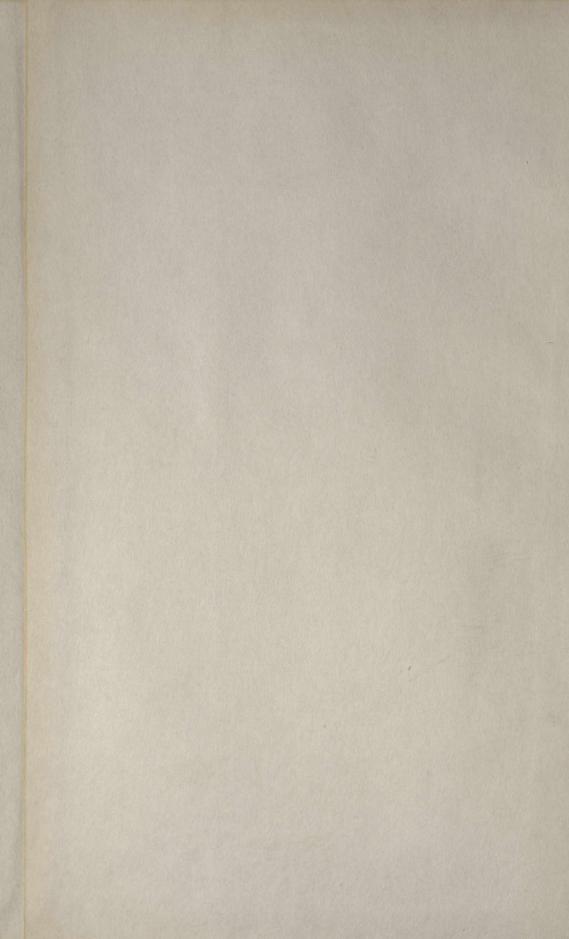
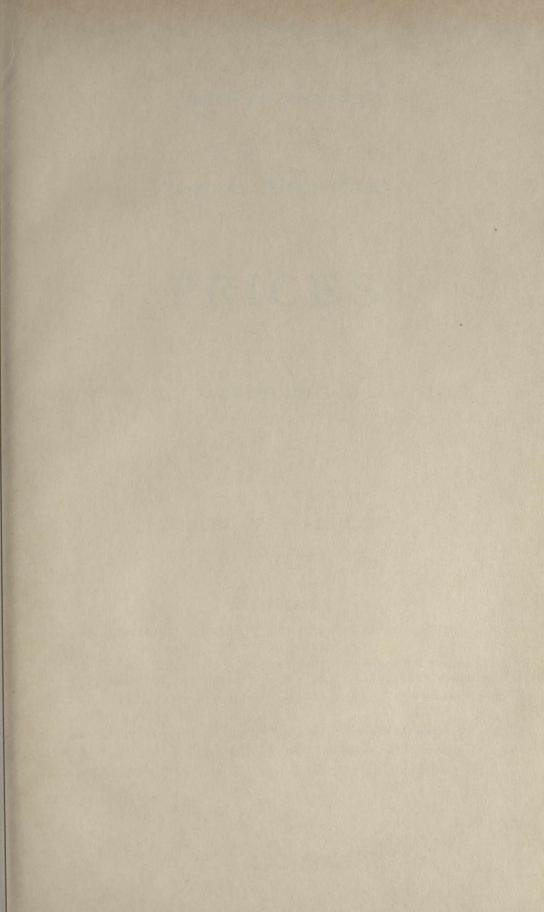
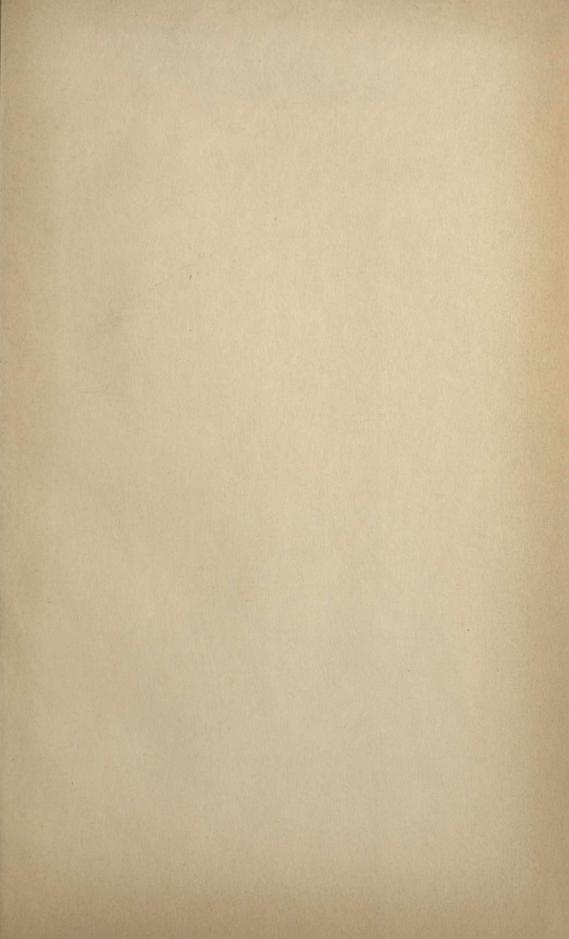


Canada. Parl. H. of C. Special Comm. on Prices.

J 103 H7 1947/48 P75 A1 V.3







SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

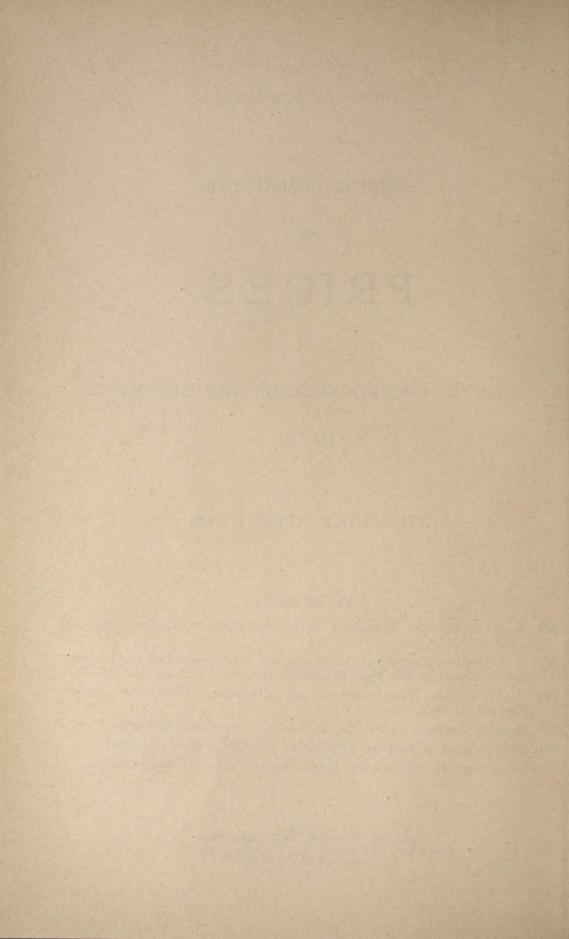
No. 33

THURSDAY, APRIL 8, 1948

WITNESSES:

- Mr. E. G. Silverwood, President, Silverwood Dairies, Limited, London, Ont.
- Mr. J. H. Duplan, Executive Vice-President, Silverwood Dairies, Limited, and President of The National Dairy Council of Canada, London, Ont.
- Mr. J. H. Gillies, Vice-President and Treasurer, Silverwood Dairies, Limited, London, Ont.
- Mr. Maurice Gauthier of Pelchat & Gauthier, Jewellers, Montreal, Que.
- Mr. Paul Pelchat of Pelchat & Gauthier, Jewellers, Montreal, Que.
- Mr. David Bernier, Butter-man, Jersey Brand Products, Montreal, Que.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948



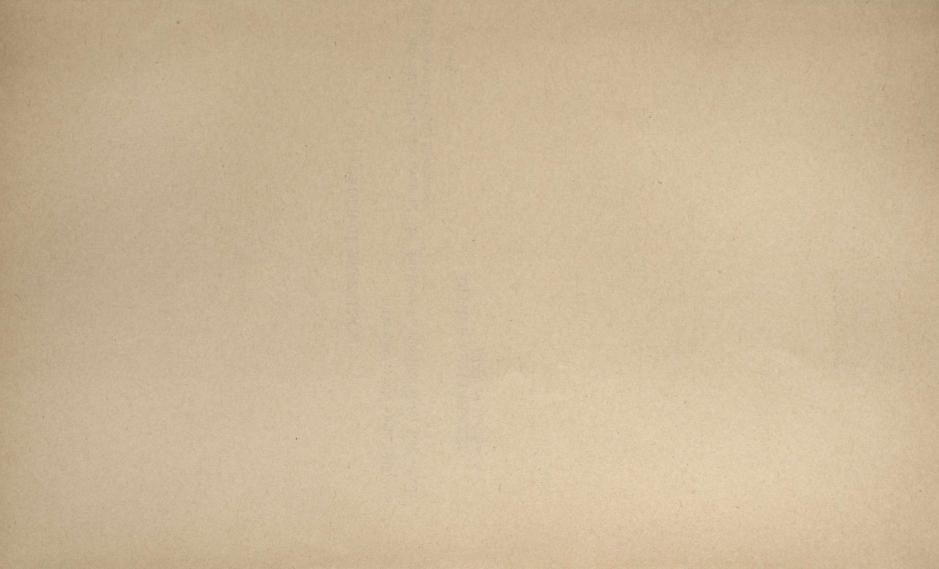
ORDER OF REFERENCE

THURSDAY, 8th April, 1948.

Ordered,—That the name of Mr. Thatcher be substituted for that of Mr. MacInnis on the said Committee.

Attest

ARTHUR BEAUCHESNE, Clerk of the House.



MINUTES OF PROCEEDINGS

THURSDAY, April 8, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Homuth, Irvine, Johnston, Lesage, MacInnis, Martin, Mayhew, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. E. G. Silverwood, President, Mr. J. H. Duplan, Executive Vice-President, and Mr. J. H. Gillies, Vice-President and Treasurer, Silverwood Dairies, Limited, London, Ontario, were recalled and Messrs. Silverwood and Duplan further examined.

Mr. Duplan also read a statement in his capacity as President of The National Dairy Council of Canada.

During the examination of Mr. Duplan, Mr. Sinclair, M.P. (Vancouver) was granted leave to ask questions.

At 1.00 p.m. witnesses discharged and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Fleming, Harkness, Irvine, Johnston, Lesage, Martin, Mayhew, Pinard, Winters, Thatcher.

Mr. Fabio Monet, K.C., Counsel to the Committee in attendance.

Mr. Maurice Gauthier and Mr. Paul Pelchat of Pelchat & Gauthier, Jewellers, and Mr. David Bernier, butter-man, Jersey Brand Products, all of Montreal, appeared accompanied by Counsel, Mr. Jean Drapeau, Montreal, who made a brief statement.

Mr. Gauthier was called, sworn and examined.

Witness discharged.

Mr. Pelchat was called, sworn and examined.

Witness discharged.

Mr. Bernier was called, sworn and examined.

Witness retired.

Note:—The English translation of the evidence given in French by Messrs. Gauthier, Pelchat and Bernier appears in appendix to this day's proceedings.

Mr. Winters referred to reports from Halifax, N.S., to the effect that inferior butter had been put on the market at the first-grade price. He moved:

That in the light of the circumstances, in the public interest and within the terms of the Committee's reference, responsible officers from the head office of Canada Packers Limited and a responsible official from their local (Halifax) office be subpoenaed to appear before this Committee at the earliest possible date.

Motion carried on division.

The Committee adjourned at 6.15 p.m. until Friday, April 9, at 11.00 a.m.

R. ARSENAULT, Clerk of the Committee.

MINUTES OF EVIDENCE

House of Commons, April 8, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order.

As pre-arranged and indicated the other day, this afternoon at 4.00 p.m. we will start investigating the Montreal situation which has been brought to our attention; that is the supplying of butter as an inducement to sales of other commodities, notably jewelry. Now Mr. Winters has something to say.

Mr. Winters: I would like to follow on from the point which we reached last evening with respect to the situation in Halifax where it is alleged that retailers have sold third grade butter at first grade butter prices. You will recall that on Tuesday I asked that an investigation be conducted and I would like counsel to say now whether action has been taken to investigate?

The CHAIRMAN: Mr. Monet, would you reply please?

Mr. Monet: Mr. Chairman, Mr. Spence is here this morning. He and I worked together on this matter right up until last night and I have also been in touch with him this morning. I would rather that Mr. Spence report to you now.

Mr. W. F. Spence, Enforcement Administrator, Wartime Prices and Trade Board: An investigation by investigators of the Wartime Prices and Trade Board in Halifax has been proceeding for the last week. Preliminary reports are in the hands of enforcement counsel and I have received a telephonic summary of those reports.

Mr. Winters: Can you say whether the reports indicate any illegal or even irregular practices on the part of the retailers?

Mr. Spence: The reports show such allegations are founded from what I have been able to determine as a result of this preliminary type of investigation. I have not seen even one document myself but it would appear that there have been irregularities or infractions of the order.

Mr. Winters: Well, Mr. Chairman, the retailers in Halifax are operating at a disadvantage and under a stigma. Whether that stigma is real or otherwise remains to be seen, but in view of the situation I would say that it is essential that the investigation be pressed forward as quickly as possible so that the non-offenders may be cleared and the offenders prosecuted where necessary. If there have been abuses within the scope of the terms of reference of this committee I will expect the offenders to be subpoenaed to attend before this committee in the same way as those involved in the Montreal situation.

The Chairman: Yes, well that will be done. It should be stated now that the full committee has considered the matter and no time is being lost in bringing the investigations to an expeditious conclusion.

Mr. Fleming: Well, Mr. Chairman, in connection with the remarks made by Mr. Winters—

Mr. MacInnis: Mr. Chairman-

The CHAIRMAN: Counsel is attending to the problem.

Mr. MacInnis: I would like to ask Mr. Spence whether the Wartime Prices and Trade Board investigation has reached a point where legal action against the

person involved is contemplated?

Mr. Spence: I think in answer to that question I should explain the procedure. An investigation is made by the investigators in or working out of the appropriate office which in this case is Halifax. The reports of the investigators are submitted to the enforcement counsel, that is the lawyer acting for the board in that region. In many cases counsel requires further information and when he has a full report and is ready to take action he forwards the report to the enforcement administration in Ottawa. The investigation in Halifax has only proceeded to the point where the investigators have made reports which are being scanned by the enforcement counsel who, at the moment, does not know whether he requires further information before sending the full report to Ottawa.

Mr. Winters: Is the board able to name any of the persons involved at this

stage?

Mr. Spence: I do not think it is proper to name them until charges are issued against them.

The CHAIRMAN: In any event no time is being lost?

Mr. SPENCE: No.

Mr. Fleming: If there is evidence of offences against the law I would feel that bringing these people to Ottawa would not be the most expeditious way to handle the situation. Why not let the Wartime Prices and Trade Board go ahead with their investigations? I would say that it is not a wise thing to bring these people here to Ottawa.

The Chairman: Well, Mr. Fleming, yesterday we discussed this whole matter

in executive session and you have not been told what transpired.

Mr. Fleming: No, but I am commenting on the point raised by Mr. Winters when he suggested that these people be brought here if the irregularities are discovered.

Mr. Winters: I used the words "irregularities within the scope of the terms of this committee".

Mr. Fleming: It is a good way to slow down the investigation.

The Chairman: I think, Mr. Fleming, if you were aware of the decision reached by the committee you would not make that observation.

Mr. Fleming: Are you going to make that decision public, Mr. Chairman?

The CHAIRMAN: We certainly are.

Are you ready Mr. Monet?

Mr. Monet: Yes.

Edward Gordon Silverwood, President, Silverwood Dairies Limited, recalled:

John Harold Duplan, Executive Vice President, Silverwood Dairies Limited, recalled:

John Harold Gillies, Vice President and Treasurer, Silverwood Dairies Limited, recalled:

Mr. Monet: Coming back to statement No. 6, page 1, exhibit 71, and column S, Mr. Silverwood, you show there a profit of 11.41 cents per pound on storage butter for the eleven months ending February 28, 1948?

Mr. Silverwood: Pardon me, I think you should be referring to column J?

Mr. Monet: Yes, the last column on storage butter on statement No. 6, exhibit 71. You show there a profit of 11.41 cents.

Mr. SILVERWOOD: That is correct.

Mr. Monet: This average per pound would be on 1,137,556 pounds as shown in column H?

Mr. SILVERWOOD: That is correct.

Mr. Monet: Do I understand you to say also, in your evidence given yesterday, Mr. Silverwood, that the average of 1·13 cents shown in column G under the heading 'current butter' must be added to the figure of 11·41 cents?

Mr. Silverwood: Yes, that is correct. The figure would be 11.41 plus 1.13

in the case of the storage butter.

Mr. Monet: So that would make an average per pound of $12 \cdot 54$ cents or a total of 1,137,556 pounds?

Mr. Silverwood: 12.54, that is correct.

Mr. Monet: Now would this margin per pound of profit be a gross margin or a net margin?

Mr. Silverwood: That is a gross margin

Mr. Monet: It is a gross margin and what charges should be made against that margin?

Mr. Silverwood: The charges of indirect expense. I might say that on statement 5, page 2, we list a number of items that make up the indirect expense. I am referring to the column just at the bottom of the page.

Mr. Monet: Do you mean to say that all those indirect expenses would be charged against the storage butter?

Mr. Silverwood: They would be charged against all the butter, Mr. Monet.

Mr. Moner: Charged against your stored butter would you not have only the interest on the capital involved in your storage? We were told by another company that was the only charge which they made against that butter. Is there a difference in your firm?

Mr. Silverwood: Yes, we have arrived at a gross profit which is a gross trading profit before any of these indirect expenses are charged. We show our gross trading profit on our total sales in column P of statement 6, page 2, and the figure is 5·17 cents.

Mr. Monet: That is for all the butter?

Mr. Silverwood: That is right.

Mr. Monet: I am now talking only of storage butter and I would like you to tell the members of the committee what charges you make against the average gross profit per pound to which you have just referred?

Mr. Silverwood: Well we have spread our indirect expenses over our total butter, as I explained yesterday, on a unit basis and the same charge is applicable to storage butter as is applied against butter which simply comes from the current account.

Mr. Monet: So the same charge is applicable to both your operations?

Mr. Silverwood: To both operations, yes.

Mr. Johnston: Mr. Silverwood, what about the butter that you bought and put in storage? Would your charge for overhead apply there as well?

Mr. Silverwood: In the same way. Mr. Lesage: In the same proportion?

Mr. IRVINE: That is why there is a loss.

Mr. Lesage: Would you apply the charge in the same proportion?

Mr. Silverwood: In the same proportion.

Mr. Lesage: Whether you manufacture the butter, whether you buy it, or whether you store it your charge is the same?

Mr. Silverwood: I tried to point out yesterday, Mr. Lesage, that our accounting system does not give that information. In other words, we do not spread our indirect expenses over all the products to arrive at a net profit for each product. We have figured it out in this way more or less arbitrarily to try and give you the information you want and to give a net result that we think is approximately correct.

Mr. Lesage: On what basis do you make your calculations?

Mr. Silverwood: We make our calculations on a unit basis as I explained yesterday. For instance, we take one pound of butter as one unit, one dozen eggs as one unit, and so on. I went over that list yesterday.

Mr. Johnston: You have not got the total profit you made on storage butter which you bought?

Mr. Silverwood: Separately?

Mr. Johnston: Yes.

Mr. Silverwood: No, we do not show that separately.

Mr. Johnston: You did have a number of pounds of storage butter which you bought and put in storage.

Mr. Silverwood: Yes, that is included.

Mr. Johnston: But there is no statement to show the profit you made from the butter which you bought and then put into storage and that might have been a considerable amount or, of course, it may not have been so much?

Mr. Silverwood: The butter we bought goes into storage and it is charged into storage at our cost. It is charged out of storage or credited out of storage at the current price, the market price at the time it goes out. Any profit we make is included in this profit of 11·41 cents per pound. That figure includes some of our own make that is in storage and some we purchased outside. In other words all the butter in storage is included.

Mr. Lesage: What was the unit basis for milk?

Mr. Silverwood: Two quarts.

Mr. Mayhew: Does your statement mean that you had 9.9 cents per pound net profit? Apparently you add the figures 11.41 and 1.13 which amounts to 12.54 cents gross?

Mr. SILVERWOOD: Yes.

Mr. Mayhew: And then your indirect expense is 2.64 which would leave you a net of 9.9 cents?

Mr. Silverwood: Yes, that would be approximately right, I think, on storage butter, Mr. Mayhew.

Mr. Monet: That would be a net profit on 1,137,556 pounds of storage butter?

Mr. SILVERWOOD: Yes, Mr. Monet.

Mr. Monet: Now at the end of February 1948 did you have any of this storage butter left on hand?

Mr. Silverwood: At the end of February 1948 did you say?

Mr. Monet: Yes, at the end of this year, the present year.

Mr. Silverwood: Yes, I can give you that.

Mr. Monet: I am only talking now of storage butter.

Mr. Silverwood: On February 28, 1948, we had 145,323 pounds of storage butter.

Mr. IRVINE: February when?

Mr. Monet: February of 1948. Mr. Silverwood: That is right.

Mr. Monet: Can you tell the members of the committee what this butter to which you have just referred cost your firm?

Mr. Silverwood: The average cost of that butter which was on hand on February 28 was 51.96 cents.

Mr. Monet: Now have you sold some of this butter since the end of February 1948?

Mr. SILVERWOOD: We have sold all of it.

Mr. Monet: At what price?

Mr. Silverwood: At the ceiling price or at a $\frac{1}{4}$ of a cent less. For some of the butter we did not receive $67\frac{1}{4}$ cents, we received 67 cents.

Mr. Monet: For these 145,323 pounds which you still had on hand at the end of February 1948?

Mr. SILVERWOOD: That is right.

Mr. Monet: And that butter cost you on an average 51.96 cents per pound?

Mr. Silverwood: Yes, that is correct.

Mr. Monet: Now, the difference between those two figures would be the gross margin?

Mr. Silverwood: The gross margin.

Mr. Monet: And against that gross margin what would be your charges?

Mr. Silverwood: The indirect expense items.

Mr. Monet: 2.59 cents?

Mr. Silverwood: Yes, or whatever the figure is.

Mr. Monet: Would you tell the members of the committee what your net profit would be on those 145,323 pounds of butter?

Mr. Silverwood: The net profit would be approximately 12.65 cents.

Mr. MacInnis: May I ask a question there? Does the 145,323 pounds include all the butter bought at $51 \cdot 69$ cents and sold at 67 or $67\frac{1}{4}$ cents?

Mr. Silverwood: I am sorry, I do not think I quite understand that. What was the figure you quoted?

Mr. MacInnis: You gave the amount of butter you had at the end of February, 1948, as 145,323 pounds?

Mr. Silverwood: That is correct.

Mr. MacInnis: The average cost price of that was 51.96?

Mr. SILVERWOOD: Correct.

Mr. MacInnis: You sold it at a price of 67 or $67\frac{1}{4}$ cents?

Mr. SILVERWOOD: Correct.

Mr. MacInnis: Now, was that the total amount of butter that was bought for the price indicated and sold at the price indicated?

Mr. Silverwood: No, that was an average price of that butter remaining in storage at that date.

Mr. MacInnis: How much butter, then, was in storage at this price and sold at the price mentioned?

Mr. Silverwood: The butter goes into storage, as I explained, at the market price at the time it goes in, and to that is added the carrying charge, which includes storage and interest and so on; so that the average cost of the butter going in originally gradually builds up a little during the season to the extent of the carrying charges. Does that help?

Mr. MacInnis: It does not help very much. What I should like to know is the amount of butter, in pounds, bought at the average price of 51.96 cents and sold at the average price of 67 or 67½ cents?

Mr. Silverwood: I do not know. I may be a little dull this morning, but I do not know what you are trying to get at. Would it help to—

Mr. MacInnis: I wonder if I could get at it this way: you store butter at a certain season of the year?

Mr. Silverwood: That is right.

Mr. MacInnis: Then, when did you stop storing butter?

Mr. Mayhew: When did you stop taking it into storage?

Mr. MacInnis: Yes?

Mr. Silverwood: Early in October we started to take it out of storage, on the 15th of October, so prior to that we were probably putting it in—perhaps not to a large extent in October.

Mr. MacInnis: Perhaps now you could tell me how much butter you had in storage in October?

Mr. Silverwood: Yes, I could. I could tell you how much we had in storage practically any time during the year.

Mr. MacInnis: Well, tell me the amount of storage butter you had at the end of October?

Mr. Silverwood: On the 1st of November we had 1,089,466 pounds.

Mr. MacInnis: Would that butter be bought at the average price of 51.96?

Mr. Silverwood: At that time, Mr. MacInnis, the average cost was 51.08 cents.

Mr. MacInnis: A little less? Mr. Silverwood: A little less.

Mr. MacInnis: Would all of it, or most of it, have been sold at $67\frac{1}{4}$ or over that?

Mr. Silverwood: On the 1st of November the market was 58 cents, Toronto solids.

Mr. Johnston: How much did you sell at that price?

Mr. Silverwood: I do not believe I could answer that question very readily. We were taking it out of storage continually from the 15th of October in order to meet our sales requirements and it was sold at the prevailing market at the time we took it out. I could not tell you how much we sold at 58 cents.

Mr. MacInnis: One other question and then I am finished. What was the top price at which the storage butter was sold?

Mr. Silverwood: The top price was $69\frac{1}{2}$ cents on the Toronto solids market, to the best of my knowledge, Mr. MacInnis, which was in the month of January, 1948, just prior to the control. It dropped slightly to $67\frac{1}{4}$ after that.

Mr. Mayhew: Do you aim at making a profit on your cold storage operation? In other words, would there be, in addition to the profit you have here from the merchandise, a profit on the cold storage operation?

Mr. Winters: What was the question, Mr. Chairman?

Mr. Mayhew: Do you plan on making a profit on the storage of butter as well as the sale of butter? In other words, when he puts butter into cold storage he puts it in at a certain price. Then, he transfers it at another price and does that price include a profit on the cold storage operation?

Mr. Silverwood: No, there would not be because we simply charge, on our own butter, the actual cost of storing. We do not show a profit from storage on the butter we store ourselves. If we were storing butter for an outside firm, we would charge the regular storage charge and there would be a profit on that.

Mr. Monet: You do not charge your own butter an amount to show a profit on storage operation?

Mr. Silverwood: Just the actual cost.

Mr. Monet: And that is included in the indirect expenses?

Mr. SILVERWOOD: Yes.

The CHAIRMAN: We have three other witnesses here and we hope to hear them today.

Mr. Monet: Just to follow Mr. MacInnis' line of questioning for a moment, I understand the average margin of profit on your stored butter was the 11.41 cents mentioned in your statement?

Mr. Silverwood: That is correct.

Mr. WINTERS: That includes all profit along the line?

Mr. Silverwood: No, it does not, Mr. Winters. That 11.41 is the profit, the difference between the price charged into storage and out of storage.

Mr. WINTERS: That is what I thought it was.

Mr. Monet: And to this you have to add the 1·13 cents in column G on current butter?

Mr. SILVERWOOD: Yes.

Mr. Monet: Have you any butter on hand at the present time?

Mr. Silverwood: I have that figure here. On April 1 we had on hand 73,954 pounds of butter. I might just point out that that is not storage, that is total butter. We do not have anything in storage, that is the total butter on hand in the current account. This represents approximately two days' sales on our normal sales of 600,000 pounds a month.

Mr. Monet: You mean you had a supply equal to two days' sales?

Mr. Silverwood: We had approximately a two days' supply of butter on hand the 1st of April, that is 73,000 and we are selling approximately 35,000 pounds of butter a day.

Mr. Monet: So, if you satisfied your ordinary customers, you had about a two days' margin?

Mr. SILVERWOOD: That is it.

Mr. Monet: That was on April 1?

Mr. Silverwood: April 1.

Mr. Fleming: Does that mean the two days' supply has gone now?

Mr. Silverwood: We are making butter every day, Mr. Fleming. We will probably, in the month of April, make approximately 300,000 pounds of butter. We will certainly be short of butter in April because our normal sales requirements are about 650,000 pounds a month.

Mr. Monet: That means you would be able to supply your customers with about 50 per cent of their regular demand?

Mr. Silverwood: Yes, approximately, if the make keeps up fairly well.

Mr. Monet: Everything being normal, you will be able to supply your customers with about 50 per cent of their requirements?

Mr. SILVERWOOD: Yes.

Mr. FLEMING: Until the first of May?

Mr. Silverwood: Yes.

Mr. Fleming: Just when do you expect your current production—

Mr. Monet: When do you expect a more normal situation?

Mr. Silverwood: About the first of May, I think, production will catch up.

Mr. Moner: Will catch up to the demand?

Mr. Silverwood: I think about May 1, it would.

The CHAIRMAN: Perhaps a little before that?

Mr. Silverwood: The only reason I would question that is because everybody is out now. There are no stocks on hand at all, Mr. Martin.

Mr. Monet: I understand that at the present time you are supplying your customers at a rate of about 50 per cent-of their demand. How do you proceed to do that?

Mr. Silverwood: Just recently, we have not been giving our customers that much. I would say they have been getting nearer 25 per cent of their demand. For probably about six weeks they have been getting 50 per cent of their demand, but quite recently they have been getting less than that.

Mr. Monet: This would allow you, I presume, to keep on selling as long as possible until the normal situation returns?

Mr. SILVERWOOD: That is right.

Mr. MacInnis: You ration your customers?

Mr. Silverwood: Yes, we have our dealers on a quota. They are just getting a percentage of their normal requirements.

Mr. Monet: You sell butter to retail stores?

Mr. Silverwood: We sell most of our butter to retail stores. When I speak of selling to the trade, we are selling most of our butter, about 68 per cent, to the stores.

Mr. Monet: You also sell direct to consumers?

Mr. Silverwood: We sell direct to consumers from our milk wagons. 28 per cent of our total sales in the eleven months to date, have been from the milk wagon direct to the consumers.

Mr. Moner: Since the shortage developed within the last few weeks, have you applied the same policy to the stores and to the consumers, or have you given more to the retail stores or more to the consumers?

Mr. Silverwood: I think the tendency is to favour the milk customer slightly, but we do not attempt to take on new business. We are attempting to supply, as best we can, our regular milk customers. We cannot begin to take on any additional customers.

Mr. Monet: With regard to this policy you have been following lately, do you supply the same proportion of butter, if I may express it that way, to the retail stores as to the consumers, or do you sell more to the retail stores than to the consumers?

Mr. Silverwood: I think to be absolutely honest about it the consumer has had a slight advantage. I think he has had a little better break than the retail stores.

Mr. Mayhew: In other words, he is getting a little better than the 25 per cent?

Mr. SILVERWOOD: Yes, I think so.

Mr. Monet: That is what I wanted to bring out. Would you tell the members of the committee whether the butter delivered to the stores is delivered by the same milk wagon as delivers to the consumer?

Mr. Silverwood: Yes. We deliver by the same wagon in many cases, and in certain places we have trucks that deliver produce only. That is butter, cheese and eggs.

Mr. Moner: Is it sold at the same price to the consumer as to the retail store?

Mr. Silverwood: The retail store pays the Toronto solids price plus 2 cents if it is in prints. The consumer pays 3 cents over that to cover the cost of delivery and putting the butter in a separate carton, and so on.

Mr. Lesage: Are your drivers on a commission basis?

Mr. Silverwood: Our milk drivers are on a commission basis.

Mr. Lesage: And there is a commission on butter?

Mr. Silverwood: Their commission is 1 cent a pound on butter.

Mr. Monet: Has your company ever suggested, or do you suggest the retail prices to the stores for the sale of your butter?

Mr. Silverwood: I do not quite understand you.

Mr. Monet: Have you ever suggested the retail price?

Mr. Silverwood: Have we suggested to the stores they should sell our butter at a certain price?

Mr. Monet: Yes.

Mr. SILVERWOOD: No.

Mr. Monet: Never?

Mr. Silverwood: Never.

Mr. Johnston: But you do to the wagons?

Mr. Silverwood: Naturally we set the price to the consumer for the butter that is sold directly to our milk customers, yes.

Mr. MacInnis: That is your price?

Mr. Silverwood: That is our price.

Mr. Monet: I have no more questions to ask this witness.

Mr. MacInnis: I have one or two. On page 2 of statement No. 5 you gave a list of what is included in indirect expenses. What is indirect advertising.

Mr. Silverwood: I am going to suggest that Mr. Duplan answer that question. He is in charge of our advertising, as a matter of fact.

Mr. Duplan: That really is the portion of general advertising that has to do with the sale of butter. Our advertising is set up on a budget basis each year, and on the same basis or a similar basis the assessment of indirect expenses. The advertising portion that applies to butter would be included in that particular item.

Mr. MacInnis: It would be in ratio to the total amount of your business?

Mr. DUPLAN: To the total.

Mr. MacInnis: The next item following that is "donations". What donations do you include in that?

Mr. Silverwood: All donations would be included in that, for instance, to the Red Cross. We are operating in so many localities that I sometimes think our firm perhaps is hit up for perhaps a little more than their share of donations to public charities because we get all the particularly local charities in addition to those of a dominion-wide nature such as the Red Cross, and so on.

Mr. MacInnis: You have mentioned charities. Would they all be donations to charitable institutions with respect to which you are allowed an exemption on income tax?

Mr. Silverwood: In the main, I think, yes.

Mr. MacInnis: Well, as to any donation where you are allowed exemption in income tax it would not be an expense, would it?

Mr. Silverwood: It would not be a total expense, no.

Mr. MacInnis: You would get a return.

Mr. Silverwood: It would be an expense but it would not be a 100 per cent expense. Mr. Gillies has given me a list of donations. I do not know whether or not you would be interested in it. There is a long list here of the different charities we donated to.

Mr. Pinard: Are all these donations in money or are some of them in butter?

Mr. Silverwood: These are donations in money. There is a list here of about 30 or 40, I think.

Mr. MacInnis: I am not asking for them. The Chairman: Any other questions? Mr. Monet: I have one more question.

The Chairman: Excuse me, Mr. Irvine has a question.

Mr. Irvine: I wanted to ask a question on the balance sheet. I want to get some assurance as to what these figures mean, if you would not mind turing to that. Can you tell me what exactly is the total capital invested in your company?

Mr. Silverwood: I am going to suggest that Mr. Gillies answer that question or endeavour to answer it for you.

Mr. Gillies: The calculation of the capital invested as at March 31, 1947, amounted to \$5,610,000. There are many things enter into that as far as our company is concerned because there have been a great many ramifications, changes in the capital structure, and so on, but to substantiate that, Mr. Ivrine, I may say the combined standard profit basis granted by the board of referees for the companies included in that statement is an amount of \$425,000. If you take the average percentage allowable by the board of referees, which is from 5 to 10 per cent, and take an average of $7\frac{1}{2}$ per cent on the \$425,000 it amounts to \$5,666,000.

Mr. Irvine: Are you arriving at the amount of your capital by figuring from your profits or the other way?

Mr. Gillies: From the actual capital invested in the companies. That, of course, changes with each statement.

Mr. IRVINE: Do you not think this figure of \$4,451,267 is rather an ungodly size for a depreciation reserve?

Mr. Gillies: Of course there is accumulation of depreciation for the past 20 years. Those funds of course, are reinvested in further capital assets in the company. There is a gradual building up year after year.

Mr. Fleming: Has that not been reviewed by the income tax department?

Mr. GILLIES: Yes.

Mr. Fleming: Year by year? Mr. Gillies: Very exhaustively.

Mr. Irvine: If I were to ask you, for instance, what percentage of profit you made on your entire capital what would it be?

Mr. Gillies: The profit made for the year ending the 31st of March, 1947, on that capital investment would be 9.4 per cent.

Mr. IRVINE: Would that include just the \$5,000,000 capital?

Mr. Gillies: Just the \$5,610,000.

Mr. Mayhew: Before tax? Mr. Gillies: After tax.

The CHAIRMAN: Any other questions?

Mr. Monet: You just mentioned a minute ago, Mr. Silverwood, a 2 cent difference between solids and prints. I see by the administrator's order there should be only 1 cent difference. Would you have made a mistake there? Have you any information to give us on that? The administrator's order filed as exhibit 54 gives a 1 cent margin between solids and prints for first grade butter to all buyers except wholesalers. I want it to be corrected if there is a correction to be made in your evidence. I think in one of your last answers you said it was 2 cents.

Mr. Silverwood: Two cents over the Toronto solids price.

Mr. Monet: According to the administrator's order the difference between solids and prints for all other buyers of first grade butter is only 1 cent?

Mr. Silverwood: That is correct, 1 cent. Mr. Monet: I wanted that to be corrected. The Chairman: Is there anything else?

Mr. MONET: That is all.

Mr. Fleming: Mr. Chairman, there is one question I should like to ask which arises out of an announcement that has been made this morning. I presume the committee is aware of it.

Mr. Lesage: Would you speak up, please?

Mr. Fleming: I should like to ask one question arising out of the announcement of the Wartime Prices and Trade Board this morning to the effect that as a result of the freight rate rise manufacturers and wholesale distributors of butter will be permitted to increase their selling price by the exact amount of the increase in transportation costs. The order effective today allows the increased cost to be added by the manufacturer only on sales of butter on which he has incurred a higher cost in delivering the butter to the buyer. I wonder if the witness can give us any assistance at all as to what this may mean with respect to butter hereafter marketed, as affecting the present selling price of butter.

Mr. Silverwood: I do not believe I would like to hazard a guess on that.

The CHAIRMAN: Any other questions? All right, Mr. Monet.

Mr. Monet: Mr. Chairman, at this time Mr. Duplan, who is President of the National Dairy Council of Canada, will read the statement he has prepared and which has been distributed to the members of the committee. It has reference to the questions that were asked of Mr. McLean at page 1434 of the minutes of proceedings and evidence, No. 29, of March 22. In answering the questions asked there of Mr. McLean there was a reference to Mr. Duplan in his capacity as president of the National Dairy Council. That is the reason the memorandum has been prepared. I would ask Mr. Duplan to read this statement to the committee. He did not ask to submit it. It is to answer the questions asked at that time.

John Harold Duplan, President, National Dairy Council of Canada, called.

The Witness: Mr. Chairman and members of the special committee on prices: In response to your request I am happy to submit the following information.

In the hope and belief that such action will be beneficial to the committee, I would respectfully submit the following statement concerning the position of the operating division of the Canadian dairy industry, as represented by the National Dairy Council of Canada, with reference to the price and supply

situation which has developed with regard to butter.

On March 31, 1947, all import controls on butter were removed by the Dominion government and with a view to determining the possible effect of such action on the industry in Canada, the Secretary of the Council, by letter dated June 19, 1947, contacted Mr. F. Griffin, Montreal, representing Empire Dairies in London, England, New Zealand and Australia, and Overseas Farmers' Co-op Fed., Ltd., London, England, and enquired of him as to domestic and export prices for butter in New Zealand, Australia and the Argentine, and as to any subsidies that were being paid which would have a bearing on such domestic and export prices. Mr. Griffin was also requested to indicate the approximate laid-down cost at Montreal on butter imported from the countries mentioned.

By letter addressed to the council under date of June 25, 1947, Mr. Griffin replied that contract prices on butter and future commitments between the United Kingdom, New Zealand and Australia had not been established at that time, but that it was expected they would be established during the month of July, 1947.

During the week of August, 10, 1947, Mr. Griffin met with the secretary of the Council in Ottawa, and indicated that favourable production prospects in New Zealand suggested the possibility that butter imports from that country might be made available to Canada. On the basis of this information a meeting was held in Montreal on August 18, 1947, attended by the then president of the National Dairy Council of Canada, Mr. R. C. Smellie, the secretary, Mr. W. K. St. John, Mr. K. H. Olive, Olive and Dorion Limited, Montreal, and Mr. F. Griffin, Montreal. Developments arising out of this meeting were subsequently reviewed in a letter dated March 19, 1948, addressed to Mr. K. H. Olive from Mr. F. Griffin, and made available to me for the purpose of quoting to the committee at this time. I quote therefrom as follows:

K. H. Olive, Esq., President,Olive and Dorion Ltd.,722 St. Paul St. W.,Montreal, Quebec.

Dear Mr. Olive: I have pleasure in confirming briefly the endeavours this office made during the second half of 1947, through our principals in New Zealand and Australia, the main suppliers of butter to Canada in past years, when, on behalf of the trade and industry, you had us try to arrange supplies from those countries, in order to prevent a shortage and extreme price rise here this winter.

On your approaching us the middle of August, at the instigation of the National Dairy Council and the larger distributors, we exchanged several cables with New Zealand and Australia, suggesting incidentally that the dollar proceeds could be credited to the United Kingdom on such quantity as the British Ministry of Food could release. Our New Zealand principals took the matter up with their government, but advised by the beginning of September that, after careful consideration, the New Zealand Dairy Commission could not see their way to supply. Our Australian principals replied that the matter should be taken up by our government with the Ministry of Food, London, but we do not know whether the authorities at Ottawa acted on this suggestion.

When you again specifically approached us at the end of November prior to a meeting at Ottawa, with a view to trying New Zealand again for a modified quantity, our principals there replied that there was no possibility

of supplying Canada.

The above sets forth very briefly the telegraphic endeavours I made at your request through our commercial connections. You will recall that we agreed that further efforts were useless and that the matter was one for arrangement between the Canadian and United Kingdom governments.

Yours Very truly,

(signed) F. Griffin.

Under instructions from the then president of the council, Mr. Smellie, a meeting of the board of directors was called to be held in Ottawa September 16 and 17, 1947. Notice of this meeting was sent out by the secretary of the council on August 15, 1947.

Because of the important bearing the deliberations of this meeting of the board of directors would appear to have upon the subject of your committee's

hearings on butter, I should like to read excerpts from the summary of minutes prepared following the conclusion of the meeting. I quote therefrom as follows:

Present: R. C. Smellie, president; G. M. Carlyle, vice-president; Lea Marshall, vice-president; W. R. Aird, E. Baechler, M. P. Coyle, J. H. Duplan, J. J. Creighton, A. W. Edgar, D. F. Farris, L. P. Granger, J. E. Graydon, A. E. Johnson, E. A. Johnstone, E. A. Lewis, J. E. McLean, C. G. MacLennan, C. E. McMonagle, J. W. Speirs, J. S. Turnbull, K. L. Wallace and W. K. St. John, secretary treasurer.

The meeting commenced at 10.00 a.m. on September 16, and was called to order by the president, R. C. Smellie.

Supply and Distribution of Dairy Products: A substantial portion of the time of the meeting was devoted to consideration of the present and prospective supply picture with a view to determining ways and means of making available to the consumers of Canada the largest possible supplies of dairy products, and exploring methods of assuring the most equitable basis of distribution. Mr. K. H. Olive, as an active member of the council, sat in during these discussions, and presented his views as to anticipated developments with respect to production, distribution and price. The directors from all provinces, with the exception of Prince Edward Island, undertook a careful study of the butter situation and contributed their opinions as to production trends and supply and consumption prospects.

It was the general impression that as a result of an expected increased production in almost every province within the past month, the whole picture had become somewhat brighter. There was general agreement that the trend was towards higher fall and winter production, with the upward trend particularly strong in the west. Should fall pasture conditions remain fair it was felt that a substantial increase in production of butter might be expected this fall and winter, compared with the 1946-47 season. The prevailing good price for cream was generally given credit for this trend, and the consensus of opinion was that under favourable conditions an increase of approximately 10,000,000 pounds of butter might be expected during the remaining months of 1947, as compared

with the corresponding period in 1946.

Despite this increase it was realized by all present that the supply position would continue to be tight. Two of the contributing factors are—the increase in consumption and the fact that compulsory distribution machinery no longer exists. It was estimated that the total increase to March 31, 1948, would exceed production in the corresponding period in 1946-47, by approximately 14,000,000 pounds, but that as a result of an estimated 28,000,000 pound increase in disappearance to March 31, 1948, it was possible that the apparent shortage would amount to as much as 14,000,000 pounds.

For this reason those present felt that all in a position to do so should strongly urge Canadians not to indulge in any panic buying, not to attempt to buy or store more butter than was needed for individual immediate needs, and to ask con-

sumers to conserve and economize in its use.

The council has fully explored the possibilities of importing butter. This action was taken at a time when the supply situation appeared alarming. Inquiries were instituted in butter surplus countries and it was learned that the likelihood of any surplus butter being sold in Canada was extremely remote, due to the shortage of fats and oils in the United Kingdom and western Europe. President Smellie advised the meeting that he had made a special trip to Montreal to examine the position, and as a result of his findings confidential discussions had been held with representatives of the dairy farmers of Canada, and that the board had been convened to receive a first-hand report as to the situation.

If I might just clarify that one particular sentence; what we mean by "confidential discussions" at this particular point is confidential only to the extent of general publicity, due to the uncertainty of the situation and negotiations for imports which would cause further uncertainty in the market and in the industry. That is the extent of the confidential discussions.

It was the unanimous opinion of the meeting that prices remained largely in the hands of consumers who could quickly cause a sharp upward trend by unwarranted buying or undue increase in use, without a corresponding beneficial

increase in production.

On the other hand it was fully realized that only a fair and decent price would bring out production, and that if farmers did not feel the price received for cream warranted the extra effort, the hoped for increase in production was on so slender a balance that any one of several unpredictable causes might result in the sudden reversal of the present trend.

It was felt that a first necessity was that the public should be made fully aware of the situation, and be told that restraint in purchases and consumption

was a necessity.

At every stage of the meeting it was emphasized that the industry had no desire to profit unduly from the supply situation. It was the unanimous opinion that such a course would be against the best long-term interest of the industry as a whole, and it was felt that many producers concurred in this view. While present prospects, so far as supply is concerned, are somewhat brighter than had seemed possible a month ago, the whole situation is such that the utmost vigilance and care has to be exercised by all interests if supplies are to be adequate until the 1948 production season. Producers, the trade, and consumers and government all have a part to play to bring this about and see that the situation, both as to supply and price, does not get out of hand.

It was the unanimous opinion that the industry might be subjected to unfavourable public criticism unless the dominion and provincial governments and the consumers of Canada generally were acquainted with the facts as to the desire of the industry to exert its entire efforts in the public interests, and it was decided that the Public Relations Committee should approach the federal governmental authorities and express the views of the council on this subject.

The CHAIRMAN: What is the Public Relations Committee?

The Witness: That is a committee which has been set up within the council functioning to present and interpret the thinking of the industry to the government.

The CHAIRMAN: I see you are going to tell us about that. Go on.

The Witness: As chairman of the Public Relations Committee of the council during the year 1947, and to give effect to the instructions emanating from the meeting of the board of directors, I headed a delegation of members of that committee comprising Messrs. W. R. Aird, Montreal, Que., W. Frank Jones, Toronto, Ont., R. C. Smellie, Russell, Man., K. H. Olive, W. K. St. John, and myself during interviews with Mr. K. W. Taylor, chairman of the Wartime Prices and Trade Board, and Mr. F. S. Grisdale, foods co-ordinator, Wartime Prices and Trade Board, on September 25 and December 2, 1947. Mr. Taylor's evidence concerning these meetings has been presented to you, and although there is nothing new that I can add, I would confirm in their entirety his interpretations of our discussions with him as they appear in his evidence as recorded in the minutes of the proceedings and evidence, No. 24, dated March 15, 1948, at pages 1127 and 1128.

I might state that the committee referred to also interviewed Dr. G. S. H. Barton, Deputy Minister of Agriculture on the afternoon of September 25, and the discussions with Dr. Barton were pursued along very similar lines to those with Mr. Taylor.

As further evidence of the concern and good faith of the operating division of the Canadian dairy industry, I should like to read excerpts from a press release issued from the council's offices in Ottawa at the time of an address delivered by Mr. Smellie before the annual meeting of the Ontario Creamery Association in Toronto, December 4, 1947. I quote:—

"Retail butter prices at any higher levels are not in the long term interests of any section of the Canadian dairy industry," R. C. Smellie, president of the National Dairy Council of Canada told the Ontario Creamery Association here

today.

"If Canadians will voluntarily moderate consumption to what they were accustomed to during war years, we will get through this winter without shortages," stated Mr. Smellie. "It is consumer demand which is driving butter prices upward in the face of limited supply, and the remedy against higher butter prices remains in the hands of the consumer," said Mr. Smellie, who is himself a butter manufacturer.

"Thanks to the fine weather of the late fall, and to a reasonable price to farmers, which has produced a great deal more than last year, the supply of butter in storage and in sight is sufficient to meet what has come to be considered normal requirements in recent years. But despite higher prices, Canadians are eating more butter, considerably more. This may be hard to understand, but

the fact remains that consumption has increased with prices.

"This situation was not the fault of anybody connected with the industry—farmers, manufacturers or wholesalers," continued Mr. Smellie. "The whole industry is doing a magnificent reconversion job, but after six years of strict control it could not accomplish the task overnight. Further, there are many demands on available milk supply, and many of these pay the farmer better, or as well as butter. But the main cause of both higher prices and any shortage which might occur was the insistent consumer demand."

The press release which I have just quoted was accorded widespread newspaper and radio publicity, and it is my sincere conviction that under the circumstances existing at that time the views expressed therein were shared by all leading dairymen in Canada.

Mr. Monet: Mr. Chairman, before the members of the committee are called to ask questions of Mr. Duplan on this memorandum or brief, there are one or two questions I would like to ask him.

Mr. IRVINE: Would you kindly establish for us who Mr. Duplan is exactly, what is his function?

Mr. Monet: That has already been established.

The CHAIRMAN: He is president of the National Dairy Council of Canada.

Mr. Monet: When he was sworn with Mr. Silverwood he gave all his details then.

Mr. IRVINE: I know, that is in here and I can get all that detail from the record, but I want to know what this council does and what its functions are,

By Mr. Monet:

Q. Mr. Duplan, I understand that you are the president of the National

Dairy Council of Canada?—A. That is correct.

Q. Before I ask you——A. May I qualify that by saying that I have been president for about thirty days. Prior to March 3, 1948, Mr. R. C. Smellie was president.

Q. But you were a member of the council?—A. Yes, I was chairman of the

public relations committee.

Q. And you certainly know all the functions of the dairy council?—A. I would not say that I knew all of them but I know a few of them.

Q. Would you tell us the few you know?—A. The National Dairy Council of Canada is a dominion wide organization of over 500 firms and associations concerned in the manufacturing, processing, distribution, and sale of dairy

products. Are you interested in the purposes and objects?

Q. Yes?—A. To review the effect of present legislation, and regulations, both federal and provincial; to co-operate with federal and provincial government bodies in obtaining legislation and regulations that will best serve the future interests of the dairy industry as a whole; the co-ordination of the interests of all concerned—producers, distributors, and manufacturers—to secure prosperity for the dairy industry of Canada as a whole, but with the adequate safeguards for the interests of the consuming public; the stimulation of the demand for dairy products on the part of the consuming public; the improvement of the quality of dairy products; to maintain a central service for members of the corporation and the dairy industry generally.

Mr. IRVINE: It is a trade union then?

The Chairman: Are consumers represented on this council, Mr. Duplan?

The Witness: No, consumers are not represented on the council.

Mr. Irvine: Are the co-operative dairies members of the association?

The WITNESS: Mr. Turnbull, who testified here, is a member of the National Dairy Council and there are other co-operatives as well.

By Mr. Monet:

Q. Well, Mr. Duplan, I see on page 5 of this memorandum, at the bottom of the page that you say "at every stage of the meeting—" and you are referring to that meeting of September 16—"it was emphasized that the industry had no desire to profit unduly from the supply situation. It was the unanimous opinion that such a course would be against the best long-term interests of the industry as a whole".

Would you explain what you mean by that statement?—A. May I clarify the statement by first saying the National Dairy Council is not interested in price fixing. It is not a price fixing organization and it is only interested in price trends as they may affect dairy production and the consumption of dairy products.

Q. How would a rise in price affect the long-term interests of the dairy

industry?—A. By reducing the consumption of dairy products.

Q. Are there any other reasons?—A. That would be the principal reason but there may be others. We are concerned first of all about the production of the product and secondly about the consumption and consumer acceptance of the product.

Q. You mean to say if the price was made too high there would be a lesser

degree of consumption?—A. That was our feeling.

Q. If there was a lesser degree of consumption would there not be more butter available and then the price would go down, would it not?—A. As we said we are only interested in price trends as they affect the production and consumption of the product. It is quite true if the price were lower—

Q. Consumption would be greater?—A. That would seem to be right.

The CHAIRMAN: You have stated the opposite here.

By Mr. Monet:

Q. You have just said the consumption would not be as large if the price was higher?—A. That is a general over-all interpretation but if we referred to

the records presented in bulletin 24-

Q. I am taking your answer as you give it?—A. I am referring here to this disappearance. As you notice even as the price increased the consumption was maintained and I referred to that fact in the brief.

The Chairman: You say that where the price went up consumption went up?

The Witness: That is something that is very difficult for us to understand. We anticipated some reduction as the price increased but that was not true. Apparently the purchasing power of the consumer was sufficiently strong and consumption continued.

By Mr. Monet:

Q. What I want to make clear is this. In answer to my question regarding this statement at the bottom of page 5 you said the price going too high might hurt the interest of the dairy industry, is that right?—A. Yes.

Q. As I just pointed out if the price were not so high consumption would

be larger, would it not?—A. Yes.

Q. The price would go down if there was more butter to sell, if we are to believe what has been said here about the law of supply and demand?—A. That is normally a correct statement.

Q. How do you reconcile the two statements?—A. You mean as regards

profits?

Q. Yes?—A. As far as profit is concerned we are only interested in a favourable return on the investment. I imagine that is any dairyman's interest. I think those who have testified here have made it clear that the storage butter profit was most unusual and most abnormal.

Q. Coming to that feature, Mr. Duplan, I understand the list given on page 4 gives the members of the Dairy Council who were present at the meeting

of September 16?—A. Yes, that is right.

Q. May I take it those people who were there, representing the companies which they did, would be holding a very substantial proportion of the butter being held in Canada at that time?—A. Yes, but there were of course several present who were not holders of butter.

Q. But there were those who were holders of butter. Can you tell the members of the committee what proportion of the butter held in Canada at that time would be represented by holdings of the people at that meeting?—A. I

would not know that.

Q. Could you give us a fair idea?—A. Well, I see Mr. Turnbull's name there and he would be one of the large holders of butter.

Q. I also see Mr. McLean; is that Mr. McLean from Canada Packers?—

A. No, that is Mr. McLean from the Maritimes.

Q. Well, surely you could tell the members of the committee what proportion of the butter being held in Canada at that time was represented by the holdings of those men?—A. Mr. Aird's company was represented and our company was represented. I see the other men whose names immediately follow ours are ice cream men and they would not be holding butter.

The CHAIRMAN: I see that there is a Mr. Graydon.

The Witness: That is the Neilson Company in Toronto. They are ice cream people.

Mr. Fleming: I guess there is no relation. There is not a Mr. Martin there, is there?

The Witness: Well, Mr. Monet, I would not care to hazard a guess as to the proportion of butter held by the companies represented at that meeting.

By Mr. Monet:

Q. Well, would you say there was a large proportion represented by the holdings of those people?—A. It might be 15 or 20 per cent.

Q. Not more than that?—A. No, but we have no way of knowing.

Q. Well then, at September 16, would it be correct to say that a very substantial amount of butter was already in storage at that time?—A. Yes, that is a fair statement.

Q. There would be a very substantial quantity of stored butter on

September 16, when this meeting was held?—A. That is right.

Q. And at that time the price had been steadily rising since early June?—A. Yes; there was a bit of a sag in October when the market retarded, but the market advanced after that time until it reached 69 cents in January.

Q. May I take it also that a great proportion of the butter stored at the time that meeting was held had been purchased at much lower prices?—A. I

would say so.

Q. Then, amongst the features that were given consideration at that time was consideration given to the fact stored butter was daily reaching a higher price? Was there any consideration given to that feature?—A. Was consideration given to the advancing price of stored butter?

Q. Yes?—A. It was advancing, as we understood it, in accordance with

the market.

Q. Was that feature discussed? I ask the question because you do not refer to that matter in the memorandum.—A. No, we did not discuss the matter of price.

Q. You did not discuss the matter of price?—A. No, we only discussed price

trends.

Mr. Winters: What does the witness mean when he says the price was advancing "in accordance with the market"?

The WITNESS: The price to the stores and the price from the stores to the consumer.

By Mr. Monet:

Q. I am talking of stored butter held at the time when the meeting was held on September 16. You mention in your memorandum that consideration

was given to all aspects of the industry?—A. That is right.

- Q. To consumption, manufacture, and production. Now, I want to know if there was any discussion or consideration given to the fact that at that time there was a large quantity of butter stored and the price was advancing daily?—A. That was only considered as it related to the supply situation for the future. I refer to that fact in the brief and that we felt we required importation of butter.
- Q. Well, Mr. Duplan, I think you understand my line of questioning here and I want to know whether there was any consideration given to the fact that there was an abnormal profit being made or to be made on stored butter?—A. No, we were not interested in the question of profit or price of stored butter.

Q. You were not?—A. No.

Q. Although you said here in your brief that an undue profit would undoubtedly hurt the long-term interests of the industry?—A. Yes, but that is in relation to the long-term policy and it does not refer to any particular company.

Q. I did not ask the question with respect to a particular company but you were representing, together with others, the National Dairy Council, and you

were there to consider every aspect?—A. Yes.

- Q. Well during that meeting you did not give any consideration to the question that the consumer was to be faced with a much higher price for butter stored and that certain companies would make an abnormal profit?—A. We did not discuss that, we were not interested in the profit of any organization holding butter.
- Q. Do you believe that if consideration had been given to that feature at that time it would have helped in bringing down the price of butter?—A. No, I do not believe so because that is not a function of the National Dairy Council.

Q. No, but could it not have been recommended?

By Mr. Irvine:

Q. Is it not a function of your council to keep the price up?—A. No.

Q. You mean to say you are not interested?—A. We are only interested in

price trends that will make for adequate production.

Q. Well I think that is a very diplomatic way of describing the function of your organization. Is it or is it not true that it is in the interest of your industry that your organization exists?—A. Yes, that is true.

Q. Does not the price of butter have some very definite bearing on your industry? A price for butter below cost would not be very healthy for your

industry?—A. That is true.

Q. Therefore it would be in the interests of your industry to see that there was a price for butter which was at least sufficient to maintain your industry?—A. In that sense I would say you are correct, sir; but the point, as I said before, is that we are interested in price trends that will make for production, or price trends that will make possible consumption of dairy products.

By Mr. MacInnis:

Q. Are you not interested in price trends that will make also for a profit in addition to production and consumption?—A. You mean that the National Dairy

Council makes a profit.

Q. You are representing the dairy industry and you said you were interested in a price that would make for increased production and adequate consumption. You did not use the word "adequate" but were you not also interested from the point of view of profit?—A. Well, I presume an interest of the members of the National Dairy Council would be a reasonable return, not an undue return, if that is the question.

Q. Is there any reason why you should hesitate in that regard?—A. I am only hesitating, sir, in this respect that the National Dairy Council, for example does not in any way represent itself or function in the interests of price setting for the industry. We do not say whether butter is a cent too high or a cent too low or how much this is or that is. We are only interested in price trends.

When the price of butter was below all other dairy products it was a concern of the Council because we were quite certain that the producers would not produce churning cream at a price below that of other utilizations of milk. For example, on the 1st of December, you had an advance in the price of fluid milk. you had an advance on the price of milk for concentration. Then, you had an indication of a higher price for cheese and, on January 5, you had a floor price set for cheese which definitely had an influence on the price of butter. Now, unless butter was advanced consistent with those other products, it was only natural the farmer would not produce churning cream. Any further reduction in the production of churning cream would mean our situation would have been much more difficult than we have found it to be at this time.

Q. At the time this meeting was held, September 16, was the National Dairy Council concerned about the fast increasing price of butter?—A. We were concerned about the supply. In Mr. Taylor's evidence, you will recall we discussed with him the matter of the importation of butter to supplement our supply

to meet our requirements.

Q. If you were not concerned about the rising price of butter, how did the idea of undue profit enter into the statement on page 5 of your brief?—A. We were interested, as I said in reply to Mr. Monet's question, in a price which would bring up production to meet our requirements; not in the sale of butter at a price that would gross any unfair profit.

Q. You do not say that in this brief?—A. I have explained it to the best of

my ability, sir.

Q. Was there not a feeling at this meeting that prices were going up so fast there was danger of an undue profit being made?—A. Yes, that was the second reason for suggesting the importation of butter.

Q. But despite the fact the Dairy Council, representative of dairy producers in Canada, was concerned about the question, an undue profit was made?—A. That is true; but, as I say, that is not the responsibility of the National Dairy

Council, that belongs to the individual operator.

Q. How could the individual operator help himself? As I see it, here, the individual operator could not do anything about it.—A. It was a natural condition. I suppose that, as human beings, they sold butter at the market price and took the abnormal profit.

By Mr. Winters:

Q. Who sets the market price?—A. I saw a very good explanation of that in the morning press, one of the best I have seen. It is an accumulation from the ideas or negotiations of buyers and sellers of the product.

By the Chairman:

Q. You told Mr. MacInnis and Mr. Monet, with regard to the last paragraph on page 5 of your brief, that the industry had no desire to profit unduly from the supply situation. You knew what the picture was at that time. I know you have said you are not concerned with price fixing and you are only concerned with price trends, but what could the Council have done if it had wished to see that butter was sold at a lower price?—A. Well, of course, we took the explanation to the governmental authorities—

Q. I said what could you have done? Could your body, by itself, have taken any action which would have resulted in a reduction in the price?—A. I do not know what action we could have taken at that time because our concern was

more as to the supply.

Q. That may have been your concern, but let me make an explanation so my question will be clear. When we had Mr. McLean of Canada Packers here he told us that he, too, was concerned about the supply situation and the prices being received. Then, he was asked by a member of the committee why he did not take steps on his own initiative to reduce the price level, since he was a holder of butter to the extent of about 9 per cent. He said it was not possible for one individual to do so.

Now, having in mind that you represent the dairy producers themselves, a very important national organization, could your council, whether or not it is your policy, have taken steps which would have resulted in a price reduction?—A. I do not know what steps we could have taken with our membership because that is not our function. I am sure it would not have been effective.

Q. You do not think you could have done it?—A. No, I do not know of any

effective measure we could have adopted.

By Mr. Mayhew:

Q. If you had been successful in your efforts in securing New Zealand or Australian butter, that would have had the effect of keeping the price low, would it not?—A. Yes; we were at a little disadvantage, there, Mr. Mayhew, on

importation.

Q. You did endeavour to get it?—A. We did endeavour, but on the subject of the price of imported butter we did not have the information regarding the mechanics of the application or the mechanics of the price structure of the imported butter. We felt that definitely was government policy, as a matter of fact, we were told so.

Q. I realize it was government policy, but had you been able to get an

additional supply of butter from outside——A. Yes.

Q.—it would have stabilized the situation?—A. It would have levelled the situation and impeded the rise in the price of butter, in my estimation.

The CHAIRMAN: Mr. Monet, have you any further questions? Mr. Monet: No.

By the Chairman:

- Q. I just want to be satisfied in my own mind, apart altogether from the question of importation, that the council could not have done anything. It seems to me if you had known the situation as we know it now you would have said, "This is too high; this is going to hurt the industry". Then, steps could have been taken. It is always possible to take steps to increase the price. Whether or not it is the policy of the organization to interest itself in that kind of problem, in view of the absolute abnormality of the situation, surely something could have been done by this powerful body to reduce the price?—A. Well, in the evidence given by Mr. Taylor, he refers to our concern—
- Q. I realize that you were concerned, and it is because you were concerned I am just wondering whether steps could not have been taken to effect a reduction?—A. Mr. Taylor, on the occasion, refers to his discussion with us in which he discussed the possibility of a ceiling; that is on December 2. Now, that was one constructive suggestion as regards the price situation.
- Q. That was government action. I am talking about what you could have done, yourselves. I have an impression there is a feeling that not enough was done by the trade itself to deal with this abnormal situation.—A. We feel—
- Q. I am not referring to you, now, but when you are told of a company which has made a very high profit, and you are told at the same time that nothing could have been done in concert to reduce that, I am afraid it is a difficult statement to accept?—A. We felt we had done a splendid service—at least some service by taking the problem to the government administrators and discussing it with those persons.
- Q. No doubt about that, and I am not talking now about the government. The government may or may not have been at fault; I am not talking about that. I am talking about what the industry could do. However, if you cannot answer beyond what you have said, we will have to accept it for the time being.

By Mr. Mayhew:

- Q. What would have happened, in your opinion, if any large holder of butter had said, "Here, I am receiving sufficient profit at present prices and, therefore, I am not going any further, regardless of the trend". What would have happened? Would not the effect have been that his action would have kept the price of butter down to a reasonable price?—A. It is quite true, possibly.
- Q. That is what we say here, no one in the industry took that stand. Each operator followed the other and would have followed to any height?—A. That is true, but this is also true, reading from Mr. Taylor's evidence: we could agree on two points which were quite clear. First, we would like to see butter stay at the present level; that is, the level at that time, and the only way it could be kept at that level would be to arrange imports; that is the discussion at that time.
- Q. That is the answer, that there was no one who took action and said, "Here, we have enough profit".

By Mr. Monet:

- Q. You said you were not interested in prices but you felt that the importation of butter would affect the price?—A. That would be the price trend.
- Q. Would it be correct to say that if there had been some butter imported the price would have gone down?—A. By price setting, at no time did I mean we said the price should be 60 or 65 cents.

Q. I know that. You said you were not interested in price fixing, yet you were so much concerned by the up-trend in the price of butter that you recommended butter be imported?—A. That is correct.

Q. If it had been, the price of butter would have gone down?—A. It certainly

would not have gone up any farther.

Q. Would it have gone down?—A. I do not know at what date the imported butter would have come in.

Q. Would it most likely have gone down?—A. It would not have gone higher.

- Q. Then you were, indirectly at least, interested in price?—A. In the price trend, yes.
- Q. Mr. Mayhew just asked you if you had discussed the situation in view of the fact the price was going higher all the time. At that particular time, there was a huge quantity of butter stored, so would it not have been possible for someone in this organization to take steps to sell butter at a lower price and thus bring the price down?—A. Well, I should like to take the first part of your statement first, that there was a huge amount of butter stored.

Q. Well, say a large amount?—A. We did not have sufficient stored to take

care of our requirements, did we?

Q. Whatever the quantity was at that time, Mr. Duplan, if the people at that meeting had discussed that angle of the situation and had decided to sell butter a little cheaper—was any consideration given to that question at all?—A. With regard to the question of selling butter at a lower price, the trend would be to increase consumption and that would have a bearing on the already short supply.

Q. Would that be your answer then?—A. That would be my answer.

Q. Was any consideration given to the matter?—A. It was considered only from the standpoint of the effect it might have on consumption. I say that in this brief, that we were concerned with the over-all picture and the long-term interest of the industry as a whole.

By Mr. MacInnis:

Q. Mr. Smellie said in the extracts you quoted that, as the price went up,

consumption increased?—A. As the price increased consumption increased?

Q. Yes.—A. As I said before, Mr. MacInnis, that is one particular trend I cannot explain. I do not know anyone who could. The consumption of butter increased and kept step with the increase in price. It is only natural that it would decrease, but last year it increased.

Q. Perhaps it was not consumption that increased. Very likely it was the disappearance of butter increased.—A. I am only taking the government figures.

By Mr. Harkness:

Q. Did not consumption increase essentially because rationing disappeared and people were free to buy as much as they wanted?—A. That is true.

Mr. MacInnis: This was a long time after rationing disappeared.

Mr. HARKNESS: This increase in the disappearance of butter has been apparent ever since the rationing of butter ended.

By Mr. MacInnis:

Q. I was going to ask Mr. Duplan one other question. When you met with Mr. Taylor of the Wartime Prices and Trade Board on December 2 do you say he suggested the restoration of the ceiling on butter?—A. We discussed a ceiling on butter, a possible ceiling. I was reading from his evidence.

The CHAIRMAN: What date is that?

Mr. MacInnis: December 2.

By Mr. MacInnis:

Q. Who brought up the discussion of the ceiling?—A. Mr. Taylor. He said, "I felt probably a ceiling price would come." That is from page 1128 of the evidence.

Q. What was the attitude of the National Dairy Council to a ceiling price at that time?—A. We did not suggest it. We discussed it with him. It was a matter of whether a ceiling price—I think it is set out very clearly here. He said that you would not need a ceiling price but if on the other hand you had no imports you would need a ceiling price. The ceiling price, according to the discussion, had a bearing on the possibility of importing butter.

Q. That was Mr. Taylor's understanding, but what was the reaction of the National Dairy Council to a ceiling price at that time?—A. Exactly the same as he stated here. We quite agreed with him that without imports we should

have a ceiling.

Q. That without importation you should have a ceiling?—A. Yes, but that with imports the same result would be obtained, that it would act as a control on the price.

By Mr. Mayhew:

Q. You are only supplying your consumers now with 25 per cent. If you had adopted a rationing system of your own as you are doing now a little earlier that kind of rationing plan might have been helpful?—A. I think it would have been quite helpful.

Q. It would have been helpful?—A. Yes.

Q. Would it not have been a natural function for your organization to suggest to your fellow members that they should do that, that you could see ahead of you a short supply?—A. Yes, it would have been helpful.

By The Chairman:

Q. You have been talking about New Zealand butter. As President of the National Dairy Council do you know the consumption rates in New Zealand as compared with Canada, for instance?—A. I have not that information with me.

Q. Is it not a fact we consume much more butter than New Zealand does?

Mr. MacInnis: Butter in New Zealand is still rationed.

The Chairman: Yes, but even when we were. The point is they talk about importation. What importations do is to put into the hands of those who have more, more butter than those from whom you are importing it. That was Mr. Nash's statement the other day. Were you aware of that when the National Dairy Council made the suggestion about importations.

The Witness: Of course, the whole question of importations as explained to us by Mr. Taylor must be negotiated through the United Kingdom. That made for the uncertainty of it. We did not know what butter was available in New Zealand or Australia when we were told by him any negotiations for that butter must be by the government through the United Kingdom.

The Charman: There is no doubt about that, but you were interested in importation. I am asking if you were aware of the consumption figures in New Zealand as compared with Canada?

The WITNESS: Yes, we had them, but I have not them with me this morning. I can get them for you.

By Mr. Harkness:

Q. Looking at this from a different point of view, was your organization of the opinion that a wholesale price of 65 to 70 cents a pound was necessary in order to increase production sufficiently to meet the increased demand which had

developed and which it was more or less apparent would continue?—A. I would say the price that was necessary was somewhere consistent with the price of cheese because in the final analysis the production of butter, or the price paid for churning cream, which results in increased or decreased production of butter, must be somewhere within line of that of other dairy products, and especially that of cheese.

Q. To answer the question specifically did you think a price of 65 to 70 cents a pound wholesale was necessary in order to ensure sufficient production?—A. I would say 65 cents was necessary after the floor price of cheese, the contract price with England, had been announced by the Minister of Agriculture.

Q. Therefore from the point of view of ensuring production, which in my view at least is the most essential thing as far as butter is concerned, that we should have enough of it, your organization would not have thought a decrease in price was a good thing?—A. At what period of the year? Are you speaking of when the cheese base was established or earlier in the year?

Q. I am talking of the period immediately before the ceiling price was estab-

lished.—A. We were not so much concerned about—

- Q. When the price was from 65 to 70 cents wholesale.—A. Let us go back to the June price. The June price of butter, Toronto price, was about 49 cents. At that time the price of cheese was on a basis of 25 cents, so the butter solids price was of little concern at that time. The trend of that price was consistent with cheese. Then when we get up to the fall of the year, December and early January, when this price went above 60 cents that was when the floor price was established on cheese and announced by the government at 30 cents plus 1 and 2 cent bonuses, a total of 33, and the equivalent of two to one would be 66 cent butter.
- Q. The point I am getting at is that if you considered a price above 65 cents was necessary in order to give sufficient production to meet our butter requirements naturally your organization would not take any steps to reduce the price?—A. No, but not above 65 cents. I said we were interested in the price relationship, so 65 cents would be price relationship.

By Mr. Winters:

Q. Related to cheese?—A. Yes. If butterfat was 58 cents with a floor price of 33 cents for cheese you would divert milk into the cheese channel and you would not get butterfat for butter.

Q. What about the relationship between milk and butter as a consumer

product?—A. That is milk for concentration?

Q. No, fluid milk.—A. On fluid milk for market distribution there is a recognized differential of anywhere from 75 to 80 cents a hundredweight because of certain specific reasons, uniformity of supply, uniformity of quality, and constant daily delivery and many other factors which make it more expensive for the producer to produce that quality of milk, that particular milk.

Q. Taking the three products, milk, butter and cheese, which is the most

profitable to the producer?—A. I would think fluid milk, ves.

By Mr. Sinclair:

Q. May I have the privilege of asking a question or two? I realize I am not a member of the committee. Mr. Duplan, I was very interested in the statement you have given because it has corrected an impression which a lot of people in the country have that the dairy industry is principally concerned with protecting the industry in Canada. I think the fact that your industry did make inquiries in New Zealand and Australia to bring in butter, or in the hope of bringing it in, to alleviate the consumer shortage, is a very good thing. You mentioned that would be an effective control on price and even suggested if the

importation was large enough there might have been a drop in price. Is that fair? That is from Mr. Monet's question?—A. The price would be maintained, or possibly a reduction, but it would certainly have been maintained at that level.

Q. With this great interest in the welfare of the consumer when you found you could not satisfy the shortage by importing foreign butter did your dairy council ever think of making inquiries about importing margarine, or relating your position to the sale of margarine in Canada?—A. Margarine is an

important question.

Q. I think it is a very practical question. You showed such interest in the problem of the consumer who could not get butter.—A. The oleomargarine policy, as far as the National Dairy Council is concerned, has been discussed by our executive. We have not made any representations. We have believed it to be a matter of government policy.

Q. Is it a fair statement that your position at the moment is it is better for the people of Canada to do without butter than to have margarine?—A. Speaking from the standpoint of the Council I am not prepared to answer

that question because it has not been decided by the Council.

Q. Let me ask another question. Since margarine affects the dairy industry so strongly, what effect would the sale of margarine in Canada have on the price of butter?—A. I would prefer not to answer that. I am not authorized to answer to begin with. I am only speaking for the National Dairy Council.

- Q. As a man who is interested in the dairy industry you have been pretty fair. You say that you believe the importation of New Zealand butter would have been a controlling factor on the price of Canadian butter. I think this is an exactly parallel question. Am I being unfair?—A. I did not come here to discuss that.
- Q. As a member of parliament I am concerned about the price of butter. I am asking what effect would the sale of margarine have on the price of butter. Would it increase the price of butter? Would it hold it level or would it drop the price of butter?—A. I would not know, only by making a comparison with the United States. It has not had much control on the price of butter in the United States, has it?
- Q. I have one other question following up the question Mr. Winters asked about which of the various dairy products is the most attractive to the farmer. I come from the west coast and the continual cry of the Fraser Valley dairy farmer, who is our chief dairyman, is that there has never been any money in butter, that the good market is the fluid milk market and the ice cream market. Is that still the case?—A. Fluid milk and ice cream have top earning power for the producer? Is that your question?
 - Q. Yes.—A. That is correct.
- Q. Following up Mr. Martin's question, he was trying to find out, with your great interest in the public welfare as well as your own welfare. when you were concerned about the high price of butter why you did not take some specific action to show up, for example, Canada Packers by saying, "All right, our members are not going to ask a high price." The reason I am raising this point is because of a very interesting situation in the dairy industry in British Columbia where all the dairies except the largest outfit, the Fraser Valley Milk Producers, asked for an increase of I cent in the price of fluid milk. The Fraser Valley Milk Producers opposed that increase before the milk commissioner and said that they did not think it in the public interest to increase. I suggest that action by the Fraser Valley Milk Producers did more to please public opinion in British Columbia than any other action that has been taken by the farmers in British Columbia for some time. —A. I quite agree. That took place in certain markets in Ontario in December.

Q. That is a splendid thing. I wonder why it was not possible for your dairy industry to take similar action on butter and show up, we will say, Canada Packers and others?—A. May I answer the first part of your question first? We could not control or make any request of Canada Packers because they are not

members of the dairy council.

Q. That's just the point. These other independent dairies in British Columbia are not members of the Fraser Valley Milk Producers, but the Fraser Valley Milk Producers told the public they would not take this extra cent. If your members had said, "No matter what Canada Packers are going to take we are not going to take 73 cents," or whatever the price was, do you not think that would have had a splendid effect on public opinion in Canada and confidence in your Council?—A. As we look back over the situation that probably would have had some value.

By Mr. Harkness:

Q. Mr. Duplan, that really comes back to the point I was on a minute ago, does it not, as to whether your organization, the dairy industry, considered the price of butter was too high or whether it was not too high?—A. Of course, we have been talking about the action of individual members of the industry. You are speaking now with regard to the interest and connection—

Q. Which?—A. You are speaking now of the connection and possible interest

of the National Dairy Council?

- Q. Yes.—A. I can only repeat what I said, that we were concerned about the price trend. We felt that the matter of production was important and we felt that the matter of prices that would impede or retard consumption was important, so we went to the governmental authorities and discussed with them the advisability of the importation of butter to level the market price off at that particular time.
- Q. Do you consider the present price is sufficient or more than sufficient to ensure adequate production to meet demand?—A. Yes.

Q. You do?—A. Yes.

- Q. Do you think that if the price were down 5 cents a pound we will say there would be sufficient production?—A. No, I think it would affect production because of the facts to which I referred in this memorandum, the difference in price between cheese and butter would divert production of butterfat from butter to cheese.
- Q. In your opinion, then prices such as we have at the present time are essential if we are going to get enough butter?—A. Yes, because we have a cheese equivalent to 53-cent butter.

By Mr. Winters:

Q. Where would the milk go if butter production fell off?—A. It would go into cheese production, or it would probably go into concentrated milk, evaporated milk and whole milk powders.

Q. Then the farmer would not realize any over-all loss?—A. He would

not, no; because he would go into the most profitable market.

By Mr. Harkness:

Q. Then in view of your answer your council even if it had been able to do so would not have taken any action to reduce the price of butter?—A. No, not when we take the floor price of cheese at what it is.

By Mr. MacInnis:

Q. Do you agree with the Minister of Agriculture for Ontario that the export of dairy cows to the United States has had a limiting effect on the production of butter?—A. You are asking me now to disagree with the minister.

Q. No.

The Chairman: That may be the result. Just ask the question, Mr. MacInnis.

By Mr. MacInnis:

Q. I will leave the name of the minister out of it. That is a particular question which came to my mind.—A. The information I have here in my brief case is that our population of dairy cattle is about the same and there is an increase in the number of heifers which will shortly freshen and then become milking cows. I think the over-all picture is good this year. I have a list here as regards the cow population. That is what we are discussing.

Q. The obvious answer would be then there is nothing to Mr. Kennedy's contention?—A. I did not say that. I said, my impression is that we have in milk cows plus the heifer population, that we should have this year very close

to or equal the number of milk cows of last year.

Q. That would be the case, providing the export of dairy cattle to the United States does not continue.—A. And the unfortunate part of the exportation of cows to the United States is that the best cows we have are purchased for export.

Q. Well, then if there is going to be a free market in the export of dairy cows it would naturally follow there should be a free market on the import of butter.

Mr. Homuth: Are you advocating free market for the import of butter?

Mr. MacInnis: I say that if there is going to be a free market for the export of dairy cows we have to protect ourselves somehow.

Mr. Homuth: Might I ask the witness this?

The CHAIRMAN: Mr. MacInnis has not finished questioning the witness.

Mr. Homuth: Well, then, may I ask this in connection with that question; in view of the fact of the increased demand for butter, cheese and milk products, in our national economy should not the cow population show an increase?

The Witness: There has been plenty of work done by both the federal and provincial governments in the increased production per cow as against say 10 years ago. On many of our farms in Canada cows actually were boarders; today those boarders have been eliminated and we now have cows in production which are valuable to the producer.

By Mr. Winters:

Q. What do you mean by boarders?—A. A cow which is not producing sufficient milk to pay its way or for its care.

Q. And you call them boarders?—A. We call them boarders.

Mr. Fleming: Mr. Chairman, may I now raise a matter—I see it is five minutes to one—but it has to with witnesses being called? May I say to the committee that the chairman was kind enough to tell me this morning that he saw in the newspaper a report that Mr. Graham Towers, the governor of the Bank of Canada, was leaving shortly for England. Enquiries which have since been made by the secretary indicate that Mr. Towers will be leaving for England on Monday—will be on the ocean Monday—and will not be back in Canada until the 8th of May.

The CHAIRMAN: We will still be sitting, Mr. Fleming.

Mr. Fleming: Well, the committee will remember that the matter of calling Mr. Towers has been before the committee ever since we began. I asked for his appearance right at the outset of our proceedings, and I have asked for it on a number of times since.

The Chairman: The steering committee had decided that we would call him after the butter inquiry.

Mr. Homuth: Could we not interrupt the butter investigation and have him this afternoon?

The Charman: For this afternoon we decided to call witnesses to deal with this emergency situation in Montreal which the committee thought was a matter of top priority, and the calling of those witnesses is going to interrupt our regular butter proceedings this afternoon; but we are doing this so we can deal with the situation in Montreal. That was the decision of the committee itself at its Tuesday sitting.

Mr. Fleming: This is an entirely new situation which has arisen; at least, it came to the attention of the committee the first time when we were discussing this question in the steering committee. We were told at that time the butter inquiry would probably take about two weeks and I said that on that basis I was quite prepared that we should call Mr. Towers as soon as the butter inquiry ended. Now we have been on butter much longer than that, and we are facing a situation now where Mr. Towers will not be available for about another five weeks.

The CHAIRMAN: But, he will be available.

Mr. Fleming: He will be available, but we are spending a lot of time on minutia—

Mr. WINTERS: What is that word—minutia?

Mr. Fleming: Minutia—that is in the C.C.F. vocabulary too.

The CHAIRMAN: Well, lets have less minutia.

Mr. MacInnis: Yes, and more clarity.

Mr. Fleming: Mr. Towers is in a position to give evidence on the principal considerations and factors entering into the rise in the cost of living—probably better able to do that than any of the witnesses we have called so far—and I recall my request that he appear before the committee, Mr. Chairman, and I would like him to be called now, before we hear these witnesses from Montreal. After all, Montreal is not so far away and witnesses can be called quickly.

The Chairman: Yes, Mr. Fleming, but you are asking us now to reverse a decision which was made earlier. We have gone into all that and it was decided that we should continue our butter inquiry, and then this matter was brought before the committee by Mr. Beaudry and the committee decided that we would get witnesses as to the Montreal situation here as quickly as possible; and the earliest possible date was Thursday. We have gone over all that and we have decided that we would hear those witnesses today, this afternoon.

Mr. Fleming: Then I am in the position, Mr. Chairman, of asking the committee, in view of this new information and the situation which now faces us, to reopen the question; and I submit in support of that that these witnesses are coming only from Montreal; it is not going to do them any great injury to ask them to come Monday instead of today or tomorrow.

The Chairman: I appreciate that. The situation is one which the committee thought demanded priority, and probably every member of this committee spoke very strongly on that point of importance.

Mr. Merritt: Mr. Chairman, surely the fact that Mr. Towers is going away for an extended period was certainly not in my mind when I spoke strongly in support of the resolution.

The CHAIRMAN: That is true, it was not in any of our minds. We did not know it then.

Mr. Merritt: I do not think it in any way embarrasses any member of the committee in discussing Mr. Fleming's suggestion.

Mr. Homuth: Could we have Mr. Towers here on Monday?

Mr. Mayhew: Could we have the meeting on Friday evening to accommodate Mr. Towers?

The CHAIRMAN: We could see about that.

Mr. Mayhew: Mr. Fleming has wanted to call Mr. Towers for some time.

Mr. Fleming: I would appreciate it if the committee would extend every consideration that it can and ask Mr. Towers to be here tomorrow morning, and if we do not finish with him in the morning ask him back in the afternoon. It is conceivable, we could perhaps finish with him in the morning. I do not know. I am not being too optimistic.

The CHAIRMAN: I know that Mr. Dyde will take more time than I had anticipated with Mr. Towers. I do not think it would be possible to finish with him in one sitting.

Mr. Fleming: Well then, if we cannot finish with him in the morning session why not sit tomorrow evening?

The Charman: We just have to have some order in this committee. We decided to deal with the Montreal situation. I stated to the committee at the time that I thought the committee should await the outcome and results of our present deliberations, but the committee thought otherwise because of the urgency of the situation. That was our decision. Now, it is true that when that decision was made we did not know about Mr. Towers' engagements. That does bring in another angle and puts the matter in a somewhat different light; but I do not think we can carry on a three-ring circus. We ought to start and get some order; and, if Mr. Towers is important as a witness, and I know he is, he can be called quite easily when he returns. He is not going to be unavailable to us, and it may be that his appearance would be more advisable then.

Mr. Fleming: I think we could deal with him in one day, and get a great deal of help from him. I think we have spent some time now that could have been saved if we had Mr. Towers at an early stage. I think Mr. Towers is in a position to give evidence that might have saved a lot of time we have spent going over small details.

Mr. MacInnis: Mr. Chairman, I think under the circumstances Mr. Fleming has some right to kick, to raise the question he did. He raised the question of Mr. Towers appearing as a witness very early in this investigation. I think it was at the first or second meeting of the steering committee.

The CHAIRMAN: That is right.

Mr. Macinnis: But I do not think we can make any different arrangement, at least not for this new angle. Mr. Beaudry, who raised the Montreal question, is not here at the moment and it would not be fair to change any arrangement with respect to the calling of witnesses when he is not here. I presume the witnesses you are going to call are here now?

Mr. Monet: Yes.

Mr. MacInnis: I would be prepared to have an evening session as well as an afternoon session tomorrow in order to hear Mr. Towers.

Mr. Mayhew: Could we not start tomorrow morning at 10 o'clock? That would give us three hours.

The Chairman: Remember what we are doing. We are starting with the Montreal witnesses this afternoon, and I doubt very much if we will finish with them today. We have got to make up our minds as to what we are going to do.

As I said, that matter was all discussed here before the main committee and the committee decided what it was going to do; it is going to take the Montreal witnesses this afternoon. As you all know, my views on that matter were very clear and I placed them before the committee, but the committee decided that we should go on. I do not think we should start with one subject and then leave it for another. We have got to have some order in our proceedings.

Mr. Winters: What about taking Mr. Towers on Monday.

The CHAIRMAN: He is leaving on Monday.

Mr. HARKNESS: Then we would have to have him today or tomorrow, or not have him at all.

Mr. MacInnis: I do not think we can have him, unless we have extra sessions.

Mr. Homuth: Well, lets have him tomorrow.

The CHAIRMAN: Gentlemen, we will meet again at 4 o'clock this afternoon.

AFTERNOON SESSION

APRIL 8, 1948.

—The committee resumed at 4.00 p.m.

The CHAIRMAN: The meeting will come to order.

I would like to welcome a new member to this committee in the person of Mr. Thatcher who has taken the place of Mr. MacInnis. Mr. MacInnis advised me yesterday that because of the Industrial Relations Committee and the special interest which he has in that matter that he had asked to be transferred to that committee for the time being. In his place Mr. Thatcher has joined us. We welcome Mr. Thatcher and I would say that Mr. MacInnis, like all the members of this committee, was a very faithful and constant attender here. He was of great help to us and we expect, and I know we will receive, that same help and attendance from the man who succeeds him.

Mr. Beaudry: You are speaking of the Liberal members there.

The CHAIRMAN: Are you ready Mr. Monet?

Mr. Monet: Yes. Before I call the first witness who is Mr. Maurice Gauthier—

Mr. Fleming: Excuse me, Mr. Chairman, there is another matter.

The Chairman: Yes, Mr. Fleming has a problem with regard to Mr. Towers. I hope this matter will not take long because we are anxious to get ahead. Mr. Mayhew has a report to make regarding Mr. Towers.

Mr. Mayhew: At the request of the chairman I called Mr. Towers and had a chat with him over the telephone. It is impossible for him to be here tomorrow and he is leaving Ottawa on Monday. Saturday is therefore the only day that is available to him and he will make himself available for Saturday if it is the wish of the committee.

Mr. Fleming: What time does he leave on Monday.

Mr. Mayhew: He leaves early in the morning and he has no time on Monday. He has no time tomorrow as he has many things to which he must attend, but as I say, he will make himself available on Saturday. He expects to be back in the city about May 12.

Mr. IRVINE: I think probably he would be willing to come here Saturday if that is suitable to the committee but the trouble is we might not finish with him on Saturday.

Mr. Fleming: Well, I appreciate that suggestion very much but I doubt whether we would have a quorum on Saturday.

The Chairman: I think if I asked the members of the committee to come that they would come for you.

Mr. Fleming: Do you think they would come for me? I have a good mind to accept that invitation.

The CHAIRMAN: Would you like that?

Mr. Fleming: The chairman is suggesting that if I asked him to have the meeting on Saturday the members of the committee would attend.

Mr. Lesage: We will fly here.

Mr. Beaudry: You are again speaking of the Liberal members who will be here.

The CHAIRMAN: Well, is it agreeable that we meet on Saturday?

Mr. Fleming: Without wasting any time I think it is quite impossible to have a meeting on Saturday. I would be quite willing to come myself but I do not believe you would get a quorum on Saturday.

The Chairman: I think we would if it was necessary. You had perhaps better speak to me about this matter at 6.00 o'clock.

Mr. Johnston: Is this a special meeting to which you are referring?

Mr. Fleming: Did you not hear Mr. Mayhew's report?

Mr. Johnston: No.

Mr. Fleming: Mr. Towers says that he cannot attend tomorrow and that he is leaving on Monday. The only time which he has available is Saturday. Could he not change his plans in order to meet us tomorrow?

Mr. Mayhew: I did not press for a meeting tomorrow because it was quite evident from the discussion here that we would not get through with the present witnesses tomorrow. Mr. Towers said also that he was not available tomorrow. Of course he would have to come if we subpoen him. As I said, he will come on Saturday.

The CHAIRMAN: I suggest, Mr. Fleming, that you think it over and that you and I have a word before 6.00 o'clock.

All right, Mr. Monet.

Mr. Mayhew: Pardon me, Mr. Chairman, I did tell Mr. Towers that the matter would be decided at 4.00 o'clock and that either myself or the secretary would call him back so that if he was not to appear on Saturday he could arrange his time accordingly.

The CHAIRMAN: Well Mr. Mayhew, perhaps you and I and Mr. Fleming can have a talk about this later in the afternoon.

Mr. Moner: Before I call the first witness I wish to state that a summons was issued on Tuesday to three witnesses, namely Maurice Gauthier, Mr. Pelchat, and Mr. David Bernier of Montreal. At this time the summonses were issued there were no printed French summonses because this is a very special form of summons. The old form of summons printed in French would not meet the requirements for calling witnesses for this special investigation so the summonses issued to these three witnesses were English summonses. On the same night that the summonses were forwarded, Mr. Arseneault, the clerk of the committee, on my instructions sent those three persons telegrams in French telling them that summonses were on the way and that they would be required to be here this afternoon. Since that time I have been informed that the French summonses are being printed for the future should they be required. I wanted to make that statement before I called the first witness.

The Chairman: You will see that there are French copies of the summonses available in the future?

Mr. Monet: Yes.

Mr. Beaudry: Mr. Chairman, before you proceed with this inquiry might I ask the clerk of the committee when we may expect to have the forms of summonses in French? Will they be available shortly?

The CLERK: Tomorrow.

(Note: English translation of evidence which follows appears in Appendix to this day's evidence.)

M. Maurice Gauthier, bijoutier, comparaît:

Me Monet:

D. Monsieur Gauthier, voulez-vous vous faire assermenter. Je comprends, Monsieur Gauthier, que vous désirez donner votre témoignage en français?— R. Oui, Monsieur.

Me Drapeau: Bien, monsieur le président, à titre de procureur et d'assistant de M. Gauthier...

Me Monet:

D. Vous êtes son avocat?—R. Oui, monsieur.

D. Et vous êtes monsieur?-R. Jean Drapeau, de Montréal. J'aurais une déclaration de principe à faire. Je pense que j'ai déjà fait transmettre à différentes personnes l'indignation de mes clients. Je crois que la déclaration de principe, faite présentement, est un effet de cette indignation. N'eût été l'empressement de MM. Pelchat, Gauthier et Bernier de réitérer aux membres de ce comité les renseignements qui sont déjà d'ailleurs fournis bien volontiers à de nombreux enquêteurs fédéraux, provinciaux et municipaux, et qui établissent hors de tout doute qu'aucune irrégularité ou illégalité n'a été commise par eux, n'eût été l'interprétation fausse que certaines personnes mal intentionnées auraient inévitablement donnée de leur absence, je dois dire que mes clients ne seraient ici cet après-midi. La raison de leur absence en serait une de principe, principe dont la valeur intrinsèque est indiscutable et ne souffre aucune des exceptions que trop facilement et trop souvent l'on semble prêt à accepter, dans certains milieux. Bien que mes clients portent des noms qui ne prêtent à aucune équivoque quant à leur origine raciale, Pelchat, Gauthier et Bernier, ont reçu une soumission entièrement rédigée en langue anglaise. Cette manière de procéder est inacceptable...

M. Lesage:

D. Monsieur le Président, sommes-nous dans une assemblée politique?

Le président: Non.

M. Lesage: Est-ce que nous sommes obligés d'écouter cette déclaration?

Me Drapeau: C'est une déclaration que je fais au nom du témoin.

Le président: Votre client a été assigné en anglais, nous le regrettons infiniment, veuillez me croire. Vous avez envoyé un télégramme en français, monsieur Arsenault?—R. Oui, monsieur.

Me Drapeau: Il est triste de constater tout de même que l'obstruction faite à cette déclaration vient de la part de Canadiens français.

M. Beaudry:

D. Je ne crois pas que le comité ait objection à entendre la déclaration de l'assigné ou de son procureur, puisqu'il l'a déjà fait dans le passé, mais c'est, je crois, parce qu'une partie de cette déclaration traite d'une question qui a déjà été expliquée. Et ce n'était aucunement le désir du comité de la passer sous silence, mais bien d'éviter une répétition.

Me Drapeau: Si vous désirez, monsieur le Président, que je mette fin à

ma déclaration, je m'y conformerai.

M. Beaudry: Je m'objecte à cette partie-là de la déclaration seulement. Je crois que le comité en a déjà été saisi. Je ne crois pas que le comité ait d'objection à entendre votre déclaration, sauf cette partie qui a déjà été traitée.

Me Drapeau: Cette manière de procéder est inacceptable et mes clients tiennent à proclamer leur profonde indignation, refusant toute explication aux motifs d'excuse. Inutile d'ajouter que, personnellement, je joins à celle de mes clients l'expression de mon indignation et de mes protestations les plus vigoureuses.

M. Beaudry: Est-ce que vous me permettez une question?

Me Monet: Monsieur Gauthier, voulez-vous nous donner votre prénom?—R. Maurice.

D. Et quelle est votre adresse?—R. 6950, rue Louis-Hémon, Montréal.

D. Quelle est votre occupation?—R. Bijoutier.

D. Depuis combien d'années exercez-vous ce commerce de bijouterie?— R. Depuis 1945.

D. Dois-je comprendre que vous êtes l'associé de M. Pelchat?—R. Oui,

monsieur.

D. En compagnie limitée?—R. Oui, monsieur.

D. Faisant affaire sous le nom de Pelchat et Gauthier?—R. Oui, monsieur.

D. Voulez-vous dire aux membres du comité combien de magasins vous opérez à Montréal ou ailleurs, si vous en opérez ailleurs?—R. Seulement deux, à Montréal.

D. Voulez-vous donner les adresses, s'il vous plaît?—R. 3116, rue Masson, 5104, boulevard Décarie.

D. Je comprends que ces deux magasins font exclusivement le commerce de la bijouterie?—R. Oui, monsieur.

M. Beaudry:

D. Si vous n'avez pas d'autre question, monsieur Monet, permettez-moi de lui en poser quelques-unes. Je comprends que M. Gauthier, ou MM. Pelchat et Gauthier, ont aussi récemment fait le commerce du beurre.

Me Monet: J'allais pour demander au témoin s'il s'était intéressé tout dernièrement, soit la compagnie Pelchat et Gauthier ou personnellement, dans

le commerce du beurre?—R. Non, monsieur.

D. Dois-je comprendre, monsieur Gauthier, que tout dernièrement la maison Pelchat et Gauthier a fait l'acquisition d'une certaine quantité de beurre?

—R. Oui, monsieur.

D. Voulez-vous nous dire de qui vous avez acheté le beurre en question?—

R. De M. David Bernier.

M. Beaudry:

D. Quelle est la profession de M. David Bernier?—R. Je crois qu'il est beurrier.

D. Sous quelle raison sociale?—R. Je crois que c'est la Jersey Brand.

M. Pinard: Est-ce qu'il fabrique lui-même du beurre?

M. Beaudry: Est-ce Jersey Brand Limited?—R. Je ne le sais pas.

Mr. Harkness: Who makes the Jersey Brand? What company makes it?

Mr. Monet: The trader who sold him the butter will appear as a witness.

M. Beaudry: Vous dites que M. Bernier est beurrier. Pouvez-vous nous dire s'il fabrique du beurre ou s'il vend du beurre?—R. Il fabrique et vend le beurre.

D. Le connaissez-vous depuis longtemps?—R. Depuis mon enfance.

D. Vous avez acheté du beurre de M. Bernier à une époque relativement récente?—R. Oui, monsieur.

D. A quelle date particulièrement?—R. Le 31 mars.

D. Vous avez acheté du beurre de M. Bernier le 31 mars 1948?—R. Oui, monsieur. J'en avais acheté auparavant; cela fait vingt-cinq ans que j'en achète.

D. Le 31 mars 1948, lorsque vous avez acheté du beurre de M. Bernier,

vous avez acheté quelle quantité?—R. 5,600 livres.

D. Vous étiez au courant le 31 mars, ce jour-là, et plusieurs jours précédents, qu'à Montréal il était extrêmement difficile de se procurer du beurre?— R. Certainement.

D. Vous avez, malgré cela, à cause de vos relations avec M. Bernier, réussi

à acheter 5,600 livres de beurre?—R. Exactement.

- D. Est-ce que vous avez dû déclarer à M. Bernier pour quelles fins vous vouliez acheter 5,600 livres de beurre ou est-ce que M. Bernier vous l'a demandé?

 —R. Je lui ai dit. Je ne sais pas s'il me l'a demandé le premier, mais je le lui ai dit.
- D. Quelles fins avez-vous déclaré être vôtres à M. Bernier?—R. Pour le donner en prime.

D. Vous avez payé ce beurre à M. Bernier, combien?—R. 69c.

D. La livre?—R. Oui, monsieur, exactement.

D. Connaissiez-vous le prix du marché ou le prix que le grossiste pouvait vous vendre le beurre à ce temps-là?—R. Je crois que c'est le prix...

D. Le prix du plafond?—R. Il était jusqu'à 73c.
D. Pardon?—R. Je crois qu'il se vend jusqu'à 73c.

D. A l'époque où vous avez fait cette transaction, étiez-vous sous l'impression que M. Bernier avait le droit de vous vendre ce beurre-là 73c. la livre?—R. Ah! je ne pourrais pas dire.

D. Vous venez de le dire dans une réponse précédente?—R. Je ne pourrais

pas dire.

D. Vous avez dit, si ma mémoire est fidèle, il y a un instant, que vous l'avez payé 69c. la livre et je vous ai demandé si ce prix-là était le prix du plafond et vous avez dit; "je le crois"?—R. Oui, monsieur.

D. C'était 73c.?—R. Oui, monsieur.

D. Alors, je vous demande, lorsque vous avez fait cette transaction, si vous étiez sous l'impression que M. Bernier avait le droit de vous vendre ce beurre 73c. la livre?—R. Non, monsieur. Je ne crois pas. Dans le temps, je crois qu'il avait le droit de le vendre 69c., à cause des grossistes.

D. Est-ce que vous ne devriez pas corriger votre réponse précédente? Je ne veux pas vous tendre d'embûche, mais je crois que votre réponse précédente a laissé le comité sous une fausse impression?—R. Je l'ai eu à 69c. croyant que

c'était le prix du plafond.

D. Après avoir expliqué à M. Bernier que vous aviez besoin de cette quantité-là de beurre dans le but de l'offrir en prime?—R. Oui, monsieur.

D. Vous avez expliqué cela à M. Bernier lorsque vous avez fait cette demande du beurre?—R. C'est cela.

D. C'est vous qui en avez fait la demande, ce n'est pas M. Bernier qui vous a offert le beurre?—R. C'est moi qui l'ai demandé.

D. Je reviendrai là-dessus tout à l'heure. La transaction à 69c. la livre représente \$3,600 ou \$3,700?—R. Exactement.

D. Vous avez acheté le beurre le 31 mars 1948, et est-ce que vous l'avez payé comptant?—R. Oui, monsieur.

D. Au montant de combien, à quel montant global?—R. Je ne pourrais pas

le dire là. 5,600 fois 69c...

D. Vous êtes bijoutier, vons ne devez pas faire cela à l'année longue?-R. Je ne peux pas vous dire le chiffre exactement, \$3,800 et quelques piastres.

Me Monet:

D. \$3,864, est-ce que cela rafraîchit votre mémoire?—R. Peut-être. Oui, c'est cela exactement.

M. Beaudry:

D. Vous avez payé le beurre de quelle façon?—R. Par chèque.

D. Daté de quand?—R. Le 31 mars.

D. Le chèque a été encaissé à quelle date?—R. Il n'a pas été encaissé.

D. Le chèque n'a pas été encaissé?—R. Non, monsieur. D. Voulez-vous nous expliquer pourquoi?—R. Parce que, naturellement, on voulait voir la réaction avant. C'était plutôt par protection, pour pouvoir le garder. Naturellement, on disait que si la vente ne marchait pas comme on avait pensé, qu'il y aurait peut-être moyen d'annuler cela.

D. Quand vous dites qu'il y aurait peut-être eu moyen d'annuler cela, est-ce que vous parlez à votre point de vue ou à celui de M. Bernier?-R. Je

crois bien que nous pouvions nous entendre. C'est un ami de la famille.

D. Est-ce qu'il y avait eu entente au préalable?—R. Une entente verbale,

D. En fin de compte, il y avait eu une entente à l'effet que,—si je puis résumer votre transaction,—vous aviez le droit de tirer sur Bernier jusqu'à con-

currence de 5,600 livres de beurre?—R. C'est cela.

D. Mais si vous n'en aviez pas besoin pour les fins de votre commerce, si l'octroi ou l'offre de beurre dont on parle ne donnait pas les résultats désirés, vous entendiez avoir le droit de demander à Bernier de reprendre son beurre et de vous remettre l'argent?—R. Oui, monsieur.

D. Effectivement, est-ce cela qui est arrivé?—R. Oui, monsieur.

D. Effectivement?—R. Oui, monsieur.

D. Effectivement, Bernier n'a jamais encaissé le chèque?—R. Exactement.

D. Le chèque de \$3,864, daté le 31 mars?—R. Oui, monsieur.

D. M. Bernier vous a-t-il donné du beurre le 31 mars?—R. Je ne pourrais pas dire exactement. Le 31 mars, je ne sais pas quelle date c'était.

Le Président:

Le 31 mars, c'était le 31 mars.

Le témoin: Je veux dire le jour.

Le président: C'était un mercredi.

D. Une transaction de beurre pour un bijoutier, c'est assez inusité. Nous parlons d'un fait qui s'est déroulé, au maximum, il y a neuf jours. Vous ne vous rappelez pas du montant exact que vous avez payé par chèque, pour 5,600 livres de beurre. Vous ne vous rappelez pas de la date exacte à laquelle vous avez reçu du beurre. Je veux modifier le ton de mes questions. Je vais les faire excessivement simplistes. Avez-vous reçu du beurre de M. Bernier?— R. J'ai reçu 200 livres, je ne puis pas dire si c'est le 31 ou le 1er.

D. A quelle date avez-vous offert du beurre en prime à vos clients?-R. Je

ne le sais pas exactement, réellement.

D. Est-ce qu'il y a quelqu'un dans votre industrie qui est au courant des faits de votre industrie?-R. Je le suis.

D. Pour le beurre?—R. Je le suis.

Le président: Le 31 mars, c'était un mercredi, je pense.

M. Beaudry: Est-ce que vous voulez répondre plus clairement?

Le président: Je suggère cela.

Le TÉMOIN: Le 31 mars.

M. BEAUDRY:

D. Le 31 mars, vous avez donné un chèque de \$3,864?—R. Oui, monsieur.

D. Vous avez donné \$3,864,—vous me corrigerez si je me sers du mauvais terme,—avec la promesse: N'encaissez pas le chèque si je n'ai pas reçu le beurre?—R. Exactement.

D. De quelle façon avez-vous disposé de ce beurre?—R. Aux clients qui

venaient acheter pour \$5.

D. Je ne sais pas si le comité jugera que la prochaine question est acceptable. Vous avez deux magasins, un sur la rue Masson et l'autre sur le boulevard Décarie. Auriez-vous objection à nous dire les affaires brutes que vous faites dans les deux magasins?—R. Oui, monsieur.

D. Vous auriez objection à me le dire?—R. Oui, monsieur. Je ne pense

pas que cela ait de relation avec le beurre.

M. Beaudry: Pour l'instant je vais passer.

M. Lesage: Cela en a autant que la bijouterie.

M. Beaudry:

D. Quand vous avez donné le beurre en prime, c'est de quelle date à quelle date?—R. Le 31, exactement.

D. Le 31, vous avez donné du beurre en prime?—R. Oui, monsieur.

D. Alors, toute la transaction qui nous intéresse s'est faite le 31. Le 31, vous avez donné un chèque qui n'a pas été encaissé; vous avez reçu du beurre, vous ne vous rappelez pas quand l'avoir reçu, vous ne vous en rappeliez pas il y a un instant, alors la réponse est que vous avez reçu le beurre le 31, puis que c'est la date que vous l'avez donné, le 31?—R. Je vois la date qui est marquée sur l'annonce, il n'est pas nécessaire de s'enflammer pour une question de date.

D. Le comité ne s'enflamme pas. Nous traitons d'une transaction qui a été faite dans la même journée. Si je me reporte à une réponse que vous avez donnée tout à l'heure, vous ne vous rappelez pas du montant du chèque que vous avez donné?—R. Je ne m'en rappelais pas à quelques piastres près, mais

je savais que c'était \$3,860 et quelques piastres.

D. A quelques jours près, disons que pour vous c'est le 31 mars, vous avez fait une transaction conditionnelle avec M. Bernier, par laquelle vous avez donné un chèque qui devait être conditionnellement encaissé, mais qui de fait n'a pas été encaissé, et par laquelle transaction vous avez reçu d'un montant total de 5,600 livres de beurre 200 livres seulement. Vous en avez distribué combien ce jour-là?—R. A peu près, quarante livres, trente-cinq ou quarante livres.

D. Nous serait-il possible d'avoir les chiffres exacts?—R. Monsieur, je crois que c'est trente-sept livres.

D. Est-ce que vous croyez que cela est exact ou est-ce que vous croyez

que cela peut être exact?—R. C'est cela.

D. Vous avez distribué exactement trente-sept livres de beurre en prime le 31 mars. Vous aviez encore 5,400 livres de beurre en réserve que vous aviez payées conditionnellement. Vous aviez encore 163 livres sur les 200. Qu'est-ce que vous avez fait des 163 livres?—R. Je les ai chez moi et chez mon associé.

D. Vous avez chez vous dans le moment 163 livres de beurre?—R. Mais,

depuis, j'en ai donné à des membres de ma famille.

D. Monsieur le Président, je ne puis avoir du témoin une réponse. Dans la même phrase, il dit qu'il a 163 livres de beurre chez lui et il dit qu'il n'a pas chez lui 163 livres. Vous aviez encore à votre compte, je présume, 5,400 livres de beurre. Qu'est-ce qu'il est arrivé de ces 5,400 livres de beurre?—R. Elles sont dans l'entrepôt, M. Bernier les a reprises.

D. Est-ce qu'elles sont à votre nom?-R. Non, elles sont au nom de

M. Bernier.

D. Maintenant, nous sommes en face d'une autre transaction par laquelle vous avez remis à M. Bernier 5,400 livres de beurre. A quelle condition et quand?—R. Lundi, le 5 avril.

D. Lundi, le 5 avril, vous avez remis cela à M. Bernier?—R. C'est-à-dire

que je ne lui ai pas remis, le beurre était entreposé, là.

D. Vous avez avisé M. Bernier que pour les 5,400 livres de beurre que vous aviez achetées, qu'il pouvait les retenir?—R. C'était justement à cause de la Commission des Prix qu'il m'avait conseillé de discontinuer cela. J'ai discontinué la journée même à en vendre et le samedi comme c'était une journée où j'étais passablement occupé, j'ai fait cela le lundi, j'ai changé le chèque, je lui ai donné un chèque de \$138 et j'ai pris le mien.

D. Vous n'avez pas payé à M. Bernier le montant pour 5,600 livres de beurre, mais M. Bernier a repris 5,400 livres de beurre et vous lui avez donné un chèque pour payer la différence entre 5,600 livres de beurre et 5,400 livres

de beurre, cela est exact?—R. Oui, monsieur.

M. Fleming: Monsieur le Président, si M. Beaudry voulait bien parler plus lentement et le témoin parler plus haut et plus lentement, les députés pourraient les comprendre mieux.

M. Beaudry: Je m'excuse, M. Fleming a parfaitement raison.

M. Beaudry:

D. Le 5 avril, contre l'abstention que vous avez fait signifier à M. Bernier de prendre possession des 5,400 livres de beurre achetées et payées en théorie le 31 mars, M. Bernier vous a remis le chèque de \$3,864 que vous aviez donné et, à votre tour, vous avez donné un chèque de \$138 qu'il a accepté et dont vous ne connaissiez pas le sort jusqu'à date?—R. Oui, monsieur.

D. Et vous ne connaissez pas le sort jusqu'à date des 5,400 livres de beurre dont vous avez été temporairement propriétaire sinon possesseur?—R. Non,

monsieur.

- D. Vous m'avez dit tout à l'heure que vous aviez 163 livres de beurre entre vos mains le 31 mars, qu'elles ont été placées chez vous, et vous avez répondu également que vous en aviez distribué; auriez-vous objection à me dire si ce beurre est encore chez vous ou s'il a été distribué?—R. Personnellement, j'ai environ quarante ou quarante-deux livres, mon associé en a à peu près le même montant.
- D. Est-ce que vous l'avez donné à titre de bijoutier ou d'individu?—R. D'individu.
- D. Alors, il doit rester environ 83 livres de beurre, si je calcule bien; voulezvous nous dire ce que vous en avez fait?

Me Drapeau: Je soumets que cette question a déjà été posée et que la réponse a été fournie également sous une autre forme, monsieur le président.

Le témoin: Bien, si vous voulez que je vous énumère tous les membres de ma famille...

M. Beaudry: Si vous donnez cela comme réponse, c'est la réponse que je veux?—R. C'est cela.

D. A l'heure actuelle, vous et votre associé détenez environ 80 livres de beurre?—R. C'est cela, nous en avons à peu près chacun quarante livres.

D. Auriez-vous l'obligeance de me dire de quelle facon ont commencé les négociations, entre vous et M. Bernier, qui se sont terminées par la transaction par laquelle M. Bernier vous a vendu 5,600 livres de beurre et cela sans entrer dans d'autres compilations pour l'instant?—R. Je ne comprends pas très bien votre question?

D. Dans quelles circonstances la transaction par laquelle vous demandiez à M. Bernier s'il ne pouvait pas vous céder 5,600 livres de beurre s'est amorcée?— R. Je suis allé le voir un soir après la fermeture du magasin. J'avais eu l'idée de faire une espèce de vente comme cela. Je suis allé le voir tout simplement et je lui en ai parlé et, comme un ami de la famille, il l'a fait.

D. M. Bernier vous a dit qu'il pouvait vous donner assez facilement 5.600

livres de beurre?—R. Il m'a donné sa réponse le lendemain.

D. Vous saviez qu'à ce temps-là un grand nombre de gens avait de la misère à obtenir du beurre, au quart de livre ou pas du tout?-R. J'étais au courant qu'il était bien rare.

D. Quel motif auriez-vous donné pour donner le beurre en prime?—R. Bien

entendu, je savais qu'il était rare.

D. Ne vous est-il pas venu à l'idée qu'il y aurait un grand nombre de citoyens de la ville de Montréal, pour qui le beurre était assez rare, qui trouveraient inusité qu'un bijoutier, ou le propriétaire d'un autre genre de commerce, puisse en trouver lui pour simplement la raison que vous avez donnée, celle d'une vieille amitié entre vendeur de beurre et bijoutier et que celui-ci puisse en donner en prime gratuitement?—R. Naturellement, cela aurait pu frapper.

D. D'après vous, est-ce que cela aurait pu ou est-ce que cela doit frapper?—

M. Pinard:

D. Est-ce que cela vous est venu à l'idée à la suite d'une pratique adoptée par d'autres maisons de commerce?—R. Non, monsieur.

D. C'est vous qui en avez pris l'initiative?—R. Oui, monsieur.

D. Est-ce que cela se faisait antérieurement à Montréal?-R. Je n'en ai pas entendu parler.

D. A ce moment-là?—R. Non.

D. Cette idée vous est venue à vous et elle ne vous a pas été suggérée par d'autres maisons de commerce?—R. Absolument pas.

M. Beaudry:

D. Aujourd'hui, monsieur Gauthier, en êtes-vous venu à l'opinion qu'un grand nombre de gens de la ville de Montréal peuvent trouver insolite le fait que l'on puisse trouver 5,600 livres de beurre dans un commerce comme le vôtre, alors que les gens ne peuvent pas en acheter et que vous, vous en avez à l'année?—R. Absolument, mais je ne crois pas que cette question puisse se rapprocher de l'autre. C'est une question personnelle. J'aurais été épicier et j'aurais pu faire la même transaction. Cela ne m'a pas paru anormal.

D. Cela est une question d'interprétation pour le comité et je ne crois

pas que l'on puisse vous la laisser.—R. Ah!

D. J'aimerais à ce que vous me disiez si vous croyez que, dans votre cas, la transaction que vous avez faite, n'est-ce pas, aux yeux de tous les habitants de la ville de Montréal et probablement de tout le pays, ne pouvait pas paraître extrêmement anormale?-R. Cela en a bien l'air d'après la réaction.

D. Est-ce que vous admettez que votre réaction est autrement que celle des autres?-R. Moi, si j'avais trouvé cela tellement anormal, bien, je ne

l'aurais probablement pas fait.

D. Je comprends que, des fois, les esprits bien avertis peuvent avoir des réactions différentes, une aujourd'hui et une autre une autre semaine. J'aimerais à ce que vous me disiez si vous ne pensez pas que votre transaction, après réflexion faite aujourd'hui,—et ce n'est pas que je veuille vous accuser de malhonnêteté,—ait une conséquence qui soit illégale?—R. Réellement, je ne le crois pas. Je ne considère pas mon cas pire que celui des théâtres qui donnent de la vaisselle ou n'importe quel autre commerce qui donne des primes.

D. Pourquoi n'avez-vous pas offert de la vaisselle plutôt que du beurre qui, à ce moment-là, était à peu près absent du marché?—R. J'ai pensé que,

le beurre étant rare, la prime serait plus alléchante. Cela est normal.

D. Vous étiez prêt à spéculer pour faire un profit pour améliorer vos ventes sur le fait qu'un grand nombre de gens de la ville de Montréal n'avaient pas de beurre. Mais vous qui n'étiez pas dans le commerce du beurre, mais qui aviez apparemment une certaine amitié chez un commerçant de beurre, avez profité de cette amitié pour faire une spéculation?—R. Le beurre, de toute façon, était consommé par les gens.

D. C'est entendu qu'il y a eu 37 livres de beurre de données?—R. Il y a eu

37 livres de beurre données, c'est cela.

- D. Tout de même, il n'y a que 37 personnes qui ont bénéficié, dans toute l'île de Montréal, de la transaction par laquelle vous avez acquis mainmise sur 5,600 livres de beurre. Trouvez-vous que c'est une distribution équitable du beurre dans la ville de Montréal?—R. Cela est absolument personnel, parce que...
 - D. Attendez, voici une autre question, à présent...

Me Drapeau: Le témoin peut finir sa réponse...

Le président: Permettez au témoin de répondre.

Le TÉMOIN: Bien que j'aie eu 5,400 livres de beurre, je crois qu'actuellement il y a des milliers de livres de beurre dans les entrepôts.

Me Monet:

D. Dites-vous qu'il y a des milliers de livres de beurre dans les entrepôts?

—Je crois que cela est excessivement important. Monsieur Gauthier, bien que vous êtes sous serment, vous venez de dire qu'il y a des milliers de livres de beurre dans les entrepôts?—R. Absolument, mais je ne sais où. Le beurre que l'on consommera la semaine prochaine est actuellement dans les entrepôts.

Me Monet: Monsieur le Président, je ne veux pas être désagréable pour mon confrère qui assiste le témoin, mais je tiens à faire remarquer que depuis le commencement de son témoignage, M. Drapeau, qui représente et assiste son client comme il a droit de le faire, passe presque tout son temps à donner à son témoin presque des réponses. Je demanderais à ce que M. Drapeau avise son client comme il l'entend, mais qu'il ne lui suggère pas les réponses. Vous venez de dire, sous serment, qu'il y a des milliers de livres de beurre entreposées à Montréal?—R. Je ne peux pas dire.

entreposées à Montréal?—R. Je ne peux pas dire.

D. Vous ne pouvez pas dire?—Vous avez assermenté qu'il y avait des milliers de livres de beurre dans les entrepôts à Montréal?—R. Je me base sur les raisons que le beurre est entreposé quelque part, il est dans les entrepôts,

le beurre que l'on a à consommer la semaine prochaine.

M. Lesage: Vous dites cela, actuellement...

D. Vous dites que vous le savez, pouvez-vous dire où?—R. Je ne le sais pas. D. Pouvez-vous nommer une grosse compagnie ou une maison d'entre-posage regorgeant de beurre actuellement?—R. Je ne peux pas nommer de compagnies.

D. Cependant, vous avez déclaré sous serment qu'il y en a?—R. Oui,

monsieur.

M. Beaudry:

D. Monsieur Gauthier, je vous ai parlé tout à l'heure d'un chiffre d'affaires annuel que vous préférez ne pas donner?—R. J'ai juste dit que cela n'avait pas de relation.

D. Ce n'est pas une raison capitale. J'aimerais à vous poser une autre question, qui vous ferait peut-être voir la question sous un autre œil. Votre intention était, je comprends, de donner une livre de beurre en prime à chaque \$5 d'achat fait à l'un ou à l'autre de vos magasins?—R. Oui, monsieur.

D. Vous avez, dans ce but, acheté 5,600 livres de beurre?—R. Oui, monsieur.

D. C'est ce que vous répondez?

LE PRÉSIDENT: Quelle était votre réponse?

Le TÉMOIN: Oui, monsieur.

M. Beaudry:

D. Vous avez acheté 5,600 livres de beurre. Vous aviez raison, je présume, de croire, à la lumière de ce qui était généralement connu dans le public du pays, que la disette de beurre ne pouvait pas durer beaucoup normalement plus d'un mois. Vous, est-ce que vous aviez raison de croire autre chose?—R. Non monsieur, je croyais que cela pouvait être à peu près cela.

D. Auriez-vous l'obligeance de multiplier vos 5,600 livres de beurre par \$5 et nous dire quel chiffre d'argent vous espériez faire en regard des 5,600 livres de beurre que vous jugiez nécessaire d'octroyer comme prime durant le mois?

—R. \$28,000 à peu près.

D. Lorsque, tout à l'heure, je vous ai demandé votre chiffre d'affaire annuel, croyez-vous qu'il y a relation entre ce que vous dites et votre déclaration de chiffre annuel?

Me Drapeau: Je m'objecte. Est-ce qu'on doit faire une enquête sur les méthodes de commerce, sur les moyens de promouvoir les ventes? Peu importe le chiffre d'affaire annuel. Un propriétaire de commerce peut chercher à activer ses ventes. Est-ce qu'on fait le procès des méthodes de commerce ou si l'on veut savoir d'où vient le beurre? Je trouve que l'on va un peu loin.

Le président: Je n'y vois pas d'objection.

Mr. Thatcher: May I ask one question? Is Mr. Beaudry suggesting this procedure is illegal?

Mr. Beaudry: I am merely questioning in regard to the motion which was approved by this committee the day before yesterday.

The CHAIRMAN: Mr. Beaudry is trying to get some information germane to this committee.

Mr. Beaudry: We are dealing strictly with the question of the scarcity of butter as it may affect the price, and the use of butter as a premium with regard to the effect on prices.

Mr. Thatcher: You are not suggesting this procedure is illegal?

The Chairman: No. This witness has said there was a lot of butter available in the last few questions, and particularly as revealed by Mr. Monet. Mr. Monet said, "Well, who has all this butter? Give us the names." The witness said, "I cannot give you the names but I am quite satisfied there is a lot of butter available." It is only by questions that seemingly do not have a direct value that we sometimes get replies to questions that do have direct value. You have to allow a certain latitude in examination, and that latitude I am permitting unless the committee thinks it is not permissible.

M. Pinard:

D. Maintenant, monsieur Gauthier, vous avez vendu, dites-vous, 37 livres de beurre ou plutôt vous avez donné 37 livres de beurre en prime. Est-ce que vous

vous souvenez du montant que ces ventes ont rapporté par ces primes, le montant total de ces ventes en regard de ces 37 livres de beurre données en prime?—
R. Je n'ai pas les chiffres exacts en main.

D. Est-ce que ces ventes étaient de \$5 en moyenne ou si elles dépassaient ce

montant-là?—R. Quelques ventes dépassaient le montant.

D. Pouvez-vous nous dire si les achats qui ont été faits étaient des achats nécessaires. Est-ce que ces achats étaient nécessaires ou s'ils étaient tout simplement consentis dans le but d'avoir une livre de beurre?—R. Je crois que certaines gens se préoccupaient de cela et profitaient des besoins de bijouterie.

D. Vous vous rendez bien compte que, dans le commerce de la bijouterie, il n'y a pas d'objets vendus qui ne sont pas indispensables au commerce. Les bijoux ne sont pas des objets que l'on achète normalement. Si je vous suggérais, que la plupart de ces ventes ont été faites parce qu'il y avait l'attrait de la prime du beurre?—R. Absolument. Je crois, cependant que je puis baser mon opinion surtout sur le fait que, chaque semaine, il se dépense un certain montant d'argent en bijoux. Naturellement, chaque bijoutier compte sur un montant de vente ordinairement, alors, naturellement, je me disais, lorsque les gens ont besoin de beurre, au lieu d'aller sur la rue, disons n'importe quelle rue à Montréal, ils en profiteront, justement parce qu'ils ont besoin soit d'un cadeau à faire ou simplement un achat personnel, pour avoir du beurre.

D. Vous admettez que ces ventes-là n'auraient pas eu lieu s'il n'y avait pas

eu une prime attachée?—R. Je n'admets pas cela.

D. Vous admettiez cela tantôt?—R. Non. D. Vous vous corrigez?—R. Oui, monsieur.

D. Quelles sont ces ventes-là, qu'est-ce qui a été vendu?—R. Particulièrement, deux montres; puis, quelques bijoux.

Le PRÉSIDENT: C'est tout?

M. Pinard:

D. Quel a été le prix le plus élevé d'une de ces ventes?—R. Je crois que c'est \$70.

D. C'est à la vente d'une montre que vous référez là?—R. Oui, monsieur.

D. Etait-ce pour deux montres?—R. Une montre seulement.

D. Est-ce que la proportion de beurre varie avec la vente?—R. Absolument.

Me Monet: Je comprends que vous donniez une livre de beurre avec un achat de \$5, deux livres pour \$7 et trois livres pour \$10?—R. Oui, monsieur.

M. Pinard: Combien avez-vous fait de ventes pour disposer des 37 livres que vous avez données?—R. Nous avons vendu pour environ comme \$200 à

chaque magasin.

D. A combien d'acheteurs au maximum? Voici monsieur le Président, si les acheteurs qui ont bénéficié par des achats de sept, huit ou dix livres, ou quatorze ou quinze livres de beurre, c'était encore rendre la situation pire. Si, par exemple, pour 37 livres de beurre, il n'y a eu que trois ou quatre acheteurs, je prétends que cela aggravait la situation. Il ne me reste qu'une seule question à vous poser. Pouvez-vous nous dire, au maximum, combien de clients ont profité de cette situation-là, de la prime attachée aux ventes?—R. Peut-être, que sur la rue Masson, je crois que c'est à peu près quinze.

D. Alors, cela fait un endroit où le beurre était donné?—R. Oui. Je crois

que c'est à peu près la même chose aux deux places.

D. Est-ce que vous n'auriez pas donné plus de 37 livres de beurre?—R. Il y en a qui achetaient pour moins de \$5.

D. Alors, ceux qui achetaient pour moins de \$5 avaient également une prime?

-R. Non, monsieur.

D. Alors, je parle de ceux qui ont eu une prime de beurre: combien? Vous avez donné 37 livres de beurre . .

M. Lesage: Combien la deuxième montre?—R. Je ne pourrais pas dire le prix.

D. La première était de \$70 et si l'autre était à \$75 cela représenterait 20 livres de parties?—R. Une personne seulement avait droit à trois livres de beurre pour une montre qui se vendait à \$70.

Me Monet: Pourquoi avez-vous donné moins?—R. J'ai donné un escompte sur la montre.

M. Pinard:

D. Est-ce que vous avez annoncé dans les journaux cette façon de pratiquer votre commerce celle que vous adoptiez?—R. J'ai annoncé dans le *Star* et dans la *Presse*.

D. Et vous portiez ainsi à la connaissance du public que vous profitiez en somme, de la rareté excessive du beurre dans le but d'augmenter votre clientèle et le chiffre de vos ventes. Vous portiez cela à la connaissance du public par des avis dans les journaux ou par des annonces; est-ce que c'est exact?—R. Oui,

monsieur, absolument, je l'ai fait publier dans les jounaux.

D. Vous devez vous rendre compte aujourd'hui que pareille façon d'agir aidait à créer ou augmenter considérablement le malaise actuellement ressenti par la population de Montréal et des environs. Est-ce que vous vous rendez compte de cela?—R. Je ne crois pas que les quelques livres que j'aurais pu donner pouvaient mettre la situation pire.

D. Est-ce que vous trouvez que c'est une bonne pratique dans le com-

merce?—R. Peut-être pas.

D. Je suis de votre avis.

Me Monet:

D. Avant que vous quittiez la table monsieur Gauthier, j'aurais deux ou trois questions à vous poser. Ces questions se rapportent à ce que M. Beaudry vous a demandé au commencement de votre témoignage. Vous avez acheté du beurre auparavant de M. Bernier?—R. Oui, monsieur.

D. Dois-je comprendre que vous achetiez de M. Bernier des quantités considérables de beurre, ou des petites quantités?—R. Plusieurs, plus de petites

quantités.

R. Avez-vous déjà acheté une grande quantité comme cette fois-ci?—R. Non.

D. C'était pour l'usage de votre famille seulement?—R. Oui, monsieur.

D. Je vois dans l'annonce d'un journal de Montréal, en date du 30 mars, votre annonce: "Pelchat et Gauthier annoncent une livre de beurre avec chaque achat de \$5". Cette annonce est en date du 30 mars. Je vous dis ceci pour vous rafraîchir la mémoire et pour que vous nous disiez si cette annonce-là a bien paru le 30 mars. Vous avez parlé tantôt du 31 à M. Beaudry, la date à laquelle la transaction a été faite pour le beurre. Voulez-vous vous rafraîchir la mémoire et nous dire si ce n'est pas plutôt le 30 mars que cette annonce-là a paru. Est-ce possible que ce soit le 30 mars?—R. Absolument.

D. Avez-vous dit que vous auriez annoncé ce beurre en prime une journée antérieure à la date de la conclusion de votre arrangement avec M. Bernier. Voulez-vous expliquer cela aux membres du comité?—R. Absolument, je me fiais

sur M. Bernier.

D. Donc vous avez entamé vos négociations avec M. Bernier avant le

30 mars?—R. Absolument.

D. Quand avez-vous entamé les premières négociations? Tantôt vous avez dit à M. Beaudry que tout c'était passé le 31. Voulez-vous nous dire quand vous avez entamé les premières négociations avec M. Bernier au sujet des 5,600 livres de beurre?—R. Je puis vous le dire, c'est le vendredi qui précédait cela.

D. Vous êtes certain que c'est le vendredi qui a précédé cela. Ce serait le vendredi saint. Quel jour était-ce quand vous avez discuté cela avec M. Bernier, et était-ce à votre magasin?—R. Non, chez lui.

D. Le soir ou l'après-midi?—R. Le soir.

D. Etiez-vous accompagné de M. Pelchat ou si vous étiez seul?—R. J'étais accompagné de M. Pelchat.

D. M. Pelchat a été témoin de la conversation entre M. Bernier et vous-

même au sujet du beurre, et c'était le 26 mars?—R. Absolument.

D. Pourquoi avez-vous dit à M. Beaudry tantôt que cette transaction avait eu lieu le 31 mars alors que c'était le 26 mars?—R. J'ai parlé dans ce sens parce que le chèque a été fait le 31 mars.

D. Le premier entretien, le 26 mars, était au sujet du beurre?

M. Lesage: Monsieur le Président, est-ce que M. Bernier est dans la salle?

Me Monet: Oui, je le crois. Je ne le connais pas.

D. Est-ce qu'il ne serait pas dans l'intérêt de tous que M. Bernier se retire pendant que nous questionnions le présent témoin en détail sur ce qui s'est passé dans l'entrevue qui a entraîné cette transaction?

Me Monet: Pour cette partie-là du questionnaire, je crois que M. Bernier ne devrait pas être dans la salle.

Le président: Est-ce que M. Bernier est dans la salle?

M. BERNIER: Oui.

Le président: Voulez-vous sortir pour quelques minutes s'il-vous-plaît?

M. Bernier se retire.

Me Monet:

D. Monsieur Gauthier, je désire être aussi bref que possible sur ce point-là. Situons bien le débat sur la transaction. Vous êtes chez Bernier, le 26 mars, et pour la première fois il est question entre votre associé, vous-même et M. Bernier de cette transaction-là?—R. Certainement.

D. Monsieur le Président, je demanderais à ce que M. Pelchat, qui est dans

la salle, se retire.

M. Lesage: Est-ce qu'il était présent lors de l'entrevue?

Me Monet: Il était présent à l'entrevue.

Me Monet: Je comprends que M. Pelchat était présent à l'entrevue le 26 mars?—R. Oui, monsieur.

D. Il n'était pas à l'entrevue lorsque le chèque a été donné?—R. Non,

monsieur.

D. Est-ce que, à cette entrevue-là, il a été convenu que M. Bernier vous fournirait sur demande 5,600 livres de beurre?—R. Non, il n'a pas donné de réponse.

D. Est-ce qu'il a été question du prix?—R. Oui.

D. Quel prix a-t-il été fixé?—R. Le prix du marché, 69c.

D. M. Bernier vous a-t-il dit ou a-t-il fait allusion au fait qu'il pouvait vendre ce beurre-là, qui était très rare à ce moment, à 73c. la livre?—R. Non, monsieur.

D. Avez-vous mentionné à M. Bernier qu'il pouvait vendre son beurre à

73c. la livre, au détail?—R. Non, monsieur.

D. Alors, sans parler du prix que M. Bernier pouvait obtenir au détail, il vous a offert son beurre à 69c.?—R. Il nous a donné la réponse le lendemain.

D. Il n'a pas été question du prix qu'il pouvait obtenir pour son beurre si lui,

M. Bernier, le vendait au détail?—R. Non, monsieur.

D. M. Bernier a-t-il dit qu'il avait beaucoup de demandes pour le beurre à ce moment-là?—R. Non monsieur, pas particulièrement.

D. Il n'y a pas fait allusion?—R. C'était un fait.

D. Je comprends que vous êtes bijoutier, n'est-ce pas, et que vous avez demandé 5,600 livres de beurre à M. Bernier. L'avez-vous mis au courant, le 26 mars, de votre intention de disposer de ce beurre-là en le donnant comme prime?—R. Oui, monsieur.

D. Et M. Bernier n'a pas dit ou n'a pas fait allusion, ni de près ni de loin, au fait qu'il pourrait vendre son beurre au détail à un prix bien supérieur à 69c.?

-R. Non, monsieur.

D. Vous jurez cela?—R. Oui, monsieur.

M. Beaudry:

D. Voulez-vous me permettre une question, Me Monet? Est-ce qu'il y avait d'autres conditions à la vente que le payement en argent mentionné. Peutêtre y a-t-il eu quelques mots au cours de l'entrevue?-R. Non, monsieur.

D. Il n'y avait aucune autre condition mentionnée spécifiquement ou sous-entendue à l'offre de vente du beurre à 69c, que le seul payement par vous?

-R. Non, monsieur.

D. Aucune autre condition, devoir remettre, par exemple, ce dont vous n'auriez pas besoin?—R. Non, monsieur.

D. Il n'a été aucunement question de dédommagement pour entreposage de

200 livres de beurre pendant quatre jours?—R. Non, monsieur.

D. M. Bernier, bénévolement, était prêt à vous livrer 5,000 livres de beurre pour aider votre organisation et à l'entreposer pendant un mois, si cela faisait votre affaire, pour vous rendre service?—R. Oui.

D. Et à une époque où il n'y avait pas de beurre à Montréal?-R. Oui,

monsieur.

D. Tout cela était un service bénévole. Vous jurez cela?—R. Oui.

M. Pinard:

D. Il n'a pas offert d'acheter des bijoux chez vous?-R. Non, monsieur. Je vous dis que M. Bernier était un ami de la famille depuis vingt-cinq ans.

D. C'est sur le compte de l'amitié que vous mettez tout cela?-R. Oui,

monsieur.

M. Lesage:

D. Est-ce que M. Bernier vous a dit pourquoi il ne pouvait pas vous donner une réponse le soir-même?-R. Non, monsieur.

D. Purement et simplement, il vous a dit qu'il vous donnerait une réponse

demain?—D. Oui, monsieur.

- D. Il ne vous a pas dit ce jour-là qu'il ne l'avait pas en stock ou quoi que ce soit?-R. Non, monsieur.
- D. Est-ce qu'il vous a dit: "Je vais voir si j'en ai"?-R. Non, monsieur. D. Quelle excuse vous a-t-il donnée pour remettre cela au lendemain?-R. Il a dit qu'il était pour penser à cela, pour voir si c'était légal.
 D. C'est la raison qu'il vous a donnée pour remettre sa réponse au lende-

main?—R. Oui, monsieur.

D. Pour penser à son affaire?-R. Oui, monsieur.

D. C'était 100 caisses?—R. Oui, monsieur.

M. Beaudry:

D. Avez-vous discuté de la légalité ou de l'illégalité de la transaction, ce jour-là?-R. Sur un point, oui, monsieur. Lui, il a dit qu'il avait le droit de le vendre à qui il voulait. Je pense qu'on a toujours cru avoir le droit de le donner, peut-être pas de le vendre mais de le donner.

D. Quel motif avez-vous exprimé lors de la discussion au sujet de la légalité de la transaction, puisque je prends pour acquis que c'est ce qui s'est passé?— R. Justement, parce qu'on avait pas de permis pour avoir du beurre ni pour en vendre, et vu qu'on le donnait, on croyait bien que ce n'était pas illégal du tout.

M. Beaudry:

D. Et, en dépit de tout cela, la conception que vous vous faisiez de l'augmentation des ventes et du profit que vous pourriez en retirer à votre propre bénéfice personnel, au détriment de 5,600 consommateurs qui auraient pu en bénéficier normalement, vous faisait outrepasser ce manque de permis... R. J'étais positif que, vu qu'on le donnait, il n'y avait rien d'illégal à cela.

D. Je vous répète ma question comme je vous l'ai posée, c'est ceci: La conception des profits ou de l'augmentation des ventes que vous espériez ou que vous croyiez pouvoir faire vous faisait outrepasser toutes les considérations que vous aviez dans l'esprit à ce moment-là, savoir celle de l'illégalité possible, du manque de permis possible, etc?—R. Du moment que je le leur donnais, j'étais

positif qu'il n'y avait rien de mal là-dedans.

D. La réponse à ma question, c'est oui ou non?

Le TÉMOIN: Voulez-vous la répéter s'il vous plaît? La question est relue au témoin par le sténographe.

Le TÉMOIN: Bien, absolument, je ne l'avais pas cette conception d'illégalité que M. Beaudry vient de dire, je ne l'avais pas justement parce que je savais qu'on le donnait et qu'il n'y avait rien d'illégal à ça.

D. Et, en dépit du fait que M. Bernier vous a dit, suivant votre réponse de tout à l'heure, qu'il n'éait pas prêt a vous vendre du beurre,-à vous vendre ce beurre-là,—parce qu'il n'était pas convaincu de la légalité de cette affaire?

M. Pinard:

D. Avez-vous consulté un avocat là-dessus?

Le président: Bien, un à la fois seulement, s'il vous plaît, messieurs.

Le témoin: C'est-à-dire, j'en ai parlé à M. Drapeau, ici.

M. Lesage: J'aimerais bien à ce que le témoin donne une réponse à la question de M. Beaudry.

Le président: Voulez-vous donner votre réponse?

Le témoin: C'est non, monsieur.

Me Monet: Je n'ai pas d'autres questions à poser au témoin.

M. Beaudry:

- D. Pourquoi M. Bernier n'a-t-il pas repris les 80 ou 84 livres de beurre dont vous n'avez pas disposé, que vous n'avez pas vendues et que vous avez entreposées chez vous actuellement?-R. Parce que je n'ai pas offert de les lui remettre.
 - D. Pourquoi les gardez-vous?—R. Pour ma consommation personnelle.

D. Pendant combien de mois?—R. je n'en ai pas fait le calcul.

M. Lesage:

D. Vous avez plusieurs enfants, vous avez une nombreuse famille?—R. On est cinq à table.

Me Monet:

D. Je comprends que votre associé en a gardé 40 livres également?— R. Exactement.

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M. Beaudry: Je crois que je n'ai pas d'autres questions à poser au témoin pour le moment. Toutefois, je suis intéressé de savoir que M. Gauthier a 40 à 42 livres de beurre chez lui et que son associé en a autant lui aussi?—R. Oui.

M. Fleming: Monsieur le président, j'ai une question à poser au témoin, s'il vous plaît, si elle n'a pas déjà été posée.

D. Monsieur Gauthier, avez-vous reçu de M. Bernier une facture pour ce

beurre?—R. Oui monsieur.

D. L'avez-vous ici?—R. Non, monsieur, je l'ai encore par exemple.

D. Pouvez-vous nous l'envoyer?—R. Absolument, monsieur.

D. Demain?—R. Bien, demain, oui monsieur.

M. Beaudry:

D. Vous rappelez-vous quelle date elle porte?—R. Le 31 mars, monsieur.

D. Vous jurez que votre facture est datée du 31 mars?—R. Oui, là, je ne le jurerais pas, mais j'en suis à peu près certain.

M. Lesage:

D. Est-ce que les termes de la transaction apparaissent sur la facture?—R. Oui, c'est une facture ordinaire avec le prix.

Le président: On va le voir.

M. Lesage:

D. Mais, ce n'est pas mentionné que c'est une vente conditionnelle?—R. Non, monsieur.

The CHAIRMAN: Are there any other questions? Mr. Irvine, or Mr. Thatcher?

Mr. HARKNESS: I cannot recall all that has transpired but has it been brought out whether this 5,900 pounds has been given back?

Mr. Monet: It was turned back. It was a type of conditional sale and it was returned by the witness and his partner, Mr. Bernier, and the cheque was cancelled. They paid for the 200 pounds which they kept.

Mr. HARKNESS: They actually put out 200 pounds?

The Chairman: They were stopped by the Wartime Prices and Trade Board who came into the picture.

Mr. IRVINE: Well, Mr. Chairman, assuming that the Wartime Prices and Trade Board had not come into the picture I would like to know what would have happened to these 5,000 pounds of butter, assuming that the quantity of butter produced in Canada had increased very materially within say four weeks of the original purchase so that the effect would be that there was no premium in giving it away? What would have happened then? Would he have cancelled his original arrangement?

Me Monet:

D. M. Irvine désire savoir ceci: Si M. Bernier n'avait pas repris le beurre, qu'est-ce qui serait arrivé de ce beurre-là? Qu'est-ce que vous en auriez fait, surtout si l'on prévoit que, d'ici un court espace de temps, la production se normalisera et que le beurre sera fourni en quantité suffisante pour répondre à la demande. Dans pareil cas, qu'est-ce que vous auriez fait du beurre que vous aviez?—R. J'avais justement l'intention de le vendre, même j'ai téléphoné personnellement à La Presse pour faire passer une annonce pour pouvoir le vendre à tout le monde et au prix ordinaire du marché.

Mr. Monet: The witness says that if that had happened he had the intention of selling it and he even got in touch with the press to have an advertisement put in the paper for the sale of the butter at the market price.

M. Lesage:

D. Alors, il y a quelque chose que je ne comprends pas.

Me Monet: Je donne la réponse du témoin.

M. Lesage: Oui, j'ai très bien compris, Me Monet, j'ai très bien compris sa réponse en français, que vous avez d'ailleurs très bien traduite en anglais, mais il y a tout de même quelque chose que je ne comprends pas; je ne comprends pas comment le témoin peut donner une telle réponse alors qu'il nous a dit, depuis le début qu'il s'agissait d'une vente conditionnelle et que M. Bernier s'était engagé à reprendre ce qui ne serait pas vendu.

M. Drapeau: Je m'objecte à la question parce que Me Monet a dit, en traduisant la question de M. Irvine: "Si M. Bernier n'avait pas voulu les reprendre"; alors la question était hypothétique et la réponse devient nécessai-

rement hypothétique.

M. Lesage: Un instant, le témoin a répondu qu'il avait communiqué avec le journal La Presse pour faire publier une annonce dans le but de mettre en vente la balance du beurre qu'il avait en main. Alors, comment concilier cela avec la réponse qu'il a donnée lorsqu'il a juré que la vente était conditionnelle et que M. Bernier s'était engagé à reprendre le beurre qu'il pourrait y avoir en trop. Je demande au témoin comment concilier cette réponse avec ce qu'il a déjà déclaré?

Le те́мої»: Absolument, en ne lui vendant pas; il ne le reprend pas, si ie le vends moi-même.

M. Lesage:

D. Non, monsieur, ce que vous avez dit c'est que si votre petite organisation de primes ne fonctionnait pas à votre goût...R.—Oui...

D. M. Bernier reprenait le beurre?—R. Absolument.

D. C'était ça l'entente?-R. J'ai dit cela, oui.

D. Vous avez dit cela et c'est la raison pour laquelle, nous avez-vous dit,

M. Bernier a gardé le chèque et ne l'a pas changé?—R. Absolument.

D. Pourquoi avez-vous communiqué avec La Presse pour offrir le beurre qui vous restait en vente?—R. Justement parce que je croyais que la transaction des primes n'avait pas été très bonne et, alors, pour pouvoir corriger cela, j'avais pensé de le vendre au prix du marché.

Me Monet:

D. Vous saviez que M. Bernier, d'après votre témoignage, reprendrait le

beurre qui restait?—R. Oui, mais j'avais tout de même le droit d'en offrir.

D. Voulez-vous dire que vous vouliez faire un bénéfice sur le beurre de M. Bernier?—R. Non, absolument pas; mais il était à moi et j'avais le droit d'en disposer. Seulement, si je ne voulais pas en disposer, il le reprenait, c'est tout.

M. Lesage:

D. A quel prix étiez-vous prêt à en disposer d'après l'annonce que vous avez fait publier dans le journal *La Presse* ou encore que vous vouliez faire publier?—R. Je n'avais pas marqué de prix.

D. Quelle était votre intention?-R. J'avais l'intention de le vendre au

prix du marché.

D. 73c. ou 74c.?—R. Je ne sais pas, le prix du marché, là.

D. Vous ne savez pas que le prix de détail à Montréal, actuellement, est de 73c.?—R. Non.

D. Vous jurez cela?-R. Non.

Me Monet:

D. Mais, vous l'auriez vendu à plus de 69c.?—R. Probablement.

D. Alors, malgré les raisons d'amitié de M. Bernier, qui vous laissait le beurre à 69c., alors qu'il aurait très bien pu le vendre au prix de détail qui est de 73c., vous auriez été prêt à le vendre à votre profit au prix de détail, si vous aviez pu; vous auriez été prêt à le vendre au prix de détail?-R. Oui.

M. Lesage:

- D. Est-ce que cette annonce a été publiée dans le journal La Presse?— R. Non, monsieur.
 - D. Pourquoi?—R. Parce que nous avons changé d'idée. D. Avez-vous téléphoné au journal La Presse?—R. Oui.

D. Vous avez téléphoné au journal La Presse?-R. Oui et j'ai téléphoné de nouveau pour annuler ma commande d'annonce.

D. Vous avez téléphoné au journal La Presse et vous leur avez retéléphoné

pour annuler la commande d'annonce?—R. Exactement.

D. Aviez-vous communiqué avec M. Bernier avant de demander au journal La Presse de publier cette annonce?—R. Non, c'était plutôt une information que j'ai faite à La Presse.

D. Que vous avez demandée?-R. Oui.

D. Ou bien que vous avez offerte?—R. Que j'ai demandée.

- D. Vous avez demandé quoi?—R. J'ai demandé un conseil à un monsieur de La Presse.
- D. Ah... Et là, est-ce que M. Bernier a fait de la difficulté pour reprendre le beurre?—R. Pas du tout.

D. Est-ce qu'il a un entrepôt frigorifique qui lui appartient à ce M. Bernier? -R. Oui, monsieur.

M. Beaudry:

- D. Et vous répétez, monsieur Gauthier, que toute votre transaction avec M. Bernier, aux jours où vous en avez discuté, soit le 25, le 26 et le 31 mars, alors que la transaction s'est concrétisée, que toute cette transaction était conditionnelle et que M. Bernier acceptait de mettre à votre disposition 5,600 livres de beurre au fur et à mesure que vous en auriez besoin, autrement dit que vous le lui payeriez apparemment au fur et à mesure que vous le vendriez?—R. C'est-à-dire, non, je lui avais demandé d'attendre justement quelques jours pour voir la réaction.
- D. Mais, tout de même, il n'en reste pas moins que M. Bernier était prêt à immobiliser pour vous et à tenir en entrepôt pour vos fins, pendant une période de plusieurs semaines, 5,600 livres de beurre?—R. Non, pas plusieurs semaines, monsieur Beaudry, probablement dix jours.

D. Est-ce que vous croyez que vous pouviez disposer de 560 livres de beurre

par jour?

Me Monet: 5,600 livres.

Le TÉMOIN: Non; on savait que...

M. Beaudry:

D. Bien, est-ce que vous le croyiez ou non; vous avez acheté 5,600 livres

de beurre?—R. Oui, monsieur. D. Et vous dites que M. Bernier était prêt à vous le conserver pendant dix jours; alors, pour être logique, il fallait croire que vous auriez disposé de 560 livres de beurre par jour?—R. Exactement. D. Et M. Bernier était prêt à faire cela?—R. Oui, monsieur.

D. Et il était aussi prêt à reprendre le beurre que vous ne vendriez pas?— R. Exactement.

D. Cela, c'est ce qui a été entendu entre vous les 25, 26 et 31 mars?—R. Oui, monsieur.

D. Avant qu'effectivement vous donniez du beurre comme prime?—R. C'est cela.

Le président: C'est tout?

M. PINARD: J'ai une seule question à poser au témoin, monsieur le président,

si vous me le permettez.

D. Est-ce que c'est seulement la visite des enquêteurs de la Commission des prix qui vous a fait changer d'idée ou bien si c'est votre propre conviction que c'était une mauvaise pratique commerciale?—R. Les deux, monsieur.

D. Alors, s'il surgit la rareté d'un autre produit, vous n'emploierez plus le

même procédé?—R. Je ne le crois pas.

Le président: Vous avez une question à poser, monsieur Fleming?

M. Fleming: Monsieur le président, est-ce que Me Monet va insister pour que le témoin apporte demain, à la séance du matin, le chèque dont il a été question?

Le président: Oui, c'est compris.

Me Monet: Oui, j'ai en note que les chèques doivent être fournis.

Le président: Pas d'autres questions?

M. BEAUDRY: Non.

M. Paul Pelchat, bijoutier, comparaît.

Me Monet:

- D. Monsieur Pelchat, voulez-vous nous donner votre prénom, s'il vous plaît? —R. Paul.
 - D. Et votre adresse?—R. Mon adresse? De la maison privée?

D. Oui.—R. 6853, rue Garnier.

- D. Je comprends que vous êtes l'associé de M. Gauthier, n'est-ce pas?—R. Oui.
- D. Qui fait affaire sous le nom de Pelchat et Gauthier Limitée?—R. C'est cela.

D. Comme bijoutier?—R. C'est cela.

D. Et que vous avez deux magasins, l'un au numéro 5104 du boulevard Decarie et l'autre au numéro 3116 de la rue Masson?—R. Oui, monsieur.

D. Monsieur Pelchat, vous rappelez-vous d'une entrevue que vous auriez eue chez M. Bernier, en compagnie de votre associé M. Gauthier, au cours du mois

de mars, concernant une transaction de beurre?—R. Oui, monsieur.

D. Voulez-vous nous dire la date précise de cette première entrevue?— R. La date précise de cette première entrevue, c'était le vendredi qui se trouvait...

M. Lesage:

D. Le Vendredi Saint?-R. Oui, le Vendredi Saint.

Me Monet:

D. Alors, vous avez eu cette entrevue-là chez M. Bernier ou au magasin?—R. Chez M. Bernier.

D. Voulez-vous dire, s'il vous plaît, aux membres du comité quelle est l'occupation de M. Bernier?—R. C'est un beurrier.

D. Depuis longtemps?—R. Je crois que oui.

D. Vous le connaissez depuis longtemps, vous?—R. Moi, je ne le connais

pas depuis très longtemps.

D. Avez-vous déjà acheté, vous personnellement ou votre maison de commerce, du beurre de chez M. Bernier avant cette transaction spéciale?—R. Moi, je n'en ai jamais acheté, non.

D. Et la maison Pelchat et Gauthier non plus?-R. Non.

D. Connaissiez-vous M. Bernier avant cette date du 6 mars 1948?—R. Je

le connaissais comme client au magasin, c'était un ami de M. Gauthier.

D. C'était un ami de M. Gauthier, mais il n'y avait jamais eu de transaction de ce genre entre vous et lui, ni au point de vue du commerce de beurre, ni au point de vue d'achat personnel de beurre?—R. Non.

D. Qui est-ce qui vous a dirigé chez M. Bernier pour discuter cette transaction de beurre-là?—R. Bien, c'était un beurrier que l'on connaissait; quand on a discuté de ça, M. Gauthier et moi, on a dit: "On va voir M. Bernier".

D. Que voulez-vous dire quand vous dites: "Quand on a discuté de ça"

-R. Bien, on voulait donner une prime.

- D. Alors, qui est-ce que c'est cela, "on a discuté de cela"?—R. M. Gauthier et moi.
- D. Vous avez discuté de l'opportunité de donner une prime?—R. Oui, monsieur.

D. Vous saviez qu'à ce moment-là le beurre, à travers le pays et tout

particulièrement à Montréal, était très rare?-R. Oui.

D. Et vous avez cru bon d'allécher vos clients ou même d'en inciter d'autres, qui n'étaient pas vos clients auparavant, à se rendre chez vous en offrant une prime de beurre?—R. Bien, il y a beaucoup de clients qui se lamentaient qu'ils n'avaient pas de beurre, alors on pensait de faire un bon coup avec ça.

D. Alors, là, vous êtes entré en négociations avec M. Bernier pour savoir

si vous pouviez avoir du beurre?—R. Oui.

D. Voulez-vous dire aux honorables membres du comité ce qui s'est passé chez M. Bernier, alors que M. Gauthier et vous-même vous êtes rendus à son domicile?—R. Bien, on est entré chez M. Bernier le soir après la fermeture du magasin...

M. Lesage: Voulez-vous parler plus fort, s'il vous plaît?

Le TÉMOIN: Le vendredi, on a été chez M. Bernier et on lui a demandé si on pouvait avoir du beurre. Il nous a demandé ce que l'on voulait faire avec cela et nous lui avons dit que nous voulions le donner en prime à nos clients. Alors, il a dit: "Cela ne me fait pas de différence de vous vendre du beurre à vous autres ou bien de le vendre à d'autres".

D. Alors, il vous en a vendu?-R. Oui.

Me Monet:

D. Alors, à ce moment-là, M. Bernier ne vous connaissait presque pas?

-R. M. Bernier ne me connaissait presque pas.

D. Est-ce que ça ne lui a pas paru étrange cette demande-là que vous lui faisiez, au moment où il y avait une si grande pénurie de beurre?—R. Oui, bien, il a dit: "Vous allez donner ça comme cadeau"? On a dit: "Oui". Il a trouvé ça drôle, c'est une affaire qui n'était jamais arrivé, alors...

D. Est-ce qu'il ne vous a pas fait remarquer qu'à cause de la rareté du beurre, il pouvait être difficile de vous en livrer?—R. Il a dit: "Oui, probable-

ment que je pourrai vous donner une réponse demain".

D. Avez-vous discuté de la quantité de beurre que vous désiriez avoir?

-R. On voulait en avoir mille livres.

D. Vous vouliez en avoir mille livres?—R. Oui, bien, on voulait en avoir une quantité, on ne savait pas exactement, peut-être mille, deux mille ou cinq mille livres. On lui a dit: La quantité que vous pourrez nous donner"...

D. Attendez un peu, il y a un écart considérable entre mille et cinq mille livres. Avez-vous été les premiers, votre associé et vous, à mentionner à M. Bernier la quantité de beurre que vous vouliez avoir ou bien si c'est M. Bernier qui vous a demandé combien vous en vouliez?—R. Il nous a demandé combien on en voulait.

D. Et combien lui avez-vous répondu que vous en désiriez?-R. On a répondu: La quantité qu'il pouvait nous donner.

D. Alors, quand a-t-il été question de mille livres?—R. Il nous a dit:

"Quelle quantité voulez-vous, mille, deux mille, trois mille livres?"... D. Est-ce vous ou votre associé ou bien si c'est M. Bernier qui a dit ça

-R. M. Bernier, il nous a demandé quelle quantité ou voulait avoir.

D. Et qu'est-ce que vous lui avez répondu?-R. On a dit: "On ne sait

pas la quantité, la quantité que vous pourrez nous donner". D. Vous étiez prêts à acheter n'importe quelle quantité?-R. On voulait

avoir n'importe quelle quantité, on n'avait pas d'idée...

D. Vous étiez prêts à prendre tout ce qu'il pouvait vous vendre?—R. A peu

près 5.000 livres.

D. Comment êtes-vous arrivés à déterminer le chiffre de 5.600 livres plutôt que 1,000 livres?-R. On aurait pu dire mille, deux mille livres, trois mille livres, jusqu'à cinq mille livres; on ne savait pas quelle quantité... peut-être qu'on n'aurait pas pu en vendre du tout, on ne le savait pas.

D. Vous êtes-vous finalement entendus sur la quantité?—R. Oui, cinq mille

livres.

D. Cinq mille livres ou cinq mille six cents livres?—R. Cinq mille six cents livres, les boîtes adonnaient comme cela.

M. Lesage:

D. Cent boîtes de beurre?—R. Cent boîtes de beurre.

D. Cent boîtes de beurre de 56 livres?—R. Oui.

Me Monet:

D. Maintenant, quand vous êtes partis de chez M. Bernier, cette journéelà, êtes-vous partis avec la certitude que M. Bernier vous vendrait 5,600 livres de beurre?—R. Il nous a dit qu'il nous donnerait une réponse le lendemain.

D. A-t-il été question du prix?—R. Oui, monsieur.

D. A quel prix est-ce qu'il vous vendait ca?—R. A 69c.

D. M. Bernier vous a-t-il laissé entendre qu'il pourrait vendre ce beurre-là au détail à un prix plus élevé que celui de 69c.?—R. Bien, je n'ai pas pris garde à cela, s'il a été question de cela, je ne le pense pas.

D. Savez-vous qu'à ce moment-là, le beurre se vendait au détail 73c. la

livre?—R. Le beurre se vend 72c., 73c.

D. M. Bernier n'en a pas parlé de cela?-R. Non.

D. Il n'en a pas été question du tout au cours de la conversation, cette journée-là, que M. Bernier pourrait le vendre à un plus fort prix?—R. Non.

D. Quelle raison a-t-il donné le lendemain pour vous dire qu'il était prêt à vous vendre ce beurre-là?—R. Il a parlé à M. Gauthier, il doit lui avoir parlé, je ne le sais pas; moi, M. Gauthier m'a appelé et il m'a dit qu'il avait du beurre. Ca veut dire que M. Bernier l'avait appelé et lui avait dit cela.

D. Alors, avez-vous revu M. Bernier, vous, par la suite?—R. Non.

D. Et quand le paiement de ce beurre-là a-t-il été fait?—R. Je crois que M. Gauthier m'a dit qu'il avait donné un chèque...

D. Vous ne le savez pas personnellement?—R. Ce n'est pas moi qui ai fait

le chèque.

M. Lesage:

D. Vous n'avez pas eu connaissance du complément de la transaction?— R. Non, moi j'ai été là avec...

D. C'est correct...

Me Monet: Je n'ai pas d'autres questions à poser au témoin.

M. Pinard: Monsieur le président me permettra de poser une autre question au témoin.

D. Est-ce vous qui avez eu la première idée de cette annonce commerciale ou bien si c'est votre associé?—R. On a parlé de cela ensemble, je ne sais pas lequel des deux a eu la première idée, on discutait l'idée ensemble.

D. Cela a dû venir à l'idée de l'un avant l'autre, ou bien c'est-il venu à l'idée des deux ensemble?-R. Peut-être que c'est moi ou bien M. Gauthier, je ne me rappelle pas; on discutait l'affaire...

D. Qui est-ce qui a commencé la discussion?—R. On en a parlé ensemble.

M. Beaudry:

D. Je pense que nous n'avons pas d'autres questions à poser au témoin, monsieur le président.

M. Lesage: Une seule autre question, s'il vous plaît, monsieur le président.

D. Avez-vous eu connaissance que M. Gauthier ait communiqué avec le journal La Presse dans l'intention de mettre ce qui vous restait de beurre en vente au public?—R. Si j'en ai eu connaissance... voulez-vous répéter votre question, s'il vous plaît?

D. Avez-vous eu connaissance que votre associé M. Gauthier ait communiqué avec le journal La Presse dans l'intention d'annoncer en vente la

balance du beurre que vous aviez en main?-R. Je crois que oui, oui.

D. Vous en avez eu connaissance?-R. Oui, monsieur.

D. A quel prix vouliez-vous le vendre?—R. Ah! il n'a pas été question du

prix, le prix du marché.

D. 72c. ou 73c.?—R. Le prix du marché, je ne sais pas le prix qu'il vaut dans le moment... c'est 69c. qu'on l'a payé, je ne sais pas quel prix on l'aurait vendu, on ne l'aurait pas vendu pour faire de l'argent, nous autres, parce qu'on ne fait pas d'argent avec du beurre.

D. Vous avez dit que le prix du marché c'était 72c.?—R. Oui, c'est 72c. à

des places et à d'autres places, c'est 73c. et 74c.

M. Pinard:

D. Est-ce que vous partagez l'opinion de votre associé à l'effet que ce n'est pas une bonne pratique commerciale?—R. Bien, ce n'est pas une bonne pratique commerciale, le monde qui n'a pas de beurre et qui pouvait s'en procurer cette journée-là...

D. Non. Est-ce que vous ne pensez pas que, dans l'intérêt du public, il vaudrait mieux exercer une telle pratique sur une chose moins rare que le

beurre?—R. Peut-être.

Me Monet: C'est, tout, monsieur.

M. DAVID BERNIER, beurrier, comparaît.

Me Monet:

D. Monsieur Bernier, voulez-vous nous donner votre prénom, s'il vous plaît? -R. David Bernier.

M. Beaudry: Monsieur le président, si vous me le permettez, pourrais-je suggérer l'importance de consigner au dossier que Me Jean Drapeau semble aussi représenter M. Bernier.

D. Est-ce que vous représentez M. Bernier aussi monsieur Drapeau?

M. DRAPEAU: Oui.

Me Monet:

D. Monsieur David Bernier?—R. Oui.

D. Quelle est votre adresse?—R. 2875 Laurier est.

D. Quelle est votre occupation monsieur Bernier?—R. Je suis beurrier. D. Faites-vous affaire sous un nom d'enregistrement quelconque?-R. Jersey Brand Products.

D. Est-ce que votre établissement de commerce est situé au numéro 2875, de la rue Laurier est, également?—R. 2875, Laurier Est.

D. Et vous faites affaires depuis combien de temps comme beurrier, monsieur Bernier?—R. J'ai tout le temps été là-dedans depuis l'âge où j'étais tout jeune.

- D. Vous avez une grande expérience dans le beurre?—R. Oui, j'ai toujours été là-dedans.
- D. Monsieur Bernier, si vous voulez essayer de parler aussi fort que moi, je crois que tout le monde va vous comprendre.—R. Je vais essayer.

D. Alors vous avez donc une très longue expérience dans le commerce du

beurre, n'est-ce pas?-R. Oui, monsieur.

D. Et vous n'êtes pas sans savoir que, depuis quelque temps au pays et à Montréal tout particulièrement, sévit une rareté de beurre assez extraordinaire?

—R. Oui, monsieur.

D. Depuis environ trois semaines?—R. Oui, et même davantage.

D. Peut-être que vous avez été un peu plus fortuné que d'autres; avez-vous en main actuellement une assez grande quantité de beurre, monsieur Bernier?—R. Non, pas une grosse quantité, j'ai à peu près—avec le beurre qu'il m'a remis depuis cette semaine—six à sept mille livres de beurre, je ne sais pas au juste.

D. Habituellement, vous vous procurez votre beurre à quel endroit?-

R. Habituellement il se trouve chez nous.

D. Je comprends mais vous l'achetez quelque part?—R. Ah, ça, cela nous vient de toutes les fabriques, on l'achète dans les entrepôts, ensuite il y a les compagnies qui l'achètent et qui nous le revendent...

D. Alors, votre commerce consiste à acheter du beurre, vous n'en manufac-

turez pas?—R. Je n'en manufacture pas.

D. Vous achetez le beurre, vous l'encaissez et vous le revendez?—R. Oui, monsieur.

D. Et vous le vendez au détail ou au gros ou bien aux épiciers?—R. Pas

beaucoup aux épiciers.

D. Alors, à qui?—R. A la Canada Packers, par exemple, à M. Martin, de Granby.

Me Monet:

D. Et vendez-vous aux consommateurs directement?—R. Oui, je vends aux consommateurs directement.

D. Et, voulez-vous nous dire, dans la semaine, disons du 20 au, 25 mars et plus particulièrement le 26 mars 1948, à quel prix vous vendiez le beurre que vous vendiez vous-même aux consommateurs?—R. A la boîte, je le vends à 69c.

D. Aux consommateurs ça, à la boîte?—R. Non, dans le gros. Aux con-

sommateurs, 73c.

D. Alors, ma question est: aux consommateurs?—R. Alors, 73c.

D. A la date du 26 mars particulièrement?—R. Oui, à la date du 26 mars.

D. A 73c.—R. Oui.

D. Depuis ce temps-là, est-ce que vous le vendez à 73c. aux consommateurs?

—R. Oui. 73c. aux consommateurs.

M. Lesage:

D. Est-ce que vous le détaillez au comptoir?—R. Bien, il y en a plusieurs qui viennent le chercher à la livre.

D. Chez vous?—R. Oui, monsieur.

Me Monet:

D. N'est-il pas vrai, monsieur Bernier, que depuis la mi-mars vous n'aviez pas de difficulté à vendre votre beurre à 73c. aux consommateurs qui pouvaient se présenter au comptoir chez vous?—R. Oui, bien, je ne vendais pas beaucoup au détail, je n'aurais pas pu tout le vendre aux consommateurs. Je vends surtout au gros, comme surtout à la "Canada Packers", j'en ai vendu à "Wilsils" déjà.

D. Maintenant, dites-vous, monsieur Bernier, qu'actuellement, disons depuis le 15 mars jusqu'aujourd'hui, vu la rareté du beurre tout particulièrement à Montréal prétendez-vous que vous auriez eu de la difficulté à vendre au détail au comptoir chez vous, tout le beurre que vous aviez au prix de 73c.—R. Si cela avait été connu, je crois bien que cela se serait vendu.

D. Qu'est-ce que vous voulez dire par cela?—R. Bien, si la maison avait été

D. Quand vous dites "la maison", vous voulez dire la vôtre, votre maison? -R. Oui, mais ce n'est pas connu.

M. Lesage:

D. Vous n'êtes pas connu comme un détaillant?—R. Non.

D. Vous détaillez un peu aux amis seulement?—R. Oui, monsieur.

Me Monet:

D. N'est-il pas vrai que vous pouviez disposer de votre beurre aux consommateurs depuis le premier mars . . .—R. Oui, monsieur. D. Vous auriez pu le faire?—R. Oui, monsieur.

Le PRÉSIDENT: Pas tout.

Me Monet:

D. Pas tout votre beurre?—R. Non, parce que j'ai des clients qui sont sous contrat, je leur ai promis de leur en fournir...

M. Fleming: Voulez-vous parler plus fort, s'il vous plaît?

Le témoin: J'ai des clients à qui j'ai promis de les fournir à l'année. Alors, il me faut toujours une certaine quantité de beurre.

Me Monet:

D. Alors, il vous faut garder en main une certaine quantité de beurre pour

répondre à vos clients ordinaires, c'est cela?—R. Oui, c'est cela.

D. Et, depuis le 15 mars particulièrement, vous deviez, je présume, garder du beurre plus que jamais pour répondre aux besoins de vos clients ordinaires? —R. Oui, monsieur.

D. A cause de la rareté du beurre actuellement?—R. Oui, monsieur.

D. Alors, pouvez-vous expliquer aux honorables membres du comité, pour prendre votre témoignage comme vous venez de le donner, comment il se fait que, si vous aviez besoin de tout le beurre que vous aviez en main pour répondre aux besoins de vos clients ordinaires, vous auriez vendu,—si nos renseignements sont exacts,—5,600 livres de beurre à MM. Pelchat et Gauthier du 26 au 31 mars? -R. J'avais beaucoup plus de beurre que j'en ai aujourd'hui.

D. Alors, à la date du 26 mars, vous dites que vous aviez beaucoup plus de beurre qu'aujourd'hui?-R. Oui, j'en avais beaucoup plus qu'aujourd'hui.

D. Quelle quantité de beurre aviez-vous en entrepôt ou ailleurs à la date du 26 mars?—R. A part de celui qui a été vendu, j'en avais,—si j'ai bonne mémoire,—10,400 et quelques livres.

Le président: Dans le mois de juin?

M. Beaudry: Non, le 26 mars. Me permettez-vous une question, monsieur le président?

Le PRÉSIDENT: Oui, monsieur Beaudry.

M. Beaudry:

D. Le 26 mars, your dites que vous aviez 10,400 livres de beurre chez vous, en entrepôt?—R. Il pouvait y en avoir plus que cela le 26 mars; mais le 31 mars, le dernier jour du mois, je fais toujours un rapport au Gouvernement, voyez-vous. Alors, là, je savais au juste combien j'avais...

D. On n'est pas pour discuter pour mille livres. Aviez-vous à peu près 10.000 livres de beurre disponibles pour la vente le 26 mars?—R. Oui, monsieur.

D. C'est la quantité totale que vous aviez à ce moment-là?—R. A part

D. Attendez un peu, il n'était pas vendu le 26 mars...—R. Voyez-vous j'ai les quantités du 31 mars, là; alors...

D. Alors, est-ce qu'on doit dire que vous aviez 15,000 livres de beurre

chez vous le 26 mars?—R. Oui, j'avais ça, même au delà.

- D. Préférez-vous un chiffre plus élevé?—R. Je devais en avoir 17,000 à 18,000 livres.
- D. Est-ce qu'on peut dire que vous aviez 18,000 livres de beurre?—R. Oui, j'avais 18,000 livres de beurre.

D. Chez vous, le 26 mars?—R. Oui, monsieur. D. A l'époque où MM. Gauthier et Pelchat se sont adressés à vous pour acheter du beurre, vous en aviez chez vous en main 18,000 livres?-R. Oui, monsieur.

D. Aviez-vous des inquiétudes sur la façon de disposer de ce beurre-là

dans le commerce?-R. Non.

D. Etiez-vous convaincu que s'il y avait bien des gens comme vous qui avaient 18,000 livres de beurre, qu'il pouvait se vendre bien facilement du jour au lendemain?—R. Oui, monsieur.

Me Monet:

D. Alors, je comprends que vous n'étiez pas inquiet,—pour donner suite aux questions posées par M. Beaudry,—pour vendre votre beurre?—R. Non, parce que les compagnies auraient pu venir tout l'acheter le même jour.

D. Alors, vous n'étiez pas inquiet pour le vendre à votre clientèle ordinaire?

R. C'est cela, je n'étais pas inquiet.

D. Voulez-vous raconter l'entretien que vous avez eu avec MM. Pelchat et Gauthier à la maison? MM. Pelchat et Gauthier se seraient rendus chez vous, le 26 mars, n'est-ce pas, pour parler d'une provision de beurre à acheter?—R....

M. Lesage:

D. D'abord, le soir était-ce à la maison privée qu'ils vous ont vu?—R. Non, au bureau en bas, la maison privée est au deuxième étage; j'ai descendu au bureau et, là, on a parlé.

Me Monet:

D. Vous avez discuté de la transaction au bureau?—R. Oui, monsieur.

D. Vous êtes certain que ce n'est pas dans la maison privée?—R. Je suis

certain que ce n'est pas dans la maison privée.

D. Alors, auriez-vous l'obligeance de dire aux membres du comité qu'est-ce qui s'est passé; qu'est-ce que ces messieurs-là vous ont demandé et ce que vous avez fait? Je comprends qu'il a été question de beurre?—R. Oui, ils sont venus pour acheter du beurre.

D. Vous connaissiez M. Gauthier?—R. Oui, monsieur depuis bien des

D. Vous saviez que c'était un bijoutier?—R. Oui, monsieur.

D. Vous ne le connaissiez pas comme un commerçant de beurre?—R. Non,

D. Alors, voulez-vous nous dire ce qui s'est passé?—R. Ils sont venus pour avoir cent boîtes de beurre et, après réflexion, ils disaient que c'était pour donner une livre de beurre comme prime avec un achat de \$5-maintenant, moi, j'avais dans l'idée que c'était une livre de beurre par client—je trouvais bien que le montant était un peu élevé, mais je ne connaissais pas l'affaire plus que cela.

D. Vous dites; "Votre idée". Je comprends que vous n'aviez aucune affaire dans la facon dont MM. Pelchat et Gauthier devaient disposer de leur beurre?

R. Non, je l'ai appris là, ce soir-là.

D. Mais, vous dites qu'ils vous ont demandé cent boîtes de beurre : êtes-vous certain qu'ils vous ont demandé cent boîtes de beurre ou bien si c'est moins que cela? Est-ce qu'il y a eu une discussion au sujet de la quantité de beurre?— R. Ah, bien! il en a été question, ils ont commencé avec—je ne peux pas vous dire combien de boîtes-25 ou 30 boîtes, ensuite c'est venu qu'ils ont dit: "On va en prendre tout de suite comme il faut".

D. Mais, il a dû se dire quelque chose: "On va en prendre tout de suite comme il faut?"-R. Ils ont dit: "On va en prendre comme on peut en passer,

comme on prévoit pouvoir en passer".

M. Beaudry: Monsieur le président, est-ce qu'il y aurait objection à ce que le témoin nous raconte de but en blanc la transaction sous toutes ses phases?

Me Monet: C'est très bien, racontez tout ce qui s'est passé, monsieur Bernier.

M. Lesage: Dans le détail.

Le TÉMOIN: Bien, vers les 9 heures, 9½ heures, ils sont arrivés chez nous, ils m'ont fait demander au bureau, ils ont sonné et c'est là qu'ils m'ont demandé si je ne pourrais pas leur passer du beurre. Alors, je leur ai demandé quelles intentions ils avaient et ils ont dit que c'était pour donner, ils ont dit: "On veut faire de l'annonce en donnant une livre de beurre avec chaque achat de \$5". Ensuite, la question a été sur la quantité de livres; évidemment, cela a commencé à 25 ou 30 boîtes, ensuite, c'est M. Pelchat, je crois, qui a dit: "On est aussi bien d'en prendre tout de suite comme il en faut, 5,600 livres, c'est-à-dire cent boîtes de beurre.

M. Pinard:

D. "Comme il faut", vous voulez dire autant que vous pouviez leur en donner?-R. Bien, "comme on prévoit pouvoir en passer".

D. Ensuite?

M. BEAUDRY: Continuez.

Le TÉMOIN: Et puis, le beurre, c'était en pains de cent livres qu'ils voulaient l'acheter; maintenant, mes boîtes étaient de 56 livres donc, après avoir tout calculé, cent boîtes, ca fait 5,600 livres.

M. LESAGE:

D. Il était en solide votre beurre?—R. Oui, il était en solide.
D. Alors, quelles ont été les conditions?—R. Bien, ils ont eu le prix ordinaire de 69c. la livre.

D. Comment était-ce payable?—Quelles étaient les conditions de la vente, bien cela c'était comptant, du moment qu'ils venaient chercher le beurre, la minute que le beurre était acheté, je les rencontrais rien que le lendemain vers dix heures et j'ai dit: "Je vous donnerai une réponse vers dix heures demain".

Mr. THATCHER: Excuse me, did the witness say the price was 69 cents?

Mr. Monet: Sixty-nine, yes.

M. Beaudry:

D. Alors, le lendemain, vous avez dit à MM. Pelchat et Gauthier: "C'est correct, je vais vous vendre 5,600 livres de beurre"?-R. Oui, monsieur.

D. Et vous leur avez dit que vous étiez prêt à leur vendre cela comptant?—

R. Oui, monsieur.

D. Est-ce qu'ils ont dit qu'ils étaient pour en prendre livraison immédiatement et est-ce qu'ils vous ont payé?-R. Non, monsieur, ils n'étaient pas capables de prendre livraison de 5,600 livres de beurre.

D. Qu'est-ce qu'ils vous ont dit alors à ce moment-là?—R. Ils ont dit: "On va le laisser à la beurrerie et, au fur et à mesure qu'on en aura besoin, on

viendra le chercher."

D. Maintenant, est-ce qu'ils vous ont payé comptant au fur et à mesure qu'ils venaient le chercher ou bien...—R. Non, ils m'ont donné tout le chèque, le jour où ils sont venus pour le chercher ils m'ont donné un chèque de \$3,864...

M. Pinard:

D. Que vous avez encaissé?—R. Non, je ne l'ai pas encaissé.

D. Pourquoi?—R. M. Pelchat m'a demandé si je pouvais retarder deux ou trois jours pour l'encaisser.

D. Pourquoi?—R. Je l'ignore.

D. Il ne vous a pas donné de raison?—R. Non.

M. Beaudry:

D. Ils vous ont donné un chèque pour \$3,864?—Oui, ils m'ont donné un chèque de \$3,864.

D. Et, alors, vous vous estimiez payé comptant?—R. Oui, monsieur.

D. Et, eux autres, ensuite, devaient aller chercher leur beurre à l'entrepôt?

—R. Oui, monsieur.

D. Au fur et à mesure qu'ils en avaient besoin?—R. Oui, au fur et à mesure qu'ils en avaient besoin.

D. Vous n'avez pas encaissé le chèque immédiatement, à la demande de

M. Pelchat qui vous a demandé un peu de délai?—R. Oui, monsieur.

D. Et, à ce moment-là, vous n'avez pas fait de difficultés pour retarder le paiement du beurre comme cela?—R. Non, monsieur, on sait bien dans un commerce les considérants qu'il peut y avoir... Bien, pour des gens que l'on connaît... je n'aurais pas accepté un chèque comme cela de quelqu'un que je n'aurais pas connu; s'il avait été accepté, c'est correct, mais autrement, non.

D. Alors, vous avez livré du beurre quand?-R. J'ai livré du beurre le

mercredi matin: 4 boîtes de beurre.

- D. C'est-à-dire 4 ou 5 jours plus tard, je dis à partir du vendredi ou du samedi?—R. Le 31.
- D. Là, vous avez livré, vous dites, quatre boîtes de beurre?—R. Oui, monsieur, et c'est là qu'il m'ont donné le chèque de \$3,864.

D. Le jour de la livraison, le 31 mars?—R. Oui, le 31 mars.

D. Et le lendemain, est-ce qu'il est survenu quelque chose entre vous et M. Gauthier ou peut-être le soir même du 31?—R. Le soir même du 31...

D. A quelle date avez-vous appris que le beurre que MM. Gauthier et Pelchat avaient ordonné de vous ne serait pas requis par eux?

Le témoin: Ne serait pas...

M. Beaudry:

D. Requis par eux, c'est-à-dire qu'ils n'en auraient pas besoin, qu'ils ne voulaient pas prendre livraison des 5,400 livres de beurre qui restaient chez vous?—R. Le 5 avril.

D. Vous n'aviez pas encore encaissé le chèque?—R. Non, mais je savais

qu'ils étaient pour me le remettre avant ça, je m'y attendais.

D. Vous vous attendiez qu'ils étaient pour vous le remettre, mais eux autres ne vous en avaient pas parlé?—R. Je m'y attendais, mais ils ne m'en avaient pas parlé.

D. Vous vous en doutiez, vous, parce que la vente avait été arrêtée?—

R. C'est cela.

M. Lesage:

D. Parce que la vente avait été arrêtée par la Commission des prix?-R. Oui, j'ai dit: "Ils n'ont pas besoin de cent boîtes de beurre".

M. Beaudry:

D. Alors, la vente a été arrêtée le 1er ou le 2 avril?—R. Oui, je crois que oui, tout de suite le surlendemain.

D. Le jeudi ou le vendredi, là, vous aviez raison de croire qu'ils n'auraient

pas besoin de ce beurre-là?—R. Oui, monsieur.

D. Ils ne vous ont pas averti à ce temps-là, ils ne vous ont pas averti le lendemain?—R. Oui, ils m'ont averti, ils ont dit: "On va laisser faire un peu, on ne continuera pas la vente", ils n'ont pas dit: "On remet le beurre", mais le lundi, ils ont dit: "On vous remet le beurre."

D. Le vendredi, si vous voulez, vous avez conclu vous qu'ils n'auraient pas

besoin des 5.400 livres de beurre?—R. Le vendredi?

D. Qui, deux jours après la livraison, le 31 mars, qui était un mercredi?— R. Après que la nouvelle a paru dans les journaux.

D. Vous avez conclu qu'ils ne prendraient pas les 5,400 livres de beurre?—

D. Vous êtes-vous inquiété de savoir ce qu'ils en feraient?—R. Non.

M. Lesage:

D. Est-ce qu'ils ont communiqué avec vous entre le 31 mars et le 5 avril, le moment où ils vous ont remis les 5,400 livres de beurre?—R. Non, ah! ils peuvent avoir communiqué à la maison mais avec moi, non.

M. Beaudry:

D. Vous, comme commerçant de beurre, vous saviez à ce moment-là, le vendredi, qu'il n'y avait pas de beurre à Montréal ou pas beaucoup, qu'il n'y en avait pas dans les magasins ou à peu près pas?—R. Il n'y en avait pas beaucoup. D. Vous saviez que MM. Pelchat et Gauthier avaient 5,400 livres de beurre

en entrepôt?—R. Oui, monsieur.

D. Et vous aviez raison de croire, à ce moment-là, qu'ils ne s'en serviraient pas de ce beurre-là?-R. Bien, là...

D. Bien, c'est ce que vous venez de nous dire?—R. J'attendais M. Pelchat

et M. Gauthier, j'attendais qu'ils viennent me dire quoi faire.

D. Mais vous saviez qu'il n'y avait pas beaucoup de beurre et qu'il y avait bien des gens qui en demandaient, qui en avaient besoin et, à ce moment-là, vous ne vous êtes pas préoccupé de demander à MM. Gauthier et Pelchat ce qu'ils étaient pour faire avec leur beurre?—R. Bien, il n'aurait pas été distribué plus vite même si j'avais été le leur demander.

D. Vous l'aviez en entrepôt chez vous?—R. Qui, je l'avais en entrepôt

chez nous.

D. Est-ce que cela ne se serait pas distribué plus vite si vous aviez su le vendredi matin que ce beurre-là était disponible pour le reste du marché qu'en ne le sachant que le lundi?—R. Je ne pourrais pas vous dire, parce que j'en ai vendu pas mal...

D. Mais, raisonnablement?—R. Je pouvais tout le vendre la même journée,

seulement on s'en gardait...

D. Mais, est-ce que vous ne croyez pas que cela aurait aidé le marché du beurre à Montréal, au point de vue du consommateur, si le vendredi, au lieu du lundi, vous aviez su que vous aviez 5,400 livres de beurre à liquider?-R. Je ne l'aurais pas liquidé tout de suite.

D. Qu'est-ce que vous en auriez fait?—R. Je l'aurais gardé pour le liquider tranquillement, tout comme les compagnies font quand elles ont du beurre

actuellement.

D. Pendant que ce beurre-là était entreposé au crédit de Gauthier et Pelchat, est-ce qu'à ce moment-là vous avez refusé de faire des ventes à des particuliers ou à d'autres personnes ou corporations qui vous en ont demandé?-R. Ca, j'en ai refusé tous les jours.

D. Vous en refusiez pendant que vous gardiez cela en entrepôt pour MM. Pelchat et Gauthier?—R. Tous les jours, j'en refuse, parce que j'en garde toujours un certaine quantité pour en avoir, mais j'attendais qu'ils me disent

de le reprendre.

D. Mais, si vous refusiez de le reprendre à ce moment-là, vous concevez que c'était au détriment du consommateur de garder du beurre en entrepôt pour des gens qui n'étaient pas dans le commerce du beurre?—R. Voyez-vous, moi, j'en avais encore chez nous, je passais celui que j'avais chez nous, mais dans

celui-là...J'aurais pu le distribuer tout...

D. Alors, c'était au détriment du consommateur que de le garder dans les entrepôts pour des bijoutiers?—R. Oui, mais il y a autre chose à considérer dans la distribution du beurre et si vous voulez comprendre, vous prenez, la semaine prochaine, peut-être qu'il va y en avoir beaucoup moins que cette semaine; s'il n'y en avait pas du tout, si l'on vendait tout le beurre la même semaine, est-ce que cela serait mieux? Le beurre, du moment qu'il a été plafonné, on l'a gardé et on le revend le même prix qu'il a été plafonné, on aurait aussi bien pu le revendre tout de suite.

M. Lesage:

D. Alors, monsieur Bernier, si je vous comprends bien, vous, vis-à-vis du consommateur, comme entreposeur de beurre, vous vous êtes senti dans l'obligation de conserver du stock afin que ça dure au moins en petite quantité jusqu'à ce que la production nouvelle reprenne normalement. Si vous faisiez ça, ce n'est pas parce que vous aviez peur de ne pouvoir vous débarrasser de votre beurre, c'est-à-dire que vous pouviez vous en débarrasser facilement?—R. Oui, on peut s'en débarrasser tout de suite.

D. Parce que vous aviez à ce moment-là le même prix que vous obtenez actuellement et vous n'étiez pas obligé de l'entreposer; alors vous auriez pu vous en débarrasser immédiatement et cela aurait été à votre avantage?—

R. Certainement.

M. Beaudry:

D. Maintenant, cela ne vous paraissait pas étrange cette situation d'une vente de 5,600 livres de beurre à des bijoutiers?—R. Il y a autre chose là, c'est qu'à mon point de vue, moi, j'ai dit: "Il va être distribué à plusieurs personnes car il y a une livre de beurre pour tout achat de \$5". Personnellement, je ne croyais pas que la vente se faisait directement de \$5...

D. Vous deviez reconnaître que vous faisiez une grosse faveur à ces gens-là en leur vendant au prix du gros, alors que vous auriez pu vous-même le vendre au prix du détail?—R. Oui, c'est par considération.

D. Quelles étaient ces considérations pour lesquelles vous faisiez ça?— R. Je connaissais M. Gauthier depuis longtemps, je connaissais son père...

D. A part des considérations d'amitié, est-ce qu'il y a eu d'autres considérations?—R. Non, aucune autre considération.

M. Lesage:

D. La vente a-t-elle été faite ferme ou conditionnelle?

Le TÉMOIN: Pardon?

M. Lesage:

D. Est-ce que c'était une vente ferme? Avez-vous vendu 5,600 livres de beurre payables par chèque ou bien s'il était question au moment de la vente, 10033-5

que ce beurre-là pouvait revenir?—R. Non, il n'était pas question au moment

de la vente, que ce beurre-là pouvait revenir.

D. C'était une vente finale de 5,600 livres de beurre payable comptant sur livraison et, si vous avez attendu quatre ou cinq jours pour échanger le chèque, c'est parce qu'on vous a demandé un délai?—R. Si tout le beurre s'était distribué à une livre par achat de \$5 je n'aurais pas été...

D. Non, je vous demande si c'était une vente ferme, une vente finale ou

une vente conditionnelle?—R. Pour moi, elle était finale, mais...

Me Drapeau: Laissez-le finir sa réponse.

Le président: Maître Drapeau, s'il vous plaît, vous connaissez la procédure...

M. Lesage:

D. Vous n'avez jamais dit à Pelchat ou à Gauthier, à l'un ou à l'autre, que vous leur remettriez leur argent pour toute quantité de beurre qu'ils n'écouleraient pas de cette façon-là?—R. Non, monsieur.

D. Au bout d'une période quelconque?—R. Non.

M. Pinard:

D. Et, si cette question-là est entrée en ligne de compte, ce n'est que dans l'esprit des deux acheteurs et ils ne vous en ont pas parlé eux-mêmes?—R. Ils ne m'en ont par parlé.

D. Même au moment de la vente?—R. Non.

M. Beaudry:

D. Votre rôle dans cela s'est borné à vendre à peu près le tiers du stock que vous aviez à ce moment-là à des bijoutiers, sans vous demander si le beurre serait distribué ou non lorsque vous en avez fait la vente?—R. S'il avait été distribué par...

D. Mais, à ce moment-là, vous ne le saviez pas s'il serait tout distribué et vous ne vous êtes pas préoccupé du fait que vous enleviez cela des mains

de vos clients?—R. Si...

Le président: Un à la fois s'il vous plaît, messieurs.

M. Beaudry:

D. Vous avez détourné de votre marché régulier à peu près un tiers du beurre que vous aviez en entrepôt pour le donner à des bijoutiers, en vous disant que peut-être ils le distribueraient, alors qu'il y avait une possibilité qu'ils ne le distribueraient pas du tout, et la meilleure preuve c'est qu'ils ne l'ont pas distribué.—R. Bien, cela n'a rien changé parce que je ne l'aurais pas vendu plus ce beurre-là, puisque j'en ai encore.

D. Si vous l'aviez vendu aux magasins, il y aurait tout de même 5,600 consommateurs de Montréal qui auraient pu en bénéficier pour le lendemain ou

peut-être même pour trois jours...-R. Peut-être.

D. Il n'y a pas de peut-être, c'est plus que probable. Ainsi, dans la vente de ce beurre-là, ils auraient pu en avoir une livre...—R. On entre dans d'autres considérations, là...

Le président: Il est six heures.

M. Beaudry: Monsieur le président, nous n'avons peut-être pas tellement d'autres questions à poser au témoin, nous pourrions peut-être finir dans une dizaine de minutes.

M. PINARD: Certain.

Mr. Winters: I would like to ask a question before we adjourn, Mr. Chairman,

The Chairman: I do not think we will be able to clear this up very quickly, at least not as quickly as is proposed by the two genial members for Montreal, Mr. Beaudry and Mr. Pinard, whose assistance we all appreciate. I think they have perhaps by now pretty well exhausted the questions they wanted to ask, though they might take a few moments longer. And I anticipate that other members of the committee will want to ask questions with the result that we would be here for a much longer time than five or ten minutes. Also, I understand that counsel has certain questions he wants to ask this witness, so that I do not think it would be possible to finish before another half hour; and rather than not give everyone a chance I will now call it 6 o'clock.

Mr. Winters: May I ask a question on another matter before we adjourn, Mr. Chairman?

The CHAIRMAN: May I dispose of this matter first, Mr. Winters?

Mr. Thatcher: On behalf of Mr. Irvine and myself, are you asking this witness to come back here again tomorrow?

Mr. Monet: Yes.

The CHAIRMAN: I am not asking them, the committee will be.

Mr. Thatcher: I have not had much to do on this committee as yet. If we are going to devote as much time to other small organizations as has been devoted to the one before us this afternoon it seems to me that we will be here for a long time. It seems that we are taking every little company.

The Chairman: May I say something to you, Mr. Thatcher? You are just a new member of this committee.

Mr. THATCHER: Yes.

The CHAIRMAN: And it is that this committee in the months that it has been doing its work has acquired a quality of patience and endurance—

Mr. Fleming: Hear, hear.

The Chairman: —and I think that you had better put yourself in the light of our experience, which Mr. Irvine will tell you about.

Mr. Thatcher: Maybe you misunderstand my point. I thought this committee was set up to find why prices were high, and these isolated cases it seems to me have been given enough time. You would not accept a motion that we drop this case and proceed with something else?

The Chairman: I must accept any motion. If you have a motion to put I have no alternative but to put it to the committee. We have tried to avoid as much as possible dealing with motions in this committee and in most instances we have succeeded. If you wish to put a motion I must receive it.

Mr. Thatcher: Then, Mr. Chairman, I would move that this matter be dropped for now, and in view of the fact that it is not illegal it is very regrettable—I would move that we get on with the next thing.

Mr. Beaudry: Before Mr. Thatcher finds a seconder, we had a motion passed almost unanimously in this committee on Tuesday following a somewhat lengthy discussion in which I pointed out that this particular case was not extremely glaring in any way but that it might lead to a practice which would involve carloads of butter; at least I believe that there will be a number of submissions to this committee showing that the practice exists and has existed, and you may look upon this particular bit of evidence as being but preliminary. I understand your impatience, but I think the matter should be finished.

Mr. Thatcher: It is not impatience. I want to get at the root of this.

Mr. Beaudry: Mr. Chairman, I want to point out that there was a motion the complete opposite of that now proposed by Mr. Thatcher which was approved by the committee last Tuesday.

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The CHAIRMAN: Now, Mr. Thatcher, you have heard the comments of one member of the committee, Do you wish to proceed with this motion? If so, we will dispose of it.

Mr. THATCHER: How do you mean dispose of it?

The CHAIRMAN: I am dealing with it now.

Mr. Fleming: Would Mr. Thatcher let me say this to him, because I am one of those who share the impatience which he has in connection with the proceedings in general. I think we have been going into a lot of detail, but we are nearly through with this matter now. It is not going to take more than another twenty or twenty-five minutes. We might spend a lot of time discussing this. I think we might say that the motion expresses the general feeling of impatience which seems to prevail.

Mr. Johnston: I move we adjourn.

Mr. THATCHER: All right, I withdraw my motion.

The CHAIRMAN: There is a motion to adjourn.

Mr. Winters: Before adjournment Mr. Chairman, I have a matter here which I think is of unusual importance and I would like to take just half a minute to present it, and it is that I received a communication from Halifax to-day—

The CHAIRMAN: So did I.

Mr. Winters: —since I brought this question up this morning. Apparently there is a great deal of concern over the situation which exists down there, and the report is that a carload of inferior butter has been put on the market at the first-grade price at a time when shortages make it almost necessary to buy anything that is offered. At the same time, the Attorney General of Nova Scotia has expressed great concern over the butter, which he has stated was unfit for human consumption; and the retailers involved expressed very great concern because they feel that they are being looked upon from oblique angles; and I have now received from what I consider to be reliable authority in Halifax information that at least one carload of this butter has been passed on to the retailers by a wholesaler who is considered to be Canada Packers. Under the circumstances I feel that I have no alternative but to ask the committee to subpoena some responsible person from the head office of Canada Packers.

Mr. PINARD: I would second that motion.

The CHAIRMAN: You have heard the motion, gentlemen?

Mr. Fleming: I would like to have a little information on this. You have indicated that this matter was discussed at an executive meeting yesterday—

The CHAIRMAN: At a secret session.

Mr. Fleming:—at which I was not present. I want to be quite sure before this committee gets itself involved in the situation that it is not going to delay rather than expedite clearing up the situation down there. I think we are all prepared to agree that the butter situation down there is as has been indicated by Mr. Winters to the committee and that something ought to be done to clear it up by the proper authority. As I undestand the situation, that butter is being sold down there under false colours; then surely it is a matter for the law enforcement authorities down there and for the Wartime Prices and Trade Board. If my information is correct the Wartime Prices and Trade Board enforcement officers have the matter in hand. Now if that is the case I cannot see how this committee is going to help by recruiting itself into the matter. Surely the best contribution this committee can make to promote the effective dealing with the situation it to urge the proper enforcement officers to get at the problem right away. It is not for us to step in because if we do step in

we are going to slow everything down. If witnesses are called here that step will slow down the prosecutions. I do not see how the committee can help there.

The Chairman: May I say one thing? My statement has no reference to the work of this committee as such but I was informed about 5 o'clock that the attorney general of Nova Scotia had made a statement. I have not seen the statement but he did make a statement saying that the butter under investigation was unfit for consumption. I at once gave authority to the inspector of the Food and Drugs Act to obtain this butter at once. That step is however outside the work of this committee and is a matter concerning the administration of the Food and Drugs Act.

Mr. Johnston: Would that not be the proper authority?

The CHAIRMAN: Yes, with respect to the quality of the butter, but it has nothing to do with prices.

Mr. IRVINE: Is it not true that if inferior butter is being sold at superior prices it is the equivalent of an increase in the price of butter?

The CHAIRMAN: Yes, but I was just referring to the administration of the Food and Drugs Act.

Mr. WINTERS: I think it is in the public interest.

Mr. Pinard: It has also been rumoured that third grade butter is being sold at first grade prices in other places.

Mr. Lesage: It would be a good thing if we had the local manager of Canada Packers down there.

Mr. THATCHER: Yes, but we want the head man.

The CHAIRMAN: Let us proceed with as much unanimity as possible.

Mr. Pinard: If we want to ascertain whether the same practice is being followed in other places I think we would have a better chance of obtaining information if we had the head office representative here rather than the local man.

The CHAIRMAN: I am going to ask counsel for his view.

Mr. Monet: Mr. Spence, the enforcement administrator, made a report this morning and he said that it had not been decided whether prosecutions would be taken. My personal view is that if prosecutions are to be taken I would not think that these people should be summoned before the committee. If prosecutions are not to be taken I would suggest that they should be summoned

Mr. Mayhew: Mr. Chairman, I would move that this committee adjourn and that you call a meeting of the executive committee to discuss this matter immediately.

Mr. Johnston: It was discussed at last night's meeting and we were going to have a report from our counsel and from the Wartime Prices and Trade Board.

Mr. Monet: That report was given this morning by the Wartime Prices and Trade Board and I am informed that up until this very minute there is no more information available than was given to us this morning.

Mr. Johnston: Are they going to proceed with prosecutions?

Mr. Monet: They do not know definitely whether they will or whether they will not.

Mr. Johnston: Then you have not got enough information to decide whether or not we should enter this field.

The Chairman: Well there is a motion that there be an executive session right now.

Mr. IRVINE: There is a previous motion made by Mr. Winters.

The CHAIRMAN: Excuse me, you are quite right. Mr. Pinard was the seconder of Mr. Winter's motion.

Mr. Johnston: I thought he was going to withdraw that.

Mr. WINTERS: I do not know why you should think that.

Mr. Johnston: Well, I have several reasons.

The Chairman: You have a motion put by Mr. Winters and seconded by Mr. Pinard that officials from Canada Packers be called to explain the situation.

Mr. Winters: That is correct, Mr. Chairman. I moved that a responsible representative from head office and the office manager or someone from the local office be here.

The Chairman: Do you want to phrase your motion more exactly Mr. Winters? I stated it rather generally.

Mr. Winters: My motion is that in the light of the circumstances and in the public interest, and within the terms of reference of this committee, responsible officers from the head office of Canada Packers and a responsible official from the local office be subpoenaed to appear before this committee at the earliest possible date.

The CHAIRMAN: Is there any seconder?

Mr. PINARD: I second the motion.

Mr. Mayhew: I do not think we know enough about the situation to take this action.

Mr. WINTERS: We could find out.

Mr. Mayhew: I know, but we are taking a serious step. At the present time, I could not support it because I do not know enough about it.

Mr. Johnston: In view of the fact our counsel has just advised us that the Wartime Prices and Trade Board is still working on the matter—he was in consultation with those officials last night—and they have not, as yet, sufficient information for our counsel to advise us what procedure to take, I think we should do as Mr. Mayhew suggests and wait until our counsel is in a position to advise us whether or not it would be beneficial for us to take up the matter.

Mr. IRVINE: I think we should take it up right away, whether it is beneficial or not.

Mr. Winters: I think there are two separate and distinct matters; one falls within the scope of the Wartime Prices and Trade Board and the other concerns the high price situation which falls within the scope of this committee. It is on the latter I desire the vote.

Mr. Lesage: I think we had sufficient information last night at the executive session to enable us to vote on the matter.

Mr. Winters: I think that is fair. It would be fair to Canada Packers and it is certainly in the interest of the general public. I see no harm in it and I would, therefore, ask for a vote.

Mr. Fleming: I think the view put forward by Mr. Mayhew is absolutely sound, particularly when you consider we are a fact finding body. We have no right to step in and interfere with the normal process of law enforcement. If we start doing that, we are going to do a great deal of harm.

Mr. Winters: It seems to me that Mr. Fleming is reversing his position.

Mr. Fleming: Now, if the facts are as stated, then there has been an offence against the law. If there has been an offence against the law there ought to be a prosecution. If a prosecution is commenced and this committee subpoenas those witnesses, those witnesses could not tell their story. You are going to

hold up the prosecution. Those witnesses will claim privilege and say they should not be prejudiced by giving evidence here while there is a prosecution

under way.

There are two separate functions here. You can put the functions of this committee on one side and the functions of the law enforcement officers on the other. However, that does not fit here because this matter concerns the same evidence and the same individuals. If we are going to get into the field of law enforcement and start taking over the duties of people who are set up under the law as law enforcement officers, we are going to take quite a bit on ourselves.

There are offences indicated in the information put before the committee by Mr. Winters. If that is so, you have competent people to prosecute. Here is Mr. Spence, the enforcement counsel of the Wartime Prices and Trade Board. You have the attorney-general and all the law enforcement officers of Nova Scotia available to undertake prosecution. I believe that is the place for this matter to be handled. It is a matter for prosecution.

Mr. Lesage: How can Mr. Fleming say it is a matter for prosecution?

Mr. Fleming: I say, if the facts are as stated.

Mr. Lesage: Mr. Monet said the report from The Wartime Prices and Trade Board did not contain sufficient information for us to ascertain whether there would be a prosecution.

Mr. Fleming: Then, we had better wait.

Mr. Lesage: If we wait until it is decided there is going to be a prosecution, we will never have these people here because they will have a well-founded objection that the prosecution is under way. It is for that reason we should have them here now.

Mr. Fleming: Mr. Lesage is simply exposing the weakness of the whole case. He is simply proposing that we beat the law enforcement officers to the gun. Surely, it is more sensible to allow the law enforcement officers time to make up their minds as to what they are going to do.

Mr. Winters: Mr. Fleming is just reversing the position he took when Mr. McGregor was before this committee.

Mr. Fleming: I have not done anything of the kind.

The CHAIRMAN: Order. We have heard both sides on the matter now. We have to make a decision. You have the motion before you. Those in favour of the motion? Those opposed? The motion is carried.

Carried.

Mr. Fleming has a matter he wishes to bring up.

Mr. Fleming: It is the matter of having Mr. Graham Towers appear before the committee as a witness. Mr. Mayhew was good enough to contact Mr. Towers today, and Mr. Towers indicated he could get here at 4 o'clock tomorrow if we were prepared to have a session tomorrow afternoon. Then Mr. Dyde was contacted and he said he would require between three and four hours to examine Mr. Towers before any of the members of the committee get a chance at him, so there does not seem to be much use in starting in with only two hours. It is impossible for us to do the job when Mr. Dyde will take the first three or four hours. So we are out of luck.

The CHARMAN: All right. The meeting is adjourned until tomorrow.

The meeting adjourned to resume on Friday, April 9, 1948, at 11 o'clock a.m.

APPENDIX

TRANSLATION OF EVIDENCE BY MESSRS. GAUTHIER, PELCHAT AND BERNIER

Mr. Maurice Gauthier, Jeweller, called.

By Mr. Monet:

Q. Mr. Gauthier, do you wish to be sworn. I understand, Mr. Gauthier, that you wish to testify in French.—A. Yes, sir.

Mr. Drapeau: Well, Mr. Chairman, as Mr. Gauthier's solicitor and assistant—

By Mr. Monet:

Q. You are his attorney?—A. Yes, sir.

Q. And you are, sir?—A. Jean Drapeau, of Montreal. I should like to make a statement of principle. I believe I have already had the indignation of my clients conveyed to various persons. I believe that the statement of principle now made is an effect of that indignation. Had it not been for the readiness of Messrs. Pelchat, Gauthier and Bernier to repeat to the members of this committee the information already furnished very willingly to several federal, provincial and municipal investigators, and which establishes beyond all doubt that no irregularity or illegality was committed by them, had it not been for the misinterpretation to which their absence would have lent itself inevitably at the hands of certain ill-disposed persons, I must say that my clients would not have been here today. Their absence would have stemmed from a principle, a principle the intrinsic value of which is unquestionable and admits of none of the exceptions which people in certain quarters seem ready to accept too easily and too often. While my clients bear names which leave no room for doubt as to their racial origin, Pelchat, Gauthier and Bernier, they received a summons wholly worded in English. This procedure is unacceptable—

By Mr. Lesage:

Q. Mr. Chairman, are we attending a political meeting?

The CHAIRMAN: No.

Mr. Lesage: Are we compelled to listen to this statement?

Mr. Drapeau: I am making this statement on behalf of the witness.

The CHAIRMAN: Your client was subpoenaed in English, believe me, we deeply regret that. You sent a telegram in French, Mr. Arsenault?

Mr. Arsenault: Yes, sir.

Mr. Drapeau: Nevertheless, it is a sad thing to note that the exception taken to this statement comes from French-Canadians.

By Mr. Beaudry:

Q. I do not think the committee objects to hearing the statement of the witness or of his attorney, since he has already made such a statement in the

past, but I believe it is because part of this statement deals with a question which has already been explained. The committee had no intention whatever of ignoring it, but rather aims at avoiding a repetition.

Mr. Drapeau: If you wish, Mr. Chairman, that I should bring my statement

to a close. I will comply with your wish.

Mr. Beaudry: I only object to that part of the statement. I believe that the committee has already been acquainted with the subject. I do not think the committee objects to hearing your statement save for that part which has already been discussed.

Mr. Drapeau: This procedure is unacceptable, and my clients wish to voice their deep indignation and reject any explanation for the excuses offered as a reason. It is unnecessary for me to add that I personally associate myself with the feelings of my clients and add the expression of my own indignation and my strongest protest.

Mr. Beaupry: Would you allow me to ask a question?

Mr. Moner: Mr. Gauthier, will you please give us your Christian name? -A. Maurice.

Q. And what is your address?—A. 6950 Louis-Hémon Street, Montreal.

O. What is your occupation?--A. I am a jeweller.

Q. How long have you been in the jewellery business?—A. Since 1945.

Q. Am I to understand that you are Mr. Pelchat's partner?—A. Yes, sir.

Q. In a limited company?—A. Yes, sir.

Q. Carrying on business under the firm name of Pelchat and Gauthier?—

A. Yes, sir.

Q. Will you tell the members of the committee how many stores you operate in Montreal or elsewhere, if you operate some elsewhere?—A. Only two, in Montreal.

Q. Please tell us where they are located?—A. At 3116 Masson Street and

5104 Decarie Boulevard.

Q. I understand that these two stores are engaged exclusively in the jewellery trade?—A. Yes, sir.

By Mr. Beaudry:

Q. If you have no further questioning, Mr. Monet, allow me to ask a few questions. I understand that Mr. Gauthier or Messrs. Pelchat and Gauthier also dealt in butter recently.

Mr. Monet: I was on the point of asking the witness if he had interested himself personally or if the Pelchat and Gauthier company had interested itself

quite recently in the butter business?—A. No, sir.
Q. Am I to understand, Mr. Gauthier, that the firm of Pelchat and Gauthier

purchased a certain quantity of butter quite recently?—A. Yes, sir.

Q. Will you tell us from whom you purchased the butter in question?— A. From Mr. David Bernier.

By Mr. Beaudry:

- Q. What is Mr. David Bernier's occupation?—A. I believe he is a butterman.
 - Q. Under what trade name?—A. I believe that of Jersey Brand.

Mr. PINARD: Does he manufacture butter himself?

Mr. Beaudry: Is it Jersey Brand Limited?—A. I do not know.

(In English)

Mr. Harkness: Who makes the Jersey Brand? What company makes it?

Mr. Monet: The trader who sold him the butter will appear as a witness.

(Translation)

Mr. Beaudry: You say that Mr. Bernier is a butter-man. Can you tell us whether he manufactures butter or sells butter?—A. He manufactures and sells butter.

Q. Have you known him for a long time?—A. Since my childhood.

Q. You purchased butter from Mr. Bernier fairly recently?—A. Yes. sir.

Q. On what particular date?—A. March 31.

Q. You purchased butter from Mr. Bernier on March 31, 1948?—A. Yes. sir. I had bought some previously, I have been purchasing butter for twenty-five years.

Q. When you purchased butter from Mr. Bernier on March 31, 1948, what

quantity did you purchase?—A. 5,600 pounds.

Q. You were aware on March 31, on that particular day and several days previously, that it was extremely difficult to secure butter in Montreal?-A. Certainly.

Q. In spite of that, you did succeed, by reason of your relations with Mr.

Bernier, in purchasing 5,600 pounds of butter?—A. Exactly.

Q. Did you have to state to Mr. Bernier for what purposes you wanted to purchase 5,600 pounds of butter or did Mr. Bernier ask you why?-A. I told him, I do not know if he asked me first, but I told him.

Q. And what were your purposes you told Mr. Bernier?—A. To give it away

as premiums.

Q. What price did you pay Mr. Bernier for this butter?—A. 69 cents. Q. A pound?—A. Yes, sir, exactly.

Q. Do you know the market price or the price for which the wholesaler could have sold you butter at that time?—A. I believe that is the price.

Q. The ceiling price?—A. It was 73 cents.

Q. I beg your pardon?—A. I believe it sells as high as 73 cents.

Q. At the time you made this transaction were you under the impression that Mr. Bernier had a right to sell you that butter at 73 cents a pound? -A. Oh, I could not say.

Q. You have just said so in a previous answer?—A. I could not say.

Q. You said a moment ago, if my memory serves me right, that you had paid 69 cents a pound for the butter and I asked you if that price was the ceiling price and you stated, I believe so?—A. Yes, sir.

Q. It was 73 cents?—A. Yes, sir.

Q. Hence, I am asking you if, when you made this purchase, you were under the impression that Mr. Bernier had a right to sell you that butter at 73 cents a pound?—A. No, sir. I do not think so. At the time, I believe he had the right to sell it at 69 cents owing to the wholesalers.

Q. Should you not correct your previous answer. I do not want to lay a trap for you, but I believe your previous answer left the committee under a false impression?—A. I got it for 69 cents in the belief that was the ceiling price.

- Q. After having explained to Mr. Bernier that you needed that quantity of butter for the purpose of offering it as a premium?—A. Yes, sir.
- Q. You explained that to Mr. Bernier when you made the request for that butter?—A. That is it.
- Q. You asked for the butter, Mr. Bernier did not offer it to you?—A. I asked for it.
- Q. I will come back to this point in a moment. The transaction on the basis of 69 cents a pound represents \$3,600 or \$3.700?—A. Exactly.
- Q. You purchased the butter on March 31, 1948, and did you pay cash for it?—A. Yes, sir.
- Q. What was the total amount?—A. I could not say offhand, 5,600 times 69 cents—

Q. You are a jeweller, this is not something you do the year round?—A. I cannot give you the exact figure-\$3,800 and a few odd dollars.

Bu Mr. Monet:

Q. \$3.864, does that refresh your memory?—A. Perhaps. Yes, that is the exact figure.

By Mr. Beaudry:

Q. How did you pay for the butter?—A. By cheque.

Q. What date did it bear?—A. March 31.
Q. The cheque was cashed on what date?—A. It was not cashed.

Q. The cheque was not cashed?—A. No, sir.

Q. Will you explain why?—A. Because naturally, one first wanted to see what the reaction would be. It was rather by way of protection, in order to be able to keep it. Naturally, it was said that if the sale did not work out as one had thought, there might perhaps be a way of cancelling that.

Q. When you state that there might perhaps be a way of cancelling that, are you speaking from your viewpoint or that of Mr. Bernier?—A. I really believe we could agree. He is a friend of the family.

Q. Had there been a previous understanding?—A. A verbal understanding,

naturally.

Q. In a word, there had been an understanding to the effect that—if I may summarize your transaction—that you had a right to draw on Bernier to the

extent of 5,600 pounds of butter?—A. That is it.

Q. But if you did not need it for the purposes of your business, if the premium or the offer of butter in question did not produce the desired results, you intended having the right to ask Bernier to take his butter back and refund you?—A. Yes, sir.

Q. In actual fact, is that what happened?—A. Yes, sir.

Q. In actual fact?—A. Yes, sir.

Q. In actual fact, Bernier never cashed the cheque?—A. Exactly.

Q. The cheque for \$3.864 dated March 31?—A. Yes, sir.

Q. Did Mr. Bernier give you butter on March 31?—A. I could not say exactly. March 31, I do not know what date that was.

By The Chairman:

March 31 was March 31.

The WITNESS: I mean the day.

The CHAIRMAN: It was a Wednesday.

Q. A butter transaction in the case of a jeweller is a rather uncommon matter. We are speaking of an occurrence that took place at most nine days ago. You do not recall the exact sum you paid by cheque for 5,600 pounds of butter. You do not recall the exact date on which you received the butter. I wish to alter the tone of my questions. I will word them in the simplest possible terms. Did you receive butter from Mr. Bernier?—A. I received 200 pounds. I cannot say if it was on March 31 or on the first of the month.

Q. On what date did you offer butter as a premium to your customers?

—A. I do not know exactly, really.

Q. Is there anybody in your business who is conversant with the facts of your business?—A. I am.

Q. With reference to butter?—A. I am.

The CHAIRMAN: March 31, that was a Wednesday, I believe.

Mr. Beaudry: Do you wish to answer more clearly?

The CHAIRMAN: I suggest that.

The WITNESS: March 31.

By Mr. Beaudry:

Q. You gave a cheque for \$3,864 on March 31?—A. Yes, sir.

Q. You gave \$3,864, you will correct me if I use the wrong expression, with the promise: Do not cash the cheque if I do not receive the butter?—A. Exactly.

Q. In what manner did you dispose of that butter?—A. To the customers

who made a \$5 purchase.

Q. I do not know if the committee will deem the next question a proper one. You have two stores, one on Masson Street and the other on Decarie Boulevard. Would you have any objection to telling us what is your gross business for the two stores?—A. Yes, sir.

Q. You would object to telling me?—A. Yes, sir, I do not think that has

anything to do with butter.

Mr. Beaudry: I will not say anything for the time being. Mr. Lesage: That has as much to do with it as jewellery.

By Mr. Beaudry:

Q. As from what date did you give the butter as premium?—A. March 31, exactly.

Q. On the 31st, you gave butter as a premium?—A. Yes, sir.

- Q. Then, the whole transaction in which we are interested took place on the 31st. On the 31st, you gave a cheque which was not cashed; you received some butter, you do not recall when you received it, you did not recall it a moment ago, therefore the answer is that you received butter on the 31st and it was on that date, the 31st, that you gave it away?—A. I see the date which is marked on the advertisement, it is unnecessary to get heated over the matter of a date.
- Q. The committee is not getting heated. We are dealing with a transaction that took place on the same day. If I revert to an answer you gave a moment ago, you do not recall the amount entered on the cheque you gave?—A. I did not recall to within a few dollars, but I knew that it was \$3,860 and some odd dollars.
- Q. Within a few days of the date, let us say that in your case it was March 31, you made a conditional deal with Mr. Bernier whereby you gave a cheque which was to be cashed conditionally, but which was not actually cashed, whereby you received only 200 pounds of butter in a total quantity of 5,600 pounds. About how much did you distribute on that day?—A. About thirty-five or forty pounds.

Q. Could we not have the exact figures?—A. Sir, I believe the quantity

was thirty-seven pounds.

Q. Do you believe that is the exact quantity or do you believe that is

perhaps the exact quantity?—A. That is it.

Q. You distributed exactly thirty-seven pounds of butter by way of premiums on March 31? You still had 5,400 pounds in reserve for which you had paid conditionally. You still had 163 pounds out of the 200. What did you do with the 163 pounds?—A. I have them at my home and at my partner's home.

Q. You now have 163 pounds of butter on hand?—A. But since then

I gave some to members of my family.

Q. Mr. Chairman, I cannot obtain an answer from the witness. He says in the same sentence that he has and that he has not 163 pounds of butter on hand. I presume you still had 5,400 pounds on charge. What has become of it?—A. It is in storage; Mr. Bernier took it back.

Q. Is it in your name?—A. No, it is in Mr. Bernier's name.

Q. Here we have another transaction whereby you returned 5,400 pounds of butter to Mr. Bernier. On what terms and when?—A. On Monday, April 5.

Q. You returned that butter to Mr. Bernier on Monday April 5?—A. Well,

I did not return it to him; the butter was in storage.

Q. You informed Mr. Bernier that he could keep the 5,400 pounds of butter which you had purchased?—A. Because the Prices Board had advised me to stop distributing it. I stopped that very day, but as it was Saturday, a busy day for me, I made the exchange of cheques on Monday. I gave him a cheque for \$138 and I took back mine.

Q. You did not pay to Mr. Bernier the price of 5,600 pounds of butter, but Mr. Bernier took back 5,400 pounds and you gave him a cheque for the difference

between 5,600 and 5,400 pounds. Is that right?—A. Yes, sir.

Mr. Fleming: Mr. Chairman, if Mr. Beaudry would kindly speak more slowly and witness would speak louder and more slowly, the members could hear better.

Mr. Beaudry: I apologize. Mr. Fleming is perfectly right.

By Mr. Beaudry:

Q. On April 5, following your notification to Mr. Bernier that you were not taking delivery of the 5,400 pounds of butter theoretically purchased and paid for on March 31, Mr. Bernier returned to you your cheque for \$3,864 and in return you gave him a cheque for \$138 which he accepted and which you do not yet know what has become of?—A. Yes, sir.

Q. And you do not yet know what has become of the 5,400 pounds of butter which you temporarily owned, though it was not in your actual posses-

sion?—A. No, sir.

Q. You just told me that you had 163 pounds of butter on hand on March 31, and you also answered that you had distributed some. Would you have any objection to telling me whether this butter is still in your possession or whether it has been distributed?—A. I have 40 or 42 pounds on hand, and my partner about the same quantity.

Q. Did you distribute it in your capacity of jeweller or as individual?—

A. As an individual.

Q. Then, if my calculations are correct, you must still have about 83 pounds of butter. Will you please tell me what you have done with it?

Mr. Drapeau: I submit that this question has already been asked and has been answered in another way, Mr. Chairman.

The WITNESS: Well, if you wish me to give you the names of all the members of my family—

Mr. Beaudry: If that is your answer, it is the answer that I want.— A. That is it.

Q. At present, you and your partner hold about 80 pounds of butter?—

A. That is right, we have about 40 pounds each.

Q. Would you kindly tell me, without entering into other considerations for the moment, how this business started between you and Mr. Bernier which ended in the sale of 5,600 pounds of butter from Mr. Bernier to you?—A. I do not understand your question very well.

Q. Under what circumstances was the transaction started whereby you asked Mr. Bernier to sell you 5,600 pounds of butter?—A. I went to see him one evening after the store closed. I had thought of putting on a sale of that kind. I simply called on him and spoke to him about it. As a friend of the family, he agreed.

Q. Mr. Bernier told you that he could easily supply you with 5,600 pounds

of butter?—A. He gave me his answer the next day.

Q. You knew that at that time many people had difficulty in obtaining butter, even a quarter of a pound?—A. I was aware that butter was very scarce. Q. What reason would you have given for offering butter as a premium?—

A. Of course, I knew it was scarce.
Q. Did it not strike you that many citizens of Montreal who experienced difficulty in obtaining butter would find it strange that a jeweller or an operator of any business could obtain butter for the sole reason which you have given that of an old friendship between a butter dealer and a jeweller, and that the latter could give the butter as a premium?—A. Naturally, it could have been deemed strange.

Q. According to you, could it have seemed strange or should it have seemed

strange?-A. Oh! It should have.

By Mr. Pinard:

Q. Did you get the idea from methods used by other businesses?—A. No, sir.

Q. The initiative was yours?—A. Yes, sir.

Q. Had that previously been done in Montreal?—A. Not to my knowledge. Q. At that time?—A. No.

Q. The idea was not suggested to you by the practices of other business establishments?—A. Absolutely not.

By Mr. Beaudry:

Q. Have you now come to the conclusion, Mr. Gauthier, that many people in Montreal may find it strange that a business like yours could find 5,600 pounds of butter when they themselves cannot buy any at all?— A. Absolutely, but I do not think there is any connection between this question and the other. It is a personal matter. Had I been a grocer I could have done the same thing. It did not appear abnormal to me.

Q. This is a matter to be interpreted by the committee; I do not think it

can be left to your interpretaion.—A. Oh!

Q. I should like you to tell me whether the transaction you carried out did not appear extremely abnormal to the people of Montreal, and probably to the people of the whole country?—A. It seems to be so judging by the reaction.

Q. Do you admit that your reaction was different from that of other people?—A. Well if I had found the deal so abnormal I should probably not

have gone on with it.

Q. I realize that reactions may differ from one period to another. I should like you to tell me whether you do not think, after due reflection, that your deal—I am not accusing you of dishonesty—might have some illegal outcome? —A. Really, I do not think so. I do not consider my action any worse than that of theatres who give away dinnerware, or of any other merchants who distribute premiums.

Q. Why did you not offer dinnerware rather than butter which at that time was practically unobtainable?—A. I thought that, butter being scarce,

the premium would be all the more attractive. That is normal.

Q. You were ready to take advantage of the fact that many people in Montreal had no butter, in order to push your sales and make a profit? Though not engaged in the butter business, you availed yourself of your friendship with a certain butter dealer to make a speculation?—A. In any event, the butter was consumed by the people.

Q. It is established that 37 pounds of butter have been distributed?

—A. That is right, 37 pounds of butter have been distributed.

Q. However, only 37 people on the whole island of Montreal profited by the deal whereby you obtained control over 5,600 pounds of butter. Do you consider this a fair distribution of butter throughout the city of Montreal? —A. That is absolutely personal, since. . .

Q. Wait a minute, here is another question.

Mr. Drapeau: The witness should be allowed to finish his answer. . .

The CHAIRMAN: Let the witness answer.

The Witness: Though I did get control of 5,400 pounds of butter, I believe that there are at present thousands of pounds of butter in storage.

By Mr. Monet:

Q. Do you say that there are thousands of pounds of butter in storage? I think that this is extremely important. Mr. Gauthier, although you are under oath, you have just said that there are thousands of pounds of butter in storage. —A. Certainly, but I do not know where. The butter that will be consumed next week is at present in storage.

Mr. Lesage: You say that-

Mr. Monet: Mr. Chairman, I do not want to be unpleasant toward my confrère who is assisting the witness, but I wish to point out that, ever since the latter started testifying, Mr. Drapeau, who is representing and assisting his client, as he is entitled to do, is practically suggesting answers to him. I would ask Mr. Drapeau to confine himself to advising his client, but not to suggest answers. You have just stated under oath that there are thousands of pounds of butter in Montreal warehouses?—A. I cannot say.

Q. You cannot say?—You have sworn that there were thousands of pounds of butter stored in Montreal?—A. My answer was based on the fact that butter is stored somewhere. The butter that will be consumed next week is now in

storage.

Q. Can you name a large company or a warehouse heavily stocked with butter at present?—A. I cannot specify any company.

Q. Nevertheless, you stated under oath that there are some?—A. Yes, sir.

By Mr. Beaudry:

Q. Mr. Gauthier, I asked you just now about your annual volume of business but you preferred not to give it?—A. I simply said that the matter was irrelevant.

Q. That is not a capital reason. I should like to ask you another question which will perhaps make you see the matter from another angle. Your intention was, I understand, to give away a pound of butter as a premium with every purchase of \$5 made in either of your stores?—A. Yes, sir.

Q. For that purpose you purchased 5,600 pounds of butter?—A. Yes, sir.

Q. That is your answer?

The CHAIRMAN: What was your answer?

The WITNESS: Yes, sir.

Mr. Beaudry:

Q. You purchased 5,600 pounds of butter. I suppose you thought, as was generally thought throughout the country, that the butter shortage could not last normally more than a month. Had you any reason to believe otherwise?—A. No. sir, I thought that was about right.

Q. Would you kindly multiply your 5,600 pounds of butter by \$5 and tell us how much money you expected to make out of the 5.600 pounds of butter which you intended giving away as a premium during the month?—A. About

\$28,000.

Q. I asked you just now to state your annual volume of business. Do you see any connection between what you say and the declaration of your annual volume?

Mr. Drapeau: I object. Is this an inquiry into business methods, into ways of stimulating sales? The annual volume of business has nothing to do

with the matter. A merchant may seek to stimulate his sales. Is this committee inquiring into business methods or is it seeking to discover where the butter comes from? It seems to me we are going rather far.

The CHAIRMAN: I see no objection.

(In English)

Mr. THATCHER: May I ask one question? Is Mr. Beaudry suggesting this procedure is illegal?

Mr. Beaudry: I am merely questioning in regard to the motion which was approved by this committee the day before vesterday.

The CHAIRMAN: Mr. Beaudry is trying to get some information germane to this committee.

Mr. Beaudry: We are dealing strictly with the question of the scarcity of butter as it may affect the price, and the use of butter as a premium with regard to the effect on prices.

Mr. Thatcher: You are not suggesting this procedure is illegal?

The CHAIRMAN: No. This witness has said there was a lot of butter available in the last few questions, and particularly as revealed by Mr. Monet. Mr. Monet said, "Well, who has all this butter? Give us the names". The witness said, "I cannot give you the names but I am quite satisfied there is a lot of butter available." It is only by questions that seemingly do not have a direct value that we sometimes get replies to questions that do have direct value. You have to allow a certain latitude in examination and that latitude I am permitting unless the committee thinks it is not permissible.

(Translation)

Bu Mr. Pinard:

Q. Now, Mr. Gauthier, you say that you sold 37 pounds of butter or rather that you gave 37 pounds of butter as premiums. Do you recollect the amount of sales those premiums have brought you, the total amount of these sales in relation to the 37 pounds of butter given as premiums?—A. I have not the exact figures at hand.

Q. Did the sales average \$5 or did they exceed that amount?—A. Some

were in excess of that amount.

Q. Could you tell us if the purchases made were necessary ones? Were they necessary or were they simply made in order to get a pound of butter?— A. I think some people did not have that in mind and took this occasion to satisfy

their need of jewellery.

Q. You do realize that in the jewellery trade no item sold is indispensable to business. Jewellery is not a commodity that one purchases in the ordinary course of things. What would you say if I told you that the majority of those sales were due to the lure of the butter premium?—A. Absolutely. However, I think I can base my opinion on the fact that each week a certain amount of money is being spent on jewellery. Of course every jeweller expects to make a certain amount of sales; then, naturally, I thought that when people need butter, instead of running down the street, let us say any street in Montreal, they will take advantage of the fact that they need jewellery as a gift to make or for their personal use in order to get some butter.

Q. You admit that such sales would not have been made had there been

no premium attached?—A. I do not admit any such thing.

Q. You admitted it a while ago?—A. No.

Q. You are making a correction?—A. Yes, sir.

Q. In what did those sales consist, what was sold?—A. Two watches and a few pieces of jewellery.

The CHAIRMAN: That is all?

By Mr. Pinard:

Q. What was the largest amount of those sales?—A. I think it was \$70.

Q. You are referring now to the sale of a watch?—A. Yes, sir. Q. Was it the price of two watches?—A. Only one. Q. Does the amount of butter given depend on the amount of the sale?— A. Absolutely.

Mr. Monet: I understand you gave one pound of butter for a \$5 purchase, two pounds for \$7 and three pounds for \$10?-A. Yes, sir.

By Mr. Pinard:

Q. How many sales have you made for the 37 pounds you gave away?-

A. We have sold approximately \$200 in each store.

Q. To how many buyers in all? You see, Mr. Chairman, if buyers, by their purchases, received seven, eight or ten pounds, or fourteen of fifteen pounds of butter, that had a worse effect on the situation. If, for example, three or four buyers alone received 37 pounds of butter. I hold that this aggravates the situation. I have only one more question. Could you tell us the total number of customers who took advantage of that situation, of the gift attached to sales?—A. In the Masson street store I think the number is about fifteen.

Q. That takes care of one place where butter was given away.—A. Yes.

I think it is the same amount in both stores.

Q. Have you not given away more than 37 pounds of butter?—A. Some people bought for less than \$5.

Q. Then those who bought for less than \$5 also received a premium?—

A. No, sir.

Q. Then, coming back to those who received a gift of butter. How many? You gave away 37 pounds of butter-

Mr. Lesage: What was the price of the second watch?—A. I cannot say

what price it was.

Q. The first one was \$70. If the second one was \$75, that would mean 20 pounds taken away?—A. One person only was allowed three pounds of butter for a watch priced at \$70.

Mr. Monet: Why did you give less butter?—A. I allowed a discount on the watch.

By Mr. Pinard:

Q. Did you advertise in the newspapers this method of doing business, this

practice you adopted?—A. I advertized in the Star and La Presse.

Q. And you drew the attention of the public to the fact you took advantage of the great scarcity of butter as a means of increasing your custom and your sales. You put forth this fact to the knowledge of the public by means of public notices or advertisements, is that right?—A. Yes, sir; absolutely. I had that published in newspapers.

Q. You must realize today that your conduct helped to create or aggravate considerably the predicament which the population of Montreal and surrounding district are in at the present time. Do you realize that?—A. I do not believe that the small amount of butter I gave away could worsen the situation.

Q. Do you believe it is sound business practice?—A. Perhaps not.

Q. I agree with you.

By Mr. Monet:

Q. Before you leave, Mr. Gauthier, I have two or three other questions to ask you. They tie in with questions asked by Mr. Beaudry at the beginning of your evidence. You have previously bought butter from Mr. Bernier?— A. Yes, sir.

Q. Should I gather that you bought big quantities of butter from Mr. Bernier, or were they small?—A. They were many, but the majority were small quantities.

Q. Did you ever buy as large a quantity as you did on this occasion?—A. No.

Q. It was for your family's consumption only.—A. Yes, sir.

Q. I read in an advertisement published in a Montreal newspaper on March 30 the following: "Pelchat & Gauthier announce a pound of butter for each \$5 purchase". This advertisemnt is dated March 30. I say this to freshen your memory and help you tell us if this advertisement has actually been published on March 30. A moment ago you mentioned the 31st to Mr. Beaudry, the date of this butter transaction. Would you kindly refresh your memory and tell us if that advertisement was not actually published on March 30? Is it possible that is was March 30?—A. Absolutely.

Q. Did you say that you advertised this butter as a premium the day before the conclusion of your arrangement with Mr. Bernier? Will you explain that to

the committee?—A. Certainly, I took Mr. Bernier's word.

Q. Then you approached Mr. Bernier before March 30?—A. Right.

Q. When did you first speak to him about that? You told Mr. Beaudry a moment ago that everything was done on the 31st. Will you tell us when you first discussed the purchase of 5,600 lbs of butter with Mr. Bernier?—A. I am tell you, it was the Friday preceding this date.

Q. You are sure that it was on the Friday preceding this date? That would be Good Friday. What day was it that you discussed that with Mr. Bernier and

was it at your store?—A. No, at his home.

Q. In the evening or in the afternoon?—A. Evening.

Q. Was Mr. Pelchat with you or were you alone?—Mr. Pelchat was with me. Q. Mr. Pelchat was present at the conversation between yourself and Mr.

Bernier concerning butter, and that was March 26?—A. Definitely.

Q. Why did you tell Mr. Beaudry, a moment ago, that this transaction took place on March 31 when it actually took place on March 26?—A. I said that because the cheque was made on March 31.

Q. The first meeting, on March 26, was on the subject of butter?

Mr. Lesage: Mr. Chairman, is Mr. Bernier in the room?

Mr. Monet: I think so. I do not know him.

By Mr. Monet:

Q. Would it be in the general interest, while Mr. Bernier is leaving, that we examine this witness in detail on what actually went on during this meeting that culminated in this transaction?

Mr. Monet: At this stage of the examination, I think Mr. Bernier should not be present.

The CHAIRMAN: Is Mr. Bernier in the room?

Mr. Bernier: Yes.

The CHAIRMAN: Will you please retire for a few minutes?

Mr. Bernier retires.

By Mr. Monet:

Q. Mr. Gauthier, I shall be as short as possible on that point. Let us get the discussion of the deal straight. On March 26, you called at Mr. Bernier's place where, for the first time, that deal was taken up between your associate, Mr. Bernier, and yourself.—A. Certainly.

Q. Mr. Chairman, will Mr. Pelchat, now present, retire.

Mr. Lesage: Was he present at the interview?

Mr. Monet: He was.

By Mr. Monet:

Q. I understand that Mr. Pelchat was present at the interview on March 26?—A. Yes, sir.

Q. He was not present at the interview when the cheque was given?—A. No.

sir.

Q. At the interview was it not agreed that Mr. Bernier would supply you with 5,600 pounds of butter upon request?—A. No, he made no commitments.
Q. Was the price discussed?—A. Yes.

Q. What was the price agreed upon?—A. The market price, 69 cents.

Q. Did Mr. Bernier tell you or intimate that due to the acute shortage, he could sell that butter 73 cents a pound?—A. No, sir.

Q. Did you tell Mr. Bernier he could retail his butter at 73 cents a pound?—

A. No, sir.

Q. Then, without any mention of the retail price Mr. Bernier could get, he offered you his butter at 69 cents?—A. He gave us his answer the next day.

Q. There was no mention of the price Mr. Bernier could obtain for his

butter if he retailed it?—A. No, sir.

Q. Did Mr. Bernier state there was a heavy demand for butter at that time?—A. No, sir, not particularly.

Q. He made no reference to that?—A. It was a fact.

Q. I understand that you are a jeweller, and you ordered 5,600 pounds of butter from Mr. Bernier. Had you advised him on March 26 that you intended disposing of the butter as a premium?—A. Yes, sir.

Q. And Mr. Bernier did not say or refer directly or indirectly to the fact that

he could retail his butter at a much higher price than 69 cents?—A. No, sir.

Q. You swear to that?—A. Yes, sir.

By Mr. Beaudry:

Q. Mr. Monet, may I ask a question? Were there any other conditions to the sale besides the payment in money? There may have been a few words spoken on that score during the interview?—A. No, sir.

Q. There were no other condition mentioned specifically or implicitly with reference to the offer to sell butter at 69 cents apart from the sole payment by

you?-A. No, sir.

Q. Were there no other condition, as for instance, the obligation to return what you would not need?—A. No, sir.

Q. Were there no mention of any storage charges on the 200 pounds of

butter stored during four days?-A. No, sir.

- Q. Mr. Bernier was willing to deliver you 5,000 pounds of butter to help your firm and to store it during one month, if convenient to you, for the mere sake of being of service to you?—A. Yes.
 - Q. At a time when there were no butter at Montreal?—A. Yes, sir.
 - Q. It was all a free service. You swear to that?—A. Yes.

By Mr. Pinard:

Q. He did offer to purchase any jewellery from you?—A. No, sir. I told you Mr. Bernier has been a friend of the family for twenty-five years.

Q. It was all for the sake of friendship?—A. Yes, sir.

By Mr. Lesage:

Q. Did Mr. Bernier tell you why he could not give you his answer that night?—A. No, sir.

Q. He merely told you that he would let you know his answer the next day?—A. Yes, sir.

- Q. He did not tell you that he did not have it in stock or anything?—A. No, sir.
 - Q. Did he tell you: "I shall see if I have any"?-A. No, sir.
- Q. What was his reason for putting you off till the next day?—A. He said he would think it over to decide whether it was legal.
- Q. That was his reason for delaying his answer until the following day?—A. Yes, sir.
 - Q. To think the matter over?—A. Yes, sir.
 - Q. It was a matter of 100 boxes?-A. Yes sir.

By Mr. Beaudry:

- Q. Did you discuss the legality or the illegality of the deal, that day?—A. On one point, we did, sir. He said he had the right to sell his butter to whomsoever he wanted. I think we always had in mind that we had the right to give the butter away, perhaps not to sell it, but to give it away.
- Q. What reason did you voice during the discussion with reference to the legality of the deal, since I take it for granted that is what transpired?—A. Exactly, because we had no permit to have or sell butter, and as it was given away, we thought that was not illegal at all.

By Mr. Beaudry:

- Q. And in spite of all that, your idea of the increase of the sales and profit that you could realize from it for your own personal benefit, to the detriment of 5,600 consumers who might have taken advantage of it normally, caused you to override that lack of permit——A. I was positive that, as it was given away, there was nothing illegal in that.
- Q. Here is my question again, as it was asked, and it is that the idea of the profits or the increased sales you hoped or that you felt you could make caused you to override all the considerations you had in mind at that time, that is those of the possible illegality, the lack of permit and so on?—A. Seeing that I gave it to them, I was positive that there was nothing wrong with that.
 - Q. Is the answer to my question yes or no?

The WITNESS: Would you repeat it please?

(The question is read to the witness by the reporter).

The Witness: Well, absolutely. I had not entertained that idea of illegality just mentioned by Mr. Beaudry. I had no such idea precisely because I knew it was given away and that there was nothing illegal in that.

Q. And in spite of the fact that Mr. Bernier told you, according to your answer of a few minutes ago, that he was not prepared to sell you butter, to sell you that butter, because he was not convinced that that matter was legal.

By Mr. Pinard:

Q. Did you seek legal advice on that?

The CHAIRMAN: Well, one at a time only, please, gentlemen.

The WITNESS: That is to say that I submitted the matter to Mr. Drapeau, here.

Mr. Lesage: I would certainly like the witness to give an answer to Mr. Beaudry's question.

The CHAIRMAN: Would you give your answer?

The WITNESS: It is no, sir.

Mr. Monet: I have no further questions to ask the witness.

By Mr. Beaudry:

Q. Why did Mr. Bernier not take back the 80 or 84 pounds of butter you did not dispose of, that you did not sell and that are stored at your place now?—A. Because I did not offer to give them back to him.

Q. Why did you keep them?—A. For my own use.

Q. During how many months—A. I did not figure that out.

By Mr. Lesage:

Q. You have many children, you have a large family?—A. We are five around the table.

By Mr. Monet:

Q. I understand that your partner kept 40 pounds also?—A. That is right.

Mr. Beaudry: I think I have no other question to ask the witness at the moment. However, it is a matter of interest to me to know that Mr. Gauthier has 40 to 42 pounds of butter at home and that his partner has as much too?—A. Yes.

Mr. Fleming: Mr. Chairman, I would like to ask the witness a question if it has not already been asked?

Q. Mr. Gauthier, did you receive an invoice from Mr. Bernier for that butter?—A. Yes, sir.

Q. Have you got it with you?—A. No, sir, but I still have it.

Q. Could you send it to us?—A. Certainly, sir.

Q. To-morrow?—A. Well, to-morrow, yes sir.

By Mr. Beaudry:

Q. Do you recall the date of that invoice?—A. March 31, sir.

Q. Would you swear that your invoice is dated March 31?—A. Yes, there, I would not swear that, but I am almost sure.

By Mr. Lesage:

Q. Are the terms of the transaction on that invoice?—A. Yes, it is an ordinary invoice with the price on it.

The CHAIRMAN: We shall see the document.

By Mr. Lesage:

Q. But there is no mention that it is a conditional sale?—A. No, sir.

(In English)

The Chairman: Are there any other questions? Mr. Irvine or Mr. Thatcher? Mr. Harkness: I cannot recall all that has transpired but has it been brought out whether this 5,900 pounds has been given back?

Mr. Monet: It was turned back. It was a type of conditional sale and it was returned by the witness and his partner, to Mr. Bernier and the cheque was cancelled. They paid for the 200 pounds which they kept.

Mr. HARKNESS: They actually put out 200 pounds?

The Chairman: They were stopped by the Wartime Prices and Trade Board who came into the picture.

Mr. Irvine: Well, Mr. Chairman, assuming that the Wartime Prices and Trade Board had not come into the picture I would like to know what would have happened to these 5,000 pounds of butter assuming that the quantity of butter produced in Canada had increased very materially within say four weeks of the

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original purchase so that the effect would be that there was no premium in giving it away? What would have happened then? Would he have cancelled his original arrangement?

(Translation)

By Mr. Monet:

Q. Mr. Irvine wishes to know this: If Mr. Bernier had not taken back the butter, what would have happened to it? What would you have done with it, especially when it is expected that within a short time the production will come back to normal and that butter will be supplied in sufficient quantity to meet the demand. In such a case, what would you have done with the butter you had?—A. I was just going to sell it, I even personally phoned *La Presse* to have an advertisement inserted in order to sell it to anybody at the ordinary market price.

(In English)

Mr. Moner: The witness says that if that had happened he had the intention of selling it and he even got in touch with the press to have an advertisement put in the paper for the sale of the butter at the market price.

(Translation)

By Mr. Lesage:

Q. Then, there is something I do not understand.

Mr. Moner: I am giving the answer of the witness.

Mr. Lesage: Yes, I readily understood, Mr. Monet, I readily understood his answer in French, which you have furthermore very well translated into English, but there is however something which I do not understand; I do not understand how the witness can give such an answer when he has been telling us, since the beginning, that this was a conditional sale and that Mr. Bernier had agreed to take back whatever would not be sold.

Mr. Drapeau: I object to the question, because Mr. Monet said, while translating Mr. Irvine's question: "If Mr. Bernier had refused to take it back", then the question was hypothetical and the answer necessarily becomes hypothetical.

Mr. Lesage: One moment, the witness answered that he had got in touch with the newspaper *La Presse* for an advertisement in order to sell the balance of the butter he had on hand. Then, how can one reconcile that with the answer he has given when he swore that the sale was conditional and that Mr. Bernier had agreed to take back the butter that would be left. I ask the witness how this answer can be reconciled with what he has already said?

The Witness: Absolutely, by not selling to him, he does not take it back, if I sell it myself.

By Mr. Lesage:

Q. No, sir, you said that if your small premium set-up did not operate to your liking——A. Yes—

Q. Mr. Bernier would take the butter back?—A. Absolutely.

Q. That was the agreement?—A. I said that, ves.

Q. You said that, and that is why you told us Mr. Bernier kept the cheque

and did not cash it?—A. Absolutely.

Q. Why did you get in touch with La Presse to offer for sale the butter you had left?—A. Precisely because I noticed that the premium transactions had not been very good and, then, in order to rectify that, I thought I would sell it at the market price.

By Mr. Monet:

Q. You knew that Mr. Bernier, according to your evidence, would take back

the butter which was left?—A. Yes, but I still had the right to sell some.

Q. Do you mean to say that you wanted to make a profit on Mr. Bernier's butter?—A. No, absolutely not; but it was mine and I had the right to dispose of it. But, if I could not dispose of it, he would take it back, that's all.

By Mr. Lesage:

Q. According to the advertisement you had published in the newspaper La Presse or that you intended having published, at what price did you intend disposing of it?—A. I did not quote any price.

Q. What did you intend doing?—A. I intended selling it at the market price.

Q. 73 cents or 74 cents?—A. I do not know the market price there.

Q. You do not know that the retail price in Montreal, at present is 73 cents?

—A. No.

Q. Do you swear that?—A. No.

By Mr. Monet:

Q. But you would have sold it at a higher price than 69 cents?—A. Prob-

ably.

Q. Then, notwithstanding the friendship considerations of Mr. Bernier who sold you the butter at 69 cents, while he could have sold it at the retail price of 73 cents, you would have been ready to sell it at the retail price for your own profit, if you could have; you would have been ready to sell it at the retail price?

—A. Yes.

By Mr. Lesage:

Q. Was this advertisement in the newspaper La Presse?—A. No, sir.

Q. Why?—A. Because we changed our minds.

Q. Did you phone the newspaper La Presse?—A. Yes.

Q. You phoned the newspaper La Presse?—A. Yes and I phoned again to cancel my advertisement.

Q. You phoned the newspaper La Presse and you phoned again to cancel

the advertisement?—A. Exactly.

Q. Did you get in touch with Mr. Bernier before asking the newspaper La Presse to publish this advertisement?—A. No, it was rather in the nature of a query I addressed to La Presse.

Q. Information you sought?—A. Yes.

Q. Or that you offered?—A. That I sought.

Q. You sought what?—A. I sought advice from a gentleman of La Presse. Q. Oh! —And then, did Mr. Bernier refuse to take back the butter?—

A. Not at all.

Q. Does this Mr. Bernier own a cold storage plant?—A. Yes, sir.

By Mr. Beaudry:

Q. And you repeat, Mr. Gauthier, that all your transaction with Mr. Bernier, until you discussed it, on March 25, 26 and 31 when the transaction took place, was brought to a head, that this whole transaction was conditional and that Mr. Bernier agreed to make 5,600 pounds of butter available to you accordingly as you needed it, in other words you would apparently pay him accordingly as you sold the butter?—A. No, I asked him to wait just a few days and see the reaction.

Q. But, still Mr. Bernier was willing to put at your disposal and keep in storage for you, for several weeks, 5,600 pounds of butter?—A. Not for several

weeks, Mr. Beaudry, probably for ten days.

Q. Did you believe you could dispose of 560 pounds of butter a day?

Mr. Monet: 5,600 pounds.
The Witness: No. we knew—

By Mr. Beaudry:

Q. Well, do you believe so or not; you bought 5,600 pounds of butter?—A. Yes, sir.

Q. And you say Mr. Bernier was willing to keep it for you during ten days; then, to be logical, one must conclude that you would have disposed of 560 pounds of butter a day?—A. Exactly.

Q. And Mr. Bernier was willing to do that?—A. Yes, sir.

- Q. And he was also willing to take back the butter you would not sell?—A. Exactly.
- Q. That is what was understood between the two of you on March 25, 26 and 31?—A. Yes, sir.
 - Q. Before you actually gave butter as premium?—A. Yes.

The CHAIRMAN: Is that all?

Mr. Pinard: I have only one question to ask the witness, Mr. Chairman, with your permission.

Q. Was it just the visit of the Wartime Prices and Trade Board investigators that caused you to change your mind or was it your conviction that this was bad business practice?—A. Both, sir.

Q. So you will not follow the same procedure, if there is a shortage of

another product?—A. I do not think so.

The CHAIRMAN: You wish to ask a question, Mr. Fleming?

Mr. Fleming: Mr. Chairman, will Mr. Monet insist and ask the witness to bring tomorrow morning the cheque concerned?

The CHAIRMAN: Yes, it is understood.

Mr. Monet: Yes, I have a note to the effect that the cheques must be brought.

The CHAIRMAN: No more questions?

Mr. BEAUDRY: No.

Mr. Paul Pelchat, jeweller, is called.

By Mr. Monet:

Q. Mr. Pelchat, will you give us your christian name, please?—A. Paul.

Q. And your address?—A. My address? My home address?

Q. Yes—A. 6853 Garnier Street.

Q. I understand you are Mr. Gauthier's partner?—A. Yes.

Q. You are in business under the name of Pelchat et Gauthier Limitée?—A. Right.

Q. As jewellers?—A. Right.

Q. And you have two stores, one at 5104 Decarie Boulevard and the other one at 3116 Masson Street?—A. Yes, sir.

Q. Mr. Pelchat, do you remember an interview you would have had with Mr. Bernier, accompanied by your partner, during the month of March, concerning a butter transaction?—A. Yes, sir.

Q. Could you tell us the exact date of the first interview?—A. The exact

date of that first interview, was the Friday that—

By Mr. Lesage:

Q. Good Friday?—A. Yes, Good Friday.

By Mr. Monet:

Q. Did you have that interview at Mr. Bernier's home or at the store?—A. At Mr. Bernier's residence.

Q. Would you please tell the members of the committee what is

Mr. Bernier's occupation?—A. He is a butter manufacturer.

Q. He has been for a long time?—A. I believe so.

Q. You have known him a long time?—A. I have not known him long personally.

Q. Did you personally, or did your firm, ever buy butter from Mr. Bernier

before this special transaction?—A. Personally, I had never bought any.

Q. And the firm Pelchat et Gauthier either?—A. No.

Q. Did you know Mr. Bernier prior to March 26, 1948?—A. I knew him

as a customer in the store, he was a friend of Mr. Gauthier's.

Q. He was a friend of Mr. Gauthier's, but you had never before had a similar transaction with him, either for the trading of butter, or personal buying of butter?—A. No.

Q. Who advised you to go to Mr. Bernier to discuss this butter transaction?

—A. A butter manufacturer whom we knew; when Mr. Gauthier and I discussed

the matter, we said: "Let us go and see Mr. Bernier"

Q. What do you mean when you say "When Mr. Gauthier and I discussed the matter"?—A. Well, we wanted to give a premium.

Q. Who is concerned when you say: "We discussed the matter"?—A. Mr. Gauthier and myself.

Q. You discussed the advisability of giving a premium?—A. Yes, sir.

Q. You knew at the time that butter was very scarce throughout the country and particularly in Montreal?—A. Yes.

Q. And you thought it wise to attract your customers or even to incite other people who were not your customers previously, to come to your store, by offering them butter as a premium?—A. Well, a number of our customers were complaining that they had no butter, and we thought we were doing good business by acting in this way.

Q. Therefore, you began to negotiate with Mr. Bernier to find out if you

could obtain some butter?—A. Yes.

Q. Could you tell the members of the committee what took place at Mr. Bernier's when Mr. Gauthier and yourself went to his home?—A. Well, we called at Mr. Bernier's home in the evening, after the closing of the store—

Mr. Lesage: Would you kindly speak louder, please?

The WITNESS: On that Friday, we went to Mr. Bernier's and asked him whether we could have some butter. He asked us what we wanted to do with it and we answered that we wished to give it as a premium to our customers. He then said: "I do not see any difference in selling you butter or selling it to other people".

Q. So he sold you the butter?—A. Yes.

By Mr. Monet:

Q. So, at that time, Mr. Bernier hardly knew you?—A. Mr. Bernier hardly knew me.

Q. Did he not find your request strange, since there was such a shortage of butter?—A. Well, he said: "You wish to give the butter as a gift?" We said: "Yes". He found the proposition odd, the thing had never happened before, so—

Q. Did he not mention that, on account of the shortage of butter it might be difficult to deliver some?—A. He said: "Yes, I probably shall be able to answer you tomorrow."

Q. Did you discuss the quantity of butter that you wished to get?—A. We

wanted a thousand pounds.

- Q. You wanted a thousand pounds?—A. Well, we wanted to have a certain quantity of it, we did not know exactly how much, perhaps a thousand, two or five thousand pounds. We said to him: "The quantity that you will be able to let us have"—
- Q. Wait a minute, there is quite a margin between one thousand and five thousand pounds. Did Mr. Gauthier and yourself mention first to Mr. Bernier the quantity of butter that you wanted or did Mr. Bernier ask you how much butter you wanted?—A. He asked us how much we wanted.

Q. And how much did you say you wanted?—A. We answered: The

quantity that he could let us have.

Q. When did you mention a thousand pounds?—A. He said to us: "How

much do you want? One, two, three thousand pounds?"-

- Q. Did your partner or Mr. Bernier say that?—A. Mr. Bernier asked us how much we wanted.
- Q. And what did you answer?—A. We said: "We do not know how much, the quantity that you are able to let us have."

Q. You were ready to buy any quantity of butter?—A. We wanted any

quantity, we had no idea-

Q. You were ready to accept all he could sell you?—A. Approximately

5,600 pounds.

- Q. How did you arrive at the 5,600 pound figure instead of 1,000?—A. We could have said one thousand, two thousand, three thousand, even five thousand pounds. We did know the exact quantity. Perhaps we might not have been able to sell any of it, we did not know.
 - Q. Did you finally agree on the quantity?—A. Yes, five thousand pounds. Q. Five thousand pounds or five thousand six hundred pounds?—A. Five

Q. Five thousand pounds or five thousand six hundred pounds?—A. Five thousand six hundred pounds, the number of boxes workingout at that weight.

By Mr. Lesage:

Q. One hundred boxes of butter?—A. One hundred boxes of butter.

Q. One hundred boxes containing 56 pounds of butter each?—A. Yes.

Mr. Monet:

Q. Now, when you left Mr. Bernier's place that day, did you leave with the conviction that Mr. Bernier was going to sell you 5,600 pounds of butter?—A. He said he would give us an answer the following day.

Q. Had the price been mentioned?—A. Yes, sir. Q. What was the selling price?—A. 69 cents.

Q. Did Mr. Bernier give you to understand that he could have sold that butter retail at a higher price than 69 cents a pound?—A. Well, I did not pay much attention to that, if the question did arise.

Q. Do you know that the retail price of butter at that time was 73 cents?

—A. Butter is selling 72, 73 cents.

Q. Mr. Bernier did not mention that?—A. No.

Q. During your conversation that day it was never mentioned that Mr.

Bernier could sell it for a higher price?—A. No.

Q. What reason did he give you the following day when he said he was ready to sell that butter to you?—A. He had spoken to Mr. Gauthier, he must have. I do not know exactly. Mr. Gauthier called me and said he had some butter. That means Mr. Bernier had called him and told him about it.

Q. Then you met Mr. Bernier afterwards?—A. No.

Q. And when was that butter paid for?—A. I believe Mr. Gauthier told me he had given a cheque—

Q. You do not know it personnally?—A. I did not write the cheque myself.

By Mr. Lesage:

Q. You did not have any knowledge of the closing of the deal?—A. No, I was there with—

Q. Very well.

Mr. Monet: I have no further questions to ask the witness.

Mr. Pinard: Mr. Chairman will perhaps allow me to ask the witness another

question.

Q. Did you yourself suggest that commercial advertisement or is it your partner?—A. We discussed it together. I do not know which one of us thought of it first. We were discussing it together.

Q. The idea must have come to one of you first or is it that the idea came to the mind of both of you at the same time?—A. Perhaps it is me, or Mr. Gauthier.

I do not remember. We were discussing the business—Q. Who started the discussion?—A. We spoke about it together.

By Mr. Beaudry:

Q. I believe we have no further questions to ask the witness, Mr. Chairman.

Mr. Lesage: One more question only, if you please, Mr. Chairman.

Q. Were you aware of the fact that Mr. Gauthier had been in touch with La Presse in order to put on sale to the public the quantity of butter you had left?

—A. If I was aware—will you please repeat your question?

Q. Were you aware of the fact that your partner, Mr. Gauthier, had been in touch with the newspaper *La Presse* in order to advertise the balance of butter you had on hand?—A. I believe I was, yes.

Q. You knew about it?—A. Yes sir.

Q. What was your asking price?—A. Well, the price was not mentioned, the

market price.

Q. 72 or 73 cents?—A. The market price. I do not know what it is now. We paid 69 cents a pound. I do not know what price we would have been asking. We would not have sold it for the purpose of making money on it, because we do not make money on butter, ourselves.

Q. You said the market price is 72 cents?—A. Yes. It is 72 cents here,

73 cents elsewhere and 74 cents in other places.

By Mr. Pinard:

Q. Do you share your partner's opinion that this is not sound commercial practice?—A. Well, this is not sound commercial practice— but people who had no butter and could get some that day—

Q. No. It is not your opinion that it would be better in the public interest

not to extend such practice to goods as scarce as butter?—A. May be.

Mr. Monet: That will be all, sir.

Mr. David Bernier, butter-man, is called.

By Mr. Monet:

Q. Please give us your Christian name, Mr. Bernier.—A. David Bernier.

Mr. Beaudry: Mr. Chairman, if you will allow me, may I point out the importance of noting in the record that Mr. Jean Drapeau seems also to be acting

on behalf of Mr. Bernier.

Q. Are you also representing Mr. Bernier, Mr. Drapeau?

Mr. Drapeau: Yes.

Bu Mr. Monet:

Q. Mr. David Bernier?—A. Yes.

Q. What is your address?—A. 2875 Laurier East.

Q. What is your occupation, Mr. Bernier?—A. I am a butter-man.

- Q. Are you doing business under any registered trade name?—A. Jersey Brand Products.
- Q. Are your business premises also located at 2875 Laurier East?— A. 2875 Laurier East.
- Q. Mr. Bernier, how long have you been operating as a butter-man?—A. I have always been in that trade, since I was a very young man.

Q. You have considerable experience in butter?—A. Yes, I have always

been in that trade.

Q. Mr. Bernier, if you can speak as loud as I do, I think everybody will understand you.—A. I will try.

Q. So, you have had considerable experience in the butter trade?—

A. Yes, sir.

Q. And you are probably aware that a rather serious shortage of butter is experienced all over Canada and in Montreal specially?—A. Yes, sir.

Q. Since about three weeks.—A. Yes, and even longer than that.

Q. Maybe you were more fortunate than others. Have your a fair stock of butter on hand now, Mr. Bernier?—A. No, it is not a large quantity. I have about, with the quantities I received since this week, six or seven thousand pounds of butter; I don't know exactly.

Q. Where do you get your butter usually?—A. Usually I have it on hand.

Q. I see, but you buy it somewhere?—A. Oh, that comes from all the creameries; it is bought by the storage plants, then there are the companies which buy and resell to us...

Q. Then you only buy butter, you do not manufacture it?—A. I do not

manufacture it.

Q. You buy and store butter and you resell it?—A. Yes, sir.

Q. Do you sell it retail or wholesale or to grocers?—A. I dont't sell much to grocers.

Q. Then to whom do you sell?—A. To Canada Packers for instance, to

Mr. Martin, of Granby.

Q. Do you sell directly to consumers?—A. Yes, I sell directly to consumers. Q. Will you tell us what price you asked during the week of, say, March

20 to 25, and more particularly on March 26, 1948, for butter you sold yourself to consumers?—A. By the box, the price is 69 cents.

Q. By the box, is that the price to consumers?—A. No, it is wholesale.

The price to consumers is 73 cents.

Q. Then my question is: What price to consumers?—A. The answer is 73 cents.

Q. On March 26 in particular?—A. Yes, on March 26.

Q. 73 cents?—A. Yes.

Q. Since that date, do you sell butter at 73 cents to consumers?—A. Yes, 73 cents to consumers.

By Mr. Lesage:

Q. Do you retail it over the counter?—A. Well, many people get it by the pound at our place.

Q. At your place?—A. Yes, sir.

By Mr. Monet:

Q. Is it not a fact, Mr. Bernier, that since the middle of March, you had no difficulty in selling your butter at 73 cents over the counter to consumers at your place?—A. Yes. Well, I did not retail much; I would not have been able to sell the whole quantity to consumers. I sell largely to wholesalers like

Canada Packers. Wilsils bought from me some time ago.

Q. Now, Mr. Bernier, in view of the butter shortage experienced in Montreal, do you suggest that since, say, March 15 up to now, you would have experienced difficulty retailing at 73 cents over the counter, all the butter you had in stock?—A. Had that been known, I think every pound of butter would have been sold.

Q. What do you mean by that?—A. Well, if the firm had been known.

Q. When you say the firm, you mean your own?—A. Yes, but it is unknown.

By Mr. Lesage:

Q. You are not known as retailers?—A. No.

Q. You retail in a small way to friends only?—A. Yes, sir.

By Mr. Monet:

Q. Is it not true that you could have sold your butter to consumers since the first of March?—A. Yes, sir.

Q. You could have done so?—A. Yes, sir.

The CHAIRMAN: Not all.

By Mr. Monet:

Q. Not all your butter?—A. No, I have contracts with customers whom I promised to supply.

Mr. Fleming: Will you please speak louder?

The WITNESS: I have customers whom I promised to supply the year round; therefore, I must always have some butter.

By Mr. Monet:

Q. Then, you must hold a quantity of butter for your regular customers, is that it?—A. Yes, that is it.

Q. From March 15 on particularly you had, I suppose, to hold more butter

than ever to fill the requirements of your regular customers?—A. Yes, sir.

Q. On account of the present scarcity?—A. Yes, sir.

Q. Now, can you explain to the members of the committee, taking your evidence as you gave it just now, how it happened, in view of your need of all the butter you had in hand for your regular customers, you sold—and we know it for a fact—5,600 pounds of butter to Messrs. Pelchat and Gauthier from March 26 to March 31?—A. I had much more butter than I have today.

Q. So, on March 26, you say you had much more butter than today?—A. Yes, I had much more than today.

Q. What were your holdings of butter in storage or elsewhere on March 26? A. In addition to the sales, if I remember well I had 10,400 odd pounds.

The CHAIRMAN: In June?

Mr. Beaudry: No, on March 26. Mr. Chairman, may I ask a question? The CHAIRMAN: Yes, Mr. Beaudry.

By Mr. Beaudry:

Q. On March 26, you say you had 10,400 pounds of butter in storage?—A. There may have been many more than that on March 26, but on March 31, the last day of the month, I submit regularly a statement to the Government, you see. So I knew what I had exactly—

Q. Let us not discuss over a thousand pounds. Had you some 10,000 pounds of butter available for sale on March 26?—A. Yes, sir.

Q. That is the total quantity you had at that time?—A. Over and above

the 5,600 pounds.

Q. Wait a minute, they had not been sold on March 26.—A. You see, I have the quantities on March 31, so -

Q. So, shall we say you had 15,000 pounds of butter at your place on March

26?—A. Yes, I had, and more.

- Q. Would you prefer a higher figure?—A. I must have had between 17,000 and 18,000 pounds.
- Q. Can we say you had 18,000 pounds of butter?—A. Yes, I had 18,000 pounds of butter.

Q. At your place on March 26?—A. Yes, sir.

Q. At the time Messrs. Gauthier and Pelchat met you to purchase butter, you had on hand 18,000 pounds,-A. Yes, sir.

Q. Were you worried how the butter could be disposed of in the trade?—

A. No.

Q. Were you convinced that if many had 18,000 pounds of butter like you they could be sold currently?-A. Yes, sir.

By Mr. Monet:

Q. Then, following up the questions asked by Mr. Beaudry, you were not worried how your butter could be sold?—A. No, because the companies could have purchased the whole quantity the same day.

Q. Then, you had no apprehension you might have difficulty selling it to

your regular customers?—A. You are right, I was not worried.

Q. Will you please given an account of your talk with Messrs. Pelchat and Gauthier at your home? Messrs. Pelchat and Gauthier are supposed to have called at your place on March 26, are they not, to talk about a quantity of butter they wanted to purchase?—A.—

By Mr. Lesage:

Q. Fist of all, did they meet you at your home that night they saw you?— A. No, in my office downstairs; my home is on the second floor. I went down to my office where we had a talk.

By Mr. Monet:

Q. You discussed the deal in your office?—A. Yes, sir.

Q. You are sure it was not in your home?—A. I am sure it was not at my home.

Q. Then, will you be kind enough to tell the members of the committee what happened, what those gentlemen asked you, and what you did? I understand butter was discussed?—A. Yes, they came to purchase butter.

Q. You knew Mr. Gauthier?—A. Yes, sir, I have known him for many

Q. You knew he was a jeweller?—A. Yes, sir.

Q. You did not know them as butter dealers?—A. No, sir. Q. Will you tell us then what happened?—A. They came to look at one hundred boxes of butter and, after some thought, told me the idea was to give a pound of butter as a premium with each \$5-purchase. As far as I knew, they meant a pound of butter per customer, which I found a little too much, but I did not know anything more about it.

Q. You said "as far as you knew". I understand you had no say in the way Messrs. Pelchat and Gauthier were going to dispose of their butter?—A.

No, I learned about it that evening.

Q. But, you say they asked you for one hundred boxes of butter, are you sure they asked you for one hundred boxes of butter or was it less? Was there a discussion about the quantity of butter?—A. Oh! well, the question was brought up, they started with,—I cannot say how many boxes,—25 or 30 boxes, and then they said: "We shall take the quantity we need now".

Q. But, something must have been said: "We shall take the quantity we

need now?"-A. They said: "We shall take as much as we can give, as much as

we expect to be able to give.

Mr. Beaudry: Would there be any objection, Mr. Chairman, to the witness giving us right off the bat, as it were, the whole story about the transaction?

Mr. Moner: Very well, tell us everything that happened, Mr. Bernier.

Mr. Lesage: In detail.

The WITNESS: Well, around 9 or 9.30, they came home, they asked me at the office, they phoned and asked me if I could let them have some butter. I asked them, then, what they intended doing and they said they wanted to give it away: "We wish to advertise by giving one pound of butter with every purchase of \$5." Then I asked them what quantity they wanted; of course, they started with 25 or 30 boxes, then it was Mr. Pelchat, I believe, who said: "We might as well take a large quantity right now, 5,600 pounds, that is one hundred boxes."

By Mr. Pinard:

Q. "A large quantity", do you mean as much as you could give them?-A. Well, "As we expect to be able to give away."

Q. Then?

Mr. Beaudry: Go on.

The WITNESS: And then, they wanted to buy butter in hundred pound solids; now, my boxes contained 56 pounds, then after having figured one hundred boxes we had 5,600 pounds.

By Mr. Lesage:

Q. Your butter was in solids?—A. Yes in solids.

Q. What were the conditions then?—A. Well, they got it at the regular

price of 69 cents a pound.

Q. How was it paid?—A. What were the terms of the sale; well, it was cash at the time they called for the butter, as soon as the butter was bought. I met them only the following day around ten o'clock and I said: "I will give you an answer tomorrow at about ten o'clock".

(In English)

Mr. Thatcher: Excuse me, did the witness say the price was 69 cents? Mr. Monet: Sixty-nine, yes.

(Translation)

By Mr. Beaudry:

Q. So the next day, you said to Mr. Pelchat and Mr. Gauthier: "All right, I shall sell you 5,600 pounds of butter?"—A. Yes, sir.

Q. And you told them that you were ready to sell it to them cash?—A. Yes, sir.

Q. Did they say that they would take delivery immediately and did they pay you?—A. No, sir, they could not take delivery of 5,600 pounds of butter. Q. What did they say then?—A. They said: "We shall leave it at the

butter factory and, we shall come and get it accordingly as we require it."

Q. Now, did they pay you cash as they came to get it or——A. No, they gave me the whole cheque, the day they came to get the butter, they gave me a cheque for \$3,864—

By Mr. Pinard:

Q. That you cashed?—A. No, I did not cash it.

Q. Why?—A. Mr. Pelchat, asked me if I could wait two or three days before I cashed it.

Q. Why?—A. I do not know.

Q. They did not give you any reason?—A. No.

By Mr. Beaudry:

Q. They gave you a cheque for \$3,864?—A. Yes, they gave me a cheque for \$3.864.

Q. And you figured that you had been paid cash?—A. Yes, sir.

- Q. And then they were supposed to go and get their butter at the warehouse?

 —A. Yes, sir.
 - Q. Accordingly as they needed it?—A. Yes, accordingly as they needed it. Q. You did not cash the cheque immediately, at the request of Mr. Pelchat

who asked you to delay for a little while?—A. Yes, sir.

Q. And at the time, you did not object to their delaying the payment of the butter in this way?—A. No, sir, I knew how in business there are considerations— And then when one knows people—I would not have accepted a cheque in this way from people whom I did not know. If the cheque had been accepted, it would have been all right; otherwise, no.

Q. When did you deliver the butter then?—A. I delivered the butter on

Wednesday morning: 4 boxes of butter.

- Q. That is 4 or 5 days later, if we figure from the Friday or Saturday?—A. The 31st.
- Q. You delivered, you say, four boxes of butter?—A. Yes, sir, and that is when they gave me the cheque for \$3,864.

Q. The butter was delivered on March 31?—A. Yes, on March 31.

- Q. And the following day, did something turn occur up between you and Mr. Gauthier or perhaps the very evening of the 31st?—A. The very evening of the 31st—
- Q. When did you find out that the butter that Mr. Gauthier and Mr. Pelchat had ordered from you would not be required by them?

The WITNESS: Would not be-

By Mr. Beaudry:

Q. Required by them, that is that they would not need it, that they did not want to take delivery of the 5,400 pounds of butter which would remain at your place?—A. On April 5.

Q. You had not cashed the cheque yet?—A. No, but I knew I was going

to get it back that. I was expecting it.

- Q. You were expecting them to give back that butter, but they had not stated the fact to you?—A. I was expecting that, but they did not mention it to me.
- Q. You suspected it yourself because the sale had been stopped?—A. Exactly.

By Mr. Lesage:

Q. On account of the sale being stopped by the Prices Board?—A. Yes. I said: "They don't need 100 boxes of butter."

By Mr. Beaudry:

Q. Then, the sale was stopped on April 1 or 2?—A. Yes, I think so; two days later.

Q. On Thursday or Friday, you had cause to believe that they would not

need that butter?—A. Yes, sir.

Q. Did they notify you at the time? Did they notify you the next day? —A. Yes, they told me: "We will wait and see for a little while; the sale is discontinued", but they did not mention handing back the butter. The next Monday they told me: "You can take back your butter."

Q. So, on that Friday, you thought they would not need the 5,400 pounds of butter?—A. On Friday?

Q. Yes, two days after the delivery on March 31, which was a Wednesday? —A. After the news was published in the press.

Q. You thought they would not take the 5,400 pounds of butter?—

A. Exactly.

Q. Did you try to discover what they wanted to do with such a quantity? -A. No.

By Mr. Lesage:

Q. Did they get in touch with you between March 31 and April 5, when they handed back the 5,400 pounds?—A. No. They may have called at my home, but they did not get in touch with me personally.

By Mr. Beaudry:

- Q. As a butter-man you knew, on that Friday, that there was little or no butter in Montreal, that the stores were short of that commodity?—A. There was little of it.
 - Q. You knew that Messrs. Pelchat and Gauthier held 5,400 pounds in

storage?—A. Yes, sir.

Q. At that time you had good reasons to believe that they would not use that butter?—A. Well, there—

Q. Well, that is what you have just said.—A. I was expecting Mr. Pelchat and Mr. Gauthier. I was waiting for them to come and tell me what to do.

Q. But you knew that butter was scarce and many people needed some, were looking for some. Yet you did not then give yourself the trouble of asking Mr. Pelchat and Mr. Gauthier what they intended to do with that butter?— A. Well, it would not have been distributed more quickly if I had gone and asked them.

Q. You held it in stock in your establishment?—A. Yes, I had it in stock

in my establishment.

Q. Would not that butter have been distributed more speedily if you had known on Friday morning instead of Monday that it was available for the market?—A. I could not tell you, because I sold quite a lot.

Q. But, reasonably?—A. I could sell the whole of it the same day, but we

refrained from doing so.

Q. From the consumer's point of view, would it not have been better for the butter market in Montreal if you had known on Friday rather than the following Monday, that you had 5,400 pounds of butter to put on the market?— A. I would not have sold it out right away.

Q. What would you have done with it?—A. I would have sold it in small quantities just like other companies are doing now when they have butter on

hand.

Q. While this butter was kept in storage and credited to Gauthier and Pelchat, did you refuse to sell to individuals or persons or companies asking for butter?—A. Yes, I refused every day.

Q. You refused while you were keeping that butter in storage for Messrs Pelchat and Gauthier?—A. I refuse to sell some every day because I must keep a certain quantity in stock and I was waiting for them to tell me to take it back.

Q. You are aware that by refusing to take it back then, if you had, and by the fact that you kept butter in storage for people who were not butter dealers, your conduct was detrimental to consumers?—A. You see, I had some more at home which I sold, but that lot I could have distributed it all—

Q. Then it was detrimental to consumers to keep that butter in stock for jewellers?—A. Yes. But something else must be considered when it comes to the matter of butter distribution and you will understand—You take next week for example. Perhaps the scarcity of butter will be greater than this week. If none at all is available—Would it be better to sell all there is the same week? Considering there is a ceiling on butter, we kept it and we sell it at the ceiling price. We could have sold it right away as well.

By Mr. Lesage:

Q. Then, Mr. Bernier, if I get it right you, a butter holder, considered that you had some obligation towards the consumer to keep enough butter in stock and sell it in small quantities in order to make it last until production resumes its normal course. You were not doing that because you were afraid you would be unable to sell your butter, I mean you could easily get rid of it?—A. Yes. We could get rid of it right away.

Q. Because you were receiving at that time the same price as you are getting now, and you were not obliged to store it; then you could have disposed of it right away, and that would have been to your advantage?—A. Certainly.

By Mr. Beaudry:

Q. Now, did that sale of 5,600 pounds of butter to jewellers not appear to you to be a strange occurrence?—A. There is something else there, that is that in my own mind, I thought: "It will be distributed to many persons, because there is a pound of butter for every purchase." Personally, I did not think the \$5.00 sale was made directly.

Q. You should have been aware that you were doing those people a great favour by selling to them at the wholesale price, when you could have sold it

yourself at the retail price?—A. Yes, it is out of consideration.

Q. What were those considerations for which you were doing that?—A. I

had known Mr. Gauthier for a long time, I knew his father—

Q. Besides the friendship considerations, were there any other considerations?—A. No, no other considerations.

By Mr. Lesage:

Q. Was the sale made firm or conditional?

The WITNESS: I beg your pardon?

By Mr. Lesage:

- Q. Was it a firm sale? Did you sell 5,600 pounds of butter payable by cheque or was it considered at the time of the sale that this butter might come back?—A. No, it was not considered at the time of the sale that this butter might come back.
- Q. It was a final sale of 5,600 pounds of butter payable in cash on delivery, and if you waited four or five days to cash the cheque, it was because you were asked to defer the cashing of same?—A. Had all the butter been distributed at the rate of one pound per \$5.00 purchase, I would not have been—

Q. No, I am asking you whether it was a firm sale, a final sale, or a conditional sale?—A. As far as I am concerned, it was final, but—

Mr. Drapeau: Let him finish his answer.

The CHAIRMAN: Mr. Drapeau please. You understand the procedure—

By Mr. Lesage:

Q. You never told Mr. Pelchat or Mr. Gauthier that you would reimburse them for any quantity of butter that they could not dispose of in this way?—A. No, sir.

Q. At the end of any period?—A. No.

By Mr. Pinard:

Q. And if that point has been taken into consideration, it was only in the minds of the two buyers and they have not spoken to you about it?—A. They have not said a word to me.

Q. Not even at the time of the sale?—A. No.

By Mr. Beaudry:

Q. Your part in the deal consisted only in selling about the third of the stock you had at the time to jewellers and you did not ask yourself whether the butter would be distributed or not when you sold it?—A. If it had been distributed by—

Q. But at that moment you did not know whether it would all be distributed and you did not pause to think that you took it away from your customers?—

A. If—

The CHAIRMAN: One at a time, gentlemen.

By Mr. Beaudry:

Q. You diverted from your regular market approximately one-third of the butter you had stored up in order to give it to jewellers with the thought that perhaps they would distribute it, whereas there was a possibility that they would not distribute it at all, and the best proof is that they have not distributed that butter.—A. Well, that makes no difference since I would not have sold it anyway, since I still have some.

Q. Had you sold it to the stores, at least 5,600 Montreal consumers would

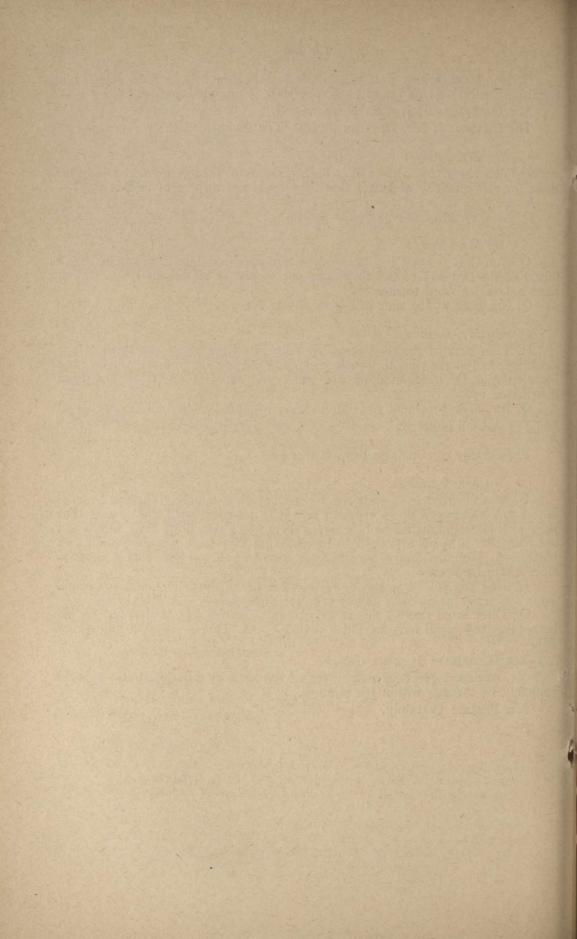
have had some for the next day or even for three days— —A. Maybe so.

Q. There is no maybe, this is more than probable. So, if that butter had been sold, they could have bought a pound——A. This is stepping into a new field—

The CHAIRMAN: It is six o'clock.

Mr. Beaudry: Mr. Chairman, there are not so many questions left, we would probably be through within ten minutes.

Mr. PINARD: Certainly.



SESSION 1947-48 HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

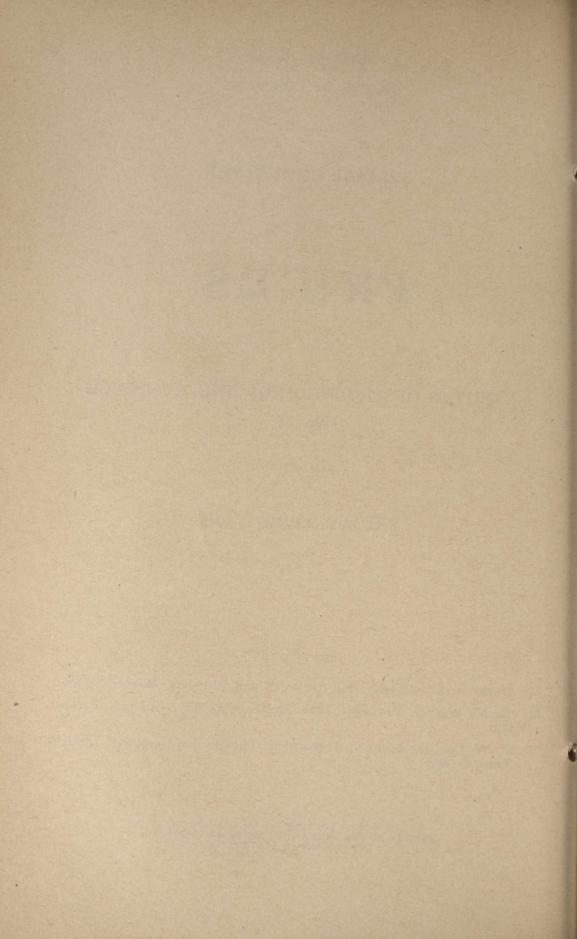
MINUTES OF PROCEEDINGS AND EVIDENCE No. 34

FRIDAY, APRIL 9, 1948

WITNESS:

- Mr. David Bernier, Butter-man, Jersey Brand Products, Montreal, Que.
- Mr. D. M. Warner, President, The Borden Company, Limited, Toronto, Ont.
- Mr. E. W. Charde, Regional Accountant, The Borden Company, Limited, Toronto, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948



MINUTES OF PROCEEDINGS

Friday, April 9, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Irvine, Johnston, Thatcher, Martin, Maybank, Mayhew, Winters.

laybank, Maynew, winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. David Bernier, Butter-man, Montreal, was recalled and further examined.

Witness retired.

Note: Translation of Mr. Bernier's evidence given in French appears in Appendix to this day's evidence.

Mr. M. D. Warner, President, and Mr. E. W. Charde, Regional Accountant, The Borden Company, Limited, Toronto, were called, sworn and examined.

Mr. Warner filed,

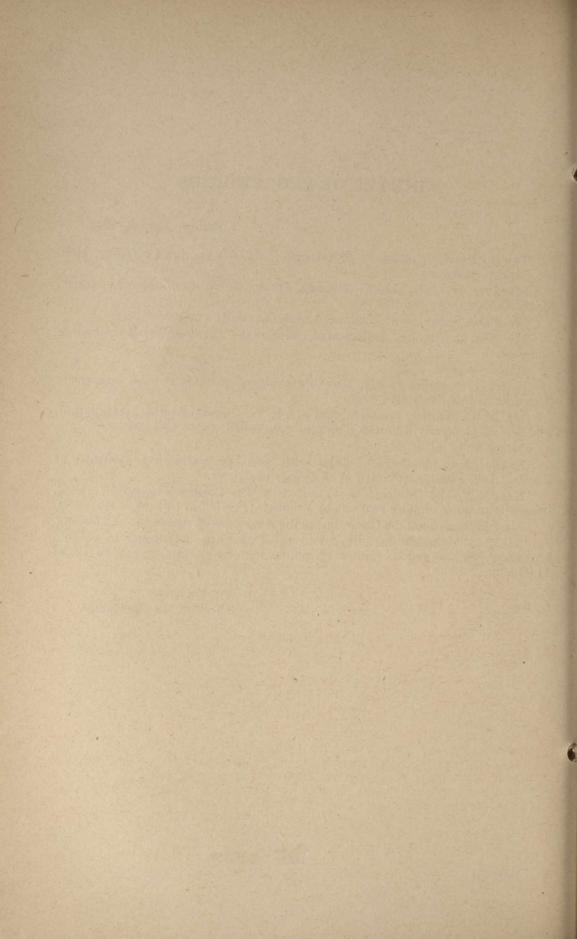
Exhibit No. 73—Copy of brief with attached statements identified as Exhibits 1, 2, 3 and 4. (Printed in this day's evidence).

Exhibit No. 74—Statements submitted by The Borden Company, Limited, in answer to questionnaire sent out by Counsel. (Printed in this day's evidence).

Mr. Maybank took the Chair during the temporary absence of the Chairman.

At 12.45 witnesses discharged and the Committee adjourned to go into Executive Session, and to resume its public sessions on Monday, April 12, at 11.00 a.m.

R. ARSENAULT, Clerk of the Committee.



MINUTES OF EVIDENCE

House of Commons, April 9, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: All right, Mr. Monet. Are there any members of the

committee who wish to ask any question?

(Note: English translation of Mr. Bernier's evidence is printed in Appendix to this day's Evidence.)

M. David Bernier, beurrier, est rappelé:

Le président: Monsieur Fleming, vous n'avez pas de question? Avez-vous des questions à poser, monsieur Thatcher?

M. Fleming:

Où sont les membres de langue française?

Le président: Ils ont bien travaillé hier, ils ont déployé une énergie formidable.

Me Monet:

D. Monsieur Bernier, quand l'achat du beurre a été fait par M. Gauthier, est-ce qu'il a été convenu entre vous et eux que cette vente-là était faite sous conditions, en d'autres termes, c'est-à-dire que s'ils ne pouvaient pas disposer du beurre qu'ils avaient acheté chez vous, vous le reprendriez?—R. Non, monsieur.

D. Il n'a pas été question de cela du tout?—R. Non, monsieur.

D. Alors, quand ils vous ont revu après avoir cessé de donner du beurre en prime, qu'est-ce qui c'est dit entre vous et eux au sujet de l'annulation du contrat de vente?—R. Ils m'ont demandé si je reprendrais le beurre et j'ai dit oui.

D. Et c'est là qu'ils vous ont payé pour le montant du beurre qu'ils avaient effectivement recu?—R. Je leur ai remis le chèque qu'ils m'avaient donné, au

montant de \$3,864.

D. Alors, monsieur Bernier, il n'a pas été question, lorsque la vente a été faite, que vous reprendriez du beurre s'ils ne pouvaient pas en disposer; ils vous ont tout de même demandé de ne pas passer le chèque à la banque?—R. Oui monsieur.

D. Pourquoi vous ont-ils demandé de ne pas passer le chèque à la banque?

-R. Probablement . . .

D. Non, pas probablement.—R. Je ne le sais pas. Ils m'ont demandé d'attendre deux ou trois jours pour le passer à la banque.

D. Comment vous ont-ils demandé d'attendre. C'est une pratique assez

rare dans votre commerce, d'attendre?—R. Cela arrive.

D. Cela est arrivé, mais est-ce arrivé pour un montant aussi considérable

que celui-là?—R. Pas souvent, mais c'est arrivé.

D. Vous ne leur avez pas demandé pourquoi ils vous demandaient d'attendre?—R. Je ne leur ai pas demandé.

D. Vous n'avez pas posé de question à ce sujet-là du tout?-R. Non. monsieur.

D. Vous avez recu un chèque de \$3,864 et il vous ont demandé de ne pas

l'encaisser, et vous n'avez pas posé de question?-R. Non, monsieur.

D. Est-ce que c'est votre pratique habituelle de faire ce genre de transaction? —R. Pour garder un chèque sans le déposer? D. Oui.—R. Non, monsieur.

D. C'était la première fois que cela arrivait pour un chèque assez considérable?-R. Non, monsieur.

D. Pouvez-vous nous donner d'autres cas où la chose est arrivée?—R. Bien. j'ai mon frère qui acheté du beurre de moi.

D. Quand cela?—R. L'automne dernier.

D. Etait-ce pour un gros montant?—R. Un montant de six ou sept mille dollars.

D. C'était votre frère?—R. Oui, monsieur.

D. Est-ce qu'il est dans le commerce du beurre?—R. Oui, monsieur.

M. Fleming: Plus fort s'il-vous-plaît.

Me Monet: C'est tout, je n'ai pas d'autre question.

The CHAIRMAN: Are there any other questions? That is all. Next witness.

Mr. Monet: Mr. Warner, please.

Matthew D. Warner, President, The Borden Company, Limited, called

Earl W. Charde, Regional Accountant, The Borden Company, Limited. called and sworn.

Mr. Monet: Mr. Warner, will you give us your full name please?

Mr. Warner: Matthew Warner. Mr. Monet: Your occupation.

Mr. WARNER: President of The Borden Company.

Mr. Monet: Would you tell the members of the committee where the head office of the Borden Company is situated?

Mr. WARNER: Spadina Crescent, Toronto.

Mr. Monet: Would you also tell the members of the committee if the Borden Company Limited is a subsidiary of the Borden Company in the United States.

Mr. WARNER: The Borden Company Limited is a wholly owned subsidiary of the Borden Company in the United States. -

Mr. Monet: Mr. Charde, would vou give us your full name?

Mr. CHARDE: Earl W. Charde.

Mr. Monet: Your address?

Mr. Charde: 205 Lawrence Avenue East, Toronto.

Mr. Monet: Your occupation?

Mr. Charde: Regional Accountant.

Mr. Monet: Of the-

Mr. CHARDE: The Borden Company, Limited.

Mr. Monet: Mr. Warner, I understand you have prepared a brief to which has been attached certain information which you have listed as exhibit 1, exhibit 1-supplement, exhibit 2, exhibit 2-supplement, exhibit 3 and exhibit 4.

Mr. WARNER: Correct.

Mr! Monet: After Mr. Warner has read his brief no doubt there will be some questions asked on it and on these documents attached to it, to which I have just referred, listed as exhibits 1, 2, 3, and 4. Therefore, I would like both his statement and these exhibits to be filed as exhibit No. 73. There is a copy for each member of the committee.

EXHIBIT No. 73: Brief by Mr. Warner and documents attached.

Now Mr. Warner, would you please read to the members of the committee the statement you have prepared.

Mr. Warner: It may be of some assistance to your Committee that The Borden Company, Limited does not operate separate departments, either retail or wholesale, nor does it operate creameries as such. Practically all butter (98 per cent) sold by our company is distributed by our milk routes by the Fluid Milk Department. The functions of this department include the processing of milk products and their sale and distribution along with other items such as butter and eggs which for the most part are purchased for resale.

The relative extent of our butter operations is indicated by the fact that sales of this product represented approximately four per cent of the total sales units handled by our Fluid Milk Department in 1947. In the same year our sales to wholesale customers averaged about seven and one-half pounds per week and to our retail customers less than one-third pound per week. Despite these inconsiderable sales of butter from our milk routes expressed in terms of averages, it is a necessary accommodation expected generally by our customers. Our total sales in 1947 were 4,437,000 pounds, representing 1½ per cent of the total Canadian production.

Our butter sales for the most part (98 per cent) are delivered from our routes, along with all other products. It will be evident, therefore that any attempt to arrive at a net profit on a pound of butter must include some arbitrary proration of the costs of selling, delivery, etc. For our purpose we prorate these costs on a per point basis (a point is a quart of milk, ½ pint of cream, dozen eggs, pound of butter, etc). This proration, which at least has the merit of comparision has been used by us for years and we have applied the same method in our submissions to your Committee.

Ordinarily we only prepare earning statements of individual products sold by the Fluid Milk Department for the months of March, July and November each year. We have, however, for the use of your Committee prepared and submitted statements reflecting our butter operations and results for each of the months during 1940, 1946, 1947 and January and February, 1948.

A review of this information will indicate our net results to have been-

in 1940 a net profit before taxes of \cdot 79 cents per pound; in 1946 a net loss of \cdot 95 cents per pound; and in 1947 a net loss of \cdot 13 cents per pound.

Expressed in terms of a sales unit or point, the total over-all earnings of the Fluid Milk Department during each of these years was—

in 1940 a net profit of ·35 cents per unit; in 1946 a net profit of ·25 cents per unit; and in 1947 a net profit of ·20 cents per unit.

As stated, we do not operate separate creameries. We manufacture butter at Ottawa in conjunction with and as part of our Fluid Milk Department. Such butter as may be manufactured at other locations is inconsequential and merely represents a logical disposition of butterfat at such times as it is not otherwise required or adaptable. Eighty per cent of our butter requirements are purchased from outside sources.

That means we manufacture 20 per cent.

As is customary, we, too, purchase butter during the flush manufacturing period to provide for our requirements during the period of shortage. These purchases are made only with a view to our own regular sales requirements and do not have any speculative intent other than may be attached to a practice which has been inherent in the butter business as long as we can remember. The purchases of butter for storage in 1947 were not unusual in this respect nor were they more or less than a careful analysis of our regular requirements dictated. They represented approximately 18 per cent of our yearly sales requirements. Ourt total inventories of butter December 31, 1947, amounted to 12.8 per cent of that year's sales requirements as compared with 11.8 per cent on the same date 1946. The average of the December 31 inventories in the years 1939-1940-1943 and 1944 was 15.6 per cent of the applicable sales.

Mr. Fleming: May I interrupt? Is that figure correct, 1939-1940-1943?

Mr. MAYBANK: 1939 and 1940.

Mr. Charde: It is four individual years, 1939, 1940, 1943 and 1944.

Mr. Maybank: You have deliberately skipped a couple of years.

Mr. Monet: Those are the years that were asked for by counsel.

Mr. Fleming: I wondered if there was a misprint there.

In our opinion, based on our own experience, butter is an item which contributes towards our over-all costs but rarely does it do more. This is especially true when consideration is given to the fact that practically all our butter sales are delivered to the customer's door.

While our 1947 butter operations benefited from increasing market values, nevertheless even this advantage did not provide a net profit from this source

over the twelve month's period.

This brief review is intended to acquaint your Committee with the extent of our butter operations and their relationship to the Candian butter situation as a whole. Generally our current price of butter is related to the established and published market quotations. Our hopeful interest over the years has been to have a sufficient margin over our cost of butter to take care of our costs of handling the product.

We have supplied your Committee with all the applicable information requested and, in addition, certain other schedules and data which we trust will

be helpful.

We are at your service for such other particulars as you may require.

THE BORDEN COMPANY, LIMITED

FLUID MILK DEPARTMENT

Butter Operations 1946—1947—January and February, 1948

		Sales		Cost	f sales	Gross n	nargin	Delivery, selling, and other expenses**		Net margin	
	Lbs.	Value	Unit	Value	Unit	Value	Unit	Value	Unit	Value	Unit
Month— January February March April May June July August September October November December	333,648 291,546 206,073 194,707 251,206 268,493 291,800 355,366 333,966 361,077 364,857 366,594	134, 208 116, 524 82, 526, 84, 997 109, 761 116, 810 126, 834 156, 814 146, 514 159, 270 159, 912 161, 030	·4022 ·3997 ·4005 ·4365 ·4369 ·4351 ·4347 ·4413 ·4387 ·4411 ·4383 ·4393	123,611 110,406 79,326 79,844 101,072 105,293 115,500 143,042 135,515 147,620 151,501 154,890	·3705 ·3787 ·3849 ·4101 ·4023 ·3922 ·3958 ·4025 ·4058 ·4088 ·4152 ·4225	10,596 6,117 3,199 5,152 8,688 11,516 11,333 13,771 10,998 11,649 8,410 6,139	·0317 ·0210 ·0156 ·0264 ·0346 ·0429 ·0389 ·0388 ·0329 ·0323 ·0231 ·0168	13,079 11,428 8,078 7,632 9,847 10,524 11,438 13,930 13,091 14,154 14,302 14,370	-0392 -0392 -0392 -0392 -0392 -0392 -0392 -0392 -0392 -0392 -0392	(2,482) (5,311) (4,878) (2,479) (1,158) 991 (104) (158) (2,093) (2,505) (5,892) (8,231)	· (·0075) (·0182) (·0236) (·0128) (·0046) ·0037 (·0003) (·0004) (·0063) (·0069) (·0161) (·0224)
	3,619,333	1,555,200	·4297	1,447,626	·4000	107,573	•0297	141,877	0392	(34, 304)	(.0095)
Month— January February March April May June July August September October November December	378, 687 353, 732 402, 246 447, 557 353, 787 359, 968 349, 469 372, 699 355, 604 356, 896 342, 516 363, 595	165,709 155,109 177,113 196,657 189,598 193,756 191,342 218,724 229,215 225,843 219,475 250,172	-4376 -4385 -4403 -4394 -5359 -5383 -5475 -5869 -6446 -6328 -6408 -6880	160,080 151,579 172,271 190,662 174,134 181,563 176,415 195,689 198,147 201,739 197,834 219,652	. 4227 . 4285 . 4283 . 4260 . 4922 . 5044 . 5048 . 5251 . 5572 . 5653 . 5776 . 6041	5,628 3,529 4,841 5,994 15,463 12,192 14,926 23,034 31,067 24,103 21,640 30,519	.0149 .0100 .0120 .0134 .0437 .0339 .0427 .0618 .0874 .0675 .0632 .0839	16,965 15,847 18,020 20,050 15,849 16,126 15,656 16,696 15,931 15,988 15,344 16,289	0448 0448 0448 0448 0448 0448 0448 0448	(11, 336) (12, 317) (13, 178) (14, 055) (386) (3, 934) (729) 6, 338 15, 136 8, 114 6, 295 14, 230 (5, 824)	(·0299) (·0348) (·0328) (·0314) (·0011) (·0109) (·0021) ·0170 ·0426 ·0227 ·0184 ·0391 (·0013)
1948 January February	308,540 321,358.	221,222 226,561	·7170 ·7050	195,807 213,606	· 6346 · 6647	25,414 12,954	· 0824 · 0403	13,822 14,396	*·0448 *·0448	11,591 (1,442)	·0376 (·0045)

^{**} Average for year.
* 1947 Delivery, etc., costs.

THE BORDEN COMPANY, LIMITED

FLUID MILK DEPARTMENT

Butter Operations 1946-1947—January and February 1948.

	On hand be	eginning of	month	Purchases	and produ	ction	Sı	ub-total		Т	ransfers	Say &	On hand	end of mo	onth	Cos	st of sales	
	Lbs.	Value	Unit	Lbs.	Value	Unit	Lbs.	Value	Unit	Lbs.	Value	Unit	Lbs.	Value	Unit	Lbs.	Value	Unit
1946 MONTH— January February March April May June July August September October November December	413, 918 243, 780 152, 263 152, 263 166, 398 54, 350 166, 570 561, 726 711, 536 834, 699 835, 925 811, 036 639, 468	149, 129 90, 317 57, 661 25, 559 22, 287 67, 019 220, 288 281, 640 335, 983 339, 199 331, 579 265, 530	·3705 ·3787 ·3849 ·4101 ·4023 ·3922 ·3958 ·4025 ·4058 ·4088 ·4152	170, 351 205, 037 123, 513 187, 664 369, 928 671, 890 462, 607 490, 057 347, 259 348, 121 212, 939 164, 813	67,334 79,647 48,497 78,625 148,420 261,794 185,163 202,026 143,628 144,880 93,612 74,282	·4123 ·4136 ·4162 ·4396 ·4507	584, 269 448, 817 275, 776 254, 062 424, 278 838, 460 1, 024, 333 1, 201, 593 1, 181, 958 1, 184, 046 1, 023, 975 804, 281	216, 463 169, 964 106, 158 104, 184 170, 707 328, 813 405, 451 483, 666 479, 611 484, 079 425, 191 339, 819	·3787 ·3849 ·4101 ·4023 ·3922 ·3958 ·4025 ·4058 ·4088 ·4152	6,841 5,008 3,305 5,005 6,502 8,241 20,997 11,528 12,067 11,933 19,650	2,534 1,896 1,272 2,052 2,616 3,231 4,640 4,878 8,159 4,366	·3787 ·3849 ·4101 ·4023 ·3922 ·3958 ·4025 ·4058 ·4088 ·4152 ·4225	243,780 152,263 66,398 54,350 166,570 561,726 711,536 834,699 835,925 811,036 639,468 427,352	90,317 57,661 25,559 22,287 67,019 220,288 281,640 535,983 339,199 331,579 265,630 180,561	·3787 ·3849 ·4101 ·4023 ·3922 ·3958 ·4025 ·4058 ·4088 ·4152	333, 648 291, 546 206, 707 251, 206 268, 493 291, 800 355, 366 361, 077 364, 857 366, 594	123, 611 110, 406 79, 326 79, 844 101, 072 105, 293 115, 500 143, 042 135, 515 147, 620 151, 501	·4088 ·4152 ·4228
1047	••••••			3,754,179	1,527,915	-4070	.,	••••••		121,412	48,855	-3936				1,619,333	1,447,626	•4000
January February March April May June July August September October November December	332, 643 164,088 74,495 115,325 558,691 751,269 832,649 1,010,237 916,061 747,228	180, 561 204, 702 142, 542 70, 274 31, 735 56, 763 281, 797 379, 247 437, 190 562, 919 517, 814 431, 592	-4227 -4285 -4283 -4260 -4922 -5044 -5048 -5251 -5572 -5653 -5776	200,331	187, 954 91, 988 103, 659 156, 699 203, 837 412, 209 272, 795 332, 867 174, 604 132, 272 140, 841	.4420 .4279 .4250 .5044 .5061 .5052 .5561 .6060 .5929 .6315 .7030	1,241,846 1,381,975 1,304,745 1,123,512 947,559	578 TO	-4285 -4283 -4260 -4922 -5044 -5048 -5251 -5572 -5653 -5776 -6041	8, 831 6, 020 8, 535 10, 742 9, 497 11, 124 26, 096 36, 498 16, 134 31, 788 35, 768 15, 705	3,733 2,579 3,655 4,576 4,674 5,610 13,173 19,163 8,990 17,968 20,659 9,487	.4285 .4283 .4260 .4922 .5044 .5048 .5251 .5572 .5653 .5776 .6041	484, 247 332, 643 164, 088 74, 495 115, 325 558, 691 751, 269 832, 649 1, 010, 237 916, 061 747, 228 568, 259	204,702 142,542 70,274 31,735 56,763 281,797 379,247 437,190 562,919 517,814 431,592 343,293	-4285 -4283 -4260 -4922 -5044 -5048 -5251 -5572 -5653 -5776 -6041	378, 687 353, 732 402, 246 447, 557 353, 787 359, 968 349, 469 372, 699 355, 604 356, 896 342, 516 363, 595	160,080 151,579 172,271 190,662 174,134 181,563 176,415 195,689 198,147 201,739 197,834 219,652	-4285 -4283 -4260 -4922 -5044 -5048 -5251 -5572 -5653 -5776 -6041
1948	************			4,794,401	2,496,774					216,738	114,272					4,436,756	2,219,770	-500
JanuaryFebruary		343, 293 285, 120		214,288 239,134	153,331 172,464					24,733 13,086	15, 696 8, 698		449,273 353,963	285, 120 235, 297		308,540 321,358	195, 807 213, 606	

THE BORDEN COMPANY, LIMITED

FLUID MILK DEPARTMENT

Butter Operations 1940

_		Sales		Cost of sales		Gross margin		Delivery, selling, and other expenses*		Net margin	
	Lbs.	Value	Unit	Value	Unit	Value	Unit	Value	Unit	Value	Unit
1940											
Month—											
January	267,028	83,316	-3120	70,224	-2630	13,091	.0490	7,583	-0284	5,507	.0206
February	285,099	87,750	-3078	77,973	•2735	9,776	.0343	8,096	-0284	1,679	- 0059
March	304,018	95,689	•3147	86,642	-2850	9,046	-0297	8,634	-0284	412	-0013
April	270,159	83,261	-3082	74,980	-2775	8,280	.0307	7,672	.0284	607	-0023
May	278,887	76,174	•2731	70,411	-2525	5,762	.0206	7,920	-0284	(2,157)	(-0078
June	274, 525	72,235	•2631	65,149	•2373	7,085	-0258	7,796	.0284	(711)	(.0026
July	270,580	70,410	•2602	63,588	-2350	6,821	.0252	7,684	-0284	(863)	(.0032
August	294,904	77,863	•2640	68,392	•2319	9,470	•0321	8,375	•0284	1,095	.0037
September	282,919	76,189	•2693	67,349	•2381	8,839	.0312	8,034	.0284	804	.0028
October	303,080	92,424	•3049	78,139	-2578	14,284	.0471	8,607	.0284	5,676	·0187
November	287,170	96,450	-3359	80,872	-2816	15,577	.0543	8,155	.0284	7,421	.0259
December	263, 265	98,484	•3741	83,792	•3183	14,691	•0558	7,476	.0284	7,215	.0274
	3,381,634	1,010,245	-2987	887,517	·2624	122,727	· 0363	96,038	· 0284	26,689	-0079

^{*} Average for year.

THE BORDEN COMPANY, LIMITED

FLUID MILK DEPARTMENT

Butter Operations 1940

	On hand be	eginning of	month	Purchases	and produ	ction	S	Sub-total		T	ransfers		On hand	l end of mo	onth	Cos	st of sales	
	Lbs.	Value	Unit	Lbs.	Value	Unit	Lbs.	Value	Unit	Lbs.	Value	Unit	Lbs.	Value	Unit	Lbs.	Value	Unit
1940																		1
MONTH-																		
January	584,373	146, 236	-2502	166, 189	51, 152	-3082	750,562	197,388	-2630	17,109	4,475	-2630	466,515	122,687	-2630	267,028	70,224	-263
February	466,515	122,687	-2630	129,051	40,198	-3115	595,566	162,885	-2735	20,632	5,642	.2735	289,835	79,268	.2735	285,099	77,973	-27
March	289,835	79,268	-2735	187,760	56,841	-3027	577,595	136, 109	-2850	27, 251	7,766	.2850	146, 226	41,701	•2850	304,018	86,642	-28
April	146,326	41,701	-2850	237, 113	64,719	-2729	383,439	106,420	.2775	19,722	5,473	-2775	93,558	25,966	.2775	270, 159	74,980	.27
May	93,558	25,966	-2775	317,832	77,989	-2451	411,390	103,864	-2525	10,239	2,585	.2525	122, 264	30,868	-2525	278,887	70,411	-25
June	122, 264	30,868	-2525	345, 215	80,073	•2320	467,479	110,941	-2373	10,476	2,486	.2373	182,478	43,305	.2373	274,525	65, 149	-23
July	182,478	43,305	·2373	409,007	95,699	-2340	591,485	139,004	-2350	19,322	4,540	.2350	301,583	70,874	-2350	270,580	63,588	-23
August	301,583	70,874	-2350	449,694	103,357	-2298	751,277	174, 231	-2319	15,440	3,580	-2319	440,933	102,258	-2319	294,904	68,392	-23
September	440,933	102,258	-2319	284,017	70,318	.2476	724,950	172,576	-2381	14,518	3,456	-2381	427,513	101,770	•2381	282,919	67,349	-23
October	427,513	101,770	-2381	324,637	92, 148	-2838	752, 150	193,918	-2578	9,930	2,560	.2578	439, 140	113,218	-2578	303,080	78, 139	25
November	439,140	113,218	.2578	233,070	76,088	-3265	672,210	189,306	-2816	10,086	2.840	-2816	374,954	105, 593	·2816	287, 170	80,872	.28
December	374,954	105, 593	-2816	433,587	151,749	.3500	808,541	257,342	-3183	16,317	5, 193	-3183	528,959	168,357	-3183	263, 265	83,792	-31
				6,517,172	960, 240	•2730				190,952	50,601	-2650				3,381,634	887,517	-26

	М	ontreal Mark	cet	The Boro	den Company	, Limited	The Borden Company, Limited			
	Retail sales value prints	Purchase value solids	Difference between prints and solids	Retail sales value prints	Production and purch. value prints	Difference between sales and prod. and purch. value	Wholesale sales value prints	Production and purch. value prints	Difference between sales and prod. and purch. value	
1946										
Month January February March April May June July August September October November December	$\begin{array}{c} 40 \cdot 60 \\ 40 \cdot 70 \\ 40 \cdot 90 \\ 42 \cdot 90 \\ 45 \cdot 50 \\ 44 \cdot 30 \\ 44 \cdot 10 \\ 45 \cdot 10 \\ 45 \cdot 10 \\ 45 \cdot 30 \\ 45 \cdot 30 \\ 45 \cdot 40 \\ \end{array}$	36·00 36·00 36·00 40·00 38·50 38·37 39·37 40·00 40·00 40·00 40·00 40·00	$\begin{array}{c} 4 \cdot 6 \\ 4 \cdot 7 \\ 4 \cdot 9 \\ 2 \cdot 9 \\ 7 \cdot 0 \\ 6 \cdot 93 \\ 4 \cdot 73 \\ 5 \cdot 10 \\ 5 \cdot 10 \\ 5 \cdot 30 \\ 5 \cdot 40 \\ \end{array}$	41·27 41·27 41·15 45·13 45·08 44·66 44·86 45·63 45·42 45·42 45·44 45·44	39·33 38·63 38·87 41·90 40·12 38·96 40·03 41·22 41·36 41·62 43·83 44·18	$\begin{array}{c} 1 \cdot 94 \\ 2 \cdot 64 \\ 2 \cdot 28 \\ 3 \cdot 23 \\ 4 \cdot 96 \\ 5 \cdot 70 \\ 4 \cdot 83 \\ 4 \cdot 41 \\ 4 \cdot 06 \\ 3 \cdot 80 \\ 1 \cdot 61 \\ 1 \cdot 26 \end{array}$	$38 \cdot 31$ $37 \cdot 75$ $38 \cdot 24$ $42 \cdot 72$ $41 \cdot 73$ $41 \cdot 63$ $41 \cdot 84$ $42 \cdot 30$ $41 \cdot 96$ $42 \cdot 33$ $41 \cdot 97$ $42 \cdot 09$	39·33 38·63 38·87 41·90 30·12 38·96 40·03 41·22 41·36 41·62 43·83 44·18	$ \begin{array}{c} (1 \cdot 02) \\ (0 \cdot 88) \\ (0 \cdot 63) \\ 0 \cdot 82 \\ 1 \cdot 61 \\ 2 \cdot 67 \\ 1 \cdot 81 \\ 1 \cdot 08 \\ 0 \cdot 60 \\ 0 \cdot 71 \\ (1 \cdot 86) \\ (2 \cdot 09) \end{array} $	
Average	43.80	38.66	5.14	44.27	40.40	3.87	41.27	40.40	-87	
January February March April May June July August September October November December	45·40 45·40 45·00 45·40 55·10 55·10 55·20 64·50 67·00	40·00 40·00 40·00 40·00 48·50 49·75 49·87 55·25 59·13 57·13 60·37 66·13	4·4 5·4 5·4 5·6 5·35 5·23 (0·05) 5·37 8·07 1·13 0·87	$\begin{array}{c} 45 \cdot 45 \\ 45 \cdot 35 \\ 45 \cdot 44 \\ 44 \cdot 16 \\ 55 \cdot 19 \\ 55 \cdot 41 \\ 56 \cdot 05 \\ 60 \cdot 66 \\ 65 \cdot 68 \\ 64 \cdot 52 \\ 65 \cdot 38 \\ 71 \cdot 56 \\ \end{array}$	42·29 43·84 42·37 42·50 50·44 50·61 50·42 55·61 60·60 59·29 62·52 69·67	3·16 1·51 3·07 1·66 4·75 4·80 5·53 4·45 5·08 5·23 2·86 1·89	$\begin{array}{c} 42\cdot00\\ 42\cdot07\\ 42\cdot20\\ 40\cdot59\\ 51\cdot82\\ 52\cdot31\\ 53\cdot43\\ 57\cdot41\\ 63\cdot10\\ 61\cdot68\\ 62\cdot60\\ 68\cdot60\\ \end{array}$	42·29 43·84 42·37 42·50 50·44 50·61 50·52 55·61 60·60 59·29 62·52 69·67	(0·29) (1·77) (0·17) (1·91) 1·38 1·70 2·91 1·80 2·50 2·39 0·08 (1·07)	
Average	54.90	50.50	4.40	55.64	52.08	3.56	52.49	52.08	0.41	
JanuaryFebruary				73·13 72·37	71·55 7·12	1·58 0·25	70·13 69·23	71·55 72·12	$(1 \cdot 42)$ $(2 \cdot 89)$	

THE BORDEN COMPANY, LIMITED

Schedule of purchase of storage butter-1947

	Lbs.	Price	Value	
May 20 Olive & Dorian, Montreal June 16 A. A. Ayre, Montreal " 17 Olive & Dorian, Montreal " 29	28,000 140,004 55,961 56,047 55,744 83,941 55,644 83,740 56,683 32,312 56,116 55,486 6,048 31,472 6,776 4,068	$\begin{array}{c} 0 \cdot 49\frac{1}{4} \\ 0 \cdot 50\frac{3}{4} \\ 0 \cdot 51 \\ 0 \cdot 51\frac{3}{2} \\ 0 \cdot 51\frac{3}{2} \\ 0 \cdot 51\frac{3}{2} \\ 0 \cdot 49\frac{3}{2} \\ 0 \cdot 49\frac{3}{4} \\ 0 \cdot 50\frac{3}{2} \\ 0 \cdot 60\frac{1}{2} \\ 0 \cdot 60 \\ 0 \cdot 59 \\ 0 \cdot 61 \\ 0 \cdot 62 \\ 0 \cdot 61 \\ 0 \cdot 60\frac{3}{2} \\ \hline \\ \cdot 5288 \\ \end{array}$	13,772 76 71,052 04 28,540 11 28,794 15 28,708 16 43,238 37 27,543 78 41,241 95 28,624 92 19,548 76 33,669 60 32,736 74 3,689 28 19,512 64 4,133 36 2,473 24	J. J. Joubert Farm Products Ottawa J. J. Joubert Ottawa J. J. Joubert Ottawa Toronto J. J. Joubert Toronto "" ""
=				

Mr. Moner: I would also ask that the information given by the company at counsel's request be filed as exhibit No. 74. It is information similar to the information given by all other trade witnesses heard so far in this investigation. It will be listed as exhibit 74.

EXHIBIT: No. 74: Answers by The Borden Company Limited to questionnaire.

Room 400, Elgin Bldg., Ottawa, Ont. March 8, 1948.

Information required from Manufacturers and Wholesalers of Butter

- (1) Name of Company—The Borden Company, Limited.
- (2) Date of Incorporation-March 18, 1912.
- (3) Name of subsidiary companies engaged in the production, storage or distribution of butter—J. J. Joubert, Limitée, Montreal, Quebec.
- (4) Locations of creameries, storage warehouses and retail outlets—Distribution via milk routes at Quebec, Montreal, Ottawa, Toronto, Hamilton, Niagara Falls and Windsor.

 Limited storage facilities at Ottawa, Montreal and Toronto.
- (5) Table as to purchases, sales and inventories of butter attached—All production is transferred at cost.
- (6) Have no creameries or separate butter departments.
- (7) Balance Sheet and Profit and Loss Statement for 1947 attached.

THE BORDEN COMPANY LIMITED AND CANADIAN SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET DECEMBER 31, 1947

STATEMENT OF INCOME AND EARNED SURPLUS 12 MONTHS ENDED DECEMBER 31, 1947

Net Sales	34,859,970 30,950,519	
Gross Profit on Sales Selling and Administrative	3,909,450 1,544,275	
Net Departmental Profit Other Income	2,365,174 60,120	
Gross Income Provincial Income Taxes. Provincial Franchise Taxes Pensions, etc. Dominion Income Taxes.	2,425,295 165,283 10,794 53,315 864,963	05 30 22
Total Other Deductions and Taxes	1,094,355	73
Net Income from Trading Earned Surplus at beginning	1,330,939 6,820,535	
Total Deductions from Earned Surplus	8,151,475 16,335	
Earned Surplus at end	8,135,140	20

THE BORDEN COMPANY LIMITED AND CANADIAN SUBSIDIARY COMPANIES

Consolidated Balance Sheet December 31, 1947

ASSETS

Comment Assets	\$	(ets.
Current Assets Cash Canadian Government Securities	3,	905, 20 48, 00	
\$ cts. 1,079,476 46 LESS RESERVE 171,936 52 Inventories		907, 53 598, 54	
TOTAL CURRENT ASSETS. Investments and Non-Current Receivables 2,293,799 86 LESS RESERVE. 55,048 78		457, 28	
Property, Plant and Equipment 12,211,448 96 LESS RESERVE 6,468,980 93		228,75 $742,46$	
Deferred charges		33,94	
Total	16,	462,45	1 02
Liabilities	\$	(ets.
Current Liabilities Accounts payable Accrued taxes. Other accrued accounts.	1	605, 08 540, 76 286, 86	4 43
Total Current Liabilities. Other operating reserves.		132,71 213,87	
Capital Stock and Surplus Capital stock issued. Capital surplus. Earned surplus.	1,0	000,00 380,72 135,14	0 69
Total	16,4	162,45	1 02

THE BORDEN COMPANY, LIMITED—Continued Fluid Milk Department

Quantities and Value of Butter-by Months

			Quantities of b	outter—Lbs.			Dollar value	(omit cents)	Average per lb.			
-	On hand at beginning of month	Purchases during month	Transferred from creamery during month	Sub-total	Sales during month	On hand at end of month	Purchases and production during month	Sales during month	Cost of purchases and production	Selling price	Margin between purchase cost and selling price	
1946			XX BEAUTY						cts.	ets.	cts.	
Month— January February March April May June July August September October November December	413, 918 243, 780 152, 263 66, 398 54, 350 166, 570 561, 726 711, 536 834, 699 835, 925 811, 036 639, 468	156, 791 193, 756 93, 306 110, 282 255, 273 504, 872 330, 201 393, 324 236, 052 239, 029 151, 370 121, 942	13,560 11,281 30,207 77,382 114,655 167,018 132,406 96,733 111,207 109,092 61,569 42,871	584, 269 448, 817 275, 776 254, 062 424, 278 838, 460 1, 024, 333 1, 201, 593 1, 181, 958 1, 184, 046 1, 023, 975 804, 281	333, 648 291, 546 206, 073 194, 707 251, 206 268, 493 291, 800 355, 366 333, 966 361, 077 364, 857 366, 594	243,780 152,263 66,398 54,350 166,570 561,726 711,536 834,699 835,925 811,036 639,468 427,352	67, 334 79, 647 48, 497 78, 625 148, 420 261, 794 185, 163 202, 026 143, 628 144, 880 93, 612 74, 289	134, 208 116, 524 82, 526 84, 997 109, 761 116, 810 126, 834 156, 814 146, 514 159, 270 159, 912 161, 030	· 3953 · 3885 · 3926 · 4190 · 4012 · 3896 · 4003 · 41122 · 4136 · 4162 · 4396 · 4507	·4022 ·3997 ·4005 ·4365 ·4369 ·4351 ·4347 ·4413 ·4387 ·4411 ·4383 ·4393	.0069 .0112 .0079 .0175 .0357 .0455 .0344 .0291 .0251 .0249 (.0013) (.0114)	
		2,786,198	967,981		3,619,333		1,527,915	1,555,200	•4070	•4297	.0227	
1947 Month— January February March April May June July August September October November December	427, 352 484, 247 332, 643 164, 088 74, 495 115, 325 558, 691 751, 269 832, 649 1, 010, 237 916, 061 747, 228	382,674 178,956 181,911 266,766 310,575 697,888 449,462 389,323 439,288 197,259 167,071 171,591	61,739 29,192 60,315 101,940 93,539 116,570 118,681 101,254 110,038 97,249 42,380 28,740	871,765 692,395 574,869 532,794 478,609 929,783 1,126,834 1,241,846 1,381,975 1,304,745 1,125,512 947,559	378, 687 353, 732 402, 246 447, 557 353, 787 359, 968 349, 469 372, 699 355, 604 356, 896 342, 516 363, 595	484,247 332,643 164,088 74,495 115,325 558,691 751,269 832,649 1,010,237 916,061 747,228 568,259	187, 954 91, 998 103, 659 156, 699 203, 837 412, 209 287, 039 272, 795 332, 867 174, 604 132, 272 140, 841	165,709 155,109 177,113 196,657 189,598 193,756 191,342 218,724 229,215 225,843 219,475 250,172	.4229 .4420 .4279 .4250 .5044 .5061 .5052 .5561 .6060 .5929 .6315 .7030	· 4376 · 4385 · 4403 · 4394 · 5359 · 5383 · 5475 · 5869 · 6446 · 6328 · 6408 · 6880	-0147 (-0035) -0124 -0144 -0315 -0322 -0423 -0308 -0386 -0399 -0093 (-0150)	
1948 Month— January February	568, 258 449, 273	192,817 226,603	21,471 12,531	782,546 688,407	308,540 321,358	449,273 353,963	153,331 172,464	221,222 226,561	·7155 ·7212	·7170 ·7050	·0015 (·0162)	

THE BORDEN COMPANY, LIMITED-Continued

FLUID MILK DEPARTMENT

Quantities and Value of Butter-by Months

		6	Quantities of k	outter—Lbs.			Dollar value	(omit cents)	A	verage per l	b,
	On hand at beginning of month	Purchases during month	Transferred from creamery during month	Sub-total	Sales during month	On hand at end of month	Purchases and production during month	Sales during month	Cost of purchases and production	Selling price	Margin between purchase cost and selling pri
1943 Month— January February March April May June July August September October November December	193,651 111,078 85,097 56,123 80,843 89,376 179,168 439,866 544,952 568,376 577,109 582,907	108,034 122,166 137,947 143,597 140,009 161,450 347,908 173,263 142,715 149,921 254,956 137,242	29, 385 18, 962 44, 346 93, 039 114, 329 159, 871 157, 077 168, 055 133, 454 121, 772 44, 212 24, 611	331,070 252,206 267,390 292,759 355,181 410,697 684,153 781,184 821,121 840,069 876,277 744,760	204, 997 161, 587 191, 869 202, 979 227, 288 208, 119 217, 591 223, 866 244, 959 251, 899 285, 965 286, 205	111,078 85,097 56,123 80,843 89,376 179,168 439,866 544,952 568,376 577,109 582,907 452,092	52, 299 53, 109 67, 868 83, 191 89, 587 110, 363 170, 418 120, 830 97, 822 100, 997 110, 732 66, 158	80,910 63,004 75,647 80,398 88,539 80,004 83,644 86,037 93,272 98,023 108,666 110,491	cts. -3806 -3763 -3723 -3516 -3522 -3435 -3375 -3540 -3542 -3717 -3701 -4088	cts 3947 - 3899 - 3943 - 3961 - 3895 - 3844 - 3843 - 3808 - 3800 - 3861	cts. -014 -013 -022 -044 -037 -040 -046 -030 -026 -017 -009 -022
Month— January February March April May June July August September October November December	246, 639 123, 611 55, 022 92, 600 436, 033	2,019,208 123,848 141,133 134,345 147,930 176,739 426,623 182,788 245,474 222,157 217,952 177,986 161,282	12,858 6,184 25,405 77,795 132,433 182,248 160,421 150,113 137,011 104,427 62,937 32,782	632, 352 518, 631 406, 389 349, 336 364, 194 701, 471 779, 242 888, 303 965, 163 962, 777 910, 853 811, 679	254, 915 260, 663 276, 592 276, 703 264, 680 258, 091 277, 321 274, 121 317, 254 284, 300 286, 276 333, 579	371,314 246,639 123,611 55,022 92,600 436,033 492,716 605,995 640,398 669,930 617,615 470,657	1,123,374 54,441 62,257 63,085 82,577 109,447 207,192 117,541 139,571 129,605 117,732 90,782 74,329	1,048,635 100,688 102,744 107,289 108,163 103,745 101,496 106,247 107,086 123,304 112,064 112,800 128,937	-3591 -3982 -4226 -3949 -3658 -3540 -3403 -3425 -3528 -3608 -3652 -3768 -3830	-3873 -3950 -3942 -3879 -3909 -3920 -3933 -3831 -3907 -3887 -3942 -3940 -3865	(-003 (-028 (-007 -028 -038 -055 -044 -037 -027 -021 -000

Brookside included as of Jan. 1, 1944.

Month— January¹. February². March. April. May. June. July. August. September. October. November. December.	584, 373 466, 515 289, 885 146, 326 93, 558 122, 264 182, 478 301, 583 440, 933 427, 513 439, 140 374, 954	62, 942 46, 569 98, 988 57, 234 80, 530 70, 531 198, 968 272, 249 129, 100 185, 073 160, 469 347, 097	99, 466 82, 482 88, 772 179, 879 237, 302 274, 684 210, 039 177, 445 154, 917 139, 564 72, 601 86, 490	746,781 595,566 477,595 383,439 411,390 467,479 591,485 751,277 724,950 752,150 672,210 808,541	267, 028 285, 099 304, 018 270, 159 278, 887 274, 525 270, 580 294, 904 282, 919 303, 080 287, 170 263, 265	462,734 289,835 146,326 93,558 122,264 182,478 301,583 440,933 427,513 439,140 374,954 528,959	50, 056 40, 198 56, 841 64, 719 77, 898 80, 073 95, 699 103, 357 70, 318 92, 148 76, 088 151, 749	83, 316 87, 750 95, 689 83, 261 76, 174 72, 235 70, 410 77, 863 76, 189 92, 424 96, 450 98, 484	· 3082 · 3115 · 3027 · 2729 · 2451 · 2320 · 2340 · 2298 · 2476 · 2838 · 3265 · 3500	-3120 -3078 -3147 -3082 -2731 -2631 -2602 -2640 -2693 -3049 -3359 -3741	.0038 (.0037) .0120 .0353 .0280 .0311 .0262 .0342 .0217 .0211 .0094 .0241
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January February March April May June July August September October November December	504, 331 317, 445 164, 246 103, 834 80, 818 97, 710 171, 264 482, 882 567, 354 683, 206 713, 259 659, 743	28, 340 65, 456 119, 877 35, 310 90, 156 83, 208 385, 515 138, 261 220, 208 130, 083 160, 767 84, 680 1,541, 861	88,107 73,387 147,479 250,151 257,269 321,739 255,511 286,709 251,797 190,341 108,162 100,025 2,330,677	620,778 456,288 431,602 389,295 248,243 502,657 812,290 907,852 1,039,359 1,003,630 982,188 880,448	295,371 286,322 319,462 298,727 315,703 315,599 306,950 320,122 342,665 278,859 278,733 284,778	317,445 164,246 103,834 80,818 97,710 171,264 482,882 576,354 683,206 713,259 695,743 583,843	30, 833 37, 298 57, 271 64, 783 76, 089 89, 676 141, 639 95, 162 125, 850 91, 351 80, 291 54, 648	76,789 72,632 81,148 74,656 74,968 79,019 76,847 79,643 98,598 87,590 87,483 89,413	· 2648 · 2686 · 2142 · 2269 · 2190 · 2215 · 2209 · 2239 · 2666 · 2851 · 2986 · 2959	· 2600 · 2537 · 2540 · 2499 · 2375 · 2504 · 2504 · 2488 · 2877 · 3141 · 3139 · 3140	(·0048) (·0149) ·0398 ·0230 ·0185 ·0289 ·0295 ·0249 ·0211 ·0290 ·0153 ·0181

¹ Includes Niagara as of Jan. 1, 1940.

² Includes Walkerside as of Feb. 1, 1940.

Mr. Monet: Mr. Warner, the question I have to ask you will deal both with the statement that you have prepared and just read to the committee and also with the information you have attached to that statement, and which you have listed as Exhibit 1, Exhibit 1—supplement, and so on. Before doing so I have a few general questions I should like to ask you. Would you tell the members of the committee the date of the incorporation of The Borden Company Limited?

Mr. WARNER: March 18, 1912.

Mr. Monet: Are there any subsidiary companies engaged in the production, storage or distribution of butter?

Mr. WARNER: We have one only, the J. J. Joubert Company of Montreal.

Mr. Monet: For how long has the J. J. Joubert Company been a subsidiary of Borden's?

Mr. Warner: I think it was 1929.

Mr. Monet: And are they operating separately from Borden's?

Mr. WARNER: Their figures are included in our butter returns. To all intents and purposes they are a part of Borden's.

Mr. Monet: The information you have given here in these statements includes the operations of J. J. Joubert?

Mr. WARNER: Correct.

Mr. Moner: Now, you said in your brief that you buy most of the butter you sell?

Mr. WARNER: That is right.

Mr. Monet: You said that you purchase about 80 per cent.

Mr. Warner: Purchase 80 per cent.

Mr. Monet: Would you tell the members of the committee from whom you buy your butter?

Mr. Charde: I think we have a list attached there of our purchases.

Mr. Monet: Oh, Exhibit 4. Mr. Charde: That is right.

Mr. Monet: That is for the storage butter, is it not?

Mr. CHARDE: Yes.

Mr. Monet: Before coming to that you say you purchase 80 per cent of the butter you sell?

Mr. Warner: That is right.

Mr. Monet: I should like to know as closely as possible from whom you purchase your butter?

Mr. Warner: From many, many creameries, wherever we can buy it to the best advantage. I can supply the committee with the names of every creamery we purchased from last year. We try to buy most of it from the people who manufacture it rather than manufacture ourselves.

Mr. Monet: You do manufacture about 20 per cent of the amount of butter you deliver and sell?

Mr. Warner: That is right.

Mr. Monet: Did you ever buy butter through the Commodity Exchange?

Mr. Warner: Never.

Mr. Monet: Never did?

Mr. WARNER: Don't know anything about it.

Mr. Monet: You never had any dealings in butter with the Commodity Exchange?

Mr. WARNER: No.

Mr. Monet: While we are talking about the Commodity Exchange, are you familiar with their operations?

Mr. WARNER: Don't know anything about them, only what I heard here, the first time I ever knew they even existed.

Mr. Monet: So you would not be able to give the members of the committee any information as far as they are concerned?

Mr. WARNER: No.

Mr. Monet: As to the butter you purchase and the butter you manufacture, to whom do you sell it. Do you sell it retail, wholesale?

Mr. Warner: Retail, off our milk wagons, and off the same wagons it goes to restaurants that buy our milk and grocery stores that buy our milk. We do not solicit butter business. We only sell it along with the milk deliveries.

Mr. Monet: Do you ever sell any to wholesalers or brokers?

Mr. WARNER: No.

Mr. Monet: You never do?

Mr. WARNER: No.

Mr. Monet: Can you give the members of the committee the proportion of butter you sell retail?

Mr. WARNER: Yes. Mr. Charde has that answer, I think.

Mr. Charde: Fifty-seven per cent of our butter is sold to the consumer.

Mr. Monet: You mean direct to the consumer?

Mr. Charde: Direct to the consumer.

Mr. Monet: From the milk wagons?

Mr. Charde: Milk customers, yes, and 43 per cent to our wholesale customers which would be stores, restaurants and so forth.

Mr. Monet: You describe those as wholesale customers, stores and restaurants?

Mr. CHARDE: Yes.

Mr. Moner: While we are on this question, is your price the same retail and wholesale?

Mr. WARNER: No.

Mr. Monet: Tell the members of the committee what you sell at—

The Chairman: You nodded. The reporter will not get that. What is the answer?

Mr. WARNER: No.

Mr. Moner: Would you give the members of the committee the price for the retail and wholesale, as you have described it?

Mr. Charde: We have attached here Exhibit No. 3 which lists for the years 1946, 1947, and January and February of 1948, the selling prices retail and wholesale for each of the months.

Mr. Monet: Would you give some explanation to the members of the committee? Take, for instance, December, 1947, as an example.

Mr. Johnston: When you speak of retail you mean that which is sold from the wagon?

Mr. Monet: To the consumer. That was your answer, was it?

Mr. WARNER: Yes.

Mr. Charde: I should like to point out that the wholesale butter is sold from the wagon as well as the retail.

Mr. Monet: All your butter is sold from the wagon?

Mr. CHARDE: From the milk routes.

Mr. Monet: Every pound of butter you sell?

Mr. Charde: Ninety-eight per cent.

Mr. Monet: It is sold both to the consumer, which would be from door to door, and what you call wholesale, which would be to stores and restaurants.

Mr. Johnston: From the same wagon?

Mr. Charde: That is right.

Mr. Monet: That is why I would like you to give the members of the committee an explanation of your Exhibit 3. Would you take, for instance, the month of January, 1948.

The CHAIRMAN: You just took the month of December, 1947.

Mr. Monet: I am sorry, Mr. Chairman. Take the month of December.

Mr. Charde: Just what did you want?

Mr. Monet: I want to know what is your price to retail and what is your price to wholesale?

Mr. Charde: The price to the retail in December, 1947, was 71.56 cents. The price to the wholesale customer, the average, was 68.60 cents.

Mr. Johnston: Is that not 71—

Mr. CHARDE: That is in the fourth column.

Mr. Monet: That is in the fourth column of exhibit 3, their exhibit 3.

Mr. Johnston: I was looking at the Montreal market.

Mr. Monet: I will come to that in a minute. Column 4, there the December price is 71.56.

Mr. CHARDE: Yes, 71.56.

Mr. Monet: That is your retail price?

Mr. CHARDE: That is right.

Mr. Monet: And your wholesale price is 68.60?

Mr. CHARDE: That is right.

Mr. Monet: I understand that this butter is sold by the same wagons, by the same people?

Mr. Charde: That is right.

Mr. Moner: Now, Mr. Charde, will you tell the committee how you arrive at the cost of handling this butter, your cost of delivery to retail and wholesale customers? How do you arrive at that? What process do you go through to arrive at the cost to be charged against the butter sold to these different people?

Mr. Charde: You are referring to the establishment in Toronto; you want to know what charge we make there?

Mr. Monet: What charge you would make on it as compared to the other?

Mr. Charde: It all being sold and delivered through the same vehicles the charge we make against the butter is on a point or unit basis, as mentioned in Mr. Warner's brief. For that purpose the point is a pound of butter, a quart of milk, half a pound of cream, a dozen of eggs, a quart of chocolate milk, a quart of buttermilk, and so on. I think that covers it.

Mr. Monet: I take it then that your wagons deliver both to retail and wholesale customers, and they also distribute fluid milk at the same time as they distribute these other products?

Mr. CHARDE: That is right.

Mr. Monet: And the cost charged against all items is determined on the point or unit basis in the manner in which you have described?

Mr. CHARDE: That is right.

Mr. Monet: Now would you Mr. Warner, or Mr. Charde, while we are on this exhibit 3, explain to the members of the committee why you show a selling price to retail of 71.56, why that would be more than the prevailing Montreal market at the time; in order words, the spread in your case indicates a larger spread than the market in Montreal?

Mr. Warner: Of course, that is the value of the butter at Montreal, for the information of the committee here. On that basis we would have to bring it from Montreal to wherever we were going to use it, and we would have the expense

of delivering it from our milk wagons.

Mr. Monet: Well, I take it, Mr. Warner, that may be explained to some extent by the difference between solids and prints. As I recall in former evidence, in December the Montreal market was ·87; is not that right—the third column?

Mr. WARNER: Yes, that is right.

Mr. Monet: Your spread would be, according to this column 1.89 for retail?

Mr. Charde: That is our margin. Mr. Monet: That is your margin?

Mr. CHARDE: That is right.

Mr. Moner: How is it then larger than the Montreal market?

Mr. Warner: If we were to buy that butter in Montreal we would have to pay a half a cent average cost of delivery to the point at which we use it. We would have to handle it, and we would have to cover the cost of delivery on our milk wagons, and there would be much more than that.

Mr. Johnston: You would not bring it all in from Montreal, would you?

Mr. Warner: If we were buying butter then we would have had to bring it from Montreal to Toronto or wherever we wanted to use it.

Mr. Johnston: For instance, if you were selling this in Toronto you would not transport all your butter from Montreal to Toronto?

Mr. Warner: We were not buying in December. This is just to show the summary of the market quotations.

Mr. Johnston: But you have just mentioned that you received butter from a number of points. You would not have to pay transportation on all of it, but you would on that which you brought from Montreal to wherever you were selling it.

Mr. Warner: We base our selling price on the current market quotations.

Mr. Fleming: May I ask a question at that point? Mr. Warner, as I understand it, the three columns under the heading "Montreal market" have no reference to your actual operations?

Mr. WARNER: No.

Mr. Fleming: It is simply information you have obtained as to the quotations at Montreal, something for the information of the committee so that they may have it as a basis for comparison?

Mr. WARNER: For your information.

Mr. Fleming: Columns 4, 5 and 6 on the one hand, and column 7, 8 and 9 on the other, have no relation to your operations at Montreal or elsewhere?

Mr. WARNER: None whatever.

Mr. Fleming: Have you the actual operations in Montreal by the Joubert Company which are capable of being segregated in any way? We are speaking of butter now.

Mr. Warner: They are all tied in with these figures that you have before you there. That is a general picture of our combined operations.

Mr. Fleming: These figures in columns 4 to 6 and 7 to 9, have reference to your over-all operations in all phases?

Mr. Warner: All phases blended together, that is what we were asked for. Mr. Fleming: Well, is there any difference in your prices as between, let us

say, Montreal on the one hand and Ottawa or Toronto on the other?

Mr. Warner: Oh, yes, we have different selling prices. I do not think that any two operations are the same. But what we have given you is the average, the total receipts divided by the total pounds.

Mr. Monet: Now, Mr. Warner, would it be also, or could it be, that the price you pay for fluid milk would divert fluid milk from production of butter and butter would cost you more?

Mr. Warner: We do not divert fluid milk to make butter. We lose enough money on butter usually without doing that.

Mr. Monet: I think you said you manufactured only 20 per cent of the butter you sell?

Mr. WARNER: That is right.

Mr. Monet: Now, would you please tell the committee what is your basis for fixing or determining the price of butterfat, coming back to butterfat again?

Mr. Warner: I asked our Ottawa manager that the other day because I heard the question asked here, and I think he also has seen something about it. When I was running a creamery I would look at the morning paper and see what No. 1 butterfat was and find out what my competitors were paying for it. And you always look and see what No. 1 solids are selling for. With your experience in the business you know what that leads you to, and you always try to pay as much for the butterfat as that quotation. You know that if you do not the farmer is going to complain. They watch that very carefully also. That seems to be the composite picture of what the trade is doing. That is what the other creameries are doing. We have to get that information from independent sources, and it always seems to be a free for all. You always try to set your price at what the price is knowing that the farmers are following that, and the farmer is going to send his cream somewhere else unless you pay as good a price as your competitor. When we were operating a creamery we always did one thing; we always tried to pay if possible a little bit more than the published price. In my own creamery I always tried to pay whatever possible just a little more than the cheaper price. Then you try to sell your butter. You look at the market for butter and you may see that it looks as though it is going to be just a little bit better than average and you pay a little more for butterfat and you sell for a little more, so you make up the little more which you pay for the butterfat. But it is dynamite to pay less than what the papers show the price of butterfat to be.

Mr. Winters: May I ask a question here, Mr. Monet.

Mr. Monet: Certainly, Mr. Winters.

Mr. Winters: Yesterday Mr. Duplan, president of the National Dairy Council, emphasized two or three times the fact that the price of butter was set by the customers. At what stage of the proceedings does the customer come into this picture? Can you tell us that?

Mr. Warner: They come into it. There are two things. You want to sell your product for all the customer will pay, and you want to pay as much as you possibly can for your butterfat. You try to get the paper average. There is more than the customers setting the price of butter. There are your competitors buying butterfat from the farmer also, and the fact that you have to pay as much as they do. If the price at which you are selling is too low you have got to try to get your price up. I do not think that is the complete answer.

Mr. Winters: So you would not say that the customer was the most important factor in setting the price?

Mr. WARNER: I would not think so.

Mr. Winters: You referred I believe to the prices set by the milk market; which indicates that you find it difficult to put your finger on the way prices are going—

The CHAIRMAN: Supply and demand. That is what we said yesterday.

I really think Mr. Duplan said yesterday that it was the market.

Mr. Winters: He said the customer two or three times, he emphasized that it was set by the customer. I just wanted to find out what relationship he thought there was there.

Mr. Monet: Would you say that the customer would establish the market?

Mr. Warner: No, not the market itself. A combination of many things.

Mr. Moner: When you refer to market, what is the market? That is what we have been trying to establish from the beginning, and I think all members of the committee have been trying to get it; I know I have been trying to get that, what does set the price of butter. Can you tell us that?

Mr. Mayhew: I think he said that he depends on the newspapers for that information. I wonder if he could tell us how the newspapers get it?

Mr. Warner: They telephone around to the creameries. I think in Toronto that is the usual system.

Mr. Winters: The newspaper does not telephone to the customers, does it?

Mr. WARNER: I don't know. But I will tell you what I do for my own protection. I look at reports to see what butter is selling for and that is where we get the market price. They phone and ask us, ask the dealers.

Mr. Monet: Who does that?

Mr. WARNER: The reporters, I presume.

Mr. Johnston: It is the newspapers then whom we should be asking.

The Chairman: We have had them here for a long time. We will be calling them later.

Mr. Johnston: I have heard them accused of a lot of things but not setting the price of butter.

Mr. Mayhew: I suggest we should stand the witnesses down for a few minutes and call the press.

Mr. Monet: I think we have two witnesses here who can probably give us some information on that, which I wish thew would do. I think these gentlemen can do it so anybody can understand it.

Mr. Warner: I wish I could, Mr. Chairman. I had a creamery of my own. I had to watch the price at which butterfat was selling. I can only pass along the little information I have. You have to watch the papers and see by the papers what others are paying for it. Then you look at your selling price and you say to yourself, to cover my margin I will have to get a little more profit—could I sell the butter for that. Then I have to watch what my competitors are doing. If I find that my competitor is a little long on butter and is under-selling butter I have to drop my price to keep in line with his. Then you say, well, if my margin is sufficient, I will continue to buy butterfat at the price to the farmer. The last thing you do is to pay less. You are just not going to get it when you try to do that. On the other hand, your competitor wants more fat. I have had this happen to me. Say he goes to the phone and calls the farmer and says, I need a lot more fat—he is just going to take away your customers. What am I going to do? I have my creamery and my plant to keep operating. I have to pay that same price if I want to continue in the creamery business, and I pay it. I have

to try and find a level over the years and hope that I will average out enough money in the way of profit to provide myself with a fair living. That is the best I can do for you, gentlemen.

Mr. Mayhew: The Borden Company has a plant here in Ottawa, possibly they could give us that information.

Mr. Winters: Has the papers ever called you to ask you about the price of butter?

Mr. Warner: Speaking personally, they used to in the old days, yes; but not in Toronto. I would not be conversant with the details of the plant and I would refer them to the Toronto plant manager, or to the local manager at whatever point it might be. I would also tell them that we are not particularly interested in the manufacture of butter, we are getting out of it. As I told you, we now have only one butter operation. I would suggest that they had better call someone more active in the butter business. If they asked me the seling price of butter, I could tell them that. I suppose if they were to call me and ask for that information, if I were in Toronto I would refer them to Mr. Knowles, and here to Mr. Reynolds.

The Chairman: Mr. Mayhew's question is, do they have a practice now of calling your company?—How often do they call you?

Mr. WARNER: I could not answer that officially. I could inquire for you.

Mr. Mayhew: And if that is the source of getting the information and if that has the effect in the end of the regulating the price, then you would think they would call the heads of the important companies and deal with the heads of those companies.

Mr. Warner: Yes, if we were manufacturing butter.

Mr. THATCHER: They would not do that now, would they, Mr. Chairman?

The CHAIRMAN: No, not now.

Mr. Fleming: May I ask one question there, Mr. Chairman? You have described the process which applies when there is a free market in butter. To what extent does that obtain now where you have a ceiling price?

Mr. Warner: As far as the ceiling price on butterfat is concerned, you have no ceiling price on butterfat now, and butter being as short as it is I am sure that everybody is trying to get as many pounds of butterfat into their creameries as they can.

Mr. Fleming: And that would have the effect of putting butterfat at a premium, would it not?

Mr. Warner: I am sure that on account of the rapid increase in the price of butter the creameries are paying a premium for their butterfat now.

Mr. WINTERS: And that has the effect of setting the price?

Mr. WARNER: There is a difference—

Mr. Fleming: Would you explain that a little further, please.

Mr. Warner: You see, if your price of butter had stayed down where it was, around 50 cents a pound, and if cheese had stayed where it is, around 45 cents a pound, then milk would be diverted from butter to cheese. Now, the creamery man has his plant there and he wants to keep it operating and he has got to raise his price on the basis of what his competitors are paying; and when I speak of competitors I refer to cheese as well as Tom Smith who is competing with Paul Jones; cheese is also competing.

The Chairman: I think we should ge through with a few necessary preliminaries and save time, otherwise we will have to repeat a lot of this material.

Mr. Monet: Mr. Chairman, I was just going to ask a question about competition between creameries and other parts of the enterprise which affect butter and he has already answered it in replying to questions asked by some of the

members. Would not competition between the creameries, let us take your own case, be an important factor in determining the price of butter? In other words, would that competition be a sufficiently strong factor to affect the price?

Mr. Warner: Well, the demand for cream being competition—if your competitors pay more money for fat you must eventually get more money for your butter, so it must have some influence.

Mr. Monet: Is that daily competition, or over a longer period?

Mr. WARNER: No, daily.

Mr. Monet: Back in the country?

Mr. WARNER: Back in the country, yes.

Mr. Monet: So this competition between the creameries to get butterfat from the farmers is an important factor?

Mr. WARNER: Without the ceiling perhaps it would be more than it is.

Mr. Moner: There would be more competition than there is today and that would make it even more important as a factor?

Mr. WARNER: Oh, yes, that is an important factor all right.

Mr. Irvine: I would just like to ask him one question here. My recollection is that other witnesses have very distinctly said that the price of butterfat is constantly determined by the price of butter. Now, am I to understand that in this case the process is being reversed and the price of butterfat is the factor which determines the price of butter?

Mr. Moner: We have been told that the price of butter determines the price of butterfat.

Mr. IRVINE: Usually that is what was said. .

Mr. WARNER: That is right. But there are also some other things which affect the price we pay for butterfat; the price we sell butter for, and that competition.

Mr. Mayhew: And part of the competition which affects the price of butterfat is cheese? That is an important factor?

Mr. Warner: Very much so, Mr. Mayhew.

Mr. Mayhew: That has a tendency to put a floor under it.

Mr. Warner: Yes, as I said, cheese was good competition.

Mr. Monet: Would it not be the main factor, the cheese market, would you let us have your opinion on that?

Mr. Mayhew: Cheese certainly is a competitor with respect to milk.

Mr. WARNER: If I have to say any one factor was more important than another I would say the price of cheese.

Mr. Johnston: Mr. Chairman right on that point, some of the witnesses have said that the thing which sets the price of butterfat is competition between the creameries.

Mr. Warner: This competition between the creameries would be competition of another kind, for the milk that goes into butter.

Mr. Johnston: And this is a daily occurrence which must be considered?

Mr. Warner: That is right.

Mr. Johnston: Is there any arrangement whereby the creameries get together and set a daily price?

Mr. WARNER: Not to my knowledge. I never heard of it.

Mr. Johnston: Has any other creamery ever consulted your company in regard to what you are paying for that day's supply?

Mr. Warner: Not to my knowledge.

Mr. Johnston: The only way then that the creameries can have any knowledge—say your own company, for instance—the only way you could get any knowledge of what other creameries are paying would be by getting the daily quotations from the press?

Mr. WARNER: That is what I always did, sir.

Mr. Johnston: Now we come back again to this, that the press in some way gets daily quotations?

Mr. WARNER: That is right.

Mr. Johnston: I mean, as to what creameries are paying? Is that where they get it?

Mr. WARNER: They get it from some place.

Mr. Johnston: And thereby they would get the price, the average price for the day's milk?

Mr. Warner: I do not know what the newspapers do. I do not know how they do it. They apparently call the creameries up, or the dealers, and in some way they get that information. I know that is the way it works.

Mr. Johnston: As far as your own knowledge is concerned, the only source from which you can get that information would be the newspapers?

Mr. Warner: That is correct.

Mr. Moner: Now, Mr. Warner, you have told us your experience with competition for butterfat in your own company, and from what you have told us we can see that it plays an important part in fixing the price for butterfat. Now, would you tell members of the committee what price you paid for butterfat on the first of each month, or the last of each month, over the period from June 1, 1947, up to the present time?

Mr. WARNER: Mr. Charde will look that up for you.

Mr. Charde: You said, from the 1st of June?

Mr. Monet: Yes, from the 1st of June, please; and could you at the same time give us the price of butter over the same period. In that way we will be able to compare the price of butter with the price of butterfat. I have requested that information from other witnesses who have appeared before us and we would like to have it with respect to your own company for purposes of comparison. Would you give us the price you paid for butterfat at the first of each month from June 1, up to now, and at the same time the price at which you were selling your butter for the same date.

Mr. Johnston: Mr. Chairman, just for your information, while they are looking up the answer; I think Mr. Warner said a while ago that he could get from his company the names of the newspapers which have inquired of them regarding the price of butter.

Mr. WARNER: I said I would get that information, if they had inquired.

Mr. Johnston: Yes. I wonder, Mr. Chairman, if you would direct the witness to get that information and submit it to the committee.

Mr. Monet: Would that be for a certain period? Would you tell me what period you have in mind, or do you want it for a number of years back?

Mr. Johnston: I would say probably for the years indicated in that inquiry, let us say from 1946 to 1948.

Mr. Monet: Will you do that for the committee?

Mr. WARNER: All right, sir.

Mr. Monet: I would now ask Mr. Charde to give us the information which was requested.

Mr. Charde: Our average selling price for butter for the month of June, 1947, was ·5383, which is 53·83 cents.

Mr. Moner: And you are taking that figure from exhibit 2?

Mr. Charde: From Exhibit 1. Mr. Monet: Your Exhibit 1? Mr. Charde: That is correct.

Mr. Moner: For the month of June; and you say it is 53-

Mr. Charde: 53.83 cents.

Mr. Johnston: What was that figure again, please?

Mr. Monet: 53.83 cents, or .5383—that is in the third column, Exhibit 1, the month of June.

Mr. Johnston: Thank you.

Mr. Monet: And the price of butterfat for the same date?

Mr. Charde: The price of butterfat from June 1 to 15, was 51 cents.

Mr. Monet: Pardon me, is that the average price? Is that June price of .5383 the average for the month?

Mr. Charde: That is the average for the month.

Mr. Moner: You have the butterfat price there from the 1st to the 15th?

Mr. CHARDE: That is right.

Mr. Moner: What would it be from the 15th to the 30th?

Mr. Charde: We have a complication here with the price for Ontario No. 1 and Quebec No. 1. They are not the same. I think I can give you an average here, if that is suitable, of .5131.

Mr. Monet: I suppose the competition was not the same at both places. Is that correct? Anyway, give us the best figure you have.

Mr. Charde: The average is ·5131.

Mr. Monet: Probably there were jewelers in Quebec. Would you go on?

Mr. Charde: The average price of butterfat was ·5131. In the month of July the selling price of butter was ·5475. The average butterfat price was ·5259. In August the selling price of butter was ·5869, and butterfat ·5664. September, the butter price was ·6446, and butterfat ·5664. In October, the butter price was ·6328, and the butterfat price was ·6095. In November the butter price was ·6408, and the butterfat price ·6271. In December the butter price was ·6880 and the butterfat price ·7088. I have January and February here if you wish to have them.

Mr. Monet: Would you give them also?

Mr. Irvine: You mean to say you were paying more for butterfat in December than you were getting for butter?

Mr. CHARDE: That is right.

Mr. Fleming: Would you explain one thing? Are you putting these figures as to the cost of butterfat on the basis of a pound of butter?

Mr. Charde: A pound of butterfat.

Mr. Moner: A pound of butterfat and a pound of butter.

Mr. Fleming: Does that not explain the answer to Mr. Irvine's question?

Mr. Charde: That is right. It takes only 80 per cent.

Mr. IRVINE: I quite appreciate that. I thought perhaps they would have a little more than that.

Mr. Monet: We will still have to make the calculation which we have been making all along. Would you give it for January and February?

Mr. Charde: January price of butter was .7170, and the price of butterfat was .7365.

Mr. Monet: Are the prices you have just quoted for butterfat with delivery at the plant or before delivery?

Mr. Charde: The hauling charges have to be added to that in order to get the complete picture.

Mr. Monet: Would that be the price at the farm?

Mr. Charde: That is right. We have to pay the hauling costs.

Mr. Monet: Besides that?

Mr. CHARDE: Yes.

Mr. Monet: Have you got that cost?

Mr. Charde: Two and a half cents per pound of fat.

Mr. Monet: You mean that to the figure you have just given for the price paid for butterfat you have to add 2½ cents?

Mr. Charde: Two and a half cents for hauling.

Mr. Fleming: That is a Canada-wide average, is it?

Mr. Charde: That is our average here.

Mr. Fleming: On all operations?

Mr. Charde: We only have one creamery which is in Ottawa. We do not have any other operations of that kind.

The CHAIRMAN: That is the Ottawa Dairy, is it?

Mr. WARNER: That is right.

Mr. Monet: I understand, Mr. Warner, there was a subsidy on butterfat until May 1 last year?

Mr. WARNER: Right.

Mr. Monet: A subsidy of 10 cents?

Mr. WARNER: That is right.

Mr. Monet: That was removed?

Mr. CHARDE: Yes.

Mr. Monet: Would you tell the members of the committee if the removal of that subsidy had any effect on the price of butterfat as far as the producer was concerned?

Mr. WARNER: I would not know.

Mr. Monet: You were producing butter at that time?

Mr. WARNER: It did not make any difference.

Mr. Monet: It did not make any difference. In other words, you did not gain anything by it and you did not lose anything by it?

Mr. WARNER: No.

Mr. Monet: Did the producer or farmer gain or lose anything by it?

Mr. WARNER: No, he got the same amount.

Mr. Monet: I understand like other companies you had to reimburse at the rate of $8\frac{1}{2}$ cents a pound of butter for every pound of butter you held in storage at the time?

Mr. WARNER: Correct.

Mr. Monet: Would you tell the members of the committee what, in your opinion, are the main factors that brought about the sharp rise in butter, particularly from August to September, September to October, November and December, 1947? There was a very sharp rise in the price of butter in that period. Would you tell the members of the committee what were the main causes of such a rise at that time?

Mr. WARNER: I think everybody in the industry realized we were going to be short of fat. There was not enough milk produced in Canada to take care of our requirements.

Mr. Monet: Excuse me for interrupting you, but would the reason you have just given have caused greater competition between the creameries to get more

butter fat to produce more butter?

Mr. WARNER: Later on, yes, but not at the start. I think today it would.

Mr. Monet: I will let you give the factors causing that rise, and I should like you to comment on that and tell us at what period last fall this more active competition between the creameries took place which might have been the cause of a sharp rise?

Mr. Warner: As I say it was quite apparent we were going to be short of fat, and everybody wanted to protect themselves and take care of their customers for the winter, as we did, so they tried to buy butter, and the more people who wanted to buy butter the more demand there was, and so the law of supply and demand gets to work and up goes the price.

Mr. Moner: I suppose if more people wanted to buy butter more people

wanted to buy more butter fat, more creameries?

Mr. Warner: Well, eventually, but you see at that time we were producing all the butter necessary for Canada and some over. Your creameries ordinarily want to sell that to people who want to store it. There were more people who wanted to get that portion going into storage, so the price went up. Immediately it went up that reflected in the current make. The producer's cost, his price of fat, went up.

Mr. Thatcher: Would the witness say whether he thinks if the ceiling had remained on at that time the industry would have been hurt in any way? Would there have been less butter produced?

Mr. WARNER: With a cheese ceiling, yes, there would have been.

Mr. Thatcher: You think there would have been less butter produced?

Mr. WARNER: No question about it.

Mr. Monet: As I understand it the people interested in the production of butter fat would have gone in for the production of cheese instead of butter?

Mr. Warner: Naturally every farmer who could sell his milk to a cheese factory instead of a butter factory would do so because he would get more money.

Mr. Monet: He would sell his cream for cheese instead of butter?

Mr. WARNER: That is right.

Mr. Thatcher: Does the witness think the fact that butter has gone up has discouraged consumption at all?

Mr. WARNER: Oh, yes.

Mr. THATCHER: But you can still sell all you can get and more?

Mr. WARNER: But has not discouraged it enough. People are still trying to pay the ceiling price and trying to find it.

Mr. Thatcher: In other words, the fact consumption has increased does not mean very much today?

Mr. Warner: No, it does not, not today, because there is not enough butter to go around.

Mr. Monet: Some people would even buy jewelry to get it.

Mr. Warner: Apparently.

Mr. Monet: Can you tell the members of the committee who, in your opinion, benefited mostly from this rise?

Mr. Warner: That is the \$64 question again.

Mr. Monet: It is a very important one. I think we should know.

Mr. Warner: Every person who had a pound of butter on hand when the price started to go up benefited by it, whether it is the consumer with an extra pound in his refrigerator or us with 900,000 pounds of butter or the larger holders or the grocery store. The price went up and they all benefited by what they had on hand because they invariably sold it at the market price.

Mr. Monet: Did you also use the word "consumer"?

Mr. Warner: Yes, if he had an extra pound of butter in his refrigerator, yes. I think Mr. Aird is quite right. I always defer to Mr. Aird's judgment. I think he is very right in saying the consumer benefited, not monetarily, but he benefited because he has had butter longer than he would have had it if the price had gone up.

Mr. Monet: You mean to say actually the shortage we are having might

have occurred much earlier than it did?

Mr. WARNER: Yes.

Mr. Monet: Can you give us an idea of when it might have occurred?

Mr. WARNER: No.

Mr. Monet: Weeks before?

Mr. WARNER: Oh, yes, weeks before.

Mr. Thatcher: Did your company try to bring in any butter to alleviate that shortage?

Mr. Warner: We depend on the brokers for our butter, the people who make a business of that. We consider ourselves just distributors of butter.

Mr. Thatcher: Would you express an opinion as to whether the shortage is temporary or is the same thing liable to happen in a seasonal way next year?

Mr. Warner: Unless something is done next year you will be shorter of butter than this year.

The CHAIRMAN: What do you mean "something is done", importations?

Mr. Warner: Importations, yes, or rationing.

Mr. Thatcher: Or oleomargarine?
Mr. Warner: Well, I am a dairy man.

Mr. Johnston: What is that? Mr. Warner: I am a dairy man.

The Chairman: I did not quite appreciate what you said a while ago. When I say I do not appreciate I am putting it in the form of a query. You said the fact that the price of butter was up to its present level was a deterrent and was responsible for there not being a scarcity earlier. In other words, the present price discouraged consumption that would have caused a scarcity earlier.

Mr. Warner: No, I do not think I said that. The Chairman: Then I misunderstood you.

Mr. Fleming: He was speaking about milk going into cheese.

Mr. WARNER: That is right.

Mr. IRVINE: If the price had been high enough people would not have bought butter at all and we would have had plenty.

Mr. WARNER: If butter went up high enough, \$5 a pound, that is so, but that is not good for Canadians. That is not good for the industry.

Mr. Irvine: You said a moment ago you depended on your brokers for your butter?

Mr. WARNER: That is right.

Mr. Irvine: A little while ago you said you had nothing to do with the exchange. Do your brokers have something to do with it?

Mr. WARNER: I do not know except what I have heard as hearsay.

Mr. Monet: I asked you previously whom you bought your butter from and you said from creameries. Do you buy some through brokers?

Mr. Warner: Yes. You see on our list we have submitted where we bought our storage butter from the brokers. The question asked me—and I think the gentleman there will bear me out—was about the importation of butter, and if we had imported any, and my reply was we depended on brokers for things like that.

Mr. Monet: Do I take it you buy butter to store to take care of your customers, and you buy it from brokers?

Mr. WARNER: Yes.

Mr. Moner: You have listed the names on Exhibit 4?

Mr. WARNER: Yes.

Mr. Monet: But for your butter that you deliver during the peak period you buy it from different creameries?

Mr. WARNER: Different creameries that make butter.

Mr. Monet: Are we to take it that only your stored butter is bought through brokers?

Mr. WARNER: Generally speaking that is right.

Mr. Moner: You have listed the names of the brokers in Exhibit 4?

Mr. WARNER: Put it this way; when we cannot buy from the creameries that manufacture we go to the brokers.

Mr. Thatcher: In the sixth column of Exhibit 3 that shows the difference between your sales price and purchase; is that correct?

Mr. WARNER: Which column?

Mr. THATCHER: Column 6.

Mr. WARNER: That is right.

Mr. Thatcher: When the ceiling was on, that is, during the first six months of 1947, I notice your mark-up was somewhat less than it was in the last six months after the ceiling had been taken off. In other words, your company from June to December took a bigger differential than it did in the first six months.

Mr. WARNER: Right. We followed the market. Our policy is to follow the market.

Mr. Thatcher: But your profits on butter then would be greater in that period than they were?

Mr. Warner: To answer your question definitely, yes, they would, but it still did not wipe out our losses in the earlier period. We work on a year's business.

Mr. IRVINE: Can you tell me this in that connection? How many creameries go broke in Canada each year?

Mr. WARNER: I do not know.

Mr. Irvine: Judging from the balance sheets we see here they would all go broke every year. I cannot understand this. Do you know what proportion of these creameries go broke as compared to merchants, let us say.

Mr. WARNER: I have no knowledge of that.

Mr. Thatcher: Did your company make any representations to the government in the past year asking that the butter ceiling should be removed?

Mr. WARNER: Only as our company is a member of the National Dairy Council. We belong to the National Dairy Council.

The CHAIRMAN: You were not very strong about it?

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Mr. Warner: No. Of course, looking back you can always second guess and Monday morning quarter-back very well. Perhaps it would have been well if the ceiling had not been removed when it was but personally I was in favour of it at the time.

Mr. Fleming: In favour of keeping them on or taking them off?

Mr. WARNER: Taking them off, letting supply and demand find its level and see how bad it was going to be. We know now.

The CHAIRMAN: That would be your view, I take it?

Mr. Fleming: Are you calling me as a witness? I would be delighted to give a lot of evidence.

Mr. Warner: I want to be fair to Mr. Taylor. I thought he was doing the right thing. Today I think it would have been better if it had not been taken off.

Mr. THATCHER: You think it would have been better off?

Mr. Warner: Quarter-backing on Monday morning you see what you should have done, so I say now my judgment was wrong. I think we should have left it on.

Mr. Thatcher: Do you think the ceiling today is too high?

Mr. WARNER: No. There should be a ceiling. There should be rationing.

Mr. THATCHER: You would favour butter rationing?

Mr. Warner: Absolutely.

Mr. Fleming: Favour what?

Mr. Thatcher: Butter rationing.

Mr. Warner: If you could see one of our managers and hear the telephone ringing and the people complaining because we cannot give them butter—why should we have to take all the blame?

Mr. Fleming: The government should share it with you.

Mr. Irvine: Let the government take the blame. You are in favour of rationing?

Mr. WARNER: I am in favour of rationing going back on.

The CHAIRMAN: Let us have some evidence and no political speeches.

Mr. Monet: I was going to ask you some questions on that, but we will finish with this part of the question right now. Have you got any butter on hand now? That has been asked of previous witnesses.

Mr. Warner: At the end of March we had 145,000 pounds.

Mr. Monet: Is that mentioned in one of your exhibits?

Mr. CHARDE: No, it is not.

Mr. Monet: That is why I am asking. What is the amount you had?

Mr. Warner: Ten day's supply, 145,000 pounds.

Mr. Monet: When was that?

Mr. WARNER: The first of March.

Mr. Charde: Pardon me, March 31.

Mr. Monet: Which means you are practically out of it now?

Mr. IRVINE: He is making butter all the time.

Mr. Monet: You have been making butter since then?

Mr. Charde: That represents ten day's supply.

Mr. Monet: At the present time have you still got about ten day's supply?

Mr. Charde: I could not tell you.

Mr. Monet: You would not have more than that?

Mr. WARNER: No. We are trying to buy butter. We cannot buy it. I inquired from one of our operations, and they are giving butter to the milk salesmen twice a week.

Mr. Monet: Are you in a position to supply your customers with their full requirements?

Mr. Warner: No, about one-third.

Mr. Monet: How long do you expect this is going to last?

Mr. Warner: May 1, I think I will agree with the other witnesses, May 1.

Mr. Monet: By May 1 you should be able to give them all the butter they want?

Mr. WARNER: I think so.

Mr. THATCHER: For how long?

Mr. WARNER: It depends whether or not it is rationed.

Mr. Thatcher: Ordinarily if it is not rationed when will the shortage start again?

Mr. Warner: It will start next year a little earlier if conditions stay the way they are.

Mr. THATCHER: Would that be about October?

Mr. WARNER: No, I would think along after the first of the year.

Mr. Mayhew: If you rationed it you could not give them what they wanted?

Mr. WARNER: No, but that takes the monkey off our back.

Mr. Mayhew: You do not want it on your back.

Mr. Thatcher: Would you say that in the near future we are facing butter rationing, or importation of butter or oleomargarine?

Mr. WARNER: I do not know anything about the last one; I will say, the first two.

The Vice-Chairman: Oleomargarine is a fighting word anyway.

Mr. Warner: Most anywhere, yes.

Mr. Monet: Well then, Mr. Warner, will you tell the committee—I think you can be quite brief on this from what you have already said—was the manufacture of butter a profitable operation before control?

Mr. Warner: I can only state the company policy again, I think that will answer your question. We are getting out of the creamery business, we only have one creamery now. We would not have even that one creamery if we could be sure of buying all our supply of butter. That is our official position.

Mr. Monet: And I think you told us that you are buying 80 per cent of your requirements and only manufacturing about 20 per cent?

Mr. Warner: Correct. And may I add, we would purchase 100 per cent if we were sure we could get our supply.

Mr. Mayhew: What products are you making at the present time?

Mr. WARNER: Besides the Canadian fluid milk market we produce all the evaporated milk we can.

Mr. Monet: Has there been any increase in the cost of production during the last year?

Mr. WARNER: I think Mr. Charde could answer that better than I.

Mr. Charde: May I answer that by saying, yes?

Mr. Monet: Yes. If you say the answer is, yes, then I will ask you if you would give me a detailed answer to that.

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Mr. Warner: While Mr. Charde is looking that up, Mr. Chairman, may I say that he is the boy I ask my questions of. That is where I have to go to get my answers, so on these points you might as well go ahead and ask him first.

Mr. Monet: Then maybe we will give you a rest and ask Mr. Charde a few questions. Would Mr. Charde give us the information under the second heading, what are the increases in the cost of production, what do they include?

Mr. Charde: I am pleased with that recommendation by Mr. Warner, but I doubt if I have the figures on production costs on butter with me.

Mr. Monet: Have you got some figures that you could give on part of it while you are here before the committee, and then we can get the rest of it from you at some other time.

Mr. Charde: I think, Mr. Monet, I am forced to say that I do not have these costs of manufacturing butter here.

Mr. Monet: You do not have them?

Mr. Charde: No. I can tell you what our cost was for a pound of butter, including the butterfat and the ingredients that go into it; but I have no breakdown on it. I can certainly get it for you.

Mr. Monet: Would you get it for us? We have had that information from other witnesses who have appeared before the committee and we would like to have it from your company so that it will be on the record for purposes of comparison.

Mr. Charde: We could do that, and we will do it very quickly.

Mr. Monet: And you will send it to me so that I can file it with the committee?

Mr. CHARDE: Yes.

Mr. THATCHER: Mr. Chairman, may I put this question to Mr. Warner? Suppose this committee should decide that the price of butter was just we will say 10 cents too high and recommended that the price ceiling on butter be dropped to 10 cents.

Mr. Fleming: This committee cannot recommend anything. It is only a

fact-finding committee.

Mr. Thatcher: All right, then I will reword my question. Suppose the price ceiling should be put down 10 cents, were it put down 10 cents, what effect would that have; and, suppose the same thing applied to cheese?

Mr. WARNER: You mean put everything down?

Mr. THATCHER: Yes.

Mr. Warner: It is a matter of comparison. If everything went down it would not make any difference.

Mr. Thatcher: The point I am getting at is, it would not mean that you would not get a lot less butter?

Mr. WARNER: It would mean with a lower price the farmer would try to produce something that would pay him better than the lowered price on butter.

Mr. Thatcher: Would you say that it would not hurt the dairy industry greatly as far as production goes?

Mr. WARNER: I think it would hurt the production of milk.

Mr. Irvine: I think Mr. Thatcher said that if it were lowered all around it would not make any difference.

Mr. WARNER: That is correct, except that the lower price would affect production—a lowered price on everything.

Mr. Thatcher: If everything was lowered it would be exactly the same.

Mr. Warner: Including hogs?

Mr. Fleming: Yes, with lowered wages and everything else.

Mr. Johnston: Would we not get to the place where the farmers would not produce any more?

Mr. WARNER: That is the point I was getting at.
Mr. THATCHER: Certainly the thing would work out—

Mr. Johnston: It is not fair to say that if you reduced prices it would not affect production.

Mr. WARNER: It would affect production, but not competition.

Mr. Johnston: It would affect production though?

Mr. WARNER: I am sure it would.

Mr. Johnston: You would get it down to the point where the farmers just would not produce it. They would go into something else?

Mr. Fleming: They might go out of farming.

Mr. Johnston: They would all want to become members of parliament then.

The Vice-Charman: Mr. Charde, just a few minutes ago Mr. Monet was talking about the increase in costs, and your response was, you did not have that information with you.

Mr. Charde: That is right.

The Vice-Chairman: What about the picture in between purchase and sale? What about your costs in between purchase and sale? Have they been going up; and, if so, what are the details there?

Mr. CHARDE: We show that on our Exhibit 1.

The Vice-Chairman: That is in your units, in gross margin on your unit; then over in the next column, under the next heading, is "other expense".

Mr. Charde: That is right, that is an average for the year of ·0392 cents per unit. In 1947, those same expenses were ·0448 per unit.

The Vice-Chairman: And stayed there from the end of the year until now?

Mr. Charde: That is right, and I am referring you to our exhibit 2, in which we show the year 1940, at which time it cost us ·0284, so that our cost has gone up.

The Vice-Chairman: Between .02 and .044?

Mr. Charde: That is right, in that period.

The Vice-Chairman: Are there many things included in the expression "other expense"?

Mr. Charde: I would say that almost exclusively that expense would be administrative.

The Vice-Chairman: I see. Then the other heading, "other expense", might be almost expressed as selling and administrative cost?

Mr. CHARDE: I think so.

The Vice-Chairman: And have delivery, selling and administrative expenses contributed about equally to this increase which you have remarked as between ·02 at the commencement of 1940, and ·044 at the present time?

Mr. Charde: I would definitely say not.

The Vice-Chairman: They all contributed—

Mr. Charde: Equally?

The Vice-Chairman: Equally?

Mr. CHARDE: No.

The Vice-Chairman: Or would you put it this way, they have contributed proportionately?

Mr. CHARDE: I would say, no.

The Vice-Chairman: Where in among these three are we to find the largest increase?

Mr. Charde: I think to answer that question we should make a composite of the delivery and selling. That is the term that is used. It is very difficult for a milk dealer to draw a line between delivery and selling.

The Vice-Chairman: You will have to treat them as one category?

Mr. Charde: Yes, and in that category is where considerable increase has occured.

The Vice-Chairman: I see, and the administrative—there is very little contributed by it to this increase that we have been speaking about; is that a correct statement?

Mr. Charde: I would think I could definitely say that on a per-pound basis. The Vice-Chairman: I see.

Mr. Charde: And because the volume of increase applied in sales has I believe worked out fairly evenly with administrative.

The Vice-Chairman: Yes, I see. I think you have answered my question sufficiently. I did not think it was necessary to get the precise decimal point for all these commodities that you have given us, but the general picture as to whatever increase there has been has been in delivery and selling.

Mr. Mayhew: Mr. Chairman, I have an appointment now, for 12.30. If I go you will not have a quorum.

The Vice-Chairman: I understood someone to say that the adjournment was on the agenda for 12.30. Could someone tell me that?

Mr. Monet: I shall make it very short, Mr. Chairman. There could be quite a few questions, but I can shorten it up and we can depend on the information which has been supplied to us in this statement I have before me. I would just like to say this, that Mr. Warner has been here four days last week and throughout this week, and if we cannot finish with him this morning it means that he will have to be back here on Monday. I am going to suggest this, that as he has given this information in his exhibit 4, in very complete form I would be satisfied to leave it to the members of the committee to examine the exhibit and draw their own conclusions.

The Vice-Chairman: Just a moment, on this Exhibit 4; is that Exhibit 4, on the record?

Mr. Monet: Yes, that exhibit 4, was filed with the brief submitted by Mr. Warner as part of Exhibit. No. 73, and it gives us the whole information as to stored butter. I will have a few questions to ask on this to clarify the viewpoint, but I am quite sure that the members of the committee would be able to find there all the information they need.

The Vice-Chairman: Well, gentlemen, I think we can manage to conclude with this witness in just a few minutes and then we will be able to release him. Would that be agreeable?

Some Hon. Members: Agreed.

The Vice-Chairman: Mr. Fleming has a few questions.

Mr. Fleming: just one question which comes from a remark made earlier I think by Mr. Charde. He said that the percentage of butter sold direct to the consumer was 57 per cent and that to wholesale outlets was I understood him to say, 43 per cent?

Mr. Charde: That is right.

Mr. Fleming: That is the percentage today. I wonder if Mr. Charde coud tell us what the trend, if any, has been over the past say two years?

Mr. WARNER: Perhaps I can answer that from a policy standpoint. The policy has been to look after our customers in equal proportions, and if we were rationing one we were rationing all.

Mr. Fleming: And when you say "customers", you mean retail and wholesale?

Mr. WARNER: That is right.

Mr. Fleming: And then I wanted to ask you if there has been any trend during the last couple of years in that percentage one way or the other?

Mr. WARNER: No, I do not think so.

(Hon. Mr. Martin resumes the chair)

Mr. Monet: Now, Mr. Warner, I have one or two questions. I see there is still a quorum but I hope we will be through by 1 o'clock any way. Would you refer now, Mr. Warner, to your Exhibit No. 4, what you have listed as your Exhibit No. 4. I will ask you to refer with me to that when I ask you to do so, also to Exhibit 1—that relates to storage butter?

Mr. WARNER: Yes.

Mr. Monet: Your Exhibit 4, gives a detailed statement of your storage butter for the year 1947; giving the names of the brokers, the number of pounds purchased, the price, the total volume and the date of purchase?

Mr. WARNER: That is right.

Mr. Moner: And the date of purchase there, am I to take it that that is the date of the purchase or the date that the butter was stored?

Mr. WARNER: That is the date of purchase, the date of the invoice.

Mr. Monet: And I presume that it would be stored immediately.

Mr. WARNER: Correct.

Mr. Moner: Now that gives a total of 808,042 pounds of butter stored, that was all butter stored by you last year?

Mr. Warner: Well, there was some made at Ottawa stored.

Mr. Monet: Beside that? Mr. Warner: Beside that.

Mr. Moner: Can you give us the amount that was stored in Ottawa?

Mr. Charde: I can say this, that never at any time did we have more than 50,000 pounds on hand of our own butter, stored butter.

Mr. IRVINE: Do you store butter for other people?

Mr. CHARDE: No.

Mr. Moner: And I take it that the date September 30, which was the last date mentioned in Exhibit 4—that at that time you had in storage 50,000 pounds of butter in Ottawa?

Mr. Charde: I think that is a reasonable assumption.

Mr. Moner: So that at that time your total holdings would be 858,000 pounds of storage butter altogether?

Mr. Charde: Correct.

Mr. Monet: And the average price for this storage butter I understand is 52.88 cents a pound, shown in your Exhibit 4, the average price for all of this storage butter?

Mr. Charde: That is right.

Mr. Monet: Can you give us the cost of the extra 50,000 pounds of butter stored at Ottawa to which you have referred, so that we will have the complete picture? Would that be put in at approximately the same average figure?

Mr. Charde: Being made in the same period I would assume that the price would be the same.

Mr. Monet: It would have been made between May 30, which was the first date on which you store butter according to this statement, and September 30, which is the last date?

Mr. Charde: I would assume that it would average about the same price.

Mr. Monet: Now, I want to refer you to Exhibit 1. You had this butter on hand at the end of September, and then you took it out to sell. If you will refer to Exhibit 1, I take it that you sold this butter during the months of September, October, November, December, January and February?

Mr. WARNER: That would be reasonably correct.

Mr. Monet: And this butter would be sold by the end of February, you would hardly have any butter left. I refer you to your Exhibit 1, column 3; am I to take it that the butter sold in September was sold at 64·46 cents?

Mr. CHARDE: That is right.

Mr. Monet: And in October, 63.28?

Mr. Charde: Correct.

Mr. Monet: And in November, 64.08?

Mr. Charde: Correct.

Mr. Monet: And December, 68.80?

Mr. CHARDE: Correct.

Mr. Monet: January, 71·70? Mr. Charde: That is right.

Mr. Monet: February, 70.50?

Mr. CHARDE: Correct.

Mr. Monet: Now, all this butter sold at these prices you have just mentioned was butter that cost you an average of 52 cents a pound?

Mr. Warner: No, the actual cost—I think you will find those figures in the fifth column. We were buying butter and we were taking it out of storage. We have no separate storage account.

Mr. Monet: I want to get this very clear. On your Exhibit 4, you give 52.88 cents per pound as the average over the year for storage butter. Is that correct, according to your Exhibit 4?

Mr. Charde: That is right. Mr. Warner: That is right.

Mr. Monet: So that I am right when I say that all the butter stored cost you an average of 52.88 cents?

Mr. WARNER: Correct.

Mr. Moner: And all this butter was sold at a period when the price ranged between 71 cents and 64 cents?

Mr. Johnston: Does that include the storage charges?

Mr. Moner: I am coming to that; but I wanted to know whether that is not your gross profit. I am quite sure it would be gross, but I wanted to know?

Mr. WARNER: That is gross profit.

Mr. Monet: Yes; and the price some of this butter was sold at would be $71 \cdot 70$ cents?

Mr. WARNER: That is right.

Mr. Monet: And it cost you 52.88 cents? Mr. Warner: No, that is storage butter.

Mr. Moner: Did the storage butter cost you that?

Mr. WARNER: That is right.

Mr. Monet: What charges did you have to make against this gross profit to arrive at the net profit on your storage butter?

Mr. CHARDE: We would have our regular selling and delivery expense.

Mr. Monet: Can you break that down for us?

Mr. Charde: The amount we show here is .0448 cents.

Mr. Monet: Where do you show that? Mr. Charde: At the bottom of the page.

Mr. Monet: Yes. Were there any other charges?

Mr. Charde: We would have storage, insurance—we would have the cost of cutting the butter.

Mr. Monet: Do you operate your own storage plant? Mr. Charde: No, all of this butter was stored outside.

Mr. Monet: It was stored outside?

Mr. CHARDE: Correct.

Mr. Monet: What is the cost of storage?

Mr. Charde: I understand the cost is half a cent per month.

Mr. Monet: So, beside that— Mr. Charde: Plus the insurance.

Mr. Mayhew: That includes insurance, does it not?

Mr. CHARDE: Yes.

Mr. Monet: And the half cent will include insurance?

Mr. CHARDE: That is right.

Mr. Moner: What rate of interest do you charge?

Mr. Charde: We do not charge any.

Mr. Monet: I am asking you that because some of the other witnesses said they do, but you do not?

Mr. CHARDE: No.

Mr. Monet: There is no set rate, for instance?

Mr. CHARDE: No.

Mr. Monet: Can you figure out and tell members of the committee what was your profit on your storage butter as listed in your Exhibit 4?

Mr. Charde: Well, Mr. Monet, in providing this statement, during these latter months in which you see we sold storage butter, during these months we also purchased churning butter and sold it, and the figures we have given you here is the cost of butter both storage and purchased during those months. We have not divided our figures to show the storage butter by itself.

Mr. Monet: No, but we have here the statement that the storage butter cost you an average of just over 52 cents per pound; is that right.

Mr. Charde: That is right.

Mr. Moner: Yes, and we have also had evidence that you sold butter at prices which varied between 63.28 and 71.70?

Mr. Charde: That is right.

Mr. Johnston: Is that all storage butter you are speaking of? Are you speaking of storage butter or storage and current production?

Mr. Monet: I am talking only of storage butter and what is listed on Exhibit No. 4. Now there is a gross margin of profit there?

Mr. CHARDE: That is right.

Mr. Monet: As against that gross margin you have given the members of the committee the charges to be made. Now would you give us the net profit on your storage butter? I am talking only of storage butter listed on Exhibit No. 4.

Mr. Warner: I do not see how Mr. Charde can say when that was sold. As we run short of butter it might be taken out of storage at any time. The storage butter is only part of our general inventory of butter which is on hand and which has cost us so much. It is an average price or cost of the butter that we calculate. I think perhaps Mr. Charde could give you a rough estimate of the profit but I cannot see how he can say when a certain pound of butter was sold.

Mr. Monet: No, but this is butter that you had on hand at the end of September. Your Exhibit 1 shows that you had 1,000,000 or so pounds of butter on hand.

Mr. WARNER: Yes.

Mr. Monet: You had 1,010,237 pounds.

Mr. CHARDE: That is right.

Mr. Monet: Well in that 1,000,000 pounds of butter you have included the 808,042 pounds to which we referred a moment ago?

Mr. Warner: Well we had to use some of that butter. I remember that the boys had to pull some butter out of storage in August because we could not get enough current butter. These other gentlemen who appeared on the stand seemed to run a separate storage account. We do not do that; we buy butter and put it away. We pay for it and add it to our inventory so that our inventory represents an average cost of butter whether it is from current purchases or from storage.

Mr. Monet: Well is it not possible for you to answer the question which I asked? If you cannot answer it today is it possible that you could give us the information later?

Mr. Warner: Mr. Charde and I discussed it in my office for two hours and I told him the same thing that I am telling you now. I told him that when he could tell me the date that the butter was sold he could prepare a statement as to how much the profit was but I defied him and I defy anyone else to give me that figure.

Mr. Monet: Because you do not keep a separate account?

Mr. WARNER: That is right.

Mr. Monet: It is the way in which you keep your books that is responsible for your inability to tell the members of the committee the exact profit made on your storage butter?

Mr. WARNER: Right.

The Chairman: You said awhile ago, Mr. Warner, that you could give an approximate figure?

Mr. Warner: I think that after Mr. Charde and I go back to the office we could prepare something and write you. We certainly made extra money on the storage butter as the other boys did, and it was an abnormal amount, but even at the end of the year we are still in red figures in our butter department. We will figure it out the best way we can and send it to you.

Mr. Moner: It is because of the way that you keep your accounts that you cannot give the information to the members of the committee? If you can go back and give us an approximate figure we would appreciate it.

Mr. Warner: We will give it as accurately as we can.

Mr. Charde: I would like to say that even though we were able to give that figure it would not in any way change our net income figures. The result might be that a profit would be transferred from the month of August to the month of September but over the year the result to the very cent would be the same.

Mr. Moner: I understand that the result for the yearly operation would be the same.

Mr. CHARDE: Exactly the same.

Mr. Monet: But you have no way of telling us now what profit you made on storage butter?

Mr. CHARDE: No.

Mr. Monet: Some of the witnesses have divided their accounts into creamery butter, wagon butter, and storage butter but the method in which you keep your books does not allow you to give the figure?

Mr. CHARDE: No.

Mr. Monet: I have no further questions.

The Chairman: If there are no other questions we will go into executive session right now.

The meeting adjourned to go into executive session.

APPENDIX

Translation of M. Bernier's evidence

Mr. David Bernier, butter-man, recalled:

The Chairman: Mr. Fleming, you have no questions? Have you any questions Mr. Thatcher?

By Mr. Fleming:

Where are the French-speaking members of the committee?

The Chairman: They worked very hard yesterday and showed tremendous energy.

By Mr. Monet:

Q. Mr. Bernier, when Mr. Gauthier bought that butter was it in the agreement between you and them that the sale was conditional, in other words was it agreed that you would take back the butter they had bought from you, had they not been able to place it?—A. No sir.

Q. There was no mention of that whatever?—A. No, sir.

Q. Then what has been said between you and them on the subject of cancelling their contract for purchase when they saw you after discontinuing to give butter as a premium?—A. They asked if I would take the butter back and I said I would.

Q. And then they paid for the quantitly of butter they had actually received?

—A. I gave them back the cheque for the amount of \$3,864 they had already

given to me.

- Q. Then, Mr. Bernier, when the sale took place it was never mentioned that you would take back some of that butter if they were unable to dispose of it all? Nevertheless you were asked not to deposit the cheque at the Bank?—A. Yes, sir.
- Q. Why have they asked you not to deposit the cheque at the bank?

 —A. Probably—

Q. No, not probably.—A. I do not know. I was asked to wait two or three days to present it at the bank.

Q. How have they asked you to wait. It is a rather rare practice in

your business to wait, is it not?—A. It happens.

Q. It happened, but has it happened when such a large amount was involved? A. Not often, but it has happened.

Q. You did not ask them why they asked you to wait?—A. I did not

ask them.

Q. You asked no question whatever on that score?—A. No, sir. Q. You received a cheque for \$3,864, and they asked you not to cash it, yet you asked no question?—A. No, sir.

Q. Is it the usual practice to make deals of that kind?—A. To keep a

cheque without depositing it?

Q. Yes.—A. No, sir.

Q. It was the first time it happened with a cheque involving such a large

amount?-A. No, sir.

Q. Can you state other cases in which it happened?—A. Well, in the case of a brother of mine who bought butter from me.

Q. When was that?—A. Last autumn.

Q. Was it for a large amount?—A. For six or seven thousand dollars. Q. He was your brother?—A. Yes, sir.

Q. Is he in the butter business?—A. Yes, sir.

Mr. Fleming: Louder, please.

Mr. Monet: That is all, I have no further questions.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

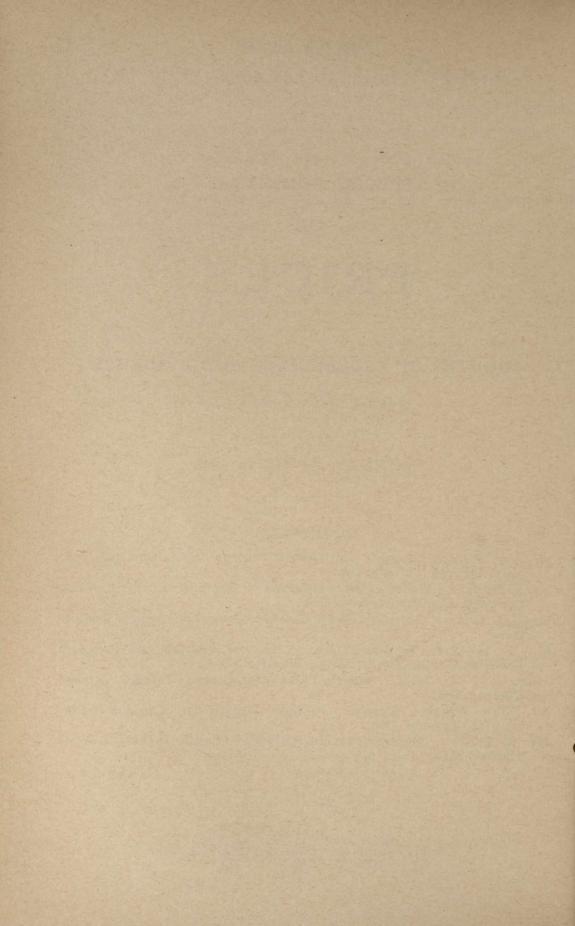
No. 35

MONDAY, APRIL 12, 1948

WITNESSES:

- Mr. A. E. Millard, President and General Manager, Swift Canadian Company, Limited, Toronto, Ont.
- Mr. E. M. Raney, Manager, Dairy and Poultry Operations, Swift Canadian Company, Limited, Toronto, Ont.
- Mr. N. E. Landon, Secretary, Swift Canadian Company, Limited, Toronto, Ont.
- Mr. K. H. Olive, President, Olive & Dorion, Limited, and President, Canadian Commodity Exchange, Montreal, Que.
 - Mr. A. J. E. Child, Assistant Treasurer, Canada Packers, Limited, Toronto, Ont.
- Mr. Ford Wiggins, Manager, Produce Department, Canada Packers Limited, Toronto, Ont.
- Mr. S. Prescott, Manager, Halifax Branch, Canada Packers Limited, Halifax, N.S.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948



MINUTES OF PROCEEDINGS

Monday, April 12, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Harkness, Irvine, Johnston, Lesage, Thatcher, Martin, Maybank, Mayhew, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. A. E. Millard, President and General Manager, Mr. E. M. Raney, Manager, Dairy and Poultry Operations, and Mr. N. E. Landon, Secretary, Swift Canadian Co., Limited, Toronto, were called, sworn and examined.

Mr. Millard filed,

Exhibit No. 75—Series of six statements covering butter operations by Swift Canadian Co., Limited, (Printed in this day's Minutes of Evidence).

Exhibit No. 76—Statement of storage butter operations, season 1947-48, Swift Canadian Co., Limited. (Printed in this day's Minutes of Evidence).

During proceedings, Mr. Maybank took the Chair in the temporary absence of the Chairman.

Witnesses discharged.

Mr. K. H. Olive, President, Olive & Dorion, Limited, and President, Canadian Commodity Exchange, Montreal, Que., was called, sworn and examined. He filed.

Exhibit No. 77—Series of statements on butter operations by Olive & Dorion, Limited. (Printed in this day's Minutes of Evidence).

At 1.00 p.m. witness retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Harkness, Irvine, Johnston, Lesage. Thatcher, Martin, Maybank, Mayhew, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. Olive was recalled and further examined. He filed,

Exhibit No. 78—Statement entitled "Why did prices of butter advance?" (Printed in this day's Minutes of Evidence).

Exhibit No. 79—Statement entitled "Who benefited by increase (in price of butter)?" (Printed in this day's Minutes of Evidence).

Witness discharged.

Mr. A. J. E. Child, Assistant Treasurer, Mr. Ford Wiggins, Manager, Produce Department, Canada Packers Limited, Toronto, and Mr. S. Prescott, Manager, Halifax Office, Canada Packers Limited, were called, sworn and examined.

Mr. Child filed,

Exhibit No. 80—Invoice No. 85654, dated March 9, 1948, from Canada Packers Limited, Halifax, to Valley Creamery Limited, Kingston, N.S., for 400/56 boxes western butter solids, at 65c., total \$14,560.00. (Printed in this day's Minutes of Evidence).

Exhibit No. 81—Invoice Valley Creamery Limited, Kingston, N.S., to Canada Packers Limited, Halifax, N.S., dated March 19, 1948, for 415 cs. White Lily Butter, 22,400 lbs. at 67c., total \$15,020.60 including freight charges \$12.60, and attached Canada Packers Limited receiving voucher (in duplicate) dated March 23, 1948.

Witnesses retired.

On motion of Mr. Thatcher,

Resolved,—That the morning sitting of Tuesday, April 13, be cancelled.

At 6.00 p.m. the Committee adjourned until Tuesday, April 13, at 4.00 p.m.

R. ARSENAULT, Clerk of the Committee.

MINUTES OF EVIDENCE

House of Commons, April 12, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will please come to order.

Mr. Monet: Mr. Millard, of Swift Canadian Company will be the first witness.

The Chairman: I am going to ask the members of the committee to try to be here on time. When the members are not on time it holds the committee up, and it is not fair to the other members of the committee who are here. If a member cannot be here, we ought to have some arrangement whereby we are notified. The clerk informs me that a number of the members of the committee are out of town this morning. I realize every member has certain obligations but if we could be told ahead of time what those obligations are, arrangements could be made to have a quorum present. This is the second time I have had to make this appeal and I am not going to do it a third time.

Mr. Winters: The appeal should be made to those who are not here, too. The Chairman: I am making it to those who are not here.

A. E. Millard, President and General Manager, Swift Canadian Company, Ltd., called and sworn.

E. M. Raney, Manager, Dairy and Poultry Operations, Swift Canadian Company, Ltd., called and sworn.

N. E. Landon, Secretary, Swift Canadian Company, Ltd., called and sworn.

Mr. Monet: Mr. Millard, would you give your full name, please?

Mr. Millard: Albert Earl Millard. Mr. Monet: And your occupation?

Mr. Millard: President and General Manager, Swift Canadian Company.

Mr. Monet: The head office of the Swift Canadian Company Limited is in Toronto?

Mr. MILLARD: 1960 St. Clair Avenue.

Mr. Monet: Mr. Raney, would you give your full name, please?

Mr. Raney: Ellery M. Raney. Mr. Monet: And your address?

Mr. RANEY: 377 Parkside Drive, Toronto.

Mr. Moner: Your position in the Swift Canadian Company?

Mr. RANEY: Manager, dairy and poultry branch.

Mr. Monet: Mr. Landon?

Mr. Landon: Norman E. Landon.

Mr. Monet: Your address?

Mr. Landon: 27 Mossom Road, Toronto.

Mr. Monet: Your occupation?

Mr. Landon: I am secretary of the company.

Mr. Monet: Secretary of the Swift Canadian Company Limited?

Mr. Landon: Right.

Mr. Monet: There have been a lot of questions asked of the previous witnesses relating to the background of the industry, and I think all that general information has been put in evidence. I am planning, therefore, to limit my questioning of Mr. Millard and the officers of the Swift Canadian Company, to the information the company has submitted to the committee. The statement containing this information will be filed as exhibit 75.

Mr. Millard, this document containing the information requested as well as some other information, which will be marked as exhibit 75, I take it is the report submitted by the Swift Canadian Company Limited?

Mr. MILLARD: That is correct.

Mr. Monet: Before dealing with this statement, would you give the committee the date of the incorporation of the Swift Canadian Company Limited?

Mr. Millard: January 2, 1911.

Mr. Monet: When does your fiscal year end?

Mr. MILLARD: At the end of October of each year.

Mr. Monet: Is the company affiliated with any other company?

Mr. Millard: We are a wholly owned subsidiary of the Swift Company of Chicago.

Mr. Monet: Any subsidiaries in Canada?

Mr. MILLARD: No, sir.

Mr. Monet: Mr. Millard, have you a statement with you showing the price you paid for butterfat on June 1, 1947, and the first of each month since June, 1947?

Mr. Millard: I think Mr. Raney has some figures on butterfat.

Mr. Monet: Mr. Raney, would you give that information?

Mr. Raney: I am taking one of our Ontario dairy and poultry points.

Mr. Monet: Which one is that?

Mr. Raney: Hanover, Ontario. On June 1, 52 cents; on July 1, 55 cents; on August 1, 57 cents; September 1, 63 cents; October 1, 63 cents; November 1, 64 cents; December 1, 67 cents; January 1, 76 cents; those prices are for No. 1 cream delivered at the door.

Mr. Monet: To the creamery?

Mr. RANEY: That is right.

Mr. Moner: What would be the cost of hauling cream to the factory?

Mr. Raney: It would depend entirely on the season of the year. It is entirely a volume matter. There are seasons when it would be very reasonable in cost and other times when it would be very, very high.

Mr. Monet: I see, Mr. Raney, from the figures you have just given that between December and January there was quite a substantial increase, from 67 cents to 76 cents. Could you give the committee some information as to why there was that increase?

Mr. RANEY: It was due to the advance in the butter market.

Mr. Monet: From December to January?

Mr. RANEY: Yes, sir.

Mr. Monet: From the information we have already had, it would seem there were some other large increases before that time and you do not seem to have those noted?

Mr. RANEY: Well, the figures I gave you are the actual figures.

Mr. Monet: What you paid for the butter fat?

Mr. RANEY: Yes.

Mr. Johnston: How would that compare with the other points?

Mr. RANEY: You mean our other points?

Mr. Johnston: Yes.

Mr. RANEY: Substantially the same, Mr. Johnston.

Mr. Johnston: Your cost of delivery would vary in the same regard, would it?

Mr. RANEY: That is right.

Mr. Monet: Now, Mr. Millard, you were asked, as were all the other dairies, to submit some information to the members of the committee. I understand you did not submit the information as requested, but submitted it in another form which tends to give practically the same information as requested. Could you tell the members of the committee why your company could not give the information in the form requested?

Mr. Millard: We had different accounting methods employed in the three divisions of our business effected and the records, in most cases, have been destroyed prior to 1943, such as purchase vouchers, distribution of purchase vouchers, sales tickets, distribution sales tickets and inventory records. We came up with this report which I have submitted as being the very best we could do under the circumstances.

EXHIBIT No. 75:—Statements by Swift Canadian Company Limited rebutter.

SWIFT CANADIAN COMPANY LIMITED

Address: 1960 St. Clair Ave. W., Toronto.

Date of Incorporation: January 2, 1911.

Relationship with Other Companies: The company has no operating subsidiary companies but is itself a wholly-owned subsidiary of Swift & Company, Chicago.

Address of branches and plants handling butter:

Creameries—O'Leary, P.E.I.; Belleville, Ont.; Stratford, Ont.; Hanover, Ont.; Winnipeg, Man.; Neepawa, Man.; Dauphin, Man.; Melville, Sask.; Moose Jaw, Sask.; Calgary, Alta.; Edmonton, Alta.

Plants—Moncton, N.B.; Toronto, Ont.; St. Boniface, Man.; Moose Jaw, Sask.; Edmonton, Alta; New Westminster, B.C.

Branch Houses—Halifax, N.S.; Sydney, N.S.; Saint John, N.B.; Quebec City, Que.; Montreal, Que.; Ottawa, Ont.; Toronto, Ont.; London, Ont.; Windsor, Ont.; Rouyn, Que.; Sudbury, Ont.; Timmins, Ont.; Sault Ste. Marie, Ont.; Fort William, Ont.; The Pas, Man.; Yorkton, Sask.; Saskatoon, Sask.; Regina, Sask.; Calgary, Alta.; Nelson, B.C.; Kamloops, B.C.; Prince Rupert, B.C.; New Westminster, B.C.; Vancouver, B.C.; Victoria, B.C.

SWIFT CANADIAN CO. LIMITED

BUTTER RESULTS—ALL UNITS

For the Fiscal Years ended on or about 31st October, 1943 to 1947 and for the Eighteen Weeks ended March 6, 1948

		No. of Concession, Name of Street, or other Persons, Name of Street, or ot				
_	1943	1944	1945	1946	1947	1948 (18 weeks)
Creameries: Production (lbs.) Purchases (lbs.)	7,889,451 6,623,471	7,433,482 5,863,092	6, 185, 433 3, 759, 672	5,345,241 4,740,423	4,666,261 3,419,647	657, 988 632, 338
Total (Transferred to plants and branch houses)	14,512,922	13,306,574	9,945,105	10,085,664	8,085,908	1,290,326
Sales (in lbs.): By plants By branch houses	6,076,724 7,499,800	8,712,272 7,964,900	8,443,871 7,106,900	7,569,070 6,683,900	7,332,104 6,922,900	2,841,512 3,158,724
* Total	13,576,524	16,677,172	15,550,771	14,252,970	14, 255, 004	6,000,236
Net earnings on butter operations: Creameries. Plants. Branch houses.	*28,202 23,185 15,365	*49,665 21,175 18,576	*74,596 *4,247 29,152	*33,364 *9,423 14,589	*41,473 *28,251 *7,513	80,444 62,280 110,325
Total	10,348	*9,914	*49,691	* *28,198	*77,237	253,049
Earnings—per lb	-0008	*.0006	*.0031	*-0020	* · 0054	•0422

^{*} means Loss.

12 Van. 1

STATEMENT 3

SWIFT CANADIAN CO. LIMITED

STORAGE BUTTER

. Fiscal year	Swift Total storage	Average last in date	All Canada storage	Swift percentage of total
	lbs.		lbs.	%
1943	3,323,930	September	78,988,000	4.2
1944	2,652,826	September	67,994,000	3.9
1945	2,927,717	September	71,589,000	4.1
1946	2,747,250	August	68,811,000	4.0
1947	3, 187, 852	September	73, 393, 000	4.2
Average	2,967,915		72, 155, 000	4.1

STATEMENT 4

SWIFT CANADIAN CO. LIMITED

Consolidated for each month of fiscal years 1943-1944-1945-1946-1947 and 1948 to date

Closing Inventory—lbs. Sales —lbs. Net earnings — \$

	Branch houses plants creameries	Branch houses plants	Branch houses plants creameries	Net earnings per lb.	
	Closing inventory	Sales	Net earnings		
	lbs.	lbs.	\$	cts.	
Month— 1943					
November	566, 685	1,194,366	8,426	.007	
December	396,012	832,587	*3;582	*.004	
January	307,768	817,620	1.344	.001	
February	448,884	859,533	*3,437	*.004	
March	395,234	861,963	*10,952	*.012	
April	399, 295	1,126,557	*6,935	*.006	
May June	741,821 2,109,643	1,345,888	1,728	.001	
July	3,423,200	1,089,946 1,086 680	7,984 6,314	·007 ·005	
August	4,374,502	1,438,026	4,071	.003	
September	4,177,638	1,330,593	3,979	•002	
October	3,680,371	1,592,765	1,408	.000	
Total		13,576,524	10,348	-000	
1944					
MONTH—					
November	2,848,257	1 707 700	0.050	000	
December	1,684,735	1,797,532 1,289,775	3,858 1,704	·002 ·001	
January	1,454,462	1,276,754	*5,063	*.004	
February	882,953	1,734,307	*8,427	*.004	
March	621,832	1,417,204	*2,821	* 002	
April	456,849	1,212,887	*6,301	*.005	
May	475,672	1,449,772	*3,858	* · 002	
June	1,381,641	1,158,413	5,717	.004	
July August	2,628,837 3,206,038	1,242,990	*3,194	* · 012	
September	3,115,505	1,456,576 1,327,964	3,835 5,859	·002 ·004	
October	3,099,788	1,312,998	*1,223	* • 000	
Total		16,677,172	*9,914	*.000	
		Marine Santa			
1945					
Month—					
November	2,634,034	1,443,259	5,373	.003	
December	2.174.418	1,238,701	*3,268	* 002	
January	1.759.562	1,221,428	*17,197	*-014	
February	1.043.764	1,470,141	*12,610	*.008	
March	524,819	1,164,066	*10, 162	*.008	
April	363,339	1,126,593	*9,281	*.008	
June	554,564 1,235,695	1,371,679	940	.000	
July	2,521,943	1,039,950 1,215,994	$\begin{bmatrix} 3,491 \\ 6,179 \end{bmatrix}$	·003	
August	3.290.524	1,518,514	*1,864	*.001	
September	3,400,386	1,298,336	1.461	.001	
October	3,353,103	1,442,110	*12,753	*.008	
			-	The same of the sa	

^{*} Means loss.

STATEMENT 4

SWIFT CANADIAN CO. LIMITED

Consolidated for each month of fiscal years 1943-1944-1945-1946-1947 and 1948 to date

Closing Inventory—lbs.
Sales —lbs.
Net earnings — \$

	Branch houses plants creameries	Branch houses plants	Branch houses plants creameries	Net earnings	
	Closing inventory	Sales	Net earnings	per lb.	
1946	lbs.	lbs.	\$	cts.	
Month— November December January February March April May June July August September October	2,650,148 2,004,603 1,162,463 489,311 244,104 232,725 662,475 1,481,815 2,689,030 3,524,822 3,187,644 2,983,392	1,776,899 1,365,146 1,474,706 1,523,076 869,063 734,240 1,062,372 893,915 960,707 1,260,184 1,156,096 1,176,566	1,180 *5,132 *12,545 *12,383 *6,807 6,205 *8,958 6,396 9,742 756 504 *7,156	. 000 * . 003 * . 008 * . 008 * . 007 - 008 * . 008 - 007 - 010 - 000 000 * . 006	
Total		14,252,970	*28,198	* · 0020	
MONTH— November December January February March April May June July August September October. Total	2, 450, 004 1,745, 385 1,155, 634 840, 196 465,112 550, 582 854, 313 1,118, 641 2,363,884 3,165,724 3,342,106 3,850,281	1,413,533 1,195,832 1,159,256 1,338,990 1,019,664 947,382 1,108,337 1,210,875 1,075,514 1,632,074 860,712 1,292,835	*3,856 *12,190 *22,753 *25,137 *15,128 *14,827 *3,092 18,771 8,885 25,781 *1,562 *32,129	*·0027 *·0102 *·0197 *·0188 *·0144 *·0157 *·0028 ·0155 ·0083 *·0055 *·0248	
1948 Month— November December January February Total	3,049,025 2,090,696 1,618,718 813,174	1,640,961 1,542,413 1,184,254 1,632,608 6,000,236	56, 400 107, 692 41, 713 47, 244 253, 049	· 0344 · 0690 · 0352 · 0028 · 0422	

^{*} Means Loss.

SWIFT CANADIAN CO. LIMITED

CLOSING INVENTORIES BUTTER BY MONTHS

Fiscal Years

	1943	1943 1944		1946	1947	1948
Month— November December January February March April May June July August September October	566, 685 396, 012 307, 768 448, 884 395, 234 399, 295 741, 821 2, 109, 643 3, 423, 200 4, 374, 502 4, 177, 638 3, 680, 371	2,848,257 1,684,735 1,454,462 882,953 621,832 456,849 475,672 1,381,641 2,628,837 3,206,038 3,115,505 3,099,788	2,634,034 2,174,418 1,759,562 1,043,764 524,819 363,339 554,564 1,235,695 2,521,943 3,290,524 3,400,386 3,353,103	2,650,148 2,004,603 1,162,463 489,311 244,104 232,725 662,475 1,481,815 2,689,030 3,524,822 3,187,644 2,983,392	2,450,004 1,745,385 1,155,634 840,196 465,112 550,582 854,313 1,118,641 2,363,884 3,165,724 3,342,106 3,850,281	3,049,023 2,090,696 1,618,718 813,174

STATEMENT 6

SWIFT CANADIAN CO. LIMITED

STORAGE BUTTER OPERATIONS

Season 1947-48

Quantity Stored 3, 187, 852 lbs.

	cts.
Average cost per pound into storage	· 5228 · 0220
Total cost per pound	· 5448 · 6405
Average profit per pound	.0957

Mr. Monet: Would you refer to statement No. 1 of Exhibit 75? I see you have listed in this statement your creameries, plants and branch houses?

Mr. MILLARD: Yes.

Mr. Monet: It would appear from this statement that the company has eleven creameries; is that correct?

Mr. MILLARD: Correct. Mr. Monet: Six plants? Mr. MILLARD: Correct.

Mr. Monet: And twenty-five branch houses?

Mr. Millard: Correct. We have another plant, but that plant does not handle any butter.

Mr. Monet: Where is that other plant?

Mr. Millard: Calgary; that was purchased in November, 1946, but it does not handle any butter.

Mr. Monet: It does not handle any butter?

Mr. MILLARD: No, sir.

Mr. Monet: Must we take it, then, that all the other plants listed here handle butter?

Mr. MILLARD: That is correct.

Mr. Monet: Would you tell the members of the committee what your operations are? I understand the creameries do manufacture butter.

Mr. MILLARD: They manufacture butter and purchase butter. It is transferred to our wholesale warehouses for sale and transferred to our plants for sale.

Mr. Johnston: There are three transactions, therefore, are there?

Mr. MILLARD: I beg your pardon?

Mr. Johnston: There are three separate transactions. The creamery sells butter to the branch houses and then the branch houses to the plants?

Mr. Millard: The creameries transfer the butter over to the plants or branch houses and they sell it to the retail dealers.

Mr. Johnston: Does the creamery sell it to the branch house?

Mr. MILLARD: It is transferred at the market.

Mr. Johnston: Is there a sales transaction carried on there?

Mr. MILLARD: It is an internal transfer.

Mr. Johnston: With no charges attached?

Mr. MILLARD: Oh, yes, there are charges. It is charged at the market.

Mr. Monet: You said the creameries do manufacture butter and they also purchase butter?

Mr. MILLARD: That is right.

Mr. Monet: Would you be able to give the proportion of butter purchased and the butter manufactured by the creameries?

Mr. Millard: Well, on statement 2, 1943, shows 7,889,451 pounds produced and 6,623,471 pounds purchased.

Mr. Monet: Was that amount all produced or purchased by your creameries?

Mr. MILLARD: Yes, sir.

Mr. Monet: All the purchases are made by the creameries, is that correct?

Mr. Millard: Well no—you mean the butter churned and manufactured?

Mr. Monet: Yes.

Mr. MILLARD: No, sir, those are purchases from other creameries.

Mr. Moner: I understand that, but all the purchases by the company are made through the creameries?

Mr. MILLARD: No, the plants and branch houses make purchases also.

Mr. Monet: They are all included in this 6,623,471 pounds?

Mr. Millard: Not the plants and the branch houses. Mr. Monet: That is for the creameries only?

Mr. Muliapp: The creameries only

Mr. MILLARD: The creameries only.

Mr. Monet: Then, on statement 2, do you show the purchases by the plants?

Mr. MILLARD: We could not get the information for the plants and branch houses because we did not have their records.

Mr. Monet: You could not?

Mr. MILLARD: No, sir.

Mr. Monet: So, what you have listed on statement 2, under the heading, "Total transferred to plants and branch houses" 14,512,922 pounds, is the figure for creameries only?

Mr. MILLARD: That is right, sir.

Mr. Monet: While you are dealing with this statement No. 2, I understand this is a recapitulation for your numerous branches, or is it just for your creameries?

Mr. MILLARD: It is a recap of our eleven creameries, and the sales are the sales of our six plants and the 25 wholesale branches.

Mr. Monet: This statement refers to your fiscal year ending October 31, last year?

Mr. Millard: On or about October 31; it may carry over the first week of November, but it is the end of what we call our October period.

Mr. Monet: From this statement, Mr. Millard, I see that in 1943 there was a small profit made on your total turnover of butter?

Mr. MILLARD: That is right.

Mr. Monet: I want to make this very clear; does that include all the butter handled by your company?

Mr. MILLARD: Yes, sir.

Mr. Monet: Every pound of butter produced, manufactured and sold?

Mr. MILLARD: Yes, sir.

Mr. Monet: So, you were able, although you could not give the information as requested, to give the members of the committee the total picture of your purchases and sales of butter for the periods listed in this document?

Mr. MILLARD: That is correct.

Mr. Monet: I also notice this statement shows the company had losses on its butter operations for the years 1944, 1945, 1946 and 1947?

Mr. MILLARD: That is correct.

Mr. Monet: You mean for your fiscal years, ending October 31?

Mr. MILLARD: That is right.

Mr. Thatcher: I wonder if Mr. Millard could say whether the company curtailed its production at all because of these losses? Are you producing any less butter because of that?

Mr. Millard: No, sir; we are trying to get all the butter we can.

Mr. Thatcher: Supposing the price ceiling on butter had been continued last June, would your losses have been greater today than they actually were? Supposing the ceiling had been kept on at 52 cents or whatever it was, would this loss of \$77,000 have been greater or less?

Mr. Millard: I should like Mr. Raney to answer that.

Mr. Raney: I do not see how I can answer that. I do not know whether it would have been greater or less.

Mr. Thatcher: Why could you not give that information?

Mr. Raney: Had the ceiling stayed on, would our loss have been greater or less? I could not answer that with any accuracy at all.

(At this point Mr. Maybank, the Vice-Chairman, assumed the chair).

Mr. IRVINE: Have you no idea about it at all? What would you guess?

Mr. RANEY: I could guess. I think it would be more.

Mr. IRVINE: The loss would have been greater?

Mr. RANEY: Yes.

Mr. Thatcher: In the first six months when the ceiling was on how was your loss running as compared with the last six months after the ceiling was taken off?

Mr. Raney: You mean after the ceiling was removed?

Mr. Thatcher: Yes, your departmental losses on butter, were they greater in the first six months of the year or in the last six months? Have you a breakdown of that?

Mr. Raney: No, I have not, but I would say they were greater. It is an easy thing to check. I do not know.

Mr. Monet: On the same statement, Mr. Millard, in the last column I see for the first eighteen weeks of the current fiscal year your profit was $4\cdot 22$ cents a pound

Mr. MILLARD: That is correct.

Mr. Monet: That is on total sales for that eighteen month period of 6,000,000 pounds?

Mr. MILLARD: Eighteen weeks.

Mr. Monet: A little over 6,000,000 pounds.

Mr. MILLARD: That is right.

Mr. Monet: Turning to page 3, Mr. Millard, you give there the storage butter for the years 1943, 1944, 1945, 1946 and 1947, together with the percentage of the total as compared to the total for all Canada storage. Would it be right to say that from 1943 up to now you have always had about the same amount of stored butter?

Mr. Millard: That is the way it worked out.

Mr. Monet: At the present time are you holding any butter?

Mr. MILLARD: Any storage butter?

Mr. Monet: Yes.

Mr. MILLARD: Not a pound.

Mr. Monet: Besides storage butter have you got any butter on hand at the present time?

Mr. Millard: Just our butter in current operations, and it is disappearing like snow.

The Vice-Chairman: There are no jewelry shops in your organization?

Mr. MILLARD: No, no jewelers or jewelry shops.

Mr. Winters: How are the figures of storage butter arrived at, as of a certain date? How do you get at that?

Mr. Millard: It is the accumulation of our storage across Canada. This average last in date is kind of confusing. We put it down there for our own information. It is to sort of get a common date for our storage with all Canada. Some points might have their storage butter all bought the middle of the month and some might lap over another week. For instance, in 1947 September was the last in date on an average—

Mr. Monet: Was that total of 3,187,852 pounds the amount of butter in storage in September, 1947?

Mr. MILLARD: Yes, as of that date.

Mr. Monet: You cannot give the committee any information as to storage butter since that date? This would be for your fiscal year, 1947, so the figure you give us there of 3,187,852 pounds for 1947 would be as at October 31? Would that be correct?

Mr. Millard: Well, since we sent those figures we have broken that down. I do not know whether or not this is any good to you. I have made several copies of that, breaking down our operation. That shows the butter stored, the average cost, the average cost to date, and the withdrawals.

Mr. Monet: Those would be withdrawals from the butter you had in storage at the end of your fiscal year, or at the end of September, 1947? Is that correct?

I do not know if you understand my question correctly. You give us in statement No. 3 for the year 1947 total storage of 3,187,852 pounds?

Mr. Millard: All the butter we put in storage during that season.

Mr. Monet: I should like to know of that amount what you still have on hand?

Mr. MILLARD: At the present time?

Mr. Monet: Yes. Mr. Millard: None.

Mr. Monet: Can you give us information as to how that butter was taken out of storage?

Mr. MILLARD: Yes, sir, right here.

Mr. Monet: Is that what you are showing me now?

Mr. MILLARD: Yes.

Mr. Monet: Have you got copies for all members of the committee?

Mr. MILLARD: Yes. We worked it out.

Mr. Monet: You have worked it out since?

Mr. MILLARD: Yes.

Mr. Monet: That will be filed as Exhibit 76.

EXHIBIT No. 76: Statement re storage butter operations.

SWIFT CANADIAN CO. LIMITED

STORAGE BUTTER OPERATIONS

Season 1947-48

-	Butter stored cost per lb.		Average cost per lb. to date	Butter sales lbs.	Average selling price per lb.	
MONTH— June. July. August. September. October. November December.	603, 283 1, 296, 966 704, 324 370, 038 213, 241	.5106 .5053 .5220 .5873 .5559	·5106 ·5070 ·5110 ·5205 ·5228	85,694 26,488 41-422 718,611 1,041,334	· 565: · 571: · 610: · 6000 · 648:	
Month— January. February. March				589, 210 554, 205 130, 888	· 676: · 648: · 674:	
Total	3, 187, 852	-5228	-5228	3,187,852	•640	

Average cost per pound into storage	ets. •5228 •0220
Total cost per pound	· 5448 · 6405
Average profit per pound	-0957

Mr. Monet: Now Mr. Millard, would you explain to the members of the committee what this statement filed as Exhibit 76 means?

Mr. Millard: It is a breakdown of our storage butter operations for the season 1947-48. We have a storage program. We decide how much butter we are going to store, and we store it, during the flush season. In 1947-48 we stored 3,187,852 pounds. We started in June and stored 603,000 pounds; in July, 1,296,000 pounds; in August, 704,000 pounds; in September, 370,000; in October, 213,000 pounds. The next column shows our average cost per pound. The third column shows the average cost per pound to date.

Mr. Monet: What would be the difference between the two, the average cost per pound and the average cost per pound to date?

Mr. Millard: The higher price butter brings it up.

Mr. Monet: What are the reasons for doing that?

Mr. MILLARD: We have got 51-cent butter, 50-cent butter, 52-cent butter. The higher price butter raises the cost.

Mr. Monet: How is it your average cost per pound to date at the end of October was ·5228 cents? Would that be for every pound of butter that was stored at that time? That was the average cost for every one?

Mr. MILLARD: That is right.

Mr. Monet: How could you make it 52 cents when you bought some at 58 cents and 55 cents?

Mr. Millard: We have some at 50 cents. We bought 1,296,000 at 50 cents.

Mr. Monet: The average for every pound of butter you had in storage at the end of October would be ·5228 cents, 52·28 cents?

Mr. MILLARD: Yes.

Mr. Monet: Does that include the charges made against your storage butter?

Mr. MILLARD: No, sir.

Mr. Monet: What would be the charges against your storage butter?

Mr. Millard: The average expense per pound was 2.20 cents.

Mr. Monet: Do you find that on that statement?

Mr. Millard: Yes.

Mr. Monet: What does that include?

Mr. Millard: Storage, interest, insurance.

Mr. Monet: What is the rate of interest?

Mr. Millard: It is $4\frac{1}{2}$ per cent.

Mr. Landon: The rate of bank borrowing.

Mr. Monet: Does the company have its own storage plants or do you rent accommodation?

Mr. Millard: Well, we have a certain amount of freezer space in our plants but we rent a good deal of it where we can get it.

Mr. Monet: Do you make any charge against your storage butter for renting space in your own warehouses?

Mr. MILLARD: Yes.

Mr. Monet: Is that a different department from your butter operations?

Mr. MILLARD: The freezer storage department.

Mr. Monet: It is a completely different department?

Mr. MILLARD: Yes.

Mr. Monet: You pay that department for the storage for your butter operations?

Mr. MILLARD: That is correct.

Mr. Monet: What rate do you pay?

Mr. Landon: I have not the figures with me.

Mr. Millard: If I remember correctly—and I am not sure of it—I think it is 30 cents the first month and 25 cents for succeeding months.

Mr. HARKNESS: That is per hundred pounds?

Mr. MILLARD: Yes, sir.

Mr. Monet: Per hundred pounds or per box?

Mr. MILLARD: Per hundred pounds.

The Vice-Chairman: I think that was given formerly as being by the box.

Mr. Monet: Some other witnesses have said they paid by the box.

Mr. Raney: Some people do charge it that way.

Mr. Harkness: Eleven cents per box.

Mr. Monet: But you pay it by the hundred pounds?

Mr. MILLARD: Yes.

Mr. Monet: That 25 cents would be for a hundred pounds.

Mr. Raney: One-quarter of a cent a pound.

Mr. Monet: In the next column you show your butter sales. I take it those are butter sales of storage butter? Exhibit 76 deals only with storage butter?

Mr. MILLARD: That is right.

Mr. Monet: All the butter sales referred to there are of your storage butter?

Mr. MILLARD: That is right.

Mr. Monet: I see by the end of March you come to the total of 3,187,852 pounds which corresponds to your butter stored?

Mr. MILLARD: We were cleaned out by March.

Mr. Monet: Is that the first of the month or the end of the month?

Mr. MILLARD: The first of the month.

Mr. Monet: So that by the first of March, 1948 you had no more?

Mr. Raney: That is wrong—during March.

Mr. Millard: It might have been the first week or the second week.

Mr. Monet: We may take it that it can be any date during March?

Mr. MILLARD: That is right.

Mr. Monet: You have the average selling price per pound in the last column which is $\cdot 6405$ a pound?

Mr. MILLARD: Right.

Mr. Monet: As against ·5228 for the average cost?

Mr. MILLARD: Correct.

Mr. Monet: You have on this exhibit the average selling price per pound charged as ·6405. Would you tell the members of the committee what that means?

Mr. MILLARD: That is the average price at which the butter was taken out of storage and transferred to our selling units.

Mr. Monet: What would be your selling units?

Mr. MILLARD: Our plants and wholesale—

Mr. Monet: Your plants and branch houses?

Mr. MILLARD: Wholesale branch houses.

Mr. Monet: It would be transferred to there. I should like you to give more information as to this charge against your storage butter of 6 cents, average selling price per pound, 6 cents?

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Mr. Millard: That is the average transfer price, which represents the market at the time it was taken out of storage and charged to our plants and selling branches.

Mr. Monet: Why do you make that charge? What does that charge consist of?

Mr. Winters: Is that not the selling price, 64 cents?

Mr. MILLARD: That is the selling price.

Mr. Monet: That is what you sell at to your-

Mr. MILLARD: That is correct.

Mr. Monet: You give the average profit per pound as 9 cents, 9.57?

Mr. MILLARD: Correct.

Mr. Monet: That was the net profit?

Mr. MILLARD: Correct.

Mr. Monet: Or gross?

Mr. MILLARD: Net.

Mr. Monet: That was on your 3,187,852 pounds of butter?

Mr. MILLARD: That is correct.

Mr. Monet: I understand that this profit is included in the profits which you show for the first eighteen weeks of this current fiscal year on statement No. 2, which profit has been established as \$253,049?

Mr. MILLARD: Not all of it, Mr. Monet, because it means that 277,000; and the balance of the profit goes back to 1947, because the 1947 fiscal year contains August, September and October.

Mr. Mayhew: Have you a breakdown of your average expense, your profit in your storage department?

Mr. MILLARD: Our storage department?

Mr. Mayhew: Yes.

Mr. Millard: I would say that on our storage department without exception we are losing money. As a matter of fact, I do not think that in all cases we pay as high in our storage charges on butter as outside storages.

Mr. Mayhew: You say, this year the average profit per pound was 9.57. That would not be the net profit?

Mr. Millard: They did not make much money on it because they sold on a narrow margin.

Mr. Mayhew: It shows here that you made a profit of 9.57 cents.

Mr. MILLARD: That is right.

Mr. Monet: Are you finished, Mr. Mayhew?

Mr. Mayhew: Yes, I think I am clear on that. That is not actually the net profit, is it?

Mr. MILLARD: The net profit on our storage operations.

Mr. Monet: 9.57, a little over $9\frac{1}{2}$, that is the profit on your storage operations for the last year?

Mr. MILLARD: Yes.

Mr. Monet: And you include in that interest, insurance and all that, and you show a net profit of 9.57?

Mr. Harkness: Does that include your selling costs, and so on? I see that amounts to $2 \cdot 23$.

Mr. MILLARD: No, that does not come into that at all.

Mr. Harkness: In other words, this 9.57 is profits, without what you might call your general overhead, sale costs, etc.?

Mr. MILLARD: That is right.

Mr. HARKNESS: In other words, this is gross profit rather than the net profit.

Mr. MILLARD: On storage operations.

Mr. Mayhew: This is the cost of your selling organization; on the storage—on your sales?

Mr. Monet: If I understand it correctly, your net profit for the first eighteen weeks of the current fiscal year as shown on your statement 2, is 4.22 cents?

Mr. MILLARD: That is right.

Mr. Monet: That is the net profit on butter sold by your company?

Mr. MILLARD: That is right.

Mr. Monet: Storage butter and all other butter handled by your company?

Mr. MILLARD: That is right.

Mr. Monet: On your storage butter you made a net profit of 9.5 cents?

Mr. MILLARD: That is right.

Mr. Monet: But when you bring back your net profit of a little over 9 cents on your storage butter into your general butter operation, your net profit on your general butter operation is a little over 4 cents a pound?

Mr. MILLARD: For the eighteen weeks.

Mr. Winters: These are two different periods, though.

Mr. Monet: Yes. I understand you to say that you realized the same net profit on butter which has not been stored?

Mr. HARKNESS: The point is that this 9.57 cents a pound would be cut down by the cost of sales, and so forth?

Mr. MILLARD: That is right.

Mr. Johnston: And the four odd cents a pound, would that be the net profit?

Mr. Monet: That is your net profit?

Mr. MILLARD: That is right.

Mr. Winters: There is a difference in the statements, is there not? That 9.57 is for 1947, and the 8-cent figure is for the period up to March of this year, is it not?

Mr. Millard: I was just saying to Mr. Monet that the fiscal years override. 277,000 of that storage butter applied in the eighteen weeks, and the balance of that $4 \cdot 7$ is for August, September and October, for that period.

Mr. Monet: Mr. Chairman, I have no more questions to ask this witness.

The Vice-Chairman: Are there any more questions?

Mr. Winters: I have one, Mr. Chairman. Your main plant in the Maritime provinces is at Moncton, is it not?

Mr. MILLARD: That is right.

Mr. Winters: Does all the butter for the Halifax and Sydney branch houses need to be cleared through Moncton as a paper transaction?

Mr. Millard: No. We have branches at Sydney, Saint John and Halifax. They buy butter.

Mr. WINTERS: I see you have a creamery at O'Leary, P.E.I. Would creamery butter from P.E.I. to these other branches in the Maritimes have to be cleared through your Moncton branch?

Mr. Millard: No, they would sell direct.

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Mr. WINTERS: They would sell direct?

Mr. MILLARD: Yes.

Mr. Winters: Apart from the creamery at O'Leary, do you buy butter from other places in the Maritimes?

Mr. Millard: Well, sir, I just could not tell you. Any creamery that has it for sale.

Mr. WINTERS: Have you ordered any recently from Canada Packers?

Mr. MILLARD: I do not know.

Mr. Winters: Would any of your officials know that?

Mr. Millard: We are not in touch with operations down there as they are, not with the day-to-day operations.

Mr. Winters: If you would have somebody find that out and let the committee know.

Mr. Millard: What is this you want to know?

Mr. Winters: At your convenience.

Mr. Millard: Mr. Winters, let me get that again, please.

Mr. Monet: I will take it from the record, if Mr. Winters does not mind.

Mr. Winters: We can restrict that to the month of March and April. Have you ever in the Maritimes purchased any butter from Canada Packers?

Mr. MILLARD: During?

Mr. WINTERS: The month of March and April.

Mr. MILLARD: March and April of 1948?

Mr. Winters: That is right.

Mr. Monet: Would you also include in that February, if that is all right with you.

Mr. WINTERS: It is all right with me; February, too, please.

Mr. Thatcher: I wonder if Mr. Millard could say whether his company exported any butter by permit to its parent company in the United States, or anywhere else—any butter whatever that was exported.

Mr. Raney: We have been exporting butter under permit to Newfoundland and to Britain, but nothing to the United States.

Mr. THATCHER: You would not have the quantity of that, would you?

Mr. RANEY: We can get it.

Mr. Thatcher: Is it a substantial amount or comparatively insignificant?

Mr. Raney: I would say it is not a substantial amount. Before we could make such a deal we would have to get a permit from the permit branch in order to ship butter.

Mr. Thatcher: I appreciate that, but there was some exported to Newfoundland and to the British market?

Mr. RANEY: Yes.

Mr. THATCHER: Would you get the figures on that for us?

Mr. RANEY: For what period of time?

Mr. THATCHER: Last year.

Mr. RANEY: 1947? Mr. THATCHER: 1947.

Mr. RANEY: The calendar year?

Mr. THATCHER: The calendar year, and so far this year if you have had any.

Mr. RANEY: Right.

Mr. Thatcher: I wonder if Mr. Millard could tell the committee whether prior to last June his company had talks with the government about the removal of price ceilings on butter; did you make any representations of that kind as a company?

Mr. MILLARD: None that I know of.

Mr. RANEY: We made none.

Mr. Thatcher: If the price ceiling had stayed on at that time do you think that you would have found it more difficult to get butterfat, a great deal more difficult; or would you have been able to get about the same amount of butterfat that you were able to?

Mr. Raney: We would not have had as much butterfat as we had had they kept the ceiling.

Mr. THATCHER: You would not?

Mr. Raney: No. As a matter of fact, it would have gone into another channel. We would not have had it. We would not have bought much milk because the creamery industry itself would not have had the milk.

Mr. Thatcher: I see. Would you tell me, I am not just clear yet, how a creamery company arrives at the price you are going to pay for butterfat. How do you get at that price?

Mr. Raney: Well, I often wonder. Many think it has been too high. I know that.

Mr. Thatcher: Do you get it from the market some place?

Mr. Raney: You get the market in those places on the prairies. You find that your competition is so and so for cream, and you either meet the competitive conditions or you do not get any cream.

Mr. Thatcher: Do you ever consult Canada Packers to see what they are paying?

Mr. RANEY: No.

Mr. THATCHER: You definitely do not?

Mr. RANEY: We do not consult with anybody.

Mr. Thatcher: Do you expect in the coming year that the butter shortage will be worse than it has been in the past?

Mr. Raney: Well, that is hard to answer; but I cannot see anything in the picture that is going to make it better. It cannot be any worse than it is now.

Mr. Thatcher: Would your company advocate butter rationing?

Mr. RANEY: No. I would not. Mr. Millard could tell you about that.

Mr. Thatcher: Would you advocate the importation of more butter?

Mr. Millard: My answer to that is, it is up to the government. I do not know. I haven't any opinion on it.

Mr. Thatcher: If your company is losing money, and it seems that every company which comes here is losing money on butter—and apparently the farmer is losing money on butter—do you think margarine perhaps is the answer?

Mr. LESAGE: There it is.

Mr. MILLARD: I have no opinion on the margarine question.

The Vice-Chairman: If your answer is yes the dairy men will shoot you, and if your answer is no the city men will shoot you.

Mr. Millard: What we would like to have is a lot more butterfat to increase our production.

Mr. Thatcher: But you just stated that it is not likely you will have that this year, so are you faced with three alternatives; that you must have rationing, that you must have importation or that you must have margarine? Are you faced with those alternatives?

Mr. MILLARD: We are faced with them, yes.

Mr. Thatcher: You would not state which one you would prefer?

Mr. MILLARD: I would not like to.

Mr. Lesage: Would not the way out be to increase the price of butterfat?

Mr. MILLARD: I did not get your question.

Mr. Lesage: I said, one way out of the difficulty would be to give butter a better price than the price it receives at the present time.

Mr. MILLARD: It would lessen the volume going to the cheese factories and would bring more butterfat to the creameries.

Mr. Lesage: And if it is better for the farmer to go into butter instead of cheese there would be more butter and less cheese made.

Mr. MILLARD: That is right.

Mr. Lesage: That is the answer to it. We do not need margarine at all. Our dairy production is adequate.

The Vice-Chairman: We do not propose to settle that question now, Mr. Lesage.

Mr. Lesage: No, but you will permit me the observation that my district is farming country and I think I know a little bit about the position.

The Vice-Chairman: Yes, but if one gentleman says he wants margarine and you say you do not want it, that is all right; we are still in balance.

Mr. Mayhew: Mr. Thatcher said there would be three alternatives: one, to ration butter, the other was to bring in margarine and I think the third was to import butter.

Mr. Thatcher: I asked him if that was not their field of choice.

Mr. Mayhew: I think there is another way if you want to turn to it, and that is to lessen the amount of cheese that we export.

Mr. Lesage: Increase the price of butter and there will be less cheese made. If you ration it or if you start importing it the milk will go into other channels.

Mr. Harkness: I would say there is another way too—

The Vice-Chairman: Did you have a question, Mr. Johnston?

Mr. Johnston: Yes. I wanted to find out how this price of butter is set. I undertsood Mr. Millard to say that they did not consult Canada Packers in regard to the price which they were paying for butterfat; is that right?

Mr. MILLARD: That is correct.

Mr. Johnston: But you did speak of competition being an element in setting the price?

Mr. MILLARD: Yes.

Mr. Johnston: What other competition would there be beside Canada Packers that you consult in regard to price?

Mr. MILLARD: That we would—what?

Mr. Johnston: That you would consult in regard to the cream price?

Mr. Millard: We do not consult anyone in regard to the price.

Mr. Johnston: Would it not be fair to say that other competition did not enter into it then?

Mr. Millard: Well your market on butter of course is set by supply and demand. We have got hundreds of salesmen out and if they are high they do not sell; if they are low we clean out pretty fast.

Mr. Johnston: But each day though?

Mr. MILLARD: Of course the butter market is quoted in the paper.

Mr. Johnston: Where does that butter market come from? You said something about it being in the newspapers and I am wondering if they 'phone you up and ask you what the price is going to be for the day? There must be some way

at which the papers arrive at that price.

The Vice-Chairman: May I interject just there? Is it not a fact that the butter market as it is called in the newspapers is only in a similar position to any other piece of news? It is a report on what has been marked up on a blackboard or has come through on a ticker as to an actual transaction which took place.

Mr. Johnston: Well, where do they get it?

The Vice-Chairman: It is just ordinary news. It amounts to the newspaper saying that their reporter was down at the exchange and saw such and such figures on the board. I think that is the newspaper function.

Mr. Johnston: Yes, but if you go down to the exchange you will find those prices vary so rapidly that you can hardly write them down. As a matter of fact the boy writing them down has to skip quite a few now and then because he cannot keep up.

The Vice-Chairman: Well, I was just trying to clarify the position.

Mr. Lesage: I believe the price is given by the commodity exchange for everything that is bought. It is given to the Canadian Press and the B.U.P.

Mr. Johnston: Well I would like to ask the witness if the company gets its price from the commodity exchange?

Mr. Lesage: Well the commodity exchange gives out figures on what I would call the general feel of prices all during the day.

Mr. MILLARD: Of course we buy butter all the time and we know what the market is for solids.

Mr. Johnston: Where do you get that?

Mr. Millard: When we go out to buy it we find that out. We go out and buy butter because we do not produce all we sell and we are on the market to buy from other creameries.

Mr. Johnston: The butter which you buy you turn around and sell?

Mr. MILLARD: That is right.

Mr. Johnston: Do you sell it on the same day on which you buy it, or some of it at least?

Mr. Millard: We buy solids, cut it into prints, and sell it the next day or the day after.

Mr. Johnston: If you cut it into prints you add about a cent per pound for doing that?

Mr. MILLARD: Yes, or whatever the figure is.

Mr. Johnston: Suppose you buy it at 56 cents and you add another cent for cutting it up into prints that makes 57 cents, and what do you sell that butter for?

Mr. Millard: In addition there is the cost of the wrapper and the shrinkage in cutting.

Mr. Johnston: Well what would the cost be in addition?

Mr. Raney: About 1½ cents.

Mr. Johnston: That would make it $58\frac{1}{2}$ cents, and do you sell it for that?

Mr. MILLARD: No, sir.

Mr. Johnston: What additional charges do you have to pay?

Mr. Millard: Well perhaps to make a profit of $1\frac{1}{2}$ cents we would try and sell it for 60 cents.

Mr. Johnston: Do you consider that 1½ cent profit is sufficient?

Mr. MILLARD: We would like to get it all the time.

Mr. Johnston: If you got 1½ cents you would be satisfied?

Mr. MILLARD: Well, yes, we would be satisfied.

Mr. Johnston: But you got over 4 cents over-all profit according to these figures?

Mr. Millard: That is right, but for the $5\frac{1}{3}$ years we have recorded here we only made $\frac{1}{8}$ of a cent.

Mr. Johnston: Yes but while you say you would be satisfied with $1\frac{1}{2}$ cents you did take advantage of the mark-up and made over 4 cents.

Mr. MILLARD: We followed the market, yes.

Mr. Johnston: So you did not do badly then on your over-all picture where the profit was a little better than 4 cents?

Mr. MILLARD: That is right.

Mr. Johnston: It would not have embarrassed the company at all if, instead of making an over-all profit of 4 cents plus, you had stayed at the regular marginal profit of 1½ cents?

Mr. Millard: Well sir, if we did that we would first of all defeat our storage program which is aimed at having butter in times of shortage to supply our customers. If we were to sell at a lower price we would not have any butter.

Mr. Johnston: Well you say that competition regulates the price, and Swift's is quite a large concern. It seems to me if you were to sell butter at a profit of $1\frac{1}{2}$ cents the others would do the same and therefore there would be no over-all rush in the sale of butter and it would level off.

Mr. Millard: I do not know what the others would do but if we sold under the market with respect to our storage butter we would certainly be cleaned out in record time. Our customers later on would have no butter. Our reason for storing butter is to have butter during the period of short supply, and that is the only reason we store it.

Mr. Mayhew: If you were selling at a normal mark-up and that normal mark-up was below the average, you would then not take on new customers; you would only service your regular customers with their usual amounts of butter and the butter supply would last the regular length of time.

Mr. Millard: It would be very hard to control that process. I think everybody would be after us if we were selling butter below the market.

Mr. Johnston: If competition is supposed to regulate the price it seems to me that if a large company offered butter at a reduced price the others would do the same.

Mr. Millard: Well, we have only 4 per cent of the butter stocks in Canada and that is just peanuts.

Mr. Johnston: Well, it is not peanuts. I think Canada Packers only had 8 per cent so you were not so far behind. Swift's and Canada Packers and the other companies pretty well handle the supply of butter and it would have a very material effect on prices of butter if Swifts and Canada Packers were satisfied with the profit you indicated of about 1½ cents. I think that would have had a very material effect on lowering the price of butter.

Mr. Millard: Well, I do not think it would mean much in the long-run because if one of the others held that butter there would still be a shortage.

Mr. Mayhew: Mr. Johnston's point is not with respect to shortage but it is a matter of preventing a rapid increase in prices. That is our reference here; we are to find why the rapid advance in price took place.

Mr. Millard: Of course, if we reduced the price we would have to reduce the price of our current make of butter and buy our butterfat from the producer at lower prices or else do without it.

Mr. Johnston: I suggest you would not have to do without because you would have been getting a profit which you thought was fair? Now it has been given in evidence that companies have stored butter in the hope that the price would rise and that actually was the result. One company, in fact, told us that they deliberately held butter—

Mr. Lesage: The Saskatchewan Co-operative Creameries.

Mr. Johnston: Yes, the Saskatchewan Co-operative Creameries deliberately held butter in the hope that the price would rise.

Mr. Millard: We certainly did not hold butter. We bought it in August and took it out as we needed it.

Mr. Johnston: Do you not think the result—and I am not referring to your company in this instance—of holding butter did have an effect on raising the price? That statement may not have been true with respect to your company but generally speaking do you think it is true?

Mr. Millard: I think that is fundamental. If you create a short supply the market is going to go up.

Mr. Johnston: And in this case the short supply was created by, shall I say excessive storage, during the last eleven months. It did result in a rather rapid increase in the price and certainly resulted in an abnormal profit for the companies. Even in the case of your company it was an abnormal profit which you made, was it not?

Mr. MILLARD: We will never see it again.

Mr. Johnston: But it was true then?

Mr. MILLARD: Yes.

Mr. Thatcher: Is there any way that you can protect yourself in a normal year when you are storing butter against a falling market?

Mr. MILLARD: No, sir. We buy butter, we own it, and it is ours whatever happens.

Mr. Thatcher: You cannot protect yourself?

Mr. HARKNESS: You could, perhaps, protect yourself by selling on the futures market on the commodity exchange in Montreal, could you not?

Mr. MILLARD: Well, I do not know because we have never done that.

Mr. Thatcher: Are you allowed by the income tax people to set up a reserve against a falling market?

Mr. Raney: The reserve is not free from taxes.

Mr. Thatcher: You set one up for your own purposes but the income tax do not allow it as a deduction?

Mr. Johnston: What was the answer to that?

Mr. MILLARD: The answer was no.

Mr. Johnston: I just wanted to get it on the record because the reporter could not see you nod your head.

Mr. Thatcher: There is one thing I would like to find out. There has been some evidence that butter was exported to Newfoundland and the British West Indies. I wonder, Mr. Chairman, if you could arrange to give the members of the committee the total of the exports?

Mr. Lesage: You will find that information in table 1 of Exhibit No. 52.

The Vice-Chairman: Yes, that was filed before you came on the committee, Mr. Thatcher.

Mr. Lesage: In 1947 I think it was about 3,000,000 pounds.

Mr. THATCHER: Well, thank you very much.

The Vice-Chairman: Are there any other questions?

Mr. IRVINE: I have just one or two. I notice in your report you show a loss for 1945, 1946, and 1947. You show a small profit in 1943 and in 1948. Would that set of figures be a fair indication, so far as you can recollect since your incorporation in 1911, of the profit and loss in respect to the butter business in the previous years?

Mr. RANEY: Well, our butter business financially has been no good.

Mr. IRVINE: Well, that is what the evidence would seem to point to, and that is a losing business. I cannot then quite understand why it should be the wish of your company to secure still more butterfat because on more butterfat you would have even more loss. I cannot understand that kind of a business.

Mr. Millard: The only reason I said we would like to have more butter is because if we could double our business we could reduce our loss because we would have approximately the same overhead.

Mr. Irvine: Well, there would probably be something in that. Now do you, at the present time, or in previous years, sell to your first customers all the butter they want when the butter is scarce?

Mr. MILLARD: No, sir.

Mr. IRVINE: You check that.

Mr. Millard: We try to apportion it out fairly.

Mr. Irvine: I understood you to say a moment ago that you did not believe in rationing?

Mr. RANEY: I said that.

Mr. IRVINE: But still you ration?

Mr. RANEY: We ration, yes.

Mr. IRVINE: Do you think you are better rationers than the government?

Mr. Raney: I would not say that we were as good.

Mr. Irvine: I do not see why you should not believe in rationing since you have to do it; however you may believe that if you wish.

The Vice-Chairman: Are there any other questions? If there are no other questions we will call the next witnesses.

Kenneth H. Olive, President, Olive and Dorion Limited, Montreal, called and sworn.

By Mr. Monet:

Q. Mr. Olive, would you give your full name?—A. Kenneth H. Olive.

Q. Your address?—A. 42 Grenville Road, Hampstead, P.Q.

Q. What is your occupation?—A. I am president of Olive and Dorion Limited.

Q. That is a private company?—A. That is right.

Q. The head office is in Montreal?—A. Right.
Q. Would you give the date of the incorporation of the company?
—A. May 1, 1922.

Q. Mr. Olive, you have supplied the committee with all the information requested and, I might say, with much more information than was requested. This statement containing the information will be filed as Exhibit 77. I take it this document I am now showing you and which will be filed as Exhibit 77 was prepared by you for the benefit of the members of the committee?—A. Right.

EXHIBIT No. 77: Statements by Olive and Dorion Limited, re butter.

EXHIBIT 77

OLIVE & DORION LIMITED

GENERAL INFORMATION

Name of Company —OLIVE & DORION LIMITED
Date of incorporation—May 1, 1922. Private Company.
Name of subsidiaries—NIL
Locations —NIL
Storage Warehouse—722 St. Paul St. W., Montreal 3, Que.
Retail outlets —NIL

INDEX TO STATEMENTS

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2. 3. 4.	Butter operations by years—1939–1948. Butter trading account. Selling costs and overhead—butter. Basis of apportioning overhead.
5. 6.	Other operations by years—1939-47. Other products—trading account. Selling costs and overhead—other products.
7. 8. 9.	Butter operations by months. 1946 calendar year. 1947 calendar year. 1948 January and February.
10.	Stocks. Monthly inventories compared with Dominion holdings—1947.
11. 12. 13.	Quantities and value of butter—by months. For 1946, 1947 and 1948 (to date). For 1943 and 1944. For 1939 and 1940.

SPECIAL COMMITTEE

BUTTER-TRADING ACCOUNT

1939-1947 inclusive

(Fiscal Period ends December 31.)

	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948 (2 months)
	\$	\$	8	\$	\$	8	\$	S	\$	\$
Sales—dollars	2,642,785	2,647,792	3,196,096	3,121,008	3,280,778	4,054,127	3,912,212	3,839,390	6,470,436	1,406,633
Inventory, first day	146,206 2,918,055 520 8,651	546,800 2,462,313 686 4,693	508,683 3,150,923 763 13,790	634,963 2,468,959 3,491 7,317	182,705 3,672,519 3,948 26,093	806,642 3,509,915 4,513 33,592	648,615 3,862,606 4,731 12,760	88,6221 3,472,421 4,069 6,429	749,859 6,014,929 1,892 11,211	749,509 668,976 583 537
Total	3,073,432 546,799	3,014,492 508,683	3,674,161 634,963	3,114,730 182,705	3,885,266 806,641	4,354,663 648,615	4,528,713 886,221	4,369,141 749,859	6,777,891 749,509	1,419,605 181,666
Cost	2,526,633	2,505,809	3,039,198	2,932,025	3,078,624	3,706,048	3,642,492	3,619,282	6,028,382	1,237,939
Gross profit	116, 152 36, 093	141,983 19,589	156,898 43,919	188,982 93,849	202, 154 118, 124	348,079 213,898	269,719 163,026	220, 108 97, 365	442,054 121,351	168,694 9,479
Trading profitOverhead*	80,059 69,322	122,394 74,542	112,979 72,042	95, 133 63, 903	84,030 67,817	134, 181 81, 522	106, 693 70, 775	122,743 77,135	320,703 112,336	159, 215 17, 555
Net profit	10,737	47,852	40,937	31,230	16,213	52,659	35,918	45,608	208,367	141,660
					lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
Sales—lbs		Details no	longer avail	able.	9, 199, 262	11,529,273	10,880,671	9,538,051	12, 434, 521	2,118,008
Per lb.— Selling price					ets. 35·66 33·46	cts. 35·16 32·14	cts. 35·95 33·47	cts. 40·24 37·93	cts. 52·04 48·48	cts. 66·41 58·44
Gross profit					2·20 1·28	3·02 1·86	2·48 1·50	2·31 1·02	3·56 0·98	7·97 0·45
Trading profitOverhead					0·92 0·74	1·16 0·71	0·98 0·65	1·29 0·81	2·58 0·90	7 · 52 0 · 83
Net profit					0.18	0.45	0.33	0.48	1.68	6.69

^{*} See page 2.

OLIVE & DORION LIMITED-MONTREAL, P.Q.

DETAILS OF SELLING COSTS AND OVERHEAD CHARGED AGAINST BUTTER OPERATIONS

	1939	1940	1941	1942	1943	1944	1945	1946	1947
	\$	\$	\$	\$	*	\$	\$	S	\$
Selling costs— Commission. Cartage. Cooperage expenses Cooperage wages. Freight outward Marine insurance. Storage. Weighing.	-40 3,510 2,613 9,787 29,965 2,076 -12,807	$\begin{array}{c} -3,677 \\ 3,566 \\ 5,578 \\ 11,462 \\ 3,566 \\ 248 \\ -2,072 \\ 918 \end{array}$	-5,144 3,874 17,976 15,287 11,269 1,314 -1,307 650	2,534 3,143 23,206 19,746 16,145 23,710 4,568 797	8,660 2,824 29,897 27,357 27,338 11,888 9,535 625	29,658 3,244 28,568 42,732 83,544 8,394 16,629 1,129	20,860 2,754 29,007 32,980 62,109 4,382 10,293 641	11, 256 1, 677 21, 699 35, 506 28, 805 3, 932 -6, 048 538	9,425 2,785 26,915 44,346 27,724 2,920 6,711 528
经在股份证券 为未签证的特别的	36,093	19,589	43,919	93,849	118, 124	213,898	163,026	97,365	121,35
Overhead—% Applied*	61%	59%	57%	49%	51%	55%	54%	63%	80%
Bad debts Bank charges, interest Communications. General. Insurance—Fire, liability, etc. Rent. Office and administration salaries Depreciation. Laundry, power, maintenance and repairs, stamps, printing, taxes and travelling ex-	\$ 2,457 683 2,365 1,527 1,696 4,325 49,272 1,231	\$ 6,977 4,739 1,429 1,270 1,916 3,540 48,755 1,258	\$ -124 7,663 1,724 1,439 2,220 3,420 48,922 1,133	\$ -49 10,601 1,219 1,426 2,179 3,121 39,278 876	\$ -30 12,889 919 1,473 2,250 3,730 41,102 582	\$ 628 20,503 1,267 1,768 1,118 4,206 44,820 758	\$ 00 19,234 1,261 2,179 1,739 3,650 37,032 614	\$ 00 13,269 1,345 1,663 5,315 3,780 43,233 564	\$ 00 26,534 2,900 3,532 7,106 5,280 54,162 1,197
penses	5,766	4,658	5,645	5,252	4,902	6,454	5,066	7,966	11,62
用的表现代的图像是一种的图像是一种	69,322	74,542	72,042	63,903	67,817	81,522	70,775	77,135	112,33

^{*} See page 4.

- Denotes credit.

Page 4

OLIVE & DORION LIMITED-MONTREAL, P.Q.

Basis of Apportioning Overhead Charges Between Butter and Other Operations

	1939	1940	1941	1942	1943	1944	1945	1946	1947
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Butter sales	2,642,785	2,647,792	3,196,096	3,121,008	3,280,778	4,054,127	3,912,212	3,839,390	6,470,436
Other sales	1,725,001	1,810,366	2,399,733	3,294,121	3, 195, 412	3,340,747	3,382,763	2,268,267	1,648,870
Total sales	4,367,786	4,458,158	5,595,829	6,415,129	6,476,190	7,394,874	7,294,975	6, 107, 657	8,119,306
Butter, % sales	61%	59%	57%	49%	51%	55%	54%	63%	80%
Other, % sales	39%	41%	43%	51%	49%	45%	46%	37%	20%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Overhead charges— To butter	\$ 69,322	\$ 74,542	\$ 72,042	\$ 63,903	\$ 67,817	\$ 81,522	\$ 77,775	\$ 77,135	\$ 112,336
To other	44,321	51,802	54,349	66,513	65,159	66,700	60,290	45,302	28,08
Total	113,643	126,344	126,391	130,416	132,976	148,222	131,065	122,437	140,42

OLIVE & DORION LIMITED-MONTREAL-P.Q.

Trading Account—Products Other Than Butter 1939-1947 inclusive.

(fiscal Period ends December 31st.)

	1939	1940	1941	1942	1943	1944	1945	1946	1947
	\$	\$	\$	\$	\$	\$	8	\$	\$
Sales	1,725,001	1,810,366	2,399,733	3,294,121	3, 195, 412	3,340,747	3,382,763	2,268,267	1,648,870
Inventory 1st day	54,825	32,584	55,896	114,627	389,803	210,333	279,475	229,973	291,967
Purchases	1,522,154	1,740,454	2,353,777	3,418,379	2,856,549	3,263,050	3,174,418	2,227,049	1,483,487
Brokerage	4,879	2,820	2,884	6, 186	6,170	6,139	6,473	5,887	5,584
Inward Charges	22,663	24,296	28,446	34,953	32,932	36,555	40,826	25,667	13,969
Total	1,604,521	1,800,156	2,441,005	3,574,146	3,285,456	3,516,079	3,501,194	2,488,577	1,795,007
Inventory last day	32,584	55,896	114,627	389,803	210,333	279,475	229,973	291,967	240, 152
Cost	1,571,937	1,744,259	2,326,377	3,184,342	3,075,122	3,236,603	3,271,220	2,196,610	1,554,855
Gross profit	153,064	66, 106	73,355	109,778	120, 290	104,144	111,542	71,656	94,015
Selling Cost*	76,419	35, 591	39,467	55,301	43,209	65,083	53,080	33,796	31,397
Trading profit	76,645	30,515	33,888	54,477	77,080	39,061	58,462	37,860	62,618
Overhead*	44,321	51,802	54,349	66,513	65, 159	66,700	60,290	45,302	28,085
Net profit	32,324	**21,287	**20,461	**12,036	11,921	**27,639	**1,828	**7,442	34,533

^{*} See page 6. ** Loss.

OLIVE & DORION LIMITED-MONTREAL, P.Q.

DETAILS OF SELLING COSTS AND OVERHEAD CHARGED AGAINST OPERATIONS OTHER THAN BUTTER

	1939	1940	1941	1942	1943	1944	1945	1946	1947
Selling Costs—	8	\$	\$	8	\$	\$	\$	\$	\$
Brokerage Cartage Cooperage expense Cooperage wages Freight outward Marine insurance Storage Weighing	4,683 5,879 4,777 13,312 47,560 3,065 -4,221 1,364	488 3,775 4,449 10,881 14,080 2,366 -1,458 1,010	566 5,313 3,072 13,257 7,869 1,008 7,166 1,216	2,823 5,695 4,283 16,228 14,339 5,428 4,920 1,585	2,060 2,822 3,924 17,534 8,192 1,135 6,350 1,192	1,366 5,036 3,815 21,604 13,296 1,039 17,703 1,224	3,014 5,844 4,645 17,399 6,273 1,020 13,737 1,148	789 2,747 2,698 13,330 4,844 675 8,008	2,261 3,376 3,702 12,596 4,226 1,086 3,620 518
	76,419	35,591	39,467	55,301	43, 209	65,083	53,080	33,796	31,397
Overhead—% applied*	39%	41%	43%	51%	49%	45%	46%	37%	20%
Bad debts Bank charges, interest Communications General Insurance—Fire, liability, etc Rent Office and administration salaries Depreciation Laundry, power, maintenance and repairs, stamps, printing, taxes and travelling expenses	\$ 1,571 436 1,512 976 1,084 2,765 31,501 786 3,690	\$ 4,848 3,294 992 883 1,332 2,460 33,878 874	\$ -94 5,780 1,300 1,085 1,675 2,580 36,906 854	\$ -51 11,034 1,269 1,485 2,268 3,246 40,880 911 5,471	\$ -28 12,385 883 1,415 2,162 3,583 39,490 559	\$ 527 16, 762 1, 036 1, 447 914 3, 441 36, 670 620 5, 283	\$ 00 16,384 1,075 1,857 1,481 3,109 31,546 523	\$ 00 7,793 790 977 3,121 2,220 25,390 333	\$ 00 6,634 725 883 1,777 1,320 13,540 300
	44,321	51,802	54,349	66,513	65, 159	66,700	60, 290	45,302	28,08

^{*} See page 4.

- Denotes credit.

1946	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	\$	\$	\$	\$	s	\$	\$	\$	\$	\$	\$	\$
Sales	621,478	361,549	40,367	141,650	264,619	272, 243	631,408	569,726	323,432	335,747	176,392	100,787
Inventory 1st day	886, 221	380, 535	73,495	45,484	10,756	151,830	402,422	618, 593	699,357	855, 582	835, 137	745,979
Purchases	58,430	18,424	12,577	92,779	393,450	506, 174	828,064	628,923	465, 645	299,034	70,887	98,034
Brokerage	305	250	250	250	250	264	250	250	250	250	250	1,250
Freight in	104			42	445	1,334	797	1,105	1,211	719	344	328
Total	945,060	399, 209	86,322	138,556	404,901	659,602	1,231,533	1,248,871	1,166,463	1, 155, 585	906,618	845,591
Inventory last day	380,535	73,495	45,484	10,756	151,830	402,422	618,593	699, 557	855, 582	835, 137	745,979	749,859
Cost goods sold	564, 525	325,714	40,838	127,800	253,071	257, 180	612,940	549,514	310,881	320,448	160,639	95,732
Gross profit or loss	56,953	36,835	*471	13,850	11,548	15,063	18,468	20, 212	12,551	15,289	15,753	5,055
Selling cost	15,578	8,763	974	3,895	6,815	6,815	15,578	14,605	7,789	8,763	4,868	2,921
Trading profit or loss	41,375 12,342	27,072 6,942	1,445 770	9,955 3,085	4,733 5,400	8,248 5,400	2,890 12,342	5,607 11,569	4,762 6,171	6,526 6,942	10,885 3,857	2, 134 2, 314
Net profit or loss	29,033	20, 130	*2,215	6,870	*677	2,848	9,452	*5,962	*1,409	*416	7,028	*180
	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
Sold	1,661,381	969, 285	116,819	341,536	656,507	686,451	1,550,948	1,377,146	782,962	759, 229	400,854	234, 933

^{*} Loss.

SPECIAL COMMITTEE

BUTTER-TRADING ACCOUNT

1947-Financial Period ending Dec. 31, 1947.

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales	767,984	82,338	118,681	224, 675	417,051	545, 265	902,446	741,785	563,664	727,313	798,744	580, 490
Inventory 1st day	749,859	157,493	119,770	103,695	143, 255	697,064	1,011,979	1,075,589	1, 118, 163	1, 142, 887	997, 282	1,046,72
Purchases	91, 156	26, 174	83,528	248,002	921,711	821,371	930,996	754, 181	552,031	534, 214	813,302	238, 26
Brokerage	158	158	158	158	158	158	158	158	158	158	158	154
Freight in	116	64	43	387	3,497	2,166	1,832	1,110	900	613	484	
Total	841, 289	183,889	203,499	352, 242	1,068,621	1,520,759	1,944,965	1,831,038	1,671,252	1,677,872	1,811,226	1, 285, 14
Inventory, last day	157,493	119,770	103,695	143, 255	697,064	1,011,979	1,075,589	1, 118, 163	1,142,887	997, 282	1,046,725	749, 50
Cost goods sold	683,796	64, 119	99,804	208,987	371,557	508,780	869,376	712,875	528, 365	680, 590	764, 501	535, 633
Gross profit	84, 188	18,219	18,877	15,688	45, 494	36,485	33,070	28,910	35, 299	46,723	34, 243	44,85
Selling costs	14,658	13,152	11,310	8,489	15,387	11,665	6,918	10,966	6,851	5,644	6,439	9,87
Trading profit	69,530	5,067	7,567	7,199	30, 107	24,820	26, 152	17,944	28,448	41,079	27,804	34,98
Overhead	8,094	7,461	6,733	7,924	7,971	9,492	10,846	10,049	10, 243	11,221	10, 182	12,12
Net profit	61,436	*2,394	834	*725	22, 136	15,328	15,306	7,895	18, 205	29,858	17,622	22,86
	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
Sold	1,809,064	186, 104	315,032	545,731	857,530	1,066,497	1,870,321	1,329,033	970,904	1,262,964	1,337,124	884, 21

^{*} Loss.

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OLIVE & DORION LIMITED-MONTREAL, P.Q.

BUTTER—TRADING ACCOUNT Financial Period Ending Dec. 31, 1948

	January	February
	\$	\$
Sales	922,319	484,314
Inventory first day	749,509	338,551
Purchases	418,863	250,113
Brokerage	271	312
Freight in	404	133
Total	1,169,047	589,109
Inventory last day	338,551	181,666
Cost goods sold	830,496	407,443
Gross profit	91,823	76,871
Selling costs	2,584	6,895
Trading profit	89,239	69,976
Overhead	9,985	7,570
Net profit	79,254	62,406
Sold.	Lbs. 1,390,727	Lbs. 727, 281

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OLIVE & DORION LIMITED-MONTREAL, P.Q. STOCKS-1947

First Day	Dominion	Olive & Dorion Limited	Percentage
	(,000 omitted)	(,000 omitted)	
January	44,279	1,949	4.4
February	32,016	405	1.2
March	24,222	300	1.2
April	15,419	253	1.6
May	11,327	359	3.1
June	24,046	1,431	5.9
July	42,861	2,050	4.8
August	59,430	2,151	3.6
September	67,509	2,197-	3.2
October	73,680	2,195	2.9
November	71,426	1,885	2.6
December	56,594	-1,925	3.2

 Total sales—1947—Lbs
 12,434,521

 Percentage of total sales
 17.6%—

QUANTITIES AND VALUE OF BUTTER—BY MONTHS

		Quantities of	butter—Lbs.		Dollar value	(omit cents)		Average per lb	
	On hand at beginning of month	Purchases during month	Sales during month	On hand at end of month	Purchases during month	Sales during month	Cost of purchases	Selling price	Margin between purchase cos and selling price
1946					\$	\$	cts.	cts.	cts.
Month— January February March April May June July August September October November December.	2,596,258 1,117,716 206,280 126,452 28,129 400,662 1,058,016 1,626,928 1,836,714 2,228,215 2,175,065 1,941,960	182,839 57,849 36,991 243,213 1,029,040 1,343,805 2,119,860 1,586,932 1,174,463 706,079 167,749 241,782	1,661,381 969,285 116,819 341,536 656,507 686,451 1,550,948 1,377,146 782,962 759,229 400,854 234,933	$\begin{array}{c} 1,117,716\\ 206,280\\ 126,452\\ 28,129\\ 400,662\\ 1,058,016\\ 1,626,928\\ 1,836,714\\ 2,228,215\\ 2,175,065\\ 1,941,960\\ 1,948,809\\ \end{array}$	58, 430 18, 424 12, 577 92, 779 393, 450 506, 174 828, 064 628, 923 465, 645 299, 034 70, 887 98, 034	621, 478 361, 549 40, 367 141, 650 264, 619 272, 243 631, 408 569, 726 323, 432 335, 737 176, 392 100, 787	31 · 957 31 · 848 34 · 000 38 · 147 38 · 234 37 · 667 39 · 062 39 · 631 39 · 647 42 · 351 42 · 257 40 · 546	37·407 37·300 34·555 41·474 40·307 39·659 40·711 41·370 41·308 44·220 44·004 42·900	5·450 5·452 0·555 3·327 2·073 1·992 1·649 1·739 1·661 1·869 1·747 2·354
		8,890,602	9,538,051		3,472,421	3,839,388	39 - 507	40.253	0.746
January. February. March. April May. June July. August September. October November December.	1,948,809 404,619 299,875 253,116 358,685 1,431,493 2,049,608 2,150,561 2,196,757 2,194,772 1,885,169 1,924,873	264,874 81,360 268,273 651,300 1,930,338 1,684,612 1,971,274 1,375,229 968,919 953,361 1,376,828 377,894	1,809,064 186,104 315,032 545,731 857,530 1,066,497 1,870,321 1,329,033 970,904 1,262,964 1,337,124 884,217	404,619 299,875 253,116 358,685 1,431,493 2,049,608 2,150,561 2,196,787 2,194,772 1,885,169 1,924,873 1,418,550	91, 156 26, 174 83, 528 248, 002 921, 711 821, 371 930, 996 574, 181 552, 031 534, 214 813, 302 238, 263	767, 984 82, 338 118, 681 224, 675 417, 051 545, 265 902, 446 741, 785 563, 664 727, 313 798, 744 580, 490	34·414 32·170 31·135 38·077 47·748 48·757 47·228 54·840 56·973 56·034 59·070 63·050	42·452 44·243 37·672 41·169 48·634 51·126 48·250 55·813 58·055 57·587 59·735 65·650	8·038 12·073 6·537 3·092 0·886 2·369 1·022 0·973 1·082 1·553 0·665 2·600
		11,904,262	12,434,521		6,014,929	6,470,436	50.527	52.036	1.509
January February	1,418,550 670,003	642, 180 373, 970	1,390,727 727,281	670,003 316,692	418,863 250,113	922,319 484,314	65·225 66·880	66·319 66·592	1·094 *0·288
* Loss.		1,016,150	2,118,008	THE REAL PROPERTY.	. 668,976	1,406,633	65.834	66.413	0.579

Month— January February March April May June July August September October November December	536, 200 372, 288 209, 272 96, 125 105, 689 258, 832 954, 520 1, 700, 384 2, 478, 784 2, 642, 640 2, 539, 036 2, 831, 640	497, 300 492, 274 787, 283 1, 316, 022 821, 863 1, 348, 778 1, 479, 548 1, 399, 334 912, 628 464, 054 1, 157, 740 493, 490 11, 170, 814	661, 212 655, 290 900, 430 1, 306, 458 668, 720 653, 090 733, 684 621, 434 748, 772 567, 658 875, 136 817, 378	372, 288 209, 272 96, 125 105, 689 258, 832 954, 520 1, 700, 384 2, 478, 784 2, 642, 640 2, 539, 036 2, 831, 640 2, 507, 752	168, 665 185, 088 257, 753 453, 958 266, 116 428, 225 481, 930 438, 868 291, 838 152, 502 380, 356 167, 215	229,566 256,683 335,367 458,686 227,456 224,489 246,082 217,056 267,813 204,008 323,612 289,960 3,280,778	33·916 37·598 32·739 34·494 32·379 31·749 32·572 31·351 31·977 32·862 32·853 33·884	34·718 39·170 37·245 35·109 34·013 34·373 33·540 34·928 35·766 35·952 37·405 35·474 35·663	0·802 1·572 4·506 0·615 1·634 2·624 0·968 3·577 3·789 3·090 4·552 1·590
January. February. March. April. May. June. July. August. September. October. November. December.	2,507,752 1,056,272 1,033,256 772,700 631,664 622,404 901,276 1,501,548 2,905,188 3,114,348 2,988,960 2,674,044	Total for six months 5, 134, 530 1, 273, 150 2, 123, 464 947, 659 750, 690 576, 814 171, 263	Total for six months 6,741,006 672,878 719,824 738,499 876,078 891,730 889,258	Total for six months 901,276 1,501,548 2,905,188 3,114,348 2,988,960 2,674,044 1,956,049	Total for six months 1,575,064 424,156 697,663 324,903 249,145 188,663 50,317 3,509,911	Total for six months 2,359,187 247,424 251,718 267,144 307,344 313,446 307,859 4,054,122	Aver. for six months 30.675 33.315 32.884 34.284 33.188 32.707 29.379	Aver. for six months 34.997 36.771 34.969 36.173 35.081 35.150 34.619	Aver. for six months 4.322 3.456 2.115 1.889 1.893 2.443 5.240

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Address: 722 St. Paul St. West, Montreal 3, P.Q.

OLIVE & DORION LIMITED

QUANTITIES AND VALUE OF BUTTER—BY MONTHS

		Quantities of	butter—Lbs.		Dollar value	(omit cents)		Average per ll	· ·
_	On hand at beginning of month	Purchases during month	Sales during month	On hand at end of month	Purchases during month	Sales during month	Cost of purchases	Selling price	Margin between purchase cos and selling price
					\$	\$	cts.	cts.	ets.
1939 Month— January February March April May June July August September October November December	498, 848 432, 040 423, 584 360, 976 916, 440 2, 093, 952 2, 501, 688 2, 913, 456 2, 366, 248 2, 481, 752 2, 245, 712	No data " " " " " " " " "	No data "" "" "" "" "" "" "" "" ""	498,848 432,040 423,584 360,976 916,440 2,093,952 2,501,688 2,913,456 2,366,248 2,481,752 2,245,712 2,092,608	182,866 228,388 262,835 157,980 256,306 549,568 332,233 248,327 196,733 160,905 196,869 145,040	239,889 256,772 277,981 181,008 148,259 308,615 255,561 167,501 305,215 77,949 251,642 172,388	No data "" "" "" "" "" "" "" "" ""	No data "" "" "" "" "" "" "" "" "" "" "" ""	No data "" "" "" "" "" "" "" "" "" "" "" "" ""
1940									
January February March April May June July August September October	2,092,608 1,478,568 959,392 310,128 106,456 759,976 1,418,648 2,314,088 2,124,360 1,686,384	No data " " " " " "	No data "" "" "" "" "" "" "" "" "" "" "" "" ""	1,478,568 959,392 310,128 106,456 759,976 1,418,648 2,314,088 2,124,360 1,686,384 2,389,408	99,825 28,868 185,142 99,292 251,889 311,068 365,237 138,783 168,025 317,185	278, 302 169, 266 373, 533 156, 118 105, 433 169, 700 168, 452 182, 553 137, 663 247, 405	No data "" "" "" "" "" "" "" "" ""	No data " " " " " " "	No data " " " " " " " " " " "

1,968,268 1,777,175

231,966

265,026 2,462,306 350,833 308,527

2,647,785

2,389,409

1,968,268

November.....

December.....

"

By Mr. Monet:

Q. Before dealing with this exhibit, I understand you are also president of

the Commodity Exchange?—A. That is right, sir.

Q. There have been some questions here concerning the Commodity Exchange and I will ask you in a minute or two to give the members of the committee information concerning the functions of this body. I understand you were the butter administrator?—A. That is correct, administrator of dairy products.

Q. That would include butter?—A. All dairy products.

Q. Would you give the dates covering the period during which you were administrator?—A. I was appointed administrator in April, 1943 and I left the board at the end of June, 1947, early in June.

Q. All during that period you acted as administrator of dairy products?—A. I may say that just prior to being appointed to the position of administrator, in the winter of 1943, I had served with the board in the capacity of special assistant supervising the distribution of butter.

By Mr. Thatcher:

Q. Were you president of your company at the same time you were butter administrator?—A. Yes.

Q. And president of the Commodity Exchange also?—A. That is correct.

By Mr. Monet:

Q. Were you president of the Commodity Exchange at that time?—A. I

have been president of the Commodity Exchange for ten years.

Q. I am sure you are the right man in the right place this morning and that you are able to inform the members of the committee concerning the Commodity Exchange. Would you describe to the members of the committee the operation of the Commodity Exchange?—A. Well, I will try, Mr. Monet. I think there is an air of mystery being attached to the exchange which does not exist at all.

In the first place, the Canadian Commodity Exchange is an organization which enables buyers and sellers to meet and express their market opinion of the product which is being traded. It is an open market as compared with what I should, perhaps, call marketing behind closed doors which, in my business experience is not the best type of marketing. I remember very well the developments which led up to the Commodity Exchange. In those days, prior to the introduction of the exchange, it was pretty well impossible to establish a market from day to day, yet the commodity is a commodity which is produced and consumed every day.

I think we started trading in butter, as I recall, in October of 1935. Prior to that time, the only attempt made to establish a market was by what was called an auction sale held once a week. In my opinion it was not properly called an "auction" because the auctioneer always reserved the right not to sell. Half the time no sales were made. The quantities offered were very small and

were not representative of the volume of business being done.

Some of us decided we should have some form of marketing whereby people would come out in the open, make their bids and make their offers; where everything would be done in a manner which was regulated. The trading practices would be conducted under rules and regulations which could be defended at any time, under any circumstances. I think the Commodity Exchange, without doubt, has accomplished that purpose.

As evidence of that fact, I should like to point out that the largest operator on the Commodity Exchange is the Co-operative Federee de Quebec. That organization sold 90.68 per cent of the butter sold on the spot market in 1947. I am quite satisfied those gentlemen are astute enough and, if it were not to their

advantage to trade there, they would not sell their butter there. It is nothing more or less than a place where people come together, under supervision, to express their market opinion on both the buying and selling side. There is nothing mysterious about it. The man who makes a bid must stand behind it and if he makes an offer he has to do the same thing.

By Mr. Winters:

Q. What is the financial set-up? Is there a fee charged?—A. The members of the exchange pay an annual assessment of \$60 to the exchange itself. I have

not mentioned the clearing association as yet.

The clearing association exacts a fee of 1 cent a box on butter that is traded on spot and \$2 a contract on future contracts. Actually, the exchange is operated at a loss on its clearings. The operating revenue has not been adequate and the assessment on the members makes up the deficit. There is not a profit. The exchange is a non-profit organization. It does not buy or sell butter. It is merely a meeting place for buyers and sellers. Information concerning the transactions is made available to the public. Any purchaser or consumer or anyone else is entitled to have full knowledge of the transactions and such knowledge is being obtained through the press and ticker service.

Q. How many members are there?—A. About 31 produce members of the exchange. The members are entitled to appear on the floor of the exchange and actually do the buying and selling. They, of course, may represent anyone else as a broker and that is the capacity in which most of the business is done,

certainly so far as future business is concerned.

Q. Where is the Commodity Exchange located?—A. On St. Francois

Xavier street, Montreal.

Q. Does it own its own building?—A. No. Some of you gentlemen might be disillusioned if you saw it. It is a very unpretentious little place. I do think it has contributed a great deal to the orderly marketing of butter in this

country, and I say that after some experience.

I should like, if I may, to tell you the essential difference between spot and futures. I know this question of futures is one which has given some people concern. A spot sale is just what the term implies. It is a transaction in which the buyer takes immediate delivery of the product, whether that spot sale be on the Commodity Exchange, a sale up in Chicoutimi, out in Vancouver or down in Halifax. The future sale differs in this respect, that final possession is not taken immediately by the buyer but is deferred until an agreed time. The difference between the spot and future price is usually the cost of financing or carrying that butter until delivery is made; that is the essential difference between spot and future.

By Mr. Lesage:

Q. Would the Co-operative Federee de Quebec sell futures?—A. No, they never have, not to my knowledge. I do not think the type of operation they conduct would lend itself to that. For example, they do not plan to carry butter for any length of time. They are a marketing organization, essentially, not a distributing organization in the sense other organizations are.

Q. They obtain their butter from member co-operatives and re-sell it

as soon as they can?—A. That is right.

Q. On the exchange or elsewhere?—A. That is right.

By Mr. Monet:

Q. Of all the transactions on the Commodity Exchange last year, the Co-operative sold about 90 per cent?—A. On the spot market. Of the 10,000,000 pounds of butter sold on spot the Co-operative Federee sold 90.68 per cent of that butter. I should like to go on with a couple of further remarks.

By Mr. Irvine:

Q. May I ask you if your exchange was functioning during the period when the price of butter was fixed?—A. The exchange has always functioned. It was not active at all times because unfortunately supplies of butter were so tight there was no buying and selling of butter, shall we say. To explain the position further, we have not traded butter since about the 13th of January because there is no butter to trade. Butter is right bang up against the ceiling. There is not any trading. Under those conditions the market is inactive, and there has not been a transaction since the 13th of January. I did want to say—

By Mr. Mayhew:

- Q. Just a minute. Witnesses who have been before us claim that they get quotations every morning in the paper. If you have not been trading since the middle of January where is the newspaper getting these daily reports of the price of butterfat?—A. Oh, markets. It is a little difficult to define the word "market". A market exists anywhere business is carried on, where buyers and sellers are trading. It can be in a village or anywhere. The use of the word "market" is sometimes misleading.
- Q. Even in spite of the fact you were not trading they were still getting through your organization the price of butterfat?—A. Not butterfat, butter. We do not quote butterfat. We do not trade in it. The only price the commodity exchange registers now is the maximum price. There is a standard price ceiling. Everybody is short of butter. They would be very glad to get it at that price. That is just the standard price that is reported for the purpose of the record, butter at the ceiling. What I was trying to explain is the commodity exchange is only one source of market information. I am sure in the city of Ottawa this is the case. I know in the cities of Toronto, Winnipeg, Vancouver, and all these other cities and towns where business is carried on, people by bidding or offering, and buying and selling establish a market. Usually the local press gather that information. They want to know what the price of butter is today. They call up people who are active in the business and they get information maybe from half a dozen. That in a sense constitutes the information, as I understand it, that you receive or read in the press. The commodity exchange is just one factor. It is one of those markets. It happens to be one that is organized where the information can be given out readily. I was going to point out, in order that you may get a proper prospective, that the total position on futures—and you are interested in that angle—the total number of futures traded amounted to 4.13 per cent of total production in 1947. That is the total number of contracts traded in 1947, 4.13 per cent.

By Mr. Lesage:

Q. On the Commodity Exchange?—A. That is right. That is the total number of contracts traded.

By Mr. Monet:

Q. Excuse me for interrupting. Can you give us in pounds of butter how

much that would amount to approximately?—A. 14,448,000 pounds.

Q. Bought through future contracts?—A. Yes. I want to go on and explain that position is not a static position. That is the total volume in the year. The maximum postion at any one time was 3,068,000 pounds. That was the highest open position in futures. That was in October.

By Mr. Lesage:

Q. Part of that 3,068,000 pounds could have been resold as futures and would be in the total of 14,448,000?—A. Pardon?

Q. It could be included twice in the 14,448,000?—A. By purchase and sale, yes. I wanted to point out—

By Mr. Harkness:

Q. That 14,000,000 is actually considered as sales? You said contracts, but does that split down to half sales and half——A. No, it is 645 contracts, 22,400 pounds each.

By Mr. Irvine:

Q. Are the figures you are quoting in this statement here?—A. No, they are not.

Mr. Monet: No, because this is on the Commodity Exchange only.

The Vice-Chairman: The statement before you has to do with the company, and incidentally the witness is president of the Commodity Exchange and is dealing with that at this moment.

The Witness: I wanted to get in the record that that open position I have mentioned of 3,068,000 pounds was in October at which time it represented 4.16 per cent of the stock of creamery butter in Canada. I wanted to get that picture across so that you would see that it is not the biggest factor in the picture.

By Mr. Harkness:

Q. You said the Commodity Exchange had had no sales since the end of January. That includes futures? There has been no futures trading since that time?—A. I was talking about spot transactions.

Q. I wanted to clear up that point. I thought possibly there would be some future sales?—A. There were two future contracts on February 5. That was the closing out of a position. There has been nothing traded since.

Q. Nothing since that?—A. Nothing at all.

By Mr. Lesage:

Q. For delivery after it comes into production?—A. Pardon?

Q. These future contracts were for delivery after the start of the new production?—A. No. In this case it was a man closing out his position. He was just liquidating it.

By Mr. Monet:

Q. Have you got any other information you would like to give the members of the committee on the operations of the Commodity Exchange?—A. I do not think I want to volunteer anything further. It is rather difficult to know what you want. If there is anything I would be glad to answer any questions.

By Mr. Harkness:

Q. Why is it there have been no future sales for delivery, we will say in June or July or some other such time as that? Is it because there is anticipation that the price will remain at the ceiling throughout that period?—A. No, I do not think so. I would say that in order to enter into a future contract you must be sure of having the product. That is one of the first requirements.

Q. Well, a lot of people are sure of having the product in July.—A. The next thing is to know what the price of butter is going to be in June and July, and I do not know that anyone can hazard a guess as to that at the moment.

Q. Nobody, in other words, is willing to gamble on what the price might be?

By Mr. Irvine:

Q. Do you know any better at any other time than you know now?—A. At any other time?

Q. Any other period?—A. There are times when it is possible to make a

reasonably intelligent forecast of prices.

Q. You can guess better?—A. I do not accept that it is a matter of guess work. It is a matter of study of supply and demand conditions. There is a certain amount of guessing in it. There is certainly always a large element of risk, but there are other seasons of the year when it is pretty well impossible to be able to look into the future very far.

Q. It is true in every year we have surplus butter during the summer months and always less in production in the winter than we consume? That is generally

true?—A. That is right.

Q. And it is not much worse this year than other years. I cannot see that there will be much difference between the opinions you might hold in respect to that matter this year or any other year.—A. Well, it would be quite a long discussion to describe the thinking that goes through a mind like my own when I am trying to size up the future. I do not know that I could do it successfully. I have spent thirty years in this business.

By Mr. Harkness:

Q. If there was no price ceiling at the present time there would be a futures market, would there not?—A. There is a futures market. Let me put it this way. I am not being facetious, but I do want to get the idea across. If anyone would care to express an opinion at the present time as to the value of butter in June, and the price which they bid for that contract did not violate the price ceiling regulations then a contract could be made quite legally and quite properly, but nobody wants to express that opinion so far as I know because it has not been done.

Q. The point I am getting at is if there was no price ceiling at the present time you would be having actual transactions on your futures market? People then would be hazarding a guess?—A. I should like to go a little further and say that in our experience at this time of year we seldom have an open position. As a matter of fact so many unknown factors remain to be determined—generally, people having an opinion on what is going to happen want to see what production is going to be. There are so many factors enter into the establishment of price and volume.

Q. Then this is not a normal situation, not to have trading at this time of the year?—A. It is not normal to the extent that we cannot offer them over 67.5 cents, over the ceiling, even though if there were no ceiling they might think

it would go to 70 cents.

Q. I would think that there might be some who would be buying futures.

Mr. Mayhew: Do they have to put up a margin?

The WITNESS: Yes.

Mr. Mayhew: What is the amount of the margin?

The WITNESS: The margin is \$1,500 on a contract, which must be fully corrected on the market daily, because of the fluctuation of the fath of a cent in price has to be met. That has to be put up daily in order to maintain it.

By Mr. Harkness:

Q. I would think that the producer would be quite happy to sell his production let us say at 2 or 3 cents under the ceiling, knowing that as soon as full production gets underway in the summertime the price would be more or less bound to go down. I would think he would be very happy to guarantee this price of 2 or 3 cents below the present market or ceiling price. But apparently there is nobody willing to take it at that price.—A. Well, the position is that no one is either offering or bidding.

Q. There is actually no creamery offering to sell its production below the

present price?—A. No.

Q. The general opinion then must be that the price of butter is going to remain at this ceiling throughout the next summer.—A. Do you want my

opinion?

Q. No, apart from your opinion altogether, the opinion of the buyers and sellers must be, seeing that they are not offering to sell futures or offering to buy, their general opinion must be that the price is going to stay right at the ceiling.

Mr. IRVINE: Is that not the fact, what Mr. Harkness says? Is not that the real reason why the situation is not as bright as usual?

The Witness: I do not think that I can answer that correctly, because speculation is not very bright in the butter business, as I interpret it. People take a position because they are in business and they have to take a position in order to remain in business.

Mr. Mayhew: The men who buy these futures—the people who have been here lately say they do not buy any butter through you; that is, they stand alone. That is particularly true of the last few witnesses who have appeared before us. If we are to take what they say as true, a lot of these people don't buy butter at all, never saw butter, would not know butter from margarine.

By Mr. Harkness:

Q. You see, Mr. Olive, what I actually have in the back of my mind is the likelihood of the price of butter going down, and I would take it from your evidence that the general opinion of dealers in Canada is that it is going to stay right at the ceiling, and that is supported by the fact that there are no bids or offers in a lower market.—A. I cannot say that I can blame you for arriving at such a conclusion.

Mr. HARKNESS: Personally I would think that with the increased production which is expected prices would come down to a certain extent.

The Vice-Chairman: Do you want to make a contract?

Mr. Harkness: I do not. I am not in the butter business Ralph; but from all the evidence I have heard I would think following past years' experience the price of butter would fall during those periods of heavy production.

The Witness: There are quite a few factors entering into the position this year which affect that position. For example, we have a price set for cheese which means 66-cent butter. I will not attempt to forecast what the butter price is going to be, but I would venture the opinion that the butter price should be at least equal to cheese if we are going to have any butter in this country this year.

Mr. HARKNESS: And that comes back to the matter that the price of

cheese determines the price of butter.

The Witness: We have many uncertainties. I do not think anybody today is in a position to be sure of anything. We have a program of exporting cheese to Britain. We have to obtain all that cheese and our milk supplies short; and when the price of cheese is 66-cent butter we may be short of butter, perhaps. I don't know.

Mr. HARKNESS: The prospects for a fall in the price of butter is at least remote, you might say?

The WITNESS: I do not do much forecasting.

By Mr. Lesage:

Q. But, Mr. Olive, the amount we have for export this year is less than last year, is it not?—A. I understand that our export commitment is 7,000,000 pounds below what it was.

- Q. Less than last year, 7,000,000 pounds less; that would mean that there would be 3,500,000 pounds more available for butter?—A. But the fact that the farmer—
- Q. But the fact is that the relationship of the price of 30 cents for cheese will have an effect on the price of butter, would it not?—A. Oh, I think so; without a doubt.
- Q. Without a doubt.—A. The price of cheese always affects the butter price, and there are other factors which enter the picture also. The price of cheese or butter may vary from time to time, but eventually they come back together, and at times you get a diversion of milk from one to the other. But in addition to cheese you also have the competition of concentrated milk products and things of that kind.

Q. Do you think the price of fresh milk is affected by that?—A. I am not

an authority on that end of the business.

Q. But I am talking now about dairies.—A. The price of milk, as I understand it, was set.

Q. Now I have in mind not fresh milk, concentrated milk.—A. Yes, the market for concentrated purposes has been about 305 a hundred in Ontario, and it is already paying better than butter.

Q. That is probably the answer.—A. Even at 67 cents it is paying better

than butter.

Q. Even at 67 cents?—A. Right. I think you should consult the experts on that. I am not an expert.

By Mr. Monet:

- Q. Now, Mr. Olive, I understand that to the Canadian Commodity Exchange has attached to it, if I may use that expression, the Canadian Commodity Clearing Association?—A. Right.
 - Q. I understand that there are 7 members of that association?—A. Yes.

Q. Of which your company is one?—A. Yes.

Q. Would you describe to the members of the committee the operations and functions of the clearing association?—A. I think perhaps I can best describe it by saying that the clearing association is the bookkeeper for the Commodity Exchange. It handles the mechanical details of the contracts that are made from day to day. It is responsible for seeing that all the contracts are properly discharged and carried out. It also collects the margins from the clearing members; deposits them and maintains the so-called position; sees that the market position is maintained daily. It is merely a mechanical agency which assures the carrying out of the contracts.

Q. I see. Now, you said all contracts; you mean spot and future?—A. Yes,

that is right.

Q. Every transaction that goes on is recorded and cleared through one of the members of the association?—A. The mechanics of these spots and futures is slightly different; but I do not think you are interested and I do not know that I am capable of explaining fully the mechanics, because it is a bookkeeping operation essentially; and it is purely the different stages or processes through which the contract goes to be completed. I have a note on it but I tried to simplify it. As a matter of fact it is difficult to make an explanation of the technical operations. Quite apart from the accounting point of view the clearing association is an organization which acts as the clearing agency for exchange members. Its functions are to see that all trades are properly adjusted to the market price daily, and act as a guarantor to the buyer and the seller that the delivery will be taken or made. Those are the essential features of the clearing association, and the rest of it is just bookkeeping, to see that conditions are carried out.

The Vice-Chairman: The contracts are all verbal are they not?

The Witness: When a contract is made, whether it be spot or future, on the floor of the exchange where all of the business is done, all the bids and offers are handled that way. The buyer and seller must exchange formal slips covering the deal. At the same time the exchange management makes a record of the transaction, so there is a full and complete record of all transactions by members at all times.

By Mr. Lesage:

Q. How many employees have you?—A. We only have two. We are a very small outfit.

Mr. Lesage: That is all I wanted to know.

By Mr. Monet:

- Q. Well I have information to the effect that last year the first contract through the Clearing Association Incorporated was executed on June 17, 1947. Would that be correct?—A. Well, sir, I have not got the information in front of me but if it was furnished by the exchange I would say it was correct.
 - Q. It was furnished by the secretary-treasurer?—A. That would be correct.
- Q. And each contract would represent one carlot which is 22,400 pounds of butter?—A. Yes.
- Q. Now you have told us in your opinion the exchange fulfills a useful function?—A. I would say it is decidedly useful.
- Q. Would you tell the members of the committee whether, in your opinion, the operations of the Commodity Exchange are an important factor in fixing the price of butter or determining the price of butter?—A. The Commodity Exchange merely reflects the opinions of other people. The Commodity Exchange is not in itself in the butter business, so to say the Commodity Exchange is any factor would be incorrect. The members of the exchange by making a bid or offer reflect their views on the value of the product. When a transaction is made you will see that perhaps 500 boxes of butter are sold at 59 cents and that, at the moment, is the market. It may fluctuate mildly. The fluctuations are usually rather mild but under unusual conditions they may be more rapid. Generally, however, they are mild fluctuations which are represented by the buying and selling on the market.
- Q. I take it from what you have said the Commodity Exchange is not a factor in the fixing of prices and it does not play any part at all? It just reflects the price or bid—the supply and demand of sellers and buyers?—A. There must be some method of the buyers and sellers getting together. If a creamery in the country has butter to sell and a distributor in the city has a demand for butter there must be some way for them to get together to complete the transaction. The process goes on every day of the week and every week of the year. Butter is consumed daily and produced daily.

By Mr. Johnston:

- Q. How many creameries do business through the Commodity Exchange?—A. Pardon me?
- Q. How many creameries do business through the Commodity Exchange?—A. I cannot answer that except by saying the Co-operative Federee, which represents a great number of creameries, sells 90 per cent of the butter sold on the exchange.
- Q. I think that we have had evidence that a great many creameries, especially the larger ones, have nothing to do with the Commodity Exchange.—A. I am not in a position to give you information as to the number that do not do business on the exchange and I do not know where I can get that information.

By Mr. Monet:

Q. Continuing that line of questioning, can you give the members of the committee information as to who sells the other 10 per cent of the butter sold on the Commodity Exchange? You say the Co-operative Federee sells 90 per cent but who would sell the other 10 per cent?—A. It might be people like myself. If we feel the price of butter is high on a particular day we might have 500 pounds of butter for sale.

Q. You are speaking of wholesalers?—A. Yes.

Mr. IRVINE: Does this 90 per cent which you mentioned include all the butter produced in the province of Quebec or just the butter sold on the exchange?

Mr. Moner: Just the butter sold on the exchange—that is what the witness said.

By Mr. Irvine:

Q. I cannot see why you would not be selling 100 per cent of all the butter sold on the exchange?—A. It is not physically practical to sell all the butter on the exchange because you have to be moving it. For instance if you wanted butter at Gaspé, or Acadia, or Quebec City, you would not buy it on the Montreal exchange and likewise it would be sold where it was produced. Butter is not offered to the Commodity Exchange except where Montreal is the logical market. The exchange exists so that those who desire to do so have the privilege of offering butter on the exchange in Montreal.

Q. How much real butter do you sell in an average year?—A. Last year we

sold 10,522,000 pounds of butter.

By Mr. Johnston:

Q. What percentage of the butter produced in Quebec does that figure represent?—A. About 10 per cent.

Q. The other 90 per cent is sold outside the Commodity Exchange?—A. That is right.

By the Vice-Chairman:

Q. Where is the butter eaten that is sold on the exchange?—A. I would say most of it is consumed in Montreal.

Q. Yes, quite evidently it would not be sold in Timbuctoo?—A. No, it is

eaten in Montreal.

Q. Yes, and the transactions here recorded reflect only the use of butter in the neighbourhood of Montreal?—A. Generally speaking in so far as spotting is concerned that would be true. There would be exceptions, however. For example, a creamery in Eastern Ontario might want butter and be unable to buy it in their local territory and they might give an order to someone in Montreal to buy it on the exchange.

Q. Is that the only exchange for butter which exists in the country?—A. It

is the only organized exchange that is selling butter in Canada.

Mr. Johnston: Are there any such exchanges in the United States?

The Witness: There would be the mercantile exchanges down there that carry out similar functions but I think I may say to the best of my knowledge that I know of no other commodity exchange where the volume of spot business even approaches the volume handled in Montreal, although it is actually only a small part of the production. We do a large volume of spot business which I believe indicates the use to which people put the exchange.

By Mr. Irvine:

Q. Does the amount of butter sold in a year check exactly with the amount of butter physically handled?—A. I am not quite sure that I understand you, Mr. Irvine.

Q. Well, do you sell a lot of butter that does not exist? For instance, is the exchange comparable to the grain exchange which may sell more grain in a week than is grown in ten years?—A. I think I can answer that question best by saying we only sold four per cent of the butter produced in Canada and therefore we must have sold butter that existed. I know of no sales of butter that did not exist.

Mr. Johnston: Except for future sale?

The WITNESS: No, I did not qualify the statement. I say that I know of no sales, including future sales, where the butter did not exist.

Mr. Lesage: But it was not all delivered?

The WITNESS: Future sales are all hedge sales. A warehouse man who has butter will sell a contract for future delivery. In the first instance he does it for the ordinary warehouse earnings, and in the second instance he may not want to take all that market risk himself.

Mr. Monet: When he sells the butter he actually has it?

The WITNESS: Yes, he has it in his warehouse.

By Mr. Irvine:

Q. That is what I want to know. The record of the sales which are transacted in a year would tally exactly with the amount of butter physically handled on the exchange?—A. In so far as spotting is concerned.

Q. Yes, I know it is true in so far as spotting is concerned but I am not

talking about spotting.

The Vice-Chairman: It is about the other four per cent that you wish to learn?

Mr. IRVINE: Yes.

The Vice-Chairman: A little better than four per cent is represented by future sales?

The WITNESS: Yes.

The Vice-Chairman: And it is with reference to that four per cent that Mr. Irvine would like to know. He wants to know whether that is fictitious?

Mr. IRVINE: I do not know that you would call it fictitious.

The Vice-Chairman: It is non-existent.

By Mr. Johnston:

Q. I understood the witness to say that even the butter represented by future sales was held in storage?—A. To the best of knowledge every future sale has a hedge of actual butter behind it.

Q. That would actually be in storage?—A. I want to be sure that I understand the question put by Mr. Irvine. I will not say that every contract that is made goes through to delivery. I do not think I should say a thing like that.

Mr. IRVINE: That is what I was thinking of.

The Witness: Well, a creamery in London, Ontario, for instance, wishes to protect a future requirement to the extent of 400 boxes of butter. It may suit them best to have that in storage or it may suit them best to buy a contract on the exchange. When it comes time for delivery in order to save freight it is quite possible they may be able to buy butter locally. In the meantime, however, they have protected themselves against market change and in that case it is quite logical for them to sell the future contract and buy the local physical butter. To that extent the contracts do not go through the delivery.

The Vice-Chairman: We will adjourn until this afternoon.

The meeting adjourned, to meet again this afternoon at 4 o'clock.

AFTERNOON SESSION

—The committee resumed at 4.00 o'clock p.m. Mr. Ralph Maybank, the Vice-Chairman, presided.

Kenneth H. Olive, President, Olive and Dorion Limited, Montreal, recalled:

The Vice-Chairman: I see a quorum, gentlemen. When we adjourned Mr. Monet was examining Mr. Olive.

By Mr. Monet:

Q. Mr. Chairman, I still have a few questions to ask Mr. Olive before I am through with him. You were talking at adjournment of the Commodity Exchange, Mr. Olive; would you tell members of the committee if there are possibilities of abuse—and I am always referring to price—possibilities of abuse in the operations of the Commodity Exchange?—A. The only way I can answer that, Mr. Monet, is to say that I have never been aware of any possibilities.

Q. You say you have never been aware of it. Could there be the possibility of abuse through the functions which you described to us this morning?—A. I do not think that the Commodity Exchange could be selected as an agency of abuse. I think your question is a little difficult to answer just as it is phrased.

Q. I mean, you have said that the Commodity Exchange itself has no function other than that of bringing together buyers and sellers, and therefore there would be no possibilities of abuse on account of bringing together sellers and purchasers?—A. Inasmuch as the Commodity Exchange only traded 4 per cent of the butter in general last year I would say that it could not have any appreciable affect on the price, that is the information you want.

Q. That is the information I want.

By the Vice-Chairman:

Q. May I break in and say this: I think you nearly answered this question

to Mr. Irvine this morning.—A. What is that?

Q. Have you ever experienced any appreciable amount of short selling?—A. To my knowledge there has never been any short selling. People who sell butter on the exchange, who sell contracts, have the butter in the warehouse and are hedging.

Q. I suppose short selling would be very dangerous where people would not know what the future position of butter was going to be; and, you have said, you trade only a small percentage of the total supply.—A. That would be the

only thing-

Q. Is the fact that such a small proportion of the total is the handling of the exchange, is that the chief safeguard against such possibilities of abuse?—A. I guess the answer to that would be, yes. To influence price, if there was such a thought, would require the control of a great deal of butter; and I have never seen that in any form.

By Mr. Johnston:

Q. How could they use butter as a hedge? Would they buy butter for

that purpose?—A. Did you say, how could they use it as a hedge?

Q. Yes. When they have butter right there in storage of their own, what would be the purpose?—A. The purpose of storing would be perhaps, first of all, to earn the storage revenue. It is a natural operation. It is carried on for that purpose very largely.

Q. Would they not have to base it on a future price sufficiently above the market to take care of storage?—A. Yes, the difference between the cost and the future price—that is the cost of carrying it.

Q. And when they get a hedge, would they not be buying butter then which

was not in existence?—A. No, not if I follow your question.

Q. I do not see the point of hedging if you have the butter right there in storage.—A. May I give you our own position back over the years for the purpose of answering your question. We have a warehouse of a certain capacity and we do not at any time contemplate using all of the warehouse space for our own business. We do want to get revenue on the balance of the space which we do not use ourselves, so it is to our advantage to buy butter, or to have butter bought and put in our warehouse, and to sell contracts. That is the way you meet the expense of your own contracts. The butter has to be delivered.

*By the Vice-Chairman:

Q. You are the person who is hedging your risk over the succeeding months? —A. That is right.

The Vice-Chairman: That is hedging.

By Mr. Mayhew:

Q. Let us assume a man had very large stocks of butter, over a million pounds, and he was anxious of course to see the price go up; what is to hinder him from using your facilities, your warehouse, and from making purchases of butter on the Commodity Exchange which would later be reported as setting the price for butter for the day, or for the next day? True, he might lose some money, but he would gain a great deal on the amount of butter that he was holding in storage himself; so, are you not giving an opportunity—I do not say, have you—but, are you not furnishing an opportunity for the speculative buyer of butter?—A. I would say that regardless of whether you have a Commodity Exchange or not the opportunity for people to buy any commodity always exists, if they have the money to put up to buy that commodity.

Q. Where would they go to buy it?—A. They would go to the creamery,

to the wholesaler, anywhere.

Q. They would not buy from the creamery or the wholesaler on margin?—A. Oh, yes. We have always done creamery business—in my own experience of over 30 years; as distributors we must buy butter on margin or we would not be able to protect ourselves. And another thing would be this, that if it were not for this sort of buying the producer would get a lower price during the flush production season.

Mr. Johnston: Has there not been evidence here that they do sell butter on margin?

The Vice-Chairman: There may have been some evidence by someone. I do not know.

Mr. Monet: You mean, sold on the Commodity Exchange?

Mr. Johnston: I think they also said that they sell on margin.

The Vice-Chairman: Selling on margin, selling on deferred payment. I feel that we can't have that evidence surely, because it seems to run contrary to what one would expect.

Mr. Johnston: My memory is that somebody asked the question if they controlled the butter market, and they said no.

The Vice-Chairman: At the same time these are large transactions very often and they cannot always pay cash.

Mr. Johnston: Even that would not be what you would consider buying on margin.

The Vice-Chairman: There is no difference between deferred payment and

margin buying.

Mr. Johnston: If they do not pay it all in cash but perhaps give a note or something to the company to clear it on a certain day, that would not be considered buying on margin.

By Mr. Mayhew:

- Q. It would seem to me that there was a possibility of their making a price there, that it would affect the real price.—A. Well, sir, if I may answer that; in my own experience and judgment based on experience I have had in the business, it would take a great deal of buying to move the butter price a fraction of a cent under those conditions. Under present conditions of shortage you appreciate that anything could happen, but normally speaking the man who bought 500 boxes of butter or 1,000 boxes of butter or 5,000 boxes of butter would not influence the market appreciably. That would not make very much of an impression on the Canadian butter market, even in the season of flush production when stocks are bought for holding. I have no hesitation in making that statement.
- Q. I can quite believe that the man who has the nerve to go in and buy butter when butter is plenty and takes out butter and puts it into storage, he is doing a really worthwhile service to the whole industry; providing it is done in an orderly and reasonable way. On the other hand, the fellow who buys a future on margin I do not think is a useful citizen to have around at all.—A. You may be referring to a man who is entirely outside of the business.

Q. Yes, who is entirely outside of the business.—A. Well, I would say that in the light of the years of experience I have had in the business, the few people who might be put in that category are of no importance whatsoever in the over-all picture. Their operations do not affect the price of butter one way or

another.

By the Vice-Chairman:

Q. If you raised the price by buying 1,000,000 pounds you are in danger of cutting the price by selling 1,000,000 pounds, aren't you? The fact that you pay a certain price for butter in anticipation of a higher price later on is no guarantee that you will get that higher price when you come to unload.—A. That is certainly true, sir.

Q. Many people have found that out, haven't they?—A. We all have at

one time or another.

Mr. Thatcher: There is one point I am not quite clear on. The Vice-Chairman: I think, Mr. Mayhew, you started this.

By Mr. Thatcher:

Q. Mr. Olive stated this morning, I think, that he was the butter administrator, the president of Olive and Dorion, and the president of the Commodity Exchange. I am to understand from that that you had a salary from each of these positions?—A. Certainly not.

Q. Were you a dollar-a-year man?—A. I did not even get the dollar.

The Vice-Chairman: Didn't vou?

The WITNESS: No.

By Mr. Thatcher:

Q. That was in an advisory capacity?—A. No, sir; it was a full-time job. I devoted all my time and attention to the job, left my own business to do it. 10212—41

Q. When the appointment was made were you asked in any way to leave your business to take that job on?—A. I was asked to take the appointment, yes.

Q. You were asked to leave your business?—A. I could not do both so I had

to leave my business. I was on loan.

Q. The point I am getting at is this; that in view of the fact that you were the butter administrator—is that the title?—A. Administrator of Dairy Products.

Q. That you were the Administrator of Dairy Products would not give you inside information that might be particularly valuable in your business?—A. Certainly not, no information whatever, because we were so controlled that the business could not move in any direction.

Q. Take, for instance, when controls came off, the last of June; you must have had something to do with the matter of taking those controls off?—A. All that is a matter of government policy. I had nothing to do with the making of

decisions.

Q. No, but you knew a few months or a few weeks ahead that they were coming off. Would not knowledge of that be of some advantage to you in your business?—A. I think, sir, if you make a study of the market you will very readily agree that there was no possible advantage because the price of butter did not move—I assume you are referring to the period when the subsidy was taken off.

Q. Yes.—A. Well, when the subsidy was taken off every holder of butter was required to refund the full amount of 8.5 cents per pound of butter which they had in storage. The market dropped to 48.5 cents. There was no profit in

that deal.

Q. But there was the danger of having that knowledge you might have been able to buy butter. I am not saying that you did at all. What I am trying to get from you is, there might have been an advantage to you through your position?—A. I cannot accept any such statement as that.

By Mr. Mayhew:

Q. When was the ceiling removed?—A. June 9.

Q. And the price remained at the same level during June and July?—A. That is right.

Mr. IRVINE: I would like to know next what your company does, what its function is—are you going to deal with that?

Mr. Monet: I was coming to that.

The Vice-Chairman: I think we should finish dealing with this Exhibit 77, whatever it is, first.

By Mr. Monet:

Q. Now, did you at any time during 1947, or up to the present date in 1948, refuse to accept bids for suppliers of butter?—A. Oh, yes, frequently.

Q. Would you tell the members of the committee why you did that?

The Vice-Chairman: You mean on the exchange?

Mr. Monet: No, in your own business. I am talking about Olive and Dorion.

The WITNESS: We did not have the butter to fill the bids. That is all.

By Mr. Monet:

Q. Was that during 1947?—A. At times, yes, if the bids were made to us in such a manner that they were below market, for example, below the prices at which we were buying the butter ourselves. We would not turn around and sell it to some private customer of ours under what we had paid for it.

Q. You never held butter back for any reason other than that?—A. Other

than purposes of our business.

Q. Did you at any time during that period or up to date in 1948 refuse to sell butter to any of your regular customers?—A. Our business is selling butter, and I am sorry to say we are having to ration our customers today by 50 per cent of their requirements. We would like to be able to give them all their requirements. We never refuse to sell butter when we have butter to sell.

By Mr. Thatcher:

Q. To go back, you said that despite the fact you were dairy controller inside information would not have been of any value to you in your company. I notice from the chart on page 11 that your company purchased and bought more butter in the month of May, 1947, than it did in 1946 in the same month, and considerably more in June of 1947 than it did in 1946. Was there some special reason for that? I suppose you knew there was a shortage?—A. I would not say there was any shortage at that time. We were just coming into the producing season.

Q. Why would you purchase almost double the amount in May of 1947 as

you did in May, 1946?

Mr. Monet: You are referring to page 11?

Mr. THATCHER: I am referring to page 11.

Mr. Monet: Page 11 under purchases.

By Mr. Thatcher:

Q. It would not have been because you knew rationing was coming off?

Mr. Monet: What month are you referring to under purchases?

Mr. Lesage: It was off in June.

Mr. Thatcher: The point I am trying to establish is that if Mr. Olive knew rationing was coming off—

Mr. Lesage: Rationing was off in May.

Mr. Thatcher: Rationing came off in June, June 9. I am not saying anything but I am wondering why the company would purchase so much more in May, 1947 than it did in May, 1946.

The WITNESS: First of all, I did not know when rationing was coming off.

By Mr. Thatcher:

Q. As administrator you did not know that?—A. No, I did not know because that was a matter that was decided on a high government level, and I

did not know it any more than anybody else did.

- Q. I accept your statement.—A. I want to say a little more on that. I think the industry in general expected decontrol of dairy products. I do not think there was any mystery about that or any secret about it. It was a matter of government policy, and it was in the cards. Representations had been made by the industry, by all branches of the industry, but when it would come off I did not know. As a matter of fact, it came off later than I expected. Personally I would have thought it would have been off earlier. That was a matter that was not for me to decide.
- Q. Your company did purchase almost twice as much in May, 1947 as you did in May, 1946?—A. Yes, it so happened we did. I have not referred to other years to see what happened. I notice in April, 1943, we purchased 1,300,000 pounds. There are certain conditions surrounding the buying of butter. For example, we did not feel that butter at 48 or 49 cents was a commodity that was too expensive, if you like to put it that way. We had confidence in it.

Q. Would it have been unreasonable to assume you might have made these heavier purchases because you knew the ceiling was coming off and the prices might be going up?—A. I did not know the ceiling was coming off.

Q. As administrator you did not know that?—A. Any more than general

. knowledge in the industry that decontrol was coming.

Mr. Monet: Is that all? Mr. Thatcher: Yes.

By Mr. Monet:

Q. Now, Mr. Olive, you have been good enough to prepare a statement in answer to the next question that I am going to ask, and which has been asked of previous witnesses, namely why did the price advance so sharply some time last fall? You have prepared copies for each member of the committee which I will ask to be distributed and which will be part of your evidence. That will be exhibit 78.

EXHIBIT No. 78: Statement re advance in price.

You have also been kind enough to prepare another statement, and I must say this one was prepared without being asked for. Mr. Olive has been listening to the questioning in this room for the last few days, and he has been good enough to prepare another statement giving with figures who would have benefited by the increase in prices. This will be filed as exhibit 79.

EXHIBIT No. 79: Statement as to who benefited by increase in price.

By Mr. Monet:

Q. I would now ask you to read your statement giving the reasons for the advance in price, as you have described them in exhibit 78.

The Vice-Chairman: Just a moment, you have marked them?

Mr. Monet: No. 78 and 79. They have just been given to me.

Mr. IRVINE: Are you going to deal with 78 before you deal with 77?

Mr. Monet: Yes, because this is the general question as to why the price went up. Mr. Olive has prepared a statement on that.

The Vice-Chairman: In effect you are going to be examining from now on on 77, 78 and 79.

Mr. Moner: Yes. Exhibit No. 78 is in answer to the question why did the price go up last fall. I think all members of the committee have it by now. Exhibit 78 is the one which has the name "Olive & Dorion Limited" in the top-left hand corner. Exhibit 79 deals with the question of who benefited by the increase.

By Mr. Monet:

Q. Mr. Olive, would you please give us your evidence on the question of why the price advanced.

The WITNESS:

WHY DID PRICES ADVANCE?

Price is the factor, which, on a free market, reflects the relation of supply to demand.

Effective wartime control of the price of butter was possible only because demand was also controlled. That is, the demand was adjusted to the supply by means of coupon rationing.

When rationing was discontinued and consumers again were free to purchase unlimited quantities of butter, price once more became the factor which reflected consumer demand in relation to producer supply.

In the last seven months of 1947, disappearance of butter in Canada increased 26.8 million pounds, while in the same period production increased only 19.1

million pounds.

This trend of over consumption in relation to production was first revealed in D. B. S. statistics released July 10 which showed an increase in disappearance of about 3.5 million pounds for the month of June 1947 over June 1946. Not too much importance was attached to the increase at that time because it had been expected that in the first few weeks following the discontinuance of rationing, both consumers and retailers would buy a little extra butter to build up to normal icebox reserve. However, when D.B.S. figures released August 10, revealed a further very substantial gain in disappearance, the industry concluded that the heavy increase in demand from Canadian consumers would continue and would not be equalled by a corresponding increase in supply unless prices advanced to encourage still greater production.

Buying was very active all over Canada from the middle of August to the end of September and producers were able to demand progressively higher prices. In this period butter prices moved up about 6 cents per pound.

Analysis of the buying in August and September shows that actual disappearance of butter increased by almost 9.5 million pounds over 1946 and in face of such heavy movement into consumer channels, plus the growing concern of distributors regarding their winter trade requirements, the upward movement of prices was inevitable.

When it became known early in October that production had shown a spectacular gain in September, almost 8 million pounds above 1946, demand fell off and prices weakened.

The improvement in the production picture was not the only factor which contributed to the decline, however, for at that time there was talk of possible imports, reimposition of ceiling prices and a great deal of clamor for margarine. Prices were higher than most people in the industry could recall and there was widespread nervousness.

From the first of October to the middle of November, butter prices moved in a range between 55 cents and 60 cents per pound.

During this period, on October 22, 1947 to be exact, ceilings and subsidies were removed from coarse grains and feeds and prices for these commodities advanced sharply. In eastern Canada in 1947, there was a substantial decline in the production of coarse grains so that the dairy farmers were not only faced with the necessity of heavier purchases from western Canada to maintain winter milk production, but also faced rapidly mounting costs. Meanwhile industry efforts to obtain relief through imports had proven unavailing and there was no indication that the government had been any more successful. Under these changed conditions, the future supply picture deteriorated. It seemed apparent that domestic stocks and production must supply the requirements of the Canadian consumers and no one in the industry had any remaining doubt of butter shortage under such circumstances.

Demand from distributors and consumers, seeking to protect their winter supply, again became very active and once again producers were able to demand and obtain progressively higher prices.

About that time, a good deal of publicity was given to the probability of a butter shortage and in my opinion, this had the effect of frightening consumers into buying more than immediate requirements. It is difficult to assess the extent of this consumer hoarding but it was undoubtedly a factor in the price increase. A study of disappearance figures for the last three months of 1947 compared with January and February 1948 has convinced me that advance buying by consumers amounted to substantial proportions, perhaps several

million pounds. The January-February figures were low and I conclude from this fact and my knowledge of the butter movement, that consumers were eating in January and February the extra butter they acquired in the late Fall of 1947.

Total butter production in November and December increased only about 1·4 million pounds but disappearance in the same period increased 6·3 million pounds over 1946 and I think these figures substantiate what I have said about

higher production costs and consumer hoarding.

The whole story of price increase is one of demand exceeding supply. I have no hesitation in stating that most people in the butter industry did not want to see extreme prices. I believe producers also would have been content with lower prices if feed easts had not right.

with lower prices if feed costs had not risen.

In my opinion, speculation or withholding were not factors in determining the price level but shortage in relation to consumer demand, and shortage only, was responsible for the increase in price.

By the Vice-Chairman:

Q. May I ask a question with regard to the second paragraph on page 2 with reference to the phrase "about that time"? Where was this time with relation to the cheese contract negotiations?—A. I cannot answer that because I was not familiar with the negotiation of the cheese contract.

Q. It can be got elsewhere, anyway.

By Mr. Monet:

Q. Mr. Olive, in the fifth paragraph on the first page you say:

Buying was very active all over Canada from the middle of August to the end of September and producers were able to demand progressively higher prices.

By "producers" do you mean farmers?—A. I think perhaps I should clarify that.

Q. That is why I am asking you because it does not seem to be quite the same as the evidence we have heard so far.—A. Producer through creamery—perhaps I should have said that. The creamery has the butter to sell.

Q. You mean the producer through the creamery?—A. Yes.

Q. The evidence we have had so far would indicate that it was butter that would determine the price of butter fat and not vice versa.—A. I think in some of the evidence presented to the committee from some of the co-operatives it is pretty clear that the price of butter was influenced by the action of the creameries. In that case it was the producer. I do not offer that in any manner of criticism, but it is a fact.

Q. What is your opinion on that, then, is it that the price of butter sets the price of butter fat or is it the price of butter fat which sets the price of butter?—A. I should not get into a discussion of butter fat because I am not in that end of the business. I have always understood that the price of butter sets the price of butter fat.

Q. When you use the word "producers" in this paragraph, you mean producers to the creamery?—A. Yes.

By Mr. Lesage:

Q. Would it not be true to say that, at that time, it was only reasonable for the farmers to expect a higher price?—A. I would certainly agree with that.

Q. They always want to get more if they can?—A. I agree with that,

Mr. Lesage.

Q. The producer will go to the creamery, for instance, and he will say, "I do not get enough for my butter fat, I will go into cheese or concentrated milk". The creamery has to try and get a better price for its butter if it wants to keep its patrons. It is on that basis that business is done during the production

months?—A. What I have tried to do here is to give you, in a brief way, the action of the market itself under changing conditions. I have not attempted to voice an opinion, one way or another, but, with regard to your remarks, I certainly agree that it was quite obvious the price of butter was too low in relation to the demand and we were not going to get the supply.

Q. We cannot say that the price of butter alone influences the price of butter fat. It is true to a certain extent, but farmers regularly ask for better

prices when prices are low. Supply is also a definite factor.

By Mr. Monet:

Q. On the second page of the brief you say, "It is difficult to assess the extent of this consumer hoarding, but it was undoubtedly a factor in the price increase." Would it also be true to say the retail stores accumulated stocks at that time for the same reason?—A. In my experience there was not much evidence that was going on. Actually, sales at the retail level were extremely heavy at that time.

By Mr. Johnston:

Q. Why do you say, then, that purchasers were hoarding it? How could they hoard?—A. I am talking of sales at the retail level, sales to the consumer.

Q. You do not mean that the housewives were buying more and putting it

in the refrigerator?—A. Yes.

Q. That is what you mean?—A. Yes.

By Mr. Lesage:

Q. You mean she was buying more than under rationing?—A. No. I mean people were buying advance supplies of butter. Instead of buying enough butter for a week, they were buying enough for a month.

By Mr. Irvine:

Q. It was ice box holding?—A. It was ice box holding.

By Mr. Johnston:

Q. I would not think the consumer would be in a position to hoard very much butter. A person might buy a couple of extra pounds, but unless everyone did that, and I do not think everyone did, it would not mean very much?

—A. If everybody bought one pound, it would mean 12,000,000 pounds.

Q. I do not think every person did.—A. No.

Q. Speaking from my own experience, I cannot recall one person who bought more butter than was needed.

Mr. HARKNESS: I do not think they would have told you if they did.

Mr. Moner: Could you change the word "hoarding" for something else? Would not that word be too harsh?

Mr. Johnston: I cannot believe it. Here is another member who says he does not know anybody who did that.

The Vice-Chairman: It may be that you and Mr. Harkness are not the kind of people to whom these people would tell that.

Mr. Johnston: Either that or we are living in a province where everybody is honest.

Mr. IRVINE: You are living in a province—

Mr. Johnston: Which is the best in Canada, I agree with that.

The Vice-Chairman: Gentlemen, after this little interlude, let us get back to the case. Mr. Monet will continue his questioning.

EXHIBIT 79 OLIVE & DORION LIMITED

MONTREAL, QUEBEC

Question: Who benefited by increase?

Answer: (1) Producer—by increase, over 48½c. per pound in market value of butter produced in period June 1, 1947 to April 30, 1948.

Prices quoted are on basis Monthly Average Butter Prices, Montreal. (No. 1 Solids)

Average monthly price	Month	Lbs. production (,000 omitted)	Average gain cts. per pound over $48\frac{1}{2}$ cts.	increase
cts.			cts.	\$
48½ 49¾ 49¾ 49¾ 55¼ 55¼ 60¾ 60¾ 1948	May June July August September October November December	49,400	14-4 12-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-	618 652 2,763 4,126 2,732 2,248 2,445
68 67 67 67	January. *February. †March. ‡April.	12,547 11,677 16,365 23,465	19½ 18½ 18½ 18½ 18½ 9·034	2,447 2,160 3,028 4,341 27,560

^{*} Creamery DBS—Dairy and Whey estimated same as January, 1948. † Estimated basis 1947 less 8%. † Estimated basis 1947 less 8%.

Estimated average profits on storage butter 11.21 cents per pound.

	Pounds	ets.	\$
Peak stocks, Oct. 1, 1947	73,680,000	11.21	8,260,000
Held in dairy factories	21,000,000	11.21	2,354,000
Held in cold storages and in transit	52,680,000		5,906,000

RECAPITULATION

Increase in Market Value of Production-

305,082,000 lbs. at 9.034 cents—\$27,560,000

Increase in Market Value, Cold Storage Holdings-52,680,000 lbs. at 11·21 cents—\$ 5,906,000

⁽²⁾ Holders of storage butter.

By Mr. Monet:

Q. Would you explain to the members of the committee your statement, exhibit 79, in which you answer the question. "Who benefited by the increase?"—A. I made a bit of a study to see what the answer would look like. This is my effort and perhaps some expert will tear it apart, but I submit it for your guidance and assistance if it is of any use to you.

I have assumed the price of butter at $48\frac{1}{2}$ cents, as it was at the end of May. Then, I have taken the average monthly price for No. 1 solids, Montreal, which I think I took from the chart you are following. Taking the total production as reported in the figures you have—

Q. That would be according to exhibit 52, the D.B.S. statistics?—A. Yes, I have made that calculation showing the average gain in the market value of butter and applied it to the production for those months. That is not a finely weighed average, or anything like that, but I think it may be a barometer in trying to determine who benefited.

It sums up to this—by the way, I had to estimate for February, March and April when the figures were not complete, but I think you will find the

estimates very close.

By Mr. Irvine:

Q. That is for 1948?—A. Yes. I had to estimate production a bit there. A total of 305,000,000 pounds of butter were produced in that period. The average gain in cents per pound over $48\frac{1}{2}$ is $9\cdot034$, so the total increase in value was \$27,560,000 for the butter marketed.

Now, I am assuming, and I think properly so, that the producer benefits by the change in price. Anything I know of the business is always indicated to me that when the price of butter moves up the producer receives a benefit in increased butter fat prices.

By the Vice-Chairman:

Q. By "producer" you are referring to the farmer?—A. Yes.

By Mr. Johnston:

Q. That would not be true of the butter in storage?—A. A little lower down on the page I deal with storage butter; that is the market value of butter produced.

Coming to the holders of storage butter; I believe the peak stock was on October 1 when it was reported there were 73,680,000 pounds. I took the liberty of using the figure of 11·21 cents as the average profit because I think that figure was submitted by a previous witness.

By Mr. Monet:

Q. That was Canada Packers?—A. Then, held in dairy factories, 21,000,000 pounds; I am not able to say who owns that but I esimate it would be butter produced at that time of year, so I deducted that to get a net figure of 52,680,000 pounds held in storage. In that figure there would also be the butter held by co-operatives. I did not have that information either, but I am quite sure the co-operatives held butter on that date. I think that has been given in evidence before the committee. If we take the 52,680,000 pounds at 11·21 cents per pound, we have a figure of \$5,906,000. This figure may be reduced a bit at your discretion, to the extent you think co-operatives participated in that holding.

You find, on recapitulation, according to this calculation I have made, that the increase in the market value of production was \$27,560,000 or a fraction over

9 cents per pound. The increase in the market value of cold storage holdings at 11.21 cents per pound amounted to \$5,906,000. I have made that study and the figures are available to you.

Mr. Lesage: That is very valuable information.

By the Vice-Chairman:

- Q. The \$27,560,000 went to those who produced it, either farmers or some person before the wholesaler?—A. Yes, sir.
 - Q. The farmer or creamery, would that be a fair way to put it?—A. Yes.

By Mr. Winters:

Q. Over how many people would that be spread?

Bu Mr. Monet:

Q. This amount would be taken by the farmers and creameries, the wholesalers would not come in there?—A. No.

Q. And the retailers would not, of course, either?—A. No.

Q. Now, I want you to turn to exhibit 77 which deals with your own operations. I see from the index to the statement that pages 2, 3 and 4 deal with your butter operations from 1939 to 1948, inclusive. Pages 5 and 6 deal with other operations. What are your other operations?—A. Primarily cheese.

Q. Anything else?—A. We do handle some diversified products, at times. We handle a little milk powder and sometimes we handle a few eggs for export orders for customers to whom we are selling things like butter and cheese.

As a service, we handle a few eggs.

Q. Pages 7, 8 and 9 deal with your butter operations by months, as requested by counsel. Page 10 deals with your monthly inventories. Pages 11, 12 and 13 deal with general information which you were requested to supply to the committee.

Coming back to pages 2, 3 and 4, Mr. Olive, I take it that the profits listed there under the heading "Net profit" are the profits before taxes?—A. Yes.

Q. So, from 1939 to 1946, you had a profit every year?—A. That is correct. Q. Your largest profit was in the year 1944, when it was \$52,659?—A. Right. Q. In 1947, the profit was \$208,357?—A. Correct.

Q. For the first two months of 1948, it was \$141.660?—A. Right.

Mr. Lesage: That would be due normally to the abnormal profit on storage butter.

By Mr. Monet:

- Q. We will come to that a little later. I suppose that was mostly due to the abnormal profit on storage butter as was the case with the other witnesses? -A. Yes.
- Q. The next line concerns sales. I see that in 1947 the sales in pounds were larger than some of the previous years. Could you give any explanation for that?-A. Well, yes, I can. In 1946 butter was closely rationed and, for part of the year, the ration was four ounces. Automatically, our sales were reduced. If you go back to 1944 and 1945 when the ration was eight ounces, you will find our sales can be compared a little more readily with 1947. The only reason for the variation in our sales is that there was just that much more demand from the consumer which was reflected from our customers to ourselves.

By the Vice-Chairman:

Q. 1944 is closest to 1947 in volume, is it not?—A. Yes.

Q. What was the position in Canada respecting butter production in those two years?—A. I would have to refresh my memory on that, sir, by looking at the figures. In 1944, the production of creamery butter was 298,000,000 pounds according to Exhibit 52. In 1946, it was 271,000,000 pounds.

Q. We were speaking about 1947?—A. In 1947, it was 290,800,000.

The Vice-Chairman: 8,000,000 less this last year than in 1944.

By Mr. Monet:

Q. Then, as net profit Mr. Olive, you show ·18 cent a pound in the year 1943 and that is net profit is it?—A. That is correct.

Q. It increases to .45 in 1944; it is down to .33 in 1945; it goes up to ·48 in 1946; it goes to 1.68 in 1947 and to 6.69 in 1948?—A. The last figure is for only two months.

Q. Yes, for two months. Now is this net profit of 6.69 for the first two months of 1948, do I take it that there is included some of your stored butter

which was sold during that period?—A. That is right.

- Q. Can you tell us the amount of butter that is figured for those two months to give you the net profit of 6.69?—A. Your questioning is anticipating me
- Q. We may get it in another way on another page of your statement. You said a moment ago that all your stored butter is gone?—A. It is now.

Q. So that all the stored butter is included in this net profit of 6.69?

—A. No, we had some butter left at the end of February.

Q. Can you tell the members of the committee what is included—what did

you have left at the end of February?—A. It shows here in the statement.

Q. Yes, on page 11 I think it is shown as 316,392.—A. That would not be all storage butter. Our inventory cost at that time was 57 and a fraction cents per pound. That was our average cost.

Mr. PINARD: Have you any idea of your net profit for the month of March?

The Witness: Our net profit for March-April will be about \$5,000.

Mr. Pinard: What is that as a percentage per pound?

Mr. Lesage: What is it on a pound of butter?

The WITNESS: My calculation is based on the assumption that we would not be able to purchase any butter so it would be on the inventory of 316,692 pounds. The inventory at the end of February was 316,692 pounds and I have made an estimate—it can only be an estimate but it is close—for the period of March-April will have a net profit of \$5,000. On 316,692 pounds it is a very small fraction of a cent profit. It would be 316,692 divided by \$5,000.

Mr. IRVINE: I do not think it has been made clear what this company does. I do not know whether it is making butter, buying and selling butter, or storing butter.

The Vice-Chairman: Yes, I think you are right. I think it was discussed this morning only in a general introductory way.

By Mr. Monet:

Q. I asked the witness if they were dealing in anything else and he said butter and eggs. Would you tell the members of the committee the nature of your operations?—A. We are wholesale distributors.

Q. Do you manufacture butter?—A. No we do not.

Q. You do not own any creameries?—A. No. Q. You purchase your butter?—A. Yes. Q. Every pound of butter you sell you purchase?—A. That is right.

Q. From whom do you purchase it?—A. In 1947 we purchased approximately 50 per cent directly from the creameries and 24 per cent from the commodity exchange. I have another set of figures here somewhere. We purchased 24 per cent from the Canadian Commodity Exchange, 25 per cent from other wholesalers, and 6 per cent from brokers.

By Mr. Pinard:

Q. Would those be the figures for butter only?—A. Yes.
Q. But the same policy applies to cheese?—A. No, the business is operated a little differently there. We would buy most of our cheese directly from the cheese factories.

By Mr. Monet:

Q. Now you purchase butter and you sell it to retail stores?—A. We cut it into prints and distribute it to retail stores.

Q. Do you sell any direct to the consumer?—A. No.

- Q. You never do?—A. No. Q. To whom do you sell it beside the retailer?—A. We sell to jobbers, wholesalers, and creameries.
- Q. Do you sell any through brokers?—A. We would sell some through brokers.

By Mr. Johnston:

Q. Do you sell any to jewellers?—A. I beg your pardon?

Q. Do you sell any to jewellers?—A. No, sir, nor do we sell any to druggists.

By Mr. Monet:

- . Q. Now do you own any warehouses?—A. No we do not own a warehouse, we rent it.
- Q. You do not have any accommodation of your own?—A. Nothing that we own.
- Q. Anything purchased by you and not sold immediately is stored in public storage?—A. No, we rent our warehouse and store the butter which we own.

By Mr. Lesage:

- Q. Do you rent any space to others?—A. We do to the extent that we accommodate our customers. If we sell a man butter for his winter requirements we accommodate him to that extent.
- Q. Only your customers?—A. Yes, we are not operating a public storage in that sense of the word.

Mr. Monet: Does that answer your question Mr. Irvine with respect to the operation of the company?

Mr. IRVINE: Yes.

By Mr. Monet:

Q. I am sorry it was not done before. Now Mr. Olive, will you turn to page 3 where you give the details of selling cost and overhead charged against butter operations. Would you explain the figures to the members of the committee? Take, for example, 1947?—A. In the first instance selling costs are costs which can be charged directly to the commodity. It is not possible to make a clear division but those items are listed purposely to assist you in appreciating the overhead and selling cost.

Mr. IRVINE: Are your buying costs included in the selling cost?

The Witness: Perhaps it is the way our books are kept and the buying costs would be in there, yes. They are part of the first cost of the product.

By Mr. Monet:

Q. Are the costs listed there the same costs broken down to pounds of butter that we can see in the statement on page 2? For instance as against the selling price in 1948 of 66·41 cents there is a cost of 58·44 cents. I take it that is what the butter cost you?—A. Yes.

Q. Then you have a selling cost of 7.52 cents.

Mr. PINARD: Where is that?

By Mr. Monet:

Q. Pardon me it is ·45?—A. Right.

Q. Is that the same selling cost that is broken down on page 3?—A. That is the same selling cost.

Q. Marked down to a pound of butter?—A. That is right. Q. Then you have the overhead charge of ·83 cent?—A. Right.

Q. How do you arrive at that figure?—A. As a matter of fact, Mr. Monet, that calculation was made by your auditors. It is made, I presume, on the basis of information which we supplied to you as being the overhead.

Q. Yes, it is. And it comes from the overhead which you have listed on

page 3?—A. So I believe.

Q. I see that for the year 1947 you have charged 80 per cent of the overhead

to butter?—A. Yes.

Q. And you made the same charge I presume for selling costs?—A. No, the selling costs are direct charges.

Q. The selling costs are direct charges?—A. Yes.

Q. But you have made an overhead charge of 80 per cent for 1947?—A. Yes. Q. Well you tell the members of the committee how you arrived at the figure of 80 per cent as applied against butter?—A. We apply the overhead on the basis of sales.

Mr. Lesage: That is shown on page 4.

The WITNESS: Yes, it is purely on the basis of sales and it is carried through from 1939 to 1947 on that basis.

By Mr. Monet:

- Q. Those are the figures on page 4 of your statement?—A. Yes, that is correct.
- Q. Where you give the basis of apportioning charges as between butter and other operations?—A. Right.

Q. And on page 4 you give all the information?—A. Yes.

Mr. Lesage: May I ask a question here?

Mr. Monet: Yes.

By Mr. Lesage:

Q. Is the reduction in other sales in the last three years mostly due to a reduction in the sale of cheese?—A. A reduction in the sale of cheese, did you say?

Q. Yes?—A. Yes.

Q. It is?—A. Yes, a reduction in the sale of cheese.

The Vice-Chairman: Referring only to your own business?

The WITNESS: Yes, and I do not think this illustrates the production.

Mr. Lesage: It would not reflect the trend of production in Canada.

The WITNESS: Well, I would hope not.

Mr. Pinard: You simply purchased more butter during that period and less cheese?

The WITNESS: Well, our butter business was expanding in 1947.

Mr. Lesage: You extended your butter business and decreased the cheese business?

The WITNESS: Yes, there was a good deal of a reduction in the cheese purchased.

Mr. Winters: On page 3 why do you show storage as a credit for some years?

The WITNESS: That is an instance where we had customers who stored butter and we have earned some revenue.

Mr. WINTERS: It resulted in an over-all revenue?

The WITNESS: Yes, in this case.

Mr. Lesage: Mr. Olive, I have a little difficulty following you, would you just raise your voice a little?

Mr. Monet: Did you get the answer, Mr. Winters?

Mr. WINTERS: Yes.

By Mr. Monet:

Q. On pages 5 and 6 you list the operations other than butter. Page 6 shows details of selling costs and overhead charged against operations other than butter?—A. Right.

Q. And you use the same process for arriving at the overhead therein shown

as you did with butter?—A. Yes.

Q. For the year 1947 you give an overhead for other than butter of 20 per cent?—A. Yes.

Q. You charged the rest of the overhead as against butter?—A. Right.

By Mr. Lesage:

Q. Did you work out what would be your profit in 1947 on a pound of cheese?—A. I do not know that.

Q. You do not know?-A. No.

By Mr. Monet:

Q. Mr. Olive, I would like to bring your attention to pages 11, 12, and 13 of the statement and I notice that in January and February of 1948 your company was able to make substantially greater purchases of butter than it did in January and February of the previous year. Could you give the committee information on that matter?—A. I think I will have to answer that to some extent by saying that our requirements of butter were heavier in January and February and we did endeavour to the best of our ability to secure the amount necessary to look after our customers. You will notice in January 1947 our inventory was heavier than it was in January 1948 to the extent of about a half a million pounds of butter. We did make greater efforts to keep our supplies up but I am sorry to say that although we have done the best possible job we have not been able to obtain our requirements under the circumstances.

Mr. Thatcher: Before you leave there, Mr. Monet, I have a question.

Mr. Monet: Yes.

Mr. Thatcher: Turning to the figures in column 5 on page 11, "purchases during the month", I notice that your company purchased only 92,779 pounds of butter in April 1946 as against 248,002 pounds in April 1947?

Mr. Lesage: That is dollars.

By Mr. Thatcher:

Q. Yes, dollars, I am sorry. In May 1946 your purchases were \$393,450 and in May 1947, \$921,711. In June 1946 the figure was \$506,174 as against \$821,371 in 1947. In other words in the three months prior to the removal of ceilings your company bought approximately \$1,990,000 worth of butter as against \$990,000 in the same three months in 1946. The company purchased almost \$1,000,000 more butter in the three months April, May, and June of 1947 than it did in the same months in 1946? Now, you told the committee that as butter administrator you did not know that these ceilings were going to come off. The facts seem to indicate that you bought much more heavily this year, your company profited very greatly as a result; is that correct?—A. No, sir, that is not correct.

Q. Why not?—A. Because, I will tell you why it is not correct; because I could have bought butter in June and July just as cheaply as I could have

in the months of May or April.

Q. Now, why did your company, if you did not know that this rationing was coming off, why did you buy a million dollars worth more butter this year than you did in the same period last year?—A. We handle the output of a large number of creameries in the province of Quebec which is shipped to us direct. While I have not an analysis of this information with me on the amount of production and the shipments to us in Montreal last spring, I do know that they were very much heavier than they have been in former years or than they have been this year. And I think that would have some bearing on it. The receipts of butter in Montreal of May of last year were 100 per cent over the year before, I believe, the general receipts.

Mr. Lesage: We can see that they were higher in this particular month, that they were heavier.

Mr. THATCHER: Not proportionately.

Mr. Lesage: Oh, yes, they were much heavier.

Mr. Thatcher: To me, on the surface it would look as though Mr. Olive, knowing the ceilings were coming off and knowing that the price would jump greatly would have bought a million dollars worth more butter than he did last year.

The WITNESS: But Mr. Olive did not know that, and the price did not jump.

Mr. Thatcher: I did not say you knew it. It looks very much as though—

The WITNESS: You do not mean to imply that, surely.

The Vice-Chairman: Are you through, Mr. Thatcher? Have you any more questions along that line?

Mr. Thatcher: Yes. There is one question that I still must come back to. I cannot see how Mr. Olive being in charge of this production, being the controller of dairy products, would not have anything to say about the taking off of the price ceilings. I cannot for the world see that.

The Vice-Chairman: Mr. Thatcher, that is not a question.

Mr. Johnston: You had better ask the witness.

Mr. THATCHER: Well, I am not a lawyer.

The Vice-Chairman: It is not a question. Mr. Olive has pledged his word under oath, as you know. Now, you may not believe him; but what you have just said a moment ago is not a question. You have simply said: I cannot see how that could be.

Mr. Thatcher: I see your point. I agree.

The Vice-Chairman: You agree that that is not a question?

Mr. Johnston: It is a comment.

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Mr. THATCHER: I accept the correction.

The Vice-Chairman: I did not want to interrupt before in respect to that question but I wondered whether those questions devoted, as I thought, to impugning a controller who was with the government some months back, were germane to the question at all. You see, we are trying to consider the recent rise, as it is called. I was just wondering whether the question is in order at all. However, it is all over the dam now, anyway. I may have been wrong in allowing the questions; one is inclined to allow questions rather than not to allow them.

Mr. Johnston: I would not agree with you there. If that were the case, that this company did buy butter and were hoarding it for an increase, I think that definitely would come within our terms of reference.

The Vice-Chairman: As there was no ruling the fact that you do not agree does not make any difference, does it?

Mr. Irvine: There would be no criminal offence on the part of this company buying more butter in these months if it anticipated that it might make a profit. That is what the company is in business for, is it not? I am asking the witness; there is nothing wrong with you in going out and buying more butter than you did, let us say the year before, if you thought you could make something out of it?

The Vice-Chairman: That is what he has stated.

Mr. IRVINE: That is what you have been doing isn't it?

The Witness: I think we have conducted our business in the normal manner, using our best judgment. We purchased butter at that time just as we purchase it at any other time.

Mr. IRVINE: I think it is true also, Mr. Chairman, that in most cases witnesses who have appeared have shown that they had more butter in these months than they had previously.

Mr. MAYHEW: I think most of the statements filed indicate that.

Mr. Monet: Every witness who has come here has shown that.

Mr. IRVINE: They were all buying on a hunch.

By Mr. Monet:

Q. You made a very abnormal and unusual profit on your butter last fall?—A. Absolutely.

Q. Like all the witnesses who have come here, you did that also?—

A. Certainly.

Q. Can you tell the members of the committee what profit you made last fall on your operations say for October, November and December; what profit in excess of the usual profit you made. And that is my last question.—A. The information is all before you. We have given you our profits month by month and year by year.

Q. Would it be right to say that all the butter that you had on inventory by July 31, that on that butter you would get a profit of 9 cents on each pound sold?—A. Quite frankly, I have not figured it out that way. We do not operate

a separate storage department. We take the whole inventory.

Q. And then, my last question; take your inventory on July 31, 1947, on that date you had 2,150,561 pounds of butter; is that correct?—A. Right.

Q. Now, this butter—I take it that in the month of July (your column 4),

at that time you had 2,150,561 pounds of butter on hand?—A. Yes.

Q. And that butter would have been purchased by you during the month of July?—A. Yes. It would have been purchased in July, or previous, around that.

Q. Would it be right to state, according to the purchases listed in the third column to the right there, that this butter would cost you around 47.5 cents a pound?—A. That would be the cost of butter purchased in July, yes. You will notice that our inventory increased a comparatively small amount.

Q. Yes, but the butter you had at the beginning of July was purchased before then?—A. Yes.

Q. What would be the cost of your butter on hand July 1? Would you like to set a certain sum on that?—A. I haven't a figure on that.

O. Most of it would have been purchased in the month of May, I suppose.—

A. No, not by any means.

Q. When would it have been purchased?—A. It would have been purchased

in May and June, and we were selling butter as well as buying it.

Q. And the butter purchased in May cost you 47.74 cents?—A. That would not necessarily be the cost of our inventory. That might be influenced by other butter which we would not be storing. That is, the actual purchase price of the butter would not be quite that. The actual cost would probably be 48.5 cents to 49 cents, because that is where the market was.

Q. Let us say that you paid 48 cents a pound for the butter, that that was the cost price of the butter you had on hand on July 1, would that be correct?— A. Let us say a little higher than that if we want to get it nearly correct. I do

not think butter sold in May at 48.5 cents, as I remember.

Q. You have shown here your cost of purchases.—A. That is influenced by any purchases we make, which includes low-grade butter which is turned over right away. We handle all grades of butter. We get an average purchase cost and that is what you have in the statement before you.

By Mr. Johnston:

Q. Your selling price—we find there that it cost you 48.64. That would cover some of the type of butter you purchased?—A. Yes, it would.

Q. So that the profit there of the difference between the two, that is 8-·8866?—A. That is right.

Bu Mr. Monet:

Q. What would be your profit on the butter you had on hand July 1?— A. Well, what is the question?

Q. Would it be 8.8 cents?—A. That is not 8.8 cents, that is .88 cent.

Mr. Johnston: .886. You are speaking there of your purchases in June, it is 48?

Mr. Monet: 48.75.

Mr. Johnston: That is your purchase cost, and your selling price was 51 and some odd cents; so the profit there was 2.2 cents and 3.369 cents.

The WITNESS: Yes. Well, the cost of purchases shown there for June, 48.75 483 cents a pound. I think you can accept that as the figure you wanted, Mr. Monet.

Mr. Monet: No, you see, Mr. Olive, what I want to get clear is the profit you made on the butter you had on hand July 1—pardon me, July 31—you had on hand on July 31, 2,150,561 pounds of butter which cost you, you have just said, 48.5 cents a pound.

Mr. Johnston: No, he said 47.228 cents.

Mr. Monet: Yes, but all this butter was not purchased in that month. That is what the witness said. And we have been told that this butter cost you 48.5 cents a pound. I want to know the price at which that butter was sold by you, not the butter sold in July, but when it was sold.

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The Witness: I could not give you an answer to that, except to say that it was held for the period that we stored our butter, until we began to reduce our inventory. I could not pick out a particular item and give you what you want on it. All I could do is to tell you when our inventory started to go down. That is when butter started to go up. That is when we were reducing our storage holdings.

Mr. Moner: What the committee wants you to give them, and what I want to get, is information similar to that which we received from the other witnesses who have appeared before us. We want to know, with respect to the butter you had on hand on the 1st of July, as closely as we can get it, the price at which it sold in the following months.

The Witness: I cannot tell you that exactly. It would require a complete analysis which would be very difficult to get, but I do not think it would give you any more information than I am giving you here now; unless I misunderstand your question. We make an attempt to meet our trade requirements, and when we reach that point in our storage holdings then we cease buying. But, as you can see from the figures here, in September we just about held our position; in October it started to go down, we were starting to reduce our storage holdings then; and by November there was very little change; in December the change is more substantial again; and that is the way the thing is worked.

Mr. Lesage: I think Mr. Monet wanted the same kind of figure from you as we got from Canada Packers. That was the average cost of storage butter, and the average profit they made on it; what it cost them to put it into storage and the selling price, without taking into account the purchases made during any particular month.

The WITNESS: We do not operate a separate storage department.

By Mr. Monet:

Q. Another witness yesterday told us the same thing, that they could not give us that. That is all I want to know from you, whether you can give it to us or not.—A. No, we do not operate a separate storage department.

By Mr. Thatcher:

Q. I think, Mr. Olive, you told Mr. Monet that you had 2,000,000 pounds on hand in June when the ceiling came off; is that not correct?—A. Yes.

Q. Therefore, could you not approximate your profit from that? You must have made at least 12 to 13 cents a pound on the butter you bought around the time the ceiling came off.—A. The price did not advance in June.

The Vice-Chairman: When the ceiling came off the price did not advance.

Mr. Thatcher: When did the price start to jump so much?

The WITNESS: In August.

Mr. Lesage: I think all the witnesses we have had here admitted a profit on storage butter of around 11 cents a pound. This would be about the same.

The WITNESS: I am quite sure it would.

Mr. Lesage: You agree with that?

The WITNESS: Yes.

By Mr. Thatcher:

Q. Then, on that basis, you would have made somewhat over \$200,000 by having that amount of butter stored; is that not correct, putting it at roughly \$200,000?—A. Since the 1st of September our profits are shown, the profits we made.

Q. On storage butter alone though would that not be the average increment that you obtained by virtue of the fact that the ceilings went off and the price advanced?—A. By the movement of butter prices from say 50 cents to over 60 cents a pound, we obviously made a substantial amount on the butter we held in storage.

Q. About \$200,000?—A. I have not figured it out from that point of view.

The figures are here. I am sure they will explain themselves.

By Mr. Lesage:

Q. This figure of 11 cents would be about right?—A. I think 11 cents would

be about the average net profit on storage butter, yes.

Q. As a matter of fact you bought at the market price as the others did and you sold at the market price as the others did so your figure has to be about the same.

By Mr. Monet:

Q. You made unusual profits, abnormal profits?—A. That is right.

The Vice-Chairman: Are there any other questions by members of the committee? Mr. Monet has no further questions. If not, call the next witness. Thank you, Mr. Olive.

Mr. R. W. Mayhew, Acting Chairman, now presiding.

Arthur James Edward Child, Assistant Treasurer, Canada Packers Limited, called and sworn.

Ford Wiggins, Manager, Produce Department, Canada Packers Limited, called and sworn.

Stanley Prescott, Manager, Halifax Branch, Canada Packers Limited, called and sworn.

Mr. Monet: Mr. Child, would you give us your first name?

Mr. CHILD: Arthur.

Mr. Monet: And your occupation?

Mr. Child: Assistant Treasurer of Canada Packers Limited.

Mr. Monet: Your head office is in Toronto?

Mr. CHILD: Yes.

Mr. Monet: Your address?

Mr. Child: 12 Oriole Crescent, Toronto.

Mr. Monet: Mr. Wiggins, would you give your full name?

Mr. Wiggins: Ford Wiggins, Produce Manager, Canada Packers, 67 Anderson Avenue, Toronto.

Mr. Monet: Mr. Prescott, would you give your full name?

Mr. Prescott: Stanley Prescott.

Mr. Monet: Would you speak louder.

Mr. Prescott: Stanley Prescott, 1 Berlin street, Halifax, Manager of the Halifax branch.

Mr. Moner: Now, Mr. Child, Mr. Prescott and Mr. Wiggins, you have been summoned and requested to bring with you all documents pertaining to sales of butter by Canada Packers Limited to Valley Creamery from March 1 to April 6, 1948, and also all documents pertaining to purchases of butter by

Canada Packers Limited from Valley Creamery, and also all documents pertaining to subsequent sales made by Canada Packers Limited of butter purchased from Valley Creamery. Did you bring with you the documents as requested?

Mr. Child: Yes, we have a bag full of them.

Mr. Monet: Those are all the documents—

Mr. CHILD: As mentioned.

Mr. Monet: As mentioned in the summons. Have you got more especially a document pertaining to a sale of butter by Canada Packers Limited to Valley Creamery dated March 9, 1948, and if so would you exhibit that document? Mr. Chairman, Mr. Child says he wishes to make a statement.

Mr. Child: I should like to say at the outset that as you can see we are here without legal counsel. We do not think we need any. There has been some mention in the newspapers of possible action by the Wartime Prices and Trade Board, but we are waiving any protection against such action. We are not afraid of that at all. Instead of that we are quite prepared to tell you frankly and fully anything you wish to know about our operations at Halifax. To the best of our knowledge we have not broken any regulations and we have definitely not sold any butter unfit for human consumption. You are at liberty to ask questions.

Mr. Winters: May I ask a few questions?

Mr. Monet: Pardon me, I should like to see this first invoice if you do not mind. It is a very important one. It is dated March 9, 1948. I want that invoice to be on the table. That would be a sale from Canada Packers to Valley Creamery?

Mr. CHILD: Or transfer.

Mr. Monet: A sale or transfer, whatever it is; I should like to see that invoice.

Mr. THATCHER: Could you pass that around so we can all see it?

Mr. Child: We would be delighted to, but be sure we get it back. They are all there. I had better give you them one at a time. That is the one on the 9th.

The ACTING CHAIRMAN: I would suggest that it be read.

Mr. Moner: I must say that this is the first time I have had occasion to see it myself, so if the questions are not well prepared it is because I have not seen this before.

Mr. Lesage: Would you read the invoice?

Mr. Monet: I will.

Mr. IRVINE: It is the best way to give it to us.

Mr. Monet: This is an invoice of Canada Packers Limited, Halifax, Nova Scotia, reading as follows—the number of the invoice is 85654. "Sold to Valley Creamery Limited, Kingston, Nova Scotia, March 9, 1948: 400 boxes, 56 pounds, western butter solids, 22,400 pounds at 65 cents."

Mr. Johnston: Does it give the grade of the butter?

Mr. Monet: No, it does not so far.

Mr. Lesage: Read it as it is.

Mr. Monet: Then you have here, Mr. Child, under the heading "extension," "1456000"?

Мг. Снил: \$14,560.

Mr. Monet: That is the value.

Mr. PINARD: Would you repeat that?

Mr. Monet: The total value is \$14,560, which is 65 cents—

Mr. CHILD: Times the weight?

Mr. THATCHER: Would that be in pounds or in bulk?

Mr. Child: That is in solids, 56-pound blocks.

Mr. Monet: "Shipped—"

Mr. CHILD: "Ex—"

Mr. Monet: "Ex Toronto direct to Valley Creamery?"

Mr. CHILD: Yes.

Mr. Monet: What does that mean, "shipped ex Toronto"?

Mr. Child: Did not go to Halifax first. It went direct from Toronto to Kingston, Nova Scotia.

Mr. Winters: Who was it bought from in Toronto?

Mr. CHILD: From Canada Packers in Toronto.

Mr. Winters: Do you know where Canada Packers in Toronto purchased it?

Mr. CHILD: Mr. Prescott might be able to answer that.

Mr. Wiggins: It is an accumulation of a number of small lots that come in in cars of butter. It was under-grade butter. As we buy cars from western Canada they frequently have different grades. The under grades accumulate until we get enough to move a carload.

Mr. Winters: That butter was sold to Valley Creamery at 65 cents, was it?

Mr. Wiggins: I think I should explain also that this arrangement with the Valley Creamery is one of convenience for rechurning and putting the butter in flats. Valley Creamery does that work on a cent commission for us.

Mr. IRVINE: Would you explain what flats are? A flat tire is the only thing I know.

Mr. Wiggins: In the maritime provinces the custom of serving butter to the consumer by the retailer is in what is known as a flat as compared to what we call prints. A print is roughly $6\frac{1}{4}$ inches by 2 inches by $2\frac{1}{4}$. A flat is—I am guessing a little at this because I do not know the exact measurements, they vary—roughly 10 inches by $4\frac{1}{2}$ by $1\frac{1}{4}$, and they frequently put it in two pounds, not one, marked off in sections so that about half a pound can be cut separately and placed on a platter at one time. It is a custom that apparently—

Mr. IRVINE: They do not deal only with the poor grade in that way?

Mr. Wiggins: Oh, no.

Mr. Lesage: May I ask a supplementary question as to where the butter was coming from. It was western butter and it was an accumulation of many months or a few weeks?

Mr. Wiggins: As a matter of fact, I cannot give you the exact details. I did not look it up, but from recollection that butter came in mostly in February.

Mr. Lesage: Mostly in February?

Mr. Wiggins: Yes.

Mr. Lesage: It was third grade butter that came in various shipments?

Mr. Wiggins: Under grades of all kinds.

Mr. Lesage: Under grades in various shipments.

Mr. PINARD: From what part of western Canada did it come, what creamery?

Mr. Wiggins: I have not got the details of that, but as I recall it it is all Saskatchewan butter.

Mr. Johnston: All Saskatchewan.

Mr. THATCHER: It could not have been too bad.

Mr. Pinard: Do you know if it came from the Saskatchewan Co-operative?

Mr. Wiggins: Some of it did.

Mr. Winters: You said you sold this butter at what was stated here to be 65 cents. Then later on Mr. Wiggins said there was an arrangement whereby Valley Creamery charged a fee. I think we should have that clarified. If it was sold at a certain price then I would say it was a sale transaction, and not a fee transaction.

Mr. CHILD: It is really a transfer.

Mr. Wiggins: Let me finish that. We pay on most of these transactions 1 cent a pound, and we supply the butter, pay the freight to Valley Creamery, pay the freight back. The matter of charging it out is one of record, and for a very definite purpose. As soon as the butter goes into the creamery for rechurning the identity is lost, and we expect back pound for pound that we ship. In order to keep the record simple it is charged out at one price and charged back at that price plus commission, plus freights.

Mr. WINTERS: Do you have any interest in the Valley Creamery at all?

Mr. Wiggins: No.

Mr. Winters: No financial interest?

Mr. Wiggins: None whatever.

Mr. Winters: I think this must be regarded as pretty much of a sale transaction to the Valley Creamery.

Mr. Wiggins: We do not so regard it. I will not argue with you about the technicalities of it, because I do not know, but we do not consider it that way.

Mr. WINTERS: You show on this invoice the amount and price?

Mr. Wiggins: Yes.

Mr. Winters: Which is 65 cents. Is that the price prevailing in Nova Scotia for first grade butter in a transaction at that level?

Mr. WIGGINS: No.

Mr. WINTERS: What grade does that apply to?

Mr. Wiggins: That would apply to under grade butter. Mr. Winters: What do you mean by under grade butter?

Mr. Wiggins: There are three terms, three different grades, second grade, third grade and below third grade.

Mr. THATCHER: Is that under grade?

Mr. Wiggins: Those are all considered under grade.

Mr. WINTERS: Which would this be?

Mr. Wiggins: This was below third grade.

Mr. Winters: What classifies it as being below third grade? How does it differ from first grade?

Mr. Wiggins: Well, butter is degraded from first grade for any one of a large number of imperfections. The main one is flavour. Any flavour that is foreign to butter will disqualify it for No. 1 grade, and the intensity of that foreign flavour will determine to which grade it goes below. If in the manufacture of the butter poor workmanship is done and it has poor texture that will put it out of first grade into some lower grade. If moisture is not properly incorporated it will go down. If there is a mixing of colours it will degrade the butter.

Mr. PINARD: If it is below third grade is it unfit for consumption?

Mr. Wiggins: Oh, no.

Mr. IRVINE: Does your company send the poorer grades only to Nova Scotia?

Mr. Wiggins: No, I do not think you can accuse us of that. To come back to your question, Mr. Winters, the cream coming into a creamery is graded by

the butter maker and if there are foreign flavours at that time, he will pick out those cans and they are churned separately. So far as the butter fat itself is concerned, as fat value, it is exactly the same as No. 1. If, by poor workmanship, they do not get the right texture in the butter, that has not changed the food value of the butter fat whatever.

Mr. Thatcher: Could you tell us what the three price grades are in Nova Scotia, or the prices which were prevailing at that time?

Mr. Lesage: I think Mr. Spence can give that information to the committee.

Mr. Winters: I think Mr. Spence can tell us that. I should like to pursue this matter of third grade butter a little farther. What is there in the third grade butter that gives it the offensive taste?

Mr. Wiggins: One of the most common things is weed flavour. The one we have here is leeks. The leek flavour will carry through into the cream and the butter, as will turnips, rape and various kinds of weed.

Mr. WINTERS: Does it detract from the food value?

Mr. Wiggins: No.

Mr. Winters: I have a communication here from Halifax which says that the Lily brand, which is apparently sold by you, was inedible, high priced, fearful tasting and nauseating to a normal stomach.

Mr. Wiggins: There is only one term with which I would agree there, butter with this weed taste has a bad taste. I do not know what you mean by "fearful".

Mr. WINTERS: The food value is-

Mr. Wiggins: The food value is all right.

Mr. Winters: After the butter was sold to Valley Creamery it was made into prints by them, then was it repurchased by Canada Packers?

Mr. Wiggins: Yes.

Mr. Moner: If you will excuse me a moment, Mr. Winters, I have the invoice here for that second part. Are you finished questioning on the first part?

Mr. Winters: Except to point out that I do not see the grade of butter specified on the invoice.

Mr. Monet: There is no grade mentioned in the invoice?

Mr. Wiggins: No.

Mr. Winters: Is it not a requirement that the grade should be specified by the company on this transaction?

Mr. Child: I do not think so because this creamery was going to provide a service for us.

Mr. Winters: Nevertheless, it is a sale from one company to another. You say you have no financial interest in this company?

Mr. Снир: No, they are performing a service for us. They are not selling butter to the public.

Mr. Johnston: Did you not say you did not get the same butter back?

Mr. Wiggins: No, we lost the identity of it, that is all. I think the answer to your question, Mr. Winters, is that there was no deal on this. There was no dicker at all between the Valley Creamery and ourselves as to what the price would be.

Mr. Winters: It is invoiced at 65 cents.

Mr. Child: That is our record.

The Vice-Chairman: Has this invoice been given a number as yet? Is it to be identified by a number? We might lose its identity.

Mr. Lesage: No, not yet, but it should be.

The Vice-Chairman: It should be.
Mr. Winters: I think it should be.

The Vice-Chairman: There is also a question as to whether it should go into the record as is.

Mr. WINTERS: I think it should go into the record as is.

The Vice-Chairman: That will be marked as an exhibit and, at this point, printed in the record. Agreed?

Agreed.

EXHIBIT No. 80: Invoice from Canada Packers Limited to Valley Creamery Limited, March 9, 1948.

INVOICE

No. 85654

CANADA PACKERS LIMITED

HALIFAX, N.S.

Sold to Valley Creamery Ltd. Kingston, N.S.

Date: Mar. 9, 1948

Quantity

Description

Weight Price Extension

400/56 Boxes Western Butter Solids 22400 65 14,560.00 Shipped ex Toronto Mar. 3 direct to Valley Creamery.

Mr. Johnston: I should like to pursue one point Mr. Winters brought up. The Vice-Chairman: I have no objection, Mr. Johnston, except that I was going to turn to Mr. Winters and ask him if he intended to follow that up. I know you would not wish to interrupt him.

Mr. Johnston: I was afraid he was going to leave that point.

Mr. WINTERS: I will come back to that point.

Mr. Johnston: If this invoice is merely a record, I want to know if you got the same butter back as you shipped?

Mr. Wiggins: We got the same number of pounds back.

Mr. Johnston: You do not know whether you got the same butter back?

Mr. Wiggins: I cannot prove that.

Mr. Johnston: Would the Valley Creamery be able to say whether you got the same butter back or not?

Mr. Wiggins: I do not know, he may or may not, depending on whether he was processing any other butter at the same time.

Mr. Winters: The witness says that this butter was repurchased from the Valley Creamery. Has the witness invoices showing that transaction, the price at which it was repurchased?

Mr. CHILD: Yes.

Mr. Monet: To make this clear, this is an invoice covering the return from the Valley Creamery to Canada Packers. Is there any way of knowing definitely whether the return—you have just used the word "return"—is the return of the same butter mentioned in Exhibit 80?

Mr. Child: We do not know. The same quantity was returned and that is all we are sure of.

Mr. Monet: You do not know whether it is exactly the same butter?

Mr. CHILD: No.

Mr. WINTERS: That would seem to establish it as a clear sale, Mr. Chairman.

The Vice-Chairman: I beg your pardon?

Mr. Winters: That would seem to establish it as a clear selling transaction.

Mr. Child: So far as we are concerned, we do not care what application you put on it, we will just tell you what happened.

The Vice-Chairman: There are two or three wanting to ask questions at the same time, but I think Mr. Winters should be allowed to follow his line.

Mr. WINTERS: Does the repurchase invoice show the repurchase price?

Mr. Monet: I am going to read the invoice which will be filed as Exhibit 81.

The Vice-Chairman: It will be printed in the record as if it had been read at this point.

Mr. Monet: Do you wish me to read it now?

The VICE-CHAIRMAN: Yes.

Mr. Monet:

EXHIBIT No. 81.—Invoice to Canada Packers Limited from Valley Creamery, Limited, dated March 19, 1948.

INVOICE

KINGSTON, N.S., March 19, 1948.

Messrs. Canada Packers Limited Halifax, N.S.

Bought of

VALLEY CREAMERY, LIMITED

Terms—Net Cash	Phone 22-2
To 415 cs. White Lily Butter 22,400 lbs. @ 67c Prepaid freight Kingston to Halifax	
	\$ 15,020 60

(In ink) Price O.K.

There are some initials on this statement.

Attached to this invoice are two documents called, "Receiving Voucher"; they will form a part of Exhibit 81. The second document is exactly the same as the first and they just show that this butter came into the plant of Canada Packers. Sent from Valley Creamery, 414 cases White Lily Butter, 22,356 pounds—

Mr. THATCHER: Where did the extra come in?

Mr. Monet: Just a moment; that invoice is dated March 23, 1948. Then, there is another one, 1 part case White Lily Butter, 44 pounds.

Mr. Child: I should explain that the butter goes out in 56 pounds solids and comes back in the flats of which we spoke, so there will be a different number of cases.

Mr. Winters: Does that invoice show the grade of the butter?

Mr. Monet: There is nothing else on this invoice showing the receipt of the butter except what I have read.

Mr. Winters: It now has received a brand name and it is called Lily brand?

Mr. CHILD: White Lily.

Mr. Winters: And the price is 67 cents a pound.

Mr. Monet: 67 cents a pound plus freight.

Mr. Winters: What is the maximum legal price for third grade butter sold to a wholesale buyer in Halifax?

Mr. Wiggins: 66 cents.

Mr. HARKNESS: Could I interject one question here? After this butter had been rechurned by the dairy or the creamery and sent back to you at 67 cents, what was its grade?

Mr. Child: Perhaps you should know there is no grading in Nova Scotia.

Mr. HARKNESS: I do not, but I wondered what difference the rechurning of the butter made, whether it improved the grade.

Mr. Wiggins: That sometimes happens with second grade butter when the difficulty is one of those I have mentioned, poor texture, moisture, colour and one I didn't mention, bad packages. In the case of below third grade butter, it would be very difficult to bring it back up very far unless you had a case of butter with surface mould. Surface mould puts it into below third grade and a half an inch could be shaved off and the remainder of the butter is very often of the proper flavour and can be put to a higher grade. Butter with heavy weed flavour very seldom comes back up.

Mr. HARKNESS: What then was the purpose of re-churning this butter?

Mr. Wiggins: There is one statement we have not made which is an answer to your question. There is a difference in the habits in the various sections of the country as to the amount of salt they like in butter. In Nova Scotia, particularly, they like butter with about 3 per cent salt. Normally, all butter throughout Canada is packed with 2 per cent or less. The Dominion government grading standards ask for 2 per cent or less, but in Nova Scotia, they like a high salt butter. It is re-worked and this 1 or $1\frac{1}{2}$ per cent salt added.

Mr. HARKNESS: That is, essentially, the reason for re-churning it, to increase the salt?

Mr. Wiggins: That is one of the reasons, the other is to get it into the flats.

Mr. Winters: This butter was sold back to the wholesaler who is Canada Packers at 67 cents, whereas the legal price, as the witness said, was 66 cents. He then added, though, there was no grading in Nova Scotia. Apparently, he is clear in his understanding of the situation and he knew this was below third grade butter and still accepted it back from the creamery at 67 cents which he knew to be above the price for third grade butter.

Mr. Child: Is not the important point what we sold it to the public at?

The Vice-Chairman: As I understand it the position Mr. Winters desires to establish is that you have a company called A and it sells to another company called B. There is no connection between the two companies. They may operate so closely together that A company does not really regard the transaction as a sale, though legally it may be a sale.

Mr. Winters: It seems clearly established, Mr. Chairman, that the Valley Creamery sold to Canada Packers below third grade butter at a price higher than the legal price prevailing in Nova Scotia for third grade butter. By the same token, Canada Packers purchased the same butter at a price which was higher than the legal price.

Mr. Child: We claim, of course, that is not a sale.

Mr. LESAGE: How?

Mr. Child: The Valley Creamery performed a service for us for which we paid.

Mr. Lesage: That is not what the invoice shows.

Mr. Child: The invoice is our record of the transaction. We must have a record of the transaction.

Mr. Lesage: I do not see anything on the invoice about a service, it is a straight sale.

Mr. Winters: It looks like a clear sale. I do not think you could ask that one set of circumstances and one set of prices apply to this transaction and another set of circumstances and another set of prices apply to some other transaction.

Mr. HARKNESS: I would suggest the answer to this question will determine whether it was a sale or not. Did the Valley Creamery pay you the \$14,000 mentioned as owing on the invoice?

Mr. Child: Yes, because it may be some time before we get the butter back.

Mr. Lesage: Well, that is it.

The Vice-Chairman: Just a moment, Mr. Lesage, I have to ask the committee to consider a matter of a different sort for a few moments before we adjourn. It is now ten minutes to six. Tomorrow, this room will be occupied from twelve o'clock onwards by a Liberal caucus. As yet, we do not know whether any other room will be available. Perhaps the committee would agree to adjourn tonight and if there is to be a meeting tomorrow morning the chairman will send out notice.

Mr. Thatcher: I would move that there be no meeting tomorrow morning.

Mr. IRVINE: I would second that motion.

The Vice-Chairman: Is it agreed that we do not meet tomorrow morning? Agreed.

Mr. Winters: May I now continue, Mr. Chairman?

The VICE-CHAIRMAN: Yes, you may continue.

Mr. Winters: Apparently, Mr. Chairman, we can sum this matter up, in spite of the miscellaneous digressions of one kind and another which we have had, to the point where there were two transactions with a sale above the legal price fixed for the sale of butter and in connection with neither transaction was the brand of the butter specified?

Mr. HARKNESS: You mean the grade?

Mr. WINTERS: Yes, the grade.

Mr. HARKNESS: Well you said "brand".

Mr. Winters: I meant grade. Are the invoices used in this transaction the normal type of invoices for transactions of this nature?

Mr. CHILD: Yes.

Mr. Johnston: Do the invoices usually have the grade indicated on them when your company buys butter?

Mr. CHILD: I cannot answer that.

Mr. Winters: I would like to pursue my line of questioning if I might.

The Vice-Chairman: Yes, and I suggest, gentlemen, that you do not interrupt Mr. Winters unless it comes to the point where he is not covering something about which you wish to know and then we generally use the expression "let us follow that a little further." Everybody is quite eager to ask questions but you will have to make some allowance for the other members. Now, Mr. Winters, you have asked the question "is this the usual type of invoice?"

Mr. Winters: Yes, and the witness answered "yes".

Mr. Wiggins: It is normal procedure to mark the grade on invoices for butter. I can only repeat to you, Mr. Winters, that we did not regard this as an invoice in the regular way. This is an operation where a man performs a service. We keep a record and we happened to keep it on the form that is used as an invoice.

Mr. Winters: But you do admit this butter was returned to you above the legal price for butter?

Mr. Wiggins: No, I do not admit that. I admit the butter came back at a price which we charged, plus a service charge. There was no deal in it at all and we did not agree to sell it at 65 cents.

Mr. Winters: You sold it at 65 cents?

Mr. Wiggins: We did not agree to sell.

Mr. Winters: The price is on the invoice—65 cents—and then you bought it back at a price of 67 cents. That is quite clear; it is on the invoice, and in neither case is the grade specified. I would ask then if it is a common practice of your company to engage in transactions of that nature?

Mr. Child: It is customary for us to do the same thing with other creameries and to do the same thing with other products. In any case when anything leaves our plant it must go out on an invoice so that we have a record and so our records are kept in order. We could head the document "transfer" instead of "invoice" except that we do not use that type of document. Anyone in business must have a record of his transactions. This is our method of recording that transaction.

Mr. Lesage: But this butter was bought?

Mr. WINTERS: Well that is a matter of definition or interpretation.

Mr. Child: It is not necessarily so. We may have a contra-charge opposite that amount.

Mr. Pinard: May I-interrupt? I wish to address the chair.

The VICE-CHAIRMAN: Yes.

Mr. Pinard: These invoices speak for themselves. They are not to be contradicted and changed by the witness. They are sales on the market and the prices are on the invoice.

Mr. Lesage: They are written documents.

Mr. Pinard: Yes, they are written documents and they cannot be contradicted, in my opinion at least.

Mr. Winters: I have no doubt the committee will be able to put a proper interpretation on those documents. Then may I ask to whom this butter was sold after it was received back in prints from the Valley Creamery?

Mr. Child: To our customers.

Mr. Winters: Can you give a list of the customers who received this particular lot of butter?

Mr. Monet: Have you any invoices for the sale of this particular butter to your customers?

Mr. Child: We have hundreds of them.

The Vice-Chairman: Well I do not suppose it is desirable to go through all the invoices?

Mr. WINTERS: You could give a list of the retailers who received the butter, I think.

Mr. Monet: Who received this particular butter mentioned in Exhibit No. 81? Have you got a list of your customers who received some of the butter described on Exhibit No. 81, the last document filed?

Mr. Child: Perhaps I could simplify this if you would allow me.

Mr. Monet: Well tell us whether you have the invoices?

Mr. Child: We have all the invoices in question on the sale of butter since the 1st of March.

Mr. Monet: Have you a list of customers for this particular transaction to which we are referring, listed on Exhibit No. 80 as being a sale from Canada Packers to Valley Creamery, and then from Valley Creamery to Canada Packers mentioned on Exhibit No. 81? Have you got a list of the invoices of sales of this particular butter, the transaction of 22,400 pounds?

Mr. Child: I do not suppose we can aggregate the sales of all of the 22,400 pounds because before all of that butter would be gone I would think we would have other butter coming in.

Mr. Winters: Well, I am sure that you know something about this butter. Can you give me a list or a partial list of the retailers to whom it was sold with the prices at which it was sold, and I think it would be a good idea if we had a sample invoice read right at this point?

Mr. Moner: Have you got an invoice you could give us now?

The Vice-Chairman: Just a moment, would it not be a good place to adjourn so that the witness could examine the invoices and give us an answer tomorrow?

Mr. Winters: Yes, but I would like to ask before the witness leaves that he tell us the price at which this butter was sold to the retailers?

Mr. Monet: Perhaps Mr. Prescott could answer that? At what price was the butter included in Exhibit No. 81 sold to the retailers?

Mr. Prescott: 67¹/₄ cents.

Mr. Moner: To the retailer; and is that first grade butter?

Mr. Prescort: That is White Lily Brand which we know is not first grade.

Mr. Wiggins: That is the ceiling price for below third grade butter.

Mr. Monet: And it was sold to the retailer at that price?

Mr. CHILD: Yes.

Mr. Monet: Have you the invoice for that transaction?

Mr. CHILD: Yes.

Mr. Monet: Would the sort of invoice used for the transaction indicated in Exhibit No. 81—

Mr. Winters: Just a moment, the witness says the butter was sold to the retailer as first grade butter at the price prevailing for below third grade butter.

Mr. Monet: It was sold at the ceiling price for below third grade butter.

Mr. Pinard: I would like to ask the price originally paid for that butter when it came from the west to Toronto?

Mr. Wiggins: I am sorry I have not got that information.

Mr. Pinard: I would like to have it for tomorrow.

Mr. Wiggins: We might be able to determine the identity of it but I am not sure.

The Vice-Chairman: I think this is a satisfactory place to adjourn.

Mr. Lesage: I have just one question. Was it all sold at 674 cents?

Mr. Wiggins: Yes it was.

Mr. Monet: The whole lot?

Mr. Wiggins: It was sold to retailers at $67\frac{1}{4}$ cents, but there were two sales to wholesalers at the correct wholesale price.

Mr. Lesage: What was the correct wholesale price?

Mr. Prescott: It would be 1 cent under the price to retailers—that is $66\frac{1}{4}$ cents.

Mr. Lesage: You sold part of this butter to wholesalers at a price lower than the price at which you bought it?

Mr. Prescott: Yes.

Mr. Wiggins: No, no.

Mr. Lesage: Is your answer to my last question "yes"?

Mr. Wiggins: No, that is not the correct interpretation which you are putting on the transfer. It was sold for a price less than that mentioned on the transfer but it is not less than the cost for the butter.

Mr. Lesage: Well that is a question for our interpretation.

Mr. Winters: I would like to ask this final question? Did you sell any of this butter to retailers at the regular selling price prevailing for first grade butter?

Mr. Wiggins: No.

Mr. PINARD: I have one last question.

The Vice-Chairman: Just a moment, Mr. Pinard. There are too many final questions and we must stop at some point. I think probably Mr. Winters' question had better be the final one and yours can come when we reconvene.

The meeting adjourned to meet tomorrow, April 13, 1948 at 4.00 p.m.

SESSION 1947-48 HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE No. 36

TUESDAY, APRIL 13, 1948

WITNESSES:

- Mr. A. J. E. Child, Assistant Treasurer, Canada Packers Limited, Toronto, Ont.
- Mr. Ford Wiggins, Manager, Produce Department, Canada Packers Limited, Toronto, Ont.
- Mr. S. C. Prescott, Manager, Halifax Branch, Canada Packers Limited, Halifax, N.S.

MINUTES OF PROCEEDINGS

TUESDAY, APRIL 13, 1948.

The Special Committee on Prices met at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Cleaver, Fleming, Irvine, Johnston, Lesage, Martin, Maybank, McCubbin, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee in attendance.

Mr. A. J. E. Child, Assistant Treasurer, Mr. Ford Wiggins, Manager, Produce Department, Canada Packers Limited, Toronto, and Mr. S. C. Prescott, Manager, Halifax Branch, Canada Packers Limited, were recalled and further examined.

Mr. Prescott filed,

Exhibit No. 82—112 corrected butter invoices, Canada Packers Limited, Halifax, to various retailers.

Exhibit No. 83—Statement of account, Canada Packers Limited with Valley Creamery Limited, Kingston, N.S. (Printed in this day's Minutes of Evidence).

Exhibit No. 84—Invoice No. 89235, Canada Packers Limited, Halifax, to Swift Canadian Company, dated March 23, 1948, for 100 boxes White Lily Butter flats, 5,400 lbs. at 66\frac{1}{4}c, total \$3.577.50. (Printed in this day's Minutes of Evidence).

In the temporary absence of the Chairman, Mr. Maybank, Vice-Chairman, took the Chair.

At 6.00 p.m. witnesses discharged and the Committee adjourned until Wednesday, April 14, at 4.00 p.m.

R. ARSENAULT, Clerk of the Committee. MUNICIPAL OF PROCESSINKS -

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MINUTES OF EVIDENCE

House of Commons, April 13, 1948.

The Special Committee on Prices met this day at 4.00 p.m. The Chairman, Hon. Paul Martin, presided.

Mr. Monet: Mr. Child, Mr. Prescott and Mr. Wiggins, would you come forward?

Arthur James Edward Child, Assistant Treasurer, Canada Packers Limited, recalled.

Ford Wiggins, Manager, Produce Department, Canada Packers Limited, recalled.

Stanley Prescott, Manager, Halifax Branch, Canada Packers Limited, recalled.

Mr. Child: Mr. Chairman, in the closing minutes of yesterday's session there was a question put to us with regard to the price at which we sold this car of below third grade butter to our customers in Halifax. I think the answer to that question requires amplification. I should like to make a statement in that connection. I have a copy of that statement for all of the members.

Mr. Monet: This has been prepared since last night?

Mr. Child: Since last night.

Mr. Monet: Would you distribute this statement? It does not need to be filed.

Mr. IRVINE: You are going to read it?

Mr. CHILD: Yes.

The CHAIRMAN: This will go into the record as his verbatim statement.

Mr. Monet: You can start reading.

Mr. Child: This is with regard to the shipment of butter from our Halifax branch on March 23, 1948.

On Saturday, March 20, 1948, we had no butter at our Halifax branch. Our salesmen were, however, accepting orders which, because of the current short situation, were subject to being filled if and when butter was received at the warehouse.

The orders were written in advance by our salesmen, and, because of the uncertainty of having butter, they were written on separate forms—for butter only—to be held by the shipper until the arrival of the butter.

In our system these orders are written on the same form which later becomes the invoice, after the quantity is filled in by the shipper, and the

value computed in the office.

Our butter was coming chiefly from the Valley Creamery at Kingston, Nova Scotia, and up to that time we had received only first-grade butter in Valley and Kingston brands. Therefore, the salesmen expected the orders to be filled with first-grade butter and had priced them accordingly.

Actually, a shipment of below third-grade butter, White Lily brand, which is a private brand of the Valley Creamery, arrived late Monday afternoon, March 22. The orders for butter were filled from this shipment first thing Tuesday morning and the truck left the warehouse about 8.30 a.m. The shipper did not notice that an under-grade butter had gone out at first-grade price. White Lily was a brand we had not been selling for some time and the grade of the butter was not shown on the wrapper, as it is not compulsory or customary to do so in Nova Scotia.

The same morning, shortly after he came to the office, the branch manager, S. C. Prescott, noticed that below third-grade butter had been invoiced at first-grade price. He immediately had the office copies of the invoices changed, so that the customers would be charged in our books for the correct amount. The invoices, 112 of them for 6,912 pounds, were all changed by noon the same day. All subsequent sales, which were the bulk of the shipment—that is the shipment of 22,400 pounds—were invoiced in the first

instance at the correct price.

In addition, the sales supervisor, Russell Gale, was advised of the error and he informed our seven salesmen as soon as possible. The last of them was notified by 4 o'clock the same day. They, in turn, telephoned those customers who could be reached by telephone. Some were telephoned the same night and most of them the next day. Customers who could not be reached were notified at the first call of the salesman. This might have been two or three days later in some cases.

Mr. Monet: Excuse me, but right there you refer to customers who could not be reached. Do you mean by that your customers or consumers.

Mr. CHILD: Our customers.

An advice of the error and of the correct price at which White Lily brand butter should be invoiced was posted on the salesmen's bulletin

board the same day.

In our books of account, and on the statements to the customers, this butter was charged at the correct amount. In the case of C.O.D. customers, refunds were made and the customers were notified by telephone as stated previously. There were 33 C.O.D. customers and the refunds amounted to a total of \$32.52.

All these corrections were made by us and the customers notified long before any complaint was made by officials of the Wartime Prices and Trade Board.

(Mr. Ralph Maybank, Vice-Chairman, now presiding.)

Mr. Child: Having read that statement I should like to make one more statement with regard to the transactions that were discussed yesterday between ourselves and Valley Creamery. One of the gentlemen asked me if payment was made by the Valley Creamery to us when the butter was shipped to Valley Creamery, and if in turn payment was made by us to Valley Creamery when the butter was shipped back. I was under the impression yesterday that was what we would have done, but I have since been talking to Halifax on the telephone this morning and they tell me that is not the case, that we run a contra-account with Valley Creamery in connection with these operations. I have with me a transcript of that account from the 1st of March to date showing the entries to and from Valley Creamery, and showing that no money is paid in the account at all, that is, no payments are made by us to Valley Creamery and no payments made by Valley Creamery to us except to clear the account periodically.

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On the telephone I was unable to find out just then when the account had been cleared so I asked them to telegraph me. I have a telegram now saying:

Valley Creamery Limited account cleared November 26, 1947, December 11, 1947, and January 8, 1948, which was last clearance. Balance in account, \$621.91.

Having given you that information, we are open to any further questions.

Mr. Winters: Mr. Chairman, I would gather that despite what the witness said last night about not selling any of this third grade butter at first grade prices, they have in fact had some sales of third grade butter in Halifax at first grade prices.

Mr. Child: I have merely given you what did happen in my statement.

Mr. WINTERS: That is the case, is it not?

Mr. Child: As I say, I have given you what happened. Mr. Prescott is here, who handled the matter at Halifax. I would suggest you ask him.

Mr. Winters: Was the statement you gave at the end of the hearing yesterday afternoon incorrect?

Mr. Child: I should say it required amplification. It required just what I have given.

Mr. Winters: I think yesterday afternoon you said definitely "no" to my question. I asked you if any third grade butter was sold at first grade prices.

Mr. Child: I do not think I would like to get into a technical argument on the matter. The actual fact is, I think, that when the transactions were fully completed that no third grade butter had been sold at other than third grade prices.

Mr. Winters: I do not think there is a technical argument as to when "no" does not mean "no". We can argue technically as to when a sale is not a sale, but certainly this appears to me on the face of it to be a sale between you and the Valley Creamery Company. In the fourth paragraph of your first statement you say:

Therefore the salesmen expected the orders to be filled with first grade butter and had priced them accordingly.

You know that prior to that time you had sold to the Valley Creamery one carload of below third grade butter. Then how can you say you had no reason to expect anything but first grade butter would be received back from the Valley Creamery?

Mr. Child: I think that is quite easy to explain. Valley Creamery is not a customer of ours, not a retail customer of ours. We do ship butter in solids to be rechurned by the Valley Creamery. That butter came back to us in the form of White Lily brand flats on the 22nd of March. That was the first time in a long time that we had received any White Lily butter. We had been receiving, I might say, from the Valley Creamery two of their first grade brands, Valley brand and Kingston brand.

Mr. Winters: You also said in Nova Scotia there is no butter grading, and that therefore invoices are not required to be marked with the grade. Is that true despite the Wartime Prices and Trade Board orders to the contrary, which seem to indicate to me, at any rate, clearly that the grade must be specified, and that certain prices must be charged for certain grades.

Mr. Child: I think Mr. Wiggins can answer that better than I can. He is more of an expert on butter.

Mr. Wiggins: I believe in all provinces except Nova Scotia and Prince Edward Island it is compulsory to have butter graded that is sold retail, and the grade of the butter marked clearly on the wrapper. That is under the Dairy Products Act, a Dominion Act, which requires enabling legislation by the

provinces. That has never been enforced in Nova Scotia. The butter we ship in from outside to those two provinces is marked, but the butter that is normally packaged in Nova Scotia does not have the grade marked on the wrappers.

That is one act by itself. The Wartime Prices and Trade Board reference requested the butter to be sold on grade. There is no doubt about that, but it

does not have to be marked on the butter.

Mr. Winters: So there is some irregularity, is there not, with respect to the Wartime Prices and Trade Board order regarding grade marking?

Mr. Wiggins: I think that irregularity, if you call it that, comes in this way. In the province of Ontario, for example, registered brands are recognized as a grade. If a brand is on the wrapper of the butter the grade is also, and then in the invoicing if the brand name is used it is considered sufficient to indicate compliance with the regulation. Where the brand name is used in Nova Scotia I believe that has also been accepted although I am no authority on that.

Mr. Monet: Excuse me for interrupting. Are you referring now to the administrator's order?

Mr. WIGGINS: Yes.

Mr. Monet: The administrator's order has been filed as Exhibit 54, and unfortunately does not read the same way as you have put it. According to the order—and the members of the committee have it as Exhibit 54—all butter has to be invoiced with the grade mentioned on the invoice. Now, I understand that what you mean is that in Nova Scotia putting the grade on the wrapper is not compulsory. Is that what you mean? But as far as the Wartime Prices and Trade Board orders are concerned, the administrator's order, it speaks for itself, and it says plainly that it has to be.

Mr. Winters: And it does not say that it does not apply to the province of Nova Scotia.

Mr. Wiggins: I am sorry if I inferred that.

Mr. Monet: That is why I wanted to make that clear.

Mr. Wiggins: I did not intend to infer that it was not necessary to have the grade marking on the butter in Nova Scotia.

Mr. Moner: What you actually mean is that in Nova Scotia the wrapper does not need to bear the grade?

Mr. Wiggins: That is right.

Mr. Winters: Do I understand from your statement that some of this butter was sold on a cash basis, on a c.o.d. basis, and some of it was a paper transaction with the first-grade price indicated on the invoice and subsequently when the error was discovered you made a correction, that the invoices were corrected; is that correct?

Mr. Prescott: Yes, that is correct.

Mr. Monet: To make this very clear, following the same line of questioning, Mr. Prescott and Mr. Child; when the delivery was made from Canada Packers to the retailers in Nova Scotia I presume there was an invoice sent with the actual delivery. Mr. Prescott, you are in charge at Halifax, are you not?

Mr. Prescott: Yes.

Mr. Monet: And with the actual delivery of this butter to the retailers in Nova Scotia and Halifax are invoices delivered?

Mr. Prescott: Yes.

Mr. Moner: And the invoices actually sent with the butter showed on the invoices that it was first-grade butter, did they not?

Mr. Prescott: It was an invoice for creamery butter at the first-grade price.

Mr. Monet: There was no grade mentioned?

Mr. PRESCOTT: No.

Mr. Monet: But it was priced as first grade?

Mr. Prescott: That is right.

Mr. Winters: You, I understand, assume that all butter coming from Valley Creamery is first grade because you automatically jump at the conclusion when the invoice is made out in advance for the first-grade price which would apply?

Mr. Prescott: Yes.

Mr. Winters: Then you say there is no grading in Nova Scotia. How then do you know that all this butter coming from the Valley Creamery is first-grade butter for which you have been charged a first-grade price?

Mr. Prescorr: The responsibility for the grading is on the man who puts the butter in the wrapper, and most of those men are skilled in the grading of butter and their judgment is accepted, and it is checked periodically by government graders.

Mr. Winters: You do not check on it although you knew that you were putting into that creamery butter which was below third grade?

Mr. Wiggins: I do not understand that question.

Mr. LESAGE: I wish to point out-

The Vice-Chairman: Just a minute, Mr. Lesage. Mr. Winters is asking a question and the witness says that he did not understand that point and he wants it clarified.

Mr. Lesage: I was on the point of-

The Vice-Chairman: Excuse me, Mr. Lesage; you are out of order. Mr. Winters has the floor.

Mr. Lesage: I think it is in order.

The Vice-Chairman: Just a moment, Mr. Lesage; you cannot ask questions or make statements unless Mr. Winters is willing to concede the floor to you. Mr. Winters is asking questions of this witness now.

Mr. Lesage: I am objecting to one of the other witnesses answering the question. I think it should be answered by Mr. Prescott; even if I am out of order.

Mr. Winters: Thank you. I agree with you and I will direct my questions to Mr. Prescott. I would like to ask Mr. Prescott if he would feel justified in assuming the butter coming from the Valley Creamery was first-grade butter for which he could charge the first-grade price when he knew that Canada Packers had been sending to this creamery butter which was below third-grade butter?

Mr. Prescort: I think I can answer that question, or explain it to you. We have been putting into the Valley Creamery first-grade butter which has been stored in Halifax for the account of the Halifax branch as they wish to take it out over this period which was nearly a month. Unfortunately it ran further. There were 1,100 boxes of that delivered to the Valley Creamery during the month of March and the first part of April, or the period to which this controversy applies; and at the time that below third-grade butter was shipped to the Valley Creamery and following the dates of shipment from Halifax, as the invoices will show, continued right up to the 25th day of March. We were dealing in first-grade butter and there was first-grade butter due to come back to the Halifax branch. Now, it is my understanding—and this is not a definite statement but it was my understanding and still is, and I am quite sure of it—that there was due to us first-grade butter when this below third was printed; but the creamery manager was working on a car of butter which he wanted to clear out in one block because of the fact that it was below third grade and he had

to put that butter when it was printed back into the car for delivery to Halifax due to the fact that roads were closed to heavy traffic. This caused him to leave the first-grade butter out of his churns and to churn the below third and we received that shipment before I expected it. I think that answers your question.

Mr. Winters: It seems, though, that you might have been alerted to the situation and would not have gone on making that assumption that all that butter was going to be grade-one butter. When did you first detect your error? When was that? I think you brought that out in your statement.

Mr. Prescott: It was about 10 o'clock on March 23.

Mr. Winters: When was it first brought to your attention by the Wartime Prices and Trade Board?

Mr. Prescott: I believe the first intimation we had was something which the press carried on March 30, and on March 31, we had a visit from the investigator of the Wartime Prices and Trade Board.

Mr. Winters: On March 31, and the date on which you discovered it was March 22?

Mr. Prescott: March 23.

Mr. Winters: And in the meantime you took steps to notify all your customers?

Mr. PRESCOTT: Yes.

Mr. Winters: Who number 112 and you have a list of those customers?

Mr. CHILD: We have all that information.

Mr. Monet: Have you all the invoices? I understand that the invoices for each of these 112 customers of yours, which in the present case would be retailers, have been sorted and are being filed with the committee. You are showing me, Mr. Child and Mr. Prescott, a group of invoices of different customers who would be retailers in Nova Scotia?

Mr. Prescott: Yes.

Mr. Monet: And are they all retailers in Halifax?

Mr. Prescott: All in Halifax, I believe.

Mr. Winters: Are they all in the city of Halifax, Mr. Prescott?

Mr. Prescott: I am not certain they are all within the city limits, but I believe they are.

Mr. Monet: And these 112 invoices are for your retail customers?

Mr. Prescott: Yes sir.

Mr. Monet: And they are all within the city limits of Halifax?

Mr. Prescott: I am not quite positive, but I believe they are.

Mr. Monet: You believe they are. Now, you are showing me a bunch of invoices, I take it that the 112 are included?

Mr. Prescott: Yes.

Mr. Monet: Mr. Chairman, I suggest that these should be filed as exhibit 82.

EXHIBIT 82: Group of 112 invoices to retailers in Halifax, filed.

The Vice-Chairman: Of course, it is understood that that is for identification, not for the printing of these invoices.

Mr. Monet: Now, Mr. Prescott, can you tell the members of the committee if on all of these slips of sale—because it is registered as sold to Mr. so and so—if all of these slips of sale mention the price of first-grade butter before any correction was made.

Mr. Prescott: That is correct, sir.

Mr. Winters: How could the witness state that none of these sales were made for first-grade butter?

Mr. Prescott: The final sale was not, Mr. Winters.

Mr. Winters: It seems to be getting back to the question of when is a sale not a sale.

The Vice-Chairman: What is meant is this, is it not; that finally there was not a sale at the first-grade price, but that is true because of the fact that it was discovered an error had been made and some of the money was passed back to the customer. That is the reason it was said last night, is it, that there had been no sale?

Mr. Child: Yes. That would only apply in the case of the smaller dealers where the sale was made on the basis of c.o.d. Where the customer's credit was good enough he did not pay any more than the proper price.

The Vice-Chairman: Well, I know. Well, then, the true way to state it is, is it not, that there was a sale, that there was a good sale and that you backtracked on it later?

Mr. CHILD: Yes, sir.

The Vice-Chairman: And gave a refund because the sale was at an improper price. Is not that the truth of the matter as it stood on say the 23rd?

Mr. Child: I might say that their invoice is third-grade price.

The Vice-Chairman: And the invoice is official news of a sale. Assuming a transaction made as of the 23rd, at 9.50 a.m.; if I had asked you at that time had you made a sale of any of this butter, you would have said yes, would you not?

Mr. CHILD: I should think so. Yes.

The Vice-Chairman: Well, there must have been a sale, and then you found out that you had done a wrong thing and endeavoured to correct it; and then I would believe your evidence is you did put it correctly. Surely there would not be any advantage in maintaining that at 9.50, in the morning a sale had not been made. Would that be right?

Mr. CHILD: I think that is right.

Mr. Moner: Just another question following along the same line of question as the chairman just did. When your customer would receive the actual delivery of butter say on March 23, in the invoice as first set up giving the price of first-grade butter, would he not be under the impression then that this was first-grade butter, before any correction was made?

Mr. Prescott: Unless he were to question the branch.

Mr. Monet: Just by the invoice itself the retailer receiving the butter could not assume anything else but that that was first-grade butter with the price indicated; is that correct?

Mr. Prescott: That is correct.

Mr. Monet: I wanted to be clear on that as far as the retailer is concerned.

Mr. Winters: Now, Mr. Chairman, if all of these 112 retailers were within the city limits I wonder if Mr. Prescott could say how many of them had telephones or how many did not have telephones?

Mr. Prescott: I cannot answer that. I do not know.

Mr. Winters: Did you actually find some of them who did not have telephones?

Mr. Prescott: I do not believe I could answer that.

Mr. Winters: I think you said that you tried to contact your customers by telephone and found that you could not reach some of them but that they were notified by the next call of the salesman which took place, according to your statement, as much as three days later.

Mr. Prescott: I think that statement is probably explainable by the fact that some of the customers were not around or available. For instance, the manager of the store would be absent when the salesman called. I cannot elaborate much on that answer but the salesmen were instructed to notify the customers.

Mr. Winters: Surely during the business day you would expect that somebody would be in these stores and that you could contact them by telephone? It would seem to me that you really could have notified everyone in a shorter time than three days.

Mr. Child: Well I do not know anything about the actual circumstances, Mr. Winters, but I might interject that I can remember that when I used to try to collect the company's accounts from a very small store it was sometimes difficult to collect the account because very often there would not even be a clerk present but only the delivery boy.

Mr. Winters: I will put it this way, Mr. Prescott. In view of the situation I will ask if you made the best attempt you could to notify all these customers at the earliest date?

Mr. Prescott: Mr. Winters, I followed the usual practice in handling any errors that would come to my attention, which amounts to notifying the man in charge of sales and he in turn notifies the salesmen to contact the customers and advise them of the error. In addition there was the fact that when they received their statements the error would be automatically corrected

Mr. Winters: In the meantime here was the public in Halifax receiving below third grade butter and being obliged to pay first grade prices for it in circumstances of shortage which almost made it necessary for them to buy anything which they could obtain. It seems to me in view of that situation you would feel obliged to notify them at the earliest possible date by whatever means would seem necessary to you?

Mr. Prescott: If a somewhat similar situation were to arise I think we would take steps that, shall I say, would be somewhat more vigorous. It certainly would not occur again.

Mr. Winters: You say that it would not occur again but how do you propose to take steps to protect yourself from the same situation arising in the future? How will you know what grade of butter you are getting from the creamery?

Mr. Prescott: Well we have issued instructions in writing that all these invoices are to be checked by the shipping department and cleared back with the sales so that the shippers cannot possibly ship anything without knowing exactly what butter is on hand and how it appears on the invoice.

Mr. Beaudry: Do you mean to say that over the previous years when receiving butter you received it without the receiving department checking the quality of the butter against the price you were having to pay?

Mr. Prescott: The butter is usually identified by the brand, sir.

Mr. Beaudry: That is true but apparently there was no identification made in this instance although there was some evidence. Is it in the realm of possibility that the same mistake might have occurred in the past because you yourselves did not take steps to check the butter against the invoices and the price?

Mr. Prescott: There is very little chance of that having occurred.

Mr. Beaudry: Would you be able to say positively that it had not occurred?

Mr. Prescott: I would say positively that it did not.

Mr. Beaudry: You have said earlier that you did not check the quality of the butter received against the invoice?

Mr. PRESCOTT: I do not believe I said that.

Mr. Beaudry: I asked you that question a moment ago. I asked whether there were any precautions taken by your receiving department to ensure that the butter received was as described on the invoice.

Mr. Prescott: You are talking about a different matter. You are now talking about receiving butter and a moment ago you were talking about shipping butter.

Mr. Beaudry: No, my question a moment ago was with respect to receiving butter.

The Vice-Chairman: May I interject just at that point? I think Mr. Beaudry was inquiring about the checking by you of the butter which you received under similar circumstances during the past. Is not that correct?

Mr. BEAUDRY: Quite.

The Vice-Chairman: He was dealing with your receipt of butter under such circumstances as have been described and what steps you did take, and what steps you will take, to make sure that you are getting the product which you think you are getting.

Mr. Prescott: I am sorry, I did not quite understand it that way. The shippers have been instructed to be on the alert and to be careful to see that the brands are stated and advice is to be passed to the sales department and the man in charge of sales. The salesmen will write their invoices for that brand of butter.

Mr. Beaudry: In this particular case was not that procedure followed? The only thing that happened was that the butter specified as the brand to be delivered was not actually the butter which was delivered? I still insist that, no matter what you write on the invoice, the butter may not coincide with the brand name; you are achieving no particular purpose, and that is how the accident occurred in this particular instance.

Mr. IRVINE: Is that a question or a statement?

Mr. Beaudry: He may comment on it.

The Vice-Chairman: Well, do you want some comment on that, Mr. Beaudry?

Mr. Irvine: The only reason I am asking whether it is a statement is because I do not want to butt in, but if Mr. Beaudry is finished I would like to ask a question.

The VICE-CHAIRMAN: All right.

Mr. Irvine: There seems to be some little discrepancy in the evidence in connection with the question that is being asked now. I would like one of the witnesses to clear up the matter. It may or it may not be important but it does seem to me that it has been insisted by all the witnesses, especially Mr. Child, that the butter in question was not sold. Am I right in saying that?

The Vice-Chairman: If you do not mind me interrupting, I will say that just before you came in there was a clearing up of that particular point. It was agreed as of say 9.50 a.m. on the morning of the 22nd—

Mr. Irvine: I heard that statement; I was here when you started, but I am not talking about the retailers. I am talking about the witnesses saying there was no sale from the company to the Valley Creamery. You were very specific about that, were you not, Mr. Child?

Mr. Child: At the outset of this session I introduced a new statement with regard to a transcript of our account with the Valley Creamery which was a contra-account, and we do not regard the shipments to Valley Creamery for re-churning and return as sales and purchases. Now, if it is someone else's opinion that those transactions are sales I cannot do anything about the opinion.

Mr. IRVINE: Well, I am not arguing with you.

Mr. Child: I am just trying to give you all the facts in connection with the transaction.

Mr. Irvine: My point is that you were very emphatic yesterday that it was not a sale.

Mr. CHILD: Yes.

Mr. Irvine: As I recall it that was the position, although there is not yet a transcript of yesterday's evidence.

The Vice-Chairman: We have the evidence now if you need it.

Mr. IRVINE: I may not require it.

The Vice-Chairman: Well, if you do require it, it is here.

Mr. Irvine: You were very emphatic, as I recall it, that you did not know whether the butter which came back to you from the Valley Creamery was the butter which you gave to them, transcribed to them, or sold to them, whichever term you want to use?

Mr. Child: I did not answer that question.

Mr. IRVINE: Well, one of the witnesses did answer it.

The Vice-Chairman: Well, I think it is common ground to say that you do not know that you got back the same butter that you sent?

Mr. Child: I do not know.

Mr. Wiggins: That is correct. I think the atmosphere which we tried to give to that is that the identity of the butter is lost when it is taken from the boxes and put in the churn. We cannot prove it is the same butter which we got back.

Mr. Pinard: Do you accept any butter from the Valley Creamery except what you have sent?

Mr. Wiggins: We receive the same number of pounds back—we receive back the same number of pounds we send.

Mr. Pinard: Were you then receiving any butter from the Valley Creamery? When was the last shipment made from Valley Creamery to Canada Packers?

Mr. Irvine: Well, I have just one more question and it is this. Since you do not know whether the butter you give to the creamery is the butter you receive from it again, what is to prevent the creamery from taking first grade butter from you and giving you back third grade butter or lower?

Mr. Wiggins: The creamery operator makes the decision as to the quality of the butter that goes under his brand and we have to depend on him to be honest when grading it. That is a common practice.

Mr. Johnston: Do you not test it yourself when you buy it?

Mr. Wiggins: Not to officially grade it—probably that is the wrong expression, and I will say we do not test it for the purpose of actually grading butter.

Mr. Irvine: Do not forget that is your butter which he is handling because you did not sell it to him. It is your butter.

Mr. Wiggins: He is still responsible.

Mr. IRVINE: He is still responsible for grading your butter?

Mr. Wiggins: He is still responsible for the butter that goes under his brand.

Mr. Lesage: Do you still contend there was no sale, after what you have just said?

Mr. Wiggins: I beg pardon?

Mr. Lesage: All right, it is just a comment.

Mr. Pinard: I wish to come back to that whole transaction for a few moments if I may. This butter you have told us was purchased from the west. It was western butter which was sent to the Valley Creamery?

Mr. Wiggins: I believe so.

Mr. PINARD: That is what you said yesterday it was all western butter.

Mr. Wiggins: I told you yesterday that I would endeavour to secure the detail regarding that butter and I have been working on it. However, because of the fact it did not come through in straight carloads, I am not positive of this, but the detail I have is that these 400 boxes are a portion of 879 boxes of below third grade butter purchased from about December 18 onward. Does that cover the point?

Mr. Pinard: What was the price paid for the butter?

Mr. Wiggins: The average cost of the 879 boxes of butter?

Mr. PINARD: Yes? That included the lot which was sold to Valley Creamery?

Mr. Wiggins: Yes, and the average cost of that butter in flats at our Halifax branch was 60.55 cents.

Mr. Pinard: What was it at your Toronto branch?

Mr. Wiggins: Just about 56 cents.

Mr. Pinard: Yes, this butter cost you 56 cents and it was sold to Valley Creamery at what price?

Mr. Wiggins: The transfer price used was 65 cents.

Mr. Lesage: Would you mind asking the witness what the cost of the freight was?

Mr. Pinard: Yes, what is the cost of transportation from Toronto to the Valley Creamery?

Mr. Wiggins: Roughly \$1.10 per 100 pounds.

The Vice-Chairman: 1.1 cents.

Mr. Johnston: Approximately a cent a pound.

Mr. PINARD: Yes, it is about a cent a pound is it?

Mr. Wiggins: Just over a cent.

Mr. Pinard: Now you have told us you had received butter before that time from the Valley Creamery, is that correct? I am talking of previous years or previous months?

Mr. Wiggins: Yes.

Mr. Pinard: When was the last shipment made by Valley Creamery to Canada Packers in Halifax?

Mr. Lesage: Perhaps Mr. Prescott could answer the question better.

Mr. Child: I have here, Mr. Pinard, a list of the credits in the account of Valley Creamery from March 1 on. I presume each credit indicates a shipment received. You may have this, if you like.

Mr. Pinard: What is the last date of shipment, other than the one in which we are interested now?

The Vice-Chairman: You mean the last one before this one in which we are interested?

Mr. Child: The one in which we are interested is dated—it would be the date going into the ledger—March 24.

Mr. Monet: That would be from the Valley Creamery to you, but I believe Mr. Pinard wants to know the date of the last shipment from Canada Packers to the creamery which would be on March 9?

Mr. CHILD: I should think so.

Mr. Monet: That is for the butter we are presently discussing, but previous to that the date of shipment would be March 2?

Mr. CHILD: I should think so.

Mr. Monet: Since this may be valuable information, I think this should be filed, Mr. Chairman. It is the account of Valley Creamery Limited, Kingston, with Canada Packers. I will file it as exhibit 83.

The Vice-Chairman: That had better be printed in the evidence as though it had been read into the record at this point. It is a short statement.

EXHIBIT No. 83: Account of Valley Creamery Limited with Canada Packers.

CANADA PACKERS LIMITED

Account with

VALLEY CREAMERY LIMITED, KINGSTON, N.S.

Date	Debit		Credit	Balance
1948				\$ 835 51 Dr.
Feb. 28	 \$ 3,808	00		φ 000 01 D1.
	 3,808 (1,499 04	
	 11,424 (00	7 000 0	
			1,873 80	
			1,873 80 1,873 80	
			1,873 80	
			1,873 80	
9	 14,560 (00		
	 11 404 (10	1,873 80	
	 11,424 (10	1,873 80	
	 3,808 (00	1,010 00	
	 ,,,,,,		5,246 64	
10			3,185 46	
			1,873 80	
			1,873 80 1,499 04	
			2,435 94	
			2,923 12	
17	 13,242 8		S. Line	
	 0.000	10	374 76	
	 6,806 8		1,086 80	
			1,311 66	
			781 44	
			5,020 60	
	 3,808 0			
	 3,808 0 3,808 0		3,585 60	
	 3,808 0		0,000 00	
30				
			6,577 69	
			6,905 29 2,509 92	
			857 88	
			1,124 28	
			3 00	
		Description of	749 52	
			7,495 20 $2,290 20$	621 91 Dr.
0		Set Co	2,200 20	021 01 D1.

Mr. Pinard: In the statement you have just read, it is stated that an Saturday, March 20, 1948, you had no butter at your Halifax branch. What was your position on the same date in Toronto? Did you have butter on hand in addition to the butter you shipped to Valley Creamery?

Mr. Wiggins: Yes.

Mr. PINARD: What was the quantity of butter you had on hand at that time?

Mr. Wiggins: I cannot tell you that.

Mr. Pinard: I wish to know why you chose to sell the butter to Halifax instead of somewhere else. You have said there is no grading in Nova Scotia and it could be inferred that you chose that place because of that fact. I want to know why it was sent to Halifax instead of somewhere else.

Mr. Wiggins: I think my answer would be that there was not more of it sent to Halifax than any place else. Roughly speaking, there are 2,000,000 pounds of this type of butter made in Canada. It is consumed in Canada. It is consumed in one form or another in Canada. I have no figure to indicate that more of it goes to Nova Scotia than any place else. I doubt if it does.

Mr. PINARD: Did you send butter, during the same period, to other places?

Mr. Wiggins: Yes.

Mr. PINARD: Below third grade butter-where?

Mr. Wiggins: It is sold regularly through our sales department. I think, probably, it would be safe to say it is sold at most of our plants.

Mr. Pinard: You mean to say you sold below third grade butter during the same period of time to other places as well as to Nova Scotia?

Mr. Wiggins: Yes.

Mr. PINARD: Would you say whether you sold any to Montreal?

Mr. Wiggins: I think our Montreal branch would have some on hand,

Mr. PINARD: They would?

Mr. Wiggins: Yes.

Mr. Pinard: You say in your statement you discovered your error on Monday the 22nd?

Mr. Monet: On Tuesday the 23rd.

Mr. Pinard: On Tuesday the 23rd; what did you do with the rest of the butter afterwards?

Mr. Prescott: Some of it we continued to sell as below third-grade butter under the White Lily brand, and the balance, after we found there was a question of it, we stopped selling. We still have on hand, as I think we gave out, 252 boxes of it in solid form and, I believe, 134 boxes—I may be out a box or two—are still in White Lily flats held in our warehouse in Halifax.

Mr. PINARD: Did you sell any of this butter to Swift's?

Mr. Prescott: Yes, we sold 200 boxes.

Mr. PINARD: Of that butter which came from the Valley Creamery?

Mr. PRESCOTT: Yes, the White Lily brand flats.

Mr. Pinard: When was the sale made?

Mr. Prescott: I will have to be exact on that, Mr. Child has the record, but I believe the first sale was on the 23rd, about noon of the 23rd, the date on which this thing first came up, and the second sale was on the 29th.

Mr. PINARD: How was it sold, in the same wrappers?

Mr. Prescott: Yes.

Mr. Pinard: At what price? Mr. Prescott: 66½ cents.

Mr. PINARD: To what branch of Swift's?

Mr. Prescott: Halifax.

Mr. Pinard: Am I correct in saying you sold a further amount of that same butter to Swift's after the 23rd?

Mr. Prescott: What kind of butter, sir?

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Mr. PINARD: The same butter, some of that which was left?

Mr. Prescott: The 23rd and the 29th, sir.

Mr. PINARD: What is the total amount of butter you sold to Swift's?

Mr. Prescott: Yes.

Mr. Pinard: What is the total amount?

Mr. Prescott: A total of 200 boxes of White Lily flats of 54 pounds per box, about 10,800 pounds.

Mr. Pinard: And it was sold at the same price as the other, was it not, to Swift's?

Mr. Prescott: Sold at 66\frac{1}{4} cents.

Mr. PINARD: What was the price for the other amount you sold?

The Vice-Chairman: To the various retailers?

Mr. Pinard: Yes.

Mr. Prescott: 67¹/₄ cents.

The Vice-Chairman: That is the adjusted price. It was $70\frac{1}{4}$ and adjusted to $67\frac{1}{4}$; that would be correct, would it not?

Mr. Pinard: You also said you expected the butter coming from Valley Creamery to be first grade butter? Are you satisfied that the Valley brand and the Kingston brand are first grade butter?

Mr. Prescott: They are supposed to be. I have not answered your question, I am sorry. I have been satisfied that they were, yes.

Mr. Lesage: Even when you sent third grade butter to be re-churned, you expected it to come back as first grade?

Mr. Wiggins: No, we sent—

Mr. Lesage: I am asking Mr. Prescott, if you please.

Mr. Prescott: I already explained that, Mr. Lesage, a few moments ago.

Mr. Lesage: I beg your pardon?

Mr. Prescott: I explained it, sir, a few minutes ago.

Mr. Johnston: And what was the explanation?

Mr. Lesage: No, you just said you expected it to be first grade butter, and I said, "Even when you sent in third grade butter to be re-churned, you expected it to come back as first grade?"

Mr. Prescott: No, I did not expect below third grade to come back as first grade.

Mr. Lesage: You were expecting below third grade butter, then?

Mr. Prescott: On that shipment I sent out, yes, sir.

Mr. Lesage: On the 24th of March, you were?

Mr. Johnston: Did you inspect it to see whether it was or not?

Mr. Prescott: Did I inspect it? No, I expect the White Lily brand to be below third grade.

Mr. Lesage: There is something I do not understand in your answer. You were expecting some below third grade butter to come to your plant as White Lily brand; is that correct? Did you expect any below third grade butter at that time to come to your plant as White Lily brand?

Mr. Prescott: Yes.

Mr. Lesage: You did?

Mr. Prescott: Yes.

Mr. Lesage: Did you inspect the shipment as soon as it arrived to ascertain whether it was third grade butter?

Mr. Prescott: I did not see it when it arrived.

Mr. Lesage: As soon as you knew it had arrived, did you inspect it or give orders that it be inspected immediately?

Mr. Prescott: Yes.

Mr. Lesage: Who did inspect it? Mr. Prescott: Well, our shippers.

Mr. LESAGE: Who?

Mr. Prescott: The man in the warehouse.

Mr. Lesage: He did? Mr. Prescott: Yes.

Mr. Lesage: Did he report to you immediately that it was third grade butter?

Mr. Prescott: We knew it was third grade about 10 o'clock in the morning of the 23rd.

Mr. Lesage: Had any been shipped at that time?

Mr. Prescott: Yes, sir. Mr. Lesage: When?

Mr. Prescott: The truck left our warehouse with a load of it about 8.30.

Mr. Lesage: Eighty-thirty in the morning, before it was inspected?

Mr. Prescott: Yes.

The Vice-Chairman: These invoices are mostly dated the 22nd.

Mr. Lesage: I understand they were dated in advance but I am talking about the delivery, not the writing of the invoices. You had received that butter the previous day, the 22nd?

Mr. Prescott: Yes.

Mr. Lesage: At what time?

Mr. Prescott: I do not know the exact time.

Mr. Lesage: Was it in the evening or during office hours?

Mr. Prescott: I cannot answer that point right now, but it was sometime during the afternoon.

Mr. Lesage: It was a large shipment, was it?

Mr. Prescott: Yes, sir, it was a carload. It would not be opened until the following-morning, to the best of my knowledge.

Mr. Lesage: It was a carload?

Mr. Prescott: A minimum car, yes.

Mr. Lesage: So, on the 22nd you received a carload from the Valley Creamery, that is correct?

Mr. Prescott: It would be placed—

Mr. Lesage: On the afternoon of the 22nd you received a carload from Valley Creamery?

Mr. Prescott: Right.

Mr. Lesage: Where is it shown on Exhibit 83?

The Vice-Chairman: Exhibit 83 is that statement of the contra account.

Mr. Child: I think that would be shown, Mr. Lesage—

Mr. Lesage: I do not want an answer, "I think", I want to know where it is.

Mr. CHILD: You want an exhibit?

Mr. Lesage: I have it in front of me.

The Vice-Chairman: He is talking about the exhibit, a copy of which I have in my hand.

Mr. Child: I want another one in order to answer the question. I want the exhibit filed yesterday showing the receipt of the butter into the branch.

The Vice-Chairman: The question, precisely, is this; where is it shown on Exhibit 83. I think you had the answer to that, but I think there will be some explanation necessary afterwards.

Mr. Child: It is shown dated March 24, Mr. Lesage, \$15,000.

Mr. Lesage: That is what I thought, but why is it the 24th and not the 22nd?

Mr. CHILD: I do not know.

Mr. Lesage: Why is it credited to Valley Creamery on the 24th when it was received on the 22nd.

Mr. Child: That is not the receiving date, Mr. Lesage.

Mr. Lesage: I asked why it was credited to Valley Creamery on the 24th when it was received on the 22nd?

Mr. CHILD: I do not know because I did not post the entry.

Mr. Lesage: Mr. Prescott was there?

Mr. Child: He did not post the entry any more than I did, but I presume it would be the next day when they posted it, Mr. Lesage.

Mr. Lesage: Is it customary for your accountants in your local office in Halifax to delay the entry of accounts?

Mr. Prescort: There are a great many entries to make and it might be that time before the accountants got around to it; I would not know.

Mr. Lesage: Entries will be delayed in your books as long as two days?

Mr. Prescott: Entries such as that might.

Mr. Child: It has to be approved, first, Mr. Lesage, as is shown here. It is approved on here for price and it is approved as having been properly received.

Mr. Lesage: Who approved it for the price?

The Vice-Chairman: You said it has been approved here. What is the number of the exhibit to which you are referring?

Mr. CHILD: Exhibit No. 81.

Mr. Lesage: Who approved it for the price?

Mr. Prescort: The initials shown on here would be Mr. Landry.

Mr. Lesage: How is that stamp made? Could I see it, the approval stamp?

Mr. Prescott: It is just initials.

Mr. Lesage: It does not show the date or the time at which it would be approved. The delay in making the entry in the books would be due to the fact that it had to be approved and it took some time to approve the invoice. Is that correct?

Mr. PRESCOTT: That could be correct.

Mr. Lesage: It could be, but is it? You said the delay in the entries was due to the fact the invoices have to be approved.

Mr. Prescort: That is correct. They have to be approved.

Mr. Lesage: I suppose this one would be approved just before it was entered in the books. Is that correct?

Mr. Prescott: Not necessarily so.

Mr. Lesage: Well, it was approved some time on the 23rd?

Mr. Prescott: I do not know that, sir.

Mr. Lesage: You do not know that. Well, it is a sure thing the price on the invoice was approved and then it was entered in the books as is. That is correct?

Mr. Prescott: I would say that was correct.

Mr. Lesage: What is the price you pay Valley Creamery for first grade butter?

Mr. Prescott: 69.4.

Mr. Lesage: 69.4 cents a pound?

Mr. Prescott: Yes, sir.

Mr. Lesage: Can you describe for me the operation of rechurning that was made on that specific butter?

Mr. Prescott: I know very little about rechurning. I would ask Mr. Wiggins, who is our creamery man, to answer that if he will.

Mr. Lesage: You paid 2 cents for rechurning and putting in prints in this case, did you?

Mr. Wiggins: In this case, yes.

Mr. Lesage: Usually you pay only 1 cent?

Mr. Wiggins: That is right.

Mr. Lesage: Why did you pay 2 cents in this case?

Mr. Wiggins: This was a carload of butter shipped in, and there was no siding at this creamery. He had to unload it. There were bad road conditions. We were unable to give him delivery of the butter as usual. We deliver to the creamery door by truck, pick it up by truck from the creamery door. We only give him a truck load at a time or roughly that. He will do that work for 1 cent, but when he had to get his own trucks out at that time and bring it from the station to the creamery—

Mr. LESAGE: And back to the station.

Mr. Wiggins: Not only that, but he had to take a carload off and then accumulate a carload and provide refrigeration and take it back and load it on the car. We had to pay him 2 cents.

Mr. Lesage: Was there any special operation expected in the rechurning of the butter?

Mr. Wiggins: In this lot, no. As a matter of fact, there is not much difference between rechurning this butter and first grade.

Mr. Lesage: What is the difference?

Mr. Wiggins: There is none. I will put it that way. There is no difference because the texture of the butter, the butterfat, etc., is the same. The thing that put this butter down below third grade was the weed flavour, and of course that does not affect churning at all.

Mr. Lesage: You cannot get rid of flavour in rechurning?

Mr. WIGGINS: No.

Mr. Lesage: Is there any difference in your mind between rechurning and reworking butter?

Mr. Wiggins: Yes, there is, although normally practically all butter is rechurned because that is the best piece of machinery we have for doing it. Reworking it would mean more putting it on a table and working it with some instrument the same as my mother used to do with dairy butter. That is working or reworking, but the only piece of equipment in a creamery generally that will do this job is the churn, so technically speaking it should be rechurning.

Mr. Lesage: Would the butter that came to your plant after it had been rechurned by Valley Creamery be renovated butter?

Mr. Wiggins: No, that is not considered renovated butter.

Mr. Lesage: Was it processed butter?

Mr. Wiggins: No, it was just rechurned butter.

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Mr. IRVINE: The grade is not altered by the rechurning?

Mr. Wiggins: Occasionally the grade is altered by rechurning but the butter is not altered. There is no processing. There is no renovating. If the butter is melted down—

Mr. Lesage: With skim milk?

Mr. Wiggins: If it is put into sufficient milk that the butter breaks down that is renovating. That is my interpretation of renovation.

Mr. Lesage: Was it worked to skim milk in this instance?

Mr. Wiggins: Not to my knowledge.

Mr. Lesage: Because you know that is forbidden.

Mr. Wiggins: Yes.

Mr. Lesage: As a matter of fact it is forbidden by the Dairy Industry Act and regulations to rechurn butter. It is permitted to rework it but not to rechurn it?

Mr. Wiggins: The interpretation is it is permitted to rework in a churn.

Mr. Lesage: That is why I asked you that first. I was fair. I asked you what you understood by reworking or rechurning, because the law does not give to the word "rechurn" the same definition as you do. What you define or describe as rechurning is defined in the law as reworking. That is allowed, but working it with skim milk is forbidden. That would be rechurning. Mr. Prescott, as soon as they noticed that butter was below third grade did they notify you?

Mr. Prescott: I discovered it first myself.

Mr. Lesage: Yourself? Mr. Prescott: Yes. Mr. Lesage: How?

Mr. Prescott: I happened to see it. I walked out in the plant as soon as I got there. I saw we had White Lily butter and I knew that White Lily would be below third grade.

Mr. Lesage: You were expecting a shipment?

Mr. Prescott: Yes, and then I immediately corrected the invoices.

Mr. LESAGE: Pardon me?

Mr. Prescott: I immediately had the invoices corrected.

Mr. Lesage: What I want to know is did you look at the butter yourself?

Mr. PRESCOTT: I looked at the butter.

Mr. Lesage: Yourself?

Mr. Prescott: Yes.

Mr. Lesage: So it was not the shippers, as you told me a moment ago, who examined it?

Mr. Prescort: The shippers would have examined it before or about the time that I did.

Mr. LESAGE: They would have?

Mr. Prescott: Yes.

Mr. Lesage: But you noticed it first?

Mr. Prescott: Well, I noticed it as soon as I went in the warehouse and discussed it with the shippers then.

Mr. Lesage: Is it true some of your retailers were not notified before the 27th?

Mr. Prescott: I do not know that.

Mr. Lesage: It is possible?

Mr. Prescott: It could be possible, yes.

Mr. Lesage: If it did happen, butter being a fast moving commodity, there is no doubt at that time the retailers had sold all of that butter to consumers?

Mr. Prescott: Well, the retailers were giving out very little butter.

Mr. Lesage: They were rationing their clients?

Mr. Prescott: Yes.

The VICE-CHAIRMAN: What?

Mr. Lesage: Rationing their clients in their own way. You were giving your clients some butter more than once a week, were you not, when possible?

Mr. Prescott: When possible we would, yes sir.

Mr. Lesage: Of course, that shipment was not sold all on the same day, was not delivered to your customers all on the same day? Did you keep on delivering butter from that shipment after it was discovered that it was below third grade?

Mr. Prescott: For some period of time, as our invoices will show, on the 23rd and 24th and possibly some other shipments.

Mr. Lesage: Pardon me?

Mr. Prescott: Possibly some other shipments during that week. We made some other deliveries and our invoices are here to show that.

Mr. Lesage: At what price? Mr. Prescott: At 67¹/₄ cents.

Mr. Lesage: At 67½ cents, which was the maximum price for below third grade butter?

Mr. PRESCOTT: That is right.

Mr. Lesage: Any that was invoiced after you discovered the matter was invoiced at the price for below third grade butter?

Mr. Prescott: That is correct.

Mr. Lesage: You did your best under the circumstances. Is that correct?

Mr. Prescott: Yes, sir.

Mr. Lesage: But just the same it took a long time to advise your retailers?

Mr. Prescott: That is correct.

Mr. Pinard: As to the sales for which you have produced invoices they were C.O.D. sales, were they not?

Mr. Child: I can answer that probably, Mr. Pinard. There are 112 sales that were corrected of which 32 were C.O.D.

Mr. PINARD: 32 were C.O.D?

Mr. CHILD: Yes.

Mr. Pinard: When was the last C.O.D. payment made by any of these retailers, what date?

Mr. CHILD: The 29th.

Mr. Pinard: In other words, you were still receiving money on the 29th from your sales of that butter to retailers?

Mr. Child: No, no. Put your question again, will you?

Mr. Pinard: You told me that you were still receiving money on these C.O.D. sales on the 29th?

Mr. Child: No, that is not what I told you. The last refund was made by the 29th.

Mr. PINARD: By yourselves?

Mr. CHILD: Ourselves.

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Mr. Pinard: But was the last C.O.D. payment made by a retailer on the 22nd or afterwards?

Mr. Child: The C.O.D.s would be paid the date of delivery.

Mr. Pinard: Were they all delivered on the 22nd?

Mr. Child: They were all delivered the 23rd.

Mr. Pinard: In other words, there were C.O.D. sales made on the 23rd for which money was paid by retailers on the 23rd?

Mr. CHILD: That is correct.

Mr. Pinard: I should like to know when this deal was put through with Swift's on the 23rd at another price?

Mr. Prescott: That sale—

Mr. PINARD: What time of day on the 23rd?

Mr. Prescott: To the best of my knowledge about 11 o'clock. It certainly was between 11 and 12 o'clock.

Mr. Pinard: In other words, on the very same day that you were collecting on your sales to your customers for butter sold at that price in Nova Scotia you were selling the same butter at another price the very same day to Swift. Is that correct?

Mr. Child: I think you have—

Mr. Pinard: Just a moment. I want to get an answer from Mr. Prescott on that.

Mr. Prescott: Would you just put that again?

Mr. Pinard: It is very clear to me. On the 23rd you were making C.O.D. sales of butter at what price? I want Mr. Prescott to repeat that. At what price was butter sold to the retailers C.O.D. in Halifax on the 23rd?

Mr. Prescott: On the load which left our warehouse as we say about 8:30, there were some of these made out, as mentioned by Mr. Child at 70¹/₄ cents.

Mr. PINARD: And on the same dates?

Mr. Prescott: That is at 8:30, keep that in mind.

Mr. Pinard: Yes, and the same day you were selling Swift's at what price?

Mr. Prescott: At approximately 11:30, we sold Swift's at 66¹/₄, which is the correct price between wholesalers, and before that hour I had advised all people in our business in connection with selling or shipping that we had on hand below third butter and they were all aware of that price.

Mr. Pinard: Within these two hours, is that what you just say; am I correct in understanding that you said that the sale to Swift Canadian was made at 11 o'clock?

Mr. PRESCOTT: About that, between that and 11:30.

Mr. PINARD: That was to the Swift branch in Halifax, is that correct?

Mr. Prescott: That is right.

Mr. PINARD: Have you got the invoice for that sale?

Mr. PRESCOTT: Yes.

Mr. Pinard: So that on the 23rd—when I look at this invoice I see that Canada Packers, Halifax, sold to Swift Canadian at 664, 100 boxes of White Lily butter; is that correct?

Mr. Prescott: Yes.

Mr. PINARD: There is no grade mentioned on the invoice, is there?

Mr. PRESCOTT: Just the brand, White Lily butter.

Mr. Pinard: Just the brand; and you state that you made that sale after your salesman had gone to deliver the C.O.D. orders; is that correct?

Mr. Prescott: After the truck had gone at 8.30.

Mr. PINARD: After the truck had gone at 8.30; are you sure and definite on that?

Mr. PRESCOTT: The sale was made after that?

Mr. PINARD: Yes. Mr. Prescott: Yes. Mr. PINARD: You are? Mr. PRESCOTT: Yes.

Mr. Monet: Excuse me if I just ask a question on this. I see that this invoice is dated March 23, this last sale about which you were talking with Mr. Pinard, this sale to Swift Canadian was made on March 23; and I see that there is an entry here, 681, and that has been struck out and underneath has been put 664. You may want to make some explanation, but I would like to know whether on March 23, you were selling this butter at 68\frac{1}{4} cents?

Mr. Prescott: That was not invoiced as $68\frac{1}{4}$ on that slip. It looks to me as though someone in the shipping department or perhaps in the order department had first put down some other price there and then checked for the correct price and the correct price went to Swift Canadian.

The Vice-Chairman: Just a moment on that point. I draw your attention to the fact that that last piece of evidence of yours is opinionative. You were giving a factual statement, or were you, when you were saying what had taken place with reference to the writing out of this invoice. You were only expressing an opinion as to certain changes and how that came to be made on this piece of paper. Is that correct?

Mr. Prescott: That is correct.

The Vice-Chairman: You had no knowledge of what you have just stated and you are expressing your opinion. That is a question. Is that correct?

Mr. Prescott: Yes.

Mr. Monet: I want to make it very clear, Mr. Prescott, because it is going to be filed as an exhibit. Will you look at this invoice of Swift Canadian Company dated March 23, 1948, 100 boxes of Lily White butter to Swift's, to which you have just referred in answer to Mr. Pinard's question, and I want you to tell me after examining it carefully if you see, as I do see, the figures under the word "price", "684"? You can see them very well. I want you to look at it very carefully and tell the members of the committee if this does not appear to have been struck out and then under it "66\frac{1}{4}"? This, Mr. Chairman, will be filed as Exhibit 84.

EXHIBIT 84: Invoice from Canada Packers Limited to Swift Canadian Company, March 23, 1948.

INVOICE

No. 89235

CANADA PACKERS LIMITED

Sold to

Swift Canadian Company Date: March 23, 1948. North St.

Quantity		Description	Weight	Price	Extension
100	Boxes	White Lily Butter Flats 100/54	5400	$68\frac{1}{4}^{*}$ $-66\frac{1}{4}$	3,577.50

^{*}Indicates pencil mark across this on original exhibit.

Mr. Monet: Just tell the members of the committee whether you see it or not.

Mr. Prescott: That is correct, sir; but the corrected price on extension is made before the invoice was completed.

Mr. Lesage: Can you swear to that?

Mr. PINARD: Are you sure it was done then?

The Vice-Chairman: Just a moment. We want to distinguish opinion and factual evidence. I am not saying your opinion is not a good one.

Mr. Prescott: I am taking it from this extension. There has been no change in the extension and I would assume from that—

The Vice-Chairman: Oh, there is some internal evidence in the document which leads you to the opinion which you have expressed. Is that a correct statement?

Mr. Prescott: That is correct.

The Vice-Chairman: You feel by reason of the fact that there is no change made in the extension entry he must have made the first error before he made the subsequent entries on the right-hand side of the page?

Mr. Prescott: That is correct.

The Vice-Chairman: And it is upon that evidence that you gave your opinion a few minutes ago. Is that correct?

Mr. Prescott: That is correct.

The Vice-Chairman: That was all I wanted to know; how you arrived at your opinion.

Mr. PINARD: How many employees have you in your office, in your branch?

Mr. Prescott: Fifteen people.

Mr. Pinard: Who look after the invoicing, how many people have you who look after invoices?

Mr. Prescorr: I haven't got many people who actually do nothing else except invoice, but there are a good many people who could and might write an invoice.

Mr. PINARD: Yes, but how would he tell what the price would be?

Mr. Prescott: Well, some of the senior people on the staff.

Mr. Pinard: So apparently somebody in your office gave instructions to somebody else to invoice it at $68\frac{1}{4}$, and afterwards changed his mind, or somebody else changed his mind for him, and inscribed another figure. Is that correct?

Mr. Prescott: I do not know, sir.

Mr. Pinard: You do not know at all, but apparently in view of the fact that there are two prices inscribed on that invoice that is what happened, isn't that correct?

Mr. Prescott: I do not know.

Mr. PINARD: You do not know?

Mr. Lesage: Did you make a sale to Swift Canadian yourself? Mr. Prescott: I talked with the assistant manager that morning.

Mr. Lesage: Of your own plant or of Swift's? Mr. Prescott: Of the Swift Canadian people.

Mr. PINARD: What is his name?

Mr. Prescott: Mr. McAllister; and he asked me if this butter had arrived. I had been previously talking to the manager who asked me if I could possibly spare him some butter as he was in great difficulty to get it, and I told him I would give him some of this butter to help him out.

Mr. LESAGE: Did you know at that time that it was below third grade?

Mr. Prescott: I knew that morning.

Mr. Lesage: Did you know the time you received the telephone call from Swift's manager?

Mr. Prescott: Yes, sir.

Mr. Lesage: And did you tell him it was third grade, below third-grade butter?

Mr. Prescott: Yes.

Mr. LESAGE: You told him?

Mr. Prescott: Yes.

Mr. LESAGE: Did you tell him what price?

Mr. Prescott: I believe I told him it would cost him 66\frac{1}{4} cents.

Mr. Lesage: Which is the maximum price between wholesalers?

Mr. Prescott: Yes.

Mr. Lesage: In Exhibit 83—would you look at Exhibit 83, Mr. Child?

Mr. Child: Would you describe that, Mr. Lesage?

The Vice-Chairman: That will be Exhibit 83, the contra account of Canada Packers.

Mr. Child: I am sorry, I have not marked the numbers on mine.

Mr. Lesage: That is all right. There is a statement there, on the 17th of March, \$13,242.88, as a debit to Valley Creamery; was that first-grade butter or below third grade?

Mr. Child: Let me look up the account. I might be able to tell you.

Mr. Lesage: Yes, if you are able to tell us.

Mr. Child: I think from my notes, Mr. Lesage, that that contained both first- and third-grade butter.

Mr. Lesage: Both?

Mr. CHILD: Yes.

Mr. Lesage: So you were expecting from the Valley Creamery on the 23rd both below third and first-grade butter.

Mr. Child: Mr. Prescott can probably answer that. I notice that is dated the 17th. I do not know how long it takes for butter to come back from Kingston, and so on. Would it take from the 15th to the 21st?

Mr. Prescott: It might come back. I do not know. I could not answer that with assurance, because I have no control over how the creamery might work. It might take five days, it might take longer.

Mr. Lesage: So you were then expecting nothing but third-grade butter?

Mr. Prescott: I would not say that, Mr. Lesage.

Mr. Lesage: You would not; would you say then you did not say either?

Mr. Prescott: He had first-grade butter.

Mr. Lesage: I ask you two alternatives. It is one or the other of them, and you say you could not say which it was. What would you say?

Mr. Prescorr: I could say this, that he had, I believe, to the best of my knowledge, first-grade butter on hand which he could have had reprinted and shipped in, and he also had all of this stock below third grade, so that I could be expecting either.

Mr. Lesage: But you could not expect at that time a carload of first-grade butter?

Mr. Prescott: Excuse me, I did not say a carload, but I could have expected either.

Mr. Lesage: But you could not have expected a carload of first-grade butter?

Mr. Prescott: No.

Mr. Lesage: Because you had not shipped to Valley Creamery a carload or anything approaching a carload of first-grade butter at that time?

Mr. Prescott: That is correct.

Mr. Lesage: But you had shipped a carload of below third-grade butter?

Mr. Prescott: In one car, yes.

Mr. Lesage: In one car, so if you received a carload you would expect it would be a carload of below third grade and nothing else.

Mr. Prescott: In a car that is all I expected.

Mr. Lesage: So you knew in advance as soon as the car would arrive on the afternoon of the 22nd, that it could not be anything else but below third-grade butter. If I follow your statement logically I have to come to that conclusion, and I am sure you will agree with me.

Mr. Prescort: Well, I would not say it could not have been anything else. It might have included first grade in the car.

The Vice-Chairman: I think Mr. Lesage means that you could not at that time have expected to get a carload.

Mr. Lesage: Of first-grade butter.

The Vice-Chairman: Isn't that the point?

Mr. Lesage: A carload of first-grade butter.

The Vice-Chairman: Yes. They simply did not have that much of your butter.

Mr. PRESCOTT: That is correct.

Mr. Lesage: I think the witness has agreed that he could not expect a carload of first-grade butter, so the least we can say is that any carload he received on the 22nd he could be sure was third grade or had third-grade butter in it.

The Vice-Chairman: Before you broke the seal on the car you would know that you were going to find less than third-grade butter in it. Isn't that correct?

Mr. Prescott: I would know, yes.

Mr. Lesage: You would know?

The Vice-Chairman: Well, that was just a way of putting it. I do not suppose you broke the seal yourself.

Mr. Lesage: No. Well, Mr. Chairman, if you don't mind-

The VICE-CHAIRMAN: Continue.

Mr. Lesage: On the afternoon of the 22nd there arrived a carload of butter, part of which you were sure was third grade butter, and you knew that butter had been invoiced in advance to your retail clients as first grade butter? You knew that, did you not?

Mr. Prescott: Will you say that again sir?

Mr. Lesage: I think my question was clear. Would you read it, Mr. Reporter?

The Vice-Chairman: Yes, read the question again, please?

(The reporter reads question.)

Mr. Prescott: Yes.

Mr. Lesage: You knew it?

Mr. Prescott: Just a moment.

Mr. Lesage: Just a moment what? You knew some butter had been invoiced to your retail clients at the price of first grade butter in advance—butter which had not been delivered.

Mr. PRESCOTT: No, I did not.

Mr. Lesage: You did not know that?

Mr. Prescott: I did not know in advance.

Mr. Lesage: You knew that on the 22nd some butter had been invoiced?

Mr. Prescott: On March 23rd, sir, I personally discovered about nine or ten o'clock that some White Lily butter had gone out at 70\frac{1}{4} cents.

Mr. Lesage: Yes?

Mr. Prescott: And I immediately took steps to correct it.

Mr. Lesage: If I understand the situation correctly, butter which had not been delivered to your retail clients had been invoiced to them prior to the 22nd?

Mr. Prescott: No.

Mr. Lesage: May I see the invoices?

Mr. Child: Perhaps I can explain that.

Mr. Lesage: I will look at the statement again. "On Saturday, March 20, 1948, we had no butter . . . our salesmen were, however, accepting orders—".

Would you look at the memorandum which was read by Mr. Child? Look at the first paragraph, Mr. Prescott and the second paragraph? Would you read them aloud?

Mr. Prescott: The first paragraph, sir?

Mr. Lesage: The first two or three paragraphs if you wish?

Mr. Prescott: Three paragraphs?

Mr. Lesage: Yes.

Mr. Prescott:

On Saturday, March 20, 1948, we had no butter at our Halifax Branch. Our salesmen were, however, accepting orders which, because of the current short situation, were subject to being filled if and when butter was received at the warehouse.

The orders were written in advance by our salesmen, and, because of the uncertainty of having butter, they were written on separate forms—for butter only—to be held by the shipper until the arrival of the butter.

In our system these orders are written on the same form which later becomes the invoice, after the quantity is filled in by the shipper, and the value computed in the office.

The Vice-Chairman: Just let me ask whether these forms, Exhibit 82, are the forms referred to in the statement?

Mr. Prescott: Yes, sir.

The Vice-Chairman: Is there supposed to be on these forms some written word indicating "butter only" because I do not see it.

Mr. Child: There is nothing but butter on the forms. Ordinarily we would have meat, and everything else, on there.

The Vice-Chairman: Oh, I see, but the salesman was not supposed to use this except for butter.

Mr. CHILD: That is right.

The VICE-CHAIRMAN: And the invoice contained only butter?

Mr. Johnston: Was the price put on it at that time?

The Vice-Chairman: I do not know, and I only wanted to identify the document.

Mr. CHILD: Yes.

Mr. PINARD: Yes, and for first grade butter.

Mr. Child: I think you want to be fair, Mr. Lesage-

Mr. Lesage: I want to be fair and I just want to ask this. This statement I suppose is given on behalf of three witnesses and these orders are written on the same form which later becomes an invoice. I understand it is your system then to take orders in advance on the forms which are invoice forms? That is your system?

Mr. Prescott: Yes.

Mr. Lesage: And you knew that the salesmen did take orders on invoice forms even if they did not deliver the goods? You knew that, Mr. Prescott, because it is your system and you know it? You knew on the 22nd that you had been out of butter since the 20th but your salesmen were on the road taking orders, on invoice forms, for butter? You knew that did you not?

Mr. Prescott: Yes.

Mr. Lesage: Would you speak louder, please? You knew it? You knew some orders had been taken on these invoice forms with the prices on them—orders taken for butter before delivery? You knew that?

Mr. CHILD: That is customary.

Mr. Lesage: I am asking Mr. Prescott, who happened to be in Halifax, and I think you were in Toronto at the time.

Mr. CHILD: I am sorry.

Mr. PRESCOTT: That is correct, sir.

Mr. Lesage: And you knew they were priced at a price which was the price for first grade butter?

Mr. Prescott: Yes.

Mr. Lesage: And you knew on the 22nd of March, in the afternoon, that the carload of butter you had on the track there, which in the morning would be ready for delivery and for filling orders, was at least in part below third grade butter?

Mr. PRESCOTT: I did not know the car was there on the afternoon of the 22nd.

Mr. Lesage: When did you know the car was there?

Mr. PRESCOTT: Not until the morning of the 23rd.

Mr. Lesage: Did you not know on the evening of the 22nd that the car had arrived on the 22nd?

Mr. Prescott: No; we probably had six or eight cars of various products on the siding that day. I could not answer for the shipper but I doubt very much if, on the evening of the 22nd, he knew the car was there. When he would examine his cars on the 23rd he would know the car had arrived and the butter was there.

Mr. Lesage: When was the car unloaded?

Mr. Prescott: On the 23rd, some time during the day.

Mr. Lesage: When?

Mr. Prescott: I do not know the exact time.

Mr. Lesage: How long does it take to unload a car of butter?

Mr. Prescott: Well, they might unload it in a couple of hours.

Mr. Lesage: A couple of hours? What time do the men start work in the morning?

Mr. PRESCOTT: Seven o'clock.

Mr. Lesage: Seven o'clock. Why could they not have the car unloaded by 8.30 when they started with the trucks?

Mr. Prescort: They shipped direct from the car that morning.

Mr. LESAGE: Direct from the car.

Mr. Prescott: The portion that they required to fill those orders.

Mr. Lesage: Who ordered your truck men to go to the cars that morning at seven o'clock?

Mr. Prescott: The car would be spotted right at our branch siding, and I suppose the shipper would delegate one of his assistants with these butter invoices to take so much butter and put it on the trucks.

Mr. LESAGE: Who would do that?

Mr. Prescott: The shipper.

Mr. Lesage: Of Valley Creamery?

Mr. Prescott: No; our shipper in the Halifax branch would delegate some one of his assistant shippers to go to that car when he knew he had the car of butter in that morning. He would instruct them to fill those orders to the trucks.

Mr. LESAGE: At 8.30?

Mr. Prescort: Well, they would commence some time before that because I think the truck left about 8.30 with the butter on it.

Mr. Lesage: With the butter—and it had been taken from the car in the morning?

Mr. Prescott: Yes, sir.

Mr. Pinard: If it takes three hours to unload a car how could they be back with the butter at the plant at 8.30?

Mr. Prescott: It was leaving the plant at 8.30.

Mr. Pinard: I know, but it takes three hours to unload the car-

Mr. Prescorr: They would take what butter they needed for these orders right from the car, and they would unload the balance of the car later in the day when they had time.

Mr. Pinard: By then had you examined the butter before it left the car?

Mr. Prescott: I doubt very much if those shippers would examine it. They were just filling orders.

Mr. Pinard: And you sold to Swift's the very same morning at 11 o'clock?

Mr. Prescott: Yes, somewhere after eleven.

The Vice-Chairman: May I ask a few questions about these invoices? Now we understand around 10 o'clock on the 23rd a discovery was made that you had third class butter?

Mr. Prescott: Yes, sir.

The Vice-Chairman: And that some of it had gone out, as evidenced by these invoices which are Exhibit 82.

Mr. PRESCOTT: Correct.

The Vice-Chairman: And these invoices, Exhibit No. 82, have been written up by several different salesmen as they took orders for butter? That is the history of Exhibit 82, is it not?

Mr. Prescott: That is correct.

The Vice-Chairman: So I happen to be looking at invoice No. 88693 which appears, as well as I can make out the writing, to be in favour of the Bargain Market on Berryman street.

Mr. Prescott: It would be Barrington street.

The Vice-Chairman: Barrington street? Now would you be able to say what salesman made that out? The writing may be known to you, or there may be some other mark on it? If you do not know it may not matter.

Mr. Prescott: I am sorry; I really do not know.

The Vice-Chairman: You would not be able to say which one of the men made that invoice out?

Mr. Prescott: No.

The Vice-Chairman: But at any rate, whichever salesman made this out apparently made it all out in so far as this writing here is made from a piece of carbon paper?

Mr. Prescott: That is correct, sir.

The Vice-Chairman: Because there is some writing here that is not from carbon—evidently the correction which came later.

Mr. PRESCOTT: That is correct.

The Vice-Chairman: But the salesman filled it out in so far as the writing there is in carbon, and this is dated as of March 22?

Mr. Prescott: Yes.

The Vice-Chairman: This salesman was taking orders for butter and it was on the 22nd that he took this order and made out this invoice form as evidence of the order?

Mr. Prescott: Right.

The Vice-Chairman: And then this butter was shipped out sometime before 10 o'clock on the following morning?

Mr. Prescott: Right.

The Vice-Chairman: And sometime after 10 o'clock on the following morning you made a correction in the price?

Mr. Prescott: Yes, sir.

The Vice-Chairman: And the price is reduced from 70¹/₄ cents to 67¹/₄ cents?

Mr. Prescott: Yes, sir.

The Vice-Chairman: And if this was a C.O.D. order—there is nothing on it to indicate whether it was a C.O.D. order or not—you sent the money or gave the money back to the purchaser, the Bargain Market?

Mr. Prescott: Yes, sir.

The Vice-Chairman: And if it was not a C.O.D. order you would have given them credit on your books?

Mr. PRESCOTT: Yes, sir.

The Vice-Chairman: You would have given them credit for the difference occurring through the adjustment from 70½ cents to 67½ cents?

Mr. Prescott: That is right.

The Vice-Chairman: Now, Mr. Child's remark in this statement is to the effect that on Saturday March 20 you were out of butter. How long had you been out of butter? Would you choose a date, for example the 15th, 16th, 17th, or 18th? What would be the picture then?

Mr. Prescott: Well it might have been a matter of two or three days.

The VICE-CHAIRMAN: Before the 20th?

Mr. Prescott: Yes, but I could not be sure of the time.

The Vice-Chairman: What day was the 23rd—when you discovered the error?

Mr. Prescott: Tuesday.

The Vice-Chairman: Oh yes, Saturday is the 20th. Now how would you account for the fact that some of these invoices contained in Exhibit No. 82 are not dated ahead of your discovery of the error but are dated after the discovery of your error, because such is the case? There are several of the invoices here which are dated after the discovery of your error and the invoice price is still the high price?

Mr. Wiggins: Dated the 24th, sir?

The Vice-Chairman: Well the 24th, for example and the 22nd, for example?

Mr. Prescott: Well, Mr. Child could answer that.

The Vice-Chairman: I think you should answer that, Mr. Prescott. You are the man on the ground and other remarks would be more or less speculative.

Mr. Prescott: Could I see the invoices?

The Vice-Chairman: I do not know which one you will find, but there is one dated the 24th, and you will find that some in fact are dated after the discovery of your error?

Mr. Monet: I have two so far. Would you look at invoices number 89137 and number 89088, which appear to be dated March 24.

Mr. Prescott: The answer to your question is that our salesmen frequently write orders and date them ahead.

The Vice-Chairman: Date them ahead; that is to say, on the 22nd they date them the 24th?

Mr. Prescort: That could happen if they wished the order delivered on that day. In this case, this is a carbon change which has been underlined as well. In fact, they are both carbon changes.

The Vice-Chairman: What do you mean by, "a carbon change"?

Mr. Prescott: I mean the carbon copy, it looks as if in this instance the salesman writing this order—this order went to Dartmouth—and he had written 70½ cents. Possibly he had that figure in his mind. This looks like a slip, for the moment, and he immediately corrected it to 67½.

The Vice-Chairman: That shows the change in price was made by the salesman and not by some other person afterwards, is that what you mean by a carbon change?

Mr. PRESCOTT: It would look that way.

The Vice-Chairman: It appears as though the change was made on the original as well as on the carbon copy?

Mr. Prescott: That is right, sir.

The Vice-Chairman: So you think the answer to this being on the 24th is that the salesman corrected his own error?

Mr. Prescott: It looks that way to me.

The Vice-Chairman: There are some others which I have turned down, here, about which I should like to ask you. I have an invoice number 89499. This, I note, is dated March 17, a great many days earlier. Most of them are dated the 22nd. Were you out of butter on or about March 17?

Mr. Prescott: We could have been; possibly that is why that was carried over.

The Vice-Chairman: That is to say, you have an invoice here representing an order obtained on the 17th and shipped out of this car of third grade butter on the 23rd, in the morning. Is that the story of the writing on this invoice?

Mr. Prescott: That could have been.

Mr. Johnston: It could have been, but is it?

Mr. Prescott: Well, it is very difficult for me to say it is, from here.

The Vice-Chairman: Some person corrected this invoice to bring it down to the 67½ cents after the delivery had been made. Apparently this one was a correction not on the carbon?

Mr. Prescott: Yes.

The Vice-Chairman: Well then, here is one; I am referring to invoice number 88834, but I am uncertain of the date. It looks to me as if it might be the 21st, but it would not be the 21st because that was a Sunday. Would you comment on that? Is that the 23rd? It certainly is not the 22nd.

Mr. IRVINE: They could write an invoice on Sunday.

The Vice-Chairman: I consider it unlikely they were taking orders on Sunday, but it could be so.

Mr. Prescott: It looks to me like the 22nd there, sir.

The Vice-Chairman: You think it does?

Mr. Prescott: Yes.

The Vice-Chairman: Well, we will not make any point of that, then. Here is an invoice dated March 19th, number 87989. March 19th would be a Friday. In this case, would you say that is an order which was taken on the 19th and not filled until the 23rd, and filled on the morning of the 23rd by less than first grade butter, although it is an order for first grade butter?

Mr. Prescott: Yes, sir.

The Vice-Chairman: That is correct. I just draw to your attention there is another invoice here number 87978, likewise dated March 19th. The story there is probably the same?

Mr. Prescott: Yes.

The Vice-Chairman: Here is an invoice dated March 23rd. I think it would be fair to say, would it not, respecting an order obtained on the 23rd that the salesman was obtaining an order and writing out this sheet after the moment you discovered your error. It is a fair assumption to make, is it not, that wherever he may have been in Halifax at the moment he was obtaining this order it would be after the time of your error being discovered?

Mr. Prescott: Yes, sir.

The Vice-Chairman: It might not be so, but there are more hours in the day after ten o'clock than there are before ten o'clock.

Mr. Prescott: Yes.

The Vice-Chairman: It would be quite certain, would it not, that the order came into you after you had discovered the error you have described?

Mr. Prescott: On the other hand, it might have been taken and written up for the date of delivery. In this case, sir, I believe this order was taken on Monday.

The Vice-Chairman: Why do you believe that?

Mr. Prescott: I am not certain of this, but I believe the salesman visits that particular store on Monday. I believe that is the day.

The Vice-Chairman: Supposing you are wrong about that, there would not be any other reason you could give for this being dated the 23rd except that it was the 23rd; am I right?

Mr. Prescorr: Yes, there is someting else which takes place. The salesmen frequently come in in the morning and 'phone a certain number of customers, you see, before they leave for their territories. He could have taken that order at eight o'clock or eight-thirty.

The Vice-Chairman: What salesman was it who took this order?

Mr. Prescott: That was Mr. Grandy, I believe.

The Vice-Chairman: I am not acquainted with the geography of Halifax, but would you be able to tell where this customer is in Halifax, north, south, east or west?

Mr. Prescott: He would be in the south end.

The Vice-Chairman: Is it because you know the geography there that you say this store was probably visited on Monday, although the order was written for Tuesday.

Mr. PRESCOTT: That is right.

The VICE-CHAIRMAN: You would say that is a pre-dated order?

Mr. Prescott: Yes.

The VICE-CHAIRMAN: That is your belief?

Mr. Prescott: That is my belief; it is pre-dated from Monday or else it could be a 'phone order.

The Vice-Chairman: Of what date?

Mr. Prescott: Of Tuesday morning, early.

The Vice-Chairman: These are your beliefs with reference to its being dated as late as the 23rd?

Mr. Prescott: That is right.

The Vice-Chairman: If you are wrong about those beliefs, then the only other explanation is it is properly dated and came in after the discovery of your error, is that not right?

Mr. PRESCOTT: Yes.

Mr. Johnston: What was the answer to that?

The Vice-Chairman: The answer to that was yes. I may say there are quite a few orders of that sort here. There is one dated March 24 for Phillipson. Where is Phillipson's place geographically on Barrington street?

Mr. PRESCOTT: That is north.

The Vice-Chairman: Just before we close, would you comment on that? There is one dated March 24, long after you discovered your error, and it is for butter sent out at the high price. Would you say that was obtained earlier?

Mr. Prescott: That might have been an order dated ahead.

The Vice-Chairman: It may have been?

Mr. PRESCOTT: Yes.

The Vice-Chairman: In this case, you do not express your belief that that is so.

Mr. Prescott: My belief is that this order left our place correctly priced and that the customer received it with the correct price.

The Vice-Chairman: You cannot say that is certain, but you have turned in these invoices to us as representing sales which went out at the wrong price; that is what you said when you gave us these receipts. You said these are invoices where the price is wrong but where an adjustment was made.

Mr. IRVINE: Is that the case with these?

Mr. LESAGE: He said all of these.

Mr. IRVINE: That one has been altered, too?

The Vice-Chairman: They have all been altered down; but your point there, Mr. Prescott is that you think in this case the sale was made at $67\frac{1}{4}$ cents.

Mr. Prescott: I said I believed, on account of that date, unless the shipper filled it before the date shown which might have accounted for that change, my belief was that this particular invoice was corrected before.

The Vice-Chairman: Then, why give it to us?

Mr. Prescott: Because we asked our accountant to prepare all invoices showing any corrections. We wanted to be certain.

The Vice-Chairman: You handed them into us—you did not use these precise words but this is what the understanding was—these are invoices of the sales which were made at a price higher than should have been charged and which were subsequently adjusted. These, you said to the committee, are the invoices. Now, you say this one which is number 88960 should not have been handed in.

Mr. Prescott: I did not mean to say it should not have been handed in, sir. The Vice-Chairman: Well, at any rate, you say you think the proper price was charged in the beginning on that sale?

Mr. Prescott: I said that was my belief on account of the date, you see. I may not be correct on that.

The Vice-Chairman: There are several more of these invoices which require scrutiny. It is six o'clock so I suppose we had better adjourn. I just draw to your attention in closing that there are a number of these invoices which are dated in a manner which would appear to be inconsistent with the evidence thus far given. There may, in all cases, be a satisfactory explanation.

What is the view of the committee with regard to this particular enquiry? Mr. Lesage: I think since the exhibits are going to be left here and we have the explanation which was given to us, we can draw our own conclusions. I do not think we need the witnesses any longer.

Mr. Pinard: May I ask one question? Have you any idea of the price at which you sold this third rate butter to Montreal and places other than Halifax?

Mr. Wiggins: I think I will answer that. At the present time, butter is selling at the ceiling price for all grades. It is extremely short, so butter is selling at the ceiling price for all grades.

Mr. Monet: I do not think the members of the committee desire the witnesses to return tomorrow.

The Vice-Chairman: I think that is agreed. Thank you, gentlemen.

The committee adjourned to meet again on Wednesday, April 14, 1948, at 4.00 p.m.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 37

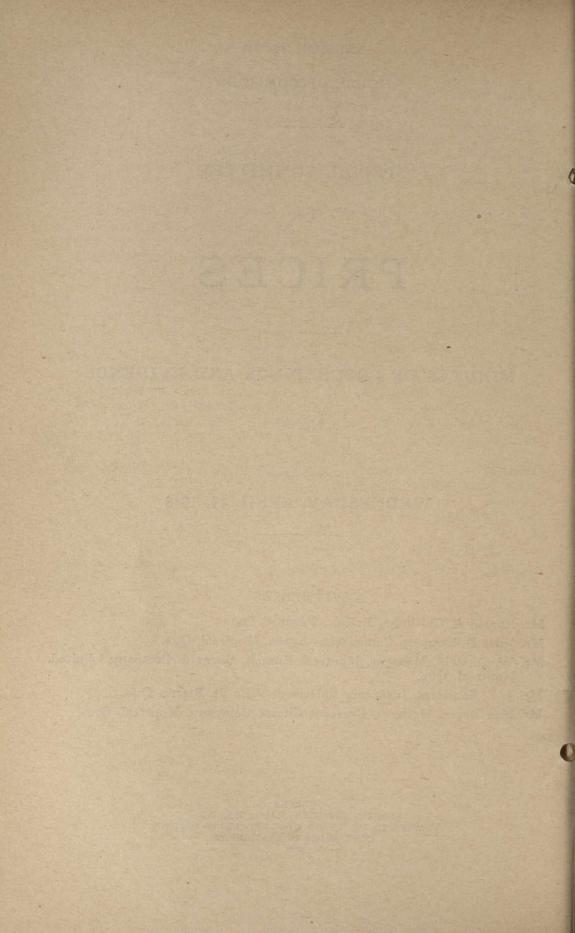
WEDNESDAY, APRIL 14, 1948

WITNESSES:

- Mr. Ronald A. Chisholm, Broker, Toronto, Ont.
- Mr. Jules D. Lambert, Commission Agent, Montreal, Que.
- Mr. W. D. Reid, Manager, Montreal Branch, Burns & Company Limited, Montreal, Que.
- Mr. J. E. Soulières, Insurance Salesman, Ville St. Pierre, Que.
- Mr. Moe Beren, Manager, Crescent Cheese Company, Montreal, Que.

OTTAWA

EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948



MINUTES OF PROCEEDINGS

WEDNESDAY, APRIL 14, 1948.

The Special Committee on Prices met at 4.00 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Fleming, Harkness, Irvine, Johnston, Lesage, Thatcher, Maybank, McCubbin, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Mr. Thatcher moved, seconded by Mr. Irvine, that this Committee undertake, at the earliest possible moment, a full investigation

- (1) into the reasons for the considerable increase in the price of nails;
- (2) into the reasons for the apparently unwarranted shortage.

Mr. Beaudry moved, in amendment thereto, that the matters referred to in the motion be referred to the Steering Committee.

Amendment carried.

Mr. Ronald A. Chisholm, Broker, Toronto, Ont., was called, sworn and examined. He filed,

Exhibit No. 85—List of buyers—butter contracts—with dates of purchase and Clearing House Brokers' names. (Printed in this day's Minutes of Evidence).

Exhibit No. 86—Dates of contracts—closed out—with names of Clearing House Brokers. (Printed in this day's Minutes of Evidence).

During proceedings, Mr. Winters took the Chair in the temporary absence of the Vice-Chairman.

Witness discharged.

Mr. Jules D. Lambert, Commission Agent, Montreal, Que., was called, sworn and examined.

Witness discharged.

Mr. W. D. Reid, Manager, Montreal Branch, Burns & Company Limited, was called, sworn and examined.

Witness discharged.

Mr. J. E. Soulières, Insurance Salesman, Ville St. Pierre, Que., was called, sworn and examined.

Witness discharged.

Mr. Moe Beren, Manager, Crescent Cheese Company, Montreal, was called, sworn and examined.

Witness discharged.

At 5.55 p.m. the Committee adjourned its public sitting to go into Executive Session.

R. ARSENAULT, Clerk of the Committee.

MINUTES OF EVIDENCE

House of Commons, April 14, 1948.

The Special Committee on Prices met this day at 4.00 o'clock p.m. The Vice-Chairman, Mr. R. Maybank, presided.

The Vice-Chairman: We have a quorum, gentlemen. Please come to order.

Mr. Thatcher: Mr. Chairman, just before you call the witnesses for the day might I bring a matter before the committee which concerns me a little bit? I have had a good many representations, particularly from farmers, and I know everyone around this table has had many such representations, about the state of nails.

The Vice-Chairman: Did you say "nails"?

Mr. Thatcher: Nails, N-A-I-L-S. The reason I bring it up at this time is that the building season is only a couple of weeks away and the nail situation seems to be so bad that the whole of the Canadian building program could possibly be held up. Now, I have, for instance, a letter here and I would like to quote one paragraph of that letter for the information of the committee. It is from out in the west. It says, "We were desperate for nails but were given a chance to buy some at a price of 18 cents per pound"—that is away above the regular wholesale price for nails—"and thinking possibly that they might be American nails, we said that we would take 15 kegs and stipulated the sizes we required; imagine our surprise when the truck from Edmonton arrived with our 15 kegs to find that they were from a regular Canadian company". Now, that is not an exceptional case in regard to the price being paid for nails.

Mr. Johnston: Is that from a wholesaler?

Mr. THATCHER: I can give you the name privately, if you wish.

Mr. Johnston: I do not want to know that, Mr. Thatcher; I was wondering if they were from a wholesaler or from a retailer?

Mr. THATCHER: No, this is from the retailer.

Mr. McCubbin: Who bought them from the wholesaler?

Mr. Thatcher: Now, more nails definitely are being produced in Canada today than have ever been produced before yet nobody seems to have any. You can't buy nails in a store. Somebody apparently is hoarding them. Whether it is the wholesaler, the manufacturer or who it is, I do not know; but I think the matter is sufficiently important for this committee to go into it. I think that veterans and other people are being held up in the building of homes. Now, I do not know what the correct procedure in this committee is, but I think as soon as possible we should make some effort to subpoena some of the larger manufacturers of nails and some of the wholesalers and I think certain of the large contractors. I am not sure but I feel that perhaps some of the contractors are holding nails off the market. Somebody is anyway. I would like to move, if it is in order, seconded by Mr. Irvine, that this committee undertake at the earliest possible moment an investigation into the reasons for the considerable increase in the price of nails; and, secondly, into the reason for the apparently unwarranted shortage. Now, I do not know if that second part of the motion is within the terms of reference to this committee, but if it is I would like to make that motion.

Mr. IRVINE: It would be before us.

Mr. Beaudry: Is the motion complete now? Mr. Thatcher: Yes, seconded by Mr. Irvine.

Mr. Beaudry: Mr. Chairman, may I suggest to Mr. Thatcher and to Mr. Irvine that perhaps this matter has already come up before the steering committee and that—I am subject to correction—it was decided some time ago that this committee would make an investigation with regard to construction materials.

Mr. Thatcher: Mr. Beaudry, would there be any objection to the committee doing it some time soon, before the building season gets underway?

Mr. Beaudry: I have no personal knowledge, but I understand that a considerable amount of preliminary work has already been done on the subject and that a certain definite program has been evolved by the steering committee. Arrangements to that end I know are in hand and it is one of the investigations which this committee intends to carry out. The steering committee, I understand, has already decided in what order they shall come—again subject to correction—and on that ground I suggest to Mr. Thatcher that perhaps his motion should be withdrawn. I think it is already being looked after and it will come up for proper investigation in due course.

Mr. IRVINE: Just a minute, Mr. Chairman. The motion can still be in order even if the steering committee has decided its course. This is merely asking in substance that the matter be given place as quickly as it is convenient for the committee's work.

The Vice-Chairman: I would say that the motion is in order but the matter has already been dealt with in substantially the terms that the motion itself uses; in other words, it might be said to be knocking at an open door.

Mr. THATCHER: If the committee will deal with nails we don't care what the technicalities are. We would like to have this subject of nails looked into before the building season gets underway.

The Vice-Chairman: Yes. Well, of course there is this to be borne in mind; the committee has already embarked on a couple of investigations that are bound to take time, and a good deal of work with respect to them has been done. Nevertheless, that does not make the motion out of order. I think probably you should change this and have it referred to the steering committee.

Mr. Johnston: I would suggest, Mr. Chairman, that probably Mr. Thatcher should have it sent to the steering committee for immediate consideration.

Mr. THATCHER: All right. That is fine with me.

The Vice-Chairman: It has already been dealt with by the steering committee, and by the main committee also in executive session; an executive session which was held before you became a member of the committee, Mr. Thatcher, so naturally you would know nothing about that.

Mr. Thatcher: If I may say one more word, Mr. Chairman. There is very definite evidence I am told that there is black marketing in nails or something of that nature going on, and if we are going to go into the question of textiles and take a month on it, and a couple of weeks on meat or something like that, just when the building season is coming on my point was that this situation may not be covered soon enough, and I was hoping that we could do it even for a couple of days.

Mr. Lesage: I am entirely in sympathy with what Mr. Thatcher has said, and I have definite information that nails are being bought in large quantity by big contractors and are being resold by them.

Mr. THATCHER: At a very substantial price.

Mr. Lesage: I do not know about the price, but I know some people who need nails to build houses have to secure them from some contractor; they cannot get them from their regular suppliers.

The Vice-Chairman: Gentlemen, I am able to say that the matter is also at this present moment under observation and investigation by the Wartime Prices and Trade Board and until such time as this committee can take it up I think it would be well if the Wartime Prices and Trade Board would have drawn to its attention what has been said here today particularly. I think we should remind them of the urgency of the matter, although I do not think it is necessary for us to do that because they have the matter in hand now. It is under active observation with them at the present time.

Mr. McCubbin: Just a minute, Mr. Chairman. If they have it under active observation at the present time—this thing has been going on for a year and a half or two years—why have not the Wartime Prices and Trade Board jumped on it before now? What I mean is this: we are now approaching the opening of the active construction season when veterans and others will be building homes. Out in the rural districts they can hardly get a nail.

Mr. THATCHER: There is something rotten in it.

Mr. McCubbin: The situation is so bad that a farmer simply cannot get a nail in the country store. They are told the cities are getting them all.

Mr. THATCHER: You can't get them there either.

Mr. McCubbin: I was speaking particularly of nails for repair work. The farmers don't get them at all. Somebody gets them. This thing has been brought to the attention of the Wartime Prices and Trade Board and there has not been one thing done. There is only one place where you can get nails, and that is in the black market.

The VICE-CHAIRMAN: Gentlemen, what would be your will on this matter?

Mr. Fleming: I would suggest that it be sent to the steering committee because we passed a motion about two months ago that all such questions should be raised in the steering committee.

Mr. Thatcher: If I am in error and if that is the procedure of the committee on such matters, that is agreeable to me.

The Vice-Chairman: No, no; you are not in error.

Mr. IRVINE: I would make this observation, that over and over again matters have been brought up in this committee first. I think it should pass on to the steering committee.

The Vice-Chairman: There is no objection to the procedure that has been followed here today. Will somebody move an amendment that the matter be referred to the steering committee?

Mr. Thatcher: I will change the original motion.

The Vice-Chairman: I do not think it is necessary to do that if someone will move the appropriate amendment.

Mr. Beaudry: I will move that amendment, that the motion be referred to the steering committee for consideration.

Mr. McCubbin: I will second that.

The Vice-Chairman: That is all there is to it. All right, gentlemen; what is your pleasure?

Some Hon. Members: Agreed.

(Motion as amended carried.)

The Vice-Chairman: We will now proceed with the witness.

Mr. Monet: I will call Mr. Chisholm.

Ronald A. Chisholm, Broker, 44 Victoria Street, Toronto, Ont., called:

By Mr. Monet:

- Q. Mr. Chisholm, would you give the committee your full name?—A. Ronald A. Chisholm.
 - Q And your address?—A. R.R. 1, Todmorden.

Q. Your occupation?—A. Broker.

Q. And you are from Toronto?—A. Todmorden.

Mr. WINTERS: Is Todmorden in Toronto?

The WITNESS: Toronto is a suburb of Todmorden.

Mr. WINTERS: Thank you.

By Mr. Monet:

- Q. You are a broker dealing in what business, Mr. Chisholm?—A. We sell butter, eggs, cheese and poultry. We sell these products from Halifax to Vancouver.
- Q. Pardon me, when you say "we" sell, whom do you mean?—A. I guess I should have said I.

Q. You are alone?—A. I am the sole proprietor.

Q. Are you operating under any other name than your own?—A. No. Q. You operate under the name of Ronald A. Chisholm—A. Yes, sir.

Q. Operating alone under that name?—A. Yes, sir.

Q. Because you said "we", and I wanted to make that clear.

Mr. IRVINE: He used the editorial "we."

The WITNESS: That is the editorial "we".

By Mr. Monet:

Q. Would you describe to the members of the committee what your operations are as a broker?—A. Well, in so far as butter is concerned, we sell from creameries to wholesalers, from wholesalers to wholesalers, and certain seasons of the year from wholesalers to creameries, depending on the season of the year. That is in so far as butter is concerned, that also applies to these other products: eggs, cheese and poultry. We deal through the Canadian Commodity Exchange.

Q. Talking about butter now, from whom do you purchase your butter? Did you purchase any butter for yourself personally?—A. On occasions we do,

yes.

Q. Did you purchase any butter for yourself during the course of the year 1947, and during the months of January, February and March of 1948?—A. Yes, sir.

Q. I am showing you now, Mr. Chisholm, a list of contracts from January of 1947 of purchases and contracts that are listed as closed out on the Canadian Commodity Exchange.—A. On the Canadian Commodity Exchange.

Q. Those contracts listed on these documents which are going to be filed as Exhibit No. 85 refer, I understand, to contracts on the commodity exchange?

—A. Yes, sir.

Q. Exhibit No. 85 will be the contracts with respect to buying and Exhibit 86 will be the contracts which are closed out or which are sales? On those exhibits you have listed all your purchases and sales on the commodity exchange during the year 1947, is that correct?—A. Yes, sir.

EXHIBIT No. 85: List of buyers—butter contracts.

EXHIBIT No. 86: Dates of contracts—closed out, with names of clearing house brokers.

Ехнівіт 85

RONALD A. CHISHOLM

LIST OF BUYERS-BUTTER CONTRACTS

With Dates of Purchase and Clearing House Brokers' Names

Olive & Dorion shown as O & D.

Lovell & Christmas shown as L & C.

Date	Buyer	Number of contracts	Month	Clearing house broker
June 28/		1	November	0 & D
July 4/4	7 E. J. Smith	1	November	0 & D
July 4/4 July 7/	7 H. MacNevin	1	November November	0 & D 0 & D
July 9/	7 A. Thurston.	i	November	0 & D
July 10/		1	November	0 & D
July 10/4 July 12/4		2	November November	0 & D 0 & D
July 12/4 July 14/4		i	November	0 & D
July 14/4	7 Smellie Bros	2	November	0 & D
July 22/	7 W. S. MacKenzie	1	November	0 & D
July 23/4 July 23/4		1	November November	0 & D 0 & D
July 23/4		2	November	0 & D
July 23/4		1	November	0 & D
July 25/	7 R. A. Chisholm	1	November	L&C
July 25/4 July 30/4		1	November November	O & D L & C
July 30/4	7 A. E. Proetor	î	November	L&C
Aug. 1/4		1	November	L&C
Aug. 1/4 Aug. 8/4	7 R. A. Chisholm	1	November November	L & C L & C
Aug. 12/4		1	November	L&C
Aug. 13/4	7 R. A. Chisholm.	î	November	0 & D
Aug. 13/4		6	November	L&C
Aug. 15/4 Aug. 15/4		1	November November	L&C
Aug. 19/4		1	November	0 & D L & C
Aug. 19/4	7 G. McLean	î	November	L&C
Aug. 19/4	7 W. L. Thompson	2	November	L&C
Aug. 19/4 Aug. 22/4		1 1	November November	L&C L&C
Aug. 27/	7 W. L. Thompson	2	November	L&C
Aug. 27/4	7 J. A. Marshall	1	November	L&C
Aug. 28/4 Sept. 2/4		$\frac{1}{2}$	November	0 & D
Sept. 2/4 Sept. 10/4	7 J. A. Marshall	1	November November	L & C O & D
Sept. 10/4		i	December	L&C
Sept. 12/4	7 J. Borinsky	1	November	L&C
Sept. 19/4 Sept. 19/4		1	December December	L&C
Oct. 6/		2	January	O & D L & C
Oct. 17/4	7 Kemptville Cry	1	January	0 & D
Oct. 17/4		1	January	0 & D
Oct. 17/4	7 W. L. Thompson	2 2	January January	L&C L&C
Oct. 17/		2	January	L&C
Oct. 18/	7 Smellie Bros	4	January	L&C
Oct. 20/	7 A. E. Proctor	2	January	One L & C
Oct. 20/4		3	January	One O & D
Oct. 20/4	7 N. Treleaven	1	January	L&C
Oct. 20/-		3	January	One L & C Two O & D
Oct. 21/		1	January	L&C
Oct. 21/4		3	January	L&C
Oct. 22/4		3	January January	L&C
Oct. 23/	7 Scotsburn Cry	i	January	L & C 0 & D
Oct. 23/	7 E Armstrong	1	January	L&C
Oct. 23/4 Oct. 24/4	R. A. Chisholm	4	January	L&C
Oct. 24/		1 1	January January	L & C L & C
Oct. 31/	7 Smellie Bros	2	January	L&C

EXHIBIT 85—Concluded

RONALD A. CHISHOLM

LIST OF BUYERS—BUTTER CONTRACTS

With Dates of Purchase and Clearing House Brokers' Names

Olive & Dorion shown as O & D.

Lovell & Christmas shown as L & C.

Date	Buyer	Number of contracts	Month	Clearing house broker
Oct. 31/47 Nov. 5/47 Nov. 18/47 Nov. 19/47 Nov. 20/47 Nov. 20/47 Nov. 26/47 Nov. 28/47 Dec. 3/47 Dec. 8/47 Dec. 9/47 Dec. 16/47 Dec. 30/47 Dec. 30/47 Dec. 31/47 Dec. 31/47 Dec. 31/47	W. L. Thompson. Smellie Bros. H. A. Burnett. O. Ludlow. E. Neeb. R. Goode. H. A. Burnett W. L. Thompson. E. R. Thompson. E. R. Thompson. T. C. MacConnell. R. A. Chisholm. T. C. MacConnell. R. A. Chisholm. G. McLean. Kemptville Cry. W. L. Thompson. Stacey Bros. H. Stacey. Stacey Bros. H. Stacey. W. L. Thompson.	1 3 1 1 1 2 1 1 1 1 2 3 1 1 3 1 4	January February January February February January January January January January January January January January March January March January March January February January	L & C C L & C C C & D C & C C C & C C C C & C C C C
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Ехнівіт 86

RONALD A. CHISHOLM

DATES OF CONTRACTS—CLOSED OUT

With Names of Clearing House Brokers

Olive & Dorion shown as O & D.

Lovell & Christmas shown as L & C.

Date	Buyer	Number of contracts	Month	Clearing house broker
July 16/47 Aug. 1/47 Aug. 13/47 Aug. 15/47 Aug. 15/47 Aug. 15/47 Aug. 22/47 Aug. 22/47 Aug. 22/47 Aug. 22/47 Aug. 25/47 Aug. 25/47 Aug. 26/47 Aug. 26/47 Aug. 27/47 Sept. 15/47 Sept. 15/47 Sept. 19/47 Sept. 19/47 Sept. 19/47 Sept. 19/47 Sept. 19/47	R. A. Chisholm R. A. Chisholm G. McLean R. A. Chisholm W. S. McKenzie E. R. Thompson R. R. Potter W. R. Potter S. O. Graham G. McLean A. Thurston R. A. Chisholm R. A. Chisholm R. A. Chisholm W. L. Thompson J. Borinsky W. L. Thompson	1 2 1 2 1 1 1 1	November	O & D L & C L & C L & C O & D O & D O & D O & D L & C O & D O & D L & C O & D L & C O & D L & C O & D L & C O & D L & C O & D L & C O & D L & C O & D L & C O & D

EXHIBIT 86—Concluded

RONALD A. CHISHOLM

DATES OF CONTRACTS—CLOSED OUT With Names of Clearing House Brokers

Olive & Dorion shown as O & D.

Lovell & Christmas shown as L & C.

. Date	Buyer	Number of contracts	Month	Clearing house broker
Oct. 6/47	J. L. Stratton.	1	November	L&C
Oct. 6/47	J. L. Stratton	1	December	L&C
Oct. 6/47	R. A. Chisholm	2	January	L & C 0 & D
Oct. 17/47 Octl 17/47	Kemptville Cry	1	November November	0 & D
Oct. 17/47	J. H. Currie	î	November	0 & D
Oct. 17/47	T. C. MacConnell	1	November	0 & D
Oct. 17/47	Smellie Bros	5	November	ThreeO & D Two L & C
Oct. 17/47 Oct. 18/47	W. L. Thompson	2 4	January November	L&C L&C
Oct. 18/47 Octl 20/47	A. E. Proctor	2	November	One L & C
Oct. 20/47	G. McLean.	2	January	One O & D L & C
Oct. 22/47	J. A. Marshall	3	November	L&C
Oct. 25/47	Scotsburn Cry	1	November	0 & D
Nov. 4/47	H. MacNevin	1	November	0 & D
Nov. 4/47 Nov. 5/47	R. A. Chisholm	1 3	November	0 & D L & C
Nov. 18/47	R. A. Chisholm	2	January January	L&C
Nov. 20/47	N. Treleaven	ĩ	January	L&C
Nov. 20/47	R. A. Chisholm	2	January	0 & D
Nov. 25/47	H. A. Burnett. T. C. MacConnell.	1	January	L&C
Nov. 28/47 Nov. 28/47	Smellie Bros.	1 2	January	L&C L&C
Nov. 28/47	Smellie Bros.	2 2	January February	L&C
Nov. 28/47	E. R. Thompson	ĩ	December	L&C
Dec. 3/47	Smellie Bros	1	January	L&C
Dec. 8/47 Dec. 8/47	Smellie Bros.	1	January	L&C
Dec. 8/47 Dec. 9/47	W. L. Thompson Smellie Bros	2 1	January January	L&C L&C
	W. L. Thompson.	2	January	L&C
Dec. 9/47 Dec. 10/47	Smellie Bros	1	January	L&C
Dec. 10/47	E. M. Snell	2	January	L&C
Dec. 10/47 Dec. 10/47	R. A. Chisholm G. McLean	2 1	January January	L&C L&C
Dec. 12/47	Smellie Bros.	1	February	L&C
Dec. 15/47	Kemptville Cry	î	January	0 & D
Dec. 16/47	E. J. Smith	1	January	0 & D
Dec. 17/47 Dec. 17/47	H. A. Burnett	1 1	January	L & C L & C
Dec. 17/47	A. E. Proctor. E. R. Thompson.	1	January February	L & C
Dec. 23/47	E. Neeb.	î	February	0 & D
Dec. 23/47	O. Ludlow	1	February	0 & D
Dec. 30/47	Stacey Bros	3	January	L&C
Dec. 30/47 Dec. 31/47	H. Stacey Stacey Bros	1 3	January March	L & C
Dec. 31/47	Stacey Bros.	3	January	L&C
Dec. 31/47	H. Stacev	1	March	L&C
Dec. 31/47	H. Stacey J. A. Marshall	1	January	L&C
Jan. 3/48 Jan. 6/48	J. A. Marshall	3	January	L&C
Jan. 6/48 Jan. 6/48	R. Goode	1 4	February January	0 & D
Jan. 7/48	Scotsburn Cry.	1	January	0 & D
Jan. 8/48	T. C. MacConnell	î	February	L&C
Jan. 8/48	G. T. Thompson	1	January	L&C
Jan. 9/48 Jan. 10/48	J. L. Stratton	1	January	L&C
Jan. 16/48	E. Armstrong. W. L. Thompson.	1 4	January February	L & C
Jan. 20/48	A. E. Proctor	1	January	0 & 1
Mar. 17/48	Kemptville Cry	1	March	0 & 1
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Q. How many contracts out of those would be contracts for your own purposes?—A. Nineteen.

Q. On Exhibit No. 85 you mean there are nineteen purchases which you

made?—A. Nineteen purchases and nineteen closed out.

Q. You purchased nineteen cars and you sold nineteen cars?—A. Yes, sir. Q. Each of those contracts, I understand, refers to a carload?—A. Right.

Q. 22,400 pounds?—A. That is right.

The Vice-Chairman: Just a moment, please? These lists look very much alike at a glance and to make sure that the members do not get them mixed, I will point out that it is the list of buyers which is Exhibit 85, and it is the dates of the contracts which is Exhibit 86.

By Mr. Monet:

Q. Would you tell the members of the committee how you operate with respect to those contracts listed on Exhibits 85 and 86? I am speaking of your own personal contracts.—A. You wish me to say why I bought them?

Q. Well, how did you purchase them, when did you purchase them, and what is the operation?—A. The dates of the purchases are down here, are they

not?

Q. Will you take one as an example and give us the story from the beginning to the end?—A. The first contract on Exhibit No. 85 is at July 12 with one car of butter purchased at that time, and on July 16 one sale closes that contract out. I bought on July 12 and sold on July 16.

Q. You bought that car, I understand, through the commodity exchange?—

A. Yes, sir.

Q. Do I take it that all the contracts listed on these exhibits are purchases and sales which have gone through the commodity exchange?—A. Yes, sir.

Q. You make a bid on the commodity exchange, do you?—A. Yes, sir. Q. Would you describe to the members of the committee how you operate from the moment at which you decide to buy a car of butter?—A. We will say that the commodity exchange opens at 12 o'clock and butter might be 50 cents bid and 57½ cents asked. I will decide whether I am prepared to pay 57½ cents or prepared to bid 57½ cents. If I bid 57½ cents I will 'phone through to those clearing houses mentioned, Olive & Dorion or Lovell & Christmas and give them my order to buy and they will bid on the floor for me. If I am successful in purchasing that car of butter it is confirmed to me. If someone else is bidding more they get it. Does that explain?

Q. What happens when you want to sell it?—A. The same thing happens

only the procedure is in reverse.

Q. I understand after you have made your purchase you decide when you will sell? What makes you decide when you will sell this carload or whether you should keep it longer?—A. Well, it is now a little difficult for me to recall my thinking just at that particular time.

Q. I do not want to refer to any particular car but I am talking about the cars of butter which you purchased for yourself and I would like you to explain to the committee how you proceed?—A. May I answer your question just in this way. We handled last year about 21,000,000 or 22,000,000 pounds of butter.

Q. It was not all for yourself?—A. No, sir, but we handled it as brokers—as a firm. We will take you through any one particular trade if you would like. On any given day I might purchase butter from the west or from Ontario. On a given day I might have bought ten or twenty cars of butter and sold ten or twenty cars of butter, thereby exhausting my supply. I might receive a further inquiry for a car or two cars which I might refuse to fill in order to keep that buying off the market at that particular moment for reasons of my own. My reason might be that I would feel that extra inquiries on the market on that particular day,

with the supply exhausted, might unduly influence the price. Not wishing to take the gamble I might decide to sell a car of butter on the commodity exchange, not owning it, to hedge my position.

Q. Do you mean to say your transaction on the commodity exchange could make the price of butter vary from a higher price to a lower price?—A. I mean

my own buying on the commodity exchange.

Q. We have been told by many witnesses, Mr. Chisholm, that a market price exists. The members of the committee have tried to find out who was making that market price and I want to know from you, as a broker, whether the operations which you carry out on the commodity exchange are liable to

establish the price of butter?—A. No, sir, I would not say so.

Q. Have your operations an influence on the price to a certain extent?—A. I do not think it is possible, sir, for anyone or any one group of firms to influence the price of butter except very, very temporarily. When I say temporarily I might mean for a matter of hours or at the most a day or so. I do not think there is any one group of firms in Canada large enough to influence the price of butter permanently.

By Mr. Thatcher:

Q. I just do not follow you there. Suppose all the firms in Toronto suddenly decided they would not buy butter, would not that deflate the price?—A. That happens all the time.

Q. When it happens is there not a tendency for the price to drop?—A.

Certainly.

Q. Then a group of buyers could affect the price or influence it?—A. Not permanently.

Q. Not permanently?—A. No, they might influence it temporarily.

Q. They might influence it for as long as they wanted to stay off the market? They might choose to stay off a week.—A. If any one group of firms in Toronto decided to stay off the market for a week there might be another influence apply, for instance, the Vancouver buyers might decide to buy butter.

The Vice-Chairman: I think you should take the question put by Mr. Thatcher to mean all other things remaining equal. You are introducing some new influence but I think his question is asked in the light of other things remaining equal.

Mr. Thatcher: Yes, but I am satisfied with what he has said.

By Mr. Monet:

Q. I take it, Mr. Chisholm, when you buy butter or when you purchase butter for a client you make a bid to buy it as low as possible?—A. No, sir, I would not agree with you.

Q. What do you do?—A. We as brokers are working on the assumption that the sellers pay our brokerage and we try to get as good a price as possible

for them.

Q. Yes, but if I asked you to purchase 50,000 pounds of butter for me you would try to get it as cheaply as possible.

Mr. IRVINE: He would fire you if you did not.

The Witness: No, we possibly hold the shippers in higher regard than the buyers.

By Mr. Fleming:

Q. May I interrupt right there? Does not that depend to some extent on your instructions? If you are told to buy at a price you buy at a price.—A. I attempt to.

Q. If you are told to buy at market then that is where Mr. Monet's question would apply?—A. Well, you are thinking in terms of the commodity exchange and I am thinking in terms of physical butter—is that right?

By Mr. Monet:

- Q. Well, I am talking of your business.—A. Well, if a man gives me an order to buy butter at as low a price as possible I would attempt to do so.
 - Q. I would think so.—A. Yes.
- Q. Do I take it on the commodity exchange you have to go by the price which is set by the commodity exchange at that time?—A. The price is set by the buyers and sellers, or the demand and supply on the commodity exchange at that particular time, is it not? The price is not set by the commodity exchange.
- Q. But the price is reflected there?—A. The price is reflected there, the various buyers and sellers expressing their wishes on the floor of the commodity exchange.
- Q. Then when you buy on the commodity exchange you have to sell at the price reflected at the time?—A. Yes. If butter is offered at $57\frac{1}{4}$ cents and if it is bid for at 57 cents, and I am told to sell at the best price I can I will sell it at 57.

By Mr. Beaudry:

Q. May I interrupt for just a moment? With reference to the 21,000,000 or the 22,000,000 pounds of butter, the subject of your operations last year, what percentage would be covered by instances when you were acting as intermediary or agent, and what percentage is covered by the instances where you were acting as principal?

(Mr. Winters took the chair.)

A. I am sorry, Mr. Beaudry, I did not get that.

Q. In some cases you act strictly as a broker, or do you act in all cases as a broker or an agent?—A. By and large I act as a broker.

By Mr. Johnston:

- Q. When you are buying for yourself would you be buying as a broker?—A. The positions we take on the market are often times brought about by a series of circumstances. I sell butter for a good many creameries in western Canada and in Ontario, and often times we will buy butter from them to—shall I say—relieve them of some stock that possibly they might have to sell. They might be forced to sell that butter for reasons of their own which I would not know. There could be a good many reasons why they might want to sell the butter. We will buy it under those circumstances but we do not make a practice of taking a position of buying butter.
- Q. When you do buy it for yourself you do not buy as a broker?—A. No, sir, we buy it for ourselves.

By Mr. Beaudry:

Q. This committee is interested in the influence which butter brokers may have on prices, and I am interested in finding out from you the proportion of cases respecting that 21,000,000 pounds of butter where you were acting strictly as an agent? In those cases you would have no definite interest and you would be merely acting for a principal?—A. Well I have not got the figures here, Mr. Beaudry.

Q. Would you give me an approximate figure?—A. Let us take a guess at 99 per cent.

Q. So that in 1 per cent of the instances you were acting as your own

principal?—A. Well I will not say it was exactly 1 per cent.

Q. I will accept that figure. You might be acting on your own behalf in order to help customers or to maintain a certain market in 1 per cent of the cases, but in 98 or 99 per cent of the cases you personally, or as a firm of brokers, would have no definite interest in the market except as intermediaries? -A. Right.

By Mr. Fleming:

Q. May I just ask a question there. Mr. Chisholm, the statement you have submitted covers the period of the last nine months and the volume of butter which you traded, namely the 21,000,000 pounds covered the past year I understood?—A. From April 1 of last year to March 30 of this year.

Q. The past twelve months?—A. Yes, sir.

Q. Now did this very small portion, the 1 per cent that you traded on your own account, compare favourably with the percentage which you traded on your own account in earlier periods?—A. It would compare.

Q. It would be about the same?—A. Oh ves.

Q. With no variations?—A. No.

Q. Would the extent of your entire trading operation on all accounts increase or decrease in the last twelve months as compared with previous years?—A. Well, Mr. Fleming, we are comparing them to years recently passed when we were under price control and there was not the same incentive or the same opportunity to allow for that 1 per cent of trading to come in. For instance, in July, I think it was on July 12, 1946, the butter market hit the ceiling and from there on it stayed exactly at that point. There was no opportunity or no incentive for me taking a position, that is, 1946-1947 season and the same thing applied in the 1945-1946 season.

By Mr. Thatcher:

Q. I should like to get this clear. Did you say only about 1 per cent was your own business and the rest you were doing for someone else?—A. I do not like to be tied down to that one per cent, but about that.

Q. How much of that 1 per cent in 1947 did you purchase in April, May and June, just prior to the ceiling being taken off?—A. I have not those figures

with me.

Q. Would a big proportion of your 1 per cent have been purchased in that

period?—A. Very definitely not.

Q. Most of it was purchased prior to that time?—A. Most of it was purchased if I understand—you are asking me if I purchased butter in April, May or June of last year?

Q. Yes.—A. No, sir.

Q. In other words, most of the butter your company bought was purchased after the ceiling — A. During the producing season of June, July and August.

Q. Did your company not make any abnormal profit on storage butter on hand?—A. We do not store butter. We do not enter into a storage program. I might be, let us say, stuck with a car of butter.

Q. You were not stuck with any over that period, were you?—A. Yes,

very definitely. There were some uncomfortable moments, too, I may add.

Q. You mean you were stuck with some in June?—A. No, I was stuck with some butter in, let us say, from the 1st of October that I bought expecting to make possibly a quarter of a cent and, on that butter, I had a 6 cents a pound loss within two weeks. The butter market is not a one-way street, Mr. Thatcher.

Q. Lately has it not been pretty well a one-way street?—A. Definitely not, sir.

Mr. Beaudry: May I submit to you and the committee, the witness has already stated he does not act as a principal except in, perhaps, 1 per cent of his total operations. The committee has not very much to gain by listening to a further recital of the operations of this company since it apparently cannot influence the market either way and therefore prices.

The ACTING CHAIRMAN: What are the wishes of the committee on that?

Mr. Fleming: Unless Mr. Monet has something to bring before us of a definite nature, I think we are just wasting Mr. Chisholm's time and our own by prolonging this enquiry.

Mr. Monet: No, I have nothing. The Acting Chairman: Thank you.

Mr. Beaudry: Have you any definite order for calling the witnesses today? It was understood last week we hoped to have one or two Montreal witnesses today. I understand they have been summoned and I think, in view of the fact their evidence would be extremely brief and we could possibly get them through today, we should follow that order.

Mr. Monet: There have been two witnesses summoned and if it is the wish of the committee that they be heard now, we can do that.

Mr. Fleming: What other witnesses are there apart from that?

Mr. Monet: There is Mr. Waters from A. A. Ayre and Company and Mr. Edwards. Then, there are four witnesses who were summoned following the decision taken last Friday. They will be very short.

Mr. Fleming: I was wondering what the nature of their evidence would be. If they have not anything more to offer than the last witness we, perhaps, need not call them.

Mr. Monet: It is not the same type of evidence. These are people who purchased butter and sold it with the intention of making a profit on it.

Mr. Fleming: These are the people who were not in the industry.

Mr. Beaudry: May I suggest we have the Montreal witnesses. I believe there are extremely few questions to ask them. Possibly we could finish both of them within twenty minutes.

The Acting Chairman: If the committee is agreeable we will call them.

Jules Lambert, Commission Agent, called and sworn:

By Mr. Monet:

Q. Would you please give your full name?—A. Jules Lambert.

Q. You told me before the sittings you would rather give your evidence in English?—A. If you please.

Q. What is your address?—A. Home address?

Q. Your home address and your firm address.—A. 5286 Mentana Street, and

my office address is 1100 Craig Street, East.

Q. What is your occupation?—A. I am a commission agent representing the Canadian Poultry Sales, Winnipeg, who are in turn sales agents for the Manitoba Dairy and Poultry Co-operative Association as well as the Saskatchewan Co-operative Creameries Limited and other suppliers.

By Mr. Beaudry:

Q. I understood Mr. Lambert to say he is a commission agent representing the Manitoba Poultry Growers Association, was it?—A. Do you want me to

repeat that?

Q. Yes.—A. I am sales representative for the Canadian Poultry Sales Limited, Winnipeg, who are in turn sales agents of the Manitoba Dairy and Poultry Co-operative Association, as well as the Saskatchewan Co-operative Creameries Limited and other suppliers.

By Mr. Monet:

Q. The office you have at 1100 East Craig Street, Montreal, is the place from which you represent these companies?—A. Yes, I operate under my own name.

Q. On a commission basis?—A. Yes.

Q. Do these firms you represent handle butter?—A. Yes, sir. Q. Do they handle butter and poultry?—A. Poultry and eggs.

Mr. Beaudry: May I interrupt a moment?

Mr. Monet: Yes.

By Mr. Beaudry:

Q. What are the products you do handle?—A. Eggs, poultry and butter.

Q. Are these for the account of both the Manitoba Dairy and Poultry Co-operatives and Saskatchewan people or is there a division of interests?—A. They each operate as a separate unit.

Q. I appreciate that, but do both your principals sell or produce poultry, eggs and butter?—A. Well, I would have to explain that in a different way. We are a co-operative association and we have several principals who use

our assembling and selling facilities to sell their stocks.

Q. Perhaps you misunderstood my question. I will put it differently. Do you secure the products you are going to sell, poultry and eggs and butter all three, from both associations?—A. Yes, our company does not handle anything in Ontario and Quebec.

Mr. Monet: Have you any more questions, Mr. Beaudry?

Mr. Beaudry: Not unless you have finished.

By Mr. Monet:

Q. Have you had any butter to offer since the first of March?—A. We had very little for the simple reason western selling ideas were higher than the

Montreal market throughout the summer months.

Q. I am talking about since March 1 of this year. Since March the 1st, have you had occasion to offer butter?—A. We have cars of poultry coming down continually. About the time butter began to get short in Montreal some of our customers asked us if it would be possible to put in a few boxes of butter in these cars of poultry. I went back to our Winnipeg office and asked them and they said yes, it would be possible and they would be pleased to do it to help out our Montreal customers as well as help relieve the butter situation in Montreal.

Mr. Beaudry: May I interrupt, Mr. Monet?

Mr. Monet: Yes.

By Mr. Beaudry:

Q. Have you a great many customers in Montreal?—A. We do a large business.

Q. Have you any customers larger than others?—A. Naturally

Q. Any of your customers prominent in business?—A. Yes.

Q. Would you care to mention them?—A. Yes.

Q. Who?—A. Any packing houses and wholesale houses.

By Mr. Johnston:

Q. Do you sell to Canada Packers?—A. Yes.

By Mr. Beaudry:

- Q. Have you any large retailers among your customers?—A. We do not sell to the retail trade.
 - Q. You do not sell to the chain stores?—A. No.

By Mr. Thatcher:

Q. Do you store butter?—A. Not down east.

By Mr. Beaudry:

Q. You sell to no chain stores?—A. No.

Q. Of any description?—A. We may sell them some poultry.

Q. I am asking you about your total operations.—A. Yes, we sell them Q. To what chains do you sell poultry?—A. Our recent sales have been only

Q. What do you call "recent"?—A. Last December was the first time we sold a chain store.

Q. Have you approached chain stores or large retailers for the purpose of selling them?—A. No, we do not go after chain store business very much because our type of business demands that we ship cars of what we call natural run. We do not put up specified cars. The chain stores want specified cars of produce that they can sell over the counter. They cannot sell C grade turkeys or Old Tom or old hen turkeys. Those are mostly for restaurants.

By Mr. Fleming:

Q. Do you send the parliamentary restaurant some of those Old Tom turkeys?—A. Well, probably.

By Mr. Beaudry:

- Q. You are the head of your business?—A. In Montreal, yes.
- Q. How many salesmen have you?—A. I have no salesmen.
- Q. You conduct your sales operations yourself?—A. 99 per cent of our business is in car lots.
 - Q. Which you handle personally?—A. All myself.

By Mr. Lesage:

Q. On the telephone?—A. Yes, but I have to make personal calls occasionally.

Bu Mr. Beaudry:

Q. Have you, since January, tried to secure sales of poultry in Montreal through the added incentive of suggesting you would be able to procure butter for a person who purchased poultry from you?—A. No, on the contrary, because when we asked if we could place some butter in our poultry cars, I had to beg our Winnipeg office to give me any butter.

Q. You are saying, under oath, that at no time in Montreal since the 1st of January of this year have you suggested to any prospective purchaser of poultry that, should he purchase poultry from you, you might also be able to secure butter for him?—A. No, sir.

Q. You are saying that under oath?—A. Yes.

Q. Did anyone of your customers or prospective customers suggest to you he might be interested in purchasing other products from you than butter if you

could secure butter for him?—A. No.

Q. Referring to one of your earlier statements, when you queried your Winnipeg office as to whether butter could not be included in the carloads of poultry, you were doing that strictly on your own and not because you had offered it or asked for it?—A. No, I was just trying to render a service to the Montreal consuming public as well as to customers.

Q. Is it possible anyone in your organization might have offered butter to customers or prospective customers on the condition poultry was also included

in the purchase?—A. I am sure there is no possibility.

Q. You are sure of that?—A. Yes, sir.

Mr. Fleming: Or jewelry?

The WITNESS: I cannot answer that.

By Mr. Pinard:

Q. Do you sell third grade butter?—A. I have sold some, yes.

Q. When?—A. Well, last summer; that is the summer of 1947.

Q. Have you sold any since then?—A. No, we did not have any.

(Mr. R. Maybank, Vice-Chairman, now presiding.)

By Mr. Beaudry:

Q. Mr. Lambert, I have been told that one store in Montreal might have found it possible to secure butter from you if they had purchased poultry. You insist that was at all times impossible?—A. Certainly.

Q. And do I have to come to the conclusion that my information is definitely wrong?—A. I do not know where you got your information. If you want to go

further I will know what you are talking about.

Q. I am quite willing to accept your oath, and I am sure the committee is. You are stating under oath that at no time have you tried to promote your sales of produce other than butter by holding out butter as a means of securing these sales, by offering butter, or by suggesting that you might be able to procure butter where butter was not obtainable? That is your oath at this time?—A. Certainly.

Q. Thank you. I have no further questions, Mr. Monet.

Mr. Thatcher: May I ask one question for my own information? Mr. Beaudry, had the witness done that is that contrary to law? I do not know.

Mr. Beaudry: It would have a very considerable influence on the price of poultry.

The Vice-Chairman: I think aside from that that the Wartime Prices and Trade Board regulations would deal with it.

Mr. Lesage: Order in council 8528 would cover that.

Mr. Monet: I have no more questions.

By Mr. Lesage:

Q. I have one. Have you received many demands for butter since the 1st of March?—A. Pardon?

Q. Have you received many demands for butter since the 1st of March?—A. We have had inquiries all the time.

Q. You could secure some?—A. Well, I could at the time, yes.

Q. Could you sell butter to many of your customers during the month of March or since the beginning of April?—A. All our customers are handlers of butter, and they were all interested because they were in short supply.

Q. Could you supply many of them with butter?—A. No, we did not have

the butter.

Q. Did you get some?—A. We got some but we had no quantity. We had

a few pounds.

- Q. What do you call a few pounds?—A. We might have 5,000 or 8,000 or 10,000 pounds that we could put in a car of poultry that was coming down, because that was the only way to get it down here.
 - Q. To whom did you sell that butter?—A. The names of the firms? Q. Yes.—A. Do you want me to name the firms that got the butter?
 - Q. How many firms did get 5,000 or 10,000 pounds?—A. Three firms.
- Q. Is it 5,000 or 10,000 pounds altogether during the whole month of March?—A. No, we had four cars come down in which we put in 10,000 pounds of butter.
- Q. Four cars of poultry in which there were 10,000 pounds of butter in each?—A. In each car.
 - Q. That is 40,000 pounds of butter?—A. Yes, and we—

Q. To whom did the 40,000—

Mr. Fleming: The witness has not finished.

The Witness: We figured at the time I was talking to Winnipeg that would probably help to serve about 160,000 families in Montreal.

Mr. Lesage: I am not blaming you. I am just asking questions.

Mr. Beaudry: But each one of those cars-

The Vice-Chairman: Have you gentlemen got it settled who is going to ask questions?

By Mr. Beaudry:

Q. Were the full contents of each car assigned to one customer?—A. Oh, yes.

Q. Is that usual practice or was that incidental on account of the butter?—A. As I told you before all our business is car lot business. We do not split up cars.

Q. I am asking you, is that regular practice?—A. Yes, certainly.

Q. It has been over a period of years?—A. At least 99½ per cent of it.

That is regular practice and has been for the last 18 years.

Q. That car load is assigned to a customer and would be made up of various kinds of goods?—A. Yes.

By Mr. Lesage:

Q. To whom were they sold?—A. Do you want the names of the buyers? Q. Yes, you said there were three.—A. There were two cars sold to Eastern

Q. Yes, you said there were three.—A. There were two cars sold to Eastern Farm Products, Montreal. There was one car sold to E. Nantel, Montreal.

Q. Who is he, a wholesaler?—A. He has a wholesale-retail business. One

car was sold to Burns and Company Limited.

- Q. In each case the whole car was sold, poultry together with butter?—A. Yes.
- Q. Burns and Company are wholesalers in poultry, eggs and butter?—A. Yes, all packing house products.

Q. And Nantel?—A. Nantel handles only poultry, butter and eggs.

Q. And Eastern Farm Products?—A. He handles poultry, butter, eggs, beef, veal-

Q. That is enough. There were three of them, usual customers of yours both in poultry and butter?—A. Yes.

Q. And what happened was usual?—A. Very normal. Q. There was nothing abnormal about these sales?—A. No, sir.

Q. It is usual that in car lots of poultry there will be some butter?—A. Yes, sir.

By Mr. Beaudry:

Q. You never at any time offered a specific quantity of 12,000 pounds of butter provided the purchaser, or prospective purchaser, also would buy from you approximately 15,000 pounds of turkeys?—A. No, sir.

Mr. THATCHER: Could I ask a question?

The VICE-CHAIRMAN: Yes.

By Mr. Thatcher:

Q. I should like to ask Mr. Lambert whether he thinks the shortage of butter at the present time is going to get worse during the coming months? Is it likely to be worse next year than it is at present?

Mr. Lesage: What do you want, margarine?

The Witness: I am no prophet. I could not answer that because I do not know what the-

Mr. THATCHER: Butter is very scarce.

Mr. Beaudry: I think the question is unfair to the witness. He has already said he is strictly a commission agent.

The Vice-Chairman: It may or may not be unfair. If the witness thinks it is unfair we will consider that. He has only been asked as to what he thinks about the situation.

Mr. Thatcher: He probably does not think my question is as unfair as some Mr. Beaudry was asking.

Mr. Beaudry: I resent that very much, Mr. Chairman.

The Vice-Chairman: Everything is in order. Keep it under control.

Mr. THATCHER: May I proceed for a minute?

By Mr. Thatcher:

Q. There is a definite butter shortage now, is there not?—A. Yes, certainly.

Q. That butter shortage is likely to become worse, according to the way most dairy men are talking?

Mr. Lesage: You are saying that. It is not a question.

The VICE-CHAIRMAN: No, no, no. That question is quite in order. He made a statement and asked whether or not that was not so.

Mr. THATCHER: The witness answered "yes".

The Vice-Chairman: There is nothing wrong with that question at all.

By Mr. Thatcher:

Q. If it is going to get worse—

Mr. Beaudry: That is an assumption, very gratuitous.

Mr. Lesage: When is it going to get worse? Did you ask him when, next week or next year?

Mr. Merritt: I object to these interruptions.

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Mr. Beaudry: We object to statements that are not relevant.

The Vice-Chairman: Just a moment.

Mr. MERRITT: I have sat here for two months listening to this and never objected before.

The Vice-Chairman: Mr. Merritt, you stop first and we will see if we can get the others to stop. These questions are in order. There cannot be any argument about that. The mere fact that the questioner may be leading in a direction that some person may desire us not to go does not make the question out of order.

Mr. THATCHER: Hear, hear.

The Vice-Chairman: And do not start an argument across the table this way about whether or not a question should be asked. Make a point of order if you want to and when it is settled then keep quiet until the questioner is finished.

Mr. Thatcher: The witness just stated he expected we would have a greater butter shortage next year than we did this year.

Mr. Lesage: I did not hear that.

The Vice-Chairman: Just a moment.

Mr. Lesage: On a point of order; I do not think the witness stated that.

The Vice-Chairman: That the witness said there would be a greater butter shortage?

Mr. Lesage: Next year. I never heard him say that.

Mr. McCubbin: He said he was no prophet.

The Vice-Chairman: He said a short time ago he was no prophet.

Mr. THATCHER: I should like to pursue this.

The Vice-Chairman: You wait, too, while I am speaking. As I heard him the witness stated that he was no prophet. If he afterwards made the statement that you are saying he made then your question is in order, but if he did not make that statement then you are in effect, whether intentionally or not, putting words into his mouth. You should not do that.

Mr. THATCHER: I would not want to do that. I will repeat my question.

The Vice-Chairman: I suggest you start over again.

Mr. Lesage: I think it would be better, and do not prompt the answers.

The Vice-Chairman: Let us see if we can stop sliding on both butter and margarine.

By Mr. Thatcher:

Q. Would the witness state whether in his opinion as a man who handles butter he believes that there will be a greater shortage next year than there is this year or a shortage as great?—A. I think so.

Q. You definitely do. Well, as a man who handles butter how would you

suggest that we should get around the shortage?

Mr. Beaudry: Maybe we should get the cows to answer that.

By Mr. Thatcher:

Q. Would you favour the rationing of butter? The present system is pretty unsatisfactory. A lot of customers cannot get butter in Montreal.—A. Yes, sir. Q. Would you favour butter rationing?

Mr. Beaudry: Mr. Chairman, I object. The witness is not here as an expert on what this country should do about the present shortage of butter.

Mr. Lesage: We have a bill in the House about that. He should discuss it there.

Mr. Beaudry: I suggest we go back to the order of reference.

The Vice-Chairman: You make a statement and do not even wait for the response. You address the chair on whether a question is in order. I have my personal opinion as to the value of both the question and the answer, but as to it being in order the question has been asked many times of other witnesses. Surely this is no time to interrupt and try to block the question. If a man is not an expert in this field his answer is probably valueless, as he would say himself, but that does not affect the situation as to whether or not it is in order.

Mr. Lesage: It would affect his opinion.

Mr. Beaudry: Start-

The Vice-Chairman: Just a minute. We might as well get this clear. Either there will be order in the committee or I will not be sitting here trying to keep order. If you do not want order that is quite all right with me. There are lots and lots of chairmen. The woods are full of them, but I am not going to be chairman of a committee that will not keep order.

Mr. Beaudry: Mr. Chairman, I am very sorry if I have caused you any personal embarrassment.

The Vice-Chairman: You have not caused me any embarrassment at all, but I am not going to sit in this chair and have back talk one way and another

and have the meeting carry on like the side lines of a football game.

Now, Mr. Thatcher has been asking some questions which I rule are in order, and if any person thinks they are out of order he can take an appeal from the chair; but until that is done, leave him alone; and if there is any objection on the point of order take it in the proper way.

Will you proceed, Mr. Thatcher.

Mr. Thatcher: Thank you, Mr. Chairman. The witness stated that there is going to be probably a greater shortage next year and I asked him as a man who handles butter what suggestions he thinks might be advisable for meeting the shortage. Some of the witnesses have suggested three things; first, that butter should be rationed; secondly, that the country should import butter and increase the supply; and, thirdly, that we should have margarine. Now, I wonder if the witness would care to comment on any one of those three suggestions as a possible solution.

Mr. Lesage: Mr. Chairman, on a point of order.

The VICE-CHAIRMAN: Yes.

Mr. Lesage: I think the witnesses whom we have had here have suggested more than three ways, and it is not fair—

The Vice-Chairman: That point of order is not well taken.

Mr. Lesage: Well, but Mr. Chairman-

The Vice-Chairman: Just a moment now.

Mr. Lesage: Let me finish.

The Vice-Chairman: It is not well taken for this reason, that Mr. Thatcher did not say that other people had only said three; he said three. Others may ald alternatives when their turn comes.

Mr. Lesage: Yes, but Mr. Chairman, if I may, Mr. Thatcher in his question did not offer the witness any other alternatives. If he does it is all right with me, but he did not.

Mr. THATCHER: You can add another.

The Vice-Chairman: It did not make any difference that he did not offer him other alternatives, the question is still in order. If he only offered him one suggestion the question would still be in order. Go ahead.

Mr. Thatcher: Would you care to comment on the question of shortages; and whether or not in your opinion we should have a combination of the three. or do we need any of them?

Mr. Lesage: Pardon me, I did not get that question.

Mr. THATCHER: I am asking the witness.

Mr. Lesage: I have a right to hear the question and I want to hear it for myself.

The Vice-Chairman: He named the three alternatives which you heard him speak about and asked him if he desired to comment upon that; whether any one of these three would be wise, or if all of them would be wise.

Mr. Lesage: From the nature of the thing it is confusing.

The Vice-Chairman: That is the way the question was put.

Mr. THATCHER: Would you care to comment on that?

The WITNESS: If I may follow the words of Mr. Chairman who suggested that I was no expert; so, therefore, my opinion is valueless I think on the point.

Mr. THATCHER: That is a very diplomatic answer. I have just one more question, Mr. Chairman.

The Vice-Chairman: Before you ask your question may I just point this out to you, that while your questions are in order as far as you have gone you see what you have been doing; you have been asking this committee to make inquiries of a witness whose answers on a particular point are valueless. And I think it would be fair to translate that sort of question into wasting time.

Mr. Thatcher: Well, that is your opinion.

The Vice-Chairman: I am pointing it out to you as a reasonable person, that if you are asking questions of a witness and it is known that the answers would not count, the questions are valueless.

Mr. THATCHER: I think they may be of some value because he is in the business. It has been stated that it is valueless, but I will proceed if I may.

By Mr. Thatcher:

Q. Would the witness say there are many people today in Montreal who

cannot get butter?—A. It is hard to say, probably.

Q. You said there was a shortage of butter?—A. There is a shortage, maybe for a day or two they can't get any and then probably they could pick up a quarter of a pound.

Q. This is my final question; would you say some of these people cannot get butter because they cannot afford to pay 70 cents, or whatever the price is?— A. I would not go that far.

Mr. THATCHER: Thank you.

Mr. McCubbin: I have just one question, Mr. Chairman. The witness has said that as far as next winter is concerned there will be a greater shortage than there has been this winter, and I want to ask him on what he bases that opinion.

The Vice-Chairman: Excuse me, I think you are putting words into his mouth. I think he said it would be "as bad as".

Mr. McCubbin: He said worse.

The Vice-Chairman: All right, if you want his reasons for that.

By Mr. McCubbin:

Q. I want to know why you said it would be as bad as last year?—A. That is only the opinion that I gather from hearing trade talk.

Q. That is the opinion of the trade?—A. Among those to whom I have spoken.

By Mr. Lesage:

Q. You are not talking about the province of Saskatchewan now?—
A. No, no.

Q. All across Canada?—A. I am talking about the Montreal trade.

Q. The Montreal trade?—A. Yes.

Q. You are not giving that as the viewpoint all across Canada?—A. No, sir.

Mr. Beaudry: Is that the opinion of producers or purchasers?

The WITNESS: Purchasers.

By Mr. Lesage:

Q. You do not have any contracts with the co-operatives producers in either Ontario or Quebec in any way?—A. No, sir.

Q. So you do not know their point of view?—A. I do not.

By Mr. Winters:

Q. Is there much third grade butter available from the west?—A. There is some in the summer months but there would not be any at the present time.

Q. Is it pretty hard to get at this time of the year?—A. I do not think we

have any that I know of.

Q. Do you think we could get it if you wanted to?—A. No, they haven't

got it.

Q. Why is that, that they do not have third grade butter at this time of the year?—A. Well a product of that kind, you always dispose of it as rapidly as you can.

The Vice-Chairman: They have lots of it in Halifax.

Mr. Winters: Yes.

By Mr. Winters:

Q. Would you get third grade butter now and sell it in Montreal if you could get it?—A. I would just as soon not handle the stuff.

Mr. Thatcher: I do not think the witness would be likely to get third grade butter if he were dealing with a Saskatchewan co-operative.

The Vice-Chairman: There is a saying in a certain society, "my duty is performed, sir". I think you could say that now with reference to yourself. You have spoken for Saskatchewan anyway.

Are there any other questions?

Mr. Monet: Not for me, Mr. Chairman.

Mr. Beaudry: Mr. Chairman, may I bring up a matter of privilege? I think a few minutes ago Mr. Thatcher made reference to my questions, as to what I was bringing out. May I say that I am only asking questions which I think are appropriate, and that I am asking them through my sense of duty, not with any idea of personal pleasure or because I like to. For that reason I do not think the statement Mr. Thatcher made should be in the record. I do not think it serves any purpose; and if what Mr. Thatcher said is to be allowed to stand in the record I would feel obliged to make some reply, which I do not intend to do at the moment.

The Vice-Chairman: Would you like to have it crossed out of the record? Has anyone here any objections to it being crossed out?

Mr. THATCHER: He made the statement first-

The Vice-Chairman: When I was a child we used to get into quarrels often by one saying "tis" and the other saying "t'aint".

Mr. THATCHER: I withdraw. Mr. BEAUDRY: Thank you.

Mr. MONET: Call Mr. W. D. Reid.

W. D. Reid, Manager, Burns & Company Limited, 1100 Craig Street East, Montreal, P.O., called.

By Mr. Monet:

Q. Mr. Reid, what is your name?—A. William D. Reid.

- Q. And your address, your home address?—A. 5153 N.D. de G. Avenue, Montreal.
- Q. And your occupation?—A. Manager for Burns and Company, mea packers.

Q. Burns and Company, their head office is in Winnipeg?—A. No; in

Calgary, Alberta.

Q. You are the manager of the Montreal office?—A. Yes.

Q. How long have you been manager at Montreal?—A. Seventeen years. Q. Are you the only representative of the company at Montreal?—A. Oh,

no, we have a staff.

Q. You have a staff; but I mean, your office is the only office representing Burns and Company?—A. Yes.

Q. How long have you been there?—A. Seventeen years.

Q. In Montreal?—A. Yes.

Q. What do you handle? I understand you handle butter, and you also handle other products, do you?—A. In Montreal we do not carry a full line of packing house goods, we do not process smoked meat or sausage meat products. We handle everything else: butter, eggs, poultry, cheese, lard, shortening—

Q. Who do you sell butter to?—A. We sell butter to wholesalers and

retailers.

- Q. And do you sell poultry?—A. Wholesale and retail. Q. And also all the other products?—A. That is right.
- Q. Did you have occasion since the 1st of March to sell butter by wholesale and retail?—A. Yes, sir.

Q. Did you have occasion to sell poultry also?—A. Yes, sir.

Q. What quantities of butter did you get? I understand you do not manufacture any butter in Quebec?—A. No, it all comes from the west.

Q. What part of the west?—A. All over the west. We have plants and

branches located in all the western provinces.

Q. It comes in carloads, I suppose?—A. No; sometimes in carloads, sometimes enclosures in cars, particularly during this period of shortage. We have been bringing in enclosures in these cars, or any way we can get it down here.

Q. We have just been told by the previous witness that some of their butter came in cars with poultry; would that be the case with you?—A. We have been doing that as far as poultry and butter are concerned, the commodity rate is the same on them and we bring in both in the same car.

By Mr. Beaudry:

Q. Have you a warehouse in Montreal?—A. No, we operate a refrigerated storage warehouse.

Q. You rent space?—A. We rent space there.
Q. Do you keep a considerable stock on hand?—A. I would think so, yes.

Q. Would you care to value it in dollars on the whole of your operations?— A. Do you mean, poultry?

Q. For the operations.—A. I would not be able to give it for the whole operation. I will give you the poultry. At the present time we have 4,000 boxes of poultry in storage at Montreal.

Q. And the cash value of that at wholesale would be approximately what?

-A. \$250,000 to \$300,000.

Q. Are those supplies unusually large, or unusually small or fairly normal? —A. We are in the poultry business year in and year out, week in and week out.

Q. My question is, is that amount of poultry on hand unusually large, unusually small or fairly normal?—A. It is heavier than it has been in the last two years because poultry stocks were short during the period of rationing. I would say that our stock is probably 50 per cent higher than it was a year ago.

Q. You would say it is high enough to be an over-supply?—A. No, I would

not say that.

Q. How does that stock compare with the pre-war years—say in 1939 or 1940?—A. About the same.

Q. At this particular time of the year?—A. Yes.

Q. Against a smaller volume of sales—are you operating with a fairly large staff in Montreal?—A. No, we have not a big staff. The warehouse does all the work for us, unloading and handling the ears, but we have a sales staff of five men.

Q. You would not know whether your sales staff at any time in the last four months suggested to purchasers, or prospective purchasers, that you might be able to procure butter for them if they purchased poultry which you had?—A. No, but we made an offer of a mixed carload of poultry and butter.

Q. Would you tell me to whom you made that offer?—A. I would like to

tell you the background first.

Q. Before we go into that may I ask a preliminary question? Whom do you supply in the way of large retail houses, and I would also include creameries and dairies?—A. We supply the chain stores and people like Pesner Brothers.

Mr. WINTERS: Whom?

The WITNESS: Pesner Brothers.

By Mr. Beaudry:

- Q. Yes?—A. They are wholesale and retail. We have over 250 active accounts.
- Q. Do you include Dominion Stores among your accounts?—A. We sell to Dominion Stores, yes.
 Q. Elmhurst Dairies?—A. No.
 - Q. Elmhurst Dairies?—A. No. Q. Frontenac Dairies?—A. No.
 - Q. Steinberg's Groceterias?—A. Yes.

Q. A. & P.—A. Yes.

Q. Would you please go back to this transaction to which you referred a moment ago?—A. When it became apparent that carload lots of butter from the west would be few and far between, I personally contacted all our plants and branches and asked them to enclose butter in our regular cars of fresh meats. We have fresh meats coming from Winnipeg, Regina, Calgary, Edmonton, and sometimes from Prince Albert every week throughout the year. We asked them to make enclosures of butter—any type of butter, and any quantity. We ran into a snag at Prince Albert. They had 10,000 pounds of butter but could not make up the weight to bring the car east, and we finished the car with poultry. We offered that car out as a carlot in Montreal.

Q. To whom did you offer it?—A. I could not say. It was my produce manager who offered it and it was offered around to the trade and eventually

blos

Q. Do you know to whom it was eventually sold?—A. Yes, sir, the Modern

Poultry and Egg Company.

- Q. Would you be able to tell us what quantity of butter and what quantity of poultry there was?—A. There were 10,000 pounds of butter and 13,000 pounds of poultry.
 - Q. You say this particular car was offered around the trade?—A. Yes.
- Q. Would that imply most of your salesmen were aware of its existence and offered it to their customers?—A. Yes, sir.

Q. And it was a case of first come first served, is that it?—A. I think in some instances the car was not desirable for some of the retail trade. There were those who probably could not handle that quantity of poultry and it was really a wholesale deal.

Q. The Modern Poultry and Egg Company is a large concern?—A. They

are large handlers.

Q. Do they deal mostly in poultry or mostly in butter?—A. I think probably poultry is the biggest end of the business.

Q. They purchased the poultry and purchased the butter at standard

prices?—A. Yes, sir.

Q. Do you recollect at what price the butter was sold?—A. The butter was sold at the wholesale ceiling of 86½ cents.

Q. What?—A. Pardon me, it was sold at 68\frac{1}{4} cents.

Q. And the poultry?—A. And the poultry was sold on the basis of $48\frac{1}{2}$

cents for "A" turkeys, 20 cents down.

- Q. That is the only instance to which you will swear, in your sales procedure in the last four months, where there was a sale of poultry and butter?-A. Definitely.
- Q. In a mixed carload?—A. Pardon me, a former witness said that we purchased a car from his company. We have been buying from the poultry pool for a number of years. We did buy a car from Mr. Lambert but it was split up and sold retail again.

Q. In any case you are sure that your salesmen did not hold butter as a

means of closing a poultry sale?—A. No, sir, definitely.

Q. And you can answer for all of your salesmen?—A. Yes, sir.

By Mr. Thatcher:

Q. Mr. Reid, you stated that you handled butter for seventeen years as manager of Burns & Company?—A. Yes, sir.

Q. And you handled it before that?—A. Yes, I was out in the west for

twenty-one years.

Q. In other words, you have had something to do with butter for thirtyeight years?—A. Yes.

Q. That should set you up pretty well as an expert in butter?—A. I would

not say so.
Q. Well if thirty-eight years experience in butter will not make an expert there are probably very few experts in Canada. The butter prices are at the moment higher than they have been for a long time?—A. Yes, sir.

Q. I wonder if you would care to say what effect on the price of butter the manufacture of margarine would have?—A. I would not know.

Q. Would you be inclined to think it might lower it?—A. I could not say, sir.

Q. All right.

The Vice-Chairman: If there are no other questions we will say thank you very much, Mr. Reid.

J. E. Soulieres, 144-5th Avenue, Ville St. Pierre, Que., called:

By Mr. Monet:

- Q. Mr. Soulieres, I understand that although your name is French you would rather give your evidence in English?—A. Yes, sir.
 - Q. What is your name please?—A. Joseph E. Soulieres. Q. Your residence?—A. 144-5th Avenue, Ville St. Pierre.
 - Q. What is your occupation, Mr. Soulieres?—A. Insurance salesman.

Q. How long have you been acting as an insurance salesman?—A. Twelve

years.

Q. Now Mr. Soulieres my information is that on July 29, 1947, you stored with Lovell & Christmas in Montreal 24,864 pounds of butter. Is that information correct?—A. Pardon me, it was 12,727. Q. Would you check that figure?—A. No, 24,864 is right.

Q. And was the date which I have just given correct? July 29, 1947?-

A. That is right.

Q. My information is also to the effect that you sold the same quantity of butter, 24,864 pounds at one time in a carlot on August 15 of the same year?— A. That is right.

Q. That would be correct?—A. Yes.
Q. Would you please tell the members of the committee what you paid for that butter which you stored on July 29? I understand you purchased it all at the same time?—A. Yes, sir. I bought the butter at 511 cents and I sold it at 541 cents.

Q. That was about 17 days later?—A. About that.

Q. Had you purchased any butter previous to that time—during the course of the year 1947?—A. No, that was the first time.

Q. Why did you purchase that butter? Was it for your own use?—A. No, it was not for my own use. The quantity was a little too large. I figured with rationing coming off that it was a good buy.

Q. What do you mean by a good buy?—A. Well naturally, you would know

what I mean by that. I figured with rationing coming off-

Q. It was a chance to make money.

The Vice-Chairman: It was a speculative purchase.

The Witness: I would not say that but you could mean that too.

The Vice-Chairman: There is no criticism intended but you were speculating that the price would go up. If you bought it before it went up and sold it after it went up you could make some money.

By Mr. Monet:

Q. That was the main reason you purchased it?—A. Yes.

Q. I have no other questions.

Moe Beren, Manager Crescent Cheese Company, called:

By Mr. Monet:

Q. Mr. Beren, what is your address?—A. 6659 Park Avenue.

Q. Montreal?—A. Montreal. Q. What is your present occupation?—A. I am employed by the Crescent Cheese Company.

Q. In what capacity?—A. Manager.

Q. You are manager of the Crescent Cheese Company?—A. That is right. Q. What does the Crescent Cheese Company handle?—A. Butter, cheese, and cream.

Q. And you are acting as manager?—A. That is right.

Q. And how long have you been manager of the company?—A. Thirteen years.

Q. Now Mr. Beren, my information is to the effect that on September 11, 1947, you stored 27,664 pounds of butter in your own name with Lovell & Christmas, which butter was again sold as a lot on December 11, 1947? Would that information be correct?—A. Yes, sir.

Mr. Fleming: Excuse me, when you say in your name do you mean your personal name or the name of your company?

By Mr. Monet:

- Q. It was in your own name, the name of Moe Beren?—A. That is right. Q. That butter was not purchased by the company?—A. That is right.
- Q. I understand there have been many purchases by the company—the Crescent Cheese Company—and many of those purchases are also stored with Lovell & Christmas?—A. Yes.

Q. But you made this particular purchase which has been referred to in

your own name?—A. Yes, in addition.

Q. And you stored it with Lovell & Christmas in your own name?—A. Yes.

By Mr. Johnston:

Q. Is that the general practice of the company? Does the company permit you to buy butter in your own name and store it like that?—A. It was forbidden during the war years. There was no speculation during the war years.

Q. Does your company permit personal speculation?—A. Yes.

Q. I just wanted to know.

Mr. Monet: What was the price at which you bought this 27,664 pounds of butter stored on September 4 and sold on December 11?

The Witness: I have the figures here. I paid $60\frac{1}{2}$ for it and I sold it at 65 cents.

Mr. HARKNESS: I did not hear that.

By Mr. Monet:

Q. He purchased it at $60\frac{1}{2}$ and he sold it at 65. Now Mr. Beren, I am also informed that you stored with the same company on November 12 another lot of 28,224 pounds of butter which you sold 14 days later, November 26? Is that correct?—A. Yes, sir.

Q. That was also purchased, stored, and sold in your own personal name?

-A. That is right.

Q. At that time I understand you were manager of the Crescent Cheese

Company?—A. Yes.

Q. Would you tell the members of the committee what price you paid for that butter and the price at which you sold the butter?—A. $59\frac{1}{2}$ was the price I paid and $62\frac{1}{4}$ was the price at which I sold.

Mr. Johnston: What was the number of pounds in the second deal?

By Mr. Monet:

Q. 28,224 pounds. Now why did you purchase the butter in your own name instead of purchasing it for the company?—A. I did it in the hope of making a little money.

Q. And you did make a little money?—A. That is right.

Mr. Winters: Mr. Chairman, I would like to refer the committee for a moment to order in council 8525, section A, sub paragraph 3(b).

Mr. Lesage: It is 8528.

Mr. Winters: Yes, 8528, section A, sub paragraph 3(a). "No person shall acquire, accumulate or withhold from sale any goods beyond the amount which is reasonably required for the ordinary purposes of his business, or beyond such amount if any as the board may prescribe." I would like to ask the witness if he was aware of the regulation and if he was if he thinks he complied with the regulation?

The WITNESS: I do not think that was an order at the time I purchased the butter. I think that ruling came off with the ceiling removed by the Wartime Prices and Trade Board.

Mr. WINTERS: Well this is dated the 1st of November 1941, and is subsequently amended right up through to 1947.

Mr. Lesage: It is effective now and was effective last fall.

Mr. Fleming: We know that particular section has nothing to do with ceilings, anyway.

Mr. Lesage: It has to do with hoarding. Is what he did hoarding, that is the question?

Mr. Winters: I just asked him if he is aware of that section and, if so, does he think he has complied with the section?

The Vice-Chairman: The witness says he thinks it was not in force at the time he made his purchase and sale, but it was in force at that time.

The WITNESS: If it was, I did not know of it.

By the Vice-Chairman:

Q. You thought it was not in force, did you?—A. That is right.

By Mr. Winters:

Q. You were aware of it but you thought it was not in force?—A. I was aware during the war years and as long as the ceiling was on, no private speculation was permitted. As soon as the order was removed it was assumed that these regulations went with it, were removed with it.

By the Vice-Chairman;

Q. That was your belief?-A. Yes.

By Mr. Winters:

Q. I do not know whether this question is in order, Mr. Chairman, but you can tell me if it is not. Knowing now this order is effective and was effective at the time of your transaction, do you feel you have complied with the terms of the order?

Mr. Fleming: I think before the witness answers that, in fairness to him, he should be warned as to the effect of the answer. No witness can be asked a question the answer to which might incriminate him. The chairman ought to warn him.

The Vice-Chairman: Now, witness, I would not say that you do not have to answer that, but you have the right to ask for the protection of the committee and I have no doubt that is what you desire.

The WITNESS: Yes.

The Vice-Chairman: It is understood, whatever the proper form of giving this protection is, that protection is given. You understand that only goes this length; it means the answers you make may not be presented against you in evidence in any case which may be brought against you, a criminal case, of course.

Mr. Lesage: I think it would be dangerous if we accepted that question as being in order even with protection. It adds up to asking the witness a question not concerning facts but, practically, his opinion of his own guilt.

The Vice-Chairman: I think, possibly, the question might be said to be in order in the nature of cross-examination, but I believe on consideration Mr. Winters would say it is hardly fair to ask a man, in advance, to plead not guilty or guilty and prefer charges against himself. It is going a bit far.

Mr. WINTERS: That is right; I shall not press it. Mr. IRVINE: The order is there, it speaks for itself.

Mr. Lesage: The order is there, but it does not speak about speculation. just hoarding. Was this man speculating or hoarding? That is a question I would not want to answer too definitely, myself.

Mr. IRVINE: There are very few days between the buying and selling?

Mr. Fleming: That is a point we can get at. How many days did the witness remain the owner of the butter? Did it ever come into your physical possession?

The WITNESS: No.

By Mr. Flemina:

Q. It never did?—A. No. Q. Where was it held?—A. Lovell and Christmas.

Q. Lovell and Christmas simply transferred it to you and then transferred it from you to the second purchaser on your order?—A. Yes.

Mr. Lesage: It was at your disposal, so it was in your possession. It was in your possession, there is no doubt about it.

Mr. WINTERS: The order says acquire, accumulate or withhold.

Mr. Fleming: How many days was it in each case?

The WITNESS: The first one was a couple of months and the second one, I believe, a week.

Mr. Monet: I have all the information here. The first deal was three months, Mr. Fleming—I do not want to answer for the witness—and the second was fourteen days.

Mr. IRVINE: What was the period in the first instance?

Mr. Monet: Three months.

Mr. IRVINE: Which three months?

Mr. Monet: From September 11 to December 11, 1947, and the second period was from November 12 to November 26. I have no more questions to ask of this witness.

Now, Mr. Chairman, I had summoned two more witnesses in this category. but Mr. Arsenault has given me a telegram which has been received from one saying he is unable to respond to the summons due to illness. I have the summons here and I have the information on which I was to question him. I leave it with the committee to give me directions in the matter.

Mr. Fleming: When did the wire come in?

Mr. Monet: On April 12.

Mr. Fleming: When was the summons served?

Mr. Monet: April 10.

Mr. Fleming: No doctor's certificate?

Mr. Monet: It is from the doctor. First, there was a telephone call and this was followed by our request for a doctor's certificate. Instead of that, we received this telegram from the doctor.

Mr. Lesage: Does he say when the witness could attend?

Mr. Monet: I will read it.

C. G. Bishop, unable respond to summons on account illness. W. E. Hume, M.D.

This witness had been summoned to appear with the other two previous witnesses and for the same reason.

Mr. Fleming: Has he made any kind of return?

Mr. Monet: In answer to that, I must say I wrote to these witnesses asking them for all the information. The two previous witnesses supplied that to me but, so far as this witness is concerned, there was no answer to my letter. The letter I sent asked if they had purchased butter; at what price; when they had sold it; what price; what their present occupation is; how long they had been engaged in their present occupation and what their previous occupation had been.

Mr. Fleming: If this particular witness or intended witness had given the information I would think we could very well let the matter drop, but as this witness has not given the information I would think we had better hold the matter open until the witness has recovered and can attend, or at least can give us the information that counsel considers necessary.

Mr. Lesage: How many pounds of butter?

The Vice-Chairman: Would you add to that that counsel endeavour to check up to see when he can come here?

Mr. Fleming: Yes. We can leave it in Mr. Monet's hands on that basis.

Mr. Lesage: How many pounds of butter are involved in this particular instance?

Mr. Monet: 27,888 pounds purchased in the month of September.

Mr. Lesage: All right, I am satisfied. Counsel should inquire.

Mr. Monet: I will.

The Vice-Chairman: At any time we can decide to interrupt the proceedings on some other inquiry for the purpose of having this witness heard.

Mr. Moner: There was another one that I wish to bring to your attention, the same situation. In this particular case there was an answer given. I summoned the witness because there was an amount of 89,200 pounds purchased in July and sold in November. He gave an explanation but I felt it my duty to summon him before the committee and I did. A letter was handed to me at 4 o'clock this afternoon that he is unable to attend, that he had to be operated on.

Mr. Fleming: Does the letter purport to be written before or after the operation?

Mr. Moner: I have not read it. It was given to me a few minutes ago. I will read it now. It is addressed to R. Arsenault.

Dear Sir:—I have for acknowledgement summons issued April 10 also telegram stating to appear in Ottawa Wednesday, April 14 instead of Tuesday the 13th. I regret to advise that on account of two operations and prolonged illness I will be unable to attend as according to my surgeon I will be confined to the house for some months yet. Should you require my doctor's confirmation of this I will gladly have same sent or refer you to my surgeon, Dr. A. R. —

I cannot read the name-

—Drummond, Medical Building, 1414 Drummond Street, Montreal, Quebec, who would give you full details.

Yours truly,

A. G. GUILD.

Mr. Thatcher: Is this one the Wartime Prices and Trade Board are investigating?

Mr. Monet: I am not aware of that.

Mr. Lesage: I think in Montreal there are means by which counsel can ascertain to what extent this man is sick or being operated on.

The Vice-Chairman: The members from Montreal are not present. Otherwise it might be possible to turn it over to them.

Mr. Lesage: It is a job for an investigator.

Mr. Johnston: Did this man supply the information required?

The Vice-Chairman: Yes, he supplied some information. Mr. Monet, what was the information that this man supplied?

Mr. Monet: First in answer to the question asked by Mr. Thatcher I have been informed there is no investigation being carried on concerning that party. The answer I have is as follows—it is addressed to me—

F. Monet, Esq., Ottawa.

Dear Sir: I have for acknowledgment your letter of March 30th requesting information regarding butter. I purchased 1,000 boxes 56s June 18th, 1947, at $51\frac{1}{2}$ cents per pound and 597 boxes 56s at $50\frac{1}{2}$ cents per pound on July 14th, 1947. I sold both lots October 11th, 1947, at 57 cents per pound. The above prices do not include carrying charges of approximately $\frac{1}{2}$ a cent per pound per month. The purchasers were Lovell and Christmas (Canada) Limited. In regard to my occupation I have been a food broker for the past 30 years and prior to that was connected with sales.

Yours truly,

A. GUILD.

As I said before this gentleman had transmitted to the secretariat information that shows that he did not have any butter in his possession in 1946. He did not have any butter in his possession until June, 1947. On the 1st of July he was holding 89,200 pounds of butter, and he kept it until November when it was sold.

Mr. Fleming: I suppose that we could turn the information we have over to the Wartime Prices and Trade Board. If they think there is any occasion to prosecute no doubt they will. I suppose it would only be reasonable to assume there may have been some speculation going on. On the other hand, we have the statement of Mr. Monet made to the committee some time ago that as far as he had been able to ascertain the amount of trading that was done in butter by persons other than those engaged in the business of buying and selling butter was insignificant.

As far as these other people who were subpoenaed we have heard from a couple of them. As to the others I do not know. In the case of that one witness who did not make any return and who is not here I think as a matter of asserting the rights of the committee to require the attendance of witnesses we will have to be sure that is a bona fide case. If it is then we can leave it at that, I think, and turn the file over to the Wartime Prices and Trade Board if there is any reason for following it through. As to this man who has made a return I think probably we could let that one rest. That would be my view.

Mr. IRVINE: That would be mine.

Mr. Johnston: I would agree with that.

The Vice-Chairman: Is that agreed? (Agreed.)

Mr. Monet: There is one more here I wish to bring to your attention before I close this part. This witness was not summoned. He is from Port Arthur, Ontario, and he transmitted an explanation which shows there was \$10,000 profit made on a transaction of 203,736 pounds of butter which was purchased mostly in August and sold in November.

Mr. IRVINE: That is quite a large amount.

Mr. Monet: I think that is a very substantial amount. It is the largest amount of all those we have dealt with this afternoon. The letter received from

him which I have here shows there is a gross profit of \$10,000 on that transaction. If the members of the committee wish me to summon him I will do so. He is from Port Arthur, Ontario.

Mr. Fleming: What is his normal business?

Mr. Monet: He says here:

For several years I have owned and operated the Peter Tonge Meat Market, wholesale and retail produce suppliers, and I am at present sole owner of the Lakehead Locker Storage Limited at Port Arthur, dealers in wholesale and retail meats and produce.

Mr. Johnston: I think possibly the same procedure could be followed on that as with the others. It is true it is a larger amount but if the information were turned over to the Wartime Prices and Trade Board they could decide whether it should be taken into court.

The Vice-Chairman: The information should be spread upon the record, of course.

Mr. Johnston: It is now.

The Vice-Chairman: I guess it is.

Mr. Fleming: The board has full power to investigate and follow the matter up to see if it is bona fide.

Mr. Lesage: They have a cheaper way of investigating than we have.

The Vice-Chairman: Is that agreed? (Agreed).

Mr. Moner: I may say one of the reasons he was not summoned was on account of the very heavy expense to bring him here. Having received this information I thought it would be better for me to transmit it to you and get your view on it.

The Vice-Chairman: Gentlemen, you will recall I sent a message around to you that the chairman would be back shortly before six and wanted to have a short executive session. The main session will now be considered adjourned and we will wait here for the executive session.

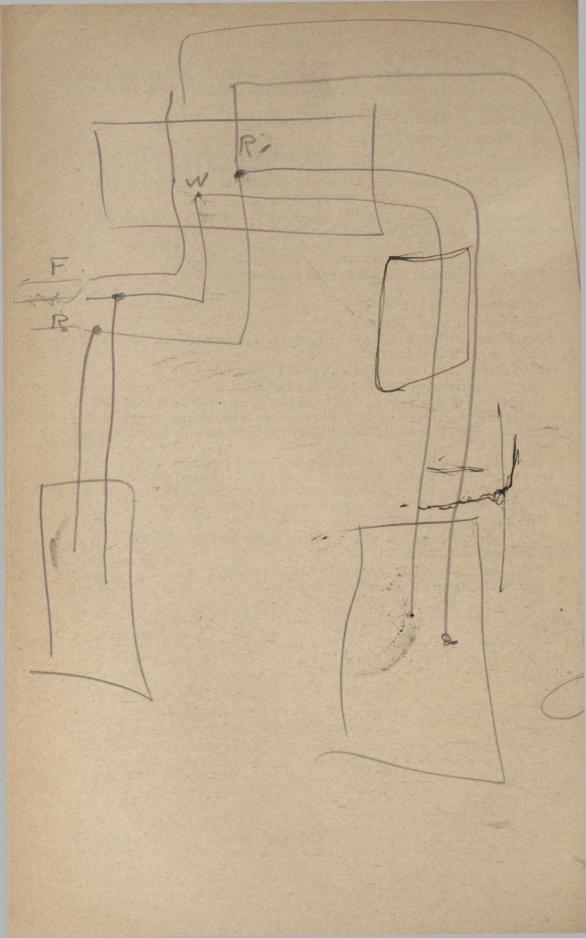
Mr. Fleming: Does this finish us on butter?

Mr. Monet: I have two more witnesses unless you do not want to hear them, two more companies.

Mr. Lesage: How many more witnesses on butter?

The Vice-Chairman: He says possibly two.

• The meeting adjourned to resume on Thursday, April 15, 1948, at 11 o'clock a.m.



SESSION 1947-48 HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

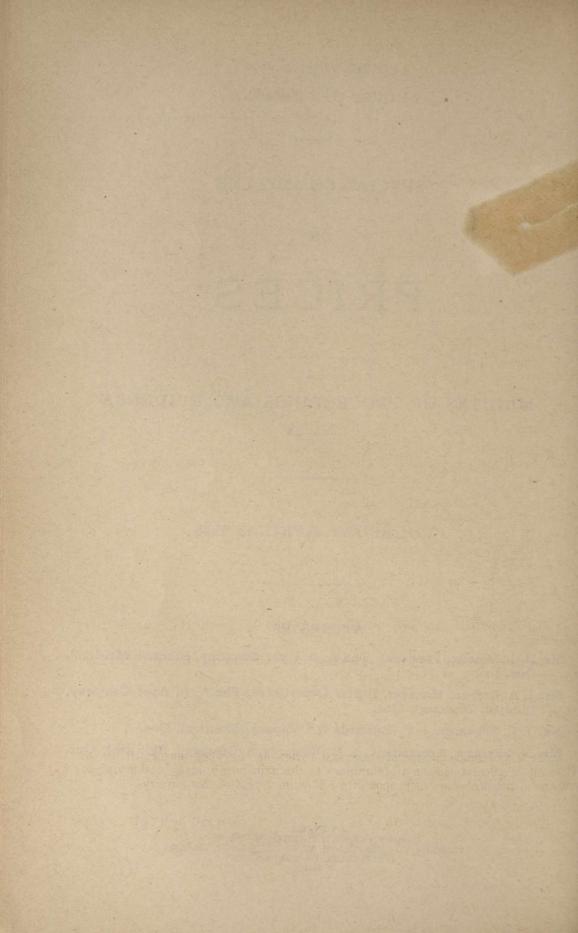
MINUTES OF PROCEEDINGS AND EVIDENCE No. 38

THURSDAY, APRIL 15, 1948

WITNESSES:

- Mr. H. L. Waters, President, The A. A. Ayer Company, Limited, Montreal, Que.
- Mr. J. A. Cregan, Manager, Butter Department, The A. A. Ayer Company, Limited, Montreal, Que.
- Mr. J. C. Edwards, J. C. Edwards & Company, Montreal, Que.
- Mr. N. Shoofey, Accountant, J. C. Edwards & Company, Montreal, Que.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948



MINUTES OF PROCEEDINGS

THURSDAY, APRIL 15, 1948.

The Special Committee on Prices met at 11.00 a.m. The Hon. Mr. Martin, Chairman, opened the meeting and asked Mr. McCubbin to take the chair.

Ministers present: Messrs. Fleming, Harkness, Irvine, Johnston, Lesage, Thatcher, Martin, McCubbin, Merritt, Pinard, Winters.

Mr. Fabio Monet, K.C., Counsel to the Committee, in attendance.

Counsel filed,

Exhibit No. 87—Statement submitted by Co-opérative Fédérée de Québec, showing sales of 500 boxes of butter and more. (Printed in this day's Minutes of Evidence).

Mr. H. L. Waters, President, and Mr. J. A. Cregan, Manager, Butter Department, The A. A. Ayer Company, Limited, Montreal, Que., were called, sworn and examined. Mr. Waters filed,

Exhibit No. 88—Series of six statements on butter operations by The A. A. Ayer Company, Limited. (Printed in this day's Minutes of Evidence).

Witnesses discharged.

Mr. J. C. Edwards, J. C. Edwards & Company, Montreal, and Mr. N. Shoofey, Accountant for the Company, were called, sworn and examined.

Mr. Edwards filed.

Exhibit No. 89—Statement showing profit and loss and other butter operations by J. C. Edwards & Company. (Printed in this day's Minutes of Evidence).

Witnesses discharged.

At 12.25 p.m. the Committee adjourned to meet again at 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Lesage, Thatcher, Martin, McCubbin, Merritt, Pinard, Winters.

In the absence of the Chairman, Mr. McCubbin again took the Chair for a time.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. Dyde made a general statement reviewing the work performed by the Committee's Secretariat as a preliminary to the inquiry into meat, and giving an outline of the procedure he proposed to follow in respect of this inquiry.

Counsel filed,

Exhibit No. 90—Meat Statistics, 1940-1946, as prepared by the Dominion Bureau of Statistics, Agricultural Division. (Appendix A to this day's proceedings).

Exhibit No. 91—Wartime Prices and Trade Board Administrator's Order No. A-2032 respecting beef, and amending Order No. A-2294. (Appendix B to this day's proceedings).

Exhibit No. 92—Wartime Prices and Trade Board Administrator's Order No. A-2211 respecting pork products and amending Order No. A-2428. (Appendix of the third decrease of the th

dix C to this day's proceedings).

Exhibit No. 93—Chart showing livestock prices, 1946-47-48. (Appendix D to this day's proceedings).

Exhibit No. 94—Comparison of wholesale beef prices (carcasses) with former ceiling prices. (Appendix E to this day's proceedings).

Exhibit No. 95—Series of four charts on wholesale pork prices, retail pork prices, wholesale beef prices, and retail beef prices. (Appendix F to this day's proceedings).

Exhibit No. 96—Summary of average prices of Beef and Pork. (Appendix G to this day's proceedings).

Exhibit No. 97—Statement entitled "Inspected Slaughterings of Livestock". (Appendix H to this day's proceedings).

Exhibit No. 98—Statement on milkfeed prices. (Appendix I to this day's proceedings).

Exhibit No. 99—Statistical material on meat supplied by Marketing Service, Department of Agriculture. (Appendix J to this day's proceedings).

The question having arisen as to whether a chart entitled "Distribution of Consumer's dollar for meat and meat products, U.S.A., 1939" should be filed as an exhibit and printed, Mr. Lesage moved that the said chart be filed as an exhibit and printed. Motion carried, with the casting vote of the Acting Chairman.

Counsel then filed,

Exhibit No. 100—Chart on distribution of consumer's dollar for meat and meat products, U.S.A., 1939. (Appendix K to this day's proceedings).

At 5.40 the Committee adjourned to go into Executive Session, and to meet again in public session on Friday, April 16, at 11.00 a.m.

R. ARSENAULT, Clerk of the Committee.

MINUTES OF EVIDENCE

House of Commons, April 15, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The Charman: The meeting will please come to order. This afternoon we will commence the meat inquiry at four o'clock. Mr. Dyde, who has been doing a great deal of work on this question, I believe, will take up most of the afternoon with an introductory statement and the presentation of material which has been very carefully prepared. He has a witness ready to go on if his preliminary work is finished.

Mr. Fleming: The change of diet will be welcome.

The Chairman: I have asked the clerk of the committee to send a wire to Mr. Homuth expressing the hope his recovery will be complete and rapid and that we miss his very modest and quiet manner in this committee.

Mr. Thatcher: Just before you start with a witness, did the steering committee have an opportunity of considering the situation with regard to nails?

The CHAIRMAN: Not yet, but they will discuss that pointed question.

Mr. Monet: Before I call the first witness, I wish to file as Exhibit 87 a statement which will be distributed to the members of the committee prepared by the Co-operative Fédérée de Québec in answer to a question asked of Mr. Bois on page 1269 of the evidence. This statement gives a list of the Co-operative's customers to whom that company sold more than 500 boxes of butter. This information has been received and will be distributed to complete that part of the investigation.

I also wish to table a letter which has been received from Lovell & Christmas in answer to questions asked of them by Mr. Beaudry on pages 1450 and 1453 of the evidence regarding the capital employed during the year 1947 in their operations in butter and also the book value of their fixed assets.

I shall table this letter and it can be printed in the evidence.

(At this point Mr. McCubbin assumed the chair.)

Mr. Monet: Shall I read this letter or shall we just have it printed as though read?

Mr. Fleming: How long is it? Mr. Monet: It is very short.

The ACTING CHAIRMAN: It is up to the committee. Do you wish it read?

Mr. Fleming: You might as well read it.

Mr. Monet: The letter is addressed to me and reads as follows:

Dear Mr. Money: We have discovered that the task of determining capital employed in our buying and selling of butter is a much greater one than we anticipated when in Ottawa. We have just completed figures for the twelve months period ended March 31 last and these figures reveal that:—

(a) The average capital employed during the period amounted to \$118,332.89.

- (b) The average applicable bank borrowings during the period amounted to \$470,291.71.
- (c) The average money tied up in butter during the period amounted to \$588,624.60.

These figures are based on the state of affairs existing at the beginning of the four quarterly periods commencing April 1, 1947 and have been reached by taking what we consider an equitable distribution of our assets and liabilities over the departments and have been determined after a great deal of study and in consultation with our auditors.

The book values of our fixed assets as at April 1, 1947 were as follows:—

Land																		\$40,743.37
Buildings													-					48,859.22
Machinery									 									7,080.35
Furniture																		7,051.96

The city valuation on our property at that same date was \$95,360.00.

Yours very truly,

LOVELL & CHRISTMAS (CANADA) LIMITED, (Signed) John F. Freeman, Director.

EXHIBIT No. 87:—Statement showing sales of 500 boxes of butter and more, Co-operative Fédérée de Québec, Montreal.

EXHIBIT 87

STATEMENT SHOWING SALES OF 500 BOXES OF BUTTER AND MORE CO-OPERATIVE FEDEREE DE QUEBEC MONTREAL

Name	1946	1947
	Boxes	Boxes
Ayer A. A & Co. Ltd	19.134	22,443
Bardier Raymond	546	905
Bissonnette Alfred	6,711	3,873
Canada Packers Ltd	5,160	8,543
Caron JE.	719	693
Casavant LA & Fils	4.494	2,714
Crémerie des Trois-Rivières	500	
Chisholm RA.		900
Co-opérative Fédérée de Québec (Québec)	Production of the last of the	959
Crémerie Moderne Ltée		500
Diguise & Chapdelaine	1,275	
Deslauriers A. & Fils	3,132	2.859
Dubois H. & Cie Ltée	5.126	
Eastern Farm Products	1.491	2,548
Edwards J. C. & Co. Ltd	4.736	
Hodge Geo. & Son. Ltd	599	3.548
Hodgson, Rowson & Co. Ltd	11.951	6,381
Jersey Brand Products	22.917	15.527
Kingston Creameries		503
Laiterie Fédérale Ltéé	2.033	1.461
Laiterie Notre Dame Ltée	3.780 (loaves)	4,247 (loaves)
Laiterie Shawinigan		698
Les Produits Mont-St-Hilaire		565
Loblaw Groceteria & Co		502
Lovell & Christmas Ltd	14,064	24,624
McGillis Alex. D. & Co. Ltd	5,555	12,996
McLagan PW. & Co. Ltd	1,325	500
Milot, Jules N	1,381	1,643
Olive & Dorion Ltd	18,424	25,946
Pâquet Albert	554	
Piché, J. A	1,000	
Pollock Saunders Ltd		601
Sabourin, J. A. & Fils	3,190	2,176
St. Germain, R	871	
Société Coopérative Agricole, Joliette, P.Q	1,799	1,076

STATEMENT SHOWING SALES OF 500 BOXES OF BUTTER AND MORE CO-OPERATIVE FEDEREE DE QUEBEC

Name	1946 Boxes	1947 Boxes
Société Coopérative Agricole de la Rivièr St. Jérome, P.Q	1,253 nain de	632
Grantham, P.Q. Succex Cheese & Butter Co. Swift Canadian & Co. Ltd.		503 8,943
Thacker, C. M. The Great A. & P. Tea Co. Ltd. Whyte Packing & Co. Ltd.		3,417 3,507
Wilsil Ltd.		$\frac{503}{167,976}$

STATEMENT SHOWING SALES OF 500 BOXES OF BUTTER AND MORE COOPERATIVE FEDEREE DE QUEBEC OUEBEC

QUEDEC		
Name	1946	1947
	Boxes	Boxes
Ayer A. A. & Co. Ltd	34.876	41.603
Bergeron Armand	4.100	3,013
Beurrerie de Jonquière Enrg.	1,376	2,072
	190	675
	1,003	3,297
Bissonnette, Alfred	149	1.097
Burns & Co. Ltd.	110	1.001
Canada Packers Ltd., 12060 Mill		14,025
Canada Packers Ltd., 12000 Mill	10,789	299
Canada Packers Ltd., Québec	10,100	200
d'Alma	548	372
d'Alma	010	012
	1.577	1.179
St. Paul Coopérative Fédérée de Québec, Rimouski, Que	678	732
Cooperative rederee de Quebec, Kimouski, Que	797	
Coopérative de Madawaska Ltée	1,655	442
Crémerie La Malbaie Enrg	504	112
Crémerie Union Simard	4.024	199
	1.500	
Dubois H & Cie Emond & Côté	26,210	14,451
	5.043	6,167
Genest Laval	754	2.048
Girard Jos.	817	1.197
	60	526
Guy Daniel	4,359	2,763
Hôpital St-Michel Archange	600	2,700
Jersey Brand Products	668	849
Laberge Charles	654	898
Laberge J. Edgar	833	2.118
Laiterie Fortier Enrg.	14	1,131
Laiterie de Québec	3,701	3,864
Laiterie de Shawinigan Ltée	200	1,402
Larose Nap. Enrg.	2,332	1,802
L'Industrieuse		540
Lovell & Christmas Canada Ltd	8,845	17,021
McGillis Alex. D. & Co. Ltd		2,275
Olive & Dorion Ltée	3,696	20,511
Perron Albert		2,086
Perron Jos.	3.507	1.154
Société Coopérative Agricole, St-Raymond	530	720
Swift Canadian Co. Ltd., Moneton, N.B		852
Swift Canadian Co. Ltd., Québec	1.143	1,201
Tailleur Paul-Emile	361	407
Thacker, C. M.		4.994
Tremblay Francois	95	635
Tremblay, Jos	1,290	790
Tremblay V. Enrg.	11,157	7,300
Turgeon, Jos.	741	
Victoria Creamery	1,201	
Total	142,577	169,708
		THE PARTY OF THE P

Mr. Lesage: May I ask, Mr. Monet, whether the secretariat has gone over the list of names supplied by the Co-operative Fédérée?

Mr. Monet: The secretariat has, I was going to mention that, Mr. Lesage. A letter was sent to Lovell and Christmas requesting the following information; the names of their customers; the names of people who had stored butter with them; the date of receiving the butter; the date of taking it out; and so on. Then, a letter was sent to 42 cold storage plants in Canada, the 42 largest. Most of these plants have answered that letter giving me all the information requested. This information is in the hands of the secretariat and has been examined. It covers hundreds and hundreds of purchases. This information is in the hands of the secretariat and, I think should be deposited with the secretary of the committee because it was requested by the members of the committee. It certainly cannot remain in my possession.

Mr. Lesage: I think the secretariat should go into the matter and ascertain whether these people were in the butter business.

Mr. Monet: I did, personally, Mr. Lesage, go over every one of them and I was satisfied that practically every one of those people were in the butter business.

Mr. Lesage: Did you go over that list of the Co-operative Fédérée?

Mr. Monet: I did.

Mr. Lesage: For instance, there is a Mr. Thatcher, I think it is, listed. This Mr. Thatcher did not buy any butter in 1946 but bought 3,497 boxes in 1947.

Mr. Monet: I may add this, the Co-operative Fédérée not only sent the names of their customers but they sent every invoice for the year 1947. There is a box containing thousands of invoices.

Mr. Lesage: The invoices do not tell you whether the people are in the butter business.

Mr. Monet: That is what I am telling you; I looked them over myself and I was satisfied that these people were in the butter business except for the few who have been summoned. That is my opinion, it may not be yours.

Mr. Fleming: I am prepared to take it.

Mr. Lesage: I am prepared to take it myself.

Mr. Monet: I think all these documents should be handed to the committee.

Mr. Lesage: May we come to the conclusion that the only people, of those listed, who were not in the butter business and who dealt in butter during 1947, were the ones who were subpoenaed here?

Mr. Monet: Some of them were here. Those who were here yesterday were taken from the list supplied by Lovell and Christmas.

Mr. Lesage: Yes but the Lovell and Christmas list was not the only list.

Mr. Monet: I can definitely tell you I have checked every one of them and they were all in the butter business; at least, that was my impression.

Mr. Lesage: We may conclude, then, that a very, very small quantity of butter was bought by people who were not in the butter business.

Mr. Monet: That would be my impression from an examination of the documents.

Mr. Pinard: In other words, there have only been three or four speculators?

Mr. Monet: I am not on the witness stand, now.

Mr. Fleming: I think it is fair to leave it the way Mr. Monet put it.

Mr. Monet: I am not prepared to say there were only three or four but my impression is there were very few.

Mr. Thatcher: The whole proceedings of the committee show that it was not the companies who were at fault but the government for taking off the ceiling.

Mr. Fleming: I think Mr. Monet summed it all up in this expression when we discussed this question before; that the number of speculators, or the amount involved in speculation, and by that we mean purchase and sale by people who were not regularly in the butter business, was insignifiant.

Mr. Monet: Was not very large; that is still my conviction. There is no doubt there were some.

Mr. FLEMING: There were some, but as a factor involved in scarcity, it was insignificant.

Mr. IRVINE: There was an element of speculation in every deal on the market.

Mr. Fleming: Not necessarily; the people who were not in the butter business regularly would be the speculators.

Mr. IRVINE: I admit what you say, but I think there is an element of truth in the way I have put it.

Mr. Johnston: I was wondering, in view of the fact our reference suggests definitely we should deal with those factors which have resulted in the recent rise in the cost of living, should we not call in the railways to ask why they increased freight rates by 21 per cent, thus contributing to a rise in the cost of living.

Mr. Lesage: Do you suggest we summon Colonel Cross, chairman of the Board of Transport Commissioners?

The Acting Chairman: It is something which came up after our order of reference.

Mr. Johnston: We could call in Mr. Chevrier.

The ACTING CHAIRMAN: Are you all satisfied with regard to this question?

Mr. THATCHER: Are we all through with butter?

The ACTING CHAIRMAN: We have one more witness.

Mr. Monet: Am I to understand these documents of which I have spoken are to be deposited with Mr. Arsenault?

The Acting Chairman: Is that your wish?

Agreed.

Mr. Monet: Mr. Waters, please.

H. L. Waters, President, A. A. Ayer Co. Limited, called and sworn: Joseph E. Cregan, Manager, Butter Department, A. A. Ayer Co. Limited, called and sworn:

Mr. Monet: Mr. Waters, would you please give your full name?

Mr. WATERS: Henry L. Waters.

Mr. Monet: You are president of A. A. Ayer Company?

Mr. WATERS: Yes.

Mr. Monet: What is your address?

Mr. Waters: 4557 Sherbrooke Street, West.

Mr. Monet: Mr. Cregan, what is your full name?

Mr. CREGAN: Joseph E. Cregan.

Mr. Monet: What is your address?

Mr. Cregan: 6810 Somerled Avenue, Montreal.

Mr. Monet: Mr. Waters, what is your occupation?

Mr. Waters: I am president.

Mr. Monet: Mr. Cregan?

Mr. Cregan: I am manager of the butter department.

Mr. Monet: Mr. Waters, would you please tell the members of the committee when the company of which you are president was incorporated?

Mr. Waters: Mr. Ayer commenced business in 1867. Following several changes in organization the business firm of A. A. Ayer Limited was incorporated on the 4th of March, 1913.

Mr. Monet: When does your fiscal year end?

Mr. WATERS: On the 30th of April.

Mr. Monet: I understand, Mr. Waters, this is the first year your fiscal year has ended on April 30th?

Mr. Waters: Yes.

Mr. Monet: Previous to this year, would you please tell the members of the committee when your fiscal year ended?

Mr. Waters: The 28th of February.

Mr. Monet: So, last year, the fiscal year ended on the 28th of February, 1947?

Mr. Waters: Yes.

Mr. Johnston: Why was the change made?

Mr. Waters: Nothing to do with anything except purely internal reasons within the company.

Mr. Monet: I understand your company owns storage warehouses?

Mr. Waters: We have three warehouses, all intercommunicating. In effect, they are all one building, but there are three addresses.

Mr. Monet: In Montreal?

Mr. Waters: Yes.

Mr. Monet: Would you give the addresses?

Mr. Waters: The main warehouse with our office is at 690 St. Paul Street, West. Then, one building runs back along St. Henri Street and our number is 368 St. Henri Street. Then, the property turns along William street and the street number there is 691 William Street.

Mr. Monet: While we are on this subject, Mr. Waters, are those three warehouses sufficient to take care of all your butter operations or do you rent other space?

Mr. Waters: It would be very, very seldom we would rent any other space.

Mr. Monet: Do you rent space to any other firms?

Mr. Waters: Yes, we do a public cold storage business, particularly in the winter. So far as our operations are concerned, we try to have our warehouses for butter during the producing season, but in the winter we go into storing meat and other commodities.

Mr. Johnston: I cannot hear.

Mr. Waters: In the winter we store meat and other products like that. As the butter moves out, we try to fill up with other products.

Mr. Monet: I understand you do not manufacture any butter, you only purchase butter?

Mr. WATERS: Yes.

Mr. Monet: Do you purchase or deal in other commodities or in products other than butter?

Mr. WATERS: Cheese.

Mr. Monet: Anything else?

Mr. Waters: We have a small factory supply department, but it is so small that it is not separated.

Mr. Moner: Where do you purchase your butter from, wholesalers or creameries, or where?

Mr. Waters: I was just going to say that in the actual trading questions I would prefer to have Mr. Cregan answer.

Mr. Cregan: We receive butter direct from country creameries. We also purchase from the Co-operative Fédérée, and also on the Commodity Exchange; and also during the summer months from western creameries.

Mr. Fleming: Would you speak a little louder, please?

Mr. Monet: You say you purchased butter on the Commodity Exchange. Would that be a large part of your butter purchases?

Mr. Cregan: A quite substantial quantity.

Mr. Monet: Could you give the members of the committee the percentage of the butter purchased through the Commodity Exchange?

Mr. Cregan: You mean, out of your total purchases?

Mr. Moner: Yes, out of your total purchases of butter.

Mr. Cregan: I could not give you it exactly, but I would say it would be at least 25 per cent.

Mr. Moner: And do you sell that butter to retailers and wholesalers—to whom do you sell that butter?

Mr. Cregan: A large part of it goes out to the retailers.

Mr. Monet: Do you sell any direct to consumers?

Mr. CREGAN: No, sir.

Mr. Monet: You never have?

Mr. Cregan: No.

Mr. Monet: Did you refuse during the latter part of 1947, any bids for butter from your customers?

Mr. Cregan: Do you mean, from our regular customers?

Mr. Monet: From any customers; and if you have any explanation to give?

Mr. Cregan: Not to my regular customers, no, but others with whom we had not been dealing regularly, of whom we had quite a number, I would say we refused quite a few.

Mr. Monet: But your regular customers were never held up, you did not hold any butter back from them?

Mr. CREGAN: No.

Mr. Monet: What would be the reasons for your refusing to accept bids from people who were not your regular customers?

Mr. Cregan: It would all depend on where they were from, probably some people down in the Maritimes wanted a car of western butter. We simply didn't have any. Sometimes some people wanted a car of No. 1 western butter and we did not have any, therefore you would have to tell them you could not offer.

Mr. Winters: Has anybody from the Maritimes ever bought any third grade butter from you?

Mr. Cregan: We shipped third grade butter last fall to the Maritimes.

Mr. WINTERS: Who ordered it in the Maritimes?

Mr. Cregan: Oh, we shipped to several people down there.

Mr. Winters: Can you say whether or not you ever sold to Canada Packers?

Mr. Cregan: The only thing we sold to Canada Packers was unsalted butter.

Mr. WINTERS: Is that graded as first grade butter?

Mr. Cregan: Oh yes, government grade.

Mr. Winters: Did you have requests wherein they ever specifically ordered third grade butter from you?

Mr. Cregan: Not from us.

Mr. Monet: Is that all, Mr. Winters?

Mr. WINTERS: Yes, thank you, Mr. Monet.

Mr. Moner: Have you any butter on hand at the present time?

Mr. Cregan: I was speaking to the office this morning and they told me they had 60 boxes and they wanted to know who they would split it up with.

Mr. Monet: The 60 boxes of 56 pounds each?

Mr. Cregan: Yes.

Mr. Monet: How many customers have you needing butter?

Mr. Cregan: Our normal trade at the present time is about 100,000 pounds a week.

Mr. Moner: Then your present supply will not last you very long.

Mr. CREGAN: I am afraid not.

Mr. Monet: For the last two weeks what have you done so far as your customers are concerned?

Mr. Cregan: We have just rationed it out.

Mr. Monet: We have heard from previous witnesses evidence of the same kind, that they were giving their customers about 50 per cent of their requirements; you have done the same?

Mr. Cregan: I do not think we are giving them 50 per cent even, because we do not have it, and we have not had any butter in since the 1st of March.

Mr. Fleming: Did I understand you to say that you have not had any butter in at all since the 1st of March?

Mr. Cregan: No, sir. The last car of butter we got in came from western Canada and arrived on the 13th of March. We have not had a box of butter since then.

Mr. Monet: You have not had any butter come in since March 13, from any source whatever?

Mr. Cregan: No sir.

Mr. Monet: Now, Mr. Waters, this will be all the questions I have as far as general questions are concerned, because I presume after having talked it over with you you will have the same kind of evidence as has been given by the previous witnesses. I want you to refer now to the statement which you prepared in answer to a request by counsel; I would like to have this filed as an exhibit. That will be Exhibit 88.

EXHIBIT 88: —Formal statement submitted by the A. A. Ayer Company Limited.

EXHIBIT 88

Statement 1

THE A. A. AYER COMPANY, LIMITED

GENERAL INFORMATION

Name: The A. A. Ayer Company, Limited. Address: 690 St. Paul St. W., Montreal, P.Q.

Business commenced: 1867

Business incorporated: 14 March, 1913 (private company) Subsidiary companies engaged in the butter industry: None

Creameries: None

Storage warehouses: 690 St. Paul St. W., Montreal, Que. 368 St. Henry St., Montreal, Que. 691 William St., Montreal, Que.

Retail outlets: None

INDEX TO STATEMENTS

Statement No.

1. General Information

2. Butter operations by years—1939 to 1948

3. Butter operations by 3 month accounting periods—1946 to 1948
Quantities and value of butter

4. For 1946, 1947 and 1948.

5. For 1943 and 1944

6. For 1939 and 1940

Statement 2.

THE A. A. AYER COMPANY, LIMITED (690 St. Paul St. West, Montreal, Quebec)

STATEMENT OF PROFIT OR LOSS OF BUTTER TRADING DEPARTMENT FOR FISCAL YEARS ENDED 28TH FEBRUARY (Cents omitted)

_	Sales	Cost of sales	Gross profit	Direct expenses	Profit before deducting admini- stration and selling expenses	Administration and selling expenses	Net depart- mental profit before taxes on income
	\$	8	\$	\$	\$	8	\$
1939. 1940. 1941. 1942. 1943. 1944. 1945. 1946. 1947. 11 months ended 31 March, 1948.	2,004,644 2,342,441 1,997,195 3,214,170 2,182,129 2,307,230 2,004,223 2,108,810 1,948,515 3,662,374	1,980,081 2,245,647 1,886,811 3,138,252 2,121,327 2,243,377 1,969,613 2,048,456 1,909,542 3,401,500	24, 563 96, 794 110, 384 75, 918 60, 802 63, 853 34, 610 60, 354 38, 973 260, 874	21, 245 28, 787 26, 462 28, 955 24, 664 35, 743 22, 280 30, 379 25, 174 37, 027	3,318 68,007 83,922 46,963 36,138 28,110 12,330 29,975 13,799 223,847	32,137 38,186 44,289 38,398 35,304 35,927 26,713 32,798 29,822 53,907	*28, 819 29, 821 39, 633 8, 565 834 *7, 817 *14, 383 *2, 823 *16, 023

^{*} Loss.

Direct Expenses comprise the following items: Labour, cartage, weighing, supplies, paper, wire, etc., insurance, sundries.

Administration and Selling Expenses include: Salaries and directors' fees, selling commission, interest, telegraphs, telephones and cables, postage, stationery, office expenses, excise stamps, donations, subscriptions and memberships, audit fees, exchange and bank charges, legal fees.

Statement 3.

THE A. A. AYER COMPANY, LIMITED

Profit or Loss on Butter Trading Operations For Accounting Periods (Cents omitted)

_	Sales	Cost of sales	Gross profit	Direct expenses	Profit before deducting admini- stration and selling expenses	Administration and selling expenses	Net depart- mental profit before taxes on income
3 months to	\$	\$	\$	\$	\$	\$	San San El
31 May, 1946	203,858	202,625	1,233	2,936	*1,703	6,623	*8,326
3 months to 31 Aug. 1946	872,452	859,619	12,833	9,605	3,228	8,830	*5,602
3 months to 30 Nov. 1946	529,089	518, 162	10,927	9,724	1,203	8,415	*7,212
3 months to 28 Feb. 1947	343, 116	329, 136	13,980	2,976	11,004	5,887	5,117
2 months to 30 Apr. 1947	157,777	153,834	3,943	2,178	1,765	4,408	*2,643
4 months to 31 Aug. 1947	1,381,215	1,339,414	41,801	16, 191	25,610	16,221	9,389
3 months to 30 Nov. 1947	1,308,048	1,229,551	78,497	13,793	64,704	18,420	46,284
4 months to 31 Mar. 1948	973, 111	832,535	140,576	7,043	133,533	19,329	114, 204

^{*} Loss.

THE A. A. AYER COMPANY LIMITED (690 St. Paul Street, West, Montreal, Que.)

QUANTITIES AND VALUE OF BUTTER-BY MONTHS

		Quantities of	butter—Lbs.		Dollar	value	2 80	Average per lb.	
	On hand at beginning of month	Purchases during month	Sales during month	On hand at end of month	Purchases during month	Sales during month	Cost of purchases	Selling price	Margin between cost and selling price
1040				The special section is	\$	\$	cts.	ets.	cts.
1946 Ionth—							THE REAL PROPERTY.		
January	457,632	80.080	281,400	256,312	29,019	102,727	36.24	36.50	0.2
February	256, 312	28,000	247,968	36,344	10,276	90,520	36.70	36.50	0.2
March	36,344	74,368	107,016	3,696	26,757	39,095	35.98	36.53	0.5
April	3,696	180,432	190, 232	6,104	72,235	76,602	40.03	40.26	0.2
May	6,104	613, 256	225,008	382,144	234,964	88,682	38.31	39.41	1.1
June	382, 144	864, 584	510,496	736, 232	328,936	196,875	38.04	38.56	0.5
July	736, 232	1,199,408	788,312	1,147,328	471,327	313,718	39.30	39.79	0.4
August	1,147,328	1,051,176	1,018,248	1, 180, 256	420, 221	410,778	39.98	40.34	0.8
September	1,180,256	538,552	577,024	1,141,784	215,534	$233,712 \\ 147,252$	$40.02 \\ 40.08$	40.50	0.8
October	1,141,784	318, 528 7, 616	364,448 298,648	1,095,864 804,832	$127,671 \\ 3,012$	121,038	39.56	40.40	0.8
November	1,095,864 804,832	840	332,696	472,976	322	134,622	38.42	40.46	2.0
December	472,976	040	6,776	466, 200	322	104,022	90.42	40.40	2.0
	457,632	4,956,840	4,948,472	466, 200	1,940,274	1,955,621	39 · 14	39.51	0.3
1947							The second second		
January	466,200	71,568	432,768	105,000	28,933	175,032	40.43	40.44	0.0
February	105,000	1,288	38,976	67,312	525	15,765	40.83	40.45	-0.3
March	67,312	123,704	199,840	-71,176	50,027	48,510	40.44	40.47	0.0
April	71,176	189,000	234,808	-25,368	75, 113	95,804	39.74	40.80	1.0
May	25,368	951, 216	272,048	704,536	460,315	133,991	48.39	49.25	0.8
June	704,536	1,268,904	747,376	1,226,064	626,555	377,771	49.37	50.54	1.1
July	1,226,064	1,078,560	895,776	1,408,848	532,366	452,084	49.35	50.46	1.1
August	1,408,848	780,976	754,432	1,435,392	407,271 385,800	415,829 444,773	52·14 58·54	55·11 59·80	2.9
September	1,435,392 1,350,608	658,952 $743,568$	743,736 921,200	1,350,608 1,172,976	422,937	525,822	56.88	57.08	0.2
October	1, 172, 976	180,936	565,544	788, 368	104,650	337, 226	57.83	59.62	1.7
December	788,368	229,712	414,848	603, 232	151, 363	275,689	65.89	66.45	0.5
Loss in weight in trading	603, 232		3,976	599, 256	202,000				
1948	466, 200	6,278,384	6,225,328	599, 256	3,245,855	3,298,296	51.70	52.98	1.2
January	599, 256	206, 584	455,504	350,336	139,473	309, 227	67.51	67.88	0.3
February	350,336	254,408	406,728	198,016	165,755	273,458	65 · 15	67.23	2.0
	599,256	460,992	862,232	198,016	305, 228	582,685	66-21	67.58	

THE A. A. AYER COMPANY LIMITED

(690 St. Paul Street, West, Montreal, Que.)

QUANTITIES AND VALUE OF BUTTER-BY MONTHS

		Quantities of b	outter—Lbs.		Dollar value			Average per lb.				
	On hand at beginning of month	Purchases during month	Sales during month	On hand at end of month	Purchases during month	Sales during month	Cost of purchases	Selling price	Margin between cost and selling price			
1943					\$	\$	cts.	cts.	cts.			
Month— January February March April May June July August September October November December	107,408 43,456 8,232 60,480 23,576 240,688 864,584 2,097,200 2,454,144 2,586,248 1,993,152 1,128,680	76,720 164,248 439,992 475,496 934,416 1,072,176 1,559,880 1,050,504 686,840 164,080 37,912	140, 672 199, 472 387, 744 512, 400 717, 304 448, 280 327, 264 693, 560 554, 736 757, 176 902, 384 624, 232	43,456 8,232 60,480 23,576 240,688 864,584 2,096,200 2,454,144 2,586,248 1,993,152 1,128,680 504,448	26,927 57,612 150,444 163,660 313,427 351,609 514,607 346,019 230,414 55,356 13,104	42, 568 92, 013 136, 107 179, 174 243, 786 149, 544 109, 181 219, 555 188, 915 257, 049 315, 977 218, 851	35.09 35.07 34.19 34.41 33.54 32.79 32.35 32.93 33.54 33.73 34.56	34·79 35·33 35·10 34·96 33·98 33·35 33·36 31·65 34·05 33·94 35·01	0·30 0·26 0·91 0·55 0·44 0·56 0·01 -1·28 0·51 0·21			
	107,408	6,662,264	6, 265, 224	504,448	2,223,179	2,152,720	33.36	34.35	0.99			
January February March April May June July August September October November December	47,600 50,344 489,160 759,808 1,300,656 894,880 654,920	34,160 362,768 403,200 404,208 316,176 907,816 989,184 1,150,016 455,336 285,992 85,416 86,912	413,504 428,288 433,720 385,672 313,432 469,000 718,536 609,168 861,112 525,952 397,768 411,208	125, 104 59, 584 29, 064 47, 600 50, 344 489, 160 759, 808 1, 300, 656 894, 880 654, 920 442, 568 118, 272	11,400 126,390 140,235 138,194 105,601 299,959 330,497 393,041 158,529 100,780 62,670 30,770	147, 120 150, 717 153, 987 133, 287 107, 082 158, 679 241, 185 210, 119 301, 197 195, 465 140, 531 143, 793	33·37 34·84 34·78 34·18 33·40 33·41 34·17 34·81 35·24 33·80 35·40	35·57 35·19 35·50 34·55 34·16 33·83 33·56 34·49 34·97 37·16 35·32 34·97	2·20 0·33 0·72 0·37 0·76 0·18 0·32 0·16 1·92 1·55 -0·43			

1939 Month—				RECO	RDS DEST	ROYED			
January February March April May June July August September October November December	266, 520 108, 472 185, 248 578, 312 1, 038, 520 1, 040, 144 1, 133, 496 1, 021, 944 992, 824	980, 336 588, 448 1, 084, 720 1, 296, 064 1, 011, 808 729, 064 728, 504 531, 664 483, 112 7, 433, 720	1,098,384 511,672 691,656 835,856 1,010,184 635,712 840,056 560,784 585,872 677,0176	RECO 108, 472 185, 248 578, 312 1,038, 520 1,040, 144 1,133, 496 1,021, 944 992, 824 890, 064	RDS DEST 260, 671 134, 395 239, 557 286, 656 224, 975 168, 050 193, 321 157, 029 159, 164 1,823,818	ROYED 295, 434 120, 116 153, 713 189, 282 226, 039 148, 565 225, 989 168, 923 198, 680 1, 726, 741	26·59 22·86 22·08 22·11 22·23 23·05 26·54 29·53 32·94 24·53	26·89 23·47 22·22 22·64 22·37 23·36 26·90 30·12 33·91 25·50	0·30 0·61 0·14 0·53 0·14 0·31 0·36 0·59 0·97

Mr. Monet: Now, Mr. Waters or Mr. Cregan—either one of you gentlemen may answer the questions even though they are addressed to Mr. Waters—I would like to refer you to page 2, of exhibit 88. This is a statement of the profit or loss on your butter trading department for the fiscal year ending the 28th of February. That would be your fiscal year 1947; for the year 1947, which would end on the 28th of February, 1947, as you have already explained. Is that right?

Mr. Waters: Yes, sir.

Mr. Moner: And then for the eleven months ending the 31st of March; that would be the eleven months of your current fiscal year which will not end until April 30?

Mr. Waters: Yes, sir.

Mr. Monet: You have already explained that your fiscal year was changed last year?

Mr. Waters: Yes.

Mr. Monet: Now, Mr. Waters, is it correct to state that before deducting administrative and selling expenses the profit for the eleven months ended March 31, 1948, was \$260,847?

Mr. WATERS: Correct.

Mr. Monet: And that would be on how many pounds of butter?

Mr. Waters: About six and a half million pounds.

Mr. Monet: And that would be the amount sold during these eleven months?

Mr. CREGAN: Yes, sir.

Mr. Monet: I also see from this statement that the largest profit, always before deducting administrative and selling expense, the largest profit made by your company from 1939, to the present date, except for the last eleven months, was in 1941, \$83,922?

Mr. Waters: Correct.

Mr. Monet: Now, coming to your administrative and selling expenses, you have already told the committee that you also handle cheese. You have listed there for the current fiscal year, as of March 31, 1948, \$53,907. Would you tell the committee how you arrived at that figure?

Mr. Waters: You mean as to the split between them?

Mr. Monet: Yes, between the butter and the cheese.

Mr. Waters: We do not do it on a percentage basis. We split salaries on the basis of the work performed. Other expenditures would be divided pro rata; items like storage, insurance, interest—they would be allocated proportionately.

Mr. Johnston: How much of this administrative and selling expense would be allocated to directors' fees?

Mr. Waters: We have no directors' fees?

Mr. Johnston: I notice in your administrative and selling expense at the bottom of the page that you have included that.

Mr. Waters: Well, that is just a broad statement. Actually our directors' fees amount to I think it is \$240 a year, and that is for one director who is not active.

Mr. Johnston: Just one director?

Mr. Waters: Who is not active. The rest of us carry on both operations and there are no other directors' fees. We do not draw directors' fees.

Mr. Johnston: Then this column headed "Administration and Selling expense" does not include that?

Mr. Waters: Yes, it does include that; but the item is so small, it is only \$240 a year.

Mr. Monet: Now, Mr. Waters, I would like you to explain to the members of the committee why there is such a large difference in this administration and selling expense between this current fiscal year and the previous fiscal year, 1947, where you indicate that amount as being \$29,822. There seems to be a very substantial margin there.

Mr. Waters: There is a large increase in insurance and interest.

Mr. Monet: It was on what?

Mr. Waters: On money borrowed to carry on the butter operations.

Mr. Johnston: What rate of interest do you pay on that?

Mr. Waters: $4\frac{1}{2}$ per cent.

Mr. Monet: What did you pay in 1947?

Mr. Waters: You want the amount of interest we paid?

Mr. Monet: Yes.

Mr. Waters: \$19,500.

Mr. Monet: You paid that in interest, is that your interest for the present year.

Mr. Waters: Yes.

Mr. Johnston: How much was that?

Mr. Waters: \$19,500.

Mr. Monet: But my question was about interest. You said that you paid 4.5 per cent interest this year?

Mr. Waters: Yes.

Mr. Monet: My question is, what did you pay in 1947; what was the rate of interest which you paid in 1947?

Mr. Waters: Pardon me, I was answering Mr. Johnston's question. 4.5 per cent.

Mr. Monet: For 1947, also?

Mr. WATERS: Yes.

Mr. Lesage: As a matter of fact you did not-

Mr. Waters: You see, we have to borrow money from the bank to carry on our operations.

Mr. Johnston: What security would the bank require for such a loan?

Mr. Waters: It is under section 88, of the Bank Act.

Mr. Johnston: I understand though that if Dominion of Canada bonds are put up as security against the loan the rate is lower. Would that have any effect in the case of your company?

Mr. Waters: I would not know that. We work under section 88.

Mr. Monet: Mr. Waters, I would like you to explain this for us, this very substantial difference between your administrative and selling expense in 1947 and the current fiscal year. You say that the difference was only in interest payments?

Mr. Waters: Largely interest, and insurance.

Mr. Lesage: You gave us the figure of \$19,500, for interest in 1947; what was it for the eleven months of 1948?

Mr. Waters: I am afraid I misunderstood. You are asking I think for the interest in 1947.

Mr. Johnston: I understood that is what you were quoting.

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Mr. Waters: I see now that I may have been slightly in error in the answer I gave, possibly because I misunderstood. Our fiscal year ends in 1948, but as regards the actual trading season, it is over in 1947.

Mr. Lesage: Therefore the \$19,500, is for your fiscal year ending in 1948?

Mr. Waters: That is right.

Mr. Lesage: What was the figure for the fiscal year ending in 1947?

Mr. IRVINE: While he is looking that up might I ask this other gentleman if he has a breakdown of this \$19,500, administration figure?

Mr. Waters: I have not figured that, Mr. Lesage, not the actual figure, but in our fiscal year ended in 1948, our interest charges were up \$11,500, from the previous year.

Mr. Lesage: For butter purchases?

Mr. Waters: For the butter department.

Mr. Lesage: It must have increased then. You did not handle twice as much butter in the year ending 1948?

Mr. Waters: Yes, and the price was very much higher.

Mr. Lesage: All right, thank you. That is the information I wanted.

Mr. Pinard: Would you give us the comparative figures for 1947?

Mr. Waters: Insurance cost us in 1948, the fiscal year, or the eleven months of it—that is all the figures we have—is up \$4,300.

Mr. PINARD: And how would you account for that?

Mr. Waters: Our stocks of butter are up, and also by reason of the higher values.

Mr. Lesage: That was 15,000?

Mr. WATERS: That is 15,000, yes. And the increased business.

Mr. Lesage: I see, the business increased in volume and your costs increased. Yes. I think we are satisfied.

Mr. Thatcher: On this statement No. 2, is the last column, "Net departmental profit" on butter alone?

Mr. Waters: Yes, that is the butter statement.

Mr. Thatcher: In other words for 9 years, that is from 1939 to 1947, your total profit was approximately \$10,000—that is when you take the years of loss and the years of gain—approximately \$10,000; or an average over the 9 years of approximately \$1,100. That would be your average, a profit of \$1,100, in that departement. Then in 1948, your profit was \$169,877, or 150 times greater profit than your average profit in the other case. Is that right?

Mr. Waters: Yes sir.

Mr. Pinard: And that has been the case in respect to practically every butter operator?

Mr. Waters: Yes.

Mr. Thatcher: I would say that you made an increased profit due to the fact that the ceilings were taken off and that you were able to buy your supplies of butter and hold it and take the increase.

Mr. Waters: That is nonsense.

Mr. THATCHER: What is nonsense?

Mr. Waters: To suggest that we were doing that because the ceiling came off.

Mr. Thatcher: If the ceiling had stayed on that would not have happened. Most of this profit came from storage butter, did it not; the butter you stored at a low price and then after the price went up you were able to take a profit.

Isn't that correct? In other words, the fact that the ceilings came off allowed you to make 150 times more profit than you made in any one of the preceding years.

Mr. WATERS: That is academic or hypothetical.

Mr. Thatcher: It is not hypothetical. It is printed here on your statement.

Mr. Lesage: I think that is a question of opinion.

Mr. THATCHER: Mr. Lesage, may I ask you-

Mr. Waters: That is what I mean by saying it was academic.

Mr. Lesage: And this witness is talking about facts.

Mr. Thatcher: I am basing these figures on the witness' own statement, which shows very clearly the profit his company has made during the eleven months of their most recent fiscal year. Once the ceilings came off we see the profits are greater; and now, with the acute shortage, I suppose it might be even more.

Mr. Waters: No sir, it cannot be greater, because our butter is practically all sold.

Mr. Thatcher: But in that one year your company made a profit 150 times greater than in the 9 preceding years, and you could not have made this profit had ceilings remained on in June.

Mr. Winters: On that assumption you would have had no butter, would you?

Mr. THATCHER: Could I get an answer to that?

Mr. Waters: Again it is an opinion, but I would certainly not think so.

Mr. THATCHER: Would you answer my question?

Mr. Lesage: What ceiling?

Mr. Thatcher: The butter ceilings were taken off.

Mr. Lesage: When?

Mr. Thatcher: Some time in June, and the price went up gradually 11 or 12 cents a pound. My question is if those ceilings had remained on your company could not possibly have shown a profit like this? Is that not correct?

Mr. Lesage: The farmers in my riding would not have produced butter. That is the answer to your question.

Mr. PINARD: There would have been no butter at all.

Mr. Winters: No butter to store.

Mr. Thatcher: Is that not correct? I am not trying to put you on the spot.

Mr. Waters: I know you are not. I know you are seeking information, but again that is hypothetical. It would depend on what spread the government gave us in their regulations. If the government gave us a big enough spread you could make money.

Mr. Thatcher: Let me put it this way. The fact that the ceilings did come off allowed you to make this abnormal profit?

Mr. Pinard: Is it not a fact you simply took advantage of the market as everybody else did?

The ACTING CHAIRMAN: I think the witness will be able to answer the question. If he cannot answer it he can say so.

Mr. Waters: I do not think it is a question of taking advantage of the market.

Mr. Thatcher: Perhaps I did not word it right.

Mr. Waters: If he goes in the market to buy he buys at the market price, and when he is in the market to sell butter he sells at the market price. Whether that is taking advantage of the market I do not know.

Mr. Thatcher: Let me put it this way. As to this \$169,877 for eleven months of last year the main portion of that profit came from storage butter? Would you agree to that? That is pretty obvious. If it did not come from there where did it come from?

Mr. Waters: It came from the advance in the butter market.

Mr. THATCHER: That is the point I wanted.

Mr. Waters: Certainly, obviously.

Mr. Monet: Mr. Waters, the line of questioning Mr. Thatcher has been following is exactly the line of questioning I was going to pursue so I will refrain from asking any more questions on that point. However, inasmuch as the question was put to you would you tell the members of the committee what, in your opinion, were the main factors for the increase in prices from July 1, 1947, up to the time the ceiling was reimposed? You have been in the butter business for many years?

Mr. Waters: Yes, in the dairy business, 40 years.

Mr. Monet: I wish you would—

Mr. Waters: The short answer to your question is that the demand was ahead of supply.

Mr. Monet: Would that be the only reason in your opinion?

Mr. Waters: Inevitably under the system of economics if the demand is ahead of supply prices advance.

Mr. THATCHER: Unless ceilings stay on?

Mr. Waters: Well now, that is hypothetical.

The Acting Chairman: Then there is no supply.

Mr. Waters: Exactly.

Mr. Monet: I was going to ask what would have happened if the ceiling had remained, in your opinion?

Mr. Waters: I think one of the members suggested there would be no butter.

Mr. Monet: I think for the purposes of the record your answer would be more appropriate. What would be your answer?

Mr. Waters: My opinion-

Mr. THATCHER: That there would be no butter?

Mr. Waters: Figuratively speaking very much less.

Mr. IRVINE: That is hypothetical?

Mr. Waters: Yes. If the committee wants my opinion I would say in answer to your question—

The Acting Chairman: I should like you to give your opinion.

Mr. Waters: I would say there would have been very much less butter.

Mr. Lesage: That is what happens under a socialist state, lower production.

Mr. IRVINE: The cows always know that the market is changing and stop milking.

Mr. Thatcher: If Mr. Lesage is going to start along that line maybe I should start. Would the witness like to say whether he thinks—

The Acting Chairman: I think Mr. Monet had better finish his questions first.

Mr. Monet: Mr. Chairman, I think I have finished with the witness because the windfall profit I wanted to bring out has been substantially brought out in another form, in another way by Mr. Thatcher.

Mr. Lesage: Has the witness said what was his profit per pound on storage butter?

Mr. Monet: Can you tell us that?

Mr. Waters: Under our accounting system we do not separate storage butter from any other butter. Butter is butter to us.

Mr. Lesage: Would you believe that it would be about the same as the packing companies, that it would be around 11 cents a pound, the gross margin, not the net profit?

Mr. Waters: Remember, Mr. Lesage, when they are referring to that 11 cents they have segregated storage butter.

Mr. Lesage: Oh, yes.

Mr. Waters: You take our figures for the year on all the butter we handled and our net profit was 2.675 cents per pound.

Mr. PINARD: Where do you find that?

Mr. Waters: In the statement. Take the 6,500,000 pounds of butter and divide it and our net profit was 2.675 cents a pound.

Mr. Lesage: I will agree with that, but you could not tell me because you do not segregate storage butter in your books?

Mr. Waters: No, we do not segregate storage butter. It is all butter to us.

Mr. Lesage: Is it your belief that it would be about the same as the others?

Mr. Waters: I should think so. Mr. Cregan's operation would be the same as the others. He is buying and selling butter every day.

Mr. Lesage: The buying was done about the same time and the selling about the same time. I am asking for the figure per pound. It would be around 11 cents?

Mr. Waters: I would say the figure, if it was segregated, would be around the same figure.

Mr. Monet: Previous witnesses who segregated their operations in butter said they made an abnormal and unusual profit on the storage butter. It varies between and 8 and $11\frac{1}{2}$ cents.

Mr. WATERS: Yes.

Mr. Monet: Would you be ready to say that if you had made a segregation your profit would have been about the same?

Mr. Waters: Yes, I answered that question for Mr. Lesage by agreeing.

Mr. Monet: That would be an unusual profit?

Mr. Waters: It is an unusual profit, yes, sir.

Mr. Moner: This \$169,877 mentioned in your statement No. 2 as net departmental profit before taxes on income would include this abnormal profit made on the storage butter?

Mr. Waters: Yes, sir.

Mr. Monet: This amount would largely be made up of the profit on storage butter?

Mr. Waters: Yes, sir.

Mr. Lesage: May I go on? You handled much more butter for the last eleven months than you did in the previous year? Is that correct?

Mr. Waters: In dollar value or in pounds?

Mr. Lesage: Let us say in pounds.

Mr. Monet: You have that on statement No. 4.

Mr. Waters: Mr. Cregan will give us the figures on that. That is under his department.

Mr. PINARD: It does not appear in pounds on the statement, does it?

Mr. Monet: Yes, page 4, the second column.

Mr. Lesage: That is the calendar year.

Mr. Monet: That is the calendar year.

Mr. Lesage: I would like to have the figures on statement 2 in pounds. How many pounds did you sell in the fiscal year ending in 1947 and in the fiscal year ending in March, 1948?

Mr. Cregan: For the eleven months it was 6,350,000 pounds.

Mr. Lesage: Six and a half million pounds.

Mr. Cregan: I do not think it is totalled for the other year, but I think there was about a million pounds increase in the last year.

Mr. Lesage: A million pounds increase?

Mr. Cregan: Increase over the previous year.

Mr. Lesage: Anyway, it would be below the figure of 1942 from what I can see here, would it not?

Mr. Cregan: It would be below 1943. 1943 was the record production year.

Mr. Lesage: Anyway, the fact you bought a million pounds more and sold a million pounds more is due to the—

Mr. Cregan: Increased demand.

Mr. Lesage: Increased production and increased demand?

Mr. Cregan: Yes, sir. I think it was a million pounds more we handled and we cut prints approximately a million pounds more in a year.

Mr. Lesage: But it was a normal year?

Mr. Cregan: Oh yes.

The Acting Chairman: May I ask a question of Mr. Waters? After all you figure your profit over a period of years, not for one year. We see here where you made a profit of \$169,877. What was your profit over a period of ten years?

Mr. WATERS: You have the figures since 1939.

The ACTING CHAIRMAN: I see that. Did you ever average out what you made over that long period?

Mr. Waters: The average is something like \$10,000 a year.

Mr. Thatcher: It is only \$1,100 if you do not take the last year, this abnormal year. It would hardly be fair to take that in.

The Acting Chairman: Oh yes, in farming or in any other operation you will have a good year in ten.

Mr. Thatcher: I understand that, but would it not be more fair to take 1938? This was an abnormal profit from storage butter. A fair average would be 1938 to 1947.

The ACTING CHAIRMAN: I think not. I would take the good year along with all the bad ones.

Mr. Thatcher: I agree with you except this good year was not a good year except for the abnormal circumstances of the price ceiling being taken off.

The Acting Chairman: I would not say that. I will admit this was an abnormal year, but you have got to put that in with the bad years and make it ten years. What I was trying to get at was how much they made over the ten year period. It looks to me they just had one good year in ten.

Mr. Waters: May I say the butter business is highly competitive, and I might almost use the word cut throat. It is the history of the business over all the years that you have good years, fair years, bad years, and occasionally a good year that keeps your courage up and keeps you in business always hoping for the good year. If you look at these figures we have given over the years you will see they are very unsatisfactory.

The Acting Chairman: I think it is the same in all business.

Mr. Waters: It may be the same in all business.

Mr. PINARD: In cheese it is not the same thing at all?

Mr. Waters: Cheese is pretty tough.

Mr. Thatcher: I have a couple more questions. May I go ahead, Mr. Lesage?

Mr. Lesage: If you ask me I have my doubts.

Mr. Thatcher: The witness stated he had been in the butter business for 40 years.

Mr. Waters: In the dairy business.

Mr. Thatcher: Handling butter, I suppose?

Mr. Waters: Butter and cheese and milking cows and making cheese.

Mr. Thatcher: You should be quite qualified to know all that there is to know about butter, I suppose?

Mr. Waters: If I fall down I will ask Mr. Cregan to answer.

Mr. Thatcher: You stated a while ago there is a very acute shortage at the present time.

Mr. Waters: Mr. Cregan will answer that.

Mr. Cregan: Yes, there is an acute shortage.

Mr. Thatcher: Would you have favoured the continuance of butter rationing in order to get around that shortage? Would that have helped your company at all? Would it have helped the consumer, in your opinion as a creamery man?

Mr. Cregan: Looking back now I think it would have, but at the time butter rationing was taken off everybody was clamouring for the controls to be taken off, even the consumer.

Mr. Thatcher: That is a fair answer. What do you think about butter rationing in the future? In view of the circumstances do you think it would be advisable to restore butter rationing?

Mr. Cregan: In the middle of summer it all depends on the production trend. If the trend is a little bit up I do not think it will be necessary but if the trend is still down it probably will be necessary or import some butter.

Mr. Thatcher: Ordinarily larger supplies of butter on the market would send the price down?

Mr. Lesage: What?

Mr. THATCHER: Put the price down.

Mr. Cregan: Oh yes.

Mr. Thatcher: In other words, if we had larger supplies of butter on hand or if we should get them from New Zealand the price would probably drop?

Mr. Cregan: It would affect the market.

Mr. Thatcher: What would you say about margarine? How would that affect the butter market? Would it affect it in the same way?

Mr. Cregan: There are a lot of people would like to have some margarine now to tide them over this period, but I think for the long pull it would be very injurious to the dairy industry.

Mr. Thatcher: That was not my question. My question was how it would affect the price of butter?

Mr. Pinard: A very good answer.

Mr. CREGAN: It would—

Mr. Thatcher: Would it not tend to put the price down?

Mr. Cregan: It would probably put the price down, and then you probably would have lower production of butter as well.

Mr. Thatcher: But the answer to my question is it would probably put the price down.

Mr. CREGAN: Yes.

Mr. Pinard: Is that what happened in the United States? It did not bring the price of butter down in the United States.

Mr. Cregan: No, it did not. It has not brought the price down.

Mr. Lesage: I does not necessarily.

Mr. Cregan: Not necessarily.

Mr. Thatcher: The witness said it would bring the price down.

Mr. Cregan: Temporarily.

Mr. THATCHER: I am satisfied.

Mr. Pinard: Would you complete your answer and say whether you think it would have the same effect as in the United States where prices were not brought down by the introduction of margarine on the market?

Mr. Cregan: I would say it might have a temporary effect, but they have been using margarine in the United States for years and years, and as far as I can make out the consumption of butter this past year in Canada was more than the combined consumption of butter and margarine in the United States, and the price of butter in the United States is very much higher than it is in Canada and has been all year, and they cannot get enough to supply the demand.

The ACTING CHAIRMAN: Any more questions?

Mr. Irvine: I should like to ask one or two. Would either of the witnesses say if they know how many pounds of butter were produced in Canada for the last year, the last year of your figures?

Mr. Cregan: 1947? Mr. Irvine: Yes.

Mr. WATERS: That figure is on the record.

Mr. Lesage: Exhibit 52.

Mr. IRVINE: 290,000,000 pounds.

Mr. WATERS: That is creamery butter.

Mr. Lesage: 340,000,000 pounds of creamery and dairy butter.

Mr. IRVINE: How does that compare with 1946?

Mr. Cregan: I think it has increased. Creamery butter increased approximately 20,000,000 pounds.

Mr. IRVINE: In 1947? Mr. CREGAN: In 1947.

Mr. IRVINE: Very well. You would not say anybody in Canada suffered very greatly for lack of butter in 1946 when we had many million pounds less butter than we had in 1947, would you?

Mr. Cregan: No, I do not think anybody suffered.

Mr. Lesage: It was rationed.

Mr. IRVINE: Do you not think there must have been some mishandling or some mismanagement somewhere when in 1947 with a much greater supply of butter we have such an uproar about there being too little now? What is the trouble?

Mr. Cregan: Well, the butter has disappeared. The butter has been consumed. People have been eating more butter.

Mr. Lesage: Increased consumption.

Mr. Cregan: Increased consumption.

Mr. Merritt: There was rationing in 1946.

Mr. IRVINE: There was rationing in 1946. That is my point.

Mr. Waters: People are enjoying freedom from rationing.

Mr. IRVINE: It is great enjoyment.

The Acting Chairman: Over a period of a long number of years there has always been a shortage of butter at this time of year? Am I right?

Mr. IRVINE: For the very same reason that you have it now, because those who could buy too much did so and those who were not able to buy could not get it.

The ACTING CHAIRMAN: I do not think that is right.

Mr. IRVINE: There was no proper distribution.

Mr. Lesage: There was as much increase in consumption in the lower classes as in the higher classes.

Mr. Pinard: With the price increase consumption increased just the same, which proves the contrary.

Mr. IRVINE: My point still stands, that there was no very great hardship suffered by the people of Canada for lack of butter in 1946.

Mr. Lesage: That is a question of opinion.

Mr. IRVINE: It is not a question of opinion. It is a question of fact.

Mr. Lesage: Why did the people want to get rid of the coupons?

Mr. PINARD: I think the witnesses are not here-

Mr. IRVINE: In 1947 with very much more butter there is great hardship.

The Acting Chairman: I think there is no use going on. We could argue this till doomsday.

Mr. IRVINE: There is no argument. These are facts.

The ACTING CHAIRMAN: They may be in your mind but not in the minds of some of the rest of us.

Mr. IRVINE: They are facts furnished by the Bureau of Statistics of this nation.

Mr. PINARD: To which you give your own interpretation.

The Acting Chairman: You are making a statement of fact. I am making a statement of fact that if the ceilings and all controls were taken off butter right now you would get all the butter you wanted. The producer and farmer would get out and produce butter at the expense of something else.

Mr. IRVINE: Why do you not do it?

Mr. THATCHER: Would the price not be too high?

The ACTING CHAIRMAN: There does not seem to be any trouble about price. You never hear anybody kick about the price.

Mr. IRVINE: It is prices we are investigating.

The ACTING CHAIRMAN: I know that.

Mr. IRVINE: Is that not a kick?

The ACTING CHAIRMAN: They do not complain about that. The consumer complaint is that they cannot get it. They are not kicking about the price.

Mr. IRVINE: Then we are wasting our time. Why do we not talk about how to get more butter instead of finding out why the price went up?

The ACTING CHAIRMAN: We did bring that out in the first two or three weeks.

Mr. Thatcher: I suggest we have the next witness.

The Acting Chairman: Very well, we are finished.

Mr. Monet: Just one more question; in answer to my letter, following a request of the members of the committee, you sent the committee a list containing the names of your customers; the number of pounds of butter stored for each of them; the date of the receipt of the butter; the date of delivery, covering every pound of butter you handled during 1946-47. You have also answered a question asked by me as to whether or not, in your opinion, those people for whom you were storing butter were in the butter business. You have answered that, to the best of your information and belief, they were all in the butter business; is that correct?

Mr. WATERS: Yes, sir.

Mr. Monet: I have no more questions.

I will call Mr. Edwards. Mr. Chairman, while the witness is being sworn, I wish to say that Mr. Edwards called me last week and told me that he was sick, suffering from a heart attack. This was verified by someone from his office. Mr. Edwards has been here since Monday and, yesterday, he suffered a heart attack. For that reason, my questioning of Mr. Edwards will be very short.

The Acting Chairman: The answer to this questionnaire will be exhibit 89.

Mr. Monet: It is the statement prepared by Mr. Edwards.

EXHIBIT No. 89: Statement of J. C. Edwards and Company, Montreal, rebutter.

Exhibit 89.

J. C. EDWARDS & COMPANY, MONTREAL, QUE.

PROFIT AND LOSS STATEMENT ON BUTTER OPERATIONS

	Year en Dec. 31,		Year en Dec. 31,		Two month Feb. 29,	
	Amount	Per lb.	Amount	Per lb.	Amount	Per lb.
Sales	lbs.		lbs.		lbs.	
	\$ cts.	cts.	\$ cts.	cts.	\$ cts.	cts.
Sales	432, 121 91	40.2	669, 105 75	55.4	227,671 06	68.1
Cost of sales— Inventory—beginning of period Purchases	2,141 19 422,075 60		4,349 77 811,648 37		169,627 73 25,714 09	
Inventory—End of period	424,216 79 4,349 77		815,998 14 169,627 73		195,341 82 37 94	
	419,867 02	39.0	646,370 41	53.5	195,303 88	58 · 4
Gross margin	12,254 89	1.2	22,735 34	1.9	32,367 18	9.7
Carrying and direct charges— Storage charges. Interest. Weighing Cartage Commodity exchange dues and fees. Brokerage Commissions. Freight charges. Sundries.	3,845 77 352 36 135 22 167 22 107 25 118 12 116 48 1,831 46 7 71		4, 232 15 1, 832 99 189 98 112 04 60 00 3,259 60 48 70			
	6,681 59	0.6	10,100 46	0.8	*1,683 00	0.5
Profit before administrative expenses and taxes	5,573 30	0.6	12,634 88	1.1	30,684 18	9.2
plicable to butter operations	2,750 70	0.3	3,976 50	0.4	1,453 54	0.4
Profit before taxes on income	2,882 60	0.3	8,658 38	0.7	29,230 64	8.8

^{*} Estimated.

SPECIAL COMMITTEE

J. C. EDWARDS & COMPANY

Monthly Profit and Loss on Butter Operations

The state of the s							
_	Sales	Cost of sales	Gross profit	Direct	Profit before adminis- tration expenses	Administration expenses	Net profit or loss
1946 Month— January February March April May June July August September October November December	\$ cts. 3,304 48 456 91 790 70 9,788 39 24,610 67 54,495 57 114,219 09 44,148 93 106,590 65 50,388 41 16,371 59 6,956 52	\$ cts. 2,764 46 263 06 689 96 9,473 65 23,454 16 53,985 72 111,040 66 42,663 14 103,306 69 49,549 62 15,862 98 6,812 92	\$ cts. 540 02 193 85 100 74 314 74 1,156 51 509 85 3,178 43 1,485 79 3,283 96 838 79 508 61 143 60	441 73 1,055 12 1,666 61 634 38 223 78	16 22 216 73 629 62 85 82 2,736 70 430 67 1,617 35 204 41 284 83	\$ cts. 181 22 129 25 196 00 185 40 247 18 336 24 244 24 281 40 -208 70 293 60 210 67	\$ cts. 203 13 * 49 46 * 179 78 31 33 382 44 * 250 42 2,491 76 149 27 1,408 65 * 89 29 48 83 *1,323 86
	432, 121 91	419,867 02	12,254 89	6,681 59	5,573 30	2,750 70	2,822 60
1947							
January February March April May June July August September October November December	5,511 24 5,283 23 2,562 84 24,819 27 45,816 81 82,954 03 102,367 59 43,175 97 75,198 50 69,738 63 127,174 12 84,503 52	5,402 25 5,247 02 2,541 78 23,332 39 45,700 19 79,915 37 96,963 07 42,627 06 70,266 47 66,379 56 121,469 94 86,525 31	108 99 36 21 21 06 1,486 88 116 62 3,038 66 5,404 54 548 91 4,932 03 3,359 07 5,704 18 * 2,021 79	259 36 63 12 48 58 338 87 351 13 1,585 87 356 23 275 06 1,452 65 1,271 41 1,810 11 2,288 07	* 150 37 * 26 91 * 27 52 1,148 01 * 234 51 1,452 79 5,048 29 273 85 3,479 38 2,087 66 3,894 07 *4,309 86	242 20 252 30 168 60 248 50 238 00 467 90 489 15 385 85 368 00 363 00 343 00	* 392 57 * 279 21 * 196 12 899 51 * 472 51 984 89 '4,559 14 * 112 00 3,111 38 1,724 66 3,551 07 *4,719 86
	669, 105 75	646,370 41	22,735 34	10,100 46	12,634 88	3,976 50	8,658 38
1948							
JanuaryFebruary	225,808 98 1,862 08	194,026 44 1,277 44	31,782 54 584 64		30,099 54 584 64	750 42 703 12	29,349 12 * 118 48
Turk	227,671 06	195,303 88	32,367 18	1,683 00	30,684 18	1,453 54	29,230 64

^{*} Loss.

9.28

2.34

2.93

QUANTITIES AND VALUE OF BUTTER-BY MONTHS Quantities of butter-Lbs. (Dollar value (omit cents) Average per lb. Margin On hand Cost of Selling Sales Purchases and Sales On hand at Purchases between production during purchases and purchase cost beginning during during at end price of month during month month production and of month month month selling price cts. 1946 cts. cts. cts. cts. Month-1,792 8.064 NIL 2,770 49 2,943 36 34.35 36.50 2.14 6,272 January..... NIL 724 724 NIL 263 96 269 26 36.46 37.22 0.76 February..... 723 56 NIL 2,227 1,977 250 693 03 35.06 36.60 1.54 March..... 250 23,912 24, 162 NIL 9,556 28 9.788 39 39.55 40.51 0.96 April..... NIL 91.031 61,887 29,144 23,700 20 23,950 67 38.30 38.70 0.40 May.... 29,144 193, 267 143,951 78,460 54,287 10 55,076 82 37.71 38 - 26 0.55 June..... 113,358 94 111,270 98 38.86 39.55 78,460 251,515 286, 361 43,614 0.69 July..... 43,342 21 39.01 39.45 0.44 43,614 191,018 109,862 124.770 42,852 87 259,921 103,497 48 104,924 89 39.82 40.37 0.55 September..... 124,770 180,847 45,696 45,696 97,778 122,401 21,073 49,644 82 49,468 75 40.56 40.42 *0.14 39,928 18,256 15,853 96 16,170 84 39.71 0.79 November..... 21,073 37,111 40.506,895 67 0.39 18,256 9,688 17,024 10,920 6,828 12 40.11 40.50 December..... 6.272 1,080,910 1.076,262 10,920 421,219 29 426,913 36 39.14 39.67 0.53 1947 3,472 10,920 6,160 13,608 5,426 25 5,511 24 39.88 0.62 40.50 January 13,045 5,265 30 5,283 23 40.29 3,472 446 40.50 0.21 February..... 5,882 6,328 2,562 84 NIL 2,546 66 40.24 40.50 0.26 466 March..... 23,553 78 24,765 35 NIL 73,608 61,814 11,794 38.11 40.06 1.95 April..... 94,274 51,530 46,082 38 45,791 81 11,794 134,010 48.88 48.57 *0.31 May.... 175,239 63,278 80,188 23 82,859 94 51,530 163,491 49.05 50.69 1.64 June..... 63,278 219,545 201,011 81.812 97,209 04 101,822 55 2.30 48.36 50.66 July..... 81.812 129,720 78,034 133,498 42,872 12 42,455 15 54.94 54.39 *0.55 133,498 308, 242 126, 129 315,611 70,867 29 74,376 66 56.19 58.96 2.77 September..... 315,611 238.788 117,472 436, 927 67,128 13 68,707 91 57 - 15 58.49 1.34 October 121,732 51 November..... 436, 927 109,913 208,244 338,596 126,047 25 58.46 60.53 2.07 December..... 338, 596 79.557 124,305 293,848 86,507 32 83,383 15 69.59 67.08 *2:51 10,920 1.490 683 1,207,755 293.848 649,370 01 663,557 08 53.77 54.94 1.17

56

56

194.024 67

1,282 01

844.679 63

224,913 24

889,798 22

1,327 90

58.36

65.41

54.77

67.75

57.70

1948

January

February.....

Total for 14 months 1947 and

1948.....

293,848

56

38,692

1.960

332.484

1.542,199

1,960

^{*} Loss.

J. C. EDWARDS & COMPANY (404 St. Henri St., Montreal, Quebec)

QUANTITIES AND VALUE OF BUTTER—By MONTHS

		Quantities of b	utter—Lbs.		(Dollar value	e (omit cents)		Average per lb	
	On hand at beginning of month	Purchases during month	Sales during month	On hand at end of month	Purchases and production during month	Sales during month	Cost of purchases and production	Selling price	Margin between purchase cost and selling price
1943 Month—					\$	\$	ets.	ets.	cts.
January February March April May June July August September October November December					DO NOT PROVI RES AVAILABLE				
	3,528	968,042	866, 172	105,398	296, 415	300,174	34.25	34.66	0.43
January February March April May June July August September October November December			OUR BOOKS A	ND RECORDS ANNUAL FIGU	DO NOT PROVID	E FOR MONTHL E AND RECOR	Y FIGURES OR DED ON THIS S	STATEMENTS. TATEMENT.	
	105,398	1,439,006	1,442,038	102,366	499,683	508,373	34.65	35.26	0.61
									-

Joseph C. Edwards, of J. C. Edwards and Company, Montreal, called and sworn:

N. Shoofey, Accountant, J. C. Edwards and Company, Montreal, called and sworn:

Mr. Monet: What is your full name? Mr. Edwards: Joseph C. Edwards. Mr. Monet: And your address?

Mr. EDWARDS: 404 St. Henri Street, Montreal.

Mr. Monet: Your present occupation?

Mr. EDWARDS: Merchant.

Mr. Monet: You are conducting business under the name of J. C. Edwards and Company?

Mr. Edwards: That is correct.

Mr. Monet: And the main office of the firm is in Montreal?

Mr. Edwards: Montreal.

Mr. Monet: When was it established?

Mr. Edwards: We registered and started business in 1927.

Mr. Monet: You are doing business alone under that name?

Mr. EDWARDS: Under that name. Mr. Monet: You have no partner?

Mr. Edwards: No partner.

Mr. Monet: It is a private concern?

Mr. Edwards: Sole ownership.

Mr. Monet: I understand you deal in butter and cheese, do you not?

Mr. Edwards: That is correct.

Mr. Monet: You do not manufacture any butter?

Mr. EDWARDS: No, sir.

Mr. Monet: All the butter in which you deal is purchased by you?

Mr. Edwards: Yes.

Mr. Monet: From whom do you purchase your butter?

Mr. Edwards: I will just read this statement to you and it will cover all

I should like to point out that practically all our receipts of butter are sent to us direct by country creameries for which we make a settlement once a week. I may say for the information of the gentlemen of this committee that during the years 1947-1948 under review, we did not buy a single box of butter on the open market. This butter is disposed of to a regular clientele whom we will describe as jobbers, distributors and chain stores, who not only buy for their immediate requirements but also put aside a certain quantity of butter for storage purposes to be used during the non-producing season. I think that describes what you want to know.

Mr. Monet: Exhibit 89 contains the answers to the questions which have been asked of you. On the first page of the statement you have shown the profit and loss position of your butter operations. I understand, Mr. Edwards, you could not supply the members of the committee with all the information required for the years 1939 to 1940. Would you tell the members of the committee why you could not supply that information?

Mr. Edwards: We used to be located at 701 St. Paul Street. There was a fire in an adjoining building. The water seeped through into our basement,

where we had our records, and they were destroyed.

Mr. Monet: Therefore, the only complete information you could supply concerned the years 1946, 1947 and the months of January and February, 1948?

Mr. Edwards: That is correct.

Mr. Monet: Now, coming back to the first page of that statement filed as exhibit 89, Mr. Edwards, I note that for the year 1946 the total number of pounds of butter sold amounted to 1,076,262?

Mr. Edwards: That is correct.

Mr. Monet: Now, coming down to the last figure of that column, the profit before taxes on income amounted to \$2,822.60?

Mr. Edwards: That is correct.

Mr. Monet: For the small average of 0.3 cent a pound?

Mr. Edwards: That is correct.

Mr. Monet: For the year 1947, your total dealings amounted to 1,207,755 pounds of butter, is that correct?

Mr. Edwards: That is correct, sir.

Mr. Monet: And your profit for that year, again before taxes on income amounted to \$8,658.38?

Mr. Edwards: Yes, sir.

Mr. Monet: Your profit per pound was 0.7 cent?

Mr. Edwards: That is correct.

Mr. Monet: Turning to the last column for the two months ended February 27, 1948, that is for January and February of this year?

Mr. Edwards: That is correct, sir.

Mr. Monet: You sold 334,444 pounds of butter?

Mr. Edwards: Yes, sir.

Mr. Monet: And that would be in January and February of 1948?

Mr. Edwards: Yes.

Mr. Monet: Your profit before taxes on income was \$29,230.64?

Mr. Edwards: Yes.

Mr. Monet: Your profit per pound was 8.8 cents?

Mr. Edwards: Yes.

Mr. THATCHER: May I interject a question before you leave that page?

Mr. Monet: Yes.

Mr. Thatcher: Is butter shorter, Mr. Edwards, this year than it was last year, so far as your business is concerned?

Mr. Edwards: No so far as we are concerned. We received more butter this year than last year.

Mr. Thatcher: Is it normal, then, at the end of the year to have a carry-over, a small inventory?

Mr. Edwards: Certainly.

Mr. Thatcher: From this statement on page 1, if I am correct, for the year ending 1947, you had \$169,000 worth of butter as compared with only \$4.000 worth in December of last year, or approximately 40 times as much butter on hand as you had last year at the same time. Now, what would the reason be for that in view of the terrific shortage of butter?

Mr. Edwards: I can give you an explanation of that.

Mr. Monet: I was going to ask that question in another form. If you will refer to page 3 of that statement, the fourth column shows that you had on hand at the end of December, 1946, 10,920 pounds of butter?

Mr. Edwards: That is right.

Mr. Monet: And at the end of December, 1947, you had 293,848 pounds?

Mr. EDWARDS: Yes.

Mr. Monet: Now, I think Mr. Thatcher, this gives the information you were seeking.

Mr. THATCHER: Yes.

Mr. Monet: You referred to it in money and here it is in pounds. Would you give an explanation to the members of the committee for the very substantial difference in the amount of butter on hand at the end of December, 1946, at which time you had only 10,920 pounds, and on hand at the end of December, 1947 when you had 293,848 pounds?

Mr. Edwards: Would you give that?

Mr. Monet: Would you give us your name?

Mr. Shoofey: Mr. Shoofey.

Mr. Monet: What is your first name?

Mr. Shoofey: N.

Mr. Monet: Your address?

Mr. Shoofey: 822 Lagauchetiere Street.

Mr. Monet: And your occupation?

Mr. Shoofey: I am the accountant for the firm.

Mr. Moner: I should like you to give an explanation of it.

Mr. Edwards: Perhaps I can do so. I anticipated this question. The answer is that up to the first or second week of December we had been able to keep our receipts pretty well cleaned up. I think you will be able to see from the report that we actually had less butter on hand in August than in August of the previous year, showing we did not take advantage of the market when it was low to accumulate butter.

Mr. PINARD: In February of 1948, you only had one box of butter.

Mr. Edwards: If you look at 1946-

Mr. THATCHER: You had a little more—

Mr. Edwards: I just stated we had increased receipts. I think those figures will describe to you better than I can tell you in words that we were not hoarding butter when prices were low. We were getting rid of the butter from week to week as it came in. We are only a clearing house for the farmers, or trying to act that way, anyway. We just turn the butter over on a small commission. Up to the end of August we had only a small increase. We did not try to enlarge upon our operations, anyway, when butter was low.

Mr. Thatcher: I follow your reasoning and I am satisfied with it when I look at these figures.

Mr. EDWARDS: All right.

Mr. Lesage: You are acting as a clearing house for the producers?

Mr. Edwards: We act as a clearing house. We get the confidence of a creamery. We give them a fair return. We give them the market price each week. As long as we give them the full price they will keep shipping to us. If we give them a lower price, they will not ship.

Mr. Lesage: Your business is not the same as that of the previous witness?

Mr. EDWARDS: No, not quite the same. I think I had better continue with this statement and then you will get a better picture.

However, just at that time, the production of butter took a sudden jump—we are referring now to the period around the middle of September—due to the

10534-31

almost complete switch from the making of cheese to butter and the consequent higher return the farmer received. This, of course, brought about a substantial increase in our receipts.

Another point contributing to the increase in our stock was the fact that, about this time, a very old and large establishment dealing with butter and cheese by the name of Hodgson Rowsom Limited, a very large firm in Montreal decided to go out of business. Their Quebec country agent, a Mr. Nestor Proulx, who handles the output of several large creameries was automatically forced to link up with some other wholesaler to dispose of his goods. He approached us with a view to taking over his agency. This we did and made an arrangement to receive and pay for this additional butter each week. Somebody had to handle that butter.

Mr. PINARD: What was the name of this firm?

Mr. Edwards: Hodgson Rowson. They are known from coast to coast as one of the biggest firms in the trade. They were taken over by Kraft and Kraft decided not to continue that part of the business.

After these events the market started to show unstability—that is, the switch from cheese to butter. There was more coming in and buying dried up. Whereupon, our clients, the people who take our butter from week to week and put some aside, too, decided that they would not make any new commitments. They decided to use up the stock they had put aside before making further purchases, since the market was high and dangerous. Thereafter, the market slumped from around 60 cents to roughly around 50.

Following the slump, due to press and radio publicity of impending government intervention and price control as well as the prospect of importing New Zealand butter, it was not until late in November that buying was resumed, after production had practically ceased due to the high cost of feed. Even then, our clients would not buy except for current needs and refused to anticipate their winter requirements due to the high level of prices. However they asked us to keep them protected by keeping sufficient butter on hand for the winter trade. We have proof of this by letters which I can submit to you if necessary.

Another point is, of course, we were not rationed this year. There was no question of trying to force a sale or push it on the market for the simple reason we had the privilege of holding in a little extra butter if we wanted to. The previous year, there was a ceiling on the market. There was no chance to get your extra cost out of it. There was not the same impetus to clean up as quickly as possible.

Mr. THATCHER: I think that is clear.

Mr. Monet: From your statement I see that at the end of February, according to page 3, you had 56 pounds of butter on hand?

Mr. Edwards: Just one box.

Mr. Monet: One box of butter?

Mr. Edwards: I kept that for the staff.

Mr. Monet: I suppose it is gone by now?

Mr. EDWARDS: It is gone.

Mr. Monet: Mr. Chairman, in view of the fact the witness is not well, and in view of the fact he has given the information the committee required, so far as I am concerned. I have no more questions.

The Acting Chairman: Is everyone satisfied? Agreed.

That completes the butter enquiry. I wish to thank you, gentlemen, for your tolerance this morning. On behalf of the committee I wish to thank Mr. Monet for the fair, impartial manner in which he has handled this enquiry. I believe I am expressing the opinion of all members of the committee.

Mr. Pinard: I wish to associate myself with those remarks.

Mr. Monet: I thank you very much. I did not expect that. I felt I was just doing my duty.

Mr. Thatcher: Just before we adjourn, would it not be wise to come to our conclusions on this aspect of our inquiry?

The ACTING CHAIRMAN: No, we do that later. I think we will adjourn now until four o'clock at which time we will commence the enquiry into meat.

The committee adjourned until 4.00 p.m.

AFTERNOON SESSION

—The committee resumed at 4.00 p.m. The Hon. Mr. Paul Martin in the chair.

The CHAIRMAN: Order, please gentlemen. Mr. Dyde, are we ready to commence our inquiry into meat?

Mr. Dyde: Yes, Mr. Chairman. I thought there was something I could do to help the members of the committee in connection with the examination into meat and that was, at the opening session, to give you the benefit of certain inquiries which I have made.

Introducing the examination into meat and having in mind the terms of reference of the committee and the desirability of expediting the work of the committee without impairing its thoroughness, I propose with your permission to outline to the committee the plan it is proposed to follow in making this examination.

Members of the committee who are familiar with legal procedure—I know there are a number—will understand me I think when I say that my remarks should be compared to some extent with those of a counsel who is opening his case before a court. I am not attempting to give evidence. On the other hand in preparing for the examination into meat my preliminary inquiries have ranged over a rather wide field including the reading of some hundreds of documents and the interviewing of numerous government officials as well as persons in the meat business.

The material turned up in this way obviously required examination, selection, organization, and a decision as to what portions of it should be brought to the committee's attention. I propose, therefore, as briefly as possible, to give the committee the benefit of the preliminary inquiries conducted by the committee's secretariat, its accountant and counsel. It should be understood again, however, that in so far as evidence is concerned, I am not trying to hold myself out as a witness, and that if any member of the committee feels after hearing me that there is some matter on which evidence is particularly required by way of explanation or otherwise, other than from the witnesses whom I propose to call, I shall be only too happy to have such help and guidance.

Mr. Thatcher: If Mr. Dyde is going to be some time, perhaps he would like to sit down.

Mr. Dyde: Actually, I prefer to stand; I will sit down later.

The members of the committee, through the efforts of the secretariat, assisted by numerous government officials, have each been provided with a folder

containing reference material. I shall go over that material with you but my purpose in supplying it is threefold: namely (a) to provide the means to the members of the committee of doing some home study, if time can be found for work of that nature, and (b) to assist members of the committee in directing questions to the witnesses who will appear, and (c) to obviate the necessity of calling a multitude of witnesses and thus shorten the time of the committee's examination.

Very early in my preliminary inquiry I found that statistics indicated that Canadians as a people consume more beef than any other meat. Pork appears as a good second, and the rest are nowhere. In 1946 the per capita consumption of beef among Canadians was more than 67 pounds. In the same year we consumed over 51 pounds of pork per capita. In the same period we consumed only a little over 10 pounds per person of veal and a little under 5 pounds per person of lamb and mutton. This appears in a document prepared by the Dominion Bureau of Statistics which is lettered "A" in your reference material, and which I now propose to have made an exhibit. I have lost track of the exhibit numbers, but I understand this will become Exhibit 90.

EXHIBIT No. 90: Meat Statistics 1940-1946, prepared by agricultural division, Dominion Bureau of Statistics.

(At this point Mr. McCubbin assumed the chair).

Mr. Dyde: In connection with that exhibit, there are one or two peculiarities to which I, perhaps, might call your attention. On the first page, you will note there is a column headed, "Stocks used by non-civilians", and that column was, of course, important during the war. It has become progressively less important. It might, perhaps, have been removed from the item altogether except that it shows rather interestingly, that the army, navy and air force consumption of beef, as probably you all know, was very high.

In any event, the consumption by non-civilians in 1945 was 65,000,000 pounds, at a time when, I think I can say from my own knowledge, there were certainly less than a million soldiers, sailors and air men in uniform.

The rest of the document, I think, does not need any particular comment from me at the present time. I think we might pass on, although you will have reason to refer to that again.

The committee may also be interested in figures that I have seen indicating that in the United States in the year ending June 30, 1947, the consumption of pork exceeded the consumption of beef and veal combined. There was a consumption, actually, of 9,860,000,000 pounds of pork as against 9,779,000,000 pounds of beef and veal together.

Incidentally, the committee may be interested in some further figures on the United States. In a book entitled, "America's Needs and Resources", a Twentieth Century Fund Survey, published in 1947, at page 600, there is a table showing per capita food consumption in 1909 as compared to 1939.

This table is of considerable interest. It shows that in that decade the consumption in the United States of cereals fell very definitely. The consumption of beef and veal fell from 81 pounds per capita to 61 pounds per capita for that ten-year period. The consumption of pork fell from 67 pounds to 64 pounds per capita. To make up for it, American citizens consumed much more milk and cream, much more of the other manufactured dairy products with a milk equivalent; much more citrus fruits and fewer apples; considerably more canned and dried fruit and fruit juices; very much less in the way of potatoes and much more in the way of other vegetables. Sugar consumption also went up materially during that time.

There is a small paragraph in this book which I might perhaps read into the record because it is of interest to us purely as a comparative matter. Perhaps I put it in disjointedly here, although I think you will see my reason for putting it in in that manner. At page 617 there is this paragraph:

In view of the declining proportion of the one and two year olds in the beef cattle population, it may be expected that the numbers on farms and beef production will continue to decline on a per capita basis as beef continues to be displaced in the national diet by other sources

of protein and fat.

For the reasons outlined above, I decided that unless and until further information reveals that we ought to widen the scope of our examination, it would be proper for the committee to direct its attention chiefly to beef and pork. And I now divide my subject for a few minutes into some paragraphs

dealing with beef followed by some paragraphs dealing with pork.

I now draw attention to further reference material respecting beef. You have in your folders a booklet issued by The Wartime Prices and Trade Board, undated, entitled "Canadian Standard Methods of Cutting Beef". It is lettered "B" in your folder. Tucked inside the booklet is a rather large chart called "Retail Beef Chart". It is not necessary I think to have either of these produced as exhibits in view of the fact that a later document which I propose to make an exhibit will contain much of the same material. Before I finish I will refer to this booklet and the chart in further detail.

I might, perhaps, say to you that this was set as a standard when The Wartime Prices and Trade Board were working up ceiling prices. I should like to call your attention particularly to the way a hind quarter of beef was cut up. You will note, for instance, on page 6 of the booklet, the last note on the page,

this hind weighed 132 pounds or 46.3 per cent of the side.

Throughout the booklet from there on you will find that as a piece of meat is cut up, the actual weights of the various component parts and the percentage of the side are mentioned as each cut is identified. As I say, I will return to that book again, although I think you will find it interesting to look at it and see the way the standard method of cutting beef was worked out by The Wartime Prices and Trade Board.

You will find also in your reference material, lettered "C" a coloured beef chart issued by the marketing service of the Department of Agriculture. This shows the principal cuts of meat in a side of beef. This is additional information and does not need to be exhibited. It gives you in perhaps slightly more beautifully coloured form, the information you obtained in the booklet

lettered "B".

Next you will find lettered "D" in your folders, WPTB Order No. A-2032, an order respecting beef. With regard to this order I must give you a little history, for which I am indebted to the officials of The Wartime Prices and Trade Board.

The over-all ceiling policy on beef became effective under order in council PC 8528, December 1, 1941, and at that time sellers were required to sell at prices not in excess of those established by them during the basic period of September 15 to October 11, 1941. Then, succeeding orders following that dealt, first, with beef. On January 1, 1942, order number 134, divided Canada into zones for the purpose of meat price control. Maximum prices were fixed for each zone in relation to the basic period price and having in mind freight differentials.

Then, in 1942, cattle prices which usually reach a high point in June were fixed so as to allow for the seasonal variation.

An order of October 13, 1942, order No. 194, continued the seasonal variations and recognized five qualities of beef. I am not giving you those

qualities at the moment because they change somewhat, but I should like to call your attention to a very important part of order No. 194. It said that the retailer was required to adjust his ceiling price so that the average mark-up did not exceed 7 cents per pound.

In August, 1943, by order No. 307, standard cutting of all beef was

In August, 1943, by order No. 307, standard cutting of all beef was required by retailers and maximum prices for all standard retail cuts were fixed. These maximum retail prices were based on a mark-up of 264 per cent

on the selling price.

On the 3rd of March, 1947, by a later order, increases of 2 cents a pound were authorized in the carcass price of red and blue brand beef and beef of commercial quality. Then, on October 22, 1947, ceiling prices on beef were suspended.

For the record, I think I should here give all the order numbers respecting

beef, although I do not believe we need to go into them all.

Mr. Thatcher: Excuse me, is that information in "D"?

Mr. Dyde: I was giving the history leading up to the document lettered "D". I will give you a list of them. The orders on beef were those of June 1, 1942, 134; June 27, order 149; October 13, 1942, order 194; March 25, 1943, order 252; August 30, 1943, order 307; June 5, 1944, order 397; March 27, 1946, order 635; July 22, 1946, order A-2032; and March 3, 1947, order A-2294.

I have already called your attention to the fact that the Wartime Prices and Trade Board divide Canada into zones, and that the prices as fixed vary from zone to zone. You will find in your folders as document lettered "E" reproductions of the map of Canada showing the 15 zones into which Canada was divided. I do not think we need to exhibit the document as the geographical description of the zones are actually included in order A-2032, which will be exhibited in a moment.

Refering again to order No. A-2032 which is document "D" in your reference material. I have had them consolidated by stapling the amending order to it and you will find I have crossed out the schedules which have been amended, using a blue pencil. The amended schedules appear in the appended order, and they should be used rather than those which are struck out in blue pencil. That document, Mr. Chairman, is of sufficient importance I think to have it exhibited, because I am sure that there will be further reference to a number of matters in that particular order, I would like to have it exhibited as Exhibit No. 91.

EXHIBIT 91: Administrator's order A-2032.

Mr. Thatcher: I am not just clear on this now. Is this A-2032 amended by the one which you have attached to it, A-2291?

Mr. Dyde: A-2291, amends order A-2032, only in this respect, in the order A-2032, I have had crossed out in blue pencil the schedules which are amended.

Mr. Thatcher: I do not want to appear stupid in this, but we can use the amended one as being the up to date one?

Mr. Dyde: The amended one is the important one.

Mr. THATCHER: That is the first one?

Mr. Dyde: Yes; or, it is the last one which was in existence when decontrol occurred.

Then you will find in your reference material as document lettered "F" a document entitled "Meat costing". Now, this is a sample only and was made up merely for background information. I expect that actual methods of meat costing in use by individual witnesses will be produced later, and I do not

think it desirable at present to go over this in detail. I will have some remarks to make about it before I sit down, but for the meantime at least I would ask you simply to keep that among your papers and allow me to pass on.

ask you simply to keep that among your papers and allow me to pass on.

Then, as document lettered "G" in the reference material you will find some pages from the May, 1936, issue of the C.S.T.A. Review (Canadian Society of Technical Agriculturists). It will not be necessary that this be made an exhibit I think, and I have added it purely as information. We will have some need however, to refer to the Wiltshire side and it might be well for me to put on the record a definition. I am informed that a Wiltshire side is one-half a hog carcass with the head off, the feet and shanks removed, and the tenderloin, spare ribs and leaf lard out. I am informed further that a hog carcass which weighs say 200 pounds is reduced to about 155 pounds by the removal of offal, etc., and is reduced to about 120 pounds when made into two Wiltshire sides. The Wiltshire side therefore weighs about 60 pounds.

The next document lettered "H" in your reference material is the pork

order of W.P.T.B. No. A-2211 dated January 10, 1947-

I am reminded that I should refer to these orders as administrators orders, but you will note here as in the above order it is called "administrator's order"

at the top of the page.

The order A-2211 was amended by increasing the ceilings of order No. A-2428, which became effective September 1, 1947. The order in the meantime I think should be exhibited as Exhibit 92.

EXHIBIT 92: Administrator's order A-2211.

For purposes of the record I would like to refer again to the fact that the meat costing document refers to pork as well as to beef, and the pork costing is in the second part of the document.

There is some further general material in your folders:

You will find as document "I" of your reference material, a booklet issued by the Dominion Bureau of Statistics entitled "Slaughtering and meat packing and sausage and sausage casings, 1945". I think this will not need to be an exhibit.

I then make reference to the Live Stock and Live Stock Products Act 1939 and regulations issued thereunder. These are respectively documents "J" and "K" in your folders, I think there is no need to make an exhibit of these.

Then there are two orders in council. The first, lettered "L" is P.C. 3851, establishing regulations respecting the grading and branding of beef and the second lettered "M" is P.C. 5329, establishing regulations respecting the grading and export of bacon. I think that for the present at least, it is not necessary to make exhibits of these. You will note however that P.C. 5329, includes requirements for Whiltshire side.

I have not supplied you with copies of another statute but for the purposes of record I refer to it here. It is The Agricultural Prices Support Act 1914, being

chapter 29 of 8 George VI.

I now come to matters more directly affecting prices. Document lettered "N" is a chart of prices showing in a graph the comparative prices on the Toronto and Chicago markets for cattle and hogs. This, as appears from a footnote, was prepared by the secretariat and I think should be exhibited as exhibit 93. It can be a folded page in the printed record as was done in the case of an earlier exhibit of a similar nature. Incidentally this chart shows the prices which the Canadian producer is not getting, as there is no export to the United States from Canada.

The document needs some explanation. Canadian and American marketing methods differ. Hogs are bought alive by weight in Chicago, and by grade, slaughtered and dressed, in Canada. We have already been informed that a 200 pound hog dresses to about 155 pounds. You will note that in order to get

uniformity the Toronto figure has been expressed on a live basis by converting from a dressed basis on a 75 per cent dressing out. The chart therefore gives a fair comparison of prices.

The Acting Chairman: What do you mean by 75 per cent dressing out? Mr. Dyde: That is a term I find used in transferring from live to dressed prices, from the price of the live hog to the price of the hog dressed out.

The ACTING CHAIRMAN: That is right.

Mr. Lesage: In other words, that is the yield?

Mr. Dyde: Yes.

For your convenience document lettered "O" has been extracted from Appendix 1, of the committee's minutes. The document is simply reproductions of pages 17 and 18, of that appendix and shows the wholesale price index numbers of meat products. There is therefore no necessity of our having it put in as an exhibit.

Document lettered "P" is important. It is a consolidated statement partly from W.P.T.B. sources and partly from Department of Agriculture sources. It should be exhibited as exhibit 94.

EXHIBIT 94: Document "P", consolidated statement.

Now, gentlemen, we will have I think continual reference with this exhibit and I am going to take a little time to go over it with you because it is one of the most important documents that I can put into your hands at this stage and I would like you to be sure of seeing what we did. The first page of exhibit 94, is the wholesale beef price as compared with the former ceiling price, and you will note that we have chosen certain centres in Canada; namely, Toronto, Montreal, Winnipeg, Edmonton and Vancouver. The decision as to the centres chosen was made in this way. We examined the live-stock review for a typical week. In the week of January 17, 1948, the sales at public stockyards were for cattle-Toronto 7,444 head, Montreal (east and west) 1,651, Winnipeg 8,047, Calgary 4,416 and Edmonton 3,497. Saskatoon sold just over 1,000 head and no other place in Canada showed more than 500. For the same week hog sales were Toronto 3,010, Montreal (east and west) 6,542, Winnipeg 3,960, Calgary 3,206 and Edmonton 4,045. No other centre in Canada reached 900 head. Vancouver was added because it is a large wholesale and consuming centre. Furthermore, when it came to other prices such as for wholesale and retail cuts, we found that we could get the most representative average of prices in these centres. When it came to a choice between Calgary and Edmonton, there was little to choose. Calgary is slightly larger as a beef centre, Edmonton as a hog centre. The fact that we could get a better picture of other prices in Edmonton was the determining factor in our choice.

With that in mind I call your attention to the footnote at the bottom of the first page of Exhibit 94, where I have attempted to show you how these prices were obtained. The regional offices of the Wartime Prices and Trade Board made a weekly survey of these prices, and the instructions which were given to the regional offices was to cover a representative sample of independent chain stores for retail prices. The wholesale survey include large and small operators. There are 10 or more retail prices in the average for each city but the number of wholesale prices runs from 4 to 6, depending on the number of packers in a

particular city.

Now, I have this remark to make. I do not believe we could have got this evidence in the ordinary course of our inquiry as a committee without calling a multitude of witnesses, and the information that you will get from these pages which have been prepared for us from these two sources which I have mentioned will, I am sure, be extremely useful.

Mr. THATCHER: When did the ceiling come off, in May?

Mr. Dyde: I said a few minutes ago that it was October 22, 1947.

Mr. Thatcher: October 22, and there is no ceiling whatever at the present time?

Mr. DYDE: No.

Mr. THATCHER: Thank you.

Mr. Fleming: Are these to be put into the minutes, Mr. Chairman?

Mr. Dyde: Might I get that settled? I am hoping, Mr. Chairman, that you would find it convenient to print the book today with my remarks and these printed in the same book. I think you will find it useful to have them in the same book.

Mr. Fleming: Would these go in as an appendix to today's proceedings, or would they be included in the record where they come in your remarks?

Mr. Dyde: I was thinking that they might appear as an appendix to today's proceedings.

Mr. Winters: Before we leave this exhibit 94, I wonder if you would explain how we are to interpret these headings?

Mr. Dyde: They are the brands. The red is the best brand of beef; common is commercial; and cow is—I think that perhaps that needs no explanation.

Mr. Fleming: That is the kind we get.

Mr. Dyde: You will find on some of your documents that there are a number of brands, Mr. Winters; red being the top, blue the next to red. You will find that there are other brands. Oddly enough the brands are not uniform throughout the government departments. The Department of Agriculture uses other brands than red and blue. They use "A", "B", "C" and so on; and as these price controls come from the Wartime Prices and Trade Board and as they use red brand, blue brand, and so on, I think it would be preferable to have the brands entered

in this way

Now, I might perhaps point out one or two things on the first page of this exhibit before I leave it. Under the heading "Toronto", and under the word "red", you find 25.00. That, of course, is 25 cents per pound, and was the former ceiling so that all the figures down that column are cents per pound. And you will notice as you run your eye down the column under "Toronto red" that you will read figures—25, October 27. After decontrol you have 25.50, 25½ cents as it is written; 26, on November 6; 26.25 on November 13; then it dropped to 26, on November 20; 26, on November 27; and then you find a rise on January 8, where you had 28.50. And if you will run your eye down to the bottom of the column you will find that on March 16, it was back again at 28.50. If you run down the red columns for yourselves in each case you will find what happened to the wholesale beef prices over the period from decontrol until the latest date to which this table goes. Then if you will turn to the second page of this you will find—

Mr. Winters: Before we go on I wonder if you have had enough information to show what correlation there is between the prices in Halifax and Montreal since you have had no maritime centre shown here.

Mr. Dyde: I think I have not at the moment sufficient information, although I may be able to get it. I certainly will have further information with regard to some of the other prices at any rate.

Mr. WINTERS: I do not think we should overlook it.

Mr. Dyde: The second page of this exhibit 94 is a comparison of the prices of selected red brand beef cuts at retail compared with the former ceilings, and the figures throughout are in cents per pound. If you are interested in one or other of the cities which are named there you will find exactly what the price of sirloin steak did between October 30 and March 16. If you are interested in hamburger you turn your eye to the right hand column of that page.

There is one item that perhaps I might point out, and that is that on the 26th day of January under Montreal and under sirloin steak you find the highest price, 61. The third page of the exhibit is simply page 2 of the same comparison run over to include Vancouver. The fourth page of the exhibit is also an important page. I should like you to note the prices here are dollars per hundredweight for butcher steers at Toronto, and I call your attention to the figure at the top right hand corner of the page under 1941 which is \$8.37. That is where butcher steers started out in January, 1941. Then if you will run your eye over to the left hand column of figures below 1947 and down to October you will find in the month of dcontrol that the price had gone to \$13.70. That figure is some way down the column under 1947. That again was the month of decontrol.

Mr. Fleming: That is for 112 pounds?

Mr. Dyde: For 100 pounds.

Mr. Fleming: A hundredweight or 100 pounds?

Mr. Dyde: It is per hundredweight.

Mr. Fleming: A hundredweight is 112 pounds. The Acting Chairman: No, no, these are live.

Mr. Fleming: It is only when dead you quote them that way.

The Acting Chairman: That is long hundreds.

Mr. HARKNESS: Live stock figures are always quoted so much a hundred pounds live weight.

Mr. Dyde: Then I call your attention there to the figures of January and February, 1948, where we have another increase to \$15.21 in January and \$15.25 in February of 1948.

The fifth page of the exhibit is pork prices, and this is a comparison of wholesale pork prices with retail prices. You use this page of the exhibit in the same way as the previous page in regard to beef. You start with the ceiling price say under the heading "Toronto" at 25.75 cents per pound and you run down that column to January 8, 1948, where you find it is 34.75 cents per pound, and the end of the column where it becomes 34 cents per pound.

The next page is a comparison of wholesale and retail prices of pork products with the former ceiling prices. This page, gentlemen, will also repay some study on your part. These prices are in cents per pound. If I may again look at Montreal rather than the others for a moment I should like you to note, for example, that as to fresh loins which is the left hand two columns—and the "W" stands for wholesale and "R" stands for retail—the former ceiling on fresh loins in Montreal was 35 cents wholesale and 48 cents retail. You see a drop below 35 cents for a time after decontrol and then a rise to 39, 37, 37½, 39, and finally to 41. You can also compare that with the retail price which is in the adjoining column. If you were to go through the columns—and I think perhaps I will not ask you to do this yourselves because I think it is part of the work we should do—you would find some very interesting figures with regard to the margins and changes in margin. I hope to have a more complete picture of that for you, but in the meantime I think you could well compare what happened to wholesale and retail prices of these various articles and the margins in these various centres.

I have got to make a correction on the sixth page, the page we were at. Would you mind following down the left hand series of dates under Montreal? The first phrase is "Former ceiling". Then there is October 30, 1947, November 13, and the next date should be December 9, and not December 6.

Mr. IRVINE: December 9th.

Mr. Dyde: It should be December 9th and not December 6th. On the page immediately following that which carries Vancouver only in pork I have

got two corrections to make in the dates. You will note the former ceiling, October 30, November 13, and then November 9. That should be December 9. Then would you also look at Vancouver side bacon prices, and take your eye down wholesale prices starting with $49\frac{1}{4}$ at the top. You will find it goes to $54\frac{3}{4}$, $54\frac{3}{4}$ and then $34\frac{1}{2}$. That should be $54\frac{1}{2}$.

Mr. IRVINE: There are two $54\frac{3}{4}$ there. Which is it?

Mr. Dyde: The 34½ should be 54½. It never got down to 34½. Then on the last page I have given you there the monthly average price per hundredweight of the B-1 dressed hogs at Toronto, and I call attention again to the top right hand figure under 1941 showing \$11.08 at January, 1941; then to the figure for October, 1947 in the left hand column which becomes \$22.09 to the time of decontrol, and then to the figure of \$28.10 in January, 1948. I considered that those figures were so important to you that you should have as much help as possible in following them, and as I have already said I will be giving you further information with regard to that exhibit.

Mr. Thatcher: May I interject again? There is an awful mass of figures there. Would you have an approximate figure or a close figure as to what the average increase on beef has been from October 22 to the present time, or the average price increase on hogs?

Mr. Dyde: I have not got that figure in that way. I do not want to put a wrong answer on the record or an inaccurate answer, but I will endeavour to do something to assist you in that respect. I am bound to say I thought this was the easiest way to get it before you, that this would give it to you better than the percentage way. However, if you would like to have it done by way of percentage we will endeavour to see what we can do.

Mr. Harkness: Such a figure would not have much significance unless you relate to it the change in the British contracts for beef and bacon which caused this large rise which you notice on the last page as far as hogs from \$22.78 in December to \$28.10 in January. That took place over night due to the effect of the new British bacon contract. The same thing occurred, but to a much lesser extent, as far as beef.

Mr. Thatcher: We could relate that but I should like to have that information as to what the average increase is between October 22 and the present date.

Mr. Harkness: I cannot see where it would be much good. The average increase up to the end of the year and then the increase which was brought about by the effect of the British contract would be of some value, but otherwise I do not think it would mean anything.

Mr. THATCHER: I think I could make it mean something.

Mr. HARKNESS: My point is it would only mean something that would be misinforming to the general public.

Mr. Dyde: The document which is lettered "Q" in your folders is a series of charts which was prepared by the secretariat to indicate the price rise over a period. I do not propose to stop at the moment to talk about this except to make one remark, and that is you will find some of these lines are broken lines, lines with a gap. The lines with a gap simply mean that for certain periods it was difficult to find an accurate quotation, but it gives you an impression which I think perhaps is easier to follow than simply figures, in some respects. I think we should exhibit those, Mr. Chairman, if we may. They can again be a folded page. That will be Exhibit 95.

Mr. Fleming: "Q"?

Mr. Dyde: "Q" is Exhibit 95.

EXHIBIT No. 95: Series of charts indicating price rise.

Mr. Dyde: The document lettered "R" is short and I think is worth exhibiting. It is taken directly from the Department of Agriculture Live Stock Review and is a summary of average prices of beef and pork in various markets across Canada. There are two pages. One is beef and one is pork. That will be Exhibit 96.

EXHIBIT No. 96: Summary of average prices of beef and pork.

The document lettered "S" is also taken from the same source and is a record of inspected slaughterings of live stock week by week from August, 1947, to March, 1948, and I think should be an exhibit. It will be Exhibit 97.

EXHIBIT No. 97: Record of inspected slaughterings of live stock.

The document lettered "T" is a record of millfeed prices from the same source. I think I will have to make a remark here, that when I showed this to one expert he told me that his idea of millfeed was that they comprised bran, shorts and middlings, and he called the other things feed grains. My only reply is, this is an exact copy of the way it appears in the Department of Agriculture Live Stock Review, and is simply picked out for your benefit.

Mr. THATCHER: Can you tell me if the ceilings came off these things after October 11?

Mr. Dyde: October 22.

Mr. THATCHER: Off these as well as live stock?

Mr. Dyde: Yes.

Mr. WINTERS: Where are these prices quoted, Winnipeg?

Mr. Dyde: I may have to take a minute to answer that.

Mr. Winters: You can answer later on.

Mr. Dyde: I think I am right in saying it is Ontario, but I should like to make sure of that because we might as well have it on the record. Yes, those prices are prices quoted for Ontario cities, Chatham, London, Woodstock, Toronto, Belleville, Kingston and Ottawa. The prices as you go further east are higher.

Mr. Winters: That is right. That is what I was concerned about. I think we should have some information sooner or later on the prices in Halifax because that is particularly important.

The Acting Chairman: It was our intention, was it not, to investigate the prices of these feeds?

Mr. Winters: Yes.

Mr. Dyde: We are not doing feeds at the minute, although I am bound to give you this information with regard to our present study.

Mr. Winters: It is a determining factor on whether or not we get beef in the maritimes?

Mr. Dyde: If you would care to have me put on the record right now some prices for Halifax I shall be glad to do it.

Mr. WINTERS: Either now or later I should like to have it.

Mr. Dyde: Perhaps it would be better if I did it later so as not to confuse it too much. Then there is a document lettered "U"—

Mr. IRVINE: This other one is not an exhibit?

Mr. Dyde: Oh, I beg your pardon. I want to exhibit the document lettered "T" as Exhibit 98.

EXHIBIT No. 98: Record of millfeed prices.

Then the document lettered "U" is statistical material furnished by the Department of Agriculture. I call attention particularly to the first page under the cover which shows the new 1948 United Kingdom prices on beef and pork. I am informed by the Department of Agriculture those prices became effective on January 5, 1948.

Mr. Fleming: I do not want to interrupt the continuity but I have just one question by way of explanation of Exhibit 98. What was the date on which the subsidy on feed grains came off?

Mr. Dyde: October 22, 1947.

Mr. Fleming: October 22—the big jump in some of these items is between October 11 and 18.

Mr. Lesage: Only for bran and shorts.

Mr. Fleming: And you will find barley and middlings go up between October 18 and 25.

Mr. Lesage: But not for the first three columns.

Mr. Dyde: I shall make some inquiry about that, I am not sure.

In connection with the document lettered "W" I propose that should be exhibit 99. Now, on the first page under the cover of that document there are a couple of comparative prices to which I think, perhaps, I might draw your attention. In the upper portion of the page where we are dealing with beef, you have the comparative prices, 1947, \$24.25 and the price in 1948 of \$27.50. Then, down at the bottom of that page, under pork prices you have the 1947 price of \$27 and the 1948 price of \$36.

EXHIBIT No. 99—Statistical material on meat.

I now come to a somewhat difficult matter. One of the commonest questions that arises is—what happens to the consumer's dollar when he purchases meat? When I began to look into this question I was told by most of the experts to whom I spoke that one could not arrive at an answer. I was told that cost accounting in the meat industry was an extremely complicated and difficult subject, and that by reason of all the matters affecting costs it would never be possible to tell a consumer purchasing meat how much of his dollar finds its way to the farmer, nor conversely to tell a farmer how much of the retail price of meat he gets and how much is retained by the people who handle the meat between him and the consumer.

I have, however, embarked on this exercise although admittedly I have confined myself to beef, and I have confined myself to beef under price control. As I worked my way around in it I came to the conclusion that I was more than a little ambitious in attempting it, and yet it seemed to me that it would be possible to reach at least a reasonable approximation. I hope that there will be a few members of the committee sufficiently interested in this exercise to give their assistance and it is possible that by the time we have finished our examination, we will be able to record at least a partial answer.

To introduce the matter I have prepared some documents which are in your folder: These I think should not be exhibited at least until members of the committee have had a chance to examine them, and until we have heard from some of the witnesses.

Document "V" is an analysis of the evidence of a witness who gave evidence in 1934 before the Special Committee on Price Spreads and Mass Buying. He attempted to follow a steer through the St. Boniface market in the autumn of 1933.

Document "W" is a series of documents prepared by myself and hence require the closest scrutiny. And here I would like to say a word to the press, if I may. I have no objection to the press representatives having copies of this document. It may well be that we might get some valuable suggestions from them. I would ask the press, however, to be kind enough to refrain from quoting this document as evidence or as in any way being authentic. You will understand that it may be wrong and it would be unfair to the meat industry and the producers if it were quoted publicly until in some way or other it has been verified.

My experience on document "W" is one in which I took a 1,000 lb. steer and followed it from the farmer through the packing house and the retailer to the consumer. The first page shows how I did this. Then on the second page I worked backwards through the same figures by starting with a consumer who on October 22, 1947 bought a pound of porterhouse steak.

I should like to go over these documents with you, but I should prefer that we do it by way of an adjournment to an executive session rather than put it on the record. When I am finished with my remarks, I am going to suggest I go over it with you in an executive session because, as I say, I cannot produce these documents as exhibits until there has been some verification. However, I should like to take you over the document.

I have also been supplied—I am leaving document "W" for the moment—with a booklet of which, unfortunately, I have been unable to obtain additional copies in time. It is Technical Bulletin No. 932 dated January, 1947, entitled "Marketing Margins and Costs for Livestock and Meat" by Knute Bjorka, Agricultural Economist, Bureau of Agricultural Economics, and published by the United States Department of Agriculture, Washington, D.C.

There is so much useful information in this book that I feel I should read extracts into the record. You will, of course, remember that it is applicable to the United States.

The problem of dividing the consumer's dollar spent for meat into the proportions that go for performing the functions of marketing livestock, meat packing, wholesaling, and retailing involves innumerable complications. The livestock sold by a farmer is a different commodity from the meat bought by a consumer. Slaughtering yields a carcass that weighs considerably less than the weight of the live animal. The processing generally also reduces the weight of meat, although in some cases the weight is increased. The animal when slaughtered yields many by-products, both edible and inedible. Some of these are processed by the concern that slaughters, and others are sold in the raw state to other processors. The edible by-products are mostly marketed through the same channels as the meat, but the inedible by-products usually are sold through other channels. Important inedible by-products are hides, pelts, grease, pharmaceuticals, and materials for the manufacture of animal feeds and fertilizers.

The carcass decreases further in weight when it is cut up for the retail trade, owing to loss of moisture and to normal cutting losses, trimming, and boning. The different retail cuts vary widely in value. Some trimmings such as tallow, tendons, and bones resulting from boning are inedible and

of low value All this greatly complicates the pricing of meat.

Meat from animals of different species are in some respects dissimilar. The animals tend to vary in dressing yield, the carcasses may be cut differently, the extent to which meat is processed and the kind of processing done may be different, and the byproducts have different values. A considerable part of the pork carcass is cured and smoked, whereas carcasses of beef, veal and lamb are mostly sold fresh. More beef than other meat is boned. Packers make hamburger, various kinds of sausage, and other prepared meats. Some processing and fabrication of cuts of meat also are done by other wholesalers and retailers.

Packers also process and handle products other than meat, such as lard, butter, cheese, poultry, eggs, fish, and other seafood. Then, too, all the meat produced from slaughter at packing plants is not distributed to consumers through retail stores. Some is sold at wholesale to hotels, restaurants, institutions and steamship companies, either by the packers or by other wholesaling agencies. Some is sold by packers in relatively large lots to concerns that manufacture sausage and other prepared meats but that do no slanghtering. Much of the meat retailed is sold through combination meat and grocery stores which handle innumerable other products. Even in regular meat markets, such products as poultry, fish, other seafood, butter and cheese are generally sold.

With a problem as complex as this it is obvious that the margins for the various marketing and processing functions cannot be determined with mathematical precision. The detailed data pertaining to the various phases of the problem are limited both in amount and in their refinement. All that can be hoped for in a study of this kind is to bring together the best available information on the subject, and to determine average margins and costs. The margins derived should be considered approximate; therefore they have their limitations. But for practical purposes they should be useful as general indicators of the relative size of the margins taken for performing the various functions of marketing and processing livestock and meat.

Further, on page 9 and following pages I read these extracts:

Normally, the spread between farm value of livestock and the retail value of meat, expressed in cents per pound, tends to be wide when prices are high and narrow when prices are low. The livestock producer tends to get not only lower prices per pound when the level of prices is low, but he generally gets a smaller percentage share of the price consumers pay for meat. In the two depression periods, the early 1920's and the early 1930's, the percentage spread between the farm price of livestock and the retail price of meat was relatively high, and the farmer's share relatively low. On the other hand, during the periods following these depressions, when prices were considerably higher, the percentage spread between farm and retail prices was smaller and the proportion received by farmers was relatively large.

Then later in the pamphlet the author goes on to discuss the distribution of the margin on various bases and he gives, in the book, three charts which I have reproduced in a document in your folder. I think this document might well be exhibited so my remarks can be referred to that document. Again, it can be a folded page and should be exhibit 100.

Mr. Fleming: Just a word there, Mr. Chairman; I am sure Mr. Dyde has given thought to this question, but this relates, purely and simply, to the United States. Does he feel it should be marked as an exhibit here? Are we going to have any information to establish the relevancy of a document of this kind for our purposes in determining the reason for the price rise in Canada?

Mr. Dyde: No, it is immaterial to me. I thought it would be easier to have it as an appendix so the remarks could be followed. If you do not wish that, I do not care.

Mr. Fleming: Will you be coming back to this later or is it apposite to the remarks you are making now?

Mr. Dyde: It is apposite to what happened to the consumer's dollar in Canada.

Mr. Fleming: If it is of any help, I am sure we want it. I am wondering whether it is close enough in point of date or geography to be really relative to our inquiry? What happened eight years ago in the United States could be a very unreliable indication of what has happened in Canada in the year 1947 or 1948.

Mr. PINARD: There would have to be a distinction made, of course.

Mr. Winters: It gives us a representative yardstick.

Mr. Dyde: It is only given for what it is worth. I do not feel very strongly about it, one way or the other.

Mr. Fleming: The only question is whether it should be printed in the appendix to the proceedings.

Mr. Lesage: I do not see why not.

The ACTING CHAIRMAN: It is up to the committee.

Mr. Fleming: If we are coming back to it or using it as a basis of comparison later on, we will probably have to have it marked. If it is not going to be referred to later on, but left here, I question the need for marking it as an exhibit.

Mr. Irvine: Using it for what it is, is there any reason why it should not be an exhibit?

Mr. Fleming: It turns on that expression, "Using it for what it is"; if we are not going to use it, I am wondering if it should go in at all.

Mr. Dyde: We are not going to use it. It was brought forward purely as a matter of help to you gentlemen. If you would just as soon have it in your folders and not exhibit it, it does not matter to me.

Mr. Pinard: I think we should follow counsel's opinion on this. He seems to think it could be part of the evidence.

Mr. Fleming: He says it does not matter.

Mr. Lesage: Mr. Fleming has not convinced me.

Mr. Fleming: That might be a superhuman task. If Mr. Dyde is not coming back to it, I do not see any point in having it marked as an exhibit, or having it reproduced in the proceedings. There are a number of these documents which are not being reproduced. What I am concerned about is the reliance to be placed upon this at some time or other, and its relevance being established This relates to another country nine years ago. If it is not going to be made the subject of further reference to Mr. Dyde, I think we had better leave it in the folder and not print it.

Mr. Dyde: I proposed to read out of this document partly because I thought it would help you gentlemen. I was going to read some of the remarks of this writer as to the way in which he arrived at the results he obtained. I thought it would help the committee in arriving at the results the committee wishes to get.

Mr. Pinard: In other words, this gentleman's remarks might very well apply to Canada and many other countries, generally.

Mr. Fleming: The trouble is that Mr. Pinard is already drawing an inference that this, in effect, is applicable to Canada. We have not any proof of it.

Mr. Pinard: It might be generally applicable without being directly applicable.

Mr. Fleming: We would have to have evidence on it.

The ACTING CHAIRMAN: What is your pleasure? We should settle the matter.

Mr. Fleming: Leave it in the folder.

Mr. IRVINE: I should like Mr. Fleming to state his point again. I think there is something in it and Mr. Thatcher was not in the room when he made his objection.

Mr. WINTERS: Let us put it in and get on with the proceedings.

The Acting Chairman: Are you in favour of putting it in as an exhibit in the manner counsel wishes?

Mr. Fleming: He says it does not matter. I do not think it should go in unless its relevancy is established. Otherwise, someone is going to start arguing about it and making an assumption about it just as Mr. Pinard made an assumption a moment ago.

Mr. IRVINE: I think when counsel refuses to put in his own bright study as an exhibit until such time as evidence warrants it, there is some point in Mr. Fleming's objection to this.

Mr. Merritt: I note that counsel, in his exercise, arrives at a slightly different percentage conclusion from the text.

Mr. Dyde: I will attempt to resolve the controversy. I will withdraw my suggestion that it be exhibited and I will skip some remarks I was going to make from this book. We will let it slide for the time being.

Mr. Lesage: I do not think we should do that. I would be much interested in knowing how this author did come to his conclusions.

Mr. Dyde: That is what I thought. I thought you would be interested in that.

Mr. Lesage: Yes, and I move that this be exhibited as exhibit 100 and that counsel read the portion he was about to read. If the members of the committee do not want to know about it, it is up to them to decide.

Mr. Fleming: I think we are interested in the method, yes, because Mr. Dyde, later on, is going to produce some evidence which will bear on what he has called his own exercise. We will want to know whether the method is correct or not. However, this deals with the result, not the method.

Mr. Lesage: Counsel has said he wished—

Mr. Fleming: Let us not discuss it. We have spent a lot of time on it.

Mr. Lesage: Counsel has said, in reading the remarks he will have to refer to a certain exhibit. If he refers to something which is not in the evidence, it will be impossible to understand the remarks.

Mr. Winters: I will second Mr. Lesage's motion.

The ACTING CHAIRMAN: Are you in favour of making this exhibit 100?

Mr. Lesage: We have no choice if we want to understand the remarks made.

The ACTING CHAIRMAN: Are you in favour of fellowing counsel's wish and make this exhibit 100? I am putting Mr. Lesage's motion. All in favour? Those against?

Mr. Lesage: It is four to four, so you will have to decide.

The ACTING CHAIRMAN: We will follow counsel's wishes.

EXHIBITS No. 100: Chart on distribution of consumers dollar for meat and meat products in U.S.A. 1939.

Mr. Dyde: The author of this pamphlet goes on to say:

Of the amount paid for meat at retail in 1939, nearly one-half went as payment for marketing and processing livestock and meat, and slightly more than one-half was received by the producers of livestock. The cost of distributing the meat, including both wholesaling and retailing, was equal to nearly 30 per cent of the amount paid by consumers. Nearly 15 per cent of the total went as payment to meat packers for slaughtering and processing, and $4\cdot 3$ per cent for the marketing of livestock, including their transportation.

The average retail value of meat (including lard) in 1939 was 23·5 cents per pound. The average margin for retailing was found to be 24·0 per cent of the retail value, or 5·6 cents per pound. According to this the wholesale value of meat was 17·9 cents per pound. The margin for wholesaling, which included outward transportation, was 7·7 per cent of the value at wholesale, or 1·4 cents per pound. The value of the meat at the plant was therefore 16·5 cents per pound. The margin for meat packing was found to be 21·4 per cent of the value at plant, or 3·5 cents per pound. This indicates that on a retail value basis the market value of the livestock was 13·0 cents per pound. The margin for livestock marketing, which included transportation, was 1·0 cent per pound. In terms of the retail sales unit or composite average, the amount paid producers for livestock was equal to 12·0 cents per pound.

In connection with the second chart on exhibit 100 the author says:

It is estimated that 19.7 per cent of the total retail value of meat went to meat-packing concerns for performing the various functions of marketing, slaughtering, and processing livestock and meat in 1939. This percentage is estimated to be made up as follows:

Meat packing, 14.9 per cent; wholesaling, 4.5 per cent; retailing, 0.2 per cent; and operating livestock markets, 0.1 per cent. The retail meat dealers' share of the consumer's dollar was 23.8 per cent. Livestock marketing agencies (non-packer) received 4.2 per cent of the amount paid by consumers for meat that year. The independent wholesalers' (non-packer) share was only 1.3 per cent of the total paid by consumers for meat. Returns to producers was 51.0 per cent of the total retail value.

For some functions of marketing the expenses per unit of product remain fairly constant irrespective of the price at which the product sells. For others, expenses tend to change directly with the change in price, but the degree of change may be proportionately less.

The expense per hundredweight for marketing livestock was about the same whether prices were high or low, or whether the volume marketed was small or large.

This is because the fees and charges for the services performed at markets, and the rates charged for transporting the animals, are generally on a head or on a weight basis.

The margins for both processing and retail distribution of the product, on the other hand, changed considerably with the change in prices. They tended to be high when prices were relatively high, and low when prices were relatively low. In the period 1925-28, when the average retail price of all meat was 25 cents per pound, the margin for processing was 3.7 cents per pound. In the period 1931-34, when the average price at retail was 16.3 cents per pound, the processing margin was 3.0 cents per pound.

For retail distribution of meat, the margin in 1925-28 was $5 \cdot 6$ cents, and in 1931-34 was $4 \cdot 9$ cents.

Margins for the various marketing functions and for processing, when expressed as percentages of the retail price of the product, tend to be high when the price is low, and low when the price is high. This results from the fact that the margin in cents per pound of a product either remains virtually unchanged, or changes less than the change in price of the product, so that when compared with low-price products the percentage margin is large and when compared with high-price products the percentage margin is small.

Then I turn to page 47:

On the basis of meat-packing operations, the average gross margin in 1939 is estimated to have been 21·4 per cent of the wholesale value of the product at the plant, according to information developed by the American Meat Institute. This includes an operating margin of 20·2 per cent and profit of 1·2 per cent. In other words, 78·6 per cent of the wholesale value of the products at the plant was paid for the live stock and other farm products purchased. The gross margin that year was about the same as the average gross margin for the 5-year period, 1936-40.

Then on page 53:

Profits or earnings of the wholesale meat-packing industry are small per unit of product. However, as the aggregate volume and the total value of the products handled are large, the average return on investment has been more favourable than the narrow profit margin on sales would suggest.

Then a remark or two on retailers at page 71:

The distribution of meat to consumers is principally through retail meat markets and combination stores (grocery and meat), although some is sold through general stores. Only small quantities are sold directly to consumers by producers who do slaughtering. The retail meat dealer generally buys carcasses, or parts of carcasses, from animals slaughtered in commercial packing plants.

The retail meat dealer cuts the wholesale products either according to an adopted standard or according to the special requirements of his

trade.

The margin for retailing meat covers not only compensation for a variety of services performed by the retail meat dealer, but it must also allow for losses in weight of the product due to waste from cutting, trimming, and boning, and from shrinkage through loss of moisture while held under refrigeration at the store. The services performed by a meat dealer include the maintenance of a retail market with storage and display refrigeration facilities, waiting on the trade, cutting, trimming and preparing cuts, and grinding meats. Some stores provide credit and delivery service; others are of the cash-and-carry type.

Then I think there are some suggestions which he makes at the end of his book which it seems to me it might be useful for you to know. On page 94

he says:

A considerable item of cost is for wrapping and packaging. The trend of demand has been towards more packaged products and more costly packaging. Newer containers, more attractive to customers, will probably be developed, and this is likely to increase packaging costs. Better packaging, however, may actually result in net savings in the over-all cost by reducing shrinkage and spoilage. These items are important in the meat industry and may be considered costs, although they do not appear as expenses on the packers' books. Very little meat actually spoils in a packing plant, but there is a substantial loss from moisture evaporation, and some of this is preventable. Proper packaging, coupled with rapid turn-over of production and effective temperature and humidity controls, can hold shrinkage at a minimum.

Then on page 97:

The question as to what savings could be made in retailing meat, which during prewar years ranged from 20 to 30 per cent of the selling prices, is significant. About half of the cost of retailing is for labour

in the retail shop; savings there seem unlikely. But the reduction of labour costs by means of better use of the butcher's time offers a possibility particularly in the larger shops. Although the average butcher may keep busy, he does not spend all his time on the skilled operations which warrant his fairly high wage rate. A large share of his time is taken in helping housewives select their meat, weighing it, wrapping it, making change and doing other work that could be done as well by a less skilled clerk at lower wages.

Savings could also be made if the consumers' buying could be spread more evenly over the week. This means teaching consumers to spread their buying over the slack period, or persuading them to do so by offering price concessions at appropriate times.

Decreasing operating expenses through reduction in the services provided is possible in some stores. Among these services are delivery and credit. Relatively large self-service retail meat markets are being operated in some sections, some handling the regular fresh cuts of meat, other handling frozen packaged meat.

There are one or two other documents in your reference material to which I am not proposing to refer at all. It seems to me they will be found useful to you although I do not need to mention them particularly.

In closing my remarks it seems to me that I can be of further assistance to the committee. Without in any way attempting to limit the scope of the committee's examination, and before having heard or interviewed all the witnesses who will appear before you, I can give you some information as to what you will hear and some suggestions as to the matters to which you should direct particular attention.

You will have before you producers of cattle and hogs from the main producing areas of Canada. They will point to steadily rising costs of production. You will have representatives of the packing industry who will give you particulars of their costs, and you will hear from some retailers who will refer to their costs. You will hear of the tremendous increase in pork prices at the time of the re-negotiation of the United Kingdom contract. You will no doubt single that out as the most remarkable of the recent increases. But you will also see a steady rise in the price of both beef and pork going on throughout the period of control. You will have to consider, I submit, what factors here contributed to the increases, whether it be the retail margin, the packer's margin, the market price of cattle and hogs, the United Kingdom contract, or a combination of them all—

Mr. THATCHER: Or lack of ceilings.

Mr. Dyde: —or whether some other factor has contributed and if so what it is. You may obtain some help in your work by considering the causes of the temporary fall of retail meat prices which occurred subsequent to the sharp rise at the opening of 1948. You will hear suggestions and recommendations from some of the witnesses, and it will be for us to examine these and consider their practicability.

The material with which I have supplied you is for the purpose of helping you with these problems.

The so-called exercise which I have placed before you is not merely academic fancy. I can assure you that if you can come out at the far end of your examination with some explanation to the consumer as to where his dollar is going, you will have performed a real service.

With respect I suggest to you that an examination of the kind we are about to open, if it is to achieve its purpose, is a matter of close attention to detail, of

diligent study and of concentration on the work in hand. We may find as we proceed that there are matters which we will have to examine which I have not anticipated. I trust that these will not be numerous.

Mr. Chairman, I am now ready to proceed to deal with certain aspects of the matter on which probably you would like to have an executive session of the

committee.

The Acting Chairman: What is your pleasure? (Agreed). Then our main committee meeting is adjourned and we will go into executive session of the committee.

The meeting adjourned to resume on Friday, April 16, at 11 o'clock a.m.

EXHIBIT No. 90

Agricultural Division, Bureau of Statistics, Ottawa, Canada

MEAT STATISTICS, 1940-1946

Prepared for Special Committee on Prices—February 26, 1948

TABLE I.—SUPPLY AND DISPOSITION OF BEEF AND VEAL IN CANADA, 1940-46, WITH FIVE-YEAR AVERAGE 1935-39

	Stocks at Jan. 1	Production ¹	Imports ²	Total supply	Exports ²	Used for canning	Used by non- civilians	Stocks at Dec. 31	Total civilian consumption	Civilian consumption per capita
Beef-	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	lb.
Average, 1935–39. 1940. 1941. 1942. 1943. 1944. 1945. 1946.	22, 684 29, 639 21, 848 32, 209 29, 204 35, 637 31, 831 40, 842	618,556 643,459 720,651 743,756 863,175 932,831 1,119,622 1,053,339	158 ³ 233 1,509 915 375 23 2 6	641,398 673,331 744,008 776,880 892,754 968,491 1,151,495 1,094,187	10,899 3,913 7,905 15,961 13,549 107,411 194,754 136,063	1,406 2,281 5,779 8,212 5,993 14,181 116,302 88,480	30,358 43,565 51,911 63,418 64,546 65,000 18,218	24,040 21,848 32,209 29,204 35,637 31,831 40,842 30,642	605, 053 614, 931 654, 550 671, 592 774, 157 750, 522 734, 597 820, 784	$54 \cdot 7$ $54 \cdot 5$ $58 \cdot 3$ $60 \cdot 1$ $69 \cdot 3$ $66 \cdot 6$ $64 \cdot 6$ $67 \cdot 4$
Veal— Average, 1935–39. 1940 1941 1942 1943 1944 1945 1946	3, 452 4, 201 4, 004 6, 237 2, 308 5, 419 5, 155 5, 348	116,372 122,734 128,429 118,311 118,209 125,993 141,391 132,022	4 4 4 4 4 4		4 4 4 4	22 36 86 27 23 25 2, 195 5, 459	1,019 1,349 1,115 1,451 2,735 4,000 481	3,785 4,004 6,237 2,308 5,419 5,155 5,348 3,438	116,017 121,876 124,761 121,098 113,624 123,497 135,003 127,992	10·5 10·8 11·1 10·8 10·2 11·0 11·9

Dressed weight of animals slaughtered not including offals.
 Dressed carcass basis.

<sup>Includes edible offal of beef and veal.
Not available, quantity small and included with beef.</sup>

TABLE II.—SUPPLY AND DISPOSITION OF MUTTON AND LAMB AND PORK IN CANADA, 1940-46, WITH FIVE-YEAR AVERAGE 1935-39

	Stocks at Jan. 1	Production ¹	Imports ²	Total supply	Exports ²	Used for canning	Used by non-civilians	Stocks at Dec. 31	Total civilian consumption	Civilian consumption per capita
	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	'000 lb.	lb.
MUTTON AND LAMB— AVERAGE, 1935–39 1940 1941 1942 1943 1944 1945 1946	6, 190 6, 356 5, 462 6, 861 5, 054 9, 419 6, 930 7, 778	61,417 52,461 58,413 56,473 62,092 57,727 69,008 71,249	422 921 2,627 2,010 29	68,029 59,738 66,502 65,344 67,175 67,146 75,938 79,027	248 183 349 628 891 1,589 7,951 11,268	37 61 137 133 129 218 1,563 1,303	3, 225 4, 311 3, 763 5, 055 3, 912 4, 800 578	5, 965 5, 462 6, 861 5, 054 9, 419 6, 930 7, 778 7, 072	61,779 50,807 54,844 55,766 51,681 54,497 53,846 58,806	5·6 4·5 4·9 5·0 4·6 4·8 4·7 4·8
Pork— Average, 1935–39. 1940. 1941. 1942. 1943. 1944. 1945. 1946.	34,511 44,880 60,975 71,562 55,650 85,472 48,852 33,072	620, 522 864, 535 1, 056, 046 1, 188, 295 1, 394, 400 1, 503, 257 1, 111, 607 993, 471	7, 394 37, 244 5, 156 937 2, 306 665 17 726	$\begin{array}{c} 662,427 \\ 946,659 \\ 1,122,177 \\ 1,260,794 \\ 1,452,356 \\ 1,589,394 \\ 1,160,476 \\ 1,027,269 \end{array}$	179,630 353,015 482,040 537,431 587,475 717,714 462,049 297,871	4,495 7,293 18,481 32,132 53,764 91,438 46,116 52,143	20,476 29,531 39,025 44,088 39,948 40,000 6,506	37,863 60,975 71,562 55,650 85,472 48,852 33,072 38,675	440, 439 504, 900 520, 563 596, 556 681, 557 691, 442 579, 239 632, 074	39·9 44·7 46·3 53·3 61·0 61·4 50·9 51·9

¹ For mutton and lamb, dressed weight of animals slaughtered not including offals; for pork, dressed weight of animals slaughtered not including fats and offals.

² Dressed carcass basis.

TABLE III.—SUPPLY AND DISPOSITION OF OFFALS IN CANADA, 1940-46, WITH FIVE-YEAR AVERAGE 1935-39

	Production	Imports	Total supply	Exports	Used for canning	Used by non-civilians	Total civilian consumption	Civilian consumption per capita
Walter Break Control of the Control	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	lb.
Average 1935–39	64,611	1	64,611	1	583		64,028	5.8
1940	75,757	90	74,847	10,985	946	1,657	62, 259	5.5
1941	86,285	34	86,319	13,922	2,405	2,198	67,794	6.0
1942	89,036	167	89,203	12,927	3,306	1,839	71,131	6.4
1943	98,770	10	98,780	9,595	5,268	2,411	81,506	7.3
1944	108,765		108,765	14,700	7,870	3,196	82,999	7.4
1945	107,096		107,096	10,839	25, 550	2,000	68,707	6.0
946	99,503		99,503	5,264	27,191	242	66,806	5.5

¹ Not available.

TABLE IV:—SUPPLY AND DISPOSITION OF CANNED MEATS IN CANADA, 1940-46, WITH FIVE-YEAR AVERAGE 1935-39

	Estimated Production	Imports	Less adjustment for change in Stocks	Total Supply	Exports	Used by non-civilians	Total civilian consumption	Civilian consumption per capita
	000 lb.	000 lb.	000 lb.	000 lb.	000 1ь.	000 lb.	000 lb.	lb.
Average 1935–39	5,624	12,292	1	17,916	1,999		15,917	1.4
1940	9,123	10,612	1	19,735	6,378	863	12,494	1.1
1941	23,074	7,269	1	30,343	1,695	1,986	26,662	2.4
1942	34,547	4,555	1	39,102	9,761	4,013	25,328	2.3
1943	47,794	5,640	998	52,436	18,820	7,681	25,935	2.3
1944	77,460	5,685	7,707	75,438	39,707	12,495	23,236	2.1
1945	199,017	656	50,000	149,673	98,704	10,000	40,969	3.6
1946	191,016	1	1	191,017	148,349		42,668	3.5

¹ It is estimated that stocks are same at beginning and end of period.

TABLE V.—SUPPLY AND DISPOSITION OF LARD IN CANADA, 1940-46, WITH FIVE-YEAR AVERAGE 1935-39

	Stocks at Jan. 1	Production	Imports	Total supply	Exports	Used for canning	Used by non-civilians	Stocks at Dec. 31	Total civilian consumption	Civilian consumption per capita
	000 lb.	000 lb.	000 lb.	000 lb.	, 000 lb.	000 lb.	000 lb.	000 lb.	000 lb.	lb.
Average 1935-39	2,685	63,237	56	65,978	19,485	75		2,963	43,455	3.9
1940	4,134	82,614	2	86,750	2,690	121	328	4,840	78,771	7.0
1941	4,840	95,307	2	100,149	6,094	306	448	6,674	86,627	7.7
1942	6,674	106,372	1	113,047	1,612	398	511	2,852	107,674	9.6
1943	2,852	119,884		122,736	734	27	619	5,481	115,875	10.4
1944	5,481	140,753	1	146,234	32,310	13,0222	2,262	4,961	93,679	8.3
1945	4,961	94,328	1	99,289	3,110	8,990	1,000	972	85,217	7.5
1946	972	79,023	5,0003	84,995	442	2,694	500	1,459	79,900	6.6

¹ Not available separately; trade figures show a small amount of lard, lard compound and similar substances, cottolene and animal stearine of all kinds, n.o.p.,

² Includes also lard used in shortening. ³ Estimated.

WARTIME PRICES AND TRADE BOARD

Administrator's Order No. A-2032

RESPECTING BEEF

Under powers given by the Wartime prices and Trade Board to the Administrator of Meat and Meat Products, it is hereby ordered as follows:

Introduction

1. This order comes into force on July 22, 1946. It replaces Board Orders No. 307 as amended and No. 635, which have been revoked.

For the purposes of this Order "beef" means fresh or frozen beef of one or other of the qualities defined in this Order. The word "sell" includes offer to sell.

All wholesale and retail prices fixed by this Order are the maximum or highest selling prices and must not be exceeded.

Part IX establishes fifteen zones and prices vary according to zones and the quality of beef. There are special provisions dealing with sales by persons in parts of Canada not included in the zones.

Index to Parts

Part I—General Provisions applying to Sales at Wholesale.

Part II—Wholesale Selling Prices.

Part III—General Provisions applying to Sales at Retail.

Part IV—Retail Selling Prices.

Part V-Records of Sales and Purchases.

Part VI—Extra Payments and Offences.

Part VII—Definitions of Qualities.

Part VIII—Definitions of all Wholesale Cuts.

Part IX-Zones.

PART I—GENERAL PROVISIONS APPLYING TO SALES AT WHOLESALE

Definitions

- 2. (1) "Sale at wholesale" means any sale except a sale at retail and "sell at wholesale" shall have a corresponding meaning.
- (2) "Carcass" means a full dressed carcass of beef (including two fore quarters and two hind quarters) with the hide and tail removed, and from which, pursuant to Order No. 231 of the Board, the following have also been removed:
 - (a) all internal fats adhering to the surface of the body cavity known as crotch (or pelvic) fat; and
 - (b) the kidneys and all internal fats known as kidney fat and fat adhering to the tenderloin and flanks; and
 - (c) all internal brisket fats, including fat in the heart area which does not adhere to the heart when the heart is removed; and
 - (d) the cod fat, udder and udder (dug) fat.

TABLE VI: STOCKS OF MEAT AND LARD IN CANADA BY MONTHS 1945 TO DATE!

(in thousands of pounds)

	Jan. 1	Feb. 1	Mar. 1	Apr. 1	May 1	June 1	July 1	Aug. 1	Sept. 1	Oct. 1	Nov. 1	Dec. 1
Pork— 1945. 1946. 1947. 1948.	48,852 33,072 38,675 57,483	49,633 37,229 44,058 76,337	51,617 41,528 44,845	63,331 50,731 44,089	64, 283 58, 397 56, 562	57, 635 57, 797 57, 319	38,554 51,943 55,043	28,885 40,213 46,223	24,494 25,986 34,824	24,993 18,403 31,034	28,027 26,618 38,084	30, 236 33, 637 54, 136
Beef— 1945. 1946. 1947. 1948.	31,831 40,842 30,642 42,939	35, 154 31, 161 23, 708 47, 058	29,805 24,317 18,235	29,665 21,453 16,042	21,684 14,378 16,370	16,052 12,141 14,836	13,317 15,739 12,956	14, 222 12, 643 14, 511	19,504 18,927 19,268	33,935 24,893 11,977	35,957 29,073 15,910	42, 278 36, 028 38, 988
Veal— 1945. 1946. 1947. 1948.	5,155 5,384 3,438 6,743	3,611 3,339 2,209 5,412	2,493 1,855 1,182	2,667 2,086 1,156	4,432 3,389 3,158	4,929 3,471 4,931	5, 194 3, 530 5, 371	5,666 3,847 5,778	5,735 4,146 5,682	6,855 4,035 4,803	6,917 4,659 5,123	7, 192 4, 980 7, 747
Mutton and Lamb— 1945. 1946. 1947. 1948.	6,930 7,778 7,072 9,142	5,996 5,740 5,593 8,337	4,403 3,873 3,859	3,213 3,350 2,848	1,956 2,050 2,188	921 1,045 1,722	835 841 1,403	1,162 1,297 1,525	2, 296 3, 459 2, 295	4,329 3,692 2,025	6, 291 6, 643 2, 670	7,815 7,722 7,987
Lard— 1945. 1946. 1947. 1948.	4,961 972 1,459 3,447	4,342 926 1,420 3,566	3,754 1,517 1,221	3,168 1,432 1,314	2,834 1,435 1,534	2,624 1,295 2,018	1,841 1,035 2,519	1,704 838 2,705	941 696 2,573	807 595 1,383	774 978 1,441	814 1,190 2,212

¹ Stocks July 1947 to February 1948 subject to revision.

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- (3) "Side" means one-half of a carcass and includes one fore quarter and one hind quarter.
- (4) "Fore quarter" means the fore end of a side cut to include not more or less than eleven rib bones.
- (5) "Hind quarter" means the hind end of a side cut to include not more or less than two rib bones.
- (6) "Wholesale cut" means any of those bone-in or boneless portions of beef derived from a carcass, which are defined in Part VIII.

Wholesale Prices Include Delivery Except as Specified

- 3. Wholesale prices include delivery to the buyer's place of business except in the following cases:—
 - (a) if delivery is by railway or by transhipment by railway, it is to be made at the railway station nearest to the buyer's place of business;
 - (b) if delivery is by boat or by transhipment by boat, it is to be made on a dock at the boat's port of call nearest to the buyer's place of business;
 - (c) if delivery is by express at the buyer's request the seller may add to his selling price the difference between freight and express charges, if he shows the difference as a separate item on his sales invoice;
 - (d) if the sale is to a person in a part of Canada not included in a zone, the seller may add to his selling price the transportation cost from the shipping point to the point of delivery to the buyer, if such cost is shown as a separate item on his sales invoice.

Wholesalers Must Make Equitable Distribution

4. Every person who sells beef at wholesale shall equitably distribute his available supplies of beef among his customers at the delivery point referred to in Section 3. Where a customer operates a branch of his business or otherwise operates more than one place of business he shall be deemed to be a separate customer in respect of each branch or place of business operated by him, and delivery to him shall be made to the place of business therein designated by such customer or, if delivery is by railway or steamship, to the railway station or on the dock at port of call, as the case may be, nearest to such designated place of business.

Wholesale Beef Cutting Chart

5. The bone-in wholesale cuts defined in this Order are outlined on the Wholesale Beef Cutting Chart which is Chart No. 1 to this Order and every bone-in wholesale cut sold at wholesale shall be cut in accordance with that chart and the definitions of such wholesale cuts contained in Part VIII.

Restrictions on form in which Beef may be sold at Wholesale

- 6. No person shall sell or buy at wholesale any beef except one or more carcasses, sides, fore quarters, hind quarters or wholesale cuts as defined by this Order, and
 - (a) in the case of wholesale cuts, only those wholesale cuts for which maximum prices have been prescribed by this Order; and
 - (b) in the case of any carcass, side, fore quarter or hind quarter of boner beef only if authorized in writing by the Administrator of Meat and Meat Products.

Buyer's Permission Required for Substitution of Wholesale Cuts

7. No person selling beef at wholesale shall substitute any wholesale cuts for a carcass, side or quarter ordered by a buyer, unless the buyer has previously consented to the substitution.

Distinction Between Beef and Veal

8. Carcasses of cattle or calves having a weight in the carcass at the place of slaughter of more than 225 pounds with the hide removed or more than 250 pounds with the hide on, and all sides, quarters, and wholesale cuts derived from such carcasses shall, for the purpose of The Wartime Prices and Trade Regulations and this Order, be deemed to be beef and not veal.

PART II—WHOLESALE SELLING PRICES

Wholesale Prices for Carcasses, Sides and Quarters (by persons in zones)

9. The maximum price at which a person in a zone may sell at wholesale a carcass, a side or a quarter of any quality of beef shall be the price for the same set forth in Schedule "A" hereto for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone, for the zone in which the seller's place of business is situated.

Wholesale Prices For Major Wholesale Cuts (by persons in zones)

10. The maximum price at which a person in a zone may sell at wholesale a major wholesale cut listed in Schedule "D", "E", "F", "G", "H" or "J" hereto, of any quality of beef, shall be the price for the same set forth in the said Schedule "D", "E", "F", "G", "H" or "J" as the case may be, for the zone in which the buyer's place of business is situated, or if it be situated in a part of Canada not included in a zone, for the zone in which the seller's place of business is situated.

Wholesale Prices for Sundry Wholesale Cuts (by persons in zones)

11. The maximum price at which a person in a zone may sell at wholesale a sundry wholesale cut listed in Schedule "B" of any quality of beef shall be the price for the same as set forth in that Schedule for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone for the zone in which the seller's place of business is situated.

Wholesale Prices for Boneless Wholesale Cuts Derived From Boner Beef and Other Qualities if Listed in Schedule "C" (by persons in zones)

12. The maximum price at which a person in a zone may sell at wholesale a boneless wholesale cut listed in Schedule "C" of the quality therein specified, shall be the price for the same as set forth in the said Schedule for the zone in which the buyer' place of Business is situated or, if it be situated in a part of Canada not included in a zone for the zone in which the seller's place of business is situated.

Wholesale Prices on Sales by Persons not in Zones

13. The maximum price at which a person in any part of Canada not included in a zone, may sell or offer to sell at wholesale to any other person in any part of Canada any quality of carcass, side, quarter or wholesale cut of beef shall be such as may be approved or prescribed from time to time in writing by the said Administrator with the approval of the Chairman of the Board.

Kosher Beef

14. The maximum price at which any person may sell any kosher beef at wholesale shall be such as may be fixed from time to time by or on behalf of the Board.

PART III—GENERAL PROVISION APPLYING TO SALES AT RETAIL

Definitions

- 15. (1) "Primary cut" means any of the retail cuts of beef named and numbered from 1 to 20 (but not the lettered secondary cuts set forth thereunder) in Schedule "K", "L", "M", "O", "P" or "R" hereto as the case may be, and which are outlined and similarly numbered on the Retail Beef Cutting Chart which is Chart No. 2 to this Order.
- (2) "Secondary cut" means a retail cut of beef (other than sirloin butt, strip loin and round bone shoulder roast) derived from a primary cut, and which is lettered and named in Schedule "K", "L", "M", "O", "P" or "R" hereto as the case may be, under the number and name of the primary cut from which it is derived.
- (3) "Miscellaneous cut" means any of the miscellaneous retail cuts of beef named in Schedule "K", "L", "M", "O", "P" or "R" hereto as the case may be.

Cutting of Beef

- 16. (1) No person shall sell at retail any retail cut of beef unless it is a cut named in Schedule "K", "L", "M", "O", "P" or "R" hereto as the case may be.
- (2) Every primary cut sold at retail shall be cut in accordance with the said Retail Beef Cutting Chart, and no person shall, for the purpose of selling beef at retail convert any primary cut into any retail cut except such cuts as are named in Schedule "K", "L", "M", "O", "P" or "R" hereto as the case may be.
- (3) This Order does not prevent a person from selling at retail any wholesale cut in accordance with the provisions of Sections 23, 24 and 25.

Limitation on Retailer's Cost.

- 17. (1) No person selling beef at retail in any zone shall buy or otherwise acquire, and no person shall buy or otherwise acquire on his behalf, any quality of carcass, side, quarter or wholesale cut of beef at a total delivered cost in excess of the lawful maximum price on sales at wholesale in that zone for that quality together with actual transportation charges from the railway station nearest to the buyer's place of business if delivery is by railway or if delivery is by steamship, from the dock at port of call nearest to his place of business.
 - (2) For the purpose of this Section,
 - (a) any person who acquires any cattle and slaughters them or causes them to be slaughtered for him shall be deemed to have acquired beef;
 - (b) any person selling beef at retail who operates a branch of his business or otherwise operates more than one place of business, shall in respect of each such branch or place of business be deemed to be a separate buyer of beef.

Kosher Beef

18. The maximum price at which any person may sell any kosher beef at retail shall be such as may be fixed from time to time by or on behalf of the Board.

Prices Subject to Review

19. The prices and markups of all persons selling beef at retail shall be subject to periodic examination by any authorized representative of the Board, and any such representative may apply such tests and require any person to submit to such beef cutting or other tests as may be authorized by the Board.

20. No person shall advertise the price at which he is offering any beef for sale at retail unless he also states the quality and name of the retail cut of such beef in the advertisement.

PART IV—RETAIL SELLING PRICES

Maximum Prices on Sales at Retail by Persons in Zones

21. (1) The maximum price at which a person in a zone may sell at retail any retail cut of beef (or portion thereof) listed in Schedule "K", "L", "M", "O", "P" or "R" hereto shall be the price for the same set forth in the said Schedule for that zone.

(2) Every person selling beef at retail shall obtain the beef retail price charts provided by the Board and shall display and keep them in his place of business where they are available to be seen and examined by his customers.

Sales of Wholesale Cuts to Consumers (by Persons in Zones)

22. (1) For the purpose of this Section "consumer" means a person who buys beef for his personal or household consumption.

(2) The maximum price at which a person may sell to a consumer in a zone

a wholesale cut of any quality of beef shall be the sum of the following:

(a) the price set forth for that cut in Schedule "D", "E", "F", "G", "H" or "J", as the case may be, according to the zone in which his place of business is situated, plus actual transportation charges from the railway station or steamship dock at port of call, as the case may be, nearest to his place of business; and

(b) a markup not exceeding $12\frac{1}{2}$ per cent of his selling price.

Sales at Retail of Boner Beef in Zones

23. (1) No person shall sell any boner beef at retail except in one or other of the following forms:

(a) Boneless Round Steak

(b) Boneless Rib Roast (inner roll from 7 rib bones)

(c) Boneless Sirloin Butt

(d) Minute Steaks.

- (2) The maximum price at which any person in any zone may sell at retail any boner beef in one of the forms set forth in subsection (1) shall be determined by regulating his selling price for the said cuts or portions of boner beef so that the aggregate price received or charged by him for all cuts and portions derived from any boner beef purchased or otherwise acquired by him shall not exceed the total of:
 - (a) his lawful delivered cost of the boner beef purchased or acquired by him as fixed by Section 17 (except the difference between freight and express charges, if any, included in such cost); and

(b) a markup not exceeding 25 per cent of his selling price.

Sales at Retail by Persons Not in Zones

- 24. Every person selling beef at retail in any part of Canada not in a zone shall regulate his selling prices for various cuts or portions of beef so that the aggregate price received or charged by him for all cuts and portions from any carcass, side, quarter or wholesale cut purchased or otherwise acquired by him shall not exceed the total of:
 - (a) his actual delivered cost of that carcass, side, quarter or wholesale cut but not exceeding the price at which the same may be sold to him by his supplier including transportation to his place of business (except the difference between freight and express charges, if any, included in such cost); and

(b) if he sells in the form of wholesale cuts, a markup not exceeding $12\frac{1}{2}$

per cent of his selling price; or

(c) if he sells in the form of retail cuts, a markup not exceeding 25 per cent of his selling price.

PART V-RECORD OF SALES AND PURCHASES

- 25. (1) Every person who sells beef at wholesale shall on every sale and concurrently with delivery to the buyer furnish him with an invoice showing:
 - (a) the name and complete address of the seller and the buyer;
 - (b) the weight and price per pound of the beef purchased by the buyer;

(c) any freight or express charges that may be added to the price under

the provisions of this Order;

(d) the quality of the beef purchased (except in the case of sundry wholesale cuts) and whether it is a carcass, side, fore quarter, hind quarter, or wholesale cut and if a wholesale cut, specifying accurately the name of the wholesale cut, and if the quality is Utility Beef (Bull), specifying that it is Bull Beef; provided that, in showing the quality of beef purchased, the following abbreviations may be used:

"Red" for Red Brand Beef;
"Blue" for Blue Brand Beef;
"Comm" for Commercial Beef;
"P.Q." for Plain Beef;
"Ut." for Utility Beef (Cow or Bull);
"C.Q." for Cutter Beef; and
"Boner" for Boner Beef.

- (2) Every person who sells beef at wholesale shall retain a duplicate copy of each invoice furnished by him as required by this Section.
- 26. Every person who sells beef at wholesale or at retail shall immediately upon receipt by him of such beef purchased or otherwise acquired by him prepare and shall thereafter keep at the place of business at which he receives the beef a written record showing:

(a) the date of purchase or acquisition;

(b) the name and complete address of his supplier;

- (c) the quality of beef purchased and whether the beef was purchased in the form of a carcass, side, quarter or wholesale cut and, if a wholesale cut, specifying accurately the wholesale cut;
- (d) the weight and actual price per pound of the beef purchased by him;
- (e) any freight or express charges that may be charged by his supplier;
- (f) if a retailer, actual transportation charges, if any, from his receiving point to his place of business; and

- (g) in respect of beef acquired by him by slaughtering cattle or having cattle slaughtered for him, the name and complete address of his supplier of the cattle, the date of purchase, the weight and price paid for the cattle and, in the case of retailers, the quality and dressed weight of each carcass and its actual cost delivered to his place of business.
- 27. (1) If a person retains, available for inspection by any authorized representative of the Board, an invoice furnished to him by his supplier, it will not be necessary for him to keep any other record of the particulars set forth in the invoice.
- (2) Every record and invoice required by this Order to be prepared, furnished or retained shall be made available for inspection by any authorized representative of the Board at all times for twelve months from the date of the transaction to which it relates.
- 28. Every person who sells beef at retail shall upon request of the buyer furnish him with an invoice or sales slip showing the date of sale, the seller's name and address, the weight and name of the retail cut and the price charged.

PART VI

Extra Payments are Part of Buying or Selling Price

29. Any commission, reward, premium or other payment or consideration of any kind in money or money's worth claimed, stipulated for, taken or made, directly or indirectly, by or to any person in connection with or arising out of a sale, purchase or transaction in beef shall be and form part of the price at which the beef is bought or sold.

Offences

30. It is an offence for any person to contravene or fail to observe any of the provisions of this Order and the offender is liable to prosecution under The Wartime Prices and Trade Regulations.

PART VII—DEFINITIONS OF QUALITIES

- 31. (1) "Red Brand" beef means beef obtained from the carcasses of cattle and each such carcass shall be in accordance with the following specifications:
 - (i) it shall have a cold weight at the processor's plant of not less than 300 pounds;
 - (ii) it shall be in accordance with specifications prescribed for Choice Beef (Red Brand) in the Regulations respecting the grading, branding and sale of branded beef passed under the authority of the Livestock and Livestock Products Act, 1939;
 - (iii) it shall have been branded with the Red Brand in the manner provided by the said Regulations.
- (2) "Blue Brand" beef means beef obtained from the carcasses of cattle and each such carcass shall be in accordance with the following specifications:
 - (i) it shall be in accordance with specifications prescribed for good beef (Blue Brand) in the Regulations respecting the grading, branding and sale of branded beef passed under the authority of the Livestock and Livestock Products Act, 1939;
 - (ii) it shall have been branded with the Blue Brand in the manner

provided by the said Regulations.

- (3) "Commercial" beef means beef obtained from the carcass of a steer, heifer or well fleshed heifery cow of good conformation which carcass shall be in accordance with the following specifications:
 - (i) there shall be a good proportion of lean meat to bone;

(ii) the chine bone shall show cartilages called "buttons" at least as far back on the carcass as the forth rib numbering from the front end;

(iii) the exterior fat covering may vary from heavy to moderate and shall extend along the loins and ribs from the middle of the shoulders to the pin bone but need not cover the surface of the chucks or loins; provided that the exterior fat covering in the case of the carcass of a heifery cow may be more than that in the case of a steer or heifer but shall not be excessively wasty;

(iv) the colour of the fat may vary from white to light yellow; and it shall include beef obtained from the carcass of a steer or heifer of equal or better quality than described in this subsection and which has not been branded with the Red Brand or the Blue Brand.

- (4) "Plain" beef means beef obtained from the carcass of a steer or heifer, which carcass shall be in accordance with the following specifications:
 - (i) there shall be at least a medium proportion of lean meat to bone;
 - (ii) the chine bone shall show "buttons" at least as far back on the carcass as the fourth rib numbering from the front end;
 - (iii) there shall be some exterior fat covering portions of the surface on ribs and loins, which covering may be thin and patchy and may be white, whitish gray or light yellow in colour;
 - (iv) the chucks and rounds may be without any fat covering.
- (5) "Utility" beef means beef obtained from the carcasses of young to mature cows which carcasses shall be in accordance with the following specifications:
 - (i) there shall be a good to fair proportion of lean meat to bone;
 - (ii) the exterior fat covering may vary from little to abundant;
 - (iii) the colour of the fat may vary from white to yellow

and also means beef from the carcasses of young to mature bulls, which carcasses shall be in accordance with the specifications set out in subsection (5) above for cow beef.

- (6) "Cutter" beef means beef obtained from the carcass of steer or heifer, which carcass shall be in accordance with the following specifications:
 - (i) there shall be a fair proportion of lean meat to bone;
 - (ii) the exterior fat covering may be thin and uneven.
- (7) "Boner" beef means beef obtained from the carcass of a cow, steer heifer or bull, which carcass shall be in accordance with the following specifications:
 - (i) there may be a large proportion of bone to flesh;
 - (ii) it may be without any exterior fats.

PART VIII—DEFINITIONS OF ALL WHOLESALE CUTS

- 32. (a) "Bone-in cuts" derived from hind quarters include:
- (1) "flank" being that portion of the hind quarter obtained by starting at the front end of the hind quarter at a point not more than 12 inches from the inside of the chine bone (if there is any covering of fat on the inside of the chine bone the measurement must be taken from the bone itself and not from the fat) and cutting in a direct line through the hind quarter to a point

that exposes the knee-fold limphatic gland and shall constitute 8 per cent to 9 per cent of the hind quarter by weight;

- (2) "long loin" being that portion of the hind quarter from which the flank and back steak have been removed and consisting of the steak piece (or sirloin butt) and short loin and obtained by cutting crosswise from the first joint of the sacrum bone in a direct line to the joint where the flank terminates.
- (3) "short loin" being that portion of a long loin from which the steak piece (or sirloin butt) has been removed and obtained by cutting crosswise at the pin bone and leaving not over one-half inch $(\frac{1}{2}")$ of the pin bone on the short loin and from which the flank and back steak have been removed;
- (4) "shell loin" being a short loin with the tenderloin and chine bone removed but with the rib bones left in;
- (5) "steak piece" or "sirloin butt" being that portion of a long loin remaining after the short loin has been removed;
- (6) "short hip" or "round" being that portion of the hind quarter remaining after the long loin and flank have been removed;
- (7) "long hip" being that portion of the hind quarter remaining after the short loin and flank have been removed;
 - (b) "bone-in cuts" derived from the fore quarters include:
- (1) "rack" being the upper part of the fore quarter obtained by starting from a point on the hind end of the fore quarter not more than 12 inches from the inside of the chine bone (if there is any covering of fat on the inside of the chine bone, the measurement must be taken from the bone itself and not from the fat) and cutting lengthwise in that direct line through to a point on the front end of the fore quarter which just leaves the knuckle bone in the shank;
- (2) "rib (7 bones)" being that portion of the rack obtained by cutting crosswise in a direct line between the 7th and 8th rib bones numbering from the hind end of the fore quarter;
- (3) "square cut chuck" or "Montreal block" being that portion of the rack remaining after the 7-bone rib cut has been removed;
- (4) "shank" being the leg on the fore quarter cut off in a direct line to include the knuckle bone:
- (5) "brisket point" being the lower front end portion of the fore quarter remaining after the shank and rack have been removed and obtained by cutting crosswise in a direct line between the 6th and 7th or the 7th and 8th rib bones numbering from the hind end of the fore quarter;
- (6) "plate" being the lower hind end portion of the fore quarter remaining after the brisket point and shank have been removed;
- (7) "triangle" or "Montreal crosscut" being the fore quarter in one piece from which the 7-bone rib cut has been removed;
- (8) "cross cut" or "bottom end" being that portion of the fore quarter in one piece consisting of the square cut chuck, brisket point and shank;
 - (c) "boneless beef cuts" derived from hind quarters include:
- (1) "flank" being the same cut as defined in item (1) of clause (a) of this section with bones, flank steak and surplus fat removed;
- (2) "flank steak" being the piece of lean meat adhering to the inside surface of the bone-in flank;

- (3) "strip loin" being that portion of the short loin lying above the rib bones;
- (4) "tenderloin" or "fillet" being that piece of lean meat lying along the back bone on the underside or inside of the long loin with surplus fat removed;
- (5) "steak piece" or "sirloin butt" being the same cut as defined in item (5) of clause (a) of this section with bones and tenderloin removed;
- (6) "short hip" being the same cut as defined in item (6) of clause (a) of this section with bones removed;
 - (d) "boneless beef cuts" derived from the fore quarters include:
- (1) "rib (7 bones)" being the same cut as defined in item (2) of clause (b) of this section with bones, fell, gristle at end of the vertebra known as the back strap and the meat between the rib bones known as fingers, removed;
- (2) "square cut chuck" or "Montreal block" being the same cut as defined in item (3) of clause (b) of this section with bones and shoulder clod removed.
- (3) "shoulder clod" being that portion of a bone-in square cut chuck lying above the blade bone;
- (4) "brisket point" being the same cut as defined in item (5) of clause (b) of this section with bones, surplus fat and meat between the rib bones, known as fingers, removed;
- (5) "plate" being the same cut as defined in item (6) of clause (b) of this section with bones removed.
- (6) "shank" being the same cut as defined in item (4) of clause (b) of this section with bones removed.
- (e) "boneless beef cuts" derived from boner beef (except as otherwise provided herein) include:
- (1) "bull meat" being the bonless meat obtained from any portion of a bull carcass from which the surplus fat has been removed;
- (2) "ham inside" being the boneless meat obtained from the inside part of the hip;
- (3) "ham outside" being the boneless meat obtained from the outside part of the hip;
- (4) "knuckle" being the boneless meat obtained from the hip after the ham inside and ham outside have been removed;
- (5) "sirloin butt" being the boneless meat obtained from that part of the bone-in sirloin butt and hip remaining after the ham-set (ham inside, ham outside, and knuckle) have been removed;
- (6) "boneless strip" being the boneless meat obtained from that portion of the short loin lying above the rib bones;
- (7) "regular roll" being the boneless meat known as the eye of the rib obtained by removing the entire outer portion of the rib;
- (8) "shoulder clod" being the boneless meat obtained from that portion of the bone-in square cut chuck lying above the blade bone;
- (9) "chuck" being the boneless meat obtained from the square cut chuck after the shoulder clod has been removed;
- (10) "trimmings" being the portions of boneless meat with surplus fat removed, obtained in the process of making bone-in or boneless cuts from any quality of beef;

- (11) "minute steaks" being boneless meat obtained from strip loins of any quality of beef with all surplus fat and tissue removed by cutting, frenching or otherwise processing into thin steaks;
- (12) "hamburger" being the boneless ground meat obtained from any quality of beef.

PART IX-ZONES

33. For the purposes of this Order, the following zones are established:

Zone 1; composed of

(a) those parts of the province of Prince Edward Island, Nova Scotia,

and New Brunswick, not included in Zone 2;

(b) that part of the province of Quebec lying to the south of the St. Lawrence River and east of, and including all stations on, the Temiscouata Railway from Rivière du Loup to the boundary between the provinces of Quebec and New Brunswick;

(c) that part of the province of Quebec included within the counties of Lac

St. Jean and Chicoutimi;

Zone 2: composed of

the cities of Charlottetown, Halifax, Sydney, Moncton and Saint John and all points lying within a radius of twenty miles of the city hall in each of the said cities;

Zone 3; composed of

that part of the Province of Quebec, not included in Zones 1, 4 and 5, lying to the west of a line drawn from the mouth of the Saguenay River to the eastern boundary of Chicoutimi County and lying to the south of the Counties of Lac St. Jean, Chicoutimi, Temiskamingue and Abitibi:

Zone 4; composed of

(a) the cities of Montreal and Quebec and all points lying within a radius of twenty-five miles of the city hall of Montreal and of twenty miles of the city hall in the city of Quebec;

(b) the Island of Orleans;

(c) the city of Hull and all points lying within a radius of twenty miles of the city hall in that city;

Zone 5; composed of

that part of the province of Ontario lying to the south and east of the French River and Lake Nipissing and to the south of, and including all railway stations from North Bay to Mattawa inclusive on the Canadian Pacific Railway and to the north and east of a line beginning at the St. Lawrence River and running northerly along the western boundary of the County of Frontenac to the 45th parallel of latitude, then westerly along the 45th parallel of latitude to the eastern boundary of the district of Muskoka, thence southerly to and westerly along the souhern boundary of the District of Muskoka to Georgian Bay;

Zone 6; composed of

all that part of Southern Ontario not included in Zone 5;

Zone 7; composed of

(a) that part of the province of Ontario not included in Zone 8 and lying to the south of, and including all railway stations from Goodwin to Weatherbe inclusive on the most northerly transcontinental line of the PRICES 1919

Canadian National Railway, and north and west of the Canadian Pacific Railway line from Mattawa to North Bay, Lake Nipissing and the French River and east of the Nipigon River and Lake Nipigon, and including the District of Manitoulin;

(b) that part of the province of Quebec included within the Counties of Temiskamingue and Abitibi;

Zone 8; composed of

the cities of Timmins, Sudbury, Sault Ste. Marie, Noranda and Rouyn and all points lying within a radius of twenty miles of the city hall in each of the said cities;

Zone 9; composed of

that part of the province of Ontario lying to the south of, and including all railway stations from Ferland to White, inclusive, on the most northerly transcontinental line of the Canadian National Railways, and lying to the west of the Nipigon River and Lake Nipigon;

Zone 10; composed of

that part of the province of Mantioba lying to the south of the 53rd parallel of latitude;

Zone 11; composed of

that part of the province of Saskatchewan lying to the south of the 54th parallel of latitude;

Zone 12; composed of

- (a) that part of the province of Alberta not included in Zone 13 and lying to the south of the 55th parallel of latitude;
- (b) that part of the province of British Columbia lying to the east of the line formed by the Elk River from its Source to its confluence with the Kootenay River and thence from such confluence along the Kootenay River to the southern boundary of the said province;
- (c) the city of Fernie;

Zone 13; composed of

- (a) in the province of Alberta, Edson and Lovett, and all railway stations on the Canadian National Railway west of Edson and Lovett and on the Canadian Pacific Railway west of Lake Louise;
- (b) that part of the province of British Columbia not included in Zones 12 and 14 and lying to the south of the 56th parallel of latitude excluding Vancouver Island, the Queen Charlotte Islands and all other islands lying off the coast of the said province and excluding all that part of the mainland coast of the said province lying to the north of the 50th parallel of latitude;

Zone 14; composed of

the cities of Prince Rupert, Nelson, Vancouver and New Westminster and all points lying within a radius of twenty miles of the city hall in the city of Vancouver;

Zone 15; composed of

all stations on any railroad on Vancouver Island, together with all that part of Vancouver Island lying to the south of a line from Port Alberni to Parksville.

PART X—CANNED BEEF PRODUCTS

Introduction

34. This part fixes the maximum prices at which the canned beef products listed in Schedule "S" hereto may be sold.

Definitions

35. For the purposes of this Order, "Canned Spiced Beef" means a beef product with or without veal and/or pork added which has been chopped, cured and seasoned, and solid packed in a hermetically sealed metal container and thoroughly cooked, and which conforms to the Regulations issued under the Food and Drugs Act.

Sales at Wholesale—Maximum Prices

36. The maximum price, sales tax included, at which any person in a zone may sell at wholesale any product listed in Schedule "S" hereto, shall, according to the size of the container, be the price for the same set forth in such Schedule for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone for the zone in which the seller has his place of business.

Sales at Retail—Maximum Prices

- 37. The maximum price at which any person may sell at retail any product listed in Schedule "S" hereto shall be the sum of the following:
 - (a) his actual delivered cost of such product but not exceeding the maximum price at which the same may be sold to him by his supplier PLUS charges, if any, paid by him for the transportation of the product to his place of business from the railway station or dock, at port of call, nearest to his place of business, if delivery to him was by railway or boat (but not including the difference between freight and express charges, if any, included in such cost); and

(b) the lesser of the two following markups:

(i) the markup which under the provisions of Board Order No. 450 corresponds to the lawful percentage markup customarily obtained by him during the basic period from September 15 to October 11, 1941, on sales of canned beef products of the same or substantially similar kind or quality;

(ii) the markup calculated according to the provisions of Board Order No. 450 and in Schedule "A" of that Order under the markup symbol "G" or, if the product was packed in a 6-pound container and is removed from the container and sold in slices or portions,

under the markup symbol "J".

38. Sections 25, 26, 27 and 28 of this Order (Record of Sales and Purchases) shall apply to sales of any product to which this part applies except that the name of the product and the size of container in which it is packed, the quantity sold and the price charged, shall be shown on the invoice or sales slip required to be furnished and on the record required to be kept.

DATED at OTTAWA, this 10th day of July, 1946.

F. S. GRISDALE Administrator of Meat and Meat Products

APPROVED:

D. GORDON, Chairman, Wartime Prices and Trade Board

CHART No. 1 TO ADMINISTRATOR'S ORDER No. A-2032

Wholesale Beef Cutting Chart Showing All Bone-in Wholesale Cuts

No. 1 Short Hip or Round

No. 2 Steak Piece or Sirloin Butt

Nos. 1 & 2 Long Hip

No. 3 Short Loin

Nos. 2 & 3 Long Loin

No. 4 Flank

No. 5 Rib

No. 6 Square Cut Chuck or Montreal Block

Nos. 5 & 6 Rack

No. 7 Plate

No. 8 Brisket Point

No. 9 Shank

Nos. 6, 7, 8 & 9 Triangle or Montreal Crosscut

Nos. 6, 8 & 9 Bottom End or Crosscut.

SCHEDULE "A" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by Zones for Carcasses, Sides and Quarters of the qualities of beef shown below.

ZONE	Red Brand	Blue Brand	Com- mercial	Plain	Utility	Cutter
(a) Carcasses and Sides 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15.	24·00 23·50 23·50 23·50 23·60 23·60 23·60 23·60 22·50 21·75 21·25 21·25 22·50 22·25 22·25	23·00 22·50 22·50 22·00 22·50 22·00 22·50 22·00 21·50 20·75 20·25 21·50 21·50 21·50 21·50	22·00 21·50 21·50 21·50 21·00 21·50 21·00 21·50 21·00 20·50 19·75 19·25 19·25 20·50 20·25 20·75	19·75 19·25 19·50 19·00 19·00 18·50 19·50 19·50 17·75 17·75 17·75 19·00 18·75 19·25	18·75 18·25 18·50 18·00 17·50 18·50 18·50 18·50 16·75 16·75 16·75 18·00 17·75 18·25	18·25 17·75 18·00 17·50 17·50 17·50 17·50 17·50 16·25 16·25 16·25 17·50 17·50
(b) Fore Quarters Less than Maximum Carcass Price for each Zone by	5.00	5.00	4.50	4.00	4.00	4.00
(c) Hind Quarters More than Maximum Carcass Price for each Zone by	5.25	5.25	4.75	4.25	4.25	4.25

SCHEDULE "B" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by Zones for Sundry Wholesale Cuts of Beef.

	D :16				Zon	es			
Name of Cut	Derived from	11-12	10	14	9-13	15	4-8-6	2-3-5-7	1
Flank, Bone-in	Any Quality	10.25	10.75	11.25	11.50	11.75	12.00	12.50	13.00
Flank, Boneless	Any Quality	12.50	13.00	13.50	13.75	14.00	14.25	14.75	15.25
Flank Steak	Any Quality	21.25	21.75	22.25	22.50	22.75	23.00	23.50	24.00
No. 1 Tenderloin, weighing 5 lbs. and up	Any Quality	56.00	56.50	57.00	57.25	57.50	57.75	58 · 25	58.75
No. 2 Tenderloin, weighing 4-5 lbs	Any Quality	53 · 25	53.75	54.25	54.50	54.75	55.00	55.50	56.00
No. 3 Tenderloin, weighing less than 4 lbs	Any Quality	50.00	50.50	51.00	51.25	51.50	51.75	52 · 25	52.75
Shank, Bone-in	Any Quality	8.00	8.50	9.00	9.25	9.50	9.75	10.25	10.75
Shank, Boneless	Any Quality	14.75	15.25	15.75	16.00	16.25	16.50	17.00	17.50
No. 1 Brisket Point, Bone-in	Red, Blue and Comm	14.25	14.75	15.25	15.50	15.75	16.00	16.50	17.00
No. 2 Brisket Point, Bone-in	Plain, Utility and Cutter	11.75	12.25	12.75	13.00	13.25	13.50	14.00	14.50
No. 1 Brisket Point, Boneless	Red, Blue and Comm	21.50	22.00	22.50	22.75	23.00	23 · 25	23.75	24.25
No. 2 Brisket Point, Boneless	Plain, Utility and Cutter	17.50	18.00	18.50	18.75	19.00	19.25	19.75	20.25
Plate, Bone-in	Any Quality	10.25	10.75	11.25	11.50	11.75	12.00	12.50	13.00
Plate, Boneless	Any Quality	13.50	14.00	14.50	14.75	15.00	15.25	15.75	16.25

SCHEDULE "C" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by Zones for Boneless Wholesale Cuts derived from Boner Beef or other qualities as stated below.

Name of Cut	Derived from								Zones							
No the Property of the Park and		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Ham Inside	Boner Beef	24.75	24.25	24.00	23.50	24.00	23.75	24.00	23.50	23.00	22.25	21.75	21.50	22.75	22.50	23.0
Ham Outside	Boner Beef	24 · 25	23.75	23.50	23.00	23.50	23.25	23.50	23.00	22.50	21.75	21.25	21.00	22.25	22.00	22.5
Knuckle	Boner Beef	24.75	24.25	24.00	23.50	24.00	23.75	24.00	23.50	23.00	22.25	21.75	21.50	22.75	22.50	23.0
Regular Roll	Boner Beef	25.75	25.25	25.00	24.50	25.00	24.75	25.00	24.50	24.00	23.25	22.75	22.50	23-75	23.50	24.0
Boneless Strip	Boner Beef	24.75	24 · 25	24.00	23.50	24.00	23.75	24.00	23.50	23.00	22.25	21.75	21.50	22.75	22.50	23.0
Sirloin Butt	Boner Beef	22.75	22.25	22.00	21.50	22.00	21.75	22.00	21.50	21.00	20.25	19.75	19.50	20.75	20.50	21.0
Shoulder Clod	Boner Beef	22.50	22.00	21.75	21.25	21.75	21.50	21.75	21.25	20.75	20.00	19.50	19.25	20.50	20.25	20.7
Chuck	Boner Beef	20.25	19.75	19.50	19.00	19.50	19.25	19.50	19.00	18.50	17.75	17.25	17.00	18.25	18.00	18.5
Trimmings	Any Quality	19.25	18.75	18.50	18.00	18.50	18-25	18.50	18.00	17.50	16.75	16.25	16.00	17.25	17.00	17.5
Minute Steaks	Any Quality	32 · 25	31.75	31.50	31.00	31.50	31.25	31.50	31.00	30.50	29.75	29.25	29.00	30.25	30.00	30.5
Hamburger	Any Quality	22.25	21.75	21.50	21.00	21.50	21.25	21.50	21.00	20.50	19.75	19.25	19.00	20.25	20.00	20.5
Bullmeat	Boner Beef	20.25	19.75	19.50	19.00	19.50	19.25	19.50	19.00	18.50	17.75	17.25	17.00	18.25	18.00	18.5

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SCHEDULE "D" TO ADMINISTRATOR'S ORDER No. A-2032 Prices (in cents per pound) for Major Wholesale Cuts of Red Brand Beef.

Name of Cut				Zoi	nes			
Name of Out	11 12	10	14	9 13	15	4, 6,	2, 3, 5, 7	1
Hind Quarter								
Bone-in Cuts-								
Long Hip. Short Hip. Long Loin. Short Loin. Shell Loin. Steak Piece.	$\begin{array}{c} 26 \cdot 50 \\ 25 \cdot 00 \\ 34 \cdot 00 \\ 37 \cdot 00 \\ 39 \cdot 75 \\ 3 \cdot 100 \end{array}$	$\begin{array}{c} 27 \cdot 00 \\ 25 \cdot 50 \\ 34 \cdot 50 \\ 37 \cdot 50 \\ 40 \cdot 25 \\ 31 \cdot 50 \end{array}$	$\begin{array}{c} 27 \cdot 50 \\ 26 \cdot 00 \\ 35 \cdot 00 \\ 38 \cdot 00 \\ 40 \cdot 75 \\ 32 \cdot 00 \end{array}$	$\begin{array}{c} 27 \cdot 75 \\ 26 \cdot 25 \\ 35 \cdot 25 \\ 38 \cdot 25 \\ 41 \cdot 00 \\ 32 \cdot 25 \end{array}$	$28 \cdot 00$ $26 \cdot 50$ $35 \cdot 50$ $38 \cdot 50$ $41 \cdot 25$ $32 \cdot 50$	$\begin{array}{c} 28 \cdot 25 \\ 26 \cdot 75 \\ 35 \cdot 75 \\ 38 \cdot 75 \\ 41 \cdot 50 \\ 32 \cdot 75 \end{array}$	$\begin{array}{c} 28.75 \\ 27.25 \\ 36.25 \\ 39.25 \\ 42.00 \\ 33.25 \end{array}$	29·25 27·75 36·75 39·75 42·50 33·75
Boneless Cuts—								
Short HipStrip LoinSirloin Butt.	31·75 45·75 37·75	$32 \cdot 25$ $46 \cdot 25$ $38 \cdot 25$	32·75 46·75 38·75	33·00 47·00 39·00	33·25 47·25 39·25	33·50 47·50 39·50	34·00 48·00 40·00	34·50 48·50 40·50
Fore Quarter								
Bone-in Cuts-								
Triangle	$14,50 \\ 19.50 \\ 26.25 \\ 16.75 \\ 15.50$	$ \begin{array}{c} 15,00 \\ 20 \cdot 00 \\ 26 \cdot 75 \\ 17 \cdot 25 \\ 16 \cdot 00 \end{array} $	$ \begin{array}{c} 15 \cdot 50 \\ 20 \cdot 50 \\ 27 \cdot 25 \\ 17 \cdot 75 \\ 16 \cdot 50 \end{array} $	15·75 20·75 27·50 18·00 16·75	16·00 21·00 27·75 18·25 17·00	16·25 21·25 28·00 18·50 17·25	16·75 21·75 28·50 19·00 17·75	17·25 22·25 29·00 19·50 18·25
Boneless Cuts—								
Rib Square Cut Chuck Shoulder Clod	38.50 20.75 21.75	39.00 21.25 22.25	$ \begin{array}{r} 39.50 \\ 21.75 \\ 22.75 \end{array} $	$ \begin{array}{r} 39.75 \\ 22.00 \\ 23.00 \end{array} $	40.00 22.25 23.25	$40 \cdot 25$ $22 \cdot 50$ $23 \cdot 50$	40.75 23.00 24.00	$41 \cdot 25$ $23 \cdot 50$ $24 \cdot 50$

SCHEDULE "E" TO ADMINISTRATOR'S ORDER No. A-2032 Prices (in cents per pound) for Major Wholesale Cuts of Blue Brand Beef.

N. A.C.				Zor	nes			
Name of Cut	11 12	10	14	9 13	15	4, 6,	2, 3, 5, 7	1
Hind Quarter								Taras .
Bone-in Cuts—								
Long Hip. Short Hip. Long Loin. Short Loin Shell Loin Steak Piece.	$\begin{array}{c} 25 \cdot 50 \\ 24 \cdot 00 \\ 33 \cdot 00 \\ 36 \cdot 00 \\ 38 \cdot 75 \\ 30 \cdot 00 \end{array}$	$\begin{array}{c} 26 \cdot 00 \\ 24 \cdot 50 \\ 33 \cdot 50 \\ 36 \cdot 50 \\ 39 \cdot 25 \\ 30 \cdot 50 \end{array}$	$\begin{array}{c} 26 \cdot 50 \\ 25 \cdot 00 \\ 34 \cdot 00 \\ 37 \cdot 00 \\ 39 \cdot 75 \\ 31 \cdot 00 \end{array}$	$\begin{array}{c} 26 \cdot 75 \\ 25 \cdot 25 \\ 34 \cdot 25 \\ 37 \cdot 25 \\ 40 \cdot 00 \\ 31 \cdot 25 \end{array}$	$\begin{array}{c} 27 \cdot 00 \\ 25 \cdot 50 \\ 34 \cdot 50 \\ 37 \cdot 50 \\ 40 \cdot 25 \\ 31 \cdot 50 \end{array}$	27·25 25·75 34·75 37·75 40·50 31·75	$\begin{array}{c} 27 \cdot 75 \\ 26 \cdot 25 \\ 35 \cdot 25 \\ 38 \cdot 25 \\ 41 \cdot 00 \\ 32 \cdot 25 \end{array}$	28·25 26·75 35·75 38·75 41·50 32·75
Boneless Cuts—								
Short HipStrip LoinSirloin Butt	30·75 44·50 36·25	31·25 45·00 36·75	$31.75 \\ 45.50 \\ 37.25$	$32.00 \\ 45.75 \\ 37.50$	32·25 46·00 37·75	32·50 46·25 38·00	33·00 46·75 38·50	33·50 47·25 39·00
Fore Quarter								
Bone-in Cuts—								
Triangle	$14.00 \\ 18.25 \\ 24.25 \\ 15.75 \\ 14.75$	$ \begin{array}{r} 14.50 \\ 18.75 \\ 24.75 \\ 16.25 \\ 15.25 \end{array} $	$\begin{array}{c} 15 \cdot 00 \\ 19 \cdot 25 \\ 25 \cdot 25 \\ 16 \cdot 75 \\ 15 \cdot 75 \end{array}$	$\begin{array}{c} 15 \cdot 25 \\ 19 \cdot 50 \\ 25 \cdot 50 \\ 17 \cdot 00 \\ 16 \cdot 00 \end{array}$	$ \begin{array}{c} 15 \cdot 50 \\ 19 \cdot 75 \\ 25 \cdot 75 \\ 17 \cdot 25 \\ 16 \cdot 25 \end{array} $	$\begin{array}{c} 15 \cdot 75 \\ 20 \cdot 00 \\ 26 \cdot 00 \\ 17 \cdot 50 \\ 16 \cdot 50 \end{array}$	$\begin{array}{c} 16 \cdot 25 \\ 20 \cdot 50 \\ 26 \cdot 50 \\ 18 \cdot 00 \\ 17 \cdot 00 \end{array}$	$\begin{array}{c} 16.75 \\ 21.00 \\ 27.00 \\ 18.50 \\ 17.50 \end{array}$
Boneless Cuts—								
RibSquare Cut ChuckShoulder Clod	35.50 19.50 20.25	$ \begin{array}{r} 36 \cdot 00 \\ 20 \cdot 00 \\ 20 \cdot 75 \end{array} $	$36.50 \\ 20.50 \\ 21.25$	$36.75 \\ 20.75 \\ 21.50$	37.00 21.00 21.75	$37 \cdot 25$ $21 \cdot 25$ $22 \cdot 00$	37.75 21.75 22.50	38·25 22·25 23·00

SCHEDULE "F" TO ADMINISTRATOR'S ORDER No. A-2032 Princes (in cents per pound) for Major Wholesale Cuts of Commercial Beef.

Name of Cod				Zor	nes			
Name of Cut	11 12	10	14	9 13	15	4, 6,	2, 3, 5, 7	1
Hind Quarter								
Bone-in Cuts—								
Long Hip Short Hip Long Loin Short Loin. Shell Loin Steak Piece.	$\begin{array}{c} 24 \cdot 00 \\ 22 \cdot 50 \\ 30 \cdot 75 \\ 33 \cdot 25 \\ 35 \cdot 00 \\ 28 \cdot 25 \end{array}$	$24.50 \\ 23.00 \\ 31.25 \\ 33.75 \\ 35.50 \\ 28.75$	$\begin{array}{c} 25 \cdot 00 \\ 23 \cdot 50 \\ 31 \cdot 75 \\ 34 \cdot 25 \\ 36 \cdot 00 \\ 29 \cdot 25 \end{array}$	$\begin{array}{c} 25 \cdot 25 \\ 23 \cdot 75 \\ 32 \cdot 00 \\ 34 \cdot 50 \\ 36 \cdot 25 \\ 29 \cdot 50 \end{array}$	$\begin{array}{c} 25 \cdot 50 \\ 24 \cdot 00 \\ 32 \cdot 25 \\ 34 \cdot 75 \\ 36 \cdot 50 \\ 29 \cdot 75 \end{array}$	$\begin{array}{c} 25 \cdot 75 \\ 24 \cdot 25 \\ 32 \cdot 50 \\ 35 \cdot 00 \\ 36 \cdot 75 \\ 30 \cdot 60 \end{array}$	$\begin{array}{c} 26 \cdot 25 \\ 24 \cdot 75 \\ 33 \cdot 00 \\ 35 \cdot 50 \\ 37 \cdot 25 \\ 30 \cdot 50 \end{array}$	$\begin{array}{c} 26.75 \\ 25.25 \\ 33.50 \\ 36.00 \\ 37.75 \\ 31.00 \end{array}$
Boneless Cuts—								
Short Hip	28·75 40·25 33·25	29·25 40·75 33·75	29·75 41·25 34·25	30·00 41·50 34·50	30·25 41·75 34·75	30·50 42·00 35·00	$31.00 \\ 42.50 \\ 35.50$	$31.50 \\ 43.00 \\ 36.00$
Fore Quarter								
Bone-in Cuts—								
Triangle	13.75 17.50 22.25 15.25 14.50	$\begin{array}{c} 14 \cdot 25 \\ 18 \cdot 00 \\ 22 \cdot 75 \\ 15 \cdot 75 \\ 15 \cdot 00 \end{array}$	$ \begin{array}{c} 14.75 \\ 18.50 \\ 23.25 \\ 16.25 \\ 15.50 \end{array} $	$ \begin{array}{c} 15 \cdot 00 \\ 18 \cdot 75 \\ 23 \cdot 50 \\ 16 \cdot 50 \\ 15 \cdot 75 \end{array} $	15·25 19·00 23·75 16·75 16·00	15.50 19.25 24.00 17.00 16.25	$ \begin{array}{c} 16 \cdot 00 \\ 19 \cdot 75 \\ 24 \cdot 50 \\ 17 \cdot 50 \\ 16 \cdot 75 \end{array} $	$\begin{array}{c} 16.50 \\ 20.25 \\ 25.00 \\ 18.00 \\ 17.25 \end{array}$
Boneless Cuts—			1					
Rib Square Cut Chuck Shoulder Clod	32·50 19·00 19·75	33·00 19·50 20·25	33·50 20·00 20·75	33·75 20·25 21·00	34.00 20.50 21.25	34·25 20·75 21·50	34·75 21·25 22·00	35·25 21·75 22·50

SCHEDULE "G" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by zones for major wholesale cuts of Plain Beef.

				Zones			
Name of cut	10, 11	6 9	14	4, 5 8, 13	2 15	3 7	1
Hind Quarter							
Bone-in Cuts—							
Long Hip. Short Hip. Long Loin. Short Loin. Steak Piece.	22·50 21·75 26·75 29·25 24·25	23·25 22·50 27·50 30·00 25·00	23.50 22.75 27.75 30.25 25.25	23.75 23.00 28.00 30.50 25.50	24·00 23·25 28·25 30·75 25·75	24·25 23·50 28·50 31·00 26·00	24·50 23·75 28·75 31·25 26·25
Fore Quarter							
Bone-in Cuts-							
Triangle. Rack Rib Square Cut Chuck. Cross Cut Chuck.	13·00 16·00 19·25 14·75 13·75	13.75 16.75 20.00 15.50 14.50	14.00 17.00 20.25 15.75 14.75	$14 \cdot 25 \\ 17 \cdot 25 \\ 20 \cdot 50 \\ 16 \cdot 00 \\ 15 \cdot 00$	$ \begin{array}{c} 14.50 \\ 17.50 \\ 20.75 \\ 16.25 \\ 15.25 \end{array} $	14.75 17.75 21.00 16.50 15.50	15·00 18·00 21·25 16·75 15·75

SCHEDULE "H" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by Zones for Major Wholesale Cuts of Utility Beef.

Name of cut				Zones			
Name of cut	10, 11 12	6 9	14	4, 5 8, 13	2 15	3 7	1
Hind Quarter							
Bone-in Cuts—							
Long Hip. Short Hip. Long Loin. Short Loin. Shell Loin. Steak Piece.	$\begin{array}{c} 21 \cdot 50 \\ 21 \cdot 25 \\ 24 \cdot 75 \\ 27 \cdot 25 \\ 27 \cdot 50 \\ 22 \cdot 25 \end{array}$	22·25 22·00 25·50 28·00 28·50 23·00	$\begin{array}{c} 22 \cdot 50 \\ 22 \cdot 25 \\ 25 \cdot 75 \\ 28 \cdot 25 \\ 28 \cdot 75 \\ 23 \cdot 25 \end{array}$	$\begin{array}{c} 22 \cdot 75 \\ 22 \cdot 50 \\ 26 \cdot 00 \\ 28 \cdot 50 \\ 29 \cdot 00 \\ 23 \cdot 50 \end{array}$	23·00 22·75 26·25 28·75 29·25 23·75	$\begin{array}{c} 23 \cdot 25 \\ 23 \cdot 00 \\ 26 \cdot 50 \\ 29 \cdot 00 \\ 29 \cdot 50 \\ 24 \cdot 00 \end{array}$	23·50 23·25 26·75 29·25 29·75 24·25
Boneless Cuts—							
Short Hip	26·75 31·25 24·00	27·50 32·50 25·00	28·00 32·75 25·25	28·25 33·00 25·50	28·50 33·50 25·75	28·75 33·75 26·25	29·25 34·00 26·50
Fore Quarter						J-Marian	
Bone-in Cuts—							
Triangle. Rack. Rib. Square Cut Chuck. Cross Cut Chuck.	12·50 14·50 16·75 13·50 13·00	13·25 15·25 17·50 14·25 13·75	13·50 15·50 17·75 14·50 14·00	13·75 15·75 18·00 14·75 14·25	$ \begin{array}{c} 14 \cdot 00 \\ 16 \cdot 00 \\ 18 \cdot 25 \\ 15 \cdot 00 \\ 14 \cdot 50 \end{array} $	$ \begin{array}{c} 14 \cdot 25 \\ 16 \cdot 25 \\ 18 \cdot 50 \\ 15 \cdot 25 \\ 14 \cdot 75 \end{array} $	14.50 16.50 18.75 15.50 15.00
Boneless-						1	
Rib	23.75	24.75	25.00	25.25	25.75	26.00	26.25

SCHEDULE "J" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by Zones for Major Wholesale Cuts of Cutter Beef

	Zones										
Name of cut	10, 11 12	6 9	14	4, 5 8, 13	2 15	3 7	1				
Hind Quarter Bone-in Cuts— Long Hip	22·00 21·00	22·75 21·75	23.00	23.25	23·50 22·50	23.75	24·00 23·00 25·75				
Long Loin Fore Quarter Bone-in Cuts— Rib	23.75	24·50 18·50	24.75	25.00	25.25	25.50	19.50				

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SCHEDULE "K" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef.

RED BRAND

AUTHORIZED CUTS Primary Cuts Indicated by Num-				Zo	ones	N-HIPS		
bers and Secondary Cuts		1 2, 3	4,6	15	1 9	14	10	1 11
Indicated by Letters	1	2, 3 5, 7	8	15	13	14	10	12
1. Shank, Hind Quarter (Bone-								
less)	28	28	27	27	26	26	25	24
2. Round Steak or Roast	48	46	46	45	45	44	44	43
(Boneless)	50	48	48	47	47	46	46	45
(b) Minced Round Steak	50	48	48	47	47	46	46	45
3. Rump Roast, Round or Square					200			
End	48	46	46	45	45	45	44	42
4. Sirloin Tip (Boneless)	50	49	48	47	47	47	45	45
(a) Cubed Sirloin Tip (Boneless)	56	55	54	53	53	53	51	51
5. Sirloin Steak or Roast	53	52	50	50	49	49	48	48
(a) Sirloin Butt (Boneless)	55	54	52	52	51	51	50	50
6. Flank Steak (Boneless)	36	35	34	34	34	33	33	33
7. Flank, Trimmed	19	18	18	17	17	17	16	15
8. Porterhouse Steak or Roast	58	57	56	56	56	55	54	53
9. T-Bone Steak or Roast	58	57	56	56	56	55	54	53
0. Wing Steak or Roast	54	53	52	52	51	51	50	49
(a) Strip Loin (Boneless)	65	64	63	63	63	62	61	60
1. Rib Roast, 7 Rib-Bones Whole. (a) Rib Roast, 7 Rib-Bones	37	36	35	35	34	34	32	31
(Boneless and Rolled		TO SEE LA			MARKS			1611
Whole)	49	48	47	47	46	46	44	43
(b) Prime Rib Roast, 5 Rib-								
Bones	39	38	37	37	36	36	34	33
(c) Prime Rib Roast, 5 Rib-								
Bones (Boneless and Rol-	-1		10	10	40	40	40	11
led)	51	50	49	49	48	48	46	44
Rib-Bones	34	33	32	32	31	31	29	28
(e) Rolled Rib Roast, 6th and			-					
7th Rib-Bones, Inside								
Roll (Boneless)	51	50	49	49	48	48	46	44
(f) Rolled Rib Roast, 6th and		16953						
7th Rib-Bones, Outside	20	97	90	90	25	95	99	32
Roll (Boneless)	38 19	37 18	36 17	36 16	35 16	35 16	33 16	16
3. Plate Brisket	18	17	17	16	16	15	15	15
(a) Plate Brisket (Boneless and	10	TANK TELEVISION		10		10		10
Rolled)	23	22	22	21	21	21	21	19
4. Brisket Point	17	16	16	15	15	15	15	14
(a) Brisket Point (Boneless and								
Rolled)	28	27	27	26	25	25	25	24
5. Rolled Shoulder (Boneless)	28	27	27	26	26	26	25	24
(a) Round Bone Shoulder	29	28	27	27	27	26	26	25
6. Short or Cross Rib Roast	35	34	32	32	31	31	29	28
7. Blade Roast	31	30	28	28	28	27	27	26
(a) Blade Roast, Blade Bone	-	-	-		-	905		
and Back Strap Remov-			NEW STATE			ROLL ROLL		
ed	33	32	30	30	30	29	29	28
8. Chuck Roast	28	27	26	26	26	25	25	24
(a) Chuck Roast (Boneless)	32	31	30	30	30	29	29	28
9. Neck (Boneless)	26	25	25	24	24	24	24	23
0. Shank, Front Quarter	15	14	14	14	14	13	13	13
(b) Shank, Centre Cut	12 22	11 21	11 21	11 21	11 21	10 20	10 20	$\frac{10}{20}$
(c) Shank Meat (Boneless)	26	25	25	25	24	24	24	23
Miscellaneous Retail Cuts								
Stewing Meat (Boneless)	26	25	25	25	24	24	24	23
Hamburger	26	25	25	25	24	24	24	23
Tenderloin	80	80	75	75	75	75	75	75

SCHEDULE "L" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef.

BLUE BRAND

AUTHORIZED CUTS Primary Cuts Indicated by Num-				Zo	nes			
bers and Secondary Cuts Indicated by Letters	1	2, 3 5, 7	4, 6	15	9 13	14	10	11 12
1. Shank, Hind Quarter (Bone-								
less)	27 46	26 45	25 44	25 44	25 43	24 43	24 42	23 41
(a) Round Steak or Roast						ner:		
(Boneless)(b) Minced Round Steak	48 48	47	46 46	46 46	45 45	45 45	44 44	43 43
3. Rump Roast, Round or Square End	46	45	44	44	43	42	41	41
4. Sirloin Tip (Boneless)	48	47	46	45	45	45	45	43
less)	54 51	53 49	52 49	51 48	51 48	51 48	51 47	49 46
(a) Sirloin Butt (Boneless)	53	51	51	50	50	50	49	48
6. Flank Steak (Boneless)	35 18	34	33 16	33 16	33 15	33 15	32 14	32
8. Porterhouse Steak or Roast	57	56	55	54	54	53	52	51
9. T-Bone Steak or Roast	57 53	56 51	55 51	54 50	54 50	53 49	52 49	51 49
(a) Strip Loin (Boneless)	64	63	62	61	61	60	59	58
11. Rib Roast, 7 Rib-Bones Whole. (a) Rib Roast, 7 Rib-Bones	35	34	33	32	32	31	30	29
(Boneless and Rolled)	47	46	45	44	44	43	41	40
Whole)(b) Prime Rib Roast, 5 Rib-							32	31
Bones	38	36	35	34	34	33	32	91
led)	50	48	47	46	46	44	43	41
(d) Rib Roast, 6th and 7th Rib-Bones	33	31	30	29	29	28	27	26
7th Rib-Bones, Inside Roll (Boneless)	50	48	47	46	46	44	43	41
7th Rib-Bones, Outside Roll (Boneless)	37	35	34	33	33	32	31	30
12. Short Ribs, Braising	17	16	16	16	16	16	15	14
(a) Plate Brisket (Boneless and	17	16	15	15	15	15	14	14
Rolled)	22 16	21 15	21 15	21 15	21 14	19 14	19 14	19 13
(a) Brisket Point (Boneless and				THE STATE OF				
Rolled)	27 27	25 26	25 25	25 25	25 24	24 24	24 23	23 22
(a) Round Bone Shoulder								139
Roast	27 33	27 31	26 30	26 29	25 29	25 28	24 27	24 26
17. Blade Roast	29	28	27	27	26	26	25	24
(a) Blade Roast, Blade Bone		The section of			A CONTRACT			
and Back Strap Remov-	31	30	29	29	28	28	27	26
18. Chuck Roast(a) Chuck Roast (Boneless)	26 30	26 30	25 29	25 29	24 28	24 28	23 27	23 27
19. Neck (Boneless)	25	24	24	24	23	23	23	22
20. Shank, Front Quarter	14 11	14	13 10	13 10	13 10	13 10	13 10	13 10
(b) Shank, Centre Cut (c) Shank Meat (Boneless)	21 25	21 24	20 24	20 24	20 24	20 23	20 23	20 22
Miscellaneous Retail Cuts		1-						
Stewing Meat (Boneless)	25	24	24	24	24	23	23	22
Hamburger Fenderloin	25 75	24 75	24 75	24 75	24 75	23 75	23 75	22 75

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SCHEDULE "M" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef.

COMMERCIAL

AUTHORIZED CUTS				Zo	nes			
Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Letters	1	2, 3 5, 7	4, 6	15	9 13	14	10	11 12
1. Shank, Hind Quarter (Bone-							-00	
2. Round Steak or Roast	26 45	25 43	24 42	24 41	24 41	23 40	22 39	21 39
(a) Round Steak or Roast								
(Boneless) (b) Minced Round Steak	47 47	45 45	44	43 43	43 43	42 42	41	41
3. Rump Roast, Round or Square								
End	44 46	42 44	41 44	41	40 44	40 44	39 42	38 41
(a) Cubed Sirloin Tip (Bone-								
less)	52 48	50 46	50 46	50 45	50 45	50 45	48 44	47 43
(a) Sirloin Butt (Boneless)	50	48	48	47	47	47	46	45
6. Flank Steak (Boneless)	35	34	33	33	33	33	32	32
7. Flank, Trimmed	18	17 50	16 49	16 49	15 48	15 48	14 48	14 47
8. Porterhouse Steak or Roast 9. T-Bone Steak or Roast	51 51	50	49	49	48	48	48	47
10. Wing Steak or Roast	49	48	47	47	46	46	46	45
(a) Strip Loin (Boneless)	58	57	56	56	55	55	55	54
11. Rib Roast, 7 Rib-Bones Whole (a) Rib Roast, 7 Rib-Bones	33	33	32	31	31	30	30	29
(Boneless and Rolled								
Whole)	45	45	44	43	43	41	41	40
(b) Prime Rib Roast, 5 Rib- Bones	36	35	34	33	33	32	32	31
(c) Prime Rib Roast, 5 Rib-								
Bones (Boneless and Rolled)	48	47	46	44	44	43	43	41
(d) Rib Roast, 6th and 7th								
Rib-Bones(c) Rolled Rib Roast, 6th and	30	30	29	28	28	27	27	26
7th Rib-Bones, Inside Roll								
(Boneless)(f) Rolled Rib Roast, 6th and	48	47	46	44	44	43	43	41
7th Rib-Bones, Outside Roll (Boneless)								
Roll (Boneless)	35	34	33	32	32	31	31	30
12. Short Ribs, Braising	17 17	16 16	16 15	16 15	16 15	16 15	15 14	14 14
(a) Plate Brisket (Boneless and								
Rolled	22	21	21	21	20	19	18	18
(a) Brisket Point (Boneless	16	15	15	15	14	14	14	13
and Rolled)	27	25	25	25	25	24	23	23
15. Rolled Shoulder (Boneless) (a) Round Bone Shoulder	26	25	25	25	24	24	23	22
Roast	27	26	26	26	25	25	24	24
16. Short or Cross Rib Roast 17. Blade Roast	33 29	31 27	30 27	29 27	29 26	28 26	27 25	26 24
(a) Blade Roast, Blade Bone	20				20		-	
and Back Strap Removed.	31	29	29	29	28	28	27	26
18. Chuck Roast	26 30	25 29	25 29	25 29	24 28	24 28	23 27	23 27
19. Neck (Boneless)	25	24	24	24	23	23	22	21
20. Shank, Front Quarter	14	13	13	13	13	13	12	11 7
(a) Shank, Knuckle End (b) Shank, Centre Cut	10 20	9 19	9 19	9 19	9 19	9 19	8 18	17
(c) Shank Meat (Boneless)	25	24	24	24	24	23	22	21
Miscellaneous Retail Cuts								
Stewing Meat (Boneless)	24	23	23	23	23	23	22	21
Hamburger	24	23	23	23	23	23	22	21
Tenderloin	75	75	75	75	75	75	75	75

SCHEDULE "O" TO ADMINISTRATOR'S ORDER No. A2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef.

PLAIN

AUTHORIZED CUTS				Zones	,		
Primary Cuts Indicated by Nimbers and Secondary Cuts Indicated by Letters	1	3 7	2 15	4, 5 8, 13	14	6 9	10, 11
1. Shank, Hind Quarter (Boneless)	21	21	21	20	20	20	19
2. Round Steak or Roast	39	38	38	37	37	36	36
(a) Round Steak or Roast (Boneless)	41	40	40	39	39 39	38	38
(b) Minced Round Steak	41 38	38	38	37	37	36	35
4. Sirloin Tip (Boneless)	41	41	40	40	40	40	38
(a) Cubed Sirloin Tip (Boneless)	47	47	46	46	46	46	44
5. Sirloin Steak or Roast	43	43	42	42	41	41	39
(a) Sirloin Butt (Boneless)	43	43	42	42	41	41	39
6. Flank Steak (Boneless)	32	31	31	30	30	30	29
7. Flank, Trimmed	14 47	14 47	13 46	13 46	13 45	12 45	11 44
8. Porterhouse Steak or Roast	47	47	46	46	45	45	44
10. Wing Steak or Roast	45	44	44	44	43	43	41
(a) Strip Loin (Boneless)	47	46	46	46	46	46	45
11. Rib Roast, 7 Rib-Bones Whole	30	30	30	29	29	29	28
(a) Rib Roast, 7 Rib-Bones (Boneless and Rolled				1	40	10	00
Whole)	41	32	32	40	40 31	40 31	39 30
(b) Prime Rib Roast, 5 Rib-Bones	32	32	32	31	91	-91	30
Rolled)	43	43	43	41	41	41	40
(d) Rib Roast, 6th and 7th Rib-Bones	27	27	27	26	26	26	25
(e) Rolled Rib Roast, 6th and 7th Rib-Bones, Inside				100000		PER S	
Roll (Boneless)	43	43	43	41	41	41	40
(f) Rolled Rib Roast, 6th and 7th Rib-Bones, Outside	91	91	31	30	30	30	29
Roll (Boneless)	31	31 16	15	15	15	14	12
13. Plate Brisket	15	14	14	14	14	13	12
(a) Plate Brisket (Boneless and Rolled)	20	18	18	18	18	17	16
14. Brisket Point	15	14	14	14	13	13	-11
(a) Brisket Point (Boneless and Rolled)	25	23	23	23	23	21	19
15. Rolled Shoulder (Boneless)	25	24 25	23 25	23 25	22 25	22 24	20 23
(a) Round Bone Shoulder Roast	26 29	29	29	28	28	27	26
17. Blade Roast	26	25	25	25	25	25	24
(a) Blade Roast, Blade Bone and Back Strap Re-			1				
moved	28	27	27	27	27	27	26
18. Chuck Roast	25	24	24	24	24	23	22
(a) Chuck Roast (Boneless)	29 23	28 23	28 22	28 22	28 21	27 21	26 20
19. Neck (Boneless)	13	13	12	12	11	11	10
(a) Shank, Knuckle End	9	9	8	8	7	7	6
(b) Shank, Centre Cut	19	19	18	18	17	17	16
(c) Shank Meat (Boneless)	21	21	21	20	20	20	19
Miscellaneous Retail Cuts							
N. W. I.O. J.	99	99	00	99	21	20	20
Stewing Meat (Boneless)	23 23	23 23	22 22	$\begin{vmatrix} 22 \\ 22 \end{vmatrix}$	21	20	20
HamburgerTenderloin	70	70	70	70	70	70	70
1 Chuck tolli			-		REFE	3300	THE SERVICE STATES

PRICES.

1933

SCHEDULE "P" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef.

UTILITY

AUTHORIZED CUTS				Zones			
Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Letters	1	3 7	2 15	4, 5 8, 13	14	6 9	10, 11
1. Shank, Hind Quarter (Boneless)	20	20	20	20	19	19	19
2. Round Steak or Roast (Boneless)	37 39 39	36 38 38	36 38 38	36 38 38	36 38 38	35 37 37	34 36 36
(b) Minced Round Steak	37	36	36	36	35	35	34
4. Sirloin Tip (Boneless)	40 46	40 46	39 45	38 44	38 44	38 44	36 42
5. Sirloin Steak or Roast	31 41	41 41	40 40	39 29	39 39	38 38	37 37
6. Flank Steak (Boneless)	30 13	30 12	30 12	30 12	39 11	29 11	28 10
8. Porterhouse Steak or Roast	45 45	45 45	45 45	44	44 44	44	42 42
10. Wing Steak or Roast (a) Strip Loin (Boneless)	43 46	43 46	42 46	42 45	41 45	40	39 43
11. Rib Roast, 7 Rib-Bones Whole	29	29	28	28	28	27	26
Whole)	40	40	39	39	39	37	36
(b) Prime Rib Roast, 5 Rib-Bones	31	31	30	30	30	29	28
Rolled)(d) Rib Roast, 6th and 7th Rib-Bones	41 26	41 26	40 25	40 25	40 25	39 24	37 23
(e) Rolled Rib Roast, 6th and 7th Rib-Bones, Inside Roll (Boneless)	41	41	40	40	40	39	37
(f) Rolled Rib Roast, 6th and 7th Rib-Bones, outside Roll (Boneless)	30	30	29	29	29	27	26
12. Short Ribs, Braising	15 14	14 13	14 13	13 13	12 12	12 12	12 12
(a) Plate Brisket (Boneless and Rolled)	18 13	17 13	17 12	17 12	16 11	16 11	16 11
(a) Brisket Point (Boneless and Rolled)	23 22	21 22	21 22	21 21	19 20	19 20	19
(a) Round Bone Shoulder Roast. 16. Short or Cross Rib Roast.	25 28	24 27	24 27	23 27	23 26	23 26	20 24
17. Blade Roast	25	25	24	24	24	23	21
(a) Blade Roast, Blade Bone and Back Strap Removed	27	27	26	26	26	25	23
18. Chuck Roast	24 28	23 27	23 27	22 26	22 26	22 26	19 23
19. Neck (Boneless) 20. Shank, Front Quarter	21 11	21 11	21 11.	20 10	20 10	20 10	19 10
(a) Shank, Knuckle End	7 17 20	7 17 20	7 17 20	6 16 19	6 16 19	6 16 19	6 16 19
Miscellaneous Retail Cuts							
Stewing Meat (Boneless)	21 21 70	20 20 70	20 20 70	20 20 70	20 20 70	20 20 70	18 18 70

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SCHEDULE "R" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef.

CUTTER

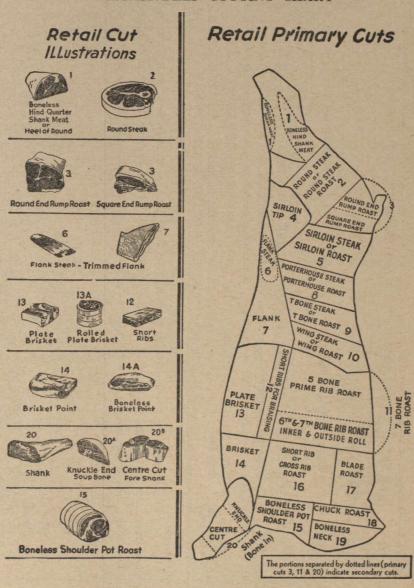
AUTHORIZED CUTS				Zones			
Primary Cuta Indicated by Numbers and Secondary Cuts Indicated by Lettters	1	3 7	2 15	4,5 8,13	14	6 9	10,11
1. Shank, Hind Quarter (Boneless)	20	20	19	19	19	19	19
2. Round Steak or Roast (Boneless)	26 38	36 38	36 38	35 37	35 37	34 36	32 35
(b) Minced Round Steak	38	38	38	37	37	36	35
3. Rump Roast, Round or Square End	36 39	36 38	35 38	35 38	34 37	34 36	33 35
(a) Cubed Sirloin Tip (Boneless)	45 40	44 39	44 39	38	43 38	42 38	40 36
5. Sirloin Steak or Roast	40	39	39	38	38	38	36
6. Flank Steak (Boneless)	30 12	30	29	29	29 11	29 -	28
8. Porterhouse Steak or Roast	45	44	44	44	43	43	42
9. T-Bone Steak or Roast	45 42	44 42	44 41	44 40	43 40	43	42 39
(a) Strip Loin (Boneless)	46	45	45	44	44	43	43
11. Rib Roast, 7 Rib-Bones Whole	28	28	28	27	27	26	25
Whole)	39 30	39 30	39 30	37 29	37 29	36 28	35 27
(c) Prime Rib Roast, 5 Rib-Bones (Boneless and	30						126
Rolled)	40 25	40 25	40 25	39 24	39 24	37 23	36 21
(e) Rolled Rib Roast, 6th and 7th Rib-Bones, Inside				1333			
Roll (Boneless)(f) Rolled Rib Roast, 6th and 7th Rib-Bones, Outside	40	40	40	39	39	37	36
Roll (Boneless)	29	29 13	29 12	27	27 12	26 12	24
12. Short Ribs, Braising	14 13	13	12	12	12	12	11
(a) Plate Brisket (Boneless and Rolled)	17 12	17 12	16 11	16	16 11	16 11	15
14. Brisket Point	21	21	19	19	19	19	18
15. Rolled Shoulder (Boneless)	22 24	21 23	20 23	20 23	19 22	19 21	17 19
16. Short or Cross Rib Roast	27	17	26	26	25 23	25 22	23 21
17. Blade Roast	24	24	24	23		22	
moved	26	26 22	26 22	25 22	25 21	24 20	23
18. Chuck Roast (a) Chuck Roast (Boneless)	23 27	26	26	26	25	24	22
19. Neck (Boneless)	21 11	20	20 10	20	19 10	19 10	18
20. Shank, Front Quarter	7	6	6	6	6	6	6
(b) Shank, Centre Cut	17 20	16 19	16 19	16 19	16 19	16 19	16 18
Miscellaneous Retail Cuts							
Stewing Meat (Boneless)	20	20	20	20	19	19	18
Hamburger. Tenderloin	20 70	20 70	20 70	20 70	19 70	19 70	18 70

SCHEDULE "S" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices for Canned Beef Products by Zones

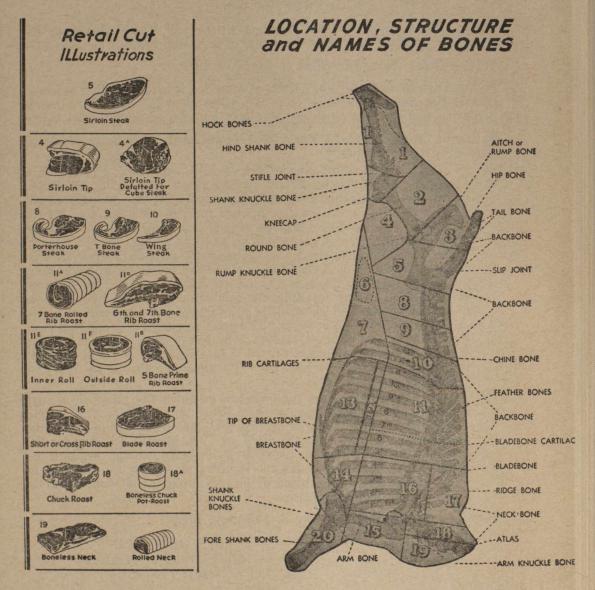
Kind of Product Type of Container and Net Contents	Price Basis	Zones															
	Net Contents		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Canned Spiced Beef	Rectangular— 6 lbs	c per pound	26.25	25.75	25.00	25.00	25.00	25.00	25.50	25.00	24.25	23.50	23 · 25	23.00	24.00	24.25	24.75
2. Canned Spiced Beef	Round—12 oz	\$ and c per doz	2.52	2.46	2.40	2.40	2.40	2.40	2.46	2.40	2.33	2.27	2.24	2.21	2.29	2.32	2.38
3. Canned Spiced Beef	Round—16 oz	\$ and c per doz.	2.80	2.73	2.65	2.65	2.65	2.65	2.71	2.64	2.56	2.48	2.44	2.40	2.51	2.54	2.61

RETAIL BEEF CUTTING CHART



THIS CHART illustrates most of the retail cuts of beef which each cut and quality shown in The Beef Price Chart which is "in a conspicuous place" at each place of business in which PRICES 1937

RETAIL BEEF CUTTING CHART



may be sold or offered for sale at prices not in excess of those prices for required by Order of the Wartime Prices and Trade Board to be posted beef is sold at retail.

WARTIME PRICES AND TRADE BOARD

ADMINISTRATOR'S ORDER No. A-2294

Respecting Beef

Under powers given by the Wartime Prices and Trade Board to the Administrator of Meat and Meat Products, it is hereby ordered as follows:—

- 1. This Order comes into effect on March 3, 1947.
- 2. Administrator's Order No. A-2032 as amended is hereby further amended by deleting Schedules "A", "B", "D", "E", "F", "K", "L", and "M", thereto and replacing them by the Schedules similarly lettered annexed to this Order.
- 3. Section 36 of said Order No. A-2032 as amended is hereby revoked and is replaced by the following:
 - "36. (1) The maximum price, sales tax included, at which a person in a zone may sell at wholesale any product listed in Schedule "S" hereto which was manufactured by him shall, according to the size of the container, be the price for the same set forth in such Schedule for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone, for the zone in which the seller has his place of business; provided, however, that every such person shall continue to allow any difference in price which he had during the basic period or customarily allowed to different classes of buyers or for different quantities or under different conditions of sale and which result in a lower net price per unit of goods. If a person operates a branch of his business or otherwise operates more than one place of business, each such branch or other place of business shall when selling any product listed in said Schedule "S", manufactured by such person be governed, as to its maximum prices, by the provisions of this Subsection.
 - (2) The maximum price, sales tax included, at which any person in a zone may sell at wholesale any product listed in Schedule "S" hereto which was not manufactured by him shall, according to the size of the container, be the price for the same set forth in such Schedule for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone, for the zone in which the seller has his place of business; plus an amount equal to 5 per cent of his selling price."

Dated at Ottawa, this 27th day of February, 1947.

F. S. GRISDALE, Administrator of Meat and Meat Products.

APPROVED:

K. W. TAYLOR,

Deputy Chairman, Wartime Prices and Trade Board.

SCHEDULE "A" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by Zones for Carcasses, Sides and Quarters of the Qualities of Beef Shown Below

Zone	Red Brand	Blue Brand	Commercial	Plain	Utility	Cutter
(a) Carcasses and Sides— 1	26·00 25·50 25·50 25·50 25·00 25·50 25·00 24·50 23·75 23·25 23·25 24·50 24·50 24·50	25·00 24·50 24·50 24·00 24·00 24·50 24·00 23·50 22·75 22·25 22·25 23·50 23·55 23·55	24·00 23·50 23·50 23·50 23·50 23·50 23·50 23·50 21·75 21·25 21·25 22·50 22·50 22·50 22·50 22·50 22·50 22·50 22·50	19·75 19·25 19·50 19·00 19·00 18·50 19·50 19·50 17·75 17·75 17·75 17·75 19·00 18·75 19·25	18·75 18·25 18·50 18·00 18·00 17·50 18·50 18·00 17·50 16·75 16·75 16·75 18·00 17·75	18·25 17·75 18·00 17·50 17·50 17·00 18·00 17·50 17·50 16·25 16·25 17·50 17·25 17·50
b) Fore Quarters— Less than Maximum Carcass Price for each Zone by	5.00	5.00	4.50	4.00	4.00	4.00
e) Hind Quarters— More than Maximum Carcass Price for each Zone by	5.25	5.25	4.75	4.25	4.25	4.25

SCHEDULE "B" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Wholesale Prices (in cents per pound) by Zone for Sundry Wholesale Cuts of Beef

Name of Cut	Derived from	Zones									
Name of Cut	Derived from	11-12	10 ·	14	9-13	15	4-6-8	2-3-5-7	1		
Flank Bone-in	Any Quality	12.25	12.75	13.25	13.50	13.75	14.00	14.50	15.00		
Flank Boneless	Any Quality	15.00	15.50	16.00	16.25	16.50	16.75	17.25	17.75		
Flank Steak	Any Quality	23.75	24.25	24.75	25.00	25.25	25.50	26.00	26.50		
No. 1 Tenderloin, weighing 5 lbs. and up	Any Quality	56.00	56.50	57.00	57.25	57.50	57.75	58.25	58.75		
No. 2 Tenderloin, weighing 4-5 lbs	Any Quality	53.25	53.75	54.25	54.50	54.75	55.00	55.50	56.00		
No. 3 Tenderloin, weighing less than 4 lbs.	Any Quality	50.00	50.50	51.00	51.25	51.50	51.75	52.25	52.75		
Shank, Bone-in	Any Quality	10.00	10.50	11.00	11.25	11.50	11.75	12.25	12.75		
Shank, Boneless	Any Quality	17.75	18.25	18.75	19.00	19.25	19.50	20.00	20.50		
No. 1 Brisket Point, Bone-in	Red, Blue and Comm	16.25	16.75	17.25	17.50	17.75	18.00	18.50	19.00		
No. 2 Brisket Point, Bone-in	Plain, Utility and Cutter	11.75	12.25	12.75	13.00	13.25	13.50	14.00	14.50		
No. 1 Brisket Point, Boneless	Red, Blue and Comm	24.50	25.00	25.50	25.75	26.00	26.25	26.75	27.25		
No. 2 Brisket Point, Boneless	Plain, Utility and Cutter	17.50	18.00	18.50	18.75	19.00	19.25	19.75	20.25		
Plate, Bone-in	Any Quality	12.25	12.75	13.25	13.50	13.75	14.00	14.50	15.00		
Plate, Boneless	Any Quality	16.00	16.50	17.00	17.25	17.50	17.75	18.25	18.75		

PRICES

SCHEDULE "D" TO ADMINISTRATOR'S ORDER No. A-2032

Prices (in cents per pound) for Major Wholesale Cuts of Red Brand Beef

N				Zor	NES			
Name of Cut	11-12	10	14	9-13	15	4-6-8	2-3-5-7	1
HIND QUARTER— Bone-in Cuts— Long Hip. Short Hip. Long Loin. Short Loin. Shell Loin. Steak Piece. Boneless Cuts— Short Hip. Strip Loin.	28.50 27.00 36.00 39.00 42.25 33.00	29.00 27.50 36.50 39.50 42.75 33.50 34.75 49.25	29.50 28.00 37.00 40.00 43.25 34.00 35.25 49.75	29.75 28.25 37.25 40.25 43.50 34.25	30.00 28.50 37.50 40.50 43.75 34.50 35.75 50.25	30.25 28.75 37.75 40.75 44.00 34.75	30.75 29.25 38.25 41.25 44.50 35.25	31.2 29.7 38.7 41.7 45.0 33.7
Sirloin Butt. ORE QUARTER— Bone-in Cuts— Triangle Rack Rib Square Cut Chuck Cross Cut Chuck	16.50 21.50 28.25 18.75 17.50	17.00 22.00 28.75 19.25 18.00	17.50 22.50 29.25 19.75 18.50	17.75 22.75 29.50 20.00 18.75	18.00 23.00 29.75 20.25 19.00	18.25 23.25 30.00 20.50 19.25	18.75 23.75 30.50 21.00 19.75	19.2 24.2 31.0 21.8 20.8
Boneless Cuts— Rib Square Cut Chuck. Shoulder Clod.	41.50 23.25 24.25	42.00 23.75 24.75	42.50 24.25 25.25	42.75 24.50 52.50	43.00 24.75 25.75	43.25 25.00 26.00	43.75 25.50 26.50	44.5 26.0 27.0

SCHEDULE "E" TO ADMINISTRATOR'S ORDER No. A-2032

Prices (in cents per pound) for Major Wholesale Cuts of Blue Brand Beef

Name of Cost				Zon	NES .			
Name of Cut	11-12	10	14	9-13	15	4-6-8	2-3-5-7	1
IND QUARTER— Bone-in Cuts— Long Hip. Short Hip. Long Loin. Short Loin Shell Loin Steak Piece Boneless Cuts. Short Hip. Strip Loin.	27.50 26.00 35.00 38.00 41.25 32.00	28.00 26.50 35.50 38.50 41.75 32.50	28.50 27.00 36.00 39.00 42.25 33.00 34.25 48.50	28.75 27.25 36.25 39.25 42.50 33.25 34.50 48.75	29.00 27.50 36.50 39.50 42.75 33.50 34.75 49.00	29.25 27.75 36.75 39.75 43.00 33.75	29.75 28.25 37.25 40.25 43.50 34.25	30.3 28.3 37.3 40.3 44.0 34.3 36.0 50.3
Sirloin Butt. ORE QUARTER— Bone-in Cuts— Triangle. Rack. Rib. Square Cut Chuck. Cross Cut Chuck. Boneless Cuts— Rib.	39.25 16.00 20.25 26.25 17.75 16.75	39.75 16.50 20.75 26.75 18.25 17.25	17.00 21.25 27.25 18.75 17.75	40.50 17.25 21.50 27.50 19.00 18.00	17.50 21.75 27.75 19.25 18.25	17.75 22.00 28.00 19.50 18.50	18.25 22.50 28.50 20.00 19.00	18. 23. 29. 20. 19.

11-12	10	14	9-13	15	4-6-8	100 = = 1	
			The second secon		4-0-0	2-3-5-7	1
26.00 24.50 32.75 35.25 37.50 30.25 31.25 43.25 36.25	26.50 25.00 33.25 35.75 38.00 30.75 31.75 43.75 36.75	27.00 25.50 33.75 36.25 38.50 31.25 32.25 44.25 37.25	27. 25 25. 75 34. 00 36. 50 38. 75 31. 50 32. 50 44. 50 37. 50	27.50 26.00 34.25 36.75 39.00 31.75 32.75 44.75 37.75	27.75 26.25 34.50 37.00 39.25 32.00 38.00	28.25 26.75 35.00 37.50 39.75 32.50 33.50 45.50 38.50	28.75 27.25 35.50 38.00 40.25 33.00 34.00 46.00 39.00
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SCHEDULE "K" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef

RED BRAND

AUTHORIZED CUTS				Zo	NES			
Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Letters	1	2, 3, 5, 7	4, 6,	15	9, 13	14	10	11, 12
1. Shank, Hind Quarter (Boneless). 2. Round Steak or Roast. (a) Round Steak or Roast (Boneless). (b) Minced Round Steak 3. Rump Roast, Round or Square End. 4. Sirloin Tip (Boneless). (a) Cubed Sirloin Tip (Boneless) 5. Sirloin Steak or Roast. (a) Sirloin Butt (Boneless). 6. Flank Steak (Boneless). 7. Flank, Trimmed. 8. Porterhouse Steak or Roast. 9. T-Bone Steak or Roast. 10. Wing Steak or Roast. (a) Strip Loin (Boneless). 11. Rib Roast, 7 Rib-Bones (Boneless and Rolled Whole). (b) Prime Rib Roast, 5 Rib-Bones (Boneless and Rolled). (d) Rib Roast, 5 Rib-Bones (Boneless and Rolled). (d) Rib Roast, 6th and 7th Rib-Bones, Inside Roll (Boneless). (e) Rolled Rib Roast, 6th and 7th Rib-Bones, Outside Roll (Boneless). (f) Rolled Rib Roast, 6th and 7th Rib-Bones, Outside Roll (Boneless). (a) Plate Brisket. (a) Plate Brisket. (a) Plate Brisket (Boneless and Rolled) 14. Brisket Point. (a) Brisket Point (Boneless) (a) Round Bone Shoulder Roast. (b) Blade Roast. (a) Blade Roast, Blade Bone and Back Strap Removed.	31 51 53 53 53 51 53 56 56 59 39 22 61 61 57 69 40 53 42 55 55 41 22 21 26 20 32 33 34 34 36	31 49 51 51 49 52 55 55 58 38 21 60 60 66 68 39 52 41 54 40 21 20 25 19 31 30 31 37 33 33 35	30 40 51 51 51 54 53 56 37 21 59 59 55 67 38 51 40 53 35 53 39 20 20 25 19 31 30 30 35 35 37 37 37 38 38 38 39 39 30 30 30 30 30 30 30 30 30 30 30 30 30	30 48 50 50 50 48 50 53 53 53 53 56 67 20 59 59 59 55 67 38 51 40 53 53 53 53 53 51 40 53 53 53 53 54 55 67 57 58 59 59 59 59 59 59 59 59 59 59 59 59 59	29 48 50 50 48 50 50 53 52 55 37 20 59 59 54 67 39 52 34 52 38 19 18 29 30 34 18 29 30 31 31 31 31 31 31 31 31 31 31	29 47 49 49 48 50 53 52 55 56 20 58 58 54 66 37 50 39 52 34 52 38 19 18 24 18 29 28 29 34 30 30 30 30 30 30 30 30 30 30 30 30 30	28 47 49 49 47 48 51 51 51 54 36 19 57 57 53 65 35 48 37 50 36 19 18 24 18 29 28 29 32 30 32	27 46 48 48 48 51 51 54 56 56 56 56 52 64 34 47 47 36 48 31 22 17 28 31

SCHEDULE "K" TO ADMINISTRATOR'S ORDER No. A-2032—Continued

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef

RED BRAND

AUTHORIZED CUTS				Zo	NES			
Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Letters	1	2, 3, 5, 7,	4, 6,	15	9, 13	14	10	11, 12
18. Chuck Roast. (a) Chuck Roast (Boneless). 19. Neck (Boneless). 20. Shank, Front Quarter. (a) Shank, Knuckle End. (b) Shank, Centre Cut. (c) Shank Meat (Boneless).	29 18 15	30 34 28 17 14 24 28	29 33 28 17 14 24 28	29 33 27 17 14 24 28	29 33 27 17 14 24 27	28 32 27 16 13 23 27	28 32 27 16 13 23 27	27 31 26 16 13 23 26
MISCELLANEOUS RETAIL CUTS— Stewing Meat (Boneless)	29 29 80	28 28 80	28 28 75	28 28 75	27 27 75	27 27 75	27 27 75	26 26 75

SCHEDULE "L" TO ADMINISTRATOR'S ORDER No. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef

BLUE BRAND

Authorized Cuts				Zon	NES			
Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Lettters	1	2, 3, 5, 7	4, 6,	15	9, 13	14	10	11, 12
1. Shank, Hind Quarter (Boneless) 2. Round Steak or Roast (a) Round Steak or Roast (Boneless). (b) Minced Round Steak 3. Rump Roast, Round or Square End 4. Sirloin Tip (Boneless). (a) Cubed Sirloin Tip (Boneless). 5. Sirloin Steak or Roast. (a) Sirloin Butt (Boneless). 6. Flank Steak (Boneless). 7. Flank, Trimmed. 8. Porterhouse Steak or Roast. 9. T-Bone Steak or Roast. 10. Wing Steak or Roast. (a) Strip Loin (Boneless). 11. Rib Roast, 7 Rib-Bones Whole. (a) Rib Roast, 7 Rib-Bones (Boneless and Rolled Whole). (b) Prime Rib Roast, 5 Rib-Bones. (c) Prime Rib Roast, 5 Rib-Bones (Boneless and Rolled). (d) Rib Roast, 6th and 7th Rib-Bones. (e) Rolled Rib Roast, 6th and 7th Rib-Bones, Inside Roll (Boneless). (f) Rolled Rib Roast, 6th and 7th Rib-Bones, Outside Roll (Boneless). (g) Plate Brisket. (a) Plate Brisket (Boneless and Rolled).	30 48 51 51 51 54 54 57 38 21 60 60 66 68 38 51 41 54 40 20 20 25	29 48 50 50 48 50 53 52 55 37 20 59 59 54 67 37 50 39 52 34 52 34 52 34 52 34 52 34 52 34 52 34 54 54 54 54 54 54 54 54 54 54 54 54 54	28 47 49 49 47 49 52 52 55 36 19 58 58 54 66 36 49 38 51 33 51 37 19 18 24	28 47 49 49 47 48 51 51 54 36 19 57 57 53 65 35 48 37 50 32 50 36 19 18 24	28 46 48 48 46 48 51 51 51 51 54 36 18 57 57 53 65 35 48 37 50 32 50 36 19 18 24	27 46 48 48 45 48 51 51 51 54 36 18 56 56 52 64 47 36 48 31 48 31 48 35 17 22	27 45 47 47 44 48 51 50 53 35 17 55 55 52 63 33 45 35 47 30 47 31 81 17 22	26 44 46 46 49 49 52 35 17 54 52 62 32 44 34 45 29 45 33 17 17 22

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef

BLUE BRAND

Authorized Cuts				Zon	NES			
Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Letters	1	2, 3, 5, 7	4,6,	15	9, 13	14	10	11, 12
4. Brisket Point. (a) Brisket Point (Boneless and Rolled). 5. Rolled Shoulder (boneless). (a) Round Bone Shoulder Roast. 6. Short or Cross Rib Roast. 7. Blade Roast. (a) Blade Roast, Blade Bone and Back Strap Removed. 8. Chuck Roast. (a) Chuck Roast (Boneless). 9. Neck (Boneless). 0. Shank, Front Quarter. (a) Shank, Knuckle End. (b) Shank, Centre Cut. (c) Shank Meat (Boneless). MISCELLANEOUS RETAIL CUTS— Stewing Meat (Boneless). Hamburg. Tenderloin.	19 31 30 30 36 32 34 29 33 28 17 14 24 28 28 75	18 29 29 30 34 31 33 29 33 27 17 14 24 27	18 29 28 29 33 30 32 28 32 27 16 13 23 27 27 75	18 29 28 29 32 30 32 28 32 27 16 13 23 27 27 75	17 29 27 28 32 29 31 27 31 26 16 13 23 27 27 75	17 28 27 28 31 29 31 27 31 26 16 13 23 26 26 75	17 28 26 27 30 38 30 26 30 26 16 13 23 26 26	16 27 25 27 29 27 29 26 30 25 16 13 23 25

SCHEDUL "M" TO ADMINISTRATOR'S ORDER NO. A-2032

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef

COMMERCIAL

AUTHORIZED CUTS					ZONES			
Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Letters	1	2, 3 5, 7	4, 6,	15	9, 13	14	10	11, 15
1. Shank Hind Quarter (Boneless). 2. Round Steak or Roast. (a) Round Steak or Roast (Boneless). (b) Minced Round Steak. 3. Rump Roast, Round or Square End. 4. Sirloin Tip (Boneless). (a) Cubed Sirloin Tip (Boneless). 5. Sirloin Steak or Roast. (a) Sirloin Butt (Boneless). 6. Flank Steak (Boneless). 7. Flank, Trimmed. 8. Porterhouse Steak or Roast. 9. T-Bone Steak or Roast. 10. Wing Steak or Roast. (a) Strip Loin (Boneless) 1. Rib Roast, 7 Rib-Bones (Boneless and Rolled Whole). (b) Prime Rib Roast, 5 Rib-Bones. (c) Prime Rib Roast, 5 Rib-Bones. (d) Rib Roast, 6th and 7th Rib-Bones, Inside Roll (Boneless). (e) Rolled Rib Roast, 6th and 7th Rib-Bones, Inside Roll (Boneless). (f) Rolled Rib Roast, 6th and 7th Rib-Bones, Outside Roll (Boneless). 2. Short Ribs, Braising. 3. Plate Brisket. (a) Plate Brisket (Boneless and Rolled). 4. Brisket Point. (a) Brisket Point (Boneless and Rolled).	29 48 50 50 47 49 52 51 54 38 21 54 52 62 62 36 49 39 52 33 52 38 20 20 21 21 31 31	28 46 48 48 45 47 50 49 52 37 20 53 53 51 61 36 49 38 51 37 19 19 24 18 29	27 45 47 47 44 47 50 49 52 36 19 52 50 60 35 48 37 50 32 50 36 19 18 24 18 29	27 44 46 46 44 47 50 48 51 36 19 52 52 52 50 60 34 47 36 48 31 48 35 19 18 24 18 24	27 44 46 46 43 47 50 48 51 36 18 51 51 49 59 34 47 36 48 31 48 35 18 23 17 29	26 43 45 45 45 47 50 48 51 36 18 51 51 49 59 33 45 47 30 47 31 49 47 31 47 47 49 49 49 49 49 49 49 49 49 49 49 49 49	25 42 44 44 42 45 48 47 50 35 17 51 51 49 59 33 45 35 47 30 47 31 47 31 17 21	24 42 44 44 41 44 47 46 49 9 5 5 17 50 48 58 32 44 34 44 5 7 7 17 17 17 17 17 17 17 17 17 17 17 17

SCHEDULE "M" TO ADMINISTRATOR'S ORDER No. A-2032—(Continued)

Maximum Retail Prices (in cents per pound) for Authorized Retail Cuts of Beef

COMMERCIAL

AUTHORIZED CUTS				Zo	NES			
Primary Cuts Indicated by Numbers and Secondary Cuts Indicated by Letters	1	2, 3 5, 7	4, 6,	15	9, 13	14	10	11, 12
15. Rolled Shoulder (Boneless)	29	28	28	28	27	27	26	25
	30	29	29	29	28	28	27	27
	36	34	33	32	32	31	30	29
17. Blade Roast	32	30	30	30	29	29	28	27
	34	32	32	32	31	31	30	29
18. Chuck Roast	29	28	28	28	27	27	26	26
	33	32	32	32	31	31	30	30
19. Neck (Boneless)	28	27	27	27	26	26	25	24
20. Shank, Front Quarter (a) Shank, Knuckle End (b) Shank, Centre Cut (c) Shank Meat (Boneless)	17	16	16	16	16	16	15	14
	13	12	12	12	12	12	11	10
	23	22	22	22	22	22	21	20
	28	27	27	27	27	26	25	24
Miscellaneous Retail Cuts— Stewing Meat (Boneless). Hamburger. Tenderloin.	27	26	26	26	26	26	25	24
	27	26	26	26	26	26	25	24
	75	75	75	75	75	75	75	75

EXHIBIT No. 92

APPENDIX "C"

WARTIME PRICES AND TRADE BOARD ADMINISTRATOR'S ORDER NO. A-2211

PORK PRODUCTS

Under powers given by the Wartime Prices and Trade Board to the Administrator of Meat and Meat Products, it is hereby ordered as follows:

INTRODUCTION

Effective Date

1. This Order comes into force on January 15, 1947, and Administrator's Order No. A-1946 as amended is hereby revoked and replaced by this Order.

General Definitions

2. For the purposes of this Order

- (a) "pork product" means any product obtained from a hog and includes
 (i) any such product in fresh, cured, smoked, cooked or canned form or any such form of product in frozen condition except canned product. All such products numbered and named in Schedules "C", "D" or "E" hereto or otherwise referred to in this Order mean the pork products similarly numbered, defined or listed in Schedule "A" hereto:
- (b) "retail pork cut" means any product listed in Schedules "G", "H", "J" or "K" hereto, under the heading "Description of Cut";
- (c) "sell" includes offer to sell and "buy" includes offer to buy;
- (d) "sell at wholesale" means to sell otherwise than at retail;

(e) "zone" means a zone defined in Part VII herein.

Prices are Maximum Prices

3. All prices fixed by this Order are maximum prices and must not be exceeded.

Additional Payments and Consideration are Part of the Price

4. Any consideration, money or money's worth given or paid by the buyer to any person in connection with the purchase of any pork product or received by the seller from any person in connection with the sale of any pork product shall constitute part of the price of such pork product.

INDEX TO PARTS

PART I—General Provisions Applying to Sales at Wholesale

PART II—Maximum Wholesale Prices
PART III—Definitions of Rough Cuts

PART IV—General Provisions Applying to Sales at Retail

PART V—Maximum Retail Prices

PART VI-Records of Sales and Purchases

PART VII—Zones

PART I—GENERAL PROVISIONS APPLYING TO SALES AT WHOLESALE

Wholesale Prices Include Delivery Except as Specified

- 5. Wholesale prices of the pork products numbered and named in Schedules "C", "D" and "E" include delivery to the buyer's place of business except in the following cases:
 - (a) if delivery is by railway or by transhipment by railway, it is to be made at the railway station nearest to the buyer's place of business;
 - (b) if delivery is by boat or by transhipment by boat, it is to be made on a dock at the boat's port of call nearest to the buyer's place of business;
 - (c) if delivery is by express at the buyer's request, the seller may add to his selling price the difference between freight and express charges, if he shows the difference as a separate item on his sales invoice;
 - (d) if the sale is to a person in a part of Canada not included in a zone, the seller may add to his selling price the transportation cost from the shipping point to the point of delivery to the buyer, if such cost is shown as a separate item on his sales invoice.

Equitable Distribution

6. Every person who sells at wholesale pork products to which this Order applies shall equitably distribute his available supplies of such pork products among his customers at the delivery point referred to in Section 5. If a customer operates a branch of his business or otherwise operates more than one place of business he shall be deemed to be a separate customer in respect of each branch or place of business operated by him, and delivery to him shall be made to the place of business designated by such customer, or, if delivery is by railway, by boat, or, by transhipment by railway or boat, to the railway station or on the dock at the boat's port of call, as the case may be, nearest to such designated place of business.

PART II—MAXIMUM WHOLESALE PRICES

Sales of Schedules "C", "D" and "E" Products by Persons in Zones

- 7. (1) The maximum price at which any person in a zone may sell at wholesale any pork product numbered and named in Schedule "C" or Schedule "D" hereto shall be the price for that pork product set forth in the Schedule in which it is numbered and named, for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone, for the zone in which the seller has his place of business.
- (2) The maximum price, sales tax included, at which any person in a zone may sell at wholesale any pork product named and numbered in Schedule "E" hereto which was manufactured by him shall be the price for that pork product set forth in such Schedule for the zone in which the buyer's place of business is situated or, if it be situated in a part of Canada not included in a zone, for the zone in which the seller has his place of business; provided, however, that every such person shall continue to allow any difference in price which he has during the basic period, September 15 to October 11, 1941, both inclusive, or customarily allowed to different classes of buyers or for different quantities or under different conditions of sale and which result in a lower net price per unit of goods. If a person operates a branch of his business or otherwise operates more than one place of business, each such branch or other place of business shall when selling any pork product named and numbered in Schedule "E" hereto manufactured by such person be governed, as to its maximum prices, by the provisions of this subsection.

(3) The maximum price, sales tax included, at which any person in a zone may sell at wholesale any pork product named and numbered in Schedule "E" hereto which was not manufactured by him shall be the price for that pork product set forth in such Schedule for the zone in which the buyer's place of business is situated or, if be situated in a part of Canada not included in a zone, for the zone in which the seller has his place of business; PLUS an amount equal to 5 per cent of his selling price.

Sales of Schedules "C", "D" and "E" Products by Persons not in Zones

8. The maximum price at which any person in any part of Canada not included in a zone may sell at wholesale to any person in any part of Canada any pork product named and numbered in Schedule "C", Schedule "D" or Schedule "E" shall be such as may be approved or prescribed from time to time by the Administrator of Meat and Meat Products (hereafter referred to as "the Administrator") with the approval of the Chairman of the Board or under the provisions of Board Order No. 414.

Sales at Wholesale of Pork Products not listed in Schedule "C", Schedule "D" or Schedule "E"

- 9. (1) Except as provided in Section 10 herein, no person shall sell or buy at wholesale any pork product that is not numbered and named in Schedule "C", Schedule "D" or Schedule "E" and has not a maximum price fixed for it by or under the authority of this Order except the following pork products:
 - (a) pork products in the form of dry salt pork other than product numbers 63, 64, 65, 66, 67 and 68, as defined herein;
 - (b) barrelled pork listed in the Schedule to Administrator's Order No. A-2027 or any Order amending or replacing that Order; and barrelled pork specifically known as fat back and bean pork;
 - (c) pork fancy meats and pork by-products listed in the Schedule to Administrator's Order No. A-1392 or any Order amending or replacing such Order;
 - (d) pork sausage listed in the Schedule to Administrator's Order No. A-2089 or any order amending or replacing such Order:
 - (e) pork products in any of the following forms: cooked meat loaves; cooked jellied meat; smoked and/or cooked sausage other than smoked and/or cooked sausage listed in the Schedule to Administrator's Order No. A-2089 or any order amending or replacing such order; cooked pigs' feet and canned meat (other than canned meat listed in Schedule "E" hereto) as defined in the Regulations under the Food and Drugs Act; and
 - (f) brains, lips, rinds, tripe, blood, bones, casings, glands and inedible byproduct; unless the maximum price thereof is fixed by or on behalf of the Board.

The maximum price at which any person may sell at wholesale any pork product referred to in clauses (a), (b), (c), (d) or (f) of subsection (1) of this Section shall be such person's basic period maximum price as fixed by Section 7 of the Wartime Prices and Trade Regulations or his maximum price as fixed by the Administrator of Meat and Meat Products with the concurrence of the Chairman of the Board or under the provisions of Board Order No. 414, whichever is applicable.

Those pork products referred to in clause (e) of subsection (1) of this section under the provisions of Board Order No. 684 are no longer under price control.

Sales of Schedule "F" Products between Processors for Further Processing

10. The maximum price at which any processor of pork products may sell to any other such processor in any part of Canada for further processing any pork product listed in Schedule "F" hereto shall be the price set forth in Schedule "F" for the zone in which the seller's plant is located and such maximum price shall be f.o.b. the seller's plant.

PART III—DEFINITIONS OF ROUGH CUTS

Definitions

11. For the purposes of this Order

(a) "rough cuts" means the following untrimmed cuts which are obtained from either side of a warm dressed hog after chilling and after the head, tongue, leaf lard and kidney have been removed;

(i) "rough ham" means the ham end of a side obtained by cutting through the side in a straight line, approximately $2\frac{1}{2}$ inches forward from the H-bone tip at right angles to a straight line which begins on the inside of the hock joint and ends at the cut surface, just

missing the inside of the H-bone tip;

- (ii) "rough shoulder" means the shoulder end of a side obtained by cutting through the side in a straight line passing through a point on the back bone immediately in front of the third rib and through the breast side at the upper joint connecting the second rib to the breast bone;
- (iii) "rough middle" means that portion of a side remaining after the rough shoulder and rough ham have been removed;
- (iv) "rough loin" means the loin portion of a rough middle obtained by cutting lengthwise in a straight line, just missing the vertebrae at the shoulder end and just including the lower edge of the H-bone at the ham end;
- (v) "rough belly" means the portion of a rough middle remaining after the rough loin has been removed;
- (b) "warm dressed hog" means the hog from which the viscera, heart, liver and lungs have been removed and refers to the standard dressed hog defined in the regulations of the Federal Department of Agriculture contained in Order in Council P.C. 4470, dated the 11th day of September, 1940, as follows: "carcass weights shall be on the basis of warm weights including head, leaf lard, tongue, kidneys, tenderloin, tail, backbone and feet".

PART IV—GENERAL PROVISIONS APPLYING TO SALES AT RETAIL

Definitions

- 12. For the purposes of this Order "regular trim", "untrimmed", "standard weight" and "heavy" wherever shown in Schedules "G", "H", "J" or "K" hereto in respect of any retail pork cut shall have the following meanings:
 - (a) "regular trim" retail pork cut means a retail pork cut corresponding exactly in trim to that pork product or products, the product number or numbers of which is or are listed in Schedule "G", "H", "J" or "K" in the same horizontal line with such retail pork cut under the subheadings "Product Number", and which has been defined in Schedule "A" hereto;

(b) "untrimmed" retail pork cut means a retail pork cut listed in Schedule "G" or Schedule "H" hereto, the retail pork cut number of which appears in the same horizontal line with such retail pork cut under the sub-heading "Retail Pork Cut Number", and which has been defined in Schedule "B" hereto;

(c) "standard weight" retail pork cut means a retail pork cut obtained

by a person who sells meat at retail

(i) by cutting the carcass of a hog (or side of such carcass), the weight of which carcass does not exceed the maximum weight listed in Schedule "C" hereto for carcasses the product numbers of which are 1, 2, 4, or 6 or

(ii) by purchasing a pork product other than a carcass (or side of such carcass), listed in Schedule "C" hereto, the weight of which product does not exceed the maximum weight listed for that

product in column 1 of such Schedule;

(d) "heavy" retail pork cut means a retail pork cut obtained by a person who sells meat at retail

(i) by cutting the carcass of a hog (or side of such carcass), the weight of which carcass is in accordance with the weights prescribed in Schedule "C" hereto for carcasses the product numbers

of which are 3 or 5; or

(ii) by purchasing a pork product other than a carcass (or side of such carcass), listed in Schedule "C" hereto, the weight of which product is in accordance with the weight prescribed for that product in column 2 of such Schedule; or the weight of which is included in the name of the pork product under the heading "Description of Product" in Schedule "C" hereto.

Limitation on Retailer's Cost

- 13. (1) No person selling any pork product at retail shall buy or otherwise acquire, and no person shall buy or otherwise acquire on his behalf, any pork product numbered and named in Schedule "C", Schedule "D" or Schedule "E" hereto at a total delivered cost in excess of the maximum price on sales of the same to him at wholesale, together with sales tax, if any, and actual transportation charges from the railway station nearest to such buyer's place of business if delivery to him is by railway or by transhipment by railway, or from the dock at the boat's port of call nearest to his place of business if delivery is by boat or transhipment by boat, provided that said railway station or dock, as the case may be, is not in the city, town or village in which such person has his place of business.
 - (2) For the purpose of this section

(a) any person who acquires any live hogs and slaughters them or causes them to be slaughtered for him shall be deemed to have acquired a

pork product; and

(b) any person selling pork products at retail who operates a branch of his business or otherwise operates more than one place of business shall in respect of each such branch or place of business be deemed to be a separate buyer of pork products.

Retail Prices are Subject to Review

14. The prices and markups of all persons selling pork products or portions or cuts thereof at retail shall be subject to periodic examination by any authorized representative of the Board, who may require any person to submit to any pork cutting or other tests authorized by the Board.

Limitation on What Pork may be Sold at Retail

15. (1) No person may sell at retail any pork other than

- (a) in the form of retail pork cuts listed in Schedules "G", "H", "J" or "K" hereto, and
- (b) products named in clauses (a) to (f) inclusive of subsection (1) of Section 9 of this Order, and
- (c) cooked pork with or without dressing which is, or is derived from, a fresh, cured or smoked retail pork cut, providing such person has cooked it himself, and
- (d) canned pork in the varieties listed in Schedule "E" hereto, and
- (e) rendered lard.
- (2) Every person selling pork at retail shall obtain the Pork Price Charts provided by the Board and shall display and keep them in his place of business where they are available to be seen and examined by his customers.

PART V-MAXIMUM RETAIL PRICES

Sales at Retail by Persons in Zones

16. (1) Retail Pork Cuts

The maximum price at which any person in a zone may sell at retail any retail cut of pork or portion thereof listed in Schedules "G", "H", "J" or "K" hereto shall be the price for the same set forth in the said Schedules for that zone according to whether the cut is in fresh, cured, smoked or cooked form, bone in or boneless regular trim or untrimmed and standard weight or heavy.

(2) Miscellaneous Pork Products

The maximum price at which any person in a zone may sell at retail any pork product named in clauses (a), (b), (c), (d), or (f) of subsection (1) of Section 9 of this Order shall be such person's basic period maximum price as fixed by Section 7 of the Wartime Prices and Trade Regulations or his maximum price as fixed by the Administrator of Meat and Meat Products with the concurrence of the Chairman of the Board or under the provisions of Board Order No. 414.

(3) Delicatessen Cooked Pork

The maximum price at which any person in a zone may sell at retail any cooked pork of the kinds described in clause (c) of subsection (1) of Section 15 of this Order shall be such person's basic period maximum price as fixed by Section 7 of the Wartime Prices and Trade Regulations or his maximum price as fixed by the Administrator of Meat and Meat Products with the concurrence of the Chairman of the Board or under the provisions of Board Order No. 414.

(4) Canned Pork Products

- (A) The maximum price at which any person in a zone may sell at retail any pork product numbered and named in Schedule "E" hereto purchased by him from the manufacturer thereof shall be the sum of the following:
 - (a) his actual delivered cost of such pork product but not exceeding his lawful maximum delivered cost as fixed by Section 13 (except the difference between freight and express charges, if any, included in such cost); and
 - (b) the lesser of the two following markups:
 - (i) the markup which under the provisions of Board Order No. 450 corresponds to the lawful percentage markup customarily obtained by him during the said basic period on sales of canned pork products of the same or substantially similar kind or quality;

- (ii) the markup calculated according to the provisions of Board Order No. 450 and in Schedule "A" of that Order under the markup symbol "G" or if the product sold is Product No. 228 or Product No. 231 and is removed from the cointainer and sold in slices or portions under the markup symbol "J".
- (B) The maximum price at which any person in a zone may sell at retail any pork product numbered and named in Schedule "E" hereto purchased by him from any person other than the manufacturer thereof shall be the sum of the following:
 - (a) his actual delivered cost of such pork product but not exceeding his lawful maximum delivered cost as fixed by Section 13 (except the difference between freight and express charges, if any, included in such cost); and
 - (b) the lesser of the two following markups:
 - (i) the markup which under the provisions of Board Order No. 450 corresponds to the lawful percentage markup customarily obtained by him during the said basic period on sales of canned pork products of the same or substantially similar kind or quality;
 - (ii) the markup calculated according to the provisions of Board Order No. 450 and in Schedule "A" of that Order under the markup symbol "F" or, if the product sold is Product No. 228 or Product No. 231 and is removed from the container and sold in slices or portions, under the markup symbol "H".
 - (5) Rendered Lard
- (A) The maximum price at which any person in a zone may sell at retail any lard, defined in Schedule "A" as product numbers 210 to 215 inclusive, shall be the sum of the following:
 - (a) his actual delivered cost of such lard but not exceeding his maximum delivered cost as fixed by Section 13 (except the difference between freight and express charges, if any, included in such cost); and
 - (b) the lesser of the two following markups:
 - (i) the markup which under the provisions of Board Order No. 450 corresponds to the lawful percentage markup customarily obtained by him during the said basic period on sales of such lard of the same or substantially similar kind or quality;
 - (ii) the markup calculated according to the provisions of Board Order No. 450 and in Schedule "A" of that Order under the markup symbol "F".
- (B) The maximum price at which any person in a zone may sell at retail any lard which he has himself rendered shall be two cents per pound lower than the maximum price at which he may sell lard in the same kind of containers provided in subsection (5) (A) immediately preceding.
 - (6) Certain Dry Salt Cured Pork Products

The maximum price at which any person in a zone may sell at retail any dry salt cured pork product defined in Schedule "A" hereto as product number 63, 64, 65 or 66 shall be the sum of the following:

- (a) his actual delivered cost of such dry salt cured pork product but not exceeding his lawful maximum delivered cost as fixed by Section 13 (except the difference between freight and express charges, if any, included in such cost); and
- (b) a markup not exceeding 25 per cent of his selling price.

Sales at Retail by Persons not in Zones

17. Every person selling pork at retail in any part of Canada not in a zone shall regulate his selling prices for various cuts or portions of pork so that the aggregate prices received or charged by him for all cuts and portions from any carcass, side, quarter or wholesale cut purchased or otherwise acquired by him shall not exceed the total of:

- (a) his actual delivered cost of that carcass, side or pork product but not exceeding the price at which the same may be sold to him by his supplier including transportation to his place of business (except the difference between freight and express charges, if any, included in such cost); and
- (b) a markup not exceeding 27 per cent of his selling price.

PART VI—RECORDS OF SALES AND PURCHASES

Sales Invoices

- 18. (1) Every person who sells any pork product at wholesale shall on every sale and concurrently with delivery to the buyer, furnish him with an invoice showing the following:
 - (a) the name and identifying address of the seller and the buyer and the date of sale;
 - (b) the weight and price per pound or container, as the case may be, of each pork product sold to the buyer and in the case of any pork product numbered and named in Schedule "C", Schedule "D" or Schedule "E" hereto, specifying accurately such product by its product number in addition to any other description used by the seller and in the case of any pork product listed in Schedule "F" hereto specifying such product by the name given it in such Schedule;
 - (c) the freight or express charges, if any, added to the price under Section 5.
- (2) Every person who sells pork products at wholesale shall retain a duplicate copy of each invoice furnished by him as required by this Section.

Purchase Records

- 19. (1) Every person who sells pork products at wholesale or at retail shall upon receipt by him of any pork product purchased or otherwise acquired by him immediately prepare and shall thereafter keep at the place of business at which he receives the same a written record showing:
 - (a) the name and identifying address of his supplier and the date of purchase or acquisition;
 - (b) the weight and price per pound or container, as the case may be, of each pork product purchased by him and in the case of any pork product numbered and named in Schedule "C", Schedule "D" or Schedule "E" hereto, specifying accurately such product by its product number in addition to any other description used by the seller and in the case of any pork product listed in Schedule "F" hereto specifying such product by the name given it in such Schedule;
 - (c) the freight or express charges, if any, paid by him and charged by his supplier under Section 5; and
 - (d) if a retailer, actual transportation charges paid by him for transporting the meat from his receiving point to his place of business.
- (2) If a person retains, available for inspection by any authorized representative of the Board, an invoice furnished to him by his supplier in accordance with Section 18, it will not be necessary for him to keep any other record of the particulars set forth in the invoice.

Inspection of Records and Invoices

20. Every record and invoice required by this Order to be prepared, furnished or retained shall be made available for inspection by any authorized representative of the Board at all times for twelve months from the date of the transaction to which it relates.

Retail Sales Slips

21. Every person who sells at retail any retail pork cut or portion thereof or any pork product shall, upon request of the buyer, furnish him with a sales slip showing the date of sale, the seller's name and address, the weight and name of the meat sold, and the price per pound charged.

PART VII—ZONES

- 22. For the purposes of this Order, the following zones are established: Zone 1; composed of
- (a) those parts of the provinces of Prince Edward Island, Nova Scotia and New Brunswick not included in Zone 2;
- (b) that part of the province of Quebec lying to the south of the St. Lawrence River and east of, and including all stations on, the Temiscouata Railway from Riviere du Loup to the boundary between the provinces of Quebec and New Brunswick; and
- (c) that part of the province of Quebec included within the Counties of Lac St. Jean and Chicoutimi;

Zone 2; composed of

the cities of Charlottetown, Halifax, Sydney, Moncton and Saint John and all points lying within a radius of twenty miles of the city hall in each of the said cities;

Zone 3; composed of

that part of the province of Quebec not included in Zones 1, 4 and 5 lying to the west of a line drawn from the mouth of the Saguenay River to the eastern boundary of Chicoutimi County and lying to the south of the Counties of Lac St. Jean, Chicoutimi, Temiskamingue and Abitibi:

Zone 4; composed of

- (a) the cities of Montreal and Quebec and all points lying within a radius of twenty-five miles of the city hall of Montreal and of twenty miles of the city hall in the city of Quebec; and
- (b) the Island of Orleans;

Zone 5; composed of

- (a) the city of Hull and all points lying within a radius of tweny miles of the city hall in that city; and
- (b) that part of the province of Ontario lying to the south and east of the French River and Lake Nipissing and to the south of and including all railway stations from North Bay to Mattawa, inclusive, on the Canadian Pacific Railway and to the north and east of a line beginning at the St. Lawrence River and running northerly along the western boundary of the county of Frontenac to the 45th parallel of latitude, then westerly along the 45th parallel of latitude to the eastern boundary of the district of Muskoka, thence southerly to and westerly along the southern boundary of the District of Muskoka to Georgian Bay;

Zone 6; composed of all that part of Southern Ontario not included in Zone 5;

Zone 7; composed of

- (a) that part of the province of Ontario not included in Zone 8 and lying to the south of and including all railway stations from Goodwin to Weatherbe inclusive on the most northerly transcontinental line of the Canadian National Railway and north and west of the Canadian Pacific Railway line from Mattawa to North Bay, Lake Nipissing and the French River and east of the Nipigon River and Lake Nipigon and including the District of Manitoulin; and
- (b) that part of the province of Quebec included within the Counties of Temiskamingue and Abitibi;

Zone 8; composed of the cities of Timmins, Sudbury, Sault Ste. Marie, Noranda and Rouyn and all points lying with a radius of twenty miles of the city hall in each of the said cities;

Zone 9; composed of

that part of the province of Ontario lying to the south of and including all railway stations from Ferland to White, inclusive, on the most northerly transcontinental line of the Canadian National Railways and lying to the west of the Nipigon River and Lake Nipigon;

Zone 10; composed of that part of the province of Manitoba lying to the south of the 53rd parallel of latitude;

Zone 11; composed of that part of the province of Saskatchewan lying to the south of the 54th parallel of latitude;

Zone 12; composed of

- (a) that part of the province of Alberta not included in Zone 13 and lying to the south of the 55th parallel of latitude;
- (b) that part of the province of British Columbia lying to the east of the line formed by the Elk River from its source to its confluence with the Kootenay River and thence from such confluence along the Kootenay River to the southern boundary of the said province; and
- (c) the city of Fernie;

Zone 13; composed of

- (a) in the province of Alberta, Edson and Lovett and all railway stations on the Canadian National Railway west of Edson and Lovett and on the Canadian Pacific Railway west of Lake Louise; and
- (b) that part of the province of British Columbia not included in Zones 12 and 14 and lying to the south of the 56th parallel of latitude, excluding Vancouver Island, the Queen Charlotte Islands and all other islands lying off the coast of the said province and excluding all that part of the mainland coast of the said province lying to the north of the 50th parallel of latitude;

Zone 14; composed of

the cities of Prince Rupert, Nelson, Vancouver and New Westminster and all points lying within a radius of twenty miles of the city hall in the city of Vancouver;

Zone 15; composed of

all stations on any railroad on Vancouver Island, together with all that part of Vancouver Island lying to the south of a line from Port Alberni to Parksville.

DATED at OTTAWA, this 10th day of January, 1947.

F. S. GRISDALE,

Administrator of Meat and Meat Products.

APPROVED:

D. GORDON,

Chairman, Wartime Prices and Trade Board.

SCHEDULE "A"

TO ADMINISTRATOR'S ORDER NO. A.-2211

I. Definitions of Pork Products Numbered and Named in Schedule "C" Note:—See Section 11 of this Order for definitions of rough cuts.

FRESH PORK PRODUCTS

Product No. 1—means (a) a carcass weighing not more than 180 pounds resulting from a warm dressed hog being chilled to cold weight and trimmed with head on (tongue in or out) and leaf lard and kidney included, or (b) either side of such carcass, obtained by splitting such carcass lengthwise through the backbone and head;

Product No. 2—means (a) a carcass weighing not more than 175 pounds resulting from a warm dressed hog being chilled to cold weight and trimmed with head on (tongue in or out) but with leaf lard and kidney removed, or (b) either side of such carcass, obtained by splitting such carcass lengthwise through the backbone and head;

Product No. 3—means (a) carcass weighing more than 180 pounds resulting from a warm dressed hog being chilled to cold weight and trimmed with head on (tongue in or out) but with leaf lard and kidney removed, or (b) either side of such carcass, obtained by splitting such carcass lengthwise through the backbone and head:

Product No. 4—means (a) a carcass weighing not more than 170 pounds resulting from a warm dressed hog being chilled to cold weight and trimmed with head removed but with leaf lard and kidney included, or (b) either side of such carcass, obtained by splitting such carcass lengthwise through the backbone;

Product No. 5—means (a) a carcass weighing more than 165 pounds resulting from a warm dressed hog being chilled to cold weight and trimmed with head, leaf lard and kidney removed, or (b) either side of such carcass, obtained by splitting such carcass lengthwise through the backbone;

Product No. 6—means (a) a carcass weighing not more than 165 pounds resulting from a warm dressed hog being chilled to cold weight and trimmed with head, leaf lard and kidney removed, or (b) either side of such carcass, obtained by splitting such carcass lengthwise through the backbone;

Product No. 17—"New York shoulder hock on"—means that portion (weighing not more than 20 pounds) of the rough shoulder remaining after removal of all the following:—

- (a) neck bones, riblets, glands and blood clots;
- (b) foot;
- (c) jowl, cut off in a straight line just missing the ear dip and parallel to the cut surface made when the rough shoulder is obtained from the side;
- (d) skin and surplus fat from the upper part (butt) of shoulder, so as to leave only an even covering of fat not exceeding in thickness from $\frac{1}{2}$ inch to $\frac{3}{4}$ inch; the edges of the trimmed fat to be bevelled;

Product No. 18—means the same cut as Product No. 17 but weighing more than 20 pounds;

Product No. 19—"New York shoulder hock off"—means the same as Product No. 17 but having the hock off and weighing not more than 18 pounds;

Product No. 20—"Montreal shoulder"—means that portion (weighing not more than 20 pounds) of the rough shoulder remaining after removal of the following:—

- (a) glands and blood clots;
- (b) lacone;
- (c) jowl, removed in the same manner as when making Product No. 17;
- (d) all skin and surplus fat, leaving an even covering not to exceed in thickness $\frac{1}{2}$ inch to $\frac{3}{4}$ inch of fat; edges of trimmed fat to be bevelled;

Product No. 21—means the same cut as Product No. 20 but weighing more than 20 pounds;

Product No. 22—"butt"—means that portion (weighing not more than 8 pounds) of the rough shoulder remaining after all of the following have been removed:—

- (a) neck bones, riblets, glands and blood clots;
- (b) the lower half of the shoulder removed by cutting lengthwise parallel to the brisket leaving $\frac{1}{2}$ inch of the neck of the blade bone in the portion removed;
- (c) all skin and surplus fat so as to leave only an even covering not to exceed in thickness ½ inch to ¾ inch of fat; edges of trimmed fat to be bevelled; the butt to be rectangular in shape, slightly narrower at the neck end;

Product No. 23—means the same cut as Product No. 22 but weighing more than 8 pounds;

Product No. 24—"butt, boneless and tied"—means the same cut as Product No. 22 but boneless and tied or stitched with ragged edges removed; and weighing not more than $7\frac{1}{2}$ pounds;

Product No. 25—"picnic hock on"—means that portion (weighing not more than 10 pounds) of the rough shoulder remaining after all of the following have been removed:—

- (a) neck bones, riblets, glands and blood clots;
- (b) foot;
- (c) butt;
- (d) jowl and surplus brisket flap, rounding the corner so as to expose the lean muscle;

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Product No. 26—means the same cut as Product No. 25 but weighing more than 10 pounds;

Product No. 27—"picnic hock off"—means the same cut as Product No. 25 but having the hock removed and weighing not more than 8 pounds;

Product No. 28—"picnic hock off, boneless and tied"—means the same cut as Product No. 27 but boneless and tied or stitched and weighing not more than 7 pounds;

Product No. 29—"picnic hock off boneless, and tied, with dressing"—means the same cut as Product No. 28 with dressing not to exceed 10 per cent of the weight of the finished product and weighing not more than 7½ pounds;

Product No. 30—"trimmed ham"—means that portion (weighing not more than 20 pounds) of the rough ham remaining after all of the following have been removed:—

- (a) hind foot, cut off through the hock joint so as to leave a small showing of the cup joint on the ham;
- (b) tail and tail bones;
- (c) facings (fat covering over the lean meat on the flesh side);
- (d) surplus flank, starting on the feather edge of the ham facing and making a straight cut to a point at the edge of the flank muscle (surplus fat to be trimmed off on the flank side without damaging the fell over the muscle);
- (e) butt trimmings, starting the feather edge just behind the bung making a curved cut without damaging the muscle and just around the corner to the feather edge;

Product No. 31—means the same cut as Product No. 30 but weighing more than 20 pounds;

Product No. 32—"trimmed ham, boneless and tied"—means the same cut as Product No. 30 but boneless and tied or stitched and weighing not more than 18 pounds;

Product No. 33—"trimmed loin"—means that portion (weighing not more than 16 pounds) of the rough loin remaining after skin and surplus fat have been removed, leaving an even covering of fat not exceeding in thickness from $\frac{1}{2}$ inch to $\frac{3}{4}$ inch and with overhanging fat edges bevelled;

Product No. 34—means the same cut as Product No. 33 but weighing more than 16 pounds;

Product No. 35—"boneless back long cut"—means that portion (weighing not more than 12 pounds) of a rough loin remaining after all of the following have been removed:—

- (a) tenderloin:
- (b) back bones and back ribs:
- (c) skin and surplus fat, as in Product No. 33;
- (d) end of the blade bone with the cartilage;
- (e) pin bone and tail bone;

Product No. 36—means the same cut as Product No. 35 but having the false lean at the shoulder end removed and weighing more than 12 pounds;

Product No. 37—"commercial trimmed belly"—means that portion, weighing not more than 15 pounds, of a rough belly remaining after side ribs, brisket bone and red buttons have been removed; flank and brisket ends straightened and, where necessary, loin side backstrapped to remove rough edges and, in the case of Barrow hogs, the string groove removed on the belly side, and in the case of females the rough edges only straightened;

Product No. 38—means the same cut as Product No. 37 but weighing more than 15 pounds;

Product No. 39—"commercial trimmed belly, rib in"—means the same cut as Product No. 37 but without the side ribs having been removed and weighing not more than $16\frac{1}{2}$ pounds;

Product No. 40—"clear back, skin-on, boneless" means that portion of a rough loin weighing more than 28 pounds remaining after all the following have been removed:

- (a) tenderloin;
- (b) back ribs and bones;

Product No. 41—"short clear, skin-on, boneless"—means that portion of a rough middle weighing more than 50 pounds remaining after all the following have been removed: (a) tenderloin; (b) back and side ribs (c) bones;

Product No. 42—"long clear, skin-on, boneless"—means that portion obtained from either side of a warm dressed hog after chilling and after all the following have been removed: (a) head; (b) leaf lard and kidney; (c) rough ham; (d) tenderloin; (e) back and side ribs; (f) neck, blade and other bones; (g) feet; (h) hock; (i) neck and other surplus fat.

CURED PORK PRODUCTS

Product No. 45—"cottage roll or boneless butt"—means the same cut as Product No. 22 but boneless, rolled or not rolled, tied or not tied, with ragged edges removed and mealed or not mealed;

Product No. 46—"picnic hock on"—means the same cut as Product No. 25 but weighing not more than $10\frac{1}{2}$ pounds;

Product No. 47—means the same cut as Product No. 25 but weighing more than $10\frac{1}{2}$ pounds;

Product No. 48—"picnic hock off"—means the same cut as Product No. 27 but weighing not more than $8\frac{1}{2}$ pounds;

Product No. 49—"picnic hock off, boneless and tied"—means the same cut as Product No. 28 but weighing not more than $7\frac{1}{2}$ pounds;

Product No. 50—"boneless back long cut"—means the same cut as Product No. 35;

Product No. 52—"boneless back short cut"—means the same cut as Product No. 35 but having the buck-eye piece removed by cutting crosswise, just clearing the depression made by removal of the tail bones, and weighing more than 11 pounds and mealed or not mealed;

Product No. 53—"boneless back long cut, in artificial casing"—means the same cut as Product No. 50 but packed in an artificial casing;

Product No. 54—"trimmed ham"—means the same cut as Product No. 30 and weighing not more than 22 pounds;

Product No. 55—means the same cut as Product No. 30 but weighing more than 22 pounds;

Product No. 56—"trimmed ham, boneless and tied"—means the same cut as Product No. 32 but weighing not more than 20 pounds;

Product No. 57—"commercial trimmed belly"—means the same cut as Product No. 37;

Product No. 58—means the same cut as Product No. 57 but weighing more than 15 pounds;

Product No. 59—"commercial trimmed belly, rib in"—means the same cut as Product No. 39;

Product No. 60—"shoulder roll skin on split boneless"—means the cut which may be split into two or more pieces, rolled and tied, obtained from a rough shoulder weighing more than 28 pounds from which all of the following have been removed:—

- (a) neckbones, riblets, glands and blood clots;
- (b) foot;
- (c) jowl;
- (d) all other bones;

Product No. 61—"pork roll skinless, boneless"—means a skinless, boneless cut obtained from any portion of a carcass and being lean meat with an even covering of fat not exceeding in thickness from $\frac{1}{2}$ inch to $\frac{3}{4}$ inch;

Product No. 62—" ham butt roll"—means a skinless, boneless cut obtained from a fresh rough ham weighing more than 23 pounds;

DRY SALT CURED PORK PRODUCTS

Product No. 63—"clear belly"—means the same cut as Product No. 38;

Product No. 64—"clear back"—means the same cut as Product No. 40 but weighing more than 22 pounds;

Product No. 65.—"short clear"—means the same cut as Product No. 41 but weighing more than 43 pounds;

Product No. 66.—"long clear"—means the same cut as Product No. 42 and weighing more than 60 pounds;

Product No. 67.—"jowl"—means the same cut as Product No. 140;

Product No. 68.—"fat back, rind on"—means the same cut as Product No. 153;

SMOKED PORK PRODUCTS

Product No. 70.—"cottage roll or boneless butt"—means the same cut as Product No. 45 but weighing not more than 7½ pounds;

Product No. 71.—means the same cut as Product No. 70 but packed in an artificial casing and may be tied and weighing not more than 8 pounds;

Product No. 72.—"picnic hock on"—means the same cut as Product No. 25;

Product No. 73.—means the same cut as Product No. 72 but weighing more than 10 pounds;

Product No. 74.—"picnic hock off"—means the same cut as Product No. 27;

Product No. 75.—"picnic hock on boneless"—means the same cut as Product No. 25 but boneless, tied or stitched and weighing not more than 9 pounds;

Product No. 76.—"picnic, hock off, boneless and tied"—means the same cut as Product No. 49, but weighing not more than 7 pounds;

Product No. 77.—means the same cut as Product No. 75 but packed in an artificial easing;

Product No. 78.—means the same cut as Product No. 76 but packed in an artificial casing;

Product No. 79.—"picnic ready to serve hock off"—means the same cut as Product No. 27 but processed so that no further cooking is necessary and weighing not more than 7 pounds;

Product No. 80.—"picnic hock on, split, boneless"—means the same cut as Product No. 75 but obtained from a fresh picnic hock on (Product No. 26) and cut into two or more pieces;

Product No. 81.—means the same cut as Product No. 80 but packed in an artificial casing;

Product No. 82.—"pork roll skinless, boneless"—means the same cut as Product No. 61;

Product No. 83.—means the same as Product No. 82 but packed in an artificial easing;

Product No. 84.—"trimmed ham"—means the same cut as Product No. 30, except that skin and surplus fat may be removed from the butt end;

Product No. 85.—means the same cut as Product No. 84 but weighing more than 20 pounds;

Product No. 86.—"skinned ham"—means that cut weighing not more than 18 pounds obtained from a fresh trimmed ham (Product No. 30) by removing the skin and surplus fat from the butt end of the ham for approximately one-third of the length of the ham, leaving only an even covering of fat not exceeding \(\frac{3}{4} \) inch in thickness.

Product No. 87.—"boneless, skin on ham"—means the same cut as Product No. 56 but weighing not more than 18 pounds;

Product No. 88.—means the same cut as Product No. 87 but packed in an artificial casing;

Product No. 89.—"boneless, skinless ham"—means that cut, stitched or tied, weighing not more than 14 pounds, obtained from a fresh trimmed ham (Product No. 30) by removing:—

- (a) all bones; and
- (b) skin and surplus fat, so as to leave only an even covering of fat not exceeding in thickness from $\frac{1}{2}$ inch to $\frac{3}{4}$ inch;

Product No. 90.—means the same cut as Product No. 89 but packed in an artificial casing;

Product No. 92.—"boneless, skinless ham split"—means the same cut as Product No. 89 but obtained from a fresh trimmed ham (Product No. 30) and split into two or more pieces each weighing at least 10 lbs., and packed in an artificial casing;

Product No. 93—"ham ready to serve bone-in skinned"—means the same cut as Product No. 86 processed so that no further cooking is necessary and weighing not more than 16 pounds;

Product No. 94—"boneless back long cut"—means the same cut as Product No. 35 but weighing not more than 11 pounds;

Product No. 96—"boneless back short cut"—means the same cut as Product No. 35 but having the buck-eye piece removed by cutting crosswise, just clearing the depression made by the removal of the tail bone and weighing more than 10 pounds;

Product No. 97—means the same cut as Product No. 96 but packed in a casing;

Product No. 98—"casing back"—means the same cut as Product No. 35 but having sufficient additional fat removed so as to leave only an even covering of fat not exceeding in thickness from $\frac{1}{4}$ inch to $\frac{1}{2}$ inch on the average and packed in a natural or artificial casing and weighing not more than 10 pounds;

Product No. 99—"sliced back"—means slices obtained from a boneless back long cut (Product No. 94) and wrapped in one-half pound or one-pound packages;

Product No 100 means slices obtained from a smoked boneless back short cut (Product No. 96) and wrapped in one-half or one-pound packages;

Product No. 101—"No. 2 bacon"—means the same cut as Product No. 57 but weighing not more than 14 pounds;

Product No. 102—"No. 2 heavy bacon"—means the same cut as No. 101 but weighing more than 14 pounds;

Product No. 103—"bacon ends"—means the portion of any smoked belly remaining after slicing has been completed;

Product No. 106—"Fancy bacon"—means a cut weighing not more than 14 pounds obtained from a commercial trimmed cured belly (Product No. 57) that is not obviously excessively fat and is free from bruises, skin cuts (except small blemishes and small cuts) and back hair roots and that has been trimmed according to the following specifications; to be trimmed approximately rectangular in shape; its length to be at least twice its width; its back edge to be trimmed straight so that the fat does not extend over the lean; the belly edge may be trimmed outside of the teat line but the teats to be removed and black seed not to be present; both ends to be straightened; the thickness of the side to be not less than \(\frac{3}{4} \) inch at the flank pocket and not more than 3 inches at any point, and hot smoked with a maximum internal temperature of 130 degrees Fahrenheit reached;

Product No. 107—"fancy bacon, rind off"—means the same cut as Product No. 106 but rindless and weighing not more than 13 pounds;

Product No. 108—"No. 2 sliced bacon, rind on"—means slices packed in layers in boxes containing not less than 5 pounds obtained from smoked bacon weighing not more than 14 pounds (Product No. 101);

Product No. 109—"No. 2 heavy bacon rind on"—means slices packed in layers in boxes containing not less than 5 pounds obtained from smoked bacon weighing more than 14 pounds (Product No. 102);

Product No. 110—means the same as Product No. 108 but having the rind off;

Product No. 111—"No. 2 heavy bacon, rind off"—means the same as Product No. 109 but having the rind off;

Product No. 112—"Fancy sliced bacon, rind on"—means selected slices with rind on and free from hook marks or other blemishes wrapped in one-half pound or one-pound packages or in layers obtained from a smoked bacon cut;

Product No. 114—"fancy sliced bacon, rind off"—means specially selected slices from fancy bacon (Product No. 106) that are free from hook marks and other blemishes and are wrapped in one-half pound or one-pound packages or in layers;

COOK PORK PRODUCTS

Product No. 120—"butt"—means the same cut as Product No. 22 but boneless and weighing not more than 6 pounds;

Product No. 121—"picnic hock on, boneless"—means the same cut as Product No. 25 but boneless and tied or stitched and weighing not more than 7 pounds;

Product No. 122—means the same cut as Product No. 121 but weighing more than 7 pounds;

Product No. 123—"boneless, skinless ham"—means the cut weighing not more than 12 pounds obtained from a cured, trimmed ham (Product No. 54) after removal of bones, skin and surplus fat;

Product No. 124—means the same cut as Product No. 123 but packed in an artificial casing;

Product No. 125—"boneless ham, skin on"—means the cut, weighing not more than 14 pounds, obtained from a fresh trimmed ham (Product No. 30) after removal of the bones and surplus fat;

Product No. 126—"boneless, skinless ham, smoked"—means the cut, weighing not more than 12 pounds, obtained from a smoked and cured, trimmed ham after removal of bones, skin and surplus fat;

Product No. 127—"boneless, skinless ham split"—means the same cut as Product No. 123 made from a trimmed ham (Product No. 55) obtained from a fresh trimmed ham (Product No. 31) weighing more than 20 pounds and split into two or more pieces;

Product No 128—means the same cut as Product No. 127 but packed in an artificial casing;

Product No. 129—"roast butt, boneless and tied, with dressing"—means the same cut as Product No. 24 or Product No. 45, but with dressing not to exceed 10 per cent of the weight of the finished product, and weighing not more than 5³/₄ pounds;

Product No. 130—"roast picnic, hock off, boneless and tied, with dressing"—means the same cut as Product No. 28 or Product No. 49, but with dressing not to exceed 10 per cent of the weight of the finished product, and weighing not more than $5\frac{1}{2}$ pounds;

Product No. 131—"roast ham, skin on, boneless and tied, with dressing"—means the same cut as Product No. 32 or Product No. 56, but with dressing not to exceed 10 per cent of the weight of the finished product, and weighing not more than 13½ pounds;

Product No. 132—"roast loin, boneless and tied, with dressing"—means the same cut as Product No. 35 or Product No. 50, but with dressing not to exceed 10 per cent of the weight of the finished product, and weighing not more than 94 pounds.

II.—Definitions of Miscellaneous Pork Products Numbered and Named in Schedule "D"

FRESH PORK PRODUCTS

Product No. 140—"jowl" means that portion removed from the neck end of the rough shoulder when making any trimmed shoulder cut;

Product No. 141—"skinless neck fat"—means that portion of the jowl (Product No. 140) remaining after the skin has been removed;

Product No. 142—"lacone"—means that portion of the rough shoulder obtained by cutting off the front leg parallel to the brisket so as to leave not more than $\frac{1}{2}$ inch of leg on the shoulder;

Product No. 143—"front foot"—mean the front foot removed at the middle knee joint;

Product No. 144—"hock"—means that portion of the lacone remaining after the front foot (Product No. 143) has been removed;

Product No. 145—"extra lean trimmings"—means the skinless, boneless meat consisting of not less than 85 per cent of lean meat obtained when trimming any cut;

Product No. 146—"regular trimmings"—means the skinless, boneless meat consisting of not less than 60 per cent of lean meat obtained when trimming any cut;

Product No. 147—"tenderloin"—means that piece of lean meat lying along the back bone on the underside or inside of the rough loin;

Product No. 148—"back ribs"—means the strip of rib bones and connecting meat tissues, not including the backbone, obtained from the rough loin when making a boneless back;

Product No. 149—"side ribs"—means the strip of bones and connecting meat obtained from the rough belly when making a trimmed belly;

Product No. 150-"leaf lard";

Product No. 151—"back fat, rind on"—means the skin and fat removed from the outside of a rough loin whether it is in pieces or not;

Product No. 152—"back fat, rind off"—means the same cut as Product No. 151 but having rind removed;

Product No. 153—"fat back, rind on" means the strip of fat and skin removed from the outside of a rough loin having a thickness at any point of not less than one inch;

Product No. 154-"neck bones";

Product No. 155—"riblets";

Product No. 156—"backbones";

Product No. 157-"hind foot";

PICKLE OR DRY CURED PORK PRODUCTS

Product No. 187—"neck bones"—means the same cut as Product No. 154;

Product No. 188—"riblets"—means the same cut as Product No. 155;

Product No. 189—"fat back, rind on"—means the same cut as Product No. 151;

Product No. 190—"back ribs"—means the same cut as Product No. 148;

Product No. 191—"side ribs"—means the same cut ac Product No. 149

Product No. 192—"hind foot"—means the same cut as Product No. 157;

Product No. 193—"jowl"—means the same cut as Product No. 140;

Product No. 194—"front foot"—means the same cut as Product No. 143;

Product No. 195—"hock"—means the same cut as Product No. 144;

SMOKED PORK PRODUCTS

Product No. 196—"jowl"—means the same cut as cured jowl (Product No. 193);

Product No. 197—"jowl sliced"—means the slices, packed in cartons containing not less than five pounds, obtained from smoked jowl (Product No. 196);

COOKED PORK PRODUCTS

Product No. 201—"hock"—means the same cut as Product No. 144 with or without a coating of jelly;

LARD

Product No. 210—"lard in drums"—means fat from hogs rendered in accordance with the Regulations under the Food and Drugs Act and packed in drums;

Product No. 211—"lard in tierces"—means the same product as Product No. 210 but in tierces;

Product No. 212—"lard in pails or tubs"—means the same product as Product No. 210 but packed in pails or tubs containing 50 or 60 pounds net weight;

Product No. 213—"lard in boxes"—means the same product as Product No. 210 but packed in boxes containing 56 pounds net weight;

Product No. 214—"lard in pails"—means the same product as Product No. 210 but packed in pails containing 20 or 25 pounds net weight;

Product No. 215—"lard in prints"—means the same product as Product No. 210 but in prints weighing one pound net;

III.—Definitions of pork products numbered and named in schedule "e"

Product No. 225—"canned luncheon meat"—means a pork product with or without beef and/or veal but containing not less than 75 per cent net weight of pork which has been chopped, cured and seasoned and solid packed in a rectangular type hermetically sealed metal container containing 12 ounces, net weight of product, and thoroughly cooked, and which conforms to the Regulations respecting canned meat issued under the Food and Drugs Act;

Product No. 226—means the same product as Product No. 225 but packed in a round type hermetically sealed metal container containing 12 ounces, net weight of product;

Product No. 227—means the same product as Product No. 225 but packed in a round type hermetically sealed metal container containing 16 ounces, net weight of product.

Product No. 228—means the same product as Product No. 225 but packed in a rectangular type hermetically sealed metal container containing six pounds, net weight of product;

Product No. 229—"canned spiced ham"—means a pork product consisting entirely of pork which has been chopped, cured and seasoned and solid packed in a round type hermetically sealed metal container containing 12 ounces, net weight of product, and thoroughly cooked and which conforms to the Regulations respecting canned meat issued under the Food and Drugs Act;

Product No. 230—means the same product as Product No. 229 but packed in a round type hermetically sealed metal container containing 16 ounces, net weight of product;

Product No. 231—means the same product as Product No. 229 but packed in a rectangular type hermetically sealed metal container containing six pounds, net weight of product;

Product No. 232—"canned whole pork ham (skinless)"—means the same product as Product No. 56 except that all skin and surplus fat has been removed, and which has had surplus moisture removed by drying or pre-cooking and has been packed whole in a pullman or pear shaped type hermetically sealed metal container containing 7 to 15 pounds, net weight of product, and thoroughly cooked, and which conforms to the Regulations respecting canned meat issued under the Food and Drugs Act;

Product No. 233—"canned whole pork ham (part skinned)"—means the same product as Product No. 232 except that the skin may be left on the shank for a distance not exceeding one-third of the length of the whole ham.

Product No. 234—"canned pork tongue"—means pork tongue domestic trim as defined in Order A-1392 that has been cured, packed in a round type hermetically sealed metal container containing 12 ounces net weight of product and thoroughly cooked and which conforms to the Regulations respecting canned meat issued under the Food and Drugs Act;

Product No. 235—means the same product as Product No. 234 but packed in a rectangular type hermetically sealed metal container containing 6 pounds, net weight of product;

Product No. 236—means the same product as Product No. 229 but packed in a rectangular type hermetically sealed metal container containing 12 ounces, net weight of product.

SCHEDULE "B" TO ADMINISTRATOR'S ORDER NO. A-2211

Definitions of Retail Pork Cuts Listed in Schedules "G" and "H" hereto

Retail Pork Cut Number

UNTRIMMED FRESH

- 301 "shoulder, hock on, whole, bone in" means a retail pork cut which is the same as a rough shoulder defined in Part III, Section 11, subsection (a), clause (ii);
- 302 "shoulder, hock off, whole, bone in" means a retail pork cut which is the same as a rough shoulder defined in Part III, Section 11, subsection (a), clause (ii) except that the hock shall be removed;
- 303 "butt, whole, bone in" means that portion of the shoulder defined in 301 remaining after the lower half of the shoulder has been removed by cutting lengthwise parallel to the brisket leaving one-half inch of the neck of the blade bone in the portion removed.
- 304 "butt, whole, boneless" means the same as "butt, whole, bone in" except that the bone shall be removed;
- 305 "picnic, hock on, whole, bone in" means the lower portion of the shoulder defined in 301 remaining after the butt has been removed;
- 306 "picnic, hock off, whole, bone in" means the same as "picnic, hock on, whole, bone in" except that the hock shall be removed;
- 307 "leg of pork, whole, bone in" means a retail pork cut which is the same as a rough ham defined in Part III, Section 11, subsection (a), clause (i) of this Order;

Retail Pork Cut Number

UNTRIMMED FRESH

- "loin, whole, bone in" means the loin portion of a rough middle [defined in Part III, Section 11, subsection (a), clause (iii)] obtained by cutting lengthwise in a straight line, just missing the vertebrae at the shoulder end and just including the lower edge of the H bone at the ham end;
- 309 "side, whole, bone in" means the portion of a rough middle remaining after the loin has been removed;
- 310 "side, whole, boneless" means the same as "side, whole, bone in" except that the bone shall be removed;

UNTRIMMED CURED

- 311 "picnic, hock on, whole, bone in" means the same cut as "picnic, hock on, whole bone in" fresh, except that it has been cured;
- 312 "picnic, hock off, whole, bone in" means the same cut as "picnic, hock on, whole, bone in" except that the hock shall be removed;

TRIMMED OR UNTRIMMED, FRESH

"loin, centre cut" means the portion of a "loin, whole, bone in" from the pin bone to and including the fifth rib, numbering from the pin bone end;

SCHEDULE "C" TO ADMINISTRATOR'S ORDER No. A-2211 MAXIMUM WHOLESALE PRICES FOR THE FOLLOWING PORK PRODUCTS (In cents per pound)

Product	Description of Product	Max. Wgt.									ZONES							
Pro			Col. 2	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	FRESH Carcass, Head On (Tongue in or out) leaf lard and kidney included (or side of such carcass)	Lbs.	Lbs.	24.00	23,50	23.00	23.00	23.00	23,00	23,50	23.00	22,50	21.75	21.25	21.00	22,25	22.50	23.00
3	Carcass, Head on (Tongue in or out) leaf lard and kidney removed (or side of such carcass)	175		24.25	23.75	23,25	23.25	23.25	23.25	23.75	23.25	22.75	22,00	20.50	21.25	22.50	22.75	23.25
	(or side of such carcass). Carcass, Head removed, leaf lard and kidney included (or side of such carcass). Carcass, Head, leaf lard and kidney	170	180	22.25	21.75	21.25	21.25	21.25	21.25	21.75	21.25	20.75	20.00	19.50	19.25	20.50	20.75	21.25
6	removed (or side of such carcass). Carcass, Head, leaf lard and kidney removed (or side of such carcass). New York Shoulder, Hock On.	165 20	165	23.00 25.25 25.50	22.50 24.75 25.00	22.00 24.25 24.50	22.00 24.25 24.50	22.00 24.25 24.50	22.00 24.25 24.50	22.50 24.75 25.00	22.00 24.25 24.50	21.50 23.75 24.00	20.75 23.00 23.25	20.25 22.50 22.75	20.00 22.25 22.50	21.25 23.50 23.75	21,50 23.75 24.00	22,00 24,25 24,50
18 19 20 21 22 23	New York Shoulder, Hock On New York Shoulder, Hock Off Montreal Shoulder. Montreal Shoulder. Butt. Butt.	18 20 8	20 20	23.50 26.75 25.50 23.50 29.75 28.25	23.00 26.25 25.00 23.00 29.25 27.75	22.50 25.75 24.50 22.50 28.75 27.25	22.50 25.75 24.50 22.50 28.75 27.25	22.50 25.75 24.50 22.50 28.75 27.25	22.50 25.75 24.50 22.50 28.75 27.25	23.00 26.25 25.00 23.00 29.25 27.75	22.50 25.75 24.50 22.50 28.75 27.75	24.00 22.00 25.25 24.00 22.00 28.25 26.75	21.25 24.50 23.25 21.25 27.50	20.75 24.00 22.75 20.75 27.00	20.50 23.75 22.50 20.50 26.75	21.75 25.00 23.75 21.75 28.00	22.00 25.25 24.00 22.00 28.25	22.50 25.75 24.50 22.50 28.75
24 25 26 27 28 29	Butt, Boneless and Tied. Pienie, Hock On. Pienie, Hock On. Pienie, Hock Off. Pienie, Hock Off, Boneless and Tied Pienie, Hock Off, Boneless and Tied	7½ 10 8 7	10	32.50 22.75 20.75 25.25 29.50	32.00 22.25 20.25 24.75 29.00	31.50 21.75 19.75 24.25 28.50	31.50 21.75 19.75 24.25 28.50	31.50 21.75 19.75 24.25 28.50	31.50 21.75 19.75 24.25 28.50	32.00 22.25 20.25 24.75 29.00	31.50 21.75 19.75 24.25 28.50	31.00 21.25 19.25 23.75 28.00	26.00 30.25 20.50 18.50 23.00 27.25	25.50 29.75 20.00 18.00 22.50 26.75	25.25 29.50 19.75 17.75 22.25 26.50	26.50 30.75 21.00 19.00 23.75 27.75	26.75 31.00 21.25 19.25 23.75 28.00	27.25 31.50 21.75 19.75 24.25 28.50
30 31 32	with dressing. Trimmed Ham. Trimmed Ham. Trimmed Ham, Boneless and Tied	7½ 20 18	20	27.75 30.75 28.75 35.00	27.25 30.25 28.25 34.50	26.75 29.75 27.75 34.00	26.75 29.75 27.75 34.00	26.75 29.75 27.75 34.00	26.75 29.75 27.75 34.00	27.25 30.25 28.25 34.50	26.75 29.75 27.75 34.00	26.25 29.25 27.25 33.50	25.50 28.50 26.50 32.75	25.00 28.00 26.00 32.25	24.75 27.75 25.75 32.00	26.25 29.00 27.00 33.25	26.75 29.25 27.25 33.50	26.75 29.75 27.75 34.00

Top OF L		N. VIII				(111)	ents per	pound)					The state of				Alter and	
Product Number	Description of Product		Wgt.								Zones	ALC: A						
Pro		Col. 1	Col. 2	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
33 34 35 36 37 38 39	FRESH (Cont.) Trimmed Loin. Trimmed Loin. Boneless Back, Long Cut. Boneless Back, Long Cut. Commercial Trimmed Belly. Commercial Trimmed Belly, Rib In	Lbs. 16 12 15 16½	Lbs. 16 12 15	34.00 32.00 40.75 36.75 30.25 25.25 29.50	33.50 31.50 40.25 36.25 29.75 24.75 29.00	33.00 31.00 39.75 35.75 29.25 24.25 28.50	33.00 31.00 39.75 35.75 29.25 24.25 28.50	33.00 31.00 39.75 35.75 29.25 24.25 28.50	33.00 31.00 39.75 35.75 29.25 24.25 28.50	33.50 31.50 40.25 36.25 29.75 24.75 29.00	33,00 31,00 39,75 35,75 29,25 24,25 28,50	32.50 30.50 39.25 35.25 28.75 23.73 28.00	31.75 29.75 38.50 34.50 28.00 23.00 27.25	31.25 29.25 38.00 34.00 27.50 22.50 26.75	31.00 29.00 37.75 33.75 27.25 22.25 26.50	32.25 30.25 39.00 35.00 28.50 23.50 27.75	32,50 30,50 39,25 35,25 28,75 23,75 28,00	32.00 31.00 39.75 35.75 29.25 24.25 28.50
45 46 47 48 49 50 52 53	CURED COttage Roll, or Boneless Butt Picnic, Hock On. Picnic, Hock Off. Picnic, Hock Off, Boneless and Tied Boneless Back, Long Cut Boneless Back, Short Cut. Boneless Back, Long Cut, in artifi-	12	10½	32.75 23.00 21.00 25.00 29.00 41.25 39.25	32,25 22,50 20,50 24,50 28,50 40,75 38,75	31.75 22.00 20.00 24.00 28.00 40.25 38.25	31.75 22.00 20.00 24.00 28.00 40.25 38.25	31.75 22.00 20.00 24.00 28.00 40.25 38.25	31.75 22.00 20.00 24.00 28.00 40.25 38.25	32.50 22.75 20.75 24.75 29.00 41.00 39.00	32.00 22.25 20.25 24.25 28.50 40.50 38.50	31.50 21.75 19.75 23.75 28.00 40.00 38.00	30.75 21.00 19.00 23.00 27.25 39.25 37.25	30.50 20.75 18.75 22.75 27.00 39.00 37.00	30.25 20.50 18.50 22.50 26.75 38.75 36.75	31.50 21.75 19.75 23.75 28.00 40.00 38.00	31.75 22.00 20.00 24.00 28.25 40.25 38.25	32.25 22.50 20.50 24.50 28.75 40.75 38.75
54 55 56 57 58 59 60	one less back, Long Cut, in artificial easing. Trimmed Ham. Trimmed Ham, Trimmed Ham, Ommercial Trimmed Belly. Commercial Trimmed Belly. Commercial Trimmed Belly, Rib In Shoulder Roll, skin on, split, boneless (made from fresh rough	12 22 20 15 16½	22	43.25 30.25 28.25 35.75 31.00 26.00 30.25	42.75 29.75 27.75 35.25 30.50 25.50 29.75	42.25 29.25 27.25 34.75 30.00 25.00 29.25	42.25 29.25 27.25 34.75 30.00 25.00 29.25	42.25 29.25 27.25 34.75 30.00 25.00 29.25	42,25 29,25 27,25 34,75 30,00 25,00 29,25	43.00 30.00 28.00 35.50 30.75 25.75 30.00	42.50 29.50 27.50 35.00 30.25 25.25 29.50	42.00 29.00 27.00 34.50 29.75 24.75 29.00	41.25 28.25 26.25 33.75 29.00 24.00 28.25	41.00 28.00 26.00 33.50 28.75 23.75 28.00	40.75 27.75 25.75 33.25 28.50 23.50 27.75	42.00 29.00 27.00 34.50 29.75 24.75 29.00	42.25 29.25 27.25 34.75 30.00 25.00 29.25	42.75 29.75 27.75 35.25 30.50 25.50 29.75
61 62	shoulder weighing over 28 lb.) Pork Roll, Skinless, Boneless Ham Butt Roll (from fresh rough ham weighing over 23 lbs.)			29.75 30.75 30.75	29.25 30.25 30.25	28.75 29.75 29.75	28.75 29.75 29.75	28.75 29.75 29.75	28.75 29.75 29.75	29.50 30.50 30.50	29.00 30.00 30.00	28.50 29.50 29.50	27.75 28.75 28.75	27.25 28.50 28.50	27.25 28.25 28.25	28.50 29.50 29.50	28.75 29.75 29.75	29.25 30.25 30.25
63 64 65 66 67 68	DRY SALT CURED Clear Belly. Clear Back Short Clear Long Clear Jowls Back Fat, Rind On		15 22 43 60	26.75 32 75 30.00 27.25 15.00 20.50	26.25 32 25 29.50 26.75 14.50 20.00	25.75 31.75 29.00 26.25 14.00 19.50	25.75 31.75 29.00 26.25 14.00 19.50	25.75 31.75 29.00 26.25 14.00 19.50	25.75 31.75 29.00 26.25 14.00 19.50	26.50 32.50 29.75 27.00 14.50 20.00	26.00 32.00 29.25 26.50 14.00 19.50	25.50 31.50 28.75 26.00 13.50 19.00	24.75 30.75 28.00 25.25 12.75 18.25	24.50 30.50 27.75 25.00 12.50 18.00	24.25 30.25 27.50 24.75 12.25 17.50	25.50 31.50 28.75 26.00 13.50 18.75	25.75 31.75 29.00 26.25 13.75 19.00	26.25 32.25 29.50 26.75 14.25 19.50

Product	DESCRIPTION OF PRODUCT	Max. Wgt.	Wgt. Over					7.14			ZONES							
Pro		Col. 1	Col. 2	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	SMOKED	Lbs.	Lbs.															
70	Cottage Roll or Boneless Butt Cottage Roll or Boneless Butt, in	71/2		39.25	38.75	38.25	38.25	38.25	38.25	39.00	38.50	38.00	37.25	37.00	36.75	38.00	38.25	38.75
71	artificial casing	8		40.75	40.25	39.75	39.75	39.75	39.75	40.50	40.00	39.50	38.75	38.50	38.25	39.50	39.75	40.25
72	Picnic, Hock On	10		27.25	27.25	26.75	26.75	26.75	26.75	27.50	27.00	26.50	25.75	25.50	25.25	26.50	26.75	27.25
73 74	Picnic, Hock On	8	10	25.75 30.25	25.25 29.75	24.75 29.25	24.75 29.25	24.75 29.25	24.75 29.25	25.50 30.00	25.00 29.50	24.50 29.00	23.75 28.25	23.50 28.00	23.25 27.75	24.50 29.00	24.75 29.25	25.25 29.75
	Picnic, Hock On, Boneless	9		33.00	32.50	32.00	32.00	32.00	32.00	32.75	32.25	31.75	31.00	30.75	30.50	31.75	32.00	32.50
76	Picnic, Hock Off, Boneless and Tied			35.00	34.50	34.00	34.00	34.00	34.00	34.75	34.25	33.75	33.00	32.75	32.50	33.75	34.00	34.50
77	Picnic, Hock On, Boneless in artificial casings	9		35.00	34.50	34.00	34.00	34.00	34.00	34.75	34.25	33.75	33.00	32.75	32.50	33.75	34.00	34.50
78	Picnic, Hock Off, Boneless and Tied			33.00	34.50	34.00	34.00	34.00	34.00	34.73	34.25	33.73	33.00	32.75	32.50	33.73	34.00	34.50
	in artificial casings	7		36.75	36.25	35.75	35.75	35.75	35.75	36.50	36.00	35.50	34.75	34.50	34.25	35.50	35.75	36.25
	Picnic, ready to serve, Hock Off Picnic, Hock On, Split, Boneless	7		35.50	35.00	34.50	34.50	34.50	34.50	35.25	34.75	34.25	33.50	33.25	33.00	34.25	34.50	35.00
00	(from fresh pienic, Hock On, over					1			19233		130000							4
	10 lbs.)	THE REAL PROPERTY.	200	32.50	32.00	31.50	31.50	31.50	31.50	32.25	31.75	31.25	30.50	30.25	30.00	31.25	31.50	32.00
81	Picnic, Hock On, Split, Boneless in artificial casing (made from a													1919		MALE TO SE	THE PARTY.	
	fresh picnic hock on weighing					THE REAL PROPERTY.						THE SECOND					1000000	
	over 10 lbs.)	BEILY	12.30	34.50	34.00	33.50	33.50	33.50	33.50	34.25	33.75	33.25	32.50	32.25	.32.00	33.25	33.50	34.00
82	Pork Roll, Skinless, Boneless in Pork Roll, Skinless, Boneless in	NE SER	100	34.00	33.50	33.00	33.00	33.00	33.00	33.75	33.25	32.75	32.00	31.75	31.50	32.75	33.00	33.50
00	artificial casing			36.00	35.50	35.00	35.00	35.00	35.00	35.75	35.25	34.75	34.00	33.75	33.50	34.75	35.00	35.50
84	Trimmed Ham	20		36.50	36.00	35.50	35.50	35.50	35.50	36.25	35.75	35.25	34.50	34.25	34.00	35.25	35.50	36.00
85	Trimmed Ham	10	20	34.50	34.00	33.50	33.50	33.50	33.50	34.25	33.75	33.25	32.50	32.25	32.00	33.25	33.50	34.00
87	Boneless, Skin on Ham Boneless, Skin on Ham in artificial	18	THE STATE OF	43.75	43.25	42.75	42.75	42.75	42.75	43.50	43.00	42.50	41.75	41.50	41.25	42.50	42.75	43.25
	casing	18	348	45.00	44.50	44.00	44.00	44.00	44.00	44.75	44.25	43.75	43.00	42.75	42.50	43.75	4.400	44.50
89	Boneless, Skinless Ham in artificial	14		46.50	46.00	45.50	45.50	45.50	45.50	46.25	45.75	45.25	44.50	44.25	44.00	45.25	4.550	46.00
90	casing	14	0.00	48.00	47.50	47.00	47.00	47.00	47.00	47.75	47.25	46.75	46.00	45.75	45.50	46.75	4.700	47.50
92	Boneless, Skinless Ham split, in artificial casing (from a fresh			10.00	11.00	11.00	21.00	21.00	11.00	11.10	11.20	10.10	10.00	10.10	10.00	10.10	100	11.00
	trimmed ham weighing more than 20 lbs.)	1	2 12	46.00	45.50	45.00	45.00	45.00	45.00	45.75	45.25	44.75	44.00	43.75	43.50	44.75	45.00	45.50
93	Ham ready to serve, bone in, skin-	19/19/19	700	40.00	40.00	45.00	40.00	40.00	40.00	40.75	45.25	44.75	44.00	45.75	45.50	44.70	45.00	40.00
04	ned	16	Willes	42.25	41.75	41.25	41.25	41.25	41.25	42.00	41.50	41.00	40.25	40.00	39.75	41.00	41.25	41.75
94 96	Boneless Back, Short Cut	11	10	48.50	48.00	47.50 45.50	47.50 45.50	47.50 45.50	47.50 45.50	48.25	47.75	47.25 45.25	46.50 44.50	46.25	46.00	47.25 45.25	47.50 45.50	48.00
97	Boneless Back, Short Cut in casing	993	10	48.50	48.00	47.50	47.50	47.50	47.50	48.25	47.75	47.25	46.50	46.25	46.00	47.25	47.50	48.00
98	Casing Back	10	13000	55.75	55.25	54.75	54.75	54.75	54.75	55.50	55.00	54.50	53.75	53.50	53.25	54.50	54.75	55.25

Product Number	DESCRIPTION OF PRODUCT	Wgt.	Wgt. Over Col. 2	Zones														
				1	2	3	.4	5	6	7	8	9	10	11	12	13	14	15
102 103 106 107 108 109 110 111 112	SMOKED (Cont.) Sliced Back	14	Lbs. 14	55.75 51.75 37.75 33.75 20.25 39.50 42.00 42.00 44.00 44.00 44.00 44.00 45.25 48.00	55, 25 51, 25 37, 25 33, 25 19, 75 39, 00 41, 50 41, 50 43, 50 44, 75 44, 75 47, 50	54.75 50.75 36.75 32.75 19.25 38.50 41.00 41.00 39.00 43.00 41.00 44.25 47.00	54.75 50.75 36.75 32.75 19.25 38.50 41.00 41.00 43.00 44.25 47.00	54.75 50.75 36.75 32.75 19.25 38.50 41.00 41.00 43.00 44.25 47.00	54.75 50.75 36.75 32.75 19.25 38.50 41.00 43.00 41.00 43.00 44.25 47.00	55,50 51,50 37,50 33,50 20,00 39,25 41,75 41,75 43,75 44,75 44,75	55.00 51.00 37.00 33.00 19.50 38.75 41.00 41.25 39.25 41.25 44.25 44.25	54.50 50.50 36.50 32.50 19.00 38.25 40.50 40.75 38.75 42.75 40.75 43.75 46.50	53.75 49.75 35.75 31.75 18.25 37.50 39.75 40.00 42.00 40.00 43.00 43.00 45.75	53.50 49.50 35.50 31.50 18.00 37.25 39.50 39.75 41.75 39.75 42.75 45.50	53.25 49.25 35.25 31.25 17.75 39.25 39.50 37.50 41.50 39.50 42.50 42.50 45.25	54.50 50.50 36.50 32.50 19.00 38.25 40.75 40.75 42.75 40.75 43.75 46.50	54.75 50.75 36.75 32.75 19.25 38.50 40.75 41.00 39.00 41.00 44.00 46.75	55, 25 51, 25 37, 25 33, 25 19, 75 39, 00 41, 25 41, 50 41, 50 41, 50 44, 50 47, 25
121 122 123	COOKED Butt. Picnic, Hock On, Boneless. Picnic, Hock On, Boneless. Boneless, Skinless Ham Boneless, Skinless Ham in artificial casing Boneless Ham Skin On. Boneless, Skinless Ham, Snoked. Boneless, Skinless Ham, Split (made from a fresh trimmed ham weighing over 20 lbs.). Boneless, Skinless Ham, Split, in	12 14 12	7	45.50 39.00 37.00 53.75 55.00 50.50 55.50	45.00 38.50 36.50 53.25 54.50 50.00 55.00	44.50 38.00 36.00 52.75 54.00 49.50 54.50	44.50 38.00 36.00 52.75 54.00 49.50 54.50	44.50 38.00 36.00 52.75 54.00 49.50 54.50	44.50 38.00 36.00 52.75 54.00 49.50 54.50	45.00 38.50 36.50 53.25 54.50 50.00 55.00	44.50 38.00 36.00 52.75 54.00 49.50 54.50	44.00 37.50 35.50 52.25 53.50 49.00 54.00	43.25 36.75 34.75 51.50 52.75 48.25 53.25	43.00 36.50 34.50 51.00 52.25 47.75 52.75	42.75 36.25 34.25 50.75 52.00 47.50 52.50 48.75	44.00 37.50 35.50 52.00 53.25 48.75 53.75	44.25 37.75 35.75 52.25 53.50 49.00 54.00	44.75 38.25 36.25 52.75 54.00 49.50 54.50
131	artificial casing (made from a fresh trimmed ham, weighing over 20 lbs.) Roast Butt, Boneless and Tied, with Dressing. Roast Picnic, Hock Off, Boneless and Tied, with Dressing. Roast Ham, Skin On, Boneless and Tied with Dressing. Roast Loin, Boneless and Tied with Dressing.	53	5½	53.00 48.50 44.25 50.00 59.25	52.50 48.00 43.75 49.50 58.75	52.00 47.50 43.25 49.00 58.25	52,00 47.50 43.25 49.00 58.25	52.00 47.50 43.25 49.00 58.25	52.00 47.50 43.25 49.00 58.25	52.50 48.25 43.75 49.25 58.25	52,00 47.75 43.25 48.75 57.75	51,50 47,25 42,75 48,25 57,25	50.75 46.50 42.00 47.50 56.50	50.25 46.25 41.75 47.25 56.00	50.00 46.00 41.50 47.00 55.50	51.25 47.25 42.75 48.25 56.75	51.50 47.50 43.00 48.50 57.00	52.00 48.00 43.50 49.00 57.50

SCHEDULE "D" TO ADMINISTRATOR'S ORDER No. A-2211 MAXIMUM WHOLESALE PRICES FOR THE FOLLOWING PORK PRODUCTS

(In cents per pound)

Product Number		Zones '														
	DESCRIPTION OF PRODUCT	1,	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Fresh															
140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157	Jowl Skinless Neck Fat Lacone Front Foot Hock Extra Lean Trimmings. Regular Trimmings. Tenderloin Back Ribs Side Ribs Leaf Lard Back Fat, Rind On Back Fat, Rind Off. Fat Back, Rind On Neck Bones Riblets Back Bones Hind Foot.	16.00 18.00 12.50 6.75 14.00 26.50 22.50 22.50 21.00 18.25 19.00 19.25 5.00 6.25 4.75 6.25	15.50 17.50 12.00 6.25 13.50 26.00 22.00 45.50 28.00 20.50 17.75 18.50 4.50 5.75 4.50 5.75	15,00 17,00 11,50 5,75 13,00 25,50 21,50 27,50 24,50 27,50 24,50 17,25 18,00 18,25 4,00 5,25 3,75 5,25	$\begin{array}{c} 15.00 \\ 17.00 \\ 17.00 \\ 11.50 \\ 5.75 \\ 13.00 \\ 25.50 \\ 21.50 \\ 45.00 \\ 27.50 \\ 24.50 \\ 20.00 \\ 17.25 \\ 18.00 \\ 18.25 \\ 4.00 \\ 5.25 \\ 3.75 \\ 5.25 \end{array}$	15.00 17.00 11.50 5.75 13.00 25.50 21.50 45.00 27.50 24.50 24.50 17.25 18.00 18.25 4.00 5.25 3.75 5.25	$\begin{array}{c} 15.00 \\ 17.00 \\ 11.50 \\ 5.75 \\ 13.00 \\ 25.50 \\ 21.50 \\ 45.00 \\ 27.50 \\ 24.50 \\ 0.00 \\ 17.25 \\ 18.00 \\ 18.25 \\ 4.00 \\ 5.25 \\ 5.25 \end{array}$	15.50 17.50 11.75 6.50 13.25 25.75 45.25 27.25 24.25 24.25 24.25 18.50 18.75 5.50 6.50 6.00	15.00 17.00 11.25 6.00 12.75 25.25 21.25 21.25 21.25 23.75 20.00 17.25 18.00 6.00 4.75 5.50	$\begin{array}{c} 14.50 \\ 16.50 \\ 10.75 \\ 5.50 \\ 12.25 \\ 24.75 \\ 20.75 \\ 44.25 \\ 26.25 \\ 23.25 \\ 19.50 \\ 16.75 \\ 17.50 \\ 4.50 \\ 5.50 \end{array}$	13,75 15,75 10,00 4,75 11,50 24,00 43,50 25,50 22,50 22,50 18,75 16,00 16,75 17,00 3,75 4,75 4,75 4,25	13.50 15.50 9.75 4.75 11.25 23.75 19.75 25.25 25.25 22.25 16.75 16.75 16.75 3.75 4.75 4.75 4.75 4.75	13, 25 15, 25 9, 25 4, 50 10, 75 23, 25 19, 25 42, 75 24, 75 24, 75 21, 75 18, 00 15, 25 16, 00 16, 25 3, 50 4, 50 3, 25 4, 00	14.50 16.50 10.50 5.75 12.00 24.50 20.50 20.50 21.00 26.00 23.00 19.25 16.50 17.25 17.50 4.75 5.75 4.50 5.25	14.75 16.75 10.75 6.00 12.25 24.75 20.75 24.25 26.25 23.25 16.75 17.50 6.00 4.75 5.50	15.2 17.2 11.2 6.5 12.7 25.2 21.2 21.2 24.7 26.7 20.0 17.2 18.0 18.2 5.5 6.5 5.2 6.0
	CURED															
187 188 189 190 191 192 193 194 195	Neck Bones. Riblets Fat Back, Rind On Back Ribs Side Ribs. Hind Foot. Jowl. Front Foot Hock.	25.75 6.50 16.50 7.50	4.75 6.00 19.50 28.25 25.25 6.00 16.00 7.00 14.00	4.25 5.50 19.50 27.75 24.75 5.50 15.50 6.50 13.50	4.25 5.50 19.00 27.75 24.75 5.50 15.50 6.50 13.50	4.25 5.50 19.00 17.75 24.75 5.50 15.50 6.50 13.50	4.25 5.50 19.00 21.75 24.75 5.50 15.50 6.50 13.50	5.75 6.75 19.50 27.50 24.50 6.25 16.00 7.25 13.75	5.25 6.25 19.00 27.00 24.00 5.75 15.50 6.75 13.25	4.75 5.75 18.50 26.50 23.50 5.25 15.00 6.25 12.75	4.00 5.00 17.75 25.75 22.75 4.50 14.25 5.50 12.00	4.00 5.00 17.50 25.50 22.50 4.50 14.00 5.50 11.50	3.75 4.75 17.00 25.00 22.00 4.25 13.75 5.25 11.25	5.00 6.00 18.25 26.25 23.25 5.50 15.00 6.50 12.50	5.25 6.25 18.50 26.50 23.50 5.75 15.20 6.75 12.75	5.7 6.7 19.0 27.0 24.0 6.2 15.7 7.2 13.2

(In cents per pound)

Product									Zones							
Number		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	SMOKED															
196	Jowl	22.75	22.25	21.75	21.75	21.75	21.75	22.00	21.50	21.00	20.25	20.00	19.75	21.00	21.25	21.75
197	Jowl—Sliced	27.00	26.50	26.00	26.00	26.00	26.00	26.25	25.75	25.25	24.50	24.25	24.00	25.25	25.50	26.00
	Cooked															
201	Hoek	23.25	22.75	22.25	22.25	22.25	22.25	22,25	21.75	21.25	20.50	20.00	19.75	21.00	21.25	21.75
	Lard															
210	In Drums (drums returnable)	22.50	22.00	21.50	21.50	21.50	21.50	22.25	21.75	21.25	20.50	20.25	20.00	21.25	21.50	22.00
211	In Tierces	23.00	22.50	22.00	22.00	22.00	22.00	22.75	22.25	21.75	21.00	20.75	20.50	21.75	22.00	22.50
212	In Pails or Tubs, 50 or 60 lb. net weight	23.25	22.75	22.25	22.25	22.25	22.25	23.00	22.50	22,00	21.25	21.00	20.75	22.00	22.25	22.75
213	In Boxes, 56 lb. net weight	23,25	22.75	22,25	22.25	22.25	22.25	23.00	22.50	22.00	21.25	21.00	20.75	22.00	22.25	22.75
214	In Pails, 20 or 25 lb. net weight	24.00	23.50	23.00	23.00	23.00	23.00	23.75	23.25	22.75	22.00	21.75	21.50	22.75	23.00	23.50
215	In Prints, 1 lb. net weight	23.25	22.75	22.25	22.25	22.25	22.25	23.00	22.50	22.00	21.25	21.00	20.75	22.00	22,25	22.75

SCHEDULE "E" TO ADMINISTRATOR'S ORDER No. A-2211 MAXIMUM WHOLESALE PRICES FOR SALES BY THE PROCESSOR OF THE FOLLOWING PORK PRODUCTS

od.	Description	Net Contents and Type of	Price								Zones							
0.	of Product	Container	Basis	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Canned Luncheon		s & é															
	Meat		per doz	4.06	4.00	3.94	3.94	3.94	3.94	4.01	3.95	3.88	3.82	3.79	3.75	3.83	3.86	3.
	Canned Luncheon Meat		\$ & ¢	3.86	3.80	3.74	3.74	3.74	3.74	3.81	3.75	3.68	3.62	3.59	3.55	3.63	3.66	3.
	Canned Luncheon		\$ & ¢	3.00	0.00	0.14	3.13	0.11	3.11	0.01	3.10	0.00	0.02	3.33	0.00	0.00	3.00	0
	Meat		per doz	5.01	4.94	4.86	4.86	4.86	4.86	4.94	4.87	4.78	4.70	4.65	4.60	4.70	4.74	4
	Canned Luncheon Meat		¢ per	44 00	10 70	10 00	10 00	10.00	10 00	40 70	10 00	00 70	00 77	00 50	00 00	20 0-	00 70	40
	Canned Spiced		pound \$ & é	41.00	40.50	40.00	40.00	40.00	40.00	40.50	40.00	39.50	38.75	38.50	38.00	39.25	39.50	40
200	Ham		per doz	4.33	4.27	4.21	4.21	4.21	4.21	4.24	4.18	4.11	4.05	4.01	3.96	4.04	4.07	4
	Canned Spiced	16 oz.	\$ & ¢							THE RESERVE			THE RESERVE	15075 10				The last
	Ham Canned Spiced	Round 6 lbs.	per doz	5.64	5.57	5.49	5.49	5.49	5.49	5.52	5.45	5.36	5.28	5.22	5.16	5.26	5.30	5
	Ham	Rectangular	¢ per pound	46.25	45.75	45.25	45.25	45.25	45.25	45.75	45.25	44.75	44.00	43.75	43.25	44.50	44.75	45
	Canned Whole	7 to 15 lbs.	pound	10.20	10.10	10.20	10.20	10.20	40.20	10.10	10.20	11.10	11.00	10.10	10.20	11.00	11.70	10
	Pork Ham	Pullman or	¢ per			C 55 6 4 4						BE ME A				5 7 5 7		
	(skinless) Canned Whole	Pear Shaped 7 to 15 lbs.	pound	54.50	54.00	53.50	53.50	53.50	53.50	54.00	53.50	53.00	52.25	52.00	51.75	53.00	53.25	53
	Pork Ham	Pullman or	é per						500000000000000000000000000000000000000									100
	(part skinned)	Pear Shaped	pound	51.50	51.00	50.50	50.50	50.50	50.50	51.00	50.50	50.00	49.25	49.00	48.75	50.00	50.25	50
	Canned Pork	12 oz.	\$ & ¢			SECOND.												
	Tongue Canned Pork	Round 6 lb.	per doz	4.76	4.70	4.64	4.64	4.64	4.64	4.59	4.53	4.46	4.40	4.35	4.29	4.37	4.40	4
	Tongue Tork	Rectangular	¢ per pound	49.75	49.00	48.25	48.25	48.25	48.25	47.75	47.25	46.50	45.75	45.00	44.50	45.25	45.75	46
	Canned Spiced	12 oz.	\$ & é	10.10	40.00	10.20	10.20	10.20	10.20	11.10	11.20	10.00	10.10	10.00	11.00	10.20	10.10	10
	Ham	Rectangular	per doz	4.53	4.47	4.41	4.41	4.41	4.41	4.44	4.38	4.31	4.25	4.21	4.16	4.24	4.27	4

SCHEDULE "F" TO ADMINISTRATOR'S ORDER No. A-2211

MAXIMUM WHOLESALE PRICES FOR THE FOLLOWING PORK PRODUCTS, SOLD BETWEEN PROCESSORS

(In cents per pound)

F.O.B. SELLER'S PLANT

Description of Product	Maximum Weight	Weight								ZONES							
Discription of Product	Col 1	Col. 2	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Lbs.	Lbs.															
Prime Steam or Dry Rendered Lard—																	
(a) in tank cars			19.50	19.50	19.00	19.00	19.00	19.00				18.00	17.75	17.50	18.50	19.00	19.00
(b) in tierces			20.25	20.25	19.75	19.75	19.75	19.75				18.75	18.50	18.25	19.25	19.75	19.75
Fresh Skinned Hams	18		32.00	32.00	31.50	31.50	31.50	31.50				30.50	30,25	30.00	31.50	31.50	31.50
Fresh Rough Middles (50 lb. up)			25.50	25.50	25.00	25.00	25.00	25.00				24.00	23,75	23.50	24.00	25.00	25.00
Fresh Rough Loins (28 lb. up)			27.50	27.50	27.00	27.00	27.00	27.00				25.75	25.50	25.25	26,25	26.75	26.75
Fresh Rough Bellies (22 lb. up).			23.25	23.25	22.75	22.75	22.75	22.75				21.75	21.50	21.25	22.25	22.75	22,75
Fresh No. 1 Trimmed Bellies	141		29.75	29.75	29.25	29.25	29.25	29.25				28.25	28.00	27.75	28.75	29.25	29.25
Cured No. 1 Trimmed Bellies Boneless Sow, Skin On (Same cut as Product No. 5 in Schedule		15	31.25	31.25	30.75	30.75	30.75	30.75				29.75	29.50	29,25	30,25	30.75	30.75
"A", with bones removed)			27.50	27.50	27.00	27.00	27.00	27.00				26.00	25.75	25.50	26.50	27.00	27.00
Boneless Sow, Skin Off (Same cut as Product No. 5 in Schedule "A", with the bones and skin removed)			30.00	30.00	29.50	29.50	29.50	29.50				28.25	28.00	27.75	28.75	29.25	29.25

SCHEDULE "G" TO ADMINISTRATOR'S ORDER No. A-2211 MAXIMUM RETAIL PRICES FOR THE FOLLOWING PORK CUTS

Area A—Zones 1, 2, 7, Area B—Zones 3, 4, 5, 6, 8, 9, 14, 15 Area C—Zones 10, 13 Area D—Zones 11, 12

						P	rice i	n cen	ts per poun	d				
Pounds				Standard	Wei	ght				Н	leavy			
Per	DESCRIPTION OF CUT		Derive	ed from		AR	EAS		Derive	d from		AR	REAS	100
			Product Number	Retail Pork Cut Number	A	В	С	D	Product Number	Retail Pork Cut Number	A	В	С	
21/2 22/2 21/2 1/2 1/2 1/2 1/2 1/2 1/2 1	New York Shoulder, Hock On, Whole. New York Shoulder, Hock Off, Whole. New York Shoulder. Butt, Whole, Pieces or Chops. Picnic, Hock On, Whole. Picnic, Hock On, Shank End. Pienic, Hock On, Shank End. Pienic, Hock On, Shank, End. Pienic, Hock On, Top End or Chops from Top End. Pienic, Hock Off, Whole, Pieces or Chops. Picnic, Hock Off, Tied, With Dressing, Whole or Pieces. Ham, Whole. Leg of Pork, Whole. Ham, Shank End (No centre slices removed). Ham, Shank End (Centre slices removed). Leg of Pork, Butt End (No centre slices removed). Leg of Pork, Butt End (No centre slices removed). Leg of Pork, Butt End (No centre slices removed). Ham, Butt End (Centre slices removed). Ham, Butt End (Centre slices removed).	(Untrimmed) " " (Regular Trim) (" " (Regular Trim) (" " " " " " " " " " " " " " " " " " "	17 19 20 22 24 25 25 25 27 28 29 30 30 30 30	301 302 303 304 305 305 305 306 307 307	34 31 36 33 34 39 29 27 34 32 32 34 37 40 37 40 34 40 42 47	34 31 35 32 34 39 35 43 41 30 28 26 33 31 31 31 39 41 36 37 41 41 36 37 41 41 41 41 41 41 41 41 41 41 41 41 41	32 29 34 31 32 38 34 42 29 27 25 32 30 32 30 38 38 34 40 40 40 40 40 40 40 40 40 40 40 40 40	31 28 32 29 31 36 32 40 27 25 23 30 28 30 34 39 34 39 34 37 31 36 36 38 40 40 40 40 40 40 40 40 40 40 40 40 40	18 19x 21 23 24x 26 26 26 27x 28x 31 31 31 31 31	301 302 303 304 305 305 305 306 307 307	31 28 33 30 31 37 33 41 28 26 24 31 29 37 - 38 33 36 30 31 41 29 31 31 41 41 41 41 41 41 41 41 41 41 41 41 41	31 28 32 29 31 37 33 41 27 25 25 22 28 30 28 36 36 30 35 40 36 36 38 34 44 44 44	30 27 32 29 30 36 32 40 38 26 24 22 29 27 35 37 32 34 38 38 38 36 38 38 38 38 38 38 38 38 38 38 38 38 38	

Note: Wherever X appears after a number, the retail cut so designated conforms in trim, but not in weight to the retail cut in the same horizontal line of the standard weight column.

						P	rice i	n cent	ts per poun	d				
				Standard	Wei	ght				Н	eavy			
Pounds Per Coupon	DESCRIPTION OF CUT		Derive	ed from		AR	EAS		Derive	ed from		AR	EAS	
			Product Number	Retail Pork Cut Number	A	В	С	D	Product Number	Retail Pork Cut Number	A	В	С	D
$\begin{array}{c} 1\frac{1}{2}\\ 2\\ 2\\ 2\\ 2\\ 2\\ 2\\ 2\\ 2\\ 2\\ 2\\ 2\\ 2\\ 2\\$	Loin, Centre Cut Removed (Roast or Chops) Loin, Centre Cut Removed (Roast or Chops) Back, Whole, Pieces or Slices. Side, Whole or Pieces Side, Whole or Pieces Side, Whole, Pieces or Slices. Side, Whole, Pieces or Slices. Jowl, Rind on, Whole, Pieces or Slices Lacone. Feet. Hock Tenderloin. Back Ribs. Side Ribs. Neck or Back Bones.	(Untrimmed) " " (Regular Trim) " " (Untrimmed) " " (Regular Trim) " " (Untrimmed) " " (Regular Trim) Boneless (Regular Trim) Boneless (Regular Trim) Boneless (Untrimmed) " " (Regular Trim) " " " (Regular Trim) Bone In (Regular Trim) " " " (Regular Trim) " " " (Regular Trim) Boneless (Regular Trim) Boneless (Regular Trim) " " " (Regular Trim) Boneless (Regular Trim) Boneless (Regular Trim) " " " (Regular Trim) Boneless (Regular Trim) " " "	32 33 33 33 35 39 37 140 142 143,157 144 147 148 149 154,156 141,151 152,153 150 145 146	308 308 308 309 310	47 46 41 50 45 43 38 54 39 37 40 38 22 21 63 39 35 63 39 35 63 39 35 63 30 30 30 30 30 30 30 30 30 30 30 30 30	47 45 40 49 44 42 37 54 38 21 16 8 18 62 38 34 62 24 27 35 29	45 44 39 48 43 41 53 36 53 38 36 36 37 21 14 8 17 59 34 31 6 8 24 24 24 24 24 24 24 24 24 24 24 24 24	44 42 37 46 41 39 51 36 34 51 37 35 19 13 8 15 57 33 30 6 8 23 24 24 24 24 24 24 24 24 24 24 24 24 24	32x 34 34 34 36 39x 38 140 142 143,157 144 147 148 149 155,141,151 152,153 150 145 146	308 308 308 309 310	43 43 43 38 47 42 40 35 50 32 30 33 31 22 16 63 39 35 63 8 25	43 42 37 46 41 39 32 32 30 33 31 21 16 8 8 8 8 24 27 35 29	42 41 36 45 40 38 33 34 48 31 29 30 21 14 8 17 59 34 31 6 8 24 24 26 34 29	40 40 35 44 44 44 39 37 32 47 29 27 30 28 19 13 8 15 5 5 7 33 30 6 8 23 23 23 24 23 23 23 23 23 23 23 23 23 23 23 23 23

Note: Wherever X appears after a number, the retail cut so designated conforms in trim, but not in weight to the retail cut in the same horizontal line of the standard weight column.

SPECIAL COMMITTEE

SCHEDULE "H" TO ADMINISTRATOR'S ORDER No. A-2211 MAXIMUM RETAIL PRICES FOR THE FOLLOWING PORK CUTS

Area A—Zones 1, 2, 7, Area B—Zones 3, 4, 5, 6, 8, 9, 14, 15 Area C—Zones 10, 13 Area D—Zones 11, 12

						P	rice i	n cen	ts per pour	d				12310
David	的是多种的对象的基础的是由的			Standard	l Wei	ght				Н	eavy			
Pounds Per Coupon	DESCRIPTION OF CUT		Derive	ed from		AR	EAS		Derive	ed from		AR	EAS	
	Charles Colored		Product Number	Retail Pork Cut Number	A	В	С	D	Product Number	Retail Pork Cut Number	A	В	С	D
12 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Picnic, Hock On, Top End or Slices from Top End Pienic, Hock On, Top End or Slices from Top End Pienic, Hock Off, Whole, Pieces or Slices Ham, Whole Ham, Shank End (No Centre Slices Removed) Ham, Shank End (Centre Slices Removed) Ham, Butt End (No Centre Slices Removed) Ham, Butt End (Centre Slices Removed) Ham, Gentre Slices Ham, Whole, Pieces or Slices Back, Whole or Half Back, Shoulder End Pieces or Ham End Pieces	(Regular Trim) Bone In (Untrimmed) (Regular Trim) (Regular Trim	45 46 46 46 48 49 54 54 54 54 54 55 50, 53 50, 53 50, 53 50, 53 50, 53 50, 53 10, 53 1	311 311 311 312	48 34 32 32 32 30 36 34 44 42 40 46 45 51 51 51 61 63 63 44 44 45 -24 10 21 42 38 78 78 78 78 78 78 78 78 78 78 78 78 78	47 33 31 31 31 32 35 33 36 34 41 41 43 44 45 45 45 45 46 46 46 47 47 48 48 49 49 49 49 49 49 49 49 49 49 49 49 49	46 32 30 30 30 28 34 32 33 35 33 40 43 45 44 45 45 60 60 60 60 62 42 44 44 71 10 20 71 71 71 71 71 71 71 71 71 71 71 71 71	44 31 29 29 29 27 33 33 31 39 41 39 43 42 48 48 48 48 48 48 41 20 10 18 36 60 60 60 11 18 60 60 60 60 60 60 60 60 60 60 60 60 60	45x 47 47 48x 49x 555 55 55 55 55 55 55 55 55 55 55 55 5	311 311 311 312	46 30 28 28 28 26 32 33 31 39 41 39 43 44 48 48 57 50 50 50 45 45 45 45 45 45 45 46 47 48 48 48 48 48 48 48 48 48 48 48 48 48	45 29 27 27 27 25 33 33 31 38 40 42 41 48 48 48 57 50 50 50 42 44 44 44 23 37 78 82 82 82 82 82 83 83 84 84 84 84 84 84 84 84 84 84 84 84 84	44 28 26 26 26 24 30 38 32 30 37 40 38 42 41 47 47 47 47 56 49 49 49 49 49 49 49 49 49 49 49 49 49	42 27 25 25 25 23 29 27 30 28 36 33 34 40 39 45 45 45 45 47 47 47 47 47 47 47 47 47 47 47 47 47

ZOTE: Wherever X appears after a number, the retail cut so designated conforms in trim, but not in weight to the retail cut in the same horizontal line of the standard weight column.

SCHEDULE "J" TO ADMINISTRATOR'S ORDER No. A-2211 MAXIMUM RETAIL PRICES FOR THE FOLLOWING PORK CUTS

Area A—Zones 1, 2, 7 Area B—Zones 3, 4, 5, 6, 8, 9, 14, 15 Area C—Zones 10, 13 Area D—Zones 11, 12

SMOKED PORK

-					10000						Bert A	1011013 1			
								Price	in cen	ts per pe	ound				
Pound						Standa	ard Wei	ght				1	Ieavy		
Coupon	DESCRIPTION OF CUT			Deri			AR	EAS		Deriv			Ari	EAS	
				Prod Num		A	В	C	D	Produ Numl		A	В	С	D
12-2 23 22 1 1 1 2 2 2 3 2 2 1 1 1 1 1 1 1 1	Cottage Roll or Butt, Whole, Pieces or Slices	cular Trim 44 44 44 44 44 44 44 44 44	Boneless Bone In " " Boneless " Boneless " " Boneless " " " " " " " " " " " " " " " " " "	70 72 72 72 74 75 76 —————————————————————————————————	71 ⁷⁷ 778 888 90	58 41 39 44 44 52 53 54 56 55 63 70 71 66 77 75 82 82 57 61 59 62 64 54 64 54 61 28 39 64 54 54 54 54 54 64 54 64 64 64 64 64 64 64 64 64 64 64 64 64	58 40 38 43 43 43 49 52 53 51 47 30 55 54 63 63 69 70 65 72 76 74 81 81 59 61 65 63 63 63 63 63 63 63 63 63 63 63 63 63	57 39 37 42 49 51 52 50 46 30 46 30 46 53 61 61 68 69 64 77 73 79 56 60 58 61 61 63 53 53 53 53 53 53 53 53 53 53 53 54 54 54 54 54 54 54 54 54 54 54 54 54	55 37 35 40 40 47 50 51 49 45 30 52 59 66 67 62 69 74 70 78 78 54 55 66 67 67 62 69 69 69 69 69 60 60 60 60 60 60 60 60 60 60	96 96 100	81 83 97 97 97 97	38 36 41 49 51 51 51 45 30 52 59 66 69 62 70 71 71	37 35 40 48 51 50 48 44 30 52 59 66 69 62 70 71 71	36 34 39 47 50 50 48 44 30 52 51 58 64 67 60 69 68 69 51 57 27 27 31 38	34 32 37 46 48 48 46 42 30 50 49 56 62 65 58 66 67 47 49 55 25 29 36

SCHEDULE "K" TO ADMINISTRATOR'S ORDER No. A-2211 MAXIMUM RETAIL PRICES FOR THE FOLLOWING PORK CUTS

Area A—Zones 1. 2, 7, Area B—Zones 3, 4, 5, 6, 8, 9, 14, 15 Area C—Zones 10, 13 Area D—Zones 11, 12

							STANDARD WEIGH	IT	
Per oupon	DESCRIPTION OF CUT				Derived from Product			ents per pound AREAS	
					Number	A	В	C	D
1	Butt, Whole, Pieces or Slices.	(Regular	Trim) Boneless	120	70	69	69	67
1	Butt, (Roast with Dressing) Whole, Pieces or Slices	"	"	"	129	74	73	72	70
1	Pienic, Hock on, Whole, Pieces or Slices	"	"	"	121, 122	60	59	56	55
1	Picnic, Hock off, (Roast with Dressing) Whole, Pieces or Slices	"	"	u	130	68	67	65	63
11/2	Picnic, Hock Off, (ready to serve) Whole or Pieces	ш	"	Bone In	79	54	53	52	51
1	Ham, Rind off, Whole, Pieces or Slices	"	"	Boneless	123, 124	81	81	79	77
1	Ham, Rind on, Whole, Pieces or Slices	"	"	u	126 125	76	76	74	72
1	Ham, Rind on (roast with dressing) Whole, Pieces or Slices.	"	"	u	131	7 76	76	74	72
11/2	Ham, Rind off (ready to serve) Whole or Pieces	"	"	Bone In	93	65	64	63	61
1	Ham, Rind off (made from heavy ham) Whole, Pieces or Slices	"	"	Boneless	127, 128	79	78	76	74
1	Loin, Rind off (roast with dressing) Whole, Pieces or Slices.	"	"	"	132	91	90	88	86
21/2	Hock, Whole	"	"	Bone In	201	35	34	33	31

WARTIME PRICES AND TRADE BOARD

Administrator's Order No. A-2428

PORK PRODUCTS

Under powers given by the Wartime Prices and Trade Board to the Administrator of Meat and Meat Products, it is hereby ordered as follows:

- 1. This Order shall come into force on September 1, 1947.
- 2. Administrator's Order No. A-2211 as amended, is hereby further amended by increasing the maximum price set forth in the Schedules thereto for each of the products set forth in the following table by the amount in cents per pound opposite those products:

Product Number	Increase
Schedule "C" (Wholesale)	Cents
1 to 6 inclusive (Carcass)	$1\frac{1}{2}$
17 to 39 inclusive (Fresh)	
63 to 68 inclusive (Dry Salt Cured)	2
70 to 114 inclusive (Smoked)	$2\frac{1}{2}$
120 to 132 inclusive (Cooked)	$2\frac{1}{2}$
Schedule "D" (Wholesale)	
140 to 157 inclusive (Fresh)	2
187 to 195 inclusive (Cured)	2 21
201 (Cooked)	
Schedule "F" (Wholesale)	
Excepting prime steam or dry rendered lard in tank cars or	
tierces, which remain at maximum prices in effect on	
August 30, 1947, all other products listed therein	2
Schedule "G" (Fresh Pork, Retail)	
All products listed therein	3
Schedule "H" (Cured Pork, Retail)	
All products listed therein	3
Schedule "J" (Smoked Pork, Retail)	
All products listed therein	4
Schedule "K" (Cooked Pork, Retail)	
All products listed therein	. 4
Dated at Ottawa, August 26, 1947.	

F. S. GRISDALE, Administrator of Meat and Meat Products.

APPROVED:

K. W. TAYLOR.

Chairman, Wartime Prices and Trade Board.

Note.—Appendix "D", Chart (Exhibit 93) on next page.

COMPARISON OF WHOLESALE BEEF PRICES (CARCASSES) WITH FORMER CEILING PRICES (Average in cents per pound)

	7 2 2 2		TORONTO			MONTREAL	L		WINNIPEG	1]	EDMONTON	1	V	ANCOUVE	3
	* * * * * * * * * * * * * * * * * * * *	Red	Comm.	Cow	Red	Comm.	Cow	Red	Comm.	Cow	Red	Comm.	Cow	Red	Comm.	Cov
ormer (Ceiling	25.00	25.00	17.50	25.00	23.00	18.00	23.75	21.75	16.75	23 · 25	21.25	16.75	24.25	22.25	17.7
Oct. Nov.	27, 1947 30, 1947 6, 1947 13, 1947 20, 1947 27, 1947	25·50 26·00 26·25 26·00 26·00	23·75 23·75 24·25 22·50 22·50	17·75 19·50 20·00 17·50	27·00 26·50 25·25 25·25 27·00	23·75 24·25 22·50 22·00 22·00	19·00 18·75 18·50 18·00 19·00	24·50 25·00 23·75 24·50 24·50 23·75	$\begin{array}{c} 22 \cdot 00 \\ 22 \cdot 25 \\ 21 \cdot 75 \\ 21 \cdot 50 \\ 22 \cdot 00 \\ 19 \cdot 75 \end{array}$	$\begin{array}{c} 17 \cdot 75 \\ 17 \cdot 75 \\ 17 \cdot 00 \end{array}$	25·00 25·00 24·75 24·25 23·25 22·00	$\begin{array}{c} 22 \cdot 25 \\ 22 \cdot 25 \\ 21 \cdot 75 \\ 20 \cdot 25 \\ 20 \cdot 25 \\ 18 \cdot 50 \end{array}$	18·25 17·75 18·00 18·25	26·00 26·00 26·00 26·00 26·00	23·75 23·00 23·00 23·00 23·00	19 · 2 18 · 3 18 · 3 18 · 3 18 · 3
Dec.	11, 1947 23, 1947 31, 1947	26·50 27·25 28·00	23·50 25·00 25·50	18·50 18·50 20·00	26·00 26·50 28·00	24·00 25·00 26·00	19·00 20·00 21·00	$24.50 \\ 24.50 \\ 26.00$	$\begin{array}{c} 21.00 \\ 21.00 \\ 22.50 \end{array}$	17·50 17·50 18·00	$23 \cdot 00$ $25 \cdot 00$ $26 \cdot 00$	19·50 22·50 23·50	17·00 18·50 19·50	26·00 26·00 27·50	23·00 23·00 28·50	19·6 18·3 18·3
Jan.	8, 1948	28·50 28·00 27·00	27·00 26·50 25·50		28·00 28·00 27·50	25·50 26·00 25·00	20.50	27·00 26·50 26·25	24·00 24·00 23·50	19.00	26·50 27·00 27·00	24·00 24·00 24·00		27·50 27·50 27·50	25·50 25·50 25·50	20
Feb.	2, 1948. 10, 1948. 12, 1948. 16, 1948. 24, 1948.	27·50 28·00 28·00 27·00 27·00	$\begin{array}{c} 26 \cdot 00 \\ 25 \cdot 50 \\ 25 \cdot 50 \\ 25 \cdot 00 \\ 24 \cdot 00 \end{array}$	21.00	27·00 27·00 27·00 27·00	25·00 25·00 25·50 25·50	21·00 21·00 21·00 21·00	27·00 27·00 26·50 26·00	23·50 23·50 23·50 23·50	19·50 19·50 19·50	26·50 26·50 26·50 26·00 26·50	23·00 23·00 23·00 23·00 23·00	19·00 19·00 19·00 19·00 19·00	26.50		
Mar.	2, 1948	27·50 28·50 28·50	25·50 26·50 27·50	22.00	27·50 28·00 28·75	25·00 26·00 26·50	21·00 22·00 22·00	26·50 27·00 27·25	24·00 25·00 25·75	20·00 21·00 21·00	25.75 26.00 27.00	$23 \cdot 25$ $24 \cdot 00$ $25 \cdot 00$	19·75 19·50 20·00	26·50 26·50 26·50	24·50 24·50 24·50	18.

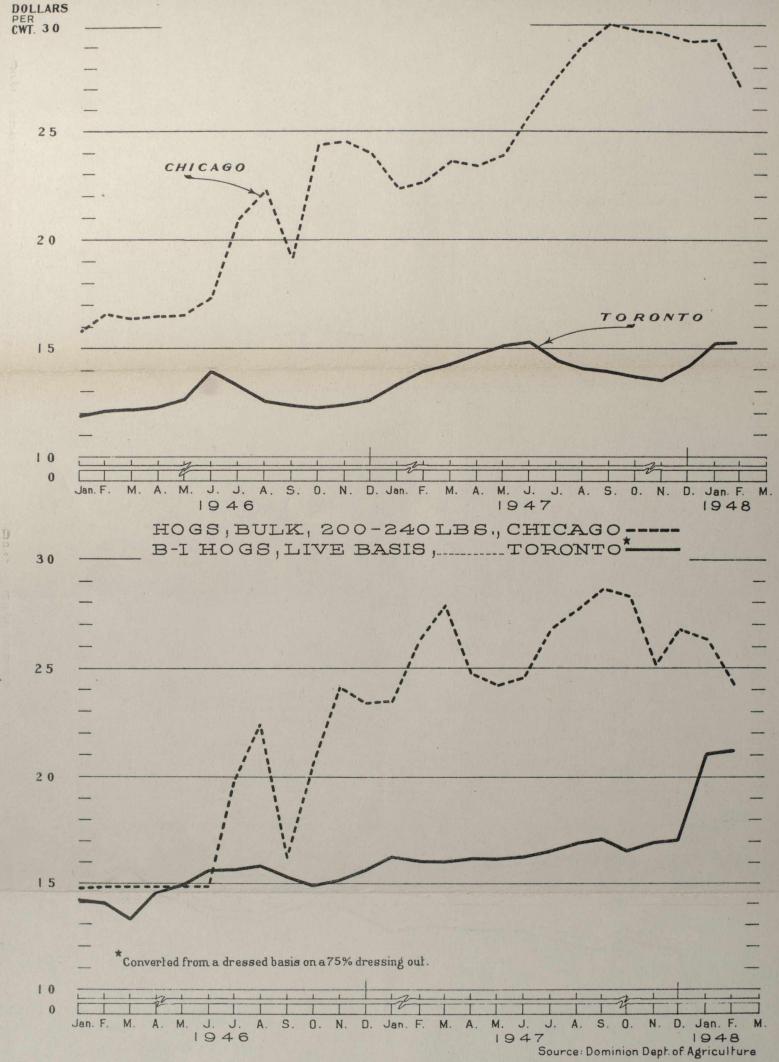
Source: W.P.T.B. Regional Offices.

Note:—The regional offices of the Wartime Prices and Trade Board made a weekly survey of meat prices. The instructions to the regional offices were to cover a representative sample of independent and chain stores for retail prices. The wholesale survey includes large and small operators. There are 10 or more retail prices in the average for each city. The number of wholesale prices runs from 4 to 6 depending on the number of packers in the particular city.

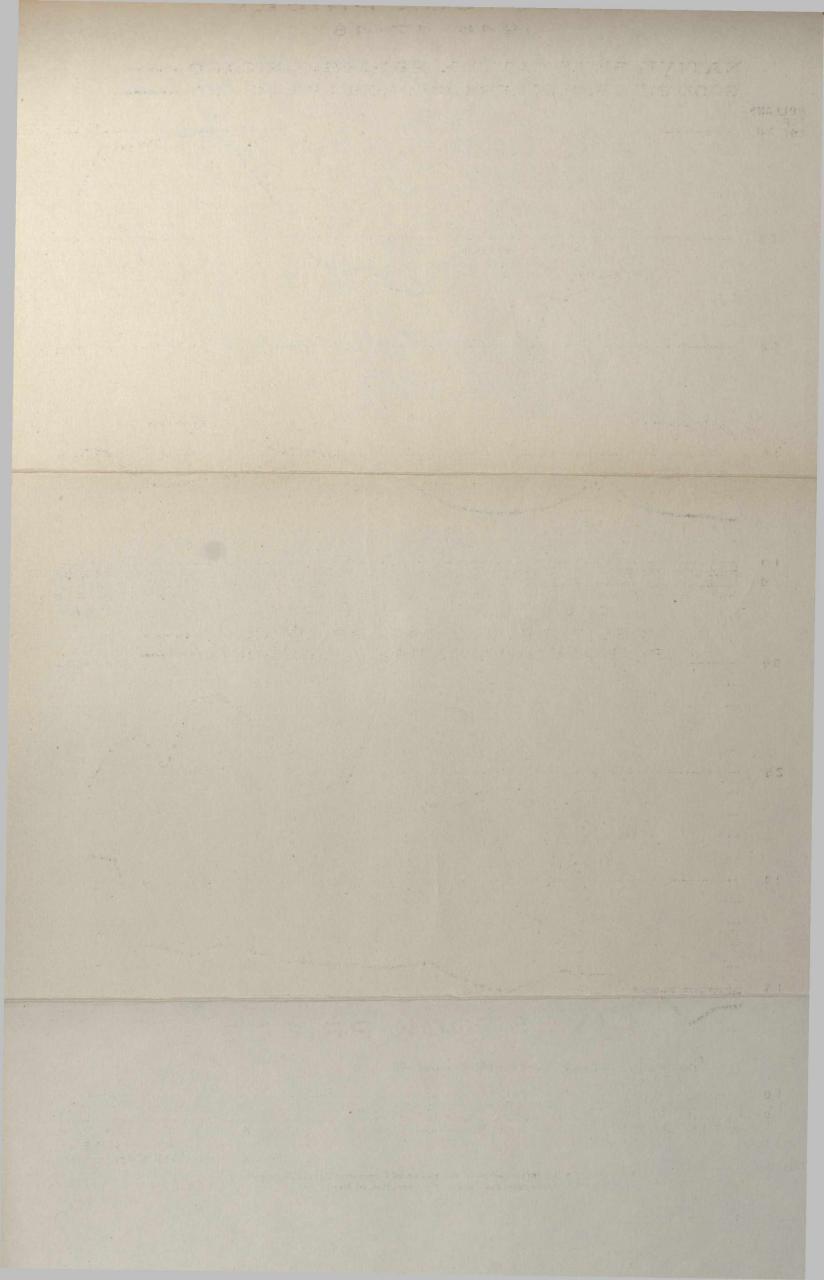
LIVESTOCK PRICES

1946-47-48

NATIVE BEEF CATTLE PRICES, CHICAGO ----GOOD BUTCHER STEERS UP TO 1,050 LBS, TORONTO ----



Prepared for the information of the House of Commons Special Committee on Prices by the Secretariat, under the direction of Henry King.



COMPARISON OF PRICES OF SELECTED RED BRAND BEEF CUTS AT RETAIL WITH FORMER CEILINGS

(Average in cents per pound)

October 30, 1947, to March 16, 1948

	Sirloin steak or roast	5 bone rib roast B-In B-Less	Stewing beef	Hamburge
	TORONTO			
Former Ceiling	53	40 53	28	28
Oct. 30, 1947. Nov. 13, 1947. Jan. 12, 1948. Jan. 26, 1948. Feb. 10, 1948. Feb. 24, 1948. Mar. 2, 1948. Mar. 9, 1948. Mar. 16, 1948.	53 53 ³ / ₄ 59 60 60 57 ¹ / ₂ 54 60 59	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	30 29 29 29 29 29 33 31½	28 29 30 30 31 34 30 28 28½
	MONTREAL			
Former Ceiling	53	40 53	28	28
Oct. 30, 1947. Nov. 13, 1947. Dec. 9, 1947. Dec. 31, 1947. Jan. 12, 1948. Jan. 26, 1948. Feb. 10, 1948. Feb. 24, 1948. Mar. 2, 1948. Mar. 9, 1948. Mar. 16, 1948.	55½ 58¾ 54 55 57 61 58 60 58 55 57	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	28 27½ 31 30 37 35 35 35 33½ 35 33½ 33½ 33½	$\begin{array}{c} 28 \\ 26\frac{1}{2} \\ 29 \\ 28 \\ 40 \\ 34\frac{1}{2} \\ 31\frac{1}{2} \\ 37 \\ 31 \\ 29\frac{1}{2} \\ 29\frac{1}{2} \end{array}$
	WINNIPEG			
Former Ceiling. Oct. 30, 1947. Nov. 13, 1947. Dec. 9, 1947. Dec. 31, 1947. Jan. 12, 1948. Jan. 26, 1948. Feb. 10, 1948. Feb. 10, 1948. Feb. 24, 1948. Mar. 2, 1948. Mar. 9, 1948. Mar. 9, 1948. Mar. 16, 1948.	51 51 51 50 51 52 53 51 50 53 51 53	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	27 28 27 25 26 29 26 26 [‡] 28 26 27 [‡] 27	27 26½ 26 25 26½ 26 26 26 26 27 27 26 26
	EDMONTON			
Former Ceiling. Oct. 30, 1947.	51 48	36 48 36 47	26	26 28
Nov. 13, 1947 Dec. 9, 1947 Dec. 31, 1948 Jan. 12, 1948 Jan. 26, 1948 Feb. 10, 1948 Feb. 24, 1948 Mar. 2, 1948 Mar. 9, 1948 Mar. 16, 1948	48 48 48 49 50 50 50 48	38 463 36 463 36 463 40 47 40 49 40 49 41 47 39	30½ 30 30 32 34 31 31 30 30 30	28 27 27 29 29 31 31 28 29 28

COMPARISON OF PRICES OF SELECTED RED BRAND BEEF CUTS AT RETAIL WITH FORMER CEILINGS—Concluded

(Average in cents per pound)

October 30, 1947, to March 16, 1948

	Sirloin steak or roast	5 bone rib roast B-in B-Less	Stewing beef	Hamburge.
	VANCOUVE	3		
Former Ceiling	52	39 52	27	27
Oct. 30, 1947. Nov. 13, 1947. Dec. 9, 1947.	55 $53\frac{1}{2}$ $54\frac{1}{2}$	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	$\begin{array}{c} 32 \\ 32 \\ 29\frac{1}{2} \end{array}$	29 29 27
Dec. 31, 1947	53 58 57½	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	$ \begin{array}{r} 30 \\ 35\frac{1}{2} \\ 34 \\ \end{array} $	29 31 32
Feb. 24, 1948. Mar. 2, 1948. Mar. 9, 1948. Mar. 16, 1948.	58 58 57 55	43 54 43 54 44 54 43 53	36 36 35 34	32 32 33 32

Source: Wartime Prices and Trade Board Regional Offices.

MONTHLY AVERAGE PRICES GOOD BUTCHER STEERS AT TORONTO UP TO 1,050 POUNDS

1941—to date

(dollars per cwt.)

	1947	1946	1945	1944	1943	1942	1941
	\$ cts.	\$ cts.	\$ cts				
January February March April May June July August September October November December	13 36 13 98 14 24 14 66 15 05 15 28 14 47 14 02 13 92 13 70 13 51 14 19	11 88 12 10 12 12 12 28 12 60 13 89 13 22 12 54 12 35 12 28 12 37 12 61	11 37 11 26 11 54 11 90 12 31 12 57 12 12 11 70 11 03 10 56 10 70 11 60	11 78 11 76 11 68 11 61 11 78 12 04 11 71 11 10 11 04 10 51 10 63 11 04	11 36 11 64 11 77 11 75 11 75 11 79 12 40 12 53 11 92 11 28 11 06 11 19 11 68	9 35 9 71 10 00 10 36 10 91 12 44 10 63 9 94 10 45 10 05 10 16 10 89	8 37 8 58 8 62 8 58 8 61 8 78 8 71 8 79 8 95 8 81 8 63 8 90
YEARLY AVERAGE January, 1948 February, 1948	14 28 15 21 15 25	12 45	11 65	11 39	11 76	10 29	8 70

Source: Market information section, Department of Agriculture.

PRICES 1989

COMPARISON OF WHOLESALE PORK PRICES WITH FORMER CEILING PRICES (Carcasses) Head Off, Leaf Lard and Kidney Out

(Average in cents per pound)

	Toronto	Montreal	Winnipeg	Edmonton	Vancouver
	cts.	cts.	cts.	cts.	cts.
Former ceiling	25.75	25.75	24.50	23.75	25.25
Oct. 27, 1947	26.75	25.25	26·75 27·25	24·00 24·75	28.00
Nov. 6	26·75 27·50	24·50 24·75	25·25 25·75	24·75 24·75	28·00 28·00
20.	26·00 26·50	24·75 26·75	25·75 25·75	24·75 24·00	29·25 27·00
Dec. 11	26·50 26·50	25·50 25·75	25·75 25·75	23·75 24·00	28·00 27·75
31	28·00 34·75	25·50 31·00	25·25 31·00	23·50 29·00	27·75 34·25
Jan. 8, 1948				29.50	
20 26	$33.75 \\ 31.25$	$30.75 \\ 31.25$	31·00 31·00	30.00	34·75 34·75
Feb. 2	$34.00 \\ 33.75$	$31.25 \\ 31.25$	30·75 30·75	29·00 29·00	
16 24	33·75 33·50	29·75 30·00	31·50 30·75	30.00	34.25
Mar. 29	$34.00 \\ 34.00 \\ 34.00$	30·25 30·25 30·50	$ \begin{array}{r} 28.50 \\ 31.25 \\ 31.25 \end{array} $	$ \begin{array}{r} 31.00 \\ 31.00 \\ 31.00 \end{array} $	$ \begin{array}{r} 34.00 \\ 34.25 \\ 34.25 \end{array} $

Source: Wartime Prices and Trade Board Regional Offices.

COMPARISON OF PRICES OF SELECTED PORK CUTS WHOLESALE AND RETAIL WITH FORMER CEILING PRICES

(Average in cents per pound)

October 30, 1947-March 16, 1948

PORK

	Lo		Smo Trim Ha	med	Smo Cott Ro (art. c	tage	Si Ba	ncy de con pkg.	Cas- ing back	Cook- ed ham
	W	R	W	R	W	R	W	R	W	W
Former Ceiling	35	To:	RONTO	57	421	62	491/2	69	571	561
Oct. 30, 1947. Nov. 13, 1947. Jan. 12, 1948. Jan. 26, 1948. Feb. 10, 1948. Feb. 24, 1948. Mar. 2, 1948. Mar. 9, 1948. Mar. 16, 1948.	36 35 ¹ / ₄ 44 ¹ / ₂ 44 44 44 44 ¹ / ₂ 44 ¹ / ₂	47 47 57 59 57 58 54 52 52	36½ 38 45 43 43 42 41 41 41½	55 53 55½ 58 59 52 51 54 54	41½ 41 48 48 47 47 46 47 48	59 60 64 64 65 62 64 61 61½	50 49½ 64 64 63 62 59 62 63	71 69½ 77½ 77 78 80 77½ 80 80 80	58½ 57¾ 63 62 58 58 63½ 64	002

COMPARISON OF PRICES OF SELECTED PORK CUTS WHOLESALE AND RETAIL WITH FORMER CEILING PRICES—Concluded

(Average in cents per pound)

October 30, 1947-March 16, 1948

PORK

		oins esh	Trim	oked amed am	Cot	oked tage oll easing)	Si Ba	ncy de con pkg.	Cas- ing back	Cook ed ham
	W	R	W	R	W	R	W	R	W	W
		Mon	TREAL						1	1
Former Ceiling. Oct. 30, 1947. Nov. 13, 1947. Dec. 6, 1947. Dec. 31, 1947. Jan. 12, 1948. Jan. 26, 1948. Feb. 10, 1948. Feb. 24, 1948. Mar. 2, 1948. Mar. 9, 1948. Mar. 16, 1948.	$\begin{array}{c} 35 \\ 33 \\ 32 \\ 32 \\ 34 \\ 39 \\ 37 \\ 37\frac{1}{2} \\ 39 \\ 39 \\ 39\frac{1}{2} \\ 41 \\ \end{array}$	48 44 41 ³ / ₄ 40 44 57 55 51 51 49 48 48	$\begin{array}{c} 38 \\ 37\frac{1}{2} \\ 38\frac{1}{2} \\ 40\frac{1}{2} \\ 38 \\ 44 \\ 42 \\ 41 \\ 42 \\ 42 \\ 43 \\ 41 \\ \end{array}$	$\begin{array}{c} 57 \\ 54\frac{1}{4} \\ 52\frac{1}{4} \\ 50 \\ 52 \\ 51\frac{1}{2} \\ 54 \\ 52 \\ 52 \\ 54 \\ 52 \\ 52 \\ 54 \\ 52 \\ \end{array}$	$\begin{array}{c} 42\frac{1}{4}\\ 39\frac{1}{4}\\ 41\frac{3}{4}\\ 41\frac{1}{4}\\ 41\\ 45\\ 42\\ 41\\ 43\\ 43\\ 45\\ 45\frac{1}{2} \end{array}$	62 60 57 50 57 59 60 60 59 59 60 58	$\begin{array}{c} 49\frac{1}{2} \\ 47\frac{1}{2} \\ 47\frac{1}{2} \\ 48 \\ 46\frac{1}{4} \\ 49 \\ 54 \\ 56 \\ 52\frac{1}{2} \\ 53 \\ 50 \\ 53 \\ 55 \\ \end{array}$	$\begin{array}{c} 69 \\ 68\frac{1}{2} \\ 66\frac{1}{2} \\ 62 \\ 63\frac{1}{2} \\ 71 \\ 72 \\ 70 \\ 69 \\ 71 \\ 74 \\ 74 \\ \end{array}$	$\begin{array}{c} 57\frac{1}{4} \\ 53\frac{1}{4} \\ 57 \\ 50 \\ 56 \\ 58 \\ 58 \\ 57 \\ 60\frac{1}{2} \\ 58\frac{1}{2} \\ \end{array}$	56½
		Win	NIPEG							
Former Ceiling Oct. 30, 1947. Nov. 13, 1947. Dec. 9, 1947. Dec, 31, 1947. Jan. 12, 1948. Jan. 26, 1948. Feb. 10, 1948. Feb. 24, 1948. Mar. 2, 1948. Mar. 9, 1948. Mar. 16, 1948.	$\begin{array}{c} 33\frac{3}{4}\\ 34\frac{1}{2}\\ 34\frac{1}{2}\\ 32\frac{1}{2}\\ 33\\ 38\frac{1}{2}\\ 39\\ 41\frac{1}{2}\\ 42\frac{1}{2}\\ 43\frac{1}{2}\\ 43\frac{1}{2}\\ 43\frac{1}{2}\\ \end{array}$	$\begin{array}{c} 47 \\ 44 \\ 46\frac{1}{4} \\ 43\frac{1}{4} \\ 43 \\ 57 \\ 52 \\ 49 \\ 52 \\ 52 \\ 53 \\ \hline \end{array}$	$\begin{array}{c} 37 \\ 40\frac{1}{2} \\ 38 \\ 38 \\ 38 \\ 46 \\ 45\frac{1}{2} \\ 43 \\ 43 \\ 42 \\ 42 \\ \end{array}$	56 54 53 ³ / ₄ 51 ¹ / ₂ 51 ¹ / ₂ 60 59 59 ¹ / ₂ 55 57 ¹ / ₂ 56	41 ¹ / ₄ 44 41 ¹ / ₂ 44 44 50 51 41 41 49 49	61 57 58 ³ / ₄ 54 54 66 63 60 62 58 60 ¹ / ₂ 62	$\begin{array}{c} 48\frac{1}{4} \\ 50\frac{1}{2} \\ 51 \\ 52 \\ 52 \\ 63 \\ 63 \\ 62 \\ 62 \\ 62 \\ 62 \\ 62 \\ 6$	68 63 67 64½ 66 82 77 79½ 80 85 82 82 82	56¼ 57 57 60 61 49 49 49 55 64 64	55½ 66½ 66½
		Ерм	ONTON							
Former Ceiling Oct. 30, 1947 Nov. 13, 1947 Dec. 9, 1947 Dec. 31, 1947 Jan. 12, 1948 Jan. 26, 1948 Feb. 10, 1948 Feb. 24, 1948 Mar. 2, 1948 Mar. 9, 1948 Mar. 16, 1948	33 34 34½ 37 37 42 42 42 42 42 42 42 42	45 41 41 45 45 52 51 52 51 50 49 49	$36\frac{1}{2}$ $36\frac{3}{4}$ $37\frac{3}{4}$ 41 $44\frac{1}{2}$ 445 44 44 44	55 51 51 50 59 53 50 53 53 52 51 51	$\begin{array}{c} 40\frac{3}{4}\\ 41\frac{1}{4}\\ 42\\ 48\\ 49\frac{1}{2}\\ 49\\ 49\\ 48\frac{1}{2}\\ 48\frac{1}{2}\\ 48\frac{1}{2}\\ 48\frac{1}{2}\\ \end{array}$	59 56 55 59 59 58 57 63 63 57 54 58	$\begin{array}{c} 47\frac{3}{4} \\ 50\frac{1}{4} \\ 50\frac{1}{4} \\ 52\frac{3}{4} \\ 57 \\ 57\frac{1}{2} \\ 64 \\ 64 \\ 64 \\ 64 \\ 64 \\ 64 \\ 64 \\ 6$	67 63 64 70 70 79 78 83 81 79 78 77	55 ³ / ₄ 56 56 ¹ / ₄ 61 61 66 64 62 58 62 62	54½ 60 60 66 64 64 64 64
		VANC	OUVER							
Former Ceiling. Oct. 30, 1947. Nov. 13, 1947. Nov. 9, 1947. Dec. 31, 1947. Jan. 12, 1948. Jan. 26, 1948. Feb. 24, 1948. Mar. 2, 1948. Mar. 9, 1948. Mar. 16, 1948.	$34\frac{1}{2}$ $36\frac{1}{2}$ 37 37 46 43 $43\frac{1}{4}$ 43	48 50 51 54 57 57 57 57 57 57 51	$ \begin{array}{c} 38 \\ 39\frac{1}{2} \\ 39\frac{1}{4} \\ 41 \\ 38\frac{1}{2} \\ 46 \\ 45\frac{1}{2} \\ 44 \\ 42 \\ 42 \\ 42 \end{array} $	57 55 55 ³ / ₄ 54 52 58 56 55 55 55 53 52	42 ¹ / ₄ 45 ¹ / ₂ 56 ¹ / ₂ 44 44 50 49 45 44 ¹ / ₂ 43 43	62 64 65 63½ 60 66½ 60 58 58 57 56	$\begin{array}{c} 49\frac{1}{4} \\ 54\frac{3}{4} \\ 54\frac{3}{4} \\ 34\frac{5}{2} \\ 56\frac{1}{2} \\ 69 \\ 69 \\ 64 \\ 63 \\ 63 \\ \end{array}$	69 75½ 77 75½ 78 87 76 85 85 85 80 81	57½ 58 58 58 58 58 66 69 65	56

Source: W.P.T.B. Regional Offices.

MONTHLY AVERAGE PRICE PER CWT. OF B-1 DRESSED HOGS AT TORONTO
1941 to date (dollars per cwt.)

-	1947	1946	1945	1944	1943	1942	1941
MARKET STATE	\$ cts.						
January	21 71	18 80	17 63	17 11	16 86	15 31	11 08
February	21 38	18 67	17 46	17 11	16 91	15 16	11 26
March	21 38	17 73	17 80	17 18	17 16	15 29	11 33
April	21 63	19 35	17 47	17 18	16 73	15 19	11 27
May	21 60	19 86	17 62	17 20	16 78	15 26	12 14
June	21 65	20 82	18 50	17 21	16 78	15 49	13 46
[uly	22 01	20 90	19 21	17 33	16 84	15 85	14 62
August	22 53	21 15	18 70	17 43	16 85	16 11	14 62
September	22 81	20 42	17 93	17 42	16 79	15 60	14 65
October	22 09	19 87	17 32	17 27	16 75	16 38	14 78
November	22 60	20 17	17 37	17 24	16 92	16 44	14 78
December	22 78	20 80	17 80	17 63	17 10	16 63	14 89
YEARLY AVERAGE	22 04	19 85	17 90	17 25	16 87	15 69	13 26
anuary, 1948	28 10						
February, 1948	28 32						

Source: Markets Information Section, Department of Agriculture.

Note: Appendix "F" (Exhibit 95) four charts, on next four pages.

APPENDIX "G"

EXHIBIT No. 96

SUMMARY OF AVERAGE PRICES

(Note: The figures in this chart have been taken by the Secretariat from the Livestock Market Review, published by the Marketing Service of the Department of Agriculture.)

A. BEEF

The prices quoted are average prices per 100 lbs. live weight for the period for good steers up to 1,050 lbs.

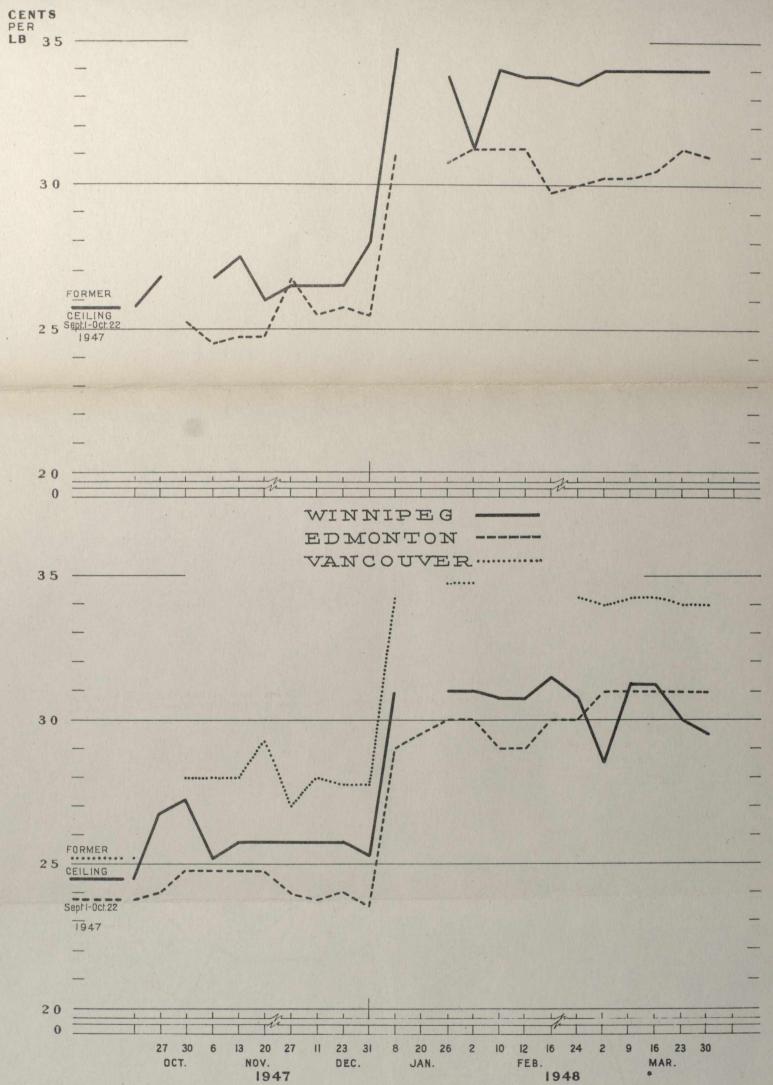
Week Ending	Toronto	Montreal	Winnipeg	Calgary	Edmonton
1947	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Aug. 2	14 24 14 24	14 10	13 72	13 50	13 45
9 16	13 99 13 84	14 15 14 15 13 80	13 58 13 29 13 25	13 45 13 45 13 50	13 25 12 75 13 00
23	14 01	13 85	13 25	13 53	12 80
	14 29	14 25	13 09	13 73	12 90
13	14 15	14 55	12 90	13 60	12 80
27	13 76 13 87	19.05	13 00 13 53	13 60	12 80 12 80
Oct. 4	13 64	13 85	13 00	12 95	12 85
	13 85	14 05	13 00	13 60	12 80
18	13 77	13 80	12 75	13 65	12 75
25	13 59		12 75	13 75	12 80
Nov. 1	13 56	14 45	12 92	13 80	12 85
	13 90	14 45	13 50	13 40	12 10
15	13 49	14 35	12 83	13 35	12 05
	13 22	14 35	12 42	13 20	12 10
Dec. 6	13 27	14 05	13 00	13 25	12 30
	13 61	14 35	13 50	13 72	13 20
20	14 26	14 55	13 48	14 20	13 55
	14 25	14 50	14 06	14 86	13 85
27	14 74 14 54	14 55	14 25 14 65	15 05 15 15	13 80 14 30
1948					
fan. 10	15 11	15 20	15 25	15 65	14 90
	15 27	15 40	14 75	15 28	14 60
24	15 22	15 30	14 61	15 10	14 55
	15 25	15 55	14 53	15 15	14 70
Feb. 7	15 46	15 65	14 55	15 15	14 80
	15 20	15 70	14 15	14 72	14 35
2128.	15 18	15 65	14 41	14 60	14 30
	15 15	15 60	15 00	14 78	14 30
Mar. 6	15 30 15 50	15 60 15 70	15 00 15 00 15 00	15 25 15 20	14 20 14 45

WHOLESALE PORK PRICES

HEAD OFF, LEAF LARD AND KIDNEY OUT-CARCASSES

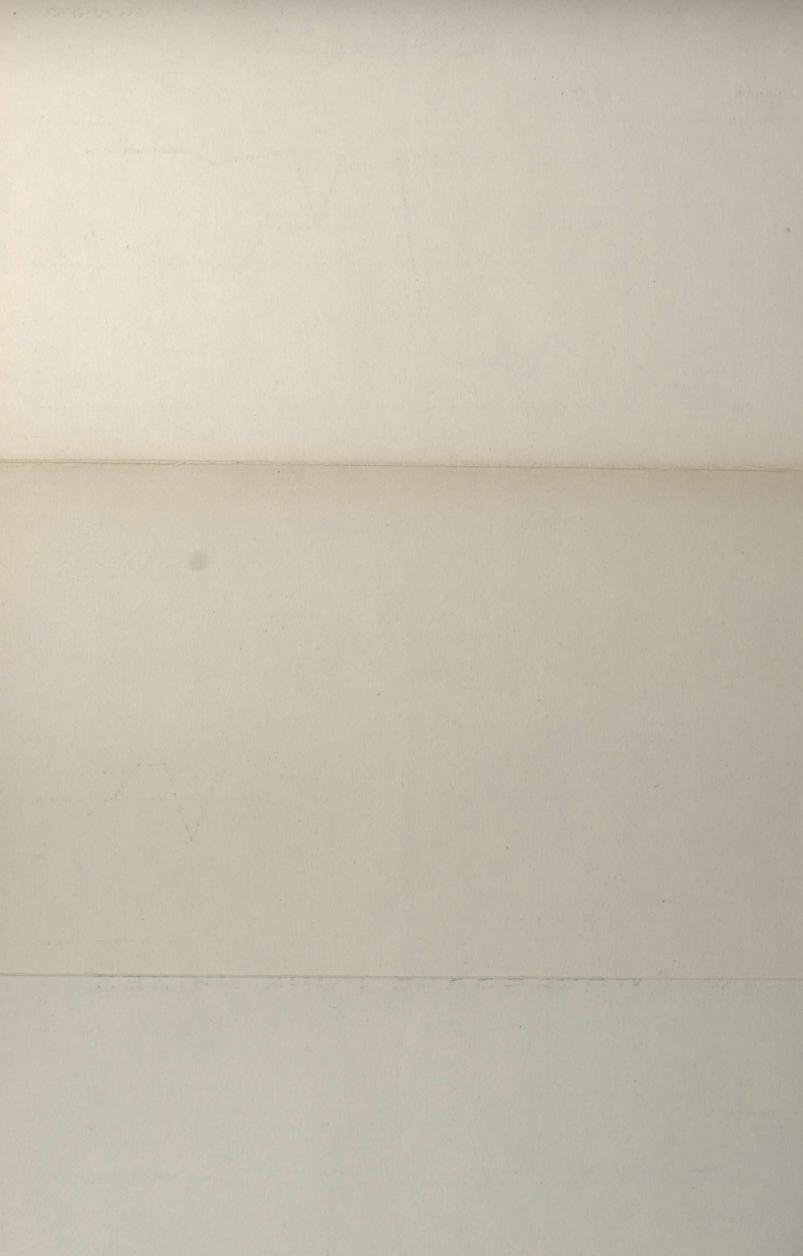
TORONTO ——

MONTREAL -----



Prepared for the information of the House of Commons Special Committee on Prices by the Secretariat, under the direction of Henry King.

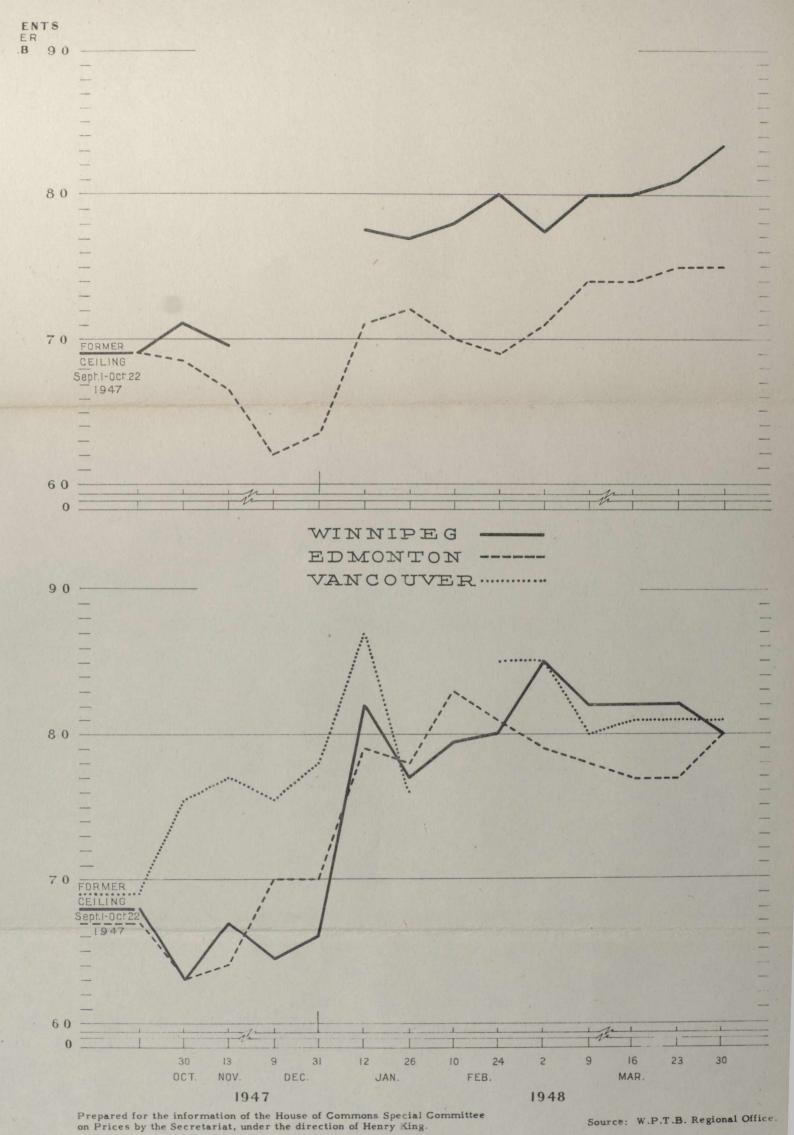
Source: W.P.T.B. Regional Office.

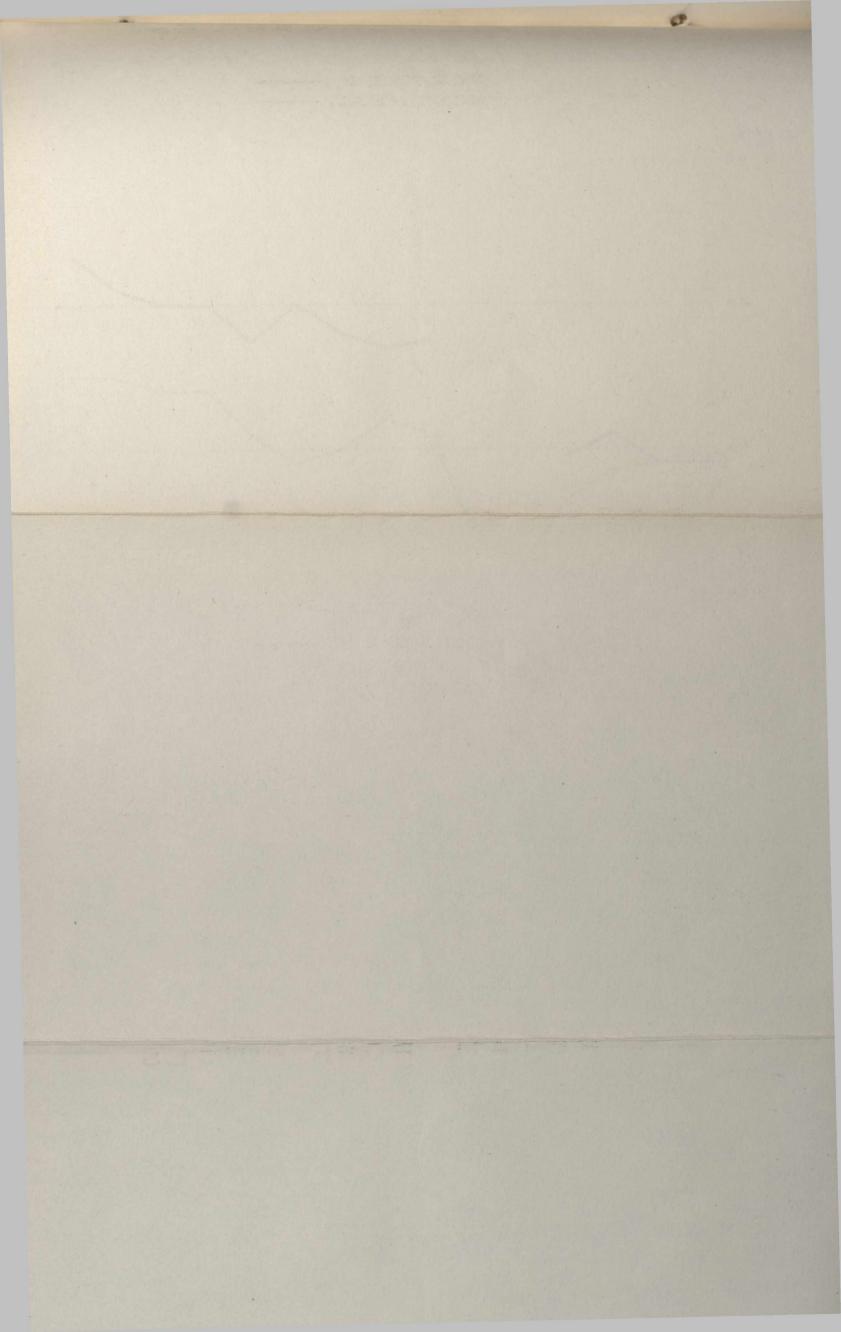


RETAIL PORK PRICES

BACON, FANCY SIDE BASED ON HALF POUND PACKACE

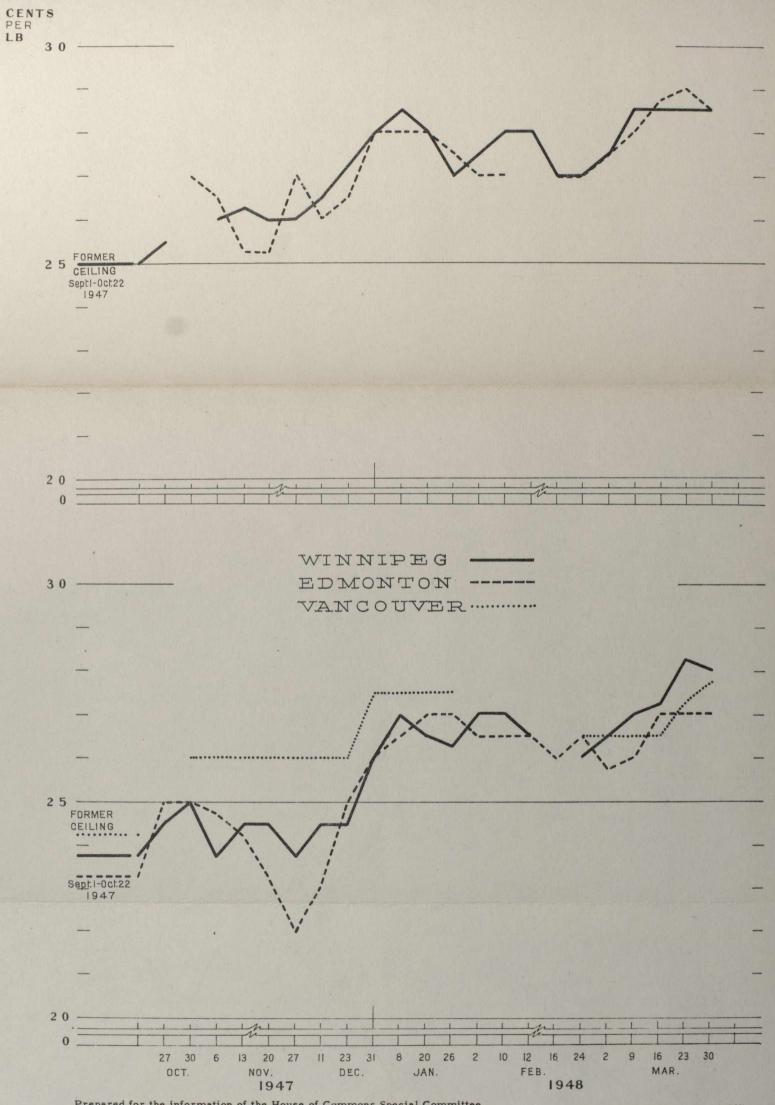
TORONTO ----





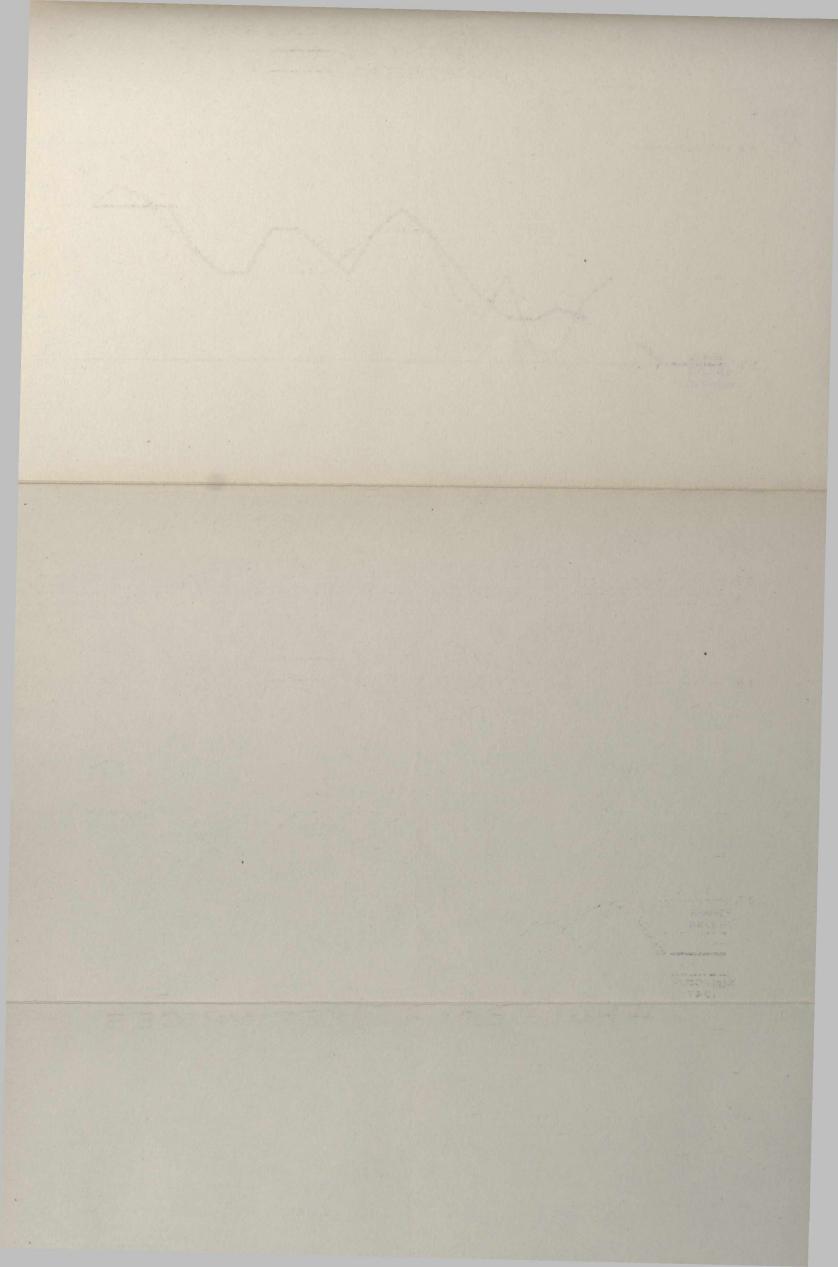
WHOLESALE BEEF PRICES

RED BRAND - CARCASSES
TORONTO ---MONTREAL -----



Prepared for the information of the House of Commons Special Committee on Prices by the Secretariat, under the direction of Henry King.

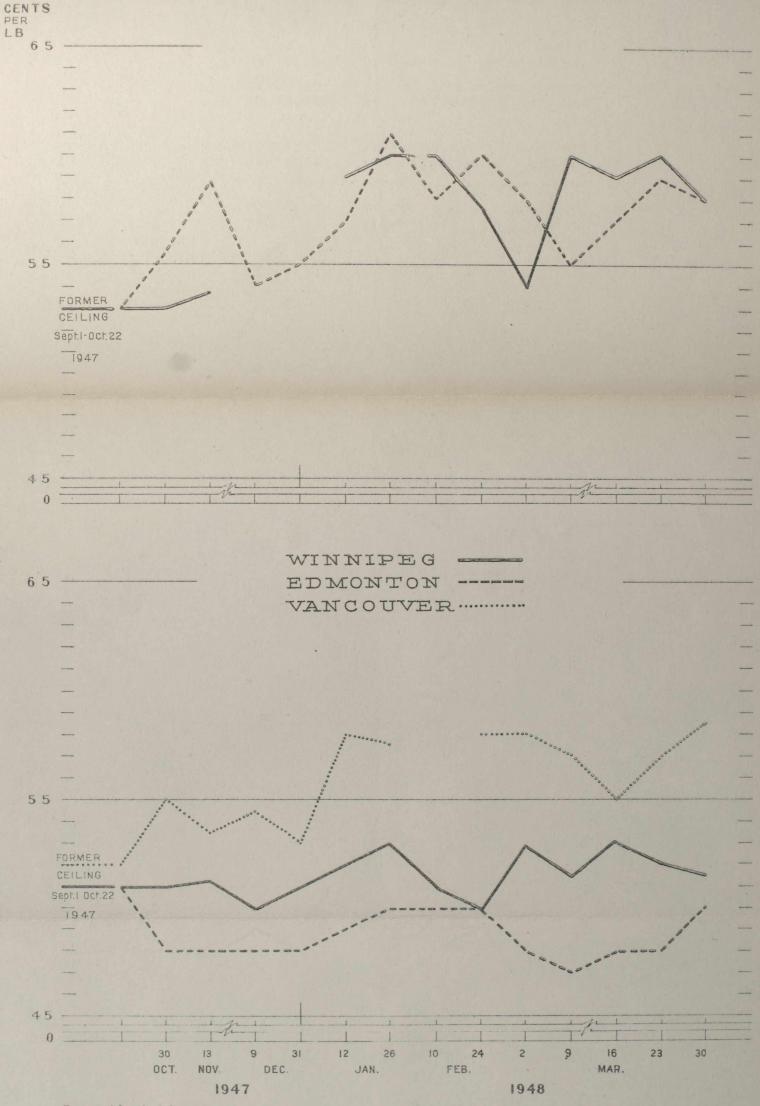
Source: W.P.T.B. Regional Office.



RETAIL BEEF PRICES

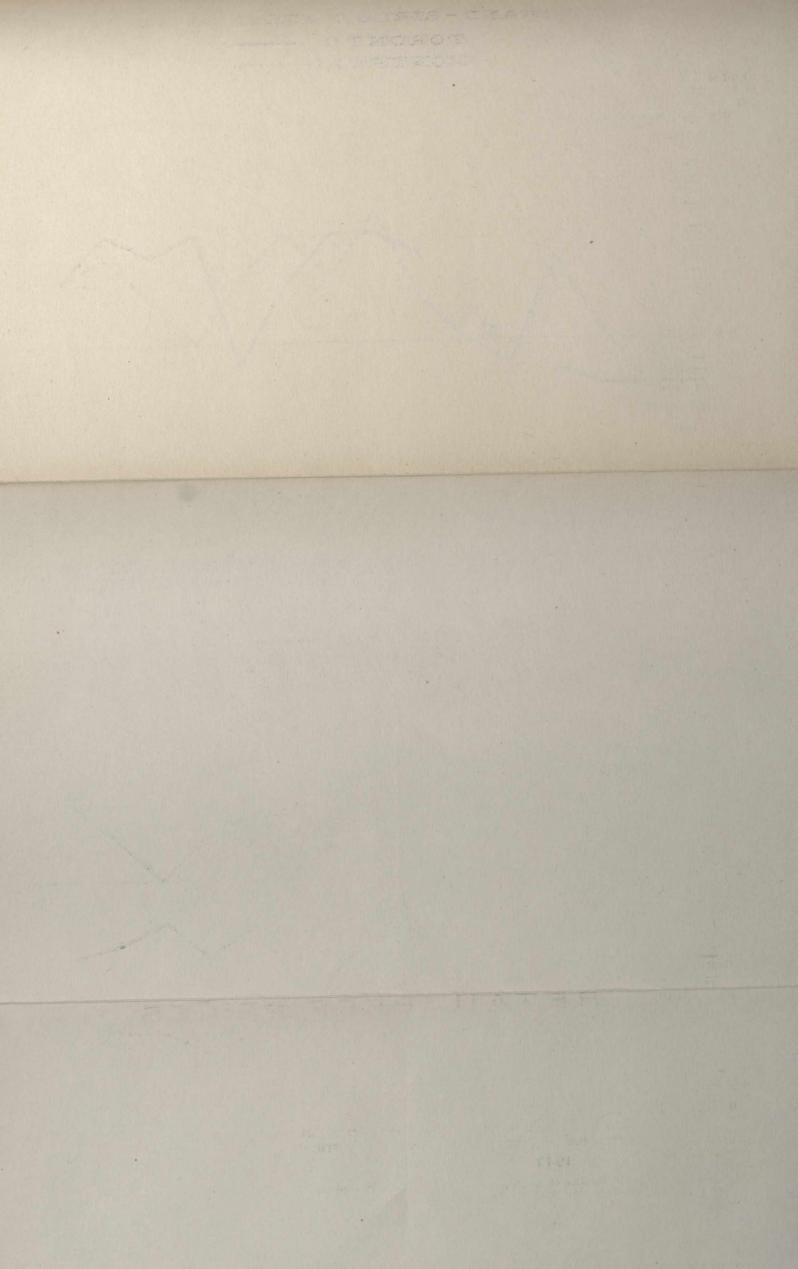
RED BRAND - SIRLOIN STEAK OR ROAST

TORONTO ----
MONTREAL -----



Prepared for the information of the House of Commons Special Committee on Prices by the Secretariat, under the direction of Henry King.

Source: W.P.T.B. Regional Offic-



SUMMARY OF AVERAGE PRICES

(Note: The figures in this chart have been taken by the Secretariat from the Livestock Market Review, published by the Marketing Service of the Department of Agriculture.)

B. PORK

The prices quoted are average prices per 100 lbs. warm weight, Grade B-1 dressed, and do not include Dominion Government premiums of \$2.00 per head on Grade A and \$1.00 per head on Grade B-1.

					,
WEEK ENDING	Toronto	MONTREAL	WINNIPEG	CALGARY	Edmonton
1947	\$ cts.				
Aug. 2	22 35 22 35 22 60 22 60	22 60 22 85 22 80 22 60	20 15 20 15 20 15 20 15 20 15	20 45 20 45 20 75 21 25	20 00 20 00 20 35 20 35
Sept. 30. 13. 20.	22 60 22 85 23 10 22 60	22 85 23 33 23 38	20 15 21 70 21 70 21 70	21 50 21 75 21 75 21 27	20 35 21 40 21 10 21 10
Oct. 4	22 60 22 43 20 85 21 35 21 35	22 90 22 60 21 10 21 35 21 35	22 05 21 97 21 85	21 27 21 10 21 10 21 10	21 10 21 10 21 10 21 35 21 35
Nov. 1	22 60 22 60 22 60 22 60 22 60	22 50 22 60 22 50 22 50 22 50	21 55 21 55 21 55 21 55 21 55	21 10 21 10 21 10 21 10 21 10	21 10 21 10 21 10 21 10 21 10
Dec. 6	22 60 22 60 22 60 22 72	22 60 22 60 22 65 23 25	21 55 21 55 21 55 21 55	21 10 21 15 21 20 21 67	21 10 21 10 21 10 21 10 21 10
27	22 85 23 60	23 35 24 30	21 55	21 40 21 72	21 10 21 10
1948					
Jan. 17	28 10 28 10 28 10	28 40 28 10 28 10	27 10 27 10 27 10	26 75 26 75 26 75	26 60 26 60 26 60
Feb. 7	28 22 28 35 28 35	28 10 28 20 28 40	27 10 27 10 27 10 27 10	26 75 26 85 26 90	26 60 26 60 26 60
Mar. 6	28 35 28 47 28 72	28 58 28 60 28 60	27 10 27 10 27 10 27 10	26 90 26 80 27 02	26 60 26 60 26 60

APPENDIX "H"

EXHIBIT No. 97

CANADA

INSPECTED SLAUGHTERINGS OF LIVESTOCK
(Extracted from Livestock Market Review—Department of Agriculture)

	Week ending	CAT	TLE	Ho	GS
	week ending	1947	1946	1947	1946
August	2	28,114	30,639	60,321	50, 15
August	9		32, 119	58,816	46,34
August	16		38, 157	59,913	49,47
August	23	30, 181	40,695	56, 205	49,76
August	30	26,413	42, 224	47,000	50, 26
eptember			35,557	64,003	51, 28
	13	21,738	38,468	56,606	50,70
eptember		9,383	37, 228	31,327	48,68
	27.		37,952	37,094	55, 43
october	4	12,843	40,918	38, 266	58, 63
october	11	10,905	42,817	40, 207	80.05
ctober	18		41,402	38, 130	87,46
ctober	25	25, 206	51,593	93,897	89,46
November		42,531	52,089	147,047	99,72
November		47,832	52,784	149,475	104, 55
	15	47,573	49,870	153,145	103,43
Jovember	22		52,066	159,874	99,66
Jovember	29	49,430	49,045	159,305	107,47
December	6	46,575	44,308	154,386	105, 24
December			36,949	147, 241	100, 19
	20		29,064	138, 167	100, 63
1948		1948	1947	1948	1947
anuary	3.	21,132	16,625	69,321	58,35
anuary	10.		42,617	163,019	165,55
anuary	17	36,030	26,961	143,033	82,65
anuary	24	31,435	23,380	121,497	80,89
anuary	31	26,823	24,555	126,669	74,85
ebruary	7	26,966	18,805	123,019	57,45
ebruary	14	27,559	20,347	108,520	74,02
ebruary	21.	24, 255	26,204	100,348	93,01
ebruary	28		21,535	114,493	62,66
Iarch	6	24,382	17,212	101,968	59,38
Iarch	13	24,621	19,442	108, 107	103,88

PRICES

APPENDIX "I"

EXHIBIT No. 98

MILLFEED PRICES

(Wholesale Carlot Prices per Ton; Freight and other government assistance not deducted.)

	Bran ·	Shorts	Middlings	Barley Meal	Chopped Oats
1947	\$ cts.	\$ cts.	\$ ets.	\$ ets.	\$ cts.
August 2. August 9. August 16. August 23. August 30. September 6. September 13. September 20. September 27. October 4. October 11. October 18. October 25. November 1. November 8. November 15. November 25. December 25. December 2 2. December 9. December 9. December 16. December 23. December 30.	30 25 30 25 40 50 40 50 40 50 50 50 50 50 50 50 50 50 50 50 50 50	31 25 31 25 41 50 41 50 41 50 41 50 41 50 47 50 47 50 51 75 51 75	34 25 34 25 44 50 44 50 44 50 44 50 45 55 51 50 51 50 55 75 55 75	52 75 52 75 52 75 52 75 52 75 52 75 54 25 54 25 54 25 54 25 54 25 54 25 71 00 67 00 68 00 66 75 67 80 66 80 67 50 67 00 67 50 67 00	52 75 52 75 52 75 52 75 52 75 54 25 54 25 54 25 54 25 54 25 54 25 54 25 54 25 67 60 67 60 67 60 67 60 67 60 67 60 66 60 66 60 66 60
1948 January 6. January 12. January 20. January 27. February 3. February 10. February 17. February 24. March 4. March 8. March 17.	50 50 51 25 50 75 51 50 50 75 51 50 51 75 51 75 51 75 52 75 52 75 52 75	52 50 52 25 51 75 53 50 52 75 53 50 52 75 52 75 53 75 55 75 53 75	56 50 55 75 55 75 56 50 56 50 56 75 56 75 56 75 57 75 58 50 57 75	67 00 68 00 67 00 68 00 68 00 66 00 65 00 61 25 65 00 63 35 62 20	66 50 66 60 66 60 67 00 65 50 64 60 64 60 63 60 60 60

APPENDIX "J"

EXHIBIT No. 99

SPECIAL COMMITTEE ON PRICE MEAT

Statistical Material Supplied by

MARKETING SERVICE

DEPARTMENT OF AGRICULTURE

UNITED KINGDOM BEEF AGREEMENT PRICES

Note: (a) Prices quoted are in Canadian funds per 100 lb. of frozen weight f.o.b. Canadian Seaboard.

(b) The prices quoted in the column headed 1947 were effective August, 1946 to December 31, 1947.

(c) The 1948 prices became effective January 5, 1948.

Grade		17	1948	
Steer and Heifer Carcasses—	\$	cts.	\$	cts.
Choice Quality (Red Brand)	24	25	27	50
Good Quality (Blue Brand)	23 21			50 10
Cow Carcasses— Good to Choice Quality	19	20	21	20
Manufacturing Beef— Hinds	22	50	24	00
Fronts	.21	00	22	50

GRADING OF EXPORT BEEF

C1-	1947		1948 (Jan. and Feb.)		
Grade	Carcass basis	Per cent	Carcass basis	Per cent	
	lbs.		lbs.		
A	12, 112, 653	1.8 5.5 30.7 44.6 6.4 8.6	1,376,570 1,282,580 2,934,407 7,407,277 689,066 385,276	9·8 9·1 20·8 52·4 4·9 2·7 0·3	
Total	941, 693 39, 414, 125	100.0	38,409	100.0	

BACON AGREEMENT PRICES AND SHIPMENTS

Note: (a) Payable in Canadian funds f.o.b. vessel Canadian Seaboard.

(b) The price of \$27.00 appearing under 1947 was increased to \$29.00 for bacon produced from hogs slaughtered after August 31, 1947.

(c) The 1948 price became effective January 5, 1948.

	1946	1947	1948
	\$	\$	\$
Price per cwt. A grade sizeable Wiltshire side	25	27	36

	Lbs.	Lbs.
Shipments—Wiltshire sides.	235, 212, 291 37, 674, 719	206, 195, 466 19, 684, 985
Total	272,887,010	225, 880, 451

INSPECTED CATTLE SLAUGHTER AND DISTRIBUTION OF BEEF

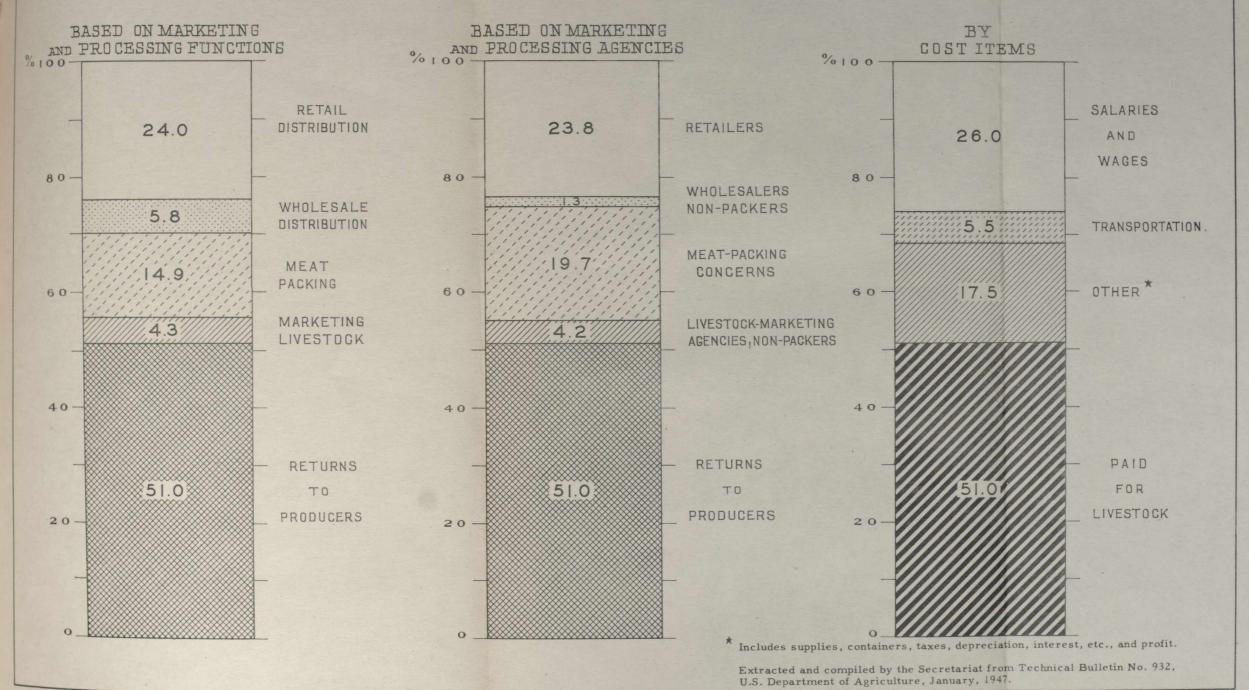
	Units	First quarter 1947	Second quarter 1947	Third quarter 1947	Fourth quarter 1947	Total, 1947	January and February 1948
Inspected slaughter	number of heads	278,722	264,111	296,458	452, 454	1,291,745	226,571
Average cold dressed weight	lbs.	473 - 6	494.2	479.5	452.9	471.9	489.3
Total cold dressed weight	lbs.	132,004,529	130, 520, 526	142, 152, 257	204, 936, 999	609, 614, 311	110,855,935
Net storage movement(—into storage)	lbs.	12,365,871	6, 197, 263	695, 574	-31, 134, 412	-11,875,704	5,544,606
Total supply	lbs.	144, 370, 400	136,717,789	142,847,831	173,802,587	597,738,607	116,400,541
Exports to United Kingdom	lbs.	962, 431	103,112	4,681,748	34,038,834	39,786,125	14,113,587
Canned	lbs.	11,251,281	3, 125, 674	4,382,224	8,448,081	27, 213, 260	1,000,000
Other	lbs.	3,690,300	2,785,600	1,827,500	1,941,800	10, 245, 200	1,500,000
Balance available for domestic use—Total	lbs.	128, 460, 388	130,703,403	131,956,359	129, 373, 872	520, 494, 022	99,786,954
Average per week	lbs.	9,881,568	10,054,107	10, 150, 489	9,951,836	10,009,500	11,739,641

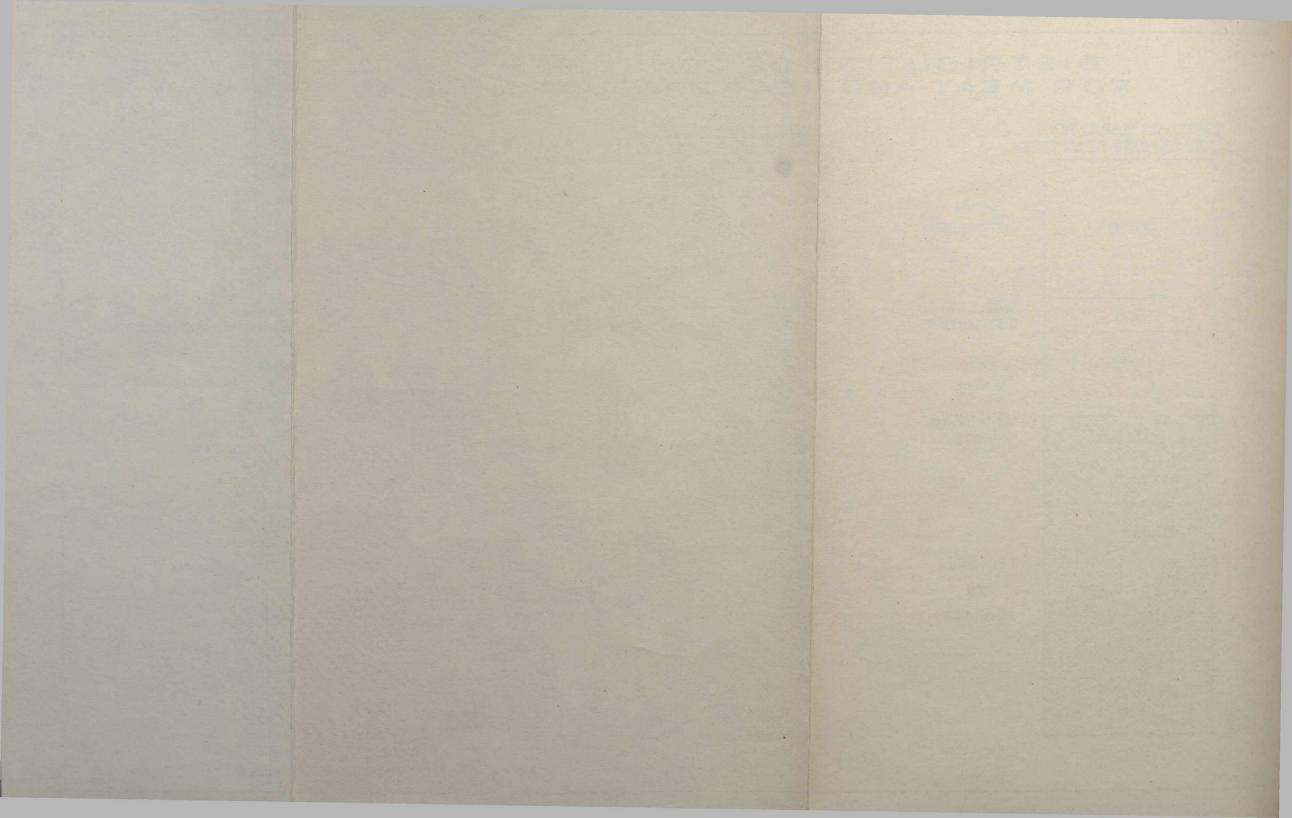
INSPECTED HOG SLAUGHTER AND DISTRIBUTION OF PORK AND PORK PRODUCTS

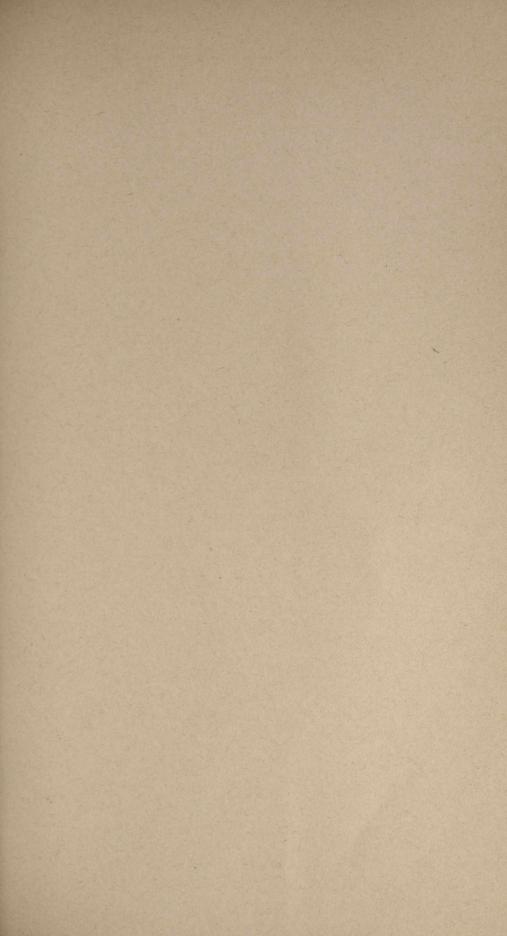
	Unit	First Quarter 1947	Second quarter 1947	Third quarter 1947	Fourth quarter 1947	January and February, 1948)
Inspected slaughter	number of head	1,015,746	1, 154, 547	740,921	1,547,732	1,000,598
Average cold dressed weight	lbs.	157.3	161.8	168.8	158.3	155.2
Total cold dressed weight	lbs.	159,741,373	186,804,320	125,069,805	244, 969, 330	155, 292, 800
Exports to United Kingdom (actual weight shipped)	lbs.	(54, 985, 132)	(61, 240, 754)	(54, 797, 147)	(67, 469, 102)	(56, 455, 794)
Cold dressed weight equivalent of exports to United Kingdom (80% yield)	lbs.	68,731,415	76,550,942	68, 496, 430	84, 336, 377	70,569,740
Cold dressed weight less exports to United Kingdom (line 3 minus line 5)	lbs.	(91,009,958)	(110, 253, 386)	(56, 573, 375)	(160, 632, 953)	(84,723,060)
Cold dressed weight converted to domestic cuts	lbs.	63,706,970	77, 177, 366	39,601,362	112, 443, 065	59, 306, 142
Net storage movement(—into storage)	lbs.	-1,596,981	-10,737,565	+19,400,914	-15,933,243	-20,737,433
Exports other than to United Kingdom	lbs.	3,734,800	1,928,200	1,829,600	2,347,000	2,000,000
Balance available for domestic use (line 7 plus line 8 minus line 9)	Total lbs.	58, 375, 189	64,511,601	57, 172, 676	94,162,822	36,568,709
Average per week	lbs.	4,490,400	4,962,430	4,397,898	7, 243, 294	4,302,200

Note: Appendix "K" Exhibit 100 (chart) on next page.

DISTRIBUTION OF CONSUMER'S DOLLAR FOR MEAT AND MEAT PRODUCTS, U.S.A., 1939

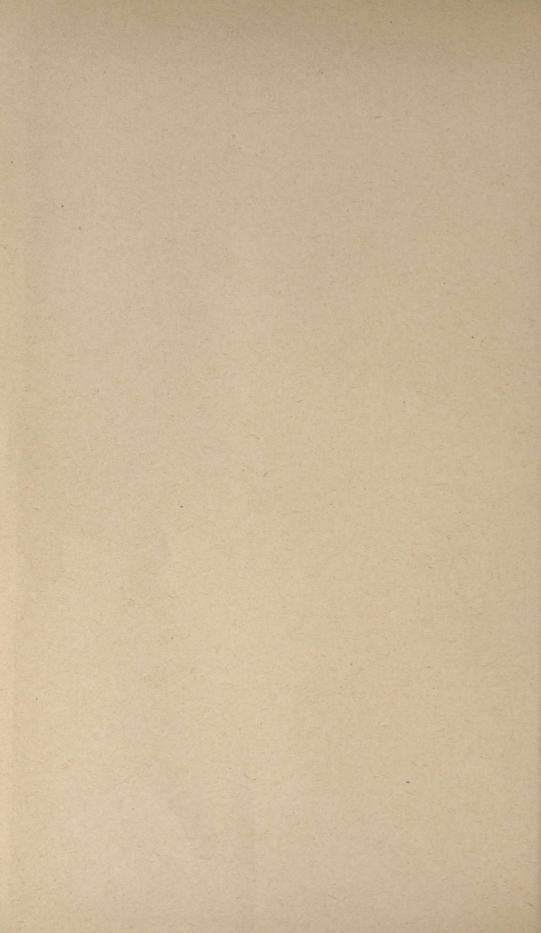












SESSION 1947-48 HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 39

FRIDAY, APRIL 16, 1948

WITNESS:

Mr. W. E. Tummon, Secretary-Treasurer of the Ontario Hog Producers' Association and Secretary-Treasurer of the Ontario Hog Producers' Marketing Board, Foxboro, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

FRIDAY, APRIL 16, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Irvine, Lesage, Martin, Maybank, Mayhew, Merritt, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee in attendance.

The Chairman drew the attention of the Committee to an error in the printed record which was ordered corrected, as follows:

Page 1803, Minutes of Evidence of April 13, 1948, (No. 36), in the last two lines of Invoice No. 89235, Canada Packers Limited to Swift Canadian Company, the figures 100/54, 5400 and 3,577·50 to be dropped one line, and under the line "Canada Packers Limited" add "Halifax, N.S.", making the Invoice read as follows:

INVOICE

No. 89235

CANADA PACKERS LIMITED Halifax, N.S.

Sold to

Swift Canadian Company North St. Date: March 23, 1948.

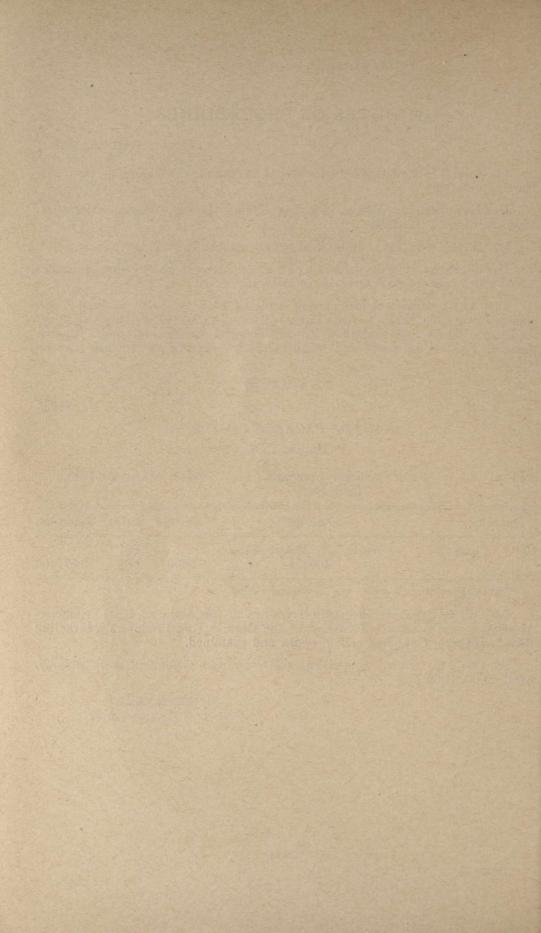
Quai	ntity	Description	Weight	Price	Extension
100	Boxes	White Lily Butter Flats 100/54	5400	$68\frac{1}{4}$ * $66\frac{1}{4}$	3,577.50

^{*}Indicates pencil mark across this on original exhibit.

Mr. W. E. Tummon, Secretary-Treasurer of the Ontario Hog Producers' Association and Secretary-Treasurer of the Ontario Hog Producers' Marketing Board, Foxboro, Ont., was called, sworn and examined.

At 1.00 p.m., witness retired and the Committee adjourned until Monday, April 19, at 11.00 a.m.

R. ARSENAULT, Clerk of the Committee.



MINUTES OF EVIDENCE

House of Commons, April 16, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order, please.

Mr. Dyde: Mr. Chairman, with reference to Exhibit 98, certain questions were asked me yesterday and I have further information which I would like to put on the record. It will only take a few minutes. Exhibit 98 is the mill feed

prices exhibit.

Exhibit 98 was exhibited for a particular purpose. I was thinking, when I put it in, of the actual price and not why the prices were such as they are. However, I am able to give further information with regard to that. I think also there is a matter of correcting a remark which I made yesterday. I am informed by the Wartime Prices and Trade Board officials that bran, shorts and middlings were decontrolled on September 15, 1947. I think I said yesterday it was on October 22 and that the date of decontrol in the coarse grains and the discontinuance of the subsidies on coarse grains was October 22, 1947; so that there is a difference in the bran, shorts and middlings, between them and barley meal and chopped oats.

Then, with reference to mill feed prices, I think it was Mr. Winters who asked if I could give him some help on Halifax prices, and I can. I have picked out certain dates which I think show the trend sufficiently, and I think I had better read them into the record while dealing with Exhibit 98. The prices at

Halifax for these various items were as follows:

		PRICES		Barley	Chopped
Date	Bran	Shorts	Middlings	Meal	Oats
October 18	\$44.15	\$45.15	\$48.15	\$57.65	\$57.65
December 16	49.65	50.96	54.90	70.40	71.00
January 12	54.65	55.75	59.15	71.40	70.00
March 17	56.15	57.15	61.15	65.60	64.00

With regard to exhibit 94, which is the big prices exhibit, I was asked also if I could produce some Halifax prices. It may be that in time I can produce some prices that will be useful, but I cannot do so this morning. I may have to use Moncton and Charlottetown as well as Halifax in order to get the prices. The difficulty is to get representative prices such as I was able to supply for the other centres.

Mr. Mayhew: What prices are these? Are they based on Toronto, or Ontario?

Mr. Dyde: As I said yesterday, Mr. Mayhew, these prices are the prices in Ontario, and I named the centres for which these prices were quoted.

Mr. Lesage: Do you mind if I ask you again what date the price controls were lifted? You say that was in September?

Mr. Dyde: Yes.

Mr. Fleming: That matter of bran, shorts and middlings apparently does not correspond with the oats increase. I think we should have some explanation on those particular figures which are indicated there in the first three columns.

They apparently do not indicate any increase until October when they take a sudden jump and maintain a higher level from there on.

Mr. Dyde: Yes, my information for the present is that that is correct, that they did not take a jump immediately following decontrol.

Mr. Fleming: We will be having evidence on that from the Wartime Prices and Trade Board?

Mr. Dyde: Yes. I say yes, but at the same time I do not want to get pushed too far into an investigation of mill feed prices. I will try to verify that, but these prices are supplied, as I said, because I was continually being referred to the price of these various commodities. Now, if I have to enlarge on that and go into the question of why, then I am anticipating our investigation into feed grain; but I will try to get you the answer to the problem that you raise.

Mr. Mayhew: I would not be too sure, but I think the price level continued fairly uniform after decontrol for a certain period of time without any raise in price until stocks then on hand had been disposed of.

Mr. Dyde: Mr. Chairman, Mr. Tummon is here.

The CHAIRMAN: Before the witness is called, the clerk calls my attention to an error in the record of Canada Packers, referring to exhibit 84. He says:

May I draw the attention of the committee to an error in the reproduction of exhibit 84 which appears on page 1803 of No. 36, of the printed record. In order to correspond with the original exhibit, the figures 100/54, 5400, and 3,577.50 should be dropped one line. Since the examination of the witnesses had a bearing on these figures, the correction would seem important. The words "Halifax, N.S.," should also appear under the line "Canada Packers Limited".

Thus, for the following three lines

100 Boxes White Lily Butter Flats 100/54 5400 $68\frac{1}{4}$ * 3,577.50

*Indicates pencil mark across this on original exhibit.

Substitute:

100 Boxes White Lily Butter Flats $68\frac{1}{4}$ * 100/54 5400 $66\frac{1}{4}$ 3,577.50

*Indicates pencil mark across this on original exhibit.

(See Minutes of Proceedings of this day)

I will give this to the clerk and he will be able to follow this explanation perhaps better.

William Ernest Tummon, Secretary Treasurer, Ontario Hog Producers Association, and Secretary Treasurer of the Ontario Hog Producers Marketing Board, Foxboro, Ontario, called and sworn:

The CHAIRMAN: Mr. Tummon, I understand that you were a member of parliament?

The WITNESS: Yes, that is right.

The Chairman: And that you were here for a long time. No doubt you notice how youthful Mr. Irvine has become in the long interval.

The WITNESS: Yes, I notice that, Mr. Chairman. The Chairman: We are glad to have you here.

2005

By Mr. Dyde:

- Q. What is your full name, Mr. Tummon?—A. William Ernest Tummon. Q. Your home address?—A. Foxboro, Ontario.
- Q. That is near Belleville, is it not?—A. It is.
- Q. What is your position?—A. I am secretary treasurer of the Ontario Hog Producers Association and secretary treasurer of the Ontario Hog Producers Marketing Board.

Q. What is the address of your office?—A. Room 61, 77 York Street, Toronto.

Q. I understand, Mr. Tummon, also that you operate a farm yourself?—A. I do.

Q. That is at Foxboro, is it?—A. Yes.

Q. Would you mind telling the committee the size of the farm?—A. 240

Q. Would you mind at the same time giving your activities with regard to

the production of hogs? You produce hogs on your farm?—A. We do.

Q. And annually how many approximately?—A. It varies from year to year according to the labour. We never have less than 50 hogs and sometimes we have up to 100 or more.

Q. You have here with you, Mr. Tummon, a brief to be submitted to this

committee?—A. Yes.

Q. I will ask you to read this brief, Mr. Tummon.—A. Perhaps, since all members of the committee are supplied with a copy of this brief, it would not be necessary for me to read the list of officers.

The CHAIRMAN: We could take that as read, but it will be printed in the evidence.

The WITNESS:

Officers of the Ontario Hog Producers Association

President—Chas. W. McInnis, R.R. 1, Iroquois, Ontario.

Vice-President—Alva Rintoul, Carleton Place, Ontario.

Secretary-Treasurer—W. E. Tummon, R.R. 1, Foxboro, Ontario.

Executive Members:-

Geo. Pollock, R.R. 1, Berwick, Ontario District 1.

W. E. Tummon, R.R. 1, Foxboro, Ontario F. Charles Newton, Barrie, Ontario District 2.

District 3.

District 4. Wilfred Bishop, R.R. 3, Norwich, Ontario

Norman McLeod, R.R. 7, Galt, Ontario George Johnson, R.R. 3, Owen Sound, Ontario District 5.

District 6.

Clayton Frey, R.R. 3, Sarnia, Ontario.

Objects—To advance the interests of hog producers in Ontario, to promote improvement in the production of hogs, and to assist the Marketing Board to improve the marketing facilities and marketing conditions of hogs produced in Ontario.

Membership—All producers who supply hogs for processing are members, the number being not less than 70,000. There is a branch of the association in each county of the province.

Officers of the Ontario Hog Producers Marketing Board

District 1. Geo. Pollock, R.R. 1, Berwick, Ontario

District 2. W. E. Tummon, R.R. 1, Foxboro (Secretary-Treasurer)

District 3. F. Charles Newton, Barrie, Ontario

District 4. Wilfred Bishop, R.R. 3, Norwich Ontario

District 5. Norman McLeod, R.R. 7, Galt, Ontario (Chairman)

District 6. George Johnson, R.R. 3, Owen Sound, Ontario

District 7. Clayton Frey, R.R. 3, Sarnia, Ontario.

Objects—Through a "Scheme" under the powers afforded by the Ontario Farm Products Marketing Act to regulate, control and improve the marketing of hogs.

Production of Hogs.—The total number of hog carcasses graded in Canada in 1947 was 4,755,971, an increase of approximately 300,000 over 1946. The number of Ontario hog carcasses graded was 2,091,329—or approximately 44 per cent of the total for the dominion. Of our total Ontario production (as graded) 828,649 were grade "A" in comparison to 676,852 for the rest of Canada. Thus, Ontario last year produced 55 per cent of all grade "A" hogs.

The number of B1 hogs in Ontario for 1947 was 854,164. Thus, approximately 80 per cent of our total production was graded into the two top grades, "A" and B1. It is from these two grades that Wiltshire is obtained for export.

The above figures, as they relate to Ontario, apply to hog carcasses graded under Dominion Government Grading regulations and cover 30 plants in the province, 12 of which are licensed as exporters and come under the Meat and Canned Food Act, 2 plants under the same Act but not licensed as exporters, and 16 plants that have Dominion Government Grading of hogs only. In addition, there are a number of butchers or small processors where grading facilities are not available and their kill can only be estimated. Perhaps the number might be between 300,000 and 500,000 hogs per year. Thus, we feel that total hog production in Ontario last year was not less than 2,400,000. Production in 1947 was approximately 18 per cent above 1946. Ontario has been a pretty consistent producer of hogs for a number of years and the industry brings to the farmers well over a hundred million dollars annually.

While in certain sections of the province there are those who produce special crops, such as tobacco, fruit, and vegetables for canning, yet the great majority of our farmers must depend upon live stock production. Thus a dependable hog industry is of great importance to our farmers.

Markets.—For years there have been two main markets for our product: the Canadian consumer and the United Kingdom. Both are important. Of the two the domestic market is the one we are sure of, providing it is not abused. Under ordinary conditions the domestic consumer is just as particular and demands as good quality as the British consumer.

It is stated that previous to the war the United Kingdom absorbed from 60 per cent to 75 per cent of all the world exports of pork products. Therefore, looking to the future for a permanent market for our surplus, producers have appreciated the toe-hold obtained in that market during war years. We realize, however, that if we are to retain a fair share of that market in the years ahead we must have:—

- 1. A top quality product
- 2. Continuity of supply
- 3. Volume sufficient to afford an adequate coverage of the market.

These requirements are of equal importance for the domestic market and our organizations have consistently carried on promotion work in this regard, which perhaps helps to account for the fact that we produce approximately 55 per cent of the grade "A" hogs.

CANADIAN-UNITED KINGDOM BACON AGREEMENTS

Contract Year	Effective from	Price per 100 lb. for Grade A Wiltshires
1939-40	December 14, 1939	\$18.01
	. November 1, 1940	15.82
	October 1, 1941	19.77
1942-43	October 1, 1942	21.75
1944-45	October 1, 1944	22.50
1946	January 1, 1946	22.50
	April 1, 1946	- 25.00
1947	January 11, 1947	27.00
	September 1, 1947	29.00
1948	January 1, 1948	36.00

By Mr. Fleming:

- Q. Have you given anywhere in your brief the figures showing the quantities of sales under the agreements?—A. I have only mentioned it in regard to last year.
- Q. I was wondering whether there was any reflection of those prices upon production?—A. That would be available from the meat board.
 - Q. I just wondered if it was in the brief?—A. No.

The Chairman: Could we not comment on the statement afterwards? I think we might let the witness finish his statement.

From the time the first Bacon Contract was made we understand it has been the policy of the Department of Agriculture, through the officials of the Meat Board, to see that the producers of hogs receive a fair and just portion of the export price. Also, as each contract was altered or renewed there followed an understanding with the processors, or packing plants, that they would pay at main points, such as Toronto, not less than a certain price. We believe that policy is being continued and that at present the officials consider the price should not be less than \$28.50 warm dressed carcass weight, f.o.b. Toronto basis, for grade A hogs, this policy applying to all hogs marketed whether for export or domestic use.

For Consideration, the periods covered by the United Kingdom contracts seem to be as follows:

- 1. That period during the war and up to August 31, 1947.
- 2. The period from September 1 to December 31, 1947.
- 3. The period following January 1, 1948.
- 1. That Period During the War and up to August 31, 1947: In order that the maximum amount of food might be supplied to the United Kingdom and our military forces, it was considered necessary to restrict the consumption of meat in the domestic market. This was accomplished by imposing domestic quotas on all processors. In the domestic market there was thus created a demand greater than the supply available. Under such conditions the price of meat in the domestic market would likely have increased above the export price, but because of the imposition of ceiling prices by the Wartime Prices and Trade Board on both wholesale and retail dealers, the price for domestic consumption was held at a level relative to the export price. This condition continued up to the end of August, 1947. The number of hogs that went into the domestic market for all Canada during this period was approximately 45,000 per week.

Cost of Production (General)

Unfortunately no recent large scale studies have been made of the cost of producing hogs in Ontario—perahps not in Canada. Therefore any current calculations on this subject must be partly estimates, using whatever previous data is available as a guide.

In calculating the cost of producing pork there are two major divisions to consider, viz:

- 1. Cost of producing the weanling pig.
- 2. Cost of growing and feeding the weanling pig to market weight.

Cost of Producing the Weanling Pig

The major elements in the cost are, of course, (1) the feed consumed per sow; (2) the number of pigs weaned per litter. Studies indicate that cost of feed might comprise around 70 per cent of the yearly sow maintenance cost, the remaining 30 per cent being accounted for by labour, veterinary expenses, share of overhead on buildings and equipment, etc.

Another approach is to use the current market value for weanling pigs in calculating the cost of producing the market hog, and this is adopted in the cost of production table to follow.

Cost of Growing and Feeding to Market Weight: Feed is the major item of cost in producing the market hog so that the rate of gain per pound of feed fed is the determining factor. The amount of feed required to bring a hog to market weight will vary from farm to farm. All figures in the table that follows are the result of careful investigation and consideration, and are intended to apply to the average Ontario producer.

Estimated Cost of Producing 200-lb. Live Weight Grade "A" Hog, as at January 15, 1947

Weanling pig, 5 to 6 weeks of age—weight 30 lbs	\$	7.00
4½ lbs .of concentrate feed to a lb. of gain		
170 lbs. $x 4\frac{1}{2} = 765$ lbs.—average \$2.50 cwt	\$	19.12 3.00
buildings and equipment to house and handle 50 hogs) Herd losses due to disease		1.15
Veterinary fees and medicine		1.00
chargeable to hog enterprise		.30
	\$ 3	33.04
Gross return at plant—150 lbs. warm dressed weight, Toronto basis, at \$22.30.	\$:	33.45

May I be permitted to make an explanation at this point? In Mr. Dyde's presentation yesterday afternoon he mentioned that a 200-pound hog would give 155 pounds warm dressed weight and produce 120 pounds of Wiltshire. I am dealing with a 200-pound hog at our barn. The Department of Agriculture, for several years, has supplied scales at a very reasonable cost for the weighing of hogs in the barn in order to get them out at the proper weight of about 200 pounds. This is done to secure the proper grades. I am satisfied Mr. Dyde's figures are for a 200-pound hog shrunk out at the processor's door.

For example, in my own case, our hogs are taken out of the barn at noon on Monday. They are trucked to the station a mile and a half away and turned into the yard with probably 300 or 400 hogs. They are loaded on a car that evening and go 113 miles to the processing plant. Of course, they are shrunk out when they get to the plant. In all my negotiations with the packers and such like, the rule has been to take a 200-pound hog as dressing out at 150 pounds.

150 pounds.	out at
Plus Dominion Government Quality Premium for "A" hog\$	2.00
Plus Ontario Government Quality Premium for "A" hog	1.00
S S	36.45
Less: Marketing charges (Drover's Commission and	
Transportation)	
Condemnation Insurance ½ of 1%	04.15
Cost of producing hog as above	34.17
Net profit to the farmer\$	2.28
Cost of Producing 200 lb. live weight by Grade Hog	
Gross return at plant—150 lbs. warm dressed weight at \$21.90\$	32.85
Plus Dominion Government Quality Premium for B1 hog	1.00
Plus Ontario Government Quality Premium for B1 hog	.50
\$	34.35
Less: Marketing charges97	
Condemnation Insurance .16	24 17
Cost of producing hog. 33.04	34.17
Net profit to the farmer	.18
Average profit=\$1.23 per hog	

Average profit=\$1.23 per hog

There are just about the same number of B-1 hogs produced as "A".

By Mr. Fleming:

- Q. What is the difference?—A. The difference is in the measurements. In order to qualify as an "A" hog, it must not be less than so many inches in length and not more than a certain amount of fat over the shoulders, down the back and over the hip bone.
- Q. It is not the quality of the meat, it is just the size of the animal?—A. Not the quality of the meat, no, it is more the sizing to make the ideal Wiltshire side.
- NOTE: The average production of hogs do not exceed 50 a year per farm.
- 2. The period from September 1 to December 31, 1947: The latter part of August 1947 domestic quotas were discontinued and thereafter there was no limit as to the amount of meat processors might put on the domestic market. However, on August 27 the packinghouse employees' strike occurred and continued to October 24, a period of a little over eight weeks, during which time marketing of live stock was carried on in a chaotic manner, and likewise the distribution of meat to the consumer.

On September 1 there was an increase of \$2.00 per 100 lbs. on Wiltshire sides, making the export price during this period \$29.00 per 100 lbs., f.o.b. seaboard. We believe the understood price to the producer was \$23.00 per 100 lbs. warm dressed carcass weight, f.o.b. Toronto.

It is our understanding that The Wartime Prices and Trade Board made an increase in the wholesale and retail ceiling price of pork, commensurate with the \$2.00 increase in the export price.

The packinghouse employees' strike closed approximately 70 per cent of the hog processing capacity of the province at a time when the heaviest marketings of the year had started. Producers were unable to market their hogs in an orderly manner so as to obtain the desired grading. The longer they were forced to hold the hogs the farther they went off grade and the more feed they required. Thus the loss increased because many hogs could not be marketed at all.

For months, previous to and during the strike period, feed grain was difficult to obtain. In most districts producers were limited to a few hundred pounds at a time. The strike, coupled with the uncertainty as to whether feed grain could be obtained, caused a panicky feeling among producers. The condition in regard to grain supply existed notwithstanding the fact that the records indicated there was no hold back in marketings on the part of the western farmers. It was evident that somewhere between the western grower and the eastern feeder there was a hold back that continued until after ceiling prices were lifted in October.

During the strike period only a few of the smaller export plants were operating and exports dwindled to a minimum. The stock yards at Toronto and all plants operating were flooded with hogs and the Toronto price to the producer, during the week of October 11, broke below \$20, or more than \$3 below the understood price of \$23. Under ordinary conditions, with exporting plants operating, any break in price below the understood price would, we believe, have brought a check-up from the Meat Board officials but things were in a turmoil. It is only fair to say that the few exporting plants that were operating were

holding the price at \$23 for the hogs they received.

On October 15, through the negotiating committee set up under the powers of our marketing scheme, we were able to negotiate an arrangement with both exporting and domestic packer representatives to maintain "a minimum price of 23 cents, Toronto stock yard basis, to be in effect as long as the emergency arising out of the present strike condition exists". The result was that a few days following the price firmed on the Toronto market to 23 cents, Most of the plants that had been strike-bound resumed operations about October 23 and, notwithstanding, all operated with record slaughterings at the end of the following week. Saturday, November 1, there were 14,000 live hogs in packing plants in Ontario and on the stock yards at Toronto, more than could be taken care of, yet the 23 cents per lb. price held and continued as a minimum price to the end of 1947.

On October 22 the dominion government subsidies of 25 cents per bus. on barley and 10 cents per bus. on oats, and also the ceiling prices on grains, were withdrawn making an open market in domestic grains. Immediately thereafter prices began to increase. On October 21, 1947, barley was costing the eastern farmer about \$40 per ton and oats about \$44 per ton. On January 15, 1948, prices had advanced to \$65 per ton for each. Prepared feeds such as pig starter and pig grower advanced from \$2.90 and \$2.65 per 100 lbs. on October 21, 1947, to \$3.80 and \$3.60 respectively on January 15, 1948. This resulted in greatly increased feeding costs to the producer. The feed grain subsidies had operated to hold down the farmer's cost of production which in turn by controls and ceilings had benefited the consumer. The subsidies first became effective on March 18, 1947, and at that time the feed grain price to the grower was increased. The purpose of the subsidies, as we understood it, was to leave the cost of feed grain to feeders at approximately the price level of that date in order that there would be a continuance of the then price ceilings on meat. When the subsidies were removed on October 22 and no corresponding increase in price was given for the producer's product, it left the producer bearing an increase cost of production from October 22 to December 31, commensurate with the subsidies that the government had been paying.

Records indicate that during the period from October 22 to December 31, 1947, approximately 29.8 per cent of the total hogs graded for the year were marketed. All processing plants were operating to capacity. Quotas were off and thus there was no restriction as to the quantity that might be supplied the domestic market. Wholesale and retail ceiling prices on meat were off. In so far as we are aware, the price of meat to the consumer related to the export price by the Wartime Prices and Trade Board carried through to the end of the year, with the export market absorbing the surplus. This is indicated by the fact that the United Kingdom contract called for 265,000,000 lbs., whereas only approximately 250,000,000 lbs. were supplied. Consumption of pork in the domestic market, expressed by hog numbers during the months of October, November and December 1947, was approximately 72,000 per week.

Estimated cost of producing 200 lb. live weight "A" grade hog, as at October 1, 1947

Weanling Pig, 5 to 6 weeks of age—weight 30 lbs \$ From 30 lbs. to 200 lbs. live weight.	7.00
4½ lbs. to concentrate fed to a lb. of grain. 170 lbs. x 4½	19.12 3.00 1.15
Herd losses due to disease Veterinary fees and medicine	.97 .65 1.00
*	33.22
Gross return at plant—150 lbs. warm dressed weight, Toronto basis @ \$22.90	34.35 2.00 1.00
\$ Less: Marketing charges (Drover's commission and transportation)	37.35
Net profit to the farmer\$	2.99
Cost of producing 200 lb. live weight Bl grade hog Gross return at plant—150 lbs. warm dressed weight @ \$22.50\$ Plus dominion government quality premium for Bl hog Plus Ontario government quality premium for Bl hog	33.75 1.00 .50
Less: Marketing charges 97 Condemnation insurance .16 Cost of producing hog. 33.22	35.25 34.35
Net profit to the farmer Average profit—\$1.95 per hog	.90

Estimated cost of producing 200 lb. live weight "A" grade hog, as at November 15, 1947	
Weanling Pig, 5 to 6 weeks of age—weight 30 lbs\$ From 30 lbs. to 200 lbs. live weight	5.00
$4\frac{1}{2}$ lbs. of concentrate feed to a lb. of grain 170 lbs. x $4\frac{1}{2}$	26.01 3.00 1.15
(Estimated investment in buildings and equipment to house and handle 50 hogs)	
Herd losses due to disease Veterinary fees and medicine. Interest on investment in buildings, equipment, feed, etc Share of general overhead and items such as taxes and insurance chargeable to hog enterprise.	.97 .65 1.10
\$	38.21
Gross return at plant—150 lbs. warm dressed weight, Toronto basis @ \$23 Plus dominion government quality premium for "A" hog Plus Ontario government quality premium for "A" hog	34.50 2.00 1.00
<u>s</u>	37.50
Less: Marketing charges (drover's commission and transportation)	
	39.35
Net loss to the farmer\$	1.85
Cost of producing 200 lb. live weight Bl grade hog	
Gross return at plant—150 lbs. warm dressed weight @ \$22.60\$ Plus dominion government quality premium for Bl hog Plus Ontario government quality premium for Bl hog	33.90 1.00 .50
Less: Marketing charges97	35.40
Condemnation insurance .17 Cost of producing hog. 38.21	39.35
Net loss to the farmer\$ Average loss=\$2.90 per hog.	3.95

All through in our costs we have taken the market value of the little pig, the weanling pig. You will notice in the first part of the second estimate of cost, November 15, we have put the market value of the weanling at \$5; but the fact of the matter is that that is away below the cost of production, but the market was so all gone to pieces at that time that we felt that while they were selling down as low as \$6, and even \$4, that \$5 would probably be about all they would bring on the average on the market at that time. You could not produce them for that. Had it been put in at a price that would be ample it would be more like \$9.

You will also notice there at the end of the page, the net loss to the farmer is \$3.95.

3. The period following January 1, 1948: Dated Ottawa, January 2, the press carried a report announcing new 1948 food contracts, as follows: "New 1948 food contracts with Britain at prices roughly 15 per cent higher than last year and at substantially reduced volumes". The following price was given: "Bacon from \$29 to \$36 per hundred weight for grade 'A' No. 1 Wiltshire sides at seaboard—an increase of 7c per lb." "The new bacon contract is for 195,000,000 lbs. against 250,000,000 delivered last year." This report also stated, "Agricultural experts forecast an immediate upward reaction on domestic retail prices in the case of pork and beef, and that the increase in domestic prices of pork products is expected to average around 20 per cent".

The new export contract price raised the level of domestic meat prices. Referring to the Canadian-United Kingdom bacon agreements' table on page 2, it will be seen that the total of all increases from October 1942 to December 31, 1947, (a period of over five years) was \$7.25 per 100 lbs. Thus, on January 2, 1948, consumers were evidently asked to take in one shot an increase in price almost as great as all the combined increases for the previous five years.

It is our understanding that the export price of \$36 per 100 lbs. of Wiltshire

sides, f.o.b. seaboard, was based on the cost of feed grain.

A 200 lb. live weight hog will give approximately 150 lbs. warm dressed carcass weight and from this carcass will be obtained not more than 120 lbs. of Wiltshire sides, 120 lbs. We say there 120 pounds; when that is dressed out it will be only 116 clear pounds, something like that, but when that side has been put in the cure and kept there for six days it will come out back up to the 120 pounds, the same as before. At the increase of 7c per lb. = \$8.40, which if paid to the producer on the basis of the 150 lb. carcass = \$5.60 per 100 lbs. This amount added to the understood price of \$23.00 per 100 lbs. previous to January 1, 1948, makes \$28.60, which evidently explains the price of \$28.50 which we understand is now considered by the Meat Board officials as a minimum price to the producer, f.o.b. Toronto basis.

This price does not appear to credit the producer with any increase in price for that portion of the carcass that does not go as Wiltshire, nor on hearts, liver,

tongue, etc., which are commonly referred to as cuts and credits.

It might be well to state that the understood minimum price of \$28.50, f.o.b. Toronto, warm dressed carcass weight, applies to all grade "A" hogs, irrespective of whether the meat is exported or used on the domestic market, and is the foundation price for all hogs of lower grade than "A".

Estimated Cost of Producing 200 lb. Live Weight "A" Grade Hog, as at January 15, 1948

as at January 15, 1948	
Weanling Pig 5 to 6 weeks of age—30 lbs	9.00
$4\frac{1}{2}$ lbs. of concentrate feed to a lb. of gain	
170 lbs. x 4½	25.24 3.00 1.15
(Estimated investment in buildings and equipment to house and handle 50 hogs)	
Herd losses due to disease	.97
Veterinary fees and medicine	.65
Interest on investment in buildings, equipment, feed, etc	1.10
able to hog enterprise	.33

Gross return at the plant—150 lbs. warm dressed weight, Toronto basis at \$28.50	.\$	42.75 2.00 1.00
Less: Marketing charges (Drover's commission and transportation)	\$	45.75
Net profit to the farmer	\$	3.13
Cost of producing 200 lb. live weight B1 grade hog		
Gross return at plant—150 lbs. warm dressed weight at \$28.10 Plus Dominion government quality premium for B1 hog Plus Ontario government quality premium for B1 hog		42.15 1.00 .50
Less: Marketing charges	\$	43.65
Cost of producing hog. 41.44		42.62
Net profit to the farmer	.\$	1.03
Average profit = \$2.08 per hog		

Note: In each cost of production table the average profit or loss is shown because more hogs grade B1 than "A".

The average number of hogs graded per week from January 1 to March 20 was 127,004 in comparison to 88,961 for the corresponding weeks of last yearor a total increase for the period of 419,465 hogs (for the whole of Canada).

The United Kingdom contract calls for the delivery of 45,000,000 lbs. of bacon during the first quarter of this year. The Meat Board has taken a total of approximately 97,000,000 lbs. Consumption of pork on the domestic market, expressed in terms of hogs, has been from 43,000 to 53,000 per week.

We have no definite information in regard to wholesale or retail meat prices

after January 2, other than indicated by press reports.

Under the present marketing and distribution system, the producer and consumer are far removed from each other. There are many services in between, such as the assembling of hogs in the rural districts, transportation to market, transit insurance, processing costs, cold storage, curing, general insurance, distribution by wholesalers, and distribution by retailers, etc. We believe it is fair to say that any person who performs a worthwhile and necessary service in regard thereto is entitled to a fair and just recompense.

We are primarily concerned with the marketing of hogs from the producer to the processor. Hogs are marketed according to dominion government hog grading regulations. Therefore, it is on the rail in the packing plant after the hog is slaughtered and dressed that the grade is established and the price the producer is to receive is determined. Most hogs go to market on trust as to price.

Therefore, we respectfully suggest:

- 1. That your committee determine whether the understood price of \$28.50, f.o.b. warm dressed carcass weight, Toronto, is a fair and just price.
- 2. That your committee determine whether the wholesale and retail prices of September, 1947, as arranged by the Wartime Prices and Trade Board and evidently maintained to the end of 1947, were fair and just.

In making these two suggestions we wish definitely to state that we do not wish in any way to reflect on the work of the officials of the Meat Board or the Wartime Prices and Trade Board. On the contrary, we feel they have rendered a good and worthwhile service. For further evidence we quote from a resolution adopted at the annual meeting of our association on March 11: "We recommend that the Meat Board continue to function in peacetime as in time of war." However, often a wartime economy is not satisfactory for peacetime competition and should not be used as a precedent.

3. We suggest it would create confidence in the entire industry if wholesale

prices for meat could be published, may we say, bi-monthly.

4. We suggest further that your committee investigate the movement of feed grain from western to eastern Canada. Our producers feel the grain should move with the least possible price spread between the grower in the west and the feeder in the east.

All of which is respectfully submitted.

W. E. TUMMON.

The CHAIRMAN: Thank you very much Mr. Tummon.

By Mr. Fleming:

Q. There are just a few points I would like to clear up, Mr. Tummon. May I ask you to refer to the points with which you conclude your presentation. You ask us to make certain determinations. Would you be prepared to express your opinion as to what the answers should be, for instance, to No. 1? What do you say as to whether the price of \$28.50, the understood price, is a fair and just

price?—A. A great many of our producers feel it is not.

Q. Why not?—A. That is not quite high enough. There is a point that comes in there which I tried to indicate in the last part of my brief, on page 7, in the fourth and fifth paragraphs. You see when our hog is weighed we are to be paid on that weight; the offal, the tongue, the heart, the kidneys, are all out. There is just the kidneys and the leaf lard, head, feet and tail on. It is just dressed the same as with the ordinary farmer. Now, not one out of five producers today in Ontario even ask what price they are going to receive for their hog when it leaves their farms. Of course, they won't know. As I tried to say, our hogs go on trust. We ship them on trust, and therefore—

Mr. THATCHER: On trust to the packers?

The Witness: On trust that we are going to get a fair price. And the number of hogs which go to the packers straight from the producer in comparison to what is on the stockyards in Ontario—I do not think there is one-fifth of the hogs go to the stockyards.

By Mr. Fleming:

Q. Would you care to indicate then what you think the price should be if it were fair and just to the farmer?—A. No, I cannot go that far. I wish I could; because, I will tell you; in coming at that price you must take the price at seaboard. Now, there are shipping charges to seaboard. There is the transportation charge, the icing of the car; there is the initial icing at the plant; there is a cost of the cure of Wiltshire sides. Now, I do not know what these costs are. I can't find out. I would like the committee to.

Then in No. 2, you ask the committee to determine whether the wholesale and retail prices of September, 1947, were fair and just; what is your opinion on that question yourself, Mr. Tummon?—A. I am not going to say that they are not fair and just. I think my last sentence there indicates what was probably of their minds; in the paragraph that follows—"However, often a wartime economy is not satisfactory for peacetime conditions and should not be used

as a precedent." When the Wartime Prices and Trade Board set their prices they tried to put them as just and fair as they possibly could be, but they were setting them on a market that was not strictly free. All prices were up on quotation, and I can imagine that under such conditions, with the amount of meat that a processor can put into the domestic market, the amount of meat the retailer would have to sell in the domestic market, would be limited; I can imagine where the price might have to be a little higher than if they were not getting all they bargained for. Now after the 27th of September when they decontrolled prices the whole thing changed. There were no restrictions as to the quantity which went into local or domestic market. There were no restrictions on prices; and the amount of hogs that went into the domestic market increased from approximately 45,000 per week under controls to 72,000 per week during that period. Now I think it is just a point whether these prices which were prepared during a war period should be carried over into peacetime.

Q. I take it then that on No. 2, your answer was not unlike on No. 1, you question whether the price is fair and just but you would not be prepared to indicate by how much they should have been increased to make them fair and just. Is that right?—A. What I am trying to get at in connection with that is that they might have been fair and just in wartime but probably might not be

after the war.

Q. What do you mean when you use the expression, "the understood price"?—A. There was no agreement, as I understand, reached with the packers by the officials of the meat board. It was just an understanding between them that they would not pay less at certain points to the producer.

Q. In other words it was just an understanding between the board and the

packers?—A. Officials of the meat board.

Q. Officials of the meat board and the packers?—A. Yes.

The CHAIRMAN: As to what would be a fair price and just price?

The WITNESS: A fair and just price, yes. Let me say this: Back in 1946, there were one or two occasions when the price dropped on the Toronto market below the understood price but they were checked up on that.

By Mr. Fleming:

Q. When you use the expression "fair and just price" in suggestions No. 1 and 2, and in the suggestion with which your brief concludes, are you thinking in terms of a price that is fair and just to the farmer or to all interests, including the consumer?—A. I am thinking about what is fair and just to all interests in regard to the production of hogs. The farmer is the one who produces the product. Everything after that is services. Now, I mentioned there that we believe it is fair and just that any person who performs a worthwhile and necessary service in regard thereto is entitled to a fair and just return. I think that is sound. We view that as sound. As producers we are interested in the price the consumer has to pay for our product. With regard to necessary services performed by other people, we believe that such people who perform such services are entitled to fair and just payment for the service they provide.

Q. The producer of hogs has not been taking any great margin of profit on his labour or on his investment. His margins are pretty small. On the figures you gave in some places it was a loss. Is that a fair summary of your position?—A. Oh, yes; it is a common thing, Mr. Fleming, for the people who sell. You see, in arriving at these prices what they apparently do is to take the price of a little pig, the weanling, and add to that the cost of feeding the litter and say that those are our costs. That is not the cost. The cost is estimated as being about \$10, or so on a hog. It is not the cost, because the farmer must take his labour and all his operating expenses out of that \$10. Now, it is true

that in the cost of production he has to pay for certain things.

By Mr. Lesage:

Q. And the \$10 would be the gross margin to the farmer?—A. If you don't count anything else. That would have to cover the labour and everything.

Q. Are all the costs included in the labour item?—A. No, they are not.

Mr. IRVINE: You do not add in your costs anything for capital investment?

The WITNESS: We added interest on investment.

Mr. THATCHER: Mr. Tummon, there is one thing strikes me as significant about these figures that Mr. Fleming has just mentioned. According to a report which Mr. Dyde gave us, I presume you agree with it, hog prices on the Toronto market—that is I presume the price paid to the farmer—jumped from \$25.75, at the time before the ceiling was removed to \$34.75, on January 8, or approximately 35 per cent. Is that correct, or approximately so? They jumped considerably in any event in that period of time.

Mr. Lesage: What material are you looking at, Mr, Thatcher?

By Mr. Thatcher:

Q. I was referring to Exhibit 94, the per cent of wholesale prices, column 1 shows that the Toronto price was \$25.75 and, on January 8, \$34.75. In other words, pork prices went up?

Mr. Dyde: I should like to say, on behalf of Mr. Tummon, that these prices are the wholesale prices. They are not the prices to the producer.

Mr. THATCHER: I see.

Mr. Dyde: If you want the price to the producer you have to look at a different page on that exhibit.

Mr. THATCHER: Whether it is to the producer or to the consumer, it is the percentage that hog prices or pork prices went up, and it was approximately 35 per cent.

Mr. Dyde: That is the wholesale price.

By Mr. Thatcher:

Q. Well, the retail price would probably have gone up about the same proportion. In any event, pork prices went up considerably. According to Mr. Tummon's report here, on October 1, that is before the ceilings were removed on hog prices and pork prices and on the feed grains, the farmer made a net profit of \$2.99 on his No. 1 hogs and 90 cents on grade B hogs; that is correct according to your figures?-A. Yes.

Q. On October 22, after the ceilings had been removed and for the next three months the farmer, according to your report was losing on hogs \$1.85 on grade A and a net loss of \$3.95 on grade B hogs?—A. Yes.

Q. You had very heavy losses in that three months' period according to

your figures?—A. Earlier in my brief, I mentioned the price of grain—

Q. Well, perhaps I could just develop my questions before you comment on that. Would you say that that period, because the ceilings on feed grains were removed, was a disastrous period so far as the Ontario hog producer was concerned?—A. For hog producers all over the dominion.

Q. It was a disastrous period?—A. Yes, because you understand we were carrying the 25 cents a bushel on barley and the 10 cents on oats which was given—it was really a consumer's subsidy. When it was dropped without any commensurate rise in the price, the producer had to bear that cost to the end of the year.

Q. I understand that. Then, on January 15, after the British Contracts were renewed, I see the profit to the farmer went back to \$3.13 for grade A

hogs and \$1.03 for grade B hogs; is that correct?—A. Yes.

- Q. In other words, according to your evidence, the profits which you made in that period were not very much greater than you were making on an average hog before the ceilings were removed?—A. No, that is our contention.
- Q. In other words, Mr. Chairman, while the consumer has been hit to the extent of 35 per cent by the increased price, the farmer has not benefited at all from the fact the ceilings were removed?—A. We were just in the same position, relatively, as we were; that is in regard to expenditures and receipts. In regard to what we are making, we are practically in the same position as we were before the ceilings were taken off.
- Q. Then, the removal of the price ceilings has actually increased the cost of living, so far as pork is concerned, by about 35 per cent to the consumer but the Ontario hog producers are no better off?—A. That is right. I should not like to say 35 per cent, I do not know.

By the Chairman:

- Q. Would you like to see price ceilings continued throughout?—A. I would not care to answer that question.
- Q. The only point is, you have just said to Mr. Thatcher that, as a result of the removal, costs went up. It seems to me a perfectly logical question, then, to ask whether that being the case, do you want the price control system to continue?—A. Well, I presume that the Wartime—
- Q. The producer would not agree? He would not want to continue that, would he?—A. No, I do not think he would.

By Mr. Thatcher:

Q. You have not benefited by its being taken off?—A. No.

Q. And the consumer has been hurt?—A. We are relatively in the same position.

By Mr. Mayhew:

Q. On page 4 of your brief you show an average profit of \$1.23 for hogs, that is on January 15, 1947?—A. Yes.

Q. On page 7 of your brief you show that on January 1, 1948, you made

an average profit of \$2.08 per hog?—A. Yes.

Q. So, you did receive some benefit although not a great benefit?—A. No, I would draw your attention to the cost of production on October 1, 1947.

Mr. Thatcher: That is not a fair comparison. Page 6 should be the basis of camparison.

By Mr. Dyde:

- Q. Why is it not a fair comparison to compare this year with last year—I am asking you, Mr. Tummon?—A. Because, in the first place, on the 1st of September, 1947, there was a \$2 increase in the export price, bringing the export price up from \$27 to \$29. For the months previous to the 1st of October or to the 22nd of October, the question of grain was just up and down. They were only buying grain a couple of hundred pounds at a time. You could not get grain. It was fluctuating all the time.
- Q. I do not think you have quite answered Mr. Mayhew's question. Why is it not fair for us to compare your position in January, 1947, with the position in January, 1948?—A. Well, provided you take everything into consideration.
- Q. You have taken everything into consideration, have you not, in making your statement?—A. No, I could take that statement on the cost of production of hogs and I could increase it a good deal.

Q. Then, is your statement not correct?—A. No, I want to be on the fair side. As I told you, there has been no study made on the production of hogs. We have to use the best available data, and we have used it. We have tried to follow it through and be consistent, to be on the safe side.

Q. You have used the best available data in arriving at the comparison between January, 1947, and January, 1948; am I not correct—A. Yes, perhaps

that is right.

By the Chairman:

Q. That must be the case in view of your former statement?—A. According to what we use it follows fairly closely.

Mr. Lesage: It does not mean we feel your profit in January, 1947, was

sufficient, it is only a question of comparison.

Mr. Thatcher: Mr. Chairman, would it not be fairer to take the chart Mr. Tummon has prepared for the period immediately prior to the time price ceilings were taken off?

Mr. LESAGE: Why?

Mr. Thatcher: Because that was the cost of producing a hog before the ceilings were taken off.

Mr. Lesage: Why not take January, 1947?

Mr. Thatcher: Because, in order to see whether or not the farmer has improved his position, you have to take the period before the ceilings were taken off and compare it with the period after the ceilings were removed.

Mr. Mayhew: Surely, you want to be fair and say, "Well, this was before the new contract with Great Britain, which really regulates the price, had been entered into."

Mr. Thatcher: The cost of labour, for instance, between October and January could have jumped.

Mr. Mayhew: You want to base your argument on a month or two.

Mr. Thatcher: The month before ceilings were taken off, that is a fair comparison.

Mr. Mayhew: No, that is a condition which held for only a short period, rather than for a long and settled period.

Mr. Lesage: As a matter of fact, Mr. Mayhew, the price of \$27 was in force from January 11, 1947, to September 1, 1947, a period of nine months, while the price of \$29 was in force from September 1, 1947, to January 1, 1948.

Mr. Thatcher: So far as the removal of ceilings is concerned, October 1, would be the relevant date.

Mr. Lesage: Your example is good for only a month or so.

Mr. Thatcher: It is the month preceding the time when ceilings were taken off.

Mr. IRVINE: That is something that could be argued later. I think we ought to proceed with the examination of the witness.

The CHAIRMAN: Yes.

By Mr. Dyde:

Q. Would you be good enough to look at your brief. If possible, I shall refer not to the page numbers in your brief, because, you understand, when it is printed in the evidence there will be different page numbers attached to it. I shall try to refer to the paragraph numbers instead. Would you turn first to the paragraph headed, "Markets", in the early part of your brief. I see a statement in which you say, refering to markets, "Of the two the domestic

market is the one we are sure of, providing it is not abused." Would you be good enough to give the committee an elaboration on the meaning of that phrase, "providing it is not abused"? What do you mean by that?—A. As stated in the brief, the domestic market is the one in which we, as producers, are much interested. This market demands as good a quality as the British market. Personally, I and our association, have been somewhat worried over a condition which exists at the present time. During the war, there were contracts for canned meat, hog casings and such like which do not exist now. We understand, of course, that conditions are different now and rather difficult.

The \$2 increase which was given on the 1st of September, 1947, if you will recall, was given by the British Food Ministry for the purpose of increasing volume. Shortly after that \$2 came into effect, we did not know whether they were going to take anything or not and the increased volume was coming on. That accounts for the increase in the production of hogs from 88,000 per week a year ago to 120,000 now; that is a big increase. Instead of the meat board taking 45,000,000 pounds, they have already taken, up to the 20th of March,

97,000,000 pounds.

Now, back on the domestic market remains the heads, hocks, heart, liver, tongues and so on of not only the 43/53,000 hogs consumed on the domestic market, but from the hogs which are exported. I do not know what the answer is.

Q. Is that what you mean when you say, "provided the domestic market is not abused"? I should like you, if you can, to be even more specific than you have been and tell the committee what you mean by abuse of the domestic market. Is it this business of having all these offals on the domestic market when the Wiltshire side is going to the United Kingdom; is that an abuse of the domestic market?—A. Well, it is not using the domestic market quite fairly.

Q. In what way?—A. It is good meat, and everything like that, but I think the percentage of that—I would much prefer to see the percentage of that in

comparison to the body meat of the animal a little more even.

By Mr. Irvine:

Q. Would that apply to selects as well, all selects would go overseas?—A. Practically all go overseas. Some of those that are bruised will not make good Wiltshires.

By Mr. Dyde:

Q. You are not suggesting the United Kingdom contract is not favourable, are you?—A. No, we are very glad we have it.

Q. How could you avoid the abuse? Perhaps you cannot avoid certain

abuses; is that what you mean?—A. That is what I mean.

Q. The abuses are those of which you spoke, namely, having an excess of that which remains when you take out the Wiltshire side?—A. Yes, that and it is just possible our domestic market may not be getting any of the A's and a good many of the B's are going as Wiltshires, so that our domestic market may not be getting as much of the top grade.

Q. Would you agree with me, I am expressing an opinion at the minute, that in the long run, for the hog producers of this country, the domestic market is more important than the U.K. market?—A. I do not think there is any doubt

about that. The domestic market is always the market we are sure of.

By Mr. Mayhew:

Q. It is not getting the volume?—A. It is not getting the volume.

By Mr. Dyde:

Q. You are really expressing apprehension that, in some way or other, the domestic market will be abused and that, after all is the very long term steady

market. You do not want it abused?—A. That is pretty much it. Ever since the war the domestic market has been a hungry market. Naturally, it had to be,

I suppose.

Q. Now will you turn with me to a slightly later paragraph in your brief under the same heading. I am referring to the paragraph which commences, "From the time the first bacon contract was made—". Mr. Fleming has already asked you one or two questions about the understanding that the processors or packing plants have as to the price to be paid to the producer. Would you follow that a little further, Mr. Tummon? How is that understanding arrived at? Is there any directive or anything in writing?—A. Not that I know of.

Q. How does it come about that the packing plant knows what to pay the

producer?—A. I wish I knew.

Q. Does the news just get around?—A. I think it is an understanding, in good faith, between the officials of the meat board and the packing plants.

Mr. THATCHER: Is that not against the law?

The CHAIRMAN: No.

Mr. Thatcher: I thought two packing plants could not get together to set prices?

The Chairman: It all depends on the intention. If they give a price which is fair and reasonable it is not.

Mr. Thatcher: I thought it was against the Combines Investigation Act?

The CHAIRMAN: Not if they agree to give a fair price.

Mr. Dyde: My question referred to agreement between the meat board and any packing plant, which does not come within the scope of the Combines Investigation Act.

By Mr. Mayhew:

Q. Is it not set on the British contract price?—A. Yes.

By Mr. Dyde:

Q. I agree, but coming back from the British contract, if there were an understanding of some kind, you would be at the mercy of the packer; he might not pay you that price. What is it that is inducing the packer to pay you the price you are getting?—A. He knows if he does not pay that price or something over that price, if he pays below that price, he will be checked up by the officials of the meat board. That is not every packer; considering Ontario, I think it is simply a case of a price f.o.b. Toronto which is agreed upon, or understood.

By Mr. Lesage:

Q. Is it to a certain extent covered by the laws of supply and demand? In other words, is it a market price?—A. It could go above that price. They could pay above that price.

By Mr. Dyde:

Q. Have they paid above that price?—A. Yes.

By Mr. Mayhew:

Q. On the Toronto markets, do the packers not bid for cattle, hogs and sheep?—A. Yes, but the number of hogs which go to the Toronto market is rather small.

By Mr. Dyde:

Q. Have the packers paid below that price?—A. No, not that I know of.

Mr. Lesage: The prices vary. For instance, on the Montreal market each day—I do not know whether I am right, but if I am not you will correct me—I remember hearing over the radio at one o'clock the market report and hog prices seemed to vary. They will be \$28.50 and \$28.75, and the following day they will vary again.

Mr. Dyde: Just in explanation of that point, let me read to you an article

from the local press today. This is a report of the market in Montreal.

Hogs were slow to start. Packers were bidding 28.75 for grade A and salesmen were asking 29. On Monday, about 50 per cent of the hogs were sold at 28.75 and 29 for grade A. On Tuesday, with a carry over of around 500 hogs, sales were made at 28.75 with a few lots at 29. Sows ranged from 19 to 20 dressed.

There is play there, is there not?

Mr. THATCHER: Just on this line-

Mr. Lesage: I should like the witness to answer that.

Mr. Dyde: I think I am entitled to have an answer from the witness.

The WITNESS: What is the question?

By Mr. Dyde:

Q. There is a play in the prices on the market?—A. Yes, but if you will read my brief closely you will find when I am treating with that—quoting from the brief,

From the time the first bacon contract was made we understand it has been the policy of the Department of Agriculture, through the officials of the meat board, to see that the producers of hogs receive a fair and just portion of the export price.

We believe that policy is being continued, that is, their policy of an understanding with the producers that they would pay at main points, such as Toronto, not less than a certain price. The price of which I am speaking is the minimum price; they can pay anything above that.

Q. We are just trying to get information from you, Mr. Tummon. I wanted to be sure I understood what you were saying in that paragraph; that was my

only purpose.—A. That is just the minimum price.

Mr. Thatcher: May I interject a question here? Are you finished with this one point, now, Mr. Dyde?

Mr. Dyde: Yes.

Mr. Thatcher: I believe you made a statement, Mr. Dyde, that if, we will say, the price of hogs on the Toronto market was \$20 and Canada Packers and Swift's who control a big portion of the produce in this country were to say, "We will only pay \$19 and we will not bid against each other on the market," that would not be contrary to law?

Mr. Dyde: I do not think I made that statement.

Mr. Thatcher: Perhaps you did not, but I should like an expression of opinion.

Mr. Dyde: I do not think it is germane to what we are discussing at the moment. I shall be glad to have a discussion with you about that at some time when it does not have to go on the record.

Mr. Thatcher: I thought you were discussing that.

Mr. Dyde: No, I was discussing the meaning of that paragraph and trying to ascertain from the witness, who is a very knowledgeable gentleman, exactly what he meant by that expression.

Mr. THATCHER: All right.

Mr. Dyde: I am not quite certain yet, Mr. Tummon, about this understood price. Does someone say to someone else, "Now, gentlemen, when you go out on the market, don't you pay more to the producer than so and so and don't you

pay less"?

The Witness: What I think happens is—we will say the price was \$23. There is an increase of 7 cents a pound and that makes a total of \$8.40 to you on the complete carcass of 150 pounds—no, that is a total of \$8.40 on the Wiltshires rather, of 120 pounds. Just let me correct that, that is \$8.40 on the 120 pounds of Wiltshire which comes out of that 200 pound hog. However, I am being paid on the basis of 150 pound carcass and therefore that amounts to \$5.60.

By Mr. Mayhew:

Q. Including the heart, hocks and so on?—A. Yes. We take the \$5.60 and add it to the \$23 and it makes \$28.60. I think, probably, the meat board says to the packers, "About \$28.50 ought to be the right price"; that is about what is said. They know what it means.

By Mr. Dyde:

Q. You know this because I think you are a member of the meat board, are

you not?—A. Yes I am.

Q. So you could tell us exactly what the packers are told, could you not?

—A. No, I am only called in on the meat board once a month. I have only attended six or seven meetings and I am not an official of the meat board. Those things are handled by the officials.

By The Chairman:

Q. You are the producers' representative?—A. I am.

Mr. Thatcher: The meat board has nothing to do with the packers so far as setting prices is concerned?

The CHAIRMAN: Oh yes.

By Mr. Mayhew:

Q. You do ask some questions when you go to the meetings of the meat board?—A. Yes. I think what the officials of the meat board are doing is a protection to the producer. I think that the department, in following it up to see that the producer gets a fair price, is following a policy which is right but, as producers, we have no knowledge of how that is arrived at.

The CHAIRMAN: Well, the meeting is adjourned until Monday morning.

By Mr. Lesage:

Q. On this point, I just have one question. It may be correct to say that the meat board does not indicate, officially, to the packers what the price shall be, but could it not be said that the packers are afraid the meat board could do that and could see that the producer gets the right price?—A. You will understand, in Montreal and in Toronto, it is not simply the exporting packers with whom we are concerned. There are hundreds of small domestic packers.

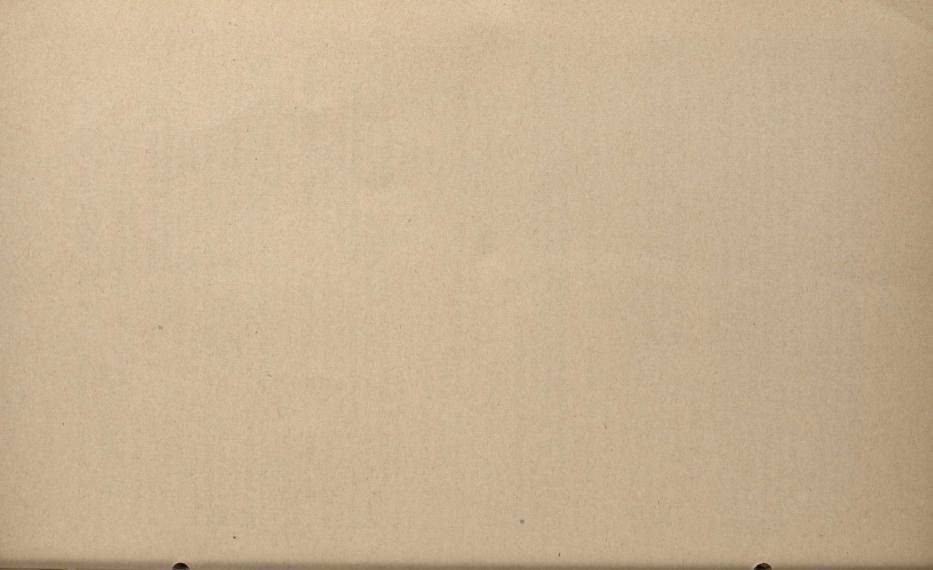
Q. Then, it would be competition that would fix the price?—A. Yes.

Q. And not the board?—A. And the danger of the price being broken to the producer, if I may say, this is not so much from the export packers as the domestic man.

Mr. IRVINE: Will we have Mr. Tummon back on Monday?

The CHAIRMAN: Yes.

The meeting adjourned until Monday, April 19, 1948, at 11 a.m.



SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 40

MONDAY, APRIL 19, 1948

WITNESSES:

- Mr. W. E. Tummon, Secretary-Treasurer, Ontario Hog Producers' Association and Secretary-Treasurer, Ontario Hog Producers' Marketing Board, Foxboro, Ont.
- Mr. S. A. Brown, President, Ontario Beef Producers' Association, Shedden, Ont.
- Mr. E. M. Bateman, Secretary-Treasurer, Ontario Beef Producers' Association, Mount Brydges, Ont.

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MINUTES OF PROCEEDINGS

MONDAY, APRIL 19, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Irvine, Johnston, Lesage, Martin, Mayhew, McCubbin, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. W. E. Tummon, Secretary-Treasurer, Ontario Hog Producers' Association, and Secretary-Treasurer, Ontario Hog Producers' Marketing Board, Foxboro, Ont., was recalled and further examined.

Witness discharged.

Mr. S. A. Brown, President, Ontario Beef Producers' Association, Shedden, Ont., and Mr. E. M. Bateman, Secretary-Treasurer, Mount Brydges, Ont., were called, sworn and examined.

At 1.00 p.m., witnesses retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Johnston, Lesage, Martin, Maybank, Mayhew, McCubbin, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee in attendance.

Messrs. Brown and Bateman were recalled and further examined.

At 5.35 p.m. witnesses discharged and the Committee adjourned until Tuesday, April 20, at 11.00 a.m.

R. ARSENAULT, Clerk of the Committee.

MINUTES OF EVIDENCE

House of Commons, April 19, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order. I must compliment the committee upon being so punctual on a Monday morning and I trust that the example which you gentlemen have set for yourselves will be pursued relentlessly throughout this week.

Mr. Fleming: We are trying to set an example for the chairman.

Mr. IRVINE: Before you proceed with the calling of witnesses there is a matter to which I would like to draw the attention of the committee. I preface my remarks by saying that one of the objects which parliament thought would be served by this committee was that the very fact we were investigating might have some influence on people who set prices too high.

The CHAIRMAN: Yes.

Mr. IRVINE: I have information here that in the Dawson Creek district, for example, and that is not an isolated point—

The CHAIRMAN: Where is Dawson Creek?

Mr. IRVINE: In British Columbia, bordering on Alberta and the Peace River. The price of gasoline during the winter months has been greatly increased and I will quote some of the increases: there has been an increase of $4\frac{1}{2}$ cents a gallon on X-Esso; $4\frac{1}{2}$ cents a gallon on Esso; $7\frac{3}{16}$ cents on Acto; $4\frac{3}{4}$ cents on distillate, and $7\cdot 2$ cents on diesel fuel—winter. Those are very marked increases and they will have a marked effect on the agricultural production in the coming season. The increases are all the more difficult to understand in the face of the fact that the increase in production of fuel oil in the west has been very great. I am, therefore, going to move, sir, that this committee recommend to the steering committee that consideration be given to the matter of making an investigation into the price of fuel oil.

The CHAIRMAN: I thought we had already dealt with that matter?

Mr. Fleming: Yes, we dealt with it some weeks ago.

The Chairman: I remember that Mr. Manross addressed the committee on the subject. However, I think we may regard your suggestion this morning as being of a supplementary nature and it is not at all out of order.

Mr. IRVINE: I do not recollect the suggestion being brought forward before.

Mr. Fleming: Yes, I think it was about a month ago that it was discussed. We had all received letters about the increased price of gasoline and fuel oil and Mr. Manross, the member for London, appeared before the committee and asked the committee to conduct an investigation into those prices.

Mr. Thatcher: Was not Mr. Manross dealing with the subject of oil for heating?

Mr. Fleming: He dealt with both gasoline and oil and the committee, in executive session, did put the matter on the agenda.

Mr. IRVINE: The whole matter has escaped me and I do not recall it.

The Chairman: I have given the executive instructions and they are working on the matter of gasoline and oil, together with other things.

Mr. IRVINE: That is all right.

Mr. Thatcher: Just before we proceed with the witnesses, Mr. Chairman, you were going to deal with the matter of nails?

The Charman: My following remarks are not due to the fact that Mr. Irvine has brought the matter of gasoline and oil before us this morning, but you will remember that with regard to items which have not been discussed previously, before they are received in the full committee they should be brought to the attention of the steering committee. If that procedure is not followed I think it will result in a certain amount of disorderliness. I would suggest the decision which the committee made at one of its earlier meetings should be adhered to, and if any member feels there is a matter which should be discussed, before raising it in the committee it will be first brought to the attention of the steering committee. I can understand how there will be special occasions when the rule cannot be observed but if these matters are brought to the attention of the steering committee first, I feel that our procedure can be more orderly.

Mr. Fleming: I think the rule which you have reiterated should be brought to the attention of any others who are presiding over our meetings in your absence. I raised the point last week but the presiding member did not uphold the rule.

The Chairman: It is the rule, but you will remember that I unsuccessfully stopped you one day. The rule was in existence but it was unsuccessful intervention on my part with respect to you, Mr. Fleming. I think that I will have to be a little more severe in the future but I know that the members of the committee will co-operate with me.

William Ernest Tummon, Secretary Treasurer, Ontario Hog Producers' Association, and Secretary Treasurer of the Ontario Hog Producers' Marketing Board, Foxboro, Ontario, recalled.

Mr. Dyde: Mr. Tummon, I would be glad if you would refer again, in dealing with your brief, to the price of grade A hogs at Toronto. The figure is given at the top of page 3 as it is numbered in your numbering, and there is a small point there which I wish to confirm. You refer to \$28.50 as the price which you considered to be the fair price for grade A hogs f.o.b. Toronto. I have had some question directed to me, outside of the committee, as to the accuracy of a figure on the eighth page of exhibit 94. You there gave to the committee the figure of \$28.10 as the monthly average price per hundred weight for grade B-1 dressed hogs at Toronto, at January 1948. You mentioned \$28.50 for grade A hogs and I wish to know whether the figure \$28.10 which you have on exhibit 94—

Mr. IRVINE: Which page?

By Mr. Dyde:

Q. The eighth page, the last page. Are those two figures in conformity?—A. That is \$28.10 for grade B-1.

Q. Yes, and \$28.50 for grade A?—A. I have always understood grade B-1

is 40 cents per hundred weight less than grade A.

Q. So the quotation which we have on our exhibit is in conformity with your

understanding?—A. It is.

Q. And if hogs are selling at \$28.50 for grade A, they would normally sell at \$28.10 for grade B-1?—A. Yes.

Q. Now would you turn to the next page of your brief where you are referring to costs, and I want to call your attention particularly, for a purpose which will become apparent later, to the item 'condemnation insurance' which you include in your costs of producing a hog. You say in your tables that condemnation insurance is at the rate of $\frac{1}{2}$ of 1 per cent. Has that rate varied over a period of years?—A. Not that I can recollect.

Q. And your recollection goes back a good many years does it not?—A. Quite

a long time, yes.

Q. Would you say that rate has remained stationary for ten or fifteen years?—A. I would not want to say anything definite beyond the time that the grading of hogs changed. I believe condemnation insurance was collected for perhaps twenty-five or thirty years up until 1939 or 1940—1939 I think—when hogs were sold on a live weight basis. At that time the drovers bought the hogs at the point of delivery for so much a pound live weight. I understand that condemnation insurance was collected at that time but the producers did not know anything about it. The drover paid the condemnation insurance. When hogs were purchased by rail grade and payment for the hogs began to come back directly to the producers from the processors, the item of condemnation insurance at the rate of ½ of 1 per cent was reflected and that was the first the producers knew about it.

Mr. Johnston: Is that compulsory insurance or is it optional?

The WITNESS: I understand if the producer objects to paying it the processor cannot collect it.

By Mr. Dyde:

Q. As a matter of fact is it usually paid?—A. I do not know of any instance where it is not paid.

Q. And the packer collects it?—A. Yes.

Q. Have you ever had any accounting from a packer on condemnation insurance?—A. No, I have not.

Q. Or of the fund which the insurance comprises?

The Chairman: Just a moment, I would like to understand a little more clearly. Who pays this insurance?

The WITNESS: We pay it as a premium for condemnation insurance.

By Mr. Dyde:

Q. And the packer collects it?—A. Yes.

Q. The packer carries the insurance?—A. Yes.

The CHAIRMAN: If the packer collects it and carries it why should the producer pay for it?

By Mr. Dyde:

Q. Would you explain to the committee, Mr. Tummon? Perhaps I have gone too rapidly over this matter and would you explain to the committee what condemnation covers?—A. Condemnation insurance covers payment for hogs that are condemned by the dominion government inspectors as unfit for human consumption under—I think it is the Canned Foods Act.

Mr. Johnston: How much has been collected?

The WITNESS: Well, one half of 1 per cent, and on the Health of Animals Division Report for the last year—that is for the fiscal year ending 1947—

Mr. Dyde: You might make it clear, Mr. Tummon, that the result of this insurance is that when you have paid insurance for an animal which is condemned the producer gets paid in full?

Mr. IRVINE: You interrupted an answer there, Mr. Dyde, and I would like to have it completed.

Mr. Dyde: I am sorry.

The Witness: The report of the Health of Animals Branch covers the government fiscal year. When I mentioned the number of hogs produced in 1947 the figure given was for the calendar year. The Health of Animals Branch reports 3,991,490 hog carcasses examined in the dominion and out of that number the report shows that 11,385 were condemned.

By Mr. Johnston:

Q. What do they do with a carcass when it is condemned?—A. I presume it goes into the tank.

Q. What do you mean by that?—A. Well it is used for fertilizer or something

like that.

By Mr. Irvine:

Q. Would you give us the first figure again?—A. 3,991,490 hogs.

Q. And the second figure was—?—A. 11,385.

Q. And the charge is half a cent a pound?—A. ½ of 1 per cent of the value of the hog. If a hog was worth \$40 there would be 20 cents condemnation insurance collected.

By Mr. Fleming:

Q. For what year were those figures which you have just given, Mr. Tummon?—A. Those figures are for the fiscal year ending March 31, 1947.

Q. Is the rate of insurance adjusted in the light of experience with condemnations of hogs year by year?—A. Might I explain that in connection with our marketing scheme in the province of Ontario, a copy of which you have with the brief, provision is made for the setting up of a negotiating committee. It is on page 2.

There shall be a committee of ten persons to be known as the negotiating committee, five of whom shall be subject to the approval of the board, be appointed annually by the local board, and five of whom shall be appointed annually by the licensed processors.

That is for five producers and five processors. On that negotiating committee —I happen to be a member—we have had the matter of condemnation insurance up. As producers we feel more is being collected than what is being paid out but as far as we can find out there is no accounting kept of the moneys that are collected from the producer.

By Mr. Johnston:

Q. On what would you base that opinion, that there is more collected than paid out?

The CHAIRMAN: Finish your answer first.

The WITNESS: In fact, we were told by the representatives of the processors they could not give us any accounting of what money had been collected.

By The Chairman:

Q. Told you that when?—A. Not more than a year ago. We asked them at that time. We thought it was time we began to keep an accounting to find out what the situation was. I do not think the processors can give any accounting of what money they have collected. I do not think it is kept separate at all.

By Mr. Thatcher:

Q. Did I understand the witness to say his producers' association feels more goes into that fund than comes out?—A. Yes.

By Mr. Fleming:

Q. Will you make this clear? Is there a policy of insurance actually written? Is it insurance in fact or is it just a case of a levy taken by the packer?

The CHAIRMAN: A floating charge.

Mr. Fleming: In other words, is there an insurance company entering into this or is it a matter between the producer and the packer?

Mr. Dyde: He said it was the packer who carried it.

Mr. Fleming: He said the packer carried the insurance, but he might carry it himself or he might have done it through a company. I should like to know definitely if there is any insurance company involved in this or if it is simply a matter to which the packer and producer alone are parties.

The Witness: There is no company involved. I know that. I think a good many years ago when the question of condemnation came up first under the health of animals that there was a conference. I do not know who proposed it, perhaps the representatives of the swine breeders association or some others. I think perhaps it was just an agreement that came to be understood at the time for one-half of one per cent. I think probably it was felt that if that was collected probably it would be a fair amount to cover any loss, and that the processors would carry it. I think it has gone on from that. There has been no written agreement that I know of.

By The Chairman:

Q. Whether or not there is any insurance company the fact is that moneys have been paid in by the producers for which you have been given no accounting in spite of requests.—A. That is right.

By Mr. Johnston:

Q. Have the packers said to you as one of the producers that they keep no separate accounting of this?—A. Under our scheme the negotiating committee brought the matter up, and it has been a live question with our organization, with the members of our organization. When we brought the matter up the representatives of the processors told us they did not know how much had been collected, and gave us to understand, as I recall it, that they had no accounting of the moneys that had been collected or paid out.

Q. Would the producers not complain bitterly against that, where money is being collected from them and no accounting kept?—A. Yes. it is a live ques-

tion all the time.

The CHAIRMAN: He has said so.

Mr. Thatcher: Would it not be a matter of simple arithmetic, multiply the number of hogs the packers take in by 16 cents or whatever the charge is.

The Chairman: It might be, but that is the fact. I think counsel has other intentions in this regard.

Mr. Dyde: I find it difficult to see that this witness can answer completely as to what the packer does. He can simply say it has been a live question with the producer. He gives his side of the story. I think we may have to follow it further.

Mr. WINTERS: Do all packers treat it the same way?

The Witness: I think I may say this that in addition to the number of hogs condemned there probably would be parts, maybe livers or offal condemned also. In fact, I think my recollection is the processors mentioned that, but they could not even give any reckoning of that.

By Mr. Winters:

Q. Do all packers treat this condemnation insurance the same way and charge on the same basis for it?—A. I believe so.

By Mr. Mayhew:

Q. If you turn in a shipment of hogs to the processors they give you an invoice for it. Does that invoice show what has been deducted for condemnation insurance?—A. Yes.

By Mr. Winters:

Q. When you said you believed in answer to my question do you have any direct knowledge of the way the packers handle this situation?—A. Well, it is an item that is shown on the grading statement but—

By Mr. Mayhew:

Q. It does not show anything there, that he has deducted anything on that invoice?—A. No. There is nothing carried out on that. All it shows is condemnation insurance one half of one per cent as per terms of sale.

Q. This is a sale, and he has not made any deduction here?—A. No. That

is leaf No. 4.

By Mr. Winters:

Q. Who is that sale to?—A. I do not know as the sale is to any person.

Q. Whose invoice is it?—A. That is really an advance register they sign. It is just sheet 4. The top sheet is No. 1, 2, 3 and 4. This is 4, and the figures are not carried out on this.

Q. Do you have direct knowledge as to how many packers charge for this

insurance?—A. Oh no, that is why I qualified my statement a moment ago.

Q. You know some of them do but you do not know that some do not?—A.

No.

By Mr. Dyde:

Q. You know of your own knowledge as a hog producer and a man who ships hogs that this condemnation insurance is deducted?—A. I do.

Q. From the amount of money you get?—A. Yes.

Mr. Mayhew: By some processors.

By Mr. Dyde:

Q. By the processors to whom you sell?—A. Yes.

Mr. Winters: He says he does not know whether it is done by all.

The CHAIRMAN: I thought he said he knew it was pretty general.

Mr. WINTERS: He said he did not know.

The Chairman: In answer to your first question my recollection is the evidence he gave—I forget the exact answer but it was sufficiently comprehensive to include all packers.

By Mr. Irvine:

Q. Do you know of any cases in which it was not charged?—A. No, but I qualified my statement because I cannot vouch for what the packers do in Edmonton, or Calgary.

Mr. WINTERS: I asked the witness if he knew whether all packers charged it and he said no.

The CHAIRMAN: His answer is he does not know of any who do not.

Mr. Fleming: That is not a very satisfactory way to leave it.

The CHAIRMAN: That is the only way he can leave it.

Mr. Fleming: Perhaps the best way to do is to ask the witness what companies he knows are doing it.

Mr. WINTERS: I asked him that and did not get an answer.

The WITNESS: As far as I know all companies in the province of Ontario, where there are inspectors in the plants, are doing it.

Mr. FLEMING: That is Ontario.

Mr. Dyde: I do not want to leave it just that way because that is what Mr. Tummon can say. For the information of the committee I have already informed packers who will appear before the committee they will be invited to give information about the condemnation insurance fund. Those who are coming before the committee have all intimated to me they will bring information about it.

Mr. Fleming: Mr. Chairman, there is one point. Probably it is more for Mr. Dyde than for the witness. If the witness has some information on this I will be glad to have it. If not perhaps Mr. Dyde already has it in mind to get it from another source. I should like to know what the trend in numbers has been in regard to condemnation. The figures Mr. Tummon has given us have been for the fiscal year ended March 31, 1947. I should like to know about the trend over a period of years, and in the second place what the trend has been in payment per hog. I presume as the price of pork has risen the amount paid out per hog has risen. Is that right?

Mr. Dyde: I think it is of sufficient importance for me to put on the record now information which I think Mr. Tummon can verify which will give you figures on condemnations. I am not sure I can relate that in all cases to price because it goes back for ten or twelve years, but I certainly can give you figures on condemnations.

By Mr. Dyde:

Q. Mr. Tummon, you are familiar with the report of the veterinary director general of the Department of Agriculture, are you not?—A. I have seen it, yes.

Q. And in that report there is a report every year as to carcasses condemned

in Canada?—A. Yes.

Q. And the figure you gave a few minutes ago for swine was 11,388?—A. Yes.

Q. And I see on page 36 of the 1947 report that this report shows there were 11,388 carcasses condemned, and that the percentage of condemnation was 0·28. Do you see that figure?—A. Yes. My recollection is it has never gone above that.

Mr. Dyde: I can put on the record now from the report of the veterinary director general the percentages of the condemnations to the total animals killed in Canada. For the year 1946-47 the percentage was 0.28; for the year 1945-46 the percentage was 0.28; 1944-45, 0.27; 1943-44, 0.23; 1942-43, 0.22; 1941-42, 0.22; 1940-41, 0.23; 1939-40, 0.22; 1938-39, 0.22; 1937-38, 0.28.

Mr. Fleming: Is that swine only?

Mr. Dyde: That is swine only.

Mr. Johnston: I should like to ask a question. Probably this is a matter for Mr. Dyde rather than the witness, too. Would it not be true that when the processors charge $\frac{1}{2}$ of 1 per cent for these condemnations they get the hog for

that amount, and then if it is put in the tank and afterwards sold as fertilizer they make a substantial profit on that. Should the amounts which they receive for these condemned carcasses not be included in your accounting of this insurance fund?

Mr. Dyde: I do not want to put a wrong answer on the record because I am not certain myself of the answer to that.

The CHAIRMAN: Maybe the witness knows.

Mr. Johnston: Maybe the witness can tell us that.

The WITNESS: What is the question?

Mr. Johnston: I was pointing out that while the processors charge $\frac{1}{2}$ of 1 per cent for the insurance fund the processors practically get the carcass for that insurance, that is, 20 cents apiece. Then you indicated a moment ago that those condemned carcasses were put in the tank and probably used as fertilizer. They would make a substantial return from the sale of that fertilizer. I am suggesting that in the accounting of this insurance fund there should be an accounting also made of the profit which is made on these condemned carcasses when they are sold as fertilizer or whatever way in which they are disposed. Would you know anything about that?

The WITNESS: No. I cannot just see the first part of your question, where

the processor gets the carcass for the premium.

By Mr. Johnston:

Q. The amount is paid out of the insurance fund so therefore it does not cost him anything?—A. But he has already collected that to pay it out and he collects the premium on the condemned hog, too.

Q. He collects the premium on the condemned hog and he also collects the

premium of those that are not condemned?—A. Yes.

Q. So therefore he has a fund set aside, or should have to pay the producer for these carcasses.

Mr. Dyde: That is right. I can say that is correct.

Mr. Johnston: Then he gets the carcass for nothing because it is paid for out of the fund to which he never contributed. Then he turns around and sells that carcass as fertilizer, or whatever it may be. Therefore that amount should go to build up the fund as well.

Mr. McCubbin: I think it is very unfair to question Mr. Tummon along this line. This is a live question amongst the producers, this matter of condemnation insurance, whether it is right or wrong, whether it is too much or too little. I think we should have somebody from the Health of Animals Branch explain it to us. It is information we want. I do not think Mr. Tummon is the right man to question on this matter.

The CHAIRMAN: Is it not a matter of getting from the witness the hog producer's point of view?

Mr. McCubbin: He has given that. Mr. Irvine: They know they pay it.

Mr. McCubbin: They know they pay it, and it is a live question. We had better get the right answer.

Mr. Johnston: When I asked that question it was directed primarily to counsel. When he is examining into the matter further he can take that point into consideration.

Mr. Fleming: There is one point for my own information. Perhaps Mr. Dyde or Mr. Tummon can clear it up. I assume that condemnation insurance is not confined to hogs alone. Is it the practice of the packers to mingle the con-

demnation insurance premium collected from hogs with that collected from cattle, or has it been their practice to segregate or charge a different rate with respect to different kinds of animals?

The WITNESS: If I am to answer that-

By the Chairman:

Q. Can you answer it?—A. I cannot answer it in regard to beef because when I sell an animal for beef I sell it the way hogs used to be sold a while ago. Whether any condemnation insurance is paid on that or not I do not know.

Mr. Dyde: That question is also being pursued.

Mr. THATCHER: May I ask one question?

Mr. Fleming: I mention that because it may have a bearing on this question. It might be that they are mingling them.

Mr. Thatcher: Are we to sum up the evidence which has been given, and what Mr. Dyde has said, and say that last year the hog producers of Canada paid approximately 60 per cent more into this fund than they took out? That is what I get according to my arithmetic.

Mr. Johnston: I do not think he knew what the fund was to start with.

Mr. Fleming: Where did you get the 60 per cent?

Mr. Thatcher: 11,000 odd hogs condemned out of almost 4,000,000. Do you have any figures on that?

Mr. Dyde: No.

The Witness: As producers we simply take the total number of hogs, 3,991,840, I think is the exact figure, and we say, for example, that those hogs are worth at least \$30 apiece, and we multiply that and get the value, and then we know $\frac{1}{2}$ of 1 per cent is what is collected on that. We use the same figure in applying it to the 11,800 odd, and it generally shows a big difference left there.

By Mr. Fleming:

Q. Mr. Tummon, superficially on these figures what you are saying in effect is, as I understand it, that the figure collected is $\frac{1}{2}$ of 1 per cent, and the number of hogs condemned is approximately $\frac{1}{4}$ of 1 per cent of the total.—A. Not more than that, I would not think.

Mr. Fleming: That is something we will have to go into.

The CHAIRMAN: All right.

By Mr. Dyde:

Q. Now, Mr. Tummon, would you please turn to paragraph No. 3 of your brief?

The CHAIRMAN: What page?

Mr. Dyde: It is on page 7 of the brief as you submitted it.

Mr. Johnston: Is that Exhibit 90? Mr. Dyde: It is not an exhibit.

The Chairman: It is the statement which went into the record, his initial statement, page 7.

By Mr. Dyde:

Q. In the third paragraph you state that it is your understanding that the export price is based on the cost of feed grain. I want to ask you a few questions about feed grain. First of all, what is the principal feed grain that the Ontario hog producer feeds?—A. Barley and oats and also prepared feed known as pig starter and pig grower.

Q. Now, I would like to show you Exhibit 98, where there was taken from the Livestock Review mill feed prices for a period, and I would like to ask you first whether your costs as set out in your brief were based on the January prices of feeds or on some other prices? Now, when you are talking about the cost of producing a hog as at January 15, 1948, you are using there mill feed prices as they existed in January, 1948, were you?—A. I have been using what is probably one of the cheapest feeds that we use, that is cracked or ground oats and barley plus a couple of hundredweights of hog concentrate to a ton of the

Q. And the cost of that feed to you depends largely on what; the cost of barley or the cost of oats, or what?—A. The cost of both, we use them half and

Q. Both, and when you were making that estimate of the cost of a hog on

January 15, you were using prices as they existed in January?—A. Yes.

Q. Now would you look with me at Exhibit 98, and there I see that we have a column headed "barley meal" and a column headed "chopped oats". In January of 1948, the barley meal price was \$67 in carload lot prices per ton; and since then it has dropped to \$62.20. Then I would like you to look at the column on chopped oats and there I see that in January it was \$66.50, and in March it had dropped to \$60.60?—A. Yes.

Q. So that the price of your feed for hogs has in fact dropped since January?

—A. We haven't felt that drop much yet.

Q. You explain that to the committee, please; because these prices on Exhibit 98 are prices in Ontario according to the Livestock Review.—A. I think perhaps there have been several other drops since the 15th of January but generally we have not felt that much yet because all the grain from the west is not coming down in carload lots. We are still using grain that is coming out of the elevators and which was put in there at the higher price.

Q. Let me ask you a question about that?—A. I think that is right. I may

be wrong in my information.

Q. You can correct me if I am wrong in this, but I have been told that the producer of hogs in Ontario could make a material saving if he brought his barley down by carload lots from the west; what would you say, would that be correct or not?—A. Well, I would hesitate to give an answer in regard to that. Personally I feed pretty much my own feed. I don't buy very much grain. But I don't like to answer that question unless I can be accurate.

Q. Well then, may I put my question this way: Would it be possible in any way for a group of Ontario hog producers to get together and bring down grain in carload lots? Have you ever examined into that?—A. We used to do that years

Q. Why did you stop?—A. Well, I don't know. I cannot give you an answer to that. It was not in connection with western grain that we did that, it was when we used to bring in foreign grain in carloads. At that time we used to buy at the wholesale price.

Mr. Dyde: I think perhaps that is as far as I wish to pursue that point at the

moment.

By Mr. Winters:

Q. On that point, Mr. Tummon; you said you did not bring in barley and oats but you grow them yourself?—A. I generally feed my own pretty much.

Q. Would you elaborate on that statement just for my information; what do you mean by that?—A. I mean that I grow my own oats and barley. We have a fairly large farm as farms go in Ontario, 240 acres, and we grow some thousands of bushels of grain and we make it a point to carry stocks sufficient to feed that grain to.

Q. Is that the general practice in Ontario?—A. No.

The CHAIRMAN: Mr. McCubbin would not do that.

Mr. McCubbin: I would not want to say that.

By Mr. Dyde:

Q. Can you say what the general practice in Ontario is, is it to buy feed?—A. Yes. Might I just say this. That depends on being able to buy the surplus grain from the surplus grown in the west. I think that is the way we have to farm in Ontario on our small farms. We have to go on the system of crop rotation, a four year rotation; and that means that if a man has 100 acres of land only a comparatively small part of that can be put into grain.

The CHAIRMAN: Does not the answer depend on the price of feed? If you could

get more out of selling you would not go on feeding it, would you?

The WITNESS: That does enter into it, of course. If a person could get more for his grain by selling it direct instead of feeding it I imagine he is going to stop feeding stock and sell his grain.

The CHAIRMAN: It would be a pretty expensive thing to feed on the farm at

the present prices.

The Witness: You come from a farming district. I don't know much about that.

Mr. McCubbin: That is a matter of argument too.

The Chairman: Yes, it is a matter of argument, but if a man could get \$2.45, for a bushel of corn I don't think he would want to feed it, there would be too great a difference. However, this is an expert witness.

By Mr. Thatcher:

Q. Before Mr. Dyde leaves this Exhibit 98; Mr. Dyde, you point out that barley and chopped oats prices have gone down. I notice by the first three columns there that bran, shorts and middlings prices are still going up. That is in the first three columns. Do I understand you to say that those three columns do not represent a fair proportion of the feeds you use in feeding hogs?—A. There would be a small amount of bran fed principally to sows that are farrow about that time. There is a certain amount of shorts and middlings used for little pigs, probably when they are weaning; but I think in most cases the producers now are using pig starter and prepared feeds instead of shorts and middlings. That probably has been largely due to the fact that it has been practically impossible to get these feeds.

Q. Can you tell me—or maybe Mr. Dyde can tell me if you cannot—if this barley meal and chopped oats would be affected by—what effect the recent increase in freight rates would have on those prices, would they be increased?

The Chairman: Mr. Thatcher, you have made your speech. The Witness: I do not know the answer to that question.

The CHAIRMAN: I think that is a little far afield.

Mr. THATCHER: All right.

By Mr. Winters:

Q. Are hogs fed entirely on barley and oats and that type of feeds, or are

there any types of feed used for hogs?—A. Not very much.

Q. Do you feed hay—clover or alfalfa—at all?—A. We cut some alfalfa. I think perhaps we raise pigs just a little differently than they do in the west. Our pigs are fed in pens all the time practically, and they are fed in litters of 9 or 10; and we have our sows freshening any time at all, keep them coming continually; and we endeavour to grow a pig from the time it comes until it is ready to dress.

By Mr. Dyde:

- Q. That might be what you do in Ontario, but the matter I have come across in my reading in which I am interested at the moment is a thing called the hog barley ratio. Is that used in Ontario?—A. No, it is not used in Ontario. I know it. I have had occasion to refer to it.
- Q. Then I will not pursue it other than this; in Ontario in the late autumn and winter months does the hog producer sit down and look at the barley prices and say to himself, I will or will not have more little pigs in the spring; does he look at the price and make up his mind on that basis?

Mr. Fleming: Do you mean, personally?

The Witness: Perhaps that is the way the man in the west does. I presume he looks at prices if he is using the barley ratio method.

By Mr. Dyde:

Q. Do you think that might be the way it is done in the west?—A. I understand that is the way it is used. I am no authority on that.

Q. But in Ontario that is not so?—A. No. We look at the price of feed

grain.

Q. You mean something other than barley?—A. As I said before, we use oats and barley mixed.

Q. You look at the price of feed; then, what do you do?—A. We consider

what the price of hogs is, or what they are likely to be.

- Q. Yes. I am telling you exactly what I want. You do study the market conditions then you come to a conclusion as to whether or not——A. We will have more pigs; and it has its effect on the producer, as to whether he is going to stay with it or reduce his stock or increase it.
- Q. Now, can you take me one step further forward, and can you say whether you look at the price in November and December of 1947, and came to any conclusion?—A. Personally I did not in regard to my own stock.

Q. Do you know whether other hog producers in Ontario did do so?—A.

Oh, yes.

Q. And you know what their decision was, if anything?—A. Well, from our organization in our office in Toronto we would do our best to encourage the fellows not to liquidate their stock.

Q. Do you think that has had an effect, your encouragement?—A. I think

so, yes.

- Q. Now then might I go a step or two further and ask you if you have seen the report made by the Dominion Bureau of Statistics as to the hog population in Canada. Are you familiar with these reports?—A. Not from the Dominion Bureau.
- Q. I have a report here from the Dominion Bureau of Statistics in which I find this, dated December 1, 1947; based on December 1, 1947, hogs—live, forecast, reads: Hog production, number of hogs on Farms December 1, 1947, was 538,200. This was 1.4 per cent below the December, 1946 total. Reduced production is reflected more significantly in the sows, taking that group; and in the number of sows bred to farrow in the spring. Now, going on from there, and I am simply quoting the Dominion Bureau of Statistics report; going on from there it is true, is it not, that the slaughtering of hogs have increased quite considerably in 1948, over the same period in 1947?—A. Yes, I think that is true.

Q. Is the result of that going to be that we can assume that there will be a considerably smaller hog population this summer in Canada?—A. That is

from last year's report?

Q. Yes.—A. Of the population of the hogs in the country?

Q. In the country.—A. Personally I have given the opinion—I do not know how to answer that except this way-I have given the opinion that at no time during this year will the number of hogs that come on to the market be less than the corresponding period of last year.

Mr. Fleming: That is the marketings. This is about population.

The WITNESS: Well, when you come to give an estimate I would not attempt to give an estimate on the hog population of the country.

By Mr. Dyde:

Q. Can I help you. I do not mean that I want you to give an estimate of how many hogs there would be in Canada in the summer of 1948, but I have already suggested to you that our hog population was down as at December of 1947, below what it was in 1946. Then I have an exhibit here, No. 97, which shows the inspected slaughterings of livestock. I make one qualification, that perhaps I should have taken the gradings instead of the inspected slaughterings, but I have got the inspected slaughterings; and in the column under "hogs" I find that in the week ending January 3, there were slaughtered in Canada, inspected slaughterings, 69,000 odd as against 38,000, the year before; the week ending January 10, 163,000 odd as against 165,000 odd in 1947. Now, that was a slight fall. Then I find, January 17, inspected slaughterings, 143,000, as against 82,000 odd the year before; and in the week following, 121,000 odd as against 80,000 odd. In other words, I am driven to the conclusion and ask you if I am correct; I am driven to the conclusion that our hog population is falling rapidly. Now, would I be wrong in that?—A. Yes, you might be.

Q. Why would I be wrong?—A. You will recall that at the beginning of 1947, there was a contract made with the United Kingdom by which the price was increased from \$4. \$2. of that was made effective I think on the 13th of January, 1947, and the other \$2, was as I recall it and as the statements were made, was to be put on the list on the 1st of September of that year; and was given by the United Kingdom for the sole purpose of increasing volume, and producers were asked to increase the production of hogs. They do show the marketings that have taken place and I have no hesitation in saying as a result

of that encouragement to increase production.

By Mr. Fleming:

Q. Do I understand then that you are saying that the increased marketing of hogs which begins on exhibit 97, with October 25; previous to that point marketings for 1947 were less than in 1946, but beginning October 25, marketings in 1947 of hogs outran those of 1946 consistently right down to the present time?—A. Yes.

Q. Do I understand what you are saying to be this; that the increase in marketings might not reflect a reduction in hog population, that there might be increased production?—A. Well, if you are going to have marketings continue week after week, right on through, the hogs must be back in the country so they

can come out. The population must be there.

By Mr. Thatcher:

Q. You are speaking for Ontario only?—A. No; these figures apply to the whole of the dominion.

Q. I would like to question you on that, because, as far as the prairies are concerned, Saskatchewan last year—in 1939, at least, marketed 314,000. By 1944 it had increased to 1,934,000 odd and last year it dropped from that 1,900,000 odd down to 434,000. Manitoba showed the same striking decrease in hog production. Alberta the same. Alberta dropped from 2,981,000, down to a mere 103,000. Now, you may be quite correct as regards Ontario, but as

far as the prairies are concerned, production has dropped tremendously over the last year or more.—A. There was a real increase in Ontario, Quebec and the Maritime Provinces.

Q. I beg pardon?—A. There was a real increase in Ontario, Quebec and the Maritime Provinces. I think probably the province of Quebec showed the

largest increase of any province.

Mr. Fleming: May I ask, Mr. Dyde, are there any official figures available on this question? I can see the witness' point that the marketings alone may not give the population figures.

Mr. Dyde: There are no recent figures. The most recent ones are the ones from which I have quoted.

Mr. Fleming: I suppose only time will tell whether the increased marketings will reflect a decrease in population or an increase in production?

By Mr. Irvine:

Q. Are there any figures showing the marketing of sows?—A. Yes.

Q. Would not that be a better means?

Mr. Dyde: It might be.

Mr. McCubbin: You may be marketing one sow and breeding another. You cannot figure it out that way; that will give you no lead.

Mr. Dyde: I have endeavoured to get better figures but I must confess that I have not got the most recent figures.

Mr. IRVINE: It is true a man may market one sow and breed another—that procedure is going on constantly—but if you found that in one year there were more marketings of sows, it might be a significant feature.

By Mr. Dyde:

Q. Have you any figures, Mr. Tummon, which would be of help to us in that respect?—A. Well, in 1947—

Q. You are quoting from what?—A. I am quoting from the latest report

from the marketing branch of the Department of Agriculture.

The CHAIRMAN: Yes, but you have already stated that will not give us the estimated population.

The Witness: Mr. Chairman, I myself get about three or four inquiries from the Dominion Bureau of Statistics each week, asking me to supply information with regard to certain things in my neighbourhood. I sit down and make an estimate of what I think the situation is. Sometimes I cannot give them any figures at all because I just cannot get the information. The Dominion Bureau of Statistics estimate is made up from such information as I give and others give, and I think that it is only an estimate although it is as accurate as is possible under the circumstances.

The CHAIRMAN: As to population. The WITNESS: Yes, as to population.

Mr. Fleming: I do not think any figures they have ever turned out purport to be more than estimates.

The WITNESS: No.

The Chairman: You would think the provincial departments of agriculture would have that information through their agricultural offices?

The WITNESS: They can only give an estimate.

The CHAIRMAN: Yes, but it would be a fairly good working estimate.

Mr. McCubbin: It is very difficult, Mr. Chairman. You cannot tell in any season how many sows are bred.

The WITNESS: Not without visiting each farm.

The CHAIRMAN: Well, you can tell about votes; why could you not tell about hogs?

Mr. McCubbin: Votes and sows are different things.

Mr. Dyde: Well I think, Mr. Tummon, you were in the middle of giving us some figures?

The Charman: I just want to make one observation that may not be evidentiary. Mr. Thatcher was talking about figures on hog production in the west and certain other places showing decreases, and one might reasonably inquire whether the political atmosphere had anything to do with that decrease?

Mr. THATCHER: Well if we were going to talk politically-

The Chairman: I just wanted to make that observation, but it is not evidentiary.

Mr. McCubbin: They are paying too much for coarse grains and wheat in the west and they just went out of the hog business.

Mr. Thatcher: That is not the way I would answer the question.

Mr. Fleming: Is not the farmer population decreasing?

Mr. Thatcher: There is a hog producers association coming from the west, is there not?

Mr. Dyde: That is correct.

Mr. THATCHER: They will give us some information.

By Mr. Dyde:

Q. There is another sentence, which I might read from the Dominion Bureau of Statistics survey from which I quoted a few moments ago and it is this: "A decrease of 33 per cent in the estimate of the number of sows bred in the month following the survey indicates further reduced production." This estimate, however, is based on intentions reported by farmers at the beginning of last December.

Mr. Fleming: Which December is that?

By Mr. Dyde:

Q. Reference there is to December 1946 when he talks about the 1946 hogbarley ratio reaching a low of 14·9 in December 1947 which was the lowest ratio since May of 1947. Decreases of 41·5 per cent to 35 per cent in the spring pig crop are forecast for Quebec and Ontario respectively. That is their estimate. Now would you give us those figures, Mr. Tummon that you were intending to give a moment ago?—A. This is from a page of my report to the annual meeting of our association on March 10 and 11, and I took the different counties of old Ontario. That does not cover the districts up north because there are only a couple of thousand hogs marketed in that whole district. There were 74,057 sows marketed in 1946; there were 104,368 sows marketed in 1947; the number of sows graded—that is sold—in excess of 1946 was 30,311; the figure for sows graded in relation to the total production of hogs in 1946 was 4·19 per cent; the figure for sows graded in relation to the total production in 1947 was 5 per cent. There was not such a great difference actually—there were a lot more sows marketed, but the percentage in relation to the total number of hogs was not a large figure.

Mr. Fleming: Are those figures for the whole of Ontario?

The WITNESS: Old Ontario, and really the producing areas in Ontario.

Mr. Mayhew: That in your opinion would be a better indication than taking the number of sows themselves?

The Witness: There are a lot of producers, directors of our association, who do not agree with me but I still contend and believe, with regard to the marketing of hogs, that the figures will at no time go below the corresponding period last year, and I look for considerable heavy marketing next fall.

Mr. THATCHER: In Ontario?

The WITNESS: Yes.

By Mr. Dyde:

Q. Would you proceed on that page of the brief and there is a small point, Mr. Tummon which I would like to have made clear. Just before you start to make suggestions in your brief you say "Most hogs go to market on trust as to price." I think perhaps you forgot to tell the committee, when you gave that information to the committee, that you have the government grader in the plant have you not?—A. Yes.

Q. So that when you say they go on trust as to price you have the grader

there and he is in fact protecting your interest?—A. As to grading, yes.

Q. And therefore as to the price which you get?—A. No, he has nothing to

do with the price.

- Q. No, but you get a certain price for a certain grade and you have spoken to us about an understood price—A. The processor must pay on the grade of course.
 - Q. So you are not just trusting to the packer? Mr. Thatcher: Are they weighed beforehand?
- Mr. Dyde: You are trusting to the packer to pay the money but it is not the packer that sets the grade on the hog?

The WITNESS: No.

Mr. Thatcher: Who weighs them? Does the packer weigh the hogs?

Mr. Dyde: How does the hog go through? Is the grader not right there?

The WITNESS: He grades them on the rail.

Mr. THATCHER: Who weighs them?

The Witness: They have to be weighed and I think they go through an automatic weighing machine and as they go along the ticket is automatically punched.

By Mr. Dyde:

Q. I want to be sure we understand what you mean by "on trust as to price."—A. What I meant was this. Before the present system of rail grading came into effect, the farmer bargained for the sale of his hogs on his farm. He knew what price he was going to get "live weight" before they left. At the present time with rail grading the hog leaves the farmers' premises, goes to the packing house, is slaughtered, dressed, hung on the rail, before the grade is established and before the price is decided upon and the ownership of the hog changes place. Not one man out of five in the province of Ontario today knows when his hog leaves his premises what price he is going to get, nor does he know what grade he is going to get. Therefore, they go on trust. For that reason, I have said I believe it is all-important that the minimum price be just and be fair.

Q. Yes, and I do not think, if I understand you rightly, that you are really criticizing the method of grading?—A. No, no, but understand that price is a minimum price. It is a minimum price that the processor must pay for that grade of hogs. If that minimum price is too low by 10, 15, or 25 cents, then

the producer stands to lose that amount.

Mr. WINTERS: How is the identity of a hog maintained from the time it leaves the producer until it gets to the rail?

The WITNESS: By tattoo—tattoo on the shoulder.

Mr. McCubbin: Do you not think the majority of farmers are more satisfied under this system than under the old system?

The Witness: Absolutely. If a vote was taken today among our producers they would vote overwhelmingly in favour of rail grading, and they would do so because they know it is the only way in which they have been able to raise the quality of their hogs. I am not just sure, but it runs in my mind that live grading started in 1921 or 1922 and there was scarcely any progress made in quality in ten of fifteen years. There has been more progress made under this new system in a few years than there was in the previous fifteen years.

By Mr. Dyde:

Q. Would you go on to No. 3 of your suggestions where you recommend that the wholesale prices should be published bi-monthly? May I ask if that publication would be feasible or practical with respect to pork? Wholesale cuts are not matters with which the ordinary consumer is familiar; am I not right about that? The average housewife does not know much about wholesale pork cuts does she?—A. She knows about pork chops.

The CHAIRMAN: You are saying that, Mr. Dyde, because you are not married.

Mr. Dyde: I am pratically in the position of a housewife myself, having to buy all my own groceries.

Mr. IRVINE: Would this not be more helpful to the producer of hogs than to the housewife?

By Mr. Dyde:

Q. I am just wondering what we would gain by this measure. I am sure, Mr. Tummon can tell us? The housewife knows about the price of bacon—you are quite correct there—but could she, if she saw the wholesale prices published, say to the butcher that he was charging too much for that particular cut?—A. Well, if she was buying some particular cut from the butcher and she did not know what is was, she could ask him what it was and then she could go home and find out from the list which had been published whether the price was too high.

Q. It would be necessary for her to have a list of the wholesale pork cuts and to be completely familiar with them?—A. I would say the greatest amount of pork which changes hands consists of shoulders, hams, bacon, tenderloin,

and pork chops.

Q. Yes?—A. Now pretty nearly every housewife knows about those cuts. Q. Are those the wholesale cuts? I see on exhibit No. 94, wholesale and retail prices, that they talk about fresh loins, and they talk about casing back?—A. Is that wholesale?

Q. Wholesale, and they give the wholesale price for casing back. Now does the average housewife know what casing back is or would she require to

be told?—A. Yes, I presume she would require to be told.

Q. And is it not fairly complicated?—A. To a certain extent perhaps it is, but after all is said and done my whole thought in that suggestion is that I believe that with the additional publicity there would be greater confidence. I made the statement in my brief that any person who adds anything with regard to services is entitled to a fair and just return. Now if the housewife knows that the price which the producer receives—and I do not see why it would not be possible to publish those prices a couple of times a month with respect to hams, shoulders and such cuts—greater confidence on the part of the housewife would come from that publicity.

Mr. Fleming: The figures might not mean very much to the average consumer but they might mean a great deal to the producer?

The CHAIRMAN: Yes.

Mr. Fleming: Would it be of eventual value to the consumer if the producer had those figures?

The Witness: Yes it would be, because when we see the prices of meat being sold as it was shortly after the 1st of January, remembering that the producer received about \$27.50 on a 100 pound carcass—and bacon was selling anywhere from 90c to \$1.00 a pound—we would perhaps wonder just what was taking place. There was a statement made by some of the retailers that they were buying pork at a certain price and requiring to make 23 cents a pound on a pound of bacon. Now the producers just canont realize that it requires 23 cents to retail a pound of bacon and we think there must be something wrong with the distribution process.

Mr. Thatcher: Has your association figured out how much of the consumers' dollar you get?

The Witness: No, because we cannot tell what the consumers' dollar is.

Mr. Fleming: Where did you get that figure of 23 cents retail mark-up on a pound of bacon?

The Witness: Well, one of the retail butchers stated that figure in a Toronto city paper—the Toronto Star.

Mr. Thatcher: Would it be fair to say the producers do not feel that they are getting enough of the consumers' dollar?

The Chairman: You should never ask a question when you may reasonably expect an unfavourable answer.

Mr. Fleming: Perhaps it is an explanatory answer.

Mr. Thatcher: Can you explain that? Would it be fair to say that the producers feel that they are not getting a fair share of the consumers' dollar at the present time?

The Witness: When it comes to prices like that we feel we are not getting a fair share.

Mr. Dyde: Mr. Chairman, I have no further questions of this witness.

Mr. Thatcher: I have just one or two general questions.

By Mr. Thatcher:

Q. I wonder if Mr. Tummon could say—and I am pursuing the line of questioning followed the last time he was here—whether the producers have found any evidence of collusion in price setting among the large packing companies? Have you any indication whatever that when the packers go out to buy your hogs or cattle that, to a certain degree, they do not bid against each other? Is there anything along that line of which you have evidence?—A. No, I have no evidence.

Q. Do you think there is competition between Swift's and Canada Packers?

—A. I think that one of the big companies sets the price and the others have to

follow.

Q. In other words you do not think there is any competition?

Mr. Lesage: Would you mind speaking a little louder, Mr. Thatcher?

Mr. Thatcher: I was trying to establish whether Mr. Tummon thinks that Canada Packers and Swift's might get together in setting prices?

The CHAIRMAN: And the witness says one big company generally sets the pace and the others follow.

By Mr. Thatcher:

Q. Do you happen to know whether most hogs are sold direct to the packers or go through the livestock yard?—A. In Ontario I would say at least 85 per

cent of the hogs go directly into the packing houses.

Q. And just one other question. Have you found in Ontario that your co-operative organizations have been able to materially affect the price at all? Have you found it particularly effective in that regard?—A. Well, yes, I think we have been able to make considerable progress.

Q. Through the co-operatives?—A. Particularly through our hog producers marketing scheme and our association. We are dealing directly with representatives of the packers, appointed by the packers. Under our scheme every

processor in the province of Ontario must hold a licence to process.

Q. I see?—A. They choose their representative to sit on the negotiating committee with us. All the drovers and such people must be licensed in the

province of Ontario under the scheme which is a marketing scheme.

Q. Yes?—A. We have not got to the point where we have got them all licensed; it has taken some time to do it but we are making headway. Above all, and as much as anything, our producers from one end of the province to the other are more quality conscious than they have ever been, because we feel that we have got to have quality both for domestic markets and for overseas markets.

Mr. IRVINE: I have a question to ask, Mr. Chairman.

Mr. Fleming: I have a question too.

By Mr. Irvine:

Q. Is the price of hogs based on seaboard or delivery at the plant?—A. The price of hogs?

Q. Yes?—A. That is the carcass weight?

Q. Yes?—A. It is the price at the packing plant.

Q. Supposing that the hogs were to be shipped overseas, and much of the pork will be shipped overseas—I was just trying to compare the hogs shipped from the west and those shipped from eastern Canada destined to the English market? The value of the hog would be the same at the packing plant, would it not, whether it was in the east or west?—A. I do not know, I am sure. Q. Less the freight in the west?—A. Probably so.

Q. If they are less the freight in the west the eastern farmer would be at an advantage; or, to put it the other way, the western farmer would be at a great disadvantage—whichever way you want to put it—would he not?—A. I suppose that would be so. At the same time, Mr. Irvine, I would like to remind you, very modestly, that 55 per cent of the grade "A" hogs produced in the dominion come from Ontario.

By Mr. Lesage:

Q. Mr. Thatcher was asking something about the price being fixed by the packers. I understand that the packers set the price for hogs. Is that true? And, is it also true that if the prices are set by the packers, that some of the small buyers coming on to the market trying to get hogs will pay a substantial

increase?—A. Would you mind repeating your question?

Q. Mr. Thatcher was talking about the possibility of independent meat packers setting the price on hogs. He was talking about that. I was asking you if it was possible for them to do that and you said you have never heard of it. Do you know of your own knowledge if there is any great competition between small independent buyers and the large packers in the hog market?— A. I think there is competition. How keen it is, I am not prepared to say.

Q. You are not prepared to say?-A. No.

Q. Do you know of your own knowledge whether or not during the war, during the period of control, the small dealers and independents were offering or paying more on the market, were offering above the price offered by the large packers?—A. That might be so, yes.

Q. Do you know of that?—A. Yes.

Q. Is that still true, or is the reverse happening now?—A. It would be the reverse now, I would say.

Q. That is happening now?—A. Yes.

Q. And the large packers are offering more now than the small dealers; would that be correct?—A. Yes. I think that is probably true on account of the price at which meat is being sold to the consumer today in Ontario, and I think probably in Montreal as well. The domestic processor I think is having some difficulty perhaps to pay the price equivalent of the export and sell in the

domestic market at the price of the domestic market.

Q. The large packers are offering a price which is higher than can be obtained on the domestic market at times; that market is higher than what is generally recognized as the equivalent of the export price, which I understand is 28 cents?—A. That is a very broad question, Mr. Lesage. The efficiency of the packer enters into it. There are some plants which are export packers and I would say are tremendously efficient, so much so that they could pay a price to the producer perhaps considerably in excess of what some of the smaller dealers might pay.

Q. That is, meat prices vary on the market and at times some of the large packers would be able to pay as much as \$29?—A. How much did you say?

Q. \$29?—A. Well, there are several things which enter into it beside that. Q. What would they be? I would like to know, because we are going to

- have the packers here.—A. Well, let me try to explain this picture, if you will. From around 1940, or 1939, when the first contracts were made and when the quotas were first put on, quotas were put on all processors, butchers and such like. The amount that could be bought on the domestic market was restricted. There was a hole in the domestic market all the time during the war. The big export packers were given a quota so that they could not supply all their customers whom they had served previously. They could not do it until after October 22.
- Q. What happened then, black marketing?—A. I am not going to say there was black marketing. It is said there was something like that.

Mr. Fleming: You have heard it said?

The Witness: I have heard it talked about. There was that, of course.

By Mr. Lesage:

Q. Well, if the small dealers were bidding over the export price the only answer would be that there was a black market in the business.—A. Well, all

right.

Q. Do you agree with that, that is what happened?—A. I am under oath. I am not going to swear there was a black market because I do not know that. They say there was, but I had no contact with it and do not know anything about it, therefore I cannot say.

Q. I know, but the only logical conclusion is that there was a black market.

—A. I suppose that is a logical conclusion.

Q. And then what happened?—A. If you don't mind, I wanted to go on

to another point.

Q. Yes, please.—A. These export packers had been held down on that quota all during the war. They could not supply the retail customers they had and they lost them. The so-called black market fellows stepped in and took these customers. Now, after October 22, quotas were off, ceiling prices were off, they

could put all they wanted to into the domestic market; I mean, these export packers. I think it is a very natural thing for these people to do; to go out and get back some of the customers they lost before, and probably by paying 25 cents extra per hog—that is one way of doing it.

Q. That is it. That is what the large packers did. They paid a price that no small operator could pay in order to get back their trade.—A. Probably so.

Q. Now maybe they cut their own throats, that is what it amounts to, these small fellows.—A. I do not think any legitimate domestic packer who was in the business when the war started has been put out of business.

Mr. Fleming: Did he say "will be"?

Mr. Lesage: No, "has been."

Mr. Thatcher: I agree with Mr. Lesage's conclusions, I think-

Mr. Lesage: I did not make any conclusions. I asked questions. You are making the conclusions. You are making the conclusions, Mr. Thatcher.

The CHAIRMAN: Let us withhold our conclusions until we have heard the evidence.

Mr. Lesage: I was asking questions.

By Mr. Fleming:

Q. Mr. Tummon, during the war what was the relationship between the export price and the domestic price as far as producers' interests were concerned?—A. Well, it was generally understood that the domestic market was a

little more profitable than the export market.

Q. Why?—A. Well, I don't know. There might be certain reasons for that. The Wartime Prices and Trade Board in setting their prices in a restricted market when both wholesaler and retailer were restricted as to amount might have considered that the price should be a little above what it would be if they had all the volume. That might be one reason. I do not know that it was. It might be possible, too, that the meat that went into the domestic market might not need to take a cure.

Q. That is to say that the meat that was going on to the export market was cured meat, and a large proportion of the meat was consumed on the domestic market was not cured?—A. I cannot tell you that. You have to get that

from the packers.

Q. You are assuming that a substantial part of it would be sold uncured

in the domestic market?—A. The greater proportion of it would be, I think.

Q. Were there any other known factors in this differential—you are speaking now of the period during which meat was under ceilings-now, what is the situation today in that regard? Can you draw any relationship between the export and domestic price so far as the processor is concerned, as between when the ceilings were on and after they came off?—A. I do not know that I just get what you mean, Mr. Fleming.

Q. You have indicated that during the war when marketing was not entirely free there was probably more advantage to the producer to be gained through marketing domestically than in the export market. That is while the ceilings were on. Now I am asking you for information as to the same matter applied to the period since the ceilings were removed?—A. Well, since the beginning of the year I would say that the export market was the better of the two; if that is what you mean.

Q. With the prices now effective?—A. It is the export market that is holding

the price for the producer today.

Q. What about the Canadian consumer; the same thing?—A. Well, I hesitate to give an opinion on the price of meat to the consumer because I am not in the habit of cutting up hogs. But from general observation, I am just

giving you an opinion. I would say that the price of meat being sold to the consumer in Ontario today, and I think Montreal, is below the equivalent export value.

Mr. Lesage: That is good.

Mr. Fleming: I think they have stated already that the effect of the price set under the United Kingdom contract was to raise the domestic retail price substantially.

The WITNESS: The price that was paid to the producer is the same whether his hogs go into the domestic market or whether they go to the export market.

The CHAIRMAN: But Mr. Fleming's question was, if it had not been for exports since the war there would have been a reduction in the domestic price.

Mr. Fleming: And we are dealing now with the period following the lifting of the ceilings.

The CHAIRMAN: Yes.

By Mr. Fleming:

- Q. Now, I am speaking about this last bacon contract. I understand, we have told already that when the new contract was announced it had the effect of raising the domestic price considerably. You are aware of that Mr. Tummon?— A. Yes.
- Q. Has that been reflected in any respect thus far in increased prices to the producer?—A. You mean this last price of \$36.

Q. Yes.—A. Oh, yes. Q. Have you been getting a fair share of the increased price which followed the new export price in the U.K. contract?

The CHAIRMAN: His answer is, yes. Mr. Fleming: He didn't say that.

The WITNESS: I think the understood price was about \$23 to the producer previously to the 1st of January, that is the Toronto, f.o.b. price—previous to the 1st of January, 1947; and the understood price now f.o.b. Toronto is \$28.50.

Mr. Dyde: You will find those prices indicated in Exhibit 96, page 2, where we find the average prices paid over the period, at Toronto, from August, 1947, down to March of 1948; and they indicate in December the price—and this is for B-1—the prices in December ran, \$22.60, \$22.72, \$22.85, \$23.60, and then up to \$28.10.

Mr. Lesage: I think, Mr. Dyde, the answer to Mr. Fleming's question is on page 7, on Mr. Tummon's brief, in paragraph 4.

Mr. Dyde: It is also in Exhibit 92, is it not?

Mr. Lesage: Possibly it is.

By Mr. Winters:

Q. If I may ask one question, Mr. Chairman, on the subject which we have just been discussing? There must be situations where the hog processor sells directly to a local butcher, the small local retailer. In that case would not the fact that the retailer who is a butcher was selling at the prevailing price would be in a position to charge a good mark-up, and also pass on to the producer a better margin than the packer could? That is a fair implication?— A. Yes, I would say that might be so.

Q. That is one position where the small hog producer when he sells direct to the butcher might be in a better position than a producer who sells to a packer?—A. Those hogs that go to the small butchers are sold as a rule live

weight.

Mr. McCubbin: No notice is taken of them?

The WITNESS: No, the farmer usually gets a price sufficient to cover him.

Mr. Lesage: But in the small communities where hogs are marketed that way is it not a fact that the consumer generally pays a little less for his meat from the butcher, is not the price lower?

Mr. WINTERS: I do not think that is a safe assumption in all cases.

The WITNESS: I would not want to go that far.

By Mr. Mayhew:

Q. I would like to ask if the witness thinks the increase in the price of hogs has been sufficient to take care of the increase in the price of grain?—A. Just puts the producer in the same position he was in before the increase took place.

Q. But what I want to know is this, it was sufficient to take care of that?

-A. Yes.

By Mr. McCubbin:

Q. Did you say that the price to the producer is the same now as it was

before this new contract came into effect?—A. To the producer?

Q. Yes.—A. No. What I am saying is that the producer now is just about in the same position he was in before the subsidies on grain and such like were taken off.

Q. Do you believe that?—A. Certainly, I believe that.

Mr. Fleming: It is time for another Liberal caucus, I think.

Mr. Lesage: When you say he is in the same position as before, as of what time have you in mind?

The WITNESS: I meant in September.

Mr. WINTERS: He is better off now than he was in January, 1947?

The WITNESS: Which?

Mr. Winters: The producer.

Mr. McCubbin: He is a lot better off than he was in September.

The Witness: He might be to a certain extent, but there is not much difference now.

The Chairman: Thank you very much, Mr. Tummon, for your very excellent evidence which is very much appreciated by the committee.

Stewart A. Brown, President of the Ontario Beef Producers Association; Chairman of the Eastern Beef Producers Association; and Vice Chairman of the Dominion Beef Producers Association; Shedden, Ontario, called and sworn:

Edward M. Bateman, Secretary Treasurer of the Ontario Beef Producers Association, Mount Brydges, Ontario, called and sworn:

The CHAIRMAN: All right, Mr. Dyde.

Mr. Dyde: Before you read the brief, which you have brought with you gentlemen, I would like you to give the committee your occupations and addresses. Mr. Brown, your home address?

Mr. Brown: Shedden, Ontario; that is in western Ontario.

Mr. Dyde: You are a farmer?

Mr. Brown: Yes.

Mr. Dyde: You have a farm of your own?

Mr. Brown: Yes.

Mr. Dyde: What size? Mr. Brown: 800 acres.

Mr. Dyde: And in addition to farming in your own right do you occupy certain official positions in the Beef Producers Associations. Would you tell the committee what they are, please?

Mr. Brown: President of the Ontario Beef Producers Association, Chairman of the Eastern Beef Producers Association, and I am Vice Chairman of the Dominion Beef Producers Association.

Mr. Dyde: Would you describe to the committee please how these associations are made up?

Mr. Brown: The Ontario Beef Producers is made up of directors from each county, 38 directors from Ontario. These men assemble at Toronto once a year and an executive is picked out of this group of men. Each county has its own beef association formed in each county; and an executive of seven is picked from this group to represent the beef producers of Ontario. In the Eastern Association three members are from Ontario and three members are from Quebec; and the Maritimes form an association and an executive is picked from that association; and there are three members picked from the Eastern Association along with the four members from the Western Association to form the National Beef Council for the Dominion of Canada.

Mr. Dyde: And, generally, what are the objectives of the association?

Mr. Brown: To work in the interests of the beef producers in the province and in the Dominion of Canada, and to represent them at meetings, and so on.

Mr. Dyde: Mr. Bateman, would you give the committee your home address?

Mr. Bateman: Mount Brydges, Ontario.

Mr. Dyde: Are you a farmer?

Mr. BATEMAN: Yes sir.

Mr. Dyde: You have a farm, of what size?

Mr. Bateman: I operate, along with my father, about 1,000 acres.

Mr. Dyde: And in addition to your being a farmer you are an officer of one of these associations, are you?

Mr. Bateman: I am Secretary Treasurer of the Ontario Beef Producers Association.

Mr. Dyde: Do you hold any other office?

Mr. BATEMAN: No, that is all.

Mr. Dyde: Mr. Chairman, these gentlemen have brought a brief and I think perhaps it might be well not to start on that brief with only three minutes of this session remaining.

The CHAIRMAN: We will adjourn until 4 o'clock.

The meeting adjourned to meet again this afternoon at 4.00 p.m.

AFTERNOON SESSION

April 19, 1948

—The meeting resumed at 4.00 p.m.

The CHAIRMAN: The meeting will come to order.

Stewart A. Brown, President of the Ontario Beef Producers' Association; Chairman of the Eastern Beef Producers' Association; and Vice-Chairman of the Dominion Beef Producers' Association; Shedden, Ontario, recalled:

Edward M. Bateman, Secretary Treasurer of the Ontario Beef Producers' Association, Mount Brydges, Ontario, recalled:

Mr. Dyde: I understand, Mr. Chairman, that Mr. Bateman will read the joint brief and then Mr. Brown will answer questions. Mr. Bateman, will you proceed to read the brief?

Mr. BATEMAN:

BRIEF FOR PRESENTATION TO THE PARLIAMENTARY PRICE COMMITTEE OF THE ONTARIO BEEF PRODUCERS' ASSOCIATION

1. Constitution of the Ontario Beef Producers' Association

The Ontario Beef Producers' Association is a federation of county Beef Producers' Associations. Local associations have been organized in each Ontario county where beef cattle are produced to any great extent. To date 38 counties are represented. The director from each county is elected by popular vote at a duly organized beef meeting in the county. The affairs of the latter association are managed by an executive committee consisting of seven members elected by a majority vote of the directors from among their number. The association was organized for the purpose of promoting the welfare of those engaged in beef production, and in striving to obtain that objective co-operates with and has membership on the Board of Directors of the Eastern Canada Beef Producer's Association.

2. Type of Beef Production Pursued in Ontario

There are three main types of operators engaged in beef production in Ontario: (a) In the northern part of Ontario a great many men raise feeder or stocker cattle, and sell them to individuals in other parts of the province for finishing. These men own or have access to large acreages of rough land that will produce reasonably large quantities of hay and pasture but is not suited for the production of cereal grains so necessary in finishing cattle. In general practice most of the calves in these herds are born in the early spring months. Cows are milked, cream separated and sold, while the skim milk is retained for feeding calves, and in some instances pigs and poultry as well. The lactation period of the cows corresponds to the pasture season, following which the whole herd, that is, cows and calves alike, are wintered on roughage. Subjected to such conditions calves make little gain in weight during the first winter but they develop bone and muscle and invariably add poundage when turned on pasture as yearlings. It is customary for owners to market each calf crop

in the late summer or early fall months of the year following birth. Animals are about 18 months of age when sold. (b) A great majority of the beef producers in Ontario produce and finish their own cattle. They are able to do so because their farms are suited for the production of most of the feeds required to grow and finish cattle. Following the harvesting of an exceptionally good erop these operators may supplement home livestock production by the purchase of feeders from various sources. They look upon cattle as the medium for marketing hav, grass and other roughage that might otherwise be unsaleable. Furthermore cattle are considered the most economical medium through which cereal grains may be merchandized. As in the case of the northern Ontario operator, cows are milked and the cream sold, hence income from the cattle herd is divided between the revenue obtained through the sale of cream and finished cattle. A small minority produce baby beeves. Where such practice is followed there is no revenue from cream as the calves consume that product during the process of nursing. (c) The third type of beef producer is represented by the individual who purchases feeder or stocker cattle in the fall of the year and fattens them with the feeds produced on his own farm or purchased. The majority so engaged reside in southwestern Ontario and a fair portion of their farms is devoted to the production of cash crops such as corn, tobacco, and crops used by canners for processing. In order to maintain the soil fertility required to produce cash crops, these men must keep adding fertilizer and humus to the land. It is also essential that a certain percentage of their acreage be in hay and pasture each year. A comprehensive program which embraces maintaining soil fertility and utilizing hay and pasture efficiently necessitates the maintenance of some cattle, and purchasing of feeders every fall is best suited to such a program. In some instances the individual actually finishes cattle on grass. Sometimes this is done as a regular practice, in other cases as a natural outcome of dissatisfaction over prices prevailing at the time cattle would otherwise be marketed.

The individual who pursues this type of beef production is engaged in a highly speculative enterprise. Profit or loss depends on a number of factors but chiefly upon the price paid for feeders and the selling price of the finished cattle. Most feeders agree that a spread between feeders and finished cattle of at least two cents a pound is necessary. The following table reveals the relationship that has existed during the years 1946, 1947 and the two months of 1948.

Monthly Average Price-Ontario Stock Yards, Toronto

Month	194	18	194	17	194	6
	Stockers	Steers	Stockers	Steers	Stockers	Steers
January	\$13.01	\$15.21	\$11.90	\$13.36	\$10.15	\$11.88
February	13.22	15.29	12.89	13.96	10.30	12.10
March			12.78	14.24	10.81	12.12
April			13.12	14.66	11.69	12.28
May		** ***	13.76	15.04	11.62	12.60
June			14.24	15.28	12.09	13.89
July	/		12.42	14.47	11.43	13.22
August		** ** **	11.64	14.02	11.19	12.54 12.35
0-1-1	****	** **	11.74 12.68	13.92 13.70	11.03	12.33
NT 1			12.52	13.70	11.72	12.20
December			10.65	14.19	11.75	12.61

N.B. Average price quotations cover good stockers or feeders. Good steers up to 1050 lbs.

It will be noted that on the average a favourable relationship appears to have existed, that is, good stockers purchased in the fall of 1946 if well wintered would have appreciated in value by at least two cents a pound if marketed the following spring. Similarly there is reason to believe that the same favourable relationship will exist during the present feeding season. This situation has been created as a result of U. K. contracts, whereby prices were announced well in advance and producers thereby enabled to purchase accordingly.

3. It has been suggested that the recent increases in consumer beef prices were caused by an advance in the price of cattle. The table referred to earlier

in this brief records the average monthly price of good steers during 1946, 1947 and the early months of 1948. It will be noted that the prices prevailing in 1948 are little if any higher than in May and June of 1947. If the consumer paid substantially more for beef that increase could not be attributed to any appreciable rise in prices paid to the producer. Moreover present prices are no more than adequate to cover costs of production as will be revealed by the following example.

We have chosen to illustrate our contention by enumerating the various operations and costs of same involved in the feeding of 100 steers purchased in November of 1947 and sold in May, 1948. The average price prevailing on the Toronto market in November was \$12.52. Since the purchaser is required to bear all costs incidental to shipping the cattle to his home the final cost was not less than \$13. In all probability these cattle were placed on a modest grain ration for the first two or three weeks, but at the end of that short period would be fed at the rate of 10 pounds of grain ration per day. In addition these cattle would consume at least 20 pounds of silage and 10 pounds of hay a day. When fed at this rate the owner would expect the cattle to make an average gain of $1\frac{3}{4}$ pounds per day.

For purposes of illustration let us assume that the cattle were fed for a period of 180 days. In view of prices prevailing at present it is within the realm of possibility that these cattle will sell for \$16 per hundred weight at the time of marketing. During the 180 days the total feed consumption will be

as follows:-

Ensilage—20 lbs. per animal per day		tons
Hay—10 lbs. per animal per day	90	tons
Grain—10 lbs. per animal per day	90	tons

If the feed lot is equipped with modern conveniences, it should be possible for one man to handle all operations incidental to the feeding of 100 cattle. Herewith follows a statement of the costs:—

100 cattle, average weight 800 lbs. at \$13 per cwt. 180 tons ensilage at \$8 per ton. 90 tons of hay at \$16 per ton. 90 tons of grain at \$60 per ton. Labour—one man at \$3.50 per day.	\$10,400.00 1,440.00 1,440.00 5,400.00 630.00
Total cost	\$19,310.00

N.B.—The cost of any bedding has been charged against the value of the manure.

Statement Relative to Sale of 100 Cattle

Gain in weight per animal at the rate of 1\frac{3}{4} lbs. per day for 180 days—315 lbs.

Average weight per animal at the time of marketing—800 lbs. plus 315 lbs.

—1.115 lbs.

Total weight—100 animals—111,500 lbs.

Total selling price—\$16 per cwt.—\$17,840.00.

It would therefore appear that the operator who fed this group of 100 steers lost \$1,470, even in spite of the fact that his margin between the cost of feeders and selling price of finished cattle was 3 cents a pound, a margin that is much greater than normally exists. If the operator paid more than the average price (\$13 per cwt.) for feeders, and a great many operators did, his loss would have been greater than in the case cited above.

It will be noted that grain constituted the main item of expense in connection with the feeding operations. Previous to October 22, grain prices were subject to ceiling regulations and grain similar to that which now costs \$60 per ton could have been purchased for \$38 a ton previous to October 22. The individual who fed 100 cattle in 1946-47 would have saved \$1,980 on this one

item alone, and thereby would have realized a profit of \$520 instead of a loss of \$1,470. It is only fair to state that had our theoretical operator purchased his feed previous to October 22 he might have accomplished the same results. Unfortunately very few men did as they received no advance warning that grain prices were likely to advance.

It is impossible to give accurate information relative to the cost of producing beef on those farms where producers raise and finish their own stock because of the fact that in most instances a portion of the revenue from the breeding herd is derived through the sale of cream. There doesn't appear to be any fair basis for dividing costs between beef and cream. In the final analysis profit or loss in this type of enterprise depends upon the efficiency of the operator, particularly as it relates to the number of cattle that can be raised and finished with the amount of feed produced on the farm. In the case of a steer feeder, profit or loss can be determined as evidenced by the case cited heretofore.

This type of operator is an important cog in the whole machinery of beef production. He takes thin cattle which would otherwise be slaughtered, and following slaughter yield a small amount of low quality beef, and feeds them high quality feed in an effort to increase their weight and the quality of the meat. In so doing he adds materially to the total quantity of beef produced within the country, also to the consumer demand for beef as a result of the improvement in quality. If this type of individual disappears, and it is quite conceivable that his activities may be greatly curtailed unless he is able to make a profit, the consequences will have a far-reaching effect upon the whole industry. Who will then finish the great volume of thin cattle that are shipped to the markets annually? If these thin cattle are slaughtered and the low quality beef offered for sale, the whole market will become demoralized. As a consequence it is of vital importance that the operations of our cattle feeders be preserved as an integral part of the been industry.

4. Previous to August of 1942 Canada's surplus cattle were marketed in U.S. Since that date surplus beef has been shipped to Great Britain at prices agreed upon by representatives of the two countries concerned. Beef producers have been led to believe that the embargo on shipments to U.S. was instigated at the suggestion of American authorities. When the embargo became effective the U.S. was supplying beef to allied countries and notably Great Britain, under lend-lease. American authorities intimated to our government that the U.S. did not apreciate being asked to purchase our surplus as well as their surplus for shipment overseas. Our producers willingly accepted decisions made at that time believing they were making a voluntary contribution to the winning of the war. Now that $2\frac{1}{2}$ years have elapsed since the end of open hostilities they are beginning to wonder why they should still be deprived of the privilege of selling in that market. With cattle selling in the U.S. at almost twice the price prevailing in Canada, beef producers are eagerly awaiting the day when the embargo will be lifted.

Before concluding it is only fair to state that the U.K. contract system of merchandising has lent a great deal of stability to the industry. Producers appreciate this feature. Cattle production programs cannot be consummated as rapidly as in the case of hogs or poultry. Two or three years must elapse after a cow is bred before her offspring is ready for the market. An entirely different price structure may prevail when an animal is marketed than on the date when it was conceived. Producers well remember the deflation that took place after the last war and would willingly forego extremely high prices

prevailing in U.S. for a greater degree of stabilization. They are firmly convinced that the stabilized price should bear a closer relationship to those prevailing in U.S.

SOLD AT STOCK YARDS, TORONTO

Year	Direct	To	To	To	Total
	to Plants	Packers	Butchers	Country Points	Stock-Yards
1947 1946 1945 1944 1943 1942 1941 1940	149,923 179,815 139,787 109,757 108,846 152,257	$\begin{array}{c} 136,190 \\ 166,212 \\ 214,417 \\ 162,414 \\ 136,462 \\ 162,296 \\ 204,044 \\ 185,006 \end{array}$	96,170 75,298 71,861 43,223 48,958 47,147 39,617 37,801	44,314 51,079 46,827 47,877 49,848 52,738 47,117 63,882	276,675 292,589 333,105 253,514 235,268 262,181 290,778 286,689

Mr. Dyde: Mr. Brown would you please tell the members of the committee the type of grain that is commonly used in feeding cattle in Ontario?

Mr. Brown: It is mostly oats and barley.

The CHAIRMAN: Would you speak louder, Mr. Brown?

Mr. Brown: The grain used in feeding cattle in Ontario is mostly oats and barley.

Mr. Dyde: And the prices which we have received from an examination of the mill feed prices in the Livestock Review show barley meal, and chopped oats. Now is that what is fed to cattle?

Mr. Brown: No, there is some wheat fed but it is only to a small extent.

The CHAIRMAN: That is barley meal, and chopped oats.

Mr. Dyde: Yes, sir.

Mr. Harkness: If I may interject, do not a large number of farmers buy their own barley and oats and grind it up themselves?

Mr. Brown: Some do, and some buy it already ground and delivered.

Mr. Dyde: The reason I asked that question was that on page 4 of your brief towards the bottom of the page you mention two costs per ton. You say:

"Previous to October 22nd grain similar to that which now costs \$60.00 per ton could have been purchased for \$38 a ton."

That does not quite coincide with our exhibit 98 on mill feed prices. I wonder if you can explain that. Our exhibit 98, which you can look at as I look at it, shows that in October, 1947, barley meal was selling at \$54.25. It did go up as high as \$71, but it is now down to \$62.20. Perhaps your figure of \$60 is not very far wrong, but I am wondering where the figure of \$38 comes from.

Mr. Brown: I think maybe that was the amount for the year before, the feeding period in 1946 and 1947.

Mr. Bateman: I believe in the summer of 1947 it was down around \$38, was it not?

Mr. Thatcher: Would the difference not be that one is barley meal which is processed by a mill and the other is pure barley?

Mr. Dyde: I should like to find out.

Mr. THATCHER: Would that not be the reason for that?

Mr. Dyde: Perhaps it is. How do you buy your feed grains, Mr. Brown?

Mr. Brown: Well, they are bought in two different ways. Some buy the grain and put it through their own hammer mills or grinders or rollers such as they have. Others buy it ground by the mill and delivered. If you buy in 5-ton lots you can buy this grain ground and delivered for \$2 a ton which is cheaper than you can grind it yourself.

Mr. Dyde: According to exhibit 98 I only go back on that to August 2nd, 1947, but the barley meal and chopped oats prices at that time were still the ceiling prices, \$52.75 in each case. Was it cheaper than that earlier in the summer time?

Mr. Brown: I have not the exact figures, but on the two feeding periods comparing 1946 and 1947, speaking from my own personal purchases, and from buying feed, my feed cost me \$38 a ton delivered to the farm, my feeding farms, over that period. In this past year, in 1947 and 1948 it cost from \$60 to \$64 per ton.

Mr. Dyde: You know that from your own purchases?

Mr. Brown: That is my own purchases.

Mr. Dyde: Unless it is the milling you are not able to explain to me where our figures disagree or why they do?

Mr. Brown: Taking this into consideration I think this is for the period before the later last year period, the two-year period, like the 1946 and 1947 period, and 1947 and 1948. Have you got your costs in 1946?

Mr. DYDE: No.

Mr. Brown: You have not the cost there?

Mr. Dyde: You think that may be the explanation, that the \$38 is over a longer period including a period back beyond where our exhibit 98 goes?

Mr. Brown: Yes.

Mr. IRVINE: Are these figures for Ontario?

Mr. Dyde: These figures are for Ontario in exhibit 98, yes. The reason I ask that, Mr. Brown, is that I see from your brief that the cost of grain is a very important part of your costs in feeding cattle, and I wanted to become as accurate as I could about it. You show us that 90 tons of grain at \$60 is \$5,400, and a variation of a fairly small amount will mean a great variation in the amount when it is multiplied by 90 tons.

Mr. Brown: That is quite right.

Mr. Dyde: Now, one small question. Is the average weight of a stocker 800 pounds?

Mr. Brown: From the government statistics, the statistics from Ottawa, we find that the largest number of cattle average around 1,050 pounds. That is for feeder steers. They are sold in the market, but as explained in the brief there are two or three different ways of feeding. Some people buy these cattle from the western rancher and they are finished here and go into a higher weight.

Mr. Dyde: Perhaps I should have put my question this way. What does the Ontario feeder like to get, a stocker, at what weight?

Mr. Brown: I would say they would run from 800 pounds to 1,100 pounds, according to the type of feeder he has.

Mr. Dyde: So that we cannot fix it as being an average of around 800 pounds?

Mr. Brown: No.

Mr. DYDE: That is low? Mr. Brown: That is low.

Mr. Lesage: As far as the price of barley, No. 1 feed, is concerned, it looks to me as if we can get it in the Canadian Statistical Review.

Mr. Dyde: I think you may be able to.

Mr. Lesage: At page 83.

Mr. Dyde: I have one other question with regard to that particular matter, Mr. Brown. In your hypothetical problem you have taken the average price

of a stocker on the Toronto market as \$12.52 in November. I notice on your own table in December of 1947 that same animal was \$10.65 instead of \$12.52. Is December too late to buy one of those animals?

Mr. Brown: The majority of the feeder cattle are bought in the fall season, any time from August until December. December would be the later end of

your purchases.

Mr. Dyde: In August your figures show it was \$11.64, in September \$11.74, and then it goes up to \$12.68 and then down to \$12.52. You have not chosen the top figure in your estimate, but also you have not chosen the bottom figure?

Mr. Brown: No.

Mr. Dyde: Is that a fair average, \$12.52, looking at these figures? Mr. Brown: Yes. You see your large period of buying is in October.

Mr. Dyde: Yes?

Mr. Brown: The larger amount of cattle that come in to feed are fed at that time because a lot of people that have no pasture put them directly into the stables in October.

Mr. Dyde: So that a larger portion would have been bought in October?

Mr. Brown: Yes.

Mr. Dyde: And is December a late buying month for stockers?

Mr. Brown: Yes.

Mr. Dype: That is late, is it?

Mr. Brown: That is late.

Mr. Harkness: There is another factor, is there not, that by December anybody who had not bought was holding off. The price of grain was away up to what it had been previously before the ceiling came off, and he was a little nervous in many cases about making any purchases of stockers then?

Mr. Brown: And another fact there is the better class of cattle are being picked up earlier in the season. When you get into that later part of the season you get cattle that have been culled over to a certain extent.

Mr. Dyde: Going a little further down on that page you draw a comparison between the prices prevailing in 1948 and those in May and June of 1947. You say that the prices in 1948 are little, if any higher than in May and June, 1947.

Do you see that sentence?

Mr. Brown: Yes.

Mr. Dyde: Would it not be fairer to compare the prices in the first two months of 1948 with the prices in the first two months of 1947?

Mr. Brown: It could be figured out on that basis.

Mr. Dyde: There is a little bit more favourable position in January, 1948, when you compare it with January, 1947, is there not?

Mr. Brown: Yes.

Mr. Dyde: I notice you have not given us any suggestions or recommendations. Are you in a position to make any suggestions to the committee as to what you think might be done to improve the position?

Mr. Brown: You mean in the price?

Mr. DYDE: On price?

Mr. Brown: Let us go to the United States.

Mr. Lesage: For the producer or the consumer? Which angle do you take, the producer's angle or the consumer's angle?

The CHAIRMAN: What would be the effect of that?

Mr. Dype: What would be the effect of that?

Mr. Brown: We fully realize the effect of that, that the price to the consumer here would be pretty high. Of course, we are in this position that the cattle market in Canada is divided in a certain way. Pure bred cattle can cross the line and enjoy these high prices. Dairy cattle, and I think a number of milk cows, go to the United States and enjoy these prices, a premium that the beef producer does not get at the present time. We feel that some consideration should be given to the beef producer in this matter because his feeding program, cost of production, this year is higher than any time in our history. The cost of grain has risen so that it has put the beef producer in a higher bracket in producing cattle than in quite a number of years. With the United Kingdom market as it is and the heavy run of cattle it has held those cattle down to the United Kingdom market. Cattle were held over from the last fall throughout the strike period, carried into the winter, and more cattle were being held in the west. The market was held down to the United Kingdom price throughout the winter season.

Mr. Mayhew: Would there be a tendency to sell your steers as baby beef and keep your heifers and sell them as milk cows to the United States? Would there be that kind of switch made?

Mr. Brown: No, not exactly. In the beef type they mostly go in as beef unless they are pure breds.

Mr. Mayhew: It would have to be straight milk cows?

Mr. Brown: Yes, dairy.

Mr. Mayhew: You would have to change your herd?

Mr. Brown: You would have to change your type of cattle.

Mr. Dyde: I am looking at the April 8 issue of the Livestock Market Review. I find there that Canada has exported to the United States in the period from January 1, to April 8, 1948, 16,423 head of dairy cattle. I think you said a minute ago there were other things besides dairy cattle going to the United States. Would you comment on that again?

Mr. Brown: Pure bred cattle.

Mr. Fleming: What was the figure?

Mr. Dyde: 16,423.

Mr. Fleming: In about 13 weeks.

Mr. Brown: Pure bred cattle, that is both dairy and beef, enjoy going across the line without any duty at all. They are in a position to benefit from those prices across the line where the beef producer does not.

Mr. IRVINE: You say baby beef cattle.

Mr. Brown: No, pure bred beef and pure bred dairy cattle.

Mr. Harkness: In effect, it is chiefly bulls which are sent over?

Mr. Brown: There are quite a number of milk cows.

Mr. HARKNESS: But as far as beef-

Mr. Brown: Some females.

Mr. HARKNESS: But largely bulls.

Mr. Brown: Yes.

Mr. Dyde: Largely bulls, yes, but I have got quite a figure of dairy cattle here.

Mr. HARKNESS: I mean leaving the dairy cattle aside and taking all beef cattle.

Mr. Dyde: What I wanted to say was this. Have you any information for the committee as to what happens to those dairy cattle when they get across to the United States?

Mr. Brown: We have nothing definite. It may be I should not even mention it but the fact is some of them end up as beef when they get over there.

Mr. Dyde: Pure bred bulls that go over end up as beef?

Mr. Brown: From my own observation I imagine there are some of them go over and end up as beef.

Mr. Fleming: The question might be how soon?

Mr. Brown: I think the regulation after being exported to the United States is six weeks, but once they get over there it is pretty hard to trace them.

Mr. Fleming: What you are saying is they are turned into beef quite soon after their arrival. The cows are never milked as dairy cows, and the bulls—

Mr. Brown: A lot of those young bulls which are being sent over are being bought at less than the American beef price in Canada.

Mr. Fleming: What about dairy cows? They are not buying them for less than the beef cattle price in the United States, are they?

Mr. Brown: I did not get that question.

Mr. Fleming: They are not buying dairy cows at less than the beef cattle price in the United States, are they?

Mr. Brown: They are paying more for dairy cattle in Canada having regard to the higher prices over there. There are large Holstein bulls and dairy bulls that find their way to the market shortly after they arrive over there.

Mr. Dyde: We had a discussion this morning about the live stock population which you may have heard when Mr. Tummon was on the stand. We were talking about pigs then. Have you conducted any study as to what is happening to the cattle population?

Mr. Brown: Well, from the information that we have from your government reports since 1945 the population of cattle has been gradually decreasing.

Mr. Dyde: And do you think that population decrease is continuing at the present time?

Mr. Brown: I would say to a certain extent, yes.

Mr. Dyde: The Dominion Bureau of Statistics show—

The CHAIRMAN: Do they give figures?

Mr. Dyde: I think I can give you some figures. I am quoting from the Dominion Bureau of Statistics, Agricultural Division, Live Stock Survey, December 1, 1947. The number of cattle on farms in Canada at December 1, 1947, is estimated at 8,943,500, a decline of 72,000, or slightly less than 1 per cent from the same date a year earlier. The reductions occurred in Prince Edward Island, Nova Scotia, Quebec, Alberta, and British Columbia. Slight increases took place in the other provinces. Increased marketings since the date of the survey indicate that some liquidation of cattle is taking place. That is the estimate of the Bureau of Statistics. Is it fair to add to that the figures of slaughterings which have taken place since December 1, 1947, to show the trend?

Mr. Brown: You mean the heavy marketings that have taken place this winter?

Mr. Dyde: Yes.

Mr. Brown: As I mentioned before I think the strike situation throughout Canada last year held back a lot of cattle. Cattle accumulated to a point where the price structure in the fall dropped back, and a lot of those cattle were carried into the winter. According to the government reports more than twice as many cattle were shipped down from the west into Ontario as in former years, so that those cattle had been held back during the period of the strike, I would say. The strike held the cattle back last year, and they were kept

during the period when the prices were low. I think it was also thought by a lot of the feeders in the west and in the east, too, that the American market possibly might open this spring and they would get the privilege of better prices than they were receiving during the winter.

Mr. Dyde: During the strike period—let me get this clear—a number of the larger plants were tied up, but the smaller independent packer was in business actively, was he not?

Mr. Brown: Yes.

Mr. Dyde: And did he not buy much more than he bought previously?

Mr. Brown: Yes, I would say so.

Mr. Dyde: And your figure of inspected slaughtering during the strike period would not be quite a fair indication, would it, because many of those independent packing houses would not have inspected slaughterings.

Mr. Brown: That is quite right.

Mr. Dyde: Is that not right?

Mr. Brown: Yes.

Mr. Dyde: But when we come to a fairly normal period such as the recent weeks when you have the figure of inspected slaughterings it would be a fair indication, would it not, of the marketings?

Mr. Brown: Yes.

Mr. Dyde: And I notice for instance in the week of March 13, 1948, here on Exhibit 97, we had inspected slaughterings 24,621, as against 19,000, the year previously; and in the week of March 6, inspected slaughterings, we had 24,382, in 1947, as against 17,212, in 1946; and I notice that trend in 1948, inspected slaughterings as against 1947; and all I am asking you is, is there danger that we are depopulating our farms as far as cattle are concerned?

Mr. Brown: To a certain extent I would say yes.

The Chairman: How valuable is all that, Mr. Dyde, to our point? It affects the cattle population on the farm. That is a factor, but in so far as price level is concerned it depends on what extent that depopulation has taken place. I do not see how that kind of question and answer would be clear unless we got precise estimates.

Mr. Dyde: I do not think I am going to pursue it further. It seemed to me to be a factor and that was why I asked the questions I did.

The CHAIRMAN: It may be a factor, but how much of a factor is it in the price level question. The answers by the witnesses are honest; but I was just wondering what evidential value this material has.

Mr. Fleming: I think it is quite important, Mr. Chairman. If we are concerned with the price of beef to the consumer I think that is affected to a certain extent by shrinkage in the population of beef cattle throughout Canada, and I think it is important for us as a committee to know whether those in charge of framing policy have taken that factor of shrinkage into consideration. I think we should know what the present potential is, and whether the country is capable of producing cattle on the former scale. Do you intend to receive evidence of this kind? Is that your intention?

The CHAIRMAN: By no means. If it has any evidential value, of course, we want it on the record. But the point I am making quite seriously, and I suggest perhaps a little more seriously than you intended your question, was just its immediate relation to the reference before us.

Mr. Fleming: Well, Mr. Chairman, I made my observation very seriously and I will be glad to elaborate on it.

The Chairman: The mere statement that there is depopulation does not prove anything unless we have some idea of what the extent of that depopulation is. It does not help us directly. That is the point I was trying to make.

Mr. Fleming: I think it is consistent with the kind of inquiry we have in

hand.

The Chairman: I quite agree, if we can get facts and figures. That is why I put the question to Mr. Dyde; and he said he had no further questions on it, that it satisfied him. Then you came along with your observation. I was just trying to find out what the significance of Mr. Dyde's questions was at this time and from this witness.

Mr. Fleming: I hope we are going to get more evidence on the actual question of depopulation because I think it is a very material point. If the production of livestock in this country is dropping then it certainly is not going to be very long before it will affect the price on the market.

The Chairman: Agreed, but I do not think we need to take more time on it just at the moment. I was asking what the percentage was. We can get more detailed information at a more convenient stage.

Mr. Dyde: I think as far as I'm concerned I have asked the witness all he can answer. I do not propose to drop the subject completely. Now, Mr. Brown, can you add anything definite to what we have said about the cattle population?

Mr. Brown: No. I cannot.

Mr. Fleming: Would you permit one interruption there, Mr. Dyde? I aminterested in a comment that was made just a moment ago, part from your question and part from the answer which was made to it. It relates to marketings in 1947, and I would refer you to the figures shown on page 6. You will see there that the proportion marketed through butchers in 1947, rose considerably while that marketed through packers direct to plants and at country points showed a substantial decrease. They are all attributable to the stray from packing plants?

Mr. Mayhew: Is not a good deal of that increase in 1947, on account of the fact that formerly very few butchers had permits to slaughter and that slaughtering permits were granted more freely after controls came off?

Mr. Fleming: But that was at the time of the strike, was it not?

Mr. Mayhew: It was before the strike.

Mr. Brown: Yes, that is right. They were held at a certain level too, I think.

Mr. Fleming: I was wondering if that was the full explanation of that first line on your table on page 6, of your brief. That one set of figures you see is out of line with the trend of all the other forms of marketing.

Mr. Brown: Yes, that is quite right.

Mr. Fleming: I was wondering if the strike was the complete explanation of it; or if it was just a temporary variation of the trend, or something which has more lasting significance?

Mr. Brown: I think it was the granting of permits to small butchers which came about during the period of the strike.

The CHAIRMAN: All right.

Mr. Dyde: Mr. Brown, this morning we had some discussion with regard to condemnation insurance as related to hogs. Are you familiar with the situation in regard to cattle? With the sale of cattle do you pay condemnation insurance?

Mr. Brown: Yes, we do.

Mr. DYDE: Do you know the rate at which you pay?

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Mr. Brown: Yes, 20 cents a head for heifers and steers, and 50 cents a head on cows.

Mr. Dyde: Do you know the rate of condemnation in cattle in Canada; I mean, the actual condemnation?

Mr. Brown: No, I do not. I have not those figures.

Mr. Dyde: I think I read into the record this morning the figures that were taken from the report of the veterinary director general of the Department of Agriculture—

The CHAIRMAN: All less than 1 per cent.

Mr. Dyde: Yes. All percentage figures this morning. I will give you the percentages actually.

The CHAIRMAN: But all less than 1 per cent?

Mr. Dyde: Yes, the rate was 0.28 per cent. Now, the figures I take for the same ten years, starting in 1937 and 1938—the cattle percentages, the percentages on cattle killed in Canada—

Mr. Johnston: Are these actual, or estimates?

Mr. Dyde: They are actual.

1937-38		 																		1	1.2	25
1938-39																						
1939-40		 											 							1	1.6	69
1940-41																						
1941-42																						
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1944-45																						
1945-46																						
1946-47		 																		(8.0	30

The situation is improving over a period of years, as these figures show, is it not? Mr. Brown: Yes.

Mr. Dyde: And, can you give the committee any information about that; and, does your association carry on efforts to reduce the rate of condemnation?

Mr. Brown: We are not in a financial position at the present time to go into any work. We hope to be. We hope to go into a plan the same as the hog men in Ontario and spend some time in work along that line. There is a lot of study on that to be done. To be fair with the packers, I do not know just how far these packers go, the percentage of these cattle that are condemned. They tell us that a large percentage of the livers are condemned. Whether the livers would come into all these cases or not. I do not know.

The Chairman: Would you consider these percentage figures very large?

Mr. Brown: No, I would not say they were large.

Mr. Dyde: No, they are quite small, and improving from year to year.

Mr. Brown: I think the thought is among the producers, that is in the eastern parts, that a number of counties are being tested for T.B. The government has taken on the work in Ontario. I think from the different talks we have had with the veterinary director general it is the shortage of veterinaries at the present time which is holding back this work in a lot of the counties. We have felt that when this work is completed all this condemnation stuff will be cut off, or in any event that is will at least be very small. T.B. seems to be the cause of a large percentage of the loss in these condemned cattle.

The Chairman: Could you give us, Mr. Brown or Mr. Dyde, what the total contributions have been in the way of payments by producers.

Mr. Dyde: No, Mr. Chairman; but I have asked the packers who will appear before the committee to bring that information with regard to their condemnation insurance with them.

The CHAIRMAN: All right.

Mr. Dyde: It may be that I will not be able to get the total for Canada but I think they will be able to give the complete information as to their own condemnation funds.

The CHAIRMAN: Yes.

Mr. Fleming: May I ask the witness if this is compulsory as far as the packers are concerned, or could you if you wish ship your cattle in and assume the risk of any loss on account of condemnation yourself for any beef that is found to be not fit for human consumption?

Mr. Brown: I do not just follow. Do you mean, take the loss yourself?

Mr. Fleming: Take your own, not subject to this condemnation insurance.

Mr. Brown: I think maybe you could. I do not know. From what I understand from just information that I have gained in years back the cattle breeders—that is the dairy men—with some other breeders called in, made some agreement with the packers with regard to this condemnation thing, that they were allowed to take this off. However, I do not think there is any law or any written agreement to this effect. I think it is just an agreement, word-of-mouth say, between the packers and the cattle producers.

Mr. Fleming: It is a matter of understanding between them?

Mr. Brown: Yes, I think that is it.

Mr. Fleming: Do you know how long that has been in effect?

Mr. Brown: I am not quite sure. I would not want to say.

Mr. Fleming: Do you remember a time when it was not in effect, when you bore your own loss on cattle condemned?

Mr. Brown: No, I do not.

Mr. Fleming: You do not remember any such time?

Mr. Brown: No.

Mr. Fleming: And you have been in the cattle business for some time?

Mr. Brown: Twenty years or more.

Mr. Fleming: These agreements have been in effect for more than twenty years?

Mr. Brown: I would think so, yes.

Mr. Fleming: Has the rate changed to your knowledge in that time?

Mr. Brown: No, I do not believe it has. I will not just be sure about Montreal. I believe Montreal is higher than Toronto.

Mr. Fleming: You are speaking now of the Ontario rate?

Mr. Brown: Yes, the Toronto rate, what is taken off there.

Mr. Dyde: Do you think these rates vary in each of the provinces?

Mr. Brown: I could not say.

Mr. Fleming: Do you know if there has been any considered objections taken by cattle producers to condemnation insurance?

Mr. Brown: Yes, that has been argued several times.

Mr. Fleming: Recently?

Mr. Brown: Yes.

Mr. FLEMING: With what effect?

Mr. Brown: I think the packers felt that with the cattle being T.B. tested that something should be done along that line with these different counties when

they are T.B. tested, which I think they will be in a short time; and condemnation is doing good work in these different counties. I understand that two or three different counties have been taken on again this year, but they want the complete picture and when it becomes effective over the eastern provinces it will be dropped. That is their feeling as I understand it.

Mr. IRVINE: The herds are T.B. tested?

Mr. Brown: Yes. I think they do it on an area basis in each county.

Mr. Mayhew: Where are these condemnations conducted?

Mr. Brown: Just in inspected plants.

Mr. Mayhew: It does not apply generally?

Mr. Brown: Very few at country points, I understand.

Mr. Mayhew: What about the butchers, would they be inspected? Mr. Brown: Some, the smaller plants. Very few of them though.

Mr. Thatcher: Mr. Chairman, may I proceed for a minute?

The CHAIRMAN: For a minute, yes.

Mr. THATCHER: Mr. Bateman, could you tell us—

Mr. Lesage: Would you speak louder, please, gentlemen?

Mr. Thatcher: On October 27, I think it is correct to say price ceilings came off meat, did it not?

Mr. Brown: From meat?

Mr. THATCHER: Yes.

Mr. Lesage: I think you will find it came off on October 22?

Mr. Thatcher: Right, thank you. I suppose the witnesses are also aware that the retail and wholesale prices have gone up fairly substantially since that time?

Mr. Brown: They went up and came down some.

Mr. Thatcher: According to exhibit 94—have you got it there? We will look at the Toronto figures. Under the former ceiling on October 22, it was \$25. The latest figure, March 16, was \$28.50. I think that is about a 14 per cent increase. Right? Commercial showed an increase of about 19.5, and on cow the increase was about 26.4. Those are just the round figures. So there has been an increase in the wholesale price of meat. Now, on page 3, of your brief are we to take it from your evidence there about the middle of the page that the increase which we have seen in the wholesale and retail price has not been caused by any appreciable rise in the price paid to the producer. Are we to take that from your evidence?

Mr. Brown: The price went up to a certain extent, but our argument there is that the cost of producing the cattle is more than double what it was a year ago.

Mr. Thatcher: You told the committee today that if the consumer was paying substantially more for beef, and I think these tables show that he is, that increase could not be attributed to any appreciable rise in the price paid the producer. That is your statement, is it not?

Mr. Brown: According to figures here on page 3, this is taken from government reports, your January and February prices were \$15.21; and, in June, 1947, they were \$15.28?

Mr. Thatcher: Yes, I see that; but the point I want to make is, I think I am correct in this, although the price to the consumer for meat has gone up producers at the same time have not benefited particularly from that increase because of the greater cost of feed and labour and things of that nature. Am I correct in that statement?

Mr. Brown: Yes.

Mr. Thatcher: Well, in that case apparently the consumer has been hurt by the price increase and the producer has not benefited particularly from the fact that the ceilings were taken off. Who has benefited, in your opinion, from the fact of the ceilings being taken off? Would it be the packer who benefited, or who is it?

Mr. Fleming: The C.C.F. Mr. Lesage: Yes, the C.C.F.

Mr. Brown: That question is very hard to pin down, in this way, that we haven't any figures on the retail.

Mr. THATCHER: In other words, the beef growers have not benefited?

Mr. Brown: No.

Mr. IRVINE: It is our job to find out anyway.

Mr. Lesage: On this very point, the price of steers in November 1947 was \$13.51 was it not?

Mr. THATCHER: Yes, that is right.

Mr. Lesage: And in February it was \$15.29?

Mr. THATCHER: Yes.

Mr. Lesage: That is a difference of \$1.78.

Mr. Thatcher: Stockers are less, you will notice. Mr. Lesage: \$1.78 is roughly 14 per cent of \$13.51.

Mr. IRVINE: You have to compare the cost of the stockers and the feeders?

Mr. Thatcher: Yes, your stockers are much less, and the percentage is less.

Mr. Lesage: The price went down to \$10.65 in December.

Mr. HARKNESS: It depends on what figure you take.

Mr. Thatcher: The month before the ceiling came off it was \$12.68 and in February it jumped to \$13.22.

Mr. Lesage: As far as steers are concerned it is \$13.22, the figure you gave.

Mr. Thatcher: The increase for cows was $26 \cdot 4$ per cent and for commercial it was $19\frac{1}{2}$ per cent; however, I will accept the statement of the witness.

Mr. Lesage: I have no objection, but I am drawing it to your attention. On this question of prices of meat, what is the price of steers on the Chicago or New York market at the present time?

Mr. Dyde: Exhibit No. 93 would be the only thing we have, and you should refer there to the document lettered "N".

Mr. Lesages Yes.

Mr. DYDE: It deals with the per hundred weight on the left hand side of the page.

Mr. Lesage: It would be $27\frac{1}{2}$ cents or something like that in February, is that correct?

Mr. Brown: The price was up and down over there. The price went up to 41 cents, live weight, and dropped back about 7 or 8 cents. Then the strike took place over there and the price went up again. I could not tell you what the price is today but I would imagine it is around 34 or 35 cents for the top price. I would not want to give that as an exact figure however.

Mr. Lesage: Which is more than double the Canadian price?

Mr. Brown: Yes.

Mr. Lesage: And there is no doubt that if the embargo on beef was lifted the Canadian price would immediately adjust to the American price?

Mr. Brown: We have found that Canadian cattle shipped to the United States are fed a little differently. They are not fed as heavily on grain and they are sold 3 or 4 cents under the market price.

Mr. Lesage: If the American market price is 34 cents that would mean the Canadian price would be 30 cents?

Mr. Brown: Yes.

Mr. Lesage: And the Canadian domestic price would go up to 30 cents if the embargo was lifted?

Mr. Brown: You would have the duty of 1½ cents.

Mr. Lesage: It would not be quite 30 cents but the price would go up to something like 28 cents.

Mr. Brown: Yes.

Mr. Lesage: Which would mean an increase in price of approximately 90 per cent.

Mr. Brown: We would have some additional freight rates at the present time.

Mr. Lesage: Yes. Can we agree on 75 per cent?

Mr. Brown: I beg pardon?

Mr. Lesage: It would mean an increase in price of beef on the Canadian market for Canadian consumers of 75 per cent?

The WITNESS: A rise in price?

Mr. Lesage: Yes.

The Witness: I would have to figure that out. Mr. Lesage: It would be approximately that. Mr. Mayhew: Are you quoting retail prices?

Mr. Lesage: I am talking about either wholesale or retail prices—if there is a distinction to be made I do not know, as I am not an expert in asking questions regarding these matters.

Mr. Fleming: Do not be too modest.

Mr. Brown: When the price ceiling was lifted there was a great variation in prices throughout the country from the retail standpoint. I think the newspaper prices were not consistent with the average retailer and the prices quoted in the newspaper have done a lot of harm to the beef trade.

Mr. Lesage: There is no doubt the lifting of the embargo would have the effect of taking beef from the Canadian market, even with the adjustment for freight rates and customs?

Mr. Brown: Yes.

Mr. Lesage: So from the consumers' standpoint this embargo is not a bad thing.

Mr. Brown: It is not a bad thing-?

Mr. Lesage: It is good for the Canadian consumer. Mr. Brown: They would have to pay more for beef.

Mr. Lesage: They would have to pay much more for beef if the embargo was lifted.

Mr. Brown: Oh, you mean the embargo is a good thing for the consumer at the present time?

The Chairman: It is a good thing for the consumer? Mr. Brown: It is a good thing for the consumer, yes.

Mr. LESAGE: There is no doubt about that.

The CHAIRMAN: In fairness to Mr. Brown I would point out that he made that statement a long while ago.

Mr. Lesage: I am trying to find out whether it would be a 75 per cent increase in the cost of beef? Even now the housewives are complaining about prices of beef and if we had an increase of 75 per cent that would just be terrible.

Mr. Fleming: That would bring about the defeat of the government.

Mr. LESAGE: Oh, I do not know.

Mr. Fleming: On top of the freight rates?

The Chairman: I do not know that these hopeful observations help us as far as the evidence is concerned, Mr. Fleming. The comment may give you some comfort but I do not think it assists us.

Mr. Fleming: Let me be the judge of that.

Mr. Mayhew: When comparing the price of beef in the United States and in Canada, you cannot just compare the prices at the plants in Winnipeg or Toronto with the market in Chicago or New York. You cannot compare the retail prices in the United States because they have different cuts and you have to take the carcass on the hoof at some given point in order to make a comparison.

Mr. Lesage: I appreciate that fact Mr. Mayhew.

Mr. Mayhew: Yes, but it is wrong to leave the impression that the United States price of beef is 100 per cent over the price in Canada and that statement would hardly be borne out. If you took the rate on the hoof at some given point in the United States and Canada the difference would not be 100 per cent?

Mr. Lesage: No, I do not believe it would be 100 per cent.

Mr. Mayhew: It would probably be 35 or 40 per cent.

Mr. LESAGE: Pardon me?

Mr. Mayhew: It would probably be about 35 or 40 per cent.

Mr. HARKNESS: Mr. Lesage has said indirectly that the beef producer is subsidizing the Canadian consumer to the extent of about 75 per cent of the price.

The CHAIRMAN: We do not know what the percentage figure is.

Mr. HARKNESS: Whatever figure Mr. Lesage has agreed upon is all right with me.

The CHAIRMAN: Mr. McCubbin has been very silent on this matter.

Mr. McCubbin: The statements Mr. Lesage has been making are very true. The producer is subsidizing the consumer.

Mr. HARKNESS: I do not believe the statement; I am just giving it in more definite language.

The CHAIRMAN: It is a very interesting observation.

Mr. THATCHER: Do you think that is a good thing?

Mr. Lesage: It is a matter of argument.

The CHAIRMAN: Let us stop this school play and go to work.

Mr. Winters: There is a question which I have to ask regarding page 2 of the brief. The first sentence reads: "Furthermore cattle are considered the most economical-medium through which cereal grains may be merchandised." I do not understand that sentence and I wonder if the witness could explain?

Mr. Brown: That is one type of feeding. In all types of feeding of beef cattle you use a certain amount of roughage. Hogs are all grain fed but in feeding beef cattle you use a certain amount of roughage and the grain consumption for beef cattle feeding is not nearly as high as it is for hogs.

Mr. WINTERS: How do you relate that fact to the statement?

Mr. IRVINE: You get more for your grain by feeding it to a steer than you do if you sell it on the market or feed it to a hog.

The CHAIRMAN: You get the best results there.

Mr. Winters: Is that the way you would answer Mr. Brown? Would you answer as Mr. Irvine has explained?

Mr. Brown: I did not catch his statement.

Mr. IRVINE: I say that the meaning of that statement is that you get more for your grain and roughage by feeding it to cattle than you would do if you sold it on the market or fed it to a hog.

Mr. Brown: The way a good farmer looks at feeding cattle is that he must have that manure to build up his land. By feeding it you put some of it back on your land as well as gaining on your cattle. If you sell everything off the farm you soon get the farm into a condition where you do not carry on in an efficient manner.

Mr. Winters: Do most producers in Ontario grow their own feeds?

Mr. Brown: A large percentage of them grow most of their own feed. Last year the weather conditions were very unfavourable to the farmer throughout the province, I think as far east as Quebec, and only a very small percentage of grain was grown. We did not have a quarter of the average grain in our section last year and some farmers had no grain at all.

Mr. Winters: You actually had to purchase grain?

Mr. Brown: Yes.

Mr. Winters: Does that apply to silage?

Mr. Brown: Hay was a very good crop but the silage crop was down.

Mr. Winters: How would you arrive at these figures you quote here for silage and hay? Are those the prices you would pay on the open market or are they growing costs if you produced that hay and silage yourself?

Mr. Brown: That was the estimated cost of the feed at that time.

Mr. Harkness: I was wondering about those estimates. Was hay actually procurable at \$16 a ton last fall in Ontario?

Mr. Brown: That was the price of hay in the barns. If you bought baled hay it would cost \$20 or \$22.

Mr. HARKNESS: That is what I thought and it seemed to me that figure was rather low. The man who had to buy his hay would not get it at \$16 a ton in the barn?

Mr. Brown: No, he would not but it would run around \$16 a ton in his barn if he were going to sell it.

Mr. HARKNESS: You put this on the basis of what the farmer might sell his hay for?

Mr. Brown: Yes, we did. I might mention labour which is given as \$2.50 per day, and I do not think you could get a man at that rate.

Mr. HARKNESS: I do not think so either, especially a man who would be feeding 100 head of cattle.

Mr. McCubbin: It looks to me as if they tried to be very fair in the figures which they have given.

Mr. Harkness: As a matter of fact I was going to ask about those figures because it seems to me apart from grain, and in that connection from the little figuring I have done here grain appears a trifle high, the silage and hay figures seemed to be low. Labour, from my own experience, is much higher than the figure given here.

Mr. Brown: That is right.

Mr. Harkness: And you have not taken into consideration the fact that in a 100 cattle you might lose 1 or 2 which would cost you \$300 or \$400.

Mr. Brown: That is true, and interest on the investment was omitted.

Mr. HARKNESS: It seemed to me that your figures, with the possible exception of grain, were low.

Mr. Brown: We tried to present figures on a basis where you could not argue that we were overloading our estimates.

The CHAIRMAN: You have certainly not overloaded your estimates.

Mr. HARKNESS: I would just like to point out that I do not think these figures could be taken as typical and the average feeder's costs would be higher.

The CHAIRMAN: That is agreed.

Mr. Fleming: With respect to the illustration given on page 3 you have taken prices prevailing at the present time. Did you make any study on earlier dates—for instance just prior to the removal of subsidies and ceilings, and in addition at a period half-way between the removal of subsidies and the present time?

Mr. Brown: Our feeding period started last October and November and went through this period of high costs of grain. We did not calculate the costs a year ago and we perhaps should have given that figure.

Mr. Fleming: I am wondering if you have any figures that would give us a basis of comparison with the 1st of October last?

Mr. Brown: No, we have not. The period from May to October is a grass period.

Mr. Fleming: It is not comparable?

Mr. Brown: No.

Mr. Fleming: You could not get a comparable period?

Mr. Brown: No.

Mr. Fleming: You would have to go back to the same period a year ago to get a fair basis of comparison?

Mr. Brown: Yes.

Mr. Fleming: Have you any figures with respect to the same period a year ago?

Mr. Brown: No.

Mr. Fleming: Have you any reason to assume that beef production was operating at a loss to the producer a year ago? Your statement indicates that is the case now.

Mr. Brown: We were in a different position a year ago. At the start of the brief we mention that 2 cents per pound would be an average gain which would show a profit to the producer during a period when the producer had his own grain and did not have to purchase grain, but this year grain went up about 80 per cent. Our cost went up 80 per cent and we had less grain of our own. We are in a different position this period than in any year I can recall.

Mr. Fleming: You are not in a position, without further study, to give the committee any view or opinion as to how well off the beef producer was a year ago, in comparison to his position as illustrated on page 3 of your statement?

Mr. Brown: No, we are not in a position to do that.

The CHAIRMAN: Are there any other questions?

Mr. Harkness: Yes. Do you think the present relationship between the price of cattle and the price of grain is such that feeders are going to continue their operations, or are they going to curtail their operations?

Mr. Brown: I can only speak for myself. I know that if I feed cattle next year it will be on a different basis to that on which I am operating this year. We are all gamblers in the beef market; we gambled that the American market might open up; we gambled that not many people would pay this price for feed, but in fact many thousands did pay that price and that put us in a very different position. Unless we have better crops I do not think there will be as many cattle fed next year as there are being fed this year.

Mr. HARKNESS: In other words you believe that if conditions remain the same feeding will be curtailed?

Mr. Brown: There is no doubt about that.

Mr. HARKNESS: And therefore the supply of beef will be less?

Mr. Brown: We just cannot carry on under this present system.

Mr. Harkness: On page 3 of your statement you say "Similarly, there is reason to believe that the same favourable relationship will exist during the present feeding season. This situation has been created as a result of U.K. contracts, whereby prices were announced well in advance and producers thereby enabled to purchase accordingly".

I do not understand that statement in view of the fact the present prices were not announced until January 2 of this year. As a matter of fact, my own experience last fall leads me to believe it was rather a chaotic condition due to the fact people did not know what the price might be, and the relationship which existed then between the price of cattle and the price of grain was very bad.

Mr. Brown: I think I said a few minutes ago that it was a gamble that the American market might open, and I believe that thought was in the minds of a great number of feeders and if it had not been in their minds the number of marketable cattle would be considerably smaller than it is at the present time.

Mr. Harkness: I do not understand the words "This situation has been created as the result of the U.K. contracts whereby prices were announced well in advance and producers thereby enabled to purchase accordingly". That, as far as I know, was not the case, but there was actually a rather chaotic situation last fall and early winter.

Mr. Brown: That paragraph is not phrased correctly to fit the picture.

Mr. HARKNESS: No, in other words that paragraph is really not correct?

Mr. Brown: It is not just as it should be.

Mr. Harkness: And similarly, on page 6 the same thing appears: "Before concluding it is only fair to state that the U.K. contract system of mechandising has lent a great deal of stability to the industry. Producers appreciate this feature. Cattle production programs cannot be consummated as rapidly as in the case of hogs or poultry."

Similarly it seems to me the U.K. contract has not given the stability which would enable a man to breed his cows this year and know what he is going to get for them three years from now when he sells those cattle?

Mr. Brown: I think what was meant there was that the U.K. contract steadied the market to the extent that the floor was there as well as the ceiling. Throughout the war the better class beef sold very readily. Red brand and blue brand beef was picked up as fast as it was marketed but I understand since then, with the new prices, there was a change and the lower class of beef was being purchased more regularly than the better class of beef. The U.K. contracts steadied the price on the market here in that prices did not drop below those contract prices.

Mr. HARKNESS: Well, you said you had a floor which was also essentially a ceiling, and the price stayed fairly close to that figure?

Mr. Brown: Yes.

Mr. Harkness: That is quite correct, but as far as the U.K. contract having given stability to the market is concerned, I just cannot see the contention that you could depend on what you were getting when you marketed your cattle?

Mr. Brown: There was a period when meat was not selling and a large amount of meat was stored away for export. If that market had not been in existence at the time the price might have dropped lower.

Mr. Harkness: Yes, but that U.K. contract was put in as a substitute for the United States market where the export ban had been instituted?

Mr. Brown: That is right.

Mr. Harkness: The point I was getting at is real stability in our beef market is when we know we are assured of a market for our high quality beef.

Mr. Brown: That is right.

Mr. HARKNESS: What is your opinion as to where, in the long-range outlook for that high quality beef, a market will be found at a profitable price?

Mr. Brown: We have always enjoyed the American market which has taken our better class of beef. Throughout the period before 1942 all better class steers were shipped—I should not say all, but a large percentage of the better class steers were shipped—to the United States, and our beef producers realize that is our logical market.

Mr. IRVINE: Were the producers shipping beef to the United States in 1932?

Mr. Brown: I do not just remember what occurred at that date.

Mr. IRVINE: You were not getting very much per pound at that time, and I was just wondering whether that was the reason?

Mr. Dyde: Mr. Harkness used a phrase just now—perhaps you should answer Mr. Irvine's question regarding 1932 first?

Mr. Brown: I would not want to give a definite answer.

Mr. Dyde: There was a phrase used by Mr. Harkness when he said there was a "floor which was essentially a ceiling". I wonder if that is correct? The domestic price for beef is higher than the U.K. price? The figure is a floor price which the Canadian surplus is guaranteed but it is not a ceiling price. Is that it?

Mr. Brown: I do not think there is any domestic price on that.

Mr. Dyde: I am not asking that. I am not sure. Mr. Brown: No. I think there is an export price.

Mr. Dyde: No, no. The ceiling price on the domestic market is actually higher than that being paid on exporting?

Mr. Brown: Throughout that period, from the first of February on, I understand that a large amount of red brand beef was sold at the ceiling price.

Mr. McCubbin: Not at the ceiling, at the floor price. There is no ceiling on meat.

Mr. Brown: No.

Mr. McCubbin: So it was floor, not ceiling?

Mr. Brown: Not at the export price.

Mr. McCubbin: But when the domestic market is the same as the export market, the export market operates as a floor to the domestic market price. Is that not so?

Mr. Brown: Yes.

Mr. HARKNESS: So that in fact to a large extent the floor price becomes the ceiling price.

Mr. Dyde: If he is correct your statement is correct, Mr. Harkness.

Mr. McCubbin: Isn't that a good thing, Mr. Harkness?

Mr. HARKNESS: I do not think so; no.

Mr. McCubbin: All right.

Mr. Harkness: Speaking along the lines of what we are discussing before as to our market for cattle in the United States; have you any fear of losing the market in the future if this export ban is continued?

Mr. Brown: We have been worrying about that for some time.

Mr. Harkness: What is your opinion on that matter?

Mr. Brown: My opinion is that we will eventually get into that market and we might get in for a short time.

Mr. HARKNESS: What I was thinking of is this, if we do not get into that market in the next year or two years do you think there is any great danger of our not being able to get into it when, let us say, we want to get into it?

Mr. Lesage: Mr. Chairman, are we studying the future of the beef industry? Is that our reference?

The Chairman: I do not think that is really a proper question. I think on reflection you agree with me on that, Mr. Harkness.

Mr. Harkness: I think it is pertinent to this beef cattle production showing what the situation is likely to be.

The Chairman: I do not see how that would affect the rise in price levels.

Mr. HARKNESS: I think it is going to affect it very materially, Mr. Chairman.

The CHAIRMAN: If you will look at our terms of reference. I would say that you are taking us rather far afield.

Mr. HARKNESS: I wonder if the witness would answer that question.

Mr. Brown: I am not in a position to say. Your guess on that would be just as good as mine.

Mr. Harkness: I think when we get the western beef producers here you will get a very definite opinion on it, and I wondered if the eastern beef producers had the same opinion as the western beef producers have on it.

Mr. Brown: We would like to go in at a time when we are going to stay in. The Chairman: We will deal with that problem in another committee with another term of reference.

Mr. Dyde: I have one small question, Mr. Brown, before I am finished; and that is with reference to your association: Have you ever attempted any study whatever of the spread between the price which the producer gets and the price which the consumer pays? Have you ever conducted a study on that at all?

Mr. Brown: No, we have not.

The CHAIRMAN: Thank you, gentlemen. Next witness.

Mr. Dyde: I am sorry to say, Mr. Chairman, that the next witnesses are not ready to be called at the moment because of unavoidable delay we have had in preparing the mimeographed copy of their brief. Let me say that it was no fault of theirs.

Mr. CHAIRMAN: We will adjourn.

Mr. Fleming: That is the best decision you have made today, Mr. Chairman.

The committee adjourned.

SESSION 1947-48 HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

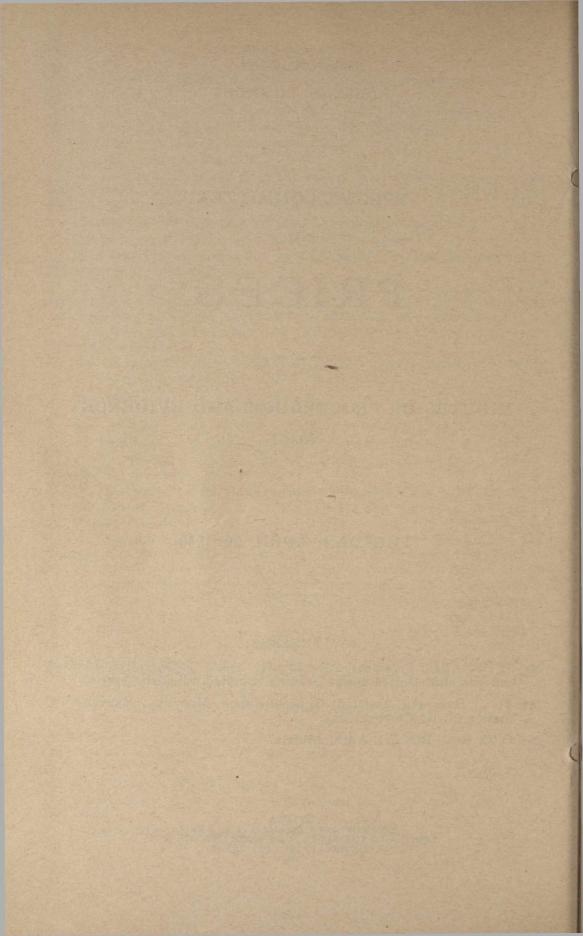
No. 41

TUESDAY, APRIL 20, 1948

WITNESSES:

- Mr. H. W. Allen, President, Alberta Live Stock Co-Operative, Limited, and Director, United Grain Growers' Limited, Huallen, Alberta.
- Mr. H. J. Hargrave, Assistant Superintendent, Dominion Experimental Station, Swift Current, Sask.
- Mr. G. G. Ross, Rancher, Aden, Alberta.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
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1948



MINUTES OF PROCEEDINGS

Tuesday, April 20, 1948.

The Special Committee on Prices met at 11.00 a.m. the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Johnston, Lesage, Martin, Maybank, Mayhew, McCubbin, Merritt, Pinard, Thatcher, Winters.

Mr. H. A. Dyde K.C., Counsel to the Committee, in attendance.

Counsel filed,

Exhibit No. 101—Supplementary statement to Exhibit 94, showing Halifax prices of beef and pork. (Printed in Appendix to this day's Minutes of Proceedings and Evidence).

Mr. H. W. Allen, President, Alberta Live Stock Co-operative Limited, and Director, United Growers' Limited, Huallen, Alberta, was called, sworn and examined.

During proceedings, Mr. Irvine took the Chair in the temporary absence of the Vice-Chairman.

At 1.00 p.m. witness retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Johnston, Lesage, Maybank, McCubbin, Merritt, Pinard, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. Allen was recalled and further examined.

During proceedings, Mr. McCubbin took the Chair in the temporary absence of the Vice-Chairman.

Witness discharged.

Mr. H. J. Hargrave, Assistant Superintendent, Dominion Experimental Station, Swift Current, Sask., was called, sworn and examined.

Witness discharged.

On motion of Mr. Harkness,

Resolved,—That Mr. G. G. Ross, Rancher, Aden, Alberta, be called at this time.

Mr. Ross, was then called, sworn and examined.

At 6.00 p.m., witness retired and the Committee adjourned until Wednesday, April 21, at 4.00 p.m.

R. ARSENAULT, Clerk of the Committee. Marin Di Wa Marin Car

MINUTES OF EVIDENCE

House of Commons, April 20, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Vice-Chairman, Mr. R. Maybank, presided.

The Vice-Chairman: I see a quorum, gentlemen.

Mr. Dyde: Mr. Chairman, I believe Mr. Winters requested a set of comparative prices with respect to Halifax, similar to those which we have in exhibit 94. Before calling the first witness I would therefore file an addition to exhibit 94 which will have a new number, being exhibit No. 101. This exhibit will be printed as an Appendix to today's proceedings.

Hugh W. Allen, President of the Alberta Livestock Co-operative Limited, Edmonton, Alberta, and Director of the United Grain Growers' Limited, Winnipeg, Manitoba, called and sworn:

By Mr. Dyde:

Q. Would you give your full name, Mr. Allen?—A. Hugh W. Allen.

Q. And your post office address?—A. Huallen, Alberta. Q. And do you operate a farm in that area?—A. I do.

Q. Would you tell the committee the size of the farm?—A. Approximately 1,000 acres.

Q. And do you raise hogs on the farm?—A. Yes.

Q. Have you done so for a good many years?—A. For the last seven or eight years I have marketed about 200 hogs a year.

Q. In addition to operating a farm do you hold an office with the Alberta Live Stock Co-operative Limited?—A. Yes, I am chairman of the board.

Q. Would you describe to the committee just what the Alberta Live Stock Co-operative Limited is? Perhaps that information is in the brief?—A. I have outlined that information in the introduction of the brief.

Q. Perhaps then I should ask you to read the brief to the committee?

The VICE-CHAIRMAN: Yes.

The WITNESS:

BRIEF SUBMITTED TO THE SPECIAL COMMITTEE ON PRICES HOUSE OF COMMONS, BY H. W. ALLEN, PRESIDENT OF THE ALBERTA LIVE STOCK CO-OPERATIVE LIMITED, EDMONTON, ALBERTA, AND DIRECTOR OF THE UNITED GRAIN GROWERS' LIMITED, WINNIPEG, MANITOBA

The Alberta Live Stock Co-operative Limited is a producers marketing organization set up under the Co-operative Associations Act of the province of Alberta. It operates as a commission firm on public stock yards in Edmonton and Calgary. It is also the selling agency for some forty-seven local co-operative live stock marketing associations scattered across the province, selling the live stock consigned to it by them either on the public stock yards or directly to packers and other buyers. It handles approximately 30 per cent of the total hog marketings of the province as well as a considerable part of other classes of live stock. In conjunction with the Dominion and Provincial Live Stock Divisions, it has promoted the increase of swine production and the improvement of breeding stock since its inception in 1941.

Swine production in western Canada

The collapse of grain prices in the early 30's did more than anything else to impress on western Canadian farmers the possibilities of increased hog production. Previous to that time, the volume of pork products processed in western Canada was slightly more than what could be absorbed in the domestic market, and the type and breed of animal was not suited, generally speaking, for export to the British market. A continuous campaign for improved breeding stock has, over the years, completely altered this picture, and to-day, while the percentage of A grade carcasses inspected in western Canada does not compare with the percentage in eastern Canada, nevertheless a greatly improved uniform production has been attained, and it is only a question of wider distribution of better types of registered breeding stock being distributed in order to bring the quality of western hogs in line with those of eastern Canada. Considering the variety of lard-type hogs brought in mainly from the United States, and which were distributed through the west when this movement started, it has been a very creditable effort and reflects a great deal of credit to the department officials who were behind it.

The big increase in western production came, of course, at the outbreak of the war, and was brought about not only by the urge to greater meat production, but also by the fact that huge quantities of wheat and coarse grains were stored all across western Canada, not only in the elevators of grain companies, but on practically every farm. Deliveries of grain were on a quota basis, and export for a time was almost at a standstill. To relieve his financial position the western farmer everywhere turned to hog production. The foregoing statement is well substantiated by the production figures for the years 1939 and on. See table 1.

It will be seen from production figures that the province of Alberta, which had, during the 30's, worked into a position second to Ontario, very rapidly went into the lead in the early 40's under the pressure of grain held in storage, and which could not be moved. In 1943-44 and 45, Alberta led all other provinces with production figures greater than had ever been attained before. In 1946 and 1947 western production slumped because of a number of factors, chief among them the improvement in grain prices and the strong export demand for grain of every kind. The western farmer to-day is in the process of making up his mind as to the future possibilities of the industry and the degree of stability which it may in the future hold. He is plagued at the present time with a variety of obstacles, such as a great shortage, almost a total lack, of farm labour, fluctuations in grain prices, and changes in export policy, and it is too early yet for anyone to say with authority that western Canada will go back to large scale production such as that attained in 1944 or not.

For the ten years preceding the war there was a surplus of agricultural products which generally speaking could not be moved, and which resulted in the depressed prices of the 30's. That fact has never left the farmer's mind, and he will be very careful in committing himself to a production program that might lead again into a similar impasse. There are, nevertheless, certain agricultural products which can be produced in Canada of a quality and at a price which cannot be surpassed by any other country, and it would seem the part of wisdom for the producer to concentrate on these particular products. Wheat and bacon lead this list, and given equal opportunity with other countries in competing for world markets, Canadian farmers need have no misgivings. They have been greatly disturbed recently, however, with the possibility that trade agreements may limit the amount of their export and make it impossible to enter markets

which in the past have been open to them. It was stated only a year or so ago by a man prominent in the packing industry that Canada should have a hog production program which would permit the export of from three to four hundred million pounds of bacon ever year. There was no question in his mind that the demand for it would exist in Great Britain for an indefinite period, and that Canada should be prepared to hold the British market which they had entered in a big way during the war.

Canadian producers have been rather shaken in the last few months by thinly veiled suggestions that owing to exchange difficulties the British market may be perhaps not entirely closed to us, but its demand so reduced that it could not absorb anything like the volume moved overseas a few years ago. It is to be

hoped that this suggestion is entirely wrong.

The average Canadian cannot understand why certain products which can be produced in Canada to better advantage than in any other exporting country should not be given first consideration in all trade negotiations with other countries. Surely the future of Canada as a trading nation must depend on the encouragement of production of those things which can be produced to the greatest advantage, and bacon for export beyond question is one of the

leading commodities.

In Alberta the live stock producers and other marketing associations were greatly disturbed early in the year when so-called consumer's strikes developed in several of the large cities. In Alberta there was a great deal of evidence of consumer resistance against meat prices, but in the west coast cities, which get their supply of fresh meat from Alberta, this resistance developed to a point where the movement of live stock was completely paralysed for a period of several weeks. For instance, the Alberta Live Stock Co-operatives Limited, during the last three months of 1947, shipped a weekly average of 21 carloads of live stock, mainly hogs and cattle, to Vancouver. In January, when the consumer strike gained strength in the coast cities, there was no movement whatever of live stock from Alberta for several weeks, and the effect of the strike was felt for over two months. Only the fact that the export market absorbed the amount of stock that ordinarily went into domestic channels preserved the price level, and saved producers who delivered stock at that time from disastrous losses. It is understood that in other provinces prices did break and considerable loss was taken on stock delivered during that period.

The live stock producer feels very strongly that he was fully entitled to the increase in prices which went into effect at the first of the year. More than that, he feels that Canadian consumers have been subsidized out of the pockets of producers all during the war, and that even yet live stock prices to producer are comparatively lower than his cost, and the producer feels that meat prices, because of the prominent part they play in every family's budget and because of their position, so to speak, up in front, they have become a target for criticism, much of it entirely unjustified. It may be that in some instances retail meat prices may have become unreasonably high, but there is no evidence that the producer of the live stock at any time received a price for his product equal to the price that he could have got for it on the so-called

world market and at prices which were being offered in other countries.

Hog production costs are calculated in different ways in the various provinces, and every producer has his own way of figuring out what the advantages in his own individual case may be in increasing production or in going out of it altogether. In Ontario, apparently, the average producer buys most or all of his feed, and for him a table of costs has to be worked out which includes every expense direct and indirect which may enter into production. In western Canada, the average farmer has a much simpler rule that decides him. He simply compares the price which he could get for a bushel of feed grain at the elevator to the price which he figures he gets by marketing it through hogs, and the comparison of those prices decides him. The attached table of com-

parative prices shows what has happened in Alberta over a period years. This is generally known as the hog-barley ratio, and is used to measure the relative prosperity of hog production. At the present time the hog-barley ratio, stands at 17.5, which means that 17.5 is the number of bushels of No. 1 feed barley needed to equal in value 100 lbs. of live B1 hogs, both prices at Winnipeg. The average over a long period of years has been figured out as between 18 and 18.5. When the ratio is below that figure, the odds are against increased production. When the ration is above that figure, a movement toward increased production can be expected.

There are several questions which might well be investigated by this committee, and the following suggestions are offered as to lines along which inquiry should be made and publicity given to matters which are puzzling both con-

sumers and producers of live stock products.

1. What are the actual facts as to increases in retail prices on both fresh and cured meat? How much of these increases are due to increases of prices paid to the producer of live stock and how much due to other factors such as retail costs entailed by slicing and packaging?

2. The movement of feed grain from western to eastern Canada, the justification for the government subsidizing it, and the actual costs of dis-

tributing the feed grain in eastern Canada?

3. The extent to which the scarcity of farm labour has increased costs of production or cut down production, and the possibilities of easing the farm labour situation?

4. Extent to which transportation costs of live stock enter into the picture,

particularly in view of the recent increase in freight rates?

5. The extent to which the buying practices of the packing industry affect the price to producer, and encourage or discourage production, coupled with this the advisability of dominion marketing legislation which would allow the imposition of uniform buying price and costs on the live stock industry similar to those under which grain marketing now operates?

6. The extent to which dominion government grading regulations hamper the free movement of live hogs to various parts of Canada, and the extent to

which this affects domestic prices?

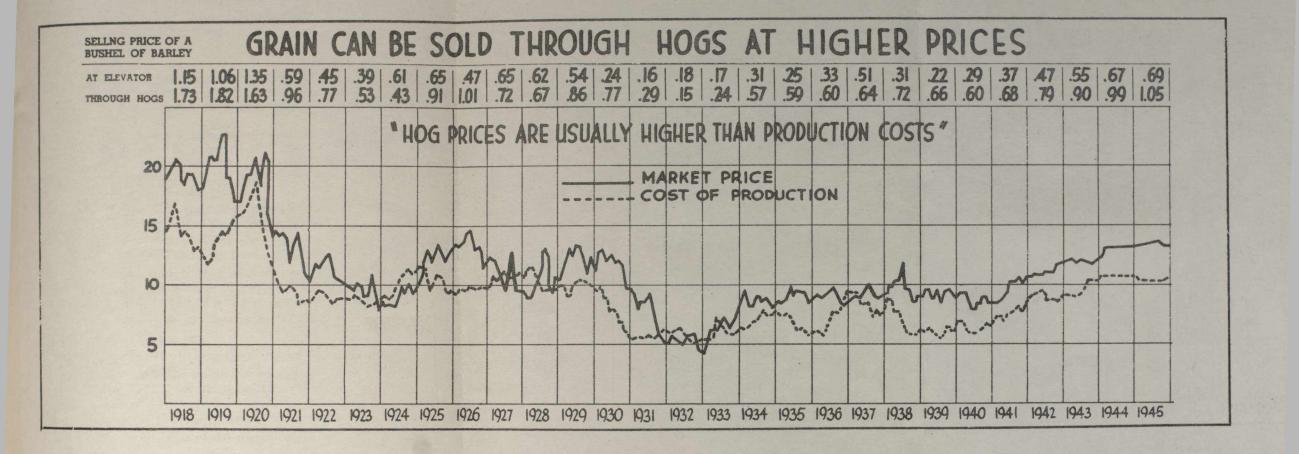
All of which is respectfully submitted:

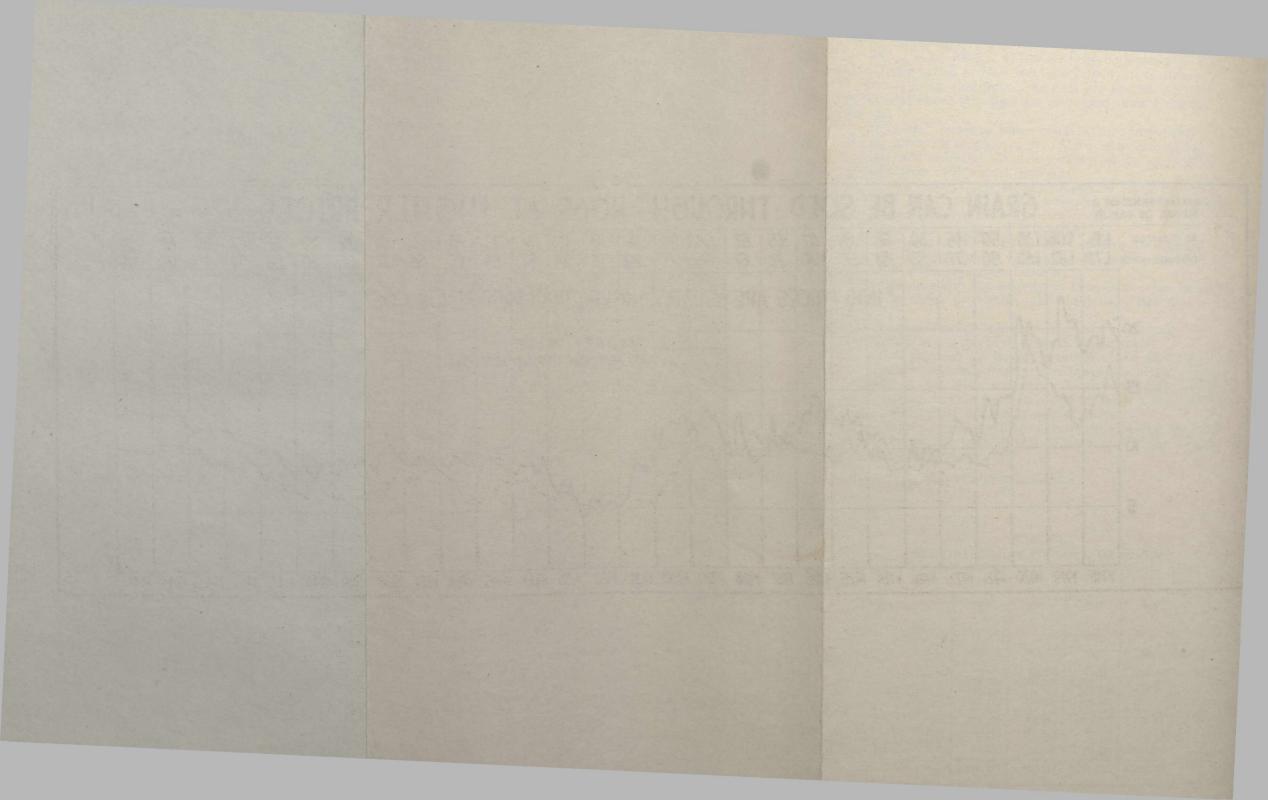
Ottawa, Ontario, April 20, 1948.

TABLE 1 HOG GRADING BY PROVINCE OF ORIGIN

Province	1939	1944	1945	1946	1947	1947 as per cent of 1946
British Columbia Alberta Saskatchewan Manitoba Ontario Quebec New Brunswick Nova Scotia Prince Edward Island	312,188 327,212 1,667,991 336,575 27,402	No. 50, 255 2, 981, 940 1, 934, 112 851, 994 2, 108, 734 789, 325 51, 979 25, 951 68, 888	No. 36,276 1,946,114 942,916 486,630 1,806,668 535,265 33,776 13,205 60,223	No. 22,015 1,250,602 513,776 345,229 1,769,437 478,322 25,100 3,242 53,013	No. 16, 357 1, 105, 222 434, 849 309, 261 2, 091, 329 699, 568 33, 947 6, 535 58, 903	% 74. 88. 84. 89. 118. 146. 135. 201. 111.
Canada	3,706,179	8,863,178	5,861,073	4,460,736	4,755,971	106.

^{*} Not reported.





Mr. Dyde: Mr. Chairman, I think that I should speak now about the printing of the graph which is the last page of Mr. Allen's brief. We will go through the brief covering such questions as may arise in the earlier pages of the brief but we will not at this time deal with the graph.

The Vice-Chairman: Before proceeding the clerk has drawn my attention to the fact that the printing, which we desire at the earliest possible moment, may be delayed because of the graph.

Mr. Dyde: Mr. Chairman, perhaps I can help in that respect? I believe I could take Mr. Allen over the graph in such a way that it might not require printing.

Mr. Johnston: Table 1 could be printed as if it had been read.

The Vice-Chairman: Yes, table 1 is all right but it is the question of printing the graph and avoiding delay.

By Mr. Dyde:

Q. You understand our problem of printing, Mr. Allen, and perhaps you build tell the committee what the graph shows?—A. Briefly, it illustrates the point I raised as to how the western farmer decides what profit he can make

on his grain.

Q. Now you have shown a number of prices on that graph. You show, for instance, the selling price of a bushel of barley related to the cost of production and the market price, and what that graph actually does is to prove that your statement in the brief, as to the long-term hog-barley ratio, is correct?—A. Yes, briefly that is what it does.

The Vice-Chairman: The statement on it is in quotation marks and is included in your brief—"hog prices show higher production costs".

Mr. Thatcher: Would Mr. Allen have figures to extend the graph for the next two years? I would like to get the hog-barley ratio for 1946 and 1947.

The Witness: I have not got that information. This graph was taken from a publication put out by the Alberta Department of Agriculture and I wished to use it as published rather than to add any figures of my own.

Mr. Thatcher: Have you any figures as to the monthly ratio for 1947?

The WITNESS: No. I have not.

Mr. Dyde: I may be able to help the committee in that respect.

Mr. Irvine: What does the market price mean? Is it the price of barley or the price of hogs, or both? I am speaking now of the market price shown on the graph.

The Vice-Chairman: You are referring to where it says "market price".

Mr. IRVINE: The heavy line is the market price and the dotted line is the cost of production.

The Witness: That would refer to the cost of production of hogs.

Mr. IRVINE: Hogs?

The WITNESS: Yes.

The Vice-Chairman: The cost of production is the cost of production of hogs?

The WITNESS: Yes.

Mr. Johnston: Would there not be a fluctuation for those figures shown on the graph for grain sold to the elevator or fed to hogs?

The WITNESS: Yes.

Mr. Johnston: I think we should have this graph printed in the record?

The Vice-Chairman: I was going to make the same remark because it is not a physical impossibility and our questions to the witness will not have very much relation unless we have the graph about which we are talking.

Mr. Johnston: Yes.

The Vice-Chairman: It is understood then the graph will go in as part of the brief.

Mr. Thatcher: Mr. Dyde suggested that he might have the hog-barley ratio figures for 1947 by months.

Mr. Dyde: Mr. Chairman, I have before me a letter on Canadian live stock prices which was issued from 200 Bay street, Toronto, and it is issued by the Industrial and Development Council of the Canadian Meat Packers and it has a table on it which I feel satisfied is accurate and from which I will give you the figures which follow those Mr. Allen has produced.

Mr. Johnston: Is it worked out on the same basis?

Mr. Dyde: Yes, because they are both worked out from the same letter. This graph came from an earlier edition of the same letter.

Mr. Thatcher: I am not so worried about 1946, unless someone else wants those figures, but I would like to have the figures for 1947.

Mr. Fleming: What is the source of the figures on tables 1 and 2 of the brief now before us?

The WITNESS: The Alberta Department of Agriculture.

Mr. Fleming: Are the figures for Alberta or for all of Canada?

The Vice-Chairman: Are they for Canada?

Mr. Fleming: Table 1 covers all the provinces.

The Witness: Table 1 is just a statistical record of hog gradings by provinces and originally comes from the Dominion report.

The Vice-Chairman: The report of the Dominion Bureau of Statistics?

Mr. Fleming: Yes, in other words the source of the information given on the table is the Dominion Bureau of Statistics, and those figures were reproduced by the Alberta Department of Agriculture.

The WITNESS: Yes.

Mr. Fleming: What was the original source of the information in the graph, table 2?

The Witness: That was produced originally by the Alberta Department of Agriculture and afterwards reproduced in a letter from the Industrial and Development Council of the Canadian Meat Packers.

Mr. Lesage: Is it based on Alberta prices or Canadian prices?

The WITNESS: I have the original letter here and I think it refers to Alberta.

Mr. Dyde: I understand, Mr. Allen, the hog-barley ratio is always based on Winnipeg prices?

The Witness: The hog-barley ratio is based on Winnipeg prices but table 2 shows the margin of profit on barley or feed grain marketed in hogs rather than sold to the elevator, and it is a table drawn up by the Alberta Department of Agriculture which refers only to Alberta.

Mr. Johnston: Table 2 would refer to Alberta elevators?

The WITNESS: That would be Alberta.

Mr. Johnston: It would not take into account the freight on the live stock?

The WITNESS: Your live stock price would be based on the two big Alberta centres, Calgary and Edmonton, where the prices are approximately the same.

Mr. THATCHER: Could Mr. Dyde give us those figures?

The VICE-CHAIRMAN: Yes.

Mr. Lesage: The cost of production is the cost of production in Alberta is it—or is it an average for Canada?

The WITNESS: Pardon me?

Mr. Lesage: Is it the cost of production in Alberta? The Vice-Chairman: You are referring to the graph?

The WITNESS: That would be Alberta.

Mr. Fleming: The cost of production refers to Alberta.

Mr. Johnston: They are more efficient out there than in the rest of Canada.

Mr. Lesage: I question that.

The Vice-Chairman: Just wait a moment there. The cost of production of the hog is said to be Alberta? That graph, Mr. Allen, shows a cost of production line which refers to Alberta?

The WITNESS: Yes.

The Vice-Chairman: The grains that have entered into that cost of production reflect the cost at a certain point or are they the average cost on the farm, or would you be able to say?

The Witness: I presume that is an average elevator price. The idea that was advanced in the article was that the farmer was comparing what he would get for a bushel of grain if he sold it to the elevator with what he would get if he fed the grain to a hog.

The Vice-Chairman: You are looking up the bushel of grain and the hog prices to see what the difference is; that is, to see whether it paid you better to carry it over to the elevator or to put it into the hogs' mouth?

The WITNESS: That is it.

The Vice-Chairman: Are there any other questions on the basis of this? Is the answer satsifactory?

Mr. Fleming: Could Mr. Dyde tell us that, or is he going to give us some figure? Could he tell us if there is any possibility of getting a comparable graph for eastern Canada, or for the whole of Canada?

Mr. Dyde: I haven't been able to find it. No. I am not sure whether I can or not, but I have not been able to do that yet.

Mr. Johnston: Would the Ontario Department of Agriculture have that?

Mr. Dyde: I have not been able to find out.

The Vice-Chairman: We are going to have the figures for 1946 and 1947, to complete the graph, just as soon as we can find the figures.

Mr. MAYHEW: What are you going to do with the lines in the graph itself?

Mr. Dyde: I have checked this material that I have for 1948, and I find that it is not a continuation of this graph. I do not want to mislead you. The line of the graph that I have before me does not contain the Alberta prices, nor the graph which is on table 2.

Mr. THATCHER: What does it do?

Mr. DYDE: It contains the hog-barley ratio for Canada.

The WITNESS: That is the Winnipeg prices.

Mr. Thatcher: I do not see how this graph is to be of any value to the committee if it does not take in 1946 and 1947. We are interested in the recent price rise, and the year 1947, is a pertinent year.

The Vice-Chairmans: It does tie in with a number of statements in the brief, however; and that is not of nearly as much value, as it could be continued

in the other two years. Is it not possible to get these other two years from Alberta? What would be your comment on that?

The Witness: I do not think there would be any difficulty in getting these figures from Alberta.

Mr. IRVINE: That is all we need, and then we can draw the line ourselves. The Vice-Chairman: That would complete the graph for our purposes.

Mr. Thatcher: In the meantime would Mr. Dyde object to giving us the 1947 figures for all Canada? I would like to have those.

Mr. Dyde: It is not a production of these figures. It is the srtaight hog barley ratio I can give you.

Mr. THATCHER: That is for all Canada?

Mr. Dyde: That is not a projection of these figures for all Canada.

Mr. THATCHER: I would like to have them anyway, if you don't object.

The Vice-Chairman: Just one second now; would it not be better to wait until the afternoon session and see whether that might be added after Mr. Dyde has given further thought to it rather than interject figures which may not tie on here very well with what we have already, and in that way break into this evidence and leave possible confusion.

Mr. THATCHER: You will try to get that this afternoon?

The Vice-Chairman: We will take it up again this afternoon. I would break it away from this. That is the point.

Mr. THATCHER: All right.

Mr. Winters: Just before you leave this matter, Mr. Chairman, could you say just what the units at the left-hand side of this graph represent?

The Vice-Chairman: You refer to units, 5, 10, 15, 20, and so on; what do they mean?

Mr. WINTERS: Yes.

The Vice-Chairman: They may be only measuring units.

Mr. Winters: They must signify something.

The Vice-Chairman: Yes, they stand for something—they indicate a five-point rise.

Mr. Mayhew: It shows the point rise.

The Vice-Chairman: It may only be an index point for measuring purposes only.

Mr. WINTERS: Even so, I think it should be explained.

The Vice-Chairman: Oh yes, sure.

Mr. Dyde: It would appear from what I can make of it that it is just a point matter, not dollars and cents.

The Vice-Chairman: Yes, an index point.

Mr. Dyde: An index point.

Mr. WINTERS: What has it relation to?

Mr. Dyde: That does not appear from the material here.

Mr. Winters: I wonder if we might have an explanation for the purposes of the record?

The Vice-Chairman: Apparently it is taken from a letter issued in the province of Alberta, and the letter is not the original source of the information.

Mr. Winters: I think that is important, if we are going to attach any significance to this statement at all.

Mr. IRVINE: Would it not mean that the whole graph showed a range of 25 points?

Mr. WINTERS: That may be true. I don't know.

Mr. Lesage: It may start with a base of 100, and the first mark 5 might indicate 105, and so on.

Mr. RVINE: But that would not make any difference in the ratio.

Mr. Johnston: Would it make any difference as far as the graph is concerned anyway, because it indicates the fluctuations.

The Vice-Chairman: I think Mr. Winters is right. It makes quite a bit of difference. But on the other hand, even if you say it is only a point for measurement, it still has value.

Mr. Johnston: Yes, I think the graph does have value. While these figures on the left-hand side of the graph may be unit figures they are figures of comparison, and for the purposes of this graph I think they are self-explanatory because you can easily see from it the difference, the fluctuations between the cost price and the selling price.

The Vice-Chairman: Does it not come down to this: It would be wise, I think, to find out what meaning was intended by the graph in the first place, and that is something we will endeavour to get.

Mr. THATCHER: It indicates that the dollar value of hogs has varied.

Mr. Mayhew: I think this indicates that we should try to get a similar graph which would cover all of Canada.

The VICE-CHAIRMAN: Yes.

Mr. Mayhew: Rather than in one province. Such a graph would be valuable. The Vice-Chairman: That would be something the secretariat might take up with the D.B.S.

Mr. Dyde: We will proceed on that. I think it may be difficult to get that but we will proceed with it, Mr. Chairman, and I will give you the best results we can.

The Vice-Chairman: All right. With that much introductory discussion the questioning will go on and Mr. Dyde will ask those questions he was speaking of a little while ago.

By Mr. Dyde:

Q. I would like you to turn to page 4, of your brief, Mr. Allen, and it is a general question that I have there. I think you will agree with me that it is in the interests of no one that you found that your shipments from the Alberta Livestock Co-operative Limited to Vancouver dried up in January; it is not a desirable situation, is it?—A. It is a very bad situation.

Q. I am wondering this, whether your co-operative, or you yourself, have analysed that situation in any way to indicate where the fault lay, if there was any fault, where the fault lay; that at one stage you were shipping regularly and then you were not shipping. Is it entirely the consumer who was responsible, the

consumers' strike?

The Vice-Chairman: One second. I am asking Mr. Irvine to take the chair for about ten minutes.

(Mr. Irvine assumed the chair)

By Mr. Dyde:

Q. Is it entirely a matter of where prices have gone to a stage where the consumer just resists and will not pay; and, do you find that there is any fault along the way? Have you examined that?—A. Well, in our shipments of stock to Vancouver when our orders were cancelled we naturally got in touch with the people concerned in Vancouver and asked what was the matter. Well, this is the retail trade in Vancouver, and was simply at a standstill. They said, our retail

price does not move it. It was over this agitation on the high prices, and on bacon specifically. And, they said, our feeling is that we are not going to be able to move anything like the normal amount of meat through the retail trade. They told us that it was the retail trade, and that they were completely blocked. They said, we simply will not be able to buy meat, either fresh or cured on anything like the scale which ordinarily prevailed and which had prevailed before

the 1st of January.

Q. What I am really coming to now is this. Did you examine yourselves at that point and ask them whether there was anything you could do not harmful to the producer which would help the consumer. Is there anything?—A. Well, we naturally watched what changes in retail prices had taken place closer to home, and we found in Edmonton for instance that while the price had gone up in pace with the increase of buyers' stock there was no evidence there that the price had gone up to a height that was not justified, so that there was no great amount of consumer resistance. That was in Edmonton. But judging from the reports of conditions in the coast cities prices had gone up much higher on the same kind of meat. Why it went to that height, I do not know; or, if they actually did go to that height.

Mr. Johnston: Were those prices reflected in an increase in the price returned to the producer?

The Witness: The increase in price which the producer got certainly did not justify the prices that were reported in the press as prevailing in certain cities.

Mr. Thatcher: In other words, the fact that the price ceiling came off did not help the producer as much as it hurt the consumer?

The Witness: Well, in certain centres that appeared to be the case. As I say, in Edmonton, there did not appear to be any undue increase in prices.

Mr. THATCHER: To the producer, do you mean?

Mr. Dyde: To the consumer.

Mr. THATCHER: To the consumer?

The WITNESS: Yes.

Mr. Dyde: Will you look at exhibit 94, Mr. Allen-

Mr. Johnston: Before you leave that, would you give us the tie-in between the Edmonton and the Vancouver prices?

Mr. Dyde: I am just coming to that. If you will look at exhibit 94, Mr. Allen, we have there taken from dominion government sources the retail prices you mentioned on bacon a moment ago; and we have the retail price in Edmonton and in Vancouver; and on the 6th of February, referring to exhibit 94, I see that the former ceiling price retail on a half pound package of bacon was 67 cents, and that on the 10th of February it was 83 cents, and then went down until March 16, it was 77 cents. And then I turn the page and find that at Vancouver the former ceiling was 69 cents, which was 2 cents higher than the former ceiling at Edmonton; then it went up to 87 cents at one stage in the week of January 12. and has gone back to 81 cents on the 16th of March. Now, would that be a sufficient difference? Is that the reason, do you think, that the consumer in Vancouver became annoyed by having to pay 7 cents as compared to a top price in Edmonton of 83 cents for a half pound package. Is that the difference to which you referred?

The Witness: Well, all I know of Vancouver prices is the reports that we read in the press, reports to the effect that bacon had gone to \$1 retail. I think there was one report of a dollar and one or two cents. Whether or not that was true, or how prevelant that price was, I do not know. Your records do not show it. but I think if you will look at the press reports of that particular week you will see that those prices were staple.

Mr. Fleming: Is there any reason to suppose that the resistance on the part of the Vancouver consumer was confined to pork?

The Witness: No. It apparently extended to fresh meat; that is, to beef as well as to pork and cured meat; but there seemed to be more prominence given to bacon. Bacon is one thing that is at a high price at any time and apparently the press made more comment on the price of bacon than they did on fresh meat. But there was resistance to all meat prices.

Mr. Dyde: Yes. May I refer again to my former question and ask you if you did not make any self-examination when you found this situation, because obviously it was not in your interest whatever, the consumers' strike; and, did you examine yourselves to see whether there was anything in the way of action which you could take to influence that situation?

The WITNESS: Well, we did not go further than to get the retail prices in Edmonton; and, as I say, we did not find that there was any undue rising either in the price of fresh meat, beef and the rest, and in the price of cured meat.

Mr. Thatcher: And yet the Dominion Bureau of Statistics will not bear that statement out, Mr. Allen.

The WITNESS: Well, these prices that are given in these tables are I understand an average of prices taken from a number of retail outlets.

Mr. Dyde: That is correct.

The Witness: We generally went to some of the larger stores which specialize in meat and which sell very large quantities; and we found that in Edmonton, for instance, none of these stores had raised their price at all until several weeks had passed. They apparently had had in storage a sufficient amount—as a matter of fact they carried on the old price for several weeks; and it was only in the smaller retail stores that the price increase immediately followed the change.

By Mr. Thatcher:

Q. Are you suggesting that the retail price in Edmonton had not gone up considerably immediately the change was made in October?—A. Well, they might be up a bit.

Q. What you are trying to say is this, that it has been a gradual increase?—
A. They apparently were not out of line with the increased prices paid to

the producers.

- Q. Are you saying then that the producers' returns have gone up to a certain degree pretty well equivalent with the increase in the retail meat prices? Are you making that statement?—A. I would turn it around. I would not say that the retail price followed the increase to the producer, but I would maintain that it is not unduly out of line.
- Q. We had a witness I think from Ontario who gave evidence that the return to the producer at the present time is not much greater than the equivalent increase in the cost of meat, that his profit was about the same as it was before the ceilings were taken off. Would you have any idea as to the figures in Alberta along the same line?—A. As far as pork is concerned—hogs—there is no question that we are getting a much better price now than before.
- Q. Are you getting a better net profit in returns than you were before the ceilings were taken off?—A. Yes, I would say we are now.

Q. And your case is different from what it is in Ontario?—A. Yes.

Q. How would you account for that?—A. I think it is possibly explained by the feed prices.

Q. You mean your feed is cheaper than it is down here?—A. Yes.

Mr. Johnston: That of course would be the case when you consider that they pay the freight on it down here; and then, of course, the subsidy was removed, and that all enters into it.

By Mr. Thatcher:

Q. Do you think your hog-barley ratio will bear that out when you get a chance to complete it for us?—A. It does to a certain extent. Of course, when the bonus of 25 cents on barley was removed that upset things pretty badly for a time and the hog-barley ratio dropped away down.

Q. In other words, after the ceilings came off, the revenue of the man raising hogs dropped for a while?—A. Before the price rise in January there

was no question that the farmer was pretty well discouraged.

Q. In other words—

Mr. Lesage: Mr. Thatcher said the farmer was losing money. He was losing a lot of money in November and December, wasn't he?

The WITNESS: Well, no; I would not say the Alberta hog man was losing money, but he was not getting anything like the money he is getting now or that he was getting before then.

Mr. Lesage: No, but Mr. Thatcher said in any instance the farmer was losing a lot of money; as a matter of fact I think he went so far as to say that he was even losing money, that the price had gone below the cost of production.

The Witness: No, it was not below the cost of production.

Mr. THATCHER: That is different from the evidence Mr. Tummon gave. He said that in November and December the farmer actually lost money producing hogs because of the rise in the price of feed.

The WITNESS: That is possible.

Mr. Mayhew: Referring to the high price of bacon in Vancouver I think this is true, and it was said in the committee here that the packers endeavoured to get practically the total increase in their hogs from the bacon, and that the other parts of the meat of the hog—the hocks, head and such like—shoulders—they all remained at the ordinary low price; and the figures on your table here would indicate that such is the case; the bacon price went up to 88 and then came down to 85 and 87, and then dropped to 81, while the other cuts of meat remained about the same all the way through. Now, when we come to this consumers' strike, was that strike against meat generally or was it directed particularly against the high price of bacon? I think the figures rather seem to indicate that the resistance was directed particularly against the increase in the price of bacon. That, of course, was a luxury item, and the increase applied on that rather than on the lower cuts of the hog.

The WITNESS: I think that is true.

Mr. Fleming: I think it is possible also, Mr. Allen, that the experience of the western hog producer last fall was different from that of the eastern hog producer, at least in result. The reference to that was made in the evidence by Mr. Tummon. His point there was that unless the eastern hog producers had a substantial quantity of feed grain on hand which was purchased in the west or grew a considerable amount of his own feed it resulted in a loss. Would you care to comment on that?

The Witness: Well, I think that the eastern producer is quite evidently dependent more on his feed costs than is the western farmer. For the most part the western farmers raise their own feed and he always has a supply available, and the price paid in Ontario is higher than that which we pay out west. The higher prices paid in Ontario did not affect him.

Mr. Fleming: Just one more question before Mr. Allen launches into this. Can you give us a short statement of the effect of the hog-barley ratio on, first of all, feed grain and other coarse grains—

Mr. THATCHER: That is what we are trying to get at.

Mr. Fleming: Can you give us a short statement on the effect of the hog-barley ratio on, first of all the curve of fluctuation from that time on down to the present time. Have you worked that out yet, Mr. Allen?

The Witness: There is a table there showing the hog-barley ratio which was sent out by the Industrial Council of the meat packers.

Mr. THATCHER: Is that for Alberta?

The WITNESS: No, this is based on Winnipeg prices.

Mr. THATCHER: Is it for all of Canada? The WITNESS: Yes, but only October, 1947.

Mr. THATCHER: And then, that is not pertinent.

The Acting Chairman: We agreed that this afternoon we would be supplied with the supplementary figures for Alberta which were pertinent to the material in the graph which we have before us. Now, apparently the only figures you have at the moment is for all of Canada.

Mr. Dyde: If you are dealing with the hog-barley ratio, strickly speaking, may I say that that is always based on the Winnipeg market.

Mr. Thatcher: I thought you were going to give us the hog-barley ratio for Alberta alone.

Mr. Dyde: I would doubt very much if we could get a continuation of that table. That is not the hog-barley ratio.

Mr. Fleming: Two quite different things there.

Mr. Dyde: What I have here is the hog-barley ratio.

Mr. Fleming: Yes, but I thought it might be possible to table the history of the hog-barley ratio from say last October down to the present time. The question was as to what fluctuation had taken place, and that would show the experience of the western producers in that regard.

The Witness: Well, the hog-barley ratio as shown in this table which gives it as far as January of 1948, shows that the ratio had dropped.

Mr. Thatcher: Would you mind giving it to us by months from 1947?

The WITNESS: How far back do you want me to start?

Mr. Thatcher: January of 1947.

The Witness: The 1st of January, 1947, the hog-barley ratio was about 21; in February it went to $21\frac{1}{2}$; in March it went down to $20\cdot 5$; in April it kept dropping until in say the 1st of May it had got down to an average of $18\cdot 2$ —

Mr. THATCHER: Is that the May figure?

The WITNESS: Yes.

Mr. THATCHER: Then give us the April figure.

The Witness: It got down to about 18.2, in April and stayed there during May, June, July and August, when it started to rise again. In September it reached 19.5, then it started to drop in October when it went down to about 18; and in November and December it went down a little further to 14.

Mr. Johnston: That would be below the cost of production?

The WITNESS: Yes.

Mr. THATCHER: But, Mr. Allen—

Mr. Dyde: He has not finished yet.

The Witness: In January after the increase in price it rose considerably to a point where it is now 17.5, or a little better.

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By Mr. Fleming:

Q. There is a terrific fluctuation in the first period, isn't there?—A. That was caused first by the removal of the bonus on feed grain, and then it started up again with the increase in price on the 1st of January.

Mr. Fleming: I suppose factors like that are bound to create very great fluctuations in the hog-barley ratio, making the planning very difficult for the hog producer?

The WITNESS: There is no question of that.

By Mr. Dyde:

Q. Just one more question, before you leave that point and I am referring to your remarks on page 5 with respect to the hog-barley ratio. Can you give me any idea of what the Alberta hog producer did when he saw the hog-barley ratio in November and December 47? If he looked at the hog-barley ratio at that time what did he do?—A. He started to unload this breeding stock.

Q. Did that actually happen in Alberta?—A. Yes.

Q. Do you know to what extent?—A. I have heard so many rumours that I would hate to make an estimate, but there is no question that a lot of sows went to market at that time.

By Mr. Harkness:

Q. There is another factor there, a large number of people in the hog business did unload their feeders?—A. Yes but I do not think they did that to the same extent in the west as in the east, but you could not sell feeders for several weeks as there was no market for them.

Q. The stock markets were plugged with feeders?—A. Yes.

Mr. Fleming: If the hog producer is going to have a fair opportunity to make his production and stay in the business there has got to be less of this changing of public policy on the part of the government, is not that clear?

The WITNESS: Yes.

By Mr. Harkness:

Q. And also is it not a fact, and I wonder if Mr. Allen has some figures on the matter, the price of feeders fell very materially?—A. Feeders?

Q. Yes, and also sows fell very materially on the Calgary and Edmonton

markets?—A. Yes, there was a considerable drop.

Q. Have you any figures as to what the drop was?—A. I have not got the figures with me but they would be in the weekly report.

Mr. Winters: With reference to Mr. Fleming's assertion—

Mr. Fleming: With reference to my question—the witness gave an answer.

Mr. Winters: I will overlook that remark, Mr. Chairman. Is it not true, that the margin of profit which the farmers are enjoying is the result of government policy?

The WITNESS: What was that again?

Mr. Winters: Is it not true that the present favourable position in which the farmers find themselves is because of government policy?

Mr. IRVINE: I do not think Mr. Winters should ask that question.

Mr. Winters: Mr. Fleming was allowed to ask his question.

Mr. HARKNESS: I think Mr. Winters should first ask the question "are the hog producers in a favourable position at the present time"?

Mr. Winters: Mr. Allen said they were doing all right.

Mr. HARKNESS: Is it your answer that the hog producers in Alberta are in a favourable position?

The WITNESS: I would say that they are today.

The Vice-Chairman: You have been having some dispute about asking questions and perhaps, when the witness has answered a question, you should not try to add words and make them appear to be his answer. He said that the hog producer at the moment is in a favourable position, and now, was there another question after that?

Mr. Winters: I just want to say then, with further reference to Mr. Fleming's question—

Mr. Fleming: Ask the question, as I did.

Mr. Winters: Is the farmers' position not attributable to the British contracts?

The WITNESS: It is attributable to the increase in prices.

Mr. WINTERS: Resulting from the British contracts?

The WITNESS: Yes.

Mr. Lesage: And the government negotiated the British contracts?

Mr. McCubbin: That is not a question.

Mr. Lesage: I wanted it on the record.

The Vice-Chairman: It is a matter of public knowledge that the contract was negotiated by the government and no one would dispute that. We do not want to get into any disputes here but I am sure you will admit the last statement is true.

Mr. Thatcher: I just want to pursue the matter of prices for a moment if I may. Mr. Allen, on page 6 of exhibit 94—

Mr. Dyde: Just a moment, Mr. Thatcher, this witness is not completely familiar with our exhibits, but I will get him the page.

By Mr. Thatcher:

Q. Mr. Dyde referred a moment ago to this chart on the wholesale and retail prices of meat in Edmonton. According to this chart the former ceiling price was 67 cents. On February 10—and I think this refers to bacon—that price had gone to 83 cents, or an increase of approximately 24 per cent. Then on March 16 it had dropped to a point where it was about 14 per cent above the ceiling. The point I am establishing is the retail price had jumped very considerably in Edmonton after the ceilings were taken off. Mr. Allen, a moment ago, gave us figures on this hog-barley ratio and according to his figures, in September the ratio was 19·5. In October the ratio was 18·0 and that was the month when the ceilings on feed grain were taken off, and the ratio dropped to 14·0 in December, and it stayed at 14·0. Would not that indicate, Mr. Allen, that the return to the farmer in that period of time was considerably less than in the months prior to the ceilings being taken off?—A. No.

Mr. HARKNESS: No.

The Vice-Chairman: Do not break in on that, it is a question and the witness should answer it if he is able.

By Mr. Thatcher:

Q. Perhaps I do not understand the ratio, but if it was 18·0 in October and it dropped to 14·0 in November, would it not indicate the farmer was getting considerably less by way of net return from his hogs, due to the fact that his barley was costing him so much more?—A. It would indicate he was getting less for barley but it would not necessarily indicate any change in hog prices.

Q. No, but his net revenue, according to that chart, must be less in the light

of the hog-barley ratio?—A. Not necessarily on hogs.

Q. What does this hog-barley ratio mean? Perhaps I do not understand it.—A. It is a comparison of the ratio between the prices of feed and the prices of livestock. It does not deal specifically with the price of livestock. The price of hogs may not have varied a cent during that time, but if the price of your feed

grain varied it would change the ratio.

Q. You say the fact that feed grain went up very considerably at that time would not necessarily mean that the net profit to the farmer went proportionately down in the period—that is according to this chart?—A. It is a theoretical question. It simply means that the farmer, supposing he had barley, could get more for the barley by selling it to the elevator, but it does not change the amount that he would get for it by feeding it to the hogs. He may have been getting the same price straight along for hogs. At the start of the period barley was, we will say, 75 cents; when the ceilings were taken off the barley shot away up. If the farmer had taken the barley to the elevator he could have got 30 or 35 or 40 cents more for it.

By Mr. Johnston:

Q. If he had fed that high priced barley to the hogs his return would have been necessarily less?—A. Yes, if he had had to buy barley every week it would have cost him more.

Q. It would not matter whether he had to buy it, if he had to feed it his

return on hog production would have been considerably less?—A. Yes.

Mr. McCubbin: Barley was not high during all the period these hogs were fed. They might have been fed the high priced barley for only two or three weeks out of the five or six months and the rest of the time they were fed with barley at the previous price.

Mr. Lesage: Yes, and a lot of the hogs fed on the cheaper barley were sold

at the higher prices.

The Vice-Chairman: They might have received a pail full of cheap barley and only two or three teaspoons full of dearer barley?

Mr. McCubbin: Yes.

Mr. Lesage: That situation applied to hogs slaughtered between October and January.

Mr. McCubbin: There was only a two months period during which the higher priced barley was fed but there were four or five months when the hogs were fed on the cheaper grain?

Mr. Johnston: Yes, but the last period of feeding when you are finishing the hogs off is the most important period. If you have to finish them with high priced barley it is going to be very expensive.

Mr. McCubbin: That is true, but to get the proper picture you must take the whole period and not just select a month or two where there are high prices.

Mr. Johnston: But you do not start feeding actually until you are in the finishing months.

Mr. McCubbin: That is not true in Ontario.

Mr. Johnston: It is true in Alberta.

Mr. Lesage: Are we to understand-

Mr. Fleming: May I just suggest, Mr. Chairman, that you swear some of these witnesses.

Mr. Lesage: Are we to understand from Mr. Tummon's table—

Mr. Fleming: I thought it was a rule that we swore all witnesses?

The Vice-Chairman: There are too many interjections for me to hear what Mr. Lesage is endeavouring to ask.

Mr. Fleming: He is giving some evidence.

Mr. Lesage: I am not giving evidence, I am asking questions.

The Vice-Chairman: As well as I could understand it Mr. Lesage wanted to ask a question of someone.

Mr. Lesage: Do I understand Mr. Tummon's figures—the table for November 15 at page 6 of his brief—are not accurate? He says here that the feeding cost for the top quality is \$3.40.

Mr. McCubbin: That is not right.

Mr. Lesage: It would not be correct? Would the average loss of \$2.90 per hog be correct?

Mr. McCubbin: No.

Mr. THATCHER: Are you asking Mr. McCubbin?

Mr. IRVINE: I do not think that should go in the record. A member of the committee should not flatly say that the evidence is incorrect.

Mr. Thatcher: I am going to ask Mr. Irvine some questions.

Mr. Irvine: I do not think Mr. McCubbin should say that the evidence put in by Mr. Tummon is not correct. If he wants to infer that Mr. Tummon's evidence is incorrect he should have done so before Mr. Tummon left.

The Vice-Chairman: It has always been understood that we do not swear witnesses who are also members of the committee.

Mr. THATCHER: This is an important point.

The Vice-Chairman: Just wait a moment, please. There has been a good deal of this conversation in the last ten minutes which has not been referred to the witness. It has been a little interlude but there is a point, which I suggest is right now, where we should continue with the questioning of the sworn witness.

Mr. Mayhew: May I make a suggestion that in future Mr. Thatcher direct his question to Mr. Irvine, and I am sure he will get the kind of answers he desires.

Mr. HARKNESS: I would like to ask a question or two of the witness?

The Vice-Chairman: Just a moment, and listen to me please? I have just finished stating that the interlude here had been long enough and Mr. Mayhew has violated my ruling, but I now suggest that we stop this funning and get on with the questioning of the witness.

By Mr. Harkness:

Q. Mr. Allen, I was interested in your statement that you considered the present situation favourable as far as the hog producer is concerned. I would like to ask you further whether you consider the position of the hog-barley ratio is sufficiently favourable to increase the production of hogs in Alberta at the present time?—A. I think there is a margin of profit in Alberta at the present time that should encourage increased production. The whole thing turns on the grain price and the live-stock price in the next year—that is the increased production turns on the prospects of how long that condition is going to continue. The hog-barley ratio is not exactly a rule of thumb but it is an indication. I do not think the average farmer stops to figure out the hog-barley ratio but he goes more by the price which he can get at the elevator and the price which he can get through livestock. That is the way he measures, and he figures on the one hand what he will get from the elevator and on the other hand what he will get through livestock. The answer decides whether he will go into hog production.

Q. Leaving the hog-barley ratio out of it, would you consider the general situation is looked upon sufficiently favourably by the farmers in Alberta that they are going to increase hog production?—A. Well I think it is favourable except for one thing.

Q. What was that?

The Vice-Chairman: He says he thinks it is favourable except for one thing.

The Witness: I mention in the brief there has been some suggestion that we may not be able to continue exporting to Great Britain the large quantities of bacon that we were led to believe a year ago that we might export. Exchange conditions might make it impossible. I mention that suggestion because it has been in the press recently. As a matter of fact in the Globe and Mail last night there was an article pointing out that Great Britain was looking for other sources of bacon in order to reduce her dollar spending and the writer of the article asks the question whether the Canadian hog man is going to have access to the British market in the future as he has in the past.

Mr. Johnston: You refer to that on page 5 of your brief?

The WITNESS: Yes.

Mr. Johnston: Where you say "it may be that in some instances retail meat prices may have become unreasonably high, but there is no evidence that the producer of livestock at any time received a price for his product equal to the price that he could have got for it on the so-called world market and at prices which were being offered in other countries."

The Vice-Chairman: No, that is a different point.

Mr. Johnston: It would have the effect, as Mr. Harkness pointed out, that unless a suitable market for the hog producer is found he will not have an incentive to increase his breeding stock.

The Vice-Chairman: I am not questioning that statement but you prefaced your question by saying something to the effect that there is a possibility of losing the English market, which possibility had been dealt with in the brief. I believe the witness agreed with you, but you then read something which did not have proper reference to the subject under discussion.

Mr. Johnston: He said that was one instance.

The Vice-Chairman: He said that was the only instance of what might be called a cloud upon the horizon of the hog producer and, as I understood the witness, he said things looked favourable for increased hog production were it not for this one fear that the U.K. may get her bacon somewhere else. Am I not interpreting your evidence correctly in making that statement, Mr. Allen?

The WITNESS: That is correct.

The Vice-Chairman: I am only drawing to your attention, Mr. Johnston, that you are reading from the wrong place.

Mr. Johnston: I did not read particularly the part referring to the British contracts, but I did read the part referring to other contracts.

By Mr. Harkness:

Q. Mr. Allen, I may say that I have 56 bred sows at the moment and the opinion of my neighbours—the general impression I have received from them—is that they consider the price of hogs too low in relation to the price of grain at the present time to warrant them going back into hog production. I was wondering whether the same general attitude prevails in the northern part of the province from which you come?—A. In Alberta this last season there was an awful lot of damaged grain and the price the farmer is getting for his grain this year, especially in coarse grain areas, is not exactly reflected by the quota-

tion of grain prices. There were very large quantities of tough and damp grain, low-grade grain, and the average farmer in northern and western Alberta is satisfied he can get much better prices through feeding hogs than by selling that type of grain to the elevator. I think that is a very important factor. I might say that deliveries in Alberta have been unexpectedly increased since December. The weekly deliveries have been up almost 50 per cent over the same week a year ago and that was a much bigger increase than anyone estimated. I think these increased deliveries were due, to a certain extent, to the fact that there was a great deal of damaged feed grain in the country and also to the fact that the increase in the price of hogs which went into effect on the 1st of January had been forecast for some time previously.

Q. It was the result of breeding when the relationship between the price of hogs and the price of grain was considerably more favourable than it is at

the moment?—A. Yes.

Mr. McCubbin: What is that again?

The Vice-Chairman: The breeding occurred at a time when it appeared that the new pigs were going to be fed cheaper grain than in fact they turned out to be fed?

Mr. McCubbin: No.

The Vice-Chairman: That is what Mr. Harkness asked and that is all we have at the moment. I do not think you should give evidence on that before the witness answers.

Mr. HARKNESS: The witness answered and he said "yes".

By the Vice-Chairman:

Q. The reason for the unexpectedly high deliveries that were referred to is due to the fact that there had been a bringing into life of little pigs when it appeared they were going to be fed more cheaply?—A. The breeding season that resulted in the pigs marketed in January of this year occurred almost a year ago and at that time there was a distinct feeling that hog prices would be increased and they were increased at that time to a certain degree. The price was not as high as it was after the ceiling went off later in the fall.

Q. Do you say the breeding that brought these pigs into life in January occurred almost a year ago?—A. No, no, I am referring to the breeding that

resulted in the deliveries in January.

Q. Oh, the deliveries in January?—A. Yes.

Mr. Harkness: Nine or ten months ago at least.

The Vice-Chairman: Mr. Dyde tells me the period of gestation is three or four months?

The Witness: Yes, and it takes six months to develop a pig.

The Vice-Chairman: Nine months after the breeding, if everything works all right, the pigs would possibly be delivered to the market.

Mr. HARKNESS: Ten months would be closer.

The Vice-Chairman: The love life of a pig is very interesting.

By Mr. Thatcher:

Q. Mr. Allen, have you any figures as to the proportion of the cost of

producing a hog which is represented by feed?—A. No, I have not.

Q. Mr. Tummon of the Ontario Hog Producers' Association suggested approximately 70 per cent of the cost of a hog was represented by feeding. Do you think that would be approximately correct?—A. I would not care to make any comment. I read Mr. Tummon's figures and the only comment I

have to make is that I have a similar table prepared by the Alberta Department of Agriculture and I notice Mr. Tummon's estimates for feeding costs are higher than those in the table prepared by the Alberta Department of Agriculture.

Mr. Johnston: What would you say about labour costs?

The Witness: The Alberta labour costs are not made up in the same manner. I notice that the estimated costs of a weaner pig are the same as those given by Mr. Tummon but the feeding costs were estimated at a lower figure. Now I would imagine that the Alberta labour costs would be somewhat higher.

By Mr. McCubbin:

Q. Is it the same in the west, in your district, as it is in our district where everyone is scouring the country and hunting for little pigs, and the

price sky-rockets?—A. What was that again?

Q. In Alberta, in your district, is the same thing occurring as is occurring in western Ontario where everyone is scouring the country looking for little pigs to feed? Is the same thing occurring in your district?—A. There is a fairly good sale for feeder pigs at the present time but I would not say there is a strong demand for them—not as there has been in the past.

Q. You have never seen such strong demand in the province of Alberta?

Mr. Fleming: Is that a question?

The Vice-Charman: It is a question for comment.

The Witness: I would not say there is such a strong demand as you have indicated.

Mr. Fleming: It was a flat statement.

The Vice-Chairman: It is quite a proper question.

Mr. McCubbin: What prices are they paying for weaner pigs six, seven, and eight weeks old?

The WITNESS: Oh, I would say \$8 to \$10.

Mr. Johnston: What prices are they offering in Ontario?

Mr. McCubbin: \$10, \$11 and \$12, and you cannot get them. People are hunting all over for feeder pigs, coming for 70 or 80 or 90 miles looking for little pigs.

Mr. Fleming: Is that a question?

The Witness: In most areas in the west there is not a demand for feeder pigs except in the areas close to the big marketing centres. Out in the country there is not much demand and there never has been a demand. The farmer is inclined to raise his own pigs and not just to raise them for sale as feeders.

The Vice-Chairman: The farmer expects to slaughter them himself.

The WITNESS: Yes.

By Mr. Dyde:

Q. Mr. Allen, I would like to go to page 6 of your brief where you have made some very interesting suggestions. I think that probably there is little more that you can tell us which will be of help with regard to your first suggestion but, I would like to make sure. Is there anything you can add to what you have already said to guide us in the examination of your first suggestion?—A. The only comment which I would like to make, Mr. Chairman, is this: when this consumers' strike began to show up our Vancouver sales were pinched off and we began to look around at the situation in Edmonton and Calgary. We found there was not the same amount of consumer resistance in those cities and we do not see any great justification for a protest over the prices. Now you will notice, in that table on page 6—

Q. You are referring to exhibit No. 94?—A. I am using bacon because bacon seemed to have been given more publicity than anything else. The unit taken was usually sliced side bacon in half-pound packages. It seems to us that if the consumer insists on getting his bacon sliced and in half-pound packages he will have to pay for it. If the consumer had bought bacon by the side he could have bought it at practically wholesale prices in any of the large stores. There never was a time in Edmonton when you could not buy good bacon at very little over 60 cents, possibly 66 cents.

By Mr. Johnston:

- Q. You are referring to buying it by the side?—A. You could not buy it in half-pound packages, sliced and wrapped, for that price. We rather felt that increase in price was possibly more the result of the extra costs in retailing than the actual increase in the cost of the meat itself.
- Q. The ordinary consumer could not buy bacon by the whole side because he would not have a proper place to keep it and therefore, of necessity, he was compelled to buy it in smaller quantities.—A. If the ordinary consumer bought bacon by the side he would have to provide himself with a place for keeping it. If he did not have a place for keeping it he would lose a certain amount through spoiling, but if the consumer expects the retailer to more or less insure him against that loss and keep fresh meat for him, he has got to pay for that service. This is on page 6. You refer to the very thing we are interested in there, the increase in the retail price of bacon. Might it not have been that there was too great a quantity held in storage? Do you think all this individual packaging and selling in half pound lots is necessary? I think it is now almost a demand because the consumer rather expects it because it simplifies his buying, and he is always assured of fresh first quality; that is important, particularly where he could not take care of it and look after it himself. Naturally, when he invites a service of that kind he has to be prepared to pay for it.
- Q. Do you think it would be to the advantage of the retailer, the housewife let us say, if people were a little more practical along this line?—A. I think so. However, I do not think the average consumer takes that into consideration; that the retailer supplies him with the assurance of fresh quality in a convenient package; and that type of service is bound to cost him more and he must pay for it.

By Mr. Dyde:

- Q. On the other hand, the storekeeper who retails a package of sliced bacon; all he has to do is to reach under the counter and hand it out to the customer. He does not cut it very often. He just has the job of picking it up, wrapping it and handing it to the customer. Isn't that right?—A. That is correct, but somebody has had to pay for the cost of wrapping and slicing, possibly taking off a slice off the outside of that bacon.
- Q. There is also another point which is perhaps a very minor one. I think we were talking about buying a side of bacon. You had reached that point, hadn't you?—A. Yes.
- Q. And when the customer buys a package, a half pound package of bacon the rind is removed, is it not?—A. Yes.
- Q. So that in your quotation of prices you must make allowance for the fact that when the housewife buys a side of bacon she is always buying some of the rind which she does not buy in the package.

The Vice-Chairman: Does that rind amount to a pound in ten?

The WITNESS: It would be less than that.

The Vice-Chairman: What percentage would you say she would have to allow for what would be non-edible on a side?

The Witness: I would not like to attempt an estimate on that. She would have the loss of the rind, of course; and if she kept in the house in the kitchen the ordinary way there would be a slight surface that has to be sliced off. That, together with the rind, would form an appreciable percentage of your total weight.

Mr. Johnston: You were suggesting a moment ago that it would pay the consumer to buy bacon by the side; how do you justify that statement if he is going to lose such a considerable amount in taking off the rind and so on; how would you consider that as being preferable to buying it by the package?

The WITNESS: If the consumer had the facilities, if one had a frigidaire in which to keep it he would not have much loss; but if you simply put that piece of bacon in a cupboard at ordinary kitchen temperatures, there would always be a certain surface cut that would have to come off and would be lost, as compared to buying it in small packages fresh.

By Mr. Merritt:

- Q. You referred to the Vancouver wholesale and retail prices, and I rather gathered from what you said that you thought the retail price, or the retail markup, has something to do with this increase. Now, this table on pork in Vancouver, on page 6, of exhibit 94, shows that the retail price was considerably reduced at the time the wholesale price went up on bacon, and then on the last date, March 16, the retail price is less than that which was allowed under the ceiling prices?—A. I notice that.
 - Q. You noticed that?—A. Yes.
- Q. So that actually the retailers are taking a loss following the increase in price of that last period?—A. I imagine that was largely to meet that consumer resistance.
- Q. Yes. Consumer resistance, of course, was the best way of breaking down prices?—A. Yes.
- Mr. McCubbin: Would you refer to page 6, of your brief, Mr. Allen, to paragraph 6, and enlarge on that for us?
- Mr. Dyde: Do you mind, Mr. McCubbin, if we go through his suggestions in the order they are, because I think they are fruitful suggestions, and we were dealing with No. 1.

The Vice-Chairman: We haven't got that far down yet.

Mr. McCubbin: I was wondering if perhaps we might not better clear that up now.

Mr. Dyde: We will do that after we have gone through the preceding suggestions.

By the Vice-Chairman:

- Q. I understand that the sole purpose of that suggestion in the last sentence of paragraph 1, is that you would assume that fact on certain retail costs incurred for convenience should be shown up very clearly. That is the only idea you had in that paragraph, was it not?—A. That was one of the main ideas.
- Q. Yes, and just that it would add appreciably to the cost of the consumer, that slicing, wrapping and so on; and you think that has been lost of sight of by the consumers a great deal; but as far as your suggestion goes, you are not suggesting that there is anything improper about it in your opinion?—A. No.

Mr. Dyde: Before you leave, do you know anything about or have you looked up any material with reference to the trend on the part of the public towards packages or away from packages; or, do you know anything about that?

The WITNESS: I do not know very much about it, but I would say it is

toward it.

The Vice-Chairman: Toward more of this what you would call convenience selling?

The WITNESS: Yes.

Mr. IRVINE: It is really service.

Mr. McCubbin: The public are demanding the service; isn't that the whole thing?

The WITNESS: Yes.

By Mr. Dyde:

Q. If we have finished with suggestion No. 1, I would like to go on to your suggestion No. 2, with reference to the moving of feed grain. Now, I know we are not actually examining into the commodities known as feed grains, but I would like you to comment on that, if you will, while we are at it. What is the present position with regard to the movement of feed grain from western Canada to eastern Canada?—A. Well, as I understand it, the buyer in eastern Canada is bonused, or gets a rebate from Fort William on; that is, he is buying the feed grain at the Winnipeg-Fort William price. In western Canada the feed producer, the farmer, is also growing grain; he is not exclusively a livestock man, he probably sells a fair amount too. I think the western farmer watches the market and supports the idea of subsidies for feed grain just as strongly as the eastern feeder does. But what puzzles him though is the high cost of feeds, and they were much higher than the Alberta Department of Agriculture estimates, which I have here. They put the cost of feed in Ontario—

Mr. Johnston: Would you give us those? We would like to have them on the record at this point.

Mr. Lesage: Mr. Tummon gave us a cost price of \$3.40, on them.

By Mr. Dyde:

Q. Before you read that, would you just briefly tell us what it is, and how does it come that you have it?—A. This is a study of hog production costs and feed prices, comparing those costs and prices in Alberta with those in Ontario; and the prices are based on Edmonton, Alberta, and Guelph, Ontario.

Q. Do you know who conducted the study?—A. A Mr. A. J. Charnedsky.

Mr. IRVINE: Surely the name is not Charnedsky in Alberta, is it?

Mr. Lesage: It would be interesting to have those prices on the record, but I wonder whether Mr. Dyde should not examine it first to find out whether or not it would serve any useful purpose being read into the record at this time.

Mr. Dyde: I think he can give you the figures.

The Vice-Chairman: Mr. Johnston I think it was asked at the moment if those figures to which the witness referred could be spread in our record. The witness said, I have a certain study here which will give you certain information; and at that moment Mr. Johnston asked him if he would lay that study in front of us. That is how it happens that he is doing that at the moment.

Mr. Lesage: Well, is it pertinent?

Mr. Dyde: Yes.

The Witness: These feed prices are as of April 1, 1947, and Mr. Tummon had one table that was comparatively close to that. I think it was within a month of it.

Mr. Lesage: This is January 15, 1947?

The WITNESS: I think they would be the same.

Mr. Lesage: The ceiling was on at that time in both places?

The Witness: Yes, in both places. The prices that I quoted here are at Guelph, whole grain purchased and mixed, \$2.09 a hundred—that is oats and barley mixture—as against \$1.89 in Alberta at the same time. Now, I think Mr. Tummon's figure was about \$2.50, a hundred for the corresponding period.

The Vice-Chairman: Your impression has been that it was tending to overstate?

The Witness: I would not mean overstate, but I just wondered what these prices are based on in Ontario. I have talked to growers of livestock in Ontario and asked them what they could buy feed for, and invariably they quote prices much higher than we can get for that feed in Alberta, so I asked them where they got their feed, and they said, well we buy it from such and such a milling company, or such and such a feed company.

Mr. Thatcher: That would indicate that Mr. Tummons's figures were not correct.

The Witness: I am not questioning his figures at all. I am just wondering where he bought his feed.

Mr. Fleming: Mr. Tummon pointed out very carefully that eastern farmers are not buying in carload lots. Naturally the figures you are accustomed to using in the west would be for carload lots. Your figures would be based on that, would they not?

The WITNESS: Yes, they would be.

Mr. Fleming: You see, Mr. Tummon pointed out that difference, that the average farmer in the east was not buying in carload lots, he is buying broken down lots.

The Witness: That is the point I was coming to. It has always seemed to me that the eastern farmers should be able to get hold of western feed grain much cheaper than he does, either in the way he buys it or in some other way. For instance, there is nothing to prevent one farmer or a couple of farmers in Ontario from buying a carload of barley from me today, for instance, at the market price in Alberta—which is around, on No. 1 feed barley, \$1.16, Winnipeg—roughly, that would be about \$1.13, or something like that in Edmonton.

Mr. McCubbin: What would the freight be to Fort William?

The Witness: That \$1.16 is your Fort William price on feed barley. That is what you would have to pay fort it.

Mr. Lesage: \$1.16, for a hundred pounds? The Witness: Yes, \$1.16, a bushel.

By Mr. McCubbin:

Q. What Mr. Fleming has said so absolutely correct, they buy in a ton or two ton lots; and he has difficulty in finding a place to get it. We will have to go into this later. We have no difficulty in buying carload lots of grain from you, but we would not be able to get a car. Some elevator company has got to get a rake-off.—A. I think you are mistaken in that.

Q. I hope I am, but that has been our experience in Ontario.—A. Suppose you sent me an order for a carload of barley, I could ship that, without question.

Q. That is the difficulty we are having in Ontario, we haven't got the cars and we can't get cars unless some of these grain companies have their finger in it.—A. I went into this question pretty thoroughly within the last month. I am connected with one of the grain companies, and I went to one of their superintendents and asked them what is to prevent an Ontario man sending me an order for a carload of barley, how was he going to do it—me selling to him at the agreed price. He says, there is nothing in the world to prevent him.

Q. I know there isn't, but just try and do it. That is the difficulty with

which we are faced.

Mr. Winters: Go ahead and try anyway.

The Vice-Chairman: We might promote a sale here. Have you got any barley at the moment?

Mr. Merritt: Have we the power of a Commodity Exchange, Mr. Chairman?

The Vice-Chairman: We do not need any power.

Mr. McCubbin: I agree with what Mr. Allen said, and I think his statement about the Ontario farmer should be looked into very thoroughly. There should be some may that we can purchase from the people out in the west this grain without having to go through so many intermediary interested companies.

The Vice-Chairman: When I was on the railroad it was always easy to get a car if you gave the switchman \$5; because I have received it.

By Mr. Dyde:

Q. If the Ontario farmer got barley from the west direct he would have to

grind it himself?—A. Yes.

Q. Has he the machinery with which to do that? Does that mean generally speaking that the Ontario farmer would need to buy new machinery?—A. Well, pretty nearly 75 per cent of farmers have a machine of some kind that will do the trick. Many of them are on power lines and they can get an electric motor which will operate the grinder. There is always something around he can use for the purpose. You take with us out west, we always have a lot of machinery available, and it is never very difficult to arrange to grind the feed as we need it. With the western farmer, in 95 cases out of 100, he grinds all his own grain and mixes his own feed. They all have enough power equipment and so on to do that kind of work. That is what they do, and they make considerable saving in the cost of their feed that way.

Mr. Lesage: There is one question which has been troubling me. Before the subsidies were taken off, decontrols, did the farmers in Alberta who were at the same time producing their own grain get a subsidy for the grain they fed to their own hogs?

The WITNESS: The men who grew his own grain did not.

The Vice-Chairman: Did they generally find any way of getting around that; I mean is it not possible to get around it, let us say by the farmer selling his own grain then buying from a neighbour, or something like that?

The Witness: I would not say it was general. The government checked up pretty closely on them and I know there have been quite a few prosecutions. I would not say it was general.

Mr. Lesage: So the removal of the subsidies as far as this type of hog is concerned—I am talking about the removal of the subsidy, not the ceiling,—would not have any effect?

The WITNESS: Not for the man who grew his own grain.

Mr. THATCHER: That might be one of the reasons why your evidence would lead to a little different conclusion than the evidence given by Mr. Tummon, wouldn't it?

The Vice-Chairman: Yes, but while it would apply in your end of the business it would not apply in business of farmers of the type about which Mr. Tummon was speaking. Would that be right?

The WITNESS: Yes, that would be right.

The Vice-Chairman: And with respect to the feed situation, it would be better in Alberta than it would be in Ontario?

The WITNESS: Yes.

Mr. McCubbin: Do you feed much concentrates; as a matter of information? Are you in Alberta feeding concentrates, these high priced feeds they have to feed down here in Ontario?

The Witness: We feed concentrate, but I imagine not to as great an extent as they do in Ontario. There is very little skim milk available in Alberta and most of the hog men use concentrates.

Mr. Dyde: To come now to your next suggestion, do you wish to elaborate on your suggestion No. 3, in any way? You say, we should enquire into the possibility of easing the farm labour situation. Have you any concrete suggestions for the committee?

The Witness: Well, it is practically impossible in the west to get farm labour to look after livestock, and at the same time we have got a lot of these Europeans in our business. We have a number from Germany, and they are trying to bring their families over here. I spent one Sunday afternoon recently making out application forms to be sent to the Department of Immigration to enable a farmer to bring over eleven relatives—Poles in the American zone in Germany. Now, from what I have learned by my own experience and that of my neighbours I would say that these men are the idle type of farm labour, good farmers. My own opinion is that this type of labour is something we have got to have in western Canada if we are going to keep up production.

Mr. THATCHER: Have you been able to get many of them so far?

The Witness: Quite a number have come in but very few are coming now.

Mr. Johnston: What about the Germans?

The WITNESS: Most of these people that I have been talking about are displaced Poles.

Mr. Thatcher: You are in favour of greater immigration?

The Witness: Yes, I think we ought to have immigration to provide us with an adequate supply of farm labour.

Mr. PINARD: Have you any idea of the number of applications now in?

The WITNESS: I would not know that.

The Vice-Chairman: Have you heard of an organization called Cafarmas which is working on that kind of thing? Have you heard of them? That name is apparently a combination of the words Canadian Farm Aid Association, the syllables of the word going together to form the title I mentioned there, Cafarmas. I wondered if they were active in your part of the country too. They are aiming at just what you said.

Mr. Pinard: Where are they located?

The Vice-Chairman: I happen to know something about this organization who are in Manitoba and I was interested in finding out whether they were carrying on their activities across western Canada.

Mr. Dyde: Is there anything you would like to add to your suggestion No. 4?

The Witness: Well, the increase in freight rates is going to hit livestock costs all right. It just means that much more out of the producers' pocket. The only suggestion I have to make is this. The railways have always looked upon the movement of livestock in a kind of supercilious way; and that is the sort, the kind of nonsense they have in providing cars. I mean by that, we have an awfully hard time in getting service from the railways. For instance, last fall after the packing house strike the railways took their stock-cars for other purposes during the strike. You couldn't blame them for doing that because there was no movement of livestock for about a month. The strike lasted six weeks. The railways took their stock-cars and I understand they used them for the movement of pulpwood, ties and so on, both in British Columbia and in eastern Canada. After the strike was over it was over a month before we could get any stock-cars in the district in which I live which is on the Northern Alberta Railway about 400 miles out of Edmonton. It was three months before we had normal stock-car service, three months after the end of the strike before we got normal stock-car service. The railway simply said, we will do the best we can for you, but they had moved the cars to other parts of Canada and could not get them back; so we took a beating over that in overweight hogs and cattle that should have gone to market before then.

By Mr. Pinard:

Q. How was it in normal times?—A. In normal times the service was very good, except in this way, we have trouble very often in getting the number of cars we want, especially for the movement of hogs. There is a great advantage in the movement of hogs if you could have a deck in the car, particularly what we call a half-deck car which will enable you to load 35 per cent more hogs in a car. You can do that if there is a half-deck in them. Now, the railways will take no responsibility for half-decks whatever. If you want to put a half-deck in it is your own risk, and to put it in costs you from \$25 to \$30 on the average.

Q. You mean a half-deck in the car?—A. Yes, and if you put it in your chances of recovering it or any of the material out of which you build that half-deck are practically nil. What I am getting at is this, the railways ought to realize that if we use half-decks in cars they would be able to increase their

efficiency by almost 50 per cent.

Q. What is the objection to them?—A. I don't know. They won't take any responsibility. I know that some of the packing companies put decks in themselves. They print their names across the end of the boards and trust to the goodwill of the dispatchers on the particular line on which these cars move that they will send them back to them. You see, you cannot always bring a car back.

Q. You mean, the railway companies will not accept responsibility on what the car holds?—A. The railway companies will not accept any responsibility whatever for these decks. They say, if you want to put them in, all right go ahead, but they will not pay you anything for it and they won't guarantee that you will get that car back so you can use it over again. It has always seemed to me that if the railways want to economize on their rolling stock that by putting decks in these cars they could increase the carrying capacity of the car at least 35 per cent and in that way a lot more livestock would be moved in the same number of cars.

Mr. Fleming: Don't you think there must be some good reason for it, otherwise it is safe to assume that it would have been done before this? The reason probably is this, that if the railways used the cars in that way they could not be used for anything else except the movement of livestock. Without the decks these stock-cars can be used for the movement of any kind of livestock.

The Vice-Chairman: These decks are removable.

Mr. Fleming: There must be some objection to the use of cars for that purpose. I think we can assume that the management of the railway are not losing sight of any opportunities for efficient operation.

The WITNESS: I do not know why they don't do it, it would save a lot of

extra cost in shipping.

Mr. McCubbin: Do you have that difficulty at competitive stations; have you any of those in the west?

The Witness: Not on this specific line, the line I am speaking of runs up into northern Alberta, the Northern Alberta Railway. There is no competition on that line because it is operated jointly by the C.N. and the C.P. We get cars marked both C.N. and C.P. I do not think there is any difference, not what you would call competition, such as you might find at other points.

By the Vice-Chairman:

Q. Are these decks removable with anything like the ease of a grain door?—A. No.

Q. If they are in there they have to stay?—A. They would have to stay. Q. Then you would have to have on the railroad hog cars and cars for

other livestock; would that be the answer?—A. Yes, I suppose that would be it. Q. If the railroads went in for a double-deck car it would mean that instead of a new car altogether they would only have to put a deck in one they have?—A. Yes. What the stockman wants is what they call a half-deck car which would handle all hogs or half cattle and half hogs.

Q. I see, a half-deck in only one end of the car?—A. In one end of the

car, yes.

Q. I see. Even that would mean they could never use it for normal ship-

ment of more than a half car of other livestock.—A. That is quite true.

Q. Once they put a deck in there and divide that car, then they could never move more than half a car of cattle? Is that right?—A. That is right.

Mr. Dyde: Is that correct? When you put a deck in at your own expense and your hogs are moved from your shipping point to say Edmonton, or whereever they are going; the railway does not keep that as a decked car from that time on?

The WITNESS: No.

The Vice-Chairman: They just take it out.

Mr. Fleming: If the railway has to assume responsibility as a carrier for the movement of hogs in two decks I fancy they are going to be interested in putting in something more than a demountable or temporary deck.

The Witness: They have to be put in very solid.

Mr. Fleming: But it would be a different kind of deck from the kind you would put in for a single trip.

By Mr. Johnston:

Q. What effect do you think the increased freight rate will have on the production of hogs in the west?—A. Well, at the present time, I do not think it will have very much increase, but if the price went down rapidly, more than the increase in the current price, the increase on livestock would tend to work against livestock in favour of grain.

Q. Therefore, there would be a lessening of hog production?—A. It would

tend that way.

Q. Because of the increase in freight rates?—A. Yes.

Mr. McCubbin: That is true if the prices had stayed the way they were.

The WITNESS: I do not think so—not prices at the present level.

Mr. THATCHER: Are you going to adjourn?

Mr. Johnston: Have you any hopes for a long-range policy in which prices will stay the way they are?

The WITNESS: We have a lot of hopes.

The Vice-Chairman: Gentlemen, would you say we were through with Mr. Allen?

Mr. Dyde: No, I think there are a few more questions. The Vice-Chairman: We will adjourn until 4.00 p.m.

The meeting adjourned to meet again this afternoon at 4.00 p.m.

AFTERNOON SESSION

April 20, 1948.

The committee resumed at 4.00 p.m.

The Vice-Chairman: Gentlemen, there is a quorum.

Mr. Dyde: Before we complete the evidence of Mr. Allen I should just like to inform the committee that we have put in motion inquiries which will give us at least some of the information requested this morning. Mr. Allen telephoned Edmonton between this morning's session and this afternoon but unfortunately the man in Edmonton who can give the information required is out of town. That man will be back tomorrow and Mr. Allen tells me that as he is leaving Ottawa tonight, arriving in Edmonton tomorrow, he will get the information and supply it to the committee as soon as possible.

Mr. Thatcher: Before we proceed further I would like to say that I have been waiting four or five days to discover whether the steering committee has taken up the matter of nails.

The Vice-Chairman: I have been away since Friday and consequently I do not know. I did speak to the chairman with regard to a steering committee meeting but I do not know whether there was a meeting held.

Mr. IRVINE: No.

The Vice-Chairman: Mr. Irvine tells me there has not been a meeting.

Mr. Thatcher: Could you call a steering committee meeting? Probably Mr. Martin is so busy he has not had the time, but I would like some decision on the matter

The Vice-Chairman: I myself think that the steering committee should meet soon and I will take steps to see that it does meet.

Mr. IRVINE: I heard Mr. Martin say he expected a steering committee meeting to take place today or tonight.

The Vice-Chairman: Mr. Martin must have been thinking out loud because no notice has gone out and he has not said anything to me about it. Since I am in the chair at the moment I will follow the matter up and make arrangements for the calling of a steering committee meeting.

Hugh W. Allen, President of the Alberta Live Stock Co-operative Limited, Edmonton, Alberta, and Director of the United Grain Growers' Limited, Winnipeg, Manitoba, recalled:

Mr. Dyde: Mr. Allen, would you turn to the last page of your brief and suggestion No. 5?

The Vice-Chairman: There is a little too much noise both at the table and farther back.

10944-3

By Mr. Dyde:

- Q. You refer in that clause to the buying practices of the packing industry. Would you elaborate on your suggestion for the benefit of the members of the committee, and tell us what is means?—A. Well, Mr. Chairman, particularly the co-operative associations in Alberta have objected to the variation in prices in the different areas of the same province. I am not referring to variation caused by distance but I mean variations in price in different areas which would be approximately the same distances from the packing centres. As I understand it, those variations exist because of competition between the packers for volume and in certain areas, which they call competitive areas, they will pay higher prices than they will pay in other areas. I am not suggesting the variations in price are serious as they run from 50 to 75 cents a hundredweight but, after all, we sell a standard product. The western farmer objected very strenuously in the old days to the variations in the price of wheat and we got the Canada Grain Act put into effect whereby a bushel of wheat sells at the same price all over Canada, allowing for freight differential. We believe that hogs, which are now graded pretty accurately, should be on the same basis and there is no reason for the variation which exists at the present time. We have taken this matter up with the packers on a number of occasions and I think most of them will admit it is just a practice that has grown up; they were more or less forced into the practice but they cannot really justify it. They have never offered an argument that would justify the variations to my way of thinking. When the Ontario Hog Marketing Act came into effect, we in Alberta watched it very closely. I believe there was a provision in that act that a negotiating committee could do something along these lines, that is setting a standard price for various grades, but I understand that it has never been attempted under the act. As I say, I am not suggesting that the variations have seriously affected the cost to the consumer, but they have upset the industry a great deal and I think it would be of benefit if standard prices for live stock were established within the various grades on a fair and equitable basis. I do not think it would hurt the packers and it would certainly encourage the producer.
 - Q. Are there any other questions on that suject?

By the Vice-Chairman:

- Q. I wonder if there would be any way of knowing to what extent a price lower than what you might call the daily market price is paid? Have you any way of estimating that?—A. I am not sure that I get the point of your question.
- Q. There are some areas, Mr. Allen, in which you say the price gets lowered by reason of this competition and I was wondering whether there would be any way of finding out how much is bought at the lower price?—A. No, Mr. Chairman, it is actually a higher price. As I understand it, and I think it was mentioned in a previous brief, the meat board sets what you might call the floor and the price below which, in the different packing centres, the packer does not go. It is a basic price in Toronto, Winnipeg, and Edmonton, and that is the price which anyone gets for hogs delivered at the plant. I am now speaking of Alberta where there is the basic price at the Edmonton plant, but the packer goes out in the country and pays 50 to 75 cents a hundredweight in certain areas for the same stock. Perhaps they will pay \$27 a hundred in Edmonton, but in another area they may pay \$27.50 and in still another area they will pay \$27.75. Those areas are what the packers call competitive areas. The packers are seeking volume but it upsets the industry. There is no justification for the variation beyond the fact that it may get a few head more stock into a certain packing plant, but the other packers come right back and offset that increase.

Q. Just a second there, would your desire be to prevent an area from getting the additional money, or would you desire to raise all other areas up to that level?—A. If you are basing your price on the British contract surely you must realize pork is worth so much a hundred. Why should a hog from one town be worth \$27 a hundredweight but you go to the next railway point and the hog there is worth \$27.50. There is no reason for the variation.

Q. No, but if the buyer wants to pay should he be prevented? Is it your idea that he should not be allowed to pay a bonus?—A. If the bonus was available to everyone there would be no objection. If the packer went into the open market and bought at the highest price there would be no objection. If the different packing companies actually bid on the hogs, and if they were sold to the highest bidder no one could have any objection, but the packers actually outline certain areas in which higher prices are paid.

Mr. McCubbin: Is there not some difference in the freight charges?

The Witness: I am speaking of variations outside of the freight charges.

Mr. PINARD: What would be their reason for so doing?

The Witness: They claim that a packing company must have a certain volume to keep the plant going and occasionally they do not receive that volume. They are then forced to go out and get additional volume to keep the plant busy. They go to certain areas—generally where there are two lines of railway and the stock may be shipped to Winnipeg or Toronto or to Vancouver. A price in such an area is generally higher, but right around the packing centre where the bulk of the stock is sold the price is invariably lower.

Mr. Dyde: Mr. Allen would you go to your sixth suggestion. That is the suggestion with regard to the dominion government grading, and explain to the committee your view?

The Witness: That is a point we have taken up with the meat board before and it simply amounts to this. Under the present rail grading system live hogs are not sold in Edmonton for shipment to eastern Canada. In the old days when live grading was in effect Montreal buyers came to Edmonton and bought carloads of hogs. Today they do not do that. There is not a carload of bacon hogs moved out of Edmonton to Montreal or Toronto, regardless of the price prevailing in eastern Canada.

Mr. THATCHER: Would that be true of export hogs—hogs going to England? The Witness: I am speaking of 200 pound hogs, bacon hogs. This clause does not apply to sows or heavy hogs which are moved occasionally to eastern Canada. However, buyers simply will not go to western Canada, Edmonton or Calgary, and attempt to buy hogs by the carload for movement to eastern Canada even though they might be able to do so advantageously owing to the price existing in eastern Canada at the time. They do not do so because of the grading regulations. It is just not practical under the present way of making settlement to the producer to take a carload of hogs out of Edmonton, move it to Montreal, await the grading return back from Montreal, and then make your individual settlement with the producer as must be done now. Prices as they are now are determined pretty well by the U.K. contracts and the regulations do no serious harm, but, if we ever get back to the point where domestic prices set our market price, it may be very serious. For instance a little over a year ago I was in Ontario and at that time the price in Ontario, owing to the domestic demand, was away out of line with western prices. I have forgotten the spread but it was beyond the freight differential. Just at that time there was an increase in the British contract price—it was a small increase of 50 cents a hundred weight. In Edmonton we got an increase of 50 cents but in Ontario, owing to the level to which domestic prices had forced the price, instead of getting a price increase the week the raise came into effect, the price in Ontario dropped. I am just mentioning that to show how prices get out of line occasionally.

By Mr. McCubbin:

Q. There is not much you can do about that?—A. If we get back to the time when hog prices are determined by domestic demand in eastern Canada, it is going to be a serious thing for western Canada if we cannot freely move hogs into the eastern market.

By Mr. Thatcher:

- Q. Is that not a good thing? Are you suggesting that most of the western hogs are being processed in Alberta?—A. Absolutely.
- Q. Do you want the people working in Alberta? I would think it would be better to have your hogs processed in the west than sending them down to Ontario?—A. Yes, but if your Ontario price gets out of line, say a dollar or two dollars a hundred, you cannot move hogs from the west into Ontario. I am suggesting the industry just cannot continue in the west with a price variation that great.
 - ... (At this point Mr. McCubbin assumed the chair)

By Mr. Dyde:

Q. The difficulty in your suggestion would be that you would have to brush aside the rail grading system for the time being?—A. I am not certain you would. I think some other way could be found. I think it is important proper provision be made to allow bacon hogs to be moved into eastern Canada. The time may came when it would be very important to the west to have access to that market.

By Mr. Harkness:

Q. What you suggest is an alternative grading method?—A. Yes.

By Mr. Irvine:

Q. Could you give us a practical example to illustrate what you mean? I do not think we are all clear on the point.

By Mr. Dyde:

- Q. I think Mr. Irvine means, supposing you had a carload of hogs on your own farm 400 miles from Edmonton, at the present time, what you have told the committee is, it is not possible or it is not practicable for you to ship them to Montreal. That is correct, is it not?—A. Yes.
- Q. You gave us your reason and you might repeat it now?—A. Well, I would not say one farmer ever ships a carload of hogs. What happens is that a carload of hogs is owned by a dozen or twenty different farmers. Settlement has to be made to the individual farmer on the basis of the graded carcass after it has been butchered and hung up in the plant. That means the hogs coming to the plant are processed and then, gradually, the settlement works back to the farmer who shipped them.

Under these regulations the delay is so great and there is so much confusion as well as the possibility of mistakes between eastern Canada and western Canada, the buyers have simply stopped buying in western Canada. Under the live grading regulations, the Montreal buyers were on the Edmonton market whenever they needed hogs. Today, they do not come there at all except for the over-weight hogs which do not come under these regulations.

By Mr. Pinard:

Q. In so far as Montreal and Edmonton are concerned, what is the difference in the regulations? What is the difference between the regulations prevailing in Edmonton and those prevailing in Montreal? You told us there was a difference in those regulations?—A. There is no difference in the regulations, it is just the distance and the time which must elapse before a settlement can be made to the owners which makes it impracticable to ship hogs that distance.

By Mr. Irvine:

Q. I think your point is perfectly clear so far, but it is not clear to me yet what the real difficulty would be as to the price. What circumstances would alter the situation adversely for the farmer in Alberta?—Well, if a Montreal buyer can come into the Edmonton market and buy a carload outright and settle for them in Edmonton, as he used to do under the live grading, that would eliminate the difficulty. It is in making the settlement that the difficulty arises.

By Mr. Thatcher:

Q. I cannot see how the west is not better off having these hogs processed in the west rather than shipping them to the east. Is it not more economical to process them in your own province?—A. Absolutely, I am only speaking of a time when prices in Ontario may be so much higher than the prices in the west, it will be desirable to ship hogs into eastern Canada on account of the price variation.

By Mr. Irvine:

Q. Would not some packing houses in the west be able to transfer the hogs to their packing plants in the east without an alteration in the price to any great extent? This would keep the price more or less uniform?—A. You see, no one can buy hogs outright alive at the present time. The settlement is made after the hog is processed. He still belongs to the producer until he is processed.

By Mr. Johnston:

Q. Even though the hogs are shipped to Montreal?—A Yes.

By Mr. Irvine:

Q. The only thing that could account for an increase in the price in Ontario over that in Alberta, as I see it, would be a shortage of hogs in Ontario?—A. Your domestic market in Ontario forces the prices up higher than in the west.

Q. Then, supposing your hogs were processed in Alberta, say by Canada Packers, the settlement is then completed after they have been processed?

-A. Yes.

Q. What is the matter with the packing house supplying the market fully in Ontario so as to prevent the price from rising, with the hogs which have been supplied in Alberta?—A. That would work out all right for the individual companies, but very often these men from eastern Canada who wish to buy in western Canada have no connection in the west. They want to move live hogs into eastern Canada to butcher there. They have no western connection.

By Mr. Thatcher:

Q. Then, your association is against compulsory hog grading as it is at present?—A. No, I would not say that at all. We are just asking that some way be found to make it possible to ship live hogs into eastern Canada if the necessity ever arises. Under the present regulations, it is almost impossible to do it.

By The Acting Chairman:

Q. If that occurred, Mr. Allen, would not your best domestic market be the west coast?—A. Yes, but the west coast can only take a limited amount. Q. British Columbia produces practically no hogs?—A. No. Q. You would naturally think British Columbia would look to Alberta for

its bacon?-A. It is our best market but, as I say, the amount British Columbia can handle has, up until the present time, been limited.

By Mr. Pinard:

Q. What is the amount which can be absorbed in the west, proportionately? —A. You would get a record of that in the weekly grading in British Columbia. I would not like to give it offhand. I mentioned this morning that we ship an average of 21 carloads a week to British Columbia. I imagine that might, possibly, be half the total amount which is shipped, but the dominion record of hog grading would give you that information.

Q. The rest goes to Ontario and Quebec, the other 21 carloads?—A. No, I said we shipped an average of about 21 carloads a week to British Columbia. The rest of our stuff is practically all sold in Alberta or a little goes to Winnipeg and some to Saskatchewan plants. We do not move any bacon hogs to Ontario.

The ACTING CHAIRMAN: Are there any other questions?

By Mr. Thatcher:

Q. Mr. Allen, in your table 1 and your chart, you show that in Alberta the production of hogs has dropped very drastically over the past several years. I notice that it is also true of the other western provinces, but it is not true in the east. From your evidence, I have not yet found any particular reason for that. Is there any reason why production has dropped so much in the west over the past several years?—A. I think it is accounted for by the increase in grain prices.

Q. Grain prices were frozen for quite a while and that decrease has extended over three or four years; that might be partially true, lately?—A. Production dropped in 1946, and that was the first drastic fall. It dropped again in 1947 but it is apparently going up this year. Grain prices, especially coarse grain

prices, were higher in those years.

Q. In my constituency, I have a great many people who write me claiming it is due to the income tax. Do you hear any complaints of that nature in Alberta? People consider it is so much work raising hogs, that with the income tax where it is, it does not pay them?

Mr. Fleming: You hear those complaints in every province.

Mr. THATCHER: I am asking Mr. Allen.

Mr. Fleming: I will give you that testimony.

The WITNESS: I have heard that objection to paying income tax from practically every farmer.

By Mr. Thatcher:

Q. Would that be one of the reasons why hog production has fallen off? Mr. Pinard: You will always have income taxes.

By Mr. Thatcher:

Q. But it does not seem to apply in Ontario?—A. As I say, you hear that complaint from farm organizations, that the income tax has a detrimental effect on hog production. I never could figure out, myself, why it should be any more of a penalty to the hog man than to the wheat farmer.

Q. It might have had an effect?—A. It might have had an effect. The ACTING CHAIRMAN: Are there any other questions of this witness?

By Mr. Fleming:

Q. This matter of the production of hogs, like everything else, I take it, is a matter of creating stable conditions under which it will be profitable for the producer to produce hogs?—A. That is it; if it is more profitable for him to produce wheat and coarse grains and take them to the elevator, he is going to do it rather than produce hogs.

Q. He wants a profit and he wants stability?—A. Yes.

The ACTING CHAIRMAN: Are there any other questions of this witness? Thank you, Mr. Allen.

H. J. Hargrave, Assistant Superintendent, Dominion Experimental Station, Swift Current, Saskatchewan, called and sworn:

By Mr. Dyde:

Q. Mr. Hargrave, would you give the committee your full name?—A. Harry James Hargrave.

Q. Your business address?—A. Swift Current, Saskatchewan.
Q. How long have you been at Swift Current?—A. Since September, 1947. Q. Prior to that time, what was your address?--A. Dominion Range Experiment Station at Manyberries, Alberta.

Q. How long were you there?—A. I was there from 1934, the spring of

1934, up until last fall.

Q. Are you a native of the west?—A. Yes, I was born at Medicine Hat, on a ranch just outside Medicine Hat.

Q. Do your people still operate a ranch in Alberta?—A. Yes, sir, still

in the business on the same ranch.

Q. Would you explain, briefly, your work at Manyberries? Had that to do with cattle?—A. Yes, I may say that my work at Manyberries, in connection with the range experiment station there, consisted of working on the problems with which the producer of range cattle and range sheep is confronted in this business, and the interests of the producer have been our chief concern in this division of the work of the Dominion Experimental Farm Service.

Q. Have you continued in the same type of work since you went to Swift Current?—A. Yes, my work in Swift Current is now chiefly that of supervising the range livestock experimental work in British Columbia, Saskatchewan and

Alberta.

Q. I have asked you to produce a brief before the committee, Mr. Hargrave. I believe you are prepared to read it now, are you not?—A. Yes.

Q. Would you please read it?—A. Yes.

BRIEF ON THE COST OF BEEF PRODUCTION IN WESTERN CANADA

SUBMITTED TO THE SPECIAL COMMITTEE ON PRICES, OF THE HOUSE OF COMMONS. BY H. J. HARGRAVE, ASST. SUPERINTENDENT, DOMINION EXPERIMENTAL STATION, SWIFT CURRENT, SASK.

Beef production in western Canada can be logically divided into two broad phases of the industry. These are: (1) the production of cattle on the farm and ranch, and (2) the fattening or finishing of cattle on the farm, feedlot or ranch. Due to a combination of circumstances both controllable and otherwise, operators in both of these major phases of the beef industry are today in the midst of critical times. High feed costs coupled with abnormal weather conditions have produced a situation which has not been paralleled since the

spring of 1920. These circumstances are responsable for an alarming increase in the cost of beef production which is of much concern to both producers and finishers of beef in view of present beef prices.

The cost of beef cattle production on the ranch in western Canada will be first considered and this will be followed by consideration of the costs involved in finishing cattle for market.

Cost of Production on Western Cattle Ranches

During the period 1938 to 1941 the Economics Division in co-operation with the Experimental Farms Service, Dominion Department of Agriculture, conducted an economic survey of 218 cattle ranches in western Canada. These ranches were located in the five main ranching areas including the shortgrass prairies of southern Alberta and southwestern Saskatchewan, the Cypress Hills area within the shortgrass plains, the northern prairies in Alberta and Saskatchewan, the Alberta foothills, the Kamloops-Nicola area and the Cariboo-Chilcotin area in British Columbia. A detailed account of the financial operations on each of the 218 ranches was obtained for three consecutive years from 1938 to 1941.

Over the three year period the average ranch carried 367 head of cattle and marketed 104 head each year. Cash operating expense per ranch averaged \$3,280.00 per year. The following table indicates the main items of this expense:

TABLE 1

Cash Operating Expenses 1938-41		Per cent
Labour Lease and Taxes. Truck and Auto Costs	\$1,548.16 577.60 255.84	47.2 17.0 7.8
Feed	403.44 514.96	12.3 15.7
Totals	\$3,280.00	100.0

Cash Operating Expense per head carried—\$8.93 Cash Operating Expense per head marketed—\$31.54.

By Mr. Fleming:

- Q. That table 1, is on a per annum basis; is that the average for three years, or four?—A. That is the average for the three-year period; of course, it is the per annum average.
- Q. But it is a four-year period, is it not?—A. It is actually a three-year period. The survey started in 1938-39.
- Q. Oh, you have taken the fiscal years?—A. Yes. It was completed in 1941. Using the above breakdown of operating expenses and combining them with their respective increases in cost as indicated by the Dominion Bureau of Statistics and by other sources, the situation on the same average ranch in 1948 is approximately as follows:

TABLE 2

Cash Operating Expenses 1948		Increase
Labour Lease and Taxes Auto and Truck Costs Feed Repairs and Miscellaneous	\$4,531.46 1,129.14 344.87 1,005.78 903.74	192.7 102.5 34.8 149.3 75.5

Cash Operating Expense per head carried—\$31.54 Cash Operating Expense per head marketed—\$76.11.

An over-all increase of 141.3 per cent is indicated in the above comparison of cost factors existing in 1938-41 and at the present time. This increase in the costs of ranching over the past ten years may appear rather large, but a further examination of the individual cost factors indicates that the above picture is reasonably close to the facts.

Labour, the largest single item of cost, now requires a cash outlay of nearly three times that prevailing in 1938. At that time ranch hands could be hired for \$20 to \$30 per month and board. Now the rancher has to pay \$80 to \$100 per month with board for the same kind of help.

Rentals on grazing leases in some areas are now two to three times as much as they were 10 years ago and taxes on leased and deeded land have increased in like manner. In Alberta the combined tax and rental in the shortgrass prairies on land that will carry one cow on 50 acres was 2c. per acre in 1938. Today 5½c. is the charge for the same acre. Land in the foothills that will carry one cow on 24 acres was available in 1938 at a total cost of 4c. per acre for lease and taxes. In 1948 this acre costs 11½c. In Saskatchewan the lease on crown lands has not varied but taxation on such leased lands as well as on deeded lands has increased by approximately 100 per cent. Grazing rates per head for forest reserves, community pastures, etc., have also risen sharply over the past ten years. It is thus evident that an over-all increase of 102.5 per cent for land charges is not far out of line.

Increased costs for the operation of the automobile and truck appear to

be conservative at 34.8 per cent over the past 10 years.

In 1938 grain was worth approximately one cent per pound on the ranch. Today it costs 2½c. per pound. Hay that was worth \$10 per ton in 1938 now costs \$20 to \$25 per ton and in some cases has sold for as much as \$65 per ton in recent weeks. Straw has increased to as much as \$25 per ton in recent weeks owing to the pressure of demand. Thus an over-all increase in feed prices of 149.2 per cent (as shown by the Dominion Bureau of Statistics for January, 1948) does not appear excessive.

The maintenance and repair of fences is an important item of expense on a ranch. Fence posts which cost 12 to 15 cents in 1938 cannot be bought for less than 30 to 40 cents today. Machinery repairs, threshing expense, binder twine, and numerous miscellaneous items involved in the operation of a ranch have all advanced sharply over the years, indicating that a 75.5 per cent

increase for these items may not be far out.

The above cash operating costs of a ranch do not include depreciation and investment expenses. The average ranch operating 367 head of cattle had an average capital investment of approximately \$35,000 in 1939. At present day values the capital involved in the same ranch would be approximately \$75,000. At 5 per cent interest the investment expense would amount to \$1,750.00 per ranch in 1938 and \$3,750.00 per ranch in 1948. There would be a corresponding increase in depreciation which is of major importance in a ranching business and applies to items such as buildings, equipment, machinery, fences, bulls and lease contracts.

Although it is not feasible to obtain up-to-date figures on all of the ranches studied in the above survey, it has been possible to obtain statements showing operating expenses and inventories from four representative ranches situated in the shortgrass areas of Alberta and Saskatchewan. Accurate cost figures for the years 1939 and 1947 were obtained from auditors' statements for each of the four ranches, and make an interesting comparison with those reviewed above. Although varying conditions on these ranches resulted in considerable variation in expenses, the general increase in operating costs between 1939 and 1947 is quite evident, and not far out of line with those listed in tables No. 1 and 2. To facilitate comparisons, the totals in the above tables are included in Table 3, which follows.

TABLE 3
Actual Cash Operating Expenses for 4 Ranches—1939 and 1947

Ranch A		Ranch B		Ranch C		Ranch D		Ranch survey operating costs		
Year.	1939	1947	1939	1947	1939	1947	1939	1947	1938-41	*1948
Total cattleNo.	653	676	1,242	880	750	750	580	1,075	367	36
Breeding cowsNo.	240	210	500	371	300	300	220	350	150	150
Cattle marketedNo.	170	153	375	300	210	210	155	440	104	104
Cash operating expense. \$	5, 286.32	14, 234.14	8,460.12	13,000.00	7,065.36	13,219.66	5, 595.74	25,802.70	3,280.00	7,914.99
Cash operating expense per head operated . \$	8.10	21.06	6.89	14.77	9.42	17.63	9.65	24.00	8.93	21.57
Cash operating expense per head marketed \$	31.10	93.03	22.56	43.33	33.64	62.95	36.10	58.62	31.54	76.1

^{* 1948} operating costs as indicated by price increases to date.

A study of the above table shows a marked increase in the operating expenses for all ranches involved in this limited survey. Changes in cattle numbers, differences in numbers and ages of cattle marketed, and variations on the individual ranches from the standpoint of natural advantages and management practices are responsible for the varying costs which occur both within the ranches and between the four ranches.

When the 1948 books for these four ranches are closed they will no doubt show up the effects of the long critical winter period that is not yet concluded in western Canada. Increased feed costs will be evident along with reduced inventories as a direct result of stock losses. Calving on the range commenced in early April in the midst of most unfavourable conditions. Owing to storms, snow-covered ranges and exhausted feed supplies, there has already been a heavy loss of newborn calves as well as older stock. These conditions serve to indicate a few of the risks and hazards involved in the ranching industry of western Canada—risks which in past years have forced many ranch operators into bankruptcy.

Costs of Finishing Cattle in Western Canada

The 1947-48 cattle finishing season has been one of the most difficult seasons ever experienced by the cattle feeder who makes a business of buying feeder cattle in the fall of the year to fatten them. The majority of the feeders in the irrigated districts of Alberta and in the mixed farming areas of the west made their plans and had their cattle purchased prior to the time of the removal of ceilings on feed prices—October 22, 1947. Feed prices immediately doubled after this date with the result that a great many feeders were caught with insufficient feed and forced to purchase feed at the increased prices or dispose of their cattle in an unfinished condition. The situation has been further complicated by the abnormal weather that has prevailed in western Canada since February 1. The demand for feed, especially roughages, has forced the prices up to absurd levels.

An outline of the costs of feeding cattle in the 1947-48 season is shown in table 4, which details actual cattle finishing enterprises in commercial feed lots and on farms in Saskatchewan and Alberta. Figures used in this table have been supplied by the operators in each case.

TABLE 4

Gains and Feed Costs in Actual Cattle Feeding Enterprises—1947-48

Feeder Number	A	В	С	D	E	F	G
Number days on feed	112	105	105	160	106	139	210
Initial weight per headlbs.	800	540	821	650	750	800	1,000
Final weight per headlbs.	1,035	733	1,050	1,000	908	1,015	1,523
Total gainlbs.	235	193	205	350	158	215	523
Tota feed cost per head \$	50.02	46.43	40.80	70.00	50.40	65.08	140.22
Feed cost per cwt. gain\$	21.75	24.06	19.90	20.00	31.90	30.27	26.81
Cost of grain per cwt\$	2.25	2.25	2.25	2.50	2.00	2.00	2.50
Initial cost per cwt \$	11.75	12.00	13.00	12.00	11.00	12.00	14.00
Final selling price per cwt \$	14.80	15.00	14.50	15.00	14.25	15.50	16.50
Profit or loss over feed cost per head \$	9.16	-1.28	4.72	2.00	-3.51	-3.81	-28.92
Margin\$	3.05	3.00	1.50	3.00	3.25	3.50	2.50

The above table deals with the actual costs for feed only, as supplied to the cattle while in the feedlots. The additional costs in a feeding enterprise include labour, bedding, interest on invested capital, charges for overhead and depreciation on feedlot equipment as well as the costs incidental to purchasing and selling the cattle. No allowance has been made for death loss in the feedlot.

The feed cost per cwt. gain varies from \$19.90 to \$31.90, and the actual selling price of the fattened cattle ranged from \$14.25 to \$16.50 per cwt. live weight. Purchase price of the feeder cattle ranged from a low of \$11 per cwt. to a high of \$14 per cwt. The margin represents the difference between the cost of the feeder steer and the selling price of the same steer when it is sold after finishing, and varied from \$1.50 to \$3.50. Three of the operators show a small profit over feed costs while four show an actual loss. With the inclusion of the above mentioned charges in addition to actual feed costs it is quite evident that cattle feeders have operated at a loss in western Canada during the past feeding season.

In normal times when there is a normal relationship between feed prices and livestock prices, the cost of producing 100 lbs. gain on market cattle closely approximates the price per 100 lbs. of fat steers. This situation pertained up until the removal of controls on feed last October; steers were selling up to 15 cents per lb. and feed costs were just a little under this figure. With the removal of controls, grain prices doubled but there was no corresponding increase in beef prices. There has been some advance in beef prices since then, but it has not been sufficient to compensate for the rise in grain prices.

The amount of feed required to produce a gain of 100 lbs. varies greatly depending upon the class of cattle fed, quality of feed and management. For yearling steers going into the feedlot at 700 lbs., the average feed requirement for 100 lbs. gain would be approximately 500 lbs. grain and 500 lbs. roughage. At present prices of grain and hay this 100 lbs. gain will cost nearly \$20,—considerably more than it will now bring when the fat steer is sold. In order to make a normal profit at present feed prices, the majority of the feeders in western Canada are of the opinion that they should receive \$18 to \$20 per cwt.

for well finished cattle. When all finishing costs are considered experienced feeders estimate that the loss on their operations during the past season will range all the way from \$10 per head to an extreme of \$50 per head for long-fed steers.

Cold stormy weather during the months of February, March and April have resulted in increased feed consumption and reduced gains in the feedlots, and these circumstances have also contributed to the losses experienced.

Conclusion

A glance at the history of beef cattle production in western Canada brings out several facts that are pertinent from the standpoint of the present status of the industry. During the period 1929 to 1939 beef producers went through one of the most difficult periods in the history of the industry. Depressed prices coupled with adverse climatic conditions resulted in heavy financial losses. At the end of this period the physical and financial assets of the beef producer were almost exhausted. Ranch buildings and equipment were in a very poor state of repair and the average debt was at a record high level.

Since 1940 conditions have improved very materially as a result of increased livestock prices and improved climatic conditions. However, during the war years taxation was such that adequate financial reserves could not be built up to repair all of the assets which fell into disrepair during the 1930's. Scarcity of labour and materials has been of great concern to the beef producer as he has not been able to take full advantage of his improved financial condition. Reasonable profits have been made in the industry since 1940, but these profits have not been excessive in view of the conditions to which the industry was subjected immediately prior to World War II, and in view of the magnitude of the risk that is involved in the business of producing beef.

All of which is respectfully submitted.

By Mr. Dyde:

Q. Mr. Hargrave, would you turn to the second page of your brief. I think you can tell the committee something more than you have done with regard to the other sources from which you obtained your estimate of cost. I know that you have taken certain steps, but I think you ought to outline to the committee what you have done in order to reach these estimated figures for 1948?—A. Well, in the case of the items of labour, truck and auto costs, feed, repairs and miscellaneous; that is, all the items with the exception of leases and taxes, I used figures taken from the Dominion Bureau of Statistics estimates of per cent increases for these items over 1939. Now, the base period used in the Dominion Bureau of Statistics is 1935-1939. In this comparison, like the 192.7 per cent increase in labour, that represents the increase dated from 1939 up to 1947, or the end of 1947. Now, in the case of leases and taxes, they are a little more difficult to get at as the Bureau of Statistics had no figures which could be used to indicate how much leases and taxes the rancher has to pay have increased over the past number of years. However, I was able to contact the officials of the Department of Lands and Mines at Edmonton, and the Department of Agriculture at Regina, and from the advice received from them it appeared that a conservative estimate of the increase for land charges included in lands and taxes paid on both deeded land and leased land would be around 102.5 per cent.

Q. Would you go a little further and explain the system of charging for lease land in Alberta?—A. In Alberta, our lease lands in that province are now based on a sliding scale and the charge is according to, first of all the price of the product produced from the land and the carrying capacity of the land; and that policy is so fixed that when beef prices are high the stock man pays more money for the use of that grass and when beef prices drop he pays less money.

Land that would carry one cow on 24 acres naturally costs the stock man more money than land which would carry only one cow on 50 acres. And it is on that basis that the lease rental taxes are administered by the Department of Lands and Mines in Alberta. I may say the same system is now being followed by the Department of Agriculture for crown lands within the province of Saskatchewan; but the old system which prevailed prior to this time was the flat-rate system, and that found the producer in difficulties when years of low prices came along; and when years of good prices came along public opinion also got the producer into difficulties because the public at large thought the producer was getting the grass too cheap.

By Mr. Dyde:

Q. On page 2 of your brief near the bottom of the page there is a reference to the increased cost of labour. We have had some suggestions, Mr. Hargrave, with reference to the need for farm labour in western Canada. Would you care to give the committee your view on that matter?—A. On ranches in western Canada the shortage of labour has been very very noticeable throughout the years since 1940, and the labour shortage is still quite evident throughout the

ranching country

Q. Have you any suggestion as to how it might be improved?—A. Possibly one suggestion might be that the rancher be able to obtain more labour-saving equipment than he has been able to get so far. The mechanical devices which have been developed to reduce the hard work on a ranch have been quite numerous in recent years, but the trouble has been that many of those pieces of equipment are not available. The stockman has not been able to take advantage of the equipment. If the stockman could eliminate the necessity of hiring men of uncertain calibre to do the hay forking and so on, and there seem to be very few men who like to do that at the present time, it would put the stockman in a very different position.

Mr. IRVINE: May I ask a question? If \$80 a month or \$100 a month represents an increase of 192 per cent in salary, how much was being paid before?

Mr. PINARD: The brief states that a worker was getting \$20 a month.

Mr. Harkness: Yes, \$20. Mr. Irvine: I beg pardon?

Mr. Harkness: The ranch worker was getting \$20 a month in 1930.

The Witness: There were lots of men hired around that time on ranches for less than \$20 a month, but that is a rough figure.

Mr. IRVINE: How many men do you suppose it would take to run a ranch carrying the average number of head you have given here?

Mr. DYDE: 367?

By Mr. Irvine:

Q. Yes?—A. That would depend a lot on what the natural advantages of the ranch were. One ranch would possibly require twice the labour owing to

the differences in set-up.

Q. Could you guess at an average?—A. There are ranches of that size which can be run by one man with extra help at busy times of the year. Sometimes a ranch of that size takes half a dozen men. It is pretty hard to give a close figure.

Q. Would three or four men the year round be sufficient to handle 300 head of cattle?—A. Three or four men would be more than sufficient.

Mr. Johnston: You could not afford to have three or four men for the whole year when you could not use them. You would want five or six men in feeding time and you would only want perhaps one man in the summertime.

The WITNESS: Yes.

By Mr. Irvine:

Q. How would you pro rate it over the year?—A. The period in which you need most help is when you are putting up hay. That is the busiest time, and there are other periods such as branding time and when you are handling

your shipping when you need additional help.

Q. What I was getting at was the fact that the 192 per cent increase in labour, while no doubt accurate, would seem to give us a wrong impression. If you take the total amount paid for the labour on any ranch and relate it to the selling price of the animals handled it might not be as great a factor as this 192 per cent increase would seem to indicate. I would like to see that approach made to this problem because I doubt whether you will get very many men who will work for less than \$80 a month.—A. No, they are scarce these days.

By Mr. Johnston:

Q. Have you given any consideration to the labour problem from the standpoint of immigration? One of the witnesses did suggest it might be a good thing to have more immigration?—A. One of the difficulties with men coming in under an immigration plan, as far as the ranch is concerned, is that they would take quite a lot of breaking in before they were of very much use to the rancher. There are a lot of jobs customarily done on a ranch which men such as those would not be able to do without quite a long apprenticeship.

Q. Would you get them at a very much reduced salary?—A. That would depend, I imagine, upon the agreement under which they came. Probably they

would be quite willing to come at a reduced salary.

Q. I doubt if that would continue for very long. As soon as they are broken in they would want the same salaries as anyone else.

Mr. Dyde: I think the view you have expressed is that labour-saving equipment is the solution.

The Witness: Yes, I think most of our stockmen would prefer to take as full advantage as they could of labour-saving equipment in order to avoid the grief which they have to go through with the indifferent help that is now required to be used. The calibre of the range help during the last ten years has been none too good and it has certainly been a headache for the operators. If the stockman could reduce the number of those men he had to use and substitute up-to-date labour-saving devices it would help. It would help him in so far as haying operations and feeding operations are concerned.

By Mr. Johnston:

- Q. But it takes more experienced help to run the machinery, and the cost would be greater?—A. Yes, but one experienced man, paid possibly twice as much as the average type of man, could accomplish a great deal more than three or four men.
- Q. You could not materially lower the cost of production then by way of new machinery?—A. Of course it would depend entirely upon the operation and the particular kind of business that the rancher has. I think there are a good many ranchers who could take full advantage of labour-saving equipment.

By Mr. Dyde:

Q. You referred a moment ago to branding and I think it might be convenient to bring in a question upon which I think you have a view. The committee has not heard this yet, but I understand that it will be suggested to the committee later that it would help the situation in the westerner would refrain from branding in the present manner and that it would increase the value of the hide, in addition to other advantages, if the change were made. Have you any view on that subject?—A. From the standpoint of the rancher out west I do not think there has been anything satisfactory yet devised for identifying his cattle other than a brand. I think most of the men out there are fully cognizant of the damage brands do to hides but nevertheless these steers will climb through fences and get into the neighbours fields and there are still cases of theft out there. A brand is the only way of identifying an animal.

(Mr. Maybank resumed the chair.)

By Mr. Johnston:

- Q. Is there not some tendency to switch to jaw branding instead of side branding?—A. That is possible. With a certain amount of persuasion some of the men who have big brands across the ribs might have them changed to the hips, the thigh, the shoulder, or the jaw, so as not to injure a large amount of hide.
- Q. Do you think that has a material effect on the selling of the hides?—A. The rancher has yet to be convinced that he will get full value for the increased worth of the hide.

Q. Whether he brands on the jaw or not?—A. Yes.

Mr. IRVINE: What are hides worth on an average today? They were worth very little in 1930 and I wonder what they are worth now?

The WITNESS: I would not care to express an opinion on that, but I think roughly they are worth ten cents a pound—that is for green hides, and I would not be too sure of the figure.

By Mr. Dyde:

Q. Would you turn to page 5 and the table which you have numbered 3. I understand those figures which you have taken are from audited statements?

—A. Yes.

Q. And you probably are familiar with the ranch in each case?—A. Yes,

I have been on all of those ranches and they are quite familiar to me.

Q. I was wondering whether you could explain why ranch A had such an extraordinary high cash operating expense per head marketed, compared with the others?—A. I think possibly the situation on ranch A, in the winter of 1946, was materially different to the situation with respect to some of the other ranches involved, and the additional cost for feed entered into the high figure of \$93.03.

Q. Would you explain a little further?—A. Another reason for the increased figure is that only 153 head were marketed in 1947 as compared to 170 head

marketed in 1939.

Q. He had more than double the cattle in 1947, yet he marketed fewer?

—A. Yes, that was no doubt due to the fact he was possibly selling more threeyear-old steers than he sold three years ago. He has changed his age of marketing.

That change would alter the number of stock sold. Perhaps, in addition, some
local market situation enters into the picture because you will often find a man
changing his plans like that. Some stockmen will sell calves, some will sell
steers, some will sell yearlings, and some sell only two- and three-year-olds.

Mr. IRVINE: Did you say whether one of these ranches is in the Chilcotin area?

The Witness: No, as I mentioned in the brief, these four ranches are all in the short grass area in Alberta and Saskatchewan. You will notice ranch B had quite a significantly lower cash operating expense per head than any of the other ranches. The reason is that ranch B is possibly one of the most favourably situated ranches from the standpoint of natural facilities which help out the business of ranching. This man does not have to pay too much for hay, he does not have to feed too much, he does not have to bother with too much labour, and for that reason he is able to turn out a steer at lower cost than someone running the same number of cattle on another ranch which is more expensive to operate.

Mr. Pinard: Why would be reduce the number of cattle?

The Witness: In this particular case the man sold a lease of thirty thousand odd acres in the interval and retained an acreage only half the size.

By Mr. Johnston:

Q. Generally speaking, and talking about leases, do the ranch people find it better to have the leases arranged on a sliding scale instead of on the set payment basis?—A. Yes, generally speaking, the stockmen are very much in favour of the sliding scale basis. Grass costs more money when the prices are high, but they realize they will not get into so much difficulty when the price goes in the opposite direction.

Q. Over a long period of time it works to their advantage?—A. Yes, as it was previously, in drought years when a man had to liquidate a lot of cattle and did not have many to sell, the flat lease rate kept on and a lot of men ran into difficulty with arrears. As we see this new system it will pretty well overcome the difficulty and a man will be able to afford grass in the lean years.

In the old days there had to be many adjustments made in arrears.

Mr. Dyde: If there are no more questions with respect to that page, Mr. Hargrave, would you turn to page 6. There is a small point to which I would like to refer. Down about two-thirds of the way on the page you say "the majority of the feeders in the irrigated districts of Alberta and in the mixed farming areas of the west made their plans and had their cattle purchased prior to the time of the removal of the ceilng on beef prees—" Now, what s the date on which a feeder usually acquires his stock for feeding purposes? When does he get his stock?

The Witness: That date varies considerably but as a general rule feeder stocks start moving in August and the movement extends on through as late as November. A rancher likes to be rid of his feeder cattle before the first of November if he can possibly arrange it, because, if he holds them longer he is running the risk of encountering storms which will give him heavy losses in weights when he moves the cattle. For that reason I think most ranchers are anxious to get rid of their feeders before there is any danger of storm loss and consequent shrinking. Probably the average date would be around the first of October, but some dispose of their stock earlier and some a little later.

Mr. Johnston: In carrying them over, especially this year, they were caught very badly?

The WITNESS: Yes.

By Mr. Dyde:

Q. Following that, what is the practice of the feeder in the west with respect to acquiring his cattle for feeding purpose? Does he, at the time of acquisition of the stock, make arrangements for feeding?—A. He does and he does not. There are some feeders who, before acquiring the cattle, no doubt have sufficient feed either on their own place or in sight to take care of their operations. Other feeders operate on a closer margin as far as feed is

concerned and figure on buying feed from month to month. Perhaps they have not got the storage facilities to take care of their feed requirements. A man feeding 300 or 400 head of steers requires a lot of storage space to keep his own feed requirements.

Q. Those individuals would be the ones who would be caught by the increased price of feed?—A. Yes, they were affected more than those who had their feed on hand or who were far-sighted enough to have arranged for it.

Q. Then, would you turn to page 7?

By Mr. Thatcher:

Q. Before going on with page 7 I was interested somewhat in the point following the one which Mr. Dyde mentioned. I think the witness stated that the retail price and the wholesale price had gone up somewhat and he goes on "—October 22, 1947. Feed prices immediately doubled—" and I wonder if the witness would say whether the removal of ceilings proved of any benefit to the producer in the way of returns? Were your returns better after the ceilings were taken off, or were you better off because of the increased price of the product?—A. As I have pointed out I think there was no corresponding increase on the ceiling of beef.

Q. Our charts show beef went up a little bit, but not materially?—A. Yes.

Q. In other words the fact the ceilings were taken off did not help as producers?—A. No, the producer was in a much worse situation, especially the feeder, immediately after the ceilings were removed, as a result of the increased cost of the feed which is the biggest part of the whole cost.

Q. You were in a worse position when ceilings were taken off than you were before, even though the price of meat had gone up a little bit?—A. As I have pointed out the increased beef price did not correspond with the increased price of oil cake, for instance, which is used very widely in finishing. The price of oil cake jumped from \$41 a ton to \$86 or \$87 a ton and it levelled off a little below that figure. That will give you an indication of how a man who was going to buy a carload of oil cake for feeding operations was situated. If he did not get it before the 1st of November he had to lay out just about twice as much as he had counted upon, and you can see how that would affect his operation.

Mr. Thatcher: If the consumer paid more for his meat, and if the producer did not get quite as much, who did benefit when the ceilings were taken off?

The WITNESS: I do not think I would be prepared to say where the benefit could be spread around.

Mr. Johnston: Somebody received it.

By the Vice Chairman:

Q. Am I fair in asking this question of you, Mr. Hargrave? The beef producer of western Canada certainly did not want to see the ceiling price on meats?—A. No, he did not want to see the ceiling price left on meats.

Q. It was removed on the 22nd of October, 1947?—A. Yes.

Q. If he did not want to see the ceiling price left on meat, certainly he could not expect to see the ceiling price left on grain?—A. No, that is possibly a logical comparison, in that he would not want to see one end of his business tied down to a ceiling but the other end free to go on and on.

Q. And he certainly was asking to have the ceiling removed, am I right?—
A. I would not be able to say whether he was asking for the ceiling to be removed or not. The thing that worried him was the fact the removal came

so suddenly.

Mr. THATCHER: That he did not benefit—?

By Mr. Harkness:

Q. Is it not a fact the ceiling on meat remained, when the ceiling on coarse grains was removed, due to the fact beef could not be exported to the United States and the price of beef was tied to the U.K. contracts? There was actually a ceiling left on beef prices?—A. There was actually a floor—the price established at the U.K. contract level—but as far as the ceiling was concerned that varied up and down according to the domestic market.

Q. The variation could only be very small, 1 cent or something like that.

Mr. McCubbin: No.

Mr. THATCHER: Look at exhibit No. 94 and you will find it.

Mr. Harkness: You will see the variation of the beef selling price was very slight, but what is it on exhibit 94?

Mr. Thatcher: It is anywhere from 0 to 15 per cent, depending upon which piece of beef you pick. Those figures are with respect to Edmonton.

By Mr. Harkness:

Q. You cannot pick out a piece of beef? I am talking about live cattle and not pieces of beef, and that is what we are talking about here.—A. In connection with the cattle feeding business I might just repeat a conversation I had with a feeder not long ago. He is quiet a large operator and he feeds 300 steers and he was talking business. He said in order to break even he was going to have to have \$19.83 to pay all his overhead costs and so forth, and he was looking forward to losing about \$15,000 on the deal, provided he cannot sell his fat steers for more than 16 cents a pound. Now he may have been a little optimistic when he bought the steers, and I think he had to compete with a packer buyer when he bought them. He likes to feed those steers for a long period and he sells the steers when they are around 1,500 pounds. That is his policy. He likes to look at them; and he has followed that policy for quite some years but he anticipates quite a heavy loss in view of the present circumstances.

Mr. Fleming: You say the removal of the ceilings on beef prices on October 22 was badly timed?

The Witness: I would not be prepared to say it was badly timed. I think regardless of when it came it would not have pleased everybody.

Mr. Johnston: But it should have come more gradually, you think? I think you said a while ago the suddenness with which it came caught the feeders unprepared.

The Witness: Yes, but regardless of the time of the removal of the beef ceilings and when it occurred, it would have caught somebody and somebody would have been pinched. There was feeding going on all around the country at almost all periods of the year.

Mr. Fleming: Could not a better time have been chosen?

The Witness: I would not be prepared to state an opinion on that. There may have been factors involved about which most of us knew very little.

By Mr. Harkness:

Q. Is not the essential factor of the feed production situation what I said a few minutes ago more or less; the cost of his labour, feed and so on has gone up to a very great extent and the price of finished cattle cannot possibly go much higher than it is at the present time?—A. Of course, if he had no limit on the amount of money he could get for his finished cattle that would probably solve all his problems as far as the high cost of labour and feed is concerned.

Q. Yes. What I see as the trouble is that the top price he could get for his product is really set by the contract price with the United Kingdom. He can't receive very much above that as long as we are producing more cattle in this country than we can eat ourselves.—A. It will rise a little above that.

Q. A little, but not very much.—A. As far as the fluctuation of the market

is concerned, there is only local demand.

Mr. Thatcher: And the most he could get for his beef, at the present time is the price in the domestic market, and that is more or less fixed by the U.K. contract, is it not?.

The WITNESS: Yes, I think it is.

Mr. THATCHER: Well then, where would there be a premium put on them?

Mr. HARKNESS: Because if we had another place to sell our cattle, even though we consumed 90 per cent of it at home and could sell the other surplus 10 per cent abroad, then the number of cattle would increase. In the final analysis, the price which our beef producer can get for his cattle is determined by the price that he can get for the surplus which is to be exported.

Mr. IRVINE: Has there been a surplus present on the market in Canada?

Mr. HARKNESS: There has not been, because it has been taken up by the U.K. contract.

Mr. IRVINE: Therefore, that would help to raise our prices.

Mr. HARKNESS: It is the sale price which follows the United Kingdom contract.

Mr. McCubbin: I do not think so. Mr. Harkness: Well, pretty well.

Mr. McCubbin: You watch the market. You take that as a floor.

The Vice-Chairman: I am afraid Mr. Fleming will want to have Mr. Harkness and Mr. McCubbin sworn.

Mr. Fleming: I may want to participate myself. The Vice-Chairman: Do you want to be sworn too?

Mr. Fleming: I might want to give some evidence on the matter too.

By Mr. Dyde:

Q. Well, Hr. Hargraves, have you any other suggestions as to the way in which the producer can improve his position; I mean, without increasing the price to the consumer? Is there any way in which the producer looking at himself can say I can help the present price from going higher?—A. Well, from the angle of the feeder it has occurred to me sometimes that the man who turns out these finished steers could take greater advantage and save money for himself on these costs by finishing his steers as far as he possibly could on grass rather than 20 or 22 pounds of grain per day, and he probably in the long run could cut down his feed costs considerably, and his cost of production. However, there are not many feeders who are situated in a condition that they are able to do so. It occurs to me though that that might be one way they could cut down on production costs, by the greater use of grass.

Mr. Johnston: Would not that also cut down on the net return, because the grain-finished steer is worth more than the grass-finished steer?

The Witness: I think in the early stages of finishing and fattening a greater amount of grass might be used, and in the last short period a greater amount of grain, sir.

By Mr. Irvine:

Q. If you could cut down on the cost of feeding the steer is there any guarantee that the consumer would get the benefits of the cut?—A. I am hardly in a position to say whether or not the consumer would get the benefit.

Q. You are not in a position of say whether the price of beef is determined by the cost of production; is it?—A. Not altogether. There were a good many years when the cattle man produced beef at a cost which was far below the cost of production, and he had to hang on and hope for better times to come.

By the Vice-Chairman:

Q. He sold it below the cost of production. That is what you meant, wasn't it?—A. Yes.

Q. You happened to use the word "produce" twice. You didn't mean to

use that—A. I meant sell.

Br. Mr. Merritt:

Q. If the price of beef to the producer were reduced, what would happen?

—A. The price of beef to the producer; or, do you mean the consumer?

Q. No, the producer. Now the consumer is paying less and therefore the producer gets less.—A. Oh, yes. That would no doubt in the long run have an influence on the producers' operation over a period but would have no drastic effect in one year. It would change his views as to what he would do from then on. If he was a feeder it would tend to discourage him and ultimately reduce the volume of beef produced.

By Mr. McCubbin:

Q. Do not a great majority of the ranchers use grass principally with a short period on grain?—I am talking about the ranchers, now, not the feed lot men.—A. The rancher primarily is a producer of feeder cattle. There are some ranchers who along with producing feeder cattle also finish cattle as they have feed or grain or can get it to do it, but most of them are in the business of producing feeders or producing grass-fed steers which may go direct to the packing plant. There are not a very large percentage of ranchers I do not imagine who make it a practice of finishing their own cattle because the country in which they operate is not the kind of country that you can depend upon growing a good crop of grain or feed of the type required to finish cattle.

Q. Well, then, the rancher is the man to whom the buyer from eastern Canada wants to stock his feedlot goes to get his feeder cattle. He is a man from whom the feeder steers are bought and shipped down here to eastern Canada; isn't that right?—A. Yes. He raises them and turns them over to the feeders. He does not as a rule finish them himself. They are sold to eastern buyers for feeding

and finishing.

Mr. McCubbin: That is what I mean, it is usually their place to sell them. The Vice-Chairman: Are there any other questions, gentlemen?

By Mr. Harkness:

Q. At the top of page 9, you say, the majority of feeders of western Canada are of the opinion that they should receive \$18 to \$20 per hundredweight for well finished cattle. Do you think there is any possibility of their receiving that under the present set-up?—A. I am really not prepared to express much of an opinion on that, except that there was an increase in the market about a week ago and if it keeps on going up it might reach that; but there are a lot of factors involved. The feeders no doubt would like to see it up to that level.

Mr. McCubbin: Wasn't the market \$18.90?

Mr. Harkness: That would not be \$18 to the rancher. Well, you really have no opinion as to the possibility of that \$18.90 a hundredweight being reached?

The WITNESS: I would not be able to say whether it would or would not be

reached, sir.

Q. In the event of it not reaching that point—what do you think would be the effect as far as feeding cattle this coming year is concerned would be in that event?—A. Well, in past years as a general rule when the feeder comes to a season which has ended with a serious loss that sometimes has a tendency to discourage him the following year; and that in turn works a hardship on the rancher who has feeder cattle to dispose of. If the feeder has taken too much of a beating he does not want to go into feeding the following year and when he holds back that leaves the rancher with a lot of feeder cattle which probably he is not prepared to take care of, and that in turn may reduce the number which would be available the following year and the result is that there is not quite as good a demand as there normally might be.

Q. Without a change in conditions then, by which I mean a change in the general policy involved which sets the price that the producer can get for his cattle, you would anticipate a decrease in production in western Canada in the next year or so?—A. It would also depend on the conditions of the market and

the availability of feed; there are a lot of factors involved in it.

Q. I said, without a change in the conditions taking place you anticipate a decrease in the number of feeder cattle?—A. It would be possible there would be a reduction.

- Q. On page 1, you mention the very bad climatic conditions we have had in the west this spring. Have you any estimate as to what the loss in calf droppings has been or is likely to be?—A. It is very difficult to make an estimate which would be at all accurate, but in conversations with producers in recent weeks there certainly is no doubt there have been considerable losses. How great they will be nobody can say at the moment. But just take one case. I know of a man who lost 400 sheep overnight in a blizzard just recently, since the 1st of February. And it is losses like that that a rancher has to be prepared to take in his business. Back in 1938, within 10 miles of our office at the range experimental station down at Manyberries there were 750 head of beef cattle in that country killed just in 24 hours because of a blizzard. That is the sort of thing you are up against in the ranching business and that gives you an indication of the extreme risk that is involved, and the importance of a firm prospect to encourage a man to stay with it.
- Q. You would not care to hazard an opinion as to what the percentage of loss or the percentage of reduction would be as a result of conditions such as we have had this last spring?—A. No, I would not have any comment to make on that.
- Q. It will have a material effect on decreasing production?—A. The loss of a bunch of cows like that will materially affect his operations. It is going to reduce the number of two-year old steers he will have to sell in two years from now. Losing 50 or 100 cows means the loss of a good many two-year old steers that you cannot replace right offhand, and it means that there is going to be a change in the next two years.

The Vice-Chairman: Thank you, Mr. Hargraves.

Mr. Dyde: Mr. Chairman, my plan was to call witnesses who in fact are here. However, there is a gentleman present who is a rancher of southern Alberta and Mr. Harkness advised me at lunch time that he was prepared to give evidence and it is felt that he might have something useful to offer to the committee. I refer to Mr. George Ross of the Lethbridge area. I would be glad to have Mr. Ross although I have not had an opportunity of preparing anything with him, or I think of giving him any idea of what we are interested in, or in helping him in the preparation of a brief. But he is here and available if the committee would like to have him appear before them.

The Vice-Chairman: Gentlemen, we have some difficulty sometimes about witnesses without counsel dealing with them first. Probably I think it would be just as well to call Mr. Ross tomorrow, or after counsel has had an opportunity of consulting with him.

Mr. Dyde: I do not think it would take long.

The Vice-Chairman: It was not a question of time. I just wondered if it is not better to have witness in touch with counsel first, Mr. Dyde.

Mr. HARKNESS: I do not know whether Mr. Ross will be available tomorrow morning or not. I think possibly he has another appointment; so I would move that he be called now.

The Vice-Chairman: Will we have enough time in the 15 minutes which remain?

Mr. Harkness: We could make a start anyway.

The Vice-Chairman: If he is not going to be available there would not appear to be much use in making a start.

Mr. Harkness: I think it would be useful to have his evidence. We might call him now and see how far we could get.

The Vice-Chairman: I am not suggesting that it would not be desirable to have Mr. Ross' evidence. That is not the point. I was recommending only this. I am not in a position to make a motion on the matter. I was only recommending that as a rule it is well to have counsel in touch with a witness first and do such preparatory work as would be helpful to the committee. We have found that to our advantage and it has been discussed some two or three times in committee. And, of course, if Mr. Ross were not going to be available tomorrow, that would be better. But you have just remarked that we might make a start tonight. Well, if you would only be intending to make a start tonight and he is not going to be available tomorrow then you would be in the position of not having him available then.

Mr. Harkness: I would suggest instead of arguing about it that we call Mr. Ross and find out when he would be available.

The Vice-Chairman: Is Mr. Ross present?

Mr. Ross: Yes.

The Vice-Chairman: Mr. Ross, would you be available to give evidence tomorrow?

Mr. Ross: Not tomorrow morning.

The Vice-Chairman: You would not be available tomorrow morning, would you be in the afternoon?

Mr. Ross: Yes.

The Vice-Chairman: You would be available then. Would it be agreeable if we were to take Mr. Ross—you might make a start with Mr. Ross in the meantime.

Mr. Dyde: Now, Mr. Chairman, I could, yes. I would not like to do this. The next witness is an important witness and I would not like to put him, the next planned witness, on the stand and then have him interrupted by Mr. Ross. I think that would be unfortunate.

The Vice-Chairman: Well, that would only mean adjourning ten minutes early to overcome that.

Mr. Johnston: I think we should adjourn now and meet tomorrow at 4 o'clock starting with Mr. Ross.

The Vice-Chairman: Is that agreeable?

Mr. HARKNESS: I do not see any reason why we cannot go ahead right now.

Mr. Fleming: We have another 15 minutes. I think this witness is ready to go ahead. I think his evidence is pretty well organized. We could start him anyway and then proceed from there on.

The Vice-Chairman: I do not know why you say that.

Mr. Fleming: I don't know. I am trying to find out. I do not know Mr. Ross.

The Vice-Chairman: It has been our understanding right along that counsel would conduct the inquiry. I should think any motion you make is acceptable, but surely the general plan of counsel in examining witnesses first is to be desired. We have said that before. We have proceeded along that line. It does not make any difference to me personally. That is the way I thought the committee wanted to proceed.

Mr. Johnston: You have a motion before you, Mr. Chairman.

The Vice-Chairman: Mr. Harkness has moved that he be called now. There was no seconder, but I do not presume we need one for that motion. The motion is that Mr. Ross be called now.

Mr. McCubbin: Just a minute. I am agreeable to having Mr. Ross called, but is he going to continue tomorrow at 4 o'clock if we do not finish with him tonight, or is he to be taken off for two or three days till we hear these witnesses whose appearance has already been planned?

The Vice-Chairman: I understood that he was to be here tomorrow afternoon at 4 o'clock. Was that understood? Mr. Ross said he is available tomorrow at 4 o'clock.

Mr. Fleming: My understanding of the matter is that we will call Mr. Ross now and go as far as we can. If it appears we can't go very far without having his evidence organized with counsel then we could adjourn. I think possibly we should call him now and see how far we can get with his evidence in the quarter of an hour which remains to us, and then if necessary we could have him recalled when he is available again at 4 o'clock tomorrow.

The VICE-CHAIRMAN: In either event he will be available tomorrow. Those in favour of the motion? No need to take the opposite opinion. Mr. Ross would you come to the stand, please?

George Graham Ross Aden, Alberta, called and sworn:

By Mr. Dyde:

Q. Mr. Ross, would you give the committee your full name, please?—A. George Graham Ross.

Q. Your address?—A. Aden, Alberta.

Q. I think you are a rancher?—A. Yes. Q. What size ranch do you operate?—A. Oh, there are two ranches together,

about 2,500 cows-about 140,000 acres.

Q. Now, you had the advantage, Mr. Ross, of hearing Mr. Hargrave present his brief to the committee, and I am going to ask you right away if you would care to contribute to the committee any remarks of your own, either in elaboration of what Mr. Hargrave has said or with a different view. Have you any remarks that you would like to make?—A. I would say that I think Mr. Hargrave has presented a very excellent picture of beef production in the west. I agree with him at every turn. The few remarks I might make about the rise in the cost, that is the cost of producing beef cattle—you have to remember that the Canadian commercial beef cattle man has to buy his bulls, his pure bred bulls, in competition, and in direct competition, with the American beef producer who is getting about twice as much for his cattle as is the Canadian. That helps to run up that cost.

Q. Where do you go to buy your pure bred bulls?—A. We buy them direct. We don't buy many from Calgary. We have bought a lot of our bulls from Mr. McIntyre. The bulls that he does not finish to show at shows he more or less treats as second-grade bulls.

Q. Mr. McIntyre is in southern Alberta, is he not?—A. In southern Alberta.

Q. And people come there from the States to buy bulls, and they bid higher than Canadians?—A. Oh, yes.

Q. And the result is that the Canadian breeder has to buy in competition

with the Americans?—A. Yes.

Q. And has that in fact had the effect of running up the price of bulls in

Alberta?—A. That has; yes, quite a bit.

Q. What does the American offer for a good bull?—A. You see, it does not work out in money so much. The American comes up. These bulls run from \$700, the class of bulls that we use run from \$700 to \$2,500. But the American, for instance, he buys his bulls with cows. That is the practice. That often means that he can buy a bull for half what we have to pay for them.

Q. I think you had better explain that.

Mr. IRVINE: You mean in relation to the price he obtains for his product?

The Witness: That is it. I was at a bull sale in Shelby, Montana the other day. They were not fancy at all, just little rough bulls. When the auctioneer got up to \$450 a piece he said, only two dry cows; which it was. To me it would have been four of five dry cows.

Mr. Dyde: Is there any suggestion that you can give us an elaboration of Mr. Hargrave's brief?

The Witness: While Mr. Hargrave was talking you asked him if he thought the number of cattle would be higher this spring. Of course, I can't answer that at all; but I would say that what the feeder has faced during the winter is the high cost of feed prices and a possible heavy loss as a result with market prices being what they are. For that reason it would be quite possible that in a matter of a year generally there would be a shortage of beef.

By Mr. Harkness:

Q. What is your opinion, Mr. Ross, on the embargo against beef cattle going into the United States?—A. Well, of course we are very much concerned about that embargo, not from the standpoint of our present business, not that we are particularly interested in getting a lot more money for our cattle; but we know from past experience—I might say my father started in the cattle business in Alberta in 1885, and we know from running cattle since 1885, until now, that when we haven't got the American market we have no industry. We very much fear that if we do not hold on to that market now by use we might lose it. That is our main concern about the American market.

Mr. Johnston: Where would they get their beef from if they did not take our beef—if it was available? Would they go to the Argentine?

The Witness: No, they did not go to Argentina. Up until a year or so ago they took a lot of beef from Mexico. The amount of beef we put into the United States does not amount to anything as far as the United States market is concerned. It is just a drop in the bucket.

By Mr. Lesage:

Q. What would be the effect on Canadian prices if the embargo was lifted?

—A. If the embargo was lifted today?

Q. Yes?—A. I would say they sold pretty good fed steers in Montanat, a week or two ago, for 22 cents while our steers were 16 cents. There was a 1½ cent duty but it would probably raise our price a couple of cents—3 or 4 cents a pound.

Q. What is the price on the Chicago market?—A. The price of grain fed

choice cattle in Chicago is 28 or 30 cents a pound.

Q. Was it not 34 cents in the last few days?—A. It goes up and down, but that is a class of cattle that does not enter into our figures at all. They are corn fed cattle, fed for six or eight months, and they are a different animal. As I say, when the price was 28 or 30 cents in Chicago for grain fed cattle, Montana prices were about 22 cents.

Q. In Montana?—A. Yes.

The Vice-Chairman: The type in Montana is comparable with yours.

The WITNESS: Yes, it pretty well compares with our cattle.

Mr. Thatcher: Do you think the price would only go up 3 or 4 cents?

The WITNESS: That is-

Mr. Lesage: That is on the steers.

The Vice-Chairman: There is a tariff which you have got to take off of $1\frac{1}{2}$ cents.

The WITNESS: Yes.

Mr. Pinard: Would it not have the effect of raising the market for other meats?

Mr. McCubbin: To the consumer?

Mr. Lesage: What do you think would be the result from the consumer's standpoint?

The WITNESS: Well I am a consumer. Mr. Lesage: You are not the only one!

The VICE-CHAIRMAN: No!

The Witness: I would say that it costs me more to live because we have not got American dollars. As a consumer in Canada, if I would pay a little more for my beef and received the American dollars it would offset this cost to me of other things, and my beef would be cheap.

By Mr. Lesage:

Q. As a matter of fact the quantity of beef we can sell to the American market without doing damage to the Canadian supply is quite small, and in American dollars it does not mean very much? Is not that true?—A. It is probably small now.

Q. Yes?—A. But if the Canadian beef cattle producer had the American market in front of him and knew he was going to have it, I have no doubt Canada

could export half a million cattle a year.

By Mr. Fleming:

Q. How soon could Canada start exporting on that scale?—A. As a matter

of fact in 1933 or 1934 we exported 300,000 cattle.

Q. How soon, starting now, would it be before you could export to the United States on the scale you have mentioned, half a million head a year?—A. three years, probably.

Mr. Lesage: Three years?

The WITNESS: And—

The Vice-Chairman: Well, Mr. Hargrave—

Mr. Fleming: The witness did not finish, Mr. Chairman. He was going to say something further.

The Vice-Chairman: Did I break in on your answer?

The Witness: I was going to say that in the past we exported around 200,000 cattle in the average year and in 1933 or 1934, whatever the year was, we exported somewhere around 600,000.

Mr. Thatcher: My understanding was that the quota set at Geneva was 400,000 head.

Mr. Fleming: I do not think the witness had finished giving his answer to Mr. Harkness' question.

The Vice-Chairman: If you are through, Mr. Fleming, Mr. Thatcher can go ahead.

Mr. Fleming: I thought the witness had not finished his answer.

The Vice-Chairman: But I thought you were asking a question and that you wanted your question answered.

Mr. Fleming: No, the witness was not finished with his answer.

Mr. THATCHER: I thought he was through.

Mr. Lesage: Anyway, Mr. Fleming broke in on you.

The Vice-Chairman: Apparently something happened.

Mr. Thatcher: Possibly the question could be repeated.

The Vice-Charman: The witness is in a position of great popularity due to the fact that everybody wants to ask him questions.

Mr. IRVINE: It is 6 o'clock, Mr. Chairman.

Mr. Fleming: Let the witness finish the answer he was giving.

The Vice-Chairman: Did you get interrupted in some answer?

Mr. IRVINE: We will have to put the question again.

Mr. Thatcher: Just before you leave that one point, is it not true that there is a quota of 400,000 cattle available to Canada as set out in the Geneva Agreement?

The Vice-Chairman: No.

Mr. THATCHER: I thought it was?

The Witness: You can send 400,000 cattle over at $1\frac{1}{2}$ cents a pound, and at $2\frac{1}{2}$ cents a pound you can take over all the cattle you like.

Mr. Thatcher: Oh, it was a quota with respect to imports.

The WITNESS: Yes.

The Vice-Chairman: You can take in the first 400,000 at the low price, the low tariff rate.

Gentlemen, Mr. MacLean is the next planned witness for 4 o'clock tomorrow. It may be that we could release Mr. Ross. I do not know whether you desire to release Mr. Ross or not.

Mr. IRVINE: You have a question there have you not, Mr. Fleming?

The Vice-Chairman: I do not know whether you want Mr. Ross to come back. What is your will? Counsel would desire to go on with Mr. MacLean if he could. Should we ask Mr. Ross to come back, Mr. Harkness?

Mr. Harkness: I thought probably Mr. Ross might very usefully continue his evidence tomorrow afternoon. I think there are quite a number of other questions people seem to be anxious to ask, and as he is going to be in town tomorrow in any event I do not think it would take very much of the time that was going to be devoted to Mr. MacLean.

The Vice-Chairman: Is that the will of the committee?

Mr. IRVINE: Sure.

Mr. Fleming: It probably would not take long. Mr. MacLean would be getting on about 4.15.

The Vice-Chairman: Is that agreeable to you, Mr. Ross?

The WITNESS: Yes.

The Vice-Chairman: The committee stands adjourned until tomorrow.

APPENDIX

EXHIBIT No. 101

Addition to Exhibit 94

HALIFAX PRICES

A. To be added to first page of Exhibit 94; Wholesale Beef Prices (Carcasses) in cents per pound. (At Halifax)

	Red	Commercial	Cow
Former ceiling	25.50	23.50	18.25
October 30/47	25.50	23.50	18.25
November 6	27.00	24.50	19.25
November 13	27.50	24.00	19.25
November 20	27.00	24.00	19.25
Tovember 27	26.50	23.50	18.50
December 11	26.75	24.00	18.75
anuary 8/48	30.00	28.00	22.00
anuary 20	29.25	27.50	22.00
anuary 26	28.75	26.75	22.00
'ebruary (no prices available)			
larch 2	28.50	26.00	22.00
farch 9	29.00	27.00	22.00
arch 16	30.00	28.00	23.00
arch 23	30.50	28.50	23.50
farch 30	30.50	28.50	23.50

B. To be added to fifth page of Exhibit 94; Wholesale Pork Prices (Carcasses) in cents per pound (At Halifax)

Former ceiling	26.75
October 30/47	26.75
November 6	27.00
November 13.	27.25
November 20.	27.50
November 27	28.25
December	00 00
January 8/48	32.50
January 20.	31.50
January 22	31.00
February to March 2. (no quotation) March 9.	33.00
	33.00
March 16. March 23.	33.00
March 30.	32.00
Maich 90	02 00

C. To be added to second page of Exhibit 94; Prices of selected Red Brand Beef cuts in cents per pound (At Halifax)

	Sirloin steak or roast	5-bone rib roast— B-in-B-less		ib roast— Stewing	
	HALIFA	AX			
Former ceiling. October 30/47. November 13. January 12/48. January 26. March March 16. March 23. March 30.	63 57 58	41 41 41 ¹ / ₄ 47 45 43 41 45 45	54 53 54 50 54	28 31 32 35 35 36 35 37 38	28 32 31 33 33 30 35 32 30

D. To be added to sixth page of Exhibit 94; Wholesale and retail selected pork cuts in cents per pound. (At Halifax)

	Loins, fresh		Smoked trimmed ham		Smoked cottage roll (Art. casing)		Fancy side bacon ½ lb. pkg.		Cas- ing, back	Cook- ed ham
	W	R	W	R	W	R	W	R	W	W
Former ceiling October 30/47. November 13. January 12/48. January 26. March 2. March 9. March 16. March 163. March 133.	$35\frac{1}{2}$ $35\frac{1}{2}$ $36\frac{1}{4}$ 46 44 $42\frac{1}{2}$ $42\frac{1}{2}$ $42\frac{1}{2}$ $42\frac{1}{2}$	53 51 49 59 54 50 50 50 51 51	38½ 39½ 43 46 44 43 43 43 43 43	58 55 60 65 62 58 59 59 58 57	41½ 42 41½ 50 49 49 48 49 49 49	62 60 65 67 64 59 61 63 63 60	50 50 50½ 64 63 62 62 62 62 62 62	70 68 72½ 85 84 79 79 79 78 78	57 ³ / ₄ 57 ³ / ₄ 64 66 64 64 63 63 63	57 65 65 65 65 65

SESSION 1947-48 HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 42

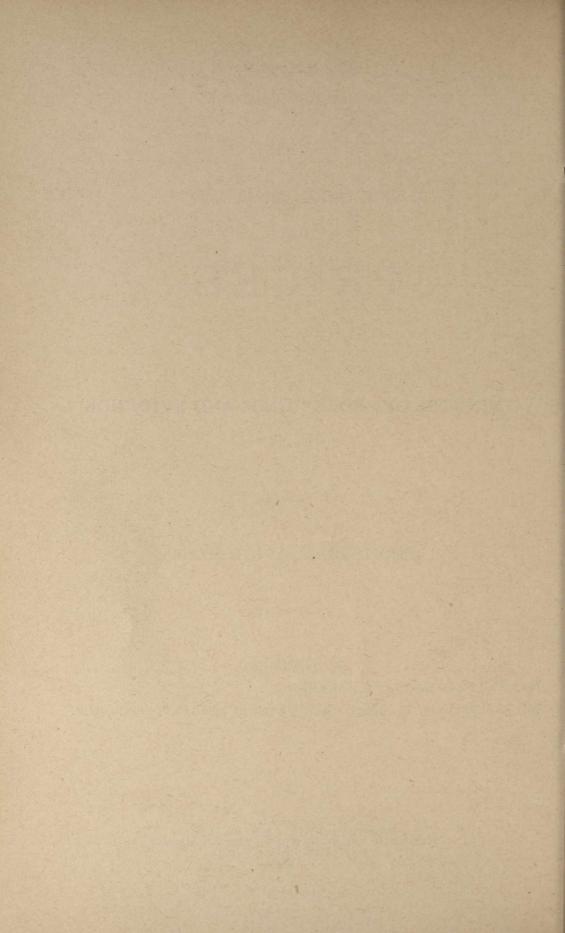
WEDNESDAY, APRIL 21, 1948

WITNESSES:

Mr. G. G. Ross, Rancher, Aden, Alberta.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948



MINUTES OF PROCEEDINGS

Wednesday, April 21, 1948.

The Special Committee on Prices met at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Irvine, Johnston, Lesage, Martin, Maybank, Mayhew, McCubbin, Merritt, Pinard, Thatcher, Winters.

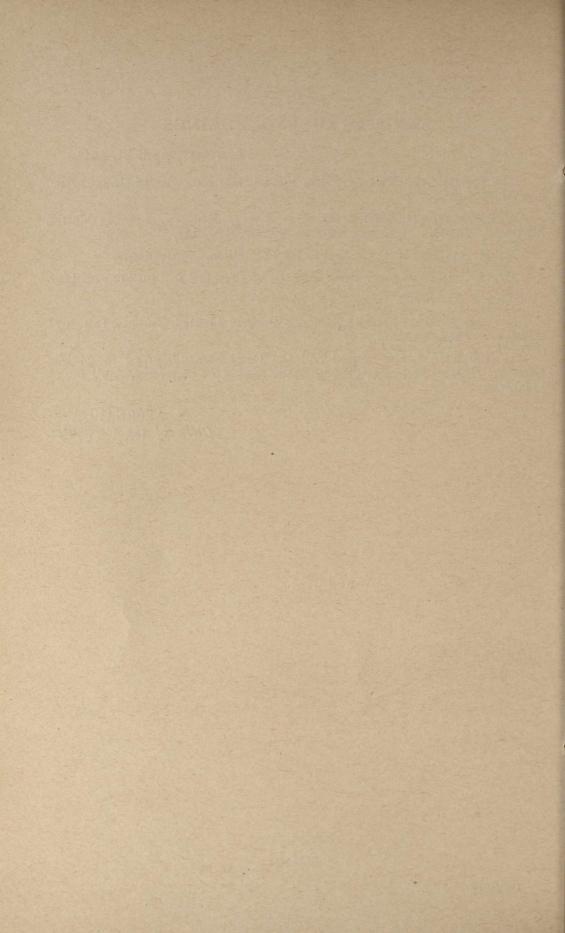
Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. G. G. Ross, Rancher, Aden, Alberta, was recalled and further examined. Witness discharged.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ont., was called, sworn and examined.

At 5.30 p.m. witness retired and the Committee adjourned to go into Executive Session, and to resume in public session on Thursday, April 22, at 11.00 a.m.

R. ARSENAULT, Clerk of the Committee.



MINUTES OF EVIDENCE

House of Commons, April 21, 1948.

The Special Committee on Prices met this day at 4.00 p.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order.

Mr. Irvine: Mr. Chairman, before the witness is called, I should like to bring up a matter for the welfare of the committee. I refer to a newspaper report which appeared last night, the head note of which says,

Dismal futility reports MP of prices inquiry.

I am not taking exception to anyone's opinion of the committee, but I do raise objection to the paragraph in which the C.C.F. member is quoted as having said that the committee is a laugh. I certainly want to repudiate that, so far as I am concerned. I should like to say that, while I opposed the formation of this committee in the House fairly strenuously because I thought what we needed more than anything else at that time was the re-imposition of price controls, nevertheless I said in my remarks on that occasion that a fact finding committee of that kind could be of great service to any economy. I am in the hopes it will be a great service.

Being appointed to it, I want to do my best to make it a serviceable instrument. I think we have already disclosed important facts and I hope we shall disclose others which may become the basis of a constructive and ameliorative policy. It is true we have not yet the power to make recommendations. I think that is a weakness of the committee but some day I hope to move, if no one else does, that we ask parliament for the extension of that power; provided we believe

we have something we want to recommend.

Even if we never get the power, it will be the responsibility of the government to handle whatever facts we may find here and, if the government fails to take

advantage of anything we discover, that will be its responsibility also.

I wanted to say, too, that I think the members of the committee should make it a point to use this opportunity to their best advantage. While I have no censure to make of those who feel as they do about it, I would say this: I think most of us have been approaching our task here like the amorous lady going into the cold bath, touching her toe and waiting for it to get a little warmer.

Mr. MAYBANK: When did you see that lady?

Mr. Winters: It is only hearsay, Mr. Chairman.

Mr. IRVINE: I think we ought to plunge in and see whether there is anything to be discovered. Well, that is all I want to say.

Mr. Fleming: Are there any concrete suggestions as to how we can plunge in any more than we are doing at the present time?

Mr. Chairman, I do not need to reiterate the views I have expressed in this particular article. I hold them very strongly and I think I have expressed them to all members of the committee at one time or another. If there are any suggestions—

The Chairman: I must say, as chairman, I was not aware that those views had ever been expressed by you in this committee or by anyone else.

Mr. Fleming: I have expressed them to you and to many members of the committee at various times.

Mr. MAYBANK: You never expressed them to me.

Mr. Fleming: Perhaps I overlooked the vice-chairman of the committee.

Mr. Maybank: As one member of the committee, I wish to make it clear you have never expressed those views to me. There is no publicity in expressing them to me and I guess that is the reason they were expressed as they were.

Mr. Fleming: I do not think Mr. Maybank quite intends that remark to sound as it does sound.

Mr. MAYBANK: I do intend it.

Mr. Fleming: I think now he has made it, I want to say something about it. In these remarks of the kind which are attributed me here, of which I should like to make note, I am quoted as referring to the performance of the committee as "dismal and dreary" and also as "an exhibtion of futility". I am quoted as saying:

This exhibition of futility confirms the soundness of the position we took—

That is speaking of the party in the House of which I am a member—

—that the creation of this committee was but a ruse to enable the government, temporarily, to get out from under the crushing weight of responsibility for the high price structure. We said the committee couldn't or wouldn't do anything about prices and it hasn't.

Substantially, that is what I said when asked for my views on this subject by a representative of the Ottawa *Journal*. Those are views I have expressed on more than one occasion to, I think, most members of the committee—apparently Mr. Maybank excepted.

Now, in saying that, there are one or two things I should like to make quite clear. There is no reflection in what I have to say on counsel or any of those who have been assisting in the work of the committee. I think we have been well helped by counsel, accountants and others. There is no blame attached to them.

Mr. Irvine says that, so far as he is concerned, he has endeavoured to make the committee as useful as possible. I think I can say the same thing for myself, in so far as this committee is concerned. We did not approve of the idea of the appointment of the committee in the first place, but we have come here. We have been fairly regular in our attendance and have sought to make whatever could be made of it in the public interest. I do not think the committee has accomplished anything, as yet, Mr. Chairman. I repeat what I have said in those answers that I gave to the press.

What we say is that, since the committee was appointed the cost of living has continued to rise; it has not stopped, it has continued to rise and it is higher now than it ever has been in our history. I think the fact that the public is not showing anything like the interest in the work of the committee today that it did two months ago is some reflection on the fact that our meetings are not productive of anything which is really of assistance to parliament or to the Canadian people in trying to arrive at anything which could be called a solution to the problem of the high cost of living.

To those who take issue with my view in that respect, I suggest this; that we test the feeling of the committee as to whether or not the committee has accomplished something useful to date by making an interim report to parliament within the narrow terms of our reference which confines us simply to finding facts. It ties our hands as to anything else and prevents us from making any recommendations as to specific remedies or anything of that kind.

The Chairman: Order. I do not think this is the place to discuss the limitations of our terms of reference. The House of Commons has given us authority to deal with this matter. Mr. Irvine, himself, took issue with some of the terms of reference in the House. I do not think we can decide that. I believe you are out of order in discussing the terms of reference.

Mr. Fleming: I am not discussing the terms of reference. What I am saying is that, within the terms of reference which I find to be very narrow—if the members of the committee take issue with me in what I have said here, then I think the proper course is for the committee to bring in an interim report to the House of Commons of the findings which it is in a position to make; first, in respect to the rise in the price of bread and, secondly, in connection with the rise in the price of butter. Then, we could let the House of Commons decide whether this committee has been accomplishing something really useful; something which warrants the expenditure of a great deal of time by sixteen members of the House who have a great many other duties on their shoulders, as well as the very great expense which is something like \$500 a day, and also the commitment now of something like \$20,000 in connection with the textile inquiry.

The CHAIRMAN: Have you anything further to say?

Mr. MAYBANK: Since the exchange with me had something to do with starting this debate, I just want to make a reference to this. Mr. Fleming seemed to think that what I said a few minutes ago indicated I thought he had made his statement, as he did make it, because he was seeking publicity. He is right in thinking that that was what I intended. It made that impression upon me.

As to the question of futility; Mr. Fleming is a member of the steering committee, has directed the members of it and, in directing them, has made suggestions which have been carried out. He has had just as much to do with whatever the committee has done as any other person. The futility, if there is futility, is his own.

In so far as the dreariness is concerned, if it is deary to him then, of course, the committee assumes he must have contributed equally, if not in greater

measure than others, to its dreariness.

Now, I do not think there is any objection to Mr. Fleming discussing his own futility, his own dreariness if he wishes. I may be wrong in believing that he did do that for the purpose of attracting attention to himself. I might be wrong, but I say that is the impression it made on me. I just state, as a fact, that is the impression it has made and, so far, the impression has not been dispelled. I do not think it is very important, one way or the other.

Mr. Merritt: I think, Mr. Chairman, now that Mr. Irvine has raised this matter in the way he has, and we are starting to discuss it, we should very seriously consider the question of bringing in a report. It has been my impression from the outset that this committee could only get somewhere if we discussed what conclusions we are able to discuss within our terms of reference, and let the Canadian people know what we are thinking. After all the very extensive investigations into the two commodities, I feel if we continue investigating commodity after commodity without coming to any conclusions on any one of them, by the time we are able to come to conclusions the evidence we have gathered will probably be completely displaced by a completly new price, supply and demand situation. The course we are following now leads inevitably to futility, if it has not reached that stage at the present time. I think it is a very healthy thing that we should discuss now, or as soon as possible, what our future course should be in this connection.

The Chairman: May I say this, so we can get on with our work: I simply want to say this, as chairman of the committee, I think the proper place for any member of the committee to express his views as to the future work of this

committee or its operations is in this committee; that is the first thing. In the second place, matters of business should, first of all, be discussed in the steering committee for the obvious reason that certain business can best be attended to there. The matter to which Colonel Merritt has just referred, I think is a matter which is proper and one which will be discussed. In fact, that was one of the reasons for calling an executive session of the committee for today or tomorrow, depending on facilities being available.

I do think, as chairman of this committee, in fairness to all members of this committee, I should say that we have now for some months, four hours a day, been diligently applying ourselves to a very complicated problem. The success of this committee, surely, is not to be judged by its spectacular interest. We are not here for spectacular purposes. We are here to make a serious study of a

very difficult complicated problem.

Already, the salutary effect of our work is apparent. We had the Canadian Association of Consumers before us and we know what they said about the effect our deliberations were having in the country. The salutary effect of this com-

mittee is apparent in other quarters.

It does not do parliamentary institutions any good, I suggest, to resort to ex parte observations on their success. If any member feels certain steps should be taken by this committee, there is a place and a way to do it. We may all have views in that regard.

I suggest now that we get down to business.

Mr. Fleming: You made one remark upon which I wish to comment in just a sentence or two. I propose to be very brief.

Mr. Lesage: Mr. Fleming could tell that to the press, ex parte, after the meeting.

Mr. Fleming: You said something which deserves a brief comment, and it is this—

Mr. Lesage: Why not wait until after the meeting. You will be alone with the press.

Mr. Fleming: That is not a very helpful remark. When a member of the press gallery comes to me, as he apparently came to other members of this committee, and asks me direct questions, I am prepared to give him direct answers. If he chooses to print my answers in reply to those questions, that is his affair.

The Chairman: We are not going to go on with this endlessly.

Mr. Fleming: Just hear this further sentence, if you will. Here is the sentence I want to read from the article which is the subject of the discussion.

Mr. McCubbin: Are we going to listen to newspaper articles read in this committee?

The CHAIRMAN: I think we have had enough of this.

Mr. Fleming: There are three members of this committee who are quoted and who have given answers. I was not the only one who spoke in that way.

The Chairman: May we get down to business?

Mr. Fleming: This is not to be laid to my doorstep. There are three members of the committee who were interviewed and their comments are in this article.

The Chairman: Order. Mr. Fleming, I am saying order to you. As chairman, I suggest to you we have had enough of this.

Mr. Fleming: I am asking, as a member of this committee for the right, which I think is a right and is not a privilege, to state here what a Liberal member of the committee is also reported as having said of the committee. These were not my comments only. Mr. Maybank is attempting to take this as my doing. I am one of apparently three members of the committee who were approached and asked certain questions.

The Chairman: May I suggest to you, as chairman of the committee, having in mind the criticisms you made of the committee, that you now be asked not to add to the monotony and the trivality of the proceedings of this committee. Let us proceed with our work at once.

Mr. Merrit: As another member of the committee, I take great exception to your remarks. Mr. Fleming is simply saying that other members of the committee were approached. Of those who made similar remarks, he was the only one who allowed his name to be published. The others were anonymous. If you are prepared to criticize Mr. Fleming, you must be prepared to criticize the Liberal member and the CCF member.

The CHAIRMAN: What I said a few moments ago applied to those who had declared themselves, those who were anonymous. Let us get on with the business of the committee.

Mr. Mayhew: Personally, I am not prepared to let it go at that. The remarks made by Mr. Fleming reflect on every member of the committee, and I, for one, was not a party to making any such remarks to the press. I want that clearly understood. I regret that anyone would come in here and, because a statement was made in the House, try to act in such a way as to bring about conditions so that person can say, "I told you so," when the committee finishes. That is what is happening here. There is a job for us to do and we can do it if we act like men. Half the time, we act as though we were members of one party or another.

Mr. Pinard: I also feel that if a member of the committee feels sitting on the committee is futile, he should refuse to sit on it.

Mr. Lesage: Let him be replaced.

Mr. Johnston: May I say, as Mr. Mayhew has said, I was not one of those interviewed. I am not one of those anonymous members. As the subject has been brought up here, I think it would be well if we proceeded along the lines suggested when this question was brought up, and have the steering committee give consideration to the matter. If it is the opinion of the committee there is not sufficient proof ahead of us to continue the sittings, it could be decided at that time. Until such time as that is done, I do not intend to make any further remarks about it. I have some opinions on the matter and I think it would be well if we had some discussion in an executive session of the whole committee. The whole matter could be threshed out there and we could ascertain whether or not there is sufficient evidence ahead of us to warrant continuing.

The Chairman: I think we have a great deal of work ahead of us and a great job yet to do. May we now proceed, Mr. Dyde?

George Graham Ross, Aden, Alberta, recalled:

Mr. Dyde: You have already been sworn, Mr. Ross, and at the end of yesterday's session of the committee one or two members suggested that you should come back today because there might be further questions. Before there are questions directed from the members of the committee may I ask if you have any further remarks to make yourself on subjects which may have occurred to you since yesterday?

The Witness: Yes. I said yesterday that Mr. Hargrave gave a very good picture of the cattle industry in the west. I would like to break that statement down in view of the fact this is a Prices committee. I would like to break his figures—which correspond with mine—down to the cost of producing grass beef. The average price of grass beef in Calgary in 1947 was 10½ cents. The cost of producing beef, giving 5 per cent on the investment, is 8½ cents. Now if

one beef animal on grass produces 250 pounds a year at 2 cents per pound profit that gives you \$5 per head in addition to the 5 per cent. That gives you a $7\frac{1}{2}$ per cent profit on your investment in producing beef in 1947.

Mr. Maybank: What percentage was that?

The Witness: $7\frac{1}{2}$ per cent. That figure is exclusive of costs such as most stockmen in Alberta are faced with this spring—heavy cost of feeding, and losses of calves. In 1947 we had a pretty good year all way through. I thought the members of the committee might be interested in knowing the cost of grass feeding. I would like to make this further remark that in the last few years our production of beef, according to our export record, has gone down. If the Canadian consumer wants beef the consumer should encourage the production of beef. The imposition of ceilings or the threat of the imposition of ceilings will go to the reduction of the production of beef and, if we are short of beef, the price will be higher to the consumer.

By Mr. Johnston:

Q. In your opinion ceilings should not be re-imposed?—A. I am saying that if there is a placing of ceilings on a producer's product, or the threat of the placing of ceilings on a producer's product, he will cut his production down. He will only produce when he has a free and open market.

Q. Would you be of the opinion that all producers would want the ceilings

abandoned?—A. Yes.

Q. Because if ceilings were imposed on one line they could not be very well

taken away from another?—A. That is right.

Q. So if you are going to remove one ceiling you would have to remove them all?—A. I know in my business the ceilings will cut down production, and if production is cut prices will go up.

Q. You think that would be true of all other producers?—A. I would say so.

Q. In different industries?—A. You mean all other producers?

Q. Yes?—A. Yes.

Mr. Dyde: The next witnesses are the officers of Canada Packers.

Mr. J. S. McLean, President, Canada Packers, Toronto, Ontario, recalled:

The CHAIRMAN: Order, please.

Mr. Dyde: I have just been informed that the assistant treasurer of the company, Mr. Child, who was to accompany Mr. McLean this afternoon, is quite ill and will be unable to be with us. I am sure I am correct in saying that situation handicaps Mr. McLean to some extent, although he is anxious and quite willing to go on this afternoon. I would just like to point out that fact and say that a good deal of my conversations have been with Mr. Child.

Mr. Lesage: What about having an executive session?

The CHAIRMAN: We can proceed.

By Mr. Dyde:

Q. Mr. McLean, would you please tell the members of the committee your position with Canada Packers?—A. President.

Q. And you know, do you not, that we have asked Canada Packers to

bring before the committee certain information?—A. Yes.

Q. And this information is contained, I believe, in a document which you are able to produce?—A. Yes.

Mr. Dyde: Mr. Chairman, before I deal with this matter and before we decide on the exhibiting of the document, may I say that Mr. McLean has also supplied the committee with the annual reports covering the last two years. I think it may be useful for the members of the committee to have copies of

those annual reports together with the document.

In connection with the document which has just been put before the committee there are one or two remarks that I would like to make. Canada Packers Limited was asked to furnish certain information in schedules numbered in a certain way. You will find on the first page of the document a heading stating "Requested by the Committee" and nine schedules follow. Then, you will find, furnished by Canada Packers, a number of items and some charts which were not actually requested. You will find in your books that some additional pages have been added immediately following page 59. I refer to pages 60 to 66 inclusive, which pages were added at the request of counsel. I make that explanation because we are going to find it a little difficult, I believe, to incorporate this whole document into the printed proceedings. I would suggest, Mr. Chairman, that for various reasons you may not wish to reproduce the whole document in the printed proceedings. On the other hand, counsel is unable to guide the committee at this moment as to what parts of the document should be omitted. Therefore, I suggest that it would be possible for us to go ahead and consider the document, and perhaps a decision might be made tomorrow as to what parts should be reproduced.

The CHAIRMAN: Can we not deal with it as we go along?

Mr. Dyde: We might deal with it as we go along but in any event I hope that we will not decide now that the document will go in just as it stands.

The CHAIRMAN: All right.

By Mr. Dyde:

Q. In the time at our disposal today, Mr. Chairman, I would like to ask the committee to turn with me to certain pages of the document. The first page to which I refer is page 62. Mr. McLean, page 62 has a heading "Consolidation of plants and branches, profit and loss, before bond interest, inventory reserves and income tax." Am I correct in saying that is a consolidation of a number of pages which appear previously in the text?—A. That is correct.

Q. Can we identify those pages? Can we identify the pages of which page 62 is a summary? I will tell you that I think page 62 is a summary of schedule 4, running from pages 10 to page 29?—A. Yes. When you first requested

information you asked for the volume and results, as I recall it.

Q. Yes?—A. Yes, for plants, and also separately for branches and page 62 is a consolidation of the reports on the plants and on the branches combined.

Q. Yes, now dealing with page 62, at the left hand side there is a series of years headed by the statement "Fiscal year ending" and by reference to page 3 of your brief I find that the fiscal year of the company ends on the last Wednesday of March in each year.—A. That is correct.

Q. And of the fiscal years shown on page 2—the years ending on the last Wednesday in March—1948 is the only incomplete year and I see a note saying

"to February 25"?—A. That is correct, yes.

Q. And in looking at that page, Mr. McLean, I direct your attention to the right hand column "Total meat and by-products". I refer again to the fact that the heading of the page is "Profit and Loss" and I assume that where the figures are in red a loss is indicated, and where the figures are in blue a profit is indicated.—A. That is correct.

Q. And without going into complete detail I call attention to the fact that in 1936, 1938, and 1939, there was a loss which was to some extent balanced by a profit in 1937. The reason that I put it that way, Mr. McLean, is that those are the pre-war years.—A. Yes.

Q. Then when you come to the war years you have got a series of figures, all profit, showing a profit in 1942 of over \$2,000,000, and the largest profit of

all during the war years—\$2,337,340—was in 1945?—A. That is in the war vears?

Q. Yes, I am correct about that am I not? I said it was the largest profit

in the war years?—A. Yes, that is correct.

Q. Now in the post-war years you have by far the largest profit in the 1948 period which, according to these figures is not quite complete?—A. Yes.

Q. And there your profit becomes \$2,341,898?—A. That is correct.

Q. Now I also call attention to this, Mr. McLean, and ask you if I am correct? If I go back to the two columns preceding that final column, I notice you have a column headed "total meat" and a column headed "by-products"?

Q. And that the total meat column shows loss figures down to and including the fiscal year 1941, and from that date on you show profit figures, although the profit in 1947 is relatively small?—A. Yes.

Q. And in the column to the right of that headed "by-products" you show the by-products profits, which in the early years from 1936 to 1940 inclusive are quite considerable figures—the lowest is \$834,000 and the highest is \$1,484,672. We do not find another year where the profit in by-products is as high until we reach the fiscal year in 1948?—A. Yes.

Q. In that connection would you please clear one point for me? Would you say whether the by-products total can be broken down into by-products of the different types of meat, or do you know whether your accounting system permits that?—A. I am really sorry to say that I do not. I have not studied

Q. Perhaps we can clear that matter tomorrow?—A. Yes, of course Mr. Child could answer all these questions.

Mr. PINARD: Can we take it all these by-products are meat by-products? The WITNESS: Yes, they are by-products of meat; it shows that here.

By Mr. Dyde:

Q. There is no doubt about that Mr. McLean, is there; that from this statement it appears that you are giving the beef situation, the veal, the lamb, the pork, canned meats, cooked meats and total meats; and the by-products

column shows the by-products?—A. I am sure of that.

Q. Could you answer this question for me; as to why you have separated the by-products in that way? In other words, what I am really getting at is this; to a layman one would think that the beef account should also contain the account for the by-products of beef, and that the veal account should contain the by-products of the veal, and so on throughout the different types of meat. Could you explain why that is done?—A. Oh yes. One buys a lot of cattle today and the cattle are slaughtered tomorrow and the beef is sold within two or three days, but in order to arrive at the cost of the beef it is necessary to estimate the volume of the by-products. One buys the animal alive and the products of it are the meat, which is the principal product, but there are important by-products as well-hide, tallow, bones, casings, and many other things. The hides go to the hide salter and they are salted, and they are not sold for two months after they are taken off, so it is necessary to estimate what the value of the hide is—and it is just an estimate. And the same is true of tallow. Tallow is rendered and sold for a month or a flat time. That tallow is held

around for perhaps maybe four or five weeks, or it might be four or five months; so one must have a costing system and one must know what price to ask for his fresh meat; and that is the reason the by-products are a separate account.

Q. I do not propose, gentlemen, to say that I am finished that page at this minute, but I would like to go on to another page. What I am endeavouring to do here is to bring to the attention of the committee certain things which I think are of significance today; and certainly Mr. McLean will be with us tomorrow when you will have an opportunity of looking at these figures more fully.—A. If I cannot answer questions the reason is this. I have just returned from a long holiday and this material was all prepared by Mr. Child and thinking he was going to be here I have taken no time to study it.

The CHAIRMAN: We understand.

Mr. Fleming: May I ask a question?

The CHAIRMAN: Certainly.

By Mr. Fleming:

Q. Mr. McLean, looking at the final column of page 62, and bearing in mind that the ceiling on these products came into effect, I think, in the fall of 1941, it is apparent, is it not, that the company prospered in respect to its meat business more under ceilings than at any time in its history?—A. Yes.

Q. And by a substantial amount?—A. That is due to two causes; the first is that the volume was so very greatly increased. You recall that. But I would like to mention this. I am informed that in 1939, the sales of the company were \$77,000,000 and in 1944, they reached their maximum which was close to \$240,000,000. But for those years in which the results seem so much higher the volume in each year was not small, above \$200,000,000 as compared with \$77,000,000 in the earlier years. That is one part of the explanation. The other part is that under controls—to begin with, controls are necessary in wartime. At least, that is my view. I do not think any government has any option about placing meats and essential foods under control in wartime, because if any other course is followed and if there were competition for meats advances in prices would mean that you could not get sufficient for war purposes and war production would be hampered. When controls are imposed the same thing always happens. The margins are imposed after a study of each stage in each industry involved, and the margin is generally set so that the least efficient unit within the industry can meet its costs. And I think that in every industry profits were larger than under the intense competition of normal times.

Q. Can you give the committee any opinion from that as to what may be expected with the return comparatively recently to conditions which prevailed before controls went on; in other words, after the removal of controls?—A. I would think with the return of competitive conditions that the gross profit will be less and that in the case of the more efficient units of the industry I should not think the net profit would be greatly reduced, because the extra profits of wartime are subtracted from the heavy wartime prices, and the netnot the gross, the gross profits may be larger—but the net profits over the whole period will be very much less than they were, in percentages they would not be

more than a fraction of a cent per pound.

By Mr. Johnston:

Q. Would it be fair to say that although your possible profits would be greater during a ceiling period that that is offset by increased taxation? If that is true, would it not also be true to say that because of these ceilings the cost of living was higher?—A. If I understand your question I think the answer is no. The cost of living was controlled by means of the ceilings and there was a reason for it.

Q. According to the figures here in the last column it would indicate that the prices were higher than in normal times.—A. Oh, there was a higher gross profit before taxes, but the amount of that profit as you will see on some of the other statements was a minute fraction of a cent a pound.

Q. Due to taxes?—A. No. The gross profit was a minor fraction of a cent a pound. You will find as you continue this examination that the profits of the packing industry have nothing to do with the cost of living. The net profits of the packing industry, as I recall it over this period of years, was \frac{1}{8} cent a pound.

Q. Is that taking the years from 1936 to 1948?—A. Yes, as appears later in

one of the other statements.

By Mr. Thatcher:

Q. Mr. McLean, is it not a fact that since the ceilings came off in October the company's profits have been considerably greater than they were while ceilings were on, month by month?—A. No, I think they were less.

Q. I do not think so, not from what I see of your balance sheet.—A. I would

say they were less. That appears some place or other in these statements.

Mr. THATCHER: Well then, we will wait until we reach them at a later stage.

Mr. Dyde: There is one question arising out of what you said a few minutes You said, when full competitive conditions are returned that the gross profit would be less. Now, I assume that you include in that the competitive element of the consumer having the right to exercise perhaps a larger share of influence on prices than they could under ceilings and other controls?

The WITNESS: Well, I do not know that the consumer would have more power there. The consumer always has that power. But there would be a greater disposition to exercise it. Now, that is what has occurred within the last two or three months.

The CHAIRMAN: And the consumer always has had that power and definitely has exercised it?

The WITNESS: Yes. During the wartime when employment was full there was an unprecedented demand for and consumption of meat in Canada. I should think the figures will bear that out.

By Mr. Dyde:

Q. Would you turn now to page 64, that is the page headed generally "Sales and results, meat packing plants", and you will note that in the upper right-hand corner it is the calender year 1947, by month; and the point that I wanted to bring out at the moment was with reference to the figure for October which is red; I wanted there simply for you to tell the committee what was the period of the strike in your plant?—A. I think it was from September 11, to October 21.

Q. Oh, I see it is shown here on page 32. The strike was from the 10th of September to the 24th of October, 1947. That is at the bottom of the page there Mr. McLean. That is correct, is it not?—A. Yes.

Q. Now on page 64. I look at the same column to the right-hand side of the page which is headed "Profit or loss, all meat", and I run down to the last figure but one in that column, which is \$1,207,582; and I see in the immediately preceding column under the heading "Sales value of meat" that you have a figure \$16,175,597; and following that same line back you have in the very first column under "Shipments, meat only" in thousands of pounds, a total of 53,448,000 pounds. Do you see those figures?—A. I see them. Yes.

Q. Can you tell the committee how much per pound the profit is in that period? I don't want it exactly. It is over 2 cents a pound, isn't it?—A. Yes, it

is over 2 cents a pound

Q. Over 2 cents a pound in that period?—A. Yes.

- Q. Then would you drop down to the calender year 1948, in the first line of figures and in the profit or loss column we have the figure \$500,963?—A. That is right.
- Q. And in the first column on the same line, shipments of meat, the amount is, I think, 36,524,000 pounds?—A. That is right.
- Q. And according to my calculations that is almost $1\frac{1}{2}$ cents a pound?—A. Yes.

Mr. Dyde: For the moment, gentlemen, I am leaving that page to go on to some other. If there are any questions?

By Mr. Dyde:

- Q. Now I am going to turn to page 11, of your document, Mr. McLean; and my purpose there is to call the attention of the committee to the fact that page 11, is the beef account for the calender year 1947; and another page, page 17, is the pork account; and the intervening pages you will notice, gentlemen, are veal, on page 12; veal on page 13; lamb on pages 14 and 15; and pork is on page 16; but you will note that page 16 is for the calendar year 1946. So that the two pages that I wish to call particular attention to are pages 11 and 17, being the beef and pork accounts for the calender year 1947. Now, page 11, Mr. McLean—this is perhaps simply adding to what we have already said— I note that at the meat packing plants the profit or loss per pound during most of the year 1947, showed a loss, the beef figures were in the red?—A. Yes.
- Q. Then you go to the four-week period ending the 6th November, 1947, before you come to a profit figure. I think that is the 6th of November, isn't it; the four-week period ending the 6th of November that shows a profit position?

 —A. You are correct.
- Q. And we have a profit position in the four-week period ending the 6th of November; another profit position in the four-week period ending the 4th of December; and another in the period ending the 31st of December, although down to $\frac{3}{4}$ of a cent?—A. Right.
- Q. Then in January you drop down below the totals for the period ending the 28th of January and there is a profit position of ½ of a cent.—A. Yes.
 - Q. Which becomes a loss in the February period?—A. Right.
- Q. I turn now to page 17 and, still dealing with the head note, "Meat packing plants", I find that in pork, in 1947, there was a profitable situation except for January, until you come to the period ending the 9th of October?—A. Yes.
- Q. I mention there, merely—perhaps you agree—that these profitable figures in the early part of the year are all under ceilings and that, then, on the 9th of October, you get into the strike period?—A. Yes.
- Q. After the strike period and the losses incurred in October and November you come to a profit position in the period ending the 4th of December—these are in cents per pound, I think—and you have a profit position in December, 1947, of §ths of a cent per pound?—A. Yes.
 - Q. And a profit position of 7/16ths of a cent per pound in the period ending
- December 31?—A. That is correct.
- Q. That profit position maintains and, in fact, improves in January 1948, where we have a profit of 1-5/64ths cents per pound?—A. That is right.
 - Q. And that becomes a loss again in February?—A. That is right.
- Mr. THATCHER: Before you leave that point, Mr. Dyde, would those figures you have just read not mean that the company has definitely made greater profits in these last few months than it made in the corresponding months a year ago? I think the figures are self-evident of that fact?

By Mr. Dyde:

Q. What have you to say about that, Mr. McLean? Would you refer him to the page, Mr. Thatcher?

By Mr. Thatcher:

Q. For example, on page 11, beef account, we find a complete statement there. For January, 1947, in the plants there was a net loss of \$93,000 and for

January of 1948 there was a profit of \$79,000?—A. Oh, yes.

Q. Would that not be contrary to the statement you made a minute ago to Mr. Fleming?—A. No, there is a very simple explanation for that, Mr. Thatcher. In January, 1947, we were still under price controls. There was a great scarcity of beef and the inspected packing houses had a very small percentage, a very much less than normal percentage, all of which made a very heavy loss on account of the black market situation.

Q. The company has made greater profits with controls off than it did last year?—A. Not because controls were off, but because of the black market

losses and, partly, perhaps because the controls were off.

By Mr. Johnston:

Q. What do you mean by, "black market losses"?—A. I thought everybody understood that pretty well. When beef was scarce, during periods of control, and demands for beef were keen or strong, the price at which a processor was allowed to sell beef to the retail trade—I was going to say 25 cents. The larger houses, of course, observed the ceiling, but other persons, and these reached very large proportions, other persons bought cattle at prices that worked out at much higher prices than 25 cents, perhaps 26, 27 or 28 cents. Because beef was scarce and because demand for it was strong, they were able to sell it to the retailers for these higher prices.

Q. Was that so prevalent it affected the profit position of the larger

companies?—A. It was very prevalent.

Q. Were you aware of that during that period?—A. Oh, yes.

Q. Did you ever inform The Wartime Prices and Trade Board with regard to it?—A. About 10,000 times.

Q. Was there any action taken at all by The Wartime Prices and Trade

Board that you know of?—A. I would rather you asked the board that.

Q. I say, "That you know of"?—A. I would rather you asked the board that. I complained many times that the action was ineffective. I think it is fair that you should hear the story, if you do wish to hear it, from the officers of the board.

By Mr. Lesage:

Q. You know there were hundreds of prosecutions?—A. Oh, hundreds, yes. There were hundreds of prosecutions but, so far as beef was concerned, my own view was that they were not in the right places and they were not handled in the right way.

By Mr. Pinard:

Q. Why do you say that? Could you enlarge on that?—A. I could not enlarge on that.

Q. Since you have made that statement, it is only fair you should enlarge on it?—A. I am going to ask the chairman's permission that you should get your information from the people who were enforcing it.

Q. No, but you have stated that you thought the procedure was badly

initiated or watched by The Wartime Prices officials-

The CHAIRMAN: I do not think he said it was badly initiated.

Mr. PINARD: Well, that it was not handled properly.

Mr. Lesage: He said the wrong persons were prosecuted.

The Chairman: I believe he said prosecutions were instigated against the wrong parties.

The Witness: I know all the facts. I am saying certain things that are critical of conscientious persons—

Mr. Johnston: Mr. McLean has stated now that he knows all the facts. I think it is sufficiently important that the committee should have those facts, even if Mr. McLean desires to have the protection of the committee in giving his evidence. I think the committee should have those facts, as Mr. McLean knows them, so we can be in a better position to discuss this problem with The Wartime Prices and Trade Board officials when they are before us.

The Witness: It just occurs to me that this subject was pretty fully commented upon in my last annual report. You have a copy of that in front of you. I think you would find that a satisfactory answer.

Mr. Pinard: Where would we find that in your annual report?

The WITNESS: If I could have a copy of the report, I could show you.

By Mr. Mayhew:

Q. You will admit it would take a lot of policing?—A. Yes.

Mr. Johnston: If that was going on, to the extent Mr. McLean claims it was, where it interfered with the profit of these companies and also was a direct cause in the increase in prices to the consumers, I think that is something with which this committee is very vitally concerned.

Mr. Lesage: I think it would be interesting to read what Mr. McLean says in the report.

On their part the directing officers of the board made a strenuous and continuous effort to enforce ceilings. But the task was a difficult one.

The difficulty was that of securing evidence. Only two persons, the seller and the buyer, knew the facts of illicit transactions. As both these persons were exposing themselves to heavy penalties, they were most undependable witnesses. The record of the illicit transactions, in the accounts of seller and buyer, furnished no evidence. Goods were invoiced at ceiling prices. Payments in excess of ceiling were in currency, and were made "under the counter".

In the main, violations were confined to processors on the fringe of the industry. These persons found themselves in a position to greatly increase their volume, at margins of profit much higher than normal. The fact that they were spread throughout the cities, towns and villages of all Canada made the task of catching up with them a very difficult one. In relation to offences, there were extremely few convictions.

Mr. Johnston: I would say, so far as that part is concerned, if there was not sufficient evidence to warrant a conviction, that statement would be merely an opinion and not a fact at all.

Mr. Lesage: You asked for it.

Mr. Johnston: I want the facts. I did not ask you to read it. I was asking Mr. McLean about it.

The WITNESS: My answer is that those are the facts.

By Mr. Johnston:

Q. Have you evidence to substantiate that?—A. I do not know whether the evidence I would submit to you would be found to be satisfactory, but I repeat that those are the facts.

Mr. Johnston: Probably we can go into that in further detail when The Wartime Prices and Trade Board officials are before us. However, I think counsel

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should take particular note of it and some investigation should be made with The Wartime Prices and Trade Board. If necessary, further steps should be taken in that direction because a very serious charge has been made by Mr. McLean.

Mr. Lesage: It is not a charge. Mr. Johnston: Yes, it is a charge.

The CHAIRMAN: In fairness to Mr. McLean, I do not think it can be called that. He did say he called The Wartime Prices and Trade Board a great number of times—

An Hon. Member: A thousand times.

The Chairman: I do not think he meant actually 10,000 times. I think that was symbolical. Mr. McLean could not call The Wartime Prices and Trade Board 10,000 times. He did say The Wartime Prices and Trade Board conscientiously and, I think he used the word diligently, proceeded with their duties.

Mr. Johnston: But the results were not very effective as is shown by this balance sheet.

Mr. Lesage: If you were an investigator you would find out how very difficut it is, when the contract is between two persons, to find out about it. Those two persons won't tell you.

Mr. Johnston: I am not an investigator.

The Chairman: I am sure you will want to pursue that matter, and there will be an opportunity for you to do so.

By Mr. Winters:

Q. I wonder if Mr. McLean will go one step further and say what he set out to say, that is, how these black market operations resulted in a loss to his company?—A. You will find it all, I think, amongst those papers. The worst period was the first six months of 1947. You will find that our losses on beef in those six months were colossal. It was all due to the fact we either had to retire from the beef business or keep in it at a loss.

By Mr. Dyde:

Q. That does not quite explain what Mr. Winters asked, I think, Mr. McLean. It is true you point to a loss and it is true you say there was a black market operating. I think Mr. Winters wanted you to explain more accurately how these black markets did bring about that loss. What were the individuals on the black market doing that caused losses to Canada Packers?—A. Well, they were buying cattle at a level commensurate with the prices at which they were selling beef. The regular packers had either to pay that price for the cattle or go out of business.

By Mr. Johnston:

- Q. Was the beef available at the plants for them if they wanted to get it from there?—A. Pardon?
- Q. Was the beef available at the plants for the retailers rather than having to buy it through the black market?—A. Well, all the beef which the inspected houses bought was available at the ceiling prices, but the inspected houses, during this black market period did a much less than normal percentage of the beef business. On the one hand, you had a group of people who were making a heavy loss and, on the other hand, you had a group of people making a profit; and the slaughtering of the cattle transferred from the first group to the second group. Customers bought their beef from the inspected houses at the ceiling prices to the extent they could get it. They bought the rest of their beef on the black market at black market prices.

market at black market prices.

Q. The retailers would be losing on that beef because they would have to sell it at reduced prices?—A. Not exactly, they would be making less profit.

By Mr. Winters:

Q. During that period, Mr. McLean, did your company contribute pretty heavily in the export of beef to Britain, to the troops overseas?—A. During the black market period, there was no beef going to export. It was because beef

was scarce that black market conditions existed.

Q. It existed to the extent it actually interfered that much with your operations?—A. In the fall, when the heavy run of cattle came, when the surplus of cattle from the pastures were being marketed, the black market ceased or practically ceased because there was enough beef to go around. It was during that period of surplus beef that beef was set aside for export.

By Mr. Lesage:

Q. If I understand what you mean, Mr. McLean, it is this; that the black market people were ready to pay high prices to the producers of cattle and you had to meet competition?—A. Oh yes, we either had to pay the same price or not buy cattle.

By Mr. McCubbin:

Q. Is this the story, the producer got better prices on account of the keen competition?—A. Yes.

Mr. Johnston: No, the black market.

The CHAIRMAN: Let the witness answer Mr. McCubbin.

The Witness: I do not know why you phrased it that way, the producer got the benefit of the higher prices that were forced by the black market operations.

Mr. PINARD: The prices which were paid in excess of the ceiling prices.

Mr. Lesage: There was no ceiling on the price of live cattle.

The Witness: I should like to call your attention to the fact, in connection with this discussion, that I did not introduce this discussion deliberately. I was asked to explain why the profit on beef in January of this year was so much higher than the profit on beef in January of last year.

Mr. Johnston: I think it has been very helpful to the committee, Mr.

McLean.

The Witness: I certainly have said nothing here which I have not already said to the enforcement branch of The Wartime Prices and Trade Board. They had an extremely difficult job. I do not think they went about it in the right way, but perhaps they did.

By Mr. Fleming:

Q. Would it be fair to say that, in the light of your evidence, the black market did flourish on a big scale during this period of control of which we are speaking?—A. During the periods of scarcity.

Q. During the periods of scarcity while controls were in effect?—A. Yes. Q. Now that controls have gone, the black market has gone with them?

—A. That is correct.

By The Chairman:

Q. There could be no black market without a control system, could there?

—A. No, there could not be a black market unless there was a ceiling.

By Mr. Thatcher:

Q. On page 11, Mr. McLean, those figures at which you were just looking in connection with the beef account, show some very heavy losses in the first six months of 1947. Do those figures include your by-products or are they for beef only?—A. Are you referring to the \$895,000?

Q. Starting in January, the \$93,665; February, \$135,457—those figures are on page 11?—A. Yes, I have it. You are asking if the by-products would be

an offset to that?

Q. Would they be included in those figures?—A. Perhaps Mr. Dyde could answer that better than I can. I think they are.

Mr. DYDE: I think they are not, Mr. McLean. I think it is a beef account entirely. If you refer to page 59, I believe you will find a separate by-products account. I think your correct answer to Mr. Thatcher is that, on page 11, it is a beef account only. Could you be sure about that?

The Witness: Well, I will answer it definitely tomorrow morning.

Mr. Fleming: I just draw attention to the fact that on pages 28 and 29, you have figures on by-products for the same period.

Mr. Dyde: Mr. McLean now says definitely that page 11 does not include by-products.

By Mr. Thatcher:

Q. Could I pursue my point, then? Those figures in red, then, would not be nearly so bad if the by-products were included?—A. They would be offset by the by-products figures, yes. Those are copies from our records, just as they appear on the records, and I explained last time I was here the system we follow.

By Mr. Dyde:

Q. May I deal with one or two other pages while we have the time? On page 27 you have set out, have you not, an account covering hides and skins for the calendar years 1946 and 1947 and for the two periods in 1948?—A. Yes.

Q. Taking it by and large the hides and skin account shows a pretty steady

profit?—A. Yes.

Q. There are in the two years and two months, only two occasions, I think,

when the hides and skin account shows any loss?—A. That is correct.

Q. And following that somewhat further, I see also, looking at the calendar year 1947 and at the last three months of 1947, or the last three periods in 1947, that these figures mean $12\frac{15}{16}$ cents per pound?—A. That is correct.

Q. And in the period ending the 4th of December that is 816 cents per

pound?—A. That is correct.

Q. And $3\frac{1}{16}$ cents per pound?—A. Yes.

Q. And in January 1948 again the figure is $2\frac{9}{16}$ cents per pound?—A. Yes.

Q. It drops again in February to $\frac{3}{4}$ cents per pound?

By Mr. Thatcher:

Q. Before you leave that question Mr. Dyde, in the brief on page 50 at January the 20th it shows the ceilings were advanced on hides 3 cents a pound and on calf skins 5 cents a pound. Later, on September 15th, decontrol of prices on hides, skins and leather products occurred. I would like to get the figures for hides which Canada Packers had on hand on those two dates. I do not see those figures in the brief. Would you have those figures anywhere, Mr. McLean?—A. Yes, the figures would be available.

Q. Could you have them tomorrow?—A. Yes, I think so.

Q. I am asking for the figures on January 20th—A. What page are you reading from?

Q. Page 50, and Mr. Hall's report?—A. Yes.

Q. Would you get me your inventory on the dates January 20, 1947, and September 15th, 1947?—A. January 20th, 1947 and September 15th, 1947?

Q. Yes, thank you.

The CHAIRMAN: I think this would be a convenient time to adjourn and the committee will hold an executive session to cover amongst other matters, the point you had in mind the other day, Mr. Thatcher, regarding nails.

The meeting adjourned to meet again Thursday, April 22, 1948, at 11.00 a.m.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

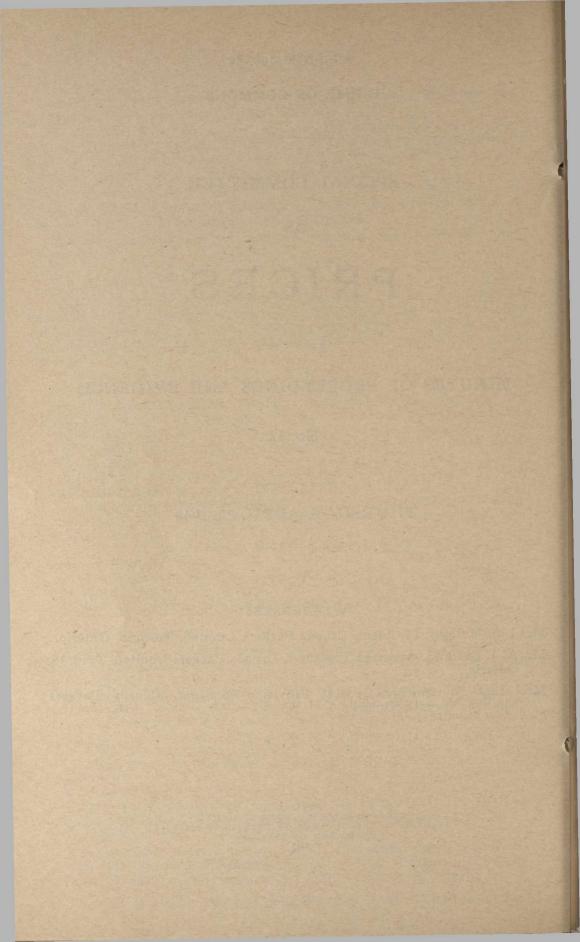
No. 43

THURSDAY, APRIL 22, 1948

WITNESSES:

- Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ontario.
- Mr. A. J. E. Child, Assistant Treasurer, Canada Packers Limited, Toronto, Ontario.
- Mr. Hugh M. Murray, General Provision Manager, Canada Packers Limited, Toronto, Ontario.

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1948



MINUTES OF PROCEEDINGS

Thursday, April 22, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Johnston, Lesage, Martin, Thatcher, Maybank, Mayhew, McCubbin, Merritt, Pinard, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee in attendance.

Mr. Fleming moved, seconded by Mr. Merritt, that this Committee now proceed to write and submit to the house an interim report containing its findings with respect to its inquiries into bread and butter.

The Chairman ruled the motion out of order on the ground that the Committee had disposed of a similar motion in its Executive Session of April 21.

Mr. Fleming then moved that his original motion which, on April 21, had been deferred for later consideration, be now considered and put to the Committee.

Motion negatived.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, was recalled for further examination. Mr. A. J. E. Child, Assistant Treasurer, Canada Packers Limited, Toronto, was also called, sworn and examined.

At 12.50 p.m. witnesses retired and the Committee adjourned its public sitting to go into Executive Session, and to meet again in public session at 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Johnston, Lesage, Martin, McCubbin, Maybank, Merritt, Pinard, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. McLean and Mr. Child of Canada Packers Limited, were recalled and further examined.

Mr. Hugh M. Murray, General Provision Manager, Canada Packers Limited, Toronto, was also called, sworn and examined.

At 5.40 p.m., the Members being called in the House for a division, witnesses retired and the Committee adjourned until Friday, April 23, at 11 a.m.

R. ARSENAULT, Clerk of the Committee.

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MINUTES OF EVIDENCE

House of Commons, April 22, 1948.

The Special Committee on Prices met this day at 11 a.m. The Chairman, Hon. Paul Martin, presided.

Mr. Fleming: Before we proceed may I raise one point not in the hope of creating any contention—we had ample of that yesterday. I do not want to refer in a public session anything done in a private session, but in view of the fact that a motion of mine was put and disposed of in a certain way in the private session yesterday afternoon, I think it should either be reported to the public session or re-opened here. I would like now, if I may, to put the motion in this public session. You are aware of the motion to which I refer, Mr. Chairman, and I think I am in order in so doing. It is a matter of importance and it does not relate merely to the internal business of the committee, which business may not be of public interest, but it is a matter of considerable importance and of public interest. For those reasons, after having put my motion in private session yesterday, and not having been successful, I think I should now be permitted to put the same motion in the public session. Therefore, I will move, Mr. Chairman, seconded by Mr. Merritt, that this committee do now proceed to write and submit to the House of Commons an interim report containing the committee's report with respect to its findings regarding bread and butter. Our work on those two subjects is completed, with the exception of perhaps an odd little detail which could very quickly be disposed of in connection with bread. The committee having spent some ten weeks in conducting an investigation into those two important commodities, the time is ripe for the committee to make a report covering its work containing such findings as the committee thinks itself in a position to make. Such action will give the House of Commons and the public an opportunity of assessing the work of the committee, what has been accomplished to date, and what value may be attached to continuing the work upon which the committee is now engaged.

Mr. Merritt: I second that motion.

Mr. Lesage: Mr. Chairman, as far as I am concerned I would not be ready to participate in the preparation of any report on bread. The date we have covered up to now is not sufficient for me to be in the position of participating in any report to be made on bread. I believe any interim report we would be able to put through now would be incomplete and unsatisfactory. We surely have to look into the matter of wheat, and into the business of the milling companies, before we can do anything on the matter of making a report with with respect to bread. I do not know if the other members look at the problem as I do but I do not see how we can make a report. As far as butter is concerned I think we have the material to make an interim report but I question the usefulness of so doing.

Mr. THATCHER: Mr. Chairman-

The Chairman: Before recognizing Mr. Thatcher I think I should say, now that Mr. Fleming has brought this matter before us, that the motion was discussed in executive session yesterday. I will say no more than that there was a motion moved by Mr. Fleming and seconded by Mr. Merritt, that an

interim report should be prepared for presentation to the House with respect to the committee's findings on bread and butter. There was an amendment to that motion, subscribed to by all members of the committee other than Mr. Fleming and Mr. Merritt, that the report be not immediately prepared but the question of preparing such a report be deferred for later consideration. There was considerable discussion by all the members of the committee who showed they were anxious that a report be prepared, but it was felt we should make sure all of the evidence was before the committee. I think that view should be stated in fairness to the committee. Now the matter has been brought into the open—

Mr. Harkness: I was not present at the executive session and I would very strongly support Mr. Fleming's motion. I cannot see any force in what Mr. Lesage has said—that we have not enough information to make a report.

The Chairman: I may say, Mr. Harkness, that there is a very important matter in connection with bread that counsel is now considering in the light of an opportune time of presenting the evidence to the committee.

Mr. THATCHER: Mr. Chairman-

Mr. Harkness: I am not finished, I was just in the middle of a sentence.

The Chairman: Mr. Thatcher had asked to speak before you started but I failed to recognize him.

Mr. Thatcher: Finish your sentence, Mr. Harkness.

Mr. Harkness: I think we have had sufficient information on bread, and certainly we have had sufficient information to make a report on butter. If we have not sufficient information now we will never have it and the time is now drawing to what we hope will be the end of the session. If we are not going to make a report on these matters for a couple of months the evidence is going to be pretty stale in our minds.

Mr. Lesage: Speak for yourself.

Mr. Thatcher: We have wasted twenty minutes now debating a subject which was debated yesterday and I do not know why it was raised. Let us have the vote and get on with the evidence.

Mr. Maybank: Mr. Chairman, I think there is a point of order which arises here. I do not think the motion is in order. The committee handled this whole matter yesterday, and it does not matter whether it was in executive session because it was not just the steering committee which handled the matter yesterday. There was a motion made with respect to the wishes of Mr. Fleming and Mr. Merritt. The motion was voted upon, those two members being the only supporters. It is Mr. Fleming himself who is now offering to restore that motion. I am not saying the matter cannot be reconsidered but I submit that if there is a desire to have it reconsidered the expression would have to be from some person who voted the other way. I submit the motion is not in order at the present time because it was deferred by an amendment moved by Mr. Thatcher, seconded by Mr. Irvine, and carried. I say that the committee's decision is binding, and it is only incidental that the vote occurred in the executive session and, I submit, Mr. Fleming's motion now is not in order.

Mr. Merritt: I would like to say a word in connection with the motion and as to whether it is or is not in order. Surely it cannot be said that at these executive sessions the points of view of the various members of the committee, and the strong wishes of those members, may be put to a vote and voted down. Those members could then be left without any power to air the matter in public. That state of affairs cannot be just, and if motions are to be put in executive session, surely dissatisfied persons should be able to raise the matter afterwards in public.

Mr. Lesage: Is this not a question of publicity? It looks very much like it to me as we seem to have the same thing morning after morning.

Mr. Johnston: I wish to say a word. I am not against the point of making an interim report on bread and butter at this time, but the thing which bothers me is that we have two situations with respect to the bread business. Now as far as our investigation into bread is concerned we only took into consideration the eastern part of Canada. As I pointed out yesterday in the executive session it seems to me that before we complete bread we should at least go into the situation in the west. It has been pointed out that the Combines Investigation has stopped us there. My view, after having been home during Easter and having looked around a little, is that the prices of bread are far higher in the west than they are down here. Therefore, I think there should be some investigation into bread prices in the west. If it is the desire of the committee to make an interim report pertaining to the east I have no objection, but I would object, on the other hand, if we did not go into the western bread situation and we would have to make another report on that. As far as butter is concerned I quite agree with Mr. Fleming that possibly we have gone sufficiently far, unless counsel has other evidence which he has not yet revealed, and we could make a report on butter. Whether it would be advantageous to make a report at this time I am not certain. I would like to point out again, Mr. Chairman, that I think this committee: should investigate the bread industry as far as western Canada is concerned.

The Chairman: We discussed this matter yesterday and it was pointed out the Combines Investigation people are out in the west. You will recall that in the earlier sessions of the committee we recognized the two spheres of function. Now, as chairman, I think the point taken by Mr. Thatcher is a good one. We have spent a lot of time at each session on such matters as arose yesterday and today, thereby shortening the period which we could otherwise devote to the matters we are investigating. I am going to rule, the matter having been decided by the committee in executive session only last night, that the motion now put by Mr. Fleming is not in order.

Mr. Fleming: Mr. Chairman I am then obliged to do this. The disposition of the motion in executive session yesterday was made by way of the amendment of Mr. Thatcher that this motion be tabled.

The CHAIRMAN: Yes.

Mr. Fleming: I would therefore now move that the motion be taken off the table and put to the committee.

The Chairman: You have heard Mr. Fleming's motion? All those in favour? Those opposed? The motion is defeated.

Mr. Dyde: Mr. Child is with us today and I would like to have him sworn.

- Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ontario, (Witness), recalled:
- Mr. A. J. E. Child, Assistant Treasurer and Chief Auditor, Canada Packers Limited, Toronto, Ontario, called and sworn:

Mr. Thatcher: Mr. Dyde, before you begin your examination, I wonder if Mr. McLean, or Mr. Child, could give us the balance sheet for the last fiscal year—the fiscal year ending in March 1948?

Mr. McLean: Tentative results have been arrived at and I think they appear at one place or another, but the balance sheet has not been drawn up and will not be completed for probably three or four weeks.

By Mr. Dyde:

Q. Mr. McLean, yesterday a question arose which we thought might be answered this morning. I asked you whether you could say if the table of by-products could be broken down into by-products of the different types of meat. Your answer was that you did not know, but perhaps Mr. Child could tell us this morning.—A. That was not the question that I was unable to answer. I can give you a definite answer. The by-products come from all types of animals and go to a common department. For instance it has not been possible to separate tallow from cattle and sheep from lower grade lard.

Q. I wanted to make sure that I had the right answer. Now there was another question directed by Mr. Thatcher and there was some thought that you

could answer it this morning?—A. Yes, I have the answer.

Q. It was in connection with the figures for hides?—A. That is correct.

Q. I am referring to the typewritten copy of yesterday's proceedings and Mr. Thatcher said he would like to get the figure for hides with respect to the number Canada Packers had on hand as of January 20, 1947 and September 15, 1947?—A. I have those figures.

Q. Would you be able to give them now?—A. I have only one copy of these figures but on January 20 the total number of hides in the cellars of Canada

Packers was 82,759.

By Mr. Thatcher:

Q. Would you have that figure in pounds? I see the ceilings went up 3 cents a pound.—A. That is correct.

Q. How many pounds are represented by that figure of 82,759?—A. 50 lbs.

per hide is a very accurate average.

Mr. Dyde: And on September 15, 1947, Mr. McLean, what is the figure?

The Witness: 67,522. I am sure these figures are accurate although they have been obtained over the long distance telephone.

By Mr. Thatcher:

Q. Would that include the Hunnissett company or is that just Canada Packers?—A. Just Canada Packers.

Q. Hunnissett would have some also?—A. Yes, Hunnissett would have some. Mr. Child: They would have a very small and very negligible amount.

By Mr. Dyde:

Q. Mr. McLean, we were dealing with a number of pages of a document which you produced and I wish to go now to page 29. I just want to point out to the committee, with your help, that it is a statement of the by-products for the calendar year 1947 plus, at the bottom of the page, a statement covering the two periods of 1948?—A. Yes.

Q. And I notice that under the heading "meat packing plants," that the last

column is "profit or loss per pound"?—A. Yes.

Mr. Johnston: What page is that?

By Mr. Dyde:

Q. Page 29. And in the column headed "profit or loss per pound" the figures are in cents. I just want to make that point quite clear. The figures relate to the weight per pound of by-products and not per pound of meat, am I correct?—A. Yes.

Q. Those figures are then cents per pound of by-products?—A. Yes.

Mr. MAYBANK: Is that the fourth column of page 29?

Mr. Dyde: Yes.

Mr. Maybank: It is the fifth column when you take into consideration the date column.

Mr. Dyde: Yes.

Mr. Fleming: Your remarks also apply to the eighth column as well.

The WITNESS: Yes.

By Mr. Dyde:

Q. Your statement applies to the last column also, does it not?—A. Yes.

Q. Then would you turn to page 31? When requesting material, Mr. Mc-Lean, we asked you to give us, in this particular schedule, the price which you actually paid for good butcher steers and for grade A hogs. In the request I went on to say "if in the case of beef you are unable to produce those figures, please state whether or not you accept the price for steers as set out in the Weekly Live Stock Review of the Department of Agriculture." I notice immediately following page 31 there is a chart. Is that the best you can do to answer the question as to what price you actually paid for good butcher steers?—A. That graph is a graph of the prices as reported in the review which you have just mentioned.

Q. Then, may I clear the point by saying you would accept the figures in the Live Stock Review as being the prices paid by Canada Packers?—A. Oh, yes.

That is the official document.

Q. You see it was not quite clear to me. You did give pork prices on page 31 and it was not quite clear to me whether you did or did not accept the Live Stock Review. Would you turn back to page 60 and at the same time would you look at an exhibit which is before the committee—exhibit 94? On the first page of exhibit 94 where there have been produced the figures from the Live Stock Review with reference to the prices paid at Toronto for red brand, commercial, and cow beef?—A. Yes.

Q. Now I am saying to you those are reproduced from the Live Stock Review. Do those figures correspond with the chart, to which we referred to a moment ago as following page 31?—A. That chart is the price of live cattle.

Q. Yes?—A. And this is for beef.

Q. Then may I pass on to another page which is the fourth page of exhibit 94. This information is taken or is received from the market information division of the Department of Agriculture, and there is shown the monthly average price of good butcher steers?—A. Yes.

Q. Now do those prices correspond with your chart following page 31?—A. I should like to think those are the exact figures. I think the chart shows the prices from week to week and those are monthly prices which are given by the

department. This graph is prepared from the same document.

Mr. Maybank: Just to be clear about that graph, is that graph offered by the witness as his own, or is it something that came out of a publication and was accepted by him.

Mr. Dyde: Would you answer that question?

The Witness: This is a graph that we publish in our annual reports from year to year, and it is a reflection.

By Mr. Maybank:

Q. It is your own graph?—A. Yes.

Q. Just the same as if you had supplied certain figures? Instead of supplying the figures you are setting forth the information in graphic form?—A. Yes, it is a much easier way to read the figures. It is confusing to read figures set out week by week.

By Mr. Dyde:

Q. Then, may I refer you to page 30? I perhaps should have done this at the same time that I was referring to page 29; but on page 30, you are there

given the actual inventory quantities, are you not, in thousands of pounds of beef frozen and other beef, and freezer pork and other pork, and at the bottom lard?—A. Yes.

Q. So that if we look at the column under the 31st of December, 1947, and at the line, total beef; that figure is 10,083,000 pounds, total beef inventory at

that date?—A. Yes.

Q. And we find that below that figure opposite total pork we have an

inventory total of 14,761,000 pounds?—A. Yes.

Q. In the case of beef the inventory compares with the inventory of the year previous of 5,247,000 pounds, the same month of the year, previous?—A. Yes.

Q. And in pork the difference between December 31, 1947, and December 31, 1946, is less; in other words, the year previous you had 12,201,000 pounds?—

A. Correct.

Q. Now, would you turn to page 44. There is one point I would like to draw to your attention, Mr. McLean; and that is that yesterday when you were estimating the long range fraction per pound I think you said that you thought it was about \(\frac{1}{8} \) cent a pound?—A. Yes.

Q. And on this page under the column "per pound" which is towards the

right-hand side of the page—

The CHAIRMAN: It is the third last column?

Mr. Dyde: Yes, the third last column. I find the figure there set out is \\\frac{1}{2}?\)
The Witness: That is right.

By Mr. Dyde:

Q. Is this the accurate figure, $\frac{1}{7}$?—A. That is the exact figure.

Q. That is arrived at, is it, by taking the average of all the fractions above?.

-A. Yes.

Q. For the period shown?—A. The weighted average. The number of pounds

each year and the price each year.

Q. There is another column on this page showing the totals; and I am not criticizing, I am just indicating it; there is another column on this page showing the totals of profits before inventory reserve, bond interest, income tax and bonus?—A. I noticed that. I asked Mr. Child to work it out and I have the figures here.

Q. I think it would be well for us to have them now so that we could put them in. They would come in I think between the column headed "sales value" and the column headed "inventory reserve", would they not? That would be the

appropriate place?—A. Yes.

Q. So these figures you are now going to give us are, let me be exact, your profits before inventory reserve, bond interest, income tax and bonus?—A. Mr. Child just called my attention to the fact that they are after bond interest and before the others. Bond interest is considered as a prior charge.

Mr. Fleming: And after inventory reserves too?

The Witness: No, before inventory reserves. After bond interest but before all these other charges.

Mr. Fleming: Mr. Chairman, I have just one question on this page, if I may. I take it that the figure on volume is in pounds and that the other figures on the page are in dollars, with the exception of the one there which shows the fraction per pound of profit.

The Witness: Oh, the first column is pounds.

Mr. Fleming: On all kinds of animals? The Witness: On everything we sell.

Mr. Fleming: And everything else on the page is dollars, except the per pound column which is the third column to the right-hand side, and that is in cents?

The Witness: Oh, yes; that is cents per pound, or fractions of a cent per pound. I might say Mr. Dyde that we prepared this table thinking that that gave a condensed picture of the history of the period for which you have asked; and when you are through with your questions I would like to say a few words by way of explanation of that statement.

Mr. Thatcher: I wonder if Mr. McLean at the same time could give us a table of the depreciation charged off in each of these years. Would that be

possible?

The Witness: It is in the annual report. I can have it prepared and submitted this afternoon.

Mr. THATCHER: All right. Thank you.

Mr. Fleming: Is that depreciation reserve the amount which is approved by the Department of National Revenue? That is what you show in your income tax returns, I presume?

The Witness: I think there might be a word of explanation. I intended to do that in any case. As to depreciation charges, the charges that we set up each year are based on the full cost, the book value of our fixed assets without the subtraction of the depreciation reserves which have been set up. That has been our practice—my practice, I was a bookkeeper to begin with—ever since I have been in the business; and that depreciation reserve is higher than the reserve that is permitted by the Taxation Department. And on that amount over and above what I might call the official depreciation we pay taxes, of course. That is treated by them as profit. But nevertheless we set up depreciation on that higher amount based on the full value because we consider that that is sound business practice.

Mr. Thatcher: Could you then, Mr. McLean, also this afternoon give the committee the amounts which the department has allowed you to charge as depreciation in your profit and loss statement?

The WITNESS: Yes. You have that.

Mr. Dyde: I think you might now read into the record the figures you have before you which should be entered to complete that page.

The Witness: Oh yes. I think they should be read into the record and I suggest that that might be put on the left-hand margin. There is room for it there.

Mr. THATCHER: Which set of figures is this?

The Witness: These are the figures showing the profits after bond interest and before all the other charges.

Mr. Dyde: And we are on page 44.

The WITNESS:

Year Profit	t after Bond Interest	Profit Cents per Pound
1936	2,181,276	$\frac{1}{3}$
1937	2,450,964	$\frac{1}{3}$
1938	1,561,579	1/5
1939	1,774,171	1/5
1940	3,814,827	$\frac{1}{3}$
1941	3,959,527	$\frac{1}{3}$
1942	6,099,638	$\frac{1}{2}$
1943		$\frac{1}{3}$
1944		$\frac{1}{2}$
1945	7,124,373	$\frac{1}{2}$
1946	5,815,756	$\frac{1}{3}$
1947		$\frac{1}{3}$
1948	6,444,000	1/2

This is the year ending March. That \$6,444,000 is the year that is just finished for which our financial statement has not been taken off yet, but this may be taken as quite accurate. In addition to that I also have these figures expressed as a fraction of a cent per pound on volume, the same as in the other column.

Mr. Dyde: I think they should be included also.

The WITNESS: Yes, they are very interesting.

The CHAIRMAN: What is this now?

The WITNESS: I am also including the figures showing the fraction of a cent per pound on the number of pounds sold. May I add that in each case this is the nearest figure by which to express it as a single fraction. And, to complete the record, I should indicate that the average of the above fractions is one-third. (See table above.)

By Mr. Dyde:

Q. Mr. McLean, I would like to clear my mind about a point that is troublesome to me. I am looking at page 44, and I am also looking at page 7. It is perhaps not a great point at the moment because I assume that it is because the figures were taken at a different time; but would you look at the right-hand column on page 7; and the lowest amount under net profit over all the period for all products, the figure there is \$2,010,462. Do you find that figure?—A. You mean that bottom figure?

Q. The line before the bottom line.—A. Yes.

Q. Should not that be exactly the same as the figure of the net profit on page 44, for the same period?—A. No, because that is up to February 23. You see, there is one period added in the later statement.

Q. Oh, that explains it, the statement on page 7, omits a period which is included in the corresponding figure in page 44?—A. That is right.

Q. Now, in the same connection, what is the reason for the difference between page 7, and page 44, in the fractions per pound which I see there? There is on page 44, the fractions per pound which you have averaged out at one-seventh—that is on the bottom line?—A. Yes.

Q. And there is at the lower right-hand side of page 7, another series of fractions per pound which also average 1/7th, but they are not the same fractions per pound.—A. I haven't got the statement on that. I will have to ask Mr.

Child to answer that for you.

Mr. Dyde: Would Mr. Child explain that for us, please?

Mr. Child: The correct ones are on page 44. In most cases they are the same, but page 7 is a preliminary table and there are two or three errors there. The correct figures are on page 44.

The WITNESS: How could that be? They are all taken from accounts which have been closed off long ago.

Mr. CHILD: Yes.

Mr. Dyde: That is what I was trying to ask.

Mr. Child: Yes, but in taking it down we made an error on page 7.

The WITNESS: At any rate these are taken from and you will find them in our annual report.

Mr. Dyde: That is what I thought, and that is why I wanted to see which statement had the right figures. We are satisfied about that now.

Mr. Lesage: How could an error be made?

The WITNESS: I will inquire into that. I cannot understand how it could happen.

Mr. Child: Well, when you are preparing a mass of statements like that in so short a time, it cannot be done without running the risk of error.

Mr. Johnston: It was just a matter of copying them down on this table.

The Witness: Yes. There is a simple explanation, but I am stumped. I do not know how it could happen, and I am very humiliated by that.

The CHAIRMAN: You are a perfectionist.

Mr. Dyde: In any event, the reason is not that page 7 is preliminary. It must be some other reason.

The WITNESS: They were taken from the same source. I do not see how that could have happened.

Mr. Johnston: Mr. Child just said that it was a preliminary statement. I was just wondering if it was because it was preliminary in nature, or whether it was an error in taking it down.

The WITNESS: We will look into that and let you know.

By Mr. Dyde:

Q. Then, I think you have some general remarks to make on page 44, and I am still holding this page in front of me and I refer to page 7, and to the table which is in the right-hand lower corner—not the total, but the one next to it, which you have headed "profit or loss, total meat and by-products". Now, the figure I see opposite February 25, 1948, is \$2,063,565, and when you carry that to profit or loss per pound I am right, am I not, that that figure is $\frac{1}{2}$ cent per pound?—A. Yes.

Q. For that period?—A. Yes. I hope it is right.

Q. I am sure it is.

Mr. Dyde: Now, Mr. Fleming, I am finished as far as that page is concerned.

Mr. Fleming: There was just one question I wanted to ask at this point, as to the significance of the whole table. In view of the figures we have had are we to understand that this table covers the complete 13-year period from 1936 to 1948, inclusive.

The CHAIRMAN: You are referring now to page 44?

Mr. Fleming: Yes, to page 44. If the company had not set up 1 cent of inventory reserves, had not paid 1 cent of income tax by reason of seeing no visible income, had not paid 1 cent of bonus to employees and had not made 1 cent of profit that the result in terms of price to the consumer would have been over the whole period only a saving of $\frac{1}{3}$ cent per pound?

The WITNESS: That is correct.

Mr. Lesage: Is it all right to ask questions on this table now?

The CHAIRMAN: Yes.

By Mr. Lesage:

Q. I am looking at page 7, now, Mr. McLean, and there we have the total of meat and by-products—the fourth last column, "total meat and by-products"—and I see that in 1936, there was a loss of \$158,905?—A. Yes.

Q. And then the profit on by-products was \$1,288,011?—A. Yes.

Q. Would you tell members of the committee what the by-products are; by that I mean, would you tell us what your products are apart from meat and butter?—A. There are a very large number of them, Mr. Lesage. I think I have a list of them here somewhere. In another statement we set up our results under four different categories; livestock, other farm products, non-farm products and manufacturing.

Q. We have the table on that in this period?—A. It has not been submitted

yet. I asked for that yesterday and I have it here somewhere.

Q. You understand why I am asking that question?—A. Yes.

Q. Because in 1936 your meat department was run at a loss? You were saved in the over-all picture by what you made in other departments?—A. That

Q. Well, in 1948, your over-all profit was below too; the figure is lower than the figure for the profit on meat and by-products?—A. Yes. Now here it is.

You wish to know the products?

Q. Have you a table for each year since 1936, showing the profit and loss of the meat department?—A. No. We have it in each department, but not on each group. For the last three years—I'm sorry, two years ago, this is the third year—by way of pointing out certain facts that I was emphasizing in my other report—that is the first time we thought of doing that, of dividing the results of the business into those four groups. Now, I am not sure that I am answering your question exactly, but I have this memorandum which shows the accounts that go into each of these groups.

Q. I will be very happy to have them.—A. The livestock accounts are beef, by-products—blood. We treat the blood with a quite elaborate process to

make what is called soluble blood which enters into glue-

Q. Pardon me, Mr. McLean; you said blood. Is that included in all the tables here?—A. It goes into the by-product.

Q. It is in the by-product? —A. Yes, it is part of that.

Q. Did I understand you to say that one of your meat by-products is blood?—A. Well, the soluble blood is included in the by-products in that statement.

Q. In the by-product statement?—A. Yes. A separate account is kept for it throughout the year but the results are included in the by-products Casings are dealt with in the same manner. I have shown casings on this list.

Q. Casings are included?—A. Yes. Sheep, lambs, calves, and provisions. This latter expression is an omnibus expression including pork products,

sausages, and meat. Those are amounts that are in the livestock group.

Q. I understand the tables shown here, whenever they are entitled "meat and by-products" include the materials which you have mentioned just now? —A. Yes, that is correct.

Q. Does it include meat meal?—A. Meat scrap—the products that go

into livestock beef?

Q. Yes? Yes.

Q. And the price?—A. The stock feeding account comes at the end of the third division. The meat scrap is transferred at the market price. There is always a definite market price and it is transferred at the market price.

Q. To the stock feed department?—A. Yes.

Q. Could I have a table of the prices for the last two years?—A. Yes. Q. You can furnish that?—A. Oh, yes, certainly.

Q. What do you call that material in the English language? Is it "meat scrap"?-A. Yes.

Mr. PINARD: Tankage.

Mr. Lesage: Tankage? Yes, but when it is finished as a feed for animals what is it called?

The WITNESS: Concentrate?

Mr. Dyde: I am not sure whether you are at one yet?

Mr. Lesage: Perhaps you can help me, Mr. Dyde? I am referring to the feed for animals which comes from meat scrap. What is the term you used to describe it?

The WITNESS: It is used as protein in the animal feed.

Mr. Lesage: That is what I refer to in my question?

The WITNESS: It is the feed fed principally to poultry and hogs.

Mr. THATCHER: Mr. Chairman, I would like to refer to page 44 for a moment.

By Mr. Lesage:

- Q. Mr. McLean has not finished his answers to my question. He was referring to only the first group.—A. The second group included other farm products, butter, eggs, cheese, poultry, fruit and vegetables. The third group consists of non-farm products—shortening, made from imported vegetable oils; soap, and fish. Storage warehouses—we have two or three of those. Feed—that is stock feed, fertilizer; and then we have a plant in Chicago and a minor office in New York. Reference to those two establishments is made The fourth division is what we call manufacturing. The products manufactured are mostly meats, but the endeavour is so additional and separate—it involves very high expenditures in plants—that we separate manufactured food.
- Q. You transfer meat from one department to the other at market prices?—A. Yes. Canned meats, fruits, vegetables, frozen fruits, pickles, olives, and dog food are included. I will have copies of the figures supplied.

 Q. Your accounting system allows you to give us figures for each group?

 —A. Yes, for the last three years.

Q. When can you have them?—A. I have them here but the preparation

of them has just been completed. I would be glad to furnish copies.

Q. I do not think we should press you at all but if it is possible, in co-operation with the secretariat, to supply the figures we would like to have themperhaps this afternoon.—A. You might want to know what the profit was on this or that division for a particular year.

Q. I think it would be better if you prepared a complete table?

The CHAIRMAN: All right.

By Mr. Thatcher:

Q. I would like to refer for just a moment to page 4. There are several points upon which I am not clear. First of all, the inventory reserve is shown and I note that the company, for the past year, set up \$626,000 as an inventory reserve. If my understanding is correct that figure is not included in the net profit of \$2,178,000?—A. That is correct.

Q. But it is included in the \$6,444,000?—A. Yes.

Q. Would your profit not actually be the sum of those two figures—the \$2,178,000 and the \$626,000?—A. Pardon?

Q. Would your real profit not be the sum of the two figures?—A. No. We set the figures down that way because we considered that the reserve of \$626,000 was necessary to meet future liabilities. As a matter of fact, the members of this committee know all about that reserve, although they may not realize it. That figure is the total profit we made on butter in the present fiscal year, which I have told you before is a very large profit but it will inevitably and certainly be lost in some future year.

Q. Yes, but you are anticipating losses when you do that, Mr. McLean? Is it not a fact, as far as the government is concerned, that in paying your income tax you are not allowed an exemption on that figure?—A. We have paid the

tax on it.

Q. In other words as far as the government is concerned your income is the

sum of the two figures?—A. It is exactly the same as the item above.

Q. You said a moment ago you are setting this reserve aside for future losses. I note that since 1940 you have set aside \$4,626,000?—A. That is correct. Q. Do you not think that is a little excessive?—A. I hope it is.

Q. Is not the situation as far as meat is concerned a little different now than it was after the last war when you had to anticipate losses? Is it not a little different because you have the long-term contracts which the government has secured with Great Britain in respect to meat? Certainly you would not think there was much danger of loss on meat and inventory after this war, as compared with after the last war?—A. You are asking me to assume the role of prophet and nobody knows.

Q. It is a fact that you have a contract price for most of your export meat?—

A. Yes, for the next few months.

Q. You could not have inventory losses during that period?—A. After the last war most of the packing houses in the United States, and most of the packing houses in Canada, either went into liquidation or went to the verge of liquidation.

Q. Are you not protected this time by the fact that you have these long-

term contracts?—A. By what?

Q. These long-term contracts.—A. You see there are no long-term contracts. There are indications of a contract in bacon but the price is not fixed. Fundamentally the fact is, Mr. Thatcher, that prices in Canada today are at an all time high. We thought prices in 1920 were extremely high but they are much higher now. Nobody knows how long the situation will prevail. I do not think there is a person living who can give you a confident answer to your question.

Q. But the fact you have these long-term contracts makes it less likely that

you will suffer losses?—A. We have not got those contracts.

Q. The fact you have the government contracts on bacon and meat— -A. What contracts are you speaking of, Mr. Thatcher?

Q. We have had for some time government contracts for meat supply to Great Britain have we not, and another contract is being negotiated at present?

-A. Yes.

- Q. I will say that if those contracts go through the price of meat could not fall suddenly as long as the contracts were in effect?—A. Yes, but when the contract ceases prices will still be on that high level and there will be a liability towards losses.
- Q. Yes, but you will know ahead of time that the contract will not be renewed and you will start buying meat from the farmer at lower prices?—A. You give me credit for greater fore-knowledge than I possess.

Mr. IRVINE: But not for greater astuteness?

The Witness: Remember that I fully understand the questions and I am trying to give you exact answers, but anwers are just not possible.

By Mr. Tatcher:

Q. As far as the government is concerned with respect to this \$4,626,000 inventory reserve, they have not allowed you an exemption for income tax

purposes?—A. I beg pardon?
Q. As far as the Income Tax Department is concerned they have not allowed you that exemption?—A. No, we paid taxes but I should add a note of explanation. We paid the standard corporation taxes but we did not pay the excess

profits tax on those upper items.

Q. In other words as far as your balance sheet is concerned, from 1940 the net figure shown would be \$4,626,000 greater as far as the Income Tax Department is concerned? The figure you show in the 1947 balance sheet, on page 20, the profit from operations is \$1,986,265 but in addition to that you had set up a wartime inventory reserve and the figure should be greater by the amount of the reserve? In other words, the net figure which you have shown since 1940 does not take into account any of this amount of \$4,626,000?—A. No, that is right. Those are net profits after setting up this reserve and paying corporation taxes but not excess profits tax.

Q. As a result of following that procedure the picture as indicated to the general public would be weaker than it actually is?—A. Not at all.

Q. The general public sees your net figure?—A. Any competent reader of a statement would know exactly what it was and would know that it is not sound

business to follow any other course.

Q. May I go, Mr. McLean, to this matter of depreciation? I am sorry I have not got your 1948 balance sheet, but can you give me the figure which you have charged for depreciation?—A. Yes, I can give it to you approximately. It would be approximately \$900,000 which is about the same as the figure for the previous year.

Q. \$900,000, and would you know of that amount how much was allowed by the government?—A. I do not know that. I know the total difference between the depreciation we set up over the 20 years and the amount allowed by the

government is \$6,000,000.

Q. When Canada Packers was originally set up can you tell the committee what the total sum involved in the transaction was?—A. Yes, it is on page 2.

Q. Which figure is it?—A. The top figure.

Q. \$22,000,000?—A. The capital structure of the company at its inception consisted of bonds, \$8,512,000; preference shares \$6,636,000; common shares, \$1,413,000; appraisal surplus \$6,142,000.

On page 2287 of the Steven's Report—I have not got the report here—I understand the total sum involved in the transaction was \$11,329,711.61 and I cannot just reconcile that anwser given in 1934.

Mr. Fleming: By whom was the answer given?

Mr. THATCHER: By Mr. McLean, I believe.

The CHAIRMAN: You had better read it.

Mr. THATCHER: I have not got the report here.

Mr. FLEMING: It is hardly fair to throw one item at a witness and ask him to remember what occurred ten years ago.

Mr. Maybank: You cannot expect to get real attention to the question if you do not read the report.

Mr. Thatcher: I will delay my questioning for three or four minutes and someone else may proceed.

The Witness: You have mentioned the price spreads investigation and I would like to make a comment. That statement referred to by Mr. Thatcher may or may not be correct, I do not remember, but the report is a storehouse of misinformation with respect to the packing industry.

Mr. Maybank: Just a moment, did not this witness himself give some of that evidence?

The Witness: I would say that what I gave was correct.

Mr. Maybank: Then it is a storehouse of misinformation otherwise than in respect of your own evidence?

The Witness: I am speaking of the comments in the report concerning the packing industry. You will remember that the packing industry was under fire then—I was going to say as it is now—but I do not interpret this situation as being "under fire".

The CHAIRMAN: This a fact finding committee.

Mr. Fleming: There is no fire.

The Witness: We were being attacked then because the prices were too low. 11139—2

Mr. Thatcher: Mr. McLean, on this particular point, I am not trying to attack you but I am trying to get at the original figures so I can find out what this depreciation figure signifies. The only information I had was what I read

here and I thought that was the correct figure.

The Witness: I have been in the packing business, as it happens, forty-seven years this week. I started as a bookkeeper and over those forty-seven years I was trained to set up more than enough depreciation as opposed to too little depreciation. I consider that is sound business practice and I have followed it all my life. The accumulation of the depreciation we have set up, in excess of that required and permitted by the government for exemption on income tax is, \$6,000,000 over the twenty years.

By Mr. Mayhew:

Q. Mr. McLean, what would be your average inventory?—A. I beg pardon?

Q. What would be your total average inventory?—A. Oh, it is very high at the present time. I can get the exact figure but my recollection is that in 1939 it was about \$7,000,000 and I know it is about \$30,000,000 now. The figure is another part of the answer to the question asked by Mr. Thatcher a few minutes

ago.

Q. That is what I am coming at. This \$626,200 which you have set up would represent what in cents per pound?—A. That is the total profit on storage butter made this year but which we are going to lose. If the chairman would not mind me saying so, that is a point which the Canadian Press report omitted. I consider the Canadian Press report was a very fair report of my evidence when I was last here, but it emphasized that we had made a profit which I reported then as \$500,000 odd. They did not say a word about my statement that later, when the movement was in reverse, there would be a loss.

By Mr. Winters:

Q. If you translate the sum of \$626,000 into cents per pound on the total volume of business what does it come to?—A. On \$25,000,000 it would be $2\frac{1}{2}$ cents.

Q. On the basis of your total volume in pounds it is a very small fraction

of a cent?—A. I will tell you what it is.

Mr. Mayhew: The loss would not be on the total volume but it would be on what he had in inventory.

The Witness: The figure asked by Mr. Winters is about ·005—you can work it out.

Mr. Winters: If you applied that whole amount against a decrease in price it would be pretty insignificant on the price of a pound?

Mr. Fleming: The amount would be $\cdot 005$ or 5/1000 of a cent as a proper fraction.

The WITNESS: Mr. Child is working out the exact figure.

The CHAIRMAN: Yes, we can get the exact figure.

By Mr. Dyde:

Q. Mr. McLean, would you now turn to page 57?—A. Would you mind if

I made a statement now?

I am very grateful for all the questions asked with respect to page 44 but there are two or three items upon which information should be added. In column 1 there is shown the total number of pounds sold over the period—1936-1948 was the period concerning which Mr. Dyde asked us to submit figures. The number of pounds is 15 billion—they are very large figures—15,260,000,000. The total sales over the period were \$1,895,000,000. Now, I will jump over to

the net profits. The net profits are \$21,000,000 and they are derived in the fashion which Mr. Thatcher indicated by his line of questioning. You will note how those profits have been disposed of. I will call your attention to the fact that the taxes paid to the dominion government before the profits were arrived at were almost exactly the same figure. We had a profit of \$21,000,000 after paying to the Dominion of Canada \$21,000,000. There is only a difference of \$200,000 between the two figures. Then, at the end of each year when the profits have been ascertained, if the profits were more than a reasonable return on the capital invested in the company, our practice was and is to set aside a reasonable return on the investment and then divide the difference between the shareholders and the employees of the company. I believe that Canada Packers, on that profitsharing and bonus-plan, has paid much larger sums of money than any other company—or at any rate any other company of which I know in Canada. You will notice that the sums paid to employees amount to \$10,113,000. Those are bonuses paid over and above the regular wages, paid at the end of the year after the profits were ascertained.

The CHAIRMAN: When you say "any other company" do you mean any other company engaged in the packing business or do you mean any other corporation?

The Witness: I might be wrong, but I think I would have heard about any company paying more. My statement is not actually the result of careful examination of the facts. There are two other interesting coincidences. I have already called attention to the fact that the taxes paid to the federal government are almost exactly the same as the net profit of \$21,000,000. This was not by design at all, but the sum paid in bonuses is almost exactly the sum paid to the shareholders as dividends. The dividends you will see in the last column are \$10,400,000 and the bonuses to employees are \$10,113,000. Those are interesting figures.

By Mr. Maybank:

Q. That \$10,400,000 is just an addition of the one column. You have not

carried into that column the \$316.710?—A. No. Q. It is closer to \$11,000,000?—A. It is much more than that if you add the preference shares. I should explain that when the company was formed there were \$6,000,000 odd worth of preferred shares. Those were bought in 1936 and no dividend was paid until after the preferred shares had been retired because it was necessary to accumulate the profits in order to build up working capital of the company. Now there have been dividends paid in earlier years on the preferred shares but it just happened in 1946 that the last of the preferred shares were retired. This figure, the \$10,113,000 represents dividends paid on common shares. I just want to add to the information already brought out by questions in the committee, that the total profits which I have given you is the figure before the inventory reserve is taken off, before income tax is paid, before bonuses are paid, and before dividends are paid. Those items bring the amount to \$57,000,000, and if that \$57,000,000 had been eliminated entirely—as Mr. Fleming brought out more clearly than I am doing myself—if there had been no payments of taxes to the government, if there had been no inventory reserve, and if there had been no bonuses, and if there had been no dividends, and if all the benefits had gone to the housewife by way of reduced prices of meats, the housewife would have benefited by $\frac{1}{3}$ of a cent a pound.

By Mr. Irvine:

Q. Are you sure of that figure, Mr. McLean?—A. Yes.

Q. I understand in these lumped profits you include by-products?—A. Yes. $11139 - 2\frac{1}{2}$

Q. You cannot expect that the housewife would be buying 10 pounds of hides for breakfast?—A. We are dealing with the total profit made by the company, but I see what you mean. The housewife does not buy by-products.

Q. If the figure for by-products were included in your profit it would mean a much higher figure than $\frac{1}{3}$ of a cent a pound?—A. You are quite right on the point you raise, but the total profits of the company over this period—1936 to 1948—have amounted to $\frac{1}{3}$ of a cent a pound. Whatever share of it there is, there will be a distribution as between what the housewife buys and what the housewife does not buy.

Mr. Johnston: And that total cost you mentioned there includes hides too?

The Witness: It includes everything.

Mr. Dyde: And on the volume in pounds, Mr. McLean, that $\frac{1}{3}$ cent a pound would amount to how much in dollars?

The WITNESS: \$57,278,000.

By Mr. Lesage:

Q. Now, Mr. McLean, lets turn it around; for instance, does it include the profit on the meat groups?—A. Oh yes, everything. Everything, all the

operations of the company.

Q. Which means that when meat scrap is taken off the carcass and transferred to your other department; that would amount to $\frac{1}{3}$ cent a pound in one department the livestock department; and when it is transferred to another department, let us say stock feed, is there another $\frac{1}{3}$ cent a pound on the same product?—A. No, I do not think that is correct. On the transfers, where a product is transferred from one department to another department, that does not count double volume. The volume is the volume on the ultimate sale.

Mr. IRVINE: Is it correct to say, Mr. McLean, if you had not made any profits at all then the housewives of Canada would have had their meat cheaper last year by \$57,000,000?

Mr. MAYBANK: Oh, no.

The Witness: This is the average for 13 years.

Mr. Dyde: Would you let us have it for 1948, Mr. McLean, because you gave the figure for the period as \(\frac{1}{3} \) cent a pound and we are particularly interested in what that would amount to in 1948?

The Witness: The exact figure of profit last year was \$2,178,000.

Mr. Dyde: Yes, but if on your volume of sales the housewives were better off by that $\frac{1}{3}$ cent a pound, accepting that $\frac{1}{3}$ cent a pound for the moment, what would the figure be in dollars?

Mr. IRVINE: Yes, that is the point. I said one year. I didn't mean that. Now the figures are in here.

Mr. Dyde: It would be $\frac{1}{3}$ cent a pound on 1,447,775,161 pounds, would it not?

The WITNESS: It is, if you will add—

Mr. Dyde: And that works out to nearly \$5,000,000?

Mr. Harkness: Did not Mr. McLean give us a gross profit of \$6,444,000? The Witness: Yes, the gross profit for the year was \$6,444,000. That is the answer to your question. But it is a negligible amount—

The Chairman: It is $\frac{1}{3}$ of a cent. To the housewife it is not negligible; not by any means, for the average housewife.

Mr. Lesage: If I might reverse my question; how do you work out these transfers?

The Chairman: Just a minute, Mr. Lesage, Mr. McLean has something on his mind. I was just going to make the observation that perhaps we are under the impression that this $\frac{1}{3}$ cent a pound, or $\frac{1}{2}$ cent a pound as it was last year, is negligible. I just want to make that point, that it is not negligible to the average housewife who has to budget very carefully.

The Witness: No, but we are examining into the present high cost of living.

The CHAIRMAN: Yes.

The WITNESS: And the housewife is worried because of the fact that food—

The CHAIRMAN: Order, please.

The WITNESS: That foods since 1939, have doubled in price.

The CHAIRMAN: Yes.

The Witness: Now, so far as the packing house—and we are examining into the recent rise in prices. At least, I understand that the reason this committee was set up was that there was a general view on the part of the housewives that somewhere either somebody was not playing fair—that conditions were sort of getting difficult—and we are examining into the role played by the packing industry in the supply of meat. The housewife, as has been said, is disturbed because her food costs twice as much as it did in 1939.

The CHAIRMAN: Yes.

The Witness: Now, so far as the packing house is concerned, in 1939, if we take the packers' gross profit figures, the profit was $\frac{1}{5}$ of a cent a pound, and in 1948, that is the year just closed, the profit is $\frac{1}{2}$ cent per pound. Now, that is the extent—

Mr. Thatcher: Might I interject a question there, Mr. McLean?

The CHAIRMAN: Let the witness finish his answer, please.

Mr. Maybank: I think it would be better to wait and let the witness finish his answer.

The Witness: You will see in both years the profit of the packing industry is really, is practically a negligible factor. Now, the problem is disturbing the housewife. You will say it is not negligible, and that is true, if you are not achieving a big volume of business, say half of what it is at the present time. The housewife is paying—I don't know, 65 cents perhaps—for bacon, perhaps more. $\frac{1}{3}$ cent a pound would not mean much to the housewife.

Mr. THATCHER: Could I interject a few words there?

The WITNESS: Yes.

By Mr. Thatcher:

Q. When you say it would only have the effect of $\frac{1}{3}$ cent a pound; when the ceiling was taken off, and when the price went up in January, would not the amount that you still had on hand go up in value by 5 or 6 cents a pound?

—A. We put up our prices immediately.

Q. Then certainly it would not be ½ cent a pound for the housewife, it would

be about 6 cents.—A. That is not so—

Q. I am not blaming you.—A. I'm glad you raised that point, because we had expected to make a substantial profit on that but the fact was that we made a loss as a result of that. I will be very glad to enlarge on that, if you wish.

Mr. Fleming: I think, Mr. McLean ought to have a chance to enlarge on that, but at the same time we have been discussing prices, and I think now that Mr. Thatcher is introducing the question of profit and really confusing that with price.

The Witness: Well, you see, the meat industry, the livestock industry, is a rapidly moving, flexible industry.

Mr. Thatcher: I think we should pursue that, but could we go to the relative page in here?

Mr. Maybank: Do you not think, Mr. Chairman—Mr. Thatcher has suggested that he might enlarge on that answer. I think it would be fair to let Mr. McLean do that. Don't you think we should let him finish the statement he was in the course of making?

Mr. THATCHER: All right.

The CHAIRMAN: Do you wish to enlarge on that, Mr. McLean?

The Witness: You mentioned the fact, and I can understand these mass figures may seem confusing to persons who are not familiar with the industry and are seeing them for the first time. I am bound to say that I have been amazed at the amount of relevant—that might not be the word I am looking for—the amount of relevant questions that have been asked.

The CHAIRMAN: It is nice for this committee to have such a compliment.

Mr. MAYBANK: I think we might say, he is a very smooth witness.

The Witness: Here are the facts. When the price of bacon was advanced 7 cents a pound that was equivalent to an advance in the price of hogs of 5.5 cents; and the equivalent advance in the price lists which we sent out following that was proportionate. I might say, Mr. Chairman, that that is the general practice. When the market moves up prices move up, and when the market comes down the prices move down. But we did not get this advance, largely by reason of the very movement that I think gave birth to this committee; the housewives for twelve months have seen the cost of living going up month by month. I have forgotten the figures, I think they have advanced from 130, or 126 to 150, and her dollar was buying her less each week and each month; and when the announcement was made of the advance in the price of bacon, you see there was a sort of country-wide rebellion about it.

The Charman: I do not want to interrupt your statement, but I think this is a rather important phase of our interrogation of Mr. McLean. But I have had a discussion with counsel and I understand that he intends to deal with that but that he does not want to deal with it right now. I do not want to abridge what you want to say now, but I just thought I would indicate that that matter is going to be gone into fully at the proper time.

The Witness: Would you rather I continue that later?

The Chairman: If you want to finish your own statement. Have you much that you want to add to it?

The Witness: I just wanted to give an explanation dealing with the point Mr. Thatcher raised. I would be glad to do that at whatever time you get to it.

Mr. Dyde: Now, Mr. McLean, my thought was this: that in the time we have at our disposal this morning I would finish one or two remarks I have to make on the different pages, and we have some general ground to cover which I had hoped we could cover before we dealt with that particular page.

Mr. Thatcher: Just before you do that might I finish that question?

Mr. Lesage: I was obstructed in my own questioning about 15 minutes ago. I had to break off.

The Chairman: I was going to suggest to the committee that we ought to allow counsel to finish his general examination. I think that is the procedure which has been followed in this committee. We have found that the more efficient way of doing it. I think counsel should be permitted to continue.

Mr. Fleming: I think we had better all hold back until Mr. Dyde has finished.

The CHAIRMAN: Yes.

By Mr. Dyde:

Q. I will be very short, Mr. Chairman. Now, with regard to these pages, would you turn to page 57, Mr. McLean. That is the page on which I think you have taken representative lots of beef cattle and shown the profit or loss; and I am really being quite frank, I am really questioning the value of these two pages. And I am doing that on two grounds. Would you look at the first lot which is August 27, 1947; and you give your profit or loss per hundred pounds as being .34—that is 34 cents?—A. Yes.
Q. Now, that is a red figure. The only red figure in that total?—A. Yes.

Q. And then would you be good enough to look at page 11, with this, at the same time, if you can; and when I look at the period finishing the 11th of September I find that you have a profit or loss per pound of $\frac{1}{5}$ cent?—A. Yes.

Q. Which is not the same as .34?—A. No.

Q. Why do these figures not jibe?—A. Well, because the $\frac{1}{5}$ cent a pound

is the average of many hundreds of lots of cattle. This is a single lot.

Q. Yes. Well then, we must be careful to note that this is a single lot and that the average is shown on page 11, if we are going to take the average for the period.—A. Oh, yes. I think that page was put in for an entirely different reason; it was to make clear the basis on which our costs are made up, the process of arriving at the cost of beef from the live carcass to the cuttings.

Q. And my thought on it is that it is not representative?—A. No, it is not

representative at all. It is a single lot out of a hundred.

Q. Then just let me call attention again to the item of October 29, which is at the bottom of page 57, where you show a red figure .16?—A. Yes.

Q. Now, if I go back to page 11, in that period I note that your average

was in fact a profit of $1\frac{1}{5}$ cents?—A. Yes.

Q. So that in looking at these pages we must be very careful to remember that this particular one is not even representative of the average?—A. Oh, no. It was put in for an entirely different purpose.

Mr. Mayhew: It is headed, "four-week period".

Mr. Johnston: And the word "representative" is there. That might be confusing.

Mr. Dyde: That is what confused me on the top of page 7. You speak of it as a representative lot.

The Witness: I have not seen these. This was prepared by our Mr. Hall. He is here in the room and if you wish to you may call him and ask him why this was put in.

Mr. DYDE: It would not make any difference why they were put in, would it, Mr. McLean?

The WITNESS: Well, the typed heading there is entirely correct. They are representative lots, but not representative of the average. As I said, they were put in for one purpose only, to show how beef costs were figured.

By Mr. Dyde:

Q. Then there is one other question with regard to pages 57 and 58, to which I would like to direct your attention; and that is that the expenses which are included in each case under the heading "plus expenses"; and in the August 27 example you have an expense of \$311.85. Do you find that on page 57?—A. Yes.
Q. And when I calculate that on a dressed weight basis I find that is

1.65 cents per pound on dressed weight?—A. Yes.

Q. And when I follow that down to the second example where the expense is \$172.75, I find that exactly the same amount is indicated with reference to the dressed weight; namely \$1.65 per pound of dressed weight?—A. Yes.

Q. And am I correct in saying that on page 58, in both items the expenses

have been calculated always at \$1.65 per pound?—A. Yes.

Q. On both pages 57 and 58?—A. Yes.

Q. Now, my question there really resolves itself into this: that whoever prepared this page has taken a constant expense ratio?—A. Well, I think they

are probably exactly the same class of cattle.

Q. Well, it is a constant figure that is being used to indicate the expense?

—A. I would not think that the figure for steers would be the same as the figure for cows. Cows would be lower. The low-grade cattle would be a different figure than the high-grade cattle. But these are probably all the same grade of cattle.

Mr. Fleming: May I make a suggestion in the hope of shortening this up if possible? If Mr. Dyde would go over points like this with Mr. McLean; and I think we all appreciate that Mr. McLean is under somewhat of a handicap in not having had an opportunity for preparation on matters of this sort; I think if that were done we would not need to take up the time of the committee going into the details of preparation. Possibly Mr. Dyde and Mr. McLean could go over matters of that kind between now and our next sitting at 4 o'clock.

Mr. Dyde: It is really more than that, with due respect. These figures were prepared and I have been doing my best in interpreting them, and I thought it would be fair for the witness to explain to the committee exactly what was going on. It seems to me that I am not wasting time. On the other hand, I am casting doubt on the value of pages 57 and 58 being of use to the committee.

The Witness: But I don't find you casting doubt on the allowances for the by-product; and I hope I have explained that it shows it is an illustration of our operations in figuring out the value of by-products; our method of valuing and arriving at the cost of beef. This is a system of costing which has been worked out and refined over a period of 48 years; and although I have not seen this before I am quite sure that that figure that we were speaking of, \$1.65, probably is in accordance with a very careful and accurate system.

Mr. Dyde: But all I am saying is, Mr. McLean, that it is not a representative picture.

The Chairman: Maybe we could continue this later. Mr. Monet wishes to see the committee for a moment and it is now ten minutes to one. If it is convenient for Mr. Dyde we will have an executive session for a few minutes.

The committee adjourned, to meet again this afternoon at 4 p.m.

AFTERNOON SESSION

APRIL 22, 1948.

The committee resumed at 4 p.m.

The CHAIRMAN: The meeting will come to order, please.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ontario (Witness), recalled:

Mr. A. E. Child, Assistant Treasurer and Chief Auditor, Canada Packers Limited, Toronto, Ontario, recalled:

By Mr. Dyde:

Q. Mr. McLean, we have dealt with a good many figures already and I would like to come to what I think will be the central part of this committee's work. I refer to the price increase which took place between the end of 1947 and the beginning of 1948. We have found up to date that your position in beef changed from a loss position over most of 1947, to a profit position in

November and December.—A. Yes.

Q. And I am referring now to page 60, where we have the price of the sellings of red brand beef at Toronto. May I put it to you this way, Mr. McLean? It would appear that your profit position was obtained in December, 1947, because of an increase in the price at which you were selling wholesale. Now if you run down those figures on page 60 you will find that there is not a steady increase by any means, but that when you come to the 17th of December you are selling at \$26.50; on December 24 you are selling at \$26.50; in the week of December 31 you are selling at \$28. I ask you directly if your profit position was not the result of your having raised your prices at that time?—A. Oh, not at all.

Q. Tell me what the reason was?—A. The profits began, as you will see, following the reopening of our plants after the strike. If you will consult the accounts you will see that my statement is correct. The period following the strike was from October 24—just at the time of heavy deliveries—to November and December—up until the middle of December, which is always a period of heavy delivery and is generally the time when we have the largest profit on beef. These profits were not due to the advancing prices. I think, if you will look at the prices you will find they did not advance but declined

for some time.

Q. I said there was not a steady rise. There was a drop of a small amount through November 19, November 26 and December 3?—A. My answer to your question would be that there was probably a higher profit at the period of low prices—because of the seasonal change—than in December when prices began to advance. That is a change that always takes place after the middle of December.

Q. Now is that quite acurate, Mr. McLean, because if that is so why did you raise the price to \$28 in the week of December 21?—A. Because the cattle

market was advancing.

Q. You mean you were paying more for cattle?—A. Yes, that is always the case.

Q. Now we have an exhibit of the Live Stock Review and I notice on November 27 you were paying the farmer \$14.74?—A. On what date?

Q. On December 27, and in that week you were paying the farmer \$14.74; and in the week of December 31 you were paying the farmer \$14.54—a drop

of 20 cents. In the same week you raised your wholesale price from \$26.50 to \$28.—A. The figures do not match, and I could not tell you without some study, but I want to be sure that I understand what you have in mind.
Q. I think it is quite clear what I have in mind?—A. It is not clear to me.

Mr. IRVINE: It is clear to me.

The WITNESS: I would think our profits declined from the middle of December when cattle began to get scarce.

By Mr. Dyde:

Q. You say "when cattle began to get scarce," but your receipts or slaughterings of cattle are maintained at a high figure?—A. Cattle are always scarce then, and I think if you look at the runs for the first two weeks in December and the second two weeks in December you will find there is a falling off. However, I am speaking from memory and if what I say is not the case it must have been an unusual year.

Q. I think perhaps it was an unusual year, Mr. McLean, and let us look at the figures. According to exhibit No. 97 which is the Live Stock Market Review again, in the week of December 6, 1947 the cattle slaughterings in Canada

were 46,575?—A. Yes.

Q. In the same week of the previous year they were lower—44,000?— A. Yes.

Q. In the week of December 13th, 1947, the slaughterings were 41,000 odd?—A. Yes.

Q. And in the previous year at the same time they were 36,000?—A. Yes.

Q. December 20, 1947, slaughterings were 38,000 and in the year previous they were 29,000?—A. Yes, but what about the next week?

Q. I ran over the figures for December 6 to January 3 because these figures are the ones given to me by the Live Stock Review, and I have only those figures.—A. But what about December 27?

Q. I have not got the figures for December 27.—A. You will find they were probably half of what they were in the previous week.

Q. But you had heavier slaughterings throughout all of the latter part of November up to and including the first two weeks of December?

Mr. Maybank: Do your figures go to January 3?

Mr. Dyde: I go to the week of January 3. I have not got a December 27 figure.

Mr. Maybank: That is the one which is missing?

Mr. Dyde: Yes, the missing figure is for December 27.

Mr. Maybank: That figure is missing, but Mr. McLean thinks the offerings would be half as much.

The WITNESS: I would think so; it is Christmas week. Perhaps I am estimating too low, but there would be a decline. The point I am making is that the figures which I have read support exactly what I have said. The rise in price towards the end of December is probably due to the decline in marketings, which decline occurs every year at that time.

By Mr. Dyde:

Q. Mr. McLean, all I can say in reply is that I am only missing one quotation on exhibit No. 97.—A. Yes, but the figures you have read support exactly what I have been saying.

Q. The figures I have read record the fact there was an increase in

slaughterings in 1947 over 1946?—A. That is not what you are talking about.

Mr. Maybank: For the purpose of getting it clear in my own mind may I make an observation with a view to tacking a question mark on the end of the remark. Mr. McLean indicated that the offerings over a certain period of time were rather low, and then Mr. Dyde referred to a series of figures omitting December 27. Those figures do not indicate the offerings are low compared to the year before, but indicate rather that the offerings are high as compared to the year before. Is not that as far as you are inquiring at this very moment?

Mr. Dyde: Yes.

Mr. Maybank: The figures ought to speak for themselves do you not think, Mr. McLean?

The WITNESS: I have been in the cattle business for forty-eight years.

By Mr. Dyde:

Q. Yes, but we are just looking at figures.—A. Wait a minute, Mr. Dyde, I think you are being a little too abrupt with me. I think you are quite convinced of the point which you are trying to make, but I am submitting, with respect, that you are wrong.

Q. I am simply seeking information.

By Mr. Maybank:

Q. I do not think that an argument ought to be necessary and this questioning is only to inquire, is it not, whether the statement of the witness is borne

out by the statistical picture?—A. Exactly.

- Q. It either is or it is not, and surely there is nothing unfair.—A. All right, here are the statistics. Mr. Dyde has handed them to me and beginning with October 4 the cattle runs are given week by week—40,000, 42,000, 41,000, 51,000—that is October 25; the figures go on—52,000, 52,000, 49,000—that is the week of November 29, the week of December 6, 44,000,—a drop of 5,000; December 13, 36,000—and that is a drop of 8,000. December 20, 29,000—a drop of 7,000; if those figures do not support what I have been telling you, then I do not understand figures.
- Q. How do they compare with the year before?—A. The year before has nothing to do with it.
- Q. I thought that was where you started this—that these figures were lower than the year before?—A. No, they are higher, but the year before shows exactly the same trend. Let us read the figures. Beginning with October 4—12,000; that is an extremely low figure and I do not recall the circumstances.
 - Q. Perhaps it is an error.—A. The remaining figures are 10,000 and 7,000.

Mr. Dyde: Would that have been during the strike?

The WITNESS: No, the strike was in—

Mr. McCubbin: That was 1946.

The Witness: I have been reading the 1946 figures.

Mr. Dyde: Now you are reading 1947 figures?

The Witness: Yes, I made a mistake. You will find both columns support exactly what I have been saying, or at least I would be very surprised if they did not. The figures for November are 42,000, 47,000, 47,000, 50,000, 49,000, 46,000—and that last figure is for the week of December 6. December 13 figure is 41,000, a drop of 5,000. The December 20 figure is 38,000, a drop of 3,000; the January 3 figure is 21,000, and that decrease occurs every year.

Mr. McCubbin: That is 1947 to which you are referring?

The Witness: Yes, and if you take 1946, or 1945, 1944, or 1943, you will find that exactly the same pattern is followed.

By Mr. Dyde:

Q. What you are saying is that because of the drop in deliveries you raised

the price to \$28?-A. No.

Q. What are you telling us?—A. I am saying that probably the drop in deliveries led to the advance in prices of cattle and, of course, that automatically resulted in an advance of the prices of beef.

Q. But in reply to that statement a minute ago I said that in the week of December 27 you were paying \$14.74 to the farmer but you dropped the price to \$14.54 on December 31?—A. I would be very surprised—it is not much of a difference to begin with-

Q. But it is a drop?—A. No, no, wait a minute. It may be a different kind

of cattle-

Q. No, now, Mr. McLean, I asked you this morning if you accepted the figures of the Live Stock Review. They are average prices for a particular brand—for good butcher steers. Now do not mislead us?—A. What?
Q. Do not mislead us?—A. Now, please, Mr. Dyde, have I at any time shown

any indication of misleading you while I have been here?

Q. No, Mr. McLean?—A. Well, please do not say that.

Q. You tell me about this?—A. I presume you do not expect me to remember these things—I do not go on the market myself—and you do not expect me to remember all the details of what happened, but I am sure that the figures which appear there are easily explainable if you know the facts. I have given you the general pattern of the deliveries of cattle.

Q. I am trying to make sure that I understand, because the figures do not seem to mean to me what they mean to you?—A. No; you began by saying there

was an advance in prices which seemed to you to be unjustifiable.

Q. Yes?—A. My reply is that whatever the circumstances were there is a good reason, although I am unable to give the reason.

By Mr. Maybank:

Q. That is not an appropriate answer in an inquiry of this sort. No person is questioning whether Mr. McLean believes there was a good reason for the advance, but this committee is not interested in opinionative evidence of this sort. Mr. McLean is not being impugned; but merely to say "I feel there is a good reason" is quite a futile statement, and evidence of that sort does not lead us anywhere. Surely we want factual material at this time. I am speaking a little ardently about this but I have been disturbed about the exchange which has taken place. Mr. McLean seems to think, in the last few minutes, that there was some unfairness on the part of counsel. I certainly did not reach that conclusion and I think what disturbs me is an answer such as Mr. McLean has given as opposed to a factual answer.—A. I may have misunderstood what Mr. Dyde said in his opening remarks and if I did it may be easily cleared away.

Q. We might all be wrong with regard to the tenor of things in the last few minutes and probably the best thing would be to get back to strictly factual

evidence.

Mr. Harkness: Is the explanation of this not probably—

The CHAIRMAN: Mr. Harkness, I think counsel ought to be allowed to

Mr. HARKNESS: I was just trying to clear the matter up as rapidly as possible.

Mr. THATCHER: Whose counsel are you?

Mr. HARKNESS: I am not counsel at all, but I happen to know the price of live cattle went up a cent or two cents a pound immediately after January 2.

The Chairman: Mr. Harkness, I think an examination like this is important—and counsel ought to be allowed to proceed.

Mr. Dyde: I will come to the January figures?

The Witness: I have been looking at November and the prices were \$26.50, \$26, \$26, \$26, for red brand-meat—the weekly average wholesale selling prices f.o.b. Toronto were \$26.50, \$26, \$25, \$25, and, up to that point that is exactly what I would expect, because it is the period of the heaviest runs and the prices are declining. On December 10 the price advanced from \$25 to \$26; on December 17 it was \$26.50; on December 24 it was \$26.50; on December 28 it was \$28. Now please remember that I do not carry in my mind a photographic picture of all the runs on the market, but it is quite clear that picture is as exactly as one would expect. By the middle of December the big run of cattle is over and cattle are becoming scarcer. The market advances and the beef price advances along with it.

Q. Yes. Now, Mr. McLean, with reference to these figures I have already asked you about the item on the 28th of December, but going back to the earlier items there was an advance of \$25 to \$26 from the week of December 3 to the week of December 10, and the figure on slaughterings for the week of December 6 was 46,575. In the week of December 13 there were 41,716 slaughterings. I am really asking you whether it is a fact that the fall in slaughterings from the figure 46,575 to the figure 41,716, justifies a price increase of from \$25 to \$26.—A. I think quite probably it did. You see, this is the price of red brand beef. Now, red brand beef is the top quality, and the number of cattle that come on to the market is irregular in any week. If there is a heavy run that price would tend to be lower on all grades, and if the run were light it would tend to be higher.

Q. All I asked you was if you call that a sufficient drop in the run to justify price increase from 25 to 26?—A. That is not really the crucial question. We are speaking about the price of red brand beef; and the question is, whether there were fewer red brand cattle. This thing is all the red brand beef. Red brand beef sold at an extremely narrow margin and these prices—we just must

restrict ourselves to the margin we are paying for our cattle.

Q. I have gone over the runs in the market and I reach that conclusion, do I not; does that drop from 49,000 to 46,000 head justify a price increase from \$25 and \$26?—A. Well, there was a drop in the whole marketings and I do not know what the drop was on the red brand beef. But you can depend upon this, that whatever the change in price was it would subsequently change our price position.

Q. Then when you come to the other figures I gave you in the light of the price the farmer was getting, why would he get \$14.74, in the week of December 22 and drop to \$14.54, in the week of December 31?—A. That is a

different class of cattle. That is steers 1,040, down.

Q. Is your wholesale price different on each type of cattle? Is that what you are trying to tell me now?—A. Other than red brand beef.

Q. Yes and the good butcher steers produced, what?—A. These steers 1,040 pounds would be partly red, partly blue and partly commercial beef.

Q. Yes. Well, the price to the farmer still comes down?—A. Yes.

Q. For these good butcher steers?—A. I really don't—I do not really see the point that you are trying to make here, Mr. Dyde.

Mr. Lesage: I do not think the witness has to see the point the counsel is trying to make. The only thing the witness has to do is to answer questions.

The Chairman: With all respect to you, Mr. Lesage, I do not know exactly what Mr. McLean meant. If by that he meant that he did not understand the

question, I think it is a perfectly proper observation; but if there is any other indication there that might be another matter. But my understanding was that he did not quite understand what Mr. Dyde was trying to drive at. Is that it?

The WITNESS: Yes.

Mr. Dyde: I think, Mr. McLean, after the series of questions we have had my meaning ought to be clear. I find your wholesale price going up. I find the price being paid to the farmer going down.—A. That is absolutely—that could not be correct.

Mr. Dyde: Well then, what you say is—

The Witness: You are quoting beef prices on one grade of beef and you are quoting the live prices on another grade of beef.

Mr. Maybank: Are we not supposed to get the price on the type of beef that is dealt with here?

The Witness: Of course. It is quite easy to get a complete explanation of all these things that are worrying us.

By Mr. Dyde:

Q. I asked you, Mr. McLean, to bring with you the actual prices which you paid for steers on the market in Toronto, and you came without those prices.—A. No, I have them.

Q. That is the price expressed on the chart; and then you said to me this morning that you accepted the livestock review prices.—A. Yes, they are exactly

the same as on the chart.

Q. Yes; and I am not clear yet as to how you explain this difference. Is it in brands alone?—A. Well, let me try again. If we get that table there you will see it reads, on good steers 1,040 pounds and under. Is that correct?

Q. Yes. Your table—no, it does not say——A. No, the government table.

Q. The government table is 1,050 pounds down.

Mr. Maybank: The government table means exhibit 97, does it?

Mr. Dyde: No, that is slaughterings.

The WITNESS: That is the grade of steers the government report all the time.

Mr. Maybank: I am only asking. I do not know the document.

Mr. Dyde: No, exhibit 97, does not record the different brands at all. It is the total.

Mr. Maybank: When the witness just now made reference to certain figures I just wanted to get them identified, to determine where those figures were, so it would be in the record.

The Chairman: Exhibit 97, is inspected slaughterings of livestock.

Mr. Maybank: Are those the figures which you have included in this graph? May we take those as being the correct figures? I refer to the graph following page 31.

The WITNESS: The graph is taken from the same report as you are reading from.

Mr. Maybank: Yes.

The WITNESS: But I have not got the original documents that you have. But the graph as we have it does not confirm that—

Mr. Maybank: Possibly another explanation of that might be that the graph does not follow directly the government prices.

The CHAIRMAN: The graph you told us yesterday was prepared by your company?

The WITNESS: Oh, yes. It is the graph which has appeared in the annual report of Canada Packers for 20 years, added to and completed at the end of each year.

Mr. Dyde: You see my difficulty, Mr. McLean; if I had the actual figures that you had paid then we would not have gotten into this trouble at all.

The WITNESS: Well, it is easy to get them.

Mr. MAYBANK: Yes, but we ought to have them now.

Mr. Dyde: You haven't got them with you?

The Witness: No. You see, I did not know what you would ask for, and it would be impossible for us to anticipate all the questions you are putting. If you wish me to, I can have that checked over and then we could either confirm it or otherwise, whatever it turns out to be.

By Mr. Dyde:

Q. We have gone over this already, but I will backtrack for a minute. On page 3, of my letter I asked you, in schedule 6, to state the weekly average price actually paid by the company for good butcher steers and "A" grade hogs at Toronto from September, 1939, and from August, 1947, to March 15, 1948. Then I go on and say in my letter; if in the case of beef you are unable to produce these figures please state whether or not you accept the price for steers as set out in the Weekly Livestock Market Review issued by the marketing service of the Department of Agriculture. Your documents came to me with page 31, and the chart.—A. We accept that.

Q. And then I asked you this morning if you accepted the livestock market

review prices, and you said you did.—A. Of course.

Q. But it was from the livestock market prices that I quoted when I framed my comparisons.—A. And this graph, presumably, graphically records the information in the documents to which you have just referred.

Q. Unless it shows that the average price as to the week of December 31, was \$14.54, then I am going to have to say that I doubt the accuracy of the graph.—A. December—what?

Q. December 31.

Mr. MAYBANK: Well, take a few figures from the table and see whether the graph does disclose the same, and then we will know that the graph is to be accepted, or not.

The WITNESS: As I recall it this decline you spoke of is 20 cents a hundred, isn't it?

Mr. Dyde: Yes.

The WITNESS: Let me stop for a moment on that. These are good steers, and on good steers, 1,040 down as I mentioned a few moments ago, these good steers prices include some red, some blue and some commercial. Now, the variation as between those three grades might quite easily account for much more than a 20-cent difference between the two weeks. I want to repeat, Mr. Dyde, that I am trying to give you complete information; and that I just can't understand that there is any-I am baffled to know what significance these questions have.

Mr. Dybe: I am afraid that I will have to leave that to the committee Mr. McLean. If my questions are not directed to matters that are within the terms of reference then I am sure the chairman will ask me to desist.

Mr. McCubbin: What about this December 31? We have here on page 60-

The CHAIRMAN: What page is that?

Mr. McCubbin: Page 60, of the Canada Packers material. We have included there the red brand beef and the price. Might I ask this question; what were they paying for red brand beef on December 31, Toronto; for blue brand beef and for commercial beef?

The Witness: That does not appear on either your record or mine.

Mr. Dyde: No, but it was one of the things I asked you to bring.

The WITNESS: No, no; it is not what you read there.

Mr. Dyde: I am saying that we asked for it

The Chairman: I may be wrong, Mr. McLean; but I was not aware of Mr. Dyde's letter; but as he read it out it appeared to me to be a pretty comprehensive request.

The Witness: Well, Mr. Dyde has just read the section of the letter in which he says he asked for this information.

The CHAIRMAN: Yes.

The Witness: Now, we have brought all the information and a good deal more, but we have not got the information that is necessary to answer his question. But it is very easy to get. We can get it by telephone.

The Chairman: Could we meet it, Mr. Dyde, by following Mr. Maybank's suggestion?

Mr. Dyde: Pardon?

The Chairman: I was wondering if we could meet it by following Mr. Maybank's suggestion?

Mr. Maybank: I want to know whether that graph is true. Have you any way of testing it?

Mr. Dyde: We can test it by going through all the prices that we have on Exhibit 96.

Mr. Maybank: Could we go through some of it, giving it a test in that way?

Mr. Dyde: Would you look at the graph, Mr McLean; we could test it together.

The Witness: Having regard to Mr. Maybank's question, this is the graph which has appeared, that has been a standard graph on our meat production for something over 20 years. It has merely been added to each year.

Mr. MAYBANK: I realize that.

The Witness: It is possible—we had a mistake this morning when we found that some of the information in one of the reports was inaccurate. I think it is extremely unlikely there is any inaccuracy in this; but, of course, it is possible.

Mr. Maybank: All I am asking is, is it true; and, is there any way of testing it.

Mr. Dyde: I find it extremely difficult to test. The prices which have been given to me do not help much because they run from week to week from the period August 2, 1947, to March 17, 1948, and the prices indicated on the chart are apparently divided into periods spaced at about three-quarters of an inch.

The Witness: Yes, but you see there is a separate frame for each month.

Is that right?

Mr. CHILD: Yes.

Mr. Maybank: There is a separate statement for each month on this graph?

The WITNESS: Yes, practically, each line means a month.

Mr. Maybank: Maybe I am not looking at the same graph.

Mr. Lesage: Yes, I think you have it there. There are two separate pages.

Mr. Maybank: It comes after page 31?

Mr. Lesage: Yes. And it appears to be divided into months.

Mr. Thatcher: We should get the actual figures.

Mr. IRVINE: Yes. We need the accurate figures.

Mr. Maybank: We can get the accurate figures. This may not be far off.

By the Chairman:

Q. Just one question, Mr. McLean; you say you print this chart in your annual statement?—A. Yes. It is there. (indicating)

Q. No, this is the comparative live hog prices.—A. Oh, is that it? Q. Yes. Oh, here it is.—A. You will see that it is an exact reproduction of that graph.

By Mr. Dyde:

Q. Do you agree with me, Mr. McLean, that it will be hard to check that graph from these figures which are given from week to week?—A. I don't think so.

Q. You don't think we can check it that way?—A. That would be quite

simple.

Q. Would it not be more accurate if you gave us the actual figures week by week? Would it not be easier?—A. They would be just the same as what you have. We would just go out and get another copy of that report. That is what the graph is.

Mr. Lesage: Mr. Dyde, on account of the fact that Mr. McLean says that the market price for steers is not always in accord with the wholesale price because we are talking about the wholesale price and only on red brand on page 60—is there any place where we could find figures which are the same as those we have got before us on page 60, on red brand beef; is there any place where we could find comparable figures for the blue brand and for the commercial brand? Are they in the record at the present time?

Mr. DYDE: No.

Mr. Lesage: Could we get them?

The WITNESS: Oh, yes.

By Mr. Dyde:

Q. Let us clear up the point as to whether we can or cannot get the figures for the prices paid to the farmer. You say that would be exactly as we have them on exhibit 96?—A. That is right.

Q. Then, of course, if we were dealing with red brand beef that would be the same as we have it on page 60. Then, could you give us in addition to those prices the prices at which you are selling your blue brand and your commercial brand?—A. Yes.

Q. And I think, Mr. McLean——A. We can give you any figures at all that you are interested in. We will try to get them as quickly as possible. We

brought down a great deal more than you asked us for.

Q. Yes, I know. I think I am going to ask that these figures be sent to us, or got for us; because it seems to me that it is important that we should have them; namely, the figures of the wholesale selling price of blue brand beef f.o.b. Toronto, and the commercial brand beef f.o.b. Toronto for the same period that you have already given them on page 60, of your material.

Mr. Lesage: And may I add to that, Mr. Dyde; could we have the quanti-

ties of each as sold by Canada Packers?

Mr. Dyde: I will ask about that.

Mr. Lesage: I think quantity has something to do there.

By Mr. Dyde:

Q. Mr. Lesage has suggested to me that perhaps you would be able at the same time to state the quantity of the different brands that were sold as well as the prices.—A. We can give you any information you wish.

Q. I want to remind you of one thing, Mr. McLean; that I asked you this morning about by-products and you found that you could not give me the

figures——A. Not at all.

Q. That it was not possible to get it.—A. Not at all. See here, Mr. Dyde, I think you have misunderstood—remember, I recognize that it is hardly likely that you who practice law would be as familiar with the practice of the packing industry as I who have been in it for 48 years.

Q. That is quite correct.?—A. You asked me if it would be possible to separate the various contents, all the elements that go into by-products, and I

said, "No".

Q. No, Mr. McLean, my question was much more direct than that. I wanted to know out of the total by-products how much was applicable to the different main types of meat and you said you could not do that.—A. That is exactly what I thought I had said to you. I used the illustration of tallow. We do not render tallow out of cattle in one kettle and tallow out of hogs in another kettle and tallow out of sheep in another kettle and out of veal in another kettle. They all go into the one pot.

The CHAIRMAN: The one kettle.

Mr. Dyde: Being a lawyer I would not have raised that question had I not seen in another document, which is going to come before the committee, that that breakdown had been made. I do not mean by your company, but I understand that others can do it. That was what prompted me to ask the question.

Mr. Lesage: Even if you are a lawyer.

Mr. Dyde: Even being a lawyer.

The Witness: I am amazed at what you say. I think you will probably discover that you have partially misunderstood what the document is.

Mr. Dyde: That may be.

The Witness: I am not suggesting a packer is a superior person to a lawyer, but I am suggesting that a packer ought to know something more about the technique and details of the packing business.

Mr. DYDE: I think he should, too.

Mr. IRVINE: He packs a good wallop, anyhow.

The WITNESS: I did not hear that. Mr. IRVINE: It does not matter.

The WITNESS: I am sorry I missed it.

Mr. Lesage: There is certainly more money in the packing industry than the law business.

The CHAIRMAN: Did you have a question, Mr. Maybank?

Mr. MAYBANK: No.

By Mr. Dyde:

Q. Mr. McLean, I want to move to another month. I should like to refer to January, 1948.

Mr. IRVINE: Do I understand, Mr. Dyde, that we are to get those figures? That is understood?

Mr. Dyde: Yes. These gentlemen have agreed to get them for us.

Mr. Child: Wholesale selling prices of blue and commercial, and the quantities.

The CHAIRMAN: Right.

Mr. Lesage: And the quantities for red brand.

Mr. Fleming: You have got red brand.

Mr. Lesage: Not the quantities. Mr. Fleming: Oh, quantities.

The Chairman: This graph has disturbed me. I spoke to Mr. Child in the hope of getting an explanation. Mr. McLean said this graph was in your annual statement for the last 20 years. I am shown on page 23 of the annual report for 1947 a graph which is said to be this one. I do not understand that it is. Mr. Child, perhaps you can help me and help the committee. I want to make sure of that point.

Mr. MAYBANK: Is it on the last page, the one you are looking at?

The CHAIRMAN: Page 23.

Mr. Child: What is your question?

The Chairman: I want to understand Mr. McLean's statement that the graph prepared by your company which follows page 31 of your compiled figures is the same as the graph which appears on page 23 of your annual report for 1947.

Mr. Child: As far as I know. I myself gave instructions to have it made up from this.

The Chairman: Obviously the one that is in the compiled statement has much more information.

The WITNESS: Mr. Martin, I see now. This graph, . . .

By the Chairman:

Q. You are now referring to the graph in your annual report?—A. Yes. This graph depicts the changes in less periods than this one.

Q. The one in the annual report is from 1931 to 1947 and the one in the

compiled statement is from 1931 to 1948?—A. Yes.

Q. Is that the only difference?

Mr. Child: Yes. Why not take some points? Take for example, 1942. Take the peaks. 1942 goes up to $12\frac{1}{2}$ cents on the one in the brief. The same thing is true of the one in the annual report. The following year the peak is just a little higher in both cases.

The Chairman: Take 1942. Take the graph in the annual report for 1942. The peak is about the same, $12\frac{1}{2}$, but when it drops down it is quite acute in the compiled statement and not in the annual report.

Mr. Child: The draftsmen have washed out that flurry at the bottom of 1942.

Mr. Lesage: In October or November?

Mr. Child: Yes. I can assure you though this one has been done by our draftsmen from this one.

The WITNESS: I see your difficulty, Mr. Martin. The graph there for one thing is compressed.

By the Chairman:

Q. When you say "there" you mean in the annual report?—A. In the annual report. The variations look more acute. I think that in setting up this graph they have probably taken the average for say each quarter of the year, and probably the average in this is for every two months, and so on.

Q. The graph in the annual report only refers to cattle, good steers?—A. Yes.

Q. All right, what about hogs, live grade? It does not appear at all.

Mr. Child: That is on the next page.

The CHAIRMAN: That is right.

Mr. Lesage: Mr. Child, you will have to agree that on page 31 the price 11139—3½

which is shown for January, 1943, is not accurate when compared with the one in your annual report. It was 11·3 and on the other one it would be 11·7 or 11·8.

Mr. Child: It is about the same for graphing purposes.

Mr. Lesage: There is half a cent difference, so we cannot have any exact figures from graphs.

Mr. Child: Graphs are only meant to show the trend.

Mr. Fleming: That is the point I am trying to get at. Are we not wasting time worrying about graphs The graph only shows the general trend. What we are after is specific figures. The graph is too general for our purposes here. I think we had better discard the graph and not waste time on it. We are going to get the figures. I think we had better forget about the graph and get the figures.

The CHAIRMAN: It is necessary to have it in our minds. We will have to rely on the figures and not on the graph.

Mr. Fleming: The graph only gives you trends.

The Chairman: The graph is offered in the place of the figures at the moment, and the figures are going to be supplied.

By Mr. Dyde:

Q. Now may we go to January, 1948. I am going to refer to both pages 60 and 61. I should like to point out first that in the week of the 7th of January on page 60 your wholesale price for red brand increased to \$28.50, and I should like to point out so that there will be no misunderstanding between you and me, that at the same time the price to the farmer went up.—A. Are you speaking of cattle?

Q. Of cattle, yes. During January according to the figures that we have on Exhibit 96, and on page 60, your wholesale price was going up during the first few weeks, and at the same time the price you were paying to the pro-

ducer was also going up?—A. Yes.

Q. I wanted to point that out because I felt that someone had raised that point with regard to January. Then I should also like you to turn now to page 61 where we are dealing with wholesale pork prices. There I see that in the week of December 29 the wholesale price of fresh pork loins was 34½ cents. Is that 34½ cents?—A. Yes.

Q. And that in the week of the 5th of January the price was 43½ cents?—

A. Yes.

Q. I think you should explain to the committee why that price rise took place. You will see it is reflected across the page at the same date.—A. That is correct. That was on account of the announcement of the new bacon contract.

Q. Did you receive an announcement from anyone with regard to it-

I mean directly—or was it from the newspapers?—A. I do not recall.

Q. Would any of your officers recall that?—A. I am informed both.

Q. At the same time that you received the information as to the increase of the United Kingdom contract were you given by anyone any intimation as to what you should in the future pay the producer for hogs?—A. I do not suppose we were given any intimation. I am not aware that we were but—

Q. Now—I beg your pardon, were you going to say something more?—A. I would not think we were given—from whom would we get the information?

Q. Perhaps I should have put it this way first. The reason I ask that is this committee has heard from the producers that there was what was called an understood price the producers were to get on hogs, and I really would like to know whether you know anything about what was known as the understood price. Was there some direction given to you that you should pay a

certain price to the farmer?—A. If there was I am not aware of it. I do not know what you mean, or what this understood price was, but our provision man

might know.

Q. May I help you, because it is something on which we would like to have your view, or what information you have. We also have Exhibit 96, and on the second page of Exhibit 96 I see—and you look at this with me—that at Toronto on December 31 you were paying the producer \$23.60 per 100 pounds warm weight, grade B-1 dressed. Then I skip a date again because there is no quotation available, and I find that on January 17 you are paying the producer \$28.10?—A. Yes.

Q. That price of \$28.10 has been described to us by Mr. Tummon as an understood price. Was it a price which you understood was the price that should be paid to the producers?—A. I really know nothing whatever about

this. I can guess what it was.

Q. Let me ask one further question. Would any of your officers know

about that?—A. Yes.

Q. Who would know?—A. The head of our provision department, Mr. Murray.

Q. He is here?—A. Yes.

Mr. Dyde: May I ask, Mr. Chairman, that Mr. Murray be sworn.

Hugh M. Murray, General Provision Manager, Canada Packers Limited, called and sworn.

By Mr. Dyde:

Q. Mr. Murray, I think perhaps you might give us your initials.— A. Hugh M.

Q. And your position with Canada Packers?—A. General Provision

Manager.

Q. I think you have heard the question which I asked Mr. McLean. It was as to whether he could explain to the committee whether there was an understood price, and how it came about. Do you know anything about that?—A. I think I can explain it. There was no understood price on January 1, the day on which we raised our price, but some time during January—I have not got the date in my mind but it can be looked up—a committee of the packers met a committee of the Ontario Hog Producers, and at that meeting there was a discussion as to what price the packers should pay as a minimum in relation to the new contract. It was quite an informal discussion. I think some of the packers individually assured the Ontario Hog Producers that in their opinion the export price was equivalent to a certain hog market, and that they would not pay less than that. That is what I think Mr. Tummon meant by an understanding. That took place some time in January.

Q. Were you at the meeting?—A. I was at the meeting.

Q. Was the meeting held in Toronto?—A. Yes, sir.

Q. And the price that Mr. Tummon said to us was the understood price was \$28.50 at Toronto, and he was referring to grade A?—A. That is right, sir

Q. Am I right, because he also told us this, that ordinarily normally grade

B-1 hogs sell for 40 cents less?—A. Yes.

- Q. So that this \$28.10 is the equivalent to \$28.50 for grade A?—A. That is correct.
- Q. And is the price which was arrived at at the informal meeting you speak of as being a minimum?—A. I think so. I am not sure I get the question. You say the price that was arrived at. I should like to make clear that there was no decision between the Ontario hog producers and the packers on a definite price.

Q. I was not really suggesting that. I was trying to trap you there. I was really just trying to find out how it came about that Mr. Tummon seems to be quite satisfied that \$28.50 was the minimum price, and you are telling me it is as a result of the informal meeting?—A. I would think it would be.

Q. Well, you know, do you not?—A. I do not know what Mr. Tummon's

reasons would be.

Q. Was Mr. Tummon at that meeting?—A. He was.

Q. And I suppose would take active part in the discussion?—A. That is right.

O. And did he express himself as being satisfied with a minimum of \$28.50, or do you recall?—A. I do not think I could recall what an individual said.

Q. But you gathered the impression that the hog producers were satisfied with a minimum of some price?—A. On the whole, yes. There were members of the negotiating committee who would have liked to have had a higher price,

but on the whole they were satisfied.

Q. So that explains to the committee how it is that the change in price took place on our Exhibit 96. That is from \$23.60 in December to \$28.10 in January.—A. Well, this meeting was not the reason for the change in price. The change took place on January 2, the first day we killed after the announcement of the new export price, and that was a change which we decided ourselves and put into effect ourselves immediately.

Q. That is a point that I should like to be sure on. The price went into effect on January 2?—A. Rather I should say I do not believe we killed on

January 2. It went into effect on the first kill after January 1.

Q. I want to be sure about that because again I do not want to trap you. I will tell you that my information is that the increased price became effective on January 5.—A. That is right.

Q. The increased United Kingdom price?—A. That is right.

Q. Would your price to the producer come into effect previous to that date?—A. Yes, we put it into effect immediately the announcement was made.

Q. Did you put your own wholesale price into effect immediately the

announcement was made?—A. No, sir.

Q. When did that go into effect?—A. They went into effect with orders that were booked on and after January 5, orders that were booked on or after that date. Orders that had been booked prior to that date were filled at the old prices irrespective of when they were shipped.

Mr. Dyde: Gentlemen, I am not going to ask Mr. Murray any more questions, and was going to suggest that he stand down unless you wish to question him further.

By Mr. Johnston:

Q. I have one question. Is it the general practice in setting prices to have a meeting of the packers and the producers? Wherever there is a substantial rise, or whenever there is a rise, is that the usual result of a meeting between the producers and the packers?—A. I think the answer to that is definitely no.

Q. How do you determine what the price shall be when you are changing prices, on your own or in consultation with the producers?—A. On our own. The producers feel free to discuss these prices afterwards if they wish, and they frequently do at meetings of the negotiating committee which take place from time to time. No agreement or definite conclusion has ever been reached at those meetings.

Mr. Lesage: The market is always there and it fluctuates.

The WITNESS: If the committee wishes, I could give them our daily dressed costs about that time.

By Mr. Thatcher:

Q. Do I understand you to say that Canada Packers and Swifts never talk over prices?—A. I did not make any statement about that. I said we put these costs into effect of our own volition.

Q. But you had discussed it with Swifts?—A. No, I had not.

Q. They were at the meeting?—A. At this meeting I was talking about? Q. Yes.—A. That would take place about the 15th or 20th of January.

Q. They were at the meeting?—A. No, as a matter of fact, Swifts were not at the meeting.

The Chairman: The evidence of Mr. Tummon was that you had led the way.

Mr. THATCHER: I am not just clear-

The Chairman: I want to get this point in the evidence and I will ask Mr. Dyde if my recollection is correct.

Mr. Dyde: I cannot recall exactly.

The CHAIRMAN: I think that is what Mr. Tummon said.

Mr. Thatcher: Following Mr. Johnston's question, do I understand that Mr. Johnston is asking whether the packers get together—

Mr. Johnston: No, I was coming to that, but my question was whether it was customary, when a change in price was being made, for the packers to consult with the producers in such a manner as was indicated by this meeting in Toronto? I think the answer was "no", that Canada Packers set their prices and afterwards there were certain meetings with the producers to discuss the results I was about to ask whether there would be any change in Canada Packers prices as a result of the consultations?

The WITNESS: I am afraid I just do not quite get that.

Mr. Johnston: The question is a little longer because I was endeavouring to explain to Mr. Thatcher how it came about.

Mr. Lesage: Do not explain again.

By Mr. Johnston:

Q. When Canada Packers set a price there are sometimes meetings with

the producers to discuss the set price?—A. No, sir.

Q. I understood you to say that?—A. No, there was a negotiating committee set up under the Ontario Statutes to deal with matters affecting the hog industry. There are five elected members representing the packers, and five members representing the Ontario Hog producers. They discuss various matters in connection with the industry. Quite naturally the price of hogs is one of the matters discussed.

Q. Is there any change in your price as the result of those conversations?—A. It is pretty hard to say that. I think all changes in price are as the result of consultations, but the general answer would be no.

Q. There was no change in the result?—A. Not at that particular date. The change was a result of negotiations between the hog producers and the industry. The hog producers were inclined to think the price paid by ourselves was unfair.

Q. The change in price was not the result of discussions between Canada Packers and Swifts?—A. No, to my knowledge there have never been any discussions between the two companies.

Q. Was Swifts one of the five companies represented?—A. No.

Q. Is there any meeting with the packing companies when a price is about to take place?—A. No.

Q. You do that solely on your own at all times?—A. I think it is clearly understood among all packers when the meat board advances the price they expect that a corresponding advance will be made in hog prices, and it is made automatically.

Q. You say there is always a corresponding change?—A. It is reasonable to

assume the advance made by all the packers in the case of hogs is the same.

Mr. IRVINE: Is there any difference between the price paid by your firm and the price paid by other packers in this regard?

The WITNESS: Invariably.

By Mr. Thatcher:

- Q. Are you saying, Mr. Murray, that as provision manager for Canada Packers you would never consult about prices with the corresponding official of Swifts?—A. If you are asking whether I have discussed the hog situation, I have; if you are asking whether I would settle the price with them, the answer is no.
 - Q. Who instructs your buyers then as to the price they pay?—A. I do. Q. You instruct them alone?—A. I instruct them alone.

Q. And you say they would never discuss the price with Swifts?—A. They might discuss the hog situation—I would be very surprised if they did not—but they take their instructions from me.

Q. The two companies always bid in competition with each other?—A. Yes. Q. Is the situation different from what is was back in 1934?—A. I would

not think so. As long as I have been in the department that has been the situation.

Mr. Dyde: I am just going to ask one further question to bring out a point while Mr. Murray is here. In Exhibit No. 99 it is indicated that the U.K. contract price on Wiltshire sides was raised from \$27, where it was in 1947, to \$36 effective the 15th of January 1948. I think it would be fair to say, would it not, that was a very substantial increase in price? I was going to put it more strongly—it was an extraordinary increase to take place all at once.

Mr. McCubbin: It was not all at once.

Mr. Lesage: No.

Mr. McCubbin: It was \$2 and then \$7. Mr. Lesage: \$2 in 1947 and \$7 in 1948.

By Mr. Dyde:

Q. Yes, it goes from \$29 to \$36, but even that is a very substantial increase to occur all at once?—A. Yes.

Q. And it would mean you would have to examine your position with regard to prices right away?—A. That is right.

Mr. Lesage: Do you intend to leave page 61 now?

Mr. Dyde: I intend to leave it, except for general questions. I do not propose to ask further questions of Mr. Murray, but if you wish to do so you may proceed.

By Mr. Lesage:

Q. I note that the increase in the British contract was 7 cents per pound?

—A. On the British contract?

Q. Yes—7 cents per pound, and I notice on page 61 of your exhibit that the increase for the various cuts were well over 7 cents a pound?-A. You are referring to page-

Q. Page 61, with respect to the domestic market?—A. Yes.

Q. How do you explain that?—A. It is a somewhat involved explanation but the principle is quite simple. We purchase a 150 pound hog.

Q. Yes?—A. For that hog we pay an increase of \$5.50 per hundred. Q. \$5.60?—A. \$5.40 to be exact. We pay that on 150 pounds.

Q. Yes?—A. But we do not sell 150 pounds. In the process of manufacture, depending upon how far the process goes, we sell 100, 90, 85, or 72 pounds of the product. The variation depends upon whether we sell the product fresh or reduce it to its final processed form. The prices you are quoting are on those items which have been further processed, and the net increase in price is calculated exactly according to the equivalent increase we paid for a 150 pound hog.

Q. I am referring to the brief of Mr. Tummon. On page 7 he said a 200 pound live weight hog will give approximately 150 pounds of warm dressed carcass and the weight which will be obtained from that carcass will not be more

than 120 pounds.—A. That is 120 pounds of Wiltshire side?

Q. Of Wiltshire side, yes?—A. Correct.

Q. On the 120 pounds the increase of 7 cents is \$8.40 and the increase to the producer for the 150 pounds of carcass is \$5.60. 120 pounds of Wiltshire side will give 85 to 90 pounds of meat which you can sell?—A. If you take fully sliced bacon, or boneless hams which have been reduced to their minimum weight, it would go down close to 70 pounds of saleable product.

Q. Where does the rest of the Wiltshire side go?—A. If you take 100 pounds of fat—let us say back fat—and put it in a lard tank, you receive from the lard tank 65 pounds of fat. 35 pounds has disappeared in the process of manufacture.

It either goes out as water or as tankage.

Q. Did the price of this fat increase after January 1?—A. No.

Q. It did not?—A. No, and that is another point I should make. Quite a few products which we get from hogs were not increased. There was no increase on bones, no increase on fat, and there were practically no increases on what we call offal—livers, and kidneys. The net result was a decrease in the return, so the entire increase in the price had to be carried by the number of pounds of products actually saleable.

Q. The Wiltshire you export is 120 pounds but there still is a loss on it? —A. The Wiltshire side we export is 120 pounds, and we are paid for 120 pounds.

Q. Yes, that is what I say. It is 120 pounds and you are paid for 120 pounds and there is more meat there, but part of it does not go as meat?—A. It does if we sell it for export. If we take the Wiltshire side, which represent a whole side of a hog with just the feet and the head removed together with certain bones, and produce from that the kind of cuts domestically sold in Canada we have remaining only the skin and bones, but we have gradually reduced the total weight of saleable product.

Mr. PINARD: To what extent?

The WITNESS: That depends on what we do with the animal. If we make fresh pork cuts it will represent—just taking approximate figures—100 pounds of fresh pork cuts. If we take those fresh pork cuts, cure them and smoke them, it reduces the side 14 per cent. If you put 114 pounds in for smoking and curing you get back 100 pounds.

By Mr. Lesage:

Q. It is quite difficult to understand. I am looking at the figures on Wilt-

shire side and that is the whole side of a hog?—A. That is correct.

Q. What we have here—the four headings on page 61—comprise the only things you get out of Wiltshire side which can be sold as meat?—A. No, there are a great many other things. Those are just four items picked by Mr. Dyde to indicate the price.

Mr. Dyde: I picked the four items as being sample wholesale costs.

By Mr. Lesage:

Q. Yes, but it would be more complete if we had the picture with more information as to what became of the whole Wiltshire, and what you get for it in dollars and cents?—A. I can give you some figures that might serve the

purpose

Q. What the consumers do not understand, and what is troubling them is that following the rise of 7 cents for Wiltshire side under the U.K, contracts, the price for bacon has increased 12 cents. I do not say that increase is not justified but it is troubling the consumer and the least we can do is explain to him why it is 12 cents and not 7 cents.—A. I can give you some figures which, without going into too great detail because we manufacture a large number of products—would give some idea of what happens to 150 pound hog.

Q. What happens to the 120 pound Wiltshire? I understand how you reduced the hog from 150 pounds to 120 pounds, Mr. Tummon explained that?—A. We do not make Wiltshire from domestic cuts and we have to go back to

the hog again.

Q. Yes?—A. You will understand each hog is a unit in itself and the results are not always the same. From this 150 pound hog we obtain 20 pounds of lard, 10 pounds of bones, 1½ pounds of offal, 26½ pounds of what we call sundries—spare-ribs, tenderloin, neck bones, back bones, and odds and ends. 24 pounds disappear altogether as shrinkage.

Mr. WINTERS: How much shrinkage?

The Witness: 24 pounds. In this example which I am giving, based on a test I had worked out, we are presuming the product was carried to the stage where most manufacturing was applied and therefore the smallest weight was actually sold. The shrinkage in that case is 24 pounds, and the weight of the fully processed main cuts would be 67.5 pounds. If you cut it into fresh pork cuts only, such as pork loins, the figures would be considerably higher; there would be much more weight and much less shrinkage and much less sundries.

Mr. PINARD: Then you are left with the skin.

By Mr. Lesage:

Q. When you set the wholesale price as shown for January 5 on page 61, did you work out the increase of 7 cents for bacon on the increase of \$5.50 that you are paying to the producer? Have you worked it out so that it is distributed on the production in a fair way?—A. That is the operation of my department. That is what we did at that time. We added where we thought we could—actually we added \$8.40 on the hog.

Q. On the hog?—A. Yes.

Q. And all the increases shown here, plus the increases on other parts are equal to \$8.40?—A. That is correct.

Q. You did not make any more profit than you were taking before?—

A. That is correct.

Q. You did not work it out on a percentage basis?—A. No, we did not take

any more profit than we were taking before.

Q. You know what I mean? You are making more money and if you took the profit on a percentage basis it would be higher?—A. No, I understand the question, and we did not take any more. We added \$8.40 to the sale price of the hog.

Q. That is the purpose of my question.

By Mr. McCubbin:

Q. Since that time, Mr. Murray, have you found out you could pay more to the producer?—A. Yes. As Mr. McLean explained this morning, these are the prices we issued and we tried to get them, but we have never been able to

get these prices, and since we handle a highly perishable product we have sold our product since that date at a lower price than what we were after, as will be indicated by some of these figures you have before you.

Q. But you have raised your price since that time?—A. We lowered that

from that time on, and then we raised it again.

Q. I am talking about the price you paid to the producer, you never lowered

that?—A. No, we never lowered the price to the producer.

Q. That is what I mean, since the middle of January, \$28.10—and you have gone up 60 or 70 cents. Maybe you have gone up further than that up to the middle of March, during that two-month period; but I see that you did raise your price a matter of some 60 or 70 cents.

Mr. Dyde: You are referring to Exhibit 96, are you not?

Mr. McCubbin: That is right. I am not finding any fault with you. I think it is the proper thing to do.

The WITNESS: You have the figures in front of you, and we had to pay more than \$28.50 for "A" grade hogs for part of that time.

Mr. McCubbin: You are right on that. I see that in the middle of March you were paying \$28.72.

The WITNESS: You will pardon me if I have to refer to this document. It was prepared during the period when I was not in attendance and I haven't got it in my head.

Mr. McCubbin: But they are higher than they were.

The WITNESS: Yes, the figures are definitely higher during the last two or three weeks.

Mr. McCubbin: And is that why you thought you could pay more to the producer?

The WITNESS: It is not because we felt that we could do it; it was competition which forced us to do it. However, in that period prices did not remain stationary, they were fluctuating up and down during that period.

By Mr. Lesage:

Q. Your Maple Leaf sliced bacon, half pounds, is a very well known brand and people buy it. I see that for the week of April 19 your wholesale price was $64\frac{1}{2}$ cents. That is on page 61. If you had sold your Maple Leaf brand sliced bacon on the wholesale market at a price lower than 64½ cents wholesale, would you have lost money?—A. Unless we had been able to get more money from some other item.

Q. No, I do not want to disturb the other items.—A. Other things remaining equal?

Q. Yes.—A. If we had sold bacon below that, we would have lost money.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ontario, recalled:

The WITNESS: Mr. Lesage, could you say for the benefit of some of my friends sitting around here that Maple Leaf bacon is really a good product? Do you think your friend would support that?

Mr. Lesage: I do not know. My friend is not here. But I have seen it and it is a very well known brand.

Mr. MAYBANK: I wonder if the witness is starting to ask questions in order to get advertising for his product?

The CHAIRMAN: Are there any other questions? All right, Mr. Dyde.

By Mr. Dyde:

Q. Mr. McLean, there are one or two points I would like you to explain for the committee. The United Kingdom contract price increase, as we have found, was effective on the 5th of January for Wiltshire sides; that is the seaboard

price, I think, isn't it?—A. Yes.

Q. That is the price at seaboard. Now, you have at that point, the 5th of January, you have an increase also I think in the price of beef, export beef; and I refer to an exhibit which we have here, which is exhibit 99, and I find there that the old price was \$24.25 for red brand and the new price is \$27.50 for for red brand. Now, these prices to the United Kingdom are the prices which the United Kingdom government pays for the export beef and pork. Would you explain to the committee whether that meant that there had to be, if it is the case that there had to be—whether the increase of the United Kingdom price meant that the Canadian consumer had to pay more?—A. I don't know that he paid more.

Q. What did it mean?—A. It meant that there was a higher floor and that

the price of beef could not go below the new floor.
Q. Yes, that is beef.—A. I think that is all. That answers it.

Q. But on pork it is different, is it not?—A. Oh, yes.

Q. Then refer to pork for a minute. There is an increased price coming into the country for that part of the pork which is exported?—A. Yes.

Q. Why does it mean that the Canadian consumer has to pay more?—

A. Because all the hogs are traded at the new price.

Q. And is that continual?—A. Oh, yes.
Q. There is no way—let me put it this way; in free enterprise or a free economy is there any way in which you can obtain an export price without that being reflected in the domestic price?—A. That is a principle which is fundamental in all our agriculture, and that is why these export markets are so important for agriculture. The price of production is determined by the price available in the markets, in world markets.

Q. And there is no way in your opinion that it would be possible for us to accept a high price for the export part, the Wiltshire sides, without that costing the Canadian consumer more for his pork products?—A. No, no. Well, there is this to it. Let us say here we have two farmers both raising hogs for market. Let us call them "A" and "B". Supposing we go to farmer "A" and say, we want some pork for export and we will pay you the export price, which is so many dollars a hundred. Then let us say we go to farmer "B" or farmer "B" comes along and says he has some hogs to sell, and we say to him, all we can offer you is the lower, the domestic price, which let us say is around \$27 or \$26 a hundred. If you can visualize that kind of a situation you will realize that it is impossible.

Q. And a result of that is when the export price goes up that is reflected

in a higher price to the producer for all hogs marketed?—A. Yes.

Q. And that in return is reflected in the higher price which the Canadian

consumer must pay?—A. Yes.

Q. And there is no way out of that?—A. Not under present conditions. Where the demand for export stops, and let us assume the demand for the needs of the country drops, that the supply is in excess of the demand,—it might happen if we had a very large quantity or supply of hogs, marketing of hogs; that increased very greatly and our export outlet did not increase but rather diminished that we might have left in Canada some pork products, more pork products than the trade could absorb; and in that case our hogs would go below the export market.

Q. And you recall perhaps, as I do, that in the month of January the price to the Canadian consumer went rapidly upwards and then there was a

recession in price at retail?—A. Yes.

Q. Was there a corresponding recession in the wholesale price?—A. Oh, no.

Q. How does it come about that in January at a time when the export market was fixed that you have one price, and then in February when your export market is exactly the same you have another price which is lower?—A. Well, just because there is more available for the market, or there had been a surplus left in Canada and in Canada we just had to take a loss for the products sold in Canada.

Q. And that situation was brought about by what we might call consumer

resistance?—A. Yes.

Q. Now, may I take you one step further. Do you regard it as desirable that we should have a condition where the consumer is literally hanging on to the ropes because of high prices and then he exercises what we call consumer resistance and prices come down. Now, is that a desirable situation?—A. I suppose that is a matter of opinion. That situation is one which does not often occur. I suppose everybody has his own views on it.

Q. Yes, it may not often occur but it did occur just once in that period

with the result that this committee is sitting here.—A. Yes.

Q. I want your help in explaining, if possible, whether there was any way out of a repetition of this situation?

The CHAIRMAN: Excuse me, gentlemen. There is the call to the House for the vote.

Mr. Thatcher: Mr. Chairman, I wanted to ask for one paper to be tabled, if I might, before we go in for the vote, so that we might have it before us tomorrow.

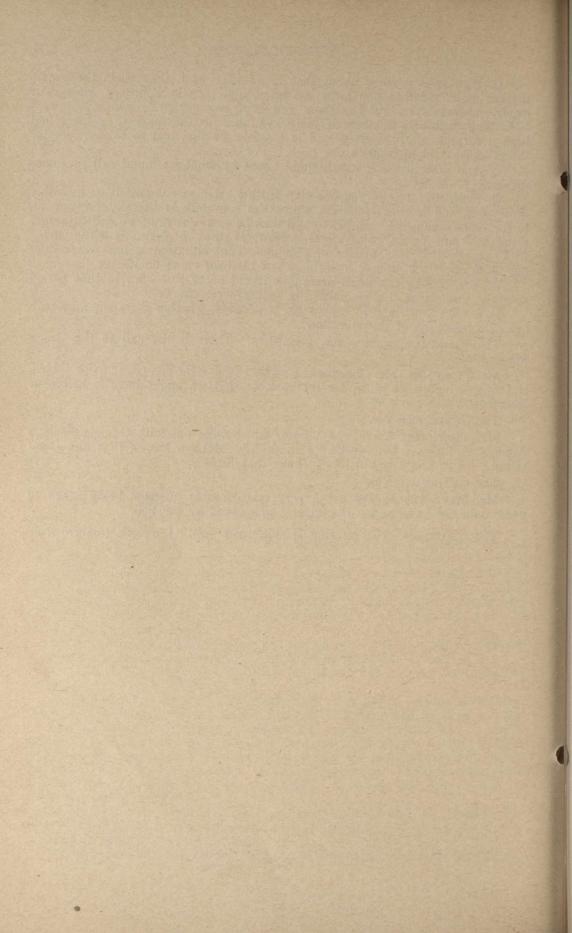
The CHAIRMAN: Yes.

Mr. Thatcher: There was a letter which went out with Canada Packers bonuses in the last two weeks. I think Mr. McLean knows that one I am talking about, and I would like to have that tabled.

The CHAIRMAN: Yes.

Mr. Maybank: It was not a very embarrassing question being asked so you would not have to say the witness was saved by the bell.

The CHAIRMAN: The meeting is adjourned until 11 o'clock tomorrow.



SESSION 1947-48 HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 44

FRIDAY, APRIL 23, 1948

WITNESS:

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ont.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1948

MINUTES OF PROCEEDINGS

FRIDAY, April 23, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Johnston, Lesage, Thatcher, Martin, Maybank, Mayhew, Merritt, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. J. S. McLean, President, Mr. A. J. E. Child, Assistant Treasurer, and Mr. Hugh M. Murray, General Provision Manager, Canada Packers Limited, also in attendance, and the examination of Mr. McLean continued.

At 1.15 p.m. witness retired and the Committee adjourned until Monday, April 26, at 11.00 a.m.

R. ARSENAULT, Clerk of the Committee.

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MINUTES OF EVIDENCE

House of Commons, April 23, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order, please.

Mr. Dyde: Mr. Chairman, I think at the very close of yesterday's proceedings one of the members of the committee asked for the tabling of a paper. I am not certain that I know what it is.

The CHAIRMAN: Mr. Thatcher did.

Mr. THATCHER: Yes.

Mr. Dyde: I have not seen the paper, but I presume we better deal with that point before we go on.

Mr. THATCHER: Yes, if you would.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, Ontario (witness), recalled:

Mr. A. E. Child, Assistant Treasurer and Chief Auditor, Canada Packers Limited, Toronto, Ontario, recalled:

The WITNESS: The paper Mr. Thatcher asked for was the letter that Canada Packers sent out to each of its employees along with a bonus cheque.

Mr. DYDE: You have no objection to producing the letter, have you?

The WITNESS: None at all.

Mr. Dyde: Do you wish to have the letter read, Mr. Thatcher?

Mr. Thatcher: Not necessarily.

Mr. Johnston: I think it should be read into the record. We do not know its contents.

Mr. Thatcher: I was going to read certain parts of it later.

Mr. Johnston: I think it should go into the record.

The CHAIRMAN: Is it a long letter?

Mr. Dyde: No.

The CHAIRMAN: Better read it.

Mr. Dyde: Would you watch me while I read this, Mr. McLean, please? The letter is headed:

CANADA PACKERS LIMITED

TORONTO, CANADA, 31st March, 1948.

This letter is addressed to all employees of Canada Packers. It is to report upon the results of the fiscal year which closes today. The chief factor affecting results has been the removal of ceiling prices on many of the products in which the company deals. These include meats, hides, butter, etc.

In all cases, the removal of ceilings resulted in an immediate advance in price. These advances brought to the company an automatic profit. On butter and hides especially, the profit was large. Otherwise, volume and profit were about on a level with recent years.

While the final result for the year will not be known for some time, the approximate figures already available permit the distribution of bonus at once.

It has been decided to distribute most of the extra profit of the year as bonus to employees.

This has been done for two reasons:

(1) Advancing prices, which yielded the extra profit, were reflected, in turn, in increased cost of living. During the year the cost-of-living index advanced from 130.6 to 150.1.

(2) At some time,—probably not far distant,—the trend of prices will be reversed. A decline will set in, the result of which will be automatic

losses, equivalent to the automatic profits of the past year.

If at that time profits are seriously affected, bonuses will be correspondingly reduced. It might happen that for a year no bonus would be paid. The directors are confident that if such a situation should arise, the company would still be served with undiminished loyalty by employees of all groups.

As in previous years, the directors think it wise to state the basis upon which bonus distribution is determined. They recognize that the company's chief asset is the skill and the loyalty of the men and women who spend their working lives in its service.

The company's first duty is to pay employees wages and salaries equivalent to the highest paid by other companies in the industry.

That level of pay having been established, the next duty is to share-holders. When profits have been ascertained, the first claim upon them is a moderate return upon shareholders' investment.

If profits are more than sufficient for such moderate return, the balance should be divided equitably as between shareholders and employees.

In respect of this "division", it is not easy to find a formule, but the following history of the division may enable employees to form their own views.

Canada Packers Limited was formed in 1927, following a long period of adverse conditions in the packing industry.

At the beginning, its working capital was inadequate as compared to the volume of the company's operations.

To build up working capital, no dividends were paid on the common shares for a period of eight years.

The first dividend was paid in April 1935. In the same year the practice of paying bonuses was begun. Since that time, the history of dividends and bonuses has been as follows:

	Dividends	Bonuses
1935	\$ 150,000	\$ 293,000
1936	600,000	415,000
1937	600,000	512,000
1938	600,000	193,000
1939	600,000	216,000
1940	800,000	590,000
1941	900,000	700,000
1942	800,000	755,000
1943	800,000	792,000
1944	800,000	937,000
1945	900,000	1,060,000
1946	1,000,000	1,200,000
1947	1,000,000	1,250,000
1948	1,000,000	1,500,000
	\$10,550,000	\$10,413,000

The dividends shown above are on the common shares of the company. Preference dividends are not shown, as the preference shares were called and paid off on January 2, 1936.

It is our belief that no other Canadian company has shared profits with its employees upon an equal scale.

These facts are given in no self-complacent spirit, but as a basis for the statement that the company's interest is also the employee's interest.

In putting your best effort into your job, you are working not only for the company but for yourself.

During the control period of the war, profits came more or less automatically. But this is no longer the case. The success of the company depends upon the skill and the loyalty of its employees. And above all, upon the quality of the products which it turns out.

I appeal to every man and woman for his and her best effort during the coming year, in full confidence that the appeal will be more than met.

Cheque covering your bonus is enclosed. In the upper left corner is shown the deduction for income tax.

Yours cordially,

J. S. McLEAN,

President.

JSC:C Encl.

By Mr. Dyde:

Q. Mr. McLean, at the close of the proceedings yesterday I had asked you one or two questions and for purposes of the record I have shown you a page of the typed transcript of the evidence of yesterday and before the meeting convened this morning you and I had an opportunity of looking it over; is that correct?—A. That is correct.

Q. Near the close of yesterday's proceedings we were dealing with the situation in January of 1948, and I asked this question, which perhaps may have not been elegantly put; I said:

Now, may I take you one step further. Do you regard it as desirable that we should have a condition where the consumer is literally hanging on the ropes because of high prices and then he exercises what we call consumer resistance and prices come down. Now, is that a desirable situation?

Your answer at that time was:

A. I suppose that is a matter of opinion. That situation is one which does not often occur. I suppose everybody has his own views on it.

Now, would you express to the committee your view as to whether that situation is desirable or not?—A. Well, with proper respect, I do not think it is a question that contributes to the problems that this committee is considering and it is something that is not very realistic or a reflection of things that had happened in the food industry. For instance, your phrase of the consumer hanging on the ropes is a highly inaccurate phrase, it seems to me. The purchasing power of the country is higher at the present time, and the evidence is that the public is consuming, so far as the packing industry is concerned, more meat at higher prices than it ever did before. Now, that hanging on the ropes is not an accurate reflection of that situation economically. I fully understood the housewives' protests. These things occur once in a while. I fully understood what brought that about and I judged everybody else did. For twelve months, particularly in the last twelve months since controls, the movement to decontrol began, the cost of living index has advanced rapidly month by month, much more so than at any time during the war; more so than at any previous time in the history of the country except possibly the closing years of the first world war; and week by week the housewife found that her dollar brought less food back into the house than it had the previous week, and the housewife naturally was disturbed. Then on top of this came the 7 cents advance in one of the key foods, the 7 cents advance in the contract price for bacon which led to an advance of 10 to 11 cents in the main bacon cuts, cuts which the housewife chiefly sought; namely, breakfast bacon. And that touched off something—a storm blew up. Now, I can't recall, in my 48 or 47 years that I have spent in this business, I can't recall any similar instance. Now, so, that is why I say that the phrasing of your question and particularly the phrase "hanging on the ropes" does not, in my opinion, accurately reflect what is happening. I am not saying this to challenge anything you may have in mind in pursuing this, but as far as possible to state the situation that happened accurately, so we will have the background accurately in our minds.

Q. Thank you, Mr. McLean. I said when I started that I thought I had done the thing inelegantly, and I think I am correct still in that statement. However, we have it; but I had hoped that I could shorten the questioning by using that same inelegant phrase. However, we have had evidence here that prices to the consumer went up in January of 1948, all over Canada. And we have had evidence also, Mr. McLean, that there was what was known as a consumers' strike in Vancouver; and we have also had—

Mr. Merritt: And a very effective one too.

Mr. Dyde: —and we have also had evidence of consumer resistance not amounting perhaps to a strike; but I was trying to sum up that situation in January in my question without having to go over a large field; and I think you know what I mean when I ask, is that a desirable condition? Is it desirable that we should have a condition in the meat industry or in the business of the housewife buying meat when the consumer has to take such drastic steps as to exercise consumer resistance? Do you think that a situation leading up to that is desirable?

The WITNESS: Well, the situation leading up to that was inevitable.

Mr. Dyde: That still is not answering my question.

The Witness: Oh, yes. I understand fully your question. The situation was caused by world conditions that no person or organization or group of organizations or group of housewives could alter. Prices were advanced by world conditions. It happens that the prices in this case on bacon were advanced by certain government action or by a contract. But to ask me whether that is desirable or not it seems to me contributes nothing whatever.

Mr. Lesage: Oh, well; that is a question the committee will have to decide.

The WITNESS: Pardon?

Mr. Lesage: That is a question the committee will have to decide if the questions counsel is asking should not be asked; we will decide that. It is not up to the witness to decide, but just to answer. I think it is about time this witness realized that he is here as a witness and that all he has to do is just to answer the questions put to him.

Mr. Johnston: May I suggest to Mr. Lesage that the witness would not be responsible for government policy. What he is stating there is that the rise in price for bacon was the direct action of government policy through the United Kingdom contract.

Mr. Lesage: On the point of order, Mr. Chairman; what Mr. Johnston is saying now has nothing whatever to do with the questions being put by counsel.

The Chairman: I take it Mr. McLean will appreciate that the committee has to decide whether or not a particular situation is desirable or otherwise. I do not think Mr. McLean really meant it that way.

The Witness: The last thing I wish to do, Mr. Chairman, is to be discourteous to Mr. Dyde or to the committee.

The CHAIRMAN: Yes.

The WITNESS: But I have no idea that anything I had said would justify such a reproof as Mr. Lesage has just given me.

Mr. Lesage: You said it was not a question you thought should be answered.

The Chairman: No, he did not think it was a question he should answer; he did not think it was a question he should be called upon to answer.

Mr. Johnston: And he was pointing out that he was not responsible for government policy.

The CHAIRMAN: All right, Mr. Dyde.

Mr. Thatcher: May I ask a question there, Mr. Chairman?

The Chairman: I think Mr. Dyde is examining now, and we have had five different members speaking.

Mr. Thatcher: But Mr. McLean made one statement I would just like to examine him on; on the question of whether he thought it desirable that a situation of that kind should be permitted to develop; and Mr. McLean I think said, in substance perhaps, that it was inevitable; it would not have been inevitable if the price ceilings had remained on. Could I have an answer to that, Mr. McLean?

The Witness: Well, this particular advance in bacon would never have occurred if the price ceilings had remained on. I don't suppose you are asking me for my opinion as to whether that is sound policy or not?

Mr. Thatcher: No, not at all; just that you said that the increase in price was inevitable.

The Witness: The price went up because the contract price for bacon went up. It is very simple.

By Mr. Dyde:

Q. Mr. McLean, I would like to make it clear to you, as well as to certain members of the committee, that I am not asking you as to whose responsibility it is. I am simply asking if you think a condition such as we are discussing is desirable?—A. It is not a condition. It is an incident for one thing.

Q. I do not really care what you call it; is it desirable, or not?—A. I find it extremely difficult to answer that question. It is the same question you asked

me yesterday and I do not see the significance of it.

Mr. Dyde: I am finished, Mr. Chairman, as far as that is concerned. I have asked the question, which I think is a proper question, and I have tried four times to get an answer.

Mr. Lesage: And the witness had evaded the answer.

The Chairman: I think you are wrong there, Mr. Lesage; I do not think the witness is evading.

Mr. Lesage: I think he is.

The Chairman: I want to be fair to this witness. I do not think he is evading it. He has been asked if that is a desirable situation. The question is undoubtedly a proper question. He simply says in effect he does not see how he can answer it. We are to accept that answer and we have to make our own appraisal of it.

Mr. THATCHER: Desirable to whom, Mr. Dyde?

Mr. Dyde: I would be glad to make it desirable to anybody—to the meat industry, to the consumer, to the Canadian public, to Canadian economy—is it desirable from any possible aspect.

Mr. Maybank: I am really surprised the witness has not answered it long ago. It seems to me that the question is virtually a leading question suggesting its own answer, and the answer is, no. Nobody likes that condition. It is not desirable.

Mr. Thatcher: Possibly the packers don't agree with that.

Mr. Maybank: I am surprised the witness has not said it is not desirable. But I don't know, I do not know whether he is seeing this from the viewpoint of the English parliamentarian of whom it is said he would not admit that two and two make four until he knew what use was going to be made of the answer.

The Witness: The implication is that I don't want to answer. I do not know what the answer is.

Mr. Maybank: One would suppose the obvious answer would be one in the negative.

The Witness: I think there are many people who would say that that was an extremely useful question.

Mr. Maybank: Well, what does that mean?

Mr. Fleming: Might say that that was "useful"; who is that?

The Witness: The housewives. That is what Mr. Dyde was asking me about.

Mr. Fleming: Oh, no.

Mr. Maybank: No, he meant the whole picture. Is that desirable, to have a policy where prices go up and they won't come down unless women go on strike and then when they go on strike prices come down and it starts all over again, whip-sawing back and forth of prices and general exasperation in the community and that sort of thing. What about that condition?

Mr. Merritt: Mr. Chairman, I would like to make an observation here coming from Vancouver. I am not aware that there was a strike of housewives in Vancouver. I do not think there was any organization at all among the

housewives of Vancouver. They just decided independently and as individuals that bacon had gone up too high and just quit buying. I know I did it in my own family. I did not consult anyone else. I do not think it was a strike. Really, what is was was buyers' resistance; and I think there is an important distinction between a strike and buvers' resistance.

Mr. Dype: I would like to say in explanation of my remarks that I should have said, if I did not say it, that it was what was called a consumer's strike. I should have said that. One of the witnesses said that is what it seemed to be.

Mr. Merritt: I am very much in favour of buvers' resistance. I want

to bring that out.

The WITNESS: Of course, I think that happens. That makes a contribution to it. That is the way our economic system operates. When prices get too high people stop buying. Now, in so far as it is an exemplification of that, it is not only desirable, it is inevitable. When housewives make up their minds they can't afford to buy any food at the current price they stop buying.

Mr. Fleming: Has Mr. McLean finished his answer?

The CHAIRMAN: Yes. You have finished your answer, Mr. McLean?

The WITNESS: Go ahead.

By Mr. Mayhew:

Q. As I understood the buyers' strike at the coast, it was not against meat generally but principally against bacon and the high priced cuts of beef?—A. That is right.

Q. Would you tell me, did you put the whole cost, I mean the whole of the extra cost of the hog into bacon, leaving the head, the hocks, the shoulders and so on at the same level of price as they were before?—A. Oh yes. That is what happened because there was no other pork under control. These other things were not affected by that bacon order. The values continued just the same, so the extra cost of the hog went on the higher priced cuts.

Q. And then people just switched from buying bacon and the extra high priced cuts of beef to the cheaper grades of meat. Is that what happened?—A.

Q. Where did you get the extra quantities of the cheaper grades of meat to supply the domestic market; was that because you were sending your bacon away and leaving a larger volume of extra cuts available?—A. I do not understand

Q. If you were only sending your bacons and hams to England you would have left the heads, the shoulders and the hocks for the local market, wouldn't you?—A. Yes, but the product that went to England was not the cuts of bacon we use at home. It was the Wiltshire sides.

Q. I know that.—A. You spoke about bacon and hams. Then you are leaving no room for some of the things that we do not sell with Wiltshire side. You see, we do not sell the Wiltshire side in Canada for the domestic trade. We

sell these special cuts.

Q. Well then the inferior grade of bacon also took quite a jump in price?— A. What happened was the price went up \$5.50, and as I recall it certain products amounting to about 20 per cent of the hogs were not affected at all. They did not go up. Lard, which is just a secondary product was under control and is still controlled. The other minor products were not affected. Their value was not advanceable by reason of the fact that the price of hogs advanced, so that the extra price had to go on to cuts of bacon and hams and shoulders and so

Mr. Lesage: That would include cottage rolls, boned shoulders, hams and so on.

The Witness: The prices remained the same on most of them.

Mr. Lesage: Yes, I know, and although they did not go up at all—they remained at the same price and it was just the fancy cuts that went up, but there was no advance in your margin of profit?

The WITNESS: There was no advance in the packers margin of profit, no.

The CHAIRMAN: All right.

By Mr. Dyde:

Q. Mr. McLean, you used the phrase a minute ago that something was not only desirable but inevitable. Were you referring then only to consumer resistance or buyer resistance, or did the phrase you used in your answer apply to the

industry itself.—A. Consumer resistance?

Q. No, I am asking whether you are going to give me an answer?—A. Consumer resistance is present always and is the whole genius of what we call the competitive system. At critical times which occur periodically over the years, the same condition or the same combination of conditions makes consumer resistance active and vocal. Now you are asking me whether that is desirable. I do not know how to answer the question.

Q. That was not my question. You used the phrase that a certain circumstance was "not only desirable but inevitable", and I am trying to get from you what it is that was "not only desirable but inevitable"?—A. I think I used the word "inevitable" in connection with the advance in the level of prices brought

about by world conditions.

Q. And was the word "desirable" attached to the same thing?—A. "Desirable" was not my word at all. "Desirable" was your word, and I do not know

how to answer you.

Q. I will have to ask the reporter to go back to the place where I think Mr. McLean used the phrase that something was "not only desirable, but inevitable".—A. I recall now, that was in connection with Mr. Merritt's remarks. He spoke of what happened in Vancouver, and I said what happened there was not only desirable but inevitable.

Q. I asked you exactly to what you are referring, the buyer resistance, or

the general condition?—A. The buyer resistance.

Q. Now then would you go one step further and reverting to the original question which started this controversy, was the general condition which existed in January 1948—where we had retail prices going up, the consumer paying more, and then exercising consumer resistance—was that general situation in your view desirable?—A. I do not know why you are asking me that question and I do not think it is a useful question.

Mr. Lesage: May I ask the chairman to draw the attention of the witness to the fact that—

By the Chairman:

Q. I think the question is a proper one, Mr. McLean. I said earlier that if your reply was that you did not know, or that you did not think you could answer, the reply would be accepted and the committee would have to judge as to the adequacy of the reply. I think the question is a proper one.—A. Then you think the answer I have given is a proper one—that I do not know how

to reply.

Q. I do not say it is valid or invalid; that decision is for the committee, but if you say you cannot reply we will accept the answer.—A. Mr. Lesage's comments seem to indicate that I am trying to evade the question and actually nothing is further from my wishes. Canada Packers have given to Mr. Dyde not only all the information which he asked for but a great deal more, and I have been doing my best to be of assistance in these discussions. I do not like comments, the implication of which are that I am trying to evade something.

Mr. Dyde: Well have you no view on the question?

Mr. Mayhew: The committee does not like the witness to say that he does not think the question is a useful question. It is hardly for the witness to say that. The witness may say he cannot answer.

The WITNESS: If it will help I will say it is desirable, and, if it will help you more, I will say that is is not desirable. I do not know how to answer.

By Mr. Dyde:

Q. You have no view?—A. I would rather let it stand as I have expressed it.

Q. I have no further questions of this witness.

Mr. Thatcher: I have quite a few questions.

Mr. Lesage: How many-200?

Mr. THATCHER: Oh, no.

The Chairman: Mr. Thatcher, you asked me to recognize you and I recognize you. I will recognize Mr. Lesage when you are finished because he has asked for that recognition.

By Mr. Thatcher:

Q. All right. I wonder, Mr. McLean, if we could refer first to page 44? We went over this matter yesterday but I would briefly like to make the point again. You show inventory reserves—the 1948 figures—as being \$626,000. Yesterday I think you stated that amount was not allowed as a deduction for income tax purposes?—A. No.

Q. So far as your last fiscal year is concerned, without anticipating losses, you will agree that \$626,000 was actually a profit in the period?—A. It could

have been-

Q. It was a profit?—A. It could have been put in the report as a profit. We have not treated it as a profit but we have set it aside to meet what we consider

will be inevitable losses later.

Q. Yes, but since 1940, according to your report on page 44, you have set up \$4,626,000 as an inventory reserve. I think you stated yesterday that none of this has been allowed by the government for income tax purposes?—A. That is correct.

Q. For the company?—A. In regard to this preceding item of \$4,000,000, the company has paid the normal corporation tax under the terms of the act,

but it has not paid the excess profits tax.

Q. Yes?—A. If we are required to meet deflation losses there will be no further tax. However, should the sum not be required for that purpose, and should it be written into the general assets of the company, then the company

will have to pay income tax on the appropriate years.

Q. Would it not be fair to say then that the actual value of your inventory today as shown on the balance sheet—I have not got the last one—but your actual inventory is \$4,626,000 greater than you show on the asset side of the balance sheet.—A. It is true, as far as the \$4,000,000 is concerned—but the balance sheet has not been published for 1947 and I am not sure how the \$626,000 will be set up.

Q. If we look at page 18 of the statement the figures there would, I suppose,

be correct?—A. Yes.

Q. Perhaps you would look at the depreciation account for a moment? Have you got those figures there?—A. Of what are you speaking?

Q. You stated yesterday your company had charged approximately \$900,000

for depreciation in the last year?—A. Yes.

Q. And you were going to try to get the figures today as to how much was to be allowed by the government?—A. I can give you the figure with respect to the amount disallowed? The disallowed portion was \$5,779,485.

Q. That is altogether? How much was there out of the \$900,000 set aside last year which was disallowed?—A. \$390,000.

Q. In other words during 1948 the government would say you had over-depreciated your assets by \$390,000?—A. The government would not say that

at all.

Q. They did not allow it to you?—A. No, but this is a very common practice. The government allows depreciation on a standard pattern. Buildings are allowed at the rate of $2\frac{1}{2}$ per cent and machinery is allowed at another rate—I just forget the exact words you used—

Mr. Maybank: He said the government would say you had over-depreciated your assets?

The WITNESS: Oh yes.

By Mr. Thatcher:

Q. By \$300,000 odd?—A. Neither the government nor anyone else would

say we had over-depreciated.

Q. Let me put it this way—they would not allow you to deduct the \$390,000 for income tax purposes?—A. The government allows us our depreciation for income tax purposes according to a fixed pattern.

Q. To the value of \$570,000 and not \$900,000?—A. That is right.

Q. Now on page 2 of your brief you show that the capital structure of your company at its inception—if I understand this correctly—was \$22,704,000?—A. That was the total of the bonds, preference stock and common shares.

Mr. Maybank: Just a moment. Is there not a difference between the way Mr. McLean is answering and the words used by Mr. Thatcher? I would like to have it clear. Mr. Thatcher used a certain expression and the witness used a certain other expression. Do they equate?

The CHAIRMAN: Mr. Thatcher used the words "capital structure".

By Mr. Maybank:

Q. Yes, but I wish to understand the question and the answer. I do not know whether Mr. McLean's answer is in conformity, or whether there is some variation by reason of the use of different terms. Is there a difference, Mr. McLean, between the way you put it and the way Mr. Thatcher put it?—A. I am glad you raise that point. Capital structure is a rather indefinite term, but the obligations on the liability side of the balance sheet were bonds \$8,512,000; preference shares \$6,636,700; common shares \$1,413,738; appraisal surplus \$6,142,108; the total amount being \$22,704,000.

Q. That is what you understand by the expression "capital structure"?—

A. Yes.

Q. And if Mr. Thatcher is using the expression that way everything is all right.

Mr. Lesage: Mr. Maybank, those are the words used in the company's brief.

Mr. Maybank: I know, but I just want to make sure that there is not some change in the meaning.

The Chairman: I do not know whether it is an important point but it says here "the capital structure of the company at its inception consisted of—".

Mr. MAYBANK: Yes.

The Chairman: That expression could very well mean that the capital structure of the company generally may consist of more, but in this instance all it consists of is bonds, preference shares, common shares, and appraisal surplus.

By Mr. Thatcher:

Q. \$22,704,000 is the figure shown. Yesterday I asked you, Mr. McLean, for the figure which was involved in the original transaction when Canada Packers was set up, and I understood you to say the figure was \$22,704,000. Am I correct?—A. This thing is quite clear but your question is rather obscure. I think it would be better to let it stand just as it is shown in the statement.

Q. No, I do not think so, Mr. McLean. I think it has quite a bearing?—A. Please tell me what you have in mind and I may be able to answer you more

fully.

Mr. Lesage: Mr. Chairman, may I ask you to remind the witness that what the membr is asking is a question; what the member has in his mind is not the business of the witness. The witness does not have to know what Mr. Thatcher has in his mind. The witness is only answering the questions put to him, and I have been speaking about this matter since yesterday.

The WITNESS: Mr. Lesage—

Mr. Lesage: I was talking to the chairman and I do not need comments from the witness.

The WITNESS: I will address the chairman. This is the third lecture which Mr. Lesage has given me on deportment.

The CHAIRMAN: May I suggest, Mr. McLean, that Mr. Thatcher is now examining you; what he has in his mind is obviously within his own sphere, and I think it would be best if Mr. Thatcher would put the questions and if you, Mr. McLean, would answer as best you can.

Mr. Fleming: There should be this reservation, Mr. Chairman, and the reservation always exists for any witness who does not understand the question—

The CHAIRMAN: I have already made that clear.

Mr. Fleming: The witness may ask to have the question put in such a way that he will understand.

Mr. Thatcher: Perhaps the difficulty is because I do not understand these figures. I cannot reconcile the \$22,704,000 which you stated yesterday was the figure set up as the capital structure of the company, with the figure which appears on page 2287 of the Steven's report. In that report it states that the consideration given for the business, as I understand it, was \$11,329,711.

Mr. Fleming: What did that consist of?

By Mr. Thatcher:

Q. Cash, bonds, and certain common shares. Now I cannot reconcile that figure with the figure you show on page 2 of your balance sheet—A. I understand. I am sorry, you mentioned this matter yesterday and I intended to look for the answer but I forgot. I am sure there is a simple explanation. The statements in that Steven's report which have to do with the balance sheets of the company are all accurate statements because they were prepared by competent accountants. Nearly all the other statements regarding the packing industry, contained in that report, are inaccurate and misrepresentative. It was a weighted and prejudiced report from the beginning.

Q. May I quote just a couple of lines from the inquiry?

Mr. Fleming: Are you reading from the evidence given or the report of the committee?

By Mr. Thatcher:

Q. I am reading from the evidence given either by the company or the government auditor. Is Mr. Shepherd your accountant, or was he employed by the government?—A. He was the accountant employed by the government.

Q. His statement would probably be reliable?—A. Yes.

By the Chairman:

Q. Were you at these proceedings yourself, Mr. McLean?—A. I was present for some of the meetings.

Q. Were they as monotonous and as trivial as these proceedings?—

A. Pardon?

Q. Were they as monotonous and as trivial as these proceedings?

Mr. Thatcher: Could I pursue my point?

Mr. Johnston: That is a terrible reflection, Mr. Chairman-

The CHAIRMAN: I am using the words "monotonous and trivial" with quotation marks around them—to meet another situation.

Mr. Fleming: It is an inaccurate quotation, Mr. Chairman.

By Mr. Thatcher:

Q. The question asked in this report was "—does that indicate that the total amount paid by Canada Packers for all the shares in these four companies was paid for by the sum of \$11,329,711.61—" and the answer was "yes". The next question is "so the Canada Packers therefore considered that the assets they were acquiring were worth \$11,329,711.61?" and the answer is "presumably". The next question is "and they paid for those assets that amount of money?—" and the answer is "yes". The next question is "or rather, they paid that amount for these assets?—" and the answer is "for those stocks, and the surpluses in each company".

In other words, Mr. McLean, the value of the assets and liabilities involved in the original purchase of Canada Packers was actually only \$11,329,000 odd, is that right?—A. I cannot say from those figures what the explanation is.

Q. I cannot understand it either?—A. There must be some very simple

explanation.

Q. That was the amount involved in the transaction according to this evidence?—A. Do not ask me to answer because I have told you I cannot reconcile those figures in the Steven's report with the present figures.

Q. I am wondering why that figure of \$11,329,000 was not given to the committee instead of this figure of \$22,000,000?—A. The \$22,000,000 is correct and I have no doubt that, with an explanation, the other figure is also correct.

- Q. Well it says here very definitely the consideration given was \$11,329,000.

 —A. Is that statement made by the auditor of the company or is it made by the committee?
- Q. I do not know who put the statement in but I suppose it was the government?—A. Remember, I told you that report is full of inaccuracies and misrepresentations.
- Q. The answer given by the auditor when he was asked whether the \$11,329,711 was the consideration was "yes".—A. If that is the auditor's statement, then I am saying there must be a simple reconciliation between the two sets of figures.
- Q. In any event the consideration which you show on page 2 of your brief seems to be double the figure shown on page 2287 of the Stevens' report?—A. I will undertake to clear the point up quickly; I am sorry I have not looked it up as yet.
- Q. I wonder if you could give the committee without too much trouble—and if it is difficult to obtain you could give the figure later—the total repair charges. I think the average which you show is \$400,000?—A. It would be at least that amount but I have not got the figure.

Q. Would not that figure indicate that your plants are being kept pretty

well up-to-date?—A. Yes.

Q. They are actually modern and up-to-date?—A. They are not as modern as we would like because machinery has been hard to get during the last eight years.

Q. Could you tell the committee the total amount you have written off since

the inception of the company?—A. I do not know.
Q. Is that in your balance sheet?—A. I have it from 1936. I think you will find the figure is \$11,391,000, by comparing the original balance sheet with the

present balance sheet.

Q. On page 19 you show provision for depreciation of fixed assets as \$17,319,000, and there is another year to be taken into consideration which would bring the figure to \$18,219,000 at the present time?—A. At the present time it is \$17.319.000.

Q. Yes, that was last year but at the moment the figure would be higher

by approximately \$900,000?—A. Yes.

Mr. Mayhew: What was the date on this item of appraisal? The figure below is made at August 25, but what date should be put on the first paragraph of page 2?

The WITNESS: August 15, 1927.

Mr. THATCHER: Mr. McLean, back in 1934 according to this evidence, Mr. Sommerville questioned you regarding what he thought was very high depreciation which you were charging against the company at that time, and I would like to quote a couple of lines from 2554 of the Price Spreads and Mass Buying Investigation.

The CHAIRMAN: What are you quoting from?

Mr. THATCHER: The Price Spreads and Mass Buying Special Committee Report. On page 2554 Mr. Sommerville says: "According to the auditors, that depreciation allowance, if continued for six and a half years or six and threequarter years on the same basis, will entirely wipe out all the depreciable assets of the Canada Packers."

Now I do not know whether you were speaking for your company or not, but whoever was speaking for you says: "we have got to the point now where we propose to lessen our depreciation. We have not done that at the present time, or up to the present time. I am not sure we will do it this year, but if we do not

do it this year, we certainly will do it next year."

Mr. Fleming: What page is that?

Mr. Thatcher: 2554 of the Price Spreads Investigation.

Mr. Fleming: And the last quotation was at the same place?

By Mr. Thatcher:

Q. Yes, both quotations are at the same place. Apparently, instead of lessening the depreciation figure you increased it in the years which followed?

—A. No, we have not increased it.

Q. I have the figures here?—A. The amounts may have been increased because of the increased values and added construction. The amounts may have been increased, but the rates or schedules upon which we calculate the figure were not increased, they were maintained.

Q. Did you purchase new factories or anything like that in 1934 and

1935?—A. We have built two plants since then.

Q. But during those years?—A. I do not know.
Q. I do not know of any which you built then? I think your explanation is partly correct and you have acquired new assets, but I think in the years following your depreciation instead of dropping has gone up.

Mr. Johnston: Are you speaking of the amount or the rates?

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By Mr. Thatcher:

Q. No, I am speaking of the amount.—A. I will be glad to clear up the question you are asking. We announced a certain policy at that time. I do not recall the policy and I do not recall who the witness was—it might conceivably have been myself.

Q. You were the witness yourself.—A. All right.

Mr. Lesage: Yes, you did give the answers.

The Witness: That means that we changed our minds—I think we were correct in so changing and I make no apology about the change. I do not think there need be any explanation.

By Mr. Thatcher:

Q. It is all right, but the fact remains that in the past twenty years you have written off in depreciation an amount which is 161 per cent greater than the original value of your assets on the investment?—A. Oh, that is impossible.

Q. They are your own figures? You said a minute ago that the depreciation was \$18,219,000 to date and the figure given for the assets was a little

over \$11,000,000?—A. What were the assets?

Q. The consideration given for the assets according to page 2287 of the Steven's report was \$11,329,711.—A. You are quoting constantly from that

report and I again make a comment.

Q. You stated this was correct?—A. No, no, the first thing I said when you mentioned that report was that it was a storehouse of misinformation. That is what it is, and Mr. Sommerville is dead so I will say nothing further about the way the investigation was conducted.

Mr. MAYBANK: If he were alive you would express yourself differently?

The WITNESS: I wish he were alive.

Mr. Maybank: Did you not say, in connection with that point, that the figures supplied by the auditor would be correct and that is particularly true if the figures were supplied by yourself.

The Witness: As far as any statements submitted by the accountants are concerned they are correct, of course.

By Mr. Thatcher:

Q. This statement was submitted?—A. Pardon?

Q. This statement was submitted by the accountant?—A. You are asking me to recall figures which are thirteen or fourteen years old. There is evidently a discrepancy and I am sure it is explainable, but I do not know what the

explanation is.

Q. Would it not be correct to say that to the extent which you have over-depreciated your assets there is an additional profit which is available for future use of the stockholders?—A. Mr. Thatcher, in our judgment, we have not been over-depreciating our assets. We have been following what we consider is sound business practice. It is true that our depreciation has become a very substantial amount, but I do not think any business man would challenge the practice that we have followed.

Q. Would I be correct in assuming that for the last twenty years you have been taking depreciation on \$23,000,000 at which you place the value of your properties instead of the \$11,000,000 allowed you by the taxation authorities?—

A. Right. Yes, we depreciate on the full book value.

Q. Do you think that is——A. Pardon?

Q. Is that sound business practice? I suppose it is sound.—A. Of course. That is the view that is held, or would be held by 99 business men out of 100.

Q. I see, that practice would naturally be generally considered sound. Is that so, have you taken depreciation on the \$23,000,000 and not on the amount on which you are allowed to take depreciation under income tax regulations? Maybe I am repeating a bit, but I want to point out what amount you set aside for depreciation.—A. I have all along said that we have set up for depreciation more than is permitted as a deduction by the government for purposes of taxation.

Q. You have depreciated on a basis of 161 per cent of the original consideration you paid for the business?—A. You have the figures in the balance sheet. I don't know. I can't recall at what price the fixed assets appeared on the original balance sheet. Whether or not you are correct would depend on that. My recollection is that that value of the plant when the company was formed was \$23,000,000. I haven't got the first balance sheet but I have the second one here, and I can tell you that in 1926, just eight months after the formation of the company, the fixed assets were \$18,999,904—just under \$19,000,000.

Q. What have you got on the liability side as depreciation of fixed assets or surplus on appraisal? What have you got as surplus on appraisal on that same

balance sheet?—A. \$6,000,000.

Q. Is that reserve? What is the surplus on appraisal then?—A. That surplus on appraisal has been explained to the committee once before. We took over three businesses that had gone through a long period of difficulties. We naturally bought them at less than their book value. They were worth \$19,000,000. We bought them for \$5,000,000 or something less than that.

Q. In other words you wrote up your assets on one side and set up this reserve on the other?—A. We didn't write up our assets at all. We set up buildings at their proper value and we set up an appraisal reserve to show the

amounts.

Mr. MAYBANK: What is appraisal reserve?

Mr. THATCHER: Excuse me just a moment, if you don't mind.

By Mr. Thatcher:

Q. Would that be a proper figure? And when you bought the company you did not pay that for them, you didn't think they were worth that when you bought them?—A. Not at all. They were worth that. Mr. Thatcher, your questions are coming pretty fast.

Q. I'm sorry.—A. And you are not giving me time to answer them.

The CHAIRMAN: That is my fault.

The Witness: This situation is very simple.

Mr. Fleming: Did you say it was simple?

The Charman: Mr. Fleming, may I point out to you; this is the first time I have said this; it is customary to pay certain respect to the chair, which on occasion you have not done.

Mr. Fleming: I quite agree, Mr. Chairman.

The CHAIRMAN: All right, Mr. McLean.

Mr. Fleming: About respect for the chair.

The CHAIRMAN: Proceed.

The Witness: Now, for a moment, I just forget what you were talking about.

Mr. Thatcher: We were talking about the appraisal reserve of \$5,660,000 odd on your balance sheet.

The WITNESS: If you were buying three businesses which had been losing at the rate of \$1,000,000 a year for eight years would you buy them at your full asset value or something less?

Mr. Thatcher: I should ask the questions, Mr. McLean.

The WITNESS: Am I right in saying that?

The CHAIRMAN: I think that is a perfectly fair observation.

By Mr. Thatcher:

Q. Well then the point is that when you bought the company you did not pay anything for these assets?—A. Didn't what?

Q. Pay anything for these assets, assets amounting to \$5,663,000; You

didn't give any consideration?—A. No.

Q. Your answer was no?—A. You know all the answers to these questions just as well as I do. You worked for Canada Packers for two years.

Mr. Lesage: That was an advantage.

Mr. Johnston: Could we ask you what bonus you got?

The Witness: I know perfectly well that you understand these things as well as I do.

Mr. Maybank: Mr. Thatcher is only helping you to inform the committee. Mr. THATCHER: Yes.

By Mr. Thatcher:

Q. Well, you stated a minute ago; at least I stated, shall I say; that the original consideration given for the company was \$11,300,000, according to this report—and you were going to reconcile that for us.—A. We will reconcile it

for you. I will undertake to get the explanation of that.

Q. But of that amount, the consideration you gave for it included \$2,571,000 odd in cash. That is correct. I am taking it from this report. Perhaps I should say, according to this report. I will put it that way.—A. I cannot recall the details. But I wish you would not ask me to say yes or to confirm anything in that report because unless it is an auditor's statement I say it is wrong.

Q. Well, this is an auditor's statement, Mr. McLean.—A. I doubt if it is.

Q. Well, you can verify it. You included in the purchase price, there it is in the \$11,000,000 odd, \$650,000 in collateral trust bonds and \$6,600,000 in redeemable preference shares. That is the estimate of the consideration that you gave. Since that time I think you built fairly modern plants at Edmonton, Winnipeg and Vancouver.—A. No. Winnipeg was already built. That was built in 1925. Q. But you have a new one there. That maybe was switched.

Mr. Lesage: Mr. Chairman, I would like to suggest that if we are going to to be able to follow these questions, and I would like to be able to follow Mr. Thatcher's questions, we should have the capital structure of the company year by year from its inception up to the present time; otherwise it will not be very clear, and we will not be able to question the witness with regard to the capital structure intelligently. What is it you have there, Mr. Thatcher? Is that the auditor's statement?

Mr. THATCHER: Yes.

By Mr. Thatcher:

Q. There is one other question which I think is quite relevant to what we are trying to get at. Since 1927, since you formed the company, have you or your shareholders put back in, or put in extra money into the company, aside from the earnings that you have made?—A. No.

Q. None?—A. No.

Q. In other words, the only actual cash put into the Canada Packers since its inception aside from its earnings is that figure of \$2,571,000?—A. I do not know what that is.

Q. That is what it is according to this.—A. I really do not remember what that item would be. If that is an auditor's statement I am sure it is correct, but I cannot remember anything about it. But if it is a statement made by Mr. Sommerville it is 100 to 1 that it was inaccurate.

Mr. Lesage: I do not see how we could ask the witness to answer the questions he is being asked if he has not a copy of this material before him. He does not know what Mr. Thatcher has before him.

The CHAIRMAN: What is that, Mr. Lesage?

Mr. Lesage: I said that when Mr. Thatcher is asking questions of the witness from material which he has in front of him the witness should also have a copy of it so he will know to what Mr. Thatcher is referring.

Mr. THATCHER: Yes.

The CHAIRMAN: Then probably we should find out. Mr. Thatcher, you are reading the statement of the auditors now?

Mr. THATCHER: Yes, and of Mr. McLean.

The CHAIRMAN: Really, the fair way is to read the question and the

Mr. Thatcher: Well, Mr. Chairman, this is a chart which was read into the evidence.

The CHAIRMAN: The proper way would be to say, now on such and such an occasion you were asked the following question and you were reported as having given the following answer; is that right? And then make your comments.

Mr. Thatcher: All right, I will try to proceed along those lines, Mr. Chairman. I am not an expert at this kind of thing.

The CHAIRMAN: You are doing very well.

By Mr. Thatcher:

Q. But, Mr. McLean, you did say that \$2,500,000 was the amount of cash originally involved in your company; as far as cash was concerned, irrespective of any other consideration?—A. \$2,500,000?

Q. \$2,500,000, yes.—A. I never said anything like that.
Q. Bonds and debentures extra, but the actual cash involved was only \$2,500,000?—A. Do you mean that was the amount of working capital at the time?

Q. Yes.—A. That may be correct or it may not. I cannot remember. But when you speak of working capital and investments—they are entirely different things, as you must know.

Q. Oh, yes, admitted; but you said that this is the amount of cash.—A. I

didn't say that. You know that.

Q. Well, I will state it.—A. I have told you I do not know what it is at all. It might quite conceivably be working capital. I have not got the original balance sheet with me.

Q. All right. I will proceed from there then. In the last twenty years you

have paid out \$650,000 on bonds?.—A. Yes—no, \$8,000,000 on bonds.

Q. But \$650,000 is the amount—

The CHAIRMAN: \$8,500,000.

By Mr. Thatcher:

Q. Six per cent, second class collateral Trust bonds. \$650,000—you paid those off, did you not?—A. There were \$8,500,000 in bonds and they are all paid off.

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Q. And that is the book value of the bonds perhaps, Mr. McLean; would that be it?—A. Oh, no; that is the amount of the bonds; and they were paid off at face value.

The CHAIRMAN: They were the Harris Abattoir bonds and the Collateral Trust.

Mr. Thatcher: Oh, yes. That was done, apparently, and that cost the company about the amount of the bonds at their face value.

By Mr. Thatcher:

Q. I am asking you if you paid off the second collateral trust bonds in

the amount of \$650,000?—A. \$650,000—there is no such figure at all.

Q. That is what is here. It could be wrong.—A. The bonds as I recall them —I have them here—Harris Abattoir Company had outstanding \$3,975,000 of bonds.

Q. That is in the old company?—A. Harris Abattoir.

Q. Yes. You don't suggest you paid that amount for them, do you, Mr. McLean?—A. Of course. How do you think they would get money from bonds?

Q. Just a minute now.—A. You sell bonds and you get the money from the public.

Q. No— A. That is also bonds that were owned by the public. The Harris

Abattoir Company had that amount of bonds outstanding.

- Q. All right, I will accept that.—A. We got—now I am answering your question—William Davies had \$237,000 outstanding. In order to make an amalgamation of these four companies possible it was necessary to get from the bank an additional \$2,500,000, and that was got from the bank by issuing the bonds on the property—the property of the companies were already covered by the bonds and could only be got by getting it, by issuing Collateral Trust bonds against the shares of the company. Now, that is a total of \$8,512,000, and they are paid off. It is a very simple matter, but I do not see what your view can be.
- Q. I am just trying to find out. I am just trying to get information. I am not saying you are wrong; I just want to find out.—A. I can help you. You have been trying to establish this, and I will tell you in advance that it is correct; that the common shares of this company on the original balance sheet were valued at \$1,413,000, plus \$6,142,000—which is \$7,555,000; and you are going to say that after heavy depreciation and after having paid off the bonds and the common stock that the company is making a profit of approximately \$1,800,000, and that is a very big return on the original investment of \$7,000,000. Isn't that what you are trying to say?

Q. Partly, not completely.—A. Let me answer that part of it anyway, since

it is a part of it.

Q. Yes.—A. It is true that the original investment was what appears on the balance sheet, \$7,500,000. The common shareholders went without dividends for eight years of necessity because the money had to be retained in the business to build up working capital. But if you are taking the original investment I suggest that it would be helpful if you go back another seven years to the year 1919. Canada Packers took over four companies and of these four companies it just happened that three of the companies were in difficulties, and the shares were sold to the public for cash money in 1919, and the amount that the public paid for those shares in the company was \$20,000,000 in cash money in 1919. So that if you are talking about the investment that is represented to Canada Packers, Canada Packers shareholders had an inheritance, an investment of \$20,000,000 in 1919, on which practically no dividends were paid for 17 years.

Q. Yes, Mr. McLean-

Mr. Fleming: Just a moment there; the witness made, I think, an unintentional slip. He spoke of them as being common shares. I think they were preferred.

The WITNESS: Did I? I meant preferred.

By Mr. Thatcher:

Q. May I proceed again. On that original investment you paid off your bonds since that time. You have paid off your \$6,000,000 odd redeemable preference shares?—A. That is right.

Q. You have set up an earned surplus account of more than \$14,000,000?

Q. You have acquired fixed assets which you value yourself, I think, at \$25,000,000, less the reserve?—A. Correct.

Q. You have acquired working capital of approximately \$11,000,000?—

A. That is right.

Q. You set up an inventory reserve against future losses and depreciation of inventories of \$4,600,000?—A. That is right.

Q. You have paid out dividends totalling \$10,716,000?—A. That is right.

Q. Over the last 14 years. In other words, you have done all that simply by the earnings of the company. There has been no more money plowed back

now for 20 years?—A. You are quite right.

Q. Well now, with that small original cash investment you have acquired assets, principally those to which I have just referred, having a value today of \$40,000,000 odd?—A. And we have done it by operating, by processing livestock and the other forms of activities in food; and the highest profit made in any one year, and that has been by reason of a large volume—which between 1936 and 1948 was \$1,890,000,000, on 15,000,000,000 pounds of product. And the highest profit that has been made in any year in the thirteen years is ½ cent a pound.

Oh yes, that may be Mr. McLean; but the point I am trying to establish is that with that small original investment you paid teriffic income tax, set up solid reserves, paid bonuses to your employees, and you have assets today of about \$40,000,000. I am suggesting that in the 20 years you must have—and a lot of credit to you—made very very heavy profits.—A. May I make some comment on what you have just said. We paid \$21,000,000 in taxes. Do you

think that has been a contribution to the national welfare?

Q. Oh yes, indeed.—A. We have paid \$10,000,000 in bonuses to our employees as against \$10,000,000 of dividends to our shareholders. Have you

any fault to find with that?
Q. None whatever.—A. You see, that is the song that a certain group of people have been singing in regard to Canada Packers for a great many years. That same group never refer to Canada Packers except as an oppressive monopoly. Now, that textbook of yours, your economics bible, makes this comment-

Mr. THATCHER: I do not know if the witness is being relevant now, Mr. Chairman.

Mr. MAYBANK: I just want to make this comment for the benefit of the witness. I don't know whether he wants to add to the chorus of the song that he fears will be sung; but I want to point out to him that when one song he is talking about is sung in Saskatchewan this chorus won't add much anyway. They will only sing that which they choose to sing.

Mr. Thatcher: I have one more question I wanted to ask.

The WITNESS: I think you might let me finish.

Mr. THATCHER: I am sorry.

The Witness: Because this is the first chance I have ever had—

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Mr. Thatcher: If you are casting aspersions at a political group—I do not know that this is evidence about prices.

The WITNESS: This is the first chance I have have ever had to reply to the leaders of that particular group. They never refer to the packing industry except as a monopoly. You, Mr. Thatcher, have worked in the packing industry and you know the facts; that there is no industry in Canada that is so intensely competitive as the packing industry.

Mr. THATCHER: All I am interested in is obtaining information for this committee.

The WITNESS: I have never had the pleasure of hearing you before. You have been an officer of the packing industry. I am not speaking about you. I am speaking about your leaders.

Mr. THATCHER: Very well.

The Witness: But what I was going to say is this. A group of people I dont' want to get into politics-but that group of people never speak of the packing industry except to refer to it as a monopoly, and there could not be a more flagrant misrepresentation of facts about the packing industry than that. The packing industry is the most intensely competitive industry in Canada; and this is the record of the packing industry. And if you feel there is anything that calls for apology in that record I would like you to tell me what it is.

Mr. THATCHER: Have you finished?

The WITNESS: Yes.

By Mr. Thatcher:

Q. All right. I have just one other point.—A. And don't let me forget to say how grateful I am to you for having given me the opportunity of saying

Q. Now the figures I just mentioned—maybe you agree and maybe you do not-I would like to take you back once again to page 249, of this price spreads inquiry—

The CHAIRMAN: Where is that?

Mr. THATCHER: It is just near the end of the page, Mr. Chairman. You will see this statement: "it should be the function of the packing industry if it is doing its job efficiently for the farmer, to do that job for a very small profit"?

The WITNESS: That is right.

By Mr. Thatcher:

Q. Now, Mr. McLean, do you think that over the past 20 years you have

done that, taken a very small profit?—A. I most certainly do, don't you.

Q. No, I do not, frankly.—A. Well, wait a minute then, let's discuss that. The highest profit, I am talking about the packing industry, I am not speaking only of Canada Packers-but I am sure that the profits of the packing industry generally are not greater than Canada Packers so we may take that as being representative of the industry—the highest profit in any year has been tent a pound. Have we done the job for a reasonable margin of profit?

Q. If you put it that way; but if you base it against the invested capital you

have an entirely different picture.—A. Well, you go back to 1927, for invested

capital; why not go back to 1919?

Q. Canada Packers as such was not in existence. You only started the company in 1927.—A. Canada Packers were the inheritors of four units in the packing industry, and it is the packing industry you are talking about.

Q. Yes.—A. And your investment in those four units of 1919, the investment was \$20,000,000; and those who had made that investment went for 17

years without any return on their \$20,000,000 at all; except if you consider some dividends paid in 1920 and 1921, and then they ceased entirely and there were no further dividends until 1936. Now, that was the investment in the packing industry. Now, it is true that on the investment they have in these companies Canada Packers have made a very satisfactory return. You do not expect me to make an apology for that, do you?

Q. No, I don't. Not at all. Have you finished?—A. I have finished.

Q. Could we say then, Mr. McLean, in fairness, that the reason here was perhaps the most successful you have had?—A. Yes. That is stated in that letter.

Q. And you made the profit which you made despite the six-week strike

in the industry?—A. That is right.

Q. In other words, the profits would have been greater if the strike had not been on?—A. Yes.

Q. Well now, do you agree - A. That profit amounted to one-seventh of

a cent a pound.

Q. Yes, all right. Would you agree that a considerable proportion of those profits were due to inventory write-ups made possible by the signing of the British contracts, and made possible by the removal of the price ceilings?

—A. Yes. I said that in the letter.

Q. You accept that?—A. If I had known that the letter was going to be quoted in this committee and in this connection I probably would have varied the phraseology so as to be more accurate; but that was, and I think I stated that it was—that contributed to the company's profits in that year.

Q. The main portion of your profits for that year?—A. No, no sir not at

all. The extra profit.

Q. I see. You read the pertinent phrase of that letter? This letter was read a moment ago, and there were two paragraphs which seemed pertinent to me.

—A. That a factor in the results has been—

Q. I will read it for you, Mr. McLean: This letter went to everyone in Canada Packers when he was given his bonus cheques, and it states that the chief factor in the results—you say:

The chief factor affecting results has been the removal of ceiling prices on many of the products in which the company deals.

Now, I want to ask you if you agree with that? If you do not agree with it, Mr. McLean, you could change it.—A. I have no doubt you are reading it correctly.

McLean, you could change it.—A. I have no doubt you are reading it correctly.

Q. Let me repeat. You say: "The chief factor affecting results has been the removal of ceiling prices on many of the products in which the company deals"; and in the next paragraph you say:

These advances brought to the company an automatic profit. On

butter and hides especially, the profit was large.

A. That is not what you said at all.

Q. But that is what you have in your letter here?—A. You will find it stated later in that letter that that is the extra profit coming from those sources, not the principal profit.

Q. It states that very definitely, as far as I can see.—No, no; it does not. The letter has been handed in. I will correct that immediately if I can get the

letter.

The Chairman: In the meantime, Mr. Thatcher, would you go on to your next point?

Mr. THATCHER: No, I think I will wait. It will only be just a moment.

The WITNESS: May I just say this-

Mr. THATCHER: I am not saying there is anything wrong with it, Mr. McLean.

The WITNESS: You are misinterpreting the phrasing of the letter which you are reading.

By Mr. Thatcher:

Q. I read it exactly as it was. Maybe I am .- A. You read it correctly but you are misinterpreting, or interpreting it wrongly.

Q. That may be, I do not know?—A. Yes.

Q. That is what the letter said, in any event.—A. Yes, that is what the

letter said and the statement is exactly correct.

Q. Now, Mr. McLean, have you figures available with respect to the inventory appreciation you would receive? Would you have any accounting figures available to show what you made in pork by reason of the fact the price went up? Would you have the same information with respect to hides?-A. We did not make anything on pork—that would be my general answer to the question.

Q. Would you mind turning to page 30 of your brief?—A. I am not saving that we did not make a profit on pork, but I am saying we received no extra

profits by reason of the advanced prices.

Q. Are you finished?—A. Yes. Q. Am I correct in saying that according to this chart on page 30 you had 9,220,000 pounds of pork on hand at October 22.

Mr. Winters: What year?

By Mr. Thatcher:

Q. 1947.—A. That is correct.

Q. And that was the time just prior to when the ceilings were removed?— A. No, no.

Mr. Lesage: The price of bacon went up on the 1st of January.

By Mr. Thatcher:

Q. I was coming to that in a minute. First of all I wanted to get the date when the price ceilings came off originally?—A. That is correct.

Q. It is given on Exhibit No. 94.—A. It was October 22.

Q. Yes, I presume that is why Mr. Dyde had these figures compiled. On Exhibit 94, (p), page 5, the wholesale pork prices at Toronto jumped 1 cent per pound. Do you agree with that?—A. I suppose that is correct.

Q. Would not your inventory within the next week automatically jump to

that extent? It is not a large amount?—A. It was a cent a pound, was it not? Q. Yes?—A. There may or may not have been a profit.

Q. Of about \$92,000?—A. What is that?

Q. The chances were that on that stock of 9,220,000 pounds of pork which you had on hand at that time, and which went up 1 cent a pound, your inventory would appreciate by approximately \$92,000?—A. If we received a cent a pound profit it would, but it does not follow that we made that profit. I do not recall you will remember it was a very good pork year and we made substantial profits in pork, but when you are talking about inventory gains from price advances it is hard to get a definite figure.

Q. Yes, I know it is hard to get a definite figure.—A. The price advanced

7 cents a pound on January 5, but we received no profit out of that at all.

Q. I do not follow you there?—A. The figures speak for themselves. In the three months following we showed an actual loss on our operations.

Q. Would you mind just referring to page 30 again. At December 31 you had 14,761,000 pounds on hand?—A. That is correct.

Q. And I think you stated yesterday the price went up, when the British contracts were signed, by 7 cent a pound?—A. That is right.

Q. Would not that give you an inventory appreciation of almost \$1,000,000 at that time?—A. You would expect so, but it did not. It did not give us any profit whatever, due principally to the buyer resistance or buyers' strike, whichever you wish to call it.

Q. You mean you could not put your selling prices higher?—A. We paid the higher price but we did not get the corresponding advance in our prices

because the housewives refused to buy bacon.

Q. Would you agree, Mr. McLean, that when meat went up 7 cents a pound because of the fact that you had 14,761,000 pounds on hand you appreciated your inventory?—A. Yes, I fully expected that we would make a substantial profit.

Q. Of almost \$1,000,000?—A. No.

Q. I am not saying that you made that profit but ordinarily your inventory would appreciate that much?—A. Not necessarily; one never knows what one will make. All that one can say is that when the price advances one expects to make a profit on his inventory; when the price declines one expects to show a loss on his inventory.

Q. Would you just look at your report on hides and skins on page 27?—

A. Yes.

Q. On page 27 in the calendar year 1947 you show a profit of \$837,000 as compared with \$98,000 for 1946. A great deal of that profit would be from inventory appreciation?—A. I have not got the figures yet—yes the figure is \$837,000.

Q. \$837,000 as against \$98,000?—A. Yes.

Q. Would you say a great deal of that would be inventory appreciation?—A. Yes, that was due to an advance of 10 cents a pound in the hide market.

Q. And when you come to your beef on page 10, in the last three periods of 1946, you showed a net profit of approximately \$47,000 in the plants, and a net loss of approximately \$35,000 in your branches. I arrive at those figures by adding the blue figures and subtracting the red one.—A. What page is that?

Q. Page 10?—A. Yes.

Q. In the last three periods of 1946 your plants show a profit of approximately \$47,000 but you show a loss of approximately \$35,000 in branches.

The CHAIRMAN: How do you arrive at that figure, Mr. Thatcher?

The WITNESS: You are referring to the three periods?

Mr. THATCHER: Yes.

The WITNESS: That is correct.

The CHAIRMAN: How do you arrive at that figure?

Mr. Thatcher: I am adding the figures \$80,463 and \$20,491 and subtracting the \$53,913.

The CHAIRMAN: I see.

By Mr. Thatcher:

Q. If you turn to the next page, dealing with 1947—before doing so I should have said that for 1946 the total profit in the period referred to would have been approximately \$12,000 for plants and branches both?—A. Right.

Q. And in the same period in 1947, using the same method of figuring would your profits not have been approximately \$527,000?—A. You have made the

calculation.

Q. Yes?—A. That is correct.

Q. And how much of that would be inventory appreciation?—A. I could not

tell you that without looking at the figures. I do not recall them.

Q. I think, Mr. McLean, the same thing is true of your veal accounts, your lamb accounts, and other accounts. The point I would like to establish is that

much of the profit of these meat departments did come about through appreciation of inventory through the year, due to either the removal of price ceilings or the signing of the British contract?—A. No. When you speak about 1946 I doubt if advance in price was an element at all because I do not think the price changed. When you pick out certain periods—a month, or three months—and consider the period by itself, price cannot be an element because even if you consider the page we are now looking at—page 11—you will notice there was a big profit on meat in the last three periods, but for the preceding ten periods there was a big loss.

Q. That is my point, Mr. McLean?—A. That is what happens and I do not think the increased profit was due to an advance in price. I do not know whether

it was or was not, but that is what happens in the packing industry.

Q. The point I was trying to establish was that it might be coincidental with the removal of ceilings? That is why I picked the last three periods?—A. It may be but I thought it was 1946 with which was used to line.

be, but I thought it was 1946 with which you were dealing.

Q. I was comparing the figure with 1946. I was showing that you have made considerably more profit in those periods and part of it—a good deal of it—would have been due to inventory appreciation?—A. Perhaps it was, I do not know. It was due to the fact that operations were extremely heavy and operating conditions were extremely favourable.

Q. Would you care to go back to the letter—have we received it now, Mr.

Chairman?

The CHAIRMAN: Yes, we have it.

By Mr. Thatcher:

Q. Do you wish to query something on that letter, Mr. McLean?—A. You said our profit came mostly from inventory appreciation.

Q. Your words were "chief factor"?—A. No, that is definitely not the case.

Q. You did not mean what you said in the letter?—A. I stated in the letter that, with regard to profit, the amount of extra profit came from inventory advances. That letter is correct but you have stated that our profit came chiefly as the result of inventory appreciation and that is not correct.

Q. I said your statement, Mr. McLean was "the chief factor affecting result—" and I presume results refer to your results—" has been removal of

ceiling prices".—A. That was the outstanding feature of the year.

Q. You will agree with that?—A. Yes, but anybody reviewing the year would see this was a year of large profit, and the condition which brought about the extra profit was the profit we made through advancing prices.

Q. Yes?—A. It is very simple and straightforward.

Q. What are you querying with respect to what I have said? I think we are in agreement—A. No, no. I understood you to say, or to give the impression, that our profits came mainly from advancing prices. That is not the case, but

the extra profits came from advancing prices.

Q. You used the words "the chief factor affecting results have been—" and so on.—A. All right, but if I were writing a memorandum for this committee I would enlarge on that phrase. The phrase is quite accurate but it has given you the impression, which I have no doubt is an honest impression, that the profits of the year came largely from inventory advances and that is not so. The profits came from our regular operations. The fact that it was a record profit was due to the extra profits which came from inventory advances.

Q. Yes, but you have stated "the chief factor affecting results has been the removal of ceiling prices on many of the products in which the company deals". I am saying that the extra profit was the result of the advance in inventory

value?—A. You have stated it three times.

Q. Does the fact that Canada Packers controls $\frac{1}{4}$ or $\frac{1}{3}$ of the packing business—and I am not quite sure of the figure— —A. You ought to be sure, your political friends say we control all of it.

Q. All right. Does the fact you control that proportion of the packing

business-

Mr. WINTERS: What proportion?

By Mr. Thatcher:

Q. $\frac{1}{4}$ or a $\frac{1}{3}$ —does that mean that when you put up the price of pork 7 cents after negotiation of the U.K. contracts that the other packers would be inclined to follow your lead? You do give the lead in the packing business; or do you not?—A. You have served in the packing industry for several years

and you know the facts as well as I do.

Q. You are not answering me?—A. You are trying to phrase it so that Canada Packers moves the price up and moves the price down, but Canada Packers does not do that any more than does the smallest unit in the industry. Prices go up and down, of course, following the movement of live stock prices. If the live stock prices go up then the prices of the products advance. If the live stock prices go down the prices of the products decline. The price does not go up because we put it or because anybody else in particular puts it up. The movement up and down is determined entirely by the movement of live stock.

Mr. Lesage: At times the movement of the price of live stock is also determined by the price of meat on the export market, as you stated yesterday.

The WITNESS: Yes.

Mr. WINTERS: Before we leave this matter what is the explanation for the price of hides and skins going up?

The WITNESS: I want to give Mr. Thatcher some information about hides and skins. He has not asked for all of it yet-

Mr. THATCHER: I was getting around to it.

The WITNESS: I am anticipating your question, and here is the story about hides and skins. The ceiling on hides was held until January 20, 1947. As I recall it the ceiling price of hides was 15 cents from the time the ceilings were established until January 20, 1947, when the price moved to 18 cents.

Mr. Winters: You mean the ceiling price was adjusted to 18 cents?

The WITNESS: Yes. Mr. WINTERS: When?

The WITNESS: From the beginning of controls the price was a flat price of 15 cents. On January 20, 1947, the price was advanced to 18 cents, and it continued there until September 15, 1947, when hides and skins were decontrolled. At that date the world market was 35 cents—that was the American market. The South American market was slightly higher. In South America the hides were in the hands of the government and they were demanding 40 cents, but the American market was 35 cents. When hides were decontrolled, the chairman of the Wartime Prices and Trade Board expressed a wish to the packers, in whose hands would be the hides that were being held—that the price should not go up to the American market price. After consideration, and I think discussion with the tanners, the price was fixed at 29 cents, or 6 cents below the American market.

Mr. Johnston: Who fixed that price?

The WITNESS: I think it was done by agreement between the packers and the tanners. At any rate the packers owned the hides and they could have demanded 35 cents if they had so decided, because that was the world market. However the price was fixed at 29 cents and at that there was a very large profit. That is the profit you are speaking about, and all the hides on hand were sold at

that advanced price. Things went along for two or three months until the decline in United States commodity prices. I think that decline occurred in February. There was a good deal of apprehension all through the commodity market at that time, and the tanners stayed off the market expecting that hides would They stayed off for so long that finally the trades had to be met and the hide market in the United States broke from 35 cents to 24 cents. The packers can only accumulate or hold a certain number of hides because their cellars have a limited capacity. Our next sale was made at 22 cents a pound. In other words the price dropped in one transaction from 29 cents to 22 cents. I am giving you the details because it illustrates what happens; and it illustrates what will happen in all the other things in which there have been advances. You asked about the number of hides we had on hand. On January 20 when the first advance occurred we had 82,759 hides, and I gave you that figure yesterday.

By Mr. Thatcher:

Q. Yes?—A. On September 15 when the price was decontrolled the market advanced to 29 cents and we had 67,522 hides. On the 1st of February when the market dropped, and our price dropped to 22 cents, we had 88,787 hides. I would like to read those figures again because you asked for them. On January 20 we had 82,000, on September 15 when the big advance occurred we had 67,000 and on February 1 when the big decline occurred we had 88,000. The hide market cannot stay at the present level, and sometime we will have losses on hides because we have always got 60,000 to 80,000 on hand. We cannot have less hides on hand because they have to be cured and we carry approximately three months supply. When the market drops we will have losses equivalent to the gains which we have made. That statement is true not only with respect to hides but all the other products, butter, bacon and so on.

Q. I agree, but I was only trying to establish that in one year you had

made a profit from inventory appreciation?—A. Yes.

Q. In 1948, you told us yesterday that you made \$626,000 on inventory

appreciation of butter?—A. That is right.

Q. Would you be able to give the comparable figure for beef, hides, skins, and by-products? Would that involve a terriffic amount of work, or would you have any way of securing the information?—A. It would be impossible to secure the information. The reason we could give the figure on butter is that it was a profit on storage butter. A quantity of butter was put into storage in the months of production and distributed later in the months of short supply. That is a definite and separated transaction, and it is very simple to get the results. This committee asked for the results and those are the results.

Q. Would it be possible to estimate the figure with respect to the other commodities?—A. No, you see in regard to meats, while we do put meats into the freezer, the great proportion of the operation is not in connection with frozen meats but it is with respect to meats in current production. These sales go on each week and each day and we sell mostly fresh meat. A certain amount of meat may be taken out of storage but of how much there is no record kept. It would be impossible to separate the profit in the same way that we separated the profit on storage butter. Storage butter was an isolated case.

Q. I see, thank you.

The CHAIRMAN: Are there any other questions?

By Mr. Lesage:

Q. There are many questions, but I do not think there would be any use continuing now. I wonder, however, if the information about which I asked yesterday has been prepared?—A. In regard to prices?

Q. Prices, and quantities, of the various grades of beef?—A. I do not think it is possible to get that information. I have been discussing it with my officials

and the difficulty in getting the information is very great. The question under discussion however is very simple. I have the facts in my pocket and I can give

them to the committee in the two minutes which remain.

Q. No, Mr. McLean was asked yesterday for the price of blue brand and commercial brand beef, and to give figures which would correspond with the various figures at the dates mentioned for red brand beef on page 60. I do not see why he cannot give me those figures on commercial and blue brand if he can give them on red brand?—A. The figures we gave reflect the average selling price of red brand beef.

Q. Yes?—A. But you had asked questions that involved the purchase of the corresponding cattle—and cattle are bought in carload lots as they come to

market.

Q. That was not what I asked?

Mr. Maybank: That question was asked, but I do not think it was Mr. Lesage's point yesterday.

Mr. Lesage: No.

Mr. Maybank: The matter which Mr. McLean mentions did arise.

Mr. Lesage: That was Mr. Dyde's question. The only information I am seeking is with respect to the price of blue brand and commercial brand beef—wholesale prices—similar to those prices set out for red brand beef on page 60.

Mr. Dyde: We added that we would like the quantites.

Mr. Lesage: Mr. McLean said it was easy to supply the figures.

Mr. Maybank: Mr. Lesage is asking for the information with respect to blue brand and commercial beef which we have for red brand.

Mr. Lesage: Yes.

Mr. Maybank: Another question was then put with respect to purchases on the hoof, and I think it is the matter with respect to purchases on the hoof which is giving difficulty.

Mr. Lesage: Yes, but I am not talking about that.

Mr. Dyde: There is another point, Mr. Lesage—

Mr. Lesage: Yes, but first of all Mr. McLean said it would be easy to give me this information.

The Witness: When I got to the hotel and discussed this matter with Mr. Hall who operates that department, he said it would be impossible. However, Mr. Lesage, if you will give me or give Mr. Hall a memorandum of exactly what you want we will do the best we can.

The Chairman: Perhaps we could get it now? Can you just state what you want, Mr. Lesage?

Mr. MAYBANK: Take the statement on page 60?

· Mr. Lesage: I have been repeating this for two days.

Mr. Maybank: What is required is just a repetition of the figures on page 60—figures for blue brand and commercial brand?

The WITNESS: That is easy.

Mr. Lesage: That is what you said yesterday.

The WITNESS: We can give you that.

Mr. Lesage: That is what I am asking for and you said it would be easy to supply the information.

Mr. Maybank: That is all that Mr. Lesage asked and I remember clearly.

The WITNESS: Here is the difficulty—Mr. Lesage: Then it is not so easy.

The WITNESS: I will call on Mr. Hall-do you mind?

The CHAIRMAN: No, it is quite all right.

Mr. Hall: It will take a little while to produce the information because it will have to be obtained through an analysis of a lot of invoices. It could be done in a matter of a few days. You want the quantity sold and the average prices?

Mr. Maybank: We want a repetition of the figures on page 60?

Mr. Lesage: I also asked for quantities but the first thing I wanted was prices.

The CHAIRMAN: How long would it take to get the prices?

Mr. Hall: Two days.

The CHAIRMAN: By Monday?

Mr. Hall: We could try, but I do not think it can be done by Monday.

Mr. Dyde: I will refer to the evidence given yesterday so that we will have it quite clear. I am referring to page BB-9 and it is my question "let us clear up the point as to whether we can or cannot get the figures for the prices paid to the farmer. You say that would be exactly as we have them on exhibit 96?

—A. That is right.

Q. Then, of course, if we were dealing with red brand beef that would be the same as we have it on page 60. Then you give us in addition to those prices the prices at which you are selling your blue brand and your commercial brand?

—A. Yes."

Mr. Lesage: We wanted to know what those prices were.

Mr. Dyde: Yes, and then there was some other material you asked for.

Mr. Lesage: I asked for the quantities.

Mr. Dyde: Mr. Lesage, I think it was, asked that the quantities be included. and then I said: "Mr. Lesage has suggested to me that perhaps you would be able at the same time to state the quantity of the different brands that were sold as well as the prices?" And to that you replied: "A. We can give you any information you wish". That is what is wanted?

Mr. Lesage: Yes, and I would like to have it in order to ask several questions of Mr. McLean, because yesterday Mr. Dyde had started a certain line of questioning and was trying to get answers from Mr. McLean and was pointing out that the figures related to red brand only. That is why I asked for the prices of the other brands, and that was the only way we could arrive at an understanding of the whole matter, by having the related prices for the other brands of steer beef.

The Chairman: Now, we are clear as to what Mr. Lesage wants, Mr. McLean; and you will get that information as quickly as possible? Do you want it while the witness is before the committee?

Mr. Lesage: Yes. I think he would agree with me that it is important.

The CHAIRMAN: When could we get it?

The Witness: This is a memorandum which has just been given to me. It would mean taking these sales out of 12,000 invoices a day. I don't know how that red brand table was prepared. Oh, I am told that the red brand price was taken off our city of Toronto sales only. Would that be satisfactory?

Mr. Lesage: We need the corresponding figure for the blue brand and the commercial.

Mr. MAYBANK: You just want page 60, reproduced with the word "blue brand" instead of "red brand".

Mr. Lesage: Yes.

Mr. Maybank: And then for the commercial the same. You just want two pages the same as 60, but headed "blue brand beef, and commercial grade beef".

Mr. Lesage: Yes.

The Chairman: You see, Mr. McLean, I think you raised this whole question yourself.

The WITNESS: I know.

The CHAIRMAN: And the question now is, and I think it is important, really how quickly can we get it?

The Witness: Well, we will get it for you as quickly as we can. This all came up in regard to the discussion yesterday.

The CHAIRMAN: Yes.

The WITNESS: Mr. Dyde called attention to the fact that in a certain week, the week of December 29, the price of live steers went down from \$14.75 to \$14.54.

The CHAIRMAN: Yes.

The Witness: And in the same week the price of red brand beef according to one statement went up.

The CHAIRMAN: Yes.

The Witness: And Mr. Dyde asked me how that could be. Mr. Lesage: And that was the cause of the whole difficulty.

The Witness: I looked up this statement of the price of steers. He asked me why the price we paid dropped while the selling price indicated in the reports went ahead, and I answered that the price was advancing because it always advances at that time of the year when the run of cattle was over, that in the first week of December cattle becomes scarce and the price always advances. Now, I have the figures. Mr. Dyde's figures were missing one week, but I have got them all. In that week of December the prices were as follows: This is the report for good steers, December 6, \$13.61.

Mr. Harkness: Is that the week beginning or the week ending December 6? The Witness: I would think it is the week ending December 6 and the figure is \$13.61; December 13, \$14.26; December 20, \$14.75; December 27, \$14.74; December 29—3 days—\$14.54; January 1 to 10—the three day holiday is included there—\$15.11; January 17, \$15.27; I do not know anything about the facts but I told Mr. Dyde I thought the advance in price was seasonal and that it advanced every year.

By Mr. Lesage:

Q. Yes?—A. Now the fact is in that month of December the price of the kind of steers to which Mr. Dyde was referring advanced from \$13.61 to \$14.54, and in the first week in January the price advanced to \$15.11. You see there was a steady advance in the live price in one month from \$13.61 to \$15.11. There is no question that was an advance on the market. Now I do not know the explanation for the decline from \$14.74 to \$14.54—a 20 cent decline. It was probably due to the fact that the grade of steers or cattle offered on the market on those three days was lower. The trend, however, is quite definite, and there was an advance in one month of two cents a pound in the live weight. The price of beef was advanced accordingly. In thinking it over I realize that Mr. Dyde's point was there was an apparent decline in live prices but an increase in beef prices.

Q. That is right.—A. But you will see that apparent decline is only temporary and as I said yesterday there must be a reason. The explanation of the apparent decline in market advance must be that the quality of the cattle

happened to be lower during that three day operation.

Q. We will know the answer when we have your wholesale prices for blue brand and commercial as at the 28th day of December?—A. I have no doubt many such instances could be found if you made a close and detailed examination. I am quite sure that there is a very simple explanation.

The CHAIRMAN: We are going to get the information.

Mr. Lesage: On Monday?

The CHAIRMAN: They say a week.

Mr. MAYBANK: The only thing to do would be to have these gentlemen come back at the end of the week.

Mr. Dyde: I might suggest that we might ask these gentlemen then to retire for a week and come back.

The Witness: You mean, you want me to come back?

Mr. Dyde: If it is convenient.

Mr. Lesage: You will have to come back on Monday if you do not come back later in the week.

The CHAIRMAN: You are very popular with this committee.

The WITNESS: I think you have got from me practically everything that you need from me and the rest of these technical things could be given by our officials.

Mr. Lesage: There are questions that I want to ask the witness arising out of the answers he gave yesterday to Mr. Dyde, and in order to question him on that I will have to have the information I asked for.

The Witness: Mr. Chairman, I submit that so far as the objects of this committee are concerned, I have already given you complete information. You are inquiring about the advance in the price of meat and I have told you that this advance is due to world conditions which neither individuals nor governments can control.

The Chairman: I am in this position, Mr. McLean; as chairman of this committee. That is your view. I am not commenting now on what the reason for the advance is. But Mr. Lesage says that he wishes to put certain questions. I know that you have expressed your views. But Mr. Lesage is a member of this committee and I am afraid that I have no alternative but to say that you will have to return; unless the information can be made available in some other way that is satisfactory to him and the committee.

The Witness: Well, I would make this request. Remember, I enjoy being down here, but I have been here 4 days and the first day I was not on at all. I have been away for 4 weeks. Is it unreasonable to ask that you save my time? I will come back for as long as you wish and as often as you wish.

The Chairman: I will assure you of this, we will do our best not to keep you here beyond the requirements of this committee.

Mr. MAYBANK: Could not that be arranged with counsel for over the weekend?

The CHAIRMAN: Are you ready to go on on Monday, Mr. Dyde?

Mr. Dyde: Yes, with other witnesses.

The CHAIRMAN: We will meet Monday morning at 11 o'clock.

Mr. Maybank: Well, it is to be understood that whatever arrangements are to be made for Monday they will be in the hands of counsel. In case by reason of fruther discussions that may be had, maybe in the next few hours something more definite may be worked out about this matter. No doubt something can be worked out.

The CHAIRMAN: I think it is desirable, Mr. Maybank, for the committee to continue and complete the matter of Canada Packers while it is before them. I think we have no alternative but to wait until this material is prepared. If we are not able to go on with Mr. McLean on Monday there will no doubt be another company ready to proceed.

Mr. Maybank: It is just possible that before we bring on another set of witnesses these witnesses may be able to bring the additional information by

Monday. No doubt the witness and counsel can work that out. Sometimes people say they can't get a thing ready but when it involves their returning in a week or so they very often find that by making a special effort they can save themselves the greater delay.

The Chairman: I have a suggestion regarding the matter. Mr. Thatcher has had experience in the meat business, and he might go over to one of your plants during the week-end and get the information right away.

Mr. THATCHER: I am tied up for this week-end.

The WITNESS: We would be delighted to have him back; he was a very good man when he was there.

Mr. Lesage: I also asked yesterday for the price during the last twelve months of meat meal—I did not know exactly what you called it if you remember—but what I meant was meat meal.

The Witness: I was wrong yesterday when I said the information would be easy to find. I said that yesterday but it turns out to be very difficult indeed as it means a review of some 12,000 invoices per day.

The Chairman: The only questions that have been put to the witness have been essentially those of Mr. Thatcher. It may be that other members of the committee are ready to go on with questioning on other matters. I think it would be desirable to continue in an orderly way dealing with the witnesses who are here, and I think we should avoid interrupting their evidence if that can be arranged. In the meantime the officers of the company will act with dispatch when they leave this room and they will get the information, perhaps much earlier than they think.

The Witness: This is a matter of detail and I gave an offhand answer yesterday which was wrong. There is a great deal of work involved but we will do it.

The CHAIRMAN: What would you say Mr. Dyde?

Mr. Dyde: I am in your hands but I think the best thing to do would be to postpone further questioning of Canada Packers until we can obtain the information requested.

Mr. Lesage: That is my opinion.

The CHAIRMAN: Pardon?

Mr. LESAGE: That is my opinion too.

The CHAIRMAN: Do the other members of the committee feel that way?

Some Hon. MEMBERS: Agreed.

Mr. Maybank: I do not see why we cannot just leave it with council to determine how we will proceed on Monday. I presume that in case these witnesses are not ready to continue there will be other witnesses ready to go on when we meet Monday.

The Chairman: What I am trying to get at is the point raised by Mr. Mayhew, and I think very properly. If we are not going to go on with these witnesses on Monday there is information with respect to another firm which can now be made available to the members of the committee so that they will have that information before them in the interval.

Mr. Thatcher: I would move that the matter be left in the hands of counsel.

The Chairman: I am referring to another point. Mr. Dyde, is there information to be put into the hands of the committee with respect to other witnesses to be called on Monday?

Mr. Dyde: Yes, I can give it to the committee now. It is information which will be produced by the next witnesses who are officers of Swift's.

The Chairman: You can distribute that to members of the committee now? Mr. Dype: Yes.

The Chairman: All right. We are giving to members of the committee now information with respect to the witnesses appearing on Monday. The information which is now being handed out to members of the committee is of course to be considered strictly confidential.

We will meet on Monday at 11 o'clock.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 45

MONDAY, APRIL 26, 1948

WITNESSES:

- Mr. A. E. Millard, President and General Manager, Swift Canadian Company Limited, Toronto, Ont.
- Mr. R. E. Swan, General Supervisor, Canadian beef-veal-lamb operations, Swift Canadian Company Limited, Toronto, Ont.
- Mr. N. E. Landon, Secretary, Swift Canadian Company Limited, Toronto, Ont.
- Mr. W. S. Mulock, Provision Manager, Swift Canadian Company Limited, Toronto, Ont.

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MINUTES OF PROCEEDINGS

Monday, April 26, 1948.

The Special Committee on Prices met at 11.00 a.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Irvine, Johnston, Lesage, Maybank, Mayhew, Merritt, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

The Vice-Chairman brought to the attention of the Committee a request by Mr. W. F. Spence, Enforcement Administrator, Wartime Prices and Trade Board, for the release of a number of Exhibits filed with the Committee and required in connection with certain prosecutions before the courts.

On motion of Mr. Winters it was resolved that this matter be referred to Counsel for advice as to the appropriate procedure to be followed to give the co-operation requested.

The Vice-Chairman also tabled a letter to the Chairman from Mr. J. S. Turnbull, of the Saskatchewan Co-operative Creamery Association, Limited, which was ordered printed into the record.

Mr. A. E. Millard, President and General Manager, Mr. R. E. Swan, General Supervisor, Canadian beef-veal-lamb operations, Mr. N. E. Landon, Secretary, and Mr. W. S. Mulock, Provision Manager, Swift Canadian Company Limited, Toronto, Ont., were called, sworn and examined.

At 12.55 witnesses retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Harkness, Irvine, Lesage, Martin, Maybank, Mayhew, Merritt, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee in attendance.

Messrs. Millard, Swan, Landon and Mulock of Swift Canadian Company Limited, were recalled and further examined.

At 6.00 p.m. witnesses retired and the Committee adjourned until Tuesday, April 27, at 11.00 a.m.

R. ARSENAULT, Clerk of the Committee.

MINUTES OF EVIDENCE

House of Commons, April 26, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Vice-Chairman, Mr. Ralph Maybank, presided.

The Vice-Chairman: The Chairman has to be at an important cabinet meeting. I do not know whether or not he will be here somewhat later. Mr. Dyde is prepared to go ahead with the Swith Canadian Company this morning. Before doing so I have a letter here which I think you have got to decide upon. It comes from Mr. Spence, Enforcement Administrator of the Wartime Prices and Trade Board. It is addressed to me.

Our File NS-698-P OTTAWA, April 22, 1948.

Ralph Maybank, Vice-Chairman, Special Committee on Prices, House of Commons, Ottawa.

Dear Sir:-

Re: Canada Packers Ltd. Halifax, Charles Duquette, John Harvey, Pelchat & Gauthier Ltee, et al.

The Wartime Prices and Trade Board has granted leave to prosecute all of the above persons for various infractions of the Board's regulations. The same infractions have been the subject of questions directed to witnesses during the hearing of the Prices Committee and in reply to those questions the witnesses have produced certain documents which documents are relevant to the prosecutions now under way and in fact some may be considered to be essential to the said prosecutions. As an example Canada Packers Limited filed as Exhibit No. 80 an invoice from that company to Valley Creamery Limited dated the 9th of March, 1948, as Exhibit No. 81 an invoice from Valley Creamery Limited to Canada Packers dated the 23rd of March, 1948, as Exhibit No. 82 112 invoices from Canada Packers Limited to various retailers in the Halifax area and as Exhibit No. 83 the statement of account between Canada Packers Limited and Valley Creamery Limited.

May I request you to take steps to see that these invoices are released at the earliest possible moment so that they may be produced in Halifax upon the said prosecution.

Yours very truly,

WISHART F. SPENCE, Enforcement Administrator.

I think that is something we will have to deal with immediately.

Mr. Johnston: Does that mean they are going ahead with the prosecutions and desire the exhibits to be produced at the hearing?

The Vice-Chairman: That is it. They are going ahead with the prosecutions, and some documents are in our custody.

Mr. Johnston: They are going ahead with the prosecutions as a result of the evidence which was brought out here.

The Vice-Chairman: That is right, yes, evidence that was brought out here respecting sales of butter, you will remember, that was sent to Valley Creamery to be worked over, and then when it came back it was sold as first grade butter.

Mr. Johnston: All those invoices have been changed, too, I recall.

The Vice-Chairman: There were a number of invoices filed which showed that various changes in the price had been made with a view to correcting an error, as the evidence was given, but doubtless they are necessary anyway in such a prosecution. It just strikes me as possible that if the Wartime Prices and Trade Board does not want these invoices that the defendant in such a case might himself want them in order to show the change in prices. I do not know whether or not that is so. It is always a question in legal procedure when documents are in one court, as you might put it, how to get them into another court. Mr. Spence looking ahead wants to make sure he is not impeded in the prosecution by this committee having the documents.

Mr. Johnston: I think they should have them if they require them.

Mr. Lesage: As I see it the only question is can we of our own volition give the Wartime Prices and Trade Board documents that have been filed here voluntarily by witnesses?

The Vice-Chairman: You mean we are a creature of parliament and have we the right to surrender to anybody documents that are in parliamentary custody?

Mr. Lesage: Should we not wait until the clerk, for instance, has received a subpoena duces tecum? Mr. Dyde, is that the way you say it in English?

Mr. Dyde: Yes.

Mr. Lesage: Can we do it of our own volition? I should like to have the opinion of counsel on that.

Mr. Dyde: I have not had an opportunity to consider this at all. I think there is some doubt as to whether we can just give them to anyone, even though it may be an officer whom we recognize, without something further. The court might formally ask us for those documents. I think that could easily be arranged by Mr. Spence or whoever is conducting the prosecution.

The Vice-Chairman: It strikes me that a court would not have the power to subpoen duces tecum the clerk to produce documents which belong to the highest court in the land, parliament. We might have to get parliamentary authority to surrender the documents. However, I presume it is the opinion of the committee that everything ought to be done to facilitate the work of the Wartime Prices and Trade Board in connection with these prosecutions. Is that agreed?

Mr. Lesage: There is no doubt about that, but the difficulty seems to be on the question of how we should do it.

The Vice-Chairman: Would somebody offer a motion that full co-operation be given and the secretariat instructed to work out the method, it being understood that if this committee has to do anything further such as seeking parliamentary authority it will do so.

Mr. WINTERS: I would so move.

Mr. Lesage: Would it not be better to move a motion to have the whole question studied by counsel and ask him for his advice on it?

The Vice-Chairman: You would desire, would you not, that full co-operation be given?

Mr. Lesage: It would be embarrassing to offer full co-operation without knowing where we are going, if we can give it. I should like to give full co-operation.

Mr. IRVINE: That is the main thing.

Mr. LESAGE: It is only a wish.

The VICE-CHAIRMAN: That is all it is.

Mr. Lesage: I do not know how we can implement it.

The Vice-Chairman: How would you desire to phrase the motion?

Mr. Lesage: Refer the question to counsel for advice.

Mr. IRVINE: That is postponing it. I would do that as well. I think we should do that also if it is necessary, but there is no reason why we should not settle the other point. If counsel finds a way this can be done he ought to be allowed to go ahead and do it.

Mr. WINTERS: I think a way must be found for it to be done.

The Vice-Chairman: Why not express the view that we should co-operate in every way and give authority to the secretariat to do that, and should it be necessary for the secretariat to come back and ask this committee something further then they will do so, but if they find a way to co-operate they can go ahead.

Mr. Lesage: I would not like the secretariat to give documents to the Wartime Prices and Trade Board under the authority of such a motion.

Mr. IRVINE: Could we not instruct them to do so under the advice of counsel?

Mr. Lesage: No, I think the question should be referred to the committee first. What we need now is advice from counsel as to what we can do and what we cannot do.

Mr. Merritt: Once we get counsel's advice it will only take a minute to dispose of it. I think probably the best thing to do is to adopt Mr. Lesage's suggestion.

The Vice-Chairman: The motion would be to refer the matter to counsel for advice as to the appropriate procedure to be followed to give the co-operation that is asked.

Mr. LESAGE: That is right.

The Vice-Chairman: Is that motion satisfactory, gentlemen? Those in favour? Opposed, if any? Carried.

Mr. IRVINE: There is a letter here which I believe every member of the committee received.

The Vice-Chairman: Just one second; would you bear in mind with connection with that, Mr. Dyde, that we may have to retain copies of the documents for our own use in considering the matter further.

Mr. Irvine: I was referring, Mr. Chairman, to a copy of a letter addressed to the chairman of this committee, the Honourable Paul Martin, by J. S. Turnbull, General Manager of the Saskatchewan Co-Operative Creamery. He is offering what would seem to be a correction of some of the evidence given

in some of the hearings of this committee. I was wondering what is the proper way to deal with that matter.

The Vice-Chairman: Mr. Irvine and gentlemen, I have the original here and I was going to present the original to the committee. I may say that my own opinion, gentlemen, is that since this is an offering of evidence by one who has already been before us, and comments both upon his own evidence and other evidence, that it would be appropriate to record it in the proceedings, if that is agreeable to you, and it can be incorporated at this time as though read at this moment.

Mr. Lesage: That is agreeable, but I do not want it to be a precedent.

The Vice-Chairman: Oh, no. This is a rather particular case. If it is agreeable we will have it in there and it will thus get its consideration in the proper way.

Regina, April 21, 1948.

Hon. Mr. Paul Martin, Chairman, House of Commons Special Committee on Prices, Ottawa, Ontario.

Dear Sir:—Having given evidence before the Prices Committee during the inquiry respecting creamery butter, I have been asked by the Saskatchewan Creamery Operators to draw your attention to the following information involving an undoubtedly unintentional slight misrepresentation of the creamery butter overrun possibilities specifically in the three prairie provinces, Manitoba, Saskatchewan and Alberta—and more particularly in Saskatchewan—these being the three provinces where significant percentages of the butter make must under present production conditions be marketed in the deficiency areas of Canada when federal creamery butter grade certificates invariably become involved. The point is of importance in calculating a reasonable return to cream producers in a given area under known market circumstances. At a meeting of Saskatchewan Creamery Operators held in the city of Saskatoon, April 15, mention was made of Mr. J. F. Singleton's evidence concerning the amount of creamery butter which is made from 100 pounds of butter fat. The statements in question appear on pages 1174 and 1175 of the Minutes of Proceedings and Evidence of the committee, number 24, dated March 15, 1948. At the bottom of page 1174 it is reported that in answer to the question, "How much butter would be made from 100 pounds of butterfat?" the witness replied, "Say 123 to 125 or a little better; it depends on the efficiency of the operation." Again near the bottom of page 1175 it is reported that in answer to Mr. Monet's question, "But 1.23, it would be a fair average," Mr. Singleton replied, "Yes, a conservative average." In the province of Saskatchewan our Provincial Dairy Department has complete figures covering the butterfat churned and butter made in all creameries during the last few years. This information has been made available to the creamery operators and they have asked me to advise you of the average amount of butter made per 100 pounds of butterfat churned in the province of Saskatchewan in each year since 1944. These figures are as follows:-

1944																122.3
1945																122.1
1946															1.11	122.2
																122.0

It was further pointed out at the meeting in Saskatoon that with the requirements of the Dominion regulations concerning moisture content complied with it requires very efficient work to secure the above results

in this province where the salt content of the butter cannot exceed 2 per cent if the butter is to qualify for first grade certificates which are of first importance in interprovincial trading. In those provinces where grade certificates are not so necessary in the marketing of the butter, the outturn figures per pound of butterfat as quoted by Mr. Singleton would undoubtedly apply. It is hoped that the members of the Special Committee on Prices will give due consideration to the above point in their further deliberations of related matters.

Yours very truly,

SASKATCHEWAN CO-OPERATIVE CREAMERY ASSOCIATION LIMITED,

J. S. Turnbull, General Manager.

The Vice-Chairman: I think those are all the preliminary matters. Mr. Dyde is going to introduce the Swift Canadian Company this morning, I believe.

Mr. Dyde: In connection with the Swift Canadian Company, Mr. Chairman, there are four officers of the company who will appear before the committee. I would ask those gentlemen to come forward and sit in these seats here.

Mr. Thatcher: Before you begin your questioning I wonder if Mr. Millard would have a balance sheet here.

Mr. MILLARD: We have.

Mr. THATCHER: Could I have a copy of it please?

Mr. Millard: We just sent one to Mr. Dyde. Mr. Landon has one in his bag in case there are some questions come up, and we can refer to it.

- A. E. Millard, president and General Manager, Swift Canadian Company, Limited, called and sworn:
- R. E. Swan, General Supervisor, Canadian Beef, Veal and Lamb Operations, Swift Canadian Company, Limited, called and sworn:
- N. E. Landon, Secretary, Swift Canadian Company, Limited, called and sworn:
- W. S. Mulock, Provision Manager, Swift Canadian Company, Limited, called and sworn:

Mr. Dyde: Mr. Millard, would you give the committee your full name, please?

Mr. MILLARD: Albert Earl Millard.

Mr. Dyde: Your address?

Mr. MILLARD: 7 Baby Point Crescent, Toronto, Ontario.

Mr. Dyde: Your office with the Swift Canadian Company?

Mr. MILLARD: President and General Manager.

Mr. Dyde: Mr. Swan, would you give the committee your full name?

Mr. Swan: Robert Edward Swan.

Mr. Dyde: Your address?

Mr. Swan: 3 Phin Avenue, Toronto.

Mr. Dyde: Your position?

Mr. Swan: General supervisor, Canadian beef, veal and lamb operations.

Mr. Dyde: Mr. Landon, would you give the committee your full name, please?

Mr. Landon: Norman Edward Landon.

Mr. Dyde: Your address?

Mr. Landon: 27 Mossom Road, Toronto, Ontario.

Mr. Dyde: What is your position with the company?

Mr. Landon: I am secretary.

Mr. Dyde: Mr. Mulock?

Mr. Mulock: William Stephen Mulock.

Mr. Dyde: And your address?

Mr. Mulock: 6 Greenway Road, Port Credit. Mr. Dyde: Your position with the company?

Mr. Mulock: Provision manager.

Mr. Dyde: Mr. Millard, you were requested to place certain information before the committee. You have done that in the form of a document, divided into various schedules and headed, "Swift Canadian Company Limited, House of Commons examination into meat". I think all members of the committee now have a copy of this document. I believe it should be formally produced as an exhibit. However, there are one or two general matters which I think I have to clear up for the benefit of the committee because it is not apparent, at first sight, what questions are being answered.

SWIFT CANADIAN CO. LIMITED

HOUSE OF COMMONS EXAMINATION INTO MEAT

SCHEDULE 1

- (a) Swift Canadian Co. Limited.
- (b) Toronto, Ontario.
- (c) January 2, 1911. The Companies Act Dominion of Canada.
- (d) President and General Manager, A. E. Millard, 7 Baby Point Crescent, Toronto, Ont.; Vice-President, P. E. Petty, 4021 Johnson Ave., Western Springs, Ill.; Treasurer, Wm. B. Traynor, 6936 Bennett Ave., Chicago, Ill.; Assistant Treasurer, C. W. Lawrence, 164 Oxford Rd., Kenilworth, Ill.; Assistant Treasurer, A. L. Bruckner, 8108 Kimbark Ave., Chicago, Ill.; Secretary, N. E. Landon, 27 Mossom Rd., Toronto, Ont.; Assistant Secretary, W. H. Soutter, 1149 E. 56th St., Chicago, Ill.
- (e) John Holmes, 10014 S. Seeley Ave., Chicago, Ill.; A. E. Millard, 7 Baby Point Crescent, Toronto, Ont.; P. E. Petty, 4021 Johnson Ave., Western Springs, Ill.; A. E. Miller, 50 Wilgar Rd., Toronto, Ont.; J. H. Dever, 98 Glendonwynne Rd., Toronto Ont.; O. W. Pearson, 4176 Cartier Ave., Vancouver, B.C.; N. E. Landon, 27 Mossom Rd., Toronto, Ont.

(f) Swift Canadian Company Limited was incorporated by letters patent of the Dominion of Canada dated 13th December, 1902, under the name of J. Y. Griffin and Company Limited. The company at that time was owned by the Griffin family and on incorporation assumed the assets and liabilities of its business which had previously been conducted as a partnership. In 1904 the shares of J. Y. Griffin and Company Limited were acquired by Swift & Company (Illinois) which has owned them ever since. In 1941 the name of the company was changed from J. Y. Griffin and Company Limited to its present form, Swift Canadian Co. Limited. The company acquired from the Griffin family at the time of incorporation its packing plant in Winnipeg and branches in Nelson, Calgary and Vancouver. In 1907-1908 the Company built a plant at Edmonton. In 1911 the company (whose business had been largely restricted to Western Canada up to that time) purchased the D. B. Martin Company plant in Toronto. Subsequent plants acquired were as follows: New Westminster, purchased in 1918; Moose Jaw, purchased in 1925; Moncton, built in 1926; Calgary, purchased in 1946. The company operates 7 packing plants with 25 branch houses and 11 dairy and poultry plants. The company sells its perishable products directly to retail stores across Canada and a portion of the non-perishable items to wholesalers and jobbers.

(g) None.

- (h) Meat Packing Plants—Moncton, N.B.; Toronto, Ont.; St. Boniface, Man.; Moose Jaw, Sask.; Calgary, Alta.; Edmonton, Alta.; New Westminster, B.C. Branch Houses—Halifax, N.S.; Sydney, N.S.; Saint John, N.B.; Quebec, City, Que.; Montreal, Que.; Ottawa, Ont.; Toronto, Ont.; London, Ont.; Windsor, Ont.; Rouyn, Que.; Sudbury, Ont.; Timmins, Ont. Sault Ste. Marie, Ont.; Fort William, Ont.; The Pas, Man.; Yorkton, Sask.; Saskatoon, Sask.; Regina, Sask.; Calgary, Alta.; Nelson, B.C.; Kamloops, B.C.; Prince Rupert, B.C.; New Westminster, B.C.; Vancouver, B.C.; Victoria, B.C.
 - (i) End of October period.

SWIFT CANADIAN CO. LIMITED

SALES TO TRADE

(000's lbs. and \$ omitted)

	Beef		Beef Pork		Veal La		mb Other meat Products		Total meat sales		By-products			
	lbs.	\$	lbs.	\$	lbs.	\$	lbs.	\$	lbs.	\$	lbs.	\$	lbs.	\$
1947														
March	8,025	1,859	8,125	2,277	471	97	929	239	3,768	1,035	21,318	5,507	2,007	338
April	5,960	1,416	6,036	1,804	764	163	608	162	3,702	1,074	17,070	4,619	2,034	305
May	8,814	2,119	9,313	2,710	1,259	262	313	76	4,935	1,433	24,634	6,600	2,568	393
June	6,190	1,723	6,520	1,925	886	180	169	39	3,784	1,143	17,549	5,010	1,958	374
July	6,687	1,590	7,370	2,140	944	192	440	110	3,874	1,208	19,315	5,240	1,750	308
August	10,530	2,437	7,059	2,065	1,325	276	916	250,	5,525	1,652	25,355	6,680	2,187	341
September	3,593	815	1,590	492	230	48	397	113	1,784	551	7,594	2,019	333	56
October	4,989	1,119	5,286	1,533	302	64	681	189	2,899	865	14,157	3,770	780	152
November	15,635	3,454	13,557	4,286	1,126	264	1,293	340	5,349	1,738	36,960	10,082	3,889	855
December	12,589	2,778	10,462	3,309	550	135	859	215	3,310	808	27,770	7,245	1,879	458
1948														
January	11,030	2,748	7,247	2,549	619	169	828	225	4,185	1,240	23,909	6,931	4,723	1,105
February	13,638	3,420	11,209	4,106	829	241	1,085	329	3,756	1,073	30,517	9,169	4,311	978
Total	107,680	25,478	93,774	29,196	9,305	2,091	8,518	2,287	46,871	13,820	266, 148	72,872	28,419	5,663

10 · 10 · 10 · 10 · 10 · 10 · 10 · 10 ·	(A)	(B)		(C)		(D)	(E)	(F)
Fiscal year ended	Sales to trade of meat	Packin sales o		Total a	all sales	Profit or loss (-) from meat operations before deducting inventory	Profit or loss (—) from all departments before provision for taxes on	
	(000 omitted)	(000 on	nitted)	(000 omitted)		reserve and taxes on income	income and inventory reserve	from all operations
	lbs.	lbs.	\$	lbs.	\$	\$	\$	\$
October 31, 1936	253,931	252,954	25, 283, 359	‡	44,336	136,737	1,055,093	879,531
October 30, 1937	256, 281	252,647	28,013,796	‡	49,566	237,439	616,407	510,544
October 29, 1938	227,430	210,853	25,910,701	+	45,377	(-)270,517	(-)18,264	(-)18,264
October 28, 1939	222,059	202,344	24,095,235	‡	43,068	(-)194,857	262,499	*172,104
October 26, 1940	269,635	272,254	34,483,584	‡	55,479	218,404	748,617	*497,189
November 1, 1941	322,665	322,766	46, 574, 155	‡	72,533	767,073	2,484,431	*228,050
October 31, 1942	337,753	345,411	59,605,170	514,303	89, 197	893,308	2,528,783	*832,739
October 30, 1943	349,216	369, 184	71,287,945	510,683	101,842	806, 547	2,971,585	*1,776,721
October 28, 1944	422,426	439,859	88,691,366	615,849	125, 100	982,449	3,350,393	*1,576,865
October 27, 1945	370,589	386,526	77,967,221	587,082	117,509	1,212,966	2,957,878	*1,106,611
October 26, 1946	316,754	318,990	66, 484, 448	518,857	103,962	(-)151,487	1,670,391	*949,907
November 1, 1947	262,276	264,920	62, 544, 029	477,796	106,670	(-)1,155,276	1,179,319	(-)13,681

[†] Packing Plant Sales of Meat includes some duplication as the result of interplant sales—which it has not been feasible to eliminate.

[‡] Figures not available.

^{*} After adjustment of excess provisions made in prior years for income and excess profits taxes and refunds of vegetable oil subsidies in 1943 and 1946.

SCHEDULE No. 4

SWIFT CANADIAN CO. LIMITED

	A.	В.	C.
	sales	ing plant s of meat omitted	Profit or loss (—) from operations of meat departments (including selling outlets) before deducting inventory reserves and taxes on income
	lbs.	8	\$
1946			
January February March April May June July August September October November December	29,560 33,027 23,336 19,578 19,543 19,699 21,195 28,956 23,912 25,150 41,467 25,165	5,836,484 6,653,172 4,714,881 4,127,029 4,405,084 4,391,130 4,602,628 6,127,561 5,161,087 5,229,540 8,685,338 5,313,185	(-) 54,810 (-) 144,700 (-) 15,109 60,962 8,452 (-) 79,367 (-) 50,840 (-) 153,782 (-) 155,035 (-) 230,834 207,226 (-) 29,872
1947			
January February March April May June July August September October November December	24, 226 25, 992 20, 592 17, 406 25, 149 17, 634 21, 125 25, 593 4, 201 16, 370 40, 396 28, 202	5,285,956 6,059,668 5,068,528 4,490,114 6,307,278 4,541,186 5,268,388 6,268,344 1,061,967 4,194,077 9,803,152 6,810,963	(-) 30,722 (-) 44,154 48,087 (-) 92,060 (-) 195,613 (-) 205,413 38,296 (-) 7,280 (-) 365,877 (-) 477,894 903,479 308,643
1948			
JanuaryFebruary	23,849 32,261	6,389,530 8,729,963	(-) 132,456 (-) 192,602

Packing Plant sales of meat includes some duplication as the result of interplant sales, which it has not been feasible to eliminate.

SCHEDULE No. 5

SWIFT CANADIAN CO. LIMITED

Inventories (000 lbs. omitted)

	Oct. 26	Nov. 1	Dec. 28	Jan. 3	Jan. 25	Jan. 31	Mar. 1	Mar. 6
	1946	1947	1946	1948	1947	1948	1947	1948
Beef— (a) Frozen beef (b) Other beef	3,436	1,098	3,484	4,915	2,034	5,252	1,093	4,190
	2,938	2,469	2,151	4,157	1,572	3,788	1,532	3,696
(c) Total beef	6,374	3,567	5,635	9,072	3,606	9,040	2,625	7,886
Pork— (a) Freezer pork (b) Other pork	803	3,295	6,190	7,398	7,136	12,696	5,900	14,189
	5,516	7,281	5,627	8,813	5,496	10,404	6,316	9,626
(c) Total pork	6,319	10,576	11,817	16,211	12,632	23,100	12,216	23,815
(d) Pure lard	137	148	224	304	184	608	130	505

We

SWIFT CANADIAN CO. LIMITED

(a) We accept the prices for steers as set out in the Weekly Livestock Market Review issued by the Marketing Service of the Department of Agriculture.(b) Prices actually paid for A Grade Hogs Winnipeg:

September	, 1939	Not available.
eeks ending-		
1947		
August	2 9 16 23 30	20.69 20.66 20.86
September	6	x x x x
October	4	x x x 22.71
November	1	22.09 22.05
	6	21·96 21.72
1948		
January	3	27.58 27.55 27.58
February	7. 14. 21. 28.	27.66 27.65
March 1	6	

x Strike-Plant closed.

SCHEDULE No. 7

SWIFT CANADIAN CO. LIMITED

PURCHASES—DRESSED WEIGHT

(000's omitted)

- 11/1/19/19/19	Beef cattle	Hogs
1939		
September	9,212	6,07
1947		
August. September	12,859 1,807	7,96 2,37
October November	8,293 26,847	10,080 25,11
December	13,022	15, 13
1948		
JanuaryFebruary	13,331 13,589	18, 20 16, 40

SCHEDULE No. 8

SWIFT CANADIAN CO. LIMITED

(A) BEEF—(000' lbs. omitted)

	Sales to meat board for United Kingdom	Other export sales	Domestic sales	Total sales
1947				
August. September October. November December	5,736	151 5 185 59	10, 185 3, 510 4, 370 9, 714 7, 631	10,530 3,593 4,989 15,638 12,589
1948		-	10.16	
January February	1,543 1,972	6 119	9,481 11,547	11,030 13,638

(B) PORK-(000' lbs. omitted)

1947				
August September October November December	3,443 410 2,434 8,185 5,909	232 251 383 279	3,384 1,180 2,601 4,989 4,274	7,059 1,590 5,286 13,557 10,462
1948				
January. February.	4,178 7,522	213 230	2,856 3,457	7,247 11,209

SCHEDULE No. 9

SWIFT CANADIAN CO. LIMITED

(a) Costing Method on Beef 66 Steers—79,775 live weight @ \$17.20 per cwt	
Total cost	\$14,071.18
Deduct Credits— Hides—5,827 @ \$13.05 per cwt. \$ 760.42 Other by-products \$11.87 per M lbs. alive. 946.93	
Total Credits.	\$1,707.35
Dressed value plant cost	\$12,363.83
Shrunk dressed weight yield 55·5%=44,289	
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	
Plus beef carcass department expense per cwt 0.49	
Equals dressed cost per cwt.	\$ 28.41

SCHEDULE No. 9-Continued

SWIFT CANADIAN CO. LIMITED

(b) Costing Method on Pork

We purchase hogs on a warm dressed weight basis graded on the rail by government graders.

Example

Grade	Number of carcasses	Weight range	Warm dressed weight	Price 100 lb.	Amount	
A	11 5	140/170	1,762 819	\$ cts. 28 75 28 35	\$ cts. 506 57 232 19	
B1 B2 B3 C	2 1	135/175 125/134 176/185 120/185	359 156	27 75 26 75	99 62 41 73	
Total.	23	120/185	3,662	26 50	149 99	

= chilled weight 3,573 lbs.

Killing expenses 92 cts.—cwt. chilled weight	32	87
	1,062	97
Killing credits 94 cts.—cwt. chilled weight	33	59
Cost of hogs chilled on rail in cooler	1,029	38

Mr. Dyde: Schedule 1 is made up by the company in answer to a question contained in a letter from me to the company in which I asked the company to set out, among other things, a short history of the company and certain particulars with regard to it. I believe the only matter which is not evident at first sight is on the second page (i), where the words appear, "End of October period". That is an answer to my question as to the date of the end of the fiscal year of the company.

Mr. IRVINE: What is the meaning of "G" at the top, "None"?

Mr. Dyde: I asked for the names and addresses of subsidiary companies, if any, engaged in the meat industry.

Mr. Johnston: I do not think you gave the exhibit number of this document. You said it would be an exhibit.

The VICE-CHAIRMAN: That would be wrong; it will be put in as though read at this point. It will not actually be an exhibit. It is now taken as being read into the record.

Mr. Dyde: I am hurrying through the pages, although we may come back to some of them, in order that you will have this information.

The Vice-Chairman: (e), I take it is a list of the directors.

Mr. Dyde: That is correct.

Mr. IRVINE: Mr. Dyde, I did not quite catch your comment on (i); was that the end of the month period?

The Vice-Chairman: The fiscal year; the end of October is the end of the fiscal year.

Mr. Dyde: Then, Schedule 2 was in answer to a question in which I requested for each of the twelve months, March, 1947 to February, 1948 inclusive, the volume of meat sales of the company, including subsidiaries engaged in the meat industry, expressed in dollars and pounds.

In that connection, I went on to say that when dealing with the heading, "Other meat products", the company might subdivide that item as it wished, and would indicate whether by-products were included or not. I think, Mr. Millard, I am correct in saying that the by-products appear in the right hand column of Schedule 2 and are not included in, "Other meat products".

Mr. MILLARD: Yes, that is correct.

Mr. Dyde: In case there is some question concerning Schedule 3, it is an answer to our request as follows: For each fiscal year during the period 1936 to 1947 inclusive, state the sales of meat in pounds, total sales, profit from operations of meat departments before deducting bond interest, inventory, reserve and taxes on income; profits from operations of all departments before deducting bond interest, inventory reserve and taxes on income and net profit after taxes.

The answers which are given indicate pretty well the question which was

asked.

Then, with regard to Schedule 4, the company was asked to bring, for each month during the calendar years 1946 and 1947 and for January 1948 and, if available, for February, 1948, the sales of meat in pounds; the sales of meat in dollars and the profit from operations of the meat department before deducting bond interest.

Schedule 5 was in answer to a question re the inventories. As it appears from the schedule itself, we asked that the inventories be shown as of the dates

which appear in the schedule.

In schedule 6—you will recall I referred to this matter when we were discussing Mr. McLean's evidence—I asked for the company to state the weekly average prices which the company actually paid (a) for good butcher steers and (b) for grade A hogs at Winnipeg. You will recall that the prices which were asked of Mr. McLean were for Toronto. I asked Mr. Millard if he would give us the Winnipeg prices during September 1939, and from August 1943 to March 15, 1948. Again I said if, in the case of beef, you are unable to produce these figures please state whether or not you accept the prices for steers as set out in the weekly livestock market review. You will note Mr. Millard has said in his subparagraph A that he accepts the prices for steers as set out in the market review and has given the prices actually paid at Winnipeg for grade A hogs.

Then, Schedule 7 is an answer to a question asked the company to state the total, in pounds, dressed weight of actual purchases by the company of (a) beef cattle and (b) hogs, during September 1939 and monthly or by four week

periods from August 1947 to March 15, 1948.

Schedule 8 is an answer to a request to state the total sales, in pounds, by months or four week periods, from August 1947 to March 15, 1948, for both beef and pork, broken down into sales to the meat board for the United Kingdom, other export sales and domestic sales. Mr. Millard has added total sales to that.

Then, schedule 9, consists of two pages, and is in answer to a very short question asked the company to supply the costing method as employed by the company for both beef and pork. I will have more to say about that schedule

when we deal with it in a few moments.

Mr. Chairman, I thought in the case of these witnesses, we might run through this document page by page. I have a few questions to ask, not on every page, but a few questions to ask and when we have covered this document, I will have certain other general questions I should like to ask Mr. Millard and his officers. Following that, of course, the members of the committee may wish to ask further questions.

I have no questions to ask of Mr. Millard with reference to the material appearing in schedule 1, other than this: I should like to ask Mr. Millard or his officers to explain to the committee the operations of their plants and branch houses. Would you tell the committee, Mr. Millard, generally the difference in the type of operations carried on by your branch plants and those carried on by

your branch houses, so-called.

Mr. Millard: We have seven meat packing plants across Canada. They buy live stock and process it. The resulting meats, fresh meats, smoked meats, sausage and other manufactured products, are transferred or, if you like, sold because they are invoiced, to our wholesale branches. Those wholesale branches sell to the retail trade.

Now, also, in our meat packing plants, we operate what we call country routes direct from the plants in each province. The branch houses, generally speaking, service the city trade where they are located and, sometimes, they have country routes, where they are not covered by the plant country routes.

Mr. Dyde: Well then, Mr. Millard, in the figures which you have given to the committee in the latter pages, are we to understand that those figures include the business of the branch houses as well?

Mr. Millard: In all cases the result figures include the entire operation of the business; that is, the plants or the branch houses.

Mr. Dyde: Going to Schedule 2, I call attention to the fact that these figures in all cases as stated at the bottom of the page omit the three 000's. It is the page on which Mr. Millard shows the volume of meat sales in dollars and pounds. An explanation of your headings, Mr. Millard, I go to the fifth column headed "total meat products"; would you explain what "other meat products" include?

Mr. Millard: "Other meat products" include all fancy meats, sometimes referred to as offal. We call it fancy meats. It includes all sausage products, all cooked hams and all canned meats.

The Vice-Chairman: As a matter of fact, ham and bacon are included in the pork?

Mr. MILLARD: Yes.

Mr. Dyde: And fancy meats do not get into the by-products at all in this under those circumstances?

Mr. Millard: No. We treat them as meat products and considered that you wanted it in there.

Mr. Dyde: I am not concerned about it except to make sure that we understand what is included in meat products and what is included in by-products.

Mr. MILLARD: Other meat products is separate?

The Vice-Chairman: By-products would be the parts of the animal that are not edible by humans?

Mr. Millard: Well, not 100 per cent.

The Vice-Chairman: There is some even in by-products that is represented as food.

Mr. Millard: For instance, casings—containers for sausage and meat—they are edible.

Mr. Dyde: Do you include them in by-products?

Mr. MILLARD: That is it.

Mr. Dyde: Can you say briefly what is included in by-products as far as your beef is concerned?

Mr. MILLARD: Hides, casings, tallow, oleo oil, tankage and so on.

Mr. Dyde: As far as pork is concerned the by-product would include, what? I do not mean exhaustively.

Mr. Millard: Casings, grease, tankage, bones-

Mr. Dyde: Now, you have a strike period, I think roughly corresponding to September and October of 1947, is that correct?

Mr. MILLARD: I think my dates are correct; it started on August 27, and ended on October 22. The strike was eight weeks.

Mr. Dyde: And so when we are considering the figures with respect to September and October of 1947, we have to take into account the fact that all of September was a strike period and that up to October 22, was in a strike period?

Mr. MILLARD: That is right.

Mr. Dyde: Then we come to the November and December, 1947, sales on Schedule 2. I note that sales to the trade in beef increased very greatly over September and October. I run down that column and I find that in September beef sales were 3,500,000; in October nearly 5,000,000, but in November they reached between 15,000,000 and 16,000,000, and in December over 12,500,000. Now there is one question that perhaps you could help us with; can you say whether in November and December you pretty well pick up the shortage of the strike period?

Mr. Millard: I would not say that. We will never pick it up. That is gone forever.

Mr. Dyde: Would you say that these figures for November and December, 1947, still in the beef column, would you say that that was a normal total of sales for that period of the year?

Mr. Swan: Slightly heavier.

Mr. Dyde: And if you will go to the third column which is "number of pounds", under pork, would the same remark be true? You are low in the period September and October and then you increased considerably in November and December. Is that normal or is it slightly above normal?

Mr. Millard: I would say it is slightly above normal, because during the strike period I think the hogs were held back and then came on to the market in greater numbers and we had an increase.

Mr. Dyde: Then would you look at the figure for February of 1948, both in number of pounds of beef and number of pounds of pork; have you any explanation for the increased sales in February of 1948; both beef and pork?

Mr. MILLARD: For January?

Mr. Dyde: Yes.

Mr. Millard: Well, January is a four-week period and February is a five. We run two four weeks and a five in a quarter.

Mr. Mayhew: Before you leave Schedule 2, there I would like to have some more explanation of the sales of meat and the sales of by-products. Are we to understand—no. I look at the column headed "total sales in pounds" for November last—36,000,000 pounds—around 37,000,000 pounds; is that correct?

Mr. MILLARD: Yes.

Mr. Mayhew: Which would give you 3,889,000 pounds of by-products. Now, in February 30,000,000 pounds of meat would give you as much as September—

Mr. Millard: I think I can explain that, Mr. Mayhew. The by-products—hides and pelts and calfskins—getting back to November there of 3,889,000—that might be an accumulation back during the strike and might not have anything to do with that particular month. It takes thirty days to cure them before you sell them, before the other people take delivery.

Mr. Lesage: Bu I notice that the proportion is greater in February than it was in November. I would think the explanation if any would be the other way around, Mr. Millard.

Mr. Millard: You see, Mr. Lesage, you come to December of 1947, the by-products is only 1,879,000. They might have been held back and shipped out in February.

Mr. Lesage: Oh, that is where it is, the result is the same.

Mr. MILLARD: There is that lag in delivery.

Mr. Dyde: They did not move at the same speed proportionately, that is the by-products and the actual meat products—they did not move from your plant at the same rate?

Mr. MILLARD: Fresh meat goes out right away.

Mr. Mayhew: Could you give us some further explanation of the increase all across the boards on all these products in November. You see, that didn't have any relation to the meat strike. You appear to have a big volume in the other months, but it is nearly three times the normal flow of business practically all the way across the boards. Did your beef jump from a flat around 6,000,000 to 7,000,000, up to 15,000,000?

Mr. MILLARD: Of course.

Mr. MAYHEW: And pork did the same, they both show the same relationship?

Mr. Millard: We were on strike until October 22, and there was some hold-back of livestock and then when we got into November you get into the very heavy fall runs of livestock and it is natural of course to increase during those months.

Mr. Mayhew: Well then, these November and December sales would be about normal, would they; that November and December would be pretty nearly normal?

Mr. Millard: Normal, or a little more over a period of years.

The Vice-Chairman: Have you the figures with you for November in the former years?

Mr. Mayhew: It will be a little higher for November of this year.

Mr. Millard: I think—yes. I would say offhand, yes; because of the hold-back on account of the strike.

Mr. Mayhew: And in December and January you would be just about normal?

Mr. Millard: We will look up the kills of those months compared with the previous kills. 57,000 cattle in November of 1946; 58,000 in 1947. December of 1946, 28,000; 27,000 in 1947. Those are the kills.

Mr. Mayhew: So that it was really about normal?

Mr. Millard: 57 and 58, 28 and 27; as a matter of fact, those figures are 85 per cent over the two years for these two months.

Mr. Mayhew: And that is the amount of cattle coming in?

Mr. Millard: They are heavy. In fact, that is the season of the year when we put on double gangs.

Mr. Dyde: Before you put those figures away, could you give us the kills in pork for those two years?

Mr. Millard: The figure for the kill of hogs in November 1946 is 94,000 for November, 1947, 154,000; December 1946, 76,000; December 1947, 96,000.

Mr. Dyde: I now propose to move to Schedule 3.

The Vice-Chairman: Mr. Dyde, for whatever value there may be in this observation if I look ahead to Schedule 4 I see that packing plant sales are higher in November 1946 than for the same month of 1947. That fact ties in with the evidence which has just been given on the point. Do you notice that, Mr. Mayhew?

Mr. Lesage: In dollars?

The Vice-Chairman: The first column is in pounds—the dollar situation is \$8,685.000 as against \$9,803,000. There is a difference there. The volume is greater in November 1946 than in November 1947.

Mr. Dyde: On Schedule 3, Mr. Millard, as the result of a conversation which I had with you, I think you can now give us the figures per pound which may be added to the figures given?

Mr. MILLARD: Yes.

Mr. Dyde: Before you start let us make sure that we are at the right place. I would like you to put in the column showing the cents per pound following column "D". The figures will represent cents per pound profit or loss from meat operations before deducting inventory reserve and taxes on income.

Mr. MILLARD: I will start reading the figure for 1936.

The Vice-Chairman: The figure will go opposite \$136,737.

Mr. MILLARD: Yes. The figures are: $\frac{1}{20}$, $\frac{1}{11}$, $\frac{1}{8}$ —loss, $\frac{1}{12}$ —loss, $\frac{1}{12}$, $\frac{1}{4}$, $\frac{1}{4}$, $\frac{1}{4}$, $\frac{1}{4}$, $\frac{1}{20}$ —loss, $\frac{2}{5}$ —loss, and total in that column is $\frac{1}{10}$ of a cent.

Mr. Dyde: You have averaged what items to obtain that figure?

Mr. MILLARD: We have taken the sales and the results.

Mr. Dyde: Now can you do the same thing for column "E" and give the additional figures?

Mr. MILLARD: Column "E" is profit or loss from all departments before provision for taxes on income and inventory reserve, and you will notice in column "C" that we were unable to get the figures for the years 1936 to 1941. They were not available and the figures which I will read now start opposite \$2,528,783. The figures are ½, ¾, ½, ½, ½, ¼, ¼, and the total is ¾ of a cent.

Mr. DYDE: And can you give us the figures for column "F"?

Mr. Millard: Yes, starting opposite \$832,739 the figures are ½, ½, ¼, ½, ½, a dash opposite the last figure and the total is ½.

Mr. Mayhew: You do not use red ink.

Mr. Millard: I forbid it, but they still bring it into the plants.

The Vice-Chairman: You have given us only five fractions, is that right? Mr. Millard: Yes, but the figure for November 1, 1947, cannot be computed.

The Vice-Chairman: That is where the dash should be inserted?

Mr. MILLARD: Yes.

Mr. Dyde: At the moment I have no further questions with respect to that page.

Mr. Lesage: Mr. Dyde, I would like to have an explanation as to the first

footnote?

Mr. Millard: "Packing plant sales of meat includes some duplication as the result of interplant sales—which it has not been feasible to eliminate."

Mr. Lesage: Yes.

Mr. MILLARD: For instance our Edmonton plant might ship a carload of hams to the Toronto plant. Edmonton would show it as a sale and Toronto would take it in and show it as a sale. Those are interplant sales.

Mr. Lesage: When you gave the fractions of a cent per pound profit in column "D" a minute ago did you take that factor into account?

Mr. Millard: Column "D" reflects our entire business right down to the last nickel.

Mr. Lesage: But you say that in 1945—the fiscal year ending October 1945—your profit was ½ of a cent per pound?

Mr. MILLARD: Yes.

Mr. Lesage: In certain cases it would be $\frac{2}{3}$ of a cent per pound if there was some duplication?

Mr. Millard: No, that \(\frac{1}{3} \) of a cent was arrived at by dividing the sales of meat to the trade into the returns, and it did not have anything to do with interplant sales. It reflects sales to the trade and the total profit on the entire sales.

Mr. Lesage: Oh, yes, I understand.

Mr. Mayhew: Those figures under columns "E" and "F" represent a consolidation of all plants in Canada?

Mr. MILLARD: Yes.

Mr. Dyde: Plants and branches?

Mr. MILLARD: Yes, everything.

Mr. Lesage: Have you a stock feed department in your company?

Mr. MILLARD: Yes.

Mr. Lesage: You transfer meat meal which comes from the tankage to the stock feed department?

Mr. Millard: When a product is wet rendered we call it tankage and when it is dry rendered we call it meat stock.

Mr. Lesage: At what value do you transfer that material?

Mr. MILLARD: We transfer it at the market value.

Mr. Lesage: The market value at what stage?

Mr. Millard: It is the price at a certain value on the protein analysis.

Mr. Winters: Are all your transfers made a market value—I am speaking of your internal transfers?

Mr. MILLARD: I do not understand the question.

Mr. Winters: Are all your transfers made a market value—that is transfers from branches to houses?

Mr. MILLARD: Yes.

Mr. Lesage: Does that apply to transfers from the meat department to the stock department?

Mr. Millard: Yes, we try to make each department stand on its own feet and that is why it is transferred in that fashion.

Mr. Lesage: In what condition is the tankage when you transfer it to the meat department? Is it in meat scrap or what stage has it reached?

Mr. Millard: Meat scrap is in the stage in which it comes out of the expeller and it goes in there with the grease in it. The grease is forced out in the form of what we call cracklings—it comes out looking like cornflakes.

Mr. Lesage: And the market value for that is so much a ton?

Mr. MILLARD: That is right.

Mr. Lesage: Your profit of $\frac{1}{3}$ of a cent in 1945 would include the profit of $\frac{1}{3}$ of a cent on this scrap meat also?

Mr. Millard: No, that $\frac{1}{3}$ of a cent has reference only to our meat operations.

Mr. Lesage: But that is a meat operation?

Mr. Millard: No, we do not include that item because it is what we call a by-product.

Mr. Lesage: I understand that your sales of meat and the total of all your sales in column "C" would include by-products?

The Vice-Chairman: All sales?

Mr. Millard: Yes, all sales, and column "D" is profit and loss from meat operations.

Mr. Lesage: Well meat operations would include the sale of by-products would it not?

Mr. MILLARD: No.

Mr. Lesage: The losses there in column "D" for 1946 and 1947 are shown without taking into account the fact that you sold by-products coming from the animals you bought?

Mr. MILLARD: Yes, that is right; it is just meat operations.

Mr. Lesage: Could we have the profit or loss taking into account the sales of by-products?

Mr. MILLARD: That is covered in column "E".

The Vice-Chairman: Profit and loss on by-products alone is not given?

Mr. MILLARD: No.

Mr. Lesage: What is included in column "E" that is not included in column "D"?

Mr. Millard: "E" includes everything we handle.

Mr. Lesage: It includes butter?

Mr. MILLARD: Yes.

Mr. Lesage: I want the figure for your meat department including by-products of meat but not butter and cheese and so on?

Mr. MILLARD: We have not got the results of the by-products.

Mr. Lesage: I would like the result of your total operations from the buying of cattle and the selling of the whole of them?

Mr. MILLARD: Yo mean beef, hides, and tallow?

Mr. Lesage: Not separately.

Mr. Millard: No, but all together. We have not got those figures.

Mr. Lesage: We do not have a true picture here of your profit and loss situation as far as the total meat operation is concerned, because the sale of by-products from meat is a very important item according to what we have learned from Canada Packers.

Mr. MILLARD: We have not got it for those years and it would be an enormous amount of work and it would not be accurate. In our branches, for instance, casings are all lumped together as are hides.

Mr. Lesage: I would like the figure because we do not know what the complete picture is.

Mr. Dyde: I raised that question with Mr. Millard some days ago and I think I am correct in quoting him as saying his method of accounting was such that it would take a very long time to get that information, and it would not have been possible to get it in the time I had given him to prepare.

Mr. Mayhew: Column "E" as far as dollars and cents are concerned would include by-product operations as well.

Mr. MILLARD: Yes.

Mr. Dyde: As Mr. Lesage points out it also includes butter and other products.

Mr. MAYHEW: It includes the whole operation.

The Vice-Chairman: You handle cheese. Cheese is in E?

Mr. MILLARD: Yes, sir.

The Vice-Chairman: You handle eggs?

Mr. MILLARD: Yes, sir.

The Vice-Chairman: That is in E?

Mr. MILLARD: Yes.

The Vice-Chairman: Butter is in E?

Mr. MILLARD: Everything.

The Vice-Chairman: Is there anything else like that? Have you any other commodities that are in there besides the by-products of the animals?

Mr. MILLARD: Poultry.

The Vice-Chairman: That is in there. So in getting the story of an animal that has entered your plant we can get it from this picture here so far as the meat on it is concerned?

Mr. MILLARD: That is right.

The Vice-Chairman: But when we want to extend that to get the story of the hide and the tallow and the casings we can only get that by also taking at the same moment the story respecting butter, eggs, poultry and so forth? Is that right?

Mr. MILLARD: That is correct.

Mr. Lesage: I will go back to Schedule 2. You have a column entitled "By-products." We have there, for instance, the total sales for the calendar year of by-products. That is by-products of all cattle, hogs, all animals that came in?

Mr. MILLARD: That is right.

Mr. Lesage: It is separated here. What expenses would we have to put against the amount of sales that we see there?

Mr. MILLARD: What expenses?

Mr. Lesage: Yes. I am trying to see if it is at all possible to arrive at the result. We have the amount of sales of by-products. What is the cost involved there? If we knew the cost we could get the result.

Mr. MILLARD: That is practically impossible for me to answer because you have got 7 plants and 25 wholesale warehouses, and different expenses, different methods of computing expenses, so I do not think it is possible for me to give an answer.

Mr. Lesage: In your accounting system where do these by-products come?

Mr. MILLARD: Where do they what?

Mr. Lesage: Under what heading in your accounting system? In your accounting system where do by-products come, under what heading?

Mr. MILLARD: You had better explain that.

Mr. Landon: We have separate records for our by-products. We call them departmental statements, hides, tallow, tankage, casings, fancy meats, oleo oil, calf skins, pelts, wool, etc.

Mr. Lesage: Do I understand that fancy meats are not included in column C?

Mr. LANDON: C on Schedule 3?

Mr. Lesage: Yes.

Mr. Landon: Fancy meats are in that.

Mr. Lesage: The only thing that is not there is by-products.

Mr. Landon: No, column C is the total of all sales. Everything is included in there.

Mr. Lesage: And column B?

Mr. Landon: Column B is just meat, and we have included in meat fancy meats as they are meat.

Mr. Lesage: They are included. The only thing that is not included is by-products?

Mr. Landon: Everything but the inedible products.

Mr. Lesage: Inedible products?

Mr. LANDON: Yes.

Mr. Merritt: Am I right in thinking from column D that in the year ending November 1, 1947, you have sold all kinds of your cuts of meat to the consumer at less than the cost to you?

Mr. MILLARD: That is right.

Mr. Lesage: If you do not include by-products, but you will have to agree that in 1946, for instance, if you add the profits you made on by-products it would considerably change the figure of profit or loss in column D.

Mr. Millard: I grant you that.

Mr. Lesage: But Mr. Dyde asked for the profit or loss from meat operations.

Mr. Lesage: We have some figures in the case of Canada Packers, Mr. Dyde?

Mr. Dyde: Yes.

Mr. Lesage: So that we can see to what extent it changes the figures. Where can we find that in the Canada Packers exhibit? I remember very well that we discussed that point.

The Vice-Chairman: In the year ending November 1, 1947 it has been said you sold your meat at a price less than it cost you, but you made up that loss by the by-products because you did not have an over-all loss on that department, did you?

Mr. MILLARD: It was not all by-products.

The VICE-CHAIRMAN: What else was there then?

Mr. MILLARD: Well, there was butter.

The Vice-Chairman: That is as shown here on this statement. I was not relating my question to this statement but asking you whether it was a fact that you had made a profit on your slaughterings, let us say, on the business which came from slaughterings, which does not include butter or eggs. Is that right, that there was a profit on that department?

Mr. Landon: It may be and it may not be. If you were able to determine the profit on the sale of by-products it might bring this into a profit or it might leave it at a loss.

The Vice-Chairman: My question was are you able to state whether you made a profit in that section of the business?

Mr. Landon: Excuse me, but I think what Mr. Millard said was that it could be determined but it would take a terrific amount of work.

The Vice-Chairman: Even for that one year, 1947?

Mr. Landon: To go back 12 years.

The Vice-Chairman: My question was related to that year ending November 1, 1947, respecting which it was said you had sold your cuts of meats at less than they had cost you. My question related to that. Now I say, however you put in your by-products, will that show you had a profit on the business that originated with the slaughtering of animals?

Mr. MILLARD: Not necessarily. It might reduce the loss considerably.

The Vice-Chairman: You do not know whether it did reduce the loss?

Mr. MILLARD: No.

The Vice-Chairman: You do not know whether it turned the loss into a profit?

Mr. MILLARD: No.

The Vice-Chairman: You only know that it turns into a profit when you add to your meat sales your by-products, your butter, your eggs and your poultry?

Mr. MILLARD: And our wool business, our glue business.

The Vice-Chairman: In other words, there is no point at which you can stop and determine whether or not you have a profit in between sales of meat and sales of everything?

Mr. Millard: Not with any degree of accuracy because as I said with our 25 wholesale warehouses they throw casings in together, and tallow is all in together, and fancy meats are all in together.

Mr. Lesage: On that very point, would you pursue my question, Mr. Dyde? You have looked at page 7 of Canada Packers' exhibit.

Mr. MILLARD: Pardon?

Mr. Lesage: I am asking Mr. Dyde to help me.

Mr. Dyde: This is a page of figures, Mr. Millard, that you probably have not seen before. It was submitted by Canada Packers. You will notice on page 7 that we have this broken down because we have here by-products, and then profit or loss per pound of meat, total meat and by-products, and profit or loss per pound. How long would it take the Swift Canadian Company to give a similar figure? You can confine it for the moment to a particular year, 1947. Would that be a monumental piece of work?

Mr. Millard: Of course, if you are going to get it accurate by different departments, beef, lamb, veal, and pork, you would have to go through and redistribute every invoice for that year.

Mr. Lesage: Canada Packers said they could not separate the total by-products as beef, lamb, pork, and so on. We were satisfied with the over-all figure for by-products.

Mr. MILLARD: Oh, I thought you were talking about the individual species.

Mr. Lesage: No, the over-all figure for by-products from all your meat departments.

Mr. MILLARD: Have you anything in 1947?

Mr. Landon: I have the figures for 1947.

Mr. Millard: Mind you, these figures Mr. Landon has are not split up into beef, veal, lamb or so on.

Mr. Lesage: I am not asking for that.

Mr. MILLARD: I beg your pardon, I thought you were.

Mr. LESAGE: I am not asking for that.

Mr. MILLARD: Then I was mistaken.

Mr. Lesage: I understand it is not possible to get that.

Mr. Millard: You cannot separate them because a lot of them are thrown in together.

The Vice-Chairman: You were thinking in talking about splitting up by-products from meat that it was desired with respect to each class?

Mr. MILLARD: Under the various headings, yes.

The VICE-CHAIRMAN: No.

Mr. Lesage: We did not understand each other. We have lost a lot of time.

Mr. Millard: It is my mistake, I guess. Have you got the total by-products credit for 1947?

Mr. Landon: Yes. The by-products credit that will compare with a loss of \$1,155,000 on meat is a profit of \$883,498.

The Vice-Chairman: That is to compare with—

Mr. Landon: \$1,155,000 loss.

Mr. Millard: In other words, this \$1,155,000 would be reduced by \$883,498, taking all the by-products in.

Mr. Lesage: All the by-products from the meat department.

Mr. LANDON: That is right.

Mr. MILLARD: Hides and calf skins.

Mr. Lesage: What is it for 1946?

Mr. Landon: I have not got 1946.

Mr. Lesage: Have you any previous year?

Mr. LANDON: No.

Mr. Lesage: You would have to work that out? You could not find that in your books?

Mr. Landon: We can obtain it if that is what you mean, but we have not got it with us.

Mr. THATCHER: Is that abnormally high?

Mr. LANDON: That is abnormally high on account of hides.

Mr. MILLARD: We had a hide inventory appreciation.

Mr. Lesage: That is why I want 1946. I know in 1947 the price of hides was very high.

Mr. Millard: That was the end of our fiscal year. I think hides jumped 20 to 29—

Mr. Thatcher: That was when the ceilings came off? Your hide prices went up, and whatever you had on hand you made this large profit on a good portion of it?

Mr. Millard: We priced our inventory up.

Mr. Thatcher: So a good portion of that \$883,000 profit on hides would be from that inventory appreciation?

Mr. MILLARD: Yes.

The Vice-Chairman: I want to get that clear. This \$883,498 is the profit on by-products?

Mr. LANDON: Yes.

The Vice-Chairman: But that is not sufficient to make a total over-all profit?

Mr. MILLARD: On the meat operation, correct.

The VICE-CHAIRMAN: Is that correct?

Mr. MILLARD: That is correct.

The Vice-Chairman: So in the year ended November 1, 1947 you say it is still true that you sold your meat, including by-products, all at a price less than it cost you?

Mr. MILLARD: That is correct.

The Vice-Chairman: Is that correct?

Mr. MILLARD: Yes, sir.

The Vice-Chairman: And if it had not been for butter, eggs, poultry and such things allowing you to recoup you would have had an absolute loss?

Mr. MILLARD: We would have been sunk.

The Vice-Chairman: Butter, eggs, cheese and so forth were the swings against the merry-go-round, and when you made money on the swings you lost on the merry-go-round.

Mr. MILLARD: Then there is also glue and wool.

Mr. Mayhew: That is reflected in D and E on Schedule 3, is it not? You transfer from $\frac{2}{5}$ of a cent a pound to $\frac{1}{4}$ of a cent a pound gain on the total?

Mr. MILLARD: That is right.

Mr. MAYHEW: That would be reflected there?

Mr. MILLARD: Yes.

Mr. Thatcher: Your year ends the end of October?

Mr. MILLARD: That is right.

Mr. Thatcher: Then in this last fiscal year for which you have figures you really have not got very much of the effect of price ceilings being removed on October 27. That will not really come into effect until the following year?

Mr. MILLARD: That is right.

Mr. Thatcher: All these inventory appreciations that appear in Canada Packers' fiscal year will not appear in your fiscal year?

Mr. MILLARD: Their fiscal year ends in March.

Mr. Thatcher: Exactly, and yours is in October, and it is six months between October and March.

Mr. Millard: We have our hide inventory appreciation; the closing inventory was marked up, you see.

Mr. Thatcher: That was January 20 and September 15, the changes in hide prices?

Mr. MILLARD: I think so.

Mr. Thatcher: That would be every department; your pork and beef and your butter, any appreciation you would have got from the price ceilings being removed would not be in those figures for the last year because your year ends on October 31.

Mr. Millard: Well, I think there is some of our butter profit in there.

Mr. THATCHER: The ceilings did not come off until after that date, did they?

Mr. Lesage: The butter ceiling was removed on the 9th of June.

Mr. THATCHER: But the meat was not?

Mr. Millard: I think the meat ceiling was removed on October 22.

Mr. Mayhew: You took your full appreciation on the hides in November, but did they not drop again early in the year? What happened then?

Mr. Millard: They certainly did; that was only an inventory profit which we thought was there and it was not. They went from 29 to 20 or 22.

Mr. Mayhew: So, you would have to take an inventory depreciation?

Mr. Millard: We have to take it out of the till and put it back again now.

Mr. Thatcher: How would your inventory profits from October to March of this year compare with last year?

Mr. Landon: We have not any figures with us, Mr. Thatcher, on that. I really could not answer your question without the figures.

The Vice-Chairman: Some of the profit figures would be changed?

Mr. Landon: We have not any figures with us as a comparison.

Mr. Thatcher: I want the figures for the six months in 1947 and six months in 1948. You do not take your figures off monthly?

Mr. Landon: We take our figures off monthly.

Mr. THATCHER: Could you not add them up quite easily?

Mr. Landon: Yes, we have not them with us.

Mr. THATCHER: It would not be very difficult to get them?

Mr. LANDON: No.

Mr. Thatcher: I wonder if you could possibly obtain those figures for the committee, the profits you made in the last six months as compared with a year ago?

Mr. Landon: We would not have the six months period until the end of this month.

Mr. Thatcher: Take the five months, starting November 1.

Mr. Landon: It is not hard to get the information.

Mr. Millard: We will try to get it by telephone after this session.

Mr. THATCHER: That would be fine.

Mr. Millard: You want the two figures for the entire business?

Mr. Thatcher: Yes, I do not think the committee can tell, from looking at the October 31 figure how the inventory appreciation has affected the price level. We should have figures for the period from November 1 onward.

Mr. Landon: Do I understand that you want our over-all profit for the five months?

Mr. Thatcher: That is right, to compare with a year ago.

Mr. Landon: I could not get the figure for meats only, but we could get the over-all profit.

Mr. Lesage: What about the meat operations?

Mr. Millard: We would have to go through the same procedure to get that figure as we did to get this one. We had, across Canada, about 125 men working on these figures.

Mr. Thatcher: You, Mr. Millard, being the president, would know offhand if the profit position is up or down. You would know whether you were doing better?

Mr. Millard: Yes, I would say we are doing better.

Mr. Thatcher: Is it quite a bit better?

Mr. MILLARD: It is quite a bit better.

Mr. THATCHER: Would you say that is due to an inventory appreciation or what is the reason?

Mr. Millard: No, as a matter of fact, on meats, we did not put our inventory prices up; we did not show the higher prices on meats in our closing inventory. I think our kills were up, we had more business.

Mr. Thatcher: Would you say, so far as the Swift Canadian Company is concerned, that your company is better off because price ceiling were removed, are your profits better? Are you making more money because price ceilings have been removed?

Mr. Millard: I will answer it this way; we are on a free economy now. We have a chance of getting our money out of our cattle. When we killed them before, we did not. We bought live cattle here, and here was the ceiling on it. When the live cattle price moved up, we could not move our price up. We were stymied right here. Now, with the ceilings off, we have a chance to go out, do a little trading and get our money back.

Mr. THATCHER: You have definitely benefited from the fact the ceilings

have been removed?

Mr. MILLARD: There is no doubt about it.

Mr. Dyde: In that connection, before you—

Mr. Millard: Does that answer your question, or do you want us to try and get this information by telephone?

Mr. Thatcher: No, I do not think that is necessary. If you say your profits were greater this year.

Mr. MILLARD: Substantially better.

Mr. THATCHER: I think that is sufficient.

Mr. Mayhew: What was the volume of your business as compared to the same months as last year? What percentage increase in volume did you have? There was a period of rationing in there.

Mr. Millard: You have asked me a stickler. I generally look at the profit and just squint at the volume. I could not give you an answer which would be correct, I would just be guessing.

The Vice-Chairman: In view of the fact Mr. Thatcher is satisfied with the answer you have given, that obviates the need for telephoning to secure the information. Would it not be desirable to file a letter giving the figures, after some few days, so they could be joined up with the evidence and, at the same time, take into consideration the volume, as Mr. Mayhew suggests.

Mr. Mayhew: The volume has a great deal to do with the profits. The profits may show a considerable increase but the volume may also show an increase, so it would not be solely a reflection of the increase in price.

Mr. Millard: We would be glad to do that. You write us a letter and set out the information you desire.

The Vice-Chairman: Yes. It would thus join up with your evidence when we come to consider it later.

Mr. Lesage: If you do write the letter, Mr. Dyde, would you ask for the credits, let us say for the years 1946, 1945 and 1944, for the by-products?

Mr. MILLARD: You mean right back to the twelve years?

Mr. Lesage: No, three years.

Mr. MILLARD: It would take a little time to get that.

Mr. Lesage: Yes, but when Mr. Dyde writes to you-

Mr. Mayhew: Coming back to schedule three again, the total of your meat sales to the trade and your packing house sales, those two together give a volume of 527,196,000 pounds. You show your total sales as 477,796,000 pounds.

Mr. MILLARD: You cannot add them, Mr. Mayhew.

Mr. MAYHEW: The difference would be the inter-plant sales?

Mr. Millard: Column A shows sales to the trade and that means just what it says, sales to the trade. Now the packing plant sales consist of some interplant sales.

Mr. Mayhew: That is what I say, the difference there would represent inter-plant sales, would it?

Mr. Millard: No, I would say 95 per cent of it would be sales to the branch houses who sold to the trade.

Mr. Thatcher: Would not that column indicate your sales volume trend is downward rather than upward, or am I wrong in that?

Mr. MILLARD: You mean there?

Mr. Thatcher: From November, 1 1947, when it was 262,000,000 pounds—you cannot tell offhand what the trend is?

Mr. MILLARD: You mean November 1, 1947?

Mr. THATCHER: Yes.

Mr. Millard: I would just be guessing, I would rather send the correct figure.

Mr. Merritt: What caused the downward trend in sales, as Mr. Thatcher points out, from 1944 of 422,000,000 pounds down to 1947 when it was 262,000,000 pounds?

Mr. Millard: Of course, there was a tremendous decrease in the hog population which brought it down.

Mr. Merritt: It is due to hogs, not beef?

Mr. MILLARD: I think so.

Mr. Merritt: What brought that about?

Mr. Millard: Well, the farmers just did not breed hogs. They went out of them.

Mr. MERRITT: Why did they do that?

Mr. MILLARD: I do not know.

Mr. Merritt: It is a steadily reducing trend. What is happening now, is producing going up or down?

Mr. Millard: It is going up. I think in the first three months of this year our hog kill across Canada has increased about 48 per cent; that is for the three months, 1948 as against 1947.

Mr. Merrit: Is there any reason as to why that is happening? It was going down and now it is going up, apparently, quite sharply? Is there any explanation for that change in the trend of production?

Mr. Millard: Well, the farmers are getting more money for their hogs. This might be an inducement for them to breed more.

Mr. Thatcher: You do not think it is because the farmers are trying to get out of hog production and are slaughtering them?

Mr. Millard: No, that would have the adverse effect.

Mr. Thatcher: It would increase the number you would be slaughtering because a lot of farmers would be getting rid of their hogs and bringing them in to be slaughtered?

Mr. MILLARD: That would increase the sow run but, from my observation, when the farmers want to get out of hog production, there are two ways of doing it. First, the farmers do not breed the sows and, secondly, when the sows have little pigs the farmers hit them on the head.

The Vice-Chairman: Has the sow run been increasing over these three months?

Mr. MILLARD: The sow run is not in those three months.

The Vice-Chairman: You have not been getting a large number of sows for slaughter?

Mr. Millard: We are not into the period when the sow run starts.

The Vice-Chairman: Oh, I see.

Mr. Winters: Referring to Schedule 3, columns (e) and (f) under the date of October 26, 1946, there is a difference between profit and loss from all departments before provision for taxes on income and inventory reserve and

column (f) which is net profit or loss from all operations, of something like \$730,000, whereas in the following period a profit of \$1,179,319, eventually turns into a loss of \$13,681, or a difference of \$1,200,000 roughly. In other words, the difference is almost twice as great as the year before. How do you account for that?

Mr. Landon: That is accounted for largely by the inventory reserve in 1947, of \$750,000.

Mr. Winters: That is what I thought. Why would you put up such a large inventory reserve? By the way, what was the same reserve the year before?

Mr. Landon: Well, in the years previous we set up inventory reserves under the Wartime Inventory Reserve Act on which we paid normal taxes but we did not pay extra. That amounts over all the years since we started to \$2,100,000. That is on wartime inventory reserve. Last year we set up an additional \$750,000 to take care of price declines which we anticipated.

Mr. Lesage: But that is not allowed for income tax purposes.

Mr. Winters: That is not allowed for income tax purposes?

Mr. Landon: No.

Mr. Winters: You pay income tax on it?

Mr. Landon: Exactly.

Mr. Lesage: That is rather large for an inventory depreciation reserve?

Mr. LANDON: We did not think so at the time.

Mr. Winters: What did you say it was, \$750,000?

Mr. Landon: Yes, \$750,000.

Mr. Winters: Why have you had a small loss in the light of that special reserve?

Mr. Landon: The actual profit of the year would have been \$737,000.

Mr. Winters: Why would you do that if you show a loss? Why did you not show the exact operating costs?

Mr. Landon: Well, it is just the way it is worked out, Mr. Winters. As a matter of fact, it doesn't make a great deal of difference. Our statement is not published. We are a privately-owned company and it does not matter. There is no statement which goes out to shareholders or anything like that.

Mr. Winters: Why would you have selected figures which would have given you a loss?

Mr. Millard: You see, that figure of \$750,000 is after careful consideration; and then, of course, our auditors checked on it and they accepted it as being sound practice.

Mr. Winters: It is an internal operation of course; and as such it makes no difference. It seems to me rather odd that you would take such a large amount and show a loss by doing so.

Mr. Thatcher: That is the anticipated loss. That is not a less, you have said?

Mr. MILLARD: No.

Mr. THATCHER: So it is not an actual loss.

Mr. Millard: That is the anticipated loss. We have already used some of that to take up slight inventory depreciation. We had an appreciation, and then a depreciation.

Mr. Winters: What about your depreciation, Mr. Millard? What did you do on that last year?

Mr. Millard: We wrote off depreciation according to the allowable percentage by the dominion government.

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Mr. WINTERS: You do not write off any more than they allow you to?

Mr. MILLARD: No, not a nickel.

Mr. Thatcher: That is different then from the practice followed by Canada Packers?

Mr. Millard: Yes.

Mr. Thatcher: What was the amount that you wrote off last year, just approximately?

Mr. Landon: \$746,000.

Mr. Thatcher: And you are allowed that amount by the government?

Mr. Landon: Yes.

Mr. Thatcher: That is your practice, you just write off actual allowed depreciation. You have no other reserve on your balance sheet to that account other than what has been allowed you by the government?

Mr. Landon: No. I may say that we do not run a double set of books or records for depreciation. We have just the one depreciation account, that which is allowed by statutory authority.

Mr. Winters: You say that when you charge your products from one department to another or from a plant to a branch house you charge it at market price?

Mr. Millard: Well, at market, what we consider market value; and allow something in there for them to operate on. In other words, if something is selling for 25 and we charge it to the branch at 25 cents a pound naturally they could not operate because they would have to take a loss. When we say market, we allow margin on the selling price.

Mr. Winters: Whether you realize a profit or a loss on your over-all operation depends on how much your stock costs you and how much you get from the consumer.

Mr. MILLARD: Right.

Mr. Winters: But in between that there are or ther may be profits along the line although you might show a loss. If you have an operation where you could have an intermediate profit. you might have a profit in the intermediate transaction and that might show again in your net operating result? Perhaps Mr. Dyde would ask you about that.

Mr. Dyde: Yes, Mr. Winters. I wonder whether there is not a profit on the transaction between the plants and the branch houses; that is, you charge to the branch house—

Mr. MILLARD: Oh, yes, yes.

Mr. Dyde: And they make a profit on that?

Mr. MILLARD: That is right.

Mr. Mayhew: Which would show up in your over-all?

Mr. MILLARD: Yes.

Mr. Dyde: That is what I was coming to, it would show up in your over-all?

Mr. Millard: Yes, the over-all covers our entire operations from start to finish.

Mr. Winters: Yes, but it seems to me it might not do it in just the way it is shown here. You divide your total operating expenses and you charge a profit into one such as operating expense and your end figure for profit or loss is not the real profit or loss in the final statement; you might have intermediate profit or you might have an intermediate loss?

Mr. Millard: Yes, but it is all in there in this profit figure in column "E".

Mr. Winters: Yes, but if you reduce this down to basic elements of cost; labour, materials and so on, the way we normally try to arrive at cost; and you have the transfer of the product from one department to another at a certain cost—I mean, you are taking your element of profit on the basis of that cost, the intermediate cost has an element of profit in it.

Mr. MILLARD: That might be right.

Mr. WINTERS: It seems to me that by taking the profit along the line your intermediate profit might be double.

Mr. MILLARD: It would not make any difference because at the end you can only sell at the market.

Mr. WINTERS: I do not disagree with the bookkeeping system, mind you. I think it is all right. Nevertheless I think in some cases it might arrive at a net cost which is higher than it need be. Now it is true, as you say, you must consider each one of your branches and each one of your plants as an operating

Mr. MILLARD: In that case the profit would be back here (indicating) instead of being here (indicating). It is part of your operation.

Mr. WINTERS: If it is back here and up here too, you have it at two points.

Mr. MILLARD: That could not be. You would be pyramiding your costs, and you could not do that.

Mr. WINTERS: I think that might happen sometimes.

Mr. IRVINE: The profit becomes your cost.

Mr. WINTERS: That is it.

Mr. IRVINE: The profit might become an element of cost.

Mr. MILLARD: I do not think it could happen. There is too much competition in this game to allow you to try to pyramid profits as costs.

Mr. WINTERS: I do not see anything wrong. These branch houses have to meet competition. But, nevertheless, the packing plants make a profit and then the branch houses make a profit; and that is all right as a part of the business; but when you record them altogether as the Swift Canadian Company then there is a possibility of double profits there.

Mr. Landon: There cannot be two profits. I do not just understand your point. I mean, is the profit you have in mind taken up as an expense? Is that your point?

Mr. Winters: Partially. You see, you send a product from your packing plant to your branch house at a certain figure.

Mr. Landon: Yes.

Mr. WINTERS: And in that figure there is a profit?

Mr. Landon: Could be.

Mr. WINTERS: And that goes to the branch house and there that profit might be considered as an element of cost.

Mr. MILLARD: I see what you mean. Those two profits, if there are two profits there, are in here.

Mr. Winters: I am not criticizing it, but nevertheless it is possible there.

Mr. Lesage: I see the usefulness of Mr. Winters' question and arising out of it I would like to be definite on one point. With all the animals that come to your plants, are all the parts of them transferred to departments that come under the heading "meat operations" actually, the by-products?

Mr. MILLARD: Yes.

Mr. Lesage: There is nothing else from the animal—you know what I mean—nothing else from the animal which might be disposed of otherwise?

Mr. MILLARD: You said, plus by-products. The rest is all meat.

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Mr. Lesage: Plus by-products, that is all?

Mr. MILLARD: Yes.

Mr. Lesage: And anything that you transfer from your meat department goes to your by-products department. There is no other department to which you transfer any part of it?

Mr. MILLARD: No, there is nothing else of which I know.

Mr. Lesage: You know better than I know, and that is why I am asking you.

Mr. Millard: There is the carcass and the hide and the tallow and the casing—

Mr. Lesage: I just want to be definite with respect to the figure of \$1,155,000 and that it takes into account all the animals you bought, and all your slaughtering operations?

Mr. Millard: There is an old saying that we get everything out of the hog except the squeal.

The Vice-Chairman: And it is all there except the squeal?

Mr. MILLARD: Yes, and the by-products.

Mr. Lesage: And I am speaking about the figure \$1,155,000?

Mr. Millard: I know what you are asking and I think it is a fair question. If we buy a steer on the Toronto stockyard we have the meat included there, and you want to know about the hides and so on?

Mr. Lesage: Yes, and there is nothing else that goes into any other department of your company?

Mr. MILLARD: No.

Mr. Lesage: What about condemnation insurance which you collect?

Mr. Millard: I would be glad to talk about that, we collect it, but it is not enough.

Mr. Lesage: Were you going to question the witness on this, Mr. Dyde?

Mr. Dyde: I was going to go on with condemnation insurance later.

Mr. Lesage: All right.

Mr. Dyde: I would like to ask a further question with regard to Schedule 3 before we leave it, Mr. Millard, although we may come back to it again. Would you look at column D and opposite the year 1945 you show a profit of over \$1,000,000?

Mr. MILLARD: Yes.

Mr. Dyde: \$1,212,000?

Mr. MILLARD: Yes.

Mr. Dyde: Which in that column becomes a fairly small loss in 1946, and a larger loss in 1947? Have you the figures which would show whether the loss occurred in both beef and pork or one or the other? Have you figures which will give that information?

Mr. MILLARD: No, I have not got those figures.

Mr. Dyde: Would it be difficult to tell us whether the reduction was due to the beef account or to the pork account?

Mr. MILLARD: We could go back and check all our plant records.

Mr. Dyde: Yes, but I am asking you whether it would be difficult before I ask you to do it?

Mr. MILLARD: It would take some time and we must receive the results from twenty-five branches.

Mr. Dyde: It is a matter about which you might have some general knowledge, Mr. Millard, as a senior officer of the company. Would you know,

generally speaking, whether that loss was attributable to beef, or attributable to pork, or to both?

Mr. MILLARD: I would say it was mostly attributable to beef.

Mr. Dyde: I do not think that at the moment I will ask you to give us the further figures because I think your answer is sufficient for my purposes. I would like to go on to Schedule 4.

Mr. WINTERS: Before you go to Schedule 4, with respect to the note on Schedule 3, regarding the packing plant sales including some duplication as the result of interplant sales, how much would there be if you eliminated the duplication? The figure has a bearing on your profit or loss.

The Vice-Chairman: Some little time ago Mr. Millard said they did not use that figure.

Mr. Millard: We did not use those figures for profit and loss but instead we used the figures in column E—sales to the trade. Those figures in column D were not used when figuring the profit and loss.

The Vice-Chairman: The profit and loss figures were based on sales to the trade?

Mr. MILLARD: Yes.

Mr. Lesage: The finished product.

The Vice-Chairman: Gentlemen, if we are moving to Schedule 4 it is now a few minutes to 1 o'clock and I think counsel would like to have a break at this point. We will adjourn until 4 o'clock.

Mr. Thatcher: Before we do adjourn, a few minutes ago I asked Mr. Millard if he could obtain some figures. I then said that it would not be necessary if it was too much trouble but I would like to have those figures—the profit for the five months period from November 1 for this past year as compared with the figures for a year ago—if it is not too much trouble?

Mr. Millard: I will try to get the figures but they are locked in my office in Toronto and its not everyone that can get them. If we can locate someone who can get in we will obtain the information. How would it be if I said, Mr. Dyde, that the figures were substantially greater, and I believe we agreed that we would send them on to you.

The Vice-Chairman: Yes, that is what had been arranged but Mr. Thatcher on second thought says that he would like some of the figures now.

Mr. Thatcher: I would appreciate it if you could get the figures.

Mr. MILLARD: I will telephone Toronto and see what can be done.

The meeting adjourned to meet again this afternoon at 4.00 p.m.

AFTERNOON SESSION

The committee resumed at 4.00 o'clock p.m. The Vice-Chairman: We will proceed.

- A. E. Millard, President & General Manager, Swift Canadian Company, Limited, recalled.
- R. E. Swan, General Supervisor, Canadian Beef, Veal and Lamb Operations, Swift Canadian Company, Limited, recalled.
 - N. E. Landon, Secretary, Swift Canadian Company, Limited, recalled.
- W. S. Mulock, Provision Manager, Swift Canadian Company, Limited, recalled.

Mr. Dyde: Mr. Millard, would you turn to Schedule 4, please. For the sake of convenience only I have totalled the figures in the right-hand column, that is for 1946, and my figure is a net minus figure of \$638,309. I think that is right, is it not?

Mr. Lesage: What is that figure?

Mr. Dyde: \$638,309. Does that agree with your figures?

Mr. LANDON: That is correct.

Mr. Dyde: And for 1947 by the same addition and subtraction I come to a net figure of \$125,504.

Mr. IRVINE: Minus?

Mr. Dyde: Minus. Is that right?

Mr. Landon: That is correct.

Mr. Dyde: The only comment I have, Mr. Millard, on the list of figures is with reference to February, 1948, right at the bottom. Have you any way of explaining why February gets into the red after three successive months, November and December, 1947 and January, 1948? Do you know what the explanation for that is?

Mr. Millard: Well, I think that the February results are largely on beef, and then we took an inventory decline on hides.

The VICE-CHAIRMAN: Took which?

Mr. MILLARD: An inventory decline on hides.

Mr. Thatcher: Did you not say this morning you took part of that out of your reserve?

Mr. MILLARD: It automatically goes into the results.

Mr. THATCHER: You do not do that until the year end?

Mr. Millard: We do not adjust the reserve against inventory month by month.

Mr. Dyde: Just before we leave that your inventory decline in hides would not be reflected here, would it?

Mr. MILLARD: Oh yes.

Mr. Dyde: Have you got by-products here?

Mr. Millard: I am sorry. That is just the meat department.

Mr. Dyde: I thought you might have an explanation of that.

Mr. Millard: I have not got it broken down, but I would say offhand it is our poor beef operations from the previous months.

The Vice-Chairman: What do you mean by the word "poor", you had to pay out too much money for the price you got back? Did the price go up that you had to pay?

Mr. Mayhew: Was there a decline in price in February?

Mr. Millard: There was a decline in beef prices, and I think I am right—how did the live market go?

Mr. Swan: The live market did not go down in line with the selling market on beef. In other words, it was a glutted market during the month of February.

The Vice-Chairman: Glutted.

Mr. Swan: Dressed beef market.

The Vice-Chairman: The dressed beef market was glutted. You had a decline, and you did not have a decline on the live market.

Mr. Swan: I would not say we did not have a decline.

The Vice-Chairman: You did not have enough decline to make up for the decline on your sales side?

Mr. Swan: That is right.

Mr. Dyde: Possibly I may come back to that.

Mr. Irvine: Before you leave that, this is an extraordinary looking figure to me. Sales are quite a little bit higher in February than in the previous months. The return seems very much greater and yet there is a greater loss than ever. I should like to know what your inventories were as of the 1st of February.

Mr. Millard: February is a five-week period compared with the previous period of four weeks.

Mr. Dyde: Inventories show on the next schedule, Schedule 5.

Mr. IRVINE: Five weeks.

Mr. Mayhew: That included part of January, some days in January? In order to get a five-week period it would have to be. There are not five weeks in February.

Mr. MILLARD: It laps over.

Mr. MAYHEW: You had to either take some of January or some of March in.

Mr. MILLARD: That is right.

The Vice-Chairman: Mr. Kuhl, are you formally replacing Mr. Johnston or just sitting in?

Mr. Kuhl: I will be tomorrow.

The Vice-Chairman: But not formally yet. You are welcome anyway, but I wanted to know whether to have your name recorded.

Mr. Lesage: Mr. Millard, can you give me the figure for the credit from by-products in the months of November and December, 1947 and January and February, 1948?

Mr. MILLARD: Will we get them for you?

Mr. Lesage: Could I have them now?

Mr. MILLARD: We have not got those.

Mr. Landon: No. Those figures are not available by months.

Mr. Lesage: Pardon?

Mr. Landon: The figures for the by-products are not available by months.

Mr. Lesage: Even if we ask for that?

Mr. LANDON: We could get them.

Mr. Lesage: We could have them. Would you take a note, Mr. Dyde, and put that in the letter you are going to send.

Mr. MILLARD: We could include them.

The Vice-Chairman: I want to ask a question about this reference to an inventory reserve. We find here in 1946 that on meat alone you have made a loss of somewhere in the neighbourhood of \$638,000. That is before you have set up any inventory reserve. The inventory reserve was to be a sum set up against the possibility of price decline. Is that not so?

Mr. MILLARD: That is right.

The Vice-Chairman: Eventually it was set up in the close of 1946. What was the amount of that?

Mr. MILLARD: We will have to look it up.

Mr. Landon: I do not know whether or not we have that figure. No, I cannot supply you with that figure from any information I have here.

The Vice-Chairman: What was the figure of \$750,000 you used this morning? That referred to the next year?

Mr. Landon: That was for our 1947 fiscal year.

The Vice-Chairman: That is the sum of money that would be set up, and as far as the meat operation is concerned that \$750,000 only refers to a possible inventory loss on meat, does it, or does it refer to a possible inventory loss on everything?

Mr. Landon: On other items, right. The Vice-Chairman: Everything?

Mr. LANDON: Yes.

The Vice-Chairman: So it is not relatable to meat alone, anyway.

Mr. MILLARD: It is our entire business.

Mr. Landon: That is correct. The Vice-Chairman: All right.

Mr. Lesage: Mr. Millard, as to the footnote on Schedule 4 is it correct to say it applies to columns A and B but definitely not to C?

Mr. Millard: It does not apply to column C. That is profit or loss from operations of the meat departments, including selling outlets.

Mr. Lesage: That is the final result? Mr. Millard: That is the final result.

Mr. Lesage: But what would it represent approximately, let us say, for February, 1948, both in the amount of pounds, total pounds, and the amount of sales?

The Vice-Chairman: You mean what duplication is reflected there?

Mr. Lesage: Yes, approximately.

Mr. Millard: In column A?

Mr. Lesage: Yes.

Mr. Millard: Oh, there may be 5 per cent, 5 or 10 per cent duplication.

Mr. Lesage: Not more than that?

Mr. MILLARD: No.

Mr. Lesage: To what can we attribute the increase in the total pounds sold in February over January?

Mr. Millard: February first of all is a five-week period compared with a four-week period in January.

Mr. Lesage: It is a five-week period?

Mr. MILLARD: Yes, that is right.

Mr. Lesage: Could you enlarge on the explanation that you have given for the loss in February? The only answer you gave was the beef department was poor during that month.

Mr. Millard: Without having the actual figures before me I would say that loss is attributable to a great extent to our unprofitable beef operations.

Mr. Lesage: Do you have any more detailed figures on that with you here?

Mr. MILLARD: No, sir.

Mr. Lesage: Could you not provide us with the amount of beef sold and the amount of pork sold?

Mr. MILLARD: We would have to go back and check the results.

Mr. Lesage: You do not have it here?

Mr. MILLARD: No, sir.

Mr. Irvine: Generally speaking beef is a very unprofitable proposition, is it not?

Mr. Millard: Over a period of years.

Mr. Lesage: You understand that I do not blame you for not giving more figures, but on these figures it is difficult for us to form a sound opinion.

Mr. Millard: Yes, I realize that, but I did not anticipate you would want that broken up.

Mr. Lesage: Because it may be profitable in the hog department and not profitable in the beef department. It may be your plants; it may be your selling outlets. We do not know. I should like to know how it is that you made \$132,000 profit in January selling 23,000 pounds of meat, and you made \$192,000 loss in February selling 32,000 pounds of meat. I should like to have figures to explain that. What is the cause of it? I am sure, Mr. Millard, you being a shrewd business man you would want to know what was wrong with it, looking ahead to March and April. You would say, "How is it we are making losses? On what department are we losing money?" I am sure you have put those questions to yourself.

Mr. Millard: As I say I have not the figures, but as I recall it is on our

beef operations.

Mr. Lesage: What have you done about it? When you noticed you were making losses what did you do in March?

Mr. Millard: Well, the only thing we could do is try to get more money out of our products to eliminate the loss.

Mr. Lesage: What did you do, as a matter of fact? What steps did you take?

Mr. MILLARD: We tried to get our selling price up.

Mr. Lesage: Did you get your selling price up in March?

Mr. MILLARD: Did we, Bob.

Mr. Swan: During the latter part of March, we started to. There was a glutted beef market from about the third week in January right through February and prices broke, roughly, a full cent to a cent and a half a pound.

Mr. Lesage: Due to consumer resistance?

Mr. Swan: There was too much beef around. You had to sell it and you sold it for what you could get.

Mr. Lesage: That explains your losses?

Mr. Swan: For that time.

Mr. IRVINE: Why did you have to sell it?

Mr. Swan: There was nothing else you could do with it but sell it a the best price you could obtain.

Mr. IRVINE: Could you not hold it?

Mr. Swan: We did not think we wanted to freeze beef at that price level.

The VICE-CHAIRMAN: Too high priced to freeze it?

Mr. Swan: In our opinion.

Mr. Lesage: What about the hog department, do you believe you made a profit during February in that department?

Mr. Millard: As I recall it, I think we did make a small profit in the hog operation.

Mr. Lesage: You did make a profit on the hog operation?

The Vice-Chairman: The \$192,000 loss is almost entirely on beef?

Mr. MILLARD: As I recall it.

Mr. Lesage: There would be more than that, then, if you made a profit on hogs. There would be more than \$192,000 on beef. It may be that the byproducts' credit for this five week period would be more than \$192,000.

Mr. Millard: It will make some difference in the figure. How much it will reduce it, I do not know.

Mr. Mayhew: This schedule shows that in January and February, 1946, January and February of 1947, and last January and February, 1948, you had losses?

Mr. MILLARD: Yes, sir.

Mr. Mayhew: It seems to be a habit.

Mr. MILLARD: It is a bad habit.

The Vice-Chairman: I was thinking, in regard to February, you would probably be saying, "Thank God, we are back to normal", because there is a minus sign opposite most of these months for two years. That makes me wonder about the business. You are certainly not in business for your health. There is a profit on meat at some stage. Is it a fact that, if you went back over the other months of other years you would display as many minus signs as there are here, on a sheet, made up in the same way?

Mr. MILLARD: Quite likely.

The Vice-Chairman: Then, is it a fact that, in this business, you count on making money regularly in some other department than meat; that is the way this business goes?

Mr. MILLARD: At times it turns out that way.

Mr. Thatcher: These are book losses, then, is that what you are getting at, Mr. Maybank?

The Vice-Chairman: No, I am wondering if it is generally considered in the packing business that this department is not as much of a money maker as others, and you do figure on patching up—

Mr. MILLARD: The by-products would reduce these losses a bit.

The Vice-Chairman: You have made a profit in nearly every year. You have not had many years with serious losses, have you?

Mr. MILLARD: There are two years.

The Vice-Chairman: You are looking at the meat department only, when you make that statement. Oh, no, I see you have a different schedule.

Mr. Dyde: Schedule 3, the right hand column.

The Vice-Chairman: There are two years since 1936, one of them being 1938, at which times there were over-all losses.

Mr. Millard: On Schedule 3, 1946 and 1947 showed a loss, and all the years prior to that right up until 1939, profits.

The Vice-Chairman: I see. So that these last two years, showing losses in the meat department, then, are exceptional. At first, I was wondering whether they were usual and that you counted on making your money somewhere else, on the swings instead of on the merry-go-round; however, that is not so.

Mr. Mayhew: Out of 26 months, the company made profits in 8 months.

The Vice-Chairman: One-third of the time, yes.

Mr. Lesage: I am looking at Exhibit 94. Would you give a copy of Exhibit 94 to Mr. Millard, Mr. Dyde.

Mr. Dyde: At which page are you looking?

Mr. Lesage: I am comparing page 1—the pages are not numbered, but it is the monthly average price for good butcher steers at Toronto up to 1,050 pounds. I am comparing page 1 with page 4. On page 4, I see that the price of good butcher steers at Toronto was \$15.21 for January and \$15.25 in February, which is a very slight difference, is it not? The price of steers was practically the same in February, 1948 as it was in January, 1948?

Mr. MILLARD: That is right according to this statement.

Mr. Lesage: You accepted it, you said you accepted it.

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Mr. MILLARD: I am not arguing the statement is wrong.

Mr. Lesage: I understood you accepted this as a basis for discussion?

Mr. MILLARD: We accepted those prices.

Mr. Lesage: If we come back to page 1 and compare the average prices on beef in January with those in February, we find they are about the same.

Mr. Dyde: Under which head note are you looking?

Mr. Lesage: I am looking at both Toronto and Winnipeg, looking at Toronto to compare with page 4 and looking at Winnipeg to compare with the company's figures. The average in both instances, for the month of February is about the same as the month of January, more so at Winnipeg than at Toronto.

Mr. Swan: Our figures do not show that. In Toronto, on red beef, for the week ending the 17th of January, we were selling red beef at \$29.48, and on the 14th of February, we were selling it for \$28.35, over a cent a pound reduction. At Montreal—

Mr. Lesage: Just a moment, we will compare that with what we see here. At the end of January, the price of red brand in Toronto would have been 27 cents a pound, and in February it would have been 28 cents.

Mr. Swan: I do not know about those figures.

Mr. Lesage: The embarrassing fact is, I understand you accepted those figures.

Mr. DYDE: I should explain that when Mr. Millard said on schedule 6 he accepted the prices for steers as set out in the weekly livestock market review, he accepted the prices as set out specifically on Exhibit 96.

Mr. IRVINE: Does that differ, Mr. Dyde, from Exhibit 94 in this respect?

Mr. Dyde: It does not differ from Exhibit 94 as to the prices for steers, but it does not include the wholesale prices.

Mr. Lesage: They are about the same, Mr. Dyde?

Mr. Dyde: It is exactly the same, or within a cent of being the same.

Mr. Lesage: Yes, it is about the same.

Mr. Dyde: On January 10, according to Exhibit 96, the price was \$15.11 and on January 17, \$15.27, and so on.

Mr. Lesage: The average for the two months is about the same. So, there was practically no increase in the cost of cattle to the company?

Mr. Dyde: You will notice, Mr. Lesage, that under Winnipeg, the price starts on January 10 at \$15.25 and drops.

Mr. Lesage: Yes, it drops. It is lower in February in Winnipeg than in January.

Mr. MILLARD: Of course, that same government report from which those figures are taken contains a quotation for choice beef from which you very largely get your red brand beef.

Mr. Lesage: We are speaking of the 1,050 pound class. I understood from a previous witness that from these good butcher steers you got three brands of beef; red brand, blue brand and commercial brand.

Mr. Millard: You get some red brand. You get some blue and some commercial.

Mr. Lesage: What proportion, could you tell me? Roughly, what would be the proportions?

Mr. Swan: That is a very difficult question to answer.

Mr. Lesage: Could you give some idea to someone who has none?

Mr. Swan: I would say 10 to 15 per cent red; it depends on the market.

Mr. Lesage: I understand, it is difficult.

Mr. Swan: These red brand cattle which were in the good steers would be worth the same as choice steers on the same day. In other words, if you were buying these cattle alone, you would pay the price of choice steers.

The Vice-Chairman: There is a quotation for choice steers at the same time?

Mr. Swan: Yes.

Mr. Dyde: Would the quotations for choice steers not show exactly the same trend as these quotations on Exhibit 96?

Mr. Swan: Roughly the same.

Mr. Dyde: So when good butcher steers, up to 1,050 pounds, go down in price, so also do choice steers go down in price?

Mr. Swan: Yes; that is not always the case. Cows, for example, if anything, were just a shade stronger during February.

Mr. Lesage: It is up a shade. I see. Winnipeg, in January, 19.50. It is just a shade, only half a cent.

Mr. Dyde: Is it not also true—what is the next grade down from butcher steers on the market?

Mr. Swan: Medium.

Mr. Dyde: Do you not get any red brand with medium?

Mr. Swan: No. Mr. Dyde: Some?

Mr. Swan: Generally speaking, no. Mr. Dyde: You get some blue brand?

Mr. Swan: A few, occasionally.

Mr. Lesage: The figures I have here on the market price for beef January and February, Toronto, Montreal and Winnipeg—I just cannot see how you arrive at the conclusion that the losses you show are due to the fact that you had to pay more for beef and that you had to sell for less.

Mr. Millard: Our figures, Mr. Lesage, show that we actually sold beef at a loss.

Mr. Dyde: Would you give us the price at which you actually sold beef at Winnipeg over the period?

Mr. Swan: You are taking Winnipeg?

Mr. Dyde: I am taking Winnipeg because you were asked to bring prices with regard to Winnipeg.

Mr. Lesage: That is why Mr. Dyde asked you to send Winnipeg.

Mr. Dyde: I would like to start the week following decontrol.

Mr. Swan: I haven't got them.

Mr. Dyde: How far back do you go?

Mr. Swan: To the week ending the 3rd of January.

Mr. Thatcher: These figures are not complete. How can we have an investigation, we haven't even got last year's balance sheet. We haven't got the prices. It may be that these gentlemen were not asked to bring them, it may not be their fault; but I ask you, how can we arrive at a decision out of this?

Mr. Lesage: I think we should have the figures for January and February. I am not questioning the statements that have been made before us. I would not mind Mr. Thatcher getting the additional information. I will second his motion if he so moves.

The Vice-Chairman: Have you the figures for Mr. Lesage?

Mr. Lesage: No, Mr. Dyde asked the question. He asked how far back he could go, and I think I heard January 3?

Mr. Dyde: Could you start them with January 3, and give us your figures from then on for 1948? What prices can you give me?

Mr. Swan: On red brand beef.

Mr. Dyde: That is the wholesale price for red brand beef?

Mr. Swan: At Winnipeg.

Mr. Dyde: And that is the price for what period?

Mr. Swan: January 3.

Mr. Dyde: 1948?

Mr. Swan: Yes. That is the week ending—\$22.50.

Mr. Lesage: Would you speak a little louder, please.

Mr. MILLARD: He said, \$22.50.

Mr. Swan: On January 10, it was 25 cents; on January 17, it was 25 cents; on January 24, it is blank; on January 30, it is 26.72.

Mr. Lesage: Why is it blank for January 24?

Mr. Swan: It is just blank.

Mr. IRVINE: What does blank mean?

Mr. Swan: We haven't got it.

The Vice-Chairman: What about the next week, the 31st?

Mr. Swan: \$26.72. February 17, 26.21; February 14, 25.50—that is as far as we have. That is the week ending the 14th. You see in our period there are three more weeks in February after that.

Mr. Lesage: The trend of the market wasn't down anyway. I see by Exhibit 94, that the trend of the market always has been down in February.

The Vice-Charman: All your questioning comes from the point that you do not see an explanation for the—

Mr. Lesage: —loss in February.

The Vice-Chairman: Yes, the loss in February as against the three months just preceding which have been at a profit; that you do not see that in the figures of purchases and sales and that is where your questions stem from?

Mr. Lesage: Yes.

Mr. Mayhew: You take the average price in Toronto in January for a four-week period and the average price in February, there is a difference of ·84 cents lower for February.

Mr. Millard: Let us take the Montreal market to where we ship a lot of beef from Winnipeg.

Mr. Lesage: Yes. The price was definitely higher at Montreal by 1 cent to $1\frac{1}{2}$ cents.

Mr. Mayhew: But the Toronto price is an average of .84 of a cent.

Mr. Lesage: Yes, you are right there.

Mr. Mayhew: Of course, we do not know what the purchases were in Toronto.

Mr. Lesage: How many pounds of beef have you sold respectively in January and February?

Mr. MILLARD: How many pounds?

Mr. Lesage: Yes, of beef; the four weeks for January and the five weeks for February?

Mr. MILLARD: We haven't got the exact amount. It is related to our kill.

Mr. Dyde: Is that on Schedule 2?

Mr. Millard: January and February—well, here it is; January, beef, 11,030,000—that is a four-week period—February, 30,638,000, for five weeks.

Mr. Lesage: That would be a difference of 65,000.

Mr. Mayhew: They sold lots of beef then. If the beef they bought in January was sold in February they would take a loss on it.

Mr. MILLARD: There was quite a loss on the Montreal beef market.

Mr. Lesage: Yes, but even if we take the difference of one cent we will arrive at \$130,000, less profit, in February—

The Vice-Chairman: When you buy beef in the shape of live beef how long do you have it, what is the usual period between the purchase of the live animal and the final sale, not taking into account any by-products at all, just the meat?

Mr. MILLARD: I would say we turned our beef over twice a week.

Mr. Swan: Of course, it depends on where we ship it from.

Mr. Millard: Yes, if we ship it from Edmonton it takes seven days.

Mr. IRVINE: In this case you were not holding it so you could not possibly have sold it in February had you bought it in January.

The Vice-Chairman: I was just wondering if there was a purchase in January which resulted in the sale in February. If that were so it would only be the very tail end of January and you would be getting rid of it early in February.

Mr. MILLARD: The Edmonton plant is a long haul.

The Vice-Chairman: Yes, and if you sold it in the Montreal market you might have had it in your possession ten days.

Mr. Swan: Probably two weeks at the best, most of it.

The Vice-Chairman: Yes. You could, of course, do quite a bit of buying just at the close of January at a relatively high price and not have sold it until you were approaching the middle of February.

Mr. Mayhew: In that case you would have a loss on both purchases and sales. You would be buying at a high price and selling at a loss.

The Vice-Chairman: Yes, that is what I was trying to get at, to see if that would account for it.

Mr. Lesage: I do not think we could get anything which would be satisfactory to the committee unless we have more definite figures with respect to the prices at which your company bought live cattle in January, and then the prices at which they were sold later on. You show a profit for the January period of \$139,000, and then you come along to February where you show a substantial loss.

The Vice-Chairman: In what way do you tie that up to the reference, endeavouring to discover the cost of the recent price rises?

Mr. Lesage: That is the very point there.

The VICE-CHAIRMAN: Yes.

Mr. Lesage: That is the very point of it, to see why the prices increased. We want to find out what the price structure is. The first thing we have to know is that if someone makes a profit is it a legitimate profit, and then when he comes along and shows a loss of \$122,000 on the difference between the cattle price and the wholesale price—I just wondered how it could be arrived at.

Mr. Dyde: I had proposed, Mr. Chairman, to ask the witness another series of questions which I think would have brought to exactly the same point. In other words—

Mr. Lesage: I am sorry, I did not intend to anticipate what you were going to discuss.

Mr. Dyde: We have now reached that point. In other words, I was going to ask the witness why he had increased his wholesale price at the various stages. So I think it is quite relevant to this inquiry that we are now into.

The Vice-Chairman: I was not suggesting it was not. I just wanted to make sure.

Mr. Thatcher: Mr. Chairman, does it not boil down to this, that we haven't got the figures before us that we need? I do not know how we can get at this with the information we have.

Mr. Dyde: It is not altogether Mr. Millard's fault. It is by no means Mr. Millard's fault.

Mr. Thatcher: I am not suggesting it is his fault or anyone's fault.

Mr. Dyde: When I sent out the letters I asked Mr. Millard to give us information for Winnipeg. I thought we should be able to compare Winnipeg with Toronto, to the it in with the information we got from Canada Packers and with similar information which we would obtain from other people. It is apparent to me now from what Mr. Millard said a minute ago that we cannot even relate the prices Swift's charge at wholesale with Winnipeg prices particularly; but as I understand it he is now taking us to other markets as well, and if we are to get a complete picture it would appear that we would have to ask Mr. Millard for the prices charged by Swift's for all brands; because, you see, he referred to the different brands, and we would have to get them at all centres.

Mr. Lesage: A complete picture of all purchases of cattle of all brands and the sales of beef of all kinds.

Mr. Dyde: No, but I had hoped to avoid this situation by way of exhibit 94 which the witness is not inclined to accept. Those are prices which were obtained, I understand, from the packing companies. My understanding is that the prices on Exhibit No. 94 are obtained by someone who gets prices from the various packers.

The Vice-Chairman: Those are Wartime Prices and Trade Board prices.

Mr. Dyde: Yes.

Mr. Thatcher: I do not see how we can get anywhere without even the balance sheet of a company like Swifts. I think we are wasting our time and the proceedings to me just do not seem sensible.

Mr. Dyde: The balance sheet has nothing to do with it.

Mr. Thatcher: I think the balance sheet has something to do with it and at least it should be tabled. Probably Mr. Millard was not asked for it.

Mr. Dyde: Yes, Mr. Millard was asked for the balance sheet and I believe that Mr. Monet received it. I will have to try and find it, but I will say that Mr. Millard supplied what he was asked to supply.

Mr. Lesage: I am not so much interested in the balance sheet but I am interested in the prices because we are investigating prices.

Mr. Harkness: The witness has submitted this figure of \$192,602 loss for the six months, and if the members are not prepared to accept the figures we should send our accountant in to verify them instead of spending a lot of time arguing here. As far as I am concerned I am quite prepared to accept the figure and I do not see much sense in trying to get a lot of other figures to verify that one figure.

Mr. Lesage: I thank Mr. Harkness for the statement that there is no sense in my questioning and that of Mr. Dyde. I am not saying this figure of \$192,602 is not correct. I do not say that I would not accept it but I wanted some explanation of it; I want to know something of the structure of the prices.

The Vice-Chairman: I do not think any person said that they had the feeling the figure was not correct.

Mr. Lesage: No, I never said that.

Mr. HARKNESS: My point is that it seems to me we are wasting a lot of time trying to get at the details of this figure and the witnesses have not got the

material. I made the suggestion that if we want to get further figures to verify these statements then let us send our accountants in to the company.

Mr. Lesage: That is what I have been asking for about five minutes. I have been saying that we should have the figures but first I wanted to ascertain whether we could get them this afternoon.

The Vice-Chairman: Mr. Lesage would like to get certain figures.

Mr. Lesage: I am not the only one who would like other figures, and I will point that out.

The Vice-Chairman: I know, but I am addressing you because you have been doing the questioning. There are certain figures which you would like but would you let those rest and go on with some other department of the brief?

Mr. Lesage: I think Mr. Millard has offered to send Mr. Dyde the additional information that we need. Mr. Millard said that he would gladly furnish those figures.

Mr. MILLARD: That-is right.

Mr. Lesage: I think Mr. Dyde knows exactly what I want and he can state, in a memorandum to Mr. Millard, what is needed to answer my question.

Mr. Dyde: That can well be done. I will perhaps run into exactly the same difficulty in my future questions but let us go on with further questions. I would then move to Schedule 5, Mr. Millard and in general would you agree with the statement I am about to make? These figures seem to me to be interesting because it would appear that in the 1947-48 periods you were increasing your inventories both in beef and in pork—generally speaking you were increasing your inventories compared to the same period in the previous year?

Mr. MILLARD: Right.

Mr. Dyde: Now is it fair to say that those figures indicate that purchases from producers are in excess of sales? Is that a fair deduction to make?

Mr. MILLARD: Yes.

Mr. Dyde: Do you think, or is it your view, that reduction in sales is due to consumer resistance?

Mr. Millard: It was in January.

Mr. Dyde: But not in February?

Mr. Millard: To some extent, in February.

Mr. Dyde: And yet your February sales in effect are pretty close to the January sales as far as poundage is concerned? During the month of February when you ran into the so-called consumer resistance you have poundage sales fairly comparable to the January sales? The sales are higher but it is for a five week period. Have you an explanation of that question?

Mr. Millard: As Mr. Swan says, there may be consumer resistance but with perishable products we have to sell.

Mr. Dyde: But at the same time you have built up inventories?

Mr. MILLARD: Yes.

Mr. Dyde: And your inventory in part goes into frozen beef for export overseas, does it not?

Mr. MILLARD: That is correct, in some periods.

Mr. Swan: Yes, that is true.

Mr. Dyde: What I am really getting at is the fact that any surplus you have is taken by the meat board is it not?

Mr. Swan: Surplus of what?

Mr. Dyde: Beef.

Mr. Swan: Yes, there is a market there if we want to ship.

Mr. Dyde: Yes, my understanding is, and I would ask you to correct me if I am wrong, that since last September the meat board has stood ready to take from you at a certain price any surplus which you have.

Mr. Swan: Correct, with respect to beef.

Mr. Dyde: With respect to beef, and there is a price for it is there not?

Mr. MILLARD: That is right.

Mr. Dyde: Would you be storing and increasing your inventory because you feel the meat board price is not sufficient?

Mr. MILLARD: We might be hanging onto it instead of shipping because we might feel we would receive more out of it later.

Mr. IRVINE: I thought you just said you were not storing because it was too high a figure?

Mr. MILLARD: That was in the previous month.

The Vice-Chairman: Your question related to a particular time, Mr. Irvine, at the time it was asked.

Mr. IRVINE: January and February. Which month are you dealing with now?

Mr. Dyde: I was dealing with January and February.

The Vice-Chairman: I thought Mr. Millard answered differently.

Mr. IRVINE: Yes, he did, and it was for the same date.

Mr. Swan: We were just storing the odd car. We did not freeze much meat during that period.

Mr. Dyde: Can you tell me what you did freeze for the meat board during January and February?

Mr. Swan: No, I cannot tell you exactly.

Mr. Dyde: I will move on to Schedule 5 where we have the figures for frozen beef over and above other beef and total beef. I go to January 3, 1948, and I find you have then 4,915,000 pounds of frozen beef. I go to the next figure which is January 25, 1947 and the figure is 2,034,000. Do each of those figures represent the amount in the cooler at that time?

Mr. Millard: January 25 is the previous year.

Mr. Dyde: I should have taken January 31, 1948. I wanted to call attention to the figures 915,000 on January 3, 1948 and the figure 5,252,000 on January 31, 1948, and the figure in the last column on March 6, 1948. Do those figures represent the total amount you had in the cooler at that time?

Mr. Swan: That is right.

Mr. Millard: In our freezers.

Mr. Dyde: The other beef is in the cooler.

The Vice-Chairman: Those are the two highest inventories recorded at any time.

Mr. Dyde: Yes they are the two highest I see with respect to beef and that is what prompted me to remark at an earlier stage that it seemed to me that you were increasing your inventories from January 1 onward.

Mr. Swan: The increase is around 300,000 odd pounds.

Mr. DYDE: What is that?

Mr. Swan: Between January 3 and January 31, 1948, the four weeks, I said we did freeze a little beef for the meat board but nothing compared to what we froze prior to the first of the year. Then I believe we have figures here which show there was some beef put in towards the end of January for orders that were shipped out during the February period. You will note the increase in beef was over 1,000,000 pounds from January 31 to March 6.

Mr. Dyde: Yes, I noticed that.

Mr. Lesage: Yes, Mr. Dyde, and are you obtaining an explanation for the difference between 1947 and 1948?

Mr. Dyde: Mr. Swan, or Mr. Millard, would you look at the 1947 figures under the same heading and at December 28, 1946—the nearest date I can see to January 1? You have shown the frozen beef figure at 3,436,000. On January 25, 1947 you have shown 2,034,000, and on March 1, 1947, 1,093,000. Is there any explanation for the difference between 1947 and 1948?

Mr. Swan: Of course, I do not know exactly how much of the meat board meat was in our freezers at any one of those periods. The answer is that we stored more domestic meat during that period.

Mr. Dyde: Frozen beef would include beef stored for the meat board and domestic consumption.

Mr. Swan: Yes.

Mr. Lesage: What is the proportion?

Mr. Swan: Of course the meat board beef is going in and out and I have not got the figures handy here.

Mr. Lesage: I understand you can sell all your surplus to the meat board?

Mr. Shaw: That is right.

Mr. Dyde: Do you not show on Schedule 8—which schedule we have not yet come to—but do you not show the sales to the meat board for January and February 1948? Also, in November and December 1947 you show heavy sales, and in January while not so heavy the figure is 1,500,000, and in February nearly 2,000,000 pounds of beef. Am I correct?

Mr. MILLARD: That is correct.

Mr. Lesage: In January and February you sold the meat board about $\frac{1}{3}$ of what you had sold in November and December?

The VICE-CHAIRMAN: Yes.

Mr. Lesage: It looks to me that you kept a lot in stock. Is there any particular reason for that?

Mr. Millard: The only reason we would keep it was that we could not sell it. The price was not favourable, I suppose.

Mr. Lesage: Is it your answer that the price you could receive from the meat board was not sufficient in your opinion?

Mr. Swan: Yes.

Mr. Lesage: That is the answer to it.

Mr. MILLARD: That is right.

Mr. Lesage: You kept it in the hope the price would advance on the domestic market?

Mr. MILLARD: Or that we could use it some place else.

Mr. Lesage: Well, on the domestic market, that the price would advance on the domestic market.

Mr. Swan: For a deficiency period we always operate that way, always did have storage stocks for a deficiency period.

Mr. Thatcher: That was not what Mr. Millard said.

Mr. Millard: If we did not sell it to the meat board we would hold it. We would be assuming we would have a market for it domestically later on. We took our chance on the domestic market later on, the price.

Mr. Lesage: The price that the domestic market later on would return?

Mr. Millard: We took a chance on what the domestic market would be.

Mr. Lesage: That is the answer.

Mr. Dyde: I am turning now to Schedule 6. I call the attention of the members again to the fact that the price for hogs was at Winnipeg. That was at my request to get the Winnipeg picture if we could. In sub-paragraph (a) I have already stated the document to which the price of steers refers. For the moment, gentlemen, I have no questions on this page although I will be returning to it incidentally later on. If there is anyone who wishes to question the witnesses on any of it they may do so now.

The Vice-Chairman: Are there any questions on that page?

Mr. Thatcher: Just one. What was the stock which your company had on hand of pork at January 3? That is when the British contract was signed.

Mr. Dyde: It is on schedule 5.

The Vice-Chairman: At what date?

Mr. THATCHER: That was on January 3.

Mr. Dyde: January 3, 1948, it shows the amount of pork on hand.

Mr. Thatcher: Would it be fair to say when these prices went up as is shown here you had about \$1,000,000 in the inventory appreciation on pork?

Mr. Millard: A million dollar inventory appreciation?

Mr. THATCHER: Yes.

Mr. MILLARD: My answer to that is we do not know what the appreciation is until we sell it. For instance, at that time we had a lot of sow product on hand, and I note right today we are taking less money for that sow product than the price on the inventory at that date.

Mr. THATCHER: All right, I will pursue that later.

Mr. Lesage: I have not looked at these pages in advance. I had no time. Can we find on the other pages the wholesale price of bacon and hams?

Mr. IRVINE: You are still on page 5?

Mr. Lesage: No. Would it be in order to ask Mr. Millard at what time they increased their wholesale price of bacon, ham and other pork?

Mr. Dyde: I think we certainly will be coming to that.

Mr. LESAGE: You will?

Mr. Dyde: Yes. Schedule 7 is a short schedule showing total purchases dressed weight, with the three oughts omitted as in the other pages in some cases. I have no particular questions at all on that page at the moment.

Mr. IRVINE: I wanted to ask one question before you leave page 5, but I missed it. May I go back to it?

The VICE-CHAIRMAN: Do that.

Mr. IRVINE: I understood Mr. Millard to say the reason why the inventories in beef were so high in January, was that the price was too low and they hoped it would go higher, and therefore they had sold it to the board. That is so, is it not, Mr. Millard?

Mr. Millard: All of that beef, of course, was not put into the board. It was put in for domestic use during the deficiency period. Any beef that was in there for the meat board we had a chance to sell it if we had wanted to.

Mr. IRVINE: But you would rather hold it in the hope of getting a little more for it. That is a reasonable thing. There is no reason why you should not do that. That is what you were doing?

Mr. Millard: The cost of the beef was considerably higher than the price we could get export, and we held it and figured we might be able to sell it during the deficiency period on the domestic market. We would take our chance on the price.

Mr. Irvine: I notice you began to unload it a little bit in March, 1948. Should I presume one of the reasons why you did that was because of this inquiry?

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Mr. MILLARD: No, sir.

Mr. IRVINE: For fear the price would go lower instead of higher?

Mr. MILLARD: No, I do not think so.

Mr. IRVINE: You think it would not affect it at all.

Mr. Lesage: Mr. Dyde, I forgot to ask the same question as far as pork is concerned that I asked for beef. Looking at Schedule 5, the pork figures, how much of the 23,000,000 pounds that you had on hand on March 6, 1948, could be exported?

Mr. Millard: Do you know, Mr. Mulock?

Mr. Mulock: No, I do not. We have not got that division here.

Mr. Lesage: I understand a very large part of it would be exported?

Mr. Mulock: A very large part.

Mr. Lesage: I am asking the same question. Why did you increase your inventories in pork when the meat board would take it?

Mr. Millard: When we freeze for the meat board they do not want it frozen and taken out. They want it for the deficiency period.

Mr. Lesage: I am not talking only about freezing. You have other pork. If that pork was good for export and you had a good market for it why did you increase your inventories instead of selling it?

Mr. Mulock: On the instructions of the meat board to freeze certain quantities for summer use during the period of light deliveries, for shipment to the United Kingdom.

Mr. Lesage: Did the meat board have all these figures when they gave these instructions?

Mr. Mulock: Yes, we report freezer holdings weekly to the board.

Mr. Lesage: It is because they need them for shipment during the summer?

Mr. Mulock: It is my understanding that under the contract they endeavour to even these shipments out over a period of a few weeks which would be impossible without freezing.

Mr. Lesage: Without keeping a part for the benefit of the board?

Mr. Mulock: That is correct.

Mr. Lesage: It is not the same explanation at all as in the case of beef?

Mr. Mulock: No, sir.

Mr. Lesage: I thought it would not be because the export price of pork is higher than the domestic price.

Mr. Mulock: At times.

Mr. Lesage: While in beef the domestic price is higher than the export price.

Mr. Swan: That is right.

Mr. Dyde: Now, gentlemen, I want to hurry on because I think that out of a series of questions which I now propose to ask you will find we may need some more figures. I will start my questioning in this way, Mr. Millard. Perhaps, Mr. Chairman, my remarks are addressed to you as much as to Mr. Millard.

The Vice-Chairman: I have not been sworn.

Mr. Dyde: No, but in this way; it is really a matter of explanation. When I obtained the figures on Exhibit 94, I thought those figures were given to me by the Wartime Prices and Trade Board as being figures which had been received from the trade itself. That was my understanding and it still is. I found to my satisfaction that when Mr. McLean brought the Canada Packers' figures in for Toronto that on December 31 the wholesale price at which he was selling beef was exact to a fraction of a cent with the figure which had been supplied

to me, namely, 28 cents, which appears beside December 31 for red brand at Toronto.

When I compared Mr. McLean's figures for the period since decontrol I found his figures on the whole came very close to the figures that we received from the Wartime Prices and Trade Board. There was some slight difference, however, and it occurred to me to wonder whether I would be met by just what we have been met with, namely, that these figures are not exactly right. Since Mr. McLean was on the stand I endeavoured to see if I could get exact wholesale prices, both beef and pork. I did not give Mr. Millard much time because I spoke to him on the telephone on Saturday morning. I had hoped, however—and this must be a misunderstanding between Mr. Millard and me—that he would bring today figures at which red brand, commercial and cow were being sold at Winnipeg since decontrol. I think, Mr. Millard, you cannot produce those today?

Mr. Millard: You are referring to our conversation of Saturday morning?

Mr. Dyde: Yes. I do not say it is my fault or yours that there is some misunderstanding. I thought that was what I was asking you for.

Mr. MILLARD: As I understood it when I took those figures down you got to December 31 when the beef price at Winnipeg, according to Exhibit 94, went to \$26 from a previous price of \$24.50.

Mr. Dyde: That is right.

Mr. Millard: You said, "I am going to ask you why the jump from \$24.50 to \$26."

Mr. Dyde: Yes.

Mr. MILLARD: All right. With your permission I am going to hand this over to Mr. Swan. He worked on these figures and will explain why the price of red beef jumped from \$24.50 to \$26.

Mr. Dyde: Yes. Before Mr. Swan does that, looking at Exhibit 94 under the heading Winnipeg, I see that the red brand beef ceiling was \$23.75. Can you now give me the series of prices for red brand, commercial and cow at which Swift and Company actually sold beef on the Winnipeg market from that time until the 1st of January?

Mr. Swan: No, we have not got them. It means going through all our invoices for that period.

Mr. Dyde: That was why I was hoping you could accept these figures because I thought that would assist you if I showed you these figures. It would assist you in deciding whether or not you could accept them. Certainly according to the figures which are before the committee now the ceiling price for red brand at Winnipeg was \$23.75. Perhaps you can confirm that for me, can you?

Mr. Swan: Yes.

Mr. Dyde: I have also supplied you with a copy of Exhibit 94. The trend of prices I see there, running my eye down that column, is from \$23.75. At October 27 it became \$24.50; October 30, \$25; then a drop to \$23.75 on November 6; then \$24.50 on November 13; \$24.50 on November 20; \$23,75 on November 27; \$24.50 on December 11; \$24.50 on December 23; \$26 on December 31. If you look at the first column you will find there is a comparative advance in commercial and cow. Can you accept those figures as being the wholesale price for beef in Winnipeg?

Mr. MILLARD: We have not got the actual Winnipeg prices.

Mr. Dyde: Did you find, in your inquiry on Saturday morning, that your price was \$24.50 at December 23?

Mr. Millard: We took the prices you gave us—we did not have a chance to inquire since the Winnipeg office was closed.

Mr. Dyde: Did you get the prices from Winnipeg for the period since December 1?

Mr. Swan: They started the week ending the third.

Mr. Dyde: Mr. Chairman, I find I am in this difficulty. I wanted to ask Mr. Millard this question, as to why the wholesale prices on beef and also the wholesale prices on pork, if it applies, but certainly the wholesale prices on beef, why they advanced during that period. I find it very difficult to ask him that question fairly until he knows what prices he actually charged at Winnipeg or until he can accept these prices on Exhibit 94. You see my problem, and we are directly there on the price matter—

Mr. Millard: Let us accept them as being correct.

Mr. Dyde: I do not want to take advantage of the fact you have had a short time, Mr. Millard.

Mr. Millard: The reason I say that is, after our telephone conversation Saturday, we took these ceiling prices you gave me over the telephone and got out our account, our average cost for the week ending December 11, December 18, December 25 or the week ending January 1. We did that to answer your question Mr. Dyde as to why, on December 31, the price of red brand beef advanced from \$24.50 to \$26.

Mr. Dyde: Yes, I see. I wanted to ask you also a specific question such as this; for instance, you were selling red brand beef at Winnipeg, according to exhibit 94, at $23\frac{3}{4}$ cents, under the ceiling. On October 27 that had advanced to $24\frac{1}{2}$ and by October 30 to 25 cents. I wanted to ask you a specific question as to why that advance in your prices took place, as well as the latter one.

Mr. MILLARD: Could you answer that?

Mr. Swan: Not unless I studied the figures.

Mr. Millard: We have not the same study as we made on the other document with regard to cost.

Mr. Swan: That could be easily done. Mr. Dyde: It could easily be done?

Mr. Swan: I think so. We could get the live prices.

Mr. Dyde: Perhaps I could carry this a little further before we decide we have to leave it. In order to have you give the committee an explanation for the increase in your wholesale prices to 24½ and again to 25 cents, what factor will you study?

Mr. Swan: We will study the cost and supply situation.

Mr. Dype: Any other factor?

Mr. Swan: No, that is the only factor. First, you buy live cattle and you know what they cost.

Mr. Dyde: All right, let us see if we can help you. We have some figures which, perhaps, you could accept. We have figures on Exhibit 96 for the cost to you of good butcher steers at Winnipeg, on October 18, which is the last date we have here before decontrol, steers were costing you \$12.75. Do you find that figure?

Mr. Swan: Yes.

Mr. Dyde: On October 25, they were costing you \$12.75?

Mr. Swan: Yes.

Mr. Dyde: And then on November 1, they were costing you \$12.92.

Mr. Swan: Yes.

Mr. Dyde: That will be one factor, will it, which will enter into your answer to my question because I am going to point out, later on, Mr. Millard,

before you answer my question that, as you run down that line, while the price goes to \$12.92, \$13.50, it then goes to \$12.82.

Mr. Millard: Are you relating those figures to red brand beef?

Mr. Dyde: I am relating them simply to good butcher steers.

Mr. Swan: You have to relate the prices to some one grade of beef.

Mr. Lesage: No, the three grades.

Mr. Swan: You cannot relate them.

Mr. Dyde: I was asking you a minute ago, and I want to be sure, how this study takes place. If I am driven to more statistics than we have got in front of us now, I am going to find it very difficult. What did your costing department do on October 27 when it decided Swift and Company should increase the price which they were charging for their meat? Now, you said a minute ago it was cost and supply. I said I should like to help you by showing you what we have got on cost and you told me that is not enough. What else do we have to have?

Mr. Swan: Well, I cannot reconcile the price of good steers on the Winnipeg market on October 18—I do not know what was in those steers. I do not know what the grades were.

The VICE-CHAIRMAN: There could have been some red and some blue?

Mr. Swan: We will go out and buy a load of good steers for \$12.75 and not get any red brand quality beef in that particular load of steers. The next week, we might go out and pay \$12.75 for a load of good steers which are graded as good steers by the government, and we might get some red brand beef.

Mr. Dyde: You have very experienced buyers. They know what they are buying.

Mr. Swan: That is right.

Mr. Dyde: If you tell me there is an error in the buying, then am I not right in replying to you there would also be an error in buying the next grade down, and you would get some red beef out of it, even though you bought it as commercial?

Mr. Swan: When a buyer goes out, he buys values, naturally. When he pays for that particular load of steers, he pays on the quality of those steers after they are dressed; that is the paying price.

Mr. Dyde: What other prices can we look at anyway?

Mr. Swan: We cannot look at any other prices.

Mr. Lesage: What decides you, then, to increase your prices? What are the factors you study when you increase your wholesale price in red, commercial and cow brands? What are the factors, if it is not the price of the cattle to you?

Mr. Swan: The law of supply and demand.

Mr. Lesage: I understand. On the market, you are taking as much for your beef as you can get; that is what governs your prices?

Mr. Swan: That is right, what our competitors allow us to take.

Mr. Lesage: So, the cost to you is not a factor in setting your wholesale prices?

Mr. Swan: It is one of the factors, the main factor. One of the main factors is your cost.

Mr. Lesage: Did you not tell me you were trying to get as much as the market would bear?

Mr. Swan: Whatever the market is. Mr. Lesage: You sell at market prices?

Mr. SWAN: We must.

Mr. Lesage: Even with a profit in one month, such as November, 1947, of \$900,000, you would not try to give the consumer the benefit of a cent or two a pound decrease in the price.

Mr. Millard: Yes, I think we would because competition would not allow us to make an exorbitant profit.

Mr. Lesage: You increased your price after the November profit.

Mr. Dyde: You see our difficulty, Mr. Millard.

Mr. HARKNESS: On that point, Mr. Millard, is not the cost factor to which you have to relate the price of red brand beef chiefly the cost of choice steers and not good steers because it is from the choice steers you get most of your red brand beef?

Mr. MILLARD: That is right.

Mr. HARKNESS: So, if we are talking about red brand beef, we should be talking about the quotation for choice steers on the Winnipeg market at that time, is that not the case?

Mr. MILLARD: That is the case.

The Vice-Chairman: Just one moment; I do wish to point out to you that you broke in while Mr. Lesage was waiting for an answer. I think if you have only one answer to obtain, Mr. Lesage will not object.

Mr. Harkness: I am trying to clear up this point. I think we cannot properly relate the price of 1,050 pound steers on any market to the price of red brand beef. It is not a very close relationship because most of this red brand beef comes from another source. Now, in Calgary where the price of good steers is probably around \$14, the price of choice steers, of extra good quality, now and then will get up to \$16 or \$16.25.

The Vice-Chairman: Now, Mr. Lesage, you wanted an answer to your question?

Mr. Lesage: Yes. I was asking Mr. Millard if he thought of letting the consumer benefit by decreasing his prices at the beginning of December when he looked at the November profit on meat operations of \$900,000, without counting the credit which would come from by-products?

Mr. Millard: We sell our beef at the market and we do not get any more for it than competition allows us.

Mr. Lesage: I understand, then, it is not much use going all over these figures to ascertain how the price is set because it appears to me as if the Swift Canadian Company would take as much as the market would bear, whatever price the consumer has to pay.

The Vice-Chairman: You never reduce prices until you have to, do you? I do not mean to be unfair, but is it not a fact that, in merchandising, you do not reduce prices, say through altruism or because you have made a great deal of money and you would not know what to do if you made more?

Mr. Millard: If you can sense the market is going down, yes, you would reduce prices because, certainly, you know it is going down.

The Vice-Chairman: That is, you might reduce it just before competition forces you to do so, is that not right?

Mr. MILLARD: We might lead it down as well as lead it up.

Mr. Lesage: Did you think of leading it down after making this profit in November instead of, perhaps, leading it up or following the others up?

Mr. MILLARD: What about that, Bob? I do not know whether we lead, but December was considerably less.

Mr. Lesage: The price in December for the three brands which I have here, red, commercial and cow, was higher than it was in November. Looking

at this Exhibit 94, that is true of Toronto, Montreal, Winnipeg, Moncton and Vancouver.

Mr. Millard: That is probably the market condition; very little of that class of beef around.

Mr. Lesage: The market has a good deal to do with the setting of your price then?

Mr. MILLARD: In the setting of our selling price?

Mr. Lesage: Yes.

Mr. Millard: Oh, yes. We have to sell at the market regardless of our costs.

Mr. DYDE: I would like a little elaboration on that, Mr. Millard, because I would like to understand it; and I refer again to the price of 24.5 cents on October 27. Now, that is not the market, that price; that is a price at which a group of packing houses—the average price at which a group of packing houses sold at Winnipeg on that date?

Mr. MILLARD: What date is that?

Mr. Dyde: October 27, 1947.

Mr. MILLARD: Yes.

Mr. Dyde: Somebody in your company sat down and said, we will sell today at 24½ cents. I think that is so, is it not?

Mr. MILLARD: Yes.

Mr. Dyde: And really it is not an answer to say that is the market. I think the answer we have got to find is why you sat down that day and said, we will sell at 24½ cents; and that gets us back to the earlier question as to what factors these gentlemen take into account when they say, today we are going to sell at 24½ cents. And throughout that autumn, from decontrol to December 1; I would really like you to tell me what factors you took into consideration to bring about the increase in price which did certainly take place over that period. Now, if you need more time to answer that I am sure the committee will give you that time, but that certainly is the central part of our inquiry, to find out why these prices had to go up?

Mr. MILLARD: Well, of course, our costs did have a bearing on it.

Mr. Dyde: Yes, but how can we find out the costs of the beef, either from in our peculiar way looking at exhibit 96; what else can we look at to find out about costs?

Mr. Millard: Exhibit 96, I am not familiar with that. These are live prices; and the live prices on good steers, also choice steers.

Mr. Dyde: Well, if we look at the price of choice steers would we find something different? If I got a list on choice steers from the Livestock Market Review would I find a different trend; because I would go through the Livestock Market Review, if necessary.

Mr. Swan: You might find something there.

Mr. Millard: You would be relating the live cattle that make red beef rather than the good steers which only make ordinary.

Mr. Dyde: Supposing by tomorrow morning I agreed to get you the Live-stock Market Review giving the prices on choice steers; would that help you?

Mr. MILLARD: Oh yes, it certainly would.

Mr. Dyde: To be perfectly fair to you I think you will find if I get it that it had exactly the same trend, exactly the same trend. I would like to be fair with you.

Mr. MILLARD: Well, for instance, here. Let's sit down here.

Mr. Dyde: You see, Mr. Millard, you have got to help us out. We are looking for recent prices.

Mr. Millard: I am trying to help you out. I am not trying to hold anything back. I am trying to give you the facts.

Mr. Dyde: I know you are.

Mr. Millard: But on these reports, we haven't had much time on this particular part of it.

Mr. Dyde: That is correct.

Mr. MILLARD: After our telephone conversation on Saturday Mr. Swan sat down and figured out the prices and I would like to have them now to see if that would throw any light on it.

Mr. Dyde: What you are giving us now relates to the price increases which took place at the end of December?

Mr. Millard: Where the market went up to 24 or 26 cents, whatever it was.

Mr. Dyde: I would be very glad to have it by weeks.

Mr. Swan: We took the average market price on choice quality steers, heifers and fed calfs for the week ending December 20, and I matched those prices with the week of December 29, 30 and 31.

Mr. Dyde: Yes.

Mr. Swan: We found a difference of 53 cents, \$1.07 per hundred weight of an advance during that period or between the two periods in live costs, which would pretty well make up that difference of $1\frac{1}{2}$ cents a pound.

The Vice-Chairman: What is that last sentence again, please?

Mr. Swan: Which would pretty well make up that difference of $1\frac{1}{2}$ cents a pound.

The Vice-Chairman: Yes.

Mr. Swan: Plus the fact that the previous week of the 13th, prior to the week before, the live market went up on choice steers 13 cents I think it was. That is from the 13th to the 20th. On heavy steers over the same distance it went up 46 cents a hundred weight. On heifers 18 cents a hundred weight. Now, what happens during the week of December 20, which is prior to Christmas week; there always is a very, very slow, dull meat market for the simple reason that merchants are thinking about seasonal poultry and they are not buying beef ahead. Naturally there was a very small market, and more or less trying to force sales and so a dull market. What I am trying to say, we did not take up that advance in live cattle December 20th that week but with a decrease in kill in the province of Manitoba of 6,000 cattle between the week of December 27, and the week ending December 27 and the following week we were able to get an advance of two weeks on the live market and one week on a dull market. In other words, the demand for beef actually after Christmas was sufficient with a clear beef market to take up that slack.

Mr. Dyde: I have listened as carefully as I can and the things I have heard you refer to are the prices on choice steers plus the kill; and if I get the price on choice steers over the period, plus the Winnipeg kill, will that explain to me the trend of your prices?

Mr. Swan: For the period of November? Mr. Dyde: For the period since decontrol.

Mr. Swan: I can't say that. It might and it might not.

Mr. Dyde: Yes, my understanding is that these prices are fixed by a gentleman in your office who says the price is going to be so and so, we are going to sell it at that price. You don't wait until April when you come before the committee to decide your price. You decide it on the 31st of December. And I

am trying to find out exactly what factors your officers take into account when they put that price at 26, do you see?

Mr. MILLARD: Well, we will give you this.

Mr. Dyde: What I heard was, the kill plus the price of choice steers.

Mr. IRVINE: I would like to ask a question in connection with fed calves if you do not mind, Mr. Dyde. What is the difference between the price per pound of fed calves and the price per pound of choice steers?

Mr. Swan: You mean alive?

Mr. IRVINE: Any way. Mr. LESAGE: Alive?

Mr. Swan: At this particular time in one week they were 25 cents a hundred-weight lower.

Mr. IRVINE: Which was?

Mr. Swan: Fed calves were lower. Another week steers advanced but fed calves did not and the spread was widened. The following week there were no fed calves on the market. In other words, it depends on the demand for that type of beef.

Mr. IRVINE: Is that what you would call baby beef?

Mr. Swan: Yes.

Mr. Irvine: I thought baby beef was one of the most expensive types of beef there was?

Mr. Swan: Generally speaking, it is. It is particularly true on the Toronto market.

Mr. IRVINE: Could you not buy at Winnipeg and supply baby beef to the Toronto market?

Mr. Swan: There is not a sufficient number quoted on that market. I include the figures on that week to complete the picture and there were 7, 11, 2 and 11 choice fed calves.

Mr. IRVINE: They would not affect the price.

Mr. Swan: No, but I added them to complete the picture.

Mr. Dyde: Before we go on with this further study, Mr. Millard, I want to tell you what I have done. I put down in one column the average price you were paying farmers over a considerable period; then I put down the kill in another period; then I put down the prices you were charging at wholesale. Up to this minute I cannot find any relation between the three columns as I go over a period. One goes down and the other goes up at a time when you would expect the reverse. I would be glad to supply you, between now and tomorrow morning with what you wish with respect to the prices of good choice steers. Is there any other factor upon which I must give you further information in order to allow you to tell the committee why the price increased between the date of decontrol and December 31.

Mr. Millard: I do not think you need supply any more information.

Mr. Dyde: Can you obtain, for tomorrow, the prices at Winnipeg? Could you get them over the telephone?

Mr. MILLARD: They would have to take the invoices and analyze them.

Mr. Dyde: Was price a factor which your officers considered on December 31 when they increased the price? The price you were paying was not a factor because they did not have all the invoices, did they?

Mr. MILLARD: I do not understand that question.

Mr. Dyde: You are telling me now that in order to give a reason for an increase in price between the date of decontrol and December 31 you would have to go through a lot of invoices, and I am asking whether anybody went

through a lot of invoices when the price was increased from \$24.50 to \$26 on December 31?

Mr. MILLARD: I do not suppose they did. Mr. Dyde: Well then was price a factor?

Mr. MILLARD: When we increased the price from \$24.50 to \$26?

Mr. Dyde: What are the factors which those gentlemen looked at that day and which resulted in them saying to their drivers or salesmen that they should go out and charge 26 cents a pound?

Mr. Millard: For the week ending December 25 red brand beef cost us \$25.17, and in the next week it jumped to \$27.61.

Mr. Dyde: Yes, but now where is the nearest relative figure which I could get from the Livestock Market Review?

Mr. MILLARD: On cost?

Mr. Dyde: Yes.

Mr. MILLARD: I do not think they are quoted.

Mr. Swan: They are not quoted on dressed costs.

Mr. Dyde: Not on dressed costs, but dressed costs have no relation to undressed costs?

Mr. Swan: Yes, your live cost has a definite relation to dressed cost. Mr. Dyde: If I obtain the live cost would not that be a guide for us?

Mr. Swan: Not necessarily.

Mr. Dyde: Where are you driving me now? What do I have to get?

Mr. Swan: Mr. Dyde, there are not two animals grown that have the same yield. They may be different types, one heavy and one a light steer—

Mr. Dyde: I quite understand all that but did these gentlemen who sat down in your office on December 31 have all that information before them when they decided the cost should be 26 cents?

Mr. MILLARD: They had their costs before them.

Mr. Dyde: Did they. Mr. Millard: Yes.

Mr. Dyde: Then you can give the costs of beef at the various points where there is an increase?

Mr. Swan: No, sir.

Mr. Dyde: How are we going to get it?

Mr. Lesage: How are the increases decided?

Mr. Dyde: Yes, how are the increases decided, and how are we going to get the material which those gentlemen had when they decided to make the increase?

Mr. MILLARD: We will have to get the kill.

Mr. Lesage: Did they take costs into consideration when they decided to increase, or did they just follow the market?

Mr. MILLARD: They would take costs into consideration.

The Vice-Chairman: That is what we want to get. We want to get the information which you had when you made a certain decision. If you had information upon which you made a decision we want that information. If the decision was based upon information that you had about what could be obtained on the market, all right—and that is the information we want. We want to know the factors which caused you or decided you upon a certain price fixation. What was the situation in front of the people who named the price?

Mr. IRVINE: I would like to observe, Mr. Chairman, that as I understand the witness' evidence they have given two contradictory reasons. In one

instance the increased cost was the chief factor given and in the second instance the factors were the market price and competition. Both of those factors cannot be taken together because if you are selling at the market price what is the use of monkeying with costs?

Mr. Millard: As our costs go up we naturally try to sell the beef for more money. If somebody is smarter than we are and goes out to buy beef, kill it and dress it cheaper than we do, we have got to meet that price because the retailer will not pay more than that price.

Mr. IRVINE: In that case you are going by the market and not by cost?

Mr. MILLARD: By both.

Mr. IRVINE: You cannot go by both.

Mr. Merritt: Surely the price asked is based on cost and is also based on the market?

Mr. Mayhew: Why would the selling price of common beef increase more than the price on red brand beef? I see the price of red brand beef increased, from the time the ceiling prices were removed to the present time, by \$3 a hundred; on common beef the price rose \$4.50—that is at Toronto. In other words both common and cow beef rose \$4.50 whereas the other beef only rose \$3. On the Montreal market there is a fluctuation and the increase on red brand beef was \$3.75; the increase on common was \$3—there it did not go up as much—and the increase on cow beef was \$4. In Winnipeg there is a difference again, red brand beef rose \$3.50, common beef \$4 and cow beef \$4.25. It is pretty hard to understand the great variation.

Mr. Swan: Of course there were ceiling prices then.

Mr. Mayhew: I am talking about the period between removal of the ceiling price and March. The price has been steadily increasing?

Mr. MILLARD: Cows advanced \$4.

Mr. Mayhew: Cows in Toronto advanced \$4.50.

Mr. MILLARD: \$1.50.

Mr. Mayhew: \$4.50, and red brand only advanced \$3.

Mr. MILLARD: \$3.75.

Mr. Mayhew: From the ceiling price it advanced from \$25 to \$28.50. That is \$3.50.

Mr. MILLARD: I was taking Montreal.

Mr. Mayhew: Montreal only advanced \$3. There is a difference in the advances of all three grades in the four different places, and the cow brand and commercial beef advanced more than the others.

The Vice-Chairman: Gentlemen, I was speaking to counsel, and I think the witness and he can work out something that will be acceptable to the committee tomorrow morning. Mr. Dyde has some information for the committee for confidential distribution. Aside from that there is nothing to remain for.

Mr. Thatcher: For tomorrow morning I would certainly like that balance sheet if Mr. Millard can get it.

The VICE-CHAIRMAN: Can you get the balance sheet?

Mr. Dyde: I think I should be able to find that.

Mr. Thatcher: Plus the profits for the period since last October 31, that is the monthly profits, November, December, January, February and March, as compared with a year ago.

Mr. Millard: I cannot get that until I go back. It is absolutely impossible. If I could I would, but it is impossible.

The Vice-Chairman: That is what will have to come by letter, but the balance sheet ought to be discovered.

The committee adjourned to meet again on Tuesday, April 27, 1948.

SESSION 1947-48 HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

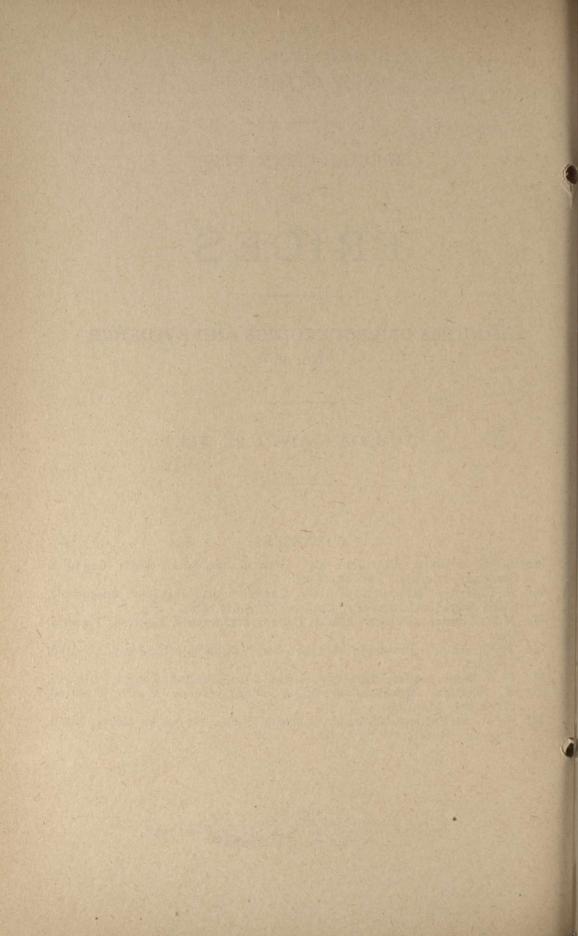
MINUTES OF PROCEEDINGS AND EVIDENCE No. 46

TUESDAY, APRIL 27, 1948

WITNESSES:

- Mr. A. E. Millard, President and General Manager, Swift Canadian Company, Limited, Toronto, Ont.
- Mr. R. E. Swan, General Supervisor, Canadian beef-veal-lamb operations,
- Swift Canadian Company, Limited, Toronto, Ont. Mr. N. E. Landon, Secretary, Swift Canadian Company, Limited, Toronto,
- Mr. W. S. Mulock, Provision Manager, Swift Canadian Company, Limited, Toronto, Ont.
- Mr. R. S. Munn, General Manager, Burns & Co. Limited, Calgary, Alberta.
- Mr. E. Dawson, Manager, Winnipeg Plant, Burns & Co. Limited, Winnipeg, Manitoba.
- Mr. J. D. McFarland, Manager, Calgary Plant, Burns & Co. Limited, Calgary, Alberta.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
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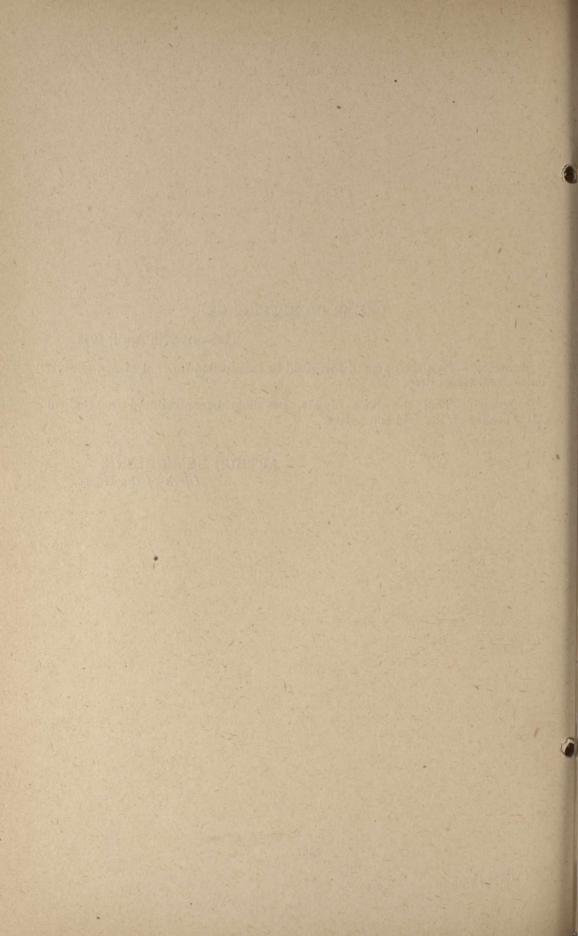
Tuesday, 27th April, 1948.

Ordered—That the name of Mr. Kuhl be substituted for that of Mr. Cleaver on the said Committee.

Ordered,—That the name of Mr. Beaudoin be substituted for that of Mr. Cleaver on the said committee.

Attest.

ARTHUR BEAUCHESNE, Clerk of the House.



MINUTES OF PROCEEDINGS

Tuesday, April 27, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Fleming, Harkness, Irvine, Lesage, Martin, Maybank, Mayhew, Pinard, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the committee, in attendance.

Mr. A. E. Millard, President and General Manager, Mr. R. E. Swan, General Supervisor, Canadian beef-veal-lamb operations, Mr. N. E. Landon, Secretary, and Mr. W. S. Mulock, Provision Manager, Swift Canadian Company, Limited, Toronto, Ont., were recalled and further examined.

Counsel filed.—

Exhibit No. 102.—Statement showing Winnipeg weekly wholesale beef prices from Aug. 2, 1947 to March 13, 1948, including figures from Livestock Market review and figures from Exhibits 94, 96 and 97. (Printed in this day's Minutes of Proceedings).

At 12.30 p.m., Mr. Maybank, Vice-Chairman, took the Chair.

At 1.00 p.m. witnesses retired and the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

Due to a division in the House, the meeting called for 4.00 p.m. opened at 4.25 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudoin, Fleming, Harkness, Irvine, Kuhl, Lesage, Maybank, Merritt, Thatcher.

Messrs. Millard, Swan, Landon and Mulock, of Swift Canadian Company, Limited, were recalled and further examined.

During proceedings Mr. Lesage took the Chair in the temporary absence of the Vice-Chairman.

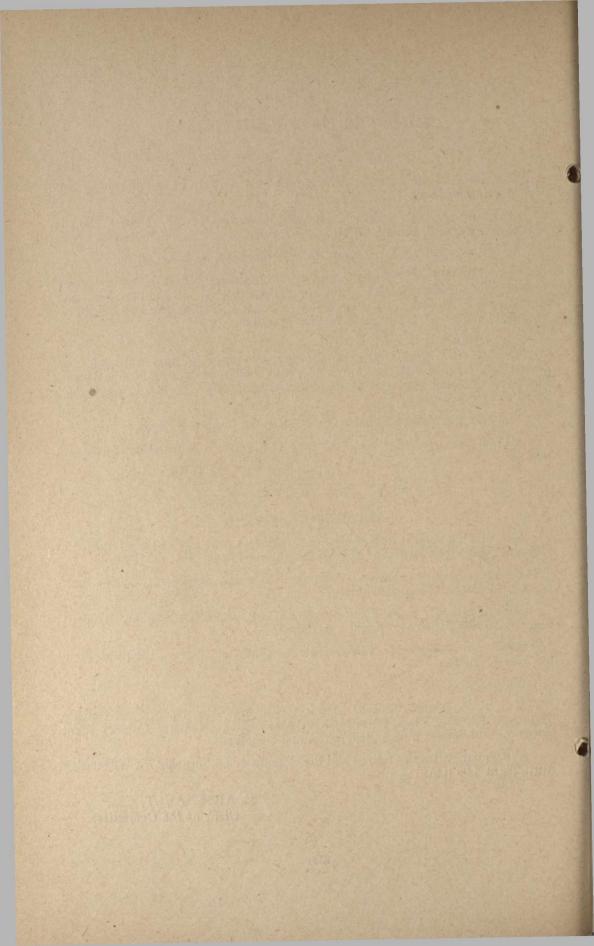
Witnesses retired.

Mr. R. S. Munn, General Manager, Calgary, Alberta, Mr. E. Dawson, Manager, Winnipeg Plant, and Mr. J. D. McFlarland, Manager, Calgary Plant, Burns & Co. Limited, were called, sworn and examined.

At 6.00 p.m. witnesses retired and the Committee adjourned until Wednesday, April 28, at 4.00 p.m.

R. ARSENAULT,

Clerk of the Committee.



MINUTES OF EVIDENCE

House of Commons. April 27, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Chairman, Hon. Paul Martin, presided.

- A. E. Millard, President and General Manager, Swift Canadian Company, Limited, recalled:
- R. E. Swan, General Supervisor, Canadian Beef, Veal and Lamb Operations, Swift Canadian Company, Limited, recalled:
 - N. E. Landon, Secretary, Swift Canadian Company, Limited, recalled:
- W. S. Mulock, Provision Manager, Swift Canadian Company, Limited, recalled:

The CHAIRMAN: Order, please.

Mr. Dyde: Mr. Chairman, I would like to refer for a minute to some questions and answers that were made yesterday and to explain to the members of the committee what was done overnight. Yesterday there were some questions with regard to how this company, Swift's; what factors they took into consideration in setting their wholesale prices, and Mr. Swan was good enough to give some information yesterday with reference to particular price increases; and I am reading from the evidence which he gave yesterday because I think it is of importance to have that again in our minds when we look at a document which I am going to put before you in a minute. Mr. Swan said: "We took the average market price on choice quality steers, heifers and fed calfs for the week ending December 20, and I matched those prices with the week of December 29, 30 and 31. We found a difference of 53 cents, \$1.07 per hundred weight of an advance during that period or between the two periods in live costs, which would pretty well make up that difference of 1½ cents a pound".

Then he went on a little later: "Plus the fact that the previous week of the 13th, prior to the week before, the live market went up on choice steers 13 cents I think it was", and so on.

Now, in part of yesterday's proceedings a member of the committee suggested that we ought to look at the price of choice steers as well as the price of butcher steers, so overnight I have got on one document, which I am just going to be able to distribute now, I got on one document a series of columns of prices over the period from August, 1947, to as late a date as possible; and with that before us I think the witness will be able to explain at least their method of arriving at prices; and it seemed to me so important yesterday afternoon that I thought it was worth doing this work in order that the committee might have these figures before them.

Mr. IRVINE: Whose prices are those?

Mr. Dyde: I will explain in a minute how this is made up.

The CHAIRMAN: All right, Mr. Dyde, go ahead.

Mr. Dyde: If you will look at the left-hand column. There in each case the date is the week ending the actual date on which the price was quoted. Then

my next column is the price of good steers up to 1,050 pounds at Winnipeg and was taken from our Exhibit 96. Then yesterday I was urged by I think a member of the committee to compare it with the price of choice steers and so I have taken from the livestock market review the price of choice steers at Winnipeg, which is in the next column. Then Mr. Swan mentioned good heifers and fed calfs, and so I have taken from the livestock market review the prices of these particular animals. Then I thought earlier that the total of inspected slaughterings would be a useful figure and that is already before you in Exhibit 97, and is now repeated here. Then from the livestock market review I took the number of cattle sold at public stockyards in Winnipeg. Yesterday we had some reference to the kill at Winnipeg but I was unable to get any figure other than the total kill sold at public stockyards at Winnipeg, which I thought might help to show the trend. Then in the next column there, Schedule 7, of Mr. Millard's material I showed, in case it was of some use, Swift's purchases for all Canada, not Winnipeg but for all Canada month by month. Finally, in the last column to the right, I have taken the wholesale prices for red brand beef as they appear in our Exhibit 94. And with that before us it appears to me now that with the work Mr. Millard has done overnight he may be able now I think to explain to us not only how he arrives at his prices but may also be able to give us some figures which we can add to this table in the space that is left to us on the right-hand side of the page. In running down that page, Mr. Millard, you will notice that I have included a number of dates prior to decontrol. In other words, I start in August and I run to October, and I have the date of February 18, and then the date October 25. The October 18th date is while we were still under controls and the October 25th date is the first date that we were out of controls, and there we come to a period where we have got a free economy as far as prices are concerned and the prices that you charge are now not regulated by any Prices Board; and can you from that date forward tell us how you arrived at your selling price and give us any figures which will help us?

Mr. Millard: Mr. Dyde, I would like to make two observations. First, October 18 to October 25, our plants were on strike. Second, Mr. Swan who handles our beef business daily is much more competent than I am to talk on this, and with your permission I am going to toss the ball to him. We have some costs, if the committee would be good enough to write them in after the dates, that Mr. Swan will give here; and these costs are on red steers under 600 pounds, and you will want to start with November 1, which is our first week of operations.

Mr. Dyde: I will be glad to start with November 1, but before these figures are given would you or Mr. Swan explain to the committee how they were arrived at? You see, this committee is enjoined with the task of the question of the increase in prices and we find that there is an increase in the wholesale price following decontrol, and yesterday we were discussing how it was that you arrived at the price that you charged; so that before you give the figures, Mr. Swan, would you explain to us the machinery of arriving at that price and the factors that are considered. I think you can do that now.

Mr. Swan: That is right. These prices that I am going to give you are what we call our weekly average weighted costs. These costs are on red brand steers which are sold as red brand beef. They are arrived at by the cost of the live animal, adding our expenses such as curing and dressing, parts—and so on—and selling and distribution less our by-products credit. We arrive then at what you would call a cost of our beef which is compared to our selling prices. These are figured daily from our actual slaughtering and accumulated into weekly costs. Now, the dates I am giving you are the week endings and they are on a Thursday night. We break off our records on Thursday night. In other words, it runs from Friday morning to Thursday night on kill. So the dates will be one or two days out from the actual calendar week end. Now, that is just about how simple it is to arrive at these costs.

Mr. Lesage: We have Schedule 9, which is the costing method on beef. Is that this procedure?

Mr. MILLARD: That is our costing method. Mr. Swan: Yes, that is our costing method.

Mr. Lesage: Because I see here, 66 steers live weight at \$17.20 per hundred weight.

Mr. Dyde: I think we are certainly bound to come to that schedule as we go through this.

Mr. IRVINE: Let us get this first.

Mr. Lesage: You asked about the costing method, Mr. Dyde. We have it in print here and I thought it would be easier to refer to it with this schedule.

Mr. Swan: With one exception; that is our plant cost; to that we add our selling and distribution expense.

Mr. Dyde: What I am still wanting to make sure about is that in the first week of November, 1947, you fixed a price; and I don't care at this moment whether it is a price that is higher than the week before or lower, but I want to make sure what the officers of your company did, what they had to do before they fixed that price.

Mr. Swan: They had our cost of beef in front of them for the previous week by grades. They know exactly what they buy costs by grades through our method of figuring. They also had our cooler position. Further, they had the trend of the live markets as to what was happening that particular day, whether it was up or down, whatever it is. They also had the feel of the price of the market from all of our salesmen and beef salesmen both in Winnipeg and other territories. In other words, that information comes in daily when the beef market is on a free trading basis. They have that information. Now, if there is a short market on the live end and our buyers state they expected or anticipated a higher price for livestock we immediately take a look at our present costs and what our beef operations are doing and match that with the prevailing market, whatever it is. By that method we arrive at a selling price. If we arrive at a selling price that is too high we just don't sell any beef and we have to reduce it; or if we are too low it is immediately reflected in the fact that we immediately have a step-up in orders. You find it out right away, and we advance our prices accordingly due to the price of the market.

Mr. Winters: You say you match that product to the daily market. Which market do you refer to?

Mr. Swan: The prevailing dressed market.

Mr. Lesage: Do you ask the other packing companies to ascertain yourself what the prevailing market price is?

Mr. Swan: No, sir; we know that from our own salesmen and branch house managers.

Mr. Lesage: Do you mean that there is never any contact or any information exchanged between any officer or employee of the Swift Canadian and Canada Packers or any other packing company?

Mr. Swan: No, sir. Mr. Lesage: Never? Mr. Swan: No, sir.

Mr. Lesage: Can you swear to that?

Mr. Swan: Yes, sir.

Mr. Lesage: That has never happened in the last year to your knowledge?

Mr. Millard: That is right. We do not discuss prices with competitors at all.

The CHAIRMAN: You were here the other day when Mr. McLean gave his evidence?

Mr. MILLARD: Yes.

The Chairman: Well, he said there was no consultation but there certainly was—what was the word he used, Mr. Lesage?

Mr. Lesage: Exchange of information.

The CHAIRMAN: Yes, there certainly was exchange of information. Mr. McLean said that.

Mr. MILLARD: We don't exchange information with him.

The CHAIRMAN: So far as your company is concerned then what Mr. McLean said would not be true?

Mr. MILLARD: We stay away from that entirely.

The Chairman: I say, so far as your company is concerned, what Mr. McLean said would not apply to your company?

Mr. MILLARD: No, sir, it would not.

Mr. Thatcher: Was that true before the war, also before meat got scarcer? There would be a glut on the market, for instance; did you never consult with anyone at all?

Mr. MILLARD: It is not our policy to talk price with competitors at all.

Mr. Fleming: Mr. Swan, I think, in his answer did not quite appreciate the wording of the question put to him by Mr. Lesage. I do not think you meant to suggest, Mr. Swan, that you were answering for every officer or employee of your company. You will recall that he said, any officer or employee. I do not think you would care to say that no employee of your company at no time ever discussed prices with employees of your competitors. I fancy in your answer you were speaking about activities at the official level.

Mr. Millard: I am speaking of all our employees, to my knowledge.

Mr. Thatcher: You mean that the buyers in the same yards would not talk it over among themselves? Wouldn't they be liable to talk it over?

Mr. Swan: You mean, they would discuss the price of cattle?

Mr. Lesage: Would not that be the only logical thing to expect?

Mr. Swan: I don't think so.

Mr. Thatcher: Can we get at it from the other end, then. When your travellers go out do they have fixed price lists, or can they vary that price according to conditions? If they meet competition can they drop their meat a point or so? I think the practice is, is it not, they have some sort of a code they can go up or down? Isn't that correct?

Mr. Swan: What generally happens, we have a salesman and when he finds he is out of line on the beef market or any other commodity—it doesn't take very long—he either wires or phones us that he is not selling beef, that the customers are resisting our prices; and then whatever the office works out they tell him that is the price, or whether to reduce it to meet competition.

Mr. Thatcher: But doesn't your traveller carry a code of some sort around which authorizes him to vary his price a little up or down according to the situation he meets, as he finds it necessary?

Mr. Swan: There was a time we had a shading schedule, according to rate.

Mr. THATCHER: You are not using that now?

Mr. Swan: No, I don't think so; not yet. You see, we were on ceilings so long that, candidly speaking, we sort of got used to fixed price ceilings.

Mr. Thatcher: If one of your salesmen went in to call on a butcher and found that his prices were, let us say, a cent high, would he not have the authority to bring his price down into line?

Mr. SWAN: No.

Mr. THATCHER: He would not?

Mr. Swan: No.

Mr. THATCHER: He would have to consult head office; your office?

Mr. Swan: Yes. He has no authority to make the adjustment on his own initiative

Mr. THATCHER: I see.

Mr. Fleming: Do these prices offered by the different companies get very far out of line at any time, or is the buying so close that you catch it quickly?

Mr. Swan: On a highly competitive market such as beef is I do not know how close it would be; but I will say it this way: our competitors are buying cattle on the same market as we are; generally speaking, that is true. They are following the same market. Unless they find some ways and means of doing that job cheaper I can't see where there would be too much spread at all, the business is so highly competitive.

Mr. Fleming: You mean the competition, the competitors all working right together in the same place, as it were?

Mr. Swan: Yes, there are buyers from every packing company and every stockyard, pretty well.

Mr. Fleming: I suppose the sellers are very sensitive then, are they not, when they are facing all these competitive buyers all on the same grounds?

Mr. Lesage: Are there times when there is resistance from the packing companies on the cattle market?

Mr. Swan: You mean, the buying?

Mr. Lesage: Yes. It happens?

Mr. Swan: There is day-to-day trading on a commission basis. Say there is a price which we do not care to meet because we figure we cannot afford to buy cattle at that price and be able to sell them and make a profit—

Mr. Lesage: But is there any time when there is organized resistance from packing plants and companies?

Mr. Swan: Not organized.

Mr. Lesage: I am speaking of day-to-day and week-to-week trading.

Mr. Swan: No, no organized resistance, to my knowledge.

Mr. THATCHER: You mean Canada Packers and Swift's might get together?

Mr. Lesage: Yes, or some of the others.

Mr. Fleming: Where would consumer resistance; rather resistance on the part of the consuming public, reflect itself back to you if you had a market where the packers are competing for purchases?

Mr. Swan: Well, if the consumers stop buying then the retail merchants would not be buying, they would stop buying from us.

Mr. Lesage: And you would stop buying cattle?

Mr. Swan: We would have to stop buying cattle or reduce our prices on whatever we owned. We would have to sell at the prevailing market, whatever that was.

Mr. IRVINE: You could always be pretty sure that they would not stop buying for very long.

Mr. MILLARD: You mean the consumer?

Mr. IRVINE: Yes; unless he wanted to stop living he won't stop eating.

Mr. Dyde: You also have another factor. There is always the Meat Board standing by to take up your surplus.

Mr. MILLARD: There is a board.

Mr. Swan: That depends on the price we are selling beef at.

Mr. Dyde: I understand that any surplus you have, it is not a product that gets thrown away; it is not a product that you have to destroy or throw away because you can't sell it; because you always have the Meat Board to step in and take your surplus. Isn't that correct?

Mr. Swan: Yes, at the present time.

Mr. Mayhew: There is one thing I would like to get some information on. You said it varied downward or upward. I can understand it going down to meet competition. You said you based your selling price on your cost, the cost of yours steers plus your cost of slaughtering and selling and distribution. You say that establishes a clear price. Then you go out on the market to sell; and if I understand you correctly, you said that if your men went out and found that your sales were increasing too rapidly, that would mean your price was low and therefore you would want to put it up. Now, you originally set the price so it would cover your cost, plus a fair margin of profit; and then, I understood you to say, when you find your sales going up you take it that they were below what the other fellow was getting and so you had to raise it.

Mr. Swan: That would be reflected from the fact that we instruct our buyers that we want cattle, and it always does follow in the live market. In other words, we anticipate a raise in the live market. That is the reason for the—

Mr. Mayhew: You would not drop your price to the retailer? You would increase your price at which you were buying cattle?

Mr. Swan: We would drop it to the retailer.

Mr. Mayhew: I understood you to say that you would drop it if you found you were selling too much—you would drop it, wouldn't you?

Mr. Swan: No, we found we were selling too much, if we were not high enough—

Mr. Mayhew: I understand that. You say that it is working the other way; your sales are away too much, your volume of sales would jump too high and you would lower—you would raise your price on that basis?

Mr. Swan: On a depressed market.

Mr. Mayhew: In other words, in that case you would be taking more profit than you reasonably thought was a reasonable and fair profit?

Mr. Swan: I would not say it would necessarily mean a profit. It would mean that we were charging more money.

Mr. Mayhew: You started out with what you thought was a fair price?

Mr. Swan: Yes.

Mr. Mayhew: Then you had extraordinarily high sales because of that and you said you were going to put a stop to that—therefore, I am going to raise my price and bring it up to a level with my competitors?

Mr. Swan: For example today we are working behind live costs—in other words we are showing a loss. If we find that our selling prices drop behind the competition price we will immediately raise to whatever figure we can. It is a day to day business and we are not raising the price above that cost, we are trying to raise it up to our costs, and that is the trend at the present time.

Mr. Mayhew: Yes, I think everyone is entitled to costs plus a reasonable margin of profit but I do not agree that a man, once he has set his cost plus reasonable margin, should further put up his price—irrespective of what the other fellow does?

Mr. Swan: We will set the price on Saturday for the following week, based on the cost of the beef slaughtered that week and probably most of it has been sold.

Mr. Mayhew: Yes, and if your cost changes then I think you are entitled to follow your cost change. However, you are not entitled, in my opinion, to follow the market if it is up, if you are still getting a good and fair margin of profit. I do not know whether I make myself clear.

Mr. Swan: Yes, I understand your point and all I can say to that is that you are still, I think, entitled to go out to obtain or try to obtain as much for yours goods as does your competitor. You must do that to stay in business because over a period of time it levels out.

The Chairman: After obtaining a reasonable profit in addition to costs you could say that you had an adequate return here and you would lead the way. Do you not think that would bring you more business?

Mr. Swan: We have done that. We do that depending on conditions. You try to sell more goods.

The Charman: I do not understand how you reconcile that statement with what you have told Mr. Mayhew. I knew of a company during the war, a company not engaged in your business, which felt that the price of the particular commodity in which it was engaged in manufacture was too high. The company was by no means a leading company in its group but it circulated a letter to the trade and its prospective and actual purchasers and customers, stating that there was a dangerous tendency that prices would go up and up and up and the company was not going to be a party to an increase. The company said it was getting a fair return on the commodity at a certain price and they were going to stick to that level. The result was an actual increase in business for the company and an actual lowering of prices throughout the whole market.

Mr. Swan: Yes, sometimes we do that.

The Chairman: Could not that have been attempted by your company in this instance?

Mr. Swan: The fact of the matter is-

The Chairman: Would you mind answering the question? Could not that have been attempted in this instance?

Mr. Swan: It could, we have done that.

The CHAIRMAN: But in this period you did not do so?

Mr. Lesage: In November?

Mr. Swan: There was no period mentioned.

Mr. Lesage: Let us mention November.

The CHAIRMAN: We are talking about the high period.

Mr. Lesage: Let us mention November when you made a profit of \$900,000 without accounting for the by-products—and at the beginning of December you raised your price.

Mr. Swan: At the beginning of December?

Mr. Lesage: Yes. The Chairman: Yes.

Mr. Lesage: I am quoting from Exhibit No. 94 and there was an increase in price in the first days of December of all brands—red, commercial, and cow.

Mr. Swan: According to our figures from November 27 to December 4 our costs increased 80 cents a hundredweight, or slightly over $\frac{3}{4}$ of a cent a pound during that particular week.

Mr. Dyde: I think it would be fair to the witness, gentlemen, if we allowed Mr. Swan, for whatever it may be worth, to put in on the right hand side of this document the costs as he has worked them out.

The CHAIRMAN: Yes.

Mr. Dyde: Then perhaps we can go on and establish how he arrives at the costs and also lay a basis for some other questions which will involve Schedule 9?

The Chairman: Mr. Lesage was pursuing my point, assuming costs plus profit giving a fair return, and Mr. Swan says there have been instances when his firm has led in reductions in price but this was not one of the instances. The question was why was it not?

Mr. Swan: That particular week?

The CHAIRMAN: Yes.

Mr. Swan: I do not know whether we did lead or whether we did not lead, but at the end of November as I have stated the price did go up.

Mr. Lesage: The cost?

Mr. Swan: The price went up from \$23.75 to \$24.50.

Mr. Lesage: Yes, $\frac{3}{4}$ of a cent.

Mr. Swan: At that particular time our costs for the week ending November 27 to the week ending December 4 advanced 80 cents a hundredweight—in other words it advanced 5 cents more per hundred than the dressed selling market.

The Chairman: Perhaps I am wrong and perhaps Mr. Dyde was correct in suggesting that we should go on and come back to these figures later.

Mr. Mayhew: Are you going to identify this particular exhibit later?

Mr. Dyde: I am proposing to submit it as an exhibit?

The CHAIRMAN: Do you not think we should have it put in now?

Mr. Dyde: I would think that the figures which are now going to be added should be on the exhibit. If we had had sufficient time between yesterday and today the figures would have been added to the document for you. I think it would be worth while having it put in as an exhibit.

The Charman: We keep referring to it now and for the sake of evidence I think it ought to be numbered.

Mr. Dyde: I will be glad to submit it and then we can add to the exhibit the figures which I have mentioned.

		STATE OF STATE							
Week ending	Winnipeg good steers up to 1,050 (Ex. 96)	Winnipeg choice steers	Winnipeg good heifers	eview Winnipeg good fed calves	Inspected slaughterings all Canada (Ex. 97)	Cattle sold at public stockyards Winnipeg	Swift's purchases Schedule 7	Wholesale prices, Red Brand. (Ex. 94)	Cost
1947 Aug. 2 Aug. 9 Aug. 16 Aug. 23 Aug. 30 Sept. 6 Sept. 13	\$ 13.72 13.58 13.29 13.25 13.25 13.09 12.90	\$ 15.16 15.01 14.86 14.75 14.79 14.62 14.42	\$ 12.07 11.85 11.79 11.80 12.00 12.00 11.93	\$ 13.53 13.36 13.00 13.00 13.22 13.32 13.40	28,114 25,408 30,068 30,181 26,413 21,340 21,738	5,605 5,789 7,175 6,037 5,800 4,845 6,384	(000's omitted) August All Canada 12,859 September	23.75	
Sept. 20 Sept. 27 Oct. 4 Oct. 11 Oct. 18 Oct. 25 Nov. 1 Nov. 8 Nov. 15	13.00 13.53 13.00 13.00 12.75 12.75 12.92 13.50 12.83	14.50 14.72 14.23 14.26 	11.96 12.41 11.75 11.75 11.50 11.06 11.38 11.85 11.04	13.50 13.50 13.28 13.00 13.00 13.02 13.50 13.11	9,383 12,217 12,843 10,905 7,804 25,206 42,531 47,832 47,573	1,601 4,560 3,597 3,129 5,372 13,624 12,857 11,870 14,204	All Canada 1,807 October All Canada 8,293 November	Oct. 27, 24.50 Oct. 30, 25.00 Nov. 6, 23.75 Nov. 13, 24.50	Nov. 6, 24.74 Nov. 13, 23.33
Nov. 22	12.42 13.00 13.50	14.75	10.53 11.29 11.94	12.59 13.00 13.50	50,413 49,430 46,575	14,349 10,604 12,285	All Canada 26,847	Nov. 20, 24.50	Nov. 20, 23.22 Nov. 27, 23.43
Dec. 13. Dec. 20. Dec. 27. 3 days Dec. 31. Jan. 3.	13.48 14.06	14.75 15.07 15.34 15.75	12.00 12.43 12.50 13.22	13.49 13.44 13.50 13.98	41,716 38,705 19,498 21,132	11,521 7,690 2,964 2,689	December All Canada 13,022	Dec. 11, 24.50 Dec. 23, 24.50 Dec. 31, 26.00	
1948					21, 102				
Jan. 10 (10 days)	15.25 14.75 14.61 14.53 14.55 14.15	16.69 16.25 16.10 15.80 15.78 15.25 15.62	13.99 13.50 13.22 13.00 13.00 13.00	14.52 14.41 14.19 14.00 14.00 14.00 14.00	30, 583 36, 030 31, 435 26, 823 26, 966 27, 559 24, 255	8,385 8,047 5,174 4,475 4,577 4,485 3,539	January All Canada 13, 331 February All Canada	Jan. 20, 26.50 Jan. 26, 26.25 Feb. 2, 27.00 Feb. 10, 27.00 Feb. 12, 26.50	Jan. 8, 28.55 Jan. 15, 28.25 Jan. 22, 28.33 Jan. 29, 27.39 Feb. 5, 27.43 Feb. 12, 28.03 Feb. 19, 27.71
Feb. 28	15.00 15.00 15.00	16.00 16.00 16.02	13.54 13.53 13.68	14.25 14.45 14.73	22,920 24,382 24,621	3,438 4,166 2,604	- 13,589	Mar. 2, 26.50 Mar. 9, 27.00 Mar. 16, 27.25	Feb. 26, 27.14 Mar. 4, 28.14 Mar. 11, 28.25

Mr. Dyde: Now Mr. Swan, looking at Exhibit 102 would you please tell us where we add figures and at what dates?

Mr. Swan: Yes, I am going to give them to you.

The Chairman: The figures are for similar dates but we know that they will be for two days earlier.

Mr. Swan: Yes, this is the week ending November 6.

Mr. MILLARD: The figure would correspond with the 8th of November.

The CHAIRMAN: Yes.

Mr. Dyde: November 6 is the date and the figure will go opposite the wholesale price for red brand beef.

Mr. Swan: Yes. This is the dressed price per hundredweight-\$24.74.

Mr. Fleming: You call that the price, but I thought it was cost?

Mr. Swan: Yes, cost.

Mr. Irvine: Which is it? Is this the price the beef was wholesaled or retailed?

Mr. Swan: The cost.

The CHAIRMAN: The cost to the company.

Mr. Dyde: What you are telling us is what your dressed beef costs were per hundredweight at that period.

Mr. Swan: Yes.

Mr. Mayhew: I am marking it in the colum under the wholesale price of red brand.

The Chairman: No, we are making our own column—a new column opposite.

Mr. Lesage: The figure was \$24.75.

Mr. Mayhew: Are we heading the column "cost"?

The CHAIRMAN: Yes.

Mr. Swan: The figures are as follows: the week ending November 13, \$23.33; the week ending November 20, \$23.22; the week ending November 27, \$23.43.

Mr. IRVINE: Are these figures minus the by-products?

Mr. Swan: This is the cost of the dressed beef after the beef has been credited with the by-products value.

Mr. Fleming: It is really net cost.

Mr. Swan: That is right. The rest of the figures are: the week ending December 11, \$24.03; the week ending December 18, \$25.81; the week ending December 25, \$24.68; the week ending January 1—that is New Year's Day but we closed off the evening previous, \$28.89; the week ending January 8, \$28.55; the week ending January 15, \$28.25; the week ending January 22, \$28.33; the week ending January 29, \$27.39; the week ending February 5, \$27.43; the week ending February 12, \$28.03; the week ending February 19, \$27.71; the week ending February 26, \$27.14; the week ending March 4, \$28.14; the week ending March 11, \$28.25; and there is an additional week on the document there but I have not the additional figure.

Mr. Dyde: Mr. Swan I would like to be clear on a point. I am looking at the date November 8, 1947, and the left hand column and I carry over to November 6 as being the nearest corresponding date, and at that date your dressed cost is \$24.74?

Mr. Swan: That is right.

Mr. Dyde: Now I move down one figure and work back and I find your dressed costs on November 13 has dropped to \$23.33?

Mr. Swan: That is right.

Mr. Dyde: And according to our figures in the same week your wholesale price has gone up?

Mr. Swan: That is right.

Mr. Dyde: Now can you tell us why that is?

Mr. Swan: You will note that the difference between the selling price and cost for the week ending November 6 is 99 cents—a loss.

Mr. Dyde: Yes.

Mr. Swan: And operating that week-end, we immediately tried to advance the price and we were successful in so doing, in order to offset the loss. In the meantime on the following Monday the cattle market was reduced, probably due to receipts or some other reason, but the dressed market still remained at 24½ cents. The retail merchants were willing to pay that for beef.

Mr. Dyde: I would like to keep to those two dates for a moment because if we stray away from them we are going to get confused. Starting at the left hand side of the page at November 8 the farmers were then getting \$13.50 for cattle and then in the week of November 15 they were getting \$12.83.

Mr. IRVINE: What was the first figure?

Mr. Dyde: \$13.50 a hundred. Coming to the next column, choice steers, the price dropped between the two dates, good heifers dropped between the two dates, fat calves dropped between the two dates, and slaughterings for all of Canada stayed at about the same figure.

The CHAIRMAN: There was a drop.

Mr. Dyde: Yes, a drop of 300 head all over Canada. The cattle sold at the public stockyards in Winnipeg increased in number and yet I still find that your price moves up; in spite of all those factors the price moves up and your cost moves down. I am sure you have an explanation and would you make it as clear as you can so that we may find what the reasons are?

Mr. Swan: As I said before—and I do not think I can enlarge—in the week ending November 6 we bought cattle and we slaughtered them and the cost was \$24.74. We sold at \$23.75, according to your figures on the 6th of November. In other words, I presume that was the selling price around that time and it showed a loss to us of 99 cents per hundredweight.

Mr. Dyde: Yes.

Mr. Swan: And we always try to do business without losses.

Mr. Dyde: Yes. Then may I move up one line to the line that starts November 1 and as I run my eye across that line I find that the wholesale price in the right hand column is \$25. The price dropped by November 6 to \$23.75.

Mr. Swan: That is true.

Mr. Dyde: Why would that have happened?

Mr. Swan: I have no particular reason for that change in price but that is really the start of the industry getting back into the slaughtering of cattle and the market was more or less not on a fixed basis. I think that 25 cent price might have been arrived at on some cattle that were held by the packers during the strike and on which the costs were terrific. The increased costs during the strike were due to feeding and shrinkage. Because of the strike the retailers bid that price but as soon as the heavy kill had its effect during that week it reduced the price to \$23.75.

Mr. THATCHER: Did you pretty well stop buying during the strike?

Mr. Swan: We did stop.

Mr. Millard: We could not buy. The cattle were not allowed into the plant.

Mr. THATCHER: So you had accumulated a large stock?

Mr. MILLARD: When the strike started we had cattle on hand in the pens and we kept those and fed them right along during the eight week strike.

Mr. THATCHER: You did not buy any cattle during the strike?

Mr. MILLARD: No.

Mr. Dyde: You show on schedule 7 that you did buy some cattle?

Mr. MILLARD: Our Calgary plant was not on strike.

Mr. Dyde: In September you bought 9,000 and in October you bought 8,000 head all over Canada. That is, of course, below the normal figures but that information is given on schedule 7.

Mr. Swan: That figure does not represent head of cattle.

Mr. Dyde: I am sorry, it is pounds. The figure is thousands of pounds with the zeros omitted, and actually your purchases are much below the normal in September and October.

Mr. Winters: Mr. Dyde, with respect to these figures you have just quoted on exhibit 102, it is indicated for the period November 6 that the wholesale price was approximately 1 cent below the cost, and for the following period the wholesale price went up about a cent and diminished the difference. Schedule 4 of the Swift Company exhibit, however, shows there is a profit against meat operations for November of \$903,000 which, considered in the light of 40,000,000 pounds of volume means approximately 2 cents per pound. Those figures on exhibit 102 do not show any spread of 2 cents per pound.

Mr. Swan: We are just talking about beef.

Mr. WINTERS: Not by-products?

Mr. Swan: No.

Mr. Thatcher: Would not inventory appreciation cause a lot of that month's profit?

Mr. Swan: On meat? Mr. Thatcher: Yes?

Mr. Swan: No, I do not think so.

Mr. Thatcher: I agree with Mr. Winters that it would not look as if it came from these figures unless you had previous stocks on hand which you had bought at a lower price and which would give you this mark-up?

Mr. Swan: You see the ceiling price was \$23.75.

Mr. THATCHER: But through October had you not carried over a fairly large stock of beef purchased at a cheaper price and then when the ceilings came off your prices went up?

Mr. Swan: I do not know the exact details with respect to what was in storage but the beef which had been bought was all slaughtered in August.

Mr. Thatcher: Yes and probably it was purchased at a price far less than the price which existed when the ceilings came off.

Mr. Swan: To relate that to live values, on August 2 good steers were \$13.72 and on November 1 they were \$12.92, so that would not indicate that they would be cheaper. In other words your values were higher in August.

Mr. Dyde: I think you had better explain that a little more fully because we look at these prices in the live column of \$13.72 and we think of that price as being a guide as to what cattle are costing you. Are you saying now that the figures are not a guide?

The CHAIRMAN: That is a question addressed to you, Mr. Swan.

Mr. Dyde: Yes.

Mr. Swan: No, no, I would not say that. I understood Mr. Thatcher to say that we had an inventory appreciation in November.

Mr. Dyde: Oh, yes.

Mr. Swan: And I made the statement that if there was any beef in our freezers or in storage at the end of October it was beef which had been slaughtered prior to the time we went on strike, which would be in August.

Mr. Dyde: What was the date in August? Mr. Swan: I think it was the last week.

Mr. MILLARD: You are asking the date of the strike?

Mr. Dyde: As a matter of fact it was given yesterday but I have forgotten the date.

Mr. Millard: August 27.

Mr. Swan: I was trying to explain that the live price, if this is to be a guide, is \$13.25, and on November 1 the price was \$12.92. In other words we would not have an inventory appreciation on the product when the live cattle were bought at a price higher in August than on November 1. I am talking about beef, there.

Mr. Dyde: Yes, I understand.

Mr. Fleming: Mr. Swan, do we understand from the figures you have given us that you have operated at a loss with respect to beef ever since approximately the middle of December?

Mr. Swan: From the 25th of December the beef results to the present time have shown a loss.

Mr. Fleming: Every week.

Mr. Swan: Yes, I think that is a fair statement.

Mr. Fleming: You indicated that is not the kind of result which you seek. How do you account for the fact that your operations have consistently, since Christmas, resulted in a loss week by week with respect to the handling of beef?

Mr. Swan: The live market has been pushed up faster than the dressed values and the selling prices have been able to follow. For example I think I made a statement yesterday that along towards the end of January due to heavy inspected slaughterings the eastern beef market became flooded. There was too much beef around and we could not sell it at one price so we had to sell it at another. The only thing we could do was sell it and it was sold above the meat board price. We did sell at the best price we could get but we sold at a loss.

Mr. Fleming: That would be because the supply of fresh beef was outrunning demand?

Mr. Swan: Definitely.

Mr. Fleming: And then you were taking advantage of the floor provided by the Meat Board; nevertheless, the result was a loss week by week.

Mr. Swan: We had got down to just about the floor in the west. I don't know the exact weeks, but one or two weeks on some grades we had got down to it.

The CHAIRMAN: Wouldn't that mean you would put more in your freezer?

Mr. Swan: At the time we shipped?

Mr. Dyde: You did freeze an increasing amount.

Mr. Swan: We did freeze some.

Mr. Dyde: Your schedule 5, shows the figures, doesn't it?

Mr. Swan: That is right. That might not be this particular account.

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Mr. Dyde: No, that might not be red brand beef, of course. What you are doing in January, you were getting a large amount of cattle. Your profits are fairly high, and you see you are finding it hard to sell in February; and did you not in fact, from schedule 5, put a good deal of that into the freezer.

Mr. Swan: No, I don't see that we put a good deal of our total cattle in.

Mr. Dyde: Well, what you didn't sell you put in the feeder, isn't that right?

Mr. Swan: Oh, yes, but what that amount is I could not say.

Mr. IRVINE: Do you mean to say that you did not anticipate that the price of beef might go up?

Mr. Swan: When?

Mr. Irvine: As soon as the price ceilings were removed; and is it not a fact that that is when you started to put it in?

Mr.Swan: You mean, started on November 1?

Mr. IRVINE: I do not think it makes much difference when you start. You would not sell your beef unless somebody bought it.

The CHAIRMAN: Let's identify the date. The period that Mr. Fleming mentioned was the period of last—is the period we have been taking it. Isn't that it?

Mr. IRVINE: Yes.

Mr. Fleming: And that would be around Christmas.

The CHAIRMAN: Just so you understand, Mr. Irvine, what Mr. Fleming has said; there was a period beginning in January when they were reducing—

Mr. Fleming: Yes, Christmas.

The Chairman: Then he said, Mr. Fleming brought out in reply that that was due to surplus of produce as compared with demand and "we just had to get rid of the stuff"; and I put the question that you could have stored it; and he said "yes"; but we did not; and then Mr. Dyde came in and said, "he might have stored earlier"; "we didn't" you say in this instance; and that gives rise now to your question.

Mr. IRVINE: I was just asking if you wanted us to believe that you didn't actually know as well as your experience could teach you at that time that the price would likely go up?

Mr. Millard: Between January 3, 1948, and January 31, 1948, we stored 300,000 pounds of frozen beef.

Mr. Fleming: Would you make clear what the storing has to do with the figure of net cost. I did not understand that storage entered into the figures of net cost.

Mr. MILLARD: It does not.

Mr. Fleming: That is what I understand, these figures you are giving us are net cost. They were strictly comparable, subject to fluctuation of two days or so, with the figures in the last column, the wholesale price of red brand. They are strictly comparable, are they not? I do not understand then what this question of storage has to do with the evidence that has been given to this effect, that from December forward operations for the week on meat have resulted in a loss.

Mr. Thatcher: What we are trying to get at is that \$903,000 of a profit.

Mr. Fleming: We are dealing with the question of profit or loss on operations for this period from Christmas forward. Has the freezing of beef and the storage got anything to do with that?

Mr. Swan: Not with us.

The CHAIRMAN: Except that they didn't have to sell if there was such a supply over demand, they had to store, just as they admitted they earlier stored. That is the point Mr. Dyde is making.

Mr. Fleming: If you were taking a great part of the beef and storing it at that time—we might say a large quantity, a significant quantity—what would have been the effect on the wholesale price if you had taken more of that beef off the market and put it in storage?

Mr. Swan: Oh, I don't know; unless the industry as a whole did that.

Mr. Fleming: Let us take it this way first; if the industry as a whole had decided to store more beef instead of marketing it at that time what would have been the effect on the wholesale price of beef?

Mr. Swan: I think the wholesale price of beef would have gone up to a level with costs; in other words, you would have cleared the beef market.

Mr. Fleming: Well, then, we understand that so far as the consumer getting the benefit from the reduction in the wholesale price goes he would get very little. There was a benefit to the consumer from the fact that you marketed fresh beef in that period instead of putting it into cold storage.

Mr. Swan: At least according to the figures the retail merchants received the benefit of that, yes.

Mr. Fleming: You cannot say whether the retailers passed it on to the consumers?

Mr. Swan: I don't know that.

Mr. Mayhew: There is a figure here in November, 1946, which shows you made a profit. In October, 1946, you had a loss. You also again in December had a loss. You had a pretty good profit just in that one month, and the losses in the one before and the one after it. And the same thing was pretty well true in 1947. You had a loss in 1947, of \$477,000 in October and it jumped to a gain of \$903,000. Would that be because of the quantity in that particular month?

Mr. Swan: Of course, that is total meat. Mr. Thatcher: That includes hogs also?

Mr. Swan: Yes.

Mr. Thatcher: And it is the reason that you had such a large profit on account of your hog operations?

Mr. Swan: I do not know that.

Mr. Thatcher: That is the point we are trying to get at, that \$903,000, was your beef figures, you say that does not include inventory appreciation?

Mr. MILLARD: Likely by-products and other meats.

Mr. THATCHER: I thought you said this column did not include by-products?

Mr. MILLARD: I am sorry, it might be other meat.

Mr. Thatcher: Could your provision manager tell me whether that was hogs which made that profit?

Mr. Millard: I do not think so. If we were to break it down we could tell you. We can't tell you now.

Mr. Fleming: Could you get a breakdown on that so we can get that whole picture.

Mr. Millard: It would take quite a while. We have to go through all our branches and dig it out.

Mr. Mayhew: It apparently is an exceptional month. Isn't that accounted for by a lot of cattle, hogs, and everything?

Mr. Millard: In November, of course, we killed a lot of cattle. We put on double gangs and we reduced our expenses.

Mr. Fleming: I suppose the effect of the strike and the resumption of work meant heavier slaughterings and that all contributed to making November an abnormal month for 1947, did it not?

Mr. MILLARD: No, sir.

Mr. Fleming: I think the witness answered, but he did not raise his voice. Did you say it would be an abnormal month on that account?

Mr. MILLARD: It is one of our highest months.

Mr. Fleming: I was asking if it was not abnormal in 1947, because of the fact that you were resuming work after a prolonged strike and probably there were much heavier slaughterings?

Mr. MILLARD: Yes, that is right. Livestock was held back during the strike and came in during November to kill.

Mr. Fleming: And in 1946, according to your schedule 4, your slaughterings were up in pounds in 1946—October, 25,150,000, up to November 41,467,000; and then it came down in 1947—October slaughterings 16,370; and in November you raise to 40,396, less than twice as much in number of pounds as you handled in 1946. If you take the dollars figure in the next column the raise is much more significant; in 1946, October, \$5,200,000; November, \$8,685,000. There is a rise of about \$3,500,000. In 1947, October, \$4,200,000; and the figures on November, \$9,800,000—round figures—raised to \$5,600,000. The increase is much more noticeable. The rise from October to November is 24,000 in 1947, and 16,000 in 1946.

Mr. IRVINE: What are you quoting from?

Mr. Fleming: Schedule 4.

Mr. IRVINE: Were not the sales greater in November of 1946, than in November of 1947?

Mr. Fleming: Considerably greater. There is not much difference in the number of pounds in it.

Mr. Irvine: It shows that it was greater in 1946.

Mr. Fleming: It was a little greater in 1946. May I ask, Mr. Millard or Mr. Swan, if November is consistently over the years a month that has reflected higher activity than other months? When we look at schedule 4, we see that in 1946, for the four months prior to November you showed a loss and in the three months after November you showed a loss but in November—that is the month in which you show a profit in 1947, but in the three months before November you showed a loss. Again in November there is this unusually high profit.

Mr. Millard: It was the month of heavy marketings. We put more through our plant and reduced our expenses.

Mr. Fleming: You mean to say that in the years previous to 1946, November was the month that showed the most favourable results generally?

Mr. Millard: I haven't got the figures, but I would say yes. The Chairman: We don't have November of 1945, in this?

Mr. Dyde: No.

Mr. Thatcher: I think what Mr. Fleming is getting at, the ceilings stayed on until October—

Mr. Fleming: I wasn't talking about the ceilings at all. I was just looking at this statement and you will see that in 1946, the company showed a loss in nine months and a profit in three months.

Mr. THATCHER: After the ceilings came off.

Mr. Fleming: That is in 1946.

Mr. WINTERS: And this column meat, what is there beside beef?

Mr. Millard: Lamb, veal, pork, fancy meat, cooked meats, sausage and so on.

Mr. WINTER: Referring to November, 4,396,000, what about the figure you show on Exhibit 102, of 26,827,000; would that include the beef figure?

Mr. Millard: What figure were you referring to?

Mr. Winters: Schedule 4.

Mr. MILLARD: Schedule 4—would you mind repeating that, please?

Mr. Winters: That 4,396,000 pounds you sold in the month of November—do you see that?

Mr. MILLARD: Yes.

Mr. Winters: And that is 26,847,000 pounds of beef—that is the figure you show on Exhibit 102, also on Schedule 7—

Mr. MILLARD: No. Do you mean this 102?

Mr. Winters: Yes.

Mr. MILLARD: That is our price on purchases. Mr. MAYHEW: 102, is not your schedule, is it?

Mr. MILLARD: No.

Mr. Mayhew: That was put in by counsel?

Mr. MILLARD: Yes.

Mr. Winters: I know, but it shows the purchases in the second column from the last.

Mr. MILLARD: Wait a minute till I check it through.

Mr. Winters: It is a little difficult to reconcile some of these figures. For example, on schedule 7, you show two columns—

Mr. MILLARD: Yes, beef cattle, November, purchases—meat—26,847,000; that would be included in these figures.

Mr. Winters: What would the balance be, hogs pretty much?

Mr. MILLARD: Hogs and lambs.

Mr. Winters: On schedule 7, again; just see if there is any way of reconciling these figures; for that month you showed purchases, dressed hogs, 25,118,000.

Mr. MILLARD: Yes.

Mr. Winters: And you have given a total of something like 2,000,000.

Mr. Millard: Of course on the hogs, a lot of them go into cure and would not be ready for a month or more—sometime later.

Mr. WINTERS: I see.

Mr. MILLARD: Or it might be in freezer.

Mr. Winters: Can we assume that of the 40,693,000, 26,000,000 odd is beef?

Mr. Millard: Not exactly, because at the end of the month, you will see purchases would not get into sales. It has to be shipped.

Mr. WINTERS: I mean, of it what would you say would be beef?

Mr. Swan: Of this figure 26,847,000?

Mr. WINTERS: No, of the 40,399,000, of that how much is beef?

Mr. Millard: 50 to 60 per cent I would imagine, as an estimate.

Mr. Winters: That would be roughly 20,000,000 pounds, and on that you do not show much profit according to the figures you have given us, certainly; less than 1 cent a pound, which would be at the most \$200,000 for the month.

The CHAIRMAN: You are talking about 1946, now are you?

Mr. Winters: 1947.

The Chairman: The thing to do—I think Mr. Fleming unintentionally got us, at least he got me into a wrong perspective, because if you look at the profit and loss statement of this company.

Mr. WINTERS: Mr. Chairman, may I just complete this?

The Chairman: I am sorry. What I was saying is this; if you take just the individual year don't we lose perspective?

Mr. Winters: You don't lose perspective. In this industry, as I see it, there is no profit on beef but there is a heavy markup on other products. Now, if you take that \$903,000, you can attribute approximately only \$200,000 to beef, although there is \$700,000 on these other meats of over I think it is 20,000,000 pounds. That is a very heavy markup, around 4 cents a pound on other meat products.

The CHAIRMAN: Yes.

Mr. Winters: The same thing would apply to the month of January wherein the figures that were submitted to us this morning showed a sizeable loss on beef operations. I would like to ask the witness if he would explain that sizeable profit on other meat products both in November and January. For example, in January you have a very large loss on beef.

Mr. Millard: Well, of course, on schedule 102, we only talk about one plant out of seven where our beef operations for November might have raised the profit on our over-all operations.

Mr. Thatcher: Is not the answer that you had an inventory appreciation in pork products? Is it not probable that most of that profit came from that? I mean, you don't show it on your beef so it must be. I don't see what else it could be. You must have had, when the ceilings came off your inventory must have appreciated in value, and that has given you your heavy profits in November and December. That must have been it. You stated yesterday, I understood that that is what these figures came from.

Mr. Millard: Maybe they did, but I can't break them down.

The Chairman: No, but it should be possible for someone in your company to give us the answers to all this. What is the explanation? Surely there is an explanation.

Mr. Winters: Then, too, if we refer to schedule 7, here; and I don't know the significance of this but I would like to find it; the purchases of beef and hogs for November are roughly 52,000,000 pounds while the sales of meat for November are 40,000,000 pounds. In the month of December the purchases of beef and hogs are 28,150,000 pounds, which is pretty close to the sales for December, which show 28,202,000 pounds. Some months do seem to agree, and some don't.

Mr. MILLARD: Some of the November purchases would be sold in December.

Mr. Winters: Your December agreed with your sales almost to the pound.

Mr. Millard: Well, that just happened.

Mr. Winters: Would you carry a lot of your November purchases in inventory, for instance?

Mr. Landon: I think, Mr. Winters, if you will refer to schedule 7, you will note there in November it gives a breakdown of sales.

Mr. Mayhew: Schedule 2.

Mr. Landon: November.

Mr. Mayhew: Schedule 2 gives November figures as 1,635,000 for beef; 13,557,000 for pork; 1,126,000 for veal; 1,293,000 for lamb and other products are shown as 5,349,000. Would that last figure be poultry, etc.?

Mr. LANDON: No.

Mr. MILLARD: It would be fancy meat, and sausages.

Mr. Winters: You show 36,960,000 there but on schedule 4 it is 40,390,000?

Mr. MILLARD: There might be an overlap.

Mr. Thatcher: Would it be because you have by-products in one and you have not got them in the other figure?

Mr. MILLARD: No. That is our total meat sales. We might have drawn some products from the freezer which would go into those sales.

Mr. Fleming: I am afraid a lot of this information is just conjecture.

The CHAIRMAN: I am afraid so.

Mr. Fleming: If the witness is not in a position to give us the information now it can be sent later.

The Chairman: I think that is right. I think that it should be possible for a big company like yours, Mr. Millard, to know the profit on meat and any particular product.

Mr. MILLARD: We can get it and break it down.

The CHAIRMAN: That is what we want.

Mr. Fleming: You have broken it down as to beef and it should be possible to get it on the other meats you are carrying, in order that we can isolate the factors which lead to this change in November?

The CHAIRMAN: Yes.

Mr. Dyde: I would like some guidance from the committee as to exactly what is to be received, because one of my difficulties throughout is to try to obtain in advance the information which we will need. I have not always succeeded in so doing but if Mr. Millard is to be asked for additional figures I think I would like to be quite clear as to what we are asking him.

Mr. Pinard: It would be a breakdown of the last column of figures on schedule 4.

The CHAIRMAN: That is right.

Mr. PINARD: That would be of assistance to the committee.

Mr. WINTERS: I would like a breakdown of Column A.

Mr. Thatcher: I think I can see a difference. On schedule 2 you show the sales to the trade but on schedule 4 some interplant sales are included.

Mr. MILLARD: That would make up some of the difference.

Mr. Dyde: I think if you add the total sales for November on schedule 2 and the total sales of all products, you get a figure which is almost identical with the figure of 490,396,000 which appears in schedule 4 for November.

Mr. PINARD: In other words we have a breakdown now?

Mr. Dyde: I think we have.

Mr. PINARD: But not of the list.

Mr. Dyde: I would like Mr. Millard to tell me if in fact we have a breakdown.

Mr. Mayhew: According to my calculations you are very close.

Mr. PINARD: Why would it only be "almost identical".

The CHAIRMAN: Order, gentlemen.

Mr. Dyde: On schedule 2 if I add the figures for beef of 15,635,000, for pork 13,557,000, for veal 1,126,000, for lamb 1,193,000, other meat products 5,349,000, I obtain the result of 36,960,000. If I add the by-products which are 3,889,000 I get a figure which is almost identical.

Mr. Landon: That is only coincidence.

Mr. Fleming: You have done all that work for nothing.

Mr. PINARD: In other words we have not got a breakdown.

Mr. Millard: I know what you want and we will do our best to get the information.

Mr. MAYHEW: I wonder if we could get it in a uniform pattern.

Mr. Fleming: Mr. Dyde, you raised the question a moment ago as to just what it is that we need. If the committee would turn to page 62 of the Canada

Packers brief it seems to me the information there is the kind of information and the kind of tabulation which we want. That was the consolidation of profit and loss on all kinds of meats, including by-products. If Mr. Dyde would not mind taking a look at that he might give us his view.

Mr. Dyde: While Mr. Millard is looking that over I might say that page 62 is information requested by us after we received other material which Canada Packers produced. I think Swift's could produce similar figures and I am sure it

would help us.

Mr. Fleming: Would it not give the answers to these questions which are being asked this morning?

Mr. Mayhew: It would be on a uniform basis too.

Mr. Fleming: Yes, I think it would be far more illuminating to this committee.

The Chairman: I wonder if I could ask a question. If you take schedule 4 for 1946 and 1947 you will see that for most of those months in those two years you show a loss on meat operations—or operations of your meat department—yet your general net or profit and loss position as contained in schedule 3 shows that for most of the years from 1936 to 1947 you have made substantial profits. Now where do you make profits if you do not make them in the meat department?

Mr. Millard: Well, perhaps in by-products, glue, tankage, the shortening

department, butter, poultry, eggs and cheese.

The CHAIRMAN: When you come to determine your meat price do you take into account your general position in those other departments?

Mr. MILLARD: No, sir.

The CHAIRMAN: What do you say about the desirability of doing that?

Mr. Millard: We consider each department should stand on its own feet.

Mr. Pinard: You mean every year you attempt to make a profit in every department? In other words, you do not expect to show a loss for a year in one department and compensate by a profit in another?

Mr. Millard: We do not accept the principle that a loss in one department

can be justified by a profit in another.

Mr. THATCHER: Mr. Chairman, I apologize-

The CHAIRMAN: I think that is an important reply.

Mr. Winters: It is fair enough. Mr. Pinard: I do not see why.

Mr. Mayhew: It is an absolutely sensible reply.

Mr. IRVINE: In that case you should have gone out of the meat business long ago.

Mr. Pinard: I do not see how you can operate at a loss in one department all the time and I know that is not sensible, but do you not think it possible, in order that the consumer may have the benefit occasionally, to stand a loss for a time in one department and compensate in another?

Mr. Millard: We do; that is the only way we stay in business.

Mr. Winters: They do, but there is no reason why they should not aim at a profit.

The CHAIRMAN: That was not his reply.

Mr. Fleming: His answer was that they did not regard a profit in one department as justifying a loss in another.

Mr. MILLARD: That is right.

The Chairman: It was just the other way around. He did not justify a loss in one department as being compensated for by profit in the other. That was his reply.

Mr. Fleming: I think it has the same meaning. If you wanted to run a business you would not be concerned only with the over-all profit regardless of deficits in various departments, because it would mean the public would be paying more than was justified for some products because meat was not showing a profit.

The CHAIRMAN: We may argue that later.

Mr. Pinard: Is not that what is done in the retail trade and in department stores? For instance, they expect to take a loss on sales of some articles and compensate for that loss by what they make on other articles.

Mr. MILLARD: I really could not say.

Mr. Thatcher: Could I say something?

The CHAIRMAN: Yes, Mr. Thatcher.

Mr. Thatcher: I apologize before I say it, but as far as I am concerned I do not see how we can proceed until we have more figures, particularly the figures of the profit and loss statement of the company for each month after the ceilings were removed. I speak particularly of the figures on profit on schedule 4, and certain other figures which have been discussed and I would move that this hearing be adjourned, as far as Swift's are concerned, for two or three days until they can obtain those figures, and then we can continue.

Mr. Fleming: We do not need a formal motion. You have handled these situations before by simply directing the witnesses to stand down and telling them to come back with what we want. It seems to me that what we want is information comparable to that supplied by Canada Packers at page 62.

The CHAIRMAN: Is that the feeling of the committee?

Mr. Fleming: I think you might ask Mr. Dyde his feeling with respect to my suggestion? Is not the information which we require contained on page 62 of Canada Packers brief?

Mr. Dyde: Yes, I think that is correct. If it is decided that Mr. Millard should be asked to bring figures in that way I have one other suggestion to make. I have a few general questions with which we might complete our time this morning. I agree that it would be valuable to the committee to have figures comparable to those set out on page 62 of Canada Packers brief.

Mr. Millard: I think is will be recognized that you received these figures from Canada Packers after you sent your questionnaire?

Mr. Dyde: That is right; and I am making no reflection whatever on Mr. Millard, who has answered the questions I asked him.

Some Hon. Members: No, no; no reflection.

The Chairman: No; we just want to get the figures themselves. We are after the facts.

Mr. Millard: I understand, and we want to give you the facts. We have nothing to hide.

The CHAIRMAN: When could we get the figures?

Mr. Millard: I cannot say how long it will take but as soon as we get back we will start, and I will keep in constant touch with Mr. Dyde.

The CHAIRMAN: That will be all right.

Mr. MAYHEW: I think it should be understood that the members of this committee have not got the impression in their minds that there is something wrong with the witnesses who have been brought here.

The CHAIRMAN: That is right, we just want the facts and there is no other suggestion.

Mr. Millard: We want to give you the facts. We are not hiding anything. The Chairman: There has not been any suggestion of that.

Mr. Lesage: Mr. Dyde, you could also ask for the figures which I requested yesterday?

Mr. Dyde: Yes, I have a note of those figures.

The Chairman: I understand that Mr. Winters and counsel have some other questions which can be usefully put now?

Mr. Dyde: Yes. I understand that Mr. Millard has figures which I asked him to produce with reference to condemnation insurance. You have those figures I think, Mr. Millard?

Mr. MILLARD: Yes.

Mr. Dyde: And would you please read the figures first with regard to—do you have the figures separately for beef and pork?

Mr. Millard: Yes, we have them separately for cattle and hogs.

Mr. Dyde: That is fine. Would you read the figures over the period of years?

Mr. Millard: I have the figures from 1939 to date.

Mr. Dyde: Would you please read them for cattle first?

Mr. MILLARD: May I explain what the figures are.

Mr. Dyde: Yes.

Mr. Millard: They are the results—we call them condemnation insurance results, and it is the difference between condemnation insurance collected plus the recovery value of the product that is condemned as compared to the cost of the condemnation. In other words it is debit and credit and these are all debit figures. In the 1939 fiscal year we had a loss of \$43,251.

Mr. Dyde: This list is for cattle?

Mr. Millard: It is for cattle, yes. In 1940 there was a loss of \$30,825; in 1941 there was a loss of \$35,406; in 1942 there was a loss of \$50,983; in 1943 there was a loss of \$52,172; in 1944 there was a loss of \$35,710; in 1945 there was a loss of \$56,597; in 1946 there was a loss of \$106,269; in 1947 there was a loss of \$101,273; in 1948—eighteen weeks—there was a loss of \$59,286.

Mr. Dyde: You also have comparable figures for hog condemnation insurance?

Mr. Millard: The hog figures start with 1939 and there was a loss of \$8,343; in 1940 there was a loss of \$10,504; in 1941 there was a loss of \$1,103; in 1942 there was a loss of \$3,322; in 1943 there was a loss of \$11,343; in 1944 there was a loss of \$33,516; in 1945 there was a loss of \$20,362; in 1946 there was a loss of \$11,055; in 1947 there was a loss of \$7,254; in 1948—eighteen weeks—there was a profit of \$3,010.

(Mr. Maybank took the chair.)

Mr. IRVINE: What does all this loss mean? Does this mean the value of the cattle condemned? Is that your loss over and above the insurance?

Mr. MILLARD: That is right.

Mr. Dyde: When you say "that is right" you mean that as an answer to the latter part of Mr. Irvine's question?

Mr. MILLARD: Those figures are losses to us.

Mr. THATCHER: Above the insurance?

Mr. MILLARD: We add the insurance and the recovery value in the tank of the condemned animals.

Mr. Fleming: It is a net loss? Mr. Millard: That is right.

Mr. Fleming: And you have had a net loss all the way through with respect to cattle, and all the way through until the present fiscal year with respect to hogs?

Mr. MILLARD: That is right.

Mr. Pinard: Would you tell us with respect to cattle, why the loss seems to increase over the years? Is it because of the value of the kill?

The Vice-Chairman: Are you giving an aswer, Mr. Millard?

Mr. Swan: The kill for 1945, 1946, 1947 was greater than in previous years.

Mr. Pinard: That would explain the increased loss?

Mr. Swan: It is an increase in the kill.

Mr. Dyde: Some question was raised by witnesses before the committee earlier, Mr. Millard, and one witness said that the producers had asked the packers for a statement with reference to the fund. He did not say any packer in particular, and that they had not been able to get any particulars. Do you recall ever having been approached by the producers to give them the figures of fund?

Mr. MILLARD: Not to my knowledge.

Mr. Dyde: Are you willing to give figures like these to the producers at any time?

Mr. MILLARD: Offhand, I would say yes, without thinking it through.

Mr. Dyde: So far as you recall, you have had no request other than the present one to produce these figures?

Mr. MILLARD: That is right.

Mr. Fleming: May I interrupt at this point, Mr. Dyde? I suppose each of the packing companies handles its condemnation insurance strictly on its own individual basis?

Mr. MILLARD: I do not understand your question, Mr. Fleming.

Mr. Fleming: There is no common method—perhaps I should not suggest that. Has there been any agreement among the packers as to any common method of handling the condemnation insurance, common rates or common methods of accounting?

Mr. Millard: I do not know how any other packer handles his accounting.

Mr. Fleming: It has not been a matter of consultation, so far as you are concerned, with any company?

Mr. Millard: Once we get the insurance, once we make the deduction; that is how it is handled on the books of the company.

Mr. Fleming: Do you decide what the rates are to be? We were told those rates had been in effect for some time?

Mr. Millard: The rates are all the same, condemnation insurance rates; all packers are deducting the same amount on condemnation insurance.

Mr. Fleming: Is that a matter of agreement among the packers? We call this insurance, but it is not insurance in the strict sense of the word. Each company has handled its own fund in this respect. It is a deduction, a percentage or a rate on each animal handled?

Mr. MILLARD: That is right.

Mr. Fleming: That is going into a private fund out of which losses are mutualized?

Mr. MILLARD: That is right.

Mr. Fleming: Now, the rates are uniform?

Mr. MILLARD: That is right.

Mr. Fleming: What I want to get at is the extent to which there has been agreement among the packing companies as to the basis of their handling these condemnation deductions and their methods of accounting?

Mr. Millard: Well, I think I can answer your question. This condemnation insurance was in effect before I ever started to work with the company. It started around 1912 and there was a meeting under the chairmanship of Doctor J. G. Rutherford, then livestock commissioner for Canada. It was attended by the drovers and senior officials of the Department of Agriculture and the packers. It was agreed at that meeting, at that time, 15 cents per head would be the reduction on all cattle marketed between January 1 and June 30, and 20 cents a head on all cattle marketed between July 1 and December 31. I think that was about the start of it. It has been carried on, jointly, between the producers and packers since that time.

Mr. Fleming: Your statement suggests that the government through the Department of Agriculture took the initiative in this matter in 1912?

Mr. MILLARD: That is right.

Mr. Fleming: To what extent has it been privy to any variations of the arrangement since? We were not told earlier about the government having anything to do with this matter of condemnation insurance.

Mr. Millard: Well, I cannot say what they have had to do with it since that time, Mr. Fleming.

Mr. Fleming: Has there been a general variation in rates since that time, since 1912?

Mr. MILLARD: Yes, the rates have been changed.

Mr. Fleming: Were they changed throughout the trade when these changes were made or were individual changes made by each company?

Mr. MILLARD: I think it was throughout the trade.

Mr. Fleming: You have not the figures or the dates showing when this was done, when the revision of the rates occurred?

Mr. Millard: Yes, I have for western Canada. In 1912 and up to August 1, 1945 it was one-half of 1 per cent on the live value.

Mr. HARKNESS: That is for cattle or hogs?

Mr. MILLARD: Cattle.

Mr. Fleming: No changes from 1912 to 1945? Mr. Millard: According to my statement here.

Mr. IRVINE: I do not want to interrupt Mr. Fleming's inquiry, but I should like the witness to be questioned on the figures given by Mr. Tummon. He gave us the rate which is charged. He gave us the number of head upon which it is charged. He gave us the number of cattle that had been condemned during certain periods and showed us the enormous balance. I want to know how these tremendous losses came about when the balance was shown by the other witness.

Mr. Dyde: I was going to ask some further questions and I should be very glad if you would keep in touch with my questions to see whether they complete

the picture or not.

In the first place, Mr. Millard, here is one bit of information we have before us. We were given a report of the Veterinary Director General which showed the percentage of condemnations for both cattle and hogs over a period from 1937 to 1947 and the percentage of hogs has never been higher than 0·28—this is for all Canada—and it has dropped in one or two years to 0·22. It has fluctuated between a low of 0·22 to a high of 0·28 per cent. Could you explain, under those circumstances, why, if you are obtaining a half of one per cent, you should still show a loss?

Mr. Millard: Well, of course, that is for all of Canada. I have not got a breakdown, but I think the condemnation losses in western Canada are higher than they are in eastern Canada.

Mr. Dyde: Do the companies keep funds? You keep your own condemnation fund?

Mr. MILLARD: That is right.

Mr. Dyde: Do you re-insure with an insurance company?

Mr. MILLARD: No.

Mr. Dyde: So that the fund is entirely in the control of the Swift Canadian Company so far as condemnations in your plant are concerned?

Mr. MILLARD: Yes.

Mr. Dyde: Then, if my figures on the percentage of hogs are correct, it must lead us must it not, to the conclusion that you have got more condemnations in your plant than are proportionate to the condemnations in Canada?

Mr. Millard: Well, of course, that is a percentage on hogs.

Mr. DYDE: That is right.

Mr. MILLARD: Of course, there are parts of the hog condemned, too.

Mr. Dyde: Yes, this is the whole animal because those are the only figures we were able to get.

Mr. Millard: There are parts of the hog condemned, as well.

Mr. Dyde: It still makes it a little difficult for me to see why we should be so wrong with the veterinary director general's figures because they do show a very low percentage of condemnations. If you are collecting a half of one per cent, it would appear, at first sight—

Mr. Millard: That half of one per cent is on the value of the hog.

Mr. Dyde: —and it is the hog of which they are speaking here in the percentage of condemnations. Am I making my meaning clear?

Mr. MILLARD: Yes, I understand what you mean.

Mr. Fleming: May I ask Mr. Dyde, is it clear from the figures of the veterinary director general that those are figures for the whole animal only and not the parts?

Mr. Dyde: The whole animal, and not the parts. If I may move, for a moment, to cattle, Mr. Millard, we find that the same figures showed the percentage in cattle was higher than the percentage of condemnation on hogs but that has been improving considerably over a ten or twelve year period.

In 1937, 1.25 per cent of the cattle were condemned, and that percentage rose until 1939, but got down to 0.80 in 1946 and 1947. From those figures, it would appear to this committee as though there was a very great improvement in the percentage of cattle condemnations over the period. This does not seem to be borne out by your figures, does it?

Mr. Millard: No. Of course, the figures for the whole cattle do not include the parts.

Mr. DYDE: No.

Mr. Millard: And the condemnation figures will vary according to the number of cows which are killed.

Mr. Dyde: Yes, of course, you get a higher rate on cows.

The Vice-Chairman: What do you mean?

Mr. Dyde: Mr. Brown told us the producer pays 20 cents a head for heifers and steers and 50 cents a head on cows; that was the present rate.

Mr. Millard: In Ontario, it is 20 cents a head on steers and 50 cents on cows.

Mr. IRVINE: Do the rates differ in the west, the condemnation rates?

Mr. MILLARD: In the west from Ontario?

Mr. IRVINE: Yes.

Mr. Millard: At the present time, it is 20 cents a head on steers and 50 cents on cows in western Canada and the same in Ontario.

Mr. Fleming: Earlier, the witness got to the point of giving me figures on the rates charged in respect of beef which were changed in 1945. They were in effect from 1912 to 1945 without change, but there was a change in 1945. Was that an upward change in the rate?

Mr. Millard: In western Canada, it was a half of one per cent at that time. Then, it was changed to 20 cents a head on steers, heifers and bulls and 50 cents a head on cows.

Mr. Fleming: Did that represent an increase in rate in 1945?

Mr. Millard: Of course, it all depended on the values at that time.

Mr. Fleming: Has it worked out as an increase or decrease in rates since?

Mr. Millard: Well, in Ontario, it is still 20 and 50. Now, if Ontario were to substitute a half of one per cent on the high values, it would be a lot more.

Mr. Fleming: You mean, in effect, that the new rates are lower than they would have been if the old percentage rate continued in effect?

Mr. MILLARD: Oh yes, with the higher market.

Mr. Fleming: In other words, what was done in 1945 represented a reduction in the rate charged to the producer. Then, how about pork?

Mr. MILLARD: Hogs have always been a half of one per cent.

Mr. Fleming: There has been no change in this rate since 1912?

Mr. MILLARD: No, sir.

Mr. Fleming: You indicated earlier that this condemnation insurance was first set up and the rate established on the initiative of the government through the Department of Agriculture. Did that department initiate the change in rate in 1945, or how did the change come about?

Mr. Millard: I could not say, I do not know.

Mr. Fleming: Has anyone in your organization the answer to that question?

Mr. Swan: That came about, I think, because the Western Cattlemen's Association applied for a reduction and, at that time, it was in 1945, the reduction was made. So far as I know, the government did not have anything to do with that reduction.

Mr. Fleming: In other words, that was a case of direct representations being made to the different packing companies, individually, by the western cattle dealers?

Mr. Swan: No, not individually, through the Council, the packers' Council.

The Vice-Chairman: Do these last figures mean that you take all the insurance money acquired in the manner you have been describing and the fund is completely used up in that year, and that it is not enough to pay you for the value of the animals and the meat condemned? This loss occurs because the fund is exhausted which has been acquired in that year?

Mr. MILLARD: That is right.

The Vice-Chairman: And that is so, year by year? Is there any surplus some years, and do you carry that surplus over?

Mr. MILLARD: No, it has been a loss every year except—

The Vice-Chairman: There has been in the years you have mentioned so far, yes.

Mr. MILLARD: Well, it is written off in our results at the end of the year.

The Vice-Chairman: Your books are closed and put away, so far as this fund is concerned. You start all over on a fresh sheet?

Mr. MILLARD: Start all over.

The Vice-Chairman: Then you said, as I understood it, you placed a value on the carcasses. Did you mean that somewhat reduced this loss, or is that taken into consideration already?

Mr. MILLARD: That is taken into consideration; we credit the fund with the recovery value of condemned animals.

The Vice-Chairman: That has been taken into consideration already, before you stated these figures?

Mr. MILLARD: Yes.

Mr. Winters: How much would be collected last year, for example, from the producers by way of condemnation insurance claims on beef?

Mr. MILLARD: I would not have the least idea, Mr. Winters.

Mr. Irvine: You mean, for your own business, you would not have any idea?

Mr. Millard: Were you referring to our own?

Mr. Winters: To your own business, yes.

Mr. MILLARD: We could get that figure.

Mr. Swan: We do not keep it separate. It would mean we would have to find out how many cows we slaughtered, how many steers we slaughtered at all points.

Mr. Millard: You want to know, in dollars, what we took in from the producer?

Mr. IRVINE: Yes.

Mr. MILLARD: Mr. Landon, you could give him those figures?

Mr. Landon: We could give them. It is a question of going through each month for the last year.

Mr. Pinard: We have heard mention of the packers council for the first time. Is that council in existence today? Is it a council of the principal packers?

Mr. MILLARD: Practically all the exporting packers belong to it.

Mr. PINARD: Who is president of the council now?

Mr. MILLARD: I am.

Mr. IRVINE: I suppose one thing you never discuss there is prices?

Mr. Millard: It is one thing I will not sit in the room and discuss. I will walk out of the room if they start discussing it.

Mr. Fleming: Have you ever had to do that?

Mr. MILLARD: No.

Mr. Fleming: How long have you been connected with the council?

Mr. MILLARD: This is my first year as president.

Mr. Fleming: How long have you sat on the council?

Mr. MILLARD: As an official?

Mr. Fleming: No, how long have you sat on the council?

Mr. Millard: Five or six years, as a guess.

Mr. Fleming: Can you say you have been at all the meetings in that time—what I want to get at is this; have you ever, in that period, had occasion to hear prices discussed?

Mr. MILLARD: In the five or six years?

Mr. Fleming: In the five or six years you have been a member?

Mr. Millard: They might talk about beef prices, yes, but they do not get into any discussion about fixing prices, certainly.

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Mr. Lesage: Surely, during the war there was discussion about The Wartime Prices and Trade Board prices being either too low—

Mr. Millard: The council, at the request of the government, set up committees to come down to Ottawa and talk about prices.

Mr. Dyde: Before we leave, there is one figure, Mr. Millard, on condemnation and I am wondering if this will help us. In the director general's report, for the year 1946-1947, there were 12,457 cattle condemned in all Canada. Do you happen to know how many were condemned in Swift plants?

Mr. Landon: We cannot tell you that right now, we can arrive at the number.

Mr. IRVINE: How can you find what the loss was if you do not know how many were condemned?

Mr. Landon: I did not say we did not know how many were condemned. I said we can arrive at the number that were condemned.

Mr. IRVINE: How could you come to bring just the one figure?

Mr. Landon: That is all we were asked for, our yearly results.

Mr. Millard: It was my understanding—

Mr. IRVINE: Surely you were asked for a list.

Mr. Millard: We were asked for our results in the condemnation insurance account.

Mr. Dyde: I would like to be fair to myself in this.

Mr. IRVINE: I don't imagine you would ask for that.

Mr. Dyde: I think I asked for particulars about the condemnation fund, leaving it to you to bring the information that would be of use to the committee.

Mr. Millard: During the course of our preliminary investigation the question was raised as to the rate of condemnation insurance and the present condition of the fund. It would be well to get the information about this matter so as to be able to answer the question.

Mr. Dyde: It was pretty general because I did not know at that time what I was asking for.

Mr. Fleming: I suppose other witnesses who are coming for other companies will have a table of figures for us similar to that which was read into the record this morning.

Mr. Dyde: Certainly I know that some of the other companies are able to give us figures. I think somebody may be able to give us fuller figures.

Mr. Fleming: Were Canada Packers asked for that?

Mr. Dyde: No. They were asked to bring the figures with them but we never got to the point of having them placed on the record.

Mr. PINARD: What is this witness able to give us?

Mr. Dyde: The point was raised by the producers themselves, and quite frankly I thought it might be of some use to the committee; how much, was problematical; but I felt we ought at least to publish the findings.

Mr. Fleming: I suppose that is a thing we will have to get from each of the packers as they appear, then collate them and total them.

Mr. Pinard: And then draw our own conclusions from that.

Mr. Irvine: May I raise this point? If such a loss as has been indicated holds in all companies on condemned cattle that will mean that the dealers in cattle have to increase their prices correspondingly or go out of business ultimately. It does have that effect.

Mr. Fleming: That would rather mean that the packer is going to have to raise rates in order to wipe out the deficit on condemnations.

Mr. IRVINE: There may be some way of getting it.

The Vice-Chairman: Just before we adjourn, would it not be wise for Mr. Dyde to arrange to have a letter sent back asking for much more information with respect to this, indicating what might be desired?

Mr. Lesage: Do'I understand that we are through this morning with Mr. Millard?

The Vice-Chairman: No, no. I didn't mean that. I do not know whether he is through or not. I thought this, we had to get this information from their office, and probably if a letter were filed at an appropriate time it would serve a useful purpose.

Mr. Lesage: I have some more information that I want to get and I wanted to get it this morning. We haven't had anything yet on the wholesale price of the various cuts of pork. I have a number of questions I wanted to ask with reference to pork. We have studied the beef situation and the wholesale price of beef but not the wholesale price of pork in the domestic market.

The Vice-Chairman: I did not mean to imply that we were through with these witnesses.

Mr. Thatcher: I made a motion. I thought it was agreed on.

The Vice-Chairman: Excuse me. I did not mean to imply that we were through with the witness and that this piece of information might be supplied afterwards. I only meant that this piece of information might be supplied in the way I have suggested; but that had no reference as to whether we were through with these witnesses or not.

Mr. Irvine: I think you ought to see that they are supplied because we want that information, whether we call them back tomorrow or the week after.

The Vice-Chairman: We will adjourn until 4 o'clock.

The division bell having called the members to the House the committee resumed on their return at 4.25 o'clock p.m. The Vice-Chairman, Mr. R. Maybank, presided.

AFTERNOON SESSION

Messrs. Millard, Swan, Landon and Mulock, recalled.

The Vice-Chairman: I see a quorum, gentlemen. Order.

Mr. Dyde: Mr. Millard, would you please turn to our Exhibit 94, and to the fifth page of the exhibit. The page to which I am directing your attention is headed, "comparison of wholesale pork prices with former ceiling prices"; and I am referring particularly to the column under the heading "Winnipeg".

The Vice-Chairman: Mr. Lesage, occupy the chair for ten minutes, will you? (Mr. Lesage assumed the chair.)

Mr. Dyde: Mr. Millard, I was directing your attention to the column of figures under the heading "Winnipeg", and I find there that the former ceiling was 24½ cents a pound; and I find as I go down that line of figures those prices increased not by very much but by a small amount during November and December, and that there is a marked increase opposite January 8, 1948, when it went up to 31 cents a pound. Now, leaving out the advance in January for the minute, have you any remarks to make with regard to the increase of price which occurred during November and December? I might frame my question this way; why did the prices go up in that period?

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Mr. Millard: I don't know. I haven't any prices of our own for that period, but if I can see the price of hogs—

Mr. Dyde: On page 8, of the same exhibit we have the monthly average prices per hundred weight of B-1 hogs, Toronto.

Mr. Millard: I think we have it in Winnipeg on Schedule 6.

Mr. Dyde: On Exhibit 96, we have a summary of average prices, and I am referring to the same page of Exhibit 96—I think you have a copy of Exhibit 96, Mr. Millard—on the second page of Exhibit 96, again under the heading "Winnipeg" we have the average price for this particular type of pork during the period from August 2, 1947, through the succeeding month until March; and I would confine my attention there to the figures under Winnipeg and down to the end of December. Now, before you reply, I would also like to call your attention to your own material, Schedule 6—prices actually paid for A grade hogs at Winnipeg by your own company. Now, does this depend on your costs, as it did in beef, and therefore are we unable to examine this until you bring in cost prices similar to the prices in beef; or, can you answer it from these figures?

Mr. Millard: Now, what you want us to say is this, you want to know why in November and December the price rose over the ceiling price?

Mr. Dyde: Yes, up to the end of December.

Mr. Millard: I can't give you a reasonable answer to that.

Mr. Dyde: Could you give me a reasonable answer by examining your costs similar to the way you did in beef?

Mr. MILLARD: Might throw some light on it.

Mr. Dyde: Well, we are looking for light, and it is just the best way of getting it that I am trying to find out at the moment.

Mr. Millard: Of course, these prices are the average market prices in Winnipeg.

Mr. Dyde: Yes, that is if you are referring to Exhibit 96.

Mr. Millard: Yes. I do not know how many we sell. I think the total is very small—carcass hogs.

Mr. Dyde: But you have also given me on schedule 6, the price which you actually paid.

Mr. MILLARD: Where do you get that?

Mr. Dyde: For A grade hogs. The B-1 price hogs would be somewhat slower?

Mr. MILLARD: Yes, 40 cents lower.

Mr. Dyde: Is there always a 40-cent difference?

Mr. MILLARD: Yes.

(Mr. Maybank resumes the chair)

Mr. Dyde: So that if you look at schedule 6, we can see definitely, can we, that for the B-1 hogs the price would be 40 cents lower throughout?

Mr. MILLARD: Yes.

Mr. Dyde: And we still in your opinion have not got enough information for you to be able to answer questions as to why the price went up during November and December?

Mr. Millard: We would have to examine into costs and selling prices.

Mr. Lesage: Don't you think in this case, pork, we could get the answer from schedule 6?

Mr. MILLARD: Of course-

Mr. Lesage: And in November and December you were paying a higher price for hogs than you were paying in August and September, if you look at your schedule C. That is the answer. There was 2 cents difference there.

Mr. Millard: The price we paid in November and December is higher, yes.

Mr. Lesage: That is what I mean. Would that not be the reason why you had to sell your pork at a higher price? You were paying \$2 more a hundred-weight for hogs.

Mr. Millard: Yes. I was a little confused looking at those three reports.

Mr. Dyde: There are a lot of papers there.

Mr. Millard: Our costs at Winnipeg did go up. We were on strike in September and most of October, but at August 30 it is \$20.50, and in November it was \$22.26, and so on, as outlined in schedule C.

Mr. Dyde: The question that occurs to me at the moment is this. You have given the reason for your increased selling price by referring it to the cost to you of the hog. When you spoke to us about the beef situation my understanding was that you had to go through a more complicated procedure before you really knew whether your beef was costing more or not because of the various grades, and so on. Does the same apply in hogs?

Mr. Millard: Those are A-1. The total cost would be relative to that.

Mr. Dyde: I thought before the total cost of your beef would be relative to the average price but you taught me differently, or at least, you indicated that was not the thing to follow, but now are you saying that is the thing to follow in hogs?

Mr. Millard: Well, of course, it all depends on what kind of hogs you are selling. If you are selling A-1 hogs, it would relate to the cost factor. If you are selling B-1 grade of hogs the price here is about 40 cents lower.

Mr. Dyde: So that the factor we really have to look at in pork is the cost to you of the hogs?

Mr. MILLARD: That is right.

Mr. Harkness: May I interject? What do you do with the major part of the A-1 hogs you buy? Do you convert them into Wiltshire sides for export or sell them domestically?

Mr. Millard: The major portion, except the bruised hogs, goes into export.

Mr. HARKNESS: The major part of the A-1 hogs are exported so they do not enter into the local meat picture?

Mr. MILLARD: Not to any extent.

Mr. Dyde: Then may I go to December 31 and the first week in January, 1948?

The Vice-Chairman: Before you do that, the fact they are taken off the market and exported surely does exercise some influence upon the local market for these Wiltshires. You said the major part of the grade A hogs are exported as Wiltshires. And then you said they do not enter into the domestic picture at all, but would it not be so that by reason of them being taken off the market altogether that would have some effect upon prices?

Mr. Millard: I think so. They would take that much off the domestic market, and there is that much less to sell.

The Vice-Chairman: The fact of that large export does affect the Canadian price, does it not?

Mr. MILLARD: I would say so.

Mr. Dyde: I think you will be able to answer this question without much trouble. Why is there a very considerable increase in your selling price at the first week in January, 1948?

Mr. Millard: That was due to the advance in hogs brought about by the advance in Wiltshire prices.

Mr. Dyde: Arising out of that I have one or two questions which I think you might help us with. If you have an advance in price under the United Kingdom contract for Wiltshire sides does that inevitably mean that the Canadian consumer must pay more for pork?

Mr. Millard: Yes, because the hog market advances to the export level.

Mr. Dyde: In other words, you cannot have two prices.

Mr. MILLARD: I do not see how it could be possible.

Mr. Dyde: The Canadian consumer must pay the equivalent being paid by the United Kingdom consumer; is that right?

Mr. Millard: Unless we sell for less and take a loss.

Mr. Dyde: You would not necessarily have to take a loss, would you, to sell for less?

Mr. Millard: It all depends on how much less we sold it for.

Mr. Dyde: But it does not follow-

Mr. Millard: Generally speaking the price for hogs is the export market, and the domestic market levels out to that.

Mr. Dyde: Can you tell the committee whether, following the 1st of January, 1948, the Canadian hog producer got the whole benefit of the increase in price?

Mr. Millard: As far as we were concerned he did.

Mr. Dyde: Have you any means by which you can show us that?

Mr. Millard: Well, on schedule 6, January 3, the price advanced from \$22.17 to \$23.20; January 10, \$23.20 to \$27.58. That is a total of \$5.41.

Mr. Dyde: Yes, go on from there. That is what the farmer got, a total of \$5.41 more?

Mr. MILLARD: In those two weeks.

Mr. Dyde: Is that all he should have got in view of what you were getting under the increased United Kingdom prices?

Mr. Millard: According to our way of figuring, yes.

Mr. Dyde: Well, what is your way of figuring?

Mr. Millard: Seven cents advance in Wiltshires is \$5.42 on hogs per hundred-weight.

Mr. Dyde: Seven cents advance on Wiltshires. Is this in accordance with a costing method of some kind that you worked that out?

Mr. Millard: It is the way we figure it. We figure out of every 100 pounds of warm dressed hog we get $77\frac{1}{2}$ pounds of Wiltshires, warm. Multiply that by 7 and I think you will get \$5.40 odd cents.

Mr. Dyde: Yes. So after January 1, 1948, what you did in effect, in order to arrive at the price you paid to the farmer, was to work back from the export price. Is that fair?

Mr. MILLARD: That is fair.

Mr. Dyde: And were you taking a greater share of the increased price? I think your answer to me has been that you were not taking a greater share?

Mr. Millard: That is right. We consider we passed that increase on to the producer.

Mr. Dyde: I come now to another point which perhaps you may consider is not quite relevant, and yet it seems to me it is. You and I have had some discussion as to whether we can show where the consumer's dollar went. We discussed the possibility of showing where the consumer's dollar went at the end of controls, and then in January, 1948, and then at a later date. Correct me if I am wrong, but I think you told me that was a very difficult thing to work out.

Mr. MILLARD: That is correct.

Mr. Dyde: Your costing methods are such that you can tell the committee how much the farmer received after the increase in January, so why is it not possible also to work out the exercise with regard to the consumer's dollar?

Mr. Millard: As I recall it you wanted to know what part of the consumer's dollar was returned to the producer from the sale of porterhouse steaks at a certain price?

Mr. Dyde: Yes.

Mr. Millard: First of all we cannot relate the consumer's purchase price of steaks to the wholesale loin of beef, because we do not know the retailers cost of cutting it or the shrink in cutting it. Relating a particular final cut out of a carcass of beef and putting a cost on it is impossible. You have got to find out what you get from the hip, the rib, the chuck, the shank, and so forth. After a study we threw up our hands and considered it an impossible job.

Mr. Dyde: I also discussed with you the possibility of doing the same sort of exercise with respect to the consumer's dollar on sliced bacon, did I not?

Mr. Millard: Yes, sir. You did not discuss it—our discussion was with respect to beef—but your letter mentioned bacon.

Mr. Dyde: Have you been able to make the calculations on sliced bacon?

Mr. Millard: No, sir, we ran into the same trouble.

Mr. Dyde: I thought, when I asked you to do the problem, that we would have a sure way for you to show the committee that at these various stages you were not taking an unfair share of the consumer's dollar. I thought it would help you to show that you do not take an unfair share, and it was with that in mind as much as anything else that I suggested the exercise. However, it has not been possible for you to do it?

Mr. MILLARD: That is right, it has not been possible.

Mr. Dyde: You still assure me that since January the product of hogs has received all the benefits derived from the increased U.K. prices?

Mr. MILLARD: That is right.

Mr. Fleming: Would you mind speaking a little louder pleas, Mr. Millard?

Mr. MILLARD: I am sorry.

Mr. Thatcher: I do not follow the argument which Mr. Millard has used. I am referring to schedule 6 of his own chart, and he said something a moment ago about Wiltshires being only a portion of the amount. The difference in price paid for hogs between December 15 and January 10 was 5·41 cents.

Mr. MILLARD: That is right.

Mr. Thatcher: The difference in the wholesale price is 7 cents, so how do you reconcile the figures?

Mr. Millard: The 5.41 cents is based on the warm dressed hog weight.

Mr. Thatcher: This chart gives the figure for 100 pounds.

Mr. Millard: Yes, but that is for warm dressed hogs.

Mr. THATCHER: What do you mean by warm dressed?

Mr. Millard: The hogs are weighed on the killing floor by an automatic scale and graded by the government grader. The weights are warm weights.

The CHAIRMAN: There is shrinkage after that?

Mr. MILLARD: Yes.

Mr. Thatcher: Is that warm dressed weight with the by-products removed.

Mr. MILLARD: Yes.

The CHAIRMAN: Is it a Wiltshire, but still warm?

Mr. MILLARD: No, it is a warm dressed hog with the insides removed.

Mr. Harkness: The head is still there?

Mr. MILLARD: The head is still there.

Mr. Thatcher: I do not know whether I am wandering here, but does that mean to say that when the farmer sells you a hog you do not pay him anything for the by-product?

Mr. Millard: I have heard that discussed before. Certainly we pay him for the by-products because the by-products are figured against our expenses of killing the hog and what we net on the hog. The amount we receive allows us to pay more—as far as the by-products are concerned.

Mr. Thatcher: I have a letter from the president of the Ontario Hog Producers Association and he claims the packers do not pay for heart, the liver, the casings, and things of that kind?

Mr. MILLARD: That is a correct argument. The Chairman: You do not pay it directly?

Mr. Millard: We do not pay it directly. If we had to weigh the heart, the liver, and the kidney, that price would have to be deducted from the carcass price. It is considered in the price.

The CHAIRMAN: It is considered in the price. I suppose it is the same thing when a woman buys a steak with a bone in it. The price is supposed to be a little less because of the bone?

Mr. Fleming: I think it is a converse case.

Mr. MILLARD: The price paid is inclusive of those products.

The Vice-Chairman: It is the same thing but in this case the position is reverse.

Mr. Fleming: He gives a price that includes those other things. If those other things were to be given a separate price the company would simply deduct the price for the liver and the other things from the price now being paid for the meat?

Mr. MILLARD: Yes.

Mr. Thatcher: Is it not a fact when these hogs come in they are put on your platform, they are opened up, the by-products are removed, they are graded, and the price is set after that time?

Mr. MILLARD: The hog is graded by the government grader.

Mr. Thatcher: And the price is set after the by-products are removed?

Mr. Millard: No, the price for that week is established. When the shipper ships he gets the established price for the warm dressed carcass.

Mr. THATCHER: What do you pay the farmer for the liver, Mr. Millard? There is quite a lot of liver in beef?

Mr. MILLARD: I cannot answer that, Mr. Thatcher.

Mr. Thatcher: Do you pay anything?

Mr. Millard: We do not actually weigh the liver and put a price on it and send him a cheque, but in figuring what the hogs are worth the liver, the heart, the kidney, is taken into consideration.

Mr. THATCHER: In some indirect way?

Mr. Millard: If it was not figured in and we had to pay the farmer directly, then the carcass would be priced that much lower because it is the total realization price that counts.

Mr. THATCHER: All right, thank you, Mr. Millard.

Mr. Dyde: There was one general question I would like to ask upon which I would like your views, Mr. Millard. Is there anything in a time like November and December of 1947, when you are in a free market, that the packing

industry—and Swift's in particular—could do to stem the tide of advancing prices? We find in November and December prices are advancing; we find that you are selling your meat for slightly higher price week by week. Is there anything within your power as a packer which you can do to stop that spiralling?

Mr. MILLARD: As an individual packer I would say no.

Mr. Dyde: Could the packing industry as a whole do anything?

Mr. MILLARD: I cannot answer that; I do not know. It is a pretty difficult question upon which to give a snap answer. I do not know. If you go out and put a market price on a product you materially reduce your selling price, and you would have to buy live stock more cheaply.

Mr. Dyde: You are relating your selling price now to what the cattle and hogs are costing you?

Mr. MILLARD: And market conditions.

Mr. Dyde: And market conditions. I am not sure I know what you mean by "market conditions". Would you mind telling us?

Mr. Millard: The market—the general market—is a combination of all the prices that the retailers are paying for products.

Mr. Dyde: Yes, but there is a little more to it than that, is there not, Mr. Millard, because the retailer in November and December was pretty well paying you what you asked of him. Is that not so?

Mr. MILLARD: That is right.

Mr. Dyde: You did not find yourself meeting resistance from the retailer in November and December, did you?

Mr. Millard: Not any more than normally. I think there is a normal resistance to prices every day. I will explain that in this way; the housewife may go into the butcher store and look at the price of pork chops. She will say, "They are too high for my budget". She will try to buy a cheaper cut of meat and, if enough housewives go in and do that, that would bring down the price of pork loins because we could not move them into consumption.

Mr. Dyde: I realize the difficulty of such a general question as I have asked. I realize it, I think, as well as you do. Nevertheless, this committee is sitting here endeavouring to find out about certain things and we would welcome your view on that general question, as to whether there is anything that could be done, especially by the packing industry because you are a member of that industry, when prices start to increase as they did in November, 1947 in order to hold them down, or do you try to hold them down?

Mr. MILLARD: Well, that is a difficult question to answer. I do not think I could enlarge upon what I have said, Mr. Dyde.

Mr. Thatcher: What about the time the British contract was signed, Mr. Millard, could you not have kept your prices down until your stocks in storage warehouses were depleted? Could you not have kept your prices at the old price level?

Mr. Millard: Our replacement value is at the higher cost, immediately.

Mr. THATCHER: Yes, I know, but I am speaking of what you had on hand. Why could you not have sold that at the price you paid for it and made your legitimate?

Mr. MILLARD: Well, because—

Mr. THATCHER: There was no reason, was there?

Mr. Millard: We could have given it away if we had wanted to, but our practice is to consider replacement value because there comes a time when there is a corresponding drop in inventory value.

Mr. Thatcher: Yes, but you have set up an inventory reserve to take care of that. You cannot have it both ways.

Mr. MILLARD: Yes, but we pay taxes on it.

The Vice-Chairman: Yes, you pay taxes on it.

Mr. IRVINE: We pay taxes on our homes, too.

Mr. Landon: You must remember that the inventory reserve is on the basis of our 1936-1939 level and the amount of product we had at that time, not the amount of product we had at this time; there is a vast difference.

Mr. THATCHER: Your reserve is what, now?

Mr. Landon: There is two million and one in the wartime inventory reserve.

Mr. THATCHER: That is without last year's.

Mr. Landon: We will leave last year's out of it because it does not come into it. It is not exempt from the normal taxes.

Mr. Lesage: That two million and one was not subject to the excess profits tax?

Mr. LANDON: Correct.

Mr. Lesage: Would it be all right to ask some questions about this inventory reserve which was created during the war?

The Vice-Chairman: Mr. Dyde has finished with the witness.

Mr. Dyde: Yes, for the time being.

Mr. Thatcher: Would you not admit, in answer to Mr. Dyde's question, was there not something the packers could have done to keep prices down; that Canada Packers, Burns, the other companies and yourselves could have kept prices down for a while, at least for the stocks they had on hand if they so desired?

Mr. Millard: As I said a minute ago, we could have sold at any price.

Mr. THATCHER: And still have made your regular profit?

Mr. MILLARD: No, you cannot have two prices. If you keep the price down for what you have on hand, what you are buying today and processing is that much higher.

Mr. Thatcher: What you buy today and process you are not going to be selling for a certain period afterwards.

Mr. Millard: You sell pork loins and pork shoulders right away, fresh pork.

Mr. Landon: What Mr. Millard means is that you would have two prices to the retailer, perhaps on the same day, on the old stock and the new stock. How are you going to separate it?

Mr. THATCHER: I see the technical difficulty.

Mr. Fleming: May I follow up that question? Was there anything abnormal about the size of your stock inventory at the time the new British contract price came into effect? I do not ask for a lot of detail, but just the general question, was there anything unusual in the inventory?

Mr. Millard: Pork stocks on January 3, 1948, were 7,398 pounds.

Mr. Thatcher: But total pork was 16,000,000.

Mr. Fleming: I did not ask for any detail, I just asked whether there was anything abnormal in the size of your inventory?

Mr. Millard: No, because we find quite an increase in the hog kill and the market could not absorb it. Every year we put pork away to use in the summer time, in the deficiency period.

Mr. Thatcher: Of course, this figure was 50 per cent greater than it was the year previous; 16.2 against 11.8.

Mr. MILLARD: Our hog kill is up 47 per cent.

Mr. Merritt: That figure is actually about 25 per cent greater, not 50 per cent.

Mr. Lesage: The total inventory reserve for the war years was \$2,100,000.

Mr. Landon: Correct.

Mr. Lesage: Do you have a breakdown of that?

Mr. LANDON: No, sir.

Mr. Lesage: Could you file it with the committee?

Mr. Landon: I can.

Mr. Lesage: I am asking this question because I believe the tax was not the same throughout the entire period. It was 75 per cent in 1941, then it was 100 per cent from 1942 to 1946. This may seem an odd question, but I am asking it of an expert accountant: supposing you take out part of your inventory reserve now to make up your inventory losses, you will have to pay tax on that. What tax will you have to pay?

Mr. Landon: The tax is based on the last year the excess profits tax was in effect.

Mr. Lesage: During certain years the tax was 100 per cent—

Mr. Landon: 20 per cent refundable.

Mr. Lesage: —80 per cent, then. If you use the inventory reserves which were set aside during the period 1942 to 1946, instead of paying a tax of 80 per cent on those amounts which you would have paid normally, you will be paying only 15 per cent?

Mr. Landon: On the used portion, we will be paying 15 per cent.

Mr. Lesage: It was 15 per cent in 1947, that I know. By reason of the fact you set aside some inventory reserves you will save 65 per cent of the excess profits tax; is that not correct?

Mr. Landon: Well, the way it works out, the 65 is based on the highest rate. It is all based on the highest rate. It would be 65, but that is a government regulation.

Mr. Lesage: I know, that is what I thought it was, but I wanted to be sure.

Mr. Landon: In my opinion, you are correct.

Mr. Lesage: That is what I thought, but I wanted to have your view on it. Now, Mr. Winters has asked me to ask you a couple of questions about the Maritimes, because he could not be here this afternoon. He wanted to know if your Moncton plan could supply all your customers in the Maritime provinces.

Mr. MILLARD: Our Moncton plan alone?

Mr. Lesage: Yes.

Mr. MILLARD: No, they could not.

Mr. Lesage: Then you have to import from other parts of Canada in order to supply your branches in the Maritimes?

Mr. MILLARD: The total Maritimes. That is right.

Mr. Lesage: Mr. Winters asked me to ascertain what was the proportion, if you could give it to me.

Mr. Millard: I cannot answer that question, Mr. Lesage.

The Vice-Chairman: Is that information which could be supplied?

Mr. MILLARD: We could get a figure that would be pretty close, by taking the entire maritime sales and comparing it to what Moncton supplied. We could figure out a percentage.

Mr. Lesage: Yes, if you could because Mr. Winters would be interested in having it.

The Vice-Chairman: That is one of the pieces of information which we would like to get, then.

Mr. MILLARD: We will write away and get that.

The Vice-Chairman: There was the suggestion made here. Two or three of the members spoke to me about it—that it would be helpful, if any person desired to have information, if he would give a memorandum of it to Mr. Dyde, so that it will be sure to find its way into his letter of request.

Mr. Thatcher: I wonder if Mr. Millard would know what the consideration was when Swift's purchased their company from Griffins.

Mr. MILLARD: Have you got that information, Mr. Landon?

Mr. Landon: When we purchased it from J. Y. Griffins in 1902, what we paid for it I cannot tell you, but the share capital was \$500,000.

Mr. THATCHER: I thought it was \$5,000,000.

Mr. SMITH: This was in 1902.

The Vice-Chairman: It was only a little bit of a shop over in Elmwood.

Mr. Landon: The share capital at that time was \$500,000. Supplementary, of course it has been increased by supplementary letters patended to its present level of \$12,000,000.

The Vice-Chairman: You mean, at that time the charter was only for \$500,000. You do not know whether there actually was \$500,000 in it; whether all the shares had been issued or not.

Mr. Landon: I cannot tell you. I do not know if the records are still available or not. You see, it was forty-six years ago.

Mr. THATCHER: I won't pursue my point until you come back.

Mr. MILLARD: Are you going to invite us back?

The Vice-Chairman: The latch string is always on the outside.

Mr. Thatcher: As far as I can gather from the information which I have, Swift's have put about \$5,000,000 into that business aside from earnings. I may be wrong.

Mr. Landon: No. Not so far as I am aware.

Mr. Thatcher: If you would try to get that information for the next committee, the actual investment you have as a company, aside from ploughed-back earnings, I mean the share capital invested in your company since you came to Canada.

Mr. Landon: I have it right here. You asked me if there was some money outside of share capital put into the business. I do not think there is any.

The Vice-Chairman: If you start up a business with a certain capital and you are found many years later to be very wealthy; and we start in to discover how much was put in and we find out that originally there was \$100 put in, never more than that, except what was taken out of the business and then put back in again; is that the idea?

Mr. Thatcher: I want to know your return of invested capital. Could you relate your profits this year to your invested capital?

Mr. IRVINE: How much is the invested capital?

The Vice-Charrman: You mean by "invested capital" money that did not come from the earnings of the business.

Mr. THATCHER: That is right.

Mr. Landon: There is not any that I know of which did not come from the earnings of the business.

Mr. THATCHER: It has all been natural growth from the earnings.

Mr. Landon: So far as I can tell you, the earnings we have made since our inception in Canada have remained in Canada until a few years ago, and they have created a surplus.

Mr. Lesage: Supplementary capital, to be worked with.

Mr. THATCHER: And there was only that \$500,000 which you mentioned?

Mr. Landon: Yes, as far as I can tell you.

The Vice-Chairman: Would you be good enough to devote yourself to that question just to see what the total of the money is which was put into this business which did not come first from it.

Mr. MILLARD: Yes, we will dig into that.

The Vice-Chairman: Let us say which is not in the nature of distributed dividends.

Mr. MERRITT: What is the materiality of that evidence?

The Vice-Chairman: I do not know.

Mr. Thatcher: When the packers say they make one-fifth of one cent a pound profit a year, and say how small that is, that is possibly true but I think the profits shown should also be related to the investment. I think both should be shown. I do not think it is fair to have one without the other.

The Vice-Chairman: I suppose we could connect it up with the reference as to how prices managed to be influenced last fall; it might be tortuous.

Mr. IRVINE: I do not think it is tortuous at all.

The Vice-Chairman: If it goes back to 1902 and there is, perhaps, the influence of 1902 upon prices in 1947.

Mr. Thatcher: No, I do not think that is right. There has been money added since, I think. I am not going into the details now because the gentlemen are not prepared to go into it. According to the journals in the Parliamentary library, there has been money added and I think the time to pursue the question is when they come back.

The Vice-Charman: It has not been completely denied that there is some connection with the reference, but it is looked at with some dubiety by some members of the committee.

Mr. Fleming: I was going to make an observation. If the witnesses are asked to bring back further information, I think we ought to ask ourselves right now just how material it is to the point we are directed to in this inquiry. I would not expect that we, as a group of sixteen people, would see eye to eye as to what is strictly relevant in this inquiry, but surely to goodness this question which is now raised for the first time, has no bearing on the recent rise in the cost of living.

If Mr. Thatcher is going to relate this to the fractional profits in the handling of meat and to say that it permits him to go into the question of capitalization, then we must have something a lot more concrete to establish the relevancy of it.

Mr. Thatcher: Do you suggest that profits have nothing to do with prices?

Mr. Merritt: I suggest that this abstruse type of inquiry does not get us anywhere on the road to bringing in a report on the question referred to us. Surely Mr. Thatcher is not going to say that the company is not entitled to some return on the capital employed.

Mr. THATCHER: I do not say that at all.

Mr. Merritt: If we are going to go back and delve into some geneological history as to where the money came from, we may be here for a long, long time.

The Vice-Chairman: I have some doubt as to whether there is any connection whatever between this inquiry into capital structure and the profits made throughout the last half century, to the reference to his committee which relates to the fall of 1947. The same thought was in my mind when a similar inquiry was being pursued with the last witnesses before us. But I was wondering if this might not be a fair way to conclude it for today. The witness is going to bring certain information on the capital structure because that much has been asked, I believe. You will not find it difficult to get that information Mr. Thatcher has been asking for. And if members will give thought to its relevancy

or the irrelevancy between now and the time the witnesses come back I think it is in that way that we can come to a conclusion as to whether it is relevant or not. No doubt even if it is not relevant it might be pursued on a particular case. I understand that it won't be pursued regularly. We might decide that. That is not a conclusion. But perhaps you could conclude today to let the decision of the relevancy stand until Mr. Thatcher pursues his questions at the next session.

Mr. Fleming: I think, Mr. Chairman, what we are asking involves a considerable amount of work on their part—

Mr. Thatcher: And it would not take us five minutes to get it. If they haven't got it or can't get it I will give it to them. I will give it to them if they can't find it.

Mr. Merrit: If Mr. Thatcher wants this, surely it is not affecting a price condition in 1947. If he wants it on that basis I shall have to ask the witnesses to bring out the amount of money it would now take to exercise the same purchasing power as \$500,000 did in 1902. And that might be more difficult for Mr. Millard to bring with him. We have had two wars since then.

The Vice-Chairman: Gentlemen, I put it to you this way. Mr. Thatcher asked that certain information be brought back by the witnesses. They did not object to bringing it back. Then the question was raised as to its relevancy. I don't think we should make any ruling on relevancy until the question comes up. However, there is a suspicion that it will not be related. There is nothing wrong in asking the witness if he will bring that information, the question is as to whether examination as Mr. Thatcher apparently proposes is relevant. That could not be settled now in advance of the witnesses giving the information on their return.

Mr. Fleming: I think the question arises when you ask the witnesses to get the information. That surely raises the question as to whether the information is relevant or not. I cannot see its relevancy.

Mr. Thatcher: In the Stevens inquiry such questions were very relevant.

Mr. Fleming: We are not discussing the Stevens inquiry, the terms of reference were quite different and have no relation to the terms of reference now before us. We had the same thing up with the witnesses for Canada Packers. I think we all exercised a certain amount of forbearance until we saw what the purport of the questions was. We have spent considerable time with these witnesses. Now, these witnesses—

Mr. Thatcher: It may not be material to you.

The Vice-Chairman: We can get it anyway.

Mr. Fleming: It has no bearing on the subject matter referred to the committee. I may be very interesting to some members of the committee as an investigation into the affairs of the company, but that is not what we are here for; and it may suit the CCF to carry on a vendetta with some economic interests in Canada, but that is their affair. But surely to goodness; this committee will be sitting here endlessly if it is to go into all the financial matters that do not lie within the scope of our reference. Look at all the time we will be spending if we cannot hold this thing down, we are going to be here for years.

The Vice-Chairman: Before any reply is made may I put a ruling this way: Mr. Thatcher has made a request for certain information. I will not rule that request out of order unless you wish to pursue it further to a vote that it should be out of order or it should not be out of order. Mind you, this is just a question of a request at the moment that is before us, but I will not rule that request out of order; that is, not to rule in advance on this relevancy of the questions which he may ask. Now, that is the way the thing stands at the moment.

Mr. IRVINE: Mr. Chairman, may I submit to you that as far as I am aware—

The Vice-Chairman: Mr. Irvine, may I just interject that you are apparently going to argue in favour of my ruling, and that is not necessary.

Mr. IRVINE: I am not going to argue either for or against it.

The Vice-Chairman: That is what it comes to, isn't it?

Mr. IRVINE: No. I am going to submit to you, sir, that there is nothing to the ruling at all, because already we have examined, counsel has examined practically every company that has come before this committee on matters of a similar nature when their balance sheets have been submitted.

The VICE-CHAIRMAN: Yes.

Mr. IRVINE: And then you are aware that Mr. Thatcher is not asking for anything in this case that has not been submitted in almost every case which has come before us. If it were different it might be a matter for discussion. But as I understand the questions he has in mind, that material should have been in the balance sheet in any case. And let me say this also, that if a company that started with \$500,000 somewhere away back there has now a capital employed of \$12,000,000 and has put no money in except what has come out of the business; to my mind that would have a material affect on prices even at the present time.

The Vice-Chairman: Just a moment now, let's not get into a continual argument on this thing. The witnesses will bring the information, and we can

decide the other point then.

Mr. Fleming: What we want relates to the years 1947 and 1948. Mr. Irvine I think is giving away his whole case there.

Mr. IRVINE: No, I will take it back if I have.

Mr. Merritt: I am saying the same practice is going on now.

The Vice-Chairman: Stop yelling across the schoolyard. Just a moment, Mr. Merritt, please. The witness will bring the information requested. There is no further need for these witnesses—

Mr. Thatcher: I have not replied yet to Mr. Fleming's observations.

The Vice-Chairman: You don't need to reply. There is no reply necessary. Thank you very much, gentlemen; the latch string is on the outside of the door and you can get back in the same way a little later.

Mr. Lesage: Mr. Maybank, I have one or two questions I wanted to ask now.

Mr. THATCHER: I wanted to reply to him.

The Vice-Chairman: Do you want to ask those questions, Mr. Lesage?

Mr. Lesage: Yes. Mr. Fleming raised the question. It relates to these transfers from one department to the others; for instance your tankage—what do you transfer?

Mr. Millard: May I answer you this way; you ask the questions and I will get the information and bring it back, and then I will have it accurate.

Mr. Lesage: How was it transferred? You konw what I mean, how do you transfer the tankage there. I suppose that a certain moment it becomes scrap and then it becomes meat meal.

Mr. Millard: The finished product is transferred to the stock sheet at the market value.

Mr. Lesage: Yes, but what is lost?

Mr. Millard: As I said the other day, the cracklings as they come out of the expeller with the grease taken out—I mean, as the tankage comes out of the rendering tank—

Mr. Lesage: But there is no market for it?

Mr. MILLARD: Yes.

Mr. Lesage: There is a market for meat meal.
Mr. Millard: There is a market for tankage.

Mr. Lesage: You could not sell tankage as it is?

Mr. Millard: Could not? Oh, yes. Mr. Lesage: Is there a market for it?

Mr. MILLARD: Oh, yes, there is a quoted market; so much per unit of protein.

Mr. Lesage: I thought there was a market only for a certain product, meat meal.

Mr. Millard: Oh, no, there is a market for tankage and a market for cracklings.

Mr. Lesage: There has been quite an advance in price recently?

Mr. MILLARD: I think there has been.

Mr. Lesage: There has been a large increase, hasn't there?

Mr. Millard: I don't know, because I don't know what the price is just now.

Mr. Lesage: I understand. I would like to have the prices for the last year.

Mr. Millard: I think the ceiling was 85 cents per unit of protein.

Mr. Lesage: Something like that, but after the ceiling was taken off it went up. It increased in a very considerable way?

Mr. Millard: Whatever it was we can get it.

Mr. Lesage: Can you give the price since the ceiling came off?

Mr. MILLARD: We can get that.

The VICE-CHAIRMAN: You will get that?

Mr. MILLARD: Yes.

The Vice-Chairman: Mr. Dyde is noting it. All right, gentlemen. Thank you. Who is your next witness?

Mr. Dyde: The officers of Burns and Company Limited.

Mr. Thatcher: I should like to reply to Mr. Fleming.

The Vice-Chairman: I know, but that does not get us any more forward. It is a case of one person saying "tis" and you having the right to say "taint". That is all it is.

(Mr. J. Lesage now presiding as acting chairman).

Reginald Stage Munn, General Manager, Burns & Company, Limited, called and sworn.

Eustace Dawson, Manager, Winnipeg plant, Burns & Company, Limited, called and sworn.

Joseph Douglas McFarland, Manager, Calgary plant, Burns & Company, Limited, called and sworn.

Mr. Dyde: Mr. Munn, would you give the committee your full name?

Mr. Munn: Reginald Stace Munn.

Mr. Dyde: And your address?

Mr. Munn: 4003 Fifth Street, West, Calgary, Alberta.

Mr. Dyde: And your position with Burns and Company Limited?

Mr. Munn: General Manager.

Mr. Dyde: Mr. Dawson, would you give the committee your full name, please?

Mr. Dawson: Eustace Dawson.

Mr. Dyde: And your address?

Mr. Dawson: 141 Montrose street, Winnipeg.

Mr. Dyde: And your position with Burns and Company?

Mr. Dawson: Manager, Winnipeg plant.

Mr. Dyde: Mr. McFarland, would you give your full name to the committee?

Mr. McFarland: Joseph Douglas McFarland.

Mr. Dyde: And your address?

Mr. McFarland: 3052 Second street, West, Calgary.

Mr. Dyde: And your position with Burns and Company?

Mr. McFarland: Manager of the Calgary plant.

Mr. Dyde: Mr. Munn, you have been requested to bring certain information before the committee which I understand is contained in a folder, and you have also accompanied that with your annual reports for the last two fiscal years.

Mr. Munn: That is right.

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Mr. Dyde: Has any member of the committee not got a copy?

The Acting Chairman: I think Mr. Beaudoin and Mr. Kuhl.

Mr. Kuhl: I have one but I have not got it here.

Mr. Fleming: I do not believe we have copies of the financial statement.

The Acting Chairman: No, they are here.

BURNS & CO. LIMITED

Head Office—Calgary, Alberta—April, 1948.

Submissions Requested by Special Prices Committee

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Total inventories of beef, pork and lard—in pounds—as at	5.
Weekly average prices paid at Calgary and Edmonton for— (a) "A" grade hogs, and (b) Good butcher steers, during September, 1939, and from August, 1947, to March 1948	6.
during September, 1959, and from August, 1947, to March 1948	U.

Dressed weights of actual purchases by Burns & Co. Limited of-

(a) Beef cattle, and

(b) Hogs,

from August 14, 1947, to March 24, 1948. Also September 8, to October 5, 1939.....

Total sales in pounds to-

(a) Meat board for United Kingdom,

(b) Other export, and (c) Domestic sales,

from August 14, 1947, to March 24, 1948, inclusive.....

Costing basis as employed by Burns & Co. Limited for beef..... 9. (a) Sheets 1 to 4. inclusive.

Costing basis as employed by Burns & Co. Limited for pork.....

9. (b)

Sheets 1A and 1 to 8, inclusive.

Information Requested by Counsel (H. A. Dyde) on Special Prices Committee—Letter dated 25 March, 1948.

SCHEDULE 1.

(a) Name: Burns & Co. Limited.

(b) Address: Calgary, Alberta.

(c) Date of Incorporation: May, 1928.

- (d) Name and address of all Officers of Company: John Burns, Chairman of Board, Bow Valley Ranch, Midnapore, Alberta; R. J. Dinning, President, 930 Prospect Avenue, Calgary, Alberta; A. C. Newton, Vice President, 2513 5th Street West, Calgary, Alberta; J. Howard Kelly, Secretary, 1007 Hillcrest Avenue, Calgary, Alberta; W. C. Stemp, Treasurer, 1433 Shelbourne Street, Calgary, Alberta.
- (e) Directors: John Burns, M.B.E., Bow Valley Ranch, Midnapore, Alberta; R. J. Dinning, 930 Prospect Avenue, Calgary, Alberta; J. C. Hope, 83, Lynwood, Toronto, Ontario; R. R. Furlong, 1150 Prospect Avenue, Calgary, Alberta; H. R. Jackman, M.P., 3 Cluny Drive, Toronto, Ontario; H. R. Milner, K.C., 11618 100th Avenue, Edmonton, Alberta; R. S. Munn, 4003 5th St. West, Calgary, Alberta; A. C. Newton, 2513 5th St. West, Calgary, Alberta; M. M. Porter, K.C., 1011 Prospect Ave., Calgary, Alberta; D. A. Ross, C.A., 4661, Marguerite St., Vancouver, B.C.
- (f) Burns & Co. Limited was incorporated by Letters Patent on May 14, 1928 under the Dominion Companies Act to take over as a going concern part of the business and assets of P. Burns & Co. Limited. In 1941 it purchased Dumarts Limited now known as Burns & Co. (Eastern) Limited which is located at Kitchener, Ontario.
- (g) Name of Subsidiary Company engaged in the Meat Industry: Burns & Co. (Eastern) Limited located at Kitchener, Ontario. This Company was originally known as Dumarts Limited. Its operations cover the purchase and sale of Fresh and Processed Meats.

(h) Location of Plants: Calgary, Edmonton, Prince Albert, Regina, Vancouver, Winnipeg, Kitchener (Subsidiary).

Location of Sales Offices: Fort William, Montreal, Ottawa, Prince Rupert, Saskatoon, Saint John, Toronto, Victoria, Whitehorse, Windsor, Yellowknife.

(i) December 31, approximately, is the end of fiscal year of Company. The Company operates on a 52 weeks basis.

(Thirteen periods from February 27, 1947, to February 25, 1948)
Schedule 2(a)—Sales of Meat in Pounds. Schedule 2(b)—Sales of Meat in Dollars.

	Be	Beef		Veal		Lamb		ck
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Period 3	4,626,935 4,474,782 4,945,963 6,093,800 7,316,508 735,542 2,727,026	\$ 1,140,390 1,066,340 1,121,926 1,126,709 1,211,007 1,386,674 1,652,375 161,548 632,550 1,592,246 1,613,755 1,800,591 1,561,750	208, 026 189, 989 342, 664 404, 492 555, 529 682, 825 751, 862 75, 996 327, 060 935, 579 485, 435 480, 390 440, 093	\$ 42,659 40,020 73,011 87,527 119,138 136,843 148,353 15,000 72,253 202,955 112,204	338,543 234,962 85,251 84,847 152,851 315,313 566,128 55,792 252,659 567,082 329,337 354,786 377,719	\$1,699 52,029 19,782 19,127 37,869 82,858 153,289 14,678 66,086 138,873 77,986 98,225 101,548	6,636,885 5,659,984 7,182,233 6,464,475 6,656,145 7,468,383 7,570,315 1,029,731 2,672,782 11,327,815 9,845,366 9,369,948 8,201,658	\$ 1,906,964 1,665,253 2,074,285 1,881,503 1,937,180 2,178,262 2,275,711 313,346 856,977 3,403,25 3,006,116 3,168,319 2,869,814
Total	68, 489, 999	16,067,861	5,879,940	1,295,722	3,715,270	944,049	90, 085, 720	27,536,987

	Other m	eats	Total meats		Canned g	oods
	(a)	(b)	(a)	(b)	(a)	(b)
1947 Period 3	2,945,573 -3,197,630 3,148,935 3,076,380 361,096 1,214,128	\$ 591,076 587,651 743,480 743,954 813,152 792,921 767,752 88,806 298,403 686,780 450,287	14,575,755 12,876,996 15,289,898 14,374,169 15,508,118 17,709,256 19,281,193 2,258,157 7,193,655 23,048,746 19,854,694 19,803,815 17,609,457	\$ 3,762,788 3,411,293 4,032,484 3,858,820 4,118,346 4,577,558 4,997,480 593,378 1,926,269 6,024,111 5,260,348 5,796,488 5,200,834	1,272,071 1,456,485 3,633,196 2,616,315 1,068,641 1,861,024 1,886 490 885,710 997,251 1,957,065 563,665	\$ 301, 02: 363, 90: 897, 88: 673, 68: 281, 39; 470, 39: 503, 82: 219, 99: 257, 85: 521, 37: 158, 26: 344, 14: 224, 51:
Total	31,212,980	7,715,578	199, 383, 909	53, 560, 197	20, 194, 014	5,218,26

Pork volume includes lard. Other meats volume includes fancy meats. Canned goods volume in units, beef, veal, lamb and pork. Value of all by-products included in dollar sales of

BURNS & CO. LIMITED
SCHEDULE 3(a)—Sales of Meat in Pounds and Dollars. Schedule 3(b)—Total Sales—Pounds and Dollars (Edible)

Year ended	Be	eef	Ve	al	Lar	nb	Po	rk	
Teat ended	(8	1)	(a)		(a)		(a)		
		\$		\$		\$		\$	
Dec. 31, 1936. Dec. 30, 1937. Dec. 31, 1938. Dec. 28, 1939. Dec. 26, 1940. Dec. 31, 1941. Dec. 30, 1942. Dec. 29, 1943. Dec. 27, 1944. Dec. 26, 1945. Jan. 1, 1947. Dec. 31, 1947.	42, 109, 326 38, 267, 473 36, 087, 511 38, 982, 367 38, 805, 663 44, 412, 788 61, 805, 222 80, 905, 223 117, 251, 196 109, 204, 340	2,415,495 2,923,283 2,959,478 3,373,609 4,158,151 4,974,628 7,004,823 11,934,970 16,139,212 23,731,719 22,943,343 15,818,979	7,382,789 7,812,556 6,518,951 5,937,040 5,384,787 5,347,535 5,824,618 4,462,408 6,010,387 8,195,608 7,899,706 5,430,938	497,273 585,776 605,756 611,392 642,158 768,526 985,896 863,668 1,160,653 1,603,183 1,579,213 1,147,980	3,488,401 3,612,102 3,543,014 3,655,153 3,982,983 4,018,831 3,838,132 3,832,824 5,491,906 6,099,303 6,433,290 3,929,645	425, 683 455, 249 481, 558 528, 273 630, 339 722, 336 774, 995 812, 961 1, 216, 848 1, 420, 173 1, 540, 144 946, 500	70,707,397 41,341,432 47,780,220 58,551,776 92,628,380 133,497,102 153,053,129 205,404,484 274,528,849 170,476,151 105,104,770 86,982,882	10, 676, 7 10, 284, 2 8, 337, 0 9, 077, 0 14, 127, 5 22, 382, 4 30, 348, 4 44, 177, 6 60, 881, 9 39, 263, 3 26, 323, 8 25, 745, 6	
Year ended	Other	Other meats		Total meats		Canned goods		Total sales	
rear ended	(1	a)	(a)		(a)		(b)		
		\$		\$		\$		\$	
Dec. 31, 1936. Dec. 30, 1937. Dec. 31, 1938. Dec. 28, 1939 Dec. 26, 1940. Dec. 31, 1941 Dec. 30, 1942. Dec. 29, 1943.	12, 151, 504 11, 303, 876 11, 827, 660 12, 946, 339 15, 292, 065 19, 951, 706	1,127,270 1,238,061 1,302,563 1,330,347 1,373,719 1,900,696 2,962,164 6,373,243	134, 444, 122 137, 026, 920 107, 413, 534 116, 059, 140 153, 924, 856 196, 961, 196 227, 080, 373 311, 576, 997 404, 026, 765	15, 142, 459 15, 486, 659 13, 686, 392 14, 920, 650 20, 931, 965 30, 748, 666 42, 076, 307 64, 162, 520 85, 714, 351	1,049,263 1,425,115 1,374,745 2,215,551 2,168,687 4,043,213 4,605,107 3,085,225 12,407,381	255,738 326,037 314,742 469,746 469,249 916,304 1,090,229 706,864 3,041,078	167,736,735 172,367,234 142,187,728 151,167,587 190,300,665 242,002,735 278,740,998 364,838,428 480,365,484	20,759,8 23,729,6 20,846,6 21,986,8 28,195,6 41,079,4 56,298,8 80,224,6	

Pork volume includes lard. Other meats volume includes fancy meats. Canned goods volume in units. Value of all by-products included in dollar sales of beef, veal, lamb and pork.

BURNS & CO. LIMITED

SCHEDULE 3(c)-Profits from operations of meat departments before deducting bond interest, inventory reserves and taxes on income.

Year ended	Beef	Veal	Lamb	Pork	Other meats	Total meats	Canned goods
	\$	\$	\$	\$	\$	\$	\$
December 31, 1936 December 30, 1937 December 31, 1938 December 28, 1939 December 26, 1940 December 31, 1941 December 30, 1942 December 29, 1943 December 27, 1944 December 26, 1945 January 1, 1947 December 31, 1947	82, 117 1,748 *126, 809 *71,753 *224, 981 *147, 322 *223, 666 *363,554 *88, 083 *570, 801 *279,783 *375, 805	*11, 851 *33, 994 *63, 207 *23, 597 *14, 219 *1, 454 *61, 281 *28, 239 35, 574 52, 298 *61, 939 *20, 138	14,183 3,717 *21,516 *10,006 *14,301 *7,420 *17,540 *23,167 14,572 42,368 24,112 *32,362	308,736 278,325 70,547 122,255 413,236 711,369 934,547 1,077,005 1,380,885 1,110,677 87,728 522,956	*67,233 *106,732 *74,893 *27,955 *47,396 *20,495 *98,407 *219,338 *271,827 *165,013 *29,952 391,329	325, 952 143, 064 *215, 878 *11, 056 112, 339 534, 678 533, 653 442, 707 1, 071, 121 469, 529 *259, 834 485, 980	44,508 53,129 30,073 28,829 58,979 48,118 115,019 71,634 92,233 84,419 553,341 187,437

SCHEDULE 3(D)—PROFITS FROM OPERATIONS OF ALL DEPARTMENTS BEFORE DEDUCTING BOND INTEREST, INVENTORY RESERVES AND TAXES ON INCOME.

SCHEDULE 3(E)—NET PROFITS AFTER TAXES ON INCOME AND INVENTORY RESERVES.

Year ended	\$	Year ended	\$
December 31, 1936 December 30, 1937 December 31, 1938 December 28, 1939 December 26, 1940 December 31, 1941 December 30, 1942 December 29, 1943 December 27, 1944 December 26, 1945 Annuary 1, 1947 December 31, 1947	566,570 334,250 *238,772 167,289 208,372 487,794 778,319 797,086 1,131,655 795,929 610,450 1,168,092	December 31, 1936 December 30, 1937 December 31, 1938 December 28, 1939 December 26, 1940 December 31, 1941 December 30, 1942 December 29, 1943 December 27, 1944 December 26, 1945 January 1, 1947 December 31, 1947	27, 843 *369, 355 *139, 541 *76, 372 138, 781 352, 351 383, 548 272, 000

^{*} Loss,

BURNS & CO. LIMITED

(Year ended January 1, 1947)

SCHEDULE 4 (a)—Sales of Meat in Pounds. Schedule 4 (b)—Sales of Meat in Dollars.

	Be	Beef		Veal		Lamb		C
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Period 1	11,000,561 8,576,656 7,771,292 3,898,691 3,934,407 6,029,473 5,837,954 7,332,233	\$ 2,948,869 2,289,304 1,790,180 1,618,042 807,331 881,785 1,389,656 1,245,289 1,505,668	595, 696 362, 209 373, 208 403, 816 435, 268 402, 701 585, 413 759, 327 796, 831	\$ 123,504 62,149 75,134 82,332 89,332 83,090 118,475 153,565 157,745	679, 114 613, 708 459, 028 379, 849 265, 026 130, 263 298, 226 382, 126 556, 554 872, 894	\$ 152,094 141,735 105,022 91,331 59,583 29,821 73,872 102,342 153,686 220,941	12,569,479 9,700,133 9,785,365 6,902,743 8,285,799 7,949,101 7,960,027 7,821,321 7,268,767 5,694,393	\$ 2,853,425 2,228,838 2,220,055 1,704,608 2,120,206 2,069,776 2,155,15 1,989,786 1,885,255 1,528,525
" 11	9,420,650	2,104,252 1,972,969 2,317,445 2,072,553	779,740 832,291 1,062,068 511,138	157, 163 162, 907 204, 094 99, 713	593,881 708,951 493,670	138, 992 160, 601 110, 124	4,316,778 7,880,530 8,970,334	1,152,74 2,081,26 2,334,25
Total	109, 204, 340	22,943,343	7,899,706	1,579,213	6,433,290	1,540,144	105, 104, 770	26, 323, 87

		Other meats		Total m	eats	Canned goods	
		(a)	(b)	(a)	(b)	(a)	(b)
			8		\$		\$
Period "	1	3,123,834	529,915	31, 180, 988	6,607,805	5,111,375	981,913
	2	2,953,700	509,356	24,630,311	5,241,392	1,058,759	212,055
"	3	2,852,261	506,853	22,046,518	4,697,241	1,566,708	298, 180
"	4	2,906,271	533,885	18,363,971	4,030,198	2,402,069	474, 158
	5	2,661,518	552,310	15,546,302	3,628,758	1,987,813	417,001
66	6	2,824,716	599,078	15, 241, 188	3,663,553	1,849,446	347, 101
66	7	3,099,821	663,626	17,972,960	4,400,780	2,499,152	495,879
66	8	3,482,114	745, 323	18, 282, 842	4,236,302	2, 183, 673	421,018
"		3,550,637	757,872	19, 505, 022	4,460,224	2,549,045	482,924
"	9						560,827
"	10	3,216,729	683,227	20,610,061	4,694,106	2,845,837	
"	11	3,414,342	706,976	18,577,942	4,134,588	2,856,158	577,493
	12	3,643,483	738, 145	24,533,546	5,501,543	3,321,698	673,051
"	13	3,200,425	639,021	23,080,206	5, 255, 664	927,701	218,080
	Total	40,929,751	8, 165, 577	269, 571, 857	60, 552, 154	31, 159, 434	-6,159,680

Pork volume includes lard. Other meats volume includes fancy meats. Canned goods volume in units. Value of all by-products included in dollar sales of beef, veal, lamb and pork.

BURNS & CO. LIMITED

(Year ended December 31, 1947)

SCHEDULE 4(a)—SALES OF MEAT IN POUNDS. SCHEDULE 4(b)—SALES OF MEAT IN DOLLARS

	Be	ef	Veal		Lamb		Pork	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
		8		\$		\$		\$
Period 1	8,575,575 5,654,573 4,970,050 4,435,278 4,626,935 4,474,782 4,945,963 6,093,800 7,316,508 735,542 2,727,026 7,277,591 7,350,422	1,870,581 1,242,878 1,140,390 1,066,340 1,121,926 1,126,709 1,211,007 1,386,674 1,652,375 161,548 632,550 1,592,246 1,613,755	276, 325 195, 156 208, 026 189, 989 342, 664 404, 492 555, 529 682, 825 751, 862 75, 996 327, 060 935, 579 485, 435	58, 191 39, 826 42, 659 40, 020 73, 011 87, 527 119, 138 136, 843 148, 353 15, 000 72, 253 202, 955 112, 204	310, 337 636, 543 338, 543 234, 962 85, 251 84, 847 152, 851 315, 313 566, 128 55, 792 252, 659 567, 082 329, 337	68, 978 133, 246 81, 699 52, 029 19, 782 19, 127 37, 869 82, 858 153, 289 14, 678 66, 086 138, 873 77, 986	7,855,166 6,613,602 6,636,885 5,659,984 7,182,233 6,464,475 6,656,145 7,468,383 7,570,315 1,029,731 2,672,782 11,327,815 9,845,366	2,325,99 1,920,79 1,906,96 1,665,25 2,074,28 1,881,50 1,937,18 2,178,26 2,275,71 313,34 856,97 3,403,25 3,006,11
Total	69, 184, 045	15,818,979	5,430,938	1,147,980	3,929,645	946,500	86,982,882	25,745,6

	Other meats		Total m	eats	Canned goods	
	(a)	(b)	(a)	(b)	(a)	(b)
	美国经济商业	\$		\$		\$
Period 1. " 2. " 3. " 4. " 5. " 6. " 7. " 8. " 9. " 10. " 11. " 12. " 13.	2,778,107 2,718,637 2,422,251 2,356,783 3,052,815 2,945,573 3,197,630 3,148,935 3,076,380 361,096 1,214,128 2,940,679 1,844,134	620,096 643,399 591,076 587,651 743,480 743,954 813,152 792,921 767,752 88,806 298,403 686,780 450,287	19,795,510 15,818,511 14,575,755 12,876,996 15,289,898 14,374,169 15,508,118 17,709,256 19,281,193 2,258,157 7,193,655 23,048,746 19,854,694	4,943,845 3,980,140 3,762,788 3,411,293 4,032,484 3,858,820 4,118,346 4,577,558 4,997,480 593,378 1,926,269 6,024,111 5,260,348	2,200,708 1,143,310 1,272,071 1,456,485 3,633,196 2,616,315 1,068,641 1,861,024 1,886,490 885,710 997,251 1,957,065 563,665	\$ 335,230 264,301 301,023 363,902 897,885 673,684 281,397 470,398 503,820 219,998 257,854 521,375
" 13. Total.	32,057,148	7.827,757	19,854,694	51,486,860	21,541,931	5, 249

Pork volume includes lard. Other meats volume includes fancy meats. Canned goods volume in units. Value of all by-products included in dollar sales of beef, veal, lamb and pork.

(Periods No. 1 and No. 2, 1948)

SCHEDULE 4(a)—SALES OF MEAT IN POUNDS. SCHEDULE 4(b)—SALES OF MEAT IN DOLLARS

	Beef		Veal		Laml	,	Pork		
	(a)	(b)	(a)	(b)	(a) ,	(b)	(a)	(b)	
		\$		\$		\$		\$	
Period 1	7, 178, 153	1,800,591	480,390	125,049	354,786	98, 225	9,369,948	3,168,319	
Period 2	6,357,949	1,561,750	440,093	120,710	377,719	101,548	8, 201, 658	2,869,814	

	Other me	eats	Total m	eats	Canned goods		
	(a)	(b)	(a)	(b)	(a)	(b)	
		8		8		\$	
Period 1	2,420,538	604,304	19,803,815	5,796,488	1,235,978	344, 147	
Period 2	2, 232, 038	547,012	17,609,457	5,200,834	760,123	224,417	

Pork volume includes lard. Other meats volume includes fancy meats. Canned goods volume in units. Value of all by-products included in dollar sales of beef, veal, lamb and pork.

BURNS & COMPANY LIMITED

DIGEST OF INFORMATION ON SCHEDULE 4

Total meat		1946	1947	1948 (8 weeks)
Sales—lbs		269, 571, 857	197, 584, 658	37,413,272
Sales—Dollars. Gross profit Net profit	***	60, 552, 154 4, 797, 085 *259, 834	51,486,860 5,565,715 485,980	10,997,332 955,049 163,236
Per lb.				
Selling price		22·46¢ 1·78¢ *0·10¢	$26 \cdot 06 \phi$ $2 \cdot 82 \phi$ $0 \cdot 25 \phi$	29·39¢ 2·55¢ 0·44¢
Beef				
Sales—lbs		109, 204, 340	69, 184, 045	13,536,102
Sales—Dollars	888	22,943,343 1,169,439 *279,783	15,818,979 948,992 *375,805	3,362,341 241,305 29,544
Per lb.				
Selling price. Gross profit. Net profit.		21·01¢ 1·07¢ *0·25¢	22·86¢ 1·37¢ *0·54¢	$24 \cdot 84 \stackrel{\leftarrow}{\epsilon} 1 \cdot 78 \stackrel{\leftarrow}{\epsilon} 0 \cdot 22 \stackrel{\leftarrow}{\epsilon}$
Pork				
Sales—lbs		105, 104, 770	86, 982, 882	17,571,606
Sales—Dollars	***	26,323,877 2,052,196 87,728	25,745,644 2,694,419 522,956	6,038,133 443,772 70,922
Per lb.				
Selling price. Gross profit. Net profit.		25·05¢ 1·95¢ 0·08¢	29·60¢ 3·1¢ 0·6¢	34·36¢ 2·53¢ 0·40¢

^{*}Loss.

SCHEDULE 4(C) 1946

(Year ended January 1, 1947)

Profits from Operations of Meat Departments before deducting Bond Interest, Inventory Reserve and Taxes on Income

Period ended	Jan. 23	Feb. 20	3 Mar. 20	4 Apr. 17	5 May 15	June 12	July 10	8 Aug. 7	9 Sept. 4	10 Oct. 2	11 Oct. 30	12 Nov. 27	13 Jan. 1	Total 1946
Beef-	\$	\$	\$	- \$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross. Expense. Net.	115, 222	95,307	61,532	44,736	53,208	63,491	60,803	69,534	97,625	57,222	103,352	154,692	192,715	1,169,439
	117, 468	119,182	109,795	108,746	75,403	83,918	104,189	101,719	120,305	130,519	127,923	127,389	122,666	1,449,222
	*2, 246	*23,875	*48,263	*64,010	*22,195	*20,427	*43,386	*32,185	*22,680	73*,297	*24,571	27,303	70,049	*279,788
Veal— Gross Expense Net	12,497	5,556	5,916	5,534	9,961	6, 158	5, 235	3,542	7,116	3,350	6,094	9,440	23,002	103,401
	8,284	7,431	8,922	9,693	13,176	13, 515	14, 993	16,183	15,390	14,920	15,340	14,179	13,314	165,340
	4,213	*1,875	*3,006	*4,159	*3,215	*7, 357	*9, 758	*12,641	*8,274	*11,570	*9,246	*4,739	9,688	*61,939
Mutton and lamb— Gross. Expense. Net.	20,811	12,678	15,229	18,319	9,767	3,421	4,694	5,445	14,171	22,374	9,514	12,180	6,496	155,099
	8,854	11,096	8,858	8,698	7,693,	5,942	9,444	10,390	15,750	12,316	11,877	10,514	9,828	130,987
	11,957	1,582	6,644	9,621	2,074	*2,521	*4,750	*4,945	*1,579	10,058	*2,363	1,666	*3,332	24,111
Pork— Gross Expense Net	217,682	177,861	165, 264	221,633	194,957	147,588	136,432	97,100	111,750	145, 553	123, 269	153,721	159,386	2,052,190
	179,581	161,183	171, 733	167,937	177,903	167,416	151,644	139,808	122,933	117, 745	122, 963	142,162	141,460	1,964,468
	38,101	16,678	*6, 469	53,696	17,054	*19,828	*15,212	*42,708	*11,183	27, 808	306	11,559	17,926	87,728
Other meats— Gross Expense Net.	59,489	61,741	65,090	80,912	107,667	111,458	114,350	121,835	114, 986	105,530	127,455	128, 103	118,334	1,316,950
	79,526	89,820	91,759	99,610	106,116	109,972	111,090	123,364	119, 051	108,967	110,820	102, 314	94,493	1,346,900
	*20,037	*28,079	*26,669	*18,698	1,551	1,486	3,260	*1,529	*4, 065	*3,437	16,635	25, 789	23,841	29,950
Total meat products— Gross. Expense. Net.	425,701	353,143	313,031	371,134	375,560	332,116	321,514	297,456	345,648	334,029	369,684	458, 136	499,933	4,797,088
	393,713	388,712	390,794	394,684	380,291	380,763	391,360	391,464	393,429	384,467	388,923	396, 558	381,761	5,056,919
	31,988	*35,569	*77,763	*23,550	*4,731	*48,647	*69,846	*94,008	*47,781	*50,438	*19,239	61, 578	118,172	*259,83
Canned Goods— Gross. Expense Net.	96, 162	89,215	84,327	98,967	88,561	69,881	67,519	74, 167	97,619	108, 159	115,909	101, 569	131,689	1,223,75
	45, 253	47,662	48,032	51,323	55,673	57,230	51,070	54, 203	52,662	55, 873	52,653	50, 246	48,529	670,41
	50, 909	41,553	36,295	47,644	32,888	12,651	16,449	19, 961	44,957	52, 286	63,256	51, 323	83,169	553,34

^{*} Loss:

SCHEDULE 4(C) 1947

(Year Ended December 31, 1947)

PROFITS FROM OPERATIONS OF MEAT DEPARTMENTS BEFORE DEDUCTING BOND INTEREST, INVENTORY RESERVE AND TAXES ON INCOME

Period ended	Jan. 29	Feb. 26	3 Mar. 26	Apr. 23	May 21	June 18	July 16	8 Aug. 13	9 Sept. 10	10 Oct. 8	11 Nov. 5	12 Dec. 3	13 Dec. 31	Total 1947
eef—	\$	\$	\$. \$	\$	\$	\$	\$	S	\$	S	\$	\$	8
Gross Expense Net	116,926	65,406	88,352	17,442	*6,672	*28,639	4,976	85,910	109,350	34,003	171,902	200,853	89, 183	948,
	107,501	103,300	100,412	98,585	91,757	85,212	92,202	103,468	115,557	110,266	90,600	113,467	112, 470	1,324,
	9,425	*37,894	*12,060	*81,143	*98,429	*113,851	*87,226	*17,558	*6,207	*76,263	81,302	87,386	*23, 287	*375,
eal— Gross. Expense. Net.	6,257	3,541	3,169	2,064	4,976	2,300	2,073	7,666	5,753	2,493	27, 658	42, 203	24,376	134,
	6,416	5,951	7,663	8,213	11,283	13,459	15,087	15,582	14,767	14,864	12, 554	14, 966	13,862	154,
	*159	*2,410	*4,494	*6,149	*6,307	*11,159	*13,014	*7,916	*9,014	*12,371	15, 104	27, 237	10,514	*20,
utton and lamb— Gross. Expense. Net.	7, 157	10,696	3,264	569	7,977	4,420	2,904	5,152	20,541	347	6,840	19,129	7,330	96,
	9, 153	11,327	10,230	10,275	4,196	4,101	6,121	10,513	14,411	13,843	10,655	12,363	11,500	128,
	*1, 996	*631	*6,966	*9,706	3,781	319	*3,217	*5,361	6,130	*13,496	*3,815	6,766	*4,170	*32,
ork— Gross. Expense. Net.	261,056	219,341	194,321	181,793	222,346	230, 207	219,710	203,066	194,111	14,705	120,844	363,857	269,062	2,694
	182,299	166,799	164,330	166,775	162,285	161, 032	163,653	152,562	147,664	142,134	184,296	183,644	193,990	2,171
	78,757	52,542	29,991	15,018	60,061	69, 175	57,057	50,504	46,447	*127,429	*63,452	180,213	75,072	522
ther meats— Gross. Expense. Net.	140,524	146,480	140,069	135,436	162,048	171,721	164,226	179,037	163, 244	18,513	62,634	128,462	89,055	1,691
	95,714	100,531	100,956	102,608	108,951	121,012	113,673	117,477	101, 605	87,073	79,488	88,002	83,030	1,300
	44,810	45,949	39,113	32,828	53,097	50,709	50,553	51,560	61, 639	*68,560	*16,854	40,460	6,025	391
otal meat products— Großs. Expense. Net.	531,920	445,464	429, 175	337,304	390,675	380,009	393,889	470,831	492,999	70,061	389,878	754,504	479,006	5, 565
	401,083	387,908	383, 591	386,456	378,472	384,816	390,736	399,602	394,004	368,180	377,593	412,442	414,852	5, 079
	130,837	57,556	45, 584	*49,152	12,203	*4,807	3,153	71,229	98,995	*298,119	12,285	342,062	64,154	485
unned goods— Gross. Expense. Net.	71,564 47,238 24,326	68,333 57,158 11,175	72,733 61,956 10,777	88,640 72,266 16,374	157,550 93,225 64,325	106, 184 77, 013 29, 171	58,471 57,512 959	77,284 69,468 7,816	85, 122 58, 207 26, 915	33,277 52,800 *19,523	52,393 54,364 *1,971	92,700 72,886 19.814	39, 172 41, 893 *2, 721	1,003 815 187

^{*} Loss.

SCHEDULE 4(C) 1948

BURNS & CO. LIMITED

Profits from Operations of Meat Departments before deducting Bond Interest, Inventory Reserve and Taxes on Income.

Period ended	Jan. 28	2 Feb. 25
Beef—	\$	\$
Gross. Expense. Net	165, 477 102, 812 62, 665	75,828 108,949 * 33,121
Veal— Gross Expense Net	21,686 9,364 12,322	21, 623 9, 830 11, 793
Mutton and lamb— Gross. Expense. Net.	16,900 7,328 9,572	10,479 8,021 2,458
Pork— Gross Expense Net	253, 554 191, 897 61, 657	190, 218 180, 953 9, 265
Other meats— Gross. Expense. Net.	103,742 82,889 20,853	95,542 89,770 5,772
Total meats products— Gross. Expense. Net.	561,359 394,290 167,069	393, 690 397, 523 * 3, 833
Canned goods— Gross. Expense. Net.	85, 194 30, 359 24, 835	61, 235 46, 912 14, 323

^{*} Loss.

BURNS & CO. LIMITED

SCHEDULE 5

TOTAL INVENTORIES OF BEEF, PORK AND LARD IN POUNDS

	Oct. 23rd 1946	Oct. 22nd 1947	Dec. 31st 1946	Dec. 31st 1947	Jan. 29th 1947	Jan. 28th 1948	Feb. 26th 1947	Feb. 25th 1948
Frozen beef	2,099,413 1,711,698			5,052,028 1,330,736		4, 178, 485 1, 593, 676		3,986,815 1,373,326
Total beef	3,817,111	1,127,528	6,451,954	6,382,764	3,675,845	5,772,161	3,444,412	5, 360, 141
Frozen pork Other pork	471,414 2,806,388					6, 201, 926 4, 205, 476		8,410,877 2,861,053
Total pork	3,277,802	3,762,365	6,442,914	8,676,124	7,969,967	10,407,402	7,418,735	11,271,930
Pure lard	101,804	98,020	309, 148	529,411	224, 139	403,031	103,666	299,853

Weekly Average Prices Paid "A" Grade Hogs—Good Butcher Steers

		"A" Gra	de hogs		Goo	d steers
Week ending	Calgary	Edmonton	Calgary	Edmonton	Calgary	Edmonton
Sept. 9	8·45 7·85 8·20 8·20	8·35 8·65 8·25 8·50	11·04 10·24 10·71 10·71	$ \begin{array}{c} 10 \cdot 91 \\ 11 \cdot 30 \\ 10 \cdot 78 \\ 11 \cdot 11 \end{array} $	6.28	
1947	price sho	ogs purchased wn converted s at 76½% yield	to rail grade			
Aug. 9	sed on acco	unt of strike	. 21·48 . 21·35 . 21·72 . 22·29 . 21·89 . 21·84 . 21·76 . 21·79 . 21·84 . 21·77 . 21·84	20·45 20·55 20·79 20·85 21·54 21·50 21·80 21·70 21·70 21·70 21·70 21·70 21·77	14·05 13·94 14·03 14·26 14·12 14·04 13·78 14·16 14·28 14·50 14·22 15·15	13·65 13·45 13·50 13·55 12·60 12·65 13·15 12·95 13·25 13·40 14·00 {14·25 {14·00
1948 Jan. 3. Jan. 10. Jan. 17. Jan. 24. Jan. 31. Feb. 7. Feb. 14. Feb. 21. Feb. 28. Mar. 6. Mar. 13.			. 27·33 . 27·71 . 27·46 . 27·30 . 27·36 . 27·42 . 27·48 . 27·49 . 27·53	24·28\ 27·11 27·21 27·21 27·21 27·21 27·24 27·21 27·25 27·21 27·25 27·27	15·91 15·93 15·70 15·82 15·68 15·57 14·71 15·12 14·90 15·30	$\begin{cases} 15 \cdot 55 \\ 15 \cdot 85 \\ 15 \cdot 70 \\ 15 \cdot 60 \\ 15 \cdot 40 \\ 15 \cdot 50 \\ 15 \cdot 35 \\ 15 \cdot 00 \\ 15 \cdot 30 \\ 15 \cdot 25 \\ 15 \cdot 45 \end{cases}$

Schedule 7

BURNS & CO. LIMITED

Dressed weight of actual purchases by Burns & Co. Limited of Beef Cattle and Hogs

						-		Beef cattle in pounds	Hogs in pounds
Period									
9	from	Aug.	14	to	Sept.	10.	1947	8,570,577	5,705,912
10		Sept.	11	to	Oct.	8.	1947	360,086	173, 266
11		Oct.					1947	4,599,630	7,513,644
12		Nov.					1947	12,822,677	15,002,166
13		Dec.	4	to	Dec.	31,	1947	8,966,310	12,710,103
1 2 3		Jan.					1948	7,515,742	13,585,425
2		Jan.					1948	7,170,817	9,924,619
3		Feb.	26	to	Mar.	24,	1948	6,147,940	9,536,835
10		Sept.	8	to	Oct.	5.	1939	4,050,821	5,592,388

SCHEDULE 8

BURNS & CO. LIMITED

Total Sales in Pounds Showing Sales to Meat Board for United Kingdom other Export Sales and Domestic Sales

	Period 9	Period 10	Period 11	Period 12	Period 13	Period 1	Period 2	Period 3
. –	Aug. 14 to Sept. 10/47	Sept. 11 to Oct. 8/47	Oct. 9 to Nov. 5/47	Nov. 6 to Dec. 3/47	Dec. 4 to Dec. 31/47	Jan. 1 to Jan. 28/48	Jan. 29 to Feb. 25/48	Feb. 26 to Mar. 24/48
Beef sales to meat board for United Kingdom	399,471	97,240	164, 281	1,621,464	2,047,032	1, 106, 235	924, 106	686,380
Other export sales					70,252	29,600	32,900	70, 251
Domestic sales	6,917,037	638,302	2,562,745	5, 656, 127	5, 233, 138	6,042,318	5, 400, 943	5,824,994
Total sales	7,316,508	735,542	2,727,026	7, 277, 591	7,350,422	7, 178, 153	6, 357, 949	6, 581, 625
Pork sales to meat board for United Kingdom	2,384,143	368, 461	418, 253	5, 974, 673	4,831,245	5, 206, 067	4, 523, 575	2,508,470
Other export sales	54,400	20,400	1,290	122,806	117, 160	23,091	77,385	44,800
Domestic sales	5, 131, 772	640,870	2, 253, 239	5, 230, 336	4,896,961	4, 140, 790	3,600,698	3,966,446
Total sales	7,570,315	1,029,731	2,672,782	11, 327, 815	9,845,366	9,369,948	8, 201, 658	6,519,716

DUDNO & CO. LIMITED		S	CHEDULE 9A
BURNS & CO. LIMITED			Sheet 1
126 Steers—Liveweight	160,960 lbs. 90,521	16.00	\$25,763.60
Average dressed cost, per cwt			28.46
Graded cost, 99 red—cost per cwt		28.60 27.60	
Cost of red grade beef			. 28.60
Less credits: per cwt: Fancy meat. Scasings. Hides. Bone. Edible fats. Inedible fats.	351.15 13.58 1,174.87 40.47 831.23 93.50 2,504.80		2.77
Add—Labor Supplies Overhead. Sales expense.		0.12 0.40	1.81
Net cost, red grade beef	64		27.64

SCHEDULE 9A

BURNS & CO. LIMITED

OFFAL CREDITS

Sheet 2.

2347

55 Livers (71 pc. condemned)	664 lbs.	$0.13\frac{1}{4}$	87.98
126 Hearts	539	$0.08\frac{3}{4}$	47.16
126 Kidneys	275	$0.09\frac{1}{4}$	25.44
126 Tails	189	0.031	6.14
124 Tongues (2 pc. condemned)	507	$0.13\frac{1}{4}$	67.18
Tongue Trimmings	90	$0.08\frac{1}{4}$	7.43
Tongue Fat	296	$0.02\frac{1}{4}$	6.66
Sweethreads	27	0.131	3.58
Cheek Meat	552	0.091	51.06
Pancreas Glands	76	0.184	13.87
Pituitary Glands	34	4.43	3.32
Suprarenal Glands	$5\frac{3}{4}$	0.731	4.21
Thyroid Glands	131	0.191	2.60
Brains	99	0.011	1.24
Spinal Cords	48	_	
Skirt Meat	75	0.041	3.19
Trimmed Lips	122	$0.00\frac{3}{4}$	0.92
Washed Tripe	1.175	0.011	17.62
Gall	31	0.05	1.55
			\$351 15
			\$551.15
			Secretaria de la companya del companya de la companya del companya de la companya

SCHEDULE 9A

BURNS & CO: LIMITED

				Sheet 3
Casing Credits				
Wide	cs. «	72 20 26 8	$0.02\frac{3}{4}$ ea. $0.00\frac{3}{4}$ ea	1.98 0.15
Beef Rounds—Wides	ets	67 50		
Beef Middles—Extra Wide	"	6 17 3	0·60 0·40 0·35	3·60 6·80 1·05
				13.58
HIDE CREDITS				
126 Branded Steer Trimmings. Fat Switches.		9,606 553 116 97	12·15 ewt 5·00 ewt 0·02 ea.	1,167·13 5·80 1·94
				1,174.87
Bone Credits				
Neatsfoot Oil	bs. (est.)	1,380 82 1,000	12.50 ton 17.50 cwt 35.00 ton	8·62 14·35 17·50
				40.47

SCHEDULE 9A

BURNS & CO. LIMITED

Sheet 4

EDIBLI	E FATS			
Kidney and crotch fats. Caul and ruffle fats. Skirt and pancreas fats.	2,495 lbs. 4,509 77			
Cheek fats	7,395			
	-			
Production—Edible tallowEdible cracklings		5,518 lbs. 257	15·00 cwt. 27·50 ton	827·70 3·53
				831 · 23
INEDIBI	LE FATS			
Bung fatGut fat	. 710 lbs.			
Lungs	734			
SpleensViscera	180 5,409			
	7,172			
Production—Inedible tallow		800 lbs. 750	10·75 cwt. 20·00 ton	$86.00 \\ 7.50$
				93.50

Prices used there represent market values less sales and administrative expense, packaging and labor.

SCHEDULE 9B

Sheet 1A

BURNS & CO. LIMITED

EXPORT HOGS

0·47 0·10 0·45			
2			
0·05 0·15 0·18 0·05 0·03	\$10.00 8.50 9.00 0.08 hog 0.05 hog	50 lbs. 1.80 2.00	
2			
0.45 0.02 0.31 0.28 0.03 0.01 0.07 0.03 0.27 0.06 0.04 0.08 0.02 0.43 0.03	59.00 7.00 17.00 29.00 10.00 0.25 6.00 2.50 4.75 19.00 13.00 20.00 5.00 14.25 13.50	0.76% 0.25 1.85 0.98 0.26 3.53 1.15 1.20 5.75 0.30 0.40 0.35 3.00 0.25 2.17	
		100%	1
1.84 3		100/0	-
0.36			
0.55 0.80 1.55 0.20 0.44			

SPECIAL COMMITTEE

BURNS & CO. LIMITED

Bottilla & Co. Elittia			
		SCHEDULE 9	В
		Shee	et 1
Domestic Pork Costs			
Hog cost (hot weight)	0.58	27.25	
L. S. Expenses. Labor to kill, chill and cut	0·10 0·50	1.18	
		28.43	
Less—Killing credits		0.46	
		27.97	
Into	%	Cost	Value
Hams.	20.00	35.15	7.03
Bellies	14.00	42.15	5.90
B'less Bax	9.10	51.15	4.65
Butts	8·90 9·50	35.90 25.90	3.20
Picnics Tenderloins.	0.75	59.00	0.44
Reg. Trimmings	3.50	29.00	1.02
Back Ribs	0.85	32.50	0.28
Belly RibsJowls	2·00 1·85	29.50 17.00	0.59
Cutting Fat (65%)	7.00	10.00	0.70
Front feet	1.15	6.00	0.07
Hind Feet (To Tank)	1.20	2,50	0.03
TailsSkirts.	0.25	7.00	0.02
Skins.	4.00	5.00	0.20
Heads (Tongues Out)	5.75	4.75	0.27
Tongues	0.30	19.00	0.00
Tongue Trimmings	0·30 1·30	13.00 7.50	0.04
Riblets	0.45	11.50	0.08
Bones	2.25	0.25	0.01
Leaf Lard (92%)	3.00	14.25 13.50	0.43
Kidneys. Shrink	$0.25 \\ 1.95$	10.00	0.00
	100%		27.97
Killing credits:	%	Cost	Value
Heart	0.5	10.00	0.0
Liver	1.8	8.50	0.15
FatsCasings	2.0	9.00 0.08 hog	0.18
Hair \ Tankage \		0.05 hog	0.08
Grease).			0.40
			0.46

SCHEDULE 9-B Sheet 2

	Cost or transfer price				Gain or	Proc. C	Conv. Labour		0	Safety	1	Branch h	ouse cos	ts	
Product	Date 1	2	3	4	shrink	cost	cost	Labour	Supplies	Over- head	margin	Date 1	2	3	4
Hogs, headless, leaf and kidney out	27 · 25				87½% Cr. 1·29	29 - 67		1.25	0.25	0.58	0.50	31.25			
			13813				Mary Co.		0.25		0.50			4000	
B/less bax, 12/dn	51.15				No. P. L.				0.50		0.50	52.15		30.73	
Pienies, 15/dn	25.90				178.00				0.40		0.50	26.80		1000	
Butts, 8/dn	35.90		11-6-1				THE STATE OF THE S		0.40		0.50	36.80	3 f. (Ma)	100	
N.Y. Shl'ds, 25/dn	28.83	See	Sheet 3					THE STATE OF THE S	0.40		0.50	29.73		1 5	
Loins, 16/dn	39.85	See	Sheet 3						0.50		0.50	40.85	341134	100	
Bellies, 14/dn	42.15				100	. 19			0.40		0.50	43.05	1966		Sales
Hams, 20/dn	35.15				1000				0.40		0.50	36.05		1	expense
Reg. pork tg's	29.00				17.5	7176			0.40		0.50	29.90		2 3/14	
Front feet	6.00								0.40		0.50	6.90	700		
Tenders	59.00								0.40		0.50	59.90		1000	
Spareribs, back	32.50		100025						0.40		0.50	33.40			18888
Spareribs, belly	25.50						1000		0.40		0.50	30.40			
Riblets	11.50	MARIA			12000				0.40		0.50	12.40			
Neck bones	7.50				-				0.40		0.50	8.40	NO FEE	7374 7	
Back bones	0.25		139/1			1939			0.40	BEAL .	0.50	1.15	A SEASON		
Jowls	17.00								0.40	9150	0.50	17.90	10 10 10	W. Carlo	19/19/

SCHEDULE 9B

Sheet 3

BURNS & CO. LIMITED

Loins-Boneless Bax

	%	Price	Value
B'less Bax 12/dn	64.00	51.15	32.74
Tenders	5.50	59.00	3.25
Back Ribs.	8.00	32.50	2.60
Fat (65%)	3.00	10.00	0.30
Reg. Trimmings.	3.50	29.00	0.92
Bones.	16.00	0.25	0.04
	100%		39.85
New York Shoulders—Butts and Picnics			
Butts 8/dn.	40.00	35.90	14.36
Pienics 10/dn		25.90	12.95
Reg. Trimmings	3.00	29.00	0.87
Fat (65%)	6.50	10.00	0.65
Shrink	0.50	10.00	0.00
	100%		28 83

PRICES

PRODUCT-S.P. MEATS

Product	C	ost or Tr	ansfer pri	ce	Gain	Proc.	Conv.	Labor	Supplies		Over-	Safety	Branch house costs			
	Date 1	2	3	4	or Shrink	cost			Cur.	Ship	head	margin	Date 1	2	3.	4
Hams, 20/dn	35.15				10%	31.95		0.35	0.40	0.40	0.50	0.50	34.10			
Hams, B/less visking.	35.15				10%	31·95 75%-1·03	41.23	0.35	0.40		0.50	0.50				,
Butts—Cottage rolls	35.90				4½%	34·35 95%-·01	36.15	0.35	0.40	0.40	0.50	0.50	38.30			Sales
Bellies, 15/dn	42.15				3%	40.92		0.40	0.40	0.40	0.50	0.50	43 · 12			
Picnies, 10/dn	25.90				10%	23.55		0.40	0.40	0.40	0.50	0.50	25.75			:

Note: In arriving at transfer prices to other departments, deduct supplies and safety margin from branch house cost.

SCHEDULE 9-B

Sheet 5

BURNS & CO. LIMITED

S.P. Hams into Boneless Visking Hams

Boneless Hams in Visking	75·00 14·50	30.92
	100.00	31.95

SCHEDULE 9-B

Sheet 6

BURNS & CO. LIMITED

PRODUCT-SMOKED MEATS

Product	Cost or transfer price				Gain or	Proc.	Conv.	2.88		Over-	Safety	Branch house costs				
	Date 1	2	3	4	shrink	cost	cost	Labour	Supplies	head	margin	Date 1	2	3	4	
Reg. hams		33.20			89%	37.30		1.10	0.90	0.50	0.50	40.30				
B/less visking hams		42.48			88%	48.18		2.50	1.75	0.50	0.50	53.43		1. 19. 11.	171111	
Cottage rolls		37.40			88%	42.50		2.25	1.00	0.50	0.50	46.75				
Bacon, 15/dn		42.22			87%	48.53		0.75	0.75	0.50	0.50	51.03		A 3 11	Sales	
Bacon, sliced, Number 1						55.94		3.25	2.40	0.50	0.50	62.59			Capeaso	
Bacon, sliced, Number 2						51.94		3.52	2.45	0.50	0.50	58.64	1		1993	
Bacon, sliced, Number 3						45.94		3.25	2.00	0.50	0.50	52 · 19	718		1323	
Reg. picnics, 10/dn	1000	24.85	DES TOP		89%	27.92		0.75	0.95	0.50	0.50	30.62	17.000			

SCHEDULE 9-B

Sheet 7

BURNS & CO. LIMITED

SLICED BACON TEST

Cost of smoked bacon, 14/down, into sliced bacon		48.53	
		49.03	
	% 70·00 10·00 8·00 3·50 6·00 2·50	Cost 55.94 51.94 45.94 20.00 5.00	Value 39.16 5.19 3.68 0.70 0.30
	00.00		49.03

SCHEDULE 9-B

Sheet 8

BURNS & CO. LIMITED

Branch House Costs to Sales Department

建筑的基础的设置,在2012年间,1918年 1918年 1918			
Product	Plant cost	Sales expense	Sales department cost
Fresh pork products—	Tale 3		
Hogs headless leaf and kidney out 100/125	0.314	0.011	0.321
Picnics hock on 10/dn	$0.26\frac{3}{4}$	0.011	0.28
Loins, 16/dn	$0.40\frac{3}{4}$ $0.29\frac{3}{4}$	$\begin{array}{c} 0.01\frac{1}{4} \\ 0.01\frac{1}{2} \end{array}$	0.42
Shoulders N.Y. 20/dn	$0.29\frac{4}{4}$ $0.36\frac{3}{4}$	0.011	0.31
Hams 12/18	0.36	0.014	0.371
18/20	0.36	0.011	0.371
Bellies 6/8	0.43	0.011	0.441
8/12	0.43	$0.01\frac{1}{4}$	0.441
12/14	0.43	0.011	0.441
Feet	0.07	0.013	0.081
Neck bones.	0.081	0.014	$0.09\frac{3}{4}$
Riblets	$0.12\frac{1}{2}$	0.011	$0.13\frac{3}{4}$
Spare ribs—Belly.	$0.30\frac{1}{2}$	0.011	$0.31\frac{3}{4}$
Back	$0.33\frac{1}{2}$	0.011	$0.34\frac{3}{4}$
Tenderloins lite	0.60	0.011	0.611
Trimmings lean—regular	0.30	$0.01\frac{1}{4}$	$0.31\frac{1}{4}$
Jowls—Skins on	0.18	0.011	$0.19\frac{1}{4}$
Back bones	$0.01\frac{1}{4}$	0.011	$0.02\frac{1}{2}$
Smoked meats—			
Ham—Shamrock rend. 20/dn	$0.40\frac{1}{4}$	$0.02\frac{1}{4}$	$0.42\frac{1}{2}$
Shamrock boneless Visking ham	$0.53\frac{1}{2}$	$0.02\frac{1}{4}$	$0.55\frac{3}{4}$
Daniel Cl. 1 1' 1 1 11 11	0 001	0.021	$0.64\frac{3}{4}$
Bacon—Shamrock sliced rindless ½'s	$0.62\frac{1}{2}$ 0.51	0.024	$0.53\frac{1}{4}$
Dominion 8/12	0.51	0.021	$0.53\frac{1}{4}$
Dominion sliced rindless ½'s.	$0.58\frac{3}{4}$	0.021	0.61
Security sliced rindless 1's	$0.52\frac{1}{4}$	0.021	$0.54\frac{1}{2}$
Butts—Shamrock cottage roll	$0.46\frac{3}{4}$	0.021	0.49
Pienics—Shank on 10/dn	$0.30\frac{1}{2}$	$0.02\frac{1}{4}$	$0.32\frac{3}{4}$
	ALL THE RESIDENCE OF THE PARTY OF	A STATE OF THE PARTY OF THE PAR	

Mr. Dyde: Mr. Chairman, you will notice under the cover of the material, that these gentlemen have indexed the book, and we have therefore to turn to schedule 1. I may say that the schedules in this material are in answer to the identical questions which were asked of the other packing house witnesses with the exception that when it came to prices I asked Mr. Munn to pay attention to either Calgary or Edmonton or both whereas in the case of Canada Packers we were paying attention to Toronto prices, and in the case of Swift to Winnipeg prices.

Schedule 1 is, as usual, the general information with regard to the company. Subsection D contains the names and addresses of all officers of the company.

That is correct, Mr. Munn, is it not?

Mr. Munn: That is correct.

Mr. Dyde: Subsection E contains the names of all directors of the company. That is correct, is it not?

Mr. Munn: That is correct.

Mr. Dyde: You show in subsection G the subsidiary company, Burns and Company, Eastern, Limited. That is the only subsidiary company engaged in the meat industry?

Mr. Munn: That is correct.

Mr. Dyde: Then in subsection H you have set out the location of all plants of Burns and Company Limited together with the location of sales offices. Would you tell the committee briefly the organization into plants and sales offices?

Mr. Munn: Well, plants, I think that is quite clear. There are seven packing plants engaged in the processing of meat. That is slaughtering and processing. The sales offices or branch houses at the points named are merely sales organizations. They do no processing whatsoever, and simply dispose of the product that is shipped to them very largely from the plants.

Mr. Dyde: Have you any subsidiary companies that are engaged in the leather industry?

Mr. Munn: No, sir, we have not.

Mr. Dyde: Then at the bottom of schedule 1 you have sent out the end of the fiscal year of the company?

Mr. Munn: Yes, I think to be correct it is the nearest Wednesday to December 31st. It is always on a Wednesday.

Mr. Dyde: I now turn to the next page which is marked schedule 2(a) and 2(b) showing sales of meat in pounds and sales of meat in dollars for 13 periods from February 27, 1947, to February 25, 1948. Mr. Munn, I think it would help us a little if you would give opposite the periods 3, 4, 5 and 6 the approximate months so that we might have it there. It does correspond roughly with a month, does it not?

Mr. Munn: No. They are each four week periods.

Mr. Dyde: Can you give us the expiry date of each four week period?

Mr. Munn: Yes. Period 3, 1947, expires on March 26th; period 4 on April 23rd; period 5 on May 21st; period 6 on June 18th; period 7 on July 16th; period 8 on August 13th; period 9 on September 10th; period 10 on October 8th; period 11 on November 5th; period 12 on December 3rd; period 13 on December 31st; period 1 of 1948 on January 28th; period 2 of 1948 on February 25th.

Mr. Dyde: I have also to call attention to the footnote on this page, Mr. Chairman, and to indicate to you and to the members of the committee that a slightly different set of figures is before you, in that you see at the lower right hand side of this page that the value of all by-products is included

in dollar sales of beef, veal, lamb, and pork. When you received the request for this information I think you were a little puzzled as to how to supply the figures, Mr. Munn, and my recollection is that you asked me about it. As the result of a conversation with me you decided you could turn back, into the various accounts, the by-products relating to the beef and other items under the headings given here. Am I correct about that?

Mr. Munn: Yes, Mr. Dyde, that is correct but I would not guarantee that it is correct to the last dollar. If there is anything lacking in the way of by-products in the meat account it is in the other accounts.

The ACTING CHAIRMAN: You took the total by-products and divided it as accurately as you could into the volume?

Mr. Munn: According to test.

Mr. Dyde: Mr. Chairman, I wanted also to say that my thought was that if this procedure could be followed by any company it would be useful to the committee, provided that it was accurate; and it would be helpful to have the by-products back in their appropriate meat columns. I must take a certain amount of responsibility for having produced those figures in this way rather than producing them in the identical way they were produced by the other companies.

The Acting Chairman: Would it not be a good thing if we had the different proportions that go into each kind of meat—the proportions of the total byproducts? You said that you did it according to test, Mr. Munn, but it depends on the volume, does it?

Mr. Munn: Yes. Actually what we did, Mr. Chairman, was that we put back all the hides into the beef account, the veal skins back into the veal account, lamb pelts back into the lamb account, and it was only with an item like inedible tallow where we had to use the test. The majority of the byproducts would go back into the account from which they originally came.

Mr. Dyde: I am also going to call attention to the fact—and I am right about this am I not, Mr. Munn—that much of the material that shows on schedule 2 (a) and 2 (b) is included in the material which starts with schedule 4 (a) and (b)?

Mr. Munn: I think all of it is, Mr. Dyde.

Mr. Dyde: Yes. I propose before we adjourn today to put in your hands a sort of analysis which I think is prepared with respect to schedule 4 (a), (b), and (c), rather than to put in the actual schedule which covers a number of pages. It may be useful for you to have that overnight. Now I come to schedule 3 (a) and (b). In the first place, Mr. Munn, I think you are able to give us so we can insert it on this page—those of us who wish to do so—the average prices worked out to cents per pound.

Mr. Munn: Yes, Mr. Dyde. Starting with the average selling price in 1936 the figure in cents per pound was 5.78.

Mr. Dyde: I just want to make sure those who wish to insert these figures are at the right page. It is a page entitled "(schedule 3 (a) and (b), total sales, pounds and dollars". These figures about which we are now talking go opposite the different columns.

Mr. Munn: The figures—cents per pound—are: 1936, 5·78; 1937, 6·94; 1938, 7·73; 1939, 9·35; 1940, 10·67; 1941, 12·82; 1942, 15·77; 1943, 19·31; 1944, 19·95; 1945, 20·23; 1946, 21·01; 1947, 22·86.

Mr. Dyde: Those are the average prices per pound for the particular year.

Mr. Munn: The sale price per pound averaged for the year.

The Acting Chairman: And it includes the by-products?

Mr. Munn: Yes.

Mr. Fleming: You say it includes the by-products. Are you able to segregate the by-products for beef, pork, lamb, and veal?

Mr. Munn: That is correct. I think I ought to make it quite clear that the weight of the by-products is not included in beef, but the value of the

by-products is there.

Mr. Merritt: When we are inquiring into meat, and when have had evidence of the other two companies that the by-products return a profit where the beef often shows a loss, and when you include these hides—which I understand make shoes—when you put the hides into your beef account would those figures be materially changed?

Mr. Munn: Yes.

Mr. Merritt: Upwards or downwards?

Mr. Munn: Downwards.

Mr. Dyde: Yes, now would you give us the figures for pork?

Mr. Munn: The figures in cents per pound are: 1936, 15·10; 1937, 14·42; 1938, 17·45; 1939, 15·50; 1940, 15·25; 1941, 16·77; 1942, 19·83; 1943, 21·51; 1944, 22·17; 1945, 23:03; 1946, 25·04; 1947, 29·60.

Mr. Dyde: I would like to get as many of the additional items as it is possible to get before we adjourn, so I am hurrying a little now in order that we may receive what Mr. Munn has with him. Would you turn to the succeeding pages, Mr. Munn, and let us have the figures which you are able to give us for schedule 3 (c), and those of us who wish will be able to enter the figures on this document. It is schedule 3 (c) "profits from operation of meat departments."

Mr. Fleming: May I ask the same question about the by-products, here? Are they all included?

Mr. Munn: The profits from all the by-products are included here.

Mr. Fleming: For each meat? Mr. Munn: For each division.

The Acting Chairman: Do you call them profits or credits?

Mr. Munn: I call them profits. I might put it this way; these credits come to this department which means a profit to that meat account. The first year, 1936, under beef, the profit is ·20.

Mr. Dyde: ·20 what?

Mr. Munn: Cents per pound; 1937, ·004; 1938, a loss of ·33; 1939, a loss of ·20. They will all be losses from now on; 1940, ·58; 1941, ·38; 1942, ·50; 1943, ·59; 1944, ·11; 1945, ·49; January 1, 1947, ·26; December 31, 1947, ·54.

Mr. IRVINE: Are these still losses?

Mr. Munn: Losses, yes.

Mr. Dyde: Now, could you give the same figures for pork?

Mr. Munn: These will all be profits; ·44 in 1936.

Mr. Dyde: These are still in cents per pound?

Mr. Munn: Cents per pound; 1937, ·39; 1938, ·15; 1939, ·21; 1940, ·45; 1941, ·53; 1942, ·61; 1943, ·52; 1944, ·50; 1945, ·65; 1946, ·08; 1947, ·60.

Mr. Dyde: With reference to that same page, are you able to give the relative figures under 3 (d)?

Mr. Munn: Yes, sir.

Mr. IRVINE: May I ask if those figures in the last group were losses?

Mr. Munn: The were all profits.

Mr. Dyde: Under pork, they were all profits.

Mr. Fleming: Have you any consolidated figure for the thirteen year period?

The ACTING CHAIRMAN: Schedule 3 (d) contains that. We are coming to that now.

Mr. Fleming: I am thinking of the cents per pound figure.

Mr. Munn: I will work it out now, if you wish.

The ACTING CHAIRMAN: Do it over night.

Mr. Dyde: Let us get as many of these figures added tonight as we can.

Mr. Munn: Under 3 (d), profits from operations of all departments; ·34 in 1936; ·20 in 1937; the next one is the only loss, ·17. The next figure is a profit again, ·11; 1940 is the same, ·11; 1941, ·20; 1942, ·28; 1943, ·22; 1944, ·24; 1945, ·19; 1946, ·17; 1947, ·43.

The Acting Chairman: That is what you wanted, was it not, Mr. Fleming? Mr. Fleming: No, I wanted the consolidated results for the thirteen year period.

Mr. Munn: I can give you the total for all the years there. It is .206.

Mr. Fleming: Just one question on that point; that means for the thirteen year period you have handled all meats with a gross profit of about one-fifth of a cent per pound?

Mr. Munn: That is from all operations, Mr. Fleming.

Mr. Fleming: Yes, your average from all operations, that is meat. Did you credit all revenue from by-products?

Mr. Munn: It is more than the meat operations.

Mr. Fleming: It includes your revenue from the sale of by-products, everything, and it works out to an average of one-fifth of a cent per pound gross profit.

Mr. Thatcher: I take it from that the last year was the most profitable year in the last eleven?

Mr. Munn: Yes, I think that is correct, Mr. Thatcher. I make it twelve.

The Acting Charman: Mr. Dyde has drawn my attention to the fact he wishes to have as many figures put in tonight before we adjourn as possible. We can ask questions tomorrow. It is just a suggestion and I am in the hands of the committee.

Mr. Dyde: You have also relative figures for 3 (e) on the same page?

Mr. Munn: Yes, for 1936, ·11; 1937, ·01; 1938 is a loss, ·26. There is another loss the next year, ·09; 1940, also a loss, ·04; 1941 is a profit, ·04; 1942 is a profit, ·11; 1943, a profit of ·10; 1944, a profit of ·08; 1945, the same, ·08; 1946, ·14 and 1947, ·21.

Mr. FLEMING: And the total?

Mr. Munn: ·07.

Mr. Dyde: Now, with regard to schedule 4, (a) and (b) and schedule 4 (c) which covers some four or five pages, Mr. Chairman, the committee's accountant made an analysis of those pages which Mr. Munn and his officers have had an opportunity of checking, I think.

Mr. Munn: That is correct.

Mr. Dyde: It seems to me that this also would be helpful to the members of the committee who might find it more convenient to glance at these various pages in this way. Mr. Munn finds them correct, so I should like to submit that as an exhibit.

The ACTING CHAIRMAN: Would you not rather print it in the evidence at this point?

Mr. Dyde: I would rather do so if that is satisfactory. I do not want it to be confused with Mr. Munn's actual evidence. However, he does agree, and we might perhaps have it put in in that way.

The ACTING CHAIRMAN: Agreed?

Carried.

Mr. Dyde: Where would we most conveniently put it, Mr. Munn, ahead of any pages in schedule 4?

Mr. Munn: I would think, Mr. Dyde, just prior to profits; that is the most important part, is it not?

Mr. Dyde: Just ahead of 4 (c); would that be the most convenient place? The Acting Chairman: We will follow your advice, Mr. Munn. It is being printed in the evidence just before schedule 4 (c).

Mr. Dyde: Now, even although we have the summary, I think there are also some figures that you can add to your schedule 4 (a) for the year ending December 31, 1947. Would you give us the figures there, Mr. Munn?

Mr. Munn: You mean the average selling price, Mr. Dyde?

Mr. Dyde: Yes.

Mr. Munn:			
Period	1		21.81 cents
Period	2		21.97 cents
Period	3		22.94 cents
Period			24.03 cents
Period	5		24.23 cents
Period	6		25.17 cents
Period	7		24.49 cents
Period	8		22.75 cents
Period	9		22.58 cents
Period	10	,	21.90 cents
Period	**		23.17 cents
Period	12		21.88 cents
Period	13		21.95 cents

Mr. IRVINE: And these prices correspond to the same dates we got before?

Mr. Munn: Just so.

Mr. Fleming: And the total?

The ACTING CHAIRMAN: We have it. It is 22.86. If you look at schedule 3 (a) the figure was given as 22.86 for 1947.

Mr. Munn: That is right, Mr. Chairman; 22.86 is the total.

Mr. Dyde: And for the pork? Mr. Munn: Pork operations:

		Cents
Period 1	 	29.60
Period 2	 	29.03
Period 3	 	28.72
		29.42
Period 5	 	28.88
Period 6	 	29.10
Period 7	 	29.10
Period 8	 	29.16
Period 9	 	30.05
Period 10	 	$30 \cdot 42$
Period 11	 	30.04
		30.04
Period 13	 	30.53
Total	 	29.60

The ACTING CHAIRMAN: Six o'clock gentlemen.

Mr. Fleming: Has Mr. Dyde given us all the figures he wants us to take tonight? We can take a minute or two if he has some others.

Mr. Dyde: There are one or two things that I think will be of some assistance. On Schedule 4(a) where it is marked periods 1 and 2, 1948, I wanted to give a couple of totals there to make it quite evident where some figures are coming from which are on the added page. Under total meats towards the middle of the page, and in the bottom line I have added period 1 and period 2 under (a), the figures 19,803,000 odd and 17,609,000 odd, making a total of 37,413,272. The dollars amount immediately next to it to the right totals \$10,997,322.

Mr. IRVINE: Please repeat the figure for the pounds.

Mr. Dyde: 37,413,272. You will find those figures getting transferred to the analysis. I think Mr. Munn can also give us the average selling prices for those two periods.

Mr. Munn: Under beef the first period 25.07; the second period, 24.56. Under pork, period 1, the average selling price is 33.81; period 2, 34.98.

Mr. DYDE: I think that is all, gentlemen.

Mr. Fleming: There is just one question, Mr. Dyde. We are ignoring pretty largely veal and lamb. Do I take it we are leaving them out from now on?

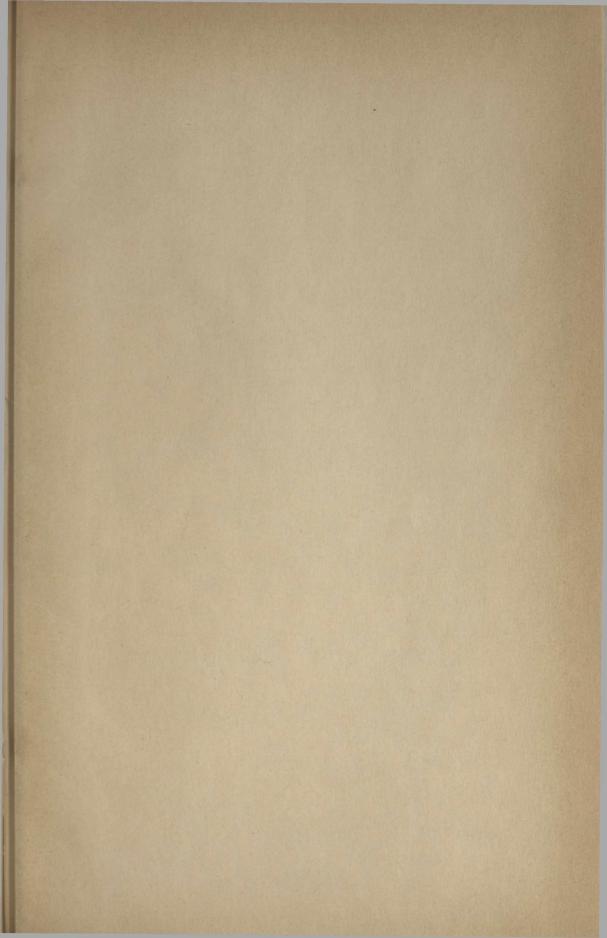
Mr. Dyde: As far as I can see there is no particular significance in veal and lamb.

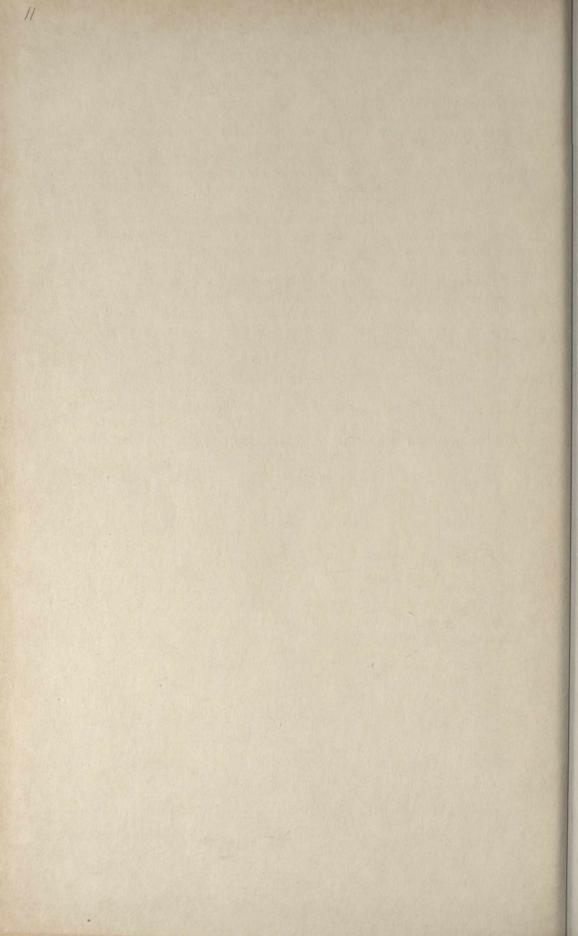
Mr. Fleming: That would be for all purposes of our inquiry?

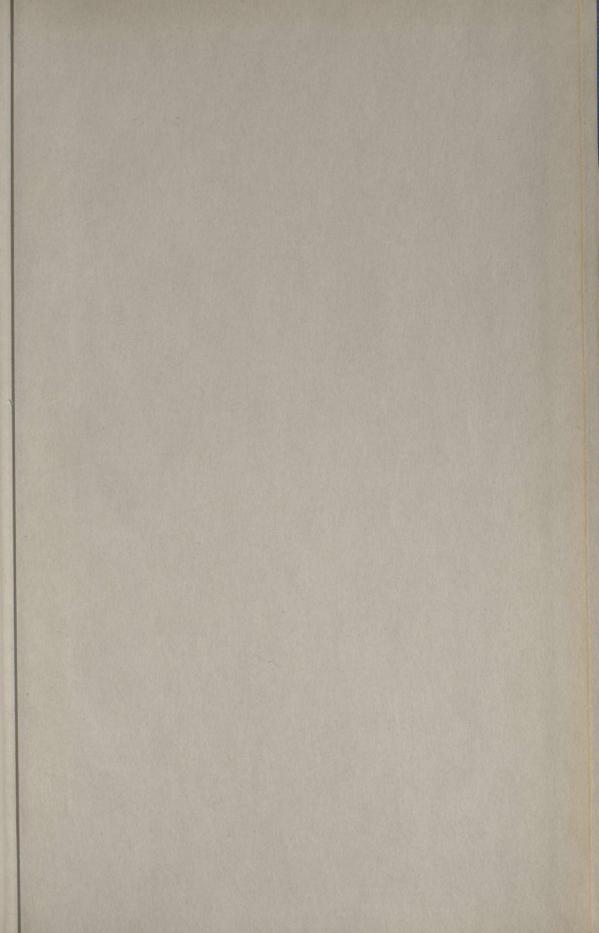
Mr. Dyde: Yes.

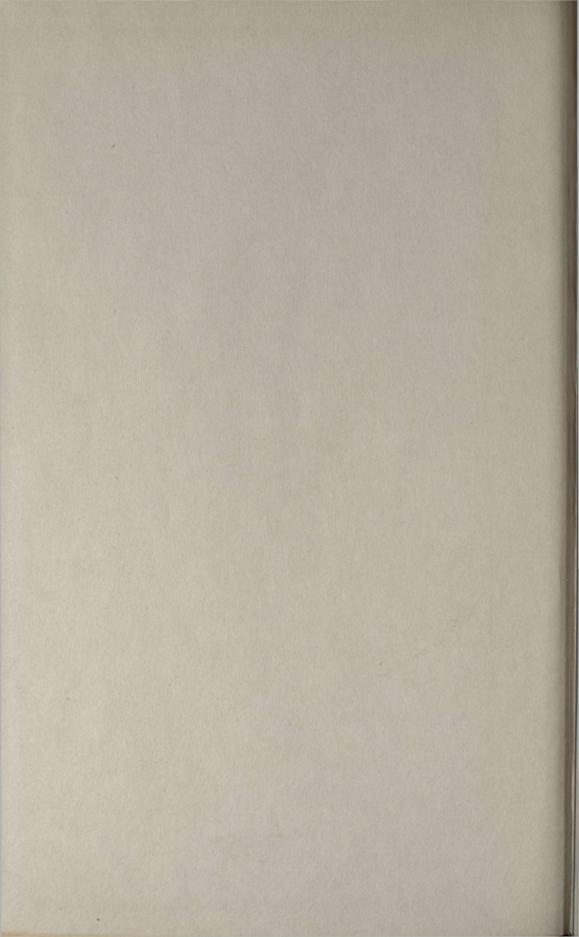
The Acting Chairman: The meeting is adjourned until tomorrow at 4 o'clock.

The committee adjourned to meet again on Wednesday, April 28, 1948, at 4 o'clock p.m.









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