that one of the reasons that the market was comparatively active was lack of storage space. I do not think that was probably the main reason by any means. I think the main reason probably was the one which I gave as the second reason; that is the uncertainty of production together with decontrol and increased consumption. However, at that time of the year there was a notable lack of storage space.

Mr. MONET: That was in June?

Mr. SILVERWOOD: Yes, in June. A little later on the situation improved.

Mr. MONET: But how do you explain that there was such a lack of storage space in June? Is that not a time when a considerable amount of butter is stored?

Mr. SILVERWOOD: It was caused by the taking up of storage space for meat for Britain, and so on.

Mr. MONET: And then would you tell members of the committee how it would affect the price of butter because there was an assurance of more storage space later on?

Mr. SILVERWOOD: Of course, I think the amount of storage space available is a factor, because you cannot store butter if you have no place in which to put it.

Mr. MONET: I agree with that, but I understand that at that time there was an apparent shortage in sight?

Mr. SILVERWOOD: That is right.

Mr. MONET: And the price was going up?