

Mr. MONET: —he will sell it to the cheese factory?

Mr. SILVERWOOD: If that price is maintained over a sufficiently long period, there being an advantage, he will sell his milk for cheese. Such action would influence the amount of butter made but I would not say that it would necessarily influence the price of butterfat.

Mr. LESAGE: It could?

Mr. MONET: In your experience as president of your company, when it comes to determining the price for butterfat do you think the cheese operation has anything to do with the increase you were called upon to pay for butterfat?

Mr. SILVERWOOD: No, I would not think so.

Mr. MONET: I see.

Mr. LESAGE: May I ask a question?

Mr. MONET: Yes.

Mr. LESAGE: Suppose you have two factories which are linked, one is a butter factory and the other is a cheese factory. If the price for cheese is more attractive to the farmer, and if that situation is general in a province or across Canada, is it not normal that the creamery will increase the price paid for butterfat in order to meet the competition with the cheese factory?

Mr. SILVERWOOD: Well that perhaps might be an influence to some extent.

Mr. LESAGE: Yes, and I do not say it is a main factor but it is one factor that has to be considered.

Mr. SILVERWOOD: I do not think that any factory would be likely to sit back and lose its milk supply or cream supply to a great extent, through local competition, without doing something to meet that competition. That factory would try to meet the competition.

Mr. LESAGE: And to meet that competition they would have to increase the return to the farmer for his butterfat?

Mr. SILVERWOOD: That is right.

Mr. LESAGE: And if that situation is general over a province or all over Canada it would be a factor that would have to be considered?

The CHAIRMAN: Well perhaps counsel could carry on his questioning?

Mr. MONET: It is satisfactory to me to have Mr. Lesage continue on this line of questioning.

Mr. LESAGE: It is exactly the same line of questioning but it is somewhat supplementary.

Mr. CLEAVER: Mr. Monet, would you care to ask the witness to what extent there is a fluctuation, or what makes the fluctuation, between the relative selling price of butterfat and the relative selling price of butter?

Mr. MONET: Yes, I will ask him a little later the prices of butter and butterfat. Mr. Lesage, did you want to continue?

Mr. LESAGE: No, it is all right. You continue with your questioning. I think the witness has said it was a factor.

Mr. MONET: So, you agree it is a factor?

Mr. SILVERWOOD: Yes, I think it could be a factor. It might not be the important one, but it is a factor.

Mr. MONET: Previous witnesses have said it was a very important factor and we want to know if you agree with that. What about manufacturing costs, Mr. Silverwood, would they enter into your consideration?

Mr. SILVERWOOD: No, manufacturing costs have nothing to do with the setting of the butterfat price.

Mr. MONET: In your company it has never been a consideration?