

and premiums and subsidies bring the price up to 24 cents a pound, a price lower than 40 cents a pound for butter will not bring about an increase in its production in this country.

The United Kingdom requires cheese and has asked this country to stress its production rather than butter. Therefore, if the government subsidizes cheese (as it has done) a shortage of butter results in Canada and it has to be rationed, despite the fact that there has been an over-all increase in butter production in Canada during the war years. Estimates of creamery butter production for 1943 show that 312,300,000 pounds were produced compared with 284,600,000 pounds in 1942, an increase of 9.7%. Production of dairy butter was estimated at 55,400,000 pounds for 1943, a decrease of 22,000,000 pounds from 1942 estimates. However, increased consumer purchasing power and the demands of the armed forces are much larger than the increase in production, and in the final analysis a shortage of butter exists.

Total butter production in recent years has been as follows:

| | |
|-----------|-------------|
| 1943..... | 367,716,928 |
| 1942..... | 363,116,372 |
| 1941..... | 368,644,196 |
| 1940..... | 348,979,807 |
| 1939..... | 355,071,546 |
| 1934..... | 333,777,961 |
| 1933..... | 318,379,546 |

A contract to ship butter to the United Kingdom was entered into during September, 1943. It called for 7,000,000 pounds of butter to be shipped by October 31, 1943 -- an equivalent of 163,800,000 pounds in the form of milk. The 7,000,000 pounds of butter was the minimum which the British wanted. Actual shipments on the contract amounted to 7,088,506 pounds. A pound of butter is equivalent to 2.25 pounds of cheese, and lower production of cheese is due to the increased butter production. The United Kingdom has indicated that it will take more butter if available.

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Fluid sales in Canada increased 9.4% in 1943 over 1942, while milk consumed on farms increased 2.3%. Milk used for concentrating purposes in 1943 totalled 588,000,000 pounds as compared with 554,000,000 in 1942. Milk used in production of ice cream showed a similar upward trend. (No restrictions have been placed on the use of ice cream by the armed forces, in canteens operating in military confines or in military confines or in military or civilian hospitals).

Canada has entered into certain contracts with the British Ministry of Food to supply evaporated milk.

A Comparison of the Five Evaporated Milk Contracts

| | <u>First Agreement</u> | <u>Second Agreement</u> | <u>Third Agreement</u> |
|---|----------------------------|-----------------------------|----------------------------|
| Term of agreement - Beginning | July 1, 1940 | April 1, 1941 | April 1, 1942 |
| End | March 31, 1941 | March 31, 1942 | March 31, 1943 |
| Quantity contracted for -- Total cases (48 one-lb tins to a case) | 1,150,000 | 658,000 | 668,000 |
| Total quantity shipped -- cases | 751,362 | 643,659 | 668,403 |
| Pounds of milk required to manufacture evap- orated milk according to contract | 141,750,000 | 87,830,000 | 90,180,000 |