

COLD STORAGE REPORT HINTS GOVERNMENT CONTROL

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companies somewhat decreased, yet the total amount of cheese exported from Canada, according to the Trade and Commerce returns, during the 1913-1916 period increased from approximately 155,000,000 pounds to 169,000,000 pounds. This has, of course, directly affected the price of cheese to the cold storage companies. The export of eggs by cold storage companies has increased during the same period from less than 1 per cent. to 23 per cent. The export of bacon has increased from 24 per cent. to 91 per cent. The commodities which have been exported in the greatest quantities show the greatest increase in prices and in margin. It has been already claimed herein that the export demand has been responsible for most of the advances in domestic prices."

It is pointed out that the margin which the cold storage companies put on food products varies on butter from 1.74 cents per pound to 2.58 cents per pound in 1915, and 1.9 cents per pound in 1916; on cheese from .43 cents per pound in 1913 to 1.15 cents per pound in 1914, and .78 cents per pound in 1916; on eggs from 2.35 cents per dozen in 1913, on a steady rise, to 4.31 cents per dozen in 1916; that the margin on beef shows a decline from 1.06 cents per pound in 1913 to .7 cents per pound in 1916; on pork from 1.9 cents per pound to .36 cents per pound in 1914 and to 1.85 cents per pound in 1916; on bacon a rise from 2.33 cents per pound in 1913 to 4.58 cents per pound in 1916; on ham a decline from 4.86 cents per pound in 1913 to 2.12 cents per pound in 1916; and on mutton and lamb a decline from 1.38 cents per pound in 1913 to .61 cents per pound in 1916. In spite of these fluctuations, which in eggs and bacon particularly are abnormal, it is the price paid to farmers which has shown the original and most important ascent. Because of the varying distances of the farmers from the markets which they supply, it is not possible to say with accuracy the charge on the produce from the time it leaves the farmer's hands until it reaches the cold storage warehouses. Throughout southern Ontario, however, and as far east as Montreal, the charges are as follows: The buyer for the cold storage companies is paid 1 cent per dozen for buying eggs, $\frac{1}{4}$ cent per pound for cheese, and $\frac{1}{2}$ cent per pound for butter. The freight on eggs is 25 cents to 30 cents per case of 30 dozen; on cheese it is $\frac{1}{4}$ cent to $\frac{3}{4}$ cent per pound, and it is $\frac{1}{4}$ cent to $\frac{3}{4}$ cent per pound on butter. But subtracting these items from the cost price shown by the cold storage companies we arrive at the price paid the farmers. It would, however, be misleading to use this as a basis of calculating the average price paid to farmers in Canada. Conditions vary with the localities. But as these charges are fixed, and have not appreciably increased since the war, the increase in the price received by the farmer from the cold storage buyer can be calculated. The table in the next column compares the increase in the cost and the increase in the selling prices since 1913.

The decrease in the margin on ham is not very significant as affecting the total profits of cold storage companies, as only about fourteen million pounds of ham out of an approximate total of four hundred and sixty million pounds of meat were sold by cold storage companies in 1916, and comparison with the records of previous years shows that the quantity sold from cold storage has very slightly increased. The same statement applies to mutton and lamb. Table I. shows that about twelve and a half

million pounds of mutton and lamb were sold in 1916, and Table V. shows that the proportion of mutton and lamb sold in 1916 as compared with 1913 has actually decreased. The margin on beef has decreased, while the output since 1913 has increased. This decreased margin is, however, offset by the soaring prices which the by-products have been bringing. But the public has derived the benefit from this; the price of beef has increased less than that of any other meat since the beginning of the war. In the result, therefore, the only wide divergence shown between the increased revenues derived by producers and cold storage companies respectively applies to eggs and bacon. The disproportionate increase received by the cold storage companies as respects these commodities would be justified if storage costs had correspondingly increased, but the figures submitted by the various companies for the last four years do not evidence a sufficient rise in storage costs to bridge this gap, so the cause must be looked for elsewhere, and found. The rise in the price of bacon in 1916 was clearly a result of a practical monopoly brought about by a huge and unprecedented export trade demand.

Discussing the volume of the companies' business, the commissioner says: "The aggregate business of the large companies whose operations have been already analyzed, exclusive of those of Company No. VII., whose records are not complete for the four years, has been greatly expanded in the period 1913-1916. The total business done by these nine companies has increased during the years mentioned by the following percentages: Butter, 46 per cent.; eggs, 32 per cent.; cheese, 14 per cent.; beef, 30 per cent.; pork, 80 per cent.; ham, 150 per cent.; bacon, 1,450 per cent. Sales of mutton and lamb have slightly decreased.

"In view of the tendency towards monopoly, it is most important that the growth in the business of individual companies be carefully considered. All the companies whose operations are reported have not profited equally by the general expansion of trade. The method adopted for calculating the increased trade of each company has been to compare the total receipts from the sales of all the commodities reported on in the years 1913 and 1916. A table showing the approximate increase

Increase of Margins of Farmers and Cold Storage Companies.

Commodities	Cost per lb., 1913, to companies	Increase in cost per lb., 1913, to 1916 to companies	Selling price per lb.	Increase in selling price per lb., 1913, to 1916	Difference in profit to companies 1913 and 1916
	Cents	Cents	Cents	Cents	Cents
Butter.....	25.38	5.47	27.12	5.61	0.14 plus
Cheese.....	12.78	5.33	13.21	5.68	0.35 plus
Eggs.....	22.58	3.47	24.93	5.43	1.96 plus ¹
Beef.....	8.96	1.79	10.02	1.43	0.36 minus
Pork.....	12.5	2.34	14.47	2.38	0.04 plus
Bacon.....	14.75	1.01	17.08	2.25	1.25 plus ²
Ham.....	14.43	4.77	19.29	2.03	2.40 minus ²
Mutton and Lamb.....	11.97	4.83	13.35	4.06	0.77 minus

NOTE 1.—In partial justification of cold storage companies generally it is necessary to state that the war time advance in average profits on eggs, shown in the preceding table, has been greatly influenced by excessive profits derived by two particular companies, one a very large operator, the other a smaller. Particulars will appear later, herein. The average advance in the profits of cold storage companies between 1913 and 1916, exclusive of these two companies is 1.2 cents per dozen. While some allowance must be made for the greater expense of doing business even this general advance in profits seems high.

NOTE 2.—The proportion of ham dealt in, as compared with bacon, is small. See Table I. Sales of ham by cold storage companies approximated 14,000,000 pounds in 1916 and sales of bacon 150,000,000 pounds. Since the war the energies of the various companies seems to have been directed to the increase of production of bacon, the figures show in 1913 an average margin (seemingly excessive) of between four and five cents per pound derived by the various companies from ham. In 1916 the average margin in that commodity dropped to a more reasonable figure and a higher, and in my judgment, unjustifiable profit is being derived from bacon, the sales of which, by cold storage companies have, since 1913, increased more than twelve fold. This tremendous increase of turnover ought to have resulted, notwithstanding increased costs of doing business, in a reduction of gross profit instead of an increase, and I venture to predict that the expert examination of the books of the companies whose names I shall supply for the purpose will so establish.