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SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 47

WEDNESDAY, APRIL 28, 1948

WITNESSES:

Mr. R. S. Munn, General Manager, Burns & Co. Limited, Calgary, Alta.

Mr. E. Dawson, Manager, Winnipeg Plant, Burns & Co. Limited, Winnipeg, Man.

Mr. J. D. McFarland, Manager, Calgary Plant, Burns & Co. Limited, Calgary, Alta.

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 28, 1948.

The Special Committee on Prices met at 4.00 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Beaudoin, Irvine, Kuhl, Lesage, Martin, Maybank, McCubbin, Merritt, Pinard, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Messrs. R. S. Munn, General Manager, E. Dawson, Manager, Winnipeg Plant, and J. D. McFarland, Manager, Calgary Plant, Burns & Co., Limited, were recalled and further examined.

Counsel filed,—

Exhibit No. 103—Statement showing average selling price, gross profit, expenses and operating profit per pound of beef and pork sold for periods ended November 5, 1947 to February 25, 1948, together with comparative figures for the 1947 fiscal year—Burns & Co. Limited. *(Printed in this day's Minutes of Evidence).*

During proceedings, Mr. Pinard took the Chair in the temporary absence of the Vice-Chairman.

At 6.00 p.m. witnesses retired and the Committee adjourned until Thursday, April 29, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

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MINUTES OF EVIDENCE

HOUSE OF COMMONS,
April 28, 1948.

The Special Committee on Prices met this day at 4.00 p.m. The Vice-Chairman, Mr. Ralph Maybank, presided.

Mr. DYDE: Mr. Chairman, I am going to ask a little forbearance if I may today. I have certain other figures which I propose to put before the committee, but immediately before doing so I should like to say that I have a series of questions which I should like to discuss with Mr. Munn and his officers, and I am hoping that it will not be protracted. I should like, if possible, to finish that series and possibly the members of the committee would for the occasion hold their comments or further questions until we have gone through that series. I think it will be profitable for the members of the committee. If we find there is something important coming up of course I do not wish to have questions withheld, but I have a minor plan in mind, and I think I may be able to bring out answers which will be of benefit to us.

Reginald Stace Munn, General Manager, Burns & Company, Limited, recalled.

Eustace Dawson, Manager, Winnipeg plant, Burns & Company, Limited, recalled.

Joseph Douglas McFarland, Manager, Calgary plant, Burns & Company, Limited, recalled.

Mr. DYDE: Mr. Munn, before I ask you a direct question, in the evidence we have so far had before us—and I think you have listened to the evidence—we have had representatives of two companies in the packing industry in Canada. If I may assist you a little bit I am going to lead into the period immediately following decontrol, that is, the period following October 22, 1947. I am going to attempt in a sentence or two to sum up something of the situation as we know it at the present time.

We know that at October 22 you had come through a strike period. We know that the quotas were off meats, and that the meat board had at that time announced that they were standing by to take up surpluses rather than set quotas on the meat to be sold through the meat board.

We also know from our exhibits that we have a heavy run of cattle and hogs immediately following the strike period and, in fact, immediately following the decontrol period. We have also seen that in the case of the companies which have been before us the period of controls was a fairly profitable period over all. I am not referring now to any particular account, either beef or pork, but simply in the over-all operation. So I come to the question that arises as soon as we get into a period of free competition. I should like you to explain to us as clearly as you can what the factors are which enter into the setting of prices of beef and pork in that free competitive period. Before answering that question I think I ought to ask you if you would prefer to answer it with respect to beef and pork separately or with respect to meat as a whole. Which would you prefer?

Mr. MUNN: I would prefer beef and pork separately.

Mr. DYDE: All right. Before you answer the question also, Mr. Munn, there is a paper which I have asked you to check which is an analysis by the committee's accountant with reference to average selling prices, gross profit and expenses. You have had an opportunity of looking at that, I think?

Mr. MUNN: Yes, sir.

Mr. DYDE: You find, do you not, that the calculations correspond with the figures that you have produced?

Mr. MUNN: They do.

Mr. DYDE: I think it would be wise, Mr. Chairman, for us to exhibit that now because Mr. Munn may have some reference to make to that particular paper.

Mr. IRVINE: Which exhibit is this?

Mr. DYDE: This will be exhibit No. 103.

The VICE-CHAIRMAN: Just a moment. Will it not be all right just to record it as though read into the record? It is not a big statement.

Mr. DYDE: It is not a long statement. It is just that I do not want it to be confused as being something Mr. Munn volunteered. That is all.

The VICE-CHAIRMAN: That is all right. We will still give it an exhibit number but print it in the record as though it were now read into the record. Thus it will be identifiable when the word exhibit so-and-so is used.

Mr. IRVINE: Is this another one?

The VICE-CHAIRMAN: This is the analysis by the accountant.

Mr. IRVINE: We got one analysis yesterday.

Mr. DYDE: That is right, and this is another.

Mr. IRVINE: Which one is exhibit 103?

Mr. DYDE: The one you are now receiving. The other one is not an exhibit.

EXHIBIT No. 103: Statement of analysis by accountant.

EXHIBIT 103

BURNS & CO, LIMITED

Average Selling Price, Gross Profit, Expenses and Operating Profit per Pound of Beef and Pork Sold

For the periods ended 5th November, 1947 to 25th February, 1948, together with comparative figures for the 1947 fiscal year.

	Selling Price	Gross Profit	Expenses	Operating Profit
Beef				
Average—1947	22·86c	1·37c	1·91c	·54 L c
Period ended				
5 November, 1947	23·20c	6·30c	3·32c	2·98c
3 December	21·88	2·76	1·56	1·20
31 December	21·95	1·21	1·53	·32 L
28 January, 1948	25·08	2·31	1·43	·88
25 February	24·56	1·19	1·71	·52 L
Pork				
Average—1947	29·58c	3·10c	2·50c	·60c
Period ended				
5 November, 1947	32·06c	4·53c	6·90c	2·37 L c
3 December	30·04	3·21	1·62	1·59
31 December	30·53	2·75	1·99	·76
28 January, 1948	33·81	2·71	2·05	·66
25 February	35·00	2·32	2·21	·11

NOTE: Above averages calculated from information contained in Schedules 4 (a), 4 (b) and 4 (c) of the Company's return.

Mr. DYDE: This exhibit is an exhibit showing the selling price, gross profit, expenses and operating profit per pound of beef and per pound of pork for certain periods, namely, the periods ending the 5th of November, 1947, to the 25th of February, 1948, together with the comparative figures for the 1947 fiscal year. These figures have been calculated from information contained in schedules 4(*a*), 4(*b*) and 4(*c*) of the company's return. Then, Mr. Munn, also before answering my question are you able to give the committee the selling prices of pork and beef? I should like to have it at Calgary or Edmonton, if you can do it, because that was the area to which you were confining your attention in respect of prices. Are you able to give figures as to selling prices?

Mr. MUNN: We are able to give figures as to selling prices from September at the time the plants were closed by the strike until March of this year.

Mr. DYDE: Would you give those figures, which may be put down in a table in the evidence, but which we would perhaps like to have before us and note them as you give them. Would you first of all, Mr. McFarland, give the prices of beef at Edmonton?

Mr. MCFARLAND:

Red Brand Beef

	cents per pound		*cents per pound*
September 6	23¼	January 10	27
November 1	25	January 17	27
November 8	25	January 24	27
November 15	24	January 31	27
November 22	24	February 7	26
November 29	24	February 14	26
December 6	22	February 21	26
December 13	23½	February 28	26
December 20	23½	March 6	26
December 27	25	March 13	26
January 3	25	March 20	26½

Mr. DYDE: In pork prices I think we will confine our attention to the same items we have on Exhibit 94, if you can. We have fresh loins, smoked trimmed ham, smoked cottage roll, fancy side bacon in half-pound package, casing back. We have some prices on cooked ham, but I think not enough to give us much of a comparison. Can you give those prices in pork?

Mr. DAWSON: We have not got sliced bacon but we have fancy piece bacon.

Mr. DYDE: As long as we can have fancy piece bacon.

Mr. DAWSON: We have not got casing back but we have smoked boneless back, and we have smoked cottage rolls.

Mr. DYDE: You have not fresh loins?

Mr. DAWSON: We have fresh loins and smoked hams.

Mr. DYDE: Would you give us fresh loins, smoked hams, and your heading of bacon.

Mr. DAWSON:

Fresh Loins

	cents per pound		*cents per pound*
September (ceiling price)	33	January 10	42
October 25	35	January 17	42
November 1	35	January 24	42
November 8	35	January 31	42
November 15	35	February 7	42
November 22	35	February 14	42
November 29	35	February 21	42
December 6	35	February 28	42
December 13	35	March 6	42
December 20	35	March 13	42
December 27	35	March 20	42
January 3	35		

Is that as far as you desire it?

Mr. DYDE: Yes. That is for fresh loins at Edmonton?

Mr. DAWSON: That is right.

Mr. DYDE: Smoked hams at Edmonton.

Mr. DAWSON:

SMOKED HAMS

	Cents per pound		Cents per pound
September (ceiling prices)	36½	January 10	45
October 25	36½	January 17	45
November 1	36½	January 24	45
November 8	36½	January 31	45
November 15	37½	February 7	45
November 22	37½	February 14	44
November 29	37½	February 21	44
December 6	37½	February 28	44
December 13	37½	March 6	44
December 20	37½	March 13	44
December 27	37½	March 20	44
January 3	37½		

Mr. DYDE: Describe the kind of bacon you are going to quote now.

Mr. DAWSON: This is fancy piece bacon.

Mr. DYDE: What is fancy piece bacon?

Mr. DAWSON: Our No. 1 brand, Shamrock.

Mr. DYDE: Is it sliced?

Mr. DAWSON: No, in the piece.

FANCY PIECE BACON

	Cents per pound		Cents per pound
September (ceiling price)	39½	January 10	57
October 25	41	January 17	57
November 1	43	January 24	57
November 8	44	January 31	57
November 15	44	February 7	57
November 22	44	February 14	54
November 29	44	February 21	54
December 6	44	February 28	56
December 13	44	March 6	56
December 20	44	March 13	56
December 27	46	March 20	56
January 3	46		

Mr. DYDE: Now, Mr. Munn, after that long digression, for which I am completely responsible, would you mind coming back to my question and you may, of course, in answering it use any exhibit or any document which we have here. Would you explain to us as clearly as you can what factors there are which, in fact, entered into the setting of your selling prices of beef and pork during those months of November and December? I think you are going to deal with beef first, are you not?

Mr. MUNN: Yes. During the period of control when we were working under Wartime Prices and Trade Board ceilings the market was set for us by the board at the ceiling price. Following the removal of controls we returned to normal free trading as carried on in the industry prior to controls. We sold our beef from day to day, or week to week on the basis of the market price. Now, Mr. Dyde, you may perhaps ask me what the market price is?

Mr. DYDE: Yes, I would like you to explain that.

Mr. MUNN: The market price, as far as we are concerned, is determined and is the price at which our salesmen and the buyer—the retailer—can agree to make a deal. While we desire to get a certain price the fact remains that we may sell at less and at more if we are able to do so.

Mr. DYDE: You are confining your attention to beef and can you be a little more explicit as to that action which takes place at a given time? Do you have a price which you desire to get on one day? Do your men leave the plant with the idea in their minds that they should get a certain price?

Mr. MUNN: I would answer that is definitely so, yes.

Mr. DYDE: And the price which they have in their minds when leaving, and which they hope to get on the market, is determined in what way inside the plant?

Mr. MUNN: Oh, I would say, Mr. Dyde, by means of costing.

Mr. DYDE: Can you tell us more about how you arrive at that definite price or it is almost an ideal price—it is the price which you hope to get?

Mr. MUNN: I think we leave off when we arrive at our cost plus our selling expenses. Anything the market will give us over and above that is profit and anything less would be a loss. We do not go out after an ideal price, but if there was such a thing, and if we could get such an ideal price, I would suggest an eighth or a quarter of a cent above cost.

Mr. DYDE: I may have used the wrong word when I said "ideal" but I meant the price which you in the plant hope that your drivers will get?

Mr. MUNN: Yes, and I suggest that would be a fraction above cost.

Mr. DYDE: I would just like to exhaust that; would you tell the committee as nearly as possible how that price is arrived at in the plant of Burns and Company?

Mr. MUNN: Do you wish to go through the costing system?

Mr. DYDE: Does the question mean you would have to go through the costing system?

Mr. MUNN: No, I would say that it could be done very briefly. Mr. McFarland could explain it.

Mr. MCFARLAND: We have some figures here, Mr. Dyde, which are copies of actual transactions in the Edmonton plant. The first column is the price at which we bought steers, presumably steers that would grade red brand—choice red steers. The next column is the net cost of that beef to us—they are dressed costs, and we have added back or credited the by-products of the beef and deducted that amount from our expenses. On September 6 we bought steers at $12.60, which gave us a net cost, basis red, of $23.43. On November 1, we bought steers at $12.60 giving us a net cost of $24.20; on November 8 we bought steers at $12.65 and the net cost to us, basis red, was $23.52; against those figures our sale price on September 6 was $23.25 showing a loss of eighteen cents against net cost; on November 1 the sale price was $25.00 which showed a net profit of 80 cents over cost; on November 8 we paid $12.65 and the beef cost us $23.52—it was sold at $25.00 giving us a profit of $1.48 a hundred. On November 13 we bought at $13.15, the cost was $24.81, and we sold at $24.00 which is a loss of 81 cents a hundred. On November 22 we bought at $12.95, the net cost was $23.37 and the selling price was $24.00, giving us a profit of 67 cents per hundred. On November 29 we bought at $13.25, the net cost was $22.41, and the selling price was $24.00 giving a profit of $1.59 a hundred. All these figures are in hundredweights. On December 6, we bought at $13.40, the net cost was $22.86, the sale price was $22.00, giving a loss of 86 cents. On December 13 we bought at $14.00, the cost dressed was $24.26, the sale price was $23.50, giving a loss of $1.26; on December 20 we bought at $14.25, the net cost was $24.95, the sale price was $23.50, giving a loss of $1.45; on December 27 we bought at $14.00, the dressed cost was $24.54, the sale price was $25.00, giving a profit of 46 cents per hundred.

Mr. DYDE: You have, I think, obtained those figures since you made up your statement, but would you explain whether or not the officers of your company have those studies from day to day or week to week before them when they are determining the price?

Mr. MCFARLAND: Those figures are available to us but not necessarily when determining the price, Mr. Dyde.

Mr. DYDE: Then is there anything else the officers of your company consider when determining the price which you hope to get on a particular day?

Mr. MCFARLAND: We pay very close attention to what competition will allow us to get for our meat.

Mr. DYDE: Yes, but I just want to exhaust what there is before the officers of your company when the price is determined by the officers and the decision made that the salesmen will go out on a certain day and try to get a certain price per pound?

Mr. MCFARLAND: Those figures I have quoted are the only actual figures.

Mr. DYDE: What other factors are actually taken into consideration by the officers of the company? I think there are other factors?

Mr. MUNN: Well, Mr. Dyde, certainly the amount of business we were doing at the time would be taken into account. If we were not satisfied we would be inclined to reduce the price if necessary to sell more beef.

Mr. DYDE: Is there anything else you can add?

Mr. MUNN: I would consider if we were suffering heavy losses we would run the risk of putting prices a little on the high side of the market, and we would run the risk of losing some business.

Mr. DYDE: Would you go on from there and describe what happens when your salesmen go out with the price which they hope to get for beef? What do they do?

Mr. MUNN: That would depend upon the type of salesman and the location. In the cities of Edmonton and Winnipeg I would suggest that the salesmen would not be permitted to cut prices without referring the matters to his superiors. In the case of salesmen working at some distance from head office, say northern Ontario or northern Quebec, we would have to leave it to his judgment as to whether he would meet the price—within, of course, some reason.

Mr. DYDE: When you speak of cutting prices you mean your own prices?

Mr. MUNN: Exactly. That does not mean he would necessarily sell below the market because the market may be the price he is trying to meet.

Mr. DYDE: He finds out, pretty rapidly does he, what the other packing companies are selling for or trying to sell for on that day?

Mr. MUNN: I think sometimes he is inclined to be led astray by the buyer. Quite often I would suggest that is true.

Mr. DYDE: He goes into a retail shop and he says "beef is so much a pound today"—is not that what happens?

Mr. MUNN: No, I think he would say "I am going to mark you up a carcass of beef." The retailer would say "what is the price?" The salesman would say "25 cents—" and the retailer says "oh, I can buy it from so and so at 24½ cents."

Mr. PINARD: What happens then?

Mr. MUNN: It depends on the psychology of the two who wins.

Mr. DYDE: At some stage he may telephone back to the plant and say "the price which I am instructed to ask is higher than some of the other plants are asking, what do I do?"

Mr. MUNN: It would have to be a very very convincing argument before the price would be cut. It would depend on the price at more than one retailer's.

Mr. DYDE: Does he have some discretion to go out and say "the price is ½ a cent higher than I started out so I will raise it"?

Mr. MUNN: No, I would say no. I do not think it is possible in the case of beef to sell for ½ a cent higher than the price which the company wishes to get.

Mr. DYDE: Would you know from your own experience?

Mr. MUNN: Yes, if it were not true we would have been very badly informed.

Mr. DYDE: You put it in a rather doubtful way. You said "I would say,—" but have you not had experience which would enable you to answer that categorically?

Mr. MUNN: I did answer categorically.

Mr. DAWSON: What was the question?

Mr. DYDE: Mr. Munn said he would say the salesman would not raise the price to the retailer on his own accord—that is to try and get a higher price than the desired price—and what I wanted to know is whether you could—from your experience—answer quite definitely?

Mr. DAWSON: If our price were lower than the market we would expect the salesman to find out and adjust the price accordingly. He has also to use his discretion and raise the price if he finds other people are getting a higher price.

(Mr. Pinard took the chair.)

Mr. MUNN: I take it that if he reports the lower prices he should certainly report the higher ones?

Mr. DYDE: Yes. The price that is finally arrived at is referable sometimes to cost and sometimes it is not. In other words you are really repeating to me what you said earlier that you regard as factors both cost and the market? Am I correct?

Mr. MUNN: Yes, but I would say the sale of the beef finally would be influenced by the market.

Mr. DYDE: More than it would be by cost?

Mr. MUNN: Definitely.

Mr. DYDE: What you are saying is that in your opinion the market governs the price and has more effect on price than has your cost?

Mr. MUNN: Yes.

Mr. DYDE: Would that be the case with people who are operating from smaller plants? I refer particularly to Calgary and Edmonton—how many plants are there in Calgary and Edmonton altogether?

Mr. MUNN: Are you referring to packing plants?

Mr. DYDE: Yes.

Mr. MUNN: There are two in Calgary—and one is almost a packing plant which would make three, and there are four packing plants in Edmonton.

Mr. DYDE: Now there are some also which are smaller—people who are producing at the same time?

Mr. MUNN: Yes, the local slaughterers, and people of that kind.

Mr. DYDE: I do not want to put words into your mouth but their price would be governed, would it not, pretty largely by what the larger companies are asking?

Mr. MUNN: We find for the most part that type of person is in and out of the business depending on whether it is profitable. If the market is fairly profitable then he will be in business in a big way, but as soon as the market turns to losses he gets out. For the most part I would suggest that they have to sell slightly lower—not much—but slightly lower than the packing plants.

Mr. DYDE: When you say he is in and out of business, is it because he has not an expensive plant?

Mr. MUNN: That is right; he has not got an expensive plant nor has he the large investment, and he has not a large number of employees.

Mr. DYDE: I think, generally speaking, that we have been referring to beef. Would you now turn to pork in the same period. I am not asking you to read the figures at the moment but I am asking you to say whether there is any difference in the determination of your pork price as against the determination of your beef price?

Mr. MUNN: Mr. Dawson is best informed on that, Mr. Dyde, and he could answer.

Mr. DYDE: I should like Mr. Dawson to answer.

Mr. DAWSON: I would say, yes, there is some difference. Your selling prices on pork are influenced to a much greater extent by cost than in the case of beef prices. If you freeze beef and then go out and attempt to sell it on the domestic market you have to discount it under the price of fresh beef. You are in a position, in so far as pork is concerned, of having more channels into which to put it. If it is not moving fresh, you can move it into the freezer or carry it on into smoked meat.

You asked, I believe, a question there with regard to the change in our pork prices. Shall I reply to that, too?

Mr. DYDE: Yes.

Mr. DAWSON: I think, in attempting to answer that, it is desirable to review, to some extent, what transpired in connection with operating under ceiling prices.

Ceiling prices on meat were set around the end of 1941. Since that time, little adjustment was made in those prices to compensate for the increased supply and labour costs. Those increased supply and labour costs were compensated for during 1942, 1943, 1944 and 1945 by an ever increasing volume. If you refer to schedules 3(a) and 3(b) in our statement you will see that is so.

During 1945, our volume declined very substantially, with the result our overhead expense per 100 pounds increased. Now, this situation became quite acute and at the end of 1946, when some adjustment in ceiling prices was being contemplated because of the new British bacon contract, some allowance was made for the increased supply and labour costs. We then went along on that basis into 1947. All through that year we were faced with increasing costs in our supplies. We had further decreases in volume which increased our overhead cost per 100 pounds.

Then, we had a strike and we wound up at the end of that by granting wage increases amounting to approximately 14 per cent. I think it was only natural that, when the period of decontrol came, we reviewed our costs in the light of these conditions and made what adjustments we felt were necessary.

Mr. DYDE: I would think you would have to review them and it is that review to which I am now asking you to direct your attention.

Mr. DAWSON: When I say we made an adjustment, we did make an adjustment. We have taken down some prices and those prices indicate some increases. Aside from that there were some prices, inevitably, which were actually reduced.

When I speak of reducing prices, we found we had to reduce our prices on out-weight products, that is, a less desirable pork product. The housewife

became more discriminating in her selection. She was only prepared to buy this heavier product at a greater discount in price. I think it is apparent that, when you put some prices down, you must put some prices up to balance the thing. It was a fact, too, that competition came back into the market. We found it necessary to trim our pork products better. We had to de-fat our pork loins and so on. I think our bacon was better trimmed than formerly. The consumer was demanding these things. The consumer became more critical again.

Another factor which entered into the adjustment was the fact that the consumer was again free to exercise a preference for goods which the consumer desired. This was quite obvious in the case of bacon. People had not had enough bacon during the war and as soon as it came back on the market, people started buying bacon in quite substantial quantities. When you cut up a hog, you have quite a lot of cuts other than the bacon, and we have to adjust our prices again to keep some relationship.

I believe that statement outlines why we did these things.

Mr. DYDE: It gives your view of it. Perhaps, we have not had the answer as yet, Mr. Dawson. Now, I propose to come, in my general questioning, to the period starting with the first of January, 1948. From the information we have at present it would seem that, effective January 5, there was a re-negotiation of the United Kingdom contract, resulting in a change in prices. There was a substantial increase in the price of Wiltshire sides, and a change upward in the price of beef.

Now, I do not know whether I should direct this question to Mr. Munn or to whom I should direct it, but the question I want to ask at this point is, are you necessarily fixed with a price to the consumer in Canada, the equivalent of the price that is being paid by the United Kingdom consumer? Did the rise in prices in January under the United Kingdom meat contract inevitably mean an increase in prices to the Canadian consumer?

Mr. MUNN: I think the answer to that, Mr. Dyde, is this; the United Kingdom bacon contract is considered to establish a floor price for hogs, and a floor price for hogs requires, whether the hogs be used on the domestic market or export market, that a floor price be paid. I believe that is the understanding. I cannot give you anything in writing to that effect, but I think that explains the price.

Mr. DYDE: Well, there are two questions which arise. I am going to take the liberty, Mr. Munn, of reminding you of a paper which you read at the twenty-eighth annual meeting of the Industrial Development Council, Canadian Meat Packers, in January, 1948. I do not want to take one bit out of this, if you wish to refer to any other portion. Yet, I should like to quote some very interesting sentences from your paper. Gentlemen, I want to make it clear that I told Mr. Munn ahead of time I would refer to this paper. That is correct, is it not?

Mr. MUNN: Correct.

Mr. DYDE: You say in one place,

> In the final analysis, the producer, packer and packing house employee, is largely dependent upon the consumer. He must be careful to provide quality meat products at prices he can afford to pay or the entire livestock industry will suffer. In view of this—

I am still quoting—

> —it might well be in the general interest of all concerned, and particularly the producer, over the long term, if the hog market was permitted to reflect both export values and the price at which the Canadian consumer will buy easily. Under these conditions, hog prices might be somewhat lower than at present but the producer would be in a more secure position so far as his future market is concerned.

That is the end of the quotation. If there is any other part of the paper which you wish to have me quote, Mr. Munn, I would be glad if you would tell me. I should like you to elaborate on that statement, because I think you can. Now, we are referring to pork, let us say, and to the condition existing in Canada in January, 1948.

Mr. MUNN: First of all, Mr. Dyde, it is a personal opinion. It is not necessarily the opinion of my company, I think I said elsewhere in the statement, I am not quite sure as I have not a copy of it, something to this effect; the domestic market was, to some extent, tied up with a specific export contract. I assume that nothing could be done about it, but I still hold the opinion that it would be bettter not to have a specific export contract tied up to the domestic market or, rather, the other way around.

Before the war, of course, before there was any United Kingdom contract, the export market fluctuated and it fluctuated wildly. I do not think that is entirely advisable, but the Canadian hog market did reflect the export market and, I think, the price the Canadian consumer was willing to pay; that is not possible today. It may not be desirable.

Mr. DYDE: I would be very glad to make it clear that this was a personal opinion and, yet, I am wondering if what you have just now told me is exactly the same as what you said then. When I read this, my inclination is to feel that you have some view of your own, not your company's necessarily, but some view of your own with regard to how that view which you have expressed could be carried out.

Mr. MUNN: I think it could be carried out in this way; by making an export contract and also by setting a floor, not necessarily at the export price. In the case of beef, we have an export contract which constitutes the floor price and, it is my personal opinion and only my opinion not the company's, that that beef price is not too high. It does constitute a floor. I believe the export hog price, in effect, constitutes a ceiling and a floor.

Mr. DYDE: May I go on one step further and suggest to you that this could have been done in January, that you could have refrained from taking an inventory profit at that date. I do not say that this is a very feasible thing in the light of conditions as they existed, but I am simply stating it could have been done and that it would have held down the price a little bit to the Canadian consumer. Now, does that follow?

Mr. MUNN: The price, in fact, Mr. Dyde, was held down to the Canadian consumer below the equivalent of the export level. I think the figures we have submitted indicate that.

Mr. DYDE: Yes, will you explain to us how that did take place?

Mr. MUNN: You wish me to be specific?

Mr. DYDE: Yes, thank you.

Mr. MUNN: The selling price on the statement you submitted today—excuse me, yesterday's statement.

Mr. DYDE: It is yesterday's statement which was inserted in your material?

Mr. MUNN: Yes, it was taken from our figures. The ceiling price in 1948, the eight weeks' average was $34.36 per hundred or 34·36 cents per pound. We exported a fairly large quantity of pork during those two periods, 9,700,000 pounds, to be exact. Of that quantity, 3,000,000 was at the old price, which means—

Mr. DYDE: Excuse me, just a moment; some members of the committee have not got the exact document to which you are referring.

Mr. IRVINE: Is the witness reading from a document which we are supposed to have?

The ACTING CHAIRMAN: He is referring to a document which was filed yesterday.

Mr. DYDE: Yes, Mr. Munn.

Mr. MUNN: Perhaps I can start again.

Mr. DYDE: Yes, please.

Mr. MUNN: The selling price as stated on that statement for the first 8 weeks of 1948, indicates an average of 34·36.

Mr. DYDE: You find that down near the bottom of the page on the right-hand side.

Mr. MUNN: Compared to 29·6 cents for the whole of 1947. Now, in 1947, we had two changes on Wiltshire prices. It is quite evident from these figures that we did not procure even 7 cents a pound in these 8 weeks over the average for 1947. Now, in these 8 weeks of that 9,700,000, the part which we exported and on which we received the higher price of 7 cents per pound was only about 6,700,000.

Mr. DYDE: Are you going to give us nearer figures, or are these near enough now?

Mr. MUNN: I do not think you have these figures. You have the total pork on schedule 5. In schedule 8, you have the total export of pork for the two periods, and it is 9,700,000 odd.

Mr. THATCHER: I don't just follow that last statement. Would you make that again, if you don't mind.

Mr. MUNN: Of that 9,700,000 pounds of pork we exported in the first 8 weeks of the year I suggest that about 3,000,000 pounds of it that was carried over from December cost us less, and for it the Meat Board paid the old low price; so we received the high price to the extent of 7 cents a pound on 6,700,000 pounds, in round figures. Now, if that is allowed for in these average prices for the first 8 weeks of this year you will find that we averaged on our domestic, 31·7 cents. I could do the arithmetic, Mr. Dyde. Excuse me, the average for everything that we exported was 31·7, in the first 8 weeks of 1948.

Mr. DYDE: Now, I think we can perhaps do some arithmetic, and do it in pencil on that page, can we not; because I think we ought to have these figures that you are giving us on that additional page which was a digest of the information contained in schedule 4. Can we put the figures of the pork in the right-hand side of it along with the export pork and its position in that column?

Mr. MUNN: These figures are very rough, Mr. Dyde. Perhaps we could work them out a little better.

Mr. DYDE: Would you want to work them out now, or would you want to work them out later and give it to us then?

Mr. MUNN: Perhaps that would be better.

Mr. DYDE: You have them worked out as it is?

Mr. MUNN: No.

Mr. DYDE: Then I think it would be better to give it to us generally, with the promise that you will work them out and let us have them later.

Mr. MUNN: You mean, tell you immediately?

Mr. DYDE: Yes.

Mr. THATCHER: Before you go on with that any further, Mr. Dyde, would Mr. Munn explain just how he gets these figures?

Mr. DYDE: I prefer not to until he gives us the figures which he feels are accurate.

Mr. THATCHER: But would he just explain, I would like to have an explanation on this point.

Mr. DYDE: I was thinking that perhaps one of your officers might work it out now and then let us have it shortly.

Mr. MUNN: There is one check which I can't give—these two months we exported 9,700,000 odd. I can't tell you exactly how much was at the old price.

Mr. DYDE: That would seem to me to be a difficulty.

Mr. MUNN: It would not be over two weeks difference anyway.

Mr. DYDE: Why?

Mr. MUNN: Because it was all cured.

Mr. DYDE: I did not understand—

Mr. MUNN: If we deducted from the total exports half of the January in store at the old price the balance would be at the new price.

Mr. DYDE: And by that means you would have a fairly accurate estimate. It might not be accurate to the pound but you think it would be fairly accurate, do you?

Mr. MUNN: It certainly would not favour the company.

Mr. THATCHER: There is certainly something wrong with that somewhere, Mr. Dyde. Maybe I don't understand it.

Mr. DYDE: I think we had better let Mr. Munn's officers work on that if they can right now and we will come back to it in a minute.

Mr. THATCHER: All right.

Mr. DYDE: Because we are in danger of looking at the wrong figures if we do not.

Mr. MERRITT: May I ask you this, Mr. Munn; is this compilation of figures designed to show that you did not take any of the inventory profit on pork?

Mr. MUNN: Not necessarily, Colonel Merritt. It is designed to show that we did not receive even the equivalent of the export increase on the domestic market, the export price, on our old.

Mr. MERRITT: You did not pass that increase on to the domestic market?

Mr. MUNN: Certainly not that full increase.

Mr. THATCHER: You show your profit on pork in 1948, for the first two periods at less than you had in 1947. Am I right in that?

Mr. MUNN: That is correct, yes.

Mr. THATCHER: I do not see how you can get that. If your stock on hand on December 31, was 8,756,000 pounds and that appreciated 7 cents a pound, that would mean that your stock went up $607,000?

Mr. MUNN: We would not put it up.

Mr. THATCHER: You mean that you sold at the old price?

Mr. MUNN: No. We averaged, we averaged the new stock with the old.

Mr. THATCHER: Why, with a terrific inventory appreciation like that would you conceivably have shown your profit less in January and February than a year ago? Wouldn't that factor enter into it if you are increasing your inventory and holding more—which you may be. I think you said earlier that you had approximately 10,000,000 in January and 12,000,000 in February. Are you holding in the hope of a further price increase?

Mr. MUNN: That is stocks held for the Meat Board.

Mr. THATCHER: How can you justify having an inventory appreciation on a particular product of $607,000, as you must have had according to your own figure, and yet in the first two periods of this year you show less profit than last year?

Mr. MUNN: Well, the $650,000 appreciation is a paper figure unless we raise our new price. We did not raise our new price on the 1st of January up to the higher level.

Mr. THATCHER: But you would raise it when you sell it.

Mr. MUNN: I will put it this way; we carried that stock as it was before that and added in the new stock so that it became an average price.

Mr. THATCHER: Do you mean to say that you did not take this inventory appreciation on any of it?

Mr. MUNN: I was speaking of the export. The export goes into cure.

Mr. THATCHER: But would there not be an inventory appreciation of $607,000 on that part of it?

Mr. MERRITT: Does the witness agree that he has $607,000 inventory appreciation?

Mr. MUNN: On part of it yes, if that product could be sold.

Mr. MERRITT: But, in fact?

Mr. MUNN: It affects our average price. The difference is in the average price. For the first two weeks of 1948, compared to 1947—that indicates the amount that was sold on which we did not obtain the 7-cent increase.

Mr. THATCHER: I don't follow that, Mr. Munn, because the price that you got from the government immediately that contract was signed was 7 cents higher than it was say two or three days before. Isn't that correct?

Mr. MUNN: In the case of export?

Mr. THATCHER: Yes.

Mr. MUNN: Except for what we had in cure.

Mr. THATCHER: Then why would you not get a flat 7 cents on the new product. You say, of course, that you would not on what you had on hand; but you would get 7 cents on some?

Mr. MUNN: Not on export.

Mr. THATCHER: Not on export?

Mr. MUNN: No. The Bacon Board never allows any appreciation on stocks on hand. The export stocks we had on hand in December of 1947, went forward to the Meat Board at the old price.

Mr. THATCHER: And you said that 8,760,124 pounds of that would be export—how much of that would be for export and how much of it would be for domestic consumption? What I would like to get is how much your actual inventory appreciation was.

Mr. MUNN: I think we have that here. No, we don't show it on inventory. That is a figure that was got, and we have it here.

The Acting CHAIRMAN: Does that appear in schedule 8?

Mr. MUNN: As a matter of fact, schedule 5, gives the inventories.

Mr. THATCHER: Yes.

Mr. MUNN: We have broken that down for our own information, and the total on hand at the end of the year, December 31—October 4—of the 8,676,000 pounds there was in cure for the Meat Board 1,258,000 pounds, and frozen for the Meat Board 170,000 pounds. Now, we received no appreciation on that.

Mr. THATCHER: That would still leave about 7,400,000—would it be?

Mr. MUNN: That is correct, about 7,200,000.

Mr. THATCHER: That you would make your 7 cents a pound on?

Mr. MUNN: If we sold it at the higher price.

Mr. THATCHER: I still can't follow. You must have sold some of it in January and February?

Mr. MUNN: Definitely, yes.

Mr. THATCHER: With that extra 7 cents more than you were getting the previous year, and yet you show much less profit. Are there some other factors that come in; because in 1947, your profits were $78,000, in the first period but in this last period they are only $61,000?

Mr. MUNN: That is right.

Mr. THATCHER: And 52, in February last year against 9 this year?

Mr. MUNN: That is right.

Mr. THATCHER: I find it hard to justify this decrease when you have your inventory appreciation, coming in in 1948, that you did not have in 1947; and, obviously, a very substantial amount.

Mr. MUNN: Unless we put our inventory price up on the new arrivals.

Mr. THATCHER: You would on what you sold. You might not on what you put in storage, but you would on what you sold. There might be some other factor in there, however.

Mr. MUNN: Well, look at the figures on this sheet. I gave you the average price that we obtained, 34·36 cents; so we didn't have the appreciation of 7 cents even over the average of last year.

Mr. THATCHER: Let us put it this way; if it had not been for inventory appreciation in February you would have lost money I suppose?

Mr. MUNN: There was no inventory appreciation. We were actually selling at less than our export costs.

Mr. THATCHER: Where does this profit come in, then? Sometime when you were selling this you made your extra 7 cents a pound.

Mr. MUNN: We never sold it that much higher.

Mr. THATCHER: You mean you still have it on hand?

Mr. MUNN: We have some of it on hand, yes.

Mr. THATCHER: You haven't sold very much?

Mr. MUNN: No.

Mr. THATCHER: Perhaps you built up your inventories in case you could get a higher price later on; is that it?

Mr. MUNN: No. I think perhaps I have not explained my point very well, Mr. Thatcher, and it is this; that we did not raise our inventory prices because of the fact that pork went up theoretically and as we sold the old pork we would make a profit on it but on the new pork we are losing on it, and on the average that shows us less profit than a year ago. If we don't get the full price for the new pork that offsets the inventory gain on the other.

Mr. THATCHER: Of course, the thing that I was interested in was your inventory appreciation on what you had on hand the time the contract was signed, and you said that would have been about 7,400,000 pounds?

Mr. MUNN: Yes.

Mr. THATCHER: And you said a minute ago, as I recall it, that that would be about $518,000.

Mr. MUNN: Yes.

Mr. THATCHER: It is not just the way I wanted it or that I thought it would be.

Mr. MUNN: I think when we work out this other figure it may help a little.

Mr. DYDE: We will return to that when we have got some further figures. There is another question also, Mr. Munn, that arises in my mind at the same

time, and that is this. Are you able to make it clear to the committee—and it is a little bit the converse of the other question—that the Canadian producer received the full benefit of the increased price in January?

Mr. MUNN: Mr. Dyde, I do not want to—what will I say—question just exactly what you mean by that, but when you say the Canadian producer you mean the Canadian producer as a whole?

Mr. DYDE: No, I am thinking of the man who is raising hogs and selling them to you.

Mr. MUNN: I would say if he raised his own grain he received the full benefit; if he did not and had to buy grain at the higher coarse grain prices he did not receive the full benefit.

Mr. DYDE: Let us try to get rid of the grain element because that is another thing that we have had to worry about before and may have to worry about again. I am thinking more of whether or not you sat down in January and said, "The bacon price has gone up and I want to make sure that the farmer does not suffer. I want to make sure that Burns and Company get whatever profit is fair to them, but this is a windfall to the country, and I want it to get to the producer." Now, did that happen?

Mr. MUNN: Yes, the price went up about $5.40 per hundred of hogs which would be equivalent to Wiltshires at 7 cents per pound.

Mr. DYDE: We would like to have an explanation of how you can say that is equivalent. Can that be done without a mass of figures?

Mr. MUNN: I think so. Mr. Dawson should be able to do it.

Mr. DAWSON: There is a schedule right in here showing a conversion test on a Wiltshire hog, schedule 9(b).

Mr. DYDE: That is the one headed sheet 1-A and the sub-heading, "Export hogs". Is that the right sheet?

Mr. DAWSON: That is right.

Mr. DYDE: It is 9(b).

Mr. DAWSON: Out of 100 pounds of hot weight hog we get 77½ pounds of Wiltshire side. The 77½ pounds of Wiltshire side at 7 cents a pound comes to $5.425, so if hogs had gone up $5.425 that would have reflected the full increase we got on the Wiltshire sides.

Mr. DYDE: And the price you paid for hogs is set out in another schedule?

Mr. DAWSON: No. 6.

Mr. DYDE: Showing grade A hogs, and the price that you actually paid for them at both Calgary and Edmonton. Am I right?

Mr. DAWSON: That is right.

Mr. DYDE: And the figure that you would refer us to, I assume, is the figure following 1948 where under date of January 3 you are paying $22.06 at Calgary and $24.28 at Edmonton, and then the week ending January 10—is that correct?

Mr. DAWSON: January 3 was a split week. There were hogs in there at the old price and the new price. I think if you take the comparison from December 27 to January 10 you will have a more clear picture.

Mr. DYDE: I am right, am I not, in saying the left-hand column of figures is for weeks ending—

Mr. DAWSON: That is right.

Mr. DYDE: It is the average price over the week, is it?

Mr. DAWSON: That is correct.

Mr. DYDE: So that we will compare the week ending December 27 with the week ending January 10, and I remind myself that the week ending January 10 includes the date on which the new United Kingdom contract price came into effect, which was January 5.

Mr. DAWSON: That is correct.

(Mr. R. Maybank, Vice-Chairman, resumed the chair.)

Mr. DYDE: So the increase you show at Calgary is from $21.96 to $27.33, and by subtracting those two figures we get what?

Mr. DAWSON: You get $5.37 there. You will notice there is a slight variation from week to week.

Mr. DYDE: Generally speaking we are up to $27 and something between 30 and 71 cents throughout that period.

Mr. DAWSON: That is right.

Mr. DYDE: And the comparable figures in Edmonton you show are $21.77 for the week ending December 27 and $27.11 for the week ending January 10.

Mr. DAWSON: That is correct.

Mr. DYDE: So that you support your statement by referring us to schedule 6 for the prices that you were paying to the farmer and schedule 9(b) for the export hogs?

Mr. DAWSON: That is correct, sheet 1-A.

Mr. DYDE: Now, should we also under any circumstances look at the domestic pork which follows immediately afterwards?

Mr. DAWSON: That is not related to any particular market. That was just to outline our method of costing.

Mr. DYDE: I do not think sheet 1-A has to do with any particular market either, has it?

Mr. DAWSON: No, I merely referred you to that to get the yield figure of 77½ per cent.

Mr. DYDE: While we are on these two schedules we had better make it clear what they are. They were not taken at any particular date. Is that right?

Mr. DAWSON: That is correct.

Mr. DYDE: And what are the prices on there, sample prices or what?

Mr. DAWSON: They are sample prices put on to indicate our method of costing.

Mr. DYDE: Picked out of the air or are they related to some date?

Mr. DAWSON: They probably were related to some date. They were taken from some of our tests, but they do not represent any particular period.

Mr. DYDE: We must not look at that page and say that was the situation on any given date?

Mr. DAWSON: No.

Mr. DYDE: Is it possible for you—I do not say I am asking you to do it—to do it as of a given date?

Mr. DAWSON: Yes, we could take the hog market, the cost of a hog at any date, and answer it at any particular plant. We would probably have to adjust the expense figures to bring them in line with whatever plant was being considered.

Mr. DYDE: The particular plant?

Mr. DAWSON: Yes, and we would also have to adjust the credit values there for sundry products to bring them in line with the value at that particular point.

Mr. DYDE: That would be a study in itself day by day?

Mr. DAWSON: Yes.

Mr. DYDE: Now, before I finish this particular part of the questions I come back again to the question—and I think this is perhaps Mr. Munn's question—as to whether there is anything—and I remind you, Mr. Munn, of the remark you made in your paper in January—that the packing industry can do under these circumstances where we find prices rising and where we find the consumers having to exercise consumer resistance, or feeling that they have to? Is there anything the packing industry can do at that point to level off prices? Perhaps I should make it clear to you that the reason I am asking that is that while this committee is sitting here today my understanding is that meat prices are going up. I am wondering whether you have considered whether there is anything that the packing industry can do under those circumstances to help level off prices.

Mr. MUNN: I think there is very little, Mr. Dyde. The industry should operate efficiently, and I think it is operating efficiently. It should limit its profits within reason, but I do not think the profits made by the industry, if they were all offset against the price level, would make a very great deal of difference.

Mr. DYDE: I am not so much suggesting that you should take less profit. I am not driving at your profits at the minute. What I am trying to find out is whether there is anything that can be done usefully by the packing industry. You may say to me that the only thing you can do would be to take less profit. If that is all the answer that is all the answer, but if there is anything else we would be glad to have your suggestions and advice.

Mr. MUNN: Frankly, I do not know what the industry could do.

Mr. DYDE: You have expressed yourself in the article that I read from as feeling, I think, that this situation could be improved, or that there is room for improvement.

Mr. MUNN: There is only one thing that I know of whereby the price to the consumer could go down to any extent worth while, and that is for the producer to accept less, and since we have an export market price that constitutes a floor I do not think it is the intention that the producer should accept less. I do not know enough about the problems of the producer to know whether or not he is doing well. There is just one thing in that connection. I understand that the export price is based upon coarse grains at a certain level. I do not know what that level is, but I do know that coarse grain prices have varied from time to time since controls were removed. Perhaps hog prices that varied with coarse grains would be of some value. The producer if he had cheaper coarse grain would not lose if the hog price followed coarse grains, and the consumer would benefit when the price came down.

Mr. PINARD: May I ask if the price of coarse grain is lower now than it was at the end of 1947?

Mr. MUNN: I hesitate to give an answer to that. I do have some information up to April 7.

Mr. DYDE: We have an exhibit here, Mr. Munn. It is exhibit 98. Our exhibit 98 is mill feed prices as taken from the live stock market review. That gives us the information that barley meal and chopped oats have gone down from the high last October to a price appreciably lower. I am speaking of March 17 where our figures end. That is appreciably lower than the highest price.

Mr. PINARD: In fact, it went down from $67 to $62.20 now.

Mr. DYDE: Barley meal actually was $71 at one time. That is its highest price, but since January it has been at a high of $68, and on March 17 it was $62.20. Does that help you in any way?

Mr. MUNN: No, it does not because I do not know the level of coarse grains when the hog contract was made, on what it was based. I understand the export contract price was based upon coarse grains at a level at a certain time. I do not know what time that was or the level.

Mr. DYDE: It may be that you would find that difficult to pursue, anyway, and, Mr. Chairman, we will have a witness with reference to how that United Kingdom price was set. I have one or two more questions and then I will have completed this part of my questioning. I asked you, Mr. Munn, to produce information with reference to condemnation insurance and your condemnation insurance fund. It may be that I did not ask this question specifically enough, and Mr. Munn informs me that if he has not all the information we need he will be quite glad to send it after a time. Would you please, in the meantime, Mr. Munn, give us the information which you have?

Mr. MUNN: I have the figures for the last two years, 1946 and 1947. The amount of insurance the company collected on hogs and cattle are given separately, the total of the condemnation losses are separate for each of the plants, and the total profit or loss in the account is given.

Mr. MERRITT: Could I have this explained? Is there any record of this matter in the statements produced?

Mr. DYDE: No.

Mr. MERRITT: How does it come into the picture?

Mr. DYDE: It comes into the picture in this way. A witness who represented the Hog Producers' Association, Mr. Tummon, raised the question as to condemnation insurance on hogs. He included condemnation insurance as part of his cost and he said that the hog producer was concerned with whether he was not being asked to pay more condemnation insurance than he should be asked to pay. That is the way it arose.

Mr. MUNN: With respect to hogs, in the year 1946, we collected $112,990.

The VICE-CHAIRMAN: Would you just mention the premium at this point?

Mr. MUNN: ½ of 1 per cent.

The VICE-CHAIRMAN: By collecting ½ of 1 per cent of the value you arrived at the total you have mentioned?

Mr. MUNN: Yes.

Mr. IRVINE: That was in 1946?

Mr. MUNN: Yes. Our condemnation losses for the year at the seven plants totalled $88,508 so it will be seen there was a profit on the account—more insurance collected than condemnation losses suffered—to the extent of $24,481.

The VICE-CHAIRMAN: What then becomes of that $24,481?

Mr. MUNN: It is written into profit.

The VICE-CHAIRMAN: It is written into your profit and loss account?

Mr. MUNN: That is correct. In 1947 the insurance collected was $108,176. Condemnation losses amounted to $81,486 so the profit was $26,690.

Mr. DYDE: Do you know enough to say whether in previous years the figures are comparable?

Mr. MUNN: I would say, Mr. Dyde, that we have always had less condemnation losses on hogs than insurance collected.

The VICE-CHAIRMAN: It is about 25 per cent of the collection which is profit?

Mr. MUNN: The profit is 3 cents per hog in the one year and 4 cents per hog in the other year.

The VICE-CHAIRMAN: Would I be right in the calculation that your profit stands at about 25 per cent of your collection?

Mr. MUNN: That is very nearly correct—between 20 and 25 per cent.

The VICE-CHAIRMAN: Of the fund each year?

Mr. MUNN: Yes, ½ of 1 per cent could be reduced by that amount and it would break even.

The VICE-CHAIRMAN: And if this was the usual story, or the constant story, it would be appropriate to reduce the amount of your premiums by 25 per cent?

Mr. MUNN: That is correct.

The VICE-CHAIRMAN: That is presuming that it is a constant occurrence?

Mr. MUNN: Yes, and I think it is.

The VICE-CHAIRMAN: There could be no objection to a reduction of 25 per cent of the impost upon the vendor of the cattle?

Mr. MUNN: Upon the vendor of the hogs.

The VICE-CHAIRMAN: You are dealing only with hogs?

Mr. MUNN: It is important that it is hogs only with which I am dealing.

The VICE-CHAIRMAN: You are going to give cattle now?

Mr. MUNN: Yes. The cattle insurance collected in 1946 was $76,020; condemnations were $116,480; the loss for the year is $40,459. In 1947 the insurance collected was $51,557; condemnation losses were $112,095; the loss for the year was $50,537.

Mr. DYDE: Now the rate of insurance on cattle is calculated on a basis different to that used with respect to hogs?

Mr. MUNN: The rate is 20 cents per head on heifers and steers, 50 cents per head on cows, 20 cents per head on calves 400 pounds up, and nothing on sheep.

Mr. DYDE: The figure with respect to the rate on cattle altered in 1945?

Mr. MUNN: It altered on August 13, 1945.

Mr. DYDE: The hog rate has never altered?

Mr. MUNN: It has never changed.

Mr. DYDE: Do you know when this practice first started?

Mr. MUNN: I heard a witness give the date but I have no knowledge of my own. I might say that it has been the practice to collect this insurance ever since I have been in the industry.

Mr. DYDE: Mr. Munn, would you be willing—after you have gone back to your office—to give us the extended figures for the years previous?

Mr. MUNN: Yes, I think that can be done easily.

Mr. DYDE: May I ask you to let us have a letter setting out the information and extending the figures back to 1938—that fiscal year?

Mr. MUNN: Yes.

Mr. DYDE: Then with reference to one other matter, and you and I have had some discussion with regard to this matter of the consumer's dollar and meat—I call the attention of the members of the committee to the 1947 annual report of the company at page 2. You there set out a diagram showing how every $100 was distributed by Burns and Company. I would like to have your own view as to whether it would be desirable from the point of view of the public and from the point of view of the industry—if it could possibly be worked out—to publish periodically some table or document which would show where the consumer's dollar is going when the consumer

buys beef and pork? I am first asking you if you think such a publication would be desirable from any point of view, and then I would ask you if it is practical and could be done?

Mr. PINARD: In other words you want the profit to the retailer?

Mr. DYDE: Yes.

Mr. PINARD: That is the only thing that remains.

Mr. MUNN: Mr. Dyde, I think it would certainly be desirable if the information could be given accurately.

Mr. DYDE: That has to do with the next part of my question. Could it be done with sufficient accuracy to give proper impression?

Mr. MUNN: I would not care to say it would not be possible to do it accurately because I do not like to say anything is impossible. I think it is worthy of the attempt but I think it is something that some government body—the Dominion Bureau of Statistics or some organization of that kind—should calculate.

Mr. DYDE: Supposing the Dominion Bureau of Statistics was willing to take the task over would you express to us your opinion as to what Dominion Bureau of Statistics ought to get in the way of information in order to carry out that task?

Mr. MUNN: I am not quite sure how they make up their cost-of-living index—and that is not in favour with everybody—but I would suggest that they would have to use the same means. In other words they attempt to find the price of many different articles. I think you would have to find the price which was being obtained for meat by the average retailer or the majority of retailers, and you would have to find the same thing with respect to the packers. I think it could be done.

Mr. DYDE: I have finished, Mr. Chairman, at this moment, with my questions.

The VICE-CHAIRMAN: You have finished with this part of your case. Are there any further questions at this point?

Mr. THATCHER: I just have a few questions to ask, Mr. Chairman. They are general questions and they deal with inventory appreciation. I do not think I have got the point clear yet as to how the inventory appreciation of this pork would amount to $518,000 and yet in January and February the profit of the company is small as compared with the profit a year ago? How could that be unless you are storing your inventory?

Mr. MUNN: We are not storing our inventory. We store for the meat board but, that would be pork purchased since the 1st of January and purchased at the higher price. It would be carried at the higher price.

Mr. THATCHER: Then, Mr. Munn, what is the reason for showing such a small profit in pork? Is it because you are paying the farmer so much more in proportion to what you are selling the pork for?

Mr. MUNN: You have it there, exactly.

Mr. THATCHER: That is the reason?

Mr. MUNN: It is the reason in the final analysis.

Mr. THATCHER: In spite of inventory appreciation your position is worse?

Mr. MUNN: Our inventory appreciation which we took on the sale of the old product is more than offset by our losses on the new product.

Mr. THATCHER: I see—I understand that. Would you tell me when the ceilings came off on October 22—I presume your packing plant was not sorry to see that occur—you found your operations easier without those ceilings to worry about—or were they more difficult?

Mr. MUNN: That is a very difficult question to answer, Mr. Thatcher, for this reason. When the Wartime Prices and Trade Board fixes the price for us the price is no problem, particularly when we continually operated short of the product. In other words we were under quota. You can print a price list at the beginning of the year and that price is good for the rest of the year. You know exactly what you are going to get and the only problem is to buy raw material in order to sell at a profit.

Mr. THATCHER: Do I take it you would have liked to have price ceilings remain?

Mr. MUNN: No, I say it is easier when there are price ceilings, but when they come off you have got to get down to business and try and figure your profit and get as much money as you can, consistent with what you are paying on the market.

Mr. THATCHER: In other words you can make greater profits with the ceilings off? That is a fair statement?

Mr. MUNN: No, I would not agree with that entirely but I would say it is at least more within our own hands. If we would like to try and get more money for beef we can try—whether we succeed depends upon a number of things.

Mr. THATCHER: Would you agree with the statement that you have succeeded? After October 22 of this year your profits are better than they were in the months preceding? Is not that borne out in your statement? You may check it if you like.

Mr. MUNN: I do not think that is correct. Are you picking out some particular period?

Mr. THATCHER: Suppose you look at schedule 4(c) of 1947 and your profit there as compared with a year ago is greater with respect to both beef and pork? Schedule 4(c) for 1946 shows you suffered a loss of $24,000. In the corresponding period of 1947 you had a profit of $81,000—that is in respect of your beef. In your second last period you had a profit on hogs of $27,000, but this last year it was $87,000?

Mr. MUNN: You are referring to periods 11 and 12?

Mr. THATCHER: Yes.

Mr. MUNN: The period after ceilings came off? Yes, I have not been questioned before on this, otherwise I would have explained that, in page 11, we have a hide profit on sales on account of the removal of ceilings of $89,000. The money was not made in our beef operations in that period. Incidentally, we worked only two weeks of that period. In the next period—

The VICE-CHAIRMAN: It was not made in that period, you said?

Mr. MUNN: The hide profit?

The VICE-CHAIRMAN: Yes.

Mr. MUNN: I said the hide profit was made in that period amounting to $89,000 but beef actually did not make any money in that period, the chief reason being we only worked two weeks.

Mr. MERRITT: I am still not clear as to which page you mean?

Mr. THATCHER: Page 4(c), January 1 and December 31.

The point I want to make, Mr. Munn, is that Burns and Company, for the last three periods after ceilings came off on beef, made $145,000 as against $72,000 in 1946; on pork $192,000 as against $29,000, if my figures are correct. Now, there is nothing wrong with that. I am suggesting the fact ceilings came off may have been partly responsible for that larger profit. I should like you to say if that is so or if it is not.

Mr. MUNN: I should like to deal with each of them separately, beef and pork. For the eleventh period, I mentioned hide prices. Those hides were taken off in August and September and they were sold when the price ceiling on hides was removed. All I wish to point out is that we did not actually make it on the beef we handled in that period; it was picked up from an earlier take-off of hides.

In the twelfth period, yes, we had a profitable period. Even leaving the hide profit out, we made 72 cents a hundred pounds in that period.

In the thirteenth period, of course, we lost again, 32 cents a hundred.

So far as pork is concerned, I do not think we need to bother with the eleventh period because it is so small. The eleventh period shows a loss, which we will ignore.

Mr. THATCHER: Yes, I see; that is right.

Mr. MUNN: Then, the next period, $180,000. The slaughtering was extremely heavy. I must leave you to judge this; our gross for the whole year was 3·10. Our gross for that period was 3·21. Included in that gross, however, was an appreciation of about $30,000 which we received when the prices board put up Wiltshires in September. We carried those Wiltshires over on account of the strike and sold them in that month.

Mr. THATCHER: When Mr. McLean of Canada Packers was in front of the committee, he made this statement about his results. He said, "The chief factor affecting the results of Canada Packers has been the removal of ceiling prices on many of the products in which the company deals, including meats, hides, butter, etc." Would you say the same was true of your company or would you say it was not true?

Mr. MUNN: I would say the two factors which influenced our results more than any others were, (1) inventory appreciation and (2), the fact which you probably have noticed, that our depreciation on assets was $250,000 less in 1947 than it was in 1946.

Mr. THATCHER: Well, the first point is the point in which I was interested.

The VICE-CHAIRMAN: Why was that depreciation less; because you had fully depreciated some things?

Mr. MUNN: Exactly.

Mr. PINARD: Is that depreciation allowed by the income tax department?

Mr. MUNN: Correct.

The VICE-CHAIRMAN: Are there any further questions along this line? Mr. Dyde has another field into which he is going.

Mr. IRVINE: I can ask my questions any time.

Mr. DYDE: As a matter of fact, I am nearly finished with the general field. The only thing I had left to do, in case the members of the committee wanted to do it, was to go over some of the figures in the material produced and I will start on that. However, if there are any other general questions, I think we might perhaps clear those up now.

The VICE-CHAIRMAN: Are there any other general questions?

Mr. MERRITT: I should like to ask one question on this digest of information on schedule 4. Mr. Thatcher asked about the results since the removal of price control. Now, when I look at this statement here, I find that your 1947 net profit on beef has been converted, judging by this 18th period, from a loss of ·54 to a profit of ·22 cents per pound; is that correct?

Mr. MUNN: That is correct. Again, I have to bring up the hide question. We took up $35,000 inventory profit on hides in that period. Without that hide profit, it would have shown ·04 loss.

Mr. MERRITT: In 1948?

Mr. MUNN: Yes.

Mr. MERRITT: All those figures on this statement include articles which are not part of edible meats?

Mr. MUNN: That is correct.

Mr. MERRITT: With regard to pork, I see that a profit of ·6 cents a pound in 1947 has gone down to a profit of ·4 cents a pound in this period since the turn of the year, since decontrol; is that correct?

Mr. MUNN: That is correct.

Mr. DYDE: Are you able, yet, Mr. Munn, to give us the figures with regard to the question Mr. Thatcher was asking, the figures we put opposite 1948 according to your calculations?

Mr. MUNN: I am going to ask Mr. Dawson to do it. He will do it much better than I would.

Mr. DYDE: Will you do that, Mr. Dawson?

Mr. DAWSON: We started with your statement, schedule 4, which was given to us yesterday. It shows the average ceiling price in 1947, 29·6 cents. We take the first eight weeks of this year which show an average ceiling price of 34·36 cents; that is an increase of 4·76 cents.

Mr. DYDE: So, we can put that increase down opposite here?

Mr. DAWSON: No, what I was going to point out was that 34·36 includes a substantial quantity of export Wiltshires on which we received an increase of 7 cents per pound. If we delete the 7 cents per pound on those Wiltshires, it brings our average price down on the total pork sales for that period to 31·7 cents.

Mr. DYDE: Then, can you give us a figure under pork and opposite sales in pounds? Can you give us a figure which represents the figure on export sales?

Mr. DAWSON: We have calculated there were 6,700,000 pounds of Wiltshires exported in those eight weeks.

Mr. DYDE: Is that actually exported or sold to the meat board?

Mr. DAWSON: Sold to the meat board and actually shipped, on which we received the advance of 7 cents per pound. Our calculation is that that is $469,000. In January, the first eight week period sales, as you show them on the digest, are $6,038,133, so we reduced that by $469,000 which gave us a figure of $5,569,133.

Mr. DYDE: Just a minute, I have not got that figure.

Mr. DAWSON: $5,569,133. Now, that figure, divided by the total sales volume, you show as 17,571,606 pounds, gave us an average price of 31·7 cents. I think that is a correct calculation.

Mr. DYDE: We cannot put anything opposite gross and net profit, anyway?

Mr. DAWSON: No, there is no change there. We merely reduce the increased value on export goods. If I might just comment on that, Mr. Thatcher was wondering whether our inventory appreciation might have gone—

Mr. DYDE: I want you to comment on that.

Mr. DAWSON: The average ceiling price, if you refer to the schedule, I think we gave those prices yesterday in schedule 4 (*a*) and (*b*). I think we show the average ceiling prices on pork from period to period.

Mr. DYDE: That is right.

Mr. DAWSON: We showed there the December average ceiling price of 30·53 cents. If you compare that with the adjusted price for the first eight weeks of this year of 31·7 cents, I think that reflects a true picture of what we got in the way of increased price for our products.

Mr. DYDE: Just make clear to me where you get that 31·7 cents?

Mr. DAWSON: The 31·7 was the figure I just gave you for the first eight weeks. We showed sales of $6,038,133.

Mr. DYDE: Yes.

Mr. DAWSON: Which included the 7 cents extra on the Wiltshires which went out at the higher price.

Mr. DYDE: The 31·7 is the figure we should have put down in this digest of information on schedule 4 as being the ceiling price.

Mr. DAWSON: Without the additional price on the Wiltshires that is what it would have been if the Wiltshire price had remained constant.

Mr. MUNN: That indicates the average domestic.

Mr. DAWSON: It is the average of all our sales for that period.

Mr. MUNN: Yes.

Mr. DYDE: There are one or two other figures I would like to call attention to before we adjourn. We have an exhibit called 94, Mr. Munn, which I think you have had an opportunity of seeing; and on exhibit 94, we have on the first sheet the wholesale beef prices as supplied to us by these government authorities; and I call attention to the Edmonton prices for red, commercial and cow; and we have taken the wholesale prices for pork, which are on the fifth sheet—it is not numbered but it is the fifth sheet of that same exhibit. And you had an opportunity of comparing the prices that you have given us and that which you sold with the average prices that we have on this exhibit?

Mr. MUNN: Yes.

Mr. DYDE: I thought it would be worth our while if you called out the average prices on red brand at Edmonton. You have already done it but I want to show where we stand with regard to the average prices compared to your own prices?

The VICE-CHAIRMAN: You expect some variance between the averages you have there in exhibit 94, and the Burns' prices.

Mr. DYDE: I would expect that there would be some variation. There usually is some variation.

The VICE-CHAIRMAN: Because that is the average.

Mr. DYDE: Because it is the average, and I wanted to try and clear my mind as to how far off the average you are, and which way.

The VICE-CHAIRMAN: How would it be if you were lower if you state that at the time. Would there by any objection to that?

Mr. DYDE: I think we might do it that way, Mr. Chairman.

The VICE-CHAIRMAN: The lower or higher, probably we can appreciate the whole picture better if that were done as you went along.

Mr. DYDE: In exhibit 94, Mr. Munn, we have the wholesale price on red brand at October 27, at 25 cents per pound. Are you higher or lower on that date?

Mr. MCFARLAND: The same price.

Mr. DYDE: October 31, is the same price?

Mr. MCFARLAND: The same.

Mr. DYDE: Our next date is November 6, and the price we have for red brand is 24·75 cents.

Mr. MCFARLAND: The closest I have to that date is November 8, and we quoted 25 cents.

Mr. DYDE: You were above the average there.

Mr. MCFARLAND: ¼ of a cent.

Mr. DYDE: Our next price is taken November 15, and it is 24·25.

Mr. MCFARLAND: The closest I have to that is November 15—24 cents—we are down ¼ of a cent there.

Mr. DYDE: On November 20, the price I think is 23¼.

Mr. MCFARLAND: The closest I have is November 27, and the price is 24, or ¾ higher.

Mr. IRVINE: Which column are you following Mr. Dyde?

Mr. DYDE: I am following Edmonton, the first page of exhibit 94, and under "red brand".

Mr. IRVINE: Oh yes. I was following Toronto.

Mr. DYDE: Now, I might continue. On November 27, I find that the average is 22 cents. What is your closest price?

Mr. MCFARLAND: What is the date again?

Mr. DYDE: November 27, is our date.

Mr. MCFARLAND: The closest I have for that is November 29, the price is 24 cents—2 cents higher.

Mr. DYDE: You are higher there?

Mr. MCFARLAND: Yes.

Mr. DYDE: On December 11, our next date, is 23 cents.

Mr. MCFARLAND: We have a price range there—December 6, of 22 cents and then on December 13, of 23½ cents.

Mr. DYDE: December 23, the price we have here is 25 cents. That is our next date.

Mr. MCFARLAND: The closest date I have to that is November 20, with 23½.

Mr. DYDE: A little above the average?

Mr. MCFARLAND: And on December 27, we advanced to 25 cents.

Mr. DYDE: Which is the same as the average for December 23. Then I come to the next average, December 31, 26 cents.

Mr. MCFARLAND: Our price holds constant, 25 cents, to January 3; and that is 1 cent a pound less.

Mr. DYDE: Yes. And now, can you explain to me why our average should have gone to 26 cents at that time whereas you are considerably lower; I mean, do you know enough about the market conditions at that time and at that place to be able to tell me.

Mr. MCFARLAND: I would not say definitely at that date, Mr. Dyde.

Mr. DYDE: That amounts to quite a range in prices if your price is 1 cent or 1¼ cents—is it—lower?

Mr. MCFARLAND: We are 1½ cents lower.

Mr. DYDE: You are 1½ cents lower. If you are 1½ cents lower per pound you must have a range of prices at that date.

Mr. MCFARLAND: December 31—your prices go to 26 cents. Our highest is what I quoted, 25 cents.

Mr. DYDE: A cent. Would you regard that as being well below the average?

Mr. MCFARLAND: Yes. I would say it is below, more than below the average.

Mr. DYDE: Your competitors are getting the edge on you there, are they?

Mr. MCFARLAND: Judging from your report it would appear they were.

Mr. DYDE: I was going to say, perhaps we had that position remedied a little later.

The VICE-CHAIRMAN: About the range of prices there, do you know anything about that? If you are below the average you may know the figures that might have gone into the additions here to result in that average. Have you anything to say? Is there anything on our statement?

Mr. DYDE: I can perhaps answer that better than Mr. Munn can, because in inquiring how these prices on exhibit 94, were made up I was told by the officials that in getting the wholesale prices they took the prices from four to six plants, depending on the number of packers in a particular city.

Mr. PINARD: It was done by the Wartime Prices and Trade Board?

Mr. DYDE: Yes.

Mr. THATCHER: It is 6 o'clock, Mr. Chairman.

The VICE-CHAIRMAN: We will adjourn until tomorrow.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 48

THURSDAY, APRIL 29, 1948

WITNESSES:

Mr. R. S. Munn, General Manager, Burns & Co. Limited, Calgary, Alta.

Mr. E. Dawson, Manager, Winnipeg Plant, Burns & Co. Limited, Winnipeg, Man.

Mr. J. D. McFarland, Manager, Calgary Plant, Burns & Co. Limited, Calgary, Alta.

Mr. H. MacEwan, Vice-President, Wilsil Limited, Montreal, Que.

Mr. G. E. Hoult, of P. S. Ross & Sons, Auditors for Wilsil Limited, Montreal, Que.

Mr. G. M. Smith, of P. S. Ross & Sons, Auditors for Wilsil Limited, 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 29, 1948.

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

Members present: Messrs. Beaudry, Harkness, Irvine, Kuhl, Lesage, Martin, Mayhew, McCubbin, Pinard, Thatcher, Winters.

Mr. H. A. Dyde, K.C., Counsel to the Committee in attendance.

Messrs. R. S. Munn, General Manager, E. Dawson, Manager, Winnipeg Plant, and J. D. McFarland, Manager, Calgary Plant, Burns & Co. Limited, were recalled and further examined.

During proceedings, Mr. Mayhew took the Chair in the absence of the Chairman.

Witnesses discharged.

Mr. H. MacEwan, Vice-president, Wilsil Limited, Montreal, and Messrs. G. E. Hoult and G. M. Smith, of P. S. Ross & Sons, Auditors of the Company, Montreal, 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. Beaudoin, Harkness, Irvine, Kuhl, Lesage, Martin, Maybank, McCubbin, Merritt, Pinard, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Messrs. MacEwan, Hoult and Smith, representing Wilsil Limited, were recalled and further examined.

During proceedings, the Vice-Chairman, Mr. Maybank, took the Chair.

At 5.45 p.m. witnesses retired and the Committee adjourned until Friday, April 30, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

11730—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
April, 29, 1948.

The Special Committee met this day at 11 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: Please come to order, gentlemen.

Reginald Stace Munn, General Manager, Burns & Company, Limited, recalled:

Eustace Dawson, Manager, Winnipeg plant, Burns & Company, Limited, recalled:

Joseph Douglas McFarland, Manager, Calgary plant, Burns & Company, Limited, recalled:

Mr. DYDE: Mr. Munn, there are one or two questions arising out of yesterday's evidence which I would like to ask, and I have some new ground which I would like to cover. We discussed yesterday the increase that took place in prices in November and December in both beef and pork and we touched for a moment yesterday on the increase that is taking place today, as this committee is sitting, with respect to the price paid by the consumer for meat. I am going to put a rather direct question to you in this manner. Would it not be possible for Burns & Company, Limited, in particular, and for the packing industry in general, to refrain from taking the highest market price for its product, with the aim in view of keeping prices at a level where the consumer is not required to exercise his consumer resistance? That is a pretty general question and it is pretty broad. If you want me to add something to it before you answer please say so?

Mr. MUNN: You are suggesting, Mr. Dyde, that the meat packers should combine or should get together and co-operate to keep prices down?

Mr. DYDE: I would like to refer the question first of all to Burns & Company in particular. Could Burns & Company, Limited, have taken any action, either in November and December of 1947 or today, to prevent the increase in prices? Would it not be good policy—perhaps I should put it that way—from your own point of view, to refrain from taking the highest market price, in the hope that you will be able to level off prices to some extent?

Mr. MUNN: Mr. Dyde, according to the figures you have from the Wartime Prices and Trade Board it would appear that Burns & Company, at least in Edmonton, did not take the highest market price.

Mr. DYDE: On the other hand, that is perhaps slightly evading the question—I do not mean purposely evading the question, but it is evading because there was an increase in price in November and December and there must be an increase in prices today.

Mr. MUNN: There certainly are increases in price today, Mr. Dyde, and I am not questioning that for a moment. In November and December there were

increases in prices but there were also decreases in prices. According to our records while red brand beef sold for the most part above the previous ceiling it did sell as much as a cent and a quarter under the ceiling. Commercial beef sold 2 to 2¼ cents below the former ceiling.

Mr. DYDE: You are referring to Burns' prices?

Mr. MUNN: To Burns' prices, yes.

Mr. DYDE: So that what you are saying in effect in that Burns & Company, Limited, did do something to hold prices down?

Mr. MUNN: No, I am not suggesting that at all. I am suggesting rather that there was not a general price increase on all meat. Some quality of meat, perhaps outweight pork and poor quality beef did sell at lower prices than those which prevailed under the ceiling.

Mr. DYDE: We are now talking about November and December?

Mr. MUNN: Yes.

Mr. DYDE: In that period there were increases in prices—and they are not pronounced, I am bound to say, in Edmonton and Calgary where your main field is. There were increases in prices in November and December and you say there were also decreases. Generally speaking, however, the price is on the way up in November and December. Do you not think that is a fair way of stating the picture?

Mr. MUNN: Yes, but I think it would be very difficult to determine to what extent it rose. I do not think it went up to the point where there was any resistance on the part of the consumer in those months.

Mr. DYDE: I agree with that, and the consumer resistance did not solidify or harden until January or later on in February. There is no consumer resistance strongly in evidence today—in April—but prices are going up and would you not expect that in a few days the consumer is going to start resisting again?

Mr. MUNN: Yes, I think that is quite possible. I notice from the press that the best steers are selling very much higher than they were a few weeks ago, I have been away from our operations for a week and I am not thoroughly familiar with the situation but as a matter of fact that happens every year. Prices may be higher than a year ago but the trend of higher prices always develops at this time of year when there is a shortage of deliveries of the better class of cattle.

Mr. DYDE: I am possibly driven to make the question slightly more general in order to get your view. At a time when prices are rising, and particularly now, we find in this committee that we are continually being told "it is not our fault, it is somebody behind us" and then we get to that person or group of persons and they say "it is not our fault, it is some condition behind us". We have that rather serious situation where everybody is saying that it is not his fault, that it is somewhere back of him, and our difficulty there arises. You are a central figure in the meat industry and I am assuming that you do not like these peaks and valleys and you would like to iron them out. Therefore, would it not be possible for Burns & Company, even if it meant taking the lead on action to refrain from taking the highest available market price, to assist in that levelling?

Mr. MUNN: I do not want you to think, Mr. Dyde, that I am evading the question, but Burns & Company are essentially meat packers. They have not a lot of other interests and I question very much if we could afford to take the lead in keeping meat prices down when many of our competitors— particularly the larger ones—have varied interests from which they can draw their profits.

Mr. DYDE: I realize that is a difficulty, and let us take it one step further. Let us assume there was no Combines Act in existence—we have to make a rather

big assumption there—but would it be possible for the leading packing houses to agree, under these circumstances, on a lower price in order to keep the price levelled off?

Mr. MUNN: I do not want to be frivolous, Mr. Dyde, but you have had former witnesses here. Do you think it would be possible for us to combine with those people to either lower or raise the prices?

Mr. DYDE: You are not being frivolous I am sure, but would not that be one way in which the price could be held?

Mr. MUNN: Only at the expense of another group—the producers.

The CHAIRMAN: What does that answer mean? Does that mean you could not lower the price unless you lowered the price paid to the producer?

Mr. MUNN: I would say that we could perhaps lower the price temporarily, but I do not think that even the largest packer in Canada is capable of subsidizing the consumer.

Mr. DYDE: No, but I refer back to November of 1947 and in that month there is not much question of the packers generally subsidizing the consumer. The figures in November—and I am speaking generally—show that the packers did pretty well on their total operations and on their meat operations, so it would not be a case of subsidizing anyone at that stage. It would be a case of refraining from making quite such a return for yourself.

Mr. MUNN: I would not concede that we did make large profits in November. We might have done so as far as dollars are concerned, but we did not do so on the basis of 100 pounds.

Mr. DYDE: On a per pound basis we found in both Canada Packers and Swift's that there was an improvement in the situation over their usual average in the months of November and December. Do you say there was no improvement in Burns & Company Limited?

Mr. MUNN: No, I would not say there was no improvement but if you refer to pork in that particular period our gross was 3·21 as compared with 3·10 for the average of the whole of 1947, during most of which time we operated under ceilings.

Mr. DYDE: Yes. We have the figures of per pound profit and loss on schedule 4 (*c*). We pencilled them in and my figures here show 2·98 for the 11th period, 1·20 for the 12th period, and ·32 loss in the 13th period. Am I looking at the right figures?

Mr. MUNN: That is correct.

Mr. DYDE: Yes, and that is partly what prompted my question. I quite confess your figures are not so outstanding as the figures of the two other packing companies which appeared before us, but nevertheless your position at that time was certainly above the normal average when you reduce it to a figure of cents per pound.

Mr. MUNN: I must return, in the case of periods 11 and 12, to the fact that we made an inventory profit on hides taken off in earlier periods. The money was not made on beef traded in those periods.

Mr. DYDE: Right.

Mr. MUNN: For example in period 11 we made a profit of $89,000 when the hide ceilings were removed; in period 12 we made $35,000 and in consequence our profit per hundred pounds in that period was 72 cents.

Mr. DYDE: Yes, I can understand that, but one of the reasons you put back your by-products into the account was to show us, from the point of view of the consumer and the producer, what you were getting out of the whole animal and when you look at the whole animal you have a favourable situation in those two periods. Really what I am saying to you is, accepting those figures exactly,

why would it not have been possible in the face of that very favourable hide situation to give the consumer the benefit—with the idea in mind that you could have held the price thereby?

Mr. MUNN: It would have been possible, but I do not think it would have been very businesslike to give away any inventory profit received when we have to accept inventory losses at a later date. In the case of hides we have had those losses.

Mr. DYDE: My argument is that you would not have the losses later if you could level prices?

Mr. MUNN: I quite agree there, but I doubt very much if it is possible to level prices in the meat packing industry as long as we have such large fluctuations in the live stock market from time to time.

Mr. DYDE: If the rates for live stock could be levelled do you think that would help?

Mr. MUNN: I think it would help materially.

Mr. DYDE: From your experience would you say it is possible to keep the floor of live stock at a level?

Mr. MUNN: It is possible, but nevertheless it would be very difficult. As far as hogs are concerned, for example, it undoubtedly costs more for a producer to raise hogs in the wintertime and market them in the summer and he therefore is entitled to a larger return. We depend for our spring cattle upon those who feed cattle in the winter and I think the producer there is entitled to some return on that feeding cost. You see we would still have a fluctuating market.

Mr. DYDE: We are extremely interested in what is happening today and unfortunately this committee has no figures before it which are up to date. I am going to mention what we know but actually our information is limited as far as today's situation is concerned. We know that as far as barley meal is concerned at one time—at the end of October—it went to $71 per ton. We know that it has come down since then to a position where, on the 17th of April—and I am quoting from the Live Stock Review of the most recent date—barley meal is down to $63.60; chopped oats were once $73.50 and the most recent quotation in the Live Stock Review is $66.50. We also know you had at the early part of this year large inventories; we believe the price of barley is now lower on a per bushel quotation basis; we know that over a period the price which the producer receives for cattle and hogs has increased. (I cannot give an exact figure with respect to this latter item because I have not got the latest quotations.) Can you help us to determine what is happening today which is driving prices up? I am telling you also that I have had conversations within the last two or three days with certain retail merchants and those retail merchants tell me—for what it is worth—that meat is being delivered to them at a price where, if they put a normal businesslike margin upon it, they cannot sell it to the public; they are having to reduce their normal margin in order to make a reasonable price to the consumer. Can you explain that situation to us?

Mr. MUNN: Can I explain the reason for the increase on pork and beef?

Mr. DYDE: Yes.

Mr. MUNN: In the case of pork I think it has been shown quite clearly, as far as our company is concerned, that we have not yet received a return for our immediate purposes to the extent that the price was raised at the beginning of the year. I suggest the packers are gradually getting their prices up to that level. That is the reason pork has advanced at the present time. I am not fully aware of the price at the moment, but, as far as beef is concerned, undoubtedly weather conditions and road conditions in the west are affecting

deliveries. There is always a shortage of cattle at this time of the year, but it is something of a temporary nature and I imagine in another eight or ten weeks cattle will come on the market in greater quantities and the price will go down.

The CHAIRMAN: That does not answer the question.

Mr. DYDE: No, it does not.

The CHAIRMAN: It does not come near to answering the question.

Mr. DYDE: You yesterday said, Mr. Munn, that a very great factor in the price was the market and I am saying to you as far as that factor is concerned it appears to me that the market is receding, and if the market is a factor—the price at which you sell to the retailer—then why is that factor not coming into play today, and why are we throwing it all back on your cost?

Mr. MUNN: I think if it is not a factor at the moment it will be very shortly.

Mr. DYDE: On the other hand prices start going up and I would like you to make it as clear as you can. When prices started to go up a couple of weeks ago the factors were then the cost to you, worked out on the system you told us about yesterday, plus the market. Now the cost to you may have increased somewhat as far as live steers and hogs are concerned. I do not know the figures but are you going to tell me you have to throw it all back on your cost of the animals? Is that the total reason for the present increase in prices?

Mr. MUNN: I am sorry I am not making this clear, Mr. Dyde. I think I said yesterday that cost was a factor but the most important factor was the market. I think it is natural for the packer to try and get his money back but, when he meets with sufficient resistance, then he cannot get it back. In other words the market—or what people are willing to pay—has its effect and then the packer is faced with either taking losses or buying livestock for less money.

Mr. DYDE: The retailer today is in this position, I think. He is having to pay to the packer a higher price and he is having, he tells me, to take a lower price than that upon which he can run his business, because there is developing a certain resistance. Now can you do nothing about that situation?

Mr. MUNN: I suggest that we also are in the squeeze. After all we are between the producer and the consumer. We are merely the processor and there is a limit to the figures at which we can buy from the producer and sell to the consumer.

The CHAIRMAN: Surely you, and all those engaged in your business, could get together and say "we do not want to get back to a system of control—we may have to get back to a system of control unless something is done—and we had better exercise some business statesmanship ourselves". I put that same question to Mr. McLean. Do you not think that today, if that were done, and if you took a leading position in that respect, there would be a favourable result?

Mr. MUNN: I do not think that Burns alone, Mr. Chairman, could do anything.

The CHAIRMAN: I do not think you alone could do anything but take a lead, and that would have great consequential results. I mentioned to another witness the other day some information I had with respect to the lead taken by a relatively small company during the war engaged in another business altogether. I have talked to the president of the company—the man who built the business—and after learning about his demonstration and recital of the facts I am convinced that an individual business, a respectable company like yours, if it took the initiative, could have surprising results in keeping prices down? I suggest that as a question.

Mr. MUNN: You are suggesting that we take less profit, accept losses, or pay less to the producer?

The CHAIRMAN: I would not suggest that you accept losses. I think that would be an unreasonable thing to ask of any businessman today, but you could take some step by which you could arrest the rise of prices—the rise which is occurring at this very moment while this committee is meeting?

Mr. MUNN: I think it would require the industry to pay less to the producer.

The CHAIRMAN: You think that, but are you sure?

Mr. MUNN: I am sure of it at the present time.

Mr. DYDE: I am not sure about that Mr. Munn, and I will explain in this way. I think you are driving us back to profit and I am in effect saying to you never mind about profit for a moment.

Mr. IRVINE: Hear, hear.

Mr. DYDE: Keeping prices down may result in a loss to you today, even a loss of profit let us say, but in the long-run it will make you a better profit because you will not have to meet the peaks and valleys which will occur in the succeeding months.

Mr. KUHL: Mr. Dyde do you suggest a figure for a per pound reduction which would be required?

Mr. DYDE: I would like to suggest a figure but I do not know what figure to suggest.

The CHAIRMAN: Is not the problem we have to face now a more general one? We discovered, in the case of butter that the price went up. We said to certain witnesses from Canada Packers that when prices go down naturally, as far as profit is concerned, the company has no hesitation in considering the trend but here is a time where high profits are being made. The question was "how about giving the consumer that benefit?". Did you ever think of getting together with the other companies and trying to lower the price?

Mr. THATCHER: That would be contrary to the law.

The CHAIRMAN: To lower the price?

Mr. THATCHER: Getting together.

The CHAIRMAN: It is not contrary to the law to lower prices, no. There certainly would be nothing illegal in the situation where the packers would get together and say "now there is a situation which we must meet and let us take some leadership in setting prices".

Mr. THATCHER: It might be illegal if they agreed to pay the producer less.

The CHAIRMAN: We are not now questioning whether they would have to pay the producer less. The witness says he would have to pay the producer less but Mr. Dyde expresses doubt as to whether that would be necessary.

Mr. KUHL: If that action were possible would you care to suggest a figure?

Mr. LESAGE: We had better agree on the principle first?

The CHAIRMAN: I am just discussing the desirability of such a procedure. I think if some company took that lead it would be a great business stroke as well as a great contribution at the present time. Does such a thought ever enter into your calculations, or the calculations of the trade?

Mr. MUNN: No, I would not say, Mr. Chairman, that we have ever considered that. As a matter of fact our profit is so small at the present time that if we reduced our price one cent per pound our losses would be very heavy. I should mention here that the larger packers did drop out of the market for a short time in 1945, particularly on meat. I think it was on account of the extremely high price of cattle. It had absolutely no effect on cattle prices.

Mr. MCCUBBIN: Why?

Mr. MUNN: Because of the nature of the business we are in, and the fact that there are too many people in it.

Mr. THATCHER: Then your answer to Mr. McCubbin is no, is it?

Mr. MUNN: Definitely.

Mr. THATCHER: Would you say then that is the responsibility of the government, that perhaps the government should have the courage to do this?

Mr. WINTERS: Now, the word "courage" is brought into it. It is hardly fair to ask the packers to answer a question of that kind.

Mr. THATCHER: I mean, the answers we have had more or less puts it up to the government; apparently these people are more or less helpless in this connection; and I wondered whether it is not the government which should step in again with ceilings or something like that if they want this kind of prices brought down. Should not the government have the courage to do it?

The CHAIRMAN: Let us put it another way; would you like to see ceilings back?

Mr. MUNN: I would not.

The CHAIRMAN: Would you like to see controls back?

Mr. MUNN: I would not object so much if everything was controlled.

The CHAIRMAN: Would you like to see controls on meat alone?

Mr. MUNN: No.

Mr. THATCHER: You interrupted me before I got my answer, Mr. Chairman.

The CHAIRMAN: I am sorry.

Mr. THATCHER: The point is that the packers might not like to see controls but the consumer might.

Mr. WINTERS: But the consumer might not want to pay for the controls.

Mr. THATCHER: I think what we were interested in was in seeing the price of meat brought down considerably. I think probably you agree that that would be the only way in which we can get the price of meat down, if we do reimpose controls. The packers admit that. There is not much indication that prices will come down otherwise.

Mr. LESAGE: What do you mean by controls, what controls? Will you control the price to the producers?

Mr. THATCHER: Yes, certainly.

Mr. LESAGE: You would put controls on the price of cattle?

Mr. THATCHER: Yes, I would put controls on the price of cattle. I would put the price of feed grains down too.

Mr. LESAGE: Just try selling that idea to the farmers in the province of Quebec, or in the west for that matter.

Mr. THATCHER: I am not interested in that at the moment.

The CHAIRMAN: All right. Now, will you give Mr. Thatcher an answer to his question?

Mr. MUNN: I am not quite sure now, Mr. Chairman, what his question was.

Mr. THATCHER: You do not see any prospect of prices coming down in the immediate future unless controls are put back?

The CHAIRMAN: He didn't say that.

Mr. THATCHER: I am asking him though.

Mr. MUNN: I think the price of beef will come down in July at the latest.

Mr. THATCHER: July?

Mr. MUNN: Yes.

Mr. THATCHER: Hog prices?

Mr. MUNN: Hog prices will not come down as long as we have a contract with the United Kingdom at the present high level, unless we have two prices for pork, one domestic and one export.

Mr. THATCHER: So, unless we are to have subsidies or controls the hog prices are likely to stay up?

Mr. MUNN: Yes, until the United Kingdom contract expires.

Mr. MCCUBBIN: What makes you think meat prices will come down in July?

Mr. MUNN: I said the cattle price, the beef price will come down then.

Mr. MCCUBBIN: What makes you think that?

Mr. MUNN: There will be a plentiful supply of cattle then.

The CHAIRMAN: Are you finished?

Mr. THATCHER: Yes.

The CHAIRMAN: Why would you not like to see meat ceilings restored?

Mr. MUNN: I do not think, Mr. Chairman, it is sound to put ceilings or controls on one commodity and not on all.

The CHAIRMAN: We have it now on some and it is helping the consumers out considerably. One of our purposes here, Mr. Munn, is to consider that part of it. We are considering the interests of the consumer, the man who has to pay a lot of money, the little person who has not got much money to pay out for food and so on. We are trying to apply ourselves very seriously to that problem. Now, if you say that prices are going to continue to be high until July; it is now the month of April—I do not think we can just stand idly by—I am not saying what we are going to do—but I just don't think we can sit idly by.

Mr. MUNN: I think that is my difficulty, Mr. Chairman. You direct all my attention to the consumer when I feel that as a packer that we must also consider the producer.

The CHAIRMAN: This committee is considering the producer too. We are now asking you what contribution if any you could make in the direction of reducing prices. Did you say that you could not reduce prices without hurting the producer?

Mr. MUNN: I say that we cannot reduce prices to the point where it would be even noticeable to the consumer without hurting the producer.

The CHAIRMAN: You don't want controls and you don't want ceilings—

Mr. MUNN: If I said that last, I did not mean it that way. I said that we should have controls on everything or nothing.

The CHAIRMAN: You don't want controls on specific things?

Mr. MUNN: No, when I say everything I mean everything.

Mr. THATCHER: What if the Marshall Plan goes through and they require beef and meat for Europe, won't that keep prices going up more than ever? Is there not a danger that even meat prices will not come down in July?

Mr. MUNN: I have no knowledge of the Marshall Plan or how it will work in this country. It is possible that they would take over stocks which exist at the present time, in which case it would make no difference.

Mr. THATCHER: I do not know what the details of that plan are either, but if they started buying meat that would be a new factor of competition and prices might go up.

Mr. MUNN: If there was new competition in the field for meat for export I would say that the prices would go up.

Mr. LESAGE: But if the price that you got on the export market was higher than the price set by the contract it would go up?

Mr. MUNN: Yes.

Mr. LESAGE: Of course, the price of beef under the British contract is lower than the domestic price.

Mr. MUNN: That is right.

Mr. LESAGE: So that even if there were a greater demand for export at the same price as under the previous contract it would not necessarily have the effect of putting prices up.

Mr. THATCHER: Oh, definitely it would.

Mr. LESAGE: No, it would not.

Mr. THATCHER: If they want a supply of meat it means it will be taken off the domestic market and there would be less for domestic consumption.

Mr. LESAGE: But they won't get it when the price is lower than the domestic price.

The CHAIRMAN: Let us argue that later. We are now in the period of interrogation. Have you any more questions, gentlemen?

Mr. LESAGE: Yes, on this question of the export market. I understand that the packing companies have not been accumulating in their freezers a lot of meat for export because they feel the price under the British contract is not sufficient to cover the cost. Is that correct?

Mr. MUNN: Are you referring to pork?

Mr. LESAGE: No, to beef. No, I am not talking about pork, I am talking about beef only.

Mr. MUNN: I can only answer for our own company.

Mr. LESAGE: Yes.

Mr. MUNN: Our stocks are published in these schedules.

Mr. LESAGE: Have you turned over a lot of meat to the Meat Board—beef?

Mr. MUNN: I should say comparatively little, that chiefly in November and December at the peak of the year.

Mr. LESAGE: But not now?

Mr. MUNN: No, not now.

Mr. THATCHER: You would be losing money if you did?

Mr. MUNN: Definitely.

Mr. THATCHER: More money than you are losing in the domestic market?

Mr. MUNN: Yes.

Mr. THATCHER: That is where a lot of beef for the Marshall Plan was supplied for some extra exports of beef at the same price as is set under the British contracts—you just would not export any beef on a profit basis?

Mr. MUNN: Today there would not be any beef for export.

Mr. THATCHER: There would not be any?

Mr. MUNN: No.

Mr. MCCUBBIN: To what do you attribute the high price of beef now?

Mr. MUNN: To a shortage, scarcity of cattle, particularly good cattle.

Mr. MCCUBBIN: Is not the run just as large as it was a year ago?

Mr. MUNN: I don't know.

The CHAIRMAN: I don't understand. Maybe I do not understand exactly the technical language, but have you not given two contradictory answers there?

Mr. MUNN: I did not intend to.

The CHAIRMAN: I know you did not intend to, I was not suggesting that; but, surely, your answers are just the opposite the one of the other, aren't they?

Mr. MCCUBBIN: You said there was a shortage of cattle?

Mr. MUNN: Yes.

Mr. McCUBBIN: Then I asked you if the run was as high this year as it was last year.

Mr. MUNN: I don't know. I haven't the figures. But I suggest this, that there is a shortage because there are either fewer cattle coming on to the market or because there is a greater demand than supply.

Mr. McCUBBIN: That is what I am trying to get at, is there a heavy consumer demand for good beef?

Mr. MUNN: If there were not—it would not be going up today.

Mr. McCUBBIN: The consumer demand makes the price go up?

Mr. MUNN: Correct.

Mr. LESAGE: There is something there I do not understand.

Mr. DYDE: If I may just step down for a minute I may be able to find some figures which would bring our figures up to date. I have some copies of the livestock market review in my hand—if there are some other matters you can discuss with witness for a minute or two I will see what I can find.

Mr. IRVINE: And while you are at it, Mr. Dyde, could you find for us the inventories of beef in the packing plants throughout Canada at the present time That might give us an answer to the question as to why there is so little beef available to supply the domestic market.

Mr. MUNN: That will be published on the 4th of May.

Mr. IRVINE: I would like to ask a question or two, Mr. Chairman.

Mr. LESAGE: Would you mind, Mr. Irvine, if I followed the answer which was given to Mr. McCubbin. You said it was demand which had kept prices of beef up. Is it not also a fact that it has tended to contribute to your losses?

Mr. MUNN: We are losing money on beef at the present time.

Mr. LESAGE: Is it not because of consumer demand which has increased the price—is it not on account of that, that there is a good consumer demand, that you are in a position to decide to increase your prices? That is correct, is it not?

Mr. MUNN: Well, I will put it this way, Mr. Lesage—

Mr. LESAGE: We are putting this correct; is it not the fact that there is a good consumer demand which permits you to take either a large profit or less of a loss on acount of that?

Mr. HARKNESS: It depends more on what he pays for cattle.

Mr. MUNN: I will put it this way. I would like to answer your question directly, but I do not think I can.

Mr. LESAGE: All right.

Mr. MUNN: There is a good consumer demand. The packers are bidding for cattle. There is a lot of competition for cattle and that has increased the price. Back of it all is the consumer demand. If the consumer demand drops then there will be less competition for the cattle and the price will go down.

Mr. LESAGE: The real cause back of it then is the bidding of the packers on the cattle market?

Mr. MUNN: The primary cause is the consumer demand.

Mr. LESAGE: What brings up the price of cattle other than the price the consumer is paying and the bidding by the packers on the cattle market? That is what does it, is it not?

Mr. MUNN: That is correct. But if the packers find soon that they cannot sell that bef at these prices then competition will be less keen for these cattle.

Mr. LESAGE: I agree.

Mr. MUNN: And prices will drop.

Mr. McCUBBIN: This is a good thing for the producers, isn't it?

Mr. MUNN: Yes, definitely.

Mr. McCUBBIN: I mean, the keen consumer demand and the keen competition amongst the packers?

Mr. MUNN: Yes; except that I would qualify it to this extent, that if the price goes too high and people stop buying meat, that is not good for the producer over the long term.

Mr. McCUBBIN: As long as the consumer is receiving a good wage he will buy good meat, he will have a full dinner pail.

Mr. MUNN: Yes.

Mr. KUHL: The whole thing is simply this business of supply and demand, isn't it?

Mr. MUNN: Exactly.

(Mr. Mayhew assumes the chair).

Mr. LESAGE: If we did not export beef at all would it lower the supply situation to such an extent that prices would come down?

Mr. MUNN: You mean, Mr. Lesage, if we stored beef for our own domestic market during the period of peak production?

Mr. LESAGE: Yes.

Mr. MUNN: That would help.

Mr. LESAGE: It would then be at the expense of the producer?

Mr. MUNN: Yes. The man who is feeding cattle during the winter, if there was a fair supply of cattle on the market would not get so much for his cattle.

Mr. LESAGE: I understand that at the present time the producer is losing money.

Mr. MUNN: Yes, we hear that.

Mr. LESAGE: Everybody we see here seems to be losing money.

Mr. MUNN: Except the packers.

Mr. THATCHER: No, the packers have been losing money.

Mr. LESAGE: Lets say they are all losing money on beef.

Mr. THATCHER: They are not losing it over-all.

Mr. LESAGE: But every time there is a commodity under review everyone seems to be losing money on it.

The ACTING CHAIRMAN: I think, gentlemen, if you would not have so many little group meetings around the table—we might get our attention back here to the witness.

Mr. THATCHER: It is Mr. Irvine's turn now.

Mr. LESAGE: What would be the remedy? What could be done? Could anything be done which might relieve the consumer?

Mr. MUNN: Subsidies, the same as they have in Britain.

Mr. LESAGE: Like they have in Britain?

Mr. MUNN: Yes.

Mr. LESAGE: Which would mean controls?

Mr. MUNN: Yes.

Mr. LESAGE: And complete controls?

Mr. MUNN: Yes.

Mr. WINTERS: We would have to go back to an over-all system of subsidies and controls.

Mr. MUNN: Yes, just the same as happened during the war.

Mr. LESAGE: And, of course, that would lower the standard of living in Canada?

Mr. THATCHER: Oh.

Mr. LESAGE: I am free to express my own opinion. If you do not approve of it that is your affair.

Mr. THATCHER: Yes.

Mr. LESAGE: But you approve of it anyway.

Mr. KUHL: Does Mr. Munn consider these controls necessary for the benefit of the consumer?

Mr. MUNN: I think so.

Mr. LESAGE: If you control the price to the consumer you will have to pay a subsidy to the producer. How could you subsidize the price to the consumer?

Mr. KUHL: If the consumer at the present time is receiving family allowances controls would be a relief to them.

Mr. LESAGE: I do not think that anybody would consider family allowances a benefit as a subsidy with regard to prices.

Mr. IRVINE: Mr. Chairman, I suggest that this debate on the question of family allowances and subsidies might at least be postponed for some other time.

The ACTING CHAIRMAN: Gentlemen, I think we had better try to get some little order into our proceedings if we can. There has been too much general discussion.

Mr. LESAGE: Would there be any other way? You indicated one way, would there be any other?

Mr. MUNN: I am afraid, Mr. Lesage, that I am getting out of my depth. I do not know a great deal about these things. I am used to operating under a free economy; and just exactly what controls at certain levels and at certain places would do, I am not sure. I have always had the opinion that the best thing was no control or complete control.

Mr. LESAGE: I am not asking you that. As you see it that is the only possible way?

Mr. MUNN: I am sorry, I didn't hear you.

Mr. LESAGE: There would be no other way apart from that? You just can't yourselves as packers or retailers take a lower margin?

Mr. MUNN: We could not exist very long.

Mr. LESAGE: Not at the present time?

Mr. MUNN: We could put it up out of our surplus for a certain length of time then we would go out of business.

Mr. LESAGE: And even a reduction of 1 cent a pound at the present time would be a considerable loss to you?

Mr. MUNN: The record shows that, Mr. Lesage.

Mr. PINARD: In beef; you mean, not in pork?

Mr. MUNN: Yes, in pork too. We have our figures for the second period here.

Mr. PINARD: It would not be compensated for by your other products such as by-products and so on?

Mr. MUNN: We have all the by-products back into the beef and pork figures in our statement.

Mr. DYDE: Mr. Munn, I am now able to put on the record some figures which should really be added to exhibit 97. We have before us exhibit 97, which shows the inspected slaughterings of livestock for all Canada, and I am able to add to those figures the figures for the additional six weeks, in cattle. If you will look at exhibit 97—have you got that in front of you?

Mr. MUNN: Yes.

Mr. DYDE: If you will look at exhibit 97, I think there are four columns on it. I have the inspected slaughterings of cattle for 1947, and also for 1946.

And then these two years become, 1948 and 1947, when you get lower down the line; and at the bottom of the page I have figures for March 13, that week; and I now carry on with these figures up to the week of April 17, giving you both 1948 and 1947 inspected slaughterings. In the week of March 20—this is under cattle—in the week of March 20, 1948, the total of inspected slaughterings, 25,478; the corresponding period of the year previous, 21,629. For the week of March 27, 1948, the figure is 20,682; in 1947, the figure is 20,156. For the week ending April 3, 1948, the figure is 21,889; and for the corresponding period a year ago the figure is 16,424. For the week ending April 10, 1948, the figure is 22,601, and for the corresponding week a year ago 21,075. For the week ending April 17, 1948, the figure is 24,381, and for the period a year ago 22,289.

Mr. PINARD: That shows they are at least as plentiful as last year?

Mr. LESAGE: Much more.

Mr. DYDE: Yes. And I draw from that, Mr. Munn, the conclusion that the supply of cattle was ahead of a year ago?

Mr. MUNN: Yes, that is correct, Mr. Dyde.

Mr. DYDE: So that we would not be correct in looking at that and saying to ourselves, would we, that the present increase is caused by any shortage of cattle coming on to the market?

Mr. MUNN: No. You would have to conclude it was consumer demand that was causing that increase.

Mr. DYDE: Would we be right in saying that the cause of today's increase is consumer demand?

Mr. MUNN: Yes, I would think so; but I would say further that if these prices get too high the consumer demand will abate and the price will go down.

Mr. DYDE: And that consumer demand would perhaps not only abate but would turn into resistance?

Mr. MUNN: That is right, but that depends on the price of other meats to some extent.

Mr. DYDE: Yes.

Mr. MUNN: Pork is rising too; then I would think the purchaser would object to paying these prices on the top qualities.

Mr. IRVINE: Would you not say that resistance in a case of this kind must be a very limited affair?

Mr. MUNN: I, personally, do not think there is very much resistance at the present time.

Mr. IRVINE: I mean, people could not stop eating permanently.

Mr. MUNN: There are some people who never eat meat.

Mr. IRVINE: Oh, yes; but I am talking about those who do. I do not think there is a possibility of any remedy by way of reducing prices coming from people stopping eating, because as soon as people start buying again prices will go up to where they were.

Mr. MUNN: Yes.

Mr. IRVINE: They cannot stop permanently. Did I interrupt you?

Mr. DYDE: I was going to go on another section, in fact.

Mr. IRVINE: May I ask a few questions now on the same general line? I think Mr. Munn said yesterday that they were losing money on hogs at the present time and at the present prices: or, at least, that you had not received the benefits of the increase in price which took place after the British market had been established?

Mr. MUNN: Not the full volume.

Mr. IRVINE: Not the full volume?

Mr. MUNN: That is correct.

Mr. IRVINE: But I think he went on to say that the producer had got the benefit of the increase.

Mr. MUNN: Yes. I think I should go over that, Mr. Irvine, in this way; that if the hog producer had to pay more for his grain he would not have got the full benefit.

Mr. IRVINE: Would it not be fair to say in that connection that it would not not matter really? From the strictly business point of view, as a packer, what do you think? Whether he was feeding his own grain or grain that he bought; because his inventory would have increased if he had his own grain so he could sell that grain instead of feeding cattle for a higher price.

Mr. MUNN: As I say—

Mr. IRVINE: Therefore, it would not be wise from the business point of view—the deficiency between the grain he fed, his own grain, and the grain he bought.

Mr. MUNN: Well, I would say this, that I do a little feeding myself.

Mr. IRVINE: We all do.

Mr. MUNN: The man who grew grain last summer would have sold it, if he had sold it early, under that ceiling. He was certain to reap the full benefit of feeding hogs. But if a man had not held his grain and had sold it under the ceiling price; and if he had to buy grain at the market in November and was feeding that grain to his hogs at the present time I do not think he would get as much out of it.

Mr. IRVINE: That is what actually happened in many cases at any rate.

Mr. MUNN: Yes.

Mr. IRVINE: So that you would say the removal of subsidies and the increase in the price of feed has something to do with raising the farmers' price on beef?

Mr. MUNN: On beef?

Mr. IRVINE: Yes, on live cattle.

Mr. MUNN: It would have something to do with it if the farmer had to buy feed and pay the high price; it would certainly have an effect on the cost of any livestock he fed.

Mr. IRVINE: You would also admit, I presume, that the farmer would—just as you are—be subject to the rise in costs which enter into production?

Mr. MUNN: Exactly.

Mr. IRVINE: So that perhaps if all the truth were known it was in no better position than you say you were in respect to the increased price of hogs?

Mr. MUNN: That is quite possible.

Mr. IRVINE: That is quite possible; so it is a matter pretty much of button, button, who's got the button; and you hope to find it and you find that some other fellows have it, and we are still trying to find out why we are chasing it. That is pretty much the situation. In other words would you say that we are now inquiring into a question which involves the entire economic system of the nation and we cannot isolate one particular industry whether it be the packing industry or any other industry?

Mr. MUNN: I quite agree with that, yes.

Mr. IRVINE: The whole thing must be taken into consideration—the full picture—if you are to find a solution?

Mr. MUNN: I would think so, yes.

Mr. IRVINE: I have another question or two. Have you the figures as to how many cattle and hogs were killed in your plants last year? I am not talking of pounds of meat but I am talking about the numbers.

Mr. MUNN: In 1947, Mr. Irvine?

Mr. IRVINE: Yes.

Mr. MUNN: The number of hogs killed was 655,731; the number of cattle was 174,178. That was the entire kill for the seven plants, yes.

Mr. IRVINE: How many could you have killed?

Mr. MUNNS. Very many more than that, Mr. Irvine.

Mr. IRVINE: Would you hazard a guess as to how many more you could have killed?

Mr. MUNN: Would it help if I gave you the largest slaughterings we have had?

Mr. IRVINE: That might help.

Mr. MUNN: 1,945,289 hogs in 1944, and 295,619 cattle in 1945.

Mr. IRVINE: Well that means that you, as a matter of fact, would be able to kill about three times the number of hogs and twice the number of cattle that you have shown as being killed during this past year?

Mr. MUNN: Those figures represent just about our limit.

Mr. IRVINE: When you were in this peak year of your kill did you work two or three shifts?

Mr. MUNN: We worked two shifts.

Mr. IRVINE: Is it practical in your industry to work three shifts?

Mr. MUNN: Not three shifts, but I would say it is practical to work two shifts.

Mr. IRVINE: You have worked two shifts?

Mr. MUNN: Yes.

Mr. IRVINE: But you could do very much more. Could you increase that figure still further by slight improvements in your plant equipment or would it take much more capital to increase the kill?

Mr. MUNN: Those big slaughterings which I gave you, Mr. Irvine, if distributed over the entire year, could be handled quite comfortably.

Mr. IRVINE: Yes?

Mr. MUNN: But unfortunately the very heavy slaughterings come in the last few months of the year and we cannot handle many more that we did in 1944 and 1945 unless we have a considerable additional capital investment.

Mr. IRVINE: Would you say then that in plants like yours, with a certain capital investment which you have to protect, this working at half capacity is not an economic proposition?

Mr. MUNN: I quite agree.

Mr. IRVINE: And that situation is probably part of the trouble because other plants are likely in the same position?

Mr. MUNN: Yes. We increased our facilities to take care of the large number of hogs slaughtered during the war and we provided an investment which we are not now fully utilizing.

Mr. DYDE: There are one or two matters which I would like to clear up, Mr. Munn. The reason for asking this question may not be apparent to you but I will tell you exactly why I am asking it. After we complete hearing the packing companies we will hear from the retail people and I would like you to tell the committee whether you sell your meat to independent retailers and chain stores or to both? Do you sell to both types of outlet?

Mr. MUNN: Oh, yes.

Mr. DYDE: And would you tell the committee whether the larger purchasers, whether they are chain stores or independents, get a more favourable price from you than do the smaller purchasers?

Mr. MUNN: I would like Mr. Dawson to answer that as he has been in closer touch with that part of the business.

Mr. DYDE: Did you hear the question, Mr. Dawson?

Mr. DAWSON: Yes. I would say, as far as beef is concerned, that chain stores pay the same price as the price paid by the independent retailer. As a matter of fact the chain stores might have to pay more in some cases because they come in asking for a large block of cattle with certain weight characteristics and so on. In the case of other buyers it is a matter of trading. If we want to move our volume we may have to give a special discount, but we have no fixed discount to the chain stores.

Mr. DYDE: You have no fixed discount but if anyone gets the benefit of a slightly lower price it would be the larger consumer?

Mr. DAWSON: Yes, that is right, whether the purchaser is a chain or an independent.

Mr. DYDE: From your knowledge can you tell us whether the chains or the independents are the larger customers?

Mr. DAWSON: The chains buy the larger quantities but there is the odd independent super-market that has a very substantial operation.

Mr. DYDE: Have you any of those large super-markets in Calgary and Edmonton?

Mr. MCFARLAND: There are none in Calgary and Edmonton which are of the size of some of the stores here.

Mr. DYDE: In Alberta the chain store is the large customer?

Mr. MCFARLAND: Yes, the chain stores and the department stores.

Mr. DYDE: There is one matter which we have not cleared up with respect to the evidence regarding inventories. Would you mind turning to schedule 5 and if this is not your question, Mr. Munn, you may refer it to one of your officers. I want to make sure that we know from the figures how this problem is worked. I am going to remind you that yesterday, when Mr. Thatcher was asking questions, we came to an answer of yours where you said, "the bacon board never allows any appreciation on stocks on hand. The export stocks we had on hand in December, 1947, went forward to the meat board at the old price." Now, with respect to both beef and pork, I would refer to the schedule and I would like you to tell us the situation in pounds on December 31, with reference to the meat board? We have that date set out here and you have divided the information into "frozen beef", "other beef" and "total beef". Of that whole quantity at December 31, 1947, can you say how much is actually held for the meat board?

Mr. MUNN: I am sorry, Mr. Dyde, I cannot.

Mr. MCFARLAND: Those figures are not segregated.

Mr. MUNN: Would there be any ear-marked for the meat board at that time?

Mr. MCFARLAND: There would be some.

Mr. DYDE: Would there be any difference if there were, as far as inventory appreciation is concerned?

Mr. MUNN: We would not obtain any inventory appreciation.

Mr. DYDE: Why would you not?

Mr. MUNN: Because we have to report at a given date what we have set aside for the meat board. A price is put on that quantity and the price is not changed.

Mr. DYDE: The meat board would have a return of the amount of beef held for them at December 31, 1947?

Mr. MUNN: I would think so, yes.

Mr. DYDE: Do you know whether you make the return at the last day of the month?

Mr. MUNN: I am not very sure.

Mr. MCFARLAND: I do not think our report to the meat board segregates the meat board stocks; it is the total beef holding.

Mr. DAWSON: I think we report to the meat board each week showing what has been put into the freezer for them during that particular week.

Mr. DYDE: So that probably there is a record at the meat board of the situation as far as beef is concerned as at December 31?

Mr. DAWSON: I think so.

Mr. DYDE: Now, with regard to pork, you show "frozen pork" and "other pork", and "total pork". Have you figures at the minute to tell us what there was held for the meat board?

Mr. MUNN: Fortunately, we have. The figure for frozen pork for export is 170,976; export pork under cure—1,258,564 pounds.

Mr. DYDE: Now are we right in saying that on that amount you got no inventory appreciation?

Mr. MUNN: That is correct.

Mr. DYDE: And so if we total those two figures—I do not propose to do it at the moment—but if we total those two figures and substract from 8,876,124 we would find the number of pounds on which you did get some inventory appreciation?

Mr. MUNN: Correct—about 7,246,000 pounds.

Mr. PINARD: That was sold at the new price?

Mr. MUNN: No, Mr. Pinard, it was not.

Mr. PINARD: Not all of it?

Mr. MUNN: No. We still have a lot of it. There was so much of this consumer resistance that I have been speaking about that we were unable to advance our price on the basis of our replacement costs.

Mr. PINARD: What was the proportion that was exported?

Mr. MUNN: None of that pork would be exportable.

Mr. DYDE: Then going back to the beef figures and to schedule 5, the most recent figure that we have on your schedule is that for February 25, 1948, at the right hand column. That means you have on hand or had on hand on February 25, 1948, 5,360,141 pounds of beef?

Mr. MUNN: That is correct.

Mr. DYDE: Which compares with a figure of the previous year of 3,444,412?

Mr. MUNN: That is correct, yes.

Mr. DYDE: So that your inventory position at the end of February of this year shows that you have more beef on hand than you had the previous year?

Mr. MUNN: That is correct.

Mr. DYDE: And I am really asking that question arising out of discussion on present day prices, because I do not suppose you can tell me how your inventories carried on following February 25?

Mr. MUNN: No, I am afraid I cannot but I can give you the trend, which would be downward.

Mr. DYDE: Would it be materially downward?

Mr. MUNN: No, that quantity would be reduced, and I think it will be cleaned up by about next August.

Mr. DYDE: Then by next August cattle will start coming on the market again?

Mr. MUNN: Yes, and there will be a plentiful supply. I think perhaps you should separate "frozen beef" from "other beef". "Other beef" is just what we have in the coolers and it is never frozen, whereas "frozen beef" represents our storage stock.

Mr. DYDE: Mr. Chairman, I have completed my questions with respect to these witnesses.

The ACTING CHAIRMAN: Are there any questions which the other members of the committee wish to ask?

Mr. KUHL: There is just one question, apropos of the discussion which took place a little while ago. The witness has been asked whether he has any suggestion to make as to what action could be taken to assist the consumer, and he has answered that he knows of no action. I would like to ask, just as a matter of securing his opinion, whether he does not think that if family allowances were doubled, or trebled, that would not assist materially in putting the consumer in a better position to purchase the product of Mr. Munn's company, as well as other products?

Mr. PINARD: Monthly dividends, perhaps.

Mr. MUNN: I think that is a little out of my department, Mr. Kuhl. If families had more money to spend it would certainly help them.

Mr. WINTERS: In the long-run would it put the price up or down?

Mr. MUNN: If you gave them too much it would tend to put the price up.

Mr. KUHL: Thus far there has been no suggestion on the part of any packer as to what could be done. They cannot reduce their prices without going out of business or without lowering the price to the consumer—

Mr. MUNN: To the producer.

Mr. KUHL: To the producer, yes. Therefore the remedy seems to be one of government policy rather than being something by way of an adjustment of prices by business. That is again a matter of government policy.

Mr. PINARD: What you are doing is asking him whether he favours the Social Credit policy?

Mr. KUHL: I do not think that is the question at all. I have not used any terminology employed by the Social Credit Party.

Mr. IRVINE: I think the question is fair.

Mr. MUNN: Well, remember that I come from Alberta.

The ACTING CHAIRMAN: I do not think the witness is really here to give his opinions. He is here to give us facts and I think that is what he should do.

Mr. KUHL: I quite realize that, but before you took the chair Mr. Martin asked similar questions, and I think Mr. Dyde asked questions along that line too.

The ACTING CHAIRMAN: Is it a good thing to have another mistake. If there are no other questions on behalf of the committee I would like to thank you, Mr. Munn and your officers, for the way you have answered the questions. I am sure it must have caused your company considerable trouble to prepare all this information.

Mr. MUNN: I think it has been a very good thing for us to dig into these matters.

Mr. DYDE: The next witnesses are the representatives of Wilsil Limited.

H. MacEwan, Vice-President, Wilsil Limited, called and sworn:

G. E. Hoult, of P.S. Ross & Sons, Auditors of the Company, called and sworn:

G. M. Smith, of P.S. Ross & Sons, Auditors of the Company, called and sworn:

Mr. DYDE: Mr. Chairman, I have some information for the committee and also a document which I think perhaps I should explain now. Mr. George Wright is the senior executive officer of Wilsil Limited. Mr. Wright was here in Ottawa for several days during the course of preparing material which the company was to furnish us. Mr. Wright was here nearly every day last week, I believe. I regret to have to say that he was admitted to hospital in Montreal with a severe heart condition and it will be quite impossible for him to be here. This is unfortunate from two points of view. It is unfortunate in that Mr. Wright has this serious illness and it is also unfortunate because this is a smaller company than the others which have been here, and it is largely Mr. Wright's business. He knows about it in a way that no other officer knows. We have with us today Mr. Hoult who is not an officer of Wilsil's but who is a chartered acountant and he is the auditor for the company. We also have Mr. MacEwan who is the Vice-President in charge of beef, veal, and lamb. Quite frankly it will be difficult for these gentlemen to give the evidence which Mr. Wright could have given had he been here. I am producing a letter which has been received from Dr. Gowdey which has reference to Mr. Wright's condition.

The ACTING CHAIRMAN: I think we had better put it in the record here.

April 26, 1948.

To whom it may concern:

This is to certify that Mr. G. A. Wright was admitted to the Royal Victoria Hospital, under my care, today, with an attack of Coronary thrombosis. The attack is sufficiently severe to necessitate his being given continuous oxygen.

As far as attention to any business is concerned, he will be totally incapacitated for at least two or three months.

(Sgd) W. C. GOWDEY, M.D.

Mr. DYDE: The officers of the company were requested to produce certain material for the use and examination of the committee. Mr. MacEwan, you have produced information dated April, 1948, and contained in a folder which has been distributed to the members of the committee. That is correct is it not?

Mr. MACEWAN: Yes.

Mr. DYDE: And you have also produced at my request copies of the annual report of Wilsil Limited for 1947 and for 1946?

Mr. MACEWAN: Yes sir.

Mr. DYDE: In connection with the material which has been placed before the committee you have given us information which I think is different in the case of your company to what it was in the case of the other companies which we have had before us. Before we start to look at the document would you tell us the dates between which your plant was under strike?

Mr. MACEWAN: September 10 to November 3.

Mr. DYDE: The reason I ask the question is to point out that the period is longer than in the case of the other companies.

Mr. MACEWAN: Yes, I think by about two weeks.

Mr. DYDE: Now may we look at the document and I notice that you have it indexed and that the schedule numbers are set out there. For the benefit of the committee I may say that the schedules are in answer to exactly the same questions that produced the schedules from the other companies. I turn to schedule 1 and I find there that you have set out the name of the company and its address, the date of its incorporation, and I see that you are incorporated under the Quebec Companies Act. You have set out the names and addresses of all the officers of the company and you, Mr. MacEwan, are the vice-president who is named there as vice-president.

Mr. MACEWAN: That is right.

Mr. DYDE: You have set out the names and addresses of all the directors of the company and you have given a short history of the company?

Mr. MACEWAN: Yes.

Mr. DYDE: This document, Mr. Chairman, will be taken as read at this place and put into the vidence in the same manner as we have put in previous documents.

The ACTING CHAIRMAN: Is it agreed that the document shall be printed here?

Agreed.

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SCHEDULE 1

WILSIL LIMITED

GENERAL INFORMATION

Name of the Company: Wilsil Limited.

Address of Head Office: 1239 Mill street, Montreal, Que.

Date of incorporation of present company and law under which incorporated: March 27, 1929—Quebec Companies' Act.

Names and addresses of all officers of the Company:

F. K. Morrow, Chairman of the Board, 67 Yonge St., Toronto, Ont.
Geo. A. Wright, President, 16 Cambrai St., Outremont, Que.
H. MacEwan, Vice-President, 773 Davaar Ave., Outremont, Que.
J. R. Lavigueur, Secretary-Treasurer, 213 1st Ave., Verdun, Que.

Names and addresses of all Directors of the Company:

A. R. Duckett, 1225 Bernard Ave. West, Outremont, Que.
H. Gillham, 3850 Draper St., Montreal, Que.
R. W. Jameson, Antrim, N.H., U.S.A.
H. MacEwan, 773 Davaar Ave., Outremont, Que.
A. D. S. McCrae, 483 Victoria Ave., Westmount, Que.
G. A. Morris, 64 Summit Crescent, Montreal, Que.
F. K. Morrow, 67 Yonge St., Toronto, Ont.
J. P. St. Laurent, 65 St. Ann St., Quebec, Que.
Geo. A. Wright, 16 Cambrai St., Outremont, Que.

Short History of the Company

Wilsil Limited was incorporated on March 27, 1929 under the laws of the Province of Quebec (Quebec Companies' Act) for the purpose of taking over the business of a predecessor company. The outstanding capital stock of the Company consists of 135,700 common shares without nominal or par value out of an authorized capital of 200,000 common shares without nominal or par value. The Company has no funded or long term debt outstanding.

Wilsil Limited produces a full line of packing house products including beef, veal, lamb and pork products. Other lines handled include butter, eggs, cheese, pure lard, shortening and canned goods. Domestic sales of the Company's products centre around the metropolitan area of Montreal and extend throughout the Province of Quebec, Eastern Ontario and the Maritime Provinces. Export sales are made principally to Great Britain, Newfoundland and the West Indies. In 1941 the Company established a branch in Newfoundland and has storage facilities there.

The Company's only plant, which is situated on Mill street, Montreal, has complete facilities for the conduct of a packing house business. It is contiguous to the Canadian National freight terminal and the Montreal Stock Yards.

Names and addresses of subsidiary companies

Wilsil Limited has one subsidiary company, City Renderers Limited, engaged in the rendering business. Its plant is adjacent to Wilsil's plant on Mill street, Montreal.

City Renderers Limited produces inedible tallow, neat's-foot oil, cracklings and animal feeding protein materials. Sales of the Company's products centre around the metropolitan area of Montreal and extend principally throughout the provinces of Quebec and Ontario.

Date of end of fiscal year of the Company

December 31. The fiscal operations of the Company are divided into thirteen four week periods.

SCHEDULE 2

WILSIL LIMITED

SALES OF MEAT—LBS. AND $

(By months from March 1947 to February 1948)

Four week period ended	Beef		Pork		Veal	
	Lbs.	$	Lbs.	$	Lbs.	$
1947						
March 22	961,270	224,791	1,116,974	310,262	89,015	20,750
April 19	922,383	214,961	1,044,777	309,258	258,010	63,012
May 17	910,318	213,885	1,423,454	363,479	257,973	62,711
June 14	975,785	227,765	1,528,445	407,345	260,113	63,445
July 12	826,636	180,482	979,566	247,334	142,842	33,876
August 9	1,272,901	262,502	973,530	261,780	132,672	31,399
September 6	1,461,920	316,428	1,408,797	423,150	140,103	34,012
October 4	225,301	45,100	197,695	65,948	20,661	4,614
November 1	183,336	40,196	1,118,700	284,576	66,073	16,854
November 29	1,570,360	343,883	1,551,370	446,647	231,936	63,790
December 27	1,523,767	343,006	2,231,262	651,624	204,321	54,652
1948						
January 24	1,533,397	374,464	1,328,950	408,344	213,233	58,019
February 21	1,406,803	346,361	1,819,486	600,156	198,331	57,938
Total	13,774,177	3,133,824	16,723,006	4,779,903	2,215,283	565,072

OTHER MEAT PRODUCTS

Four week period ended	Lamb		(Sausages and Cooked meats)		Total meat sales	
	Lbs.	$	Lbs.	$	Lbs.	$
1947						
March 22	69,742	18,085	778,620	177,030	3,015,621	750,918
April 19	50,547	14,588	564,311	131,739	2,840,028	733,558
May 17	30,761	7,677	545,582	139,926	3,168,088	787,678
June 14	50,271	11,589	366,598	101,519	3,181,212	811,663
July 12	43,160	9,498	385,323	108,266	2,377,527	579,456
August 9	52,572	13,431	493,496	131,180	2,925,171	700,292
September 6	134,302	37,521	938,033	231,903	4,083,155	1,043,014
October 4	52,851	11,702	125,026	30,940	621,534	158,304
November 1	24,827	7,075	63,611	30,913	1,456,547	379,614
November 29	173,168	47,034	1,413,692	323,616	4,940,526	1,224,970
December 27	205,485	49,842	930,421	217,602	5,095,256	1,316,726
1948						
January 24	118,724	31,213	214,054	65,150	3,408,358	937,190
February 21	95,810	29,883	523,799	140,217	4,044,229	1,174,555
Total	1,102,220	289,138	7,342,566	1,830,001	41,157,252	10,597,938

SCHEDULE 3

WILSIL LIMITED

(Consolidated for the Company and its Subsidiary)

SALES OF MEAT, TOTAL SALES, PROFIT FROM OPERATIONS, NET PROFIT YEARS 1936 TO 1947

Year	Fiscal period 52 weeks ended	Sales				Profit from operations before deducting depreciation, inventory reserves and taxes on income		Net profit after depreciation, taxes on income and inventory reserves
		Sales of meat		Total sales of meat departments (including sales of produce, refinery and canned goods)	Total sales (including departments other than meat)	Meat departments (including produce, refinery and canned goods)	All departments	
		lbs.	$	$	$	$	$	$
1936	*January 2/37	42,433,069	5,632,979	6,727,919	7,670,167	139,979	343,433	220,186
1937	December 31	42,965,774	6,239,431	7,266,348	8,241,438	157,390	331,371	229,465
1938	December 31	38,173,526	5,712,161	6,669,050	7,524,255	167,323	317,591	232,189
1939	December 30	44,482,552	6,673,337	7,700,166	8,616,702	231,368	402,367	299,836
1940	December 28	49,816,956	7,735,496	8,888,889	9,826,843	254,797	407,559	202,546
1941	December 27	51,986,268	8,781,910	10,280,220	11,537,499	215,347	472,485	192,504
1942	*January 2/43	48,558,139	9,278,723	11,231,294	12,962,935	182,151	414,351	182,379
1943	January 1/44	46,458,026	9,623,007	11,548,762	13,754,187	276,037	417,417	184,684
1944	December 30	55,010,906	11,916,395	14,080,663	16,246,486	331,883	470,170	207,842
1945	December 29	49,509,212	10,507,497	12,497,078	14,797,113	332,546	583,290	231,995
1946	December 28	51,506,528	11,518,058	13,100,294	15,634,411	472,663	692,398	243,986
1947	December 27	40,431,669	10,150,732	12,540,581	15,357,954	253,977	602,493	241,308

* 53 week periods.

SCHEDULE 4

WILSIL LIMITED

SALES OF MEAT—LBS AND $ AND PROFIT FROM OPERATIONS MEAT DEPARTMENTS BY MONTHS, YEARS 1946 AND 1947 AND JANUARY AND FEBRUARY 1948

Four week period ended	Sales			Profit from operations meat departments before deducting depreciation, inventory reserves and taxes on income
	Sales of meat		Total sales of meat departments including produce refinery and canned goods	
	lbs.	$	$	$
1946				
January 26	3,744,041	790,957	889,452	34,339
February 23	4,000,792	876,456	1,005,947	45,662
March 23	4,334,322	977,961	1,082,102	72,332
April 20	4,439,608	989,060	1,079,910	78,422
May 18	2,732,274	605,690	709,870	21,865
June 15	2,845,673	622,282	713,225	*4,934
July 13	3,028,888	680,853	775,462	*18,829
August 10	3,450,995	798,954	925,480	17,500
September 7	4,019,654	882,020	997,388	59,151
October 5	4,309,818	988,255	1,126,329	50,299
November 2	5,208,893	1,169,321	1,316,430	84,241
November 30	5,379,405	1,170,828	1,319,469	72,210
December 28	4,012,165	965,416	1,159,224	*39,598
Total	51,506,528	11,518,058	13,100,294	472,663
1947				
January 25	3,344,042	815,378	928,202	16,301
February 22	3,382,962	849,155	1,001,462	42,460
March 22	3,015,621	750,918	913,688	7,549
April 19	2,840,028	733,558	887,481	*23,611
May 17	3,168,088	787,678	931,288	8,527
June 14	3,181,212	811,663	1,012,845	12,620
July 12	2,377,527	579,456	717,231	9,742
August 9	2,925,171	700,292	908,380	22,144
September 6	4,083,155	1,043,014	1,264,835	70,411
October 4	621,534	158,304	214,681	*36,004
November 1	1,456,547	379,614	491,169	*46,880
November 29	4,940,526	1,224,970	1,535,594	64,389
December 27	5,095,256	1,316,726	1,733,720	106,327
Total	40,431,669	10,150,732	12,540,581	253,977
1948				
January 24	3,408,358	937,190	1,144,185	36,044
February 21	4,044,229	1,174,555	1,377,973	*32,530

* Denotes red figures.

SCHEDULE 5

WILSIL LIMITED

TOTAL INVENTORIES OF BEEF AND PORK

	At October 18, 1947		At November 2, 1946	
	lbs.	$	lbs.	$
Beef—				
(a) Frozen beef	520,200	80,614	348,622	54,260
(b) Other beef	95,520	14,484	515,551	79,212
(c) Total beef	615,720	95,098	864,173	133,472
Pork—				
(a) Freezer pork	670,725	145,149	305,880	57,966
(b) Other pork	356,863	69,380	681,458	110,763
(c) Total pork	1,027,588	214,529	987,338	168,729
(d) Pure lard	10,800	2,234	19,828	2,653

	At December 27, 1947		At December 28, 1946	
	lbs.	$	lbs.	$
Beef—				
(a) Frozen beef	1,081,023	192,817	1,290,654	236,074
(b) Other beef	509,865	94,613	520,437	80,401
(c) Total beef	1,590,888	287,430	1,811,091	316,475
Pork—				
(a) Freezer pork	1,861,576	439,685	852,882	184,458
(b) Other pork	1,088,952	240,369	597,567	105,288
(c) Total pork	2,950,528	680,054	1,450,449	289,746
(d) Pure lard	35,550	7,201	12,295	1,822

	At January 31, 1948		At February 1, 1947	
	lbs.	$	lbs.	$
Beef—				
(a) Frozen beef	1,396,198	242,836	667,705	119,659
(b) Other beef	525,064	115,101	440,076	77,106
(c) Total beef	1,921,262	357,937	1,107,781	196,765
Pork—				
(a) Freezer pork	2,325,375	583,270	866,117	174,689
(b) Other pork	1,354,193	363,975	531,075	99,739
(c) Total pork	3,679,568	947,245	1,397,192	274,428
(d) Pure lard	43,299	8,695	3,600	505

	At February 28, 1948		At March 1, 1947	
	lbs.	$	lbs.	$
Beef—				
(a) Frozen beef	1,300,347	226,198	371,796	62,893
(b) Other beef	479,586	92,168	218,591	36,569
(c) Total beef	1,779,933	318,366	590,387	99,462
Pork—				
(a) Freezer pork	2,719,044	715,335	759,242	136,134
(b) Other pork	1,306,736	355,177	410,071	80,469
(c) Total pork	4,025,780	1,070,512	1,169,313	216,603
(d) Pure lard	28,540	5,776	10,652	1,665

SCHEDULE 6

WILSIL LIMITED

WEEKLY AVERAGE PRICES ACTUALLY PAID BY THE COMPANY AT MONTREAL FOR:

Week ended		Good Steers per 100 lb. liveweight	A grade hogs per 100 lb. hot dressed basis
1939		$	$
September	9	6.51	11.45
	16	7.59	13.13
	23	7.48	12.94
	30	7.39	12.68
1947			
August	9	14.71	23.25
	16	14.14	23.10
	23	13.83	23.08
	30	13.85	23.13
September	6	14.16	23.62
	13	13.75	23.95
	20	.....	.....
	27	.....	.....
October	4	.....	.....
	11	.....	.....
	18	13.55	23.39
	25	13.70	23.33
November	1	14.08	23.23
	8	14.05	23.20
	15	13.74	23.13
	22	13.30	23.08
	29	13.13	23.19
December	6	14.28	23.05
	13	14.04	23.11
	20	14.35	23.16
	27	15.03	23.87
1948			
January	3	15.09	24.64
	10	15.07	28.73
	17	16.04	28.84
	24	16.20	28.71
	31	16.24	28.62
February	7	15.88	28.69
	14	15.72	28.73
	21	15.61	28.91
	28	15.05	29.07
March	6	15.66	29.10
	13	15.85	29.16

SCHEDULE 7

WILSIL LIMITED

TOTAL IN LBS., DRESSED WEIGHT, OF PURCHASES BY THE COMPANY

Four Week Period Ended	Beef Cattle	Hogs
1939	lbs.	lbs.
September 30	1,093,584	1,697,969
1947		
September 6	1,364,045	896,158
October 4	129,156	194,047
November 1	160,563	1,245,947
November 29	1,770,013	3,090,488
December 27	1,986,280	2,377,474
1948		
January 24	1,646,659	1,734,317
February 21	1,457,070	2,684,802
March 15 (3 weeks)	907,314	1,938,383

SCHEDULE 8

WILSIL LIMITED

SALES TO MEAT BOARD FOR UNITED KINGDOM, OTHER EXPORT SALES AND DOMESTIC SALES

Product	Four week period ended	Total Sales in lbs. Sales to meat board for United Kingdom	Other export sales	Domestic sales
Beef—				
	August 9, 1947		30,140	1,242,761
	September 6, 1947		174,992	1,286,928
	October 4, 1947			225,301
	November 1, 1947		14,130	169,206
	November 29, 1947		124,629	1,445,731
	December 27, 1947		62,093	1,461,674
	January 24, 1948		154,823	1,378,574
	February 21, 1948		52,233	1,354,570
Pork—				
	August 9, 1947	45,695	349,829	578,006
	September 6, 1947	189,147	302,868	916,782
	October 4, 1947		40,600	157,095
	November 1, 1947	83,964	617,937	416,799
	November 29, 1947		471,192	1,080,178
	December 27, 1947	897,827	434,170	899,265
	January 24, 1948	347,336	387,857	592,757
	February 21, 1948	797,465	249,790	773,231

SCHEDULE 9

WILSIL LIMITED

COSTING METHOD AS EMPLOYED BY COMPANY FOR A. BEEF, B. PORK

Cattle (steers, cows, heifers and bulls) are purchased on a liveweight basis and generally each purchase comprises a number of head. Normally each purchase is known as a "lot" and is given a "lot number". Each lot is processed (slaughtered, dressed, etc.) separately and as a general rule the cost of each lot is determined.

Hogs are purchased on a dressed hot weight basis. Weights and grades are determined by government graders.

Costing Method Employed for Beef:

The following is an outline of the costing method employed for beef:—

Cost of livestock	$	$ ....
Direct wages:		
Wages of abattoir (killing) department	....	
Other expenses (abattoir department):		
Indirect expenses (operating, selling, general and administrative) prorated on basis of weight handled	....	
Direct wages—beef department	....	
Other expenses—beef department:		
Indirect expenses (operating, selling, general and administrative) prorated on the basis of weight handled	....	
Total expenses		....
Cost of livestock and expenses		....
Less credits—based on selling price of end product		
For offal		
inedible part of the animal	....	
For fancy meats		
livers, hearts, tongues, etc.	....	
For fats	....	
Hides	....	
Total credits		....
Cost of dressed beef (carcasses)		$ ....

The hot dressed weight is decreased by 2 per cent on conversion to cold dressed weight due to shrinkage.

There are various qualities of beef—Red brand (choice), Blue brand (good), commercial (medium) and lower grades. The average cost per pound of the various qualities is obtained by dividing the cost (as determined above) of dressed beef and applying a differential to the various qualities of beef. The differential is varied from time to time. At present the differential per pound over the commercial grade is 1½ cents for Blue and 2½ cents for Red.

The cost of the wholesale cuts (breakdown of the carcass into recognized wholesale cuts) is established by tests by applying differentials in values to the various cuts which differentials are related to current selling prices.

Costing Method Employed for Pork:

The following is an outline of the costing method employed for pork:—

Cost of hogs purchased on a hot dressed weight basis		$ ....
Direct wages:		
Wages of abattoir (killing) department	$	
Other expenses:		
Indirect expenses (operating, selling, general and administrative) prorated on the basis of weight handled	....	....

Less credits—based on selling price of end product		
For offal inedible parts of the animal	....	
For fancy meats livers, hearts, tongues, etc.	....	
For fats	....	
Total credits		
Cost of hogs in carcass form (hot dressed weight) (when hogs are sold in carcass form, per lb. cost is increased by 3 per cent reduction in weight to cover shrink from hot to cold weight)		....
Cutting:		
Direct wages of cutting	....	
Cost of supplies	....	
	....	
Less: Cutting credits for sundry items at current values (spareribs, feet, heads, trimmings, etc.)	....	
		....
Cost of major fresh pork cuts before curing or smoking (hams, trimmed bellies, loins, trimmed shoulders, picnic style shoulders and butts)		$ ....

The major cuts are sold at various stages of production (1) fresh cuts, (2) cured cuts, (3) smoked cuts.

The cost of the individual major fresh pork cuts is established by differentials that bear a close relationship to the differences between actual selling prices.

To establish the cost of the cured and smoked cuts the cost of direct wages and packages and supplies used in curing and smoking is added.

The indirect expenses (operating, selling, general and administrative) applicable to the pork department are prorated over the products handled on a basis of weight. This item of cost is added at the time the product has reached the form in which it is to be sold.

Mr. DYDE: I have no questions of these witnesses with regard to the history of the company.

Mr. PINARD: As a matter of curiosity, I would like to know who was the predecessor company? I see in schedule 1 that you took over the business from another company.

Mr. HOULT: It was a company of the same name, Wilsil Limited. I do not know how far you want to go back but early in the 1920's it was called Montreal Abattoirs, a company which went into liquidation.

Mr. DYDE: With reference to this schedule 1 I think there is one matter that perhaps you could explain. I see that there is a company referred to lower down on the page under "names and addresses of subsidiary companies". You state "Wilsil Limited has one subsidiary company, City Renderers Limited, engaged in the rendering business." Have the sales and profits of that company been included in the subsequent schedules?

Mr. HOULT: They have, sir.

Mr. DYDE: Then you will notice at the bottom of the page that the end of the fiscal year is December 31. On schedule 2 we find one thing which strikes me at the moment as being somewhat remarkable, and that is the relative amounts of the different meats. The beef total in pounds is 13,774,000, and the pork total is 16,723,000. In other words, in 1947 there is a bigger pork business than beef business?

Mr. MACEWAN: Yes.

Mr. DYDE: Is that the usual thing with your company?

Mr. MACEWAN: Yes.

Mr. DYDE: That is normal?

Mr. MACEWAN: Yes, sir, that is normal.

Mr. DYDE: Perhaps Mr. Hoult can answer this question? Are you able to add to these schedules figures similar to those which some of the other companies have added—the reduction to cents per pound?

Mr. HOULT: No, I have not got that worked out, but I have the average selling price per pound throughout the whole period.

Mr. DYDE: I would be glad to have that, and Mr. Hoult, would you direct us to where we might conveniently insert the figures on these schedules?

Mr. HOULT: I have put the figures between the pounds and the dollar figures for each class of meat.

Mr. DYDE: That is on schedule 2?

Mr. HOULT: Yes.

Mr. DYDE: Those figures you are going to read to us should have what heading at the top of the page?

Mr. HOULT: "Average sale price per pound".

Mr. DYDE: The average selling price per pound in cents?

Mr. HOULT: Yes. The average selling price in cents.

Mr. DYDE: Yes.

Mr. HOULT: Beef, average selling price, 23·3.

Mr. WINTERS: That is dividing total volume by the total price?

Mr. HOULT: That is correct, sir—23·3 cents. April, 23·3; May, 23·4; June, 23·3; July, 21·8; August, 20·6; September, 21·6; October, 20; November, 21·9; November 29, 21·8; December, 22·5; January, 24·4; February, 24·6; the average for the whole of the thirteen periods is 22·7.

Now, pork: March, 27·7; April, 29·6; May, 25·5; June, 26·6; July, 25·2; August, 26·8; September, 30; October, 33·3; November, 25·4; November, 28·7; December, 29·2; January, 30·7; February, 32·9; and for the whole period 28·5.

Now, there is a little explanation which I should like to make in connection with that.

Mr. DYDE: You can do that now?

Mr. HOULT: Yes. The point has just been raised, when you were referring to the average pork prices per pound. I read them and there appeared to be quite a variation or swing in September and October. I would like to explain the reason for that. I might begin my remarks by saying, this is the information I have been getting throughout my discussions wtih the company. This is a period of the strike, and while the strike was on, by arrangement they were able to dispose of certain of their perishable commodities which they had; that happened to be a lot of high priced smoked hams and picnic hams and so on; but you will see that the quantity is very, very small; which is the explanation for that wide variation in these two periods.

Mr. WINTERS: I see the quantity was quite large in September.

Mr. HOULT: I was referring there to September—well, still it carries through. The strike started on September 10. We had ten days of normal operation and for the balance of the period I understand that is what happened.

Mr. DYDE: It is not exactly a complete explanation because September in fact shows a disposition of quite a large poundage, 1,500,000 pounds.

Mr. HOULT: That is correct, sir.

Mr. DYDE: And it is for a four-week period ending September 6, is it not?

Mr. HOULT: That is correct.

Mr. DYDE: So that your strike hadn't started yet?

Mr. HOULT: That is correct. My explanation with respect to that period is not right. I will check on it and correct it.

Mr. DYDE: Your explanation may be correct for the period ending October 4, but now I would call your attention to the fact that your price is down in November and you have quite a volume again in November, still during the strike period.

Mr. HOULT: Yes.

Mr. DYDE: Would you make inquiries during the intermission and see if you can help us on that?

Mr. MACEWAN: I think the reason of that, Mr. Dyde, was this; while the strike was on we were able to ship a lot of the quantity we had in the plant in cars to outside points.

Mr. DYDE: Unless some of the members of the committee want it I do not propose to put the average prices per pound with reference to veal and lamb, but I had thought we might do it with reference to total meat sales, if you have it, Mr. Hoult.

Mr. HOULT: Yes, I have it. The figures for total meat sales—

Mr. DYDE: This is down in the lower right-hand of the table on the same schedule.

Mr. HOULT: For March, 24·9; for April, 25·8; May, 24·8; June, 25·5; July, 24·3; August, 23·9; September, 25·5; October, 25·4; November, 26; November 29, 24·7; December, 25·8; January, 27·4; February, 29·4; total, 25·7.

Mr. DYDE: Now, for the moment we may perhaps turn to schedule 3, so we can get all the figures which can be supplied to us before the intermission; and there, on schedule 3, I think you could read to us the totals of these various columns.

Mr. HOULT: The sales of meat and the total pounds?

Mr. DYDE: Don't read them too fast.

Mr. HOULT: All right, sir.

The ACTING CHAIRMAN: Which list?

Mr. DYDE: That is the total of the first column, in pounds.

Mr. HOULT: That is correct. It is 561,332,625.

Mr. DYDE: And the next column is dollars, is it not?

Mr. HOULT: That is right.

Mr. DYDE: Yes. Go ahead.

Mr. HOULT: $103,769,726.

Mr. DYDE: And that is which column?

Mr. HOULT: Dollar sales, meat department. $122,531,264.

Mr. DYDE: Next column?

Mr. HOULT: Total sales, $142,169,990.

Mr. DYDE: Next column?

Mr. HOULT: $3,015,461.

Mr. DYDE: Next column?

Mr. HOULT: $5,454,925.

Mr. DYDE: Last column?

Mr. HOULT: $2,668,920.

The ACTING CHAIRMAN: Have you any questions on that section?

Mr. DYDE: I may have some more questions on it, but I thought we might add these percentage figures while we could, now. We could add some figures on schedule 4, I think.

Mr. HOULT: Now, that is the breakdown of the last column, the profit variation in each department, and as between beef and pork. If that is of interest we can break it down.

Mr. DYDE: You are now going to give us figures down the right-hand side of the page. What should we put at the head of the column?

Mr. HOULT: Beef department and pork department, two sets of figures.

Mr. PINARD: Is that 1946 and 1947?

Mr. HOULT: 1946, and I can give you the same information for 1947. I can put my beef figures in between.

Mr. DYDE: We need a beef column which can come in between your last two columns; and then, I suppose, your beef column would come in the space to the right of the page.

Mr. HOULT: That is it.

Mr. DYDE: Now, 1946, you will read the beef and the pork; beef first and pork second?

Mr. HOULT: Right. This is 1946, January.

1946	Beef		Pork	
	Profit	Loss	Profit	Loss
Month	$	$	$	$
January	.....	8,232	42,572	.....
February	3,567	.....	42,094	.....
March	2,562	.....	69,769	.....
April	6,604	.....	71,817	.....
May	.....	5,790	27,655	.....
June	.....	9,139	4,204	.....
July	.....	9,529	.....	9,299
August	.....	3,159	20,659	.....
September	.....	24,660	83,811	.....
October	41,892	.....	8,407	.....
November	.....	335	84,576	.....
November 30	.....	10,405	82,616	.....
December	.....	37,616	.....	1,981
Total	.....	54,241	526,905	.....

1947	Beef		Pork	
	Profit	Loss	Profit	Loss
Month	$	$	$	$
January	.....	12,014	28,015	.....
February	.....	17,058	59,518	.....
March	.....	51,010	58,559	.....
April	.....	32,613	9,001	.....
May	.....	34,442	42,969	.....
June	.....	44,415	57,035	.....
July	.....	34,580	44,323	.....
August	.....	21,019	43,163	.....
September	.....	2,786	73,198	.....
October	.....	14,321	.....	21,683
November	.....	11,529	.....	35,351
November 30	37,318	.....	27,071	.....
December	8,594	.....	97,732	.....
Total	.....	229,876	483,874	.....

1948	Beef		Pork	
	Profit	Loss	Profit	Loss
Month	$	$	$	$
January	1,986	.....	34,059	.....
February	.....	23,303	.....	9,227

Mr. DYDE: And you have added two periods in 1948?

Mr. HOULT: Yes.

Mr. LESAGE: Were there no by-products on beef there?

Mr. HOULT: No.

Mr. LESAGE: No?

Mr. HOULT: No.

Mr. LESAGE: You included your by-products against the losses?

Mr. HOULT: There is one exception to that, Mr. Lesage; there was a credit given to beef for what they call the top ends, and so forth, but the other by-products of beef are not included in these beef figures. Does that make it clear to you?

Mr. LESAGE: Yes. You have the figures here?

Mr. DYDE: Have you got the figures for the by-products?

Mr. HOULT: Yes, we can produce those figures for you. We call them other beef parts, which includes hides and so on. We could produce those figures for you.

Mr. DYDE: You could put them in this afternoon?

Mr. HOULT: Yes.

Mr. LESAGE: That will be quite all right. You understand why I am asking that; to show a complete picture of what was done.

Mr. HOULT: We can submit the whole figures on that. That includes just the hides, the rendering and so forth. We will have a breakdown on that which we can lay before the committee showing how much profit we made.

Mr. PINARD: Do you have any other meat products?

Mr. HOULT: No. If you will look at schedule 4, there, Mr. Pinard, in the third column; you will notice we have it headed, total sales of meat department including produce, refinery and canned goods. I would like to explain there that the system of accounting followed at Wilsil's is that these items—produce, refinery and canned goods—are all considered as part of the pork department and have been so considered for years.

Mr. LESAGE: Those canned goods are all canned meats?

Mr. HOULT: No, that includes canned fruits and vegetables.

Mr. LESAGE: And your butter and cheese and so on?

Mr. HOULT: Yes, butter and cheese; that all goes in the produce. What we can give you there if you wish it is the sales of produce, but we haven't got any breakdown of the cost of sales; that is, it is all included as part of the pork department; and in order to break that down you would have to rewrite your books, and we just could not find any way of breaking it down, but we do give there the meat branch sales.

Mr. WINTERS: In your accounting system is the total cost of slaughtering, all the inspected slaughterings, rendering and whatever operations there are in connection with meat; are they all charged against the value of the pork or meat, or is part of it charged against the by-products?

Mr. HOULT: The slaughtering charge for beef and pork is included in the cost of beef and the cost of pork.

Mr. WINTERS: None of these items are charged against by-products at all?

Mr. HOULT: Not the killing.

The ACTING CHAIRMAN: I wonder, gentlemen, if this would not be a good place to break off. It is one o'clock. We will adjourn until 4 o'clock this afternoon.

AFTERNOON SESSION

APRIL 29, 1948.

The meeting resumed at 4.00 p.m.

The CHAIRMAN: Gentlemen, before Mr. Dyde begins to examine the witnesses I have something to say. There is a suggestion in tonight's paper that I this morning hinted at the possibility of controls. It should be clearly understood—and I have checked the record and have discussed the matter with counsel—that nothing I said this morning could reasonably be given that interpretation. I was questioning the witness—it was Mr. Munn I think at that time—and several alternatives were put before him. I take this opportunity to let it be clearly understood that nothing I said this morning was intended to indicate any intention with regard to controls.

Mr. THATCHER: That is most regrettable, Mr. Chairman.

Mr. IRVINE: It makes a good story.

The CHAIRMAN: That may be the point, but I am just saying now that no one could reasonably come to that conclusion. The whole committee heard what I said and any such further interpretation is just ridiculous.

H. MacEwan, Vice-President, Wilsil Limited, recalled:

G. E. Hoult, of P. S. Ross & Sons, Auditors of the Company, recalled:

G. M. Smith, of P. S. Ross & Sons, Auditors of the Company, recalled:

Mr. DYDE: Gentlemen, there were some figures which we were putting on the material which is before the committee and I would like to go back to a point that was discussed this morning and upon which I do not think we have received a clear explanation. I am referring now to schedule 2 under the heading "pork" with respect to the figures opposite September 6 and October 4. There, Mr. Hoult, when you were giving us the average per pound you gave us two figures, the first opposite September 6 which I cannot read but which I think is 30, and the second figure is opposite October 4 which is 33·3. You did make some explanation of the figures but I am wondering whether you could clear up the explanation which you have made.

Mr. HOULT: Mr. Dyde, I might suggest that your question this morning went just a step farther. You asked me about the increase to 30 cents between August 9 and September 6 and I said I would look over what papers we had with us and see if it would be possible to give an explanation. The information which we have with us does not enable me to give the explanation and it will require an analysis of the sales of the type of pork products sold. We will get the investigation moving right away and obtain the information for you.

Mr. DYDE: There is just one point in that connection and I believe it is of sufficient importance for me to ask you to act immediately in order to obtain the information, and then either yourself or an officer of the company will have to come back and give us the explanation in person.

Mr HOULT: All right, sir.

Mr. DYDE: You can let me know when you have the information and we can deal with it at that time.

Mr. HOULT: All right, sir.

Mr. DYDE: On schedule 3 we have already filled in some figures but Mr. Hoult can, I believe, give us some further figures which I think are of significance. All we had this morning with respect to schedule 3 was the total figures but Mr. Hoult can also supply us with the percentage figures representing

the percentage of profit on the meat department, and also on all departments. In other words, there are two columns of figures which Mr. Hoult can give for those who would like to insert them in this material.

Mr. HOULT: I will first give the figure for the meat department—total sales of the meat department, and relate that figure speaking of the year 1936, to the fifth column which is profit of $139,979. Expressing that relation in percentage of sales of the meat department—which figure is given in the third column—$6,727,000, the percentage in 1936 is 2·08 per cent; the figure in 1937 is 2·16; the figure in 1938 is 2·5 per cent; the figure in 1939 is 3 per cent; the figure in 1940 is 2·86 per cent; the figure in 1941 is 2·09 per cent; the figure in 1942 is 1·62 per cent; the figure in 1943 is 2·39 per cent; the figure in 1944 is 2·35 per cent; the figure in 1945 is 2·66 per cent; the figure in 1946 is 3·6 per cent, and the figure in 1947 is 2·02 per cent. Would you desire the over-all total?

Mr. DYDE: Yes.

Mr. HOULT: The total is 2·46. The percentage of all departments to total sales—relating the profit of $343,000 shown in the next column to the right to the total sales of $6,670,000 is expressed as follows: the figure in 1936 is 4·48 per cent; the figure in 1937 is 4·02 per cent; the figure in 1938 is 4·22 per cent; the figure in 1939 is 4·67 per cent; the figure in 1940 is 4·14 per cent; the figure in 1941 is 4·09 per cent; the figure in 1942 is 3·19 per cent; the figure in 1943 is 3·03 per cent; the figure in 1944 is 2·89 per cent; the figure in 1945 is 3·9 per cent; the figure in 1946 is 4·43 per cent; the figure in 1947 is 3·92 per cent and the total for the twelve years is 3·84 per cent.

Mr. DYDE: Now, we have already filled in some figures on schedule 4, and turning to schedule 5 we have the inventory figures. If I look at the bottom list of figures and at February 28, 1948, we are correct are we not in saying that your inventories of both beef and pork are considerably greater than for the corresponding period of the year previous?

Mr. HOULT: That is correct.

Mr. DYDE: Going on to schedule 6 you have supplied here the weekly average price which you actually paid. Now the column is headed "good steers" and I think that has to be explained because ordinarily the quotations are for steers 1,050 down, and I think one of you can tell me what you have included in this column "good steers"?

Mr. MACEWAN: We have included all cattle, no matter what the range of weight is—including in good steers those that will qualify as good steers but the weight may be just not up to 1,050 and possibly the weight might be up to 1,250.

Mr. IRVINE: Do you mean by that a good fat cow would be a steer?

Mr. MACEWAN: Oh, no, no.

The CHAIRMAN: The man is not a magician, Mr. Irvine.

Mr. DYDE: Is there anything unusual in the Montreal market? Do you look for heavier steers in Montreal?

Mr. MACEWAN: Yes sir. At Montreal the trade is for heavy cattle—that is for cattle weighing from 500 pounds to around 700 pounds. If they are heavier than the figure I have given they do not want them. Ordinarily, however, we have a demand in Montreal for heavier cattle than are in demand in the Toronto market.

Mr. MAYBANK: What weight are you giving—are you giving weight on the hoof or dressed weight?

Mr. MACEWAN: When I said 500 pounds to 700 pounds that is dressed weight.

Mr. MAYBANK: That is what I thought. When you earlier mentioned the figures 1,050 and 1,250, you were giving figures on the hoof?

Mr. MacEwan: Yes.

Mr. Maybank: So you are talking about the same range, only in one case the weight is dressed weight and in the other case weight is on the hoof?

Mr. MacEwan: Yes.

Mr. Dyde: Mr. MacEwan we are interested in these former prices on schedule 6 but we are also interested in what you can give us to bring this up to date. I think I am correct in saying that you have not at this moment corresponding prices which will continue down the cattle column but I think you have some other figures which can give us which will be of help? You have certain dressed figures and I believe that you can give us the cost figures for the period from January 1; or, at least, for the same periods from January 1, on, could you not?

Mr. MacEwan: I can do that, yes.

Mr. Dyde: What you can give us then is, what?

Mr. MacEwan: It is the week ending the 31st of January.

Mr. Dyde: And you can give us your dressed cost figure for that week can you?

Mr. MacEwan: I can.

Mr. Dyde: Will you please give that to us now.

Mr. MacEwan: I will give you the red brand beef. The cost of that was 32·24.

Mr. Dyde: 32·24, and that is expressed in cents per pound?

Mr. MacEwan: 32·24, per pound.

Mr. Dyde: What is next?

Mr. MacEwan: February 7, I can give you; and the cost was 32·32. Then February 21, I can give you the cost—was 31·81; February 28, it was 30·27; and the next cost that I have gives up to April 17, the cost was 32·93.

Mr. Dyde: You cannot give any other April costs?

Mr. MacEwan: No, I could not.

Mr. Dyde: But could you give us further information with regard to April, can yon not?

Mr. MacEwan: Yes. The week after April 17—for instance, I think I will explain first of all that Montreal is a deficiency area so far as beef cattle are concerned. Many times on the market there are absolutely no good steers on our market at all and we therefore have to bring cattle from Calgary, Winnipeg and Edmonton and sometime we operate on the Toronto market; whichever market we think we can buy the cattle cheapest. And we bring I think more cattle from Calgary and Winnipeg than we do from the Toronto market. Now, in that week, the week after the 17th of April, we brought 187 choice to good steers from Calgary; and they cost us 16·52; in Calgary; and then we had to pay the freight and feed charges, which cost us $1.48, per hundred; which means that these cattle when they came to Montreal cost 18 cents live; and besides that they shrink probably from 90 to 100 pounds per cattle on the way down.

Mr. Dyde: Now, at first sight, that would appear to excuse—or to be the reason for, perhaps it is the best way of putting it—for the increase in your selling price, and it ties in with your remark that Montreal is a deficiency area. Am I right in saying that, that in these previous periods of January and February you were bringing down cattle as well?

Mr. MacEwan: We were.

Mr. Dyde: So that your dressed cost for red brand beef always has to take into account the fact that you are in a deficiency area for beef cattle and your dressed cost that you give us will in most cases include cattle brought from other markets?

Mr. MacEwan: Absolutely.

Mr. Dyde: So that it would be fairer for us to compare let us say the figure that you gave us for January and February, January 31, and February 3, where your costs dressed were 32·24 cents per pound and 32·32 per pound, with 32·93 cents per pound in April 17?

Mr. MacEwan: Yes.

Mr. Dyde: Now Mr. MacEwan, can you help us; does the additional dressed cost which we see there of a fraction of a cent a pound; is that justification for the increase in cost to the consumer of say 5 cents a pound on the cuts of beef that are being sold at retail? Now, you are going through your plants, and you are going through the retail in order to answer that question, and I am asking you to take in a big territory; but I want your help.

Mr. MacEwan: Well, there are some retailers, for instance, who handle practically speaking only hind quarters of meat; and the usual practice of the packing houses on that, if the front quarters pile up we have to sell the front quarters cheaper and then average out on the cattle—we have to put an increased price on the hinds, the hind quarters of our cattle. The hind quarter is equivalent to 48 per cent and the front to 52 per cent; and if we can move the front quarters then the differential between the fronts and the hinds is on a fairer basis, but if we have to sacrifice the fronts then we increase the rate on the hinds, and when it comes to—we take, for instance, in January 31, and February, those dates that you mentioned—we lost heavy on that because our price to the retail trade was only 28 cents for the red brand steers. Then, during February the trade entirely changed and the trade didn't want any red brand beef or blue brand beef, they wanted to buy the cheaper quality of beef; because I take it that the consumers didn't want to pay the price on the higher grade, on the dearer quality. They wanted to buy the cheaper quality beef. Therefore we were not able to quote 28 cents. Our price was 27½ to 28. And on February 28, we had to take 27·5 cents a pound for the red brand beef. And you will notice that in that week the price also came down, which meant that we bought these cattle a little cheaper because it was 27. We lost plenty on our operations during the months of January and February.

Mr. Dyde: When you come to April 17, what is your selling price?

Mr. MacEwan: Our selling price at April 17—our price out to the trade was 31 cents.

Mr. Dyde: How do you explain—let me put it this way to you, Mr. MacEwan; we have heard your long and complete explanation on front and hind quarters, but to the layman it still looks as though your costs were staying within a fraction of a cent of one another and yet your price to the retailer has gone up considerably. Now, is that an attempt to get into a profit position, or is it the fact that the retailer is not willing to pay more than. What is it?

Mr. MacEwan: It is a combination of both of them. We have tried to make a profit on our beef and the retailer has come back and is demanding to get that quality of beef.

Mr. Dyde: Can you give us any other week at all between that period and the week of April 17?

Mr. MacEwan: I haven't got it with me.

Mr. Dyde: You haven't got it with you?

Mr. MacEwan: No.

Mr. Dyde: So that your explanation for the recent rise in price is that the people in Montreal just now want red brand beef and therefore you were able to raise the price you are selling the retailer.

Mr. MacEwan: Yes, but the price also was only diminishing our loss. We are not making a profit on that, it only diminishes our loss.

Mr. DYDE: I was trying to keep prices separate from profits really, although I am not sure it is always possible to do so. I repeat to you that, here, we have running along there prices within a fraction of a cent of one another in the prices that you have given us, yet we have wide variations in your selling prices. I think the sum of what you have said is that that is because the retailer finds there is a demand for red brand in the week of April 17 and he, therefore, is willing to pay you more?

Mr. MACEWAN: Yes.

Mr. DYDE: If the next week the demand falls, he will be willing to pay you less and the price will fall?

Mr. MACEWAN: That is correct.

Mr. DYDE: So, are you saying to me that the supply of cattle has very little to do with the price that the consumer has to pay?

Mr. MACEWAN: No, I would not say that because a good deal depends on whether there is a shortage of beef, we will say, in Montreal or whether competition is severe.

Mr. DYDE: Well, there is a shortage of beef in Montreal all the time. Have you not told us that?

Mr. MACEWAN: Yes, that is of live beef, but the other companies put in lots of dressed beef by the carload and that beef, in competition with our beef, keeps the price down.

Mr. DYDE: Your inventories have been good and high since the first of January, have they not?

Mr. MACEWAN: On the frozen beef which we got in December—

Mr. DYDE: Now, you are referring to a schedule, are you?

Mr. MACEWAN: Yes, schedule 5. We had 1,081,023 pounds; then, in January we had 1,396,198 pounds. In February, we had 1,300,000 pounds. So, you will see, we were gradually getting it down. So long as there is fresh beef on the market, it is very difficult to sell frozen beef unless that beef is going to export, we will say. We have a trade which takes some of the beef to Bermuda and beef which goes to the West Indies; that all has to be frozen.

There is a large quantity of this beef, here, which we have in January, which is manufacturing beef.

Mr. DYDE: But looking at your other beef figures, Mr. MacEwan, not your frozen beef but your other beef, and comparing your position on February 28, 1948, with the previous year—on February 28, 1948, you had 479,586 pounds and in the same period the year previous you have less than half that amount. Your supply position, or your inventory position is pretty high?

One would have thought, not being in the trade, that with a high inventory position you would not have to worry very much if you were a little short of receipts in April. Because of your inventory position or your cooler position, it would not have been necessary for you to increase your selling price?

Mr. MACEWAN: Mr. Dyde, that 479,586 pounds of beef only represents—that includes fresh manufacturing beef as well—that only represents, practically speaking, one week's sale.

Mr. DYDE: You are not able to give us the inventory figures following February 28?

Mr. MACEWAN: No, I cannot.

Mr. DYDE: Do you know, of your own knowledge—you must know fairly accurately—what your inventories are at the end of March, 1948?

Mr. MACEWAN: I would take it that the frozen beef was down and the other beef might, possibly, be the same. I want to explain that.

Sometimes we have cars of livestock arriving two and three days late. We have a big killing on Friday and that is sold on the following Monday. That would make our inventory heavy and yet, when it came to Tuesday, the inventory might be only one-half of what it was on Friday.

Mr. DYDE: Now, may I take you through one further thing because I am sure you can do it for us. The price on February 28 at which you were selling was 28 cents. I will take the top price at that time, 28 cents, to the retailer and, on the 17th of April the price is 31 cents; that is an increase of 3 cents between those two dates. Now, translate that for us into a side of beef going to the retailer. An average side of beef going to the retailer would weigh how many pounds?

Mr. MACEWAN: Say 300.

Mr. DYDE: So that the retailer on February 28 would pay you 300 times 28 cents, am I correct?

Mr. MACEWAN: Yes.

Mr. DYDE: In April, he would pay you 300 times 31 cents?

Mr. MACEWAN: Yes.

Mr. DYDE: If you add that to the normal margin that the retailer attempts to add, it would mean a considerable increase, and can you say how much, to the person who is buying red brand beef?

Mr. MACEWAN: No, I could not say that, but I would put it this way: I, myself, for years was in charge of a large number of retail stores. We just simply, at certain times of the year, such as in this case, the beginning of January, February and March when there always has been an up in the price of beef, we just took smaller margins on our selling to the public.

Mr. DYDE: Yes, that is true, but that is not what I asked you. I asked you what would happen to the consumer if the retailer, in each case, took his normal margin which is worked out on a percentage basis. I am informed that the retailer aims at a margin of around 24 per cent on sales. If he took his same margin at the end of February and the same percentage in April, would this increase of 3 cents not mean a considerable increase in the price which the consumer has to pay?

Mr. MACEWAN: Yes. That is, provided he gave the consumer the benefit of the low price in the previous weeks.

Mr. DYDE: Yes. I am asking you just to add the same percentage margin in each case. Now, can you translate that, in any way, into a sensible figure per pound, when it gets to the consumer?

Mr. MACEWAN: It would be a mark-up of about seven cents a pound.

Mr. DYDE: I am not sure that I understand that. It would be an increase of seven cents a pound? Would the consumer pay seven cents a pound more in the week of April 17 than he did at the end of February?

Mr. MACEWAN: Yes: the figure would be 4¼ cents.

Mr. DYDE: Your estimate is that the consumer, in April, would have to pay 4¼ cents per pound at the retail level?

Mr. MACEWAN: That is correct.

The VICE-CHAIRMAN: That is without taking into consideration the various cuts and that sort of thing; one cut might go up nothing at all while another cut might go up something more, but you mean on the average.

Mr. MACEWAN: That is absolutely right.

Mr. DYDE: And if your price to the retailer has advanced about 31 cents, then, of course, the consumer must pay more still.

Mr. MACEWAN: Absolutely.

Mr. DYDE: Unless the retailer allows himself to be squeezed by consumer resistance and takes less of a margin?

Mr. MACEWAN: That is right.

Mr. DYDE: Yes. Now, your price to the retailer then is a pretty important matter to the consumer, is it not?

Mr. MACEWAN: Absolutely correct.

Mr. DYDE: Because, on top of that is added the percentage margin which the retailer hopes to make.

Mr. MACEWAN: Yes.

Mr. DYDE: And a variation in your selling price of a small amount in cents per pound expands by the time it gets to the consumer to a larger number of cents per pound. Now, what do you think can be done by your company, or the packing industry generally, to help us in that particular situation today?

Mr. MACEWAN: The information which I have is this: that the higher price of meat at the moment is caused because quite a number of cattle both in Calgary and district, that is, southern Alberta, and Manitoba, as well as in the Edmonton district is prevented from getting to market because there has been a ban on the roads. They have had floods and snow. The information I have, from the parties who buy our cattle out there is this: that immediately that ban is lifted, and it may be lifted now, because they were expecting it very soon, there will be more cattle coming into the market and the market will reflect it accordingly.

Mr. DYDE: Is that statement borne out in fact by the figures which you have given us? Because I would refer to your dressed costs of the week of April 17, and I find them to be only a fraction of a cent higher than they were in February.

Mr. MACEWAN: The dressed cost on April 17 is also in the retail price; anything from that date on, for perhaps ten days. Your cost on April 17 is for beef which will reach the consumer ten days later.

Mr. DYDE: Maybe two weeks; just about now.

Mr. MACEWAN: Exactly.

Mr. DYDE: Just about now some consumer in Montreal is buying red brand beef that cost you 32·93 cents per pound. Now, I do not think the floods in Alberta have anything to do with that. They have nothing to do with it at all?

Mr. MACEWAN: To do with what?

Mr. DYDE: To do with what the consumer in Montreal is paying today.

Mr. MACEWAN: The floods and the lack of cattle coming to the market have jumped the cattle market up; and that ban has been on for two or three weeks.

Mr. DYDE: I know. And while that ban was on, your dressed cost was 32·93 cents on April 17. Whatever effect the roads and floods and bad weather have had must have been reflected in that 32·93 cents. So, what is happening today in Alberta has no effect whatever on your dressed costs for the week of April 17.

Mr. MACEWAN: I would say yes, because our dressed costs on April 17—those cattle take a week to eight days to come through; they are on the road for a week, and sometimes they are two days late.

Mr. DYDE: I thought you were telling me that the Montreal consumer was paying more today because of floods which were happening right now, today, in Alberta. Wasn't that what you told me?

Mr. MACEWAN: I mean—the ban has been on for some time.

Mr. DYDE: Yes.

Mr. MacEwan: And the market has gone up. For instance, take that week that I am referring to, the week of Arpil 17; in that week the Calgary market was 18 cents a pound. Now take last week, when Winnipeg was 18 cents a pound. You could not buy red brand steers in the Winnipeg market last week under 18 cents a pound; and that really means 19¼ cents in Montreal before you fill the cattle. There is bound to be a big jump on that.

Mr. Hoult: Might I ask a question of Mr. MacEwan?

Mr. Dyde: You can make a statement, if you care to.

Mr. Hoult: I was trying to bring out the point which Mr. Dyde was trying to make with you, Mr. MacEwan, and I did not quite understand it in the same way.

As I understand, Mr. Dyde, when he referred you to the price on April 17 as 32·93, you gave that on the dressed weight, your dressed cost, meaning that the cattle had arrived at your plant, had been slaughtered and dressed, and that was the rate at your plant around that date?

Mr. MacEwan: Yes.

Mr. Hoult: I wanted to make sure you understood it, because when Mr. Dyde was following through in reference to the present floods in Alberta or wherever they might be, you were talking about the cost in your plant on April 17?

Mr. Dyde: Yes. I do not want to be misunderstood about this because, Mr. MacEwan, you know the meat business very well, I think. I was leading you to give us an explanation of why the consumer in Montreal is today paying more for any type of red brand beef than he was a few weeks ago, and I thought I had hit it right on the head when I found that the beef that was in your plant, and which cost you 32·93 cents per pound, was the beef that is being sold in Montreal retail stores in the last few days, perhaps even today.

Mr. MacEwan: Yes. That is correct.

Mr. Dyde: I was finding it difficult to see why the consumer today in Montreal is having to pay so much more for beef that, in fact, cost you a very small fraction more than the beef that you had in February.

Mr. MacEwan: Well, the beef that we had in February we were losing very heavy on it because of buyers' resistance.

Mr. Dyde: Then the reason that you got a better price for this 32·93 cent beef is that the buyers' resistance is off in Montreal? There is a demand for more red brand beef, and you are able to put your price up? Is that right?

Mr. MacEwan: Absolutely; that is correct.

Mr. Dyde: So again I come back to the point which I thought I was making a few minutes ago, that it is not nearly so much the cost to you that governs the price as it is, in your opinion, the demand of the consumer because the cost to you has changed almost not at all, and yet the consumer is paying more. Is there a heavy demand in the Montreal retail stores for red brand beef within the last week?

Mr. MacEwan: Yes.

Mr. Dyde: You know that?

Mr. MacEwan: Absolutely, yes.

Mr. Dyde: You know that?

Mr. MacEwan: Yes.

Mr. Irvine: Mr. Dyde, I wish you would clear up a point that seems to be a contradiction to me, that in February when the price was a little lower there was consumer resistance, but in March when the price was higher the resistance seemed to go.

Mr. Pinard: There is a greater demand.

The VICE-CHAIRMAN: I think you are putting it in reverse order. The resistance seemed to go and the price went higher. Would that not be the way to put that?

Mr. IRVINE: Put it the way you like. If the resistance was of any value the demand would be less, but he says the demand is greater and therefore the price goes up. Naturally it would.

The VICE-CHAIRMAN: The reason I intervened was that, as I understood it, the price was low in February because of resistance.

Mr. IRVINE: That is what he said, that people resisted.

The VICE-CHAIRMAN: After the resistance lessened then the price went up, but I gathered that the resistance did lessen in between February and now. That is why I intervened.

Mr. IRVINE: You mean to say the packers caught them napping between one resistance and the other and bounced it up some.

The VICE-CHAIRMAN: I do not know about catching them napping, but I thought the explanation was that people got tired of resistance.

Mr. IRVINE: What I cannot understand is if they resisted in February they have much more reason to resist now and do not seem to be resisting. That is what I cannot understand.

Mr. HARKNESS: The resistance is worn down.

The VICE-CHAIRMAN: In a completely different field I have heard that people will resist at great length sometimes and will yield at others.

Mr. IRVINE: Beef is not like the devil. If you resist the devil he will flee from you.

The VICE-CHAIRMAN: Says you.

Mr. HARKNESS: There was one statement you made I did not quite understand, that the price to this company now of the red brand beef is practically the same as it was in February. According to the figures they gave us is it not up by about 2½ cents at April 17th compared with what it was at February 28?

Mr. MACEWAN: February 28, that is absolutely correct.

Mr. DYDE: That is correct, yes. I think I may have mislead the witness slightly there. I was looking at the figures for the end of January and the beginning of February and referring to them as if they were later figures.

Mr. IRVINE: What schedule are you looking at now?

Mr. DYDE: I am looking at schedule 6 and at the figures we put on it a few minutes ago.

Mr. HARKNESS: To follow that along a little further at the present prices that you are paying, 18 and 19 cents for this red brand beef, I think you said, the cost to you will be up another 2 cents or so a pound?

Mr. MACEWAN: I would say it will be up. It all depends upon what yield we get out of the cattle and the probability is that it will be over 33 cents, maybe a cent a pound up from this figure here.

Mr. DYDE: The value of my question is not lost, however, Mr. MacEwan, because while Mr. Harkness is quite correct in pointing out to me I was comparing wrong dates nevertheless at January 31 your dressed cost was 32·24 cents and you were retailing at 28 cents.

Mr. MACEWAN: That is correct.

Mr. DYDE: So that while I mentioned wrong dates the comparison as to prices was not unfair to make, I think.

Mr. IRVINE: I cannot see where you get those figures you have just given on schedule 6.

Mr. DYDE: I am sorry. We looked at schedule 6 and then I asked Mr. MacEwan to continue the column for good steers down below March 13. He could not do it. He did not have up-to-date figures. I then asked him if he could give us any figures that would help us to compare the present situation with the situation in January and February, and he gave us his dressed cost per pound of red brand at his plant for certain periods. I have put mine down opposite the dates.

Mr. IRVINE: That is all right. I will get it from the record anyway.

(Mr. R. Pinard now presiding as acting chairman).

Mr. DYDE: Mr. Chairman, I have no further questions with regard to successive schedules 6, 7, 8 and 9. I was going to ask one or two questions with regard to a schedule which we have already covered, but I do not want to take the members of the committee away from a consideration of these schedules if we should look at them. Perhaps we might at least look at them in succession and find out exactly what they are, anyway. Either Mr. Hoult or Mr. MacEwan can answer. Schedule 7 is simply a schedule in which you have set out the total purchases by the company?

Mr. HOULT: That is correct.

Mr. DYDE: And for the month of March, 1948, you have given a figure for three weeks. Would either you or Mr. MacEwan be able to give an estimate as to what the total for the period would be?

Mr. HOULT: Possibly Mr. MacEwan can. I cannot.

Mr. DYDE: Would it be a quarter more?

Mr. MACEWAN: I would take it it would be probably one-third more if my recollection is right. I think in the last week in March we killed fairly heavy, so that I would take it it would be not one-quarter but one-third more.

Mr. DYDE: So that until the end of March, at any rate, your receipts of cattle were not dropping badly?

Mr. MACEWAN: That is correct.

Mr. DYDE: On schedule 8 you have shown your figures with regard to export and domestic sales. Do these blank spaces under "sales to meat board for U.K." mean there were no sales?

Mr. MACEWAN: Absolutely.

Mr. DYDE: There were no sales?

Mr. HOULT: No.

Mr. DYDE: That applies to the pork figures where blanks are shown?

Mr. HOULT: That is correct.

Mr. DYDE: Is there any explanation we should have for the fact that there were no sales in those periods?

Mr. MACEWAN: The only thing was that we were able to sell to the trade the beef we had in the plant and we had none for export.

Mr. DYDE: That would apply also to pork?

Mr. MACEWAN: I would think it does.

Mr. HOULT: For October 4 the reason would be the strike.

Mr. IRVINE: Could you speak a little bit louder?

Mr. MACEWAN: Yes.

Mr. DYDE: Your other export sales throughout that week and for the period ending November 9, 1947, were pretty heavy but there were no sales to the meat board. Is there any explanation?

Mr. HOULT: I have no explanation I can give offhand.

Mr. DYDE: I have no questions to ask with regard to schedule 9 resulting from a request to this company—the same request as in the case of other companies—in case it was necessary to examine the costing method employed by the company. I have no immediate reference which I wish to make to it. Now, I would like to go back to schedule 4 and on that schedule you have the monthly statement of profit and loss and the figures for sales of meat are not broken down into the types of meat in any way. Would you please make it clear to us just what that column "sales of meat" does include? Does it include anything except meat?

Mr. MACEWAN: No sir.

Mr. DYDE: Where are by-products on this page?

Mr. HOULT: By-products are not on that page at all.

Mr. DYDE: They are not included in the total sales of meat departments?

Mr. HOULT: No sir.

Mr. DYDE: Have we anything on your schedule which will help us with regard to the by-product figures?

Mr. HOULT: No sir.

Mr. DYDE: Other than I suppose schedule 3 in which all other operations are included?

Mr. HOULT: Yes, I was going to refer you back to schedule 3.

Mr. THATCHER: Would the witness say, before you leave this item, whether there was much appreciation of by-products? When the ceilings were increased 3 cents in February and then when the ceilings were taken off completely in September the price went up quite materially. Did you have a large stock of hides on hand at those two dates?

Mr. HOULT: I do not believe the company did have a large quantity but I have found in Mr. Wright's file the exact figures for inventory. He had these figures with him when he was here last week.

Mr. THATCHER: You have not a separate by-products or hides account on which you could tell us the profit?

Mr. HOULT: By months?

Mr. THATCHER: Yes.

Mr. HOULT: I have not got it here but it could be obtained.

Mr. THATCHER: That should not be necessary.

Mr. HARKNESS: Has this company figures similar to those we received from the other two companies regarding the profit per pound on meat handled? It worked out to $\frac{1}{5}$ of a cent for the other companies and I was wondering if this company had a figure for comparison?

Mr. THATCHER: May I have an answer to my question?

Mr. DYDE: They have not supplied that information, Mr. Harkness, but I am sure that Mr. Hoult could work out the profit per pound on the product handled.

Mr. HOULT: It would all depend upon what you would include in the word "product". I am not sure that we could determine the total volume in pounds. I would like to explain why, from the figures of the company and its system of accounts, we cannot answer the question in just the way you asked it. The reason is that the company in their system of accounting includes produce, refinery, and canned goods as part of the pork department. Those items are included in the total pork department sales. If we just took the total meat sales of the pork department and related it to the figure "total sales of the meat department" we would get a higher figure, which would not represent a true value because you have a sales value in there for products other than meat.

Mr. HARKNESS: You could not supply the figure?

Mr. HOULT: No.

Mr. THATCHER: What about my by-products question?

Mr. DYDE: I should have remembered that we had an inquiry along the line of the question but I had forgotten it was difficult for this company to give the information. The reason I spoke about by-products—and I will continue on that line in a minute—was that Mr. MacEwan referred a few moments ago, when we were discussing the present day situation, to the loss on meat. I am now wondering whether he was referring to a loss on beef and, speaking of beef, does he refer to beef without its by-products or does he refer to a loss after taking into account the beef by-products?

Mr. HOULT: May I speak on that matter Mr. Dyde?

Mr. DYDE: Yes.

Mr. HOULT: In the case of Wilsil Limited their accounting method is such that they give the beef department and the pork department credit. I will speak first of beef. Wilsil Limited gives the beef department credit for the value of hides based on the market value at the date of the transfer. They also give the beef department credit for what is known in the trade as offal—the insides and so forth. In the case of pork the credit is for offal. In the figures which the company has given for beef there is credit given for the price of items to which I have referred. The other figure about which you were talking—other by-products and so forth—is included in what they call "other departments". It is not in those figures which you are on now.

Mr. DYDE: Let me be a little more specific, even though I haven't been so far. I am still looking at schedule 4, and looking at the figures we pencilled in. In 1947, you gave us figures of dollar profit and loss under the heading beef and we put them down ourselves.

Mr. HOULT: That is right.

Mr. DYDE: And in the period ending November 29, and in the period ending December 27, and in the period ending January 24, you gave figures which were profit figures.

Mr. HOULT: That is right.

Mr. DYDE: And all the other figures were loss figures?

Mr. HOULT: Yes.

Mr. DYDE: And I wanted to make sure that all those figures that we put down on the beef had included the result of your beef by-products.

Mr. HOULT: No more than those credits to which I have referred, but not over. A consistent policy has been followed by the company throughout. On each one of these periods the method of accounting is the same for the entire period.

Mr. DYDE: I am not suggesting that the method changed.

Mr. HOULT: I thought it might have a bearing on your question.

Mr. DYDE: I wanted to make sure, whether you were making a loss on beef or whether you were making a profit on beef, that in those charges we had included the whole animal you get from the producer, the farmer; or whether there was some other item which comes out of the beef cattle which you have not included in that column.

Mr. HOULT: I would say everything is included in that.

Mr. DYDE: Yes; and when we come to the pork column, when we look at the figures for these different points, we can assume that you have included all the by-products of the pig; or, am I wrong?

Mr. HOULT: We have included them.

Mr. DYDE: You have included that?

Mr. HOULT: Yes.

Mr. DYDE: All right.

Mr. THATCHER: Just before we leave this I would like to get an answer to a question I asked a moment ago, if I may. I think it was December 20, if I remember correctly, that the price went up 3 cents, and on calves 5 cents—I would like to know if you had a large inventory of them at the time, or approximately what it was. Then, as at February 15, the ceilings came completely off—yes—and there was a considerable price increase in that department. I would like to know what appreciation of inventory Wilsil had in those two periods?

Mr. HOULT: I have a memo which I have taken from Mr. Wright's file which shows that on January 20, 1947, they had 8,259 hides on hand.

Mr. THATCHER: What do you estimate those hides would weigh?

Mr. MACEWAN: 60 pounds.

Mr. THATCHER: Right. I am sorry I interrrupted you, Mr. Hoult.

Mr. HOULT: On September 15, 1947, we had 5,026, on hand.

Mr. THATCHER: And you have no figures as to the value of your stock appreciation at that time?

Mr. HOULT: No. Whatever the increase might have been in the selling price you could apply that to the stock we had on hand.

Mr. THATCHER: Yes. I would estimate in the first period it would amount to $15,000 to $16,000.

Mr. HOULT: I have no knowledge myself as to the proportionate price.

Mr. THATCHER: You have no idea during the year how much your profits on beef that you show would be based on inventory appreciation?

Mr. HOULT: To what are you referring?

Mr. THATCHER: I mean your over-all costs.

Mr. HOULT: When you refer to inventory appreciation, Mr. Thatcher, are you meaning that the inventory has been liquidated, sold?

Mr. THATCHER: No.

Mr. HOULT: If so, any profit is right in these figures.

Mr. THATCHER: Perhaps I did not make myself clear. You know that when ceilings came off at various times during the year, on hides or on meat, and on various other things, the prices in most cases immediately took a jump.

Mr. HOULT: Yes.

Mr. THATCHER: Well, you had naturally a good deal of your merchandise at the old price. The point I wanted to get at is, do you have any figures as to how much you made when the ceilings came off in the form of inventory appreciation?

Mr. HOULT: We haven't got that.

Mr. THATCHER: Would you say that a fair portion of your profits last year came from that?

Mr. HOULT: I could not say that.

Mr. THATCHER: I do not know whether you were here when Mr. McLean of Canada Packers was giving evidence, but when he was here he made the statement that part had been due to that. Mr. McLean said "The chief factor affecting results has been the removal of ceiling prices on many of the products in which the company deals. These include meat, 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." Do you think the same would be true of your company, or do you think they would not be true?

Mr. HARKNESS: I think it is only fair to Mr. McLean to point out that he said the extra profit was largely due to that.

Mr. THATCHER: I am quoting his exact words. I have them here.

Mr. HARKNESS: You will recall that you had a long argument with him, and then he later qualified that statement.

Mr. THATCHER: But I have just read to you what he said when he was here.

Mr. HARKNESS: But later he made it clear about it being extra profits.

Mr. LESAGE: Mr. Harkness is right.

Mr. HARKNESS: I think it is only fair to Mr. McLean to indicate that he later qualified the statement you have read.

Mr. THATCHER: These are Mr. McLean's exact words.

Mr. IRVINE: It can't be unfair if it is on the record it will speak for itself.

(Mr. Maybank resumed the chair)

The VICE-CHAIRMAN: Just a minute, on that point. While it is true—and let me say immediately that it is not for me to choose as to correctness as between you and Mr. Harkness—while it is true that you quoted the actual statement it may be that in a later statement there may be something else modifying it at another point.

Mr. THATCHER: Oh, yes.

The VICE-CHAIRMAN: And if we are quoting a witness and there is some modification of that statement later it would only be right to, as you might say, quote him in full. Would you agree?

Mr. THATCHER: Oh, yes, indefinitely; but these are the exact words. That was his statement to me.

The VICE-CHAIRMAN: Or, did he not modify it in another place?

Mr. THATCHER: I agree, later on he said that it was extra profit.

The VICE-CHAIRMAN: Well then, we must take the statement which you have in front of you as being only a partial statement about it, and that on being questioned on it at a later stage he modified it. Would not that be the right way of approaching it?

Mr. THATCHER: Put it anyway you like.

The VICE-CHAIRMAN: No, it is not what I like. I just put it to you. I know you want to ask your questions in a fair manner.

Mr. THATCHER: Certainly.

The VICE-CHAIRMAN: I felt sure that if it were pointed out to you that you were not being fair to a witness in that you quoted something he said without the subsequent modification; I feel sure that if that were pointed out to you you would agree that the whole of the statement should go in.

Mr. THATCHER: Well now, put it anyway you like.

The VICE-CHAIRMAN: It is not "the way I like". I have no personal views in it.

Mr. THATCHER: Any way the Conservative party or other defenders of these companies like to have it in.

Mr. HARKNESS: I object very strongly to that statement and I think Mr. Thatcher is being very unfair in making such a statement.

Mr. THATCHER: All right, I withdraw.

Mr. HARKNESS: There is no question of us being here in this committee in defence of any company.

Mr. THATCHER: I apologize.

The VICE-CHAIRMAN: Now that we have had all this withdrawn you can still ask your question in the proper way.

Mr. THATCHER: Shall I start it all over again?

The VICE-CHAIRMAN: I think it would be well if you started all over again, just like a husband and wife quarrelling over the kids.

Mr. THATCHER: When Mr. McLean was before this committee he made this statement:

> 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.

And Mr. McLean later went on to suggest that what he had really meant to say was that the extra profits were due to these inventory increases. Now, would you say as an official of Wilsil's—that is your capacity, I think?

Mr. HOULT: No, I am the accountant.

Mr. THATCHER: Would you say the same is true of Wilsil's?

Mr. HOULT: Mr. Thatcher, with respect to Wilsil's I could not answer directly the question that you put to me because I have no knowledge, I do not know. But I would say that if a company—and you may use Wilsil as an illustration—has an inventory on hand they certainly did, if the price went up subsequently. Until such time as Wilsil or any other company has sold that inventory they have not made a profit. Now, if at some time between the taking off of the price ceilings and the end of the year Wilsil had turned over their inventory at a higher price then that profit would be reflected in the operations for the year.

Mr. THATCHER: Yes.

Mr. HOULT: But I cannot explain the details any further, because I do not know.

Mr. THATCHER: You do not know?

Mr. HOULT: No.

Mr. THATCHER: Would any one of your officials with you know that?

Mr. HOULT: No, I do not see how they could work that out.

Mr. THATCHER: I see your figures for November, December and January as per your schedule—for instance, December; that was the most extreme month. Your profit was almost $146,000, on meat. Now, in January, they are lower. Not nearly as much. Are those profits caused by inventory appreciation? That is what I would like to know. If you cannot answer, you cannot. If you can answer, you might possibly throw some light on that fact.

Mr. HOULT: No, I do not know that I can answer because I have not got the facts at all. I can tell you that in the month of January the company did sell from their inventory that they had at the end of the year and that would explain the profit in January. Then, going into February, they sold their current production and the cost of current production is high.

Mr. LESAGE: Unless the amount they were selling in January had been priced at the end of December at the new price which was higher, then the profit would be shown at the end of December and not in January?

Mr. HOULT: If they had a stock on hand, Mr. Lesage, at the end of December and prices advanced in January and the company sold that out of their inventory—

Mr. LESAGE: If the prices advanced in January?

Mr. HOULT: Yes, that is my point.

Mr. LESAGE: But if there was an inventory appreciation at the end of December, it would be shown in December and not in January?

Mr. HOULT: I think I am confused when you are talking about an inventory appreciation. I, as an accountant, always look upon inventory appreciation as not being profit until such time as it has been released.

Mr. LESAGE: No, it is a book profit.

Mr. HOULT: Oh, all right.

Mr. LESAGE: What we have here on schedule 4 may well be book profits?

Mr. HOULT: Yes, it does not mean—

Mr. LESAGE: Or part of it might be a book profit?

Mr. HOULT: It might be.

The VICE-CHAIRMAN: Are there any other questions, gentlemen?

Mr. THATCHER: I should like that information obtained. It could be sent in by letter. I should like to know approximately how much of Wilsils profit last year came from inventory appreciation. If that is a long and cumbersome task, I do not want the company to go to a teriffic amount of work to accomplish it. The company can estimate it. They must have some idea.

Mr. HOULT: Might I just ask, when you are talking about inventory appreciation, so I will clearly understand you, if you say that in 1947, they made their inventory appreciation, you will give me a starting date?

Mr. THATCHER: During 1947.

Mr. HOULT: All right, then, you say, if I am following you correctly, that I take my inventory as of the end of 1946 and I sell that through the year 1947. To what extent have I made a profit on that inventory on account of the selling price being higher? Have I got your point correctly?

Mr. THATCHER: Yes.

Mr. HOULT: I must have a starting date.

Mr. THATCHER: The only time you will have a date is when some ceiling price came off. The first one was in February, on hides and skins; the second is in September when the ceiling on hides and skins came off completely. Then, on October 24, the ceilings came off meat. Those are the only three dates.

Mr. HOULT: I must always start to work from an inventory as of a certain date, which you give me.

Mr. THATCHER: I am not trying to have you go through weeks of work attempting to get it. If that is the case, do not get it.

Mr. HOULT: I can tell you now the company could not get it without expending a great deal of effort in analysing a tremendous number of adjustments. Further than that, there is a tremendous problem which I do not think the company can overcome and that is identifying their sales. I do not think I would get a proper answer when I was finished.

Mr. THATCHER: If that is the case, I do not want you to do it. I would think you could ask the president or whoever is the head official, just how many hides did you have on hand at this date; how much meat did you have at this date? Do you not know if you made an inventory appreciation on it? I do not want a lot of detail work done. If you cannot get it without a lot of detail work, forget it.

The VICE-CHAIRMAN: Are there any other questions, gentlemen?

Mr. IRVINE: Just a minute, are you finished with these witnesses?

The VICE-CHAIRMAN: Yes. I was asking if there were any more questions.

Mr. IRVINE: I have one or two very important questions to ask. I should like to know if Wilsil purchased large quantities of live hogs and cattle in the western provinces and shipped them east to be killed? Do you also ship large quantities of carcasses which have been killed in the west?

Mr. MACEWAN: We buy no hogs in the west.

Mr. IRVINE: But you buy beef?

Mr. MACEWAN: We buy beef alive. We very frequently buy carloads of beef which has been killed in Winnipeg.

Mr. IRVINE: Can you tell me whether it is cheaper to ship into Montreal a carload of carcasses or a carload of live animals?

Mr. MACEWAN: Well, so far as the company is concerned, they are better to bring the cattle through and kill them in Montreal because they get the full benefit of the price of the offal. Having the stock killed, we will say in Winnipeg, we lose a lot of that. You lose the head, you do not get the head. You lose the rough fat, that is the inside fat of the animal. You only get credit for the defatted animal. You pay the price on the hide at the present prices. As a general rule, when you kill your own cattle, you take the hide and salt it. You make a profit on it.

Mr. IRVINE: As a good business man and a Scotchman, looking after the economic end of everything as I have no doubt you are competent of doing, supposing you had charge of the whole cattle business so far as processing is concerned and you were interested in giving beef and pork to the consumers of Canada at the cheapest possible price, would you not think it advisable to have those animals killed as near to the place they were raised as possible?

Mr. MACEWAN: Well, there are two things which come into that. For instance, you kill cattle, we will say, in the west in the months of November, December, January and February and probably March; that would be five months. The dressed beef in those cars would arrive in good condition.

However, when you come to the hot weather, that is April—not so much in April—but May, June, July and August and the muggy weather in September, then you get a better price for your beef killed in the abattoir in the city of Montreal than you would get on the beef which comes in the car because to a certain extent, it has perished away. That is chilled; I mean, it perishes on the way. If it is hard-frozen it might not; but nobody would buy beef which is hard frozen at that time, and it does not hold up either. Immediately you handle that stock in hot weather, during the hot months, the meat blackens and deteriorates, so far as the butcher is concerned in buying it. And if the butcher buys it and puts it in his store, then he must move it very fast, because it deteriorates immediately.

Mr. IRVINE: That is quite clear. But what about the meat we ship to Britain or to any foreign market?

Mr. MACEWAN: That is all frozen, and it is frozen under strict regulations; it has to be chilled and frozen within a certain time. And no matter when that meat comes through, they can arrange the temperature of the car to be such that it is delivered at the point of selling in perfect condition.

Mr. IRVINE: Could not the same perfect condition be maintained in respect of meat which is to be consumed in Montreal?

Mr. MACEWAN: Not during those hot months. Nobody would buy, during those months, frozen meat. The public ban it completely.

The VICE-CHAIRMAN: Your proposition is that it could be done, and I gather from the witness, physically it could be done, but that our people, having the opportunity of buying fresh meat and the opportunity of buying frozen meat, would not take the frozen.

Mr. IRVINE: Possibly that is true. I just wanted to know if it was a practical proposition. I have one more question in that regard and I am finished. From the point of view of the consumer, it would be better to tan the hides in Winnipeg or in Calgary and make them into boots rather than to ship those hides to Montreal and tan them and ship them back in the form of boots, especially in view of the 21 per cent increase in the freight rates.

Mr. MacEwan: I am not capable of answering that question. That is out of my province.

The Vice-Chairman: That is not feasible while the west is a colony, anyway.

Mr. Irvine: That is a very significant remark, Mr. Chairman.

Mr. Dyde: You will remember, Mr. Hoult, to look up the information about that item on schedule 2, and if it is not a great inconvenience, one of you may come back from Montreal next week with that information.

Mr. Hoult: As soon as it is ready I will contact you and report to you.

The Vice-Chairman: Thank you, gentlemen.

Mr. Hoult: Thank you, very much.

Mr. Lesage: It now being a quarter to six, should we start with another witness tonight?

Mr. Thatcher: No. I move that we adjourn.

The Vice-Chairman: I do not know what the Minister might say to you for moving that motion, or what he might say to me for putting it.

Mr. Thatcher: The Minister is not here now.

The Vice-Chairman: Oh, I feel the rope around my neck. Are you in general agreement, gentlemen, that we adjourn now until tomorrow? There are, I am sorry to say, no conditions.

At 5.45 the committee adjourned to meet again tomorrow, Friday, April 30, at 11 a.m.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 49

FRIDAY, APRIL 30, 1948

WITNESSES

Mr. L. W. Pearsall, Assistant Director of Marketing Service, Live Stock and Live Stock Products Division, Department of Agriculture.

Mr. F. S. Grisdale, Co-ordinator of Foods, Wartime Prices and Trade Board.

Mr. J. G. Taggart, Director of Agriculture Services, Department of Agriculture.

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 30, 1948.

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

Members present: Messrs. Beaudoin, Fleming, Harkness, Kuhl, Lesage, Martin, Maybank, Mayhew, Merritt, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. L. W. Pearsall, Assistant Director of Marketing Service, Live Stock and Live Stock Products Division, Department of Agriculture, and Chairman of the Meat Board, was called, sworn and examined.

Witness retired.

Mr. F. S. Grisdale, Co-ordinator of Foods, Wartime Prices and Trade Board, was called, sworn and examined.

Witness retired.

Mr. J. G. Taggart, Director of Agricultural Service, Department of Agriculture, was called, sworn and examined.

Witness retired.

At 12.45 p.m., the Committee adjourned to go into Executive Session and to resume in public session on Monday, May 3, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

11814—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
April 30, 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. We will have an executive session of the committee later this morning, a rather important one.

Mr. DYDE: I should like to call Mr. Pearsall, Mr. Chairman.

L. W. Pearsall, Assistant Director of Marketing Service, Live Stock and Live Stock Products, Department of Agriculture, called and sworn:

By Mr. Dyde:

Q. Mr. Pearsall, would you give the committee your full name, please?—A. Luke Windham Pearsall.

Q. Your address?—A. Confederation Building, Ottawa.

Q. Your position?—A. Assistant Director of Marketing Service, Live Stock and Live Stock Products.

Q. I believe you are also an officer of the Meat Board?—A. I am chairman of the Meat Board.

Q. And the Meat Board is under what statute?—A. At the moment, it is operating under the authority provided in the Agricultural Products Act. I am afraid I have forgotten the exact title.

Q. Is it the Livestock Products Act?—A. No.

Mr. LESAGE: No, the Agricultural Products Marketing Act, I believe it is. We just passed it in the House.

The WITNESS: That is a detail which I have forgotten at the moment.

By Mr. Dyde:

Q. Would you describe to the committee what the Meat Board is, please? How is it made up, what is the membership?—A. The membership at the present time is made up of myself, as chairman, Mr. S. E. Todd of the Industrial Development Council, Canadian Meat Packers, Dr. Auld of Regina, Mr. Tummon, I believe he is the Secretary of the Ontario Hog Producers Association, and Mr. Proulx of Quebec City.

By the Chairman:

Q. What does he represent?—A. The producers.

Q. Not the provincial government?—A. No.

Mr. LESAGE: Mr. Proulx was Director of Service, Department of Agriculture, Quebec.

By Mr. Dyde:

Q. Then, the Meat Board has to do with the negotiation of the United Kingdom contract with regard to bacon and beef, does it not?—A. I would not

say it was the Meat Board which had to do with the negotiations. The contracts are negotiated as between the two governments. I think it is proper to state, with respect to meat products, the Meat Board is consulted with respect to the technical details.

Q. And then the Meat Board carries out the decisions?—A. Right.

Q. Would you be good enough, please, to give us some history of the Meat Board operations and, in this, I do not think we need go back farther than August, 1947? Would you explain how, at that time, the operations of the Meat Board were carried on with respect to beef and pork?—A. In August, 1947, and as a matter of fact right down through the history of the Meat Board, all the board has done was to purchase any surplus quantities of beef that were offered by anyone, any packer, that is in a position to meet the specifications and requirements.

In other words, we stood ready to purchase any surplus meat within the specifications as provided in the United Kingdom agreement. That was true of the supplementary contracts with respect to offals and hog casings.

On pork, however, the board did regulate the quantity which was left for distribution on the domestic market or, in other words, attempted to divert certain quantities from domestic to export. Briefly, that was accomplished by placing each exporting packer on a definite quota as to the number of hogs he was permitted to distribute in the domestic market and required that the balance of all slaughterings, over and above those permitted for domestic use, should be delivered for export.

At the same time, the purely domestic operators who were not exporting were also limited to the quantities they could put into the domestic market.

I think those are the essential features of our operations at that time.

Q. Then a change took place in the methods of the board in, I think, September, 1947, is that right?—A. The essential change was with respect to pork. At that time, all domestic quotas were removed and the handling of the purchase of bacon was placed on the same basis as beef. In other words, all packers and operators, at their own discretion, sold all they could on the domestic market and merely offered us the surplus.

Q. Do you know what result that had on domestic operations in pork, for instance, Mr. Pearsall?—A. Well, in general, there was a very substantial increase in the quantities of pork which were distributed in the domestic market. I do not think it is possible to get an exact figure. You could get a very accurate appraisal of the increased quantities from the inspected plants but, I think, there was a lot of diversion. There were lots of hogs killed in non-inspected plants. Therefore, it would be difficult to get a record of the non-inspected plants. I do not think there is any doubt about it there was a very substantial increase in the amount of pork and pork products which went into consumption as a result of the lifting of the restrictions on domestic distribution.

By Mr. Maybank:

Q. You do not have an exact statistic on the non-inspected plants?—A. No.

By Mr. Thatcher:

Q. Is pork still very short in Canada?—A. Pork has never been short in Canada; that is, it has never been short in so far as supply is concerned. It was short on the domestic market because of the restriction placed on the quantity which could be distributed but, as from September on—

Q. There is a lot of pork on hand at the moment, then?—A. Definitely.

Q. Why can we not ship more to the United States, then?—A. That is a matter of government policy.

The CHAIRMAN: With which this committee is not directly concerned.

Mr. LESAGE: I do not think Mr. Pearsall should be asked to express an opinion on a matter of government policy.

The CHAIRMAN: Mr. Thatcher is not going to pursue it. He wants to be fair.

Mr. THATCHER: The only thing is that it might affect the price. I was wondering whether Mr. Pearsall, as chairman of the Meat Board would have some reason to explain the fact we cannot ship pork to the United States, if there is plenty of it here, and he has just said there was.

Mr. LESAGE: It is a question of government policy, and that question is out of order.

The CHAIRMAN: I do not think it is fair to ask a civil servant to comment on government policy.

Mr. KUHL: Does he not make recommendations?

The CHAIRMAN: It is a matter of government policy, and I do not think it is fair to the witness.

Mr. THATCHER: I do not want to be unfair.

The CHAIRMAN: I know you do not.

Mr. THATCHER: Is there some reason, I am not asking about government policy, but I want to know why we cannot ship our meat to the United States if there is plenty of it here.

Mr. MAYBANK: I submit the question would be answered if he said there was an embargo on it.

The CHAIRMAN: He has given you the answer.

By Mr. Thatcher:

Q. In your capacity, as chairman of the Meat Board, would you not make recommendations to the government?—A. Not necessarily.

Mr. MAYBANK: Let us suppose the answer is, yes. The questioning would still stop there because recommendations made to the government by an official would not be receivable here. You cannot go behind the baize door in any way at all.

Mr. THATCHER: You cannot? Oh, all right.

The CHAIRMAN: Are there any other questions?

By Mr. Dyde:

Q. Mr. Pearsall, we have had put before the committee a document which has been marked as Exhibit 99 and which contains material supplied by the marketing service of the Department of Agriculture. I think you are familiar with it. I was wondering whether, on the second and third pages of that document, and I am confining my attention to the second and third pages for the moment, you had anything you could tell the committee with regard to the point we were mentioning a few minutes ago, namely, the domestic consumption and the effect of the change which took place in September? Does that document help us at all?—A. The document, under page 2, with respect to domestic distribution, was prepared, as a matter of fact, in our office and it is our effort to appraise the domestic consumption, the residual quantity. Again, I should like to say this is from inspected slaughtering only and does not take into consideration the non-inspected slaughtering which is always included in the D.B.S. figures.

On page 2, that is beef, the first quarter of 1947, the domestic distribution after allowing for export and canning, averaged 9,881,000 odd pounds weekly; the second quarter, 10,054,000 pounds—I am reading the last line, average weekly domestic distribution; third quarter, 10,150,000 pounds and the fourth quarter is 9,951,000 pounds. I should like to observe that the figure for the

fourth quarter of May is not too realistic because it included the strike period in which, undoubtedly, there was a larger quantity of beef slaughtered in non-inspected plants. In other words, the average weekly domestic distribution of beef approximated very close to 10,000,000 pounds weekly during the four quarters of 1947.

Now, on the last column on the right, is an estimate of January and February. As a matter of fact, I can bring that figure up to date now, for the first quarter, and the average weekly distribution of beef in the first quarter of 1948 from inspected slaughtering only is 12,170,000 odd pounds. In other words, there has been a very substantial increase in the beef consumption of Canada during the first quarter of 1948 from inspected slaughter, approximately 2,000,000 pounds weekly.

By Mr. Lesage:

Q. Do you have any indication that the same increase occurred in so far as non-inspected slaughter was concerned?—A. Pardon?

Q. Do you have any indication that the same increase occurred on non-inspected slaughtering?—A. I would have no way of appraising that, Mr. Lesage. There is no particular reason why it should not.

Q. No, I am just asking you if you have any indication?—A. No, I think it would be reasonable to assume there was an increase in the non-inspected slaughter, probably not as great as this, but of some order.

Q. So, the increase here would not be due to a decrease in the other?—A. I would not think so, although that is a matter of opinion.

Q. Yes, but you have no definite indication?—A. No.

By Mr. Thatcher:

Q. Would you say there is a shortage of beef at the present time or is it plentiful, the same as pork is, in Canada?—A. Do you mean at the present time, right this week, or during the first quarter?

Q. At the present time; how do we stand so far as beef is concerned?—A. Well, the case history is this; during the first quarter of 1948, the cattle slaughterings were substantially greater, I think about 20 per cent, something of that order; not only were the slaughterings greater, but the average weight was substantially higher. The total weight of inspected beef slaughtered during the first quarter was about 30,000,000 pounds greater than the first quarter of 1947. Our exports totalled somewhere around 15,000,000. I would say this, during the period beef was being offered for export, there must have been a surplus over and above what this market would absorb. But, during the past four or five weeks we have not been offered any beef for export. I want to modify that in a moment, but in brief, we have not been offered any beef for export which would lead me to the conclusion that the quantities of beef being offered are being absorbed in the domestic market. Whether or not the domestic market will absorb more, I do not know.

Q. Then, it is not too plentiful at the present time?—A. Not in relation to demand. The fact of the matter is that the demand has increased.

Q. Yes, but that would probably mitigate any change of sending beef to the United States in the near future, regardless of government policy?

Mr. LESAGE: That is the same question.

The WITNESS: I would say this; there is not likely to be any surplus beef offered above what the domestic market would absorb during the next two or three months. I want to modify that to this extent; when you say, "Certain surplus beef", beef includes everything from canner cows to red brand beef. You may find a surplus of manufacturing beef in the maritimes; we may be offered a car of boneless beef from one particular section and, at the same time, there might be a shortage of good beef in other sections of the country.

The reason I say it is not anticipated there will be any surplus beef during the next two or three months is; first, because cattle marketings are normally light at this time of the year and, secondly, at this time of year the cattle go out on grass. Once a farmer puts his cattle out on grass and grass is plentiful, he is going to leave them there for a few months. We will not get any surplus beef until the grass cattle start to move and when the grass cattle start to move will depend on pasture conditions during the summer.

By Mr. Maybank:

Q. When you speak of there not being a surplus with respect to demand at the present time, you mean that to be understood in the light of prices as they are at the present time? If prices rose a great deal, certainly it would affect the demand?—A. I think what I had in mind when I made the statement the way I did, in relation to present demand, is that evidence was brought out that marketings this year were greater than last year. Nevertheless, this market has taken these additional offerings and has absorbed them and there is still no surplus.

By Mr. Fleming:

Q. There is no evidence of consumer resistance in the months of this year, 1948, thus far?—A. Well the only way I can answer that question is by stating that the public actually bought substantially greater quantities of beef, greater quantities of the top qualities of beef and they paid higher prices for them.

Q. Are you in a position to say that they are purchased for consumption, that it is not going into storage?—A. There is some of that beef in cold storage. The figures will show you that; that is, in these figures that I have given all storage stocks have been deducted at the end of each period.

The CHAIRMAN: How do you explain the demand this year?

The WITNESS: I think that is probably just what one would expect. The 1st of January pork prices were very, very considerably increased, $7 a hundred on export bacon with an equivalent rise in the domestic prices. That is an unprecedented increase at one time, it made pork prices relatively high. And what actually happened, the actual result of that price increase, the public switched their buying from pork to beef, and there was a corresponding decrease in the consumption of pork; and the evidence, so far as we can see it, was that there was very little change in the total meat purchases in the domestic market, but there has been a definite switch from pork to beef because of the very sharp increase in pork prices. The consumer switches from one product to another depending on the price; and in all probability if the meat prices are relatively too high they switch to other protein foods, such as cheese, fish and so on. In this case it was a switch from pork to beef.

By Mr. Lesage:

Q. Have you the figures for the first quarter of 1948, so far as pork is concerned?—A. Calculated on a similar basis—this is page 3, of Exhibit 99—the first quarter—and again I want to emphasize that these are only inspected slaughterings, they do not include non-inspected slaughterings—the first quarter, average weekly distribution in pounds of pork and bacon, all pork products, 4,900,000 odd pounds. The second period, 4,962,000 odd, and in the third period 4,397,000 odd. I may observe at this point that during these three periods, as I have already explained, that the Meat Board was controlling the quantity which could go on to the domestic market. In other words, domestic market consumption would have been very substantially higher if it had not been regulated. In the fourth quarter, after restrictions were removed and trading was free to sell on the domestic market, with all controls off, prior to going for

export, the average distribution for domestic consumption increased to 7,243,000 pounds weekly. Now, for the first quarter of 1948, I can correct these figures, this January 1—we calculate that the average weekly distribution of pork for the first quarter was 5,424,000 pounds, which is a reduction from the fourth quarter of last year of about 1,800,000 pounds (that is 1947) and that is just about the increase which took place in beef. It is higher than for the first three quarters of 1947, but substantially lower through the period—the last quarter of 1947. In other words, the total consumption of these two items of meat, pork and beef, remained about the same, and there was diversion, a sharp reduction in pork and a sharp increase in beef.

Q. Now, Mr. Pearsall, when the restrictions were taken off I would like to know if the following happened: namely, if people bought more beef coming from inspected slaughterings than they had done during the war or during the periods of control?—A. I think that would be true of pork. It is difficult to make an estimate. You might say there was a 10 to 15 per cent reduction in non-inspected, and an increase in inspected. I think probably that was true. I do not think it was true for the reason that we never had restrictions on beef, and did not apply to the same extent.

Q. That is right.—A. I think that remark you made with respect to pork—I do not know how it is phrased. At the same time, I think it is a correct conclusion that there was some diversion, because—

Q. And there was a lot of slaughterings which were not allowed?—A. Quite.

By Mr. Fleming:

Q. It is quite clear, Mr. Pearsall, is it not, from what you have said that the price and quantity, the price that was being charged and the quantities of beef and pork available, had been tied very closely to government policy. We have seen in the case of pork, for instance, that when the government freed the domestic sale there was a much greater quantity coming on the market, and then when the price was raised by the United Kingdom contract immediately the domestic price went up, and that has reflected itself in the case of beef by an increased consumer demand for beef because the pork price had been raised to a point where the domestic consumer resisted the pork prices?—A. Well, I hope I am answering your question; at least, I hope I have interpreted it correctly. The fact is that the export price was negotiated by government contract. Historically there always has been a surplus of pork and the export price determines the price in the domestic market.

The CHAIRMAN: That has always been the case?

The WITNESS: That has always been the case. So, if you raise the export price, whether you do it by government contracts or private trading; once your export price goes up then your domestic price must follow. It determines the price.

Mr. LESAGE: I was wondering what would happen if we exported beef or cattle—

Mr. FLEMING: There were some other factors in my question which have not been covered in your answer. Would you mind dealing with them?

The WITNESS: Would you state it again?

Mr. FLEMING: I put a little more elaboration on my question than that. I drew your attention for your comment, Mr. Pearsall, to the fact that in the case of pork when the market was free—that is to say, so as to permit free sale on the domestic market—there was a greater quantity coming on to the market. That is what happened, and then the next point was the increase in the export price brought about by the government contract, or perhaps I should say the inter-government contract. You could comment on that first. I think it is obvious.

I am simply drawing attention to the fact, for your comment; that in this field of increased prices, the movements of the prices and quantities available are tied very closely to the influence of government policy.

The WITNESS: I think I see your point, Mr. Fleming. The substantial increase in pork consumed during the last quarter of 1947, after removal of restrictions, was a matter of government policy. That is quite true. Now, I would like to add this though; that notwithstanding a substantial increase in quantity in the domestic market the price in the domestic market did not change because the export price had not changed. As a matter of fact, there was a two dollar increase in the price at the 1st of September, or in September; and the domestic prices during the last quarter were a little higher than they were during the earlier part of the year.

By Mr. Fleming:

Q. As a matter of fact it is the price of the United Kingdom contract which has stepped up the price in the export market, and with it the domestic price?—A. That is correct.

Q. Then as a result of that event we have a switch of consumer buying to beef?—A. Right.

Q. What I wanted to bring out for your comment, if you care to comment on it, is that this question of prices and the quantities available of beef and pork is tied directly to government policy, whatever that may be.

The CHAIRMAN: That is a pretty loose question. As you said, surely it is tied directly to government policy; obviously, everything is tied directly or indirectly to government policy. But put a question like that to a witness of this kind I do not think is fair.

Mr. FLEMING: I thought it was reasonably clear, Mr. Chairman.

The CHAIRMAN: It is clear, but it is not a fair question, I suggest. Of course it is tied. Everything is tied in some way. But here is a government servant. You are asking him now in the light of our terms of reference a question which I think should not be put to this witness.

Mr. FLEMING: I do not want to be unfair to this witness. I do not want him to comment on government policy and I am not asking him whether he approves or disapproves of government policy. I am not asking that. The point, and I think it is a fair question to ask of a witness who is a public servant, is this. These things which relate to prices and quantities available on the market and so on are directly tied to the statement of government policy.

Mr. THATCHER: I think that is a fair question.

Mr. FLEMING: I do not ask him to say whether he approves of it or disapproves of it. I did not propose to do that.

The CHAIRMAN: He has already said that the export price inevitably, at all times affects the domestic price.

Mr. FLEMING: Yes.

The CHAIRMAN: Now, surely, he has answered that.

Mr. FLEMING: My question goes a little beyond that.

The CHAIRMAN: With due respect, I do not think it does.

Mr. THATCHER: Mr. Chairman, I do not think you are being fair if you do not let him answer that question.

The CHAIRMAN: I would not want to be found guilty of not being fair, but I am thinking of the position of the witness and I am thinking of the desirability —that there are other people who can establish an answer to a question like that. I do not think a public servant should be put in a position of passing judgment on a policy which he is called upon to administer.

Mr. FLEMING: Mr. Chairman, may I repeat, I have not asked him to say whether he approves or disapproves of it.

The CHAIRMAN: Now, let's not get excited.

Mr. FLEMING: I have refrained from asking this witness whether he approves or disapproves of government policy. I have asked him to express an opinion, to confirm a fact, not to comment on policy. I have just asked him a question as to whether price and quantity of beef and pork have not been directly tied to the incidence of government policy.

The CHAIRMAN: I may be wrong, but I do not think there is any difference.

Mr. FLEMING: Oh yes. That is a very fair question.

Mr. LESAGE: Mr. Chairman, I think the decision of the chair is well taken. After all, this witness is a civil servant, and in answering that question he will have to say to what extent the market price and the supply are affected by government policy, and in so doing that he will have to express an appreciation of government policy.

The CHAIRMAN: Yes.

Mr. LESAGE: And it would be unfair to ask him such a question, because he has to state an appreciation as to what extent it is affected directly or indirectly and in saying that he would be giving an appreciation of government policy.

Mr. THATCHER: If every time we try to ask questions we are going to be told, that is a matter of government policy, it seems to me that we are not going to be able to get very far.

The CHAIRMAN: I think, Mr. Thatcher, you will agree with me when I say that in this committee we have not had much difficulty on that score so far.

Mr. THATCHER: No.

The CHAIRMAN: But I would suggest that the point I have made is well taken, I think.

Mr. MAYHEW: Would it not be fair to say that the shortage all over the world today, and particularly in Europe, has also had an effect on our supply position, on our costs and on our prices here?

Mr. MERRITT: There is the very point. Now, Mr. Mayhew is saying it is fair to discuss the reasons for government policy. Mr. Fleming is not intending to call for comment of that kind in his question with respect to government policy. He simply asks a question on the fact. And I suggest to you that it is a question which should be answered, and then members of the committee can make up their own minds as to whether government policy is right or wrong, or to be changed or to be left alone. Mr. Mayhew's suggestion would bring into question government policy itself. Mr. Fleming, I submit, is quite correct in his position.

Mr. LESAGE: But, Mr. Chairman, would not the witness in his answer have to give an appreciation of government policy?

Mr. FLEMING: Well, Mr. Chairman, I think you have to make a ruling on this question. I have asked the witness a question, and you have indicated that you did not think it was fair to ask of this witness. I suggest that you either rule that the question can be answered or it cannot be answered.

Mr. LESAGE: I think before taking a vote—

The CHAIRMAN: We are not going to take a vote.

Mr. LESAGE: —we should ask this witness if he can answer that question without giving an appreciation of government policy.

The CHAIRMAN: Now, Mr. Fleming—order please, gentlemen—may I suggest that we do not need a ruling. We all want to get the facts in this case. I am of the opinion, Mr. Fleming, very strongly; and I am doing it in fairness to this witness; that I do not think it is fair to him to ask that question. I may be right,

or I may be wrong. That is a matter of judgment. What I suggest to you is, that this is not the witness to give us that information. You can get that through other witnesses. I did not think it is fair that he should be put in that position; and I think if he were allowed to say so, he would say that.

Mr. FLEMING: All I can do is to repeat; I haven't asked him for an opinion with respect to government policy. I have not asked him whether he approves of it or disapproves of it, and I do not propose to ask him that, because of the fact that he is a civil servant.

The CHAIRMAN: What you are saying is, is this tied in with government policy. I said I thought that was an unfair question.

Mr. THATCHER: He could say whether it is tied in or not.

The CHAIRMAN: There is another way of getting that in the form of evidence; and there is another way of getting the same information, just by asking the witness what are the facts.

Mr. MERRITT: Is it a question of whether it is fair to the witness or fair to the government. That is the point which arises in my mind.

The CHAIRMAN: I suggest, Colonel Merritt, that you do not raise issues that have not yet appeared in this discussion.

Mr. MERRITT: You are raising the issues if you do not allow the question.

The CHAIRMAN: I suggest to you, do not raise issues that have not yet been raised.

Mr. KUHL: Could not the witness be permitted to answer the question if he wants to?

The CHAIRMAN: Lets get on. What was it, again?

Mr. FLEMING: The witness has made a certain statement and I have asked him if he would care to answer the rest of my question; the connection between prices and quantities on the one hand and government policy on the other; and I was asking him if those two factors are not tied together.

The WITNESS: I thought I had answered the question; at least, my interpretation of your question, Mr. Fleming. I have already stated that the domestic prices in Canada are to a large extent in so far as pork is concerned determined by the export price. The export price, as has already been stated, is a matter of government policy; if you want me to put it that way—it is a negotiated contract with respect to supplies. I can't go any further than I already have in so far as supply is concerned. Ever since the 1st of September of last year the domestic market has had first claim on available supplies in Canada. There has been nothing requisitioned for export, and at all times there has been a surplus of meat over and above the domestic market available. That is about as far as I can go and I hope I have answered the question.

Q. I think you have repeated—and I say this in all fairness to you—you have repeated what you said before. I was trying to put the situation in a nutshell if I could. The supply which came on the market in the free period of the last quarter of 1947 was the result of the change in government policy at that time. The increase in the price of pork that occurred in the first quarter of 1948 was, shall I call it, an incident of government policy—or inter-government policy? That is correct, is it not? That in turn resulted in a situation where there was an increased domestic demand for beef? Those three things all stem from government policy. Is that not a fair statement?—A. That is a fair deduction.

Q. Yes.

By Mr. Thatcher:

Q. I would like to ask Mr. Pearsall one thing about the British contracts. I presume you have something to do with the negotiations of the British contracts? —A. Yes.

Q. How do we stand at the moment? For how long have we a contract? Are we in the process of negotiating a contract or just how do we stand at the moment as far as the sale of hogs to Great Britain is concerned?—A. I think that question has already been answered in the House by the minister. He has made statements with respect to the matter.

Q. Perhaps I missed them; can you just repeat what he said?

Mr. LESAGE: I think we had better suggest to Mr. Thatcher that he look up *Hansard*. We cannot ask the witness what the minister said in the House and the witness cannot answer without having *Hansard* in front of him.

Mr. THATCHER: I would like to know how we stand on the British contract?

Mr. LESAGE: Look at *Hansard*.

Mr. THATCHER: No, no.

Mr. LESAGE: It is all there.

Mr. THATCHER: Is there something secret about it?

Mr. LESAGE: No, but it is in *Hansard*.

Mr. MAYBANK: I should think, Mr. Chairman, that it is all right to ask questions about our situation under the contract where it is all public knowledge, but surely to put it in the way which Mr. Thatcher has—"how do we stand on it?"—is not fair, and he should be a little more definite. Does Mr. Thatcher ask whether the government is engaged in some re-negotiation? Does Mr. Thatcher ask whether the government is getting ready to break off the contract? Does Mr. Thatcher mean we are in danger of not having a British contract? Does he mean how much did we ship last month—or just what is the meaning of his question. There would not be any objection to the question if it were not for the fact that it appears to be trenching on government policy, and when it gets to that point I suggest the question should be much more definite in order that we may be able to determine whether it is an objectionable or permissible question.

By Mr. Thatcher:

Q. Have we at the moment signed a contract with the United Kingdom for so many hogs and for a certain period, two years, or three years, or just how do we stand?—A. The contract for 1948 is for 195,000,000 pounds of bacon.

Q. We have no contract for 1949 at the minute, no signed contract?—A. No signed contract.

Q. But are we in the process of negotiating a contract?

The CHAIRMAN: Remember what we in this committee are doing. Surely what is going to happen in another year is not our immediate problem.

Mr. THATCHER: Surely, Mr. Chairman, whether we have a British contract which, as Mr. Pearsall said, largely determines the domestic price, is relevant.

Mr. MAYBANK: I submit that is quite right with respect to the future, but where I would object is that whether we have a British contract or not in 1949 is not a matter of importance when we are considering the prices in 1947.

The CHAIRMAN: That is the point I was trying to make.

Mr. MAYBANK: I do not think what is going to happen after you have reached heaven is of any influence when considering a sin you committed last month.

Mr. THATCHER: All right.

Mr. DYDE: There is a page of exhibit 99 which I was going to ask Mr. Pearsall to look at and perhaps the members of the committee might also look at it. There are certain factual matters which might assist us. My understanding is that this page of the exhibit was prepared by your officers or in your office?

Mr. MERRITT: Before you go on with that, Mr. Ddye, are we bound, under the present bacon contract, to deliver that amount of bacon—195,000,000 pounds, or is that a target to be reached?

The WITNESS: I think the wording of the contract is that the Canadian government undertakes to supply—and it implies a moral obligation, but whether it implies a legal obligation has never been decided by way of interpretation of the contract.

Mr. MERRITT: Your answer is, it is a target and not a fixed commitment.

The WITNESS: That is correct.

By Mr. Thatcher:

Q. Are there British officials here at the present time negotiating on these contracts?—A. Which contracts?

Q. The contracts for 1949?—A. Not to my knowledge.

Q. Are there any Canadians in England negotiating?—A. I can answer that question by saying not to my knowledge, but that does not say that negotiations are not proceeding without my knowledge.

Q. 1949 is only seven or eight months away, and does not your department carry out these negotiations quite a bit ahead or are you sure enough that you have a contract for next year that you are not worried?—A. No, I do not think that is the case.

Q. Whether or not we obtain a British contract is going to set a price level in future months is it not?—A. The price of export bacon in 1949 will certainly affect the domestic price.

Q. Is not the government worried about that?

The CHAIRMAN: I suggest now that we get back to the discussion of the present rise in prices.

By Mr. Merritt:

Q. I just want to ask one more question. Even though the contract for delivery may not be a fixed commitment it is bound to affect the domestic price of pork because morally at least it removes that much pork from the domestic market in 1948, is not that correct?—A. I do not think the quantity is important. The fact is the price is set and as long as that price is paid for export bacon that price will determine the price on the domestic market.

Q. So the quota does not affect the price?—A. If we had less than 195,000,000 pounds, and unless we restricted supply in the domestic market to secure it, it would not affect the domestic price at all.

By Mr. Fleming:

Q. Just on that question of the adequacy of the supply, Mr. Pearsall, I would like to ask whether it is likely that Canada will fulfil that objective of 195,000,000 pounds?—A. Yes, the prospects are at the moment that we will have something probably slightly in excess of that amount, over and above the domestic requirements.

Q. There may be a time when the meat board will not be purchasing for the purpose of fulfilling the U.K. contract requirements?

The CHAIRMAN: I do not see what your question has to do with our problem and I am ruling it out of order. The question certainly has nothing to do with our terms of reference and let us keep to the present time and ask questions relative thereto.

Mr. THATCHER: The answer to the question may be a factor with respect to present prices.

Mr. FLEMING: Yes, it might be a factor, having to do with present production and the effect on prices today.

The CHAIRMAN: You are talking about a period way off in the future.

Mr. FLEMING: I am talking about this year's contract. I asked the question because I did not know what the answer would be. It is quite possible that if the contract did not promise to take off the hands of the Canadian producer all his surplus over and above the requirements of the domestic market, there might very well be a surplus which would reflect itself in reducing prices on the domestic market. If the converse is the situation and the meat board is not tied to 195,000,000 pounds but proposes to go on and draw on the domestic production to fulfil further requirements abroad, that would be a factor in keeping prices up and perhaps would reflect itself back into price today.

The WITNESS: I think this a fair comment to make. It is hardly likely or it is not reasonable to assume that the domestic supplies would be restricted to fill either the United Kingdom commitment or any other commitment. In other words the domestic market will continue as it is at the present time—that is having first call on all of the supplies. Secondly it is hardly likely during any time in the balance of the year that there will not be sufficient pork every week of the year to more than meet the domestic requirements.

Mr. FLEMING: At prevailing prices?

The WITNESS: I have already stated the price will be the export price.

Mr. FLEMING: Do you say—

The WITNESS: May I finish? I think, Mr. Fleming, that I should incorporate this in my statement. In the event that our total surplus should be in excess of the 195,000,000 pounds it is reasonable to assume that some other alternative export outlet will be found for that product. After all, the farmers of this country have been given an assurance of a floor price, and I think what I have indicated is a reasonable assumption.

Mr. FLEMING: Then would it follow, Mr. Pearsall, from what you have said about our relationship to this object of 195,000,000 pounds, that the present export price will continue throughout the entire year of 1948 and that fact will determine the domestic price in 1948.

The WITNESS: That is the only thing I can assume. It is a contract which is written for a year and I assume that is the answer.

Mr. FLEMING: And there would not be any change in the pork price this year—in 1948?

Mr. LESAGE: In what price?

Mr. FLEMING: Just a moment.

Mr. LESAGE: The price to the consumer may change if the retailers and the packers take less.

Mr. FLEMING: Let the witness make his answer, please?

The WITNESS: I can only assume the U.K. contract will be carried out and will be continued throughout the year.

Mr. THATCHER: There is no intention to the contrary that it might have to be cancelled?

Mr. FLEMING: Please let the witness answer?

The WITNESS: I can only assume the U.K. contract will be carried out and implemented throughout the year.

Mr. FLEMING: At the agreed export price?

The WITNESS: At the export price.

Mr. FLEMING: And then I can only assume—

The CHAIRMAN: Order, order—Mr. Fleming, you must recognize the chair. I have let this line of questioning proceed but this witness has told you three times that the export price will determine the domestic price, so why persist?

Mr. FLEMING: I am simply asking him—

The CHAIRMAN: May I finish—may I finish? Why ask him that question, particularly when I do not think it has any bearing on the terms of our reference. We are here to examine the recent rise in the cost of living, Mr. Fleming, and surely I can appeal to you to use your good judgment in this matter.

Mr. FLEMING: I asked the witness one question—a final question—which he did not answer. I was broken in upon by others, and I came back to put the witness on the track which I was following leading up to this final question, which is a final question surely revolving around the nub of our problem regarding the cost of living.

The CHAIRMAN: The witness has already told you three times.

Mr. FLEMING: He has not answered the final question and that is the reason I am asking it.

The CHAIRMAN: What is the question?

Mr. FLEMING: Does it not come down to this, Mr. Pearsall, there will not be any change in the domestic price of pork in 1948?

The CHAIRMAN: He has answered that three times.

Mr. LESAGE: On a point of order, I have an objection to the question. I would like Mr. Fleming to say what he means by the domestic price of pork. If he means the wholesale or retail price there are so many factors there, such such as the profits to the packers, the profits to the retailers, the margin taken by each, that in my opinion the question cannot be allowed to go as it is.

Mr. THATCHER: Mr. Lesage is out of order.

Mr. LESAGE: No, no.

The CHAIRMAN: Let us keep our bearings. Mr. Lesage has raised a point of order.

Mr. LESAGE: I think Mr. Fleming should say what he means by the domestic price?

The CHAIRMAN: Mr. Fleming will help us there.

Mr. LESAGE: What price is it? The price of the carcass, the wholesale, or the retail price—

The CHAIRMAN: Let Mr. Fleming help us.

Mr. FLEMING: I am simply taking the expression the witness has used—in other words the price that is related to the UK contract—and he went on from there to say, if I may repeat his answer, that it was the export price which set the domestic price.

The CHAIRMAN: He has told you that a dozen times.

Mr. FLEMING: I simply asked the question of the witness as to whether he would say the domestic price is not going to change in 1948?

Mr. LESAGE: May I have an answer from Mr. Fleming?

The CHAIRMAN: Let us just keep order. There are only sixteen of us and we should carry on without too much pandemonium. I know we are all tired, we have worked hard this week, but just let us proceed one at a time.

Mr. LESAGE: In reply to Mr. Fleming I asked that he qualify his question and he has refused to do so. I do not want to imply that he has anything in mind in so doing but I do not see any purpose for his refusal to qualify the question, other than to try and confuse the issue.

Mr. THATCHER: Let the witness answer.

The CHAIRMAN: May I just say something? Order please, I do not think Mr. Fleming is trying to confuse the issue.

Mr. LESAGE: No?

The CHAIRMAN: I do not think he is. Let us just get back to our examination. I think Mr. Fleming has received all the information he wants.

Mr. FLEMING: I was just asking one question and I was through. I am still waiting for the answer.

Mr. LESAGE: What does Mr. Fleming mean by the domestic price?

Mr. FLEMING: I used the same expression in three or four questions which I asked in leading up to this question and the words were also used by the witness in his answers.

Mr. LESAGE: What do you mean?

Mr. FLEMING: What does the witness mean? Just let the witness give his answer.

The CHAIRMAN: Yes, give the answer.

The WITNESS: I have already stated that in general the export price determines the domestic price.

The CHAIRMAN: Surely that is all anyone could desire.

Mr. FLEMING: We have had that before.

The CHAIRMAN: That is why I am asking you not to proceed with the question. We have had the answer a dozen times.

Mr. FLEMING: We have not had the answer to this final question. Can I not have the answer to my question?

The CHAIRMAN: Have you any more to say, Mr. Pearsall?

The WITNESS: Yes, I would like to add that after having stated the general principle, which is true, the fact still remains that for probably a few days and in certain sections of the country—the maritimes or British Columbia—there might be a shortage of pork. During the summertime there might be a shortage when the hog runs are short and the packers are collectively bidding for hogs with which to keep their plants running. In answer to Mr. Fleming I would say that there are a thousand and one things which might happen to bring slight variations in the domestic price in Canada, notwithstanding the fact the export price will be the same over the period. In principle, however, the export price will determine the domestic price. I would not say the domestic price is not going to be changed fractionally in different parts of the country for short periods throughout the year and there are a lot of things that might happen.

Mr. FLEMING: You mean these fractional things that might happen would probably be due to local supply conditions?

The WITNESS: Yes, I have seen the Montreal hog market do some funny things in the summertime. I have also seen funny things happen in other places but I would certainly not answer your question in the affirmative. I still repeat however, that in principle the export price will determine the domestic price but there will be variations.

By Mr. Lesage:

Q. I understand, Mr. Pearsall, when you say domestic price you are referring principally to the warm dressed carcass price?—A. Yes.

Q. And there are a good many factors enter into the wholesale price of pork. What you have said relates more particularly to the dressed carcass?—A. Yes.

The CHAIRMAN: Mr. Dyde has some questions.

By Mr. Harkness:

Q. There is one question I have been wanting to ask for some time on this. Accepting the fact that I have tried to establish with the witness previously, that the export price does determine the price of pork; was it necessary in order to ensure a sufficient supply of pork and meat on the domestic market and our export commitments to increase the British contract price?—A. I suppose you can get as many answers to that as you would ask questions to different farmers. Each one would have his own idea.

Q. What is your answer to that?—A. My answer to it is this: In a general broad way when the price increase effective of the 1st of January—I am not going to say within 50 cents or a dollar—but at approximately the price increase that took place, that it was necessary to restore the relationship between hog prices and grain prices, if it was considered desirable to maintain hog production in Canada.

Q. Had this increase not taken place more or less in the amount that it did take place, within 50 cents or a dollar, in your opinion would the production of hogs have fallen, with the result that we would not have been able to meet domestic and export demand?—A. That is pretty difficult to answer. On the other hand, I think it would be reasonable to assume that the relationship you had between grain prices and hog prices last fall your barley-hog ratio was something around 14½ cents—that is my recollection—and with the prices prevailing for grains it would be reasonable to assume that by 1949, the hog production of Canada might have reached the place where our surplus was, shall we say, negligible.

Mr. THATCHER: That would not have been true, Mr. Pearsall—

The CHAIRMAN: Order, Mr. Harkness has not finished.

Mr. HARKNESS: Is it not the crux of this whole recent raise? Was it not attributable to the fact that the increase in price was necessary in order to have a sufficient supply of pork to meet demands? What I am trying to get at is the basic reasons, Mr. Chairman, for the recent rise in the price of pork; and from the evidence of this witness and previous witnesses it seems to me that that is a basic reason—in order to ensure a sufficient supply of pork there had to be that increase.

Mr. THATCHER: Have you—

The CHAIRMAN: Just a minute, Mr. Thatcher; lets not be so enthusiastic. Mr. Harkness is asking strictly proper questions. I do not think it is helping if you do not give the witness time to answer. I am sure you will appreciate what I mean.

The WITNESS: What was your question, Mr. Harkness?

By Mr. Harkness:

Q. The question is that the increase in price as far as pork is concerned essentially has been brought about by the necessity of ensuring a supply. If the price had not been increased then we would not have ensured, and we would not have been sure of a sufficient supply to meet domestic requirements and also being able to meet our export commitments.—A. I have already stated that. In other words, I think it is reasonable to assume that if there had not been a very substantial increase in the export price—at the same time I am not going to say whether it should have been $6 or $7—if there had not been a very substantial increase in the pork price it would have been reasonable to assume there would have been a very drastic and sharp reduction in hog production which would have affected our supplies in 1948 and 1949. Now, whether it would have the same effect on our supply of beef to a point where we would not have had a surplus for export or not, that would be a debatable point; but it certainly would have brought about a reduction of supply.

Q. Then, Mr. Pearsall, to what extent is the same thing true as far as beef is concerned? It is not true to anything like the same extent, but to what extent do you think that same situation would affect beef?—A. Well, your beef is a long term proposition. It is a three-year cycle, and probably would have brought about a gradual decline in beef production during the next two or three years which would have affected the supply in say 1950 and 1951. But I do not think it was in any way as important as in hogs, because there is less grain used in beef.

Mr. HARKNESS: Yes. Mr. Chairman, I would submit that as far as the work of this committee is concerned in investigating the increase in the price of pork that we have heard the answer to it in the last few minutes.

Mr. THATCHER: No, no.

Mr. HARKNESS: In other words, it was brought about and due almost entirely to the fact that the increase was required in order to keep the producer producing in sufficient quantity to meet our own domestic demands plus our export commitments.

Mr. THATCHER: No, Mr. Chairman. Have you finished, Mr. Harkness?

Mr. HARKNESS: Yes.

Mr. THATCHER: Mr. Pearsall, when you say that in order to get people to finish hogs and beef the price went up, did not that also mean that the hog-barley ratio also had to go up?

The CHAIRMAN: This is a good question.

By Mr. Harkness:

Q. Am I not correct in saying that the hog-barley ratio during the three months immediately following the removal of controls on feed grain went up very substantially?—A. The increased price on feed grains certainly affected the hog-barley ratio.

Q. And that was after the ceilings were removed?

The CHAIRMAN: Order. It is hard to hear.

Mr. THATCHER: It remained at the figure you stated while controls were on, but when controls went off the price of feed grains went up, with the result that that ratio also had to go up?

The WITNESS: That is correct.

Mr. THATCHER: Well then, when Mr. Harkness says in order to be able to maintain production; that is not correct, is it? Because had the ceilings stayed on they would not have had to go up and the farmer would still have been as well off.

Mr. LESAGE: Mr. Chairman, is that a question?

The CHAIRMAN: It is all right. He has put his question.

Mr. THATCHER: Is that not correct?

Mr. MAYBANK: That the farmer would have been as well off; is that the conclusion?

Mr. THATCHER: If controls had stayed on.

The WITNESS: The farmer would not have been as well off.

Mr. THATCHER: I mean, from the standpoint of the producer; would he not have been as well off if they had stayed on?

The WITNESS: It all depends on which farmer you are talking about; if it is the farmer feeding hogs, it is true; but with respect to the one who raises grain, that is not true.

Mr. THATCHER: We are talking about the one who raises hogs.

The WITNESS: A lot do both.

Mr. THATCHER: All right. I am satisfied.

The CHAIRMAN: All right. Counsel has some questions he wants to put to this witness.

By Mr. Dyde:

Q. A number of the questions I intended to ask, Mr. Chairman, have already been discussed, but there is one point on which I thought Mr. Pearsall could help us, and it has been raised in committee a number of times; and that is this, Mr. Pearsall—you may, if you require to, have reference to the first page of exhibit 99. I am not sure that you need to refer to it. When the contract was renegotiated effective January 5, 1948, with the United Kingdom how did you handle the matter of meat in storage at that time? I mean, inventories in the hands of the packers. It involves a question as to when you take title to the meat, I think. Bu we have been confused about that point and I think you can clear it up for us.—A. Specifications for beef that is offered to the Board provide that it must be offered not later than 5 days after slaughter. During the first week of January, after the price was increased; our inspectors at the plant—were instructed to identify the day's slaughterings; and any slaughterings prior to December 31, would be settled for on the 1947 price. Since we would not accept beef unless it is offered in the fresh form that rules out any storage stocks at all. So as far as the Meat Board is concerned on beef the packers did not benefit on any storage stocks or on beef slaughtered prior to January 1. On pork, each week the packer is required to file a statement showing the quantity in store and the quantity put into the freezer on account of the Board. That statement is signed by an officer of the packing plant and has to be certified to by the resident officer representing the health of animals branch in each plant. Any Wiltshire sides or export sides that were in freezer for the account of the Board prior to December 31, would be settled for as on last year's price; it has to be invoiced separately and identified separately. That is true of normal supplies. On domestic product and various cuts in storage, the Board would take no cognizance of those and any inventory appreciation there was would accrue to the packer. Does that answer your question?

Q. Yes. Now when do you actually settle with the packer, when you accept delivery of the pork and the beef?—A. Yes.

Q. I am thinking of the actual passing of title to the meat, Mr. Pearsall; when does that take place?—A. Well, in actual fact, no title passes to the Meat Board at all. It passes through the Meat Board to the British Ministry of Food.

Q. Then, what is the procedure?—A. The actual procedure is the title transfers at seaboard when it is loaded on board ship. Then it becomes the property of the British Ministry of Food. In actual practice the packer reports each week the quantity in cure. It must be invoiced out according to allotment, each week is put down and identified by an allotment number. When the product comes out of cure, it is loaded on to a car and shipped to seaboard. At that time the packer sends an inland bill of lading and an invoice covering it to the Meat Board. The invoices are made out from the packers to the Ministry of Food. They are accepted by us on behalf of the British Ministry of Food, for the account of the British Ministry of Food and shipping documents are made out from the packer to the Ministry of Food. On receipt of the invoice and the inland bill of lading our treasury officers pay each Friday. A settlement is made with the packers. It has got to be loaded on board ship, and when we receive the on-ship bill of lading; we present the invoice with the on-ship bill of lading to the British Ministry of Food and collect from the British Ministry of Food.

Mr. DYDE: I have no further questions, Mr. Chairman.

Mr. THATCHER: Who pays the storage charges? I understood you to say that the packers have to store meat for the Board.

The WITNESS: The Board reimburses the packers for the products stored for export which is stored according to our instructions.

The CHAIRMAN: Mr. Dyde now wishes to call Mr. Grisdale.

By Mr. Harkness:

Q. I have just one other question; you still have power to requisition beef and pork in order to meet the United Kingdom agreement if you want to do so, have you not?—A. I am afraid I cannot answer that question. My recollection is that there is authority under the Agricultural Products Act.

Q. I think so, yes.—A. But it has to be secured through order in council. Just at the moment there is no order in council. We haven't got that authority. Presumably it could be secured by order in council under the Act, but at the moment we haven't got it.

Q. The situation at the moment is that the only meat you get is surplus meat and meat which cannot be sold domestically?—A. That has been the situation since the 1st of September.

Frank Sydney Grisdale, Co-ordinator of Foods, Wartime Prices and Trade Board, called and sworn:

By Mr. Dyde:

Q. What is your full name?—A. Frank Sydney Grisdale.

Q. And what is your address?—A. 490 Sussex street.

Q. It is a very narrow point upon which I was going to ask you questions this morning. I will give you some indication of my reason for so doing so that you can perhaps give the information more quickly. It may be necessary for this committee to inquire into the amount of retail margin in the sales of meat and there are some matters with reference to retail margins on which I think we can receive assistance from you. I am referring specifically to the negotiations which took place while the Wartime Prices and Trade Board was active and while price controls remained, and I am speaking with reference to the fixing of the retail margins. We have as an exhibit your beef order A2032 and if you wish to refer to it I can put it in front of you. I am sure, however, that you are familiar with it. I would like you to tell the committee as briefly as you can the history of the negotiations and the decisions which were made with regard to fixing the retailer's margin while controls existed?—A. You have reference to what happened after we passed out of the basic period on prices?

Q. No. I have reference really to the work which the Prices Board did leading up to order A2032 which we have here exhibited and which does set a retail margin. Would you tell the committee the nature of the negotiations from the beginning because there are one or two points which I would like to cover?—A. When we brought out the first beef order setting the mark-ups at the retail level, we made a survey of the mark-ups that retailers had been taking during the year prior to the time at which we issued the order. That gave us a basis from which to start. There was a great variation indicated and some of the retailers were taking as low as 2 cents per pound in some parts of Canada, some of them were taking as high as 11 and 12 cents per pound, and some of those operators were not very far apart. The Wartime Prices and Trade Board has a Foods Division and we in the Foods Division had a pretty definite opinion to what a retailer's mark-up should be. Then in the Wartime Prices and Trade Board we had what we called the distributive administration, and in that way we had a wholesale administrator and a retail administrator dealing with the two types of trade. Those administrators were the contacts with the trade. We were interested primarily in the consumer and the producer, and we were interested in maintain-

ing as low a consumer price as we could. There were definitely different views among the food officials as to what constituted a proper retailer's mark-up and that difference was present in the other administrations in the board—that is those dealing directly with the trade. I am speaking of a period six years ago and one's memory may not be too accurate. For that reason I would like to say that I am expressing statements here based on things which happened six years ago. As far as I know our view was we might have a set of retailer's mark-up on the basis of 5 cents a pound for beef, but there were other views from the distributive trades which felt that the mark-ups might be considerably higher. After considerable negotiation between the representatives of the different branches of the board, and facing the possibility that the chairman of the board might have to make a decision, it was agreed that the mark-up would be 7 cents.

Q. Per pound?—A. Yes, sir. The wholesale beef prices as they were at that time meant that the mark-up would be about 24 per cent. At that time the ceiling on the best quality beef based on Toronto was 19¼ cents—carcass basis.

Q. When you say 24 per cent are you expressing that percentage on the sale value?—A. That is true.

Q. That is the retailer's price?—A. That was not cost, it was sale price.

Mr. MERRITT: May I ask one question? Was that margin given on all cuts and on all qualities?

The WITNESS: That is the average.

The CHAIRMAN: It averaged out that way?

The WITNESS: Yes.

Mr. FLEMING: With respect to that last question, I would like to be quite clear. You have given the percentage of mark-up to the ultimate price to the consumer—just as we had it with respect to fruits and vegetables?

The WITNESS: That is right. I would say with respect to beef we made three or four advances in the wholesale price after the first ceilings were established, and we attempted to keep the percentage mark-up pretty close to what it had been in the original instance. We did not succeed in having it maintained on a cents per pound mark-up basis as we were successful with butter, but in 1946 we did arrange the orders so that the retailers were getting about 23 per cent on red and blue quality. In other words, they were getting a lower percentage on red and blue quality beef after that amendment—the order about which Mr. Dyde spoke—than they were getting at the outset of controls. As far as the other qualities of beef were concerned they received 26½ per cent mark-up. That just removed beef altogether from a cents per pound mark-up basis.

Mr. DYDE: That was the only point upon which I wanted Mr. Grisdale's explanation this morning. Mr. Taggart can also add something on the particular point. My purpose of course is to give us some information as to how these retail margins were fixed under price controls, so that we may have some yardstick by which we can look at the retail margins after controls went off. As far as I am concerned those are the only questions I wish to ask of Mr. Grisdale.

By Mr. Fleming:

Q. May I clear up one or two points, Mr. Chairman? Mr. Grisdale, these prices in 1946 continued to the time when price controls were ended?—A. No, we advanced the price in March of 1947.

Q. What effect did that have on the percentage of mark-up?—A. We retained the same percentage of mark-up.

Q. 23 per cent on blue and red and 26½ per cent on other qualities?—A. 26¼ per cent.

By Mr. Lesage:

Q. What did it mean in cents per pound at that time?—A. What was that?

Q. What did the percentage mean in cents per pound at that time?—A. Strange as it may seem it just makes about 7 cents per pound at that time.

By Mr. Fleming:

Q. You have spoken only of beef?—A. Yes.

Q. Did you have anything to do with pork?—A. Yes.

The CHAIRMAN: He had to do with the whole administration.

By Mr. Fleming:

Q. We have not had any evidence yet as to the mark-up with respect to pork?—A. You have a brief which Mr. Dyde presented that gives the details of those mark-ups as we had them. The percentage mark-up on veal and lamb had been held to around 26 per cent on sale price.

Q. And can you give us the figure on pork?—A. We held cured and smoked pork products at 25 per cent mark-up. We held the mark-up on fresh and cooked pork to 30 per cent but we never maintained a margin at cents per pound.

Q. That was uniform throughout the entire period of control?—A. That was after we put pork products on the same basis as beef products and we gave a retail ceiling price for each retail cut of pork. That was done in the spring of 1945. Actually it had been done in the basic period but each operator was allowed his own basic period mark-up.

Q. That change in 1945 would have the net result of increasing the mark-up?—A. It would, in some cases.

Q. I am speaking of the over-all result and it had the effect of increasing the mark-up.—A. I think it might have had, yes.

Q. That continued until the time of price decontrol in October?—A. Yes, although we advanced the wholesale price twice before that—between 1945 and October, 1947.

Q. You did not vary the retailer's mark-up?—A. We did not vary the percentage of mark-up.

Q. Have you any studies or the results of any investigations which you have made since price decontrol to determine what has happened to those retailer's mark-ups?—A. We have people who keep close checks on the price trends—weekly checks—but I am not in a position to give the details now.

Mr. DYDE: I might interject there that Mr. Grisdale and I are at present considering what we can do in the way of bringing forward information along those lines. I am hoping that by Monday we will have the information to give you.

Mr. FLEMING: That will cover what happened from the time of decontrol up to the present time?

Mr. DYDE: Yes.

By Mr. Lesage:

Q. Was there a maximum mark-up when the ceiling was set at the basic period mark-up?—A. Did each retailer have a ceiling?

Q. Each retailer had his own ceiling?—A. Yes, that is right.

Q. Yes, but was there a maximum?—A. Yes.

Q. On pork?—A. No, we did not have a maximum except the maximum which each operator had established himself, but we did have a maximum with respect to beef.

Q. Yes, I understand that.—A. Before we put out the order we had a maximum.

By Mr. Fleming:

Q. Did you have much difficulty in enforcing those ceilings as far as retailers were concerned?—A. We had some difficulty at times, yes.

Q. There have been a lot of prosecutions?—A. A tremendous lot, but you would expect that with thousands of retailers operating over a very large area.

The CHAIRMAN: We will now call Mr. Taggart.

Thank you very much, Mr. Grisdale.

James Gordon Taggart, Director of Agricultural Services, Department of Agriculture, called and sworn:

By Mr. Dyde:

Q. Would you give us your full name, please, Mr. Taggart?—A. James Gordon Taggart.

Q. Your address?—A. 417 Confederation Building.

Q. Your present position?—A. Director of Agricultural Services, Department of Agriculture.

Q. You were during wartime with the Wartime Prices and Trade Board?—A. For a year and three months, yes.

Q. What was your position then?—A. I was called Foods Administrator at first, and later Foods Co-ordinator—and sometimes a number of other names as well.

Q. I am going to bring you to one particular point. We have heard already from Mr. Grisdale about the fixing of the retail margins under controls; and Mr. Grisdale has referred us to the fact that some people had the view that the retailers' margin should have been 5 cents, or they had the view that it should have been much higher than that, and they finally settled for 7 cents a pound. Was that matter before you when you were with the Wartime Prices and Trade Board?—A. Yes, it was.

Q. And do you recall the circumstances of the fixing of that 7 cents a pound margin?—A. Yes, I recall the situation in general, although I should not like to try to answer questions with regard to exact facts.

Q. What was your own view at the time with reference to the retailers' margin?—A. I had no view at all at the beginning because I knew nothing about it. But we did endeavour to collect some information from a variety of sources, and the information that we got indicated a very wide variation between the different retailers and between different areas and even within the same area. Then, when we got closer to the question, the people who were concerned with this same problem were called into headquarters and we sat around a table in conference discussing it. Representations came in from the retailers—at least we understood that they had come from the retail people—and in the suggestions which came in I think it was said that the mark-up on beef should be anywhere from 9 cents to 10 cents or 11 cents, on the basis of the whole carcass weight. Some of us regarded that as a bargaining position and thought it was too high while perhaps others took a bargaining position at the other end of the scale and said 5 cents would be ample, or too much. The question then became one of whether the rate should be fixed on a basis of cents per pound or as a percentage of value. That question I think, finally was determined by the Board itself. After surveying the retail field, the Board decided that the practice had been so long established of basing the markup on the percentage, that it would be the accepted practice. Then we finally compromised on a price which translated itself to approximately 7 cents in terms of percentage. That is my recollection of how we got the percentage. It was not a thing that satisfied anybody particularly.

It was higher than the markup which some people had been getting and much lower than the markup other people had been getting; but it did appear reasonable under the circumstances that the retailer could live under it, and it did appear to have the vrtue of bringing down at least the higher prices that had prevailed. We also regarded it as a maximum, but not an exactly fixed markup.

Q. Was there any thought in your mind that you required the retailers' co-operation if it was to work at that level? Was that a factor in the decision? A. It must have been, although it was not particularly in the minds of the food administration people. We did not have our roots in the retail field and we did not perhaps fully appreciate the viewpoint of that section of the trade, but I am of the opinion that that factor did influence the over-all policy of the board.

Q. I have no further questions, Mr. Chairman.

By Mr. Fleming:

Q. Is the witness speaking about the same markups of which the last witness spoke?—A. Beef was the first item which we tackled in the meat field

Q. Yes, but your observations apply to the markups on beef, originally 24 per cent and then latterly 23 per cent on blue and red, and 26½ per cent on the other qualities?—A. Yes.

Q. The margin on pork was 25 per cent—that is on cured and smoked pork—and 30 per cent on fresh and cooked pork?—A. Yes, but I had left the board long before those figures were arrived at in 1943 and 1944. I left the board in February of 1943 so I am speaking only of the initial stages of the discussion which led up to the decisions made with respect to percentage markups.

The CHAIRMAN: Thank you very much, Mr. Taggart.

The committee will now have an executive session.

The meeting adjourned to meet again Monday, May 3, 1948, at 11.00 a.m.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 50

MONDAY, MAY 3, 1948

WITNESSES:

Mr. R. J. E. Hughes, Assistant to the Administrator, Meat and Meat Products, Wartime Prices & Trade Board.

Mr. Alfred D. Hales, Retail Butcher and National Director, Retail Meat Dealers' Association, Guelph, Ont.

Mr. W. W. Hussey, Retail Merchant and Director, Toronto Branch and Ontario Branch, Retail Merchants' Association, Toronto, Ont.

Mr. V. C. Davis, in charge of Meat Operations, Loblaw Groceterias Co., 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

MONDAY, May 3, 1948.

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

Members present: Messrs. Beaudoin, Harkness, Irvine, Kuhl, Martin, Maybank, Mayhew, Merritt, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. R. J. E. Hughes, Assistant to the Administrator, Meat and Meat Products, Wartime Prices and Trade Board, was called, sworn and examined.

Witness retired.

Mr. Alfred D. Hales, Retail Butcher and National Director, Retail Meat Dealers' Association, Guelph, Ont., was called, sworn and examined.

Witness discharged.

Mr. W. W. Hussey, Director, Toronto Branch and Ontario Branch, Retail Merchants' Association, Toronto, was called, sworn and examined.

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 Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Beaudoin, Harkness, Irvine, Kuhl, Martin, Maybank, Mayhew, Merritt, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. V. C. Davis, in charge of Meat Operations, Loblaw Groceterias Co., Limited, Toronto, was called, sworn and examined.

Witness discharged.

Mr. W. W. Hussey was recalled and further examined.

At 5.45 p.m. witness discharged and the Committee adjourned until Tuesday, May 4th, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

11912—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 3, 1948.

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

The CHAIRMAN: Gentlemen, the meeting will come to order. Before we proceed, Mr. Mayhew, I would suggest that you might arrange to have a meeting with Mr. Ashbury sometime tomorrow afternoon.

Mr. MAYHEW: Yes.

Mr. THATCHER: Is he the steel controller?

The CHAIRMAN: Yes.

Reginald Joseph Edward Hughes, Assistant to the Administrator of Meat and Meat Products, Wartime Prices and Trade Board, called and sworn:

Mr. THATCHER: Has Mr. Hughes brought a brief, Mr. Dyde?

Mr. DYDE: No.

By Mr. Dyde:

Q. No. What is your full name, Mr. Hughes?—A. Reginald Joseph Edward Hughes.

Q. And your address?—A. 200 Stewart Street, Ottawa.

Q. You are an official of the Wartime Prices and Trade Board?—A. That is right.

Q. What post do you occupy?—A. Assistant to the Administrator of Meat and Meat Products.

Q. There was provided to the committee a document which has since been marked exhibit 94, which document contains a number of wholesale and retail prices both in beef and in pork. I refer for the minute to the second sheet of that exhibit which is a comparison of prices of selected red brand beef cuts at retail with former ceilings. Also I refer to the sixth sheet which gives a comparison of prices of selected pork cuts, wholesale and retail, with former ceiling prices. The prices on those two sheets were provided to the committee by the Wartime Prices and Trade Board and, I understand, Mr. Hughes, you were the officer who made up the lists of prices? That is correct, is it not?—A. That is correct, yes.

Q. Then I would like you to explain to the committee the method that was adopted in making up those lists of prices?—A. Before I go into that I would like to read into the minutes a memorandum that was sent to all regional offices of the Wartime Prices and Trade Board under date of October 23, and I think the reading of this document will give a background to what I might say. It is headed:

"To all Prices and Supply Representatives"—The officers in charge of the various regional offices.

Mr. IRVINE: Who is the author of the memorandum?

The WITNESS: Mr. F. S. Grisdale. It is headed "Price survey, meats." By the way, as an explanation, I would like to say that memoranda of this type are forwarded to the various regional offices by the secretary of the regional offices division who naturally would sign this memorandum which reads as follows:

> The foods co-ordinator has asked that you be instructed as follows: Now that ceilings have been removed on all meat products it is deemed advisable to ascertain the meat price fluctuations at both wholesale and retail trade levels. Accordingly we would ask you to make a price survey each week until further notice. This survey should be made immediately upon receipt of these instructions and weekly on Thursdays thereafter and should cover wholesale and retail prices of beef, pork, veal, and lamb. You will find enclosed sample wholesale and retail survey forms which are forwarded to you as a guide to the various cuts which should be priced. The retail survey should cover a number of independent retail markets and chain stores. The wholesale survey should include both the large and small operators, and a report should be mailed to reach this office each Monday morning.
>
> (Signed) F. S. GRISDALE,
> *Co-ordinator of the Foods Co-ordination Division.*

It was following the forwarding of that letter that survey reports were received by the board showing the various prices of the cuts which we had suggested that they survey. From those reports each week an average price was arrived at and that is the price which is shown in Exhibit No. 94. That follows right through the period from October 23 until March 30.

Mr. MAYBANK: And it is still going on?

The WITNESS: The survey is still being continued. This was strictly for internal information and to get the trend of prices following the suspension of ceilings. We get the feeling of the trade, the feeling of the markets, and we knew just what the housewife would be paying in the various cities. I think the survey you have covers these principal cities—Montreal, Toronto, Halifax, Winnipeg, Edmonton, and Vancouver. We received a number of reports and from the information I have in the city of Montreal twenty-nine independent stores have been surveyed. The same stores are not surveyed each week. To get a fair picture different stores have been approached over a period. It was found when an investigator made his survey it took a considerable amount of the time of the store proprietor and in fairness to the proprietors we spread the reports as broadly as possible. In Montreal twenty-nine independent stores and four chain stores were surveyed; in Toronto nine independent stores and four chain stores were surveyed. Chain stores would include departmental stores because in our survey we treat them on the same basis. In the city of Halifax there were thirteen independent and five chain stores surveyed. I understand there are several small chains independently owned in Halifax. In Winnipeg six independent stores and three chain stores were surveyed; in Edmonton seven independent stores and three chain stores were surveyed; in Vancouver eight independent stores and four chain stores were surveyed; a total of seventy-two independent stores and twenty-three chain stores being surveyed. You will understand that certain chain stores will be duplicated because there will be a chain in Montreal which has branches in Toronto and Winnipeg, and possibly that will be true of some of the independent stores. In arriving at the average prices the chain and independent store prices were used because we felt that was the average price prevailing in the cities in which the information was collected, and that it would reflect the average price which the housewife would have to pay for the various cuts of meat.

Mr. DYDE: With reference to the sixth sheet which is the comparison of the prices of selected pork cuts, wholesale and retail, does the price as given there include sales tax?

The WITNESS: The retail price would include sales tax.

Mr. THATCHER: Are you referring to page 2 of this document?

Mr. DYDE: I am referring to the sixth page of Exhibit 94. The page itself is not numbered but it is the sixth sheet.

The WITNESS: The retail price would include sales tax but the wholesale price would not include sales tax.

Mr. DYDE: I have no further questions of this witness.

The CHAIRMAN: Are there any further questions by the members of the committee?

Mr. MAYBANK: There is a difference of 8 per cent between the wholesale and retail prices which is not accounted for at all?

Mr. DYDE: I should have perhaps made that clear. Sales tax is applicable on what cuts of those included on the chart?

The WITNESS: Sales tax is applicable on all smoked and cured meats.

By Mr. Maybank:

Q. So whenever there is something processed which is included on those sheets it is to be observed that there is an 8 per cent difference in the wholesale and retail price independent of any mark-up?—A. Correct. It has been the custom of the retailer to take his mark-up on his gross cost.

Q. What you mean is that the retailer in making his payment to the wholesaler would include the sales tax?—A. That is correct. If he pays to the wholesaler 50 cents a pound for bacon his cost would be 54 cents.

By Mr. Thatcher:

Q. Did your department have to do with meat rationing during the war?—A. Not directly, it was a separate administration.

Q. I do not know if you had anything yourself to do with it but it was a separate department of the Wartime Prices and Trade Board was it?—A. It was the rationing administration of the Wartime Prices and Trade Board.

Q. You had nothing to do with it?—A. I had nothing to do with it, no.

Mr. MAYHEW: I think I should at least get in a little plug for Vancouver Island. I notice that Victoria was left off the list of cities surveyed and I wish to inform the Wartime Prices and Trade Board that one-fifth of the population lives on that island and Victoria is the capital city. We were left off the list.

The CHAIRMAN: They knew you would look after Victoria all right, Mr. Mayhew.

Mr. MAYHEW: It is just a habit with them.

Mr. MAYBANK: Is it a fact that Victoria and Vancouver prices are always the same or is there any difference?

Mr. MAYHEW: Not at all. There is a difference.

Mr. IRVINE: It is more expensive in Victoria.

Mr. MAYHEW: But probably there is a better quality?

Mr. MAYBANK: My question was really serious as to whether there may be a difference in the average price.

Mr. MAYHEW: There would be a little difference, when considering the added transportation.

The WITNESS: I would say the prices would be slightly higher in Victoria due to the added transportation costs.

Mr. MAYHEW: Seriously, I think it should have been checked up before this.

The WITNESS: The reason that Victoria was not included in the survey was that it was not a regional office and the regional office is at Vancouver.

Mr. MAYHEW: That is only the continuation of a mistake.

The WITNESS: At the time the survey was made the staff of the Wartime Prices and Trade Board had been reduced considerably and we wanted to use the men who were available.

Mr. DYDE: Is Windsor included in the survey?

The WITNESS: No, it is not.

By the Chairman:

Q. That would certainly be a slip-up? I do not want to become regional or sectionally minded, but how would you happen to miss Windsor? Have you made a survey in London?—A. We have had a few prices from London.

Q. Why would you not have them from Windsor?—A. For the same reason that we excluded Victoria. Windsor has not got a regional office and we confined the survey to regional offices.

Q. Have you included Edmonton?—A. Edmonton is included.

Q. Have you included Calgary?—A. We have some reports in Calgary.

Q. They are not both regional offices?—A. No. The reports from Calgary were sent in by the Edmonton office which thought that they might have been of some interest.

Mr. THATCHER: Are there any more officials from the Wartime Prices and Trade Board to appear before the committee?

Mr. DYDE: No.

Mr. THATCHER: There is one question which I would like to ask of Mr. Hughes and if he cannot answer I will understand. Could you tell me, Mr. Hughes, whether the machinery which the department had during the war for meat rationing is now disbanded? If it became necessary to have meat rationing—

The CHAIRMAN: May I suggest that Mr. Hughes is not in that division of the Wartime Prices and Trade Board.

Mr. THATCHER: No, but he is the only one here.

The CHAIRMAN: You may ask to have any witness called. We are not bound by the fact that counsel has arranged only certain witnesses.

By Mr. Thatcher:

Q. I prefaced my question by saying that if the witness could not answer I would understand. Could the witness say whether, if for some reason it was necessary to put meat rationing back into force—and I hope it will not be necessary—there would still be machinery set up in the Wartime Prices and Trade Board that could be put to work without too much trouble, or has the machinery been disbanded?—A. Well, to the best of my knowledge, the ration administrator is no longer with the board.

Q. In other words, it would be almost impossible to put rationing back without starting from the ground up?—A. It would be starting from scratch, using the experience of the men who were in that division before.

By Mr. Maybank:

Q. Who was the ration administrator?—A. Mr. Rodomar.

By Mr. Irvine:

Q. The general plan of action would be there for the guidance of the new board?—A. I think the guidance of any division of the board is on record now for future reference.

The CHAIRMAN: Are there any other questions? Next witness.

Mr. DYDE: I should like to call Mr. Hales.

Alfred Dryden Hales, National Director, Retail Meat Dealers' Association, called and sworn:

By Mr. Dyde:

Q. Would you give the committee your full name?—A. Alfred Dryden Hales.

Q. Your address?—A. 11 College Avenue, West, Guelph, Ontario.

Q. Your occupation?—A. Retail butcher and farmer.

Q. You also hold an office with the Retail Meat Dealers' Association of Canada, do you not?—A. Yes, sir.

Q. What office?—A. The National Director of the Retail Meat Dealers' Association.

Q. You are a graduate of Ontario Agricultural College at Guelph?—A. Yes, sir.

Q. You were also employed, for a time, here in Ottawa with the Prices Board, were you?—A. Yes, sir, in an advisory capacity only.

Q. Give the particulars of that, Mr. Hales, please. What years?—A. 1946-1947; I was asked to sit in with the board under the direction of Mr. Grisdale in an advisory capacity in the formulating of some of the policies and directions of which he had charge.

Q. Would you describe to the committee, please, your method of doing business? You say you are a farmer and meat dealer. Would you explain how you carry on your business?—A. The business I own was started some time ago by my grandfather, carried on by my father and taken over by myself. It has always operated on the basis of buying direct from the farmer; it is buying the livestock, doing our own slaughtering and some processing of prepared meats, and retailing these same products.

I operate a farm and abattoir combined and buy direct from the farmers of Wellington county. I operate the business by this method because it has always been operated in that way. We are fortunate in being situated in one of the best beef producing counties of Ontario and very good cattle are obtainable close to hand.

The set-up is there. I feel that I do not secure my goods any cheaper, really, by doing it this way, but I have a chance to get that material which I like and I think, in some cases or possibly in most cases, might be better than that which I obtained from other sources. I have first-hand knowledge of what is going through my place of operation and a contact with those in the community which is something I relish and hope to maintain.

Q. Do you buy from packing companies?—A. Yes, I buy from all of them.

Q. What is the principal purchase you make, or can you say?—A. Well, I will buy anything. There are times when I can buy things considerably cheaper from them than I can produce myself, and vice versa. There are times of short supply when it makes it difficult for me to get goods and, in cases such as those, they are helping me out; but the products, chiefly, are prepared and smoked meats and so on.

Q. That is what you chiefly buy from the packers?—A. Yes, more prepared products.

Q. Now, just for the record, perhaps you might give us the approximate population of Guelph?—A. 25,000.

Q. How many retail meat outlets are there in Guelph, approximately?—A. The total number of stores selling meat in one form or another I would say would be 35.

Q. You have some views, Mr. Hales, on the reasons for the increase in the price of meat to the consumer and have given the matter some thought. Will you give the committee the benefit of your experience in that respect, please?—A. Yes, sir. Well, the retail phase of the industry is highly competitive. I think it is one of the most competitive phases of the food industry. I believe if all phases of the food industry were as competitive as the retail phase of the meat industry, this discussion might take on another angle. However, we are very competitive in the retail field.

As I said, there are possibly 30 to 35 retail outlets in my town and if I decide to sell sirloin steak at 65 cents a pound and my competitor down the street and the rest of them in town are selling at 65, I will not sell very much sirloin steak.

By Mr. Maybank:

Q. I think you made a mistake there. You used the same figure twice?—A. Yes, if I am selling sirloin steak at 65 cents and my competitors are selling it for 50 or 55, I am not going to sell much sirloin steak. The business is highly competitive. We have all the chain stores operating in our town; four of the large chain stores operate there. I spend a considerable amount of my time watching and being concerned as to competition. I find more trouble keeping in line with competitors than I do over-stepping the mark. Competition is very, very keen.

Now, that is one angle of the business. You referred to the reason for these increases in the cost of meats to the consumer in which, I believe, the committee is most interested.

By Mr. Dyde:

Q. We are particularly interested, Mr. Hales, in the increase which is taking place today.—A. Well, let me bring that point up first and then I will revert to another phase of it.

Today's increase is very marked, as you gentlemen have no doubt noticed by the livestock reports and so on. There are a number of factors represented there which have to do with the livestock market advancing the way it has.

I would say one of the first reasons for this drastic increase in the live market is the situation out west, in the provinces of Alberta and Saskatchewan. Weather conditions are such that the farmers are experiencing great difficulty with their cattle out there. Snow covers the fields and pastures and so on. It is a desperate situation. We, in this part of the country, depend on carload after carload of dressed beef shipped down here from the west. This is particularly true of points east of here, down through the maritimes. I would say very close to 85 per cent of western beef is handled down there.

Now, that beef is not flowing down there. It is not coming on the Toronto market within the last few weeks and when a big buyer can buy a carload of western beef, it certainly relieves the pressure on the Toronto market. That beef is not available from the west, and that buyer is a very keen bidder on the Toronto market; that is the situation which exists at the present time.

Secondly, it is a seasonal increase. At this time of year there is always a slight increase in the livestock market. It is due to the fact that stable cattle are becoming more or less used up; have been sent to market and been slaughtered. The grass season is fairly early this year. The grass is ready and the farmers

who have cattle ready to be put out to grass have already put them out. They have two options. If an animal is at the killing stage, fit to kill, he can either sell it or put it out to grass. He has two options.

There is another factor in there. This winter, the Ontario farmer was short of grain. He had a poor crop last season and the high cost of grain and so on meant that he did not have grain to feed the cattle. There are a lot of cattle going out to grass, from my own observation, which were merely wintered over and not fattened. Therefore, less killable cattle were put on the market than in other years, due to that feed situation.

I think those are the important points concerning the present rise in the livestock market and, ultimately, the dressed meat cost.

On top of that, we have a consumer demand. The purchasing power of Mrs. Consumer seems to be holding up reasonably well.

Q. Before you leave that point, Mr. Hales, we studied the return of inspected slaughterings of livestock in Canada and we have an exhibit here which you have not had the benefit of seeing. We found that the inspected slaughterings of cattle, I am speaking in rather general terms now, for the week of April 17 were ahead of last year's. While they are down from the heavy run of the fall of 1947, still there is a goodly number of cattle, in our view, still being slaughtered in Canada. The week of April 17, for instance, inspected slaughterings totalled 24,381 as against 22,289 a year ago. Altogether during this winter and spring the inspected slaughterings of cattle have maintained a higher level than a year ago. Now, that does not quite bear out what you say with regard to cattle being scarce at the present time, does it?—A. Well, I am possibly inclined to take a narrow view of the local situation which I find in my own community. The over-all picture which you have presented is somewhat different, but I think that would, perhaps, bear out the statement I have just made, that consumer buying power seems to be keeping up fairly well.

As to the supply of pork which is available on the market, poultry and lamb, the other three classifications of meat, I think if we went into the figures on those you might find all of those were down a little, or some of them, particularly lamb, would be down. If a consumer cannot buy one form of meat, the consumer immediately switches to another. It might be that beef has been the most prevalent or the easiest to procure.

Q. I am not in any way attempting to trap you by quoting these figures, but perhaps I should have shown you them ahead of time; but even in hogs we note that inspected slaughterings for this winter show considerably heavier than a year ago. The difference is greater in hogs than it is in beef. That is, in the week of April 17, there were 105,133 hogs slaughtered as against 93,000 a year ago in the same period, so our hogs seem to be pretty plentiful too.—A. As I say, there we must consider the population of Canada.

By Mr. Harkness:

Q. Was the witness referring in his previous remarks particularly to the increase of 2 cents a pound in live cattle in the last two weeks?—A. Yes, the more recent increase, about—within the last month.

Q. Within the last month; and Mr. Dyde is referring to the figures up to April 17.

Mr. DYDE: Yes, I am referring to figures up to April 17.

The WITNESS: Well, that is on the tail end of it.

By Mr. Mayhew:

Q. The witness is referring to the increase in population in Canada. I wonder if he would mind completing that sentence, if he would.—A. I haven't

got information on it. That is a general observation, that the population of Canada must be considerably larger this year than last year.

Q. I suppose in that you would include the new arrivals, the new immigrants? —A. Yes, and they are all potential meat eaters, and possibly greater potential meat eaters than we are in this country.

Mr. MAYHEW: And that of course would be in addition to the normal increase in population.

The CHAIRMAN: Mr. Hales, Mr. Dyde pointed out to us that you had given a lot of thought to this subject and you have listed as among the reasons for the current price increase weather conditions in western Canada, the seasonal situation in Ontario where the farmer is short of grain, and consumer demand. Now, whether those are reasons or not, the fact is that we are faced currently with a rise and we have got to give consideration not only to the reasons, but also perhaps as to the methods by which that rise can be corrected. Can you suggest anything there?

The WITNESS: In that connection, Mr. Chairman, I would bring this fact to your attention, that my notes here are necessarily brief. I must plead to inadequate preparation and for the shape my information is in because of the fact that I did not get the call to appear here until Friday afternoon, so I have not had much time to collect my thoughts on it.

Mr. DYDE: You are doing very well.

The WITNESS: But regarding something to bring these costs down—that is what we are interested in at the present time.

The CHAIRMAN: That is right.

The WITNESS: You are aware, I presume, that on every pound of bacon that you go into a store to buy that you are paying approximately 5 cents a pound federal tax. With bacon selling at 75 cents a pound you take the tax off and that would bring it down to 70 cents a pound; and that is a good start at that point. If you are buying a smoked ham we will say that weighs 12 pounds there is 60 cents on just one smoked ham. That is a very big item, and taking that off alone would do quite a bit.

By Mr. Thatcher:

Q. Is that the 8 per cent sales tax to which you are referring?—A. The 8 per cent sales tax on smoked and cured meats.

Q. But that is on the manufactured end, it is not on the retail price, is it? —A. Well, the consumer pays it. I buy bacon from the packers. I pay the packer 8 per cent sales tax. I add that to my cost and pass it on to the consumer. As I said, if you buy smoked ham which weighs 12 pounds you are paying 60 cents sales tax.

Q. You mean to say that the retailer takes his markup on the sales tax? —A. The retailer takes his cost of bacon at 50 cents from the packer. The packer charged him 8 per cent, which is 4 cents; with the result that the net cost to him is 54 cents. You can't figure your markup on anything less than 54 cents because that is the money you have to pay out for the pork itself.

Q. Would it not be fair though; is it not standard business practice to take the markup on your cost rather than on the cost plus the sales tax? If you do that are you not pyramiding and taking a profit on the sales tax as well?— A. But it is still my cost.

The CHAIRMAN: Why is it your cost?

The WITNESS: Because I have my money invested and tied up in it.

Mr. IRVINE: You have to pay the 54 cents before you get the bacon?

The WITNESS: Yes. My cost is the cost of the product laid down in my store; transportation, tax, and everything—that is my cost.

Mr. IRVINE: You would not bring home the bacon without it?

The WITNESS: That is right.

Mr. THATCHER: That means you are pyramiding the tax.

Mr. IRVINE: Of course it is.

Mr. THATCHER: That is pretty hard on the consumer when you do that.

Mr. MAYHEW: And that would be the explanation for the smoked hams and cured meats. Would the same thing apply to fresh meats? Is there any tax on that?

The WITNESS: None whatever.

The CHAIRMAN: That is one of the reasons.

The WITNESS: Yes, that is one of the reasons. Another is the cost of operation. The cost of operation in the retail meat business is no different from any other type of business. Now, the cost of operation has gone up in proportion to other industries. I can elaborate on that.

By the Chairman:

Q. You mean the cost of operation has gone up in the last month?—A. Well, I do not think we could take that short view of it.

Q. We are not talking about the current rise. My question to you was, could you give us an explanation for the current rise and what can we do about it? You have listed one, the sales tax.—A. You mean, in the last month?

Q. I was speaking about the current rise. That was my question to you. Now, the sales tax on smoked meat; all right, that is one. Now, your cost of operation in the last month, that is no different, is it?—A. Excepting on a few types, and since restriction on rent has been lifted I think that there are a number of retail dealers who have been forced to pay considerably higher rent.

Q. Not that I am aware of. I think that is perhaps, if you don't mind my my saying this, somewhat specious. Have you any evidence to support that? In your own case the rent has not gone up, has it?—A. In my own case I am fortunate—

Q. I think the general situation is that commercial rents have not gone up to any great extent, whatever rise there has been has been practically infinitesimal.

Mr. THATCHER: Not in my city, Mr. Chairman; they have gone up quite a bit.

The WITNESS: I am inclined to disagree, sir.

The CHAIRMAN: I think that is the evidence before the board.

The WITNESS: Most retailers operate on a monthly lease basis. A good number across Canada are on a monthly lease basis?

The CHAIRMAN: In any event, you are giving the cost of operations. Now, what next?

The WITNESS: Now, I think Mrs. Consumer has a few things to learn by which she could bring her costs down. For one thing, I think that things are altogether too streamlined. I might give you a few examples. It is rather unusual nowadays to sell a prime rib roast as a standing roast. I do not know whether you are familiar with cuts or not. When a roast is cut for her it seems as though she wants the ribs trimmed off to the bottom of that roast, the lean meat is all there at the bottom, and it seems as though she wants that rib roast boned and rolled and tied up with a string. That just about doubles the labour which goes into the cutting and preparing of the roast, when you have to roll it, in preparing that roast for sale in the rolled form the cost is considerably higher than it was. And she could save herself a lot of money by buying the whole rib roast and not having the top end cut off; by buying a standard rib roast

of beef for the weekend. It might be a little harder on some of us men who are not as proficient in carving as men used to be, but they could soon get the knack of that carving back again; and the saving in cost would help Mrs. Consumer a lot. I have a few other examples. Now, take bacon—

The CHAIRMAN: Just on this Mrs. Consumer business; that is not a new situation, is it?

The WITNESS: No, it is a situation that has been in existence for a few years back.

Mr. THATCHER: But it has been accentuated by recent practice?

The WITNESS: It has been accentuated quite a bit; and referring to bacon it seems as though bacon has to have the rind off and it has to be wrapped up in a cellophane package with a fancy label on it. We don't see them buying bacon by the piece any more.

The CHAIRMAN: That is not new either, is it?

The WITNESS: No, but it has all added to the cost of living.

The CHAIRMAN: Well, we are talking about the current rise; this recent, progressive, continuing rise; right at the moment. I do not think these established practices are going to help us very much.

The WITNESS: Well, within the last month—this has been going on for a period of time now. You said that you are concerned with the current rise, and I take it that has to do with the livestock market which we mentioned at the start.

The CHAIRMAN: All right. Are there any other reasons?

The WITNESS: I do not think my reasons have as much to do with the last month. What they had to do with is maybe going back a few years.

Mr. MERRITT: Aren't his reasons interesting? They certainly contain suggestions as to how prices might be brought down, even though they may relate to conditions which go back beyond the period of the immediate last 6 months. I think we should allow him to continue.

The CHAIRMAN: There is no intention of cutting him off. You see, Mr. Merritt, you were not here when he was giving his earlier evidence.

Mr. MERRITT: But he has seemed to suggest some reasons.

The CHAIRMAN: You were not here and you did not hear the questions put to him. We are now dealing with the current situation and the witness in the course of his evidence has said that his explanations do not apply that closely. But you are prepared to deal with remedies for the situation?

The WITNESS: Yes.

The CHAIRMAN: So we are glad to accept that.

Mr. KUHL: What you have said about the increased cost of raw materials would have a bearing; and then there is the increase in the price of livestock.

By the Chairman:

Q. You have read the evidence that has come before this committee so far?—A. Yes.

Q. What have you to say about the role of the packers in this?—A. Well, the packer has had to carry on a lot of these costly operations for Mrs. Consumer, things which she has come to demand. She has come to demand having her bacon sliced and packaged; she has demanded cottage rolls done up in a fancy cellophane package, with all the additional labour and cost that entails. All these things which come under the general heading of merchandising methods add to the cost of living which Mrs. Consumer seems to want and for which she has to pay; I refer, of course, to the higher cost of labour and materials.

By Mr. Thatcher:

Q. I wonder if you would tell the committee whether the markup on the beef you kill is the same as it is on the beef which you buy from the packer. Could you tell us that?—A. That is right.

Q. Generally speaking, what markup would you have on your own meat, which you kill yourself; and what markup would you have on the packers? I mean, is there a difference?—A. Very little difference. As I said earlier, I have been carrying on our business now for some years and I find that the cost runs about the same; as a matter of fact, I find that there are times when I can buy beef cheaper from the packers than I can get it direct for ourselves. There are times when you can go to the packer and buy cheaper than you can get it locally. May I put it this way, we only do it that way because we know exactly what we are getting.

Q. Then you would not suggest more butchers would save money by killing more themselves?—A. I would not be prepared to say that. It would depend on volume.

Q. Your own experience has been that you have not been able to save particularly?—A. My own experience over a number of years in our business is that it has been good business.

Q. It has paid you to dress on your own?—A. I would say so.

Q. One other question.

Mr. MAYBANK: Do you mind if I interject?

Mr. THATCHER: Yes, go ahead.

By Mr. Maybank:

Q. Is it because you could sell cheaper, or because your supply situation was better that you considered your method was better for you?—A. There were two reasons for me; the supply situation, and the product I was buying, and the personal contact.

Q. That is another way of saying that it was better business for you, and particularly with regard to your supply situation, to buy and kill a certain amount for yourself. It is the supply situation which has been a greater influence in you concluding that your method was better for you?—A. In the last few years, yes, but previous to that it was a different story.

By Mr. Mayhew:

Q. You could do your own slaughtering as cheap as the packer could do it, and naturally you would save his margin of profit?—A. It would vary from week to week. Some weeks it is cheaper and other weeks it is not. I recall in January that I was able to buy beef from the packers cheaper than I could buy locally. It just seems to be local conditions.

By Mr. Thatcher:

Q. Do you keep regular records of your profits by months?—A. No, sir.

Q. Would you have any idea whether your profits as a retail butcher would be greater since ceilings were taken off last October than they were before? —A. No, I would not.

Q. Your would have no idea?—A. No.

Q. Do you think that ceilings coming off have helped you in your business to get a little better mark-up now that ceilings are off?—A. No.

Q. You cannot?—A. No.

By the Chairman:

Q. What is the answer? I did not get the answer.—A. No.

Q. What does that mean?—A. He asked me if I felt I was making a greater spread since the ceilings were lifted than I was before.

Mr. THATCHER: Then you would not have any objection—

By the Chairman:

Q. Your answer to that is that you are not making any more?—A. I cannot substantiate it with figures. That is why I am hesitating. If I could give it to you in black and white I could tell you.

By Mr. Thatcher:

Q. If you have not made any more money recently you would have no objection to ceilings being reimposed, As a retail butcher you would make as much if they were back on?—A. That depends on the spread, and so on, that the board would allow. I will say that the Wartime Prices and Trade Board was very fair and did a very good job for some butchers across the country. I think the charts and the percentages and the things they put out were of a great educational value to the trade in general.

Q. As far as the retail butcher is concerned you would not object to ceilings being put on again? Can I take that from your answer, that it would not hurt you in a material way?—A. I existed with them when they were on before, and I could do it again.

By Mr. Irvine:

Q. But are you existing better now than you were before?—A. There is a point I cannot answer in black and white. I know what happens with my particular line, and others who operate like I do. The live stock market goes up but your ceiling prices remain the same. The same situation existed with the packers a while ago to the point where they refused to buy live cattle and went off the market.

Q. Would it be a fair inference to say that if you and those who are dealing in retail meats as you are have been better off since the price ceilings were removed that the consumer would probably be worse off to the same extent?—A. Probably worse off in the—

Q. By the amount that you were better off?—A. Oh, I do not know what to say to that.

Mr. MAYBANK: The inference that is sought to be drawn is this. If some person in the middle who is making a profit becomes better off then some person with whom he deals at one side of that middle position should be worse off. I think that is inference. Mr. Irvine is wondering if it would be the consumer rather than the person nearer to the primary producer who would be worse off. I submit, Mr. Chairman, that while any person has a right to ask the question and while any witness has the right to give opinion, that such inferences are more for this committee than they are for the witness.

Mr. IRVINE: I realize that.

Mr. MAYBANK: I would not say it is not fair.

Mr. IRVINE: That is why I did not press it. I merely said would it be a fair inference.

The WITNESS: I would think that there is a goodly percentage of the dealers across Canada who are still using the old Wartime Prices and Trade Board charts, and as the cost of beef advanced in the carcass form to them they have simply added it on to those charts they have. I think there are operators who would possibly be doing that. If beef has gone up 2 cents in the carcass they possibly have added 2 cents right down the line.

By Mr. Thatcher:

Q. What is your standard mark-up now?—A. Standard mark-up?

Q. What mark-up does the average butcher take on cost?—A. I think they all strive for 25 per cent.

Q. Twenty-five per cent on cost or on sales?—A. On selling, 20 to 25.

Q. I want to get this clear as to how you would arrive at that. If your cost was 50 cents to get your selling price you would add 25 per cent to that? Is that correct?—A. If the cost of bacon was 50 cents a pound and the tax made is 54 cents a pound and you wanted a mark-up of 20 per cent that product—

Q. You said 25.—A. Well, I was taking 20 there, but we will take 25. I will figure it at 20. It is a little easier. Then I will figure it at 25. It is around 67 cents.

Q. That is at 25?—A. That is a 20 per cent mark-up on selling.

Q. How did you arrive at that?

By Mr. Maybank:

Q. When you said 25 you meant 25 reckoned on the basis of your own purchase price?—A. That is right.

Q. That is what you meant when you said 25?—A. A cost of 54 cents, and you want a mark-up of 20 per cent on selling, the product would sell at 67 cents.

By Mr. Thatcher:

Q. I do not follow that. 20 per cent on 54—you are figuring 25 per cent?—A. I figured 20.

Q. Is that not 11 cents?

By Mr. Dyde:

Q. Is the 20 per cent on sales?—A. On sales, not on cost. You are figuring it on cost. Everything is figured on sales, your operating cost and everything.

By Mr. Maybank:

Q. In other words, when you say a percentage like that you mean the percentage to be reckoned on the selling cost as the basis?—A. That is right. Every retailer who is a sound retailer will operate on that basis. Costs are always figured on sales.

Mr. DYDE: We have found throughout our inquiry that whether or not we like it the retail trade work on a margin on sales.

By Mr. Thatcher:

Q. An average of a 25 per cent mark-up would equal on an average about one-third of cost. That is about the way it works out?—A. There are those factors concerning cost which are not relevant to the last month. We mentioned the rib roast and bacon. There are a number of other examples that I think Mrs. Consumer could take a page out of the book on. She might buy a whole shoulder of lamb and get a price on it and have stew and chops and roasts out of it, some short cuts like that. I think restaurants and hotels might do the same in that case.

By The Chairman:

Q. How are you going to help Mrs. Consumer to know that?—A. I guess we should have an educational program. Were they not down here, Mrs. Marshall.

Q. This information will be passed on to the Consumers' League. Mrs. Marshall's organization, certainly, but is there any effort made when the purchaser comes in to explain that sort of thing?—A. There is in my store.

Q. There is in your store?

By Mr. Dyde:

Q. I think you have one or two other examples that you can help the consumer with that you have not mentioned yet. I think you mentioned beef heart to me before we came in. What suggestion have you to make to the consumer with regard to that?—A.Well, it is a very economical dish. It is highly nutritional, solid meat, no waste. I imagine you could stop ten ladies on the street and find four at the outside who would know how to cook and prepare it and serve it.

Q. Does the retail trade do anything at the present time to issue to the consumer anything that would help the consumer understand these things?—A. I think every dealer would in connection with that rib roast idea I put forward there. The reason we do it in our own store is twofold. It cuts down on my labour of rolling rib roasts of beef. I am short of labour and there is the high cost of labour. It gets away from that rolling, and it is also a saving to her. There are the two reasons why we do it, for her advantage and our own. There are many other things like that that can help to bring down the cost a bit.

By the Chairman:

Q. What others are there? Let us get them. You have given us two. We will get the others and the press will circulate them all over the country and we will bring down the cost of living. Let us get them.

By Mr. Dyde:

Q. You have mentioned the rib roast and you mentioned sliced bacon. You have mentioned beef heart. What other items are there that you can help the consumer with?—A. The next thing will be to get enough beef hearts.

Mr. IRVINE: That is the point. You will raise the price of beef hearts.

By Mr. Dyde:

Q. Have you any other items you can suggest?—A. I think the good old Irish stew that grandmother made has possibly gone into oblivion in some sections of the country.

The CHAIRMAN: Not in the House of Commons.

The WITNESS: That is just one thing that comes offhand to me.

By Mr. Dyde:

Q. You mentioned a few minutes ago that the consumer was asking for particular types of packaging. Is that correct, or is it the trade that is putting these things out in packages and teaching the consumer these bad habits?—A. I think we are both to blame as far as that is concerned. There was a period when possibly there was a surplus of bacon on the market, and in order to merchandise it and make it attractive it was put up in a package and sold in that form, but when things are a higher price and scarcer on the market the habit still exists.

Q. What mark-up do you put up on a package of sliced bacon when you sell it in your store? I assume you buy bacon from the packer occasionally?—A. Yes.

Q. What mark-up do you put on package of sliced bacon?—A. Twenty per cent on a sliced package product like that. If you will excuse me, my brief case is there and I have that all figured out.

Q. Twenty per cent is a sufficient answer for the moment. Is that actually a fair margin when you take into consideration the fact that you have no work to do with regard to bacon in a package? You get it in a package from the packer and you keep it, I assume, in a cool place until it is sold, but you have no actual work with reference to that package except to hand it to the consumer.

Now, is a margin of 20 per cent necessary, do you think, for an item like that?—A. The first thing I would say there is that it is still a perishable product. It has to be merchandised within a short period in order to have consumer acceptance. A perishable product is very difficult to sell even at 20 per cent mark-up in that refrigeration has to be supplied and rotation of sales of merchandise, and costs of operation, and so on. I think it is very fair.

Q. It seems to a layman not in the business that that percentage results in a great proportion of the consumer's dollar going to that particular operation and that particular service. I wanted you to make any remarks you care to make about the justification for mark-up of that kind on this particular product. If you have more to say I would be glad to have the committee hear you?—A. Regarding a mark-up of 20 per cent on a packaged item?

Q. Yes?—A. Of a perishable product such as bacon? In this day of retailing with over-all cost of operation which includes all phases, and the fact that it is a perishable product, I think that is fair mark-up.

Q. What mark-up do you aim at in a fresh beef product?—A. The mark-up varies with regard to cured, smoked, and fresh products. The mark-up in turn depends on one's volume. If I could get a 20 per cent mark-up on beef with a reasonably good volume I would be satisfied.

Q. And yet you have to do a lot more in the way of merchandising beef than in merchandising sliced bacon in a package?—A. Your volume comes into it there considerably.

Q. I am not sure I see how volume comes into it. Would you explain how that happens?—A. You have a lot more tonnage in beef than you would have in packaged bacon.

Q. You buy a side of beef and you have to throw away quite a number of pounds of it because there are bones and scrap to be considered. Whether it is volume or not you are doing a lot of work in cutting up a side of beef. You have the matter of shrinkage and waste which does not enter into the bacon at all. Why should the margin be the same in each of those cases? I think if you take a cross-section of the country you will find the mark-up on beef is greater than 20 per cent. I do not know just what the average would be but I think it would run all the way from 20 per cent to 30 per cent on beef. I am not prepared to say what the average would actually be.

Q. Does not the same thing apply to all of the cured pork products which you handle? Take for instance ham? Your handling in the case of ham is very much less than the handling in other operations involved in selling beef?—A. There are some merchandising problems come into the picture as far as smoked hams are concerned. If you sold all whole hams it would be all right, but if you sell half a ham and everyone wants the butt end you are left with shanks which constitute another problem. Someone wants slices of ham, and you must figure the percentage. The business of retailing meats is the most complicated business on the face of the earth.

Mr. MAYBANK: I think that every business claims that.

The WITNESS: A man will buy 24 boxes of cornflakes and he knows his unit cost and he can figure the mark-up on it without much trouble.

By Mr. Dyde:

Q. Let us compare cornflakes and bacon. You know pretty well what your customers are going to buy in the way of sliced bacon and you do not have much bacon left on your hands at the end of the week? I am forcing you to this position—you know what you are going to sell from week to week in the way of sliced bacon and you do not have a lot of sliced bacon left over at the end of the week?—A. That is not always the case. One still cannot sidestep the issue that bacon is perishable and cornflakes are not.

Q. But if it is moving very rapidly from the packer to you, and over your counter, and you can buy every day—you do not need to store a lot of bacon—why is the fact that bacon is perishable so important?—A. It still must be kept in a refrigerator which is an added cost, and even weather enters into the picture. On certain week-ends weather conditions will have quite a bit to do with the sale of individual products.

The CHAIRMAN: Surely you have not addressed yourself to Mr. Dyde's question—I do not mean that you have intentionally side-stepped it but you have not answered it. At the end of the week you can say you have no bacon left on your hands?

The WITNESS: I would not say that, because some weeks I do.

The CHAIRMAN: You do?

The WITNESS: Yes.

By Mr. Maybank:

Q. Does any bacon perish in your hands? You are speaking of it as perishing?—A. I do not say that much perishes but there are cases where it has to be sold at a reduction. As long as you are married and have a big family you can always take care of that situation, however.

Q. Of course if you have to reduce your price to escape the perishable contingency, it is a factor.

By Mr. Dyde:

Q. There is one point, Mr. Hales, which we have not covered as fully as I think you can cover. In the early part of our discussion you mentioned certain competitive factors, and when the chairman spoke to you about present increases you gave certain answers which were rather general. May I come back to the question of the present increase. You are an experienced man looking at this trade from the point of view of a man who has I think good motives. What is the competitive position, or is it the competitive position which has driven prices up recently? Perhaps I might elaborate still further. What other field of the meat industry do you feel must bear some responsibility for the increase that is taking place today?—A. This picture seems to be a four sided one in which there are the producer, the packer, the retailer, the consumer. We are all in it, and I presume that it would be fair and just to all to say that each one should do his share to keep this business within bounds.

Q. Yes?—A. I would not like to single out any particular phase of the field of the industry and place a blame on anyone more than another.

Mr. THATCHER: Just in that connection—

The CHAIRMAN: He is about to finish his answer.

The WITNESS: As I say, I would not like to point my finger at any one phase or field of the industry. I think they have all been playing ball.

Mr. DYDE: I have one or two further questions before I leave that point. Do you say there is more competition in the retail end of the meat industry than there is in the packing end of the industry?

The WITNESS: My answer to that would be yes. I think we in the retail field experience a very much higher degree of competition.

Mr. IRVINE: Do you mean that—

The CHAIRMAN: Would you mind if Mr. Dyde continued?

By Mr. Irvine:

Q. My question is right on the point. Do you mean that through the competition which presumably exists with respect to the buying of cattle, the

result is an increase in price instead of a decrease? Does competition increase the price more than it decreases the price—or at least as much?—A. I take it from your question if there were more buyers of cattle—

Q. You say yourself that there is always a scarcity of cattle at this time of year?—A. Yes.

Q. And during this period everyone in the business wants to get as much beef as he can in order to keep in business?—A. Yes.

Q. And that will increase the price will it not?—A. Yes.

Q. I am speaking of the prices on the buying end of the business and competition raises the price instead of reducing it?—A. On the buying end?

Q. Yes?—A. Yes.

The CHAIRMAN. That is true.

Mr. IRVINE: This darn competition is supposed to cure everything but it does not.

By the Chairman:

Q. Mr. Irvine has elicited a very important answer but there was another important point there. You say that there is more competition in the retail end of the field than there is in the packing end?—A. There is more competition in the retail field.

Q. Yes, but what we are after and what we want to know, Mr. Hales, is what is the cause of the rise in the price of meat? What are we going to do about it—if anything? Those are the things we want from you. You said you did not like to single out anyone but it is not a question of personalities. We want your considered judgment in the light of your business experience. What are the factors responsible for this rise and can you lay the blame where it should be laid—if there is any blame? You may say that this is all a part of our system, but we would like your answer?—A. If I could answer that question we would have solved quite a problem. I think it is a he-man-sized question to answer and I cannot answer.

Q. You cannot answer?—A. No, I give up.

By Mr. Kuhl:

Q. Could you tell us, Mr. Hales, what proportion of your costs and your over-all operation is represented by dominion taxes?—A. By dominion taxes?

Q. All forms of tax?—A. All forms?

Q. All forms that you pay?

The CHAIRMAN: Too much.

The WITNESS: It would be a surprising figure, but I cannot give you an estimate.

Mr. IRVINE: Would it be 90 per cent

The CHAIRMAN: I am quite a free agent here and I said it was too much.

By Mr. Kuhl:

Q. Could I get my answer? Could you make an estimate at all?—A. I would think the Dominion Bureau of Statistics would have that information here in Ottawa.

Q. I was just wondering whether from your own operations you would have an idea?—A. I know the percentage is very, very, high and higher than I would like it to be.

Q. Therefore if that taxation could be reduced or even 100 per cent eliminated, the cost to the consumer would be reduced by just that proportion—that would be correct deduction would it not?—A. That would help.

Mr. THATCHER: Mr. Chairman, there is one very definite thing which has come out of this—

The CHAIRMAN: I think two very definite things.

Mr. THATCHER: The witness says he thinks each group should do something. When we say there is a sales tax of 8 per cent on meat—

Mr. MAYBANK: We did not say that.

Mr. THATCHER: There is an 8 per cent sales tax on meat.

Mr. MAYHEW: On smoked meat.

Mr. MAYBANK: There is an 8 per cent sales tax on smoked meat.

Mr. THATCHER: Can I ask my question without so much interruption?

The CHAIRMAN: I think it is important you should not misstate the facts.

Mr. THATCHER: All right, there is an 8 per cent sales tax on smoked meats. The witness says if bacon costs 50 cents, the tax is four cents. Then, when he arrives at his cost, he says it is the practice of the butchers to base their cost on the cost of the meat from the packers plus the tax. If the witness added 33⅓ per cent on his cost, the tax, by the time it reaches the consumer, would be something in the order of 10 per cent. What we are getting here is a case of pyramiding taxation, which is a vicious practice.

In connection with the excise tax and other taxes, the government suggests the retailer can only pass on the amount of the tax; he cannot pyramid it. I think this committee ought to recommend that, on meat, the butchers be not allowed to take their profit on the taxation portion of this—

Mr. MAYBANK: Not to take their profit—

Mr. THATCHER: I think they should take it on the cost of the meat.

Mr. MAYBANK: I was only drawing your attention to the fact you used a word you did not mean.

Mr. THATCHER: The taxpayers may be paying 10 per cent if the butchers do it this way, by the time the tax gets pyramided. I do not think that is the way the tax was meant to be handled.

Mr. KUHL: There is still the competitive angle to take care of it.

The CHAIRMAN: That is the thing we are going to consider when we come to our consideration of the evidence.

Mr. THATCHER: That is one recommendation we could make.

The WITNESS: You are asking the retail dealer to advance his own money and pay that sales tax, advance it to the government without any remuneration for doing it whatever.

Mr. THATCHER: No; when the government puts on a tax, I think the consumer will pay it eventually, but I do not think the retailer should make a profit on the tax.

The WITNESS: My cost is the cost of the goods laid down in my store, whether it is the government adds the tax or John Smith adds the freight or whatever it is, my cost is the laid down cost in the store. I think it is only fair my profit should be figured on that.

Mr. MAYBANK: What do you do in the hardware business?

Mr. THATCHER: You are prevented by law from doing it that way. We do not do it that way.

Mr. MAYBANK: There may be certain cases where it is not done, but the hardware merchants have been reckoning their mark-up on their laid down costs for a long time.

Mr. IRVINE: They are more honest than the butchers.

The CHAIRMAN: We will deal with the hardware men later.

The WITNESS: It is hard enough for me, now, without considering hardware.

By Mr. Dyde:

Q. I want to be sure, before we finish, I have exhausted what you can tell us on one or two points. They will be very short. I have asked questions, rather indicating that you were, perhaps, charging too much retail margin and you have given me a reply with regard to that. Then. you have also given the committee some suggestions as to what the consumer can do. Now, you have left out both the packer and the producer and I see no reason why a man in your position should not go the step farther and say what you think with regard to those two other groups in the same industry. We are attacking you, at the minute, about your margin and you are suggesting what the consumer can do. Now, is there anything that the packer should have done or could do, in your opinion?—A. Well, I know, with reference to that retail margin, I know what it costs to do business today. I feel that I am operating with a very clear conscience as to the spread between the cost and the cost of operation. I know it has been whittled down pretty fine. Regarding the packers, they have costs of operation, costs of doing business. What they are, I am not prepared to say. I do not know what spread they work on or what they strive to work on. If I knew their costs of operation and what mark-up they strive to get, what the net result was, then I would be in a position to say whether they were overstepping the mark or not. I do not care to make a statement until I know what spread they are taking for themselves.

Q. I just wanted to make sure you had nothing to add.—A. I should state I operate a service store, which is different from a cash and carry set-up. There is a greater cost of operation in operating a store of that type for the service rendered.

By Mr. Mayhew:

Q. What is your percentage of loss in bad debts?—A. Not too great in the last few years. I think we are allowed—I forget what the income tax department allows for that. Offhand, I cannot give you that, but it is not a big factor today. There were years when it was serious.

William Warren Hussey, Director, Toronto Branch, Retail Merchants' Association; Director, Ontario Branch, Retail Merchants' Association, called and sworn:

By Mr. Dyde:

Q. Mr. Hussey, would you give the committe your full name?—A. William Warren Hussey.

Q. Your address?—A. My business address is 735 Mount Pleasant Road, Toronto. My house address is 18 Garnock Avenue, Toronto.

Q. At your business address, what kind of business do you carry on?—A. Retail food business, combination, three departments.

Q. What three departments?—A. Meat, groceries, fruit and vegetables.

Q. You also hold office in the Retail Merchants' Association of Canada? A. I do.

Q. What is your office?—A. I am a director of the Toronto Branch of the Retail Merchants' Association; I am also a director of the Ontario Branch of the Retail Merchants' Association.

Q. When I requested your presence before the committee, I asked you to bring with you documents issued by the Retail Merchants' Association with regard to meat, fruits and vegetables and textiles. You have done so?—A. Yes, they are in your possession.

Q. The only document which you have brought with you and which is a document of the association, deals with meat and is a chart known as "Retail

prices guide for beef, lamb and veal." That is correct, is it not?—A. There are some other bulletins, I believe, on that file.

Q. Yes, of minor importance; is that right—A. They may be of minor importance. It depends on what degree of importance you put on each item. We endeavour to keep the trade posted as well as possible through a bulletin service as to the trend in the market, to the best of our ability, and to provide a service for them which they cannot afford to provide for themselves.

Q. I notice, for instance, in the documents you have produced, that you have issued bulletins through your association synopsizing the evidence which has been given before this committee?—A. That is correct.

Q. I think you, yourself, have done that?—A. That is right. I might say it is my opinion I have found a lot of independent retailers who do not, perhaps, devote enough time to their business. I think I mentioned to you I feel I am in this business and just the same as you lawyers have to study your business, I have to study mine. I found, particularly the older men, did not spend enough time in reading up material which is relevant to their business.

By the Chairman:

Q. I thought you were going to say some of them went into politics?—A. No.

By Mr. Dyde:

Q. You are referring now to lawyers as well as politicians?—A. I do not know whether we are too smart or too dumb, but we are still staying in the food business.

Q. You have also produced a number of copies of the retail price guide. I think we will not have these produced as exhibits, Mr. Chairman, but I should like to distribute them to the members of the committee. It may be we will decide later we should exhibit them, although I think Mr. Hussey can give an explanation of them which will obviate the necessity of their being reprinted.

I refer, Mr. Hussey, first of all to the foreword to this chart. It would be advisable for you to read so as to go into the record the purpose of the chart, the three first paragraphs under the heading "foreword":—

The WITNESS:

> These charts are based on the standard cutting methods as established by the Wartime Prices and Trade Board throughout Canada and are intended to be used as a guide in determining retail prices. They are based on an average of different types of cattle and designed to give a 26½ per cent to 27 per cent yield on selling price.
>
> Retailers should make their own periodic cutting tests based on the type of cattle sold to their own trade. Due consideration must be given to seasonal demand when determining proper selling price for any particular cut. Price reductions on slow moving cuts must be properly balanced by advancing the prices on more popular cuts if the desired gross profit is to be maintained.
>
> Profitable meat merchandising is based on elimination of waste, skilful cutting and good salesmanship as well as proper pricing.
>
> Unfortunately, there is no chart that can keep you in business without your own help. It is hoped, however, that the information contained in this edition will be a practical guide and, coupled with your own knowledge, will result in years of profitable operations.

By Mr. Dyde:

Q. Now, Mr. Hussey, I am correct in this, am I not; that you have worked out a chart and this is designed to enable the retailer at a glance to know what he should charge per pound provided he has paid a certain price per pound. That

is correct, is it not?—A. I might state this, Mr. Dyde, these are to be considered as a maximum. As you will realize, this has gone across Canada to our members in the different provinces. Some stores would not necessarily get that markup, they would not attempt it. Other stores would because the type of operations aim at these figures. It is also an attempt to give a fair section of the different types of cattle. This is based entirely on the Wartime Prices and Trade Board chart which was issued under Wartime Prices and Trade Board order. Strictly a method of adaptation of the Wartime Prices and Trade Board chart.

Q. Now, Mr. Hussey, we had evidence given before the committee on Friday last by Mr. Grisdale, and Mr. Grisdale told us that under the Wartime Prices and Trade Board price ceilings they had worked it out so that the retailer should receive a maximum of 23 per cent on blue and red brand beef, and 26¼ cents on other qualities; and the first thing that comes to my attention is the fact that in this chart you are producing your target is 26½ to 27 cents on the wholesale cost.

Mr. MAYBANK: Where did that come from, that figure of 26½?

Mr. DYDE: From the first paragraph of the foreword.

Mr. MAYBANK: Oh yes.

By Mr. Dyde:

Q. Why would you in working out this chart, why did you work it out at 26½ and 27 cents when in fact the Wartime Prices and Trade Board level was 23 cents for blue and red brand and 26½ cents for other qualities of beef?—A. I was under the impression that the Wartime Prices and Trade Board figure allowed 26 per cent markup.

Q. Even if they allowed a 26 per cent markup that would hardly justify—
—A. You are referring to this 26½ to 27 cents figure. Under the Wartime Prices and Trade Board order you have ceilings on everything; rent, wages, paper bags —all your costs. Also during that period you had a very low sales ratio per cent; your expenses for deliveries were cut down, and wages were lower, your overhead in general was lower; so it was only logical to try and meet that. And, as I said, this is taking a cross section of business based on 10 to 20 per cent, and that is a very low percentage on beef cuts; this is trying to take in all the factors so that it would keep a man in normal, fair operation. In my own estimation these are not unfair percentages. When you aim at a 26½ to a 27-cent target you don't get 26½ or 27 per cent; most of it will be around or below 23 per cent. There is a tremendous difference between the target at which you aim and the target you actually hit. The question of price is important.

Q. All that may be perfectly true, but I still am wondering why you thought it necessary—perhaps I should draw my questions in a little different way. When was this guide issued?—A. This guide was issued approximately three months ago.

Q. In February?—A. If that is three months ago, yes. It would be around that time. This year.

Q. Yes, in 1948?—A. Yes.

Q. And is it not true that throughout the period of price controls, is it not true that you were getting as retailers a very satisfactory margin?—A. Yes. I do not think anyone could complain about the margins. You had of course several factors different from what you have now. Pretty well throughout the peak of price controls you had a seller's market at all levels; that is, from the producers through to the retailers. In other words, slow moving cuts were not slow moving cuts. There were times when a woman who would normally buy porterhouse steak was tickled to death to get that piece of shank meat. Your loss ratio as far as shrinkage, ordinarily high, was practically nil—your loss ratio with practically no shrinkage was naturally much lower.

Q. You have made it quite clear that the prices on this chart are target prices that may or may not be reached; on the other hand, the minute you go to a higher level than was permitted to the retailer under price controls are you not making a direct contribution to the inflationary spiral of prices?—A. If you could maintain these prices, if you had your perfect breakdown of costs, I would agree with you; but as I say, you have to take into consideration that you cannot get these prices, not normally. It was not usual years ago; it was not unusual for a butcher to operate on a ratio of from 30 to 35 per cent on cuts. That is now an unusual practice. As your beef goes up—I would say that the gentlemen who have received these charts—and since I received the call from you I have had requests for this information from a number of gentlemen—now, the butcher would not dare to come near that price, they could not do it, the price is too high for the consumer. We receive the consumer's reactions. Now, let me say this; I had a customer come into my store last week, one who normally buys a certain kind of meat. She had had sickness in the family, and that cut of meat came to $1.75 and knowing the situation I sold it to her for $1.65.

Q. What was the margin on that $1.65?—A. I cannot tell you that, the over-all margin.

By The Chairman:

Q. Do you think there is any one of the four groupings in meat sales; by that, I mean the producer, the packer, the retailer and the consumer—you gave an instance in the way of a deliberate sale at a reduced figure to meet a given situation—what about all four of the groups, or any one group taking a lead, altogether apart from government action, with a view to keeping the price levels of meat at an adequate and fair stage?—A. Of course, the case I gave you was an isolated instance. Naturally, I could not afford to do that all along the board. I would be out of business if I did. But I can say this; I know nothing about the cost to the producer, I know nothing about what it cost the wholesaler; I know a little of what my own costs are, and I know a little of the reaction of the public. I find a very peculiar situation in this question of high costs and the complaints about high costs. People are still demanding expensive cuts of meat. They are still demanding them. When the price of meat went up, when bacon went up, I decided to eliminate all ready-cut, packaged, sliced meat, because I could buy a side of bacon at a lower figure. I bought it for say 40 cents a pound, and my tax on that was $3.20. If I buy it at 60 cents a pound sliced it is $4.80. On top of that the packer has to charge a price for wrapping and a price for derinding, labour, the product cost, cellophane, and he has to take shrinkage on that, and it pyramids the price up. I package and I cut and slice for nothing. We are unlike a motor mechanic. When you come into my place for a piece of meat my profit is on that piece of meat. It is not like putting a rear end in your car and charging you $100 for the rear end, and also charging you $2.50 a hour for labour. If I charge you 50 cents a pound for steak I do not say that it cost me 6 cents for my labour to cut that. We do not do that. All of our profit comes out of that product that we sell. On sliced side bacon we do not charge the cost for slicing. I try to get it across to the public that it is a cheaper bacon. In fact, I used to have a pair of scissors beside my scale, and I would say, "that is all you have got to do." I use it in my own home. If you want it for the baby then you can have it. You can do that and save yourself 10 cents a pound. However, the demand has become so great within the last month that I have switched my sales of sliced bacon to about

80 per cent and unsliced bacon to about 20 per cent, in spite of my trying to get the customers to buy bacon sliced.

By Mr. Mayhew:

Q. Unsliced?—A. I mean unsliced. I slice it for them. I do not mean that they should buy it in the piece. I can understand their reluctance to buying it in the piece and trying to cut through the rind, but I slice it for them at a cheaper price. There is another point, now that we are on that, that I might bring out as to what Mr. Hales said. Mr. Hales brought out a very pertinent point about getting beef hearts. If we educate the public to buy cheaper cuts we will land into a quagmire in a way because you will find your hinds and your fores getting closed together. The differential gets less. It is the old story of supply and demand, and what there is most demand for. If your supply goes down then your price must go up. If people started to use more front quarter beef you would find your front quarters would go up and your hind quarters would go down. Your differential would be much less.

By Mr. Dyde:

Q. May I ask what type of community your store is situated in? How would you describe it, well-to-do, middle class or what?—A. I would say a middle class district, a middle class working district with about 50-50 white-collar workers, and workers. If the press ever gets that I will be ostracized.

By the Chairman:

Q. Can you help us in any other way, apart from what you have already said, as to how we can curb the increase in meat prices? Would you like to see controls back?—A. I would make this statement, that if it were not for the fact that there is a certain amount of fear of a black market that the majority of retailers in Toronto area would welcome price control. In fact, I have had them call me up several times for my opinion on it, and I believe there was a wire sent to Mr. Grisdale or to the chairman of the board deprecating the rise in price.

By Mr. Merritt:

Q. There is one question I should like to ask there. When you say they would welcome the return of price control do you mean price control in the meat industry only or over-all price control on all commodities?—A. I am speaking about the meat industry now.

By Mr. Kuhl:

Q. May I ask this witness the same question I asked Mr. Hales? Can he give an estimate as to the proportion of his costs that are represented by dominion taxation?—A. No, sir, I could not. My cost accounting system does not go that fine. I am a small independent, and as far as bookkeeping I am interested primarily in the merchandising. The bookkeeping I leave up to my father. I know approximately what our overheads are. I know what I have to get.

By Mr. Dyde:

Q. I believe you can give the committee certain particulars as to prices. I am referring now to prices which you have paid over the last period of months for both beef and certain pork cuts. I should like to have that put on the record. Will you please inform the committee how these prices were found? I think you examined your invoices, did you not?—A. That is right.

Q. And then supplied the date and the name of the company from whom you had bought the item?—A. Not on the pork products, no.

Q. Because they were from a variety of packers?—A. I took my lowest cost in pork products.

Q. And this is the item you purchased and the cost to you per pound according to the invoice?—A. That is right. After Mr. Dyde called me I tried to visualize just what you gentlemen would want.

Q. Just one minute. You are travelling a little too fast for me because I want to put on the record first the results of that particular work you have done with reference to beef and with reference to certain pork cuts. Then I will go on and ask you about what you have in front of you. I will read these so they can be put in the record.

"Former ceiling for commercial beef, October 22, 1947"—

The CHAIRMAN: Is it important to read that?

Mr. DYDE: I will be glad to put them in.

The CHAIRMAN: Unless you think it is advisable. You have not got sufficient copies for the members?

Mr. DYDE: I have not got sufficient copies to distribute them.

Mr. MAYBANK: I would suggest that if Mr. Dyde reads them we probably will not get them all as well. Would it be possible to have them mimeographed between now and 4 o'clock? It is nearly 1 now.

Mr. DYDE: Yes. It is not terribly important except for the record. It is so that we can have it for the record when the packing witnesses return.

Mr. MAYBANK: If that is the case we can take it as read and let it go in the record if the reporter has it.

BEEF

Former ceiling for commercial beef, October 22, 1947—23c per lb.

Date	Company	Item	Cost per pound c
November 11, 1947	Swift	2 C/S Comm.	23½
November 27, 1947	Swift	2 C/S Comm.	21½
December 6, 1947	Swift	1 C/S Comm.	21½
December 9, 1947	Swift	1 C/S Comm.	21½
December 16, 1947	Swift	2 C/S Comm.	25½
December 27, 1947	Can. Packers	1 Side Comm.	26
December 29, 1947	Can. Packers	1 Side Comm.	26
January 2, 1948	Can. Packers	1 Side Comm.	26
January 7, 1948	Can. Packers	1 Side Comm.	28
January 12, 1948	Swift	1 C/S Comm.	27½
January 23, 1948	Swift	1 C/S Comm.	26¾
January 28, 1948	Swift	1 C/S Comm.	26½
February 5, 1948	Swift	1 C/S Comm.	25½
February 12, 1498	Swift	1 C/S Comm.	25
February 19, 1948	Swift	1 C/S Comm.	25
February 26, 1948	Swift	1 C/S Comm.	25
March 11, 1948	Swift	1 C/S Comm.	26
April 1, 1948	Can. Packers	1 C/S Comm.	27½
April 6, 1948	Can. Packers	1 C/S Comm.	27½
April 13, 1948	Can. Packers	1 C/S Comm.	28

Mr. DYDE: Then I am also producing a table for fresh pork cuts taken from the witness' invoices over the period since decontrol.

Mr. MAYBANK: The same remark applies.

Mr. DYDE: The same remark applies.

PORK

(Former ceiling at wholesale for pork butts was 28·75c per lb. and for fresh loins was 33c per lb.)

Date	Butts in c per lb.	Loins in c per lb.
1947, November 13	..	35½
November 15	31	35½
November 20	31	35¾
November 27	31	35¾
December 6	31	..
December 13	32	34½
1948, January 2	34	..
January 8	39¾	44¾
January 15	40	..
January 22	40	..
January 26	40	..
January 29	..	45
January 30	40	..
February 5	..	45
February 10	..	45
February 12	..	44
February 13	40	45
February 21	40	45
February 26	39	..
March 2	41	44
March 5	41	..
March 8	..	45
March 11	..	43½
March 13	..	43½
March 18	..	43½
March 25	42	44
April 2	..	45
April 4	43	45
April 9	43½	45
April 24	43	45

By Mr. Dyde:

Q. Now, before we adjourn, perhaps you can give the committee something you have worked out as a comparison between this year and a year ago, and let us confine our attention to one or two items. Let us take side bacon, rind off, in half-pound package, sliced. What is the comparison between now and a year ago?—A. I have set my table up, name of the product, which is side bacon, rind off, in half-pound packages. The next column is cost as set by the Wartime Prices and Trade Board, January, 1947.

Q. What was that?—A. That cost is 47 cents. The next column is sales tax at 8 per cent, 3·76 cents, giving a total cost in the next column of 50·76 cents. Now we have the selling price set by the Wartime Prices and Trade Board order of January 15, 1947, at 65 cents a pound, showing a gross margin in cents of 14·24 cents, and a gross margin in percentage of 21·9 per cent. That is the picture under controls.

The picture as of the first two weeks in April is, cost 61 cents. That is the cost to me, the wholesale selling price to me, 61 cents; tax at 8 per cent, 4·88 cents.

Q. Just one minute. That corresponds with a tax of 3·76 cents a year ago. —A. Yes. There is a difference of 1·12 cents more tax paid.

Q. Total cost to you?—A. Total cost to me is 65·88 cents, and the selling price as of April, 1948—I might say this is for half-pound packages. It is sold as a rule for one cent a pound less for a pound. If I sold two half-pound packages it would be 79 cents, but I have it here at 80 cents, 40 cents for a half-pound package. The gross margin in cents is 14·12 cents, and the gross margin in percentage is 17·15.

Q. So that your margin in cents is slightly less?—A. 12/100ths of a cent less, and a matter of approximately 4·75 per cent less.

By Mr. Irvine:

Q. And your price is how much higher?—A. Our price is 15 cents a pound higher to the consumer.

By Mr. Maybank:

Q. Is that margin reckoned on the basis of the selling cost?—A. All costs in the retail trade are on selling cost.

Q. Always on selling cost?—A. All on selling price.

By Mr. Dyde:

Q. You would also be willing to produce a similar set of figures for other items in the pork business?—A. In the pork business I picked out eight items which I considered were your volume items in the pork business. I do not think non-volume items should be considered. I do not think they reflect enough in your cost of living. We talk about tenderloins. They are a ridiculous price right now. I will not handle them at the price they are. I try to discourage people who want them. I will not handle chicken. I discourage people from buying these products when they are a high price. Up to two weeks ago I had nothing in my own store but beef and pork because the price was too high. By reason of demand I have been forced to put in veal in the last two weeks. I cut up a pair of hinds of veal last week which cost me 38 cents a pound, and after I got through my meat test I lost nearly $10 for the simple reason I could not get the price. It was too high. I am not holding myself up as an example. I hear this in the trade. The trade in Toronto is very worried about their gross profit. They are finding their gross profit and their net are coming very close together. I would say that if anyone is subsidizing the cost of living today the retail trade is doing it. That is my honest opinion.

Mr. IRVINE: What was that last remark?

The WITNESS: I would say, sir, if anyone is subsidizing the cost of living today it is the retail trade which is doing it.

The CHAIRMAN: We will adjourn until 4 o'clock, but before we do so I would say that we have already decided that tomorrow at 4 o'clock we will hold an executive session. I think, before we proceed with the executive session we will take a little time to hear Dr. Pett, who has made his examinations of the various breads. I think it will be convenient to have his evidence so that it will be available at the proper time. It will only take a few minutes.

Mr. MAYBANK: We will hear Dr. Pett at 4 o'clock, before the executive session?

The CHAIRMAN: Yes. I think his evidence will be important with respect to bread. He is going away on an extended departmental trip, so I think we ought to hear him tomorrow afternoon.

The meeting adjourned, to meet again this afternoon at 4 o'clock.

AFTERNOON SESSION

The Committee resumed at 4 p.m.

Vincent Charles Davis, in charge of meat operations, Loblaw Groceterias, called and sworn:

By Mr. Dyde:

Q. Mr. Davis, would you give us your name, please?—A. Vincent Charles Davis.

Q. And your address?—A. 286 Indian Road, Toronto.

Q. And your occupation?—A. In charge of meat operations, Loblaw Groceterias.

Q. You have been requested to bring certain information for the committee which is contained in a number of sheets which are now before us. Is that right?—A. That is correct.

LOBLAW SYNOPSIS OF MEAT DEPT. SALES AND GROSS MARK-UP—BY FOUR WEEK PERIODS

Period ending:—	Dec. 14, 1946	Jan. 11, 1947	Feb. 8, 1947	Oct. 18, 1947	Nov. 15, 1947	Dec. 13, 1947	Jan. 10, 1948	Feb. 7, 1948	Mar. 6, 1948	Apr. 3, 1948	Two weeks to Apr. 17, 1948
Sales.....$	787,356	790,334	758,120	922,703	1,039,399	1,037,848	1,140,047	1,141,379	1,203,477	1,271,652	623,845
Gross profit.....$	157,881	159,292	175,387	211,963	224,060	218,999	217,335	200,911	185,496	186,531	97,160
Gross profit.....%	20·0	20·2	23·1	23·0	21·6	21·1	19·1	17·6	15·4	14·7	15·6

SHEET No. 1

LOINS OF PORK

Date	Exhibit No. 94 prices @ wholesale	Exhibit No. 94 prices @ retail	P.c. mark-up	Loblaw Cost	Loblaw Selling Price	P.c. mark-up set
1947						
Oct. 30	36	47	23·40	36	48	25·00
Nov. 13	35¼	47	25·00	34	45	24·25
1948						
Jan. 12	44½	57	22·00	42½	55	22·75
Jan. 26	44½	59	24·50	42½	55	22·75
Feb. 10	44	57	23·00	42½	47	9·57
Feb. 24	44	58	24·00	42½	47	9·57
Mar. 2	44	54	18·50	43	48	10·50
Mar. 9	44½	52	14·00	43	48	10·50
Mar. 16	44½	52	14·00	43	48	10·50
Mar. 30	.....	.....	.....	45	51	11·75
Apr. 3	.....	.....	.....	45	51	11·75
Apr. 10	.....	.....	.....	45	53	15·00
Apr. 17	.....	.....	.....	45	53	15·00

SHEET No. 2

REGULAR SMOKED HAMS—BONE IN

Date	Exhibit No. 94 wholesale cost	Plus 8 p.c. sales tax	Total Cost to retailer	Exhibit No. 94 retail selling price	P.c. mark-up	Loblaw Wholesale cost	Plus 8 p.c. sales tax	Total Cost to Loblaw	Loblaw Retail selling price	P.c. mark-up set
1947										
Oct. 30	36.50	2.92	39.42	55	28·33	38.00	3.04	41.04	54	24·00
Nov. 13	38.00	3.04	41.04	53	22·56	38.00	3.04	41.04	51	19·53
1948										
Jan. 12	45.00	3.60	48.60	56	13·00	43.00	3.44	46.44	59	21·29
Jan. 26	43.00	3.44	46.44	58	20·00	42.25	3.38	45.63	59	22·00
Feb. 10	43.00	3.44	46.44	59	21·50	42.25	3.38	45.63	57	20·00
Feb. 24	42.00	3.36	45.36	52	13·00	40½	3.24	43.74	51	14·00
Mar. 2	41.00	3.28	44.28	51	13·00	40½	3.24	43.74	51	14·00
Mar. 9	41.00	3.28	44·28	54	18·00	40½	3.24	43.74	51	14·00
Mar. 16	41.50	3.32	44.82	54	17·00	41½	3.32	44.82	53	15·50
Mar. 30	.....	.....	.....	.....	.....	43.50	3.48	46.98	53	11·50
Apr. 3	.....	.....	.....	.....	.....	43.50	3.48	46.98	53	11·50
Apr. 10	.....	.....	.....	.....	.....	43.50	3.48	46.98	55	15·00
Apr. 17	.....	.....	.....	.....	.....	43.50	3.48	46.98	55	15·00

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SHEET No. 3

CARCASS BEEF SHEET

Date	Exhibit No. 94 red beef costs	Exhibit No. 94 blue beef costs	Exhibit No. 94 comm. beef costs	Loblaw red beef cost	Loblaw p.c. mark-up set	Loblaw blue beef cost	P.c. mark-up set	Loblaw comm. beef cost	P.c. mark-up set
1946									
Jan.	.....	.....	.....	21.00	21·00	20.00	23·00	20.00	23·00
1947									
Jan.	.....	.....	.....	23.00	22.00	22.00	23·00	21.00	24·00
Oct. 27	25.50	.....	23.75	25.50	22·00	24.50	24.00	23.50	25.00
Nov. 6	26.00	.....	23.75	25.50	22·00	24.50	24·00	23.50	25·00
Nov. 13	26.25	.....	24.25	25.50	22·00	24.50	24.00	23.50	25.00
Nov. 20	26.00	.....	22.50	25.00	21·00	24.00	23·00	23.00	24·00
Nov. 27	26.00	.....	22.50	25.00	21·00	24.00	24·00	23.00	24·00
Dec. 11	26.50	.....	23.50	25.00	21·00	24·00	24·00	23.00	24·00
Dec. 23	27.25	.....	25.00	26.00	19·50	24.50	23·00	23.00	23·00
Dec. 31	28.00	.....	25.50	26.00	19·35	24.50	23·00	23.00	23·00
1948									
Jan. 8	28.50	.....	27.00	26.00	19·35	24.50	23.00	23.00	23·00
Jan. 20	28.00	.....	26.50	28.50	19·24	27.50	21·00	25.75	24·00
Jan. 26	27.00	.....	25.50	28.25	19·63	27.25	22.40	25.75	24·00
Feb. 2	27.50	.....	26.00	27.75	17·61	26.75	20·58	25.75	23·55
Feb. 5	.....	.....	.....	27.75	17·61	26.75	20·58	25.75	23·55
Feb. 10	28.00	.....	25.50	27.75	17·61	26.75	20·58	25.75	23·55
Feb. 12	28.00	.....	25.50	27.75	17·61	26.75	20.58	25.75	20·58
Feb. 16	27.00	.....	25.00	27.75	16·29	26.75	19·31	25.75	22·32
Feb. 24	27.00	.....	24.00	26.75	19·57	25.75	22·50	24.75	24·50
Mar. 2	27.50	.....	25.50	26.75	19·57	25.75	23·90	24.75	24·50
Mar. 5	.....	.....	.....	26.75	19·89	25.75	22·88	24.75	24·76
Mar. 9	28.50	.....	26.50	27.75	16·89	26.75	19·89	26.25	21·38
Mar. 16	28.50	.....	27.50	28.50	14·65	27.50	17·64	26.50	20·63
Apr. 7	.....	.....	.....	28.50	16·03	27.50	18·97	26.50	21·90
Apr. 16	.....	.....	.....	28.50	19·04	27.50	21·92	26.50	23·76

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SHEET No. 4

VISKING COTTAGE ROLLS

Date	Exhibit No. 94 wholesale cost	Plus 8 p.c. sales tax	Total Cost to retailer	Exhibit No. 94 retail selling price	P.c. mark-up	Loblaw Wholesale cost	Plus 8 p.c. sales tax	Total Cost to Loblaw	Loblaw Retail selling price	P.c. mark-up
1947										
Oct. 30	41½	3.32	44.82	59	24·03	42.50	3.40	45.90	61	24·75
Nov. 13	41	3.28	44.28	60	26·20	42.50	3.40	45.90	59	22·25
1948										
Jan. 12	48	3.84	51.84	64	19·00	49.00	3.92	52.92	63	16·00
Jan. 26	48	3.84	51.84	64	19·00	49.00	3.92	52.92	61	13·25
Feb. 10	47	3.76	50.76	65	21·75	46.00	3.68	49.68	61	18·50
Feb. 24	47	3.76	50.76	62	18·00	45.00	3.60	48.60	61	20·25
Mar. 2	46	3.68	49.68	64	22·25	45.00	3.60	48.60	61	20·25
Mar. 9	47	3.76	50.76	61	16·75	47.00	3.76	50.76	61	16·75
Mar. 16	48	3.84	51.84	61½	15·75	47.00	3.76	50.76	61	16·75
Mar. 30	.....	.....	.....	.....	.....	49.00	3.92	52.92	64	17·25
Apr. 3	.....	.....	.....	.....	.....	49.00	3.92	52.92	64	17·25
Apr. 10	.....	.....	.....	.....	.....	49.00	3.92	52.92	67	21·00
Apr. 17	.....	.....	.....	.....	.....	49.00	3.92	52.92	67	21·00

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SHEET No. 5

RINDLESS SIDE BACON IN CELLOPHANE PACKAGE

Date	Exhibit No. 94 wholesale cost	Plus 8 p.c. sales tax	Total Cost to retailer	Exhibit No. 94 retail selling price	P.c. mark-up	Loblaw Wholesale cost	Plus 8 p.c. sales tax	Total Cost to Loblaw	Loblaw Retail selling price	P.c. mark-up set
1947										
Oct. 30	50.00	4.00	54.00	71	24·00	49.75	3.98	53.73	65	17·25
Nov. 13	49.50	3.96	53.46	69	22·50	49.75	3.98	53.73	67	19·75
1948										
Jan. 12	64.00	5.12	69.12	78	11·25	59.50	4.75	64.25	79	18·50
Jan. 26	64.00	5.12	69.12	77	10·00	59.50	4.75	64.25	74	13·00
Feb. 10	63.00	5.04	68.04	78	12·75	59.50	4.75	64.25	74	13·00
Feb. 24	62.00	4.96	66.96	80	16·25	59.50	4.75	64.25	74	13·00
Mar. 2	59.00	4.72	63.72	78	18·25	57.00	4.56	61.56	74	16·75
Mar. 9	62.00	4.96	66.96	80	16·50	62.00	4.96	66.96	74	9·50
Mar. 16	63.00	5.04	68.04	80	15·00	59.50	4.75	64.25	74	13·00
Mar. 30	.....	.....	.....	.....	.....	62.00	4.96	66.96	74	9·50
Apr. 3	.....	.....	.....	.....	.....	62.00	4.96	66.96	74	9·50
Apr. 10	.....	.....	.....	.....	.....	62.00	4.96	66.96	78	14·00
Apr. 17	.....	.....	.....	.....	.....	62.00	4.96	66.96	78	14·00

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SHEET No. 6

CASING BACK SHEET

Date	Exhibit No. 94 wholesale cost	Plus 8 p.c. sales tax	Total Cost to retailer	Exhibit No. 94 retail selling price	P.c. mark-up	Loblaw Wholesale cost	Plus 8 p.c. sales tax	Total Cost to Loblaw	Loblaw Retail selling price	P.c. mark-up
1947										
Oct. 30	58.25	4.66	62.91	.....	.....	58.00	4.64	62.64	81	22·50
Nov. 13	57.75	4.62	62.37	.....	.....	58.00	4.64	62.64	85	26·25
1948										
Jan. 12	63.00	5.04	68.04	.....	.....	61.00	4.88	65.88	86	23·00
Jan. 26	.....	.....	.....	.....	.....	61.00	4.88	65.88	83	20·50
Feb. 10	62.00	4.96	66.96	.....	.....	61.00	4.88	65.88	83	20·50
Feb. 24	58.00	4.64	62.64	.....	.....	61.00	4.88	65.88	83	20·50
Mar. 2	58.00	4.64	62.64	.....	.....	61.00	4.88	65.88	83	20·50
Mar. 9	63.50	5.08	68.58	.....	.....	61.00	4.88	65.88	83	20·50
Mar. 16	64.00	5.12	69.12	.....	.....	61.00	4.88	65.88	83	20·50
Mar. 30	.....	.....	.....	.....	.....	64.00	5.12	69.12	83	16·75
Apr. 3	.....	.....	.....	.....	.....	64.00	5.12	69.12	83	16·75
Apr. 10	.....	.....	.....	.....	.....	64.00	5.12	69.12	85	18·75
Apr. 17	.....	.....	.....	.....	.....	64.00	5.12	69.12	85	18·75

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SHEET No. 7

COOKED HAMS SHEET

Date	Exhibit No. 94 wholesale cost	Plus 8 p.c. sales tax	Total Cost to retailer	Exhibit No. 94 retail selling price	P.c. mark-up	Loblaw Wholesale cost	Plus 8 p.c. sales tax	Total Cost to Loblaw	Loblaw Retail selling price	P.c. mark-up
1947										
Oct. 30	.....	.....	.....	.....	.....	60.00	4.80	64.80	85	23·75
Nov. 13	.....	.....	.....	.....	.....	59.00	4.72	63.72	85	25·00
1948										
Jan. 12	.....	.....	.....	.....	.....	65.00	5.20	70.20	89	21·00
Jan. 26	.....	.....	.....	.....	.....	65.00	5.20	70.20	89	21·00
Feb. 10	.....	.....	.....	.....	.....	59.00	4.72	63.72	81	21·25
Feb. 24	.....	.....	.....	.....	.....	59.00	4.72	63.72	81	21·25
Mar. 2	.....	.....	.....	.....	.....	60.00	4.80	64.80	81	20·00
Mar. 9	.....	.....	.....	.....	.....	60.00	4.80	64.80	81	20·00
Mar. 16	.....	.....	.....	.....	.....	60.00	4.80	64.80	81	20·00
Mar. 30	.....	.....	.....	.....	.....	62.00	4.96	66.96	81	17·25
Apr. 3	.....	.....	.....	.....	.....	62.00	4.96	66.96	81	17·25
Apr. 10	.....	.....	.....	.....	.....	63.00	5.04	68.04	85	20·00
Apr. 17	.....	.....	.....	.....	.....	63.00	5.04	68.04	85	20·00

Apr. 30/48

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

TORONTO

	Sirloin steak or roast		5 bone rib roast bone in		5 bone rib roast boneless		Stewing beef		Hamburger	
	Exhibit No. 94 prices	Loblaw prices	Exhibit No. 94 prices	Loblaw prices	Exhibit No. 94 prices	Loblaw Prices	Exhibit No. 94 prices	Loblaw prices	Exhibit No. 94 prices	Loblaw prices
Former ceiling	53	.....	40	.....	53	.....	28	.....	28	.....
1947										
Oct. 30	53	49	36	39	51	51	30	29	28	29
Nov. 13	53¾	49	40	39	55¼	51	29	29	29	29
1948										
Jan. 12	59	49	45	41	55	53	29	32	30	32
Jan. 26	60	49	47	41	59	53	29	32	30	32
Feb. 10	60	49	.....	41	57½	53	.....	32	31	32
Feb. 24	57½	49	47	41	55	53	.....	29	34	29
Mar. 2	54	49	.....	41	56½	53	.....	29	30	29
Mar. 9	60	49	45	43	56½	55	33	29	28	29
Mar. 16	59	49	43	43	55	55	31½	29	28½	29
Apr. 16	.....	51	.....	45	.....	59	.....	31	.....	29
Apr. 21	.....	53	.....	45	.....	59	.....	32	.....	29

By Mr. Dyde:

Q. I think we might look at these page by page. Looking at the front page, which is a synopsis of meat department sales and gross mark-up, it is divided into four week periods, and the gross profit which is shown as a comparison is a gross profit on sales, is it not?—A. That is correct, sir.

Mr. DYDE: I think perhaps I should call the attention of members of the committee to the fact that an earlier stage in our proceedings Mr. Meech of Loblaw's gave us a long list of gross margins which appeared, for purposes of reference, at pages 653 and 654 of the proceedings.

By Mr. Dyde:

Q. Now, in your sales, Mr. Davis, I notice in the period ended November 15, 1947, December 13, 1947 and from then on your gross sales in dollars are over a million dollars. I think there is an indication that the consumer is buying pretty readily through that period; is that not so?—A. As far as our store is concerned, yes.

Q. And that includes the periods of the higher prices, does it not?—A. Not in all cases.

Q. Not in all cases. Which are the lower prices?—A. I would not consider your high prices had started until, as far as beef is concerned, December, 1947, and continued on to the present day. Pork prices sharply advanced after January 10 or January 1.

Q. Have you any explanation for the continued demand during that period, consumer demand, because we have heard here of a good deal of consumer resistance towards the end of January and the beginning of February?—A. That is correct as far as smoked meat, cured meat and fresh pork is concerned. It did not apply to beef.

Q. Then may I come to the present time. You have been able to quote the two week period ending April 17?—A. That is correct.

Q. What is your experience with regard to consumer resistance or consumer demand today?—A. In certain cuts there is considerable resistance.

Q. Are you able to say which cuts?—A. Well, I would say on your higher priced steaks such as porterhouse, sirloin, any cut in the hind quarter. There is still resistance on smoked meats, which includes bacon.

Q. Do you sell your bacon always in a package?—A. No, we slice the biggest part of our bacon in the meat department.

Q. Perhaps we will come to that at a later page when we are dealing with the actual items themselves. Then I also notice that expressed as a percentage gross profit in the lowest line has fallen during the period from October, 1947, until the period ending April 3, 1948, and then in the two week period ending April 17 there is an increase again. Are you able to explain the increase in the two week period ending April 17?—A. That would be much of a guess on that one. It is not much of an increase, 1 per cent.

Mr. THATCHER: I did not follow that question. What was that question?

Mr. DYDE: I was asking if he could explain the reason for there being an increase in the two weeks period ending April 17. Is it because of increased prices?—A. No, I would not say that. I would say it is more orderly operation.

Q. How does your operation differ in those two weeks than in the previous period?—A. Customer resistance.

Q. Customer resistance again?—A. Definitely, and carryovers.

Q. How does customer resistance result in a larger gross profit to you?—A. Less waste, reconversion of products.

Q. What is the last one?—A. Reconversion of products.

Q. What is that?—A. It would mean you would have a roast carried over from Saturday and would reconvert that into stewing meat at the first of the week, or some particular cut; for instance, a porterhouse may move more readily or a rib roast may move more readily. The result is a more orderly operation and reduction of stocks which would have an effect on the gross margin.

Q. The example you gave us does not seem to quite carry that out. If you have a roast of beef that you carry over from Saturday until Monday, and if you had sold it on Saturday as a roast of beef you would have made a better mark-up, would you not?—A. That is correct.

Q. When you turn it into stewing beef on Monday you are going to make a lesser mark-up?—A. Absolutely.

Q. Then why does that create an orderly way of doing business resulting in your gross margin better?—A. That was only one of the items I gave you. Orderly operation would be better. In other words, when you buy a certain amount of a product featuring that you are going to sell that product and there is customer resistance then there is waste the following week, so as quickly as you can you move it. In other words, when you get your store in shape and your market is in shape then your carry-over is not nearly as great.

By Mr. Irvine:

Q. Does that mean that logically the more resistance there is the higher the profit of the retailer would be?—A. It could be one of the factors, but the usual procedure is to get your house in order. In other words, if a store is using 10 cattle a week and he cannot move them, then you get it down to 8 and then it will help.

By Mr. Beaudry:

Q. The figures for gross sales do not seem to indicate that was the case in the first two weeks of April.—A. That depends on what they are made up of, of course.

By Mr. Dyde:

Q. The simplest explanation you could give us is the one you refrain from giving us, and that is, increase in prices. I am really wondering why you avoid that because you certainly have had an increase in prices, have you not? —A. Not in too many cases, and not according to costs.

By the Chairman:

Q. Not according to what?—A. Costs. Your increased selling price has not risen as fast as cost.

By Mr. Thatcher:

Q. That would not affect prices at all.—A. It would affect your mark-up.

Q. It does not alter the fact that prices have gone up, no matter what it cost?—A. That is right. Prices go up and you have to pay more for it and you sell it for more, or you hope to.

By Mr. Dyde:

Q. We may come back to that question when we have looked at some of the succeeding pages and have seen where your prices did go.

By Mr. Thatcher:

Q. Before you leave that page is it not a fact that your sales went up considerably when ceilings came off, and also your profits in your meat department? —A. No, I would say our profits went down after ceilings came off.

Q. For instance, in January, 1948, after the British contract, your gross profit is $217,000 as against $159,000 for January, 1947, an increase of roughly 36 per cent.—A. There is a difference in volume.

Q. Your volume is up, too?—A. That is right.

Q. But your profits did go up. February is $200,000 as against $175,000. In March they dropped again, and in April they dropped, but in January and February— —A. Of what year?

Q. January and February, 1948, your sales and profits were both up as compared with the previous year. Is that not correct?—A. No, the profits are not up.

The CHAIRMAN: The gross profit is down in January.

Mr. THATCHER: No, it is up. It is up 36 per cent for January, for instance.

Mr. BEAUDRY: So is the volume.

The WITNESS: So is the volume up but the gross mark-up is down 1·2.

By Mr. Thatcher:

Q. I know that, but the profits of your meat department did jump considerably when ceilings were removed according to this; is that not correct?—A. No, I would not say that.

Q. Let me put it this way. You sold more meat and you made more money after ceilings were removed than you did a year ago on the same period. I think that is evident.

Mr. MERRITT: You must see that it says here, "gross profit."

Mr. THATCHER: Dollar profit and percentage profit, I admit the percentage profit is down but the dollar profit is up, and up quite considerably according to these figures.

Mr. KUHL: You could answer that question both yes and no and still be right.

By Mr. Thatcher:

Q. I am asking about the dollar profit, though—A. I do not see that the dollar profit is up. Possibly I do not understand your question or you are looking at different figures than I am.

Q. December of 1947, was $218,000. As I read the chart a year ago it was $157,000. Am I right in that?

Mr. BEAUDRY: December, 1946.

The WITNESS: 1946.

Mr. THATCHER: In the next period it is $217,000 for January against $159,000.

The CHAIRMAN: That is right.

Mr. THATCHER: In February it is $200,000 as against $175,000.

The CHAIRMAN: That is right.

Mr. THATCHER: In March you have not got the comparative figure. I cannot compare March or April, but in the months you show you made considerably more profit in those months than you did a year previous to that.

The CHAIRMAN: No, surely not.

The WITNESS: I cannot see that.

The CHAIRMAN: It is just the opposite.

The WITNESS: Just the opposite, according to my figuring.

Mr. KUHL: You mean gross profit?

Mr. THATCHER: No, dollar profit.

The WITNESS: I look at the gross mark-up and it is lower in the months you have mentioned and yet you say we made more.

Mr. THATCHER: Maybe I do not see it. I should like to have that explained. In December, 1947, it is $218,000 against $157,000. Is that not more?

The CHAIRMAN: Yes, but look at the gross profit for those two years. You will see while it was up in December of 1947 the gross profit was only 21·1 while the gross was $157,000.

Mr. THATCHER: That is percentage profit. I am talking about dollar profit.

Mr. BEAUDRY: There were twice the sales.

Mr. THATCHER: The point I am driving at is that Loblaw's made considerably more in their meat department after the ceilings were removed than in the year previous?

The WITNESS: No, we did not make more money on that increased volume. We sold a lot more meat.

By Mr. Thatcher:

Q. Sure you sold more meat but you made more dollars in profits in your meat department?—A. If you sell $5,000,000 against $3,000,000 you are bound to have more dollars.

Q. I do not care how you get it. The fact is you did make a greater dollar profit in your meat department in those months than you did a year ago?—A. Not make it, no, I cannot agree.

Q. Taking that page will you tell me how you made less money?—A. Because we ended up with 19·1 against 20·1.

Q. Your expenses were greater proportionately?—A. No, that is the return. In dollars you made considerably more in each month—more than you did a year ago—and I am talking of actual hard cash.

Mr. BEAUDRY: The output was considerably higher?

Mr. THATCHER: That may have been.

The CHAIRMAN: Mr. Matthews—Mr. Thatcher, you have got me so confused I am calling by some other name. Surely it is important to add the fact that the volume was higher. If you just say they made more money it does not give a full picture. In 1947 their gross profit was greater—dollar profit and gross percentage profit—but so was the volume, and you have to include that or it is not fair and it gives a wrong impression.

Mr. THATCHER: I made the statement and I verified it by these figures. I am not trying to be facetious.

The CHAIRMAN: No, this is just our siesta period.

Mr. THATCHER: As far as hard cash is concerned Loblaws made considerably more in this period after ceilings were removed than they did a year ago.

Mr. BEAUDRY: They made that in gross dollars.

The WITNESS: We took in more dollars but we did not make more dollars.

Mr. THATCHER: Your gross profit is—

The WITNESS: Is less.

Mr. THATCHER: The third column, in December, shows $218,000 as against $157,000?

Mr. BEAUDRY: The return per dollar was smaller.

Mr. THATCHER: The dollar gross profit was $218,000 as against $157,000.

The CHAIRMAN: That is right, but look at the figures above?

Mr. THATCHER: That is all right, I am not denying what you say but I want the witness to admit his gross dollar profit, the gross dollar profit made by Loblaws Grocetarias in meat, was greater in the same period than it was a year ago.

The WITNESS: I can only answer that we took in more money by selling more meat.

Mr. THATCHER: So your gross dollar profit was greater—

The WITNESS: It was less.

Mr. BEAUDRY: What will the obtaining of this admission on the record prove?

Mr. IRVINE: It does not matter what it proves, is it so?

The CHAIRMAN: I think Mr. Thatcher has a right to interrogate, but I do not think he should go on indefinitely.

Mr. THATCHER: I would like to know if I am wrong? Perhaps I cannot read correctly; maybe I do not interpret this correctly, but it is $218,000 this year as against $157,000 last year and it looks to me considerably greater. For January it was $217,000 as against $159,000 and that is 36 per cent more dollars made by the meat department than was made a year ago, unless I misinterpret the figures?

The CHAIRMAN: There is no doubt but that they sold more.

Mr. THATCHER: True, true.

The CHAIRMAN: We are agreed on that.

Mr. MAYHEW: You are a business man, Mr. Thatcher, and you would expect to make more if your volume was greater?

Mr. THATCHER: Oh yes, I know that.

Mr. MERRITT: Why continue if there is nothing to be gained by pursuing the question.

Mr. MAYHEW: Business was better in December 1947 than it was in December 1946.

Mr. THATCHER: It was better in dollar profit. Mr. Chairman I do not wish to be obnoxious—

The CHAIRMAN: You are not being obnoxious, you are persevering.

By Mr. Thatcher:

Q. It is here in black and white.—A. As far as the meat operation is concerned we look at the gross mark-up that is left, and it is 19·1 per cent, as against the year about which you are talking where the figure is 22 per cent. We as operators only know those figures.

Q. I am talking about dollar profit?—A. It is less money on the volume sold.

Q. That may be, but your dollar profit was greater—regardless of the proportions or the percentage—your dollar profit was greater, considerably greater than it was a year ago, due to the fact you sold more meat?—A. That is true, the figures show it.

Q. That is what I wanted you to say?—A. The figures show that.

Q. I will proceed from that in a minute or two.

Mr. DYDE: I am going on to the next page, if it is agreeable?

The CHAIRMAN: Yes.

By Mr. Dyde:

Q. You had the benefit of seeing exhibit 94 which was before the committee when making up this sheet, Mr. Davis, and you were asked in setting up this sheet to give us a comparison of your cost with the cost found on exhibit 94 for this particular item which you are selling. You were asked to give us the price and the percentage of mark-up. The columns are headed percentage of mark-up Loblaw cost, Loblaw selling price, and mark-up set. There is a reason for that being done, gentlemen. I asked Mr. Davis to provide a mark-up whether in fact in actual fact his company received it. My information was that a store like Loblaws will sometimes set a mark-up and will not always obtain it, but they do have a mark-up. Am I correct in outlining the practice in that way?—A. That is correct, yes.

Q. The only other matter on which I wanted to ask you in connection with those headings was when you show Loblaw's selling price in the last column but one are you allowing for the fact pork loins are sometimes sold as one thing and sometines sold as another?—A. I do not just understand that question. They are all sold for pork loins as a rule.

Q. Do you sell the whole loin of pork as a loin?—A. No, we cut it into chops and also roasts.

Q. And you sell chops and roasts at a different price?—A. That is correct.

Q. All I am asking you is whether your selling price makes provision for the fact some cuts are sold at one price and some sold at another?—A. That is correct.

Q. You have a ceiling price of 48 cents as at October 30, can you say what your pork roasts were then selling for, and what pork loins were selling for?—A. It would all go back to 48 cents in any case if the entire loin was sold—if all the stock was sold without shrink or trim—but there is a variation between chops and roasts.

Q. What is the variation?—A. It will vary depending on the cost. It could be 5 cents a pound lower for centre cuts and 5 cents more for end cuts but it depends on the primary cost and on consumer acceptance.

Q. You cannot give me a figure which would be in effect at October 30?—A. No.

Q. At a later date could you give me a figure—say for April 17?—A. No, none of these dates will give the price of the different cuts.

Q. All right, now in running down the columns, the first is the exhibit 94 price at wholesale, and then I am going over to Loblaw cost and I see that on October 30 according to exhibit No. 94 the wholesale price was 36 cents and your cost was 36 cents. Thereafter, your cost down through the periods where we have comparative figures are slightly lower than the wholesale costs shown on exhibit No. 94. There is a question which occurs to me and you may be able to answer. Is that lower price due to the fact that you received a slightly better price than that shown on exhibit 94 because you buy in volume?—A. Not in all cases, but the explanation would be that we bought from a different market than the one from which you have quoted. That would be one of the factors.

Q. Do you sometimes get a better price for volume buying?—A. Not very often but we always hope to do so.

Q. Do you occasionally?—A. Yes.

Q. Can you say whether this is one case where you got a slightly better price?—A. No, it is not. I definitely know that those loins were bought from another market. We were bringing a large percentage of loins from the Montreal market which is cheaper than the Toronto market.

Q. That is a regular practice, is it?—A. Yes.

Q. Do you buy from wholesale centres other than Montreal?—A. There is other pork bought in Ontario, yes.

Q. In connection with the retail prices set out on exhibit 94 we have had evidence as to how they were obtained and we find that your sale price is below the retail exhibit as shown on exhibit 94. The variation is not extraordinary great except when you come down to February 10, 1948, and there the selling price on exhibit No. 94 is shown as 57 cents and your selling price is 47 cents. On February 24 the selling price according to exhibit 94 is 57 cents but your selling price is still 47 cents. In the week following there is a considerable spread between your price and the price on exhibit No. 94—the retail price. Have you any particular view as to why that should be?—A. That goes back to consumer resistance as far as smoked meats are concerned. It was getting rid of the property that we owned and it was only a matter of putting it where the consumer would purchase it. Our problem is the same as the problem of this committee and that is to give the housewife a reasonable and fair price.

Q. I have no further questions on that sheet.

By Mr. Harkness:

Q. Just before you leave that, having put the price down so that your mark-up was only 9·57 per cent you apparently kept it down to that figure until about the middle of April when you raised it again. What is the explanation of that? Is it the fact that consumer resistance had weakened by that time?—A. I would say our stocks were in better order. You could not continue to operate on such a margin as that sacrifice sale of February 24. Instead of owning 1,000 pork loins we would certainly only own 500, so the mark-up would naturally rise.

Q. This figure 9·57 and 11·75 that you made during that several week period is operation at a loss as far as you are concerned?—A. Sacrifice sales.

Q. You were selling meat at a loss during that period?—A. I do not say a loss. You could perhaps sell at 100 per cent loss at a time like that. It is a matter of unloading the property you now own in order to get rid of it as quickly as you can.

Q. Those sales represented a loss as far as you were concerned?—A. They would on that particular line.

Q. When you got the price up to 15 per cent would it still represent a loss?—A. No, I would not say so.

Mr. IRVINE: Are you finished?

Mr. HARKNESS: Yes.

By Mr. Irvine:

Q. About October 30 you have a mark-up of 25 per cent, that is right, is it not?—A. That is correct.

Q. That would be about the time the price ceilings came off, would it not?—A. October 22 was when the ceilings came off.

Q. Yes. On February 10 we find you have a mark-up of 9·57 per cent. That would appear to show that price ceilings were a very good thing for you?—A. I would not agree they were a good thing. I would say this showed bad ordering and bad control of stocks.

Q. Would you say a mark-up of 25 per cent was better than a mark-up of 9·57 per cent?—A. Yes.

Q. And to that extent price ceilings were better?—A. I would not say ceilings were the cause of that.

Q. Apparently when the ceilings went the percentage went because they kept on going right down?

Mr. THATCHER: The profits are going up?

By Mr. Dyde:

Q. Do you remember what your percentage was as permitted by the Wartime Prices and Trade Board with respect to this particular item?—A. About 27 per cent.

Q. 27 per cent?—A. That was the maximum under the order.

Q. At this particular time what did you do? Did you represent to them that you had too many losses and that there was consumer resistance?—A. We stopped buying.

Q. And therefore you wanted to get your pork at a cheaper price?—A. Yes.

Q. What did they say?—A. There was just no answer to that. We got in pork we did not want with consumer resistance at that price. Unfortunately, with a chain store this size, you cannot always get every town or city shut off at the same time. There may not be the same resistance in every town and area; that is another factor. It is purely sacrifice selling, so far as that pork is concerned.

By Mr. Dyde:

Q. On sheet No. 2, you have gone through the same procedure with regard to smoked hams. If I may summarize the matter a little bit there was not, apparently the same drop in your mark-up in that period of January and February. Now, would that be because of consumer demand again?—A. It is partially that but, smoked meats or cured meats are not as highly perishable as fresh pork. You must move fresh pork.

Q. Again I find that your wholesale cost is, on the whole, slightly below the wholesale cost on exhibit 94. It actually is the same in only one case since January, 1948 and that was on March 16, when your wholesale cost and the wholesale cost on exhibit 94 were exactly the same. Is that because you may have bought on a different market?—A. No, but it may have been buying from packers you did not get prices from in your report.

Q. Or it may be you are getting a slightly better price because of volume buying?—A. In some cases, but that slightly better price should be enlarged upon. Any different price we receive is delivered to our own warehouse. We, in turn, re-box and deliver it, so it wipes out any lower price which may be on that invoice; that is one shipment to one warehouse. Then, we make store to store deliveries.

Q. Then, in this particular case, I meet a different situation than we had on the previous sheet; that is, in the selling price on the 12th of January you were selling at 59 cents, whereas the average for that day as found on exhibit 94 was 56.

You were still above on January 26 and then, I think you go below from that time on. Is there any explanation for that that you know of?—A. Other than we have possibly taken in our costs of January 12, possibly a little beyond it or previous to that, in which case we would have been in the higher market on hams than the prices which were reported to you, so far as retail is concerned. In other words, we may have been selling high cost ham at that time, whereas the one who reported this may have been cleaning up the lower priced hams. If you notice, he jumps right up after that, so there is an explanation for that.

Q. Yes, I noticed that.

By Mr. Thatcher:

Q. Did I understand, from sheet 2, that the mark-up which would be in the fourth column is taken as a flat mark-up of 28·33 on the total cost to the retailer? Is the mark-up taken on the sales tax also? When your company figures its mark-up, does it include the sales tax in that or does it take it on the cost from the packer, then take the mark-up and then add the sales tax or do you take a percentage profit on the sales tax?—A. We take our laid down cost.

Q. Including the sales tax?—A. It would include the sales tax.

Q. That would mean the customer is paying a pyramiding sales tax?—A. I do not know how much you call a pyramid. We looked at that thing at lunch.

Q. Take the first item; if your mark-up is 28·33, and the sales tax is 2·22, that means an extra tax of about ·82?—A. Possibly so, a fraction of a cent.

Q. It would mean it would bring your sales tax to 3·70, so that, really, your customer is paying a 10 per cent sales tax instead of 8?—A. Mathematically, I suppose that is correct.

Q. Do you think that is a fair practice for the retailer to pyramid the tax in that way?—A. It is an established practice.

Q. That is done all through the industry, is it?—A. Always has, and permitted on board orders, Mr. Thatcher.

By Mr. Dyde:

Q. In coming to sheet 3, Mr. Davis, there are one or two things which, perhaps, we might look at. I notice that immediately following there is a sort of brief or a summary. Then, I also notice that beef is dealt with on the last page. I will be glad to take this up in whatever order you wish me to do so. Which sheet shall we look at first?—A. Possibly we will have to bring them together for further discussion, so it does not matter which one you take first, the carcass or retail selling value.

Q. Perhaps we might look at sheet No. 3 which is carcass beef. You have gone through that in a somewhat similar fashion and you have shown exhibit 94 figures in the first three columns. Then, there is a line drawn and you have shown your own red beef cost and your own mark-up on red beef?—A .The mark-up is set.

Q. On red beef?—A. On red beef.

Q. Then, your next column is Loblaw's blue beef cost and mark-up set on blue beef?—A. That is correct.

Q. Then, your commercial beef cost and the mark-up set on commercial beef?—A. That is correct.

Q. Now, I think we are in price control all the way down—we are just in price control for the first two lines, are we not?—A. No, the first line, January, 1946 would be price control—Oh, yes, January, 1947, is price control.

Q. When we get to October 27?—A. Yes, it is off.

Q. So what you have given in the first two lines, so far as mark-up is concerned, is the mark-up which was permitted under price control, is that right?—A. The mark-up which we set which was lower, in most cases, than the mark-up set in the board order.

Q. In that case, also, as I come down the line, I find your mark-up has been reduced until we get to a low in red beef of 14·65, I think?—A. That is correct.

Q. On march 16, and since that it has been going up again, so we arrive at April 16, with 19·04 margin. The same thing happens with the other brands, does it not?—A. That is correct, yes.

Q. There is one item on which, perhaps, you can give some explanation. On January 8, 1948, commercial beef, according to Exhibit 94 was costing 27·00 and your cost on commercial beef on that date was 23·00, very much lower. Do you know what the explanation is for that?—A. Well, I would question exhibit 94, commercial beef costing 27 cents. I think it was meant for blue brand beef, not commercial. I have not known the market to go to 27 cents on commercial on that date.

Q. You will note, immediately below the 27, you have 26·50 and down on March 15, it is 27·50; do you think all those figures are meant for blue brand?—A. No, I do not. I think the first one, a $1.50 advance in carcass beef in a week for commercial looks to be an error.

Q. You have a fair rise through the latter part of December and to January 8 in red beef, did you notice that?—A. Yes. We are one week behind on the rise, and that is explainable by the fact we buy cattle in carload lots from western Canada. We buy this week for delivery next week, so we would be a week late in picking up that advance.

By Mr. Harkness:

Q. You mean to say you buy your own cattle on the hoof in the west in carload lots?—A. No, we buy dressed beef in carload lots.

By Mr. Dyde:

Q. Then, I think we should look at the last page, before we come to your summary. We have some retail prices and you have shown exhibit 94 prices and then your own retail prices in each case for each of these items?—A. That is correct.

Q. I think the only place I have found where you are above the average is in stewing beef. Did you notice that on January 12, 1948, for stewing beef, you are above the average a little bit; on January 26, above average and everywhere else—no, there is one other place, I think you are above the average and that is for hamburger in March, by a matter of a cent or half a cent in one or two places. Otherwise, you are fairly well below the average. Is that again a matter of orderly operation?—A. That is a matter of consumer preference in this case.

Q. It is?—A. As the other prices went up, the season of the year, people really went to stew cuts. In other words, we were trying to buy extra front quarters. Naturally, you raise your price on your fast moving cuts and lower the price of your slower moving cuts. However, it was not long continued. Three weeks, I think it was.

Q. Now, I come back to the page which is dated April 30, Toronto, which is a summary of carcass beef, sheet No. 3. Do you wish to read that?

By Mr. Thatcher:

Q. Just before you read that, Mr. Davis, on this last page, I notice Loblaw's are considerably below exhibit 94 prices. Is that because you are able to buy in quantities or because you are able to merchandise more efficiently? How could you be so considerably lower than the average prices?—A. It could be efficiency and less profit and giving the customer or consumer a fair price.

Q. Which would you say it was?—A. A combination of the three.

Q. By buying your beef by the carload, can you buy a lot cheaper than the small operator?—A. At certain seasons of the year, last year, we could because we were buying western cattle on a glutted market. Possibly an independent, in the east, could not handle a carload, but our competitors could, if we have such a thing.

Q. These are fairly startling figures?—A. that is what the packers thought, too.

Mr. DYDE: All right, Mr. Davis.

The WITNESS: This is dated, Toronto, April 30, 1948.

SUMMARY OF CARCASS BEEF SHEET No. 3

Further to our beef sheet showing costs, we would like to add the following. In answer to your request for beef prices covering January 1946, as you know ceilings were in effect at that date and the cost on special beef, now known as red brand, was $21 a cwt., in zone 6. Commercial beef, which at that time included blue brand, was costing $20 a cwt. in zone 6.

On May 25, 1946, the Wartime Prices and Trade Board issued Order No. 635 to become effective May 27, 1946, suspending ceilings at wholesale on red or blue brand beef but fails to remove the ceilings on these mentioned grades of beef at retail. This condition existed until the issuance of Order No. 643 on the 10th day of July 1946 and became effective on July 22, 1946.

In the interim period of May 27, 1946 to July 22, 1946 the prices of red and blue beef advanced from the previous ceilings. In the case of red brand from $21 a cwt. to $26 a cwt. with no advance allowed at retail. In the case of blue beef the prices advanced from $20 a cwt. to $25 a cwt., with no change in the ceilings at retail.

However, on July 22, ceilings were re-imposed at wholesale, at a cost on red brands at $23 a cwt., blue brand at $22 a cwt. and commercial $21 a cwt. in zone 6.

January 1947. We continued under ceilings with the prices in zone 6 remaining red brands $23 a cwt., blue brands $22 a cwt. and commercial $21 a cwt.

On February 27, 1947, a new beef order was issued; No. A2294, becoming effective March 3, 1947, and the prices of beef under this new order had advanced $2 a cwt., making a price of red brands $25 a cwt., blue brands $24 a cwt. and commercial $23 a cwt. in zone 6. These prices continued until the removal of ceilings, as of October 22, 1947. Our Carcass Beef Sheet No. 3 shows the picture from there on and up to April 16, 1948. It may be necessary to explain some of the differentials in prices in reference to Loblaw costs and the cost that you had reported to you in this zone. We were at certain periods buying considerable cars of beef from western Canada; from Edmonton, Calgary, Moose Jaw and Winnipeg. You will also notice in the fluctuation in a rising market, we usually show our advance a week later than the eastern market. You will also note in a declining market, we are usually a week the other way. We have tried to give you as close as possible the per cent of mark-up that we set or strive to get but so many circumstances enter into an operation of this kind, it is extremely difficult to explain why we receive a lower margin than we originally set. We have no way or means of dividing our country operation against our city operation from final results as our totals cover both country and city operation. We trust the information we have given you will be sufficient to meet your requirements.

We note in your Exhibit No. 94 that you fail to show blue beef costs and we believe that in some instances some of your commercial costs should apply to blue. We also may add that commercial beef as far as our total beef volume is concerned is an extremely small portion of our total tonnage in beef.

V. C. DAVIS,
In Charge of Meat Operations,
Loblaw Groceterias Co. Limited.

By Mr. Dyde:

Q. Just with reference to that last sentence, Mr. Davis, what is the great portion of your sales of beef, what brand?—A. Blue brand, not through want or desire, but from the quantity standpoint.

Mr. THATCHER: Of course, your profits are greater on blue brand than on red brand?

The WITNESS: That is right, sir.

By Mr. Dyde:

Q. Well now, on sheet 4, sheet 5 and sheet 6 and sheet 7, Mr. Davis has set out the same sort of figures for these various items that are named there at the top of the page as he has set them out previously for the other items. I have no specific questions to ask on these pages, gentlemen. I did want to ask Mr. Davis with reference to side bacon. You show side bacon on sheet 5, Mr. Davis; and this perhaps is not so much a question with reference to figures as it is with regard to the question of merchandising methods. How do you sell your rindless side bacon?—A. In the meat department we sell about 90 per cent sliced by store operation.

Q. In your own stores?—A. In our own meat stores.

Q. So that only about 10 per cent of your sales are in the packages which come from the packer already packed?—A. In the meat department this is correct.

Q. Do you sell packaged bacon elsewhere in the store?—A. We sell it in the grocery department.

Q. And these figures do not cover the grocery department at all?—A.No.

Q. Do you happen to know what the margin of mark-up is on the packaged bacon which is sold in the grocery department?—A. That, I could not answer.

Q. Do they compare in any way with your figures?—A. I imagine they would be a little higher in regard to costing, but they generally try to be the same on selling.

Q. We had some discussion this morning as to the margin on packaged bacon that comes from the packer already wrapped, and although it is in your grocery department perhaps you could add your view?—A. We do handle it in the meat department.

Q. You do handle some?—A. Oh, yes.

Q. Is it a fact that there is less work and less service in the handling of packaged bacon than in the handling of bacon which you have to cut and slice yourself?—A. Oh, yes; there is less handling.

Q. Yes, and you do think it justifies the markup or margin that is set on it? —A. That depends entirely on how fast it moves. We have a must in our operation on packaged bacon; it must be weighed every morning, and it has to be corrected for any shrinkage; other bacon must be added to the package to keep it up to weight.

Q. Do you open the package?—A. Absolutely, and they have to use possibly a half-pound package to make up for the shrink. It all depends on whether it has been kept on the counter, whether it has been in the freezer, or how it is handled.

Q. Is much of it carried over?—A. It all depends entirely on the judgment of the manager of the department. And it would depend on consumer acceptance, of course.

Q. And the price would vary from store to store?—A. That is right.

Q. Have you been able to evolve anything which assists the consumer in economizing with reference to meat prices in the last few days particularly?—A. I think she is smarter than the butcher right now.

Q. Just explain that, would you?—A. I said I think she is smarter than the butcher right now. She is demanding on every cut of meat you offer to sell her now how much bone there is in it, how much fat there is on it, the lower priced cuts—the housewife is really doing that job herself, because she is price conscious. There is no question about that.

Q. And you are still able to raise the price—I don't mean you are doing it personally, but the industry is still doing that; in spite of that you are able to raise prices within the last few days?—A. Well, of course, the raise, the increase, would naturally be an attempt to cover the $5 a hundred on your beef. To do that you have got to raise your price on any cut of beef; but you are going to see that the housewife is going to pick the lowest priced items. We heard mention of that here this morning.

Q. I suppose sometimes you have cuts that don't move?—A. Yes, and that is another must with us; it must be moved out.

Q. Is it possible for you to give an answer to this question: suppose the packer charges you a cent a pound more for a carcass of beef today than he did yesterday, how much more does the consumer have to pay for round steak out of that?—A. That would depend entirely on the stock a man had in his store at the present time. You see, you mentioned one specific item.

Q. Yes.—A. Now, if we had a lot of hips of beef in the store she would pay less even with the recent advance in carcass beef.

Q. I know, but what I am asking you is specifically what the normal practice would be. I do not know whether you get my question or not. I am assuming that everything is normal and the packer comes along today with a side of beef on which he charges you one cent a pound more than he had charged you before. Could you not even give me an estimate of what that is going to amount to by way of increased price to the consumer when the consumer buys say a pound of round steak?—A. Well, in our markets we would not charge on a price basis.

Q. You would not change your price?—A. The cost has gone up, but if it is not moving we would not. If it is moving, continues to move, then that is another matter..

Q. All right, let us have it on that basis then.—A. Then you would have an advance—how much, I am not prepared to say. You see, we do not work on cents per pound, we work on percentages; and every cut is considered, it all comes into the over-all picture.

Q. What type of beef do you buy so far as weight is concerned?—A. We prefer anywhere from 475 to 600 pounds.

Q. That is the carcass?—A. That is the carcass, yes.

Q. Say that 500-pound carcass was priced up one cent a pound, that would cost you an additional $5, would it not?—A. That is correct; but that is for 100 per cent of it, we only sell about 85 per cent.

Q. You sell 85 per cent, your manager has to make up that $5 to break even. What does it work out at from the standpoint of consumer price, retail price, when you take up that additional $5, or in this case one cent a pound

increase in price?—A. I see what you mean. Well, that is spread over the whole carcass. It may be several cents on some particular cut; let us say sirloin or porterhouse.

Q. On the better cuts, the more expensive cuts, it would be several cents? —A. That is right, if you could move it.

Mr. DYDE: I think I have no further questions.

By Mr. Merritt:

Q. I would like to ask Mr. Davis a question here; do you often have particular cuts which pile up; is that a common thing?—A. In some districts, yes.

Q. What is the signal to one of your managers to reduce his price so as to get rid of cuts that are piling up on him?—A. He is supervised by group supervisors who contact him at least once a week, some stores two or three times a week. They in turn would send some of these cuts that are not moving some place like Ontario where they would move. That is, from these outside points we usually move them into Ontario. We watch the inventory reports as they come in to us, and where there is a carry-over he must reduce. The manager is always told that he must reduce, he has to move, even at a reduced price.

Q. Perhaps my question is not as clear as it might be because I do not understand it myself. I am wondering at a normal store, do you hope to get rid of the carcass, of the whole carcass, one day after it comes in?—A. Oh, well, sometimes, yes; it depends on the volume. Some of our stores may handle 15 cattle a week while in others there may be some cuts which they will not be able to move at all. We have to keep close watch of it and find some way of evening it out so that we can get rid of it all.

Q. So you have a system of reports by which you are able to ascertain whether or not a certain cut is selling at the fixed price?—A. That is right.

Q. Who decides what should be done; and, is that done once a week?—A. Oh, it may take place over a period of weeks, and it may be due to changes in temperature. You see, when your temperatures go up the price will have to be right to move meat. When your customer comes in and on account of the hot weather wants to buy bacon or smoked meat and that sort of thing; she is not going to buy roasts and steaks when the weather is hot and she wants something that she can serve sliced cold such as cooked ham.

Mr. KUHL: May I ask Mr. Davis the same question I asked the other witnesses? Has Mr. Davis any idea of the proportion of the cost on his product is represented by taxes?

The WITNESS: That would be a wild guess. You see you would have to have that in money. Even if we got it in tonnage it would not be of much value.

The CHAIRMAN: You do not believe in taxation, Mr. Kuhl?

Mr. KUHL: Not in dominion taxation.

The CHAIRMAN: I wish I could find some way to agree with you, and it would solve half our problems.

Mr. KUHL: I do not think anybody agrees with dominion taxation.

The CHAIRMAN: Any other questions? All right, next witness.

Mr. DYDE: I should like to recall Mr. Hussey, please.

William Warren Hussey, Director, Toronto and Ontario Branches, Retail Merchants Association, recalled.

By Mr. Dyde:

Q. Mr. Hussey, I am asking you to come back principally as a director of the Retail Merchants Association of Canada. We had evidence this morning which I think you heard that the Wartime Prices and Trade Board obtained

their prices in Toronto from a check of nine independent stores and four chains, and the witness reminded us he included department stores in chains. Then we have had Mr. Davis' evidence that while his costs have a been little bit lower than the costs on exhibit 94 the difference has been quite small, but when it comes to the retail Mr. Davis' selling price, Loblaw's selling price, is on the whole considerably lower than the average selling price for Toronto. Now, you made a remark just as we were closing this morning that the retailer was subsidizing the consumer. I wondered if in the face of those figures that Mr. Davis has produced, and the figures on our exhibit 94, if it is not a fact that the independent retailer in Toronto must be charging considerably more in order to bring the average up to the average as shown on exhibit 94. I am not speaking of your own store because you have given us certain figures with regard to your own store, but I am speaking about the independent retailer in Toronto, and why it is that the average gets so high on the retail price.—A. You are assuming that all the other chains, including departmental stores, contributed to the lowering of that average. You are assuming that the independents all contributed to bringing that exhibit 94 average up. I cannot agree with that assumption. It might be true. I do not think you can say that is true.

Q. No, all right. Then you have driven me off that point, so that perhaps the other chains in Toronto have also got a higher price. Perhaps Loblaw's is the only store in Toronto that is selling at these lower prices, but if that is so do you not think that the retail business in Toronto must overhaul itself a little bit. —A. I might say in Toronto I believe if I remember that right there were six independents covered—

Q. Nine.—A. Nine independents covered out of 600.

Q. But not the same independents in each week, we were told.—A. No, but you still get a very small percentage. We do not know whether those independents were covered more than once during that period or whether they were not. You have a period of how long that the survey took? Was it a year?

Q. Week by week over a period, and the period we are thinking of is since decontrol.—A. Approximately from October of last year?

Q. That is right.—A. October of last year up to April; you have a matter of six months. In those six months you have approximately 24 weeks, and you have around 225 retailers contacted in that six weeks. That would be not quite half of the retailers in Toronto. I was not contacted at any time during that period. My chances were one in two of being contacted. I am wondering whether in that survey some of the same retailers at some other time did not get a repetition. Do you follow what I mean?

Q. I follow exactly, and I am not suggesting for a minute; that there is any reason for having omitted your store in making this check, but I am asking you quite frankly if you do not think that you as a director of the Retail Merchants Association ought not to make some inquiries to see whether the retail margin in Toronto should not be overhauled and examined to make sure that you are not taking a higher margin than is justified.

By the Chairman:

Q. Do you only represent the Retail Merchants Association of Toronto or all Canada?—A. Toronto and Ontario. I am a director of both.

Q. Of Ontario, yes?—A. And Ontario, yes. I am in much closer touch with the Toronto area.

Q. If you can have any effect outside of Toronto I think your question, Mr. Dyde, ought to be more embracing.—A. If I could have any effect, if we could economically lower prices no one would be happier than the retailers from those I have contacted, myself included. I believe I told you this this morning that

there were retailers who were worried about their gross being so close to their overhead. I would love to be in Loblaw's position where I have $1,203,000 turnover in meat. I would be very happy about it.

The CHAIRMAN: They are happy.

The WITNESS: That is something I do not know. You must realize, gentlemen, that volume plays a very important part in the food field, all phases of the food field which includes your groceries right through to meats and vegetables. Your volume is your keynote of your pricing setup. You have a set overhead of so many dollars a week. You have to sell a certain amount of goods to pay that overhead. With every bit of goods you sell above a certain amount immediately the gross profit becomes a net profit, if you follow what I mean, until you get to a certain point where you have to add to your overhead. I should not say it is all net profit. You have a few minor details such as your paper bags and twine, but a large proportion of that becomes your net profit until you get to a point where you have to hire another man. That man then does not pay his wages until your volume rises to another degree where your net out of his extra production pays for his wages. Then he can carry one for maybe another $100 or $200 a week before you have a better net position, and until it pyramids up where you have to add a man. Unfortunately, I have not got to the point where I have got beyond that second pyramid yet. I should like to. I do not know if that is plain to you, if you understand what I mean.

By Mr. Dyde:

Q. One of the things I should like to remind you of is that in my inquiries into the retail end of the meat business I ran across this difficulty time after time, that the independent retailer could never tell me what price he sold at a week ago or a month ago or two weeks ago. I am not blaming you. I am saying that is a fact. This committee must therefore look at the best prices it can look at to find out what the retailer is doing, and the result of that was exhibit 94. If you association, or if the gentlemen who are undertaking independent retail trade, were able to produce prices you might be able to disabuse our minds of any thought that we may have as to the retail margin, but you understand why I am putting this so directly to you, that we are having to look at prices that have been obtained in this way, and I am right, am I not, in saying that you cannot offer us any better guide to the retail prices?—A. I would have to give that some thought. I am not entirely sold on your surveys. Surveys, to me, are not always carried out in the best manner. I know these retail surveys which I have seen made by the consumers' league are often made when there is a panic situation. A woman says, "I paid so much for beef," but she really does not know what she paid. I am not entirely sold on the surveys and I am sorry the independent trade has not an accounting system which would give the information. However, it would not pay them to have a system which would cut it down so fine. The independent has so much overhead and he has so much gross profit to cover his overhead. What he can get beyond that figure is his net profit. Now I have not got figures but I was looking at some of the Dominion Bureau of Statistics figures on surveys. I worked out some of the calculations—I could not work them all out—but I do not think they are too comprehensive. Here is one where we have a type of store with an average yearly sale of $7,043 and they have not taken into account the owner's salary, and therefore their method of accounting is not sound. The owner's salary is not taken in and the net profit before taxes is without deducting that salary. Here is another man who, for running a business, got $1,050 yet his net profit shows 14·7 per cent. Another case shows a net profit on higher sales—$14,000 a year. The net profit is shown as 8·7 per cent before taxes and before deducting salary for the proprietor. I say that is not sound accounting from the retail point of view as the salary there

represents a return on his investment. Now, as you consider figures on higher volume we find a store with $144,000 yearly turn-over shows 4·6 per cent after taxes and full salary deductions.

Q. We were not asking you to accept the D.B.S. figures but we were asking you simply to comment on the situation as we have found it. As a practical suggestion would you think the Retail Merchants' Association of Canada might undertake of itself to provide a survey of retail prices? I know that you have not arrived at that point but would it not be desirable?—A. Speaking for myself, if I was to undertake a survey I would want it to be pretty comprehensive. I think it would take a long time and be a costly procedure through which to go. We as members pay a very nominal fee—$15 a year—and you can realize that we would not be able to provide a great service. We pay for all these bulletins which I have showed you and it does not take long to use up our funds.

The CHAIRMAN: You run a business yourself?

The WITNESS: Yes, this is just a hobby for which I do not get paid.

By Mr. Thatcher:

Q. I am rather surprised at the differences in mark-up between Loblaws and the independents, and I presume Loblaws are able to make a lot of this difference because they can buy in such large quantities. I was wondering whether the retail dealers in Toronto have ever tried to get together to buy mass quantities? Has the association ever tried to get together that way, or would it be feasible?—A. In the dry grocery field I am running four or five firms on direct accounts and I have two or three friends in firms who run direct accounts, but in all there are perhaps a dozen firms.

Q. Is your firm larger than average?—A. No, but three of us buy in a group. Unfortunately we independent merchants, in so far as we are independent have no outside capital, and I would say the independent merchant is a little bit independent in his thinking. Our group consists of three men and we buy very successfully in dry groceries.

Q. Would you think, as an official of the Retail Merchants' Association, that one of the ways in which we might bring retail prices down would be to get a great many of the smaller dealers together to buy through the packers?—A. I think Mr. Davis said that they did not always make very much difference by way of volume buying.

Q. I did not understand him to say that. I thought he said that they were able to make quite large economies and that is one of the reasons why they were able to operate with the lower mark-up.

By Mr. Dyde:

Q. I think he was referring to his ability to buy in carload lots and bring those cars down from the west.—A. At flood market periods in the west—and I should not use the words "flood market" because you will get confused with the weather conditions—but when there are a lot of cattle on the market out west they can be moved down east by the car but you must remember that requires tremendous refrigeration facilities and we could not possibly handle those amounts as independent stores.

Q. Could you combine together? Could four or five of you combine together to effect an economy by bringing down carload lots?—A. No, sir, we are not big enough.

Mr. THATCHER: As retail merchants you could not do that?

By the Chairman:

Q. I wonder why you could not? You know better than I do but it seems to me that you should surely be able to do that sort of thing?—A. I do not know how many cattle there are in a car but there would be a goodly number and you would have to go down and unload them, pay the cartage up to your door, pay a man to go down to the yard and sort them out. Supposing there were only so many 500-pound cattle and so many 600-pound cattle, you would have to allot those to each man and you would run into a lot of trouble.

Q. The co-operatives do that now?—A. I beg pardon?

Q. Some of the co-operatives are doing that very thing now?—A. I doubt if it could be done with respect to beef. I think that beef is quite a different matter.

Q. You think so?—A. Yes. In my thinking it would not be sound, or it would not be feasible.

Mr. THATCHER: It would be sound but not feasible.

The WITNESS: It would be very sound, but it would be a theory that is not practical.

By Mr. Dyde:

Q. Have you studied it?—A. Definitely.

Q. Have you studied the possibilities?—A. I have studied the possibilities in lines other than meat, but I would say this. Mr. Davis brought out the fact that his firm was able to buy cheaper pork in Montreal. We had one buyer 'phone me and he told me the price. I 'phoned two or three of the other chaps and there were five of us who got together and had this pork come in to one place. We went down there and picked out our pork.

Mr. THATCHER: How is it the grocery stores in the west, I think many of the independents, have been able to get together on bulk buying in order to meet chain competition? If it is feasible to do that in the grocery business I am not clear on why it should not be done with respect to meat.

The WITNESS: The answer is perishability. In the meat business tremendous facilities are required for handling and we have not got the facilities for handling great numbers of cattle. My own box would handle only about eight and to bring it down and buy in bulk you would need a tremendous turnover.

Mr. DYDE: How many cattle are there in a car?

The WITNESS: I do not know.

The CHAIRMAN: It depends on the size of the cattle.

Mr. IRVINE: And on the size of the car.

Mr. DAVIS: There are 40 to 50 carcasses in a car.

Mr. HARKNESS: Carcasses?

Mr. DAVIS: Yes.

Mr. DYDE: They are not alive?

The WITNESS: No.

By Mr. Dyde:

Q. 40 to 50 does not seem a lot?—A. If you have 40 to 50 carcasses on a siding in Toronto what are you going to do? There is the cost of handling those to get them to Ontario and I do not know what the differential is in price. Normally would there be any big differential? May I ask Mr. Davis whether there would be any differential in price?

Mr. DAVIS: There would be at certain times of the year when there is a very heavy run of cattle. That is the only time that it would apply.

The WITNESS: In the meantime we would have to make contacts in the west and we would use those contacts at only certain times of the year and not any more. I doubt if it is feasible.

Mr. DYDE: With all due respect to you I do not believe you have studied the problem.

The WITNESS: I have not studied it far enough. My own thought is that it is not sound.

Mr. THATCHER: Sound but not feasible?

The CHAIRMAN: The words he used were sound but not practical. He was referring to a theory then.

Mr. IRVINE: It is not a sound theory then?

The CHAIRMAN: A political theory—

Mr. IRVINE: It is nothing but sound and that is not practical.

Mr. DYDE: I have no further questions.

The CHAIRMAN: Thank you very much, Mr. Hussey, and I think you are to be commended for your interest and your work in this matter. Personally, I am amazed that a man who has a store of his own is able to give such an intelligent presentation.

The WITNESS: I might say I think you gentlemen have been kind. I notice there is a big banner around Ottawa, "Be kind to animals week". I think you have been most kind.

Mr. DYDE: The next witness will not be ready until tomorrow morning, Mr. Chairman. There is some material which has to be prepared yet.

The CHAIRMAN: All right, we will adjourn until eleven o'clock tomorrow morning.

The committee adjourned to meet again on Tuesday, May 4, 1948, at 11.00 a.m.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 51

TUESDAY, MAY 4, 1948

WITNESSES:

Mr. Sam Steinberg, Steinberg's Wholesale Groceterias Limited, Montreal, Que.

Dr. L. B. Pett, Chief of Nutrition Division, Department of National Health & Welfare.

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

TUESDAY, May 4, 1948.

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

Members present: Messrs. Beaudry, Beaudoin, Fleming, Irvine, Kuhl, Lesage, Martin, Maybank, Mayhew, Pinard, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. Sam Steinberg, Steinberg's Wholesale Groceterias Limited, Montreal, was called, sworn and examined.

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 Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudoin, Fleming, Harkness, Irvine, Kuhl, Lesage, Martin, Maybank, Mayhew, Merritt, Pinard, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Dr. L. B. Pett, Chief of Nutrition Division, Department of National Health & Welfare, was called and sworn. He produced a report on the analysis of different loaves of bread as requested by the Committee during its bread inquiry, and was examined thereon.

At 4.45 p.m., witness retired and the Committee adjourned its public session to go into Executive Session and to resume in public session on Wednesday, May 5, at 4.00 p.m.

R. ARSENAULT,
Clerk of the Committee.

12067—1½

ERRATUM

On page 2287, No. 46 of the Minutes of Proceedings and Evidence, the Order of Reference reading "That the name of Mr. Kuhl be substituted for that of Mr. Cleaver on the said Committee", should read as follows: *"That the name of Mr. Kuhl be substituted for that of Mr. Johnston on the said Committee".*

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 4, 1948.

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

Mr. DYDE: I will call Mr. Steinberg.

The CHAIRMAN: Mr. Dyde, before we go on have we got before us in complete form all the meats that are now in storage, pork and beef? We are faced now with a rise in prices, and it seems to me there is a challenge put on this committee. I, as one member of this committee, am not going to shirk. Last night I looked at some of the figures, and I do not know if we have before us all the figures on the storage. Do we know how much meat is in storage now?

Mr. DYDE: No, the committee has not got all the figures. We obtained figures of inventories from the packing companies which have been before the committee, but that does not give the total storage figures. Those can be obtained, and I will see that is done.

Mr. MAYHEW: I wonder if we could have a tabulation of the storage that we do know compared with last year, as an indication.

Mr. DYDE: Each company has given inventory figures and comparisons with a year ago, but if I give the total storage figures I think I can also find them for the year previous.

The CHAIRMAN: Excuse me, Mr. Dyde, but when do you think we could get that information? I think we ought to know exactly how much is in storage.

Mr. DYDE: I think I can get it in a very short time. I would not like to promise it for this afternoon, but I think it can be obtained in tabulated form certainly before the packing companies come back on Thursday.

The CHAIRMAN: All right, Mr. Dyde.

Sam Steinberg, Steinberg Wholesale Groceterias Limited, called and sworn.

By Mr. Dyde:

Q. Mr. Steinberg, will you give us your name?—A. Sam Steinberg.
Q. And address?—A. 5400 Hochelaga east, Montreal.
Q. You operate stores in Montreal?—A. Yes, sir.
Q. Groceterias?—A. Yes, sir.
Q. How many stores in Montreal?—A. Twenty-four.
Q. And you also operate a store in Ottawa, do you not?—A. Yes, sir.
Q. And elsewhere?—A. Do we operate stores outside of Ottawa?
Q. Yes.—A. Arvida.
Q. Are those the only stores outside of Montreal?—A. That is correct.
Q. I asked you to bring with you figures to put before the committee, and you have brought certain figures which you now produce. Is that correct?—A. Yes, sir.

STEINBERG'S WHOLESALE GROCETERIAS LTD.

MEAT DEPARTMENT SALES

Week ending	Sales in dollars	Sales in pounds	Gross profit in dollars	Gross profit %
1946				
Dec. 7	52,306.88	167,865½	10,292.53	19.68
14	49,445.90	139,927¼	9,727.80	19.67
21	72,034.20	221,912	10,805.14	15.00 est.
28	62,330.13	145,242¼	10,348.61	16.60
1947				
Jan. 4	61,270.64	104,857	11,586.50	18.91
11	53,250.35	149,429¼	13,168.92	24.73
18	58,312.73	176,926	13,212.81	22.66
25	56,451.33	189,933	10,521.16	18.64
Feb. 1	58,066.78	158,554	13,038.30	22.45
Oct. 4	71,937.74	223,200	18,423.11	25.59
11	81,408.69	212,612½	20,824.58	25.58
18	73,428.54	199,544½	18,148.41	24.72
25	77,185.89	189,412½	15,718.53	20.36
Nov. 1	78,837.67	198,945	16,370.23	20.76
8	72,386.48	208,169¼	13,029.04	18.00
15	74,902.51	196,494½	13,749.33	18.36
22	72,866.71	189,767	14,239.92	19.54
29	69,866.00	188,035	14,220.81	20.35
Dec. 6	69,618.11	182,311	12,976.69	18.64
13	74,685.59	191,885½	13,035.72	17.45
20	190,163.90	318,012¼	32,951.36	17.33
27		111,429		
1948				
Jan. 3	96,618.38	151,011	13,012.04	13.47
10	85,829.37	196,672	18,264.24	21.28
17	88,622.32	200,165½	19,282.29	21.76
24	85,825.31	202,652	17,013 67	19.82
31	88,457.37	187,665¾	17,481 03	19.76
Feb. 7	91,292.32	193,911½	18,174.12	19.91
14	86,937.13	183,656½	17,147.79	19.72
21	85,922.42	192,805	17,044.01	19.84
28	86,230.00	200,172¾	17,619.50	20.43
Mar. 6	88,700.15	212,520¾	17,895.53	20.18
13	86,068.80	234,923	18,068.80	21.65
20	88,984.09	250,173	16,936.90	19.03
27	110,306.98	270,638¾	19,353 43	17.55
Apr. 3	85,839 05	167,693½	14,807.98	17.25
10	85,198.89	214,389½	17,977.83	21.10
17	89,199.75	224,745¼	18,110.32	20.30

STEINBERG'S WHOLESALE GROCETERIAS LTD.

BEEF

Date	Average cost red	Average cost blue	Estimated mark-up percentage on all beef
1946			
Dec. 7	23	22	18·45
Dec. 14	23	22	18·29
Dec. 21	23	22	18·03
Dec. 28	23	22	18·58
Jan. 4	23	22	17·37
Jan. 11	23	22	19·13
Jan. 18	23	22	17·43
Jan. 25	23	22	16·86
Feb. 1	23	22	16·75
1947			
Oct. 4	25	24	20·74
Oct. 11	25	24	22·74
Oct. 18	25	24	22·28
Oct. 25	28	27	17·24
Nov. 1	29	28	15·05
Nov. 8	28	27	20·29
Nov. 15	26	25	12·25
Nov. 22	24½	23½	18·57
Nov. 29	24	23	15·65
Dec. 6	24	23	18·42
Dec. 13	25	24	16·96
Dec. 20	26	25	20·01
Dec. 27	26	25	19·30
1948			
Jan. 3	26	25	19·38
Jan. 10	27	26	19·45
Jan. 17	28	27	19·86
Jan. 24	28	27	19·44
Jan. 31	27	26	19·46
Feb. 7	27	26	71·76
Feb. 14	26½	25½	21·32
Feb. 21	26½	25½	23·38
Feb. 28	26	25	21·60
Mar. 6	26	25	20·48
Mar. 13	27	26	19·33
Mar. 20	28	27	19·45
Mar. 27	29	28	15·60
Apr. 3	29	28	17·11
Apr. 10	28¼	27½	18·82
Apr. 17	29	28½	18·68

STEINBERG'S WHOLESALE GROCETERIAS LTD.

PORK

Date	Loins pork				Regular hams			
	Cost	Selling roast	Selling chops	Mark-up	Cost without tax	Selling whole	Selling butt end	Mark-up percentage
1946								
Dec. 7	31½	39	43	19·23	32½	42	45	16·42
Dec. 14	31½	39	43	19·23	32½	42	45	16·52
Dec. 21	31½	39	43	19·23	32½	42	45	16·42
Dec. 28	31½	39	43	19·23	32½	45	49	22·00
1947								
Jan. 4	31½	39	43	19·23	32½	45	49	22·00
Jan. 11	31½	39	43	19·23	32½	45	49	22·00
Jan. 18	33	39	43	15·38	35½	49	53	21·76
Jan. 25	33	42	45	21·43	35½	51	55	24·82
Feb. 1	33	42	45	21·43	35½	49	53	21·76
Oct. 4	35	45	49	22·22	.....	53	56	.....
Oct. 11	35	45	49	22·22	37½	53	56	23·58
Oct. 18	34½	42	45	17·86	37½	53	56	23·58
Oct. 25	34½	42	45	17·86	37½	53	56	23·58
Nov. 1	34½	42	45	17·86	37½	53	56	23·58
Nov. 8	32½	39	43	16·67	40	53	56	18·49
Nov. 15	32	37	41	13·51	40	51	54	15·29
Nov. 22	31	35	39	11·43	40	51	54	15·29
Nov. 29	31	35	39	11·43	40	51	54	15·29
Dec. 6	30	35	39	14·28	39	49	54	14·04
Dec. 13	30	35	39	14·28	39	47	51	10·38
Dec. 20	32	37	39	13·51	39	49	53	14·04
Dec. 27	32	37	41	13·51	39	49	53	14·04
1948								
Jan. 3	34	39	43	12·82	40	49	53	11·84
Jan. 10	40	45	49	11·11	42	51	54	11·06
Jan. 17	39	45	49	13·33	42	51	54	11·06
Jan. 24	37½	45	49	16·66	42	51	54	11·06
Jan. 31	36	41	45	12·20	42	49	53	7·43
Feb. 7	37	41	45	9·76	42	49	53	7·43
Feb. 14	38	42	45	9·52	41	47	51	5·78
Feb. 21	38	45	49	15·55	42	49	53	7·43
Feb. 28	38	45	49	15·55	42	49	53	7·43
Mar. 6	39	45	49	13·33	43	51	55	8·94
Mar. 13	39	47	49	17·02	43	51	55	8·94
Mar. 20	40	47	51	14·89	43	53	57	12·38
Mar. 27	41	49	53	16·33	43	49	53	5·22
Apr. 3	41	49	53	16·33	43	49	53	5·22
Apr. 10	41	49	53	16·33	43	53	57	12·37
Apr. 17	41	49	53	16·33	43	53	57	12·37

STEINBERG'S WHOLESALE GROCETERIAS LTD.

Week ending	Rind on bacon			Rindless bacon		
	Cost without tax	Selling	Mark-up percentage	Cost without tax	Selling	Mark-up percentage
1946						
Dec. 7	39¾	54	20·50	42¼	58	21·32
Dec. 14	39¾	54	20·50	42¼	58	21·32
Dec. 21	39¾	52	17·44	42¼	58	21·32
Dec. 28	39¾	54	20·50	42¼	58	21·32
1947						
Jan. 4	39¾	54	20·50	42¼	58	21·32
Jan. 11	39¾	54	20·50	42¼	58	21·32
Jan. 18	44¼	54	11·50	47	58	12·48
Jan. 25	44¼	61	21·66	47	65	21·91
Feb. 1	44¼	59	19·00	47	65	21·91
Oct. 4	46	64	22·38	.....	69	.....
Oct. 11	46	64	22·38	.....	69	.....
Oct. 18	46	64	22·38	49	69	23·30
Oct. 25	46¼	64	21·95	49	69	23·30
Nov. 1	46¼	62	19·43	50	69	21·74
Nov. 8	46¼	62	19·43	50	69	21·74
Nov. 15	46¼	62	19·43	50	69	21·74
Nov. 22	46¼	58	13·88	50	69	21·74
Nov. 29	46¼	58	13·88	50	69	21·74
Dec. 6	46¼	58	13·88	50	69	21·74
Dec. 13	46¼	58	13·88	50	69	21·74
Dec. 20	46¼	58	13·88	50	69	21·74
Dec. 27	46¼	58	13·88	50	69	21·74
1948						
Jan. 3	46¼	58	13·88	50	69	21·74
Jan. 10	50	66	18·18	57	79	22·07
Jan. 17	55	69	13·91	59	79	19·34
Jan. 24	50	62	12·90	56	79	23·34
Jan. 31	50	62	12·90	55	75	20·80
Feb. 7	50	62	12·90	55	75	20·80
Feb. 14	50	62	12·90	55	75	20·80
Feb. 21	50	62	12·90	55	75	20·80
Feb. 28	50	62	12·90	55	75	20·80
Mar. 6	50	62	6·90	56	75	19·36
Mar. 13	50	58	12·90	54	75	22·24
Mar. 20	50	62	18·18	56	75	19·36
Mar. 27	53	66	13·27	56	75	19·36
Apr. 3	53	66	13·27	56	75	19·36
Apr. 10	53	62	7·67	56	75	19·36
Apr. 17	53	66	13·27	56	75	19·36

By Mr. Dyde:

Q. In how many of your stores do you operate meat departments?—A. In 12 stores at the present time.

Q. And in how many of the Montreal stores do you operate meat departments?—A. Ten.

Q. So that the figures that we have before us are for the meat departments in your Montreal stores only?—A. No, they cover 12 stores.

Q. Twelve stores, including Ottawa and Arvida?—A. That is correct.

Q. The first page of your material is a summary of meat department sales in the 12 stores?—A. That is not correct because at that time in 1946 we only had 10 meat departments.

Q. When did you first have 12 meat departments?—A. We had 11 up to March, and we only had 10 up to the latter part of December.

Q. What year are you speaking of?—A. 1947; that is right for December, and 1948 for March.

Q. How many stores did you have in November, 1947, selling meat?—A. Ten.

Q. And in January, 1948, how many stores?—A. Eleven.

Q. And when did you increase to 12?—A. In March.

Q. The first of March?—A. I have not the exact date.

Q. And for the information of the committee Mr. Steinberg was asked to give these figures for December, 1946, January, 1947, which are the first few figures at the top of the page, and then he was asked to bring figures from October 4, 1947, to the most recent date on which figures were available. So that down to October 25 you were under price control. Actually the decontrol date was October 22?—A. Yes.

Q. But down to that date it is a matter of price control, and then you have decontrol certainly from November 1 on. Now, Mr. Steinberg, I want you to look at the month of November, 1947, and under the heading "Sales in pounds" there are five periods in November, 1947. I have totaled the sales in pounds in November, 1947, and I find the total to be 981,410¾ pounds. Then I go over to the next column and total the gross profit in dollars and I find that gross profit to be $71,609.33. Then in the next column, gross profit per cent, I have averaged the figures for November, 1947, and I find the average is 19·41 per cent. Then I have taken another calculation and by using the sales in pounds in November and the gross profit in dollars I find that comes to 7·3 cents per pound.

Would you go to January, 1948. There are also five periods there. I find that the total sales in pounds are 938,166¾. I find that the gross profit in dollars is $85,053.27. I find that the gross profit per cent is 19·09 average for that month. Using the same calculation I find that the gross profit is at the rate of 9·1 cents per pound for that month.

We have had certain evidence here, Mr. Steinberg, with reference to the setting of retail ceilings during price control, and I will try to summarize it very briefly, because I do not think you were here. We were told by officials of the Wartime Prices and Trade Board that during price control there was a discussion as to what the retail margin should be to be fair to the retailer. We were told that some wanted 9 cents a pound over all and others thought that 5 cents a pound over all would be quite sufficient for the retailer, and finally a compromise was reached at 7 cents a pound over all, and that was to be the maximum.

I point out to you again that after decontrol, and in the month of November your over-all was 7·3 cents per pound, and in January it had gone up to 9·1 cents per pound. Your volume in January is less than in November as far as pounds are concerned, and your gross profit in dollars is considerably higher. What is the explanation for that?—A. I have not analyzed that in that way, but much would have to do as to just what we were selling in the

meat department in that period. We talk about meat sales, or meat department sales. That includes more than beef sales. We sell delicatessen products. We sell cooked meats, bacon, and they influence sales very much. They influence your gross profit or mark-up.

Q. But you were running along in November at 7·3 cents per pound even with those other various articles, and in January you are up to 9·1 cents per pound over-all gross profit. As between the 7·3 and 9·1 over-all it means that the more expensive cuts of meat are being increased by a considerable amount, are they not?—A. If I had to divide it up and I could check the exact sales of meat as compared to the sales of delicatessen products I would know, but in January it might go off meats and go on more on delicatessen products. I have not a breakdown. I could not tell you. If I had been asked to bring figures in that way I would know. In this way I would just be guessing.

Q. The conclusion that the committee would be bound to come to, I think, Mr. Steinberg, is that you are doing very much better in a profit way in January than you were in November, and that is one of the reasons why the consumer was paying more money for meat in January?—A. I hardly think so.

Q. Give us your explanation if it is different.—A. For one thing the method of estimating has not changed.

By Mr. Lesage:

Q. What is your method?—A. They follow the formula of the Wartime Prices and Trade Board in the various cuts.

Q. Is your method a percentage method or a cents method?—A. No, no.

Q. Do you calculate your margin in cents or percent?—A. It is always based on percentage.

Q. And the higher the cost of the meat to you the higher is the margin of profit you take?—A. We establish—

Q. The higher in cents, I mean.—A. It may work out that way, but I am not sure.

Q. Does it? If it is on a percentage basis it would?—A. It would work out higher, a higher price, and taking the same percentage.

Q. A higher margin?—A. If you use the same—

Mr. THATCHER: Let the witness answer. You are asking the witness another question before he answers the one before.

The WITNESS: If you use the same measure, yardstick, the same percentage basis, yes, the price is higher. Naturally it works out at more money in dollars and cents.

By Mr. Lesage:

Q. You say "naturally," but did it in that instance? Did it work that way in the instance in January?—A. I was not asked to bring selling prices of the various cuts, so I do not know, but the formula that we use is the same. We have not changed it.

Q. Your method of pricing—A. Is the same.

Q. Is based on percentage?—A. Right, and if the price goes higher it works out to more money in dollars and cents.

Q. You said previously in answer to Mr. Dyde that the fact you are selling delicatessen products and cooked meats may have some bearing on it. How do you explain that?—A. Well, some months of the year those items sell at a much greater rate than they do in other months, and the margin of profit on those products is higher that it is on meat. They are a much more perishable item and they bring a better mark-up.

Q. Not bacon and ham?—A. When you talk about ham you are talking about a packing house product. I am talking about delicatessen items. Those are items we make in our own kitchen.

Q. What is your margin of profit on bacon and ham?—A. I have got the complete list here.

Q. Do you know what your margin of profit is on bacon?—A. About 20 per cent.

Q. On half-pounds?—A. Yes, 20 per cent; it does not matter whether it is a pound, half-pound, or five pounds.

Q. But what you sell in half-pounds is wrapped?—A. Yes.

Q. You receive it that way from the packer?—A. No, we do most of the packaging in our own warehouse. We slice and package bacon.

Q. You buy Wiltshire sides?—A. Yes.

Q. You do the packaging?—A. Yes.

Q. You take 20 per cent on what?—A. We take 20 per cent on the price we sell it at, on the price you would have to pay.

Q. Does the 20 per cent include packaging and wrapping?—A. Oh, everything.

Q. It does?—A. Yes.

Q. So you must sell your bacon at a cheaper price, a lower price than others who buy it all wrapped from the packing house?—A. We believe that we do, but I have not got figures for comparison, and I do not know who you want to compare them with, but we think we do.

Q. Do you have a special brand for your bacon?—A. Yes.

Q. What is it? You do not remember?—A. Yes, I do. Give me a chance to answer. Jack Spratt, lean and fat. I think it is the biggest seller in Montreal, in our stores, anyway.

Q. And it sells at a lower price than Maple Leaf of Canada Packers?—A. Yes, we would sell it for less, considerably less money.

Q. So you agree that the higher price of meat means a higher margin for you and a higher profit?—A. No, I do not believe that. I believe the higher prices curtail sales.

Q. Pardon me?—A. We believe the higher the price goes the more it curtails sales. In the long run we make less.

By Mr. Maybank:

Q. Mr. Lesage's question would be right per unit?—A. Right.

Q. Per unit that the profit is higher if the price is higher?—A. Right.

By Mr. Lesage:

Q. Take, for instance, November and January, which are two five-week periods. Your gross profit is not only higher per unit but it is $14,000 higher for a lower amount of pounds?—A. I think you are making a mistake there.

Q. I do not think I am. Is that not right? I think you drew the attention of the witness to that fact yourself, Mr. Dyde.

By the Chairman:

Q. The figures seem to indicate that, do they not?—A. You have got—what do you call it—there is a lapse in here.

Mr. DYDE: I gave you figures for the five-week period of November, 1947, and the five periods of January, 1948.

By Mr. Lesage:

Q. I think in January you sold 43,000 pounds of meat less than in November.—A. I have not got that calculated, and I cannot follow it.

By Mr. Dyde:

Q. I thought you were putting them down when I read them to you. I think perhaps you might write them in. Below sales in pounds in November, 1947, the total of the figures that appear there is 981,410¾ pounds. I did not

give the average selling price per pound before but if you would like me to I will do so now. The average selling price per pound works out at 37·6 cents per pound. The gross profit in dollars for the same period is $71,609.33. Mark it down under here. I averaged the gross profit per cent for what it was worth and found for that period it was 19·41. Then out in the margin I also put down cents per pound, relating the gross profit in dollars to the sales in pounds, and I found it to be 7·3 cents per pound. Then I went down to January, and for those periods in January which are shown on your list the total sales in pounds are 938,166¾. I did not give you before the average selling price, but it is 47·5 cents per pound. The total gross profit in dollars is $85,053.27. The average gross profit per cent is 19·09, and my cents per pound figure was 9·1 cents per pound. There is another figure I will give you at the same time. I also took the three periods of April, 1948, and by my calculation it comes to 8·4 cents per pound, so that even in April—

Mr. LESAGE: What would be the average selling price if you have it.

By Mr. Dyde:

Q. I am sorry I have not got it,—so that even in April you are selling at 8·4 cents per pound in the early part of April. What you are doing at this minute I am not sure. I could not say nor can you, can you, but since April 17 retail prices have gone up generally speaking in meat?—A. That is correct.

Q. So that likely you are up above 8·4 cents per pound in the last period of April?—A. Is that right?

Mr. MAYBANK: That is the question.

The WITNESS: I do not think so, no. I think it is going to work out at less per pound even though percentage-wise it will be higher.

By the Chairman:

Q. How can you say that?—A. We are paying more for beef but we are not advancing the retail price.

By Mr. Lesage:

Q. You are not advancing the retail price at present?—A. No.

Q. You just cannot?—A. No.

Q. Consumer resistance?—A. That is right. It is not that we just cannot. We just do not want to. We are afraid we may lose our customers.

By the Chairman:

Q. You say you have deliberately not, but whether or not you can you will not.—A. No, because we find people are shying away.

Q. You just said whether or not they are shying away you will not.—A. We will not because we would lose business if we advanced them any more than they are now.

By Mr. Maybank:

Q. Then you are not claiming any altruism?—A. No, we are interested in our business.

Q. You are afraid if you tried you would sell less?—A. That is correct.

Q. It is hard practical business considerations that are moving you towards that decision. Is that what you want us to understand?—A. That is 100 per cent correct.

Mr. LESAGE: Would you answer the question I asked you before Mr. Dyde gave you the figures.

The CHAIRMAN: What was the question?

By Mr. Lesage:

Q. In answer to one of my questions Mr. Steinberg said—I was looking at the difference between November and January—that per pound if we made the calculation it would show that their over-all gross profit would be lower in January than in February on account of the fact there would be less pounds. I think that is about all he said. You will have to give me another explanation. —A. I just do not grasp the explanation that you have made. I have got the figures before me now, and I see the difference now. There is $14,000 between $71,000 and $85,000. I did not have those figures before me.

Q. $13,500?—A. I may have been thinking in terms of weeks because we have them listed per week right along. That is what I misunderstood.

Q. It is quite all right.—A. Naturally on the 19·09 the higher prices would work out to $14,000 more in a five-week period.

Q. On a five-week period even if you sold something like 43,000 pounds less?—A. That is correct.

Q. Let us look at the average price per pound of meat in November. It was 37·6 cents?—A. Yes.

Q. And in January it was 47·5 cents?—A. Correct.

Q. There has been an advance in prices from November, 1947, to January, 1948, at retail of 10 cents per pound on the average?—A. That is correct.

Q. And on that 10 cents we can say now, because we are interested in it, that 1/5th of the advance, 2 cents on the 10 cents, is due to the fact that you took a higher margin?—A. We took the same margin but it works out that way.

Q. In percentage, but in cents you took 2 cents on the 10 cents, 2 cents on the 10 cents?—A. That is the way it works out.

Q. Two cents on the 10 cents was profit you did not take before and that you took in January?—A. That is the way it works out.

Q. That is the way it did go in January?—A. That is right.

Q. So, on the 10 cents, 2 cents did go to the retailer. Where did the 8 cents go? We are sure of 2 cents now. They went to the retailer?—A. Okay, that is correct.

The CHAIRMAN: Are you satisfied with that answer, Mr. Lesage?

Mr. LESAGE: Yes.

The CHAIRMAN: You could pursue it further, don't you think.

Mr. LESAGE: I think I can leave it to you, Mr. Chairman.

The CHAIRMAN: I think I may do that.

Mr. LESAGE: We are here to find out the reasons for the advance in price which occurred. I think there has been an advance from November to January of 10 cents. I am not rendering any judgment on the 7 cents. Was 7 cents too high or not high enough? I think we can make our own judgment on that. I thought Mr. Dyde would come to that point a little later. So far as the 10 cents is concerned, the total advance of 10 cents, 2 cents went to the retailer.

By Mr. Irvine:

Q. There is one possibility I see. It might have been that the beef sold was 10 cents more juicy in one month than the other, is that so?—A. I do not grasp what you are trying to say.

Q. There is 10 cents difference in these two months which Mr. Lesage is trying to compare. I was asking whether it was possible there was a 10 cent difference in the juiciness of the beef one month as compared to the other?

Mr. LESAGE: That is based on the cost.

Mr. IRVINE: The cost of the juice?

Mr. LESAGE: Yes, the juice is in it. Do you intend to ask any questions of the witness on this 7 cents?

By Mr. Dyde:

Q. Yes. I have already mentioned, Mr. Steinberg, evidence which has been before the committee with regard to the 7 cents which was set under price control. Now our evidence is very definite that 7 cents a pound was to be considered as a maximum under price control and the evidence, as we have heard it to date, is that was a very fair margin for the retailer. We have been told, I think, that the retailer got along very nicely under price control on that margin. Why did you consider it necessary to increase that margin?—A. It would not be hard to understand, when the 7 cents was set—you have figures before you to indicate that the price of meat at that time was 37 cents a pound. If it was set at 37 or less, it might have been set on beef or whatever we are talking about, on meat per pound, the retail price was even lower than that. Now, you bring this 47 cents a pound up and isn't it natural that the shrink and the cost of operation increase accordingly? We did not make 2 cents. When there is a spread on the basis of a 20 per cent margin, that is not profit, that is just the yardstick for measuring the mark-up we need to obtain. From there, you take the shrink and trim. If the 37 cents went up to 47, it went up on the same measure.

Q. What it comes to is this; working on a percentage basis, you are always piling the same percentage mark-up on top of your cost so if your cost goes up, inevitably with the uniform percentage mark-up, you arrive at the position where you get a better profit per pound?—A. That does not always hold true.

Q. It did between November and January, didn't it?—A. Yes, it did then, but we did not do business just for the period of November and January. Changes take time to come about.

By Mr. Maybank:

Q. It does not always hold true, you say. Is this, in effect, what you say; that when the price goes up there is a tendency for sales to fall off? Is that what you mean?—A. No, if sales are maintained or the increase, the gross mark-up or percentage mark-up we use changes and it changes downward.

By Mr. Dyde:

Q. It does not appear to have changed downward very much over the period under review, does it Mr. Steinberg, in your particular case?—A. It is too brief a period for comparing the percentage.

Q. It is not too brief a period for the housewife to know she is paying a lot more for meat.

Mr. LESAGE: That is it; in two months there was an advance of 10 cents in the price.

Mr. THATCHER: Would not it be a fair statement to say that, when ceilings came off, you found that meat was scarce. You found it was possible to make a larger profit and you simply took a larger profit?

The WITNESS: That is incorrect.

By Mr. Thatcher:

Q. How can you say it is incorrect?—A. I have the figures before me—

Mr. MAYBANK: He was answering further.

The WITNESS: May I have the privilege of answering you completely?

The CHAIRMAN: You were answering Mr. Thatcher at the time.

Mr. MAYBANK: Mr. Thatcher was not looking and he proceeded to another question.

Mr. LESAGE: He was not satisfied with the first part of the answer.

The WITNESS: When meat was still under the ceiling, the mark-up was 25 per cent and it has worked down.

By Mr. Thatcher:

Q. Your gross profit, according to Mr. Dyde, is 9·1 in January and it was only 7·3 in November?—A. That is influenced—if we had maintained the same gross mark-up, it would have been higher than that; so, evidently, we are reducing our gross mark-up as we go along.

By Mr. Mayhew:

Q. May I ask the witness if he considered his profit in the week of December 7, 1946, where he made $10,000 on sales of 167,865 pounds, a reasonable and fair profit to make on that volume of business?—A. Percentagewise, yes. I will explain that.

Mr. THATCHER: Mr. Steinberg has not answered my question yet.

By Mr. Mayhew:

Q. I want to go on to another period. In the week of April 3 he sells 167,693 pounds and he makes $14,807.98. In other words, he makes $4,115.45 more on 173 pounds less of goods sold?—A. We have not made that $4,000 more that is just—

Q. It says here you made.—A. We do not show you our cost of operation. We do not tell you how much more it cost us to sell that meat at this particular time.

Mr. LESAGE: Was there an increase in wages from November to January?

The WITNESS: Mr. Mayhew was asking about that per cent.

The CHAIRMAN: Had you not finished, Mr. Mayhew?

By Mr. Mayhew:

Q. If he wants to argue that way, then you can go on down to January 3.—A. I am not arguing, I am giving you an explanation.

Q. It is not a satisfactory explanation. You go down to January 3, 1948, and you sold 151,011 pounds and you made $13,012.04; that is getting closer again. On much less volume than in December, 1946, you made $3,000 more. Your costs did not switch that much in that time?—A. I would think in that week's operation we lost money in spite of the fact we earned $3,000 more.

By the Chairman:

Q. You said you would think, can you not tell us?—A. I was not asked to bring those figures.

Q. But we are asking you now?—A. I feel sure we lost money.

By Mr. Pinard:

Q. Why?—A. Because we cannot get by on a 13·7 per cent margin.

Q. Would you not know what your increased cost operation was? From the 27th of March to April 3, you say the cost of operation increased. What was that increase?—A. What period are you talking about?

Q. Between the 27th of March and April 3?—A. That is one week.

Q. You said there was an increase in the cost of operation during that time. Is that not what you said?—A. I was not asked that question.

Mr. MAYBANK: Not for those dates, I think.

Mr. LESAGE: He said between January 3 and April—

Mr. MAYBANK: The comparison being made was between dates farther apart than that. January 3, 1948 was one date which Mr. Mayhew mentioned.

By Mr. Pinard:

Q. Let us say for the four months, January to April, what was the increase in the cost of operation?—A. I have not those figures.

Mr. LESAGE: You said that. You gave us an explanation that your costs had increased.

The CHAIRMAN: Order, three or four are speaking at the same time. I am sure the reporter cannot follow this.

Mr. PINARD: It must be possible for the witness to give us an idea as to the increased cost.

The CHAIRMAN: Let us put the question and have an answer. You have a question, Mr. Pinard, which you wish to put?

By Mr. Pinard:

Q. I am asking the witness whether he can give us an idea, even if he does not have the figures with him today, as to the increase in the cost of operation for the year 1948, up to April?—A. From what date?

Q. From January to the 17th of April, for instance?—A. Well, to be explicit, I would have to have the figures with me.

Q. What was that?—A. I would have to have the figures with me.

Q. You have no idea at all?—A. Yes, a very good idea.

Q. What was it?—A. At the present time, I think—

Mr. MAYBANK: Mr. Chairman, I should like to ask—

The CHAIRMAN: Mr. Pinard has not finished. Order, please.

The WITNESS: Our over-all gross mark-up at the present time, is less than 15 per cent.

By Mr. Pinard:

Q. Yes, but it applies to what? Is it increased wages?—A. The gross mark-up applies to everything we sell in our stores.

Mr. LESAGE: That is not an answer, witness.

By Mr. Pinard:

Q. In these increased costs of operation, do you take into account the new stores you have built or rented?—A. The cost of operation is the rental we put on the stores based on the volume we do and all the handling charges.

By the Chairman:

Q. Mr. Pinard understands that, but you said there were increases in the costs of operation. Now, let us have them?—A. When we put up a new store, that new store does business and carries its own share. It does not increase the over-all, it reduces the over-all.

Q. What accounts for the increase?

Mr. THATCHER: You did not increase your own rents?

By Mr. Pinard:

Q. You say it is not the new stores you put up, but it is something else. What is it?—A. I would say I think it would reduce the over-all.

Q. What is this increased cost of operation? You have an idea what it represents, that is what I want to know.—A. Sure, it represents the supplies we use. It represents labour.

Q. In other words, there would be an increase in wages during that period or an increase in the number of employees or what?—A. It all relates to volume. The more packages we put out, the higher the volume, the more we have to pay for labour.

By the Chairman:

Q. May I suggest this? The witness says there were increases in the costs of operation. Specifically, not theoretically, what were they? Did you raise wages? Did you pay more rent?—A. I have to have the figures here.

Q. You know your business. You raised the price of meat, your profit increased. You say that the reason for that was an increased cost of operation. Let us have it specifically. I want to say this, as chairman of this committee, this committee is going to get right down to rock bottom at this very time. Meat prices are going up. We are going to take a very strict attitude with regard to this whole thing. We are going to call back the witnesses who have already been here and I am just serving a warning now, we mean business. All right, Mr. Pinard.

By Mr. Pinard:

Q. Well, Mr. Steinberg, you have been with the company for a long time. You have organized that company. You are one of the pioneers of Steinberg's Groceteria?—A. Correct.

Q. Surely you must know now what the increased costs of operation were, if any, during those three months? You must know that without having to have the figures in front of you?—A. You are talking about three months?

Q. Yes; January, February and March.—A. I have not any figures before me, but we know what it is costing us to do business percentagewise.

The CHAIRMAN: Well, now, never mind that. If you cannot tell us, if you cannot answer the question, I suggest we permit the witness to get this information so he can tell us exactly why, in this particular instance, there was this rise.

By Mr. Pinard:

Q. I think the witness should be called upon to produce those figures today. Can he not communicate with his company in Montreal and find out what these increases in the cost of operation were?—A. We do not have to go very far. If you say, 7 cents a pound—I do not know the exact date when the Wartime Prices and Trade Board established the 7-cent figure, but whenever it was, the price of beef or meat was considerably lower than it is today.

Q. Yes.—A. As you know, in meat, there is a shrinkage; there is waste; there is trim; there is handling—

Q. That does not change?—A. Yes, it does, because if you have 5 per cent waste on meat at 35 cents or 60 or 70 cents, it certainly does change.

Q. I am sorry if I have to come back to the same question. You say that the cost of operation has increased during these three months but you have given no particulars about the increase. I am asking you whether you can supply the figures today for that?—A. If the price of beef or the particulars of our earnings as set out here by Mr. Dyde have increased from 2 cents or 20 per cent—we did not gross any 20 per cent over the whole thing.

By Mr. Thatcher:

Q. You did not net it?—A. Gross.

Mr. LESAGE: If I may recapitulate what happened in order to refresh the witness' memory, in answer to Mr. Mayhew—would you look at the exhibit, please, witness? In answer to Mr. Mayhew, you said that between January 3 and April 3 there had been an increase in your cost of operation. You were definite about that. Then, you were asked what the increase was. You said you had no figures but you had a definite idea what it was. You are under oath and you swore that you knew. You stated definitely that there was an increase in the cost of operation. You said you had a definite idea what it was, so what is it?

The WITNESS: Mr. Lesage, I think you are mixing up your questions a little bit.

By Mr. Lesage:

Q. Oh no, that is exactly what happened?—A. May I explain? I think I know what happened.

Mr. MAYBANK: Before you do that, may I say something? The comparison Mr. Lesage is making is not quite accurate. I was checking with Mr. Mayhew and I think his questions began with December 7 and jumped to April 3 of this year.

Mr. PINARD: That does not matter, Mr. Chairman.

Mr. MAYBANK: It would matter.

The CHAIRMAN: Order, please. Mr. Maybank is speaking.

Mr. MAYBANK: Then, there was a question with reference to January 3, 1948. I rather think that the statements which were made in explanation of the profits and that sort of thing related to those two dates in the three months' period.

Mr. LESAGE: Then, I will leave it at that. There were increases in your cost of operation between November, 1947 and January, 1948?

The WITNESS: November, 1947 and January—I would have to get the figures on that.

The CHAIRMAN: You did tell Mr. Pinard there were increases.

The WITNESS: I was answering Mr. Mayhew with regard to January 3 when I said it was 13·7 on earnings and I was pretty definite there was a loss in that week.

Mr. LESAGE: If that is not the explanation, then what is it?

The WITNESS: I said that was the explanation I had given.

By Mr. Pinard:

Q. You then qualified your answer by saying it was because of increases in the cost of operation?—A. I am just looking at the volume and the percentage mark-up we got in that particular week.

Q. You drew that conclusion, that is must have been?—A. In comparison with the $10,000 we earned in December, 1946, as compared with January 3, 1948, when we earned $3.000 more, I say, from the cost of operation between those two periods, that is why I can say we must have lost money that week.

Mr. MAYHEW: You are wrong in your $3,000, it was $4,000.

By Mr. Lesage:

Q. I come back to these two dates, November and January because there was an increase there. You increased your gross margin by 2 cents; that is definite, 2 cents a pound?—A. Gross margin, yes, sir.

Q. Was the reason for that increase an increase in the cost of operation?—A. I explained to you we use the same measure—

The CHAIRMAN: Order, please, gentlemen. Now, there is a specific question and it should not be necessary to go into a long-winded explanation. Surely, you can answer yes or no. It should be possible to answer that question very simply.

The WITNESS: Well, I would have to have the figures to give you an exact answer.

By Mr. Pinard:

Q. I think the witness is bound to admit he just took advantage of the market at that time; that is the only answer we can find in these figures here. I

cannot believe that the witness is not in a position to give us an idea of these increases in the cost of operation?

Mr. THATCHER: He could not have done that if ceilings had stayed on.

Mr. LESAGE: That is another matter. You can argue that in the House.

The CHAIRMAN: Mr. Pinard, you put the question. What is your reply to that, witness?

By Mr. Pinard:

Q. Is it not a fact you simply took advantage of the market? I am not saying you are the only one who did— —A. Thank you very much.

Q. Is that not correct?—A. That is not correct.

Q. You gave no other reason?—A. I was not asked to bring those figures. I am going to explain this, now. We got a call on Saturday morning at eleven o'clock and we got all these figures and worked Saturday and Sunday to be here today to give you these figures.

Q. That has nothing to do with your remark— —A. But we worked; we brought these other figures.

Q. I say that has nothing to do—

The CHAIRMAN: Order, please; let the witness finish. He is explaining, and I think he is reasonable in saying he got a call on Saturday. He was asked for certain figures. He has brought those figures. I think his explanation, now, for not having the information for which you have asked is perfectly reasonable.

Mr. PINARD: Yes, I believe that.

The CHAIRMAN: Now, having said that, I think we must get your answers. You must bring that information here. You can call your firm and get that information on that point. You did say earlier to Mr. Pinard that the reason for that increased profit was due to increases in the cost of operation. You have already said that?

The WITNESS: That is correct. May I qualify it to this extent. We made 2 cents a pound more, but that does not mean we made more because that is only percentagewise.

Mr. MAYHEW: May I point out that in the week of January 3, 1948, his percentage was 13·47. For the next week, January 10, the percentage had risen to 21·28. Now, that is quite a rise.

Mr. THATCHER: Would the British contract have influenced that?

The CHAIRMAN: Let Mr. Mayhew continue.

Mr. MAYHEW: The figures are there. There was a jump of practically 8 per cent in one week.

Mr. THATCHER: Would that not be a case, again, of—

The CHAIRMAN: Please, Mr. Mayhew has the witness now.

The WITNESS: May I have an opportunity of answering?

The CHAIRMAN: Certainly.

The WITNESS: You notice the advance in the week of January 3, that is a holiday period, 13·47. Now, the quarter probably showed a loss; that is right after Christmas and New Year. We could not begin to operate on 13·7.

Mr. MAYHEW: I did not take the gross receipts because of the difference in volume but I did take the percentage because I felt sure if we took the gross receipts you would come back with that answer which you did. Therefore, I took the percentage. You had a percentage jump from 13·47 to 21·28.

The WITNESS: That has to do with what people buy right after the holiday season.

The CHAIRMAN: Are you finished, Mr. Mayhew?

Mr. MAYHEW: Yes.

By Mr. Maybank:

Q. The condition which you have described, then, continued into the next week which is the same percentage, virtually, perhaps a little more. It continued also, the next two weeks which run very nearly to twenty per cent. Whatever these conditions relating to what people buy were which you mentioned in connection with the 21·28, evidently continued throughout that month?—A. That is what we like to get. We like to get about 20 per cent.

Q. You attributed this 21·28 to some buying tastes?—A. No, I was talking about the week of 13·47, the week of January 3, and I said there was a falling off.

Mr. MAYHEW: I think some way your answer to me was wrong because this is from January 3 to January 10. The holiday period was passed. The holiday was January 1 and possibly January 2, so that you were starting your normal business on January 3.

Mr. MAYBANK: Which figure is it?

The WITNESS: That might be the week ending January 3.

By Mr. Maybank:

Q. It is the week ending according to your table.—A. Right. That is when people buy maybe a ham or maybe a turkey and have the leavings over and it reflects itself in the sales, in what they buy the following week.

By Mr. Pinard:

Q. Is it the same explanation you would give for the period of January 4, 1947, as compared to January 11, where you have an increase from 18·91 to 24·73?—A. January 4 and January 11—January 4, maybe turkeys were sold at that time. I do not know what the market provided at that time. That might have been and that would have an influence. The week of the 11th they were buying other things that would give a better margin.

By Mr. Lesage:

Q. Do you follow the retail market prices in Montreal?—A. You mean as compared with competitors?

Q. Yes.—A. Very definitely.

Q. Definitely?—A. Yes, sir.

Q. You pay the same price as others, or about the same price for your meat?—A. Approximately.

Q. You check on your competitors' prices, do you?—A. Our firm, yes, sure.

Q. What is your policy?—A. Our policy?

Q. To keep under the others?—A. As much as we can, yes.

Q. As much as you can?—A. If we can, yes.

Q. Can we draw the conclusion that when the average selling price advanced in November from 37½ cents to 47½ cents in January that your competitors' prices advanced slightly more?—A. I would say we were competitive.

Q. You were competitive?—A. Definitely.

Q. If you took a supplementary margin of 2 cents we can draw the conclusion the whole trade took at least 2 cents more?—A. I did not get your question.

Q. From November to January your gross margin went up 2 cents from 7·3 to 9·1?—A. Yes.

Q. You say that you follow the prices of other firms in Montreal?—A. That is correct.

Q. So that other firms' prices advanced also.—A. They must have because we would be competitive.

By Mr. Dyde:

Q. Excuse me a minute. Have you had an opportunity of looking at exhibit 94?—A. I have not made comparisons.

Q. I can tell you what exhibit 94 shows, Mr. Steinberg, and I think it is only fair to you that I should tell you. We have prices in Montreal of retail cuts. I have looked over your pages 2, 3 and 4, and as a general rule you are selling meat to the consumer during those periods since October at lower prices than the prices which the Wartime Prices and Trade Board have given us as being the Montreal prices.

Mr. LESAGE: That is right. That was the reason for my question.

Mr. DYDE: Probably you have not had a chance to compare it.

By Mr. Lesage:

Q. I was not blaming the witness because I know he is charging lower prices than others. Your prices are lower than the average in Montreal.—A. Thank you very much.

Q. I was drawing the conclusion that if you took 2 cents higher margin the others must have taken at least 2 cents.—A. You see, it may be unfortunate but in our practice we do not work that way. We use a percentage mark-up and it is not viewed in that light.

Q. Right. That is what I am coming to. You said your rule— —A. Our practice.

Q. That your method of pricing is based on a percentage basis?—A. Right.

Q. But would the prices of your competitors affect your method to a certain extent in certain circumstances?—A. It would to this extent, that if they were lower we would reduce our prices.

Q. You would?—A. We would.

Q. Did you at times?—A. Oh, sure.

Q. You did at times?—A. Oh, sure.

Q. Lower your prices?—A. To meet competition at all times.

Q. At all times?—A. Yes, provided we are aware of it.

Q. You do not stick rigidly to your method of pricing?—A. The method is the same except that we have got to make allowances where we have to meet competition. Your formula does not change, but we take away—it is a fixed sum minus whatever we have to take away.

Q. We can draw the conclusion that if you were sticking rigidly to your method of pricing, without taking into account the prices of your competitors, that your margin would even be higher?—A. I would not know that it would be any higher. We are satisfied with a 20 per cent gross mark-up. Where we are lower than 20 per cent it is because we are influenced by competition, yes. In other words, if we are 18 and that is because of competition then I would say that 18 has something to do with competition. I would say it would be less for that reason.

Q. When competition forces you to lower the price of certain cuts, for instance, would you try to take what is necessary to get your over-all percentage margin on some other cuts?—A. It all depends how keen that competition was, and how much it influenced the market.

Q. Suppose it does.—A. We have got to work on a safe margin. We may put the price of one thing down and advance the price of another, or may not advance it at all, but we would have competition no matter what the commodities were.

Q. Your first rule is to be competitive?—A. Yes.

Q. To try and get from the market as much as you can.—A. That is not trying to get all you can. That is trying to make a safe margin of profit and still be competitive.

Q. You take a safe margin of profit and you take all the market can bear without going out of business and keep your customers? That is right?—A. That is what it all adds up to.

Q. That is what it all adds up to. You take as much as possible but only to the point that you will not lose your customers?—A. Yes. If we took as much as possible there would be more storekeepers than customers.

Q. I know that. That is why I say as much as the market can bear.—A. That is a broad term, as much as the market can bear.

Q. But you do not want to lose your customers?—A. That has not been our practice. We believe we have given the customers the best values we can possibly afford and that is why we grew.

Q. That is your assumption?—A. No, sir, that is a fact.

The CHAIRMAN: I wonder if there is not an observation that should be made at this time. So far the evidence is that this particular company is charging lower prices than others within the area and yet he has made a profit, and a good profit.

Mr. LESAGE: Yes.

The CHAIRMAN: Whether it is fair and reasonable, high or low, that is not for me to say at the present time, but if he is lower then the others are certainly making a lot more. Are we going to let that situation run and do nothing about it in this committee? We might call it to the attention of the Wartime Prices and Trade Board. What do you say about that, Mr. Dyde?

Mr. DYDE: It would appear from my examination of this witness and my examination of the exhibits that we have, that this witness has increased his profit by way of cents per pound during the period from November to January. It would also appear that increase has been not completely maintained, but up to the time when the report finishes it has not dropped materially. It has gone down to 8·3 cents per pound. Since April 17 it seems common knowledge that prices are going up again. It would appear to me that comparing this witness' evidence with exhibit 94 that other retailers, whether independent or chains I cannot say, are reaping an even higher advantage than Steinberg's, and that there certainly should be consideration given by the proper authority as to whether proceedings might be taken under present existing law in regard to the retail prices being charged in Montreal.

Mr. THATCHER: Are you suggesting ceilings again?

Mr. DYDE: No.

Mr. MAYHEW: Under the just and reasonable clause.

Mr. LESAGE: The just and reasonable provision.

Mr. DYDE: I am not thinking of ceilings at all.

Mr. THATCHER: I am sorry, Mr. Chairman—

The CHAIRMAN: He is talking about existing law. That could not possibly mean ceilings.

Mr. THATCHER: What is the existing law? I am not a lawyer. I should like information.

The CHAIRMAN: Section 8 of the Wartime Prices and Trade Board order.

Mr. PINARD: Which states that nobody should be allowed to make an unjust and unreasonable profit.

Mr. BEAUDRY: I do not know whether Mr. Dyde's statement does not cover a very broad field into which perhaps we should not go. The figures which are supplied to us by the Wartime Prices and Trade Board include the operations of a lot of retailers who are not in the same kind of business as Steinberg's. I think it might place them in a particularly bad light, an invidiously bad light, at this

particular time. I do not think it is fair to say that because Steinberg's sell at lower prices then there is possibly an implication that his neighbour may be making an undue profit.

Mr. LESAGE: That is not what Mr. Dyde said. Mr. Dyde talked about the advance in margin in cents.

The CHAIRMAN: That is right.

Mr. THATCHER: There is one other angle I should like to get at. I have been waiting for a few minutes—

Mr. MAYBANK: Just a moment, before concluding that. There was a statement made further back and there was a bit of discussion about it at the time, and I want to see that we are clear as to what is wanted. When discussing these extra profits or larger amount of profits—Mr. Mayhew having started this—the witness said he felt sure costs of operation had gone up over the period in question. We talked a good deal about that but did not come to a definite conclusion as to what was wanted. It does seem to me if there is an additional cost of operation over any of this period, that is, from December, 1947 to April 17, that we ought to know about it and just where it is. That is one piece of information that ought to be on the record. Is it clear we are going to get that now?

By Mr. Dyde:

Q. Mr. Steinberg, I suppose you have monthly statements, have you not?—A. We keep an operating record of each individual week, yes.

Q. Could you by telephone between now and 4 o'clock obtain sufficient information from those statements to be able to give us factual information with regard to your cost of operation from November, 1947 up to the present time?—A. November, 1947?

Q. Yes.—A. I do not know that I could get it in time for 4 o'clock.

Q. Would the statements not be there for somebody to read the figures to you over the telephone?

The CHAIRMAN: Mr. Dyde, will you want him at 4 o'clock? We have another program, as you know, an executive session this afternoon. Will you want him at 4 o'clock?

Mr. DYDE: I was hoping to save his time to some extent. It would be quite satisfactory tomorrow as far as I am concerned.

Mr. LESAGE: Maybe it would give the witness a better chance to gather the information.

The CHAIRMAN: We have a program for this afternoon that we must go on with.

Mr. MAYBANK: I should like to ask this to get it clear. I am told by Mr. Mayhew, according to some figures he has put down on a piece of paper in front of him, that these gross profits indicate an increase of 47 per cent over the period in question. Would you think, Mr. Steinberg, that figure was about correct, a 47 per cent increase in gross profits?

The WITNESS: Dealing with December, 1946, and April 17?

Mr. MAYBANK: Yes.

Mr. MAYHEW: Would you think your cost of operation has jumped 47 per cent?

Mr. MAYBANK: First of all my question was, that appears to be the increase in the gross profit, and it means from the top to the bottom of this sheet. Is that right?

Mr. MAYHEW: That is right.

By Mr. Maybank:

Q. Does that strike you as being about correct?—A. The figures—

Q. If you cannot answer quickly it does not matter.—A. It is not that I cannot answer quickly. The figures are here and whatever percentage works out, but there is another question in my mind, that it cost us considerably more to do $89,000 worth of business than it did to do $52,000.

Q. The $89,000 being the last figure?—A. And the $52,000 being December.

Q. The $52,000 being the first figure?—A. Yes.

Q. You say there is no doubt in your mind that it cost you a great deal more money to do— —A. To do the additional volume of business.

Q. Do you mean per unit? I would expect to do $89,000 worth of business it would cost more than to do $52,000 worth of business.

Mr. PINARD: I do not believe so. May I be allowed to ask a question—

Mr. THATCHER: I have been waiting for half an hour, too.

Mr. MAYBANK: Just a moment.

Mr. PINARD: I think it is a wrong inference from the witness.

Mr. MAYBANK: There were too many interruptions.

Mr. PINARD: I should like to ask—

Mr. MAYBANK: Wait a moment.

Mr. PINARD: He handled the same number of pounds—

Mr. MAYBANK: Excuse me; I am asking the witness a question.

Mr. PINARD: Well,—

Mr. MAYBANK: Just a moment, please. I appreciate that all the interruptions are intended to be helpful, but all the same I would prefer not to be helped at the moment. I might have been wrong in saying that I would expect that it would cost more in the total to do $89,000 worth of business. That was the point of interruption, but at any rate the question that I was striving to ask related to this. You said you were sure it cost you more to do $89,000 worth than it did to do $52,000 worth. That is one statement you made.

The WITNESS: That is correct.

By Mr. Maybank:

Q. My question then was, did you mean by that in the whole volume or did you mean per unit or what did you mean?—A.I meant in the volume, the whole volume. There is a difference betwen $52,000 and $89,000.

Q. You merely meant to say— —A. It cost us money to do an additional $37,000 worth of business.

Q. You did not mean that it cost you more per unit?—A. No, it may not cost more per unit.

Q. Coming back to where I started I spoke of there being a probable increase of 47 per cent. You have told us that you feel sure that you have a very great increase in costs of operation. You have told us that?—A. Yes.

Q. Are you prepared to say at the moment you feel sure you can say that your costs of operation have gone up in greater proportion than your profit has increased?—A. I could not tell you that until I get the figures.

Q. You are going to get the figures on that?—A. I will get any figures that you would like to have, providing we have them.

Q. What I want to make sure of is that it is clearly understood that the figures we are after are such as will justify the statement that you have made that your costs of operation will more than account for any such increase in gross profit, without trying to tell you what figures to get, because I cannot tell you that. It is clearly understood that is what is being aimed at, Mr. Steinberg. You appreciate that?—A. For me it is not difficult. When I look at the gross percentage mark-up of 19·68 and look at the 20·30, that is my guide.

Q. I think that is where it can be left, particularly since you say that for you it is not difficult to give an explanation. Therefore I do not think it is necessary for anybody to impress on you just what it is that I, as one of the committee, would like to have.

By Mr. Thatcher:

Q. May I ask a question now? There is one point I am not clear on yet. I think Mr. Mayhew raised it a while ago. It has to do with the difference between January 3 and January 10 in the gross profits. I was wondering if Mr. Steinberg could tell the committee what storage facilities they have? Have you got storage facilities for meat?—A. None whatever.

Q. You do not store any meat at all?—A. No.

Q. You would not have any inventory appreciation that you carried over the year that would account for that difference?—A. No, sir.

Q. You cannot tell us what the difference is, how that gross jumped 8 per cent?—A. We just did not do business on a lot of items that give us our normal profit in that particular week.

Q. But you do not definitely know the reason for that.—A. Well, I can take January 3. At New Year's people buy poultry before the 1st, and they have got poultry in the house. It naturally influences our sales and the items they buy.

Mr. BEAUDRY: And yet your volume is higher for that week than it is for the weeks immediately before and after. The same phenomenon is found in the Easter week, where your volume is considerably higher both in dollars and pounds.

Mr. MAYBANK: Mr. Chairman, I am not sure if I understand clearly what you and Mr. Dyde were saying a few moments ago. I wonder if it is desired to let such a statement go out unqualified. It seems to me it was said that the evidence is this business sells lower than competitors.

The CHAIRMAN: In that area.

Mr. MAYBANK: Yes. That is not accepted as a fact as yet, is it? It rests on the evidence of this witness, and it is his honest opinion. Is that not the way the thing stands at the moment?

Mr. DYDE: Yes, and the only other source that we can turn to is exhibit 94, retail prices generally in Montreal.

Mr. MAYBANK: We have taken retail prices as shown on exhibit 94. That is an average. The prices of this witness are lower than those on exhibit 94. Then that would allow for the fact that there may be other competitors also selling lower, and a considerable number perhaps selling higher, and between them all we can arrive at an average.

Mr. DYDE: Yes. The information we got yesterday with regard to Montreal was that the prices on exhibit 94 were taken on a check of 29 independent stores and 4 chains.

The CHAIRMAN: That is pretty accurate. I think we can assume that is a fact. Exhibit 94 is a pretty carefully worked out document.

Mr. MAYBANK: All I wanted to get at was that the evidence before us would indicate that this business is below the average which is different than saying that we now accept that these prices are below all competitors. In order to get an average you may have seven people quite low and sixteen people quite high, but one of the seven cannot be singled out as being the low one.

The CHAIRMAN: That is correct.

Mr. MAYHEW: Would one of the four chain stores be Mr. Steinberg's?

Mr. DYDE: I cannot answer that.

Mr. PINARD: You got the information from the regional office of the Wartime Prices and Trade Board in Montreal?

Mr. DYDE: Yes.

By the Chairman:

Q. I wonder if you can give me an answer to these three questions. Following the removal of price ceilings on meats on October 23, 1947, there were moderate increases in the price of meats both at the wholesale and retail level?—A. Yes.

Q. How do you explain that?—A. Well, the packers advanced prices; and then the retailer must advance.

Q. What is that?—A. If the packing house advances prices—

Q. But why would he advance them, do you know?—A. Their contention was they had to advance them, their cost.

Q. That is your answer. When the United Kingdom contract prices were increased in January there were marked increases in all prices. That is understandable?—A. Yes.

Q. The result was there was an outburst of complaints by consumers all over the country, just as there is now, and legitimately so, and those were given wide newspaper publicity. Then the government announced on January 15 the intention to reimpose ceilings, and then right away there was a recession in prices. How do you explain that?—A. Consumer reaction. I do not think it was any fear on the part of the retailer or packing house. It was more that customers may have just refrained from buying at that particular time.

Q. Your explanation is consumer resistance?—A. Yes.

Q. And that is the only explanation you can offer?—A. That is right.

Q. I suggest to you it was more than that. I suggest to you the announcement itself had something to do with it?

Mr. MAYBANK: The announcement of an investigation?

By the Chairman:

Q. The announcement of the intention of the government to reimpose ceilings.—A. I could not answer that.

Q. You do not want to give an answer to that?—A. I am not in—

Mr. PINARD: Could I ask the witness—

The CHAIRMAN: Do you mind if I finish this?

The WITNESS: It would not influence our prices.

By the Chairman:

Q. It would not influence your prices a bit?—A. No. The only thing that would influence our prices is the price we have to pay for the meat we are selling.

By Mr. Pinard:

Q. There is one thing I do not quite understand. You say that this announcement was made of the possible intention of the goverment to reimpose ceilings and there was consumer resistance at that time. How do you explain that?—A. I said there may have been consumer resistance at that time.

Q. Do you not think it should have been the contrary that would occur, that there would be no consumer resistance when the government announced its intention to reimpose ceilings?—A. They may have refrained from buying because they thought the price was too high, and were looking forward to a reduction in price. That is what I mean by resistance.

Mr. MAYBANK: The answers are all speculative, anyway, are they not?

The WITNESS: That is right.

By Mr. Kuhl:

Q. May I ask Mr. Steinberg if he can give any idea of the proportion of his costs that are represented by dominion taxation?—A. I have not got that figure.

Q. You have no idea at all?—A. No.

Q. Would you say it was quite considerable?

The CHAIRMAN: He said he has no idea. How can he say it is quite considerable?

Mr. KUHL: Other witnesses have said it was quite considerable.

The CHAIRMAN: This witness says he has no idea. How can he say it was quite considerable? Having said he has no idea I think that ends it.

Mr. MAYBANK: I should like to ask a question in the same respect. It is this. I think perhaps it is fairly well in line with Mr. Kuhl's question. Does the witness favour taxation of any kind at all on anybody? Perhaps it is not necessary to answer that.

By Mr. Mayhew:

Q. Would the witness have any idea as to what percentage of his business is in smoked and cooked meats?—A. I have not that figure here.

Q. Either in dollars or in pounds?—A. No, I have not.

Mr. DYDE: I want to reiterate something Mr. Steinberg himself has said. That was that I got in touch with him first on Saturday morning last, and he did a very large job in getting these figures for us by this time. It was hard work for him to do so.

The CHAIRMAN: We appreciate that. We know he will get the other figures in equally as short a time and with great efficiency.

By Mr. Maybank:

Q. I should like to follow up what Mr. Mayhew was asking about. In view of the fact that the witness is going to get certain figures I wonder if he would be good enough to get figures with reference to any meats that are processed in any way.—A. I have made a note of that because of Mr. Mayhew's question. I have made a note of that to see if we have a breakdown.

Q. So we can estimate what proportion of the meat business is of that kind. —A. I will check to see if we have a breakdown.

By Mr. Dyde:

Q. Now, for the purpose of the record, Mr. Chairman, I think I should explain the succeeding pages of this document which has been produced by Mr. Steinberg. You turn to page No. 2, Mr. Steinberg, and there you have three columns showing your average cost of red brand beef and your average cost for blue brand beef over a period. Then, your third column, I think is estimated mark-up of all beef in a percentage?—A. Correct.

Q. It is abbreviated in the title and I thought we should have clear on the record what it was.

One further question, estimated mark-up, is not necessarily the actual mark-up which you obtained, is it?—A. That is correct.

Q. It is the mark-up which is set, but not necessarily received?—A. That is correct.

By Mr. Irvine:

Q. Does that mean you might have received more?—A. Very unlikely more because, on the basis of that estimation, the stores get the price at which to sell the meats. They are not permitted to sell at a higher price. They are given that to follow the retail price we establish.

By Mr. Dyde:

Q. He may sell at a lower price?—A. Oh, sure.
Q. But he may not sell at a higher price?—A. No.

By Mr. Mayhew:

Q. The percentage mark-up column, that would not be 18·45 on 22 or 23, that would be on the selling price?—A. That would be on the selling price.

Mr. PINARD: The other figure is your cost?

The WITNESS: It is not on cost.

Mr. MAYHEW: It is difficult for us to figure what this 18·45 would be in cents per pound.

Mr. PINARD: We would have to have the selling price in regard to the mark-up.

By Mr. Dyde:

Q. Just before we leave that page; your average cost of red and blue is set out as an average figure for each of these dates, 23 and 22, etcetera; that is 23 cents a pound, is it?—A. I think that is based on the carcass.

Q. It would be $23 per hundred?—A. Yes, on a carcass basis. It is 23 cents a pound.

Q. Coming to sheet 3, you also have columns headed "M", "U" or "M" up. In all cases that is mark-up percentage on sales, is it not?—A. Correct.

Q. Now, on page 3, under the heading, "Pork Loins", I notice that you have two columns, one headed, "Sell roast", and the other headed, "Sell chops"? —A. Yes.

Q. Would you explain why you made these columns in that way?—A. Well, the store is invoiced out at an estimated price. He is asked to sell it at 39 cents. If he is selling any chops, the differential is 4 cents, 43 cents. He is only charged at the basis of 39 cents and not the 43.

Q. And your mark-up percentage in the next column— —A. Is based on the 39 cents price.

Q. And not on the 43 cents price?—A. That is correct.

Q. Does the same apply to the columns under, "Regular hams", where you have the cost and then you say, "Sell whole", or, "Sell butt end"? —A. That is correct.

Q. That means, if your store sells the whole ham it is sold at 42 cents a pound and if the store sells the butt end, it is sold at 45 cents a pound and the margin is taken on the sale at 42 cents rather than at 45 cents?—A. That is correct.

Q. Now, you say also in your column under "Hams", cost without tax?—A. Yes.

Q. In connection with pork loins, there is no sales tax. In connection with regular hams, there is a sales tax, so you have set your cost without tax and if we were going to find what you actually paid to the packer we would have to add to the figures under that column, 8 per cent. Is that correct?—A. That is correct.

Q. On page 4, I notice that you have given us two main divisions, "Rind-on bacon", and "Rindless bacon". The rind-on bacon, is that sliced?—A. Yes, it is all sliced.

Q. So we should add there that it is sliced. Again the same remark applies, does it not, that it is the cost without the tax and, in order to find what it actually cost you there must be an additional 8 per cent added?—A. That is correct.

Q. And the column headed "M up per cent" is again margin or mark-up percentage on sales?—A. That is correct.

Q. In the general division, rindles bacon, is that rindless bacon which is sold in cellophane packages?—A. That is correct.

Q. You sell some of your own bacon in that manner?—A. Well, we sell some of it. Rindless is only 10 per cent, approximately, of our sales.

Q. And of that 10 per cent, do you sell any of your own?—A. Some.

Q. Can you say about what percentage?—A. I have not that figure.

Q. Is it fair to say that, for the most part, the rindless bacon in cellophane packages which you sell is purchased from the packers?—A. That would be correct.

Q. And again, we would have to add to the column, "Cost without tax", 8 per cent to find out what you actually paid, if you were buying that bacon from the packer?—A. That is correct.

Mr. LESAGE: Are you leaving that page?

Mr. DYDE: Yes.

By Mr. Lesage:

Q. May I ask one question? For instance, the cost of bacon on April 3, 56 cents. Would this be the price you paid to the packers for sliced, wrapped bacon?—A. Which line 56 are you talking about?

Q. April 3—A. You are talking about rindless?

Q. Yes?—A. 56 plus tax.

Q. It comes to the store all wrapped?—A. Half-pound packages, yes.

Q. 56 cents plus tax would be 60 cents, about?—A. About that.

Q. That means you charge, for a half pound, about 8 cents just to receive the half pound in cellophane and deliver it over the counter to the customer?—A. We do not do that.

Q. You do not deliver it over the counter?—A. No, sir.

Q. What do you do?—A. They help themselves.

Q. So you charge 8 cents— —A. For giving the customer that privilege.

Q. For giving the customer the privilege of picking up a half pound of bacon, you charge him 8 cents?—A. That is correct.

Q. Did you ever break down the cost of that service to the customer?—A. No, sir.

Q. It is not 8 cents?—A. It could not be.

Q. How much would it be?—A. You have just asked the question, and I said I did not know. We do not break it down into individual items, it is too costly.

By the Chairman:

Q. It does not cost 8 cents?—A. No.

Q. Then, why do you charge that much?—A. Because we take the over-all sales and the over-all cost of doing business.

By Mr. Lesage:

Q. Did you break down your profit on meat sales for last year, for instance?—A. You mean separate the cost of the other items?

Q. Can you give us a statement of the operations of your meat department?—A. Well, you see—

Q. A separate statement?—A. Well no, because it is all part of the cost. You see, we show you our profit on the basis of what we do and what we estimate our mark-up to be; that gives us our profit. We do not allocate, separately, the actual cost, the over-all cost of operation on the meat department.

Q. You would not do that?—A. We do not do it. If you were to go into one of the stores and shop, you would buy bacon, fruit and groceries, and it is an over-all cost. It is not separated.

Q. You do not separate it?—A. No.

Q. You have no idea if you are working on a general profit in your meat department or not?—A. We do get that.

Q. You have your margin, I know, but you do not know that this— —A. We do not break it up as you are trying to get at it at this moment, no.

Q. You never know whether it would be fairer to take a lower margin on meat and a higher margin on something else to compensate?—A. We do not know that. We are always working to lower the mark-up on meat and if the prices continue to be as high as they are, it would be much lower than we would even like.

Q. It would have to be because, otherwise, you won't be taking a profit? —A. Otherwise, we won't be doing business.

Q. Because it is not reasonable and the consumer is right in thinking so? —A. I think so, too.

By the Chairman:

Q. You think prices are not reasonable?—A. We think prices are too high.

By Mr. Kuhl:

Q. In comparison with what?—A. In comparison with what they have been accustomed to paying.

Q. It is not related to cost. Costs are not mentioned in that statement.

By the Chairman:

Q. Mrs. Consumer is the one who can tell you what the comparison is. The comparison is with what she formerly paid. You say now that prices are unreasonably high?—A. Unreasonably high.

Mr. KUHL: Compared with prices in the past.

The CHAIRMAN: Oh, yes.

By Mr. Pinard:

Q. You mean as compared with what the consumer was paying, or do you take into account the costs?—A. No, I am talking about what the consumer has been accustomed to paying for meat products.

Q. When you take into consideration the increased cost, you say the profit is not higher than it was before?—A. No, percentagewise, it is not higher. In fact, over an extended period of time, it is lower.

By Mr. Fleming:

Q. How do you account for the spread in the mark-ups over the periods shown on these pages. There is quite a spread in your percentage mark-up. Take page 4, for instance, your mark-up ranges all the way from 6·90 per cent right up to 22·3 in the fourth column. Then, in the seventh column, the last column, the range is not quite so striking. The lowest I see is 12·8 on January 18 and a high of 23·30 on October 18 and October 25?—A. I am sorry, I did not follow you because I have been looking at the wrong column.

Q. I direct your attention to the high and low figures in the fourth column. The lowest seems to be on March 6, 6·90 and the highest seems to be 22·38 which continues for the three weeks October 4, 11 and 18. Then, in the seventh

column the low seems to be 12·48 on January 18 and the high seems to be 23·30 on October 18. There is 23·24 on January 24. How do you account for these fluctuations; that is quite an area of fluctuation in a percentage mark-up? —A. Well, go back to the first one, here, 22·38 on October 18, rind on bacon; that is the first figure. The percentage mark-up to be obtained has much to do with the available supply of bacon. At the time, I would think from the mark-up being obtained that the bacon at that particular period was on the short side and was readily sold on that basis. If we go down to the 6·90, bacon may have been in plentiful supply and in competition or the anticipation of even lower prices, we would adjust our prices accordingly in order to obtain volume.

The CHAIRMAN: May I suggest to you, Mr. Fleming, that we had this difficulty with the witness. He is saying, "may", and that is not good enough. We have not been satisfied with his—I should not say with his responses. He did, in a very short time, prepare a lot of material but he did not prepare the material which the committee wants. He has been asked to bring back more information. I suggest, to properly answer the questions he will have to have more material. What may have been is of no benefit to us. We want to know why.

Mr. FLEMING: I think the committee will want concrete information of a general nature to explain why you have these very wide fluctuations in your percentage mark-ups.

Mr. BEAUDRY: I think Mr. Fleming is directing his attention to what seems to me to be a misprint, in relation to that 6·90. If the cost is 50 cents and the selling price is 62 cents, then his mark-up is not 6·90 per cent.

Mr. IRVINE: Where is this 6·90?

The CHAIRMAN: In the fourth column on page 4.

Mr. FLEMING: If you go to April 10, the figure is 7·67.

Mr. BEAUDRY: That seems reasonable because the selling price is 62 and the cost is 53.

Mr. LESAGE: There seems to be an error in the figure for March 15 and the figure for March 20.

Mr. PINARD: This is very difficult for the reporter. There should be a question asked on this, should there not?

Mr. LESAGE: I am just pointing out there are some mistakes in the working out of these percentages.

The WITNESS: I do not know where the mistakes were made.

The CHAIRMAN: I think we ought to permit Mr. Steinberg to secure the information for which we have asked. Then, we can get answers to our questions. It must be quite apparent to others who are to come or those who have been here and may be recalled, that we mean to get the answers.

Mr. MAYHEW: Would it be possible to have this column on this sheet show the net profits, either in dollars or percentages?

The WITNESS: Separate for the meat department?

By Mr. Mayhew:

Q. Yes.—A. No, we did not break it up that way.

Q. How did you get these figures?—A. Because we estimate the price. We do not charge the department with the operating charges of the store. In

other words, as I explained to Mr. Lesage earlier, if you went into the store, the light service, the check-out and all the other operations are not divided up.

By Mr. Pinard:

Q. That is not charged at all in your last column?—A. No, that is a gross mark-up and the expenses of doing business are deducted from that.

Q. In relation to the total sales of your store?—A. We would not know, definitely, whether the proportions we charge percentagewise would be actual.

The CHAIRMAN: The committee will adjourn now until four o'clock this afternoon.

The committee adjourned to meet again at 4.00 p.m.

AFTERNOON SESSION

The committee resumed at 4 p.m.

The CHAIRMAN: We are not going back to the bread inquiry at this stage, but we are going to take advantage of today's arrangements before the executive session to put on the record the evidence of Dr. Pett with regard to the bread examined by him and his colleagues. Dr. Pett has to go away on an extended departmental visit, and so as to make his evidence available we are calling him at this time. I think he has a very interesting story to tell us.

Dr. L. B. Pett, Chief, Nutrition Division, Department of National Health and Welfare, called and sworn.

By Mr. Dyde:

Q. Dr. Pett, would you give the committee your official position, please?—A. Mr. Chairman and gentlemen, I am chief of the nutrition division of the Department of National Health and Welfare.

Q. And your branch had occasion to make a report on bread at the request of the committee, and the report was made up by you and the officials of your branch. Is that correct?—A. An analysis was carried out by the laboratory services of the department, and reported to me for nutritional interpretation. It is not quite the same as saying they were made up by my branch. It is a minor point because we work together as one department.

ANALYSIS OF LOAVES OF BREAD MENTIONED IN EVIDENCE

The attached table was prepared by the Laboratory Services. Food and Drug Divisions, Department of National Health and Welfare, at the request of the Special Committee on Prices.

Particulars shown in brackets are those which have been added by the Secretariat of the Committee to conform with the evidence of witnesses who have appeared before the Committee. In explanation of this it should be noted that the particulars were not always apparent to the inspectors who purchased the bread.

Lab. Number	Manufacturer (10 cent loaves)	Brand	Sold by	Price	At	Appearance and texture	Original weight of loaf	Moisture	Analysis on dry basis						Calories per loaf as received
									Ash	Fibre	Protein	Fat	Carbohydrate (by diff.)	Calories	
							grams	%	%	%	%	%	%	%	
A1988	Dominion (General Bakeries)	Richmello	Dominion Stores	0.10	Toronto	Satisfactory	699	37·8	2·9	0·2	16·4	2·6	77·9	401	1,743
A1999	Standard Bread	White (Dominion)	Dominion Stores	0.10	Ottawa	Satisfactory	710	34·1	3·0	0·2	16·7	3·0	77·1	402	1,881
A2001	Dominion (Inter-City)	White (Dominion)	Dominion Stores	0.14 (0.10)	Montreal	Satisfactory	710	36·1	3·0	0·2	16·7	4·6	75·5	410	1,860
A2061	Steinberg's (Richstone)	Big City	Steinberg's	0.10	Montreal	Satisfactory	694	35·9	3·0	0·3	15·9	3·6	77·2	405	1,802
A2064	Wonder Bakeries	Table Queen	M. Wolfe	0.10	Montreal	Satisfactory	665	35·9	2·1	0·3	15·0	5·0	77·6	415	1,769
A2083	Loblaw's (Canada Bread)	Cottage	Loblaw	0.10	Toronto	Satisfactory	677	25·8	2·1	0·3	16·2	3·9	77·5	410	2,060
A2085	A. & P.	Ann Page	A. & P.	0.10	Toronto	Satisfactory	707	36.6	2·1	0·1	15·7	4·8	77·3	415	1,860
A2088	Regal Bakery	Regal	Regal Bakery	0.10	Hull	Satisfactory	660	36·8	1·3	0·3	15·5	6·8	76·1	428	1,785
													(Average	411	1,845)
A1985	Weston's (14 cent loaves)	Enriched White	Dominion Stores	0.14	Toronto	Satisfactory	716	39·6	3·3	0·31	15·9	4·3	76·2	407	1,760
A1986	General Bakeries	G.B.	Dominion Stores	0.14	Toronto	Satisfactory	715	38·7	3·3	0·3	15·5	4·4	76·5	408	1,759
A1987	Christie's	White	Dominion Stores	(0.14)	Toronto	Satisfactory	718	36·4	2·9	0·3	15·6	5·1	76·1	413	1,886
A2004	General Bakeries	Canada Cream	Dominion Stores	0.14	Montreal	Satisfactory	648	36·3	2·6	0·2	16·2	4·4	76·6	411	1,696
A2005	General Bakeries	Excel	Dominion Stores	0·14	Montreal	Satisfactory	690	30·4	2·2	0·3	16·2	3·1	78·2	406	1,949
A2006	Inter-City Baking	White	Dominion Stores	0·14	Montreal	Satisfactory	648	31·3	2·6	0·2	16·8	3·5	76·9	406	1,807
A2012	Harrison Bros.	Silver Bell	Dominion Stores	(0.14)	Montreal	Satisfactory	672	36·9	2·7	0·3	15·4	5·6	76·0	416	1,764
A2063	James Strachan	Royal Ideal	Epicerie Ideale	0.14	Montreal	Satisfactory	676	37·0	1·9	0·2	15·0	4·9	78·0	416	1,771
A2121	Strachan Bros.	Blue Ribbon		0.14	Montreal	Satisfactory	664	34·7	2·1	0·2	15·0	4·0	78·7	411	1,784
A2122	Pain Supreme	Bleu Blanc Rouge		0.14	Montreal	Satisfactory	696	36·4	2·5	0·2	15·3	3·3	78·7	406	1,797
													(Average	410	1,797)
A2089	Canada Bread	Majestic	Canada Bread	0.11	Ottawa	Satisfactory	666	38·0	1·5	0·3	16·0	2·2	80·0	404	1,668
A2062	Canada Bread	White	Steinberg's	0·12	Montreal	Fair	688	37·1	2·1	0·3	15·6	4·3	77·7	412	1,783
A2087	Galla's	My-T-Fine	Galla's	0.13	Ottawa	Satisfactory	718	35·9	2·0	0·3	15·7	5·7	76·3	419	1,928
A2090	Rideau Bakery	Unwrapped	Rideau Bakery	0.13	Ottawa	Satisfactory	693	32·8	1·2	0·3	15·6	3·5	79·4	412	1,919

By Mr. Dyde:

Q. Would you please look at the table? I think it will be necessary to go over one or two items in detail so we will understand the table. I see the first column is the lab. number. That is an identification number, is it?—A. That is correct.

Q. Then the name of the manufacturer comes in the next column, and there is an explanation there, gentlemen, which appears on the cover paper. Certain items have been added to this since it came to the secretariat from the analyst. The secretariat thought it would be convenient to make small additions to the table. You will see an addition under the heading "Manufacturer", "10 cent loaves" in brackets, and halfway down the page you will see "14 cent loaves" in brackets. That was put in by the secretariat as explanatory, and I think does not detract from the analysis itself. You will find other places where words have been put in in brackets, and they in each case have been put in by the secretariat. The next column is the brand of bread, Dr. Pett—A. It is the name attached to the bread for purposes of selling it to the public by the manufacturer, or by the store merchandising it.

Q. Then there is a column headed "sold by", and that is self-evident, I think. —A. That refers to where the inspectors of the department purchased the bread according to the regulations under the Food and Drug Act.

Q. And the column headed "price" is the price which the inspector paid? —A. Yes. There are two or three brackets inserted here in which there is apparently a difference of opinion between our inspectors and the secretariat. There is one especially, the third item in the list. There is a difference between the secretariat and what the inspector recorded as the price of the bread.

Q. I do not think it is very material, but the secretariat after investigation thought there must have been an error there, and so the price of 10 cents has been put in although the inspector reports he paid 14. Then further down in the same column you will find that there are two other prices in brackets, 14 cents, and those are inserted in places where there was no price.—A. That is correct. The inspector had not recorded the price.

Mr. MAYBANK: In that third item is it the price that is in brackets that was paid or the price not in brackets?

The CHAIRMAN: Fourteen cents was paid.

By Mr. Maybank:

Q. Fourteen cents was paid and 10 cents was what you thought should have been paid?—A. That is correct.

By Mr. Dyde:

Q. Then the next column is the place at which the bread was purchased? —A. That is correct.

Q. Then you begin remarking on the bread from there on, I think. Perhaps you would be good enough to carry through your remarks on the first loaf of bread, that is the Richmello loaf, which is laboratory number A-1988, and explain to the committee what the rest of your terms mean.—A. Under appearance and texture, the loaf of bread is cut with a sharp knife and simply looked at. The appearance refers primarily to evenness of the size of the gas cells, that is, the cells of the bread. If there are very large holes just under the crust it is not considered satisfactory. It is noteworthy that only one loaf in the whole list was down-graded on the basis of having such large air cells in the loaf that it was not considered satisfactory. If the texture is in any way ununiform, that is, if there are tremendous variations in the size of cells, even if there are not large holes, that would also be a reason for grading it down. Appearance and texture are a matter of judgment when the loaf is first cut.

By Mr. Maybank:

Q. May I ask a question? Did you just examine the first loaf that was bought? Is that the extent of the examination, just one loaf?—A. Yes.

Q. Just for illustration it could be that one obtained a loaf that was poorer than the usual loaf of that particular organization. Would that be correct?—A. That is certainly possible.

By the Chairman:

Q. Did you only examine one loaf of each brand?—A. Yes. There are actually three loaves purchased. Only one is examined.

Q. What do you do with the other two?—A. One is wrapped up, sealed and left with the merchant from whom it is purchased. It is under seal. The second one is wrapped up and sealed and kept in the laboratory of the department. In case this committee or any one else questions the analysis it will be unsealed. The third one is analyzed. That is the regular procedure, and therefore only one was actually examined, as indicated here.

By Mr. Dyde:

Q. Would you go to the next column, please?—A. The loaf of bread is then weighed, and since this is a scientific investigation it is weighed in grams and not pounds and ounces. These are pound and a half loaves, and I feel it necessary to call the attention of the committee to the fact that all loaves concerned are pound and a half loaves. This is significant for two reasons. First of all in western Canada the pound loaf is the standard size of loaf, not a pound and a half as in eastern Canada, and therefore this should be appreciated. Secondly, there are 10-cent loaves on the market in eastern Canada which weigh only one pound.

By Mr. Lesage:

Q. Quebec?—A. And here in Ottawa, too. Therefore those are not concerned. Those are not referred to in the 10 cent loaves. Those are all pound and half loaves of bread weighing approximately, as indicated in this first case, 699 grams. I think the committee has to keep in mind that there are other 10-cent loaves of bread weighing only a pound and therefore only two-thirds of the weight of any of these samples taken.

By Mr. Harkness:

Q. How many grams are in a pound and a half, by the way?—A. Well, it is approximately 700, as you can guess from any of these figures here, but curiously enough there is a slight difference of opinion on this. A pound weighs 454·26 grams, according to most people. We have a little argument with the Americans on the decimal place. That would actually work out to 681 grams for a pound and half. It would be about 681 grams would be accepted as a pound and a half.

Q. I was really wondering how much overweight some of these loaves ran because there is some difference. In fact, there is a difference of 50 odd grams?—A. Yes.

By Mr. Thatcher:

Q. And some of them are under weight?—A. Some of them are under weight.

By the Chairman:

Q. Moisture?—A. The moisture content has to be determined because, of course, it may have varied. Some of these samples were taken in Toronto and other places, and we have to reduce everything to a dry weight basis in order

to give it a proper chemical analysis. The moisture content is then accurately determined, and the following analyses are specially labeled "Analysis on dry basis" because those are then strictly comparable. Any difference in moisutre does not enter into it.

In the next column the figure is for ash, and is obtained obviously by incinerating a weighed sample. That has some interest to bakers and millers, but comparatively little significance nutritionally at this point.

Fibre is also determined. Fibre is simply the indigestible residue that cannot be digested in the body. Those two have to be determined along with the moisture in order to get an accurate estimate of the protein and the fat which are the next two columns.

Protein, as I am sure you all know, is the nitrogen-containing part of any foodstuff which contains nitrogen, and is essentially for growth and for repair of tissue.

Fat is the next column, and on the basis of the protein analysis and the fat analysis and the fibre analysis and the ash, those four are subtracted actually from certain figures and the next column is labeled "Carbohydrate by diff."—that means "by difference", carbohydrates by difference—is obtained by taking a certain total value and subtracting the values that have been obtained in the previous four columns. Carbohydrates are extremely difficult to analyse directly as carbohydrates, but they may be analysed for by doing the other four analyses actually easier than doing it directly, and then taking the difference. The protein, fat and carbohydrates all contribute to the food energy or calories. Calories are a scientific way of measuring energy or food value. fuel value, if you want to call it that, and the calories are calculated from the three previous columns, and yield the result, as in this first example, of 401 calories.

Then there is some interest in expressing this in the way that you or I a housewife would buy a loaf of bread in other words, get it back to the loaf of bread purchased in the store. Therefore the last column has been recalculated entering the moisture content that was first observed and gives the total number of calories per loaf as it was purchased with its fat and with its moisture and anything that it happened to have. This then is a comparison of the bread on the basis that would be made at the purchase.

By the Chairman:

Q. For our purposes the last column is the one to watch?—A. Either of the last two columns give substantially the same results. They refer to calories. Scientifically we would refer to the one on the dry-weight basis, but since one is derived from the other there is no reason for disregarding one in place of the other. Either of the last two columns are the significant columns.

By Mr. Thatcher:

Q. Would these 14-cent loaves be wrapped?

Mr. PINARD: We had all that.

The CHAIRMAN: We are not going to go into this very carefully. We are getting the mere nutritional value or equation of these loaves. We are not going beyond that.

Mr. PINARD: We spent about six weeks on bread .

Mr. THATCHER: I was not on the committee.

The CHAIRMAN: The evidence is there. Let us not get into that.

By Mr. Harkness:

Q. I do not understand your last statement. Looking at the sixth one down the number of calories per loaf is 2,060, but the calory percentage, whatever it is, is only 410. Then immediately above it and below it there is 415, but the calories

per loaf are similar in each case. What is the relationship between this calory percentage and the calories per loaf, because it would look as though the loaf with 2,060 had less on a percentage basis.—A. That is quite correct. The difference is to be found in the moisture column towards the middle of the sheet. The percentage of moisture in the loaf with 2,060 calories is 25·8 per cent, and the one immediately above it is 35·9 per cent. Immediately you have in one loaf 10 per cent more water that is being obtained, and therefore the figure of 410 calories on a dry-weight basis refers to a percentage or amount, or any unit you like, of dry weight. There is more dry weight in that loaf of bread because the bread was drier. There is less moisture. Therefore you have to multiply that 410 by a larger figure because there was more actual chewing material there than in the other loaf. The final column is actually what you get out of the loaf of bread as purchased, and as the chairman has suggested is perhaps the truer representation.

Q. That is what I was getting at. The last column is the one we should refer to to compare one loaf with the other.—A. I think so.

By the Chairman:

Q. It looks as though the 10-cent loaf comes up pretty good. In fact, in one instance it is on top.—A. Not only that, but the average calory value per loaf of the 10-cent bread is slightly better than the average value of the 14-cent loaf of bread, and it is therefore a better buy. It gives you more fuel value.

By Mr. Thatcher:

Q. Even if the loaves were the same price.—A. Even if the price was the same the average is slightly better, but the price being different it is clearly better.

By Mr. Fleming:

Q. Dr. Pett, I do not understand your method of expressing percentage in the second last column. That is not percentage.—A. It is not percentage, no. Calories are units and they are calculated from the three previous columns, protein, fat and carbohydrate on a dry-weight basis, but since the three previous columns are on the basis of weight per 100 grams when you calculate the caloric units you really have calories per 100 grams, the three previous ones having been on that basis. Therefore in effect you are saying that there are, for example, in the first one on the list, 401 calories per 100 grams dry weight, but that is the amount of dry weight in the bread. Now you go back to the original loaf of bread, and it has a variable amount of moisture which has to be corrected for, and that has been done in the last column. The last column represents a mathematical calculation referred back to the original weight of the loaf which varies in each case, and the original moisture content which varies in each case. That is why those two columns do not correspond exactly because the original weight of the loaf varies slightly in each case, and the moisture content varies slightly in each case.

Q. In arriving at the average you have spoken of for the 14-cent loaf and the 10-cent loaf you just balanced those out, took one loaf from each group, did you, one loaf of each kind? There is no atttempt to weigh these at all?—A. No, no attempt.

Q. In the first group in the third line you have a loaf there with two prices.

Mr. LESAGE: That was explained.

The WITNESS: That has been explained on the basis that our inspector stated—it might have been a clerical error—that he paid 14 cents, but subsequent investigation by the secretariat of this committee shows that bread is sold normally at 10 cents, and we are prepared to admit that it might have been a mistake in writing down the figure or in some other way.

By Mr. Fleming:

Q. You did not take that into your average?—A. Yes, that is averaged.

Q. Your average of 1,845 includes that one item, too?—A. Yes.

Q. You included that?—A. Yes.

Q. Then, down at the bottom of the page why do they not attempt to take an average with the others?—A. They are different prices, 11, 12 and 13 cents.

Q. Did you find a different quality as to those?—A. No. They come within the same range as the others. One of them was knocked down on appearance and texture, and the others were not. There is no difference in those four loaves. It happened they were a different price. There was a large group at 10 cents and another large group at 14 cents and those two were averaged to give the widest spread, and these others fall in between.

Q. I was wondering about the basis of selection of particular loaves. Did you analyze one loaf in each group or did you work out—

The CHAIRMAN: He has already explained all that. We have had all that. Let us not repeat it.

Mr. FLEMING: I am sorry, but I was not here.

The CHAIRMAN: I know, but we have had all that. We have got a big afternoon. I do not think we should repeat it.

By Mr. Pinard:

Q. Am I stating something you have said or something that comes out of your analysis when I say that the nutritional value of the 10-cent loaf is superior to the 14-cent loaf as you have experienced it? Am I correct in stating that?—A. On the basis of these figures there is a slight superiority in the 10-cent loaves over the 14-cent loaves.

Q. In nutritional value?—A. In nutritional value, in fuel value only. I hesitate to say it is superior because the difference is only 48 calories which we would not consider as very much. They are certainly equal, with a slight superiority. That is the way I would express it.

By Mr. Thatcher:

Q. Then the customer who buys the 14-cent loaf is really being taken for a ride. That is what it amounts to?—A. That is outside of my ability to say.

The CHAIRMAN: We will have to go into that.

Mr. PINARD: It would certainly appear that way.

By Mr. Maybank:

Q. You are quite satisfied, at any rate, that there is equality between the two nutritionally?—A. It is obvious there is equality in the caloric value between the two.

Q. Now, if one says to you would you say that there is equality between these two loaves nutritionally and you respond, "yes, in calory value" is that the same as simply saying "yes", or have you given an answer that is not quite responsive to the question. Is there any difference by the introduction of that phrase by you?—A. Yes, there is. Nutrition is concerned with a little bit more than calories. Nutritional value might refer to other considerations. For example, beef steak is important for its protein value. Bread is important fundamentally for its calory value. It is the mainstay particularly in poorer homes. It is not just something to fill you up with but to give you energy, what I have called fuel value necessary to do your work. That is the preeminent purpose of bread. It is the great blessing of cereals through the whole history of mankind. Therefore, nutritional value, as I have said, could cover other considerations if you wish to make it, but so far as bread is concerned I feel that most

of the important aspects of nutrition are covered when you reach the conclusion, as shown here, that the calory value is equal or even slightly superior in the 10-cent bread. That is the important point, but there is a reservation in my mind with regard to it.

Q. That is a complete answer to my question.

By Mr. Pinard:

Q. I notice you have put together appearance and texture and I also notice it appears to be satisfactory for all loaves except one, the third from the last, Canada bread, white, Steinberg's, sold at 12 cents. Why do you make a distinction? What is the distinction between fair and satisfactory?

Mr. LESAGE: That has been covered.

The CHAIRMAN: Are there any other questions?

By Mr. Fleming:

Q. Is there any relationship between calory content and flavour?—A. No.

Q. In other words, a loaf that might be slightly lower in calory content might to some people have a better flavour. Is that possible?—A. It might be, but I do not think there would be any correlation between the two. The flavour will depend entirely upon the formula that is used in making the bread plus the treatment it has received, how long it is baked, what kind of oven, how it has been handled since. Flavour will not vary with the calories.

Q. We were told in the evidence that some of the bakers had improved their formula since materials became available. Your study would not enable you to make any comment on that?—A. A baker when he says he has improved his formula usually means that he has added a little more sugar, or malt or fat, which makes it a little easier to bake, first of all. He adds a little more yeast food, or a little more yeast or in some other way makes it fundamentally a little more easy to handle, makes it keep a little bit longer without getting dry, or in some other way contributes to his method of doing business. It does not affect the calories materially as this shows.

By Mr. Lesage:

Q. It does not affect the nutritional value?—A. It does not affect the nutritional value except in two cases. If he added milk to the bread in any appreciable amount that would affect the nutritional value and some of the other values besides calories, but even then it is only a bonus. It is not the important point.

Q. What about yeast?—A. No, there is an automatic limit. You cannot add more yeast and still control fermentation of the bread. That is within narrow limits. The only other thing you could add is that you might be able to alter the kind of flour you use. These are all white breads. You could use whole wheat flour or something like that.

By Mr. Thatcher:

Q. I notice there are five of the 14-cent loaves that are under weight, some of them considerably, and three of the 10-cent loaves. For instance, there is one here in the 14-cent loaves that is 648 grams. Does the department take any action when they find that a loaf sold as a pound and a half loaf is under weight? Will the Wartime Prices and Trade Board check that up? Is it not against the law to sell a pound and a half loaf under weight?—A. It is.

The CHAIRMAN: It is against provincial statute.

The WITNESS: It is a provincial and municipal statute, municipally enforced.

The CHAIRMAN: Must be sold at not less than 24 ounces.

The WITNESS: The department has no jurisdiction on this point at all.

Mr. THATCHER: This one is 648 grams. That is quite a bit under.

The CHAIRMAN: Any other questions?

By Mr. Harkness:

Q. I notice the first bread measured here has a fat percentage of 2·6 and the last one of the 10-cent loaves is 6·8, nearly three times as much. Does that increase in the fat first of all improve noticeably the taste or appeareance of the bread, and secondly is it much of an advantage? Apart from the calorific content of the whole thing, protein, fat and carbohydrates together, is there much advantage to have a higher fat calorific content than carbohydrates, we will say, as you have analyzed one bread as compared with the other?

The CHAIRMAN: Counsel has told me that the word is not calorific. It is caloric.

The WITNESS: Both are correct. The high fat content has no particular advantage except in so far as it makes a difference, as I have just mentioned, that it is a little easier to mix the bread in the first place. It keeps a little bit better owing to the fat content.

By Mr. Harkness:

Q. It does not dry out as fast?—A. It does not dry out quite as quickly, and it will produce a finer texture, that is, a slightly smaller hole, pore size. These are points which in my personal experience the average housewife is never aware of at all except possibly staling. That would be of interest, but this spread here would just scarcely affect that. It would not be very readily noticeable. In other words, from the standpoint of the housewife I do not think that is much of a gain except calories.

Q. As I remember it the evidence we got was that some people said that the price of their bread had to go up because they were putting a great deal more fat in it now than they were during the war. That was one of the factors that was given as a reason for increasing the price. That was really why I asked what effect that difference in fat content had, both from the point of view of general appearance and flavour, and so forth, and also from the point of view of its perhaps being better to buy more fat calories for your money than carbohydrates.

Mr. IRVINE: Do we not get that from the results given here?

The WITNESS: Nutritionally I do not think it makes that much difference. I fully believe it makes a difference to the baking trade generally in conducting their business in the way I have mentioned.

By Mr. Mayhew:

Q. It helps the appearance. It will brown better and give it a better color.—A. Yes, it will change the crumb color. If the particular customers you deal with want a particular shade you can provide it.

The CHAIRMAN: Any other questions?

By Mr. Merritt:

Q. I have one question I want to ask with regard to the moisture content. There is one of these loaves, the Loblaw loaf, that has a moisture content of only 25·8, and I see that has the result of putting its final calorific value away up. Would that occur in every loaf of that batch upon which you experimented, or could that be in just that one loaf?—A. I have no way of saying whether that occurs uniformly or not. It could occur regularly because it is

possible to control exactly how much water you add to the flour, and therefore how dry your bread is going to be in the end, and it may be it does happen in various bakeries that they bake to a lower moisture content. That could be, but I have no evidence to show whether that was the case here, or whether this happened to be a loaf that was, for some reason, dried out. We, of course, would not know this figure until some weeks after the bread was taken, and it would be pretty difficult to get back and find out.

Q. Now, is it a fact that as you decrease your moisture content you increase your final calorific value of every loaf?—A. Provided your weight remains the same.

Q. And is there any scientifically known lowest limit to the moisture content?—A. Yes, there would be although it can vary within very wide limits. The long French bread is a good example of a very dry loaf. The moisture content of those long loaves may be as little as about 12 per cent. Then you can get up to the various special loaves, often specially shaped, that will have 40 per cent. Provided the final weight is a pound and a half to satisfy the provincial statute there is a very wide variation in the amount of dry matter that you can have in a loaf of bread.

Q. Would the 12 per cent moisture content loaf be a much harder loaf to bake than the higher moisture content?—A. It takes longer. You have to bake the water out of it to some extent.

Q. And of these various columns you have here, in arriving at the final column, calories per loaf, which column has the most weight in arriving at the final column?—A. I am afraid they all enter into the final column.

Q. But which one, original weight, moisture, ash, fibre, protein, fat or carbohydrate, which of those various columns has the most bearing on the final result?—A. Protein, fat and carbohydrate are the three important ones because they are what form calories. They are what provide energy in the body, so that those are the three items that are actually the most important, but they have then to be adjusted for the original weight of the loaf and moisture content of the loaf. I cannot get it any better than that.

The CHAIRMAN: Is that all?

By Mr. Fleming:

Q. Dr. Pett, you based this on the analysis of one loaf of each kind. Having regard to what you have said about the possibility of variation between different loaves even in the same batch or the same bake, do you not think your experiment would be more scientifically reliable if you had made it an experiment on a wider basis taking a few more representative loaves of each brand, perhaps of the same bake or different bakes spread over intervals. I was wondering how far it is fair to select one loaf as typical of the whole brand of which they are turning out tens of thousands each day?—A. I think that would be quite correct, sir. It would be more accurate to replicate, as we say, these results many times if you wanted to represent accurately the bread produced by any one company. But, you have here, in effect, by averaging all these different 10 cent loaves, you have the same effect as having taken eight or ten different samples of 10 cent loaves of bread. You have, in fact, by averaging these and, if you consider the average of one group of 10 cent loaves against the average of the other, you have a figure which I would accept as scientifically quite good because taking ten samples would be a good sampling job. If, however, you want to pin this figure down to one particular manufacturer, then it is not fair to do so entirely on the basis of one loaf of bread that was sampled.

Q. What you are saying, in effect, is that you are conducting your experiment with a view to comparing the relative qualities of the 10 cent loaf and the 14 cent loaf?—A. That is what we understood.

The CHAIRMAN: We were not trying to advertise a company.

By Mr. Fleming:

Q. May I finish my questions without these interruptions? Then, you say, because there were eight 10 cent loaves, that makes it fair; because there were eight of these and, in the case of the 14 cent loaf there were ten of them. Therefore, you have an average over ten which makes it fair?—A. That is right.

Q. Did I understand you to say it would not be fair to treat this as a representative report of the quality of each of the individual brands shown here?—A. It would not be fair to assume that this is necessarily representative. It might be, but we do not know.

Q. That is the point I want to make. This is going out to the public. It might be taken as a scientific determination of the relative calory content of these various brands. As I understand what you are saying, it is a basis of comparison between the 10 and 14 cent loaves?—A. That is right.

Mr. MAYHEW: Mr. Chairman, I think we should, rather than do anybody any harm in connection with this, point out that the 10 cent bread is sold in the stores and not off the wagon. The 14 cent loaf is sold off the wagon.

The CHAIRMAN: Some of the 14 cent bread is sold in the stores, too. I think Mr. Mayhew is right, the 10 cent loaf is not sold off the wagon, but the 14 cent bread is sold both off the wagon and in the stores.

Mr. MAYBANK: The 10 cent loaf is always a cash and carry proposition.

By Mr. Fleming:

Q. I wanted to ask the witness a question in connection with an analysis he made some time ago as to the food list for the Canadian family. Would you tell us something about that analysis you made?

The CHAIRMAN: We have an agenda. We did not call the witness for that purpose. We have called him on the bread question. We have arranged for the steel man to be here and we are not going to have enough time to discuss that. We can come to it later, but no now. That is not part of the agenda.

Mr. FLEMING: The witness is here.

The CHAIRMAN: We have to proceed in an orderly fashion. We have decided on this course. We only called the witness to deal with this bread question. We have decided on a course and one member of the committee should not deviate from it. We would never be able to carry on. I would ask you to ask for that information later.

Mr. FLEMING: I think it is germane to the subject of our inquiry at the moment.

The CHAIRMAN: It has nothing to do with the caloric value of the 10 cent and 14 cent loaves.

Mr. MAYBANK: It would have been germane to the inquiry to have asked about butter when Mr. Christensen was here talking about cabbages or something like that, but it would not have been a proper question at the time.

Mr. FLEMING: When will Dr. Pett come back to tell us about that? The question was raised at an earlier meeting.

The CHAIRMAN: He will be available later, in about a month's time. It could be taken up after we finish textiles, feeds and grains and fertilizers.

Mr. MAYBANK: In about ten days, wouldn't it be?

The CHAIRMAN: Let us not lose any time, we have so much to do before six o'clock.

Mr. FLEMING: I do not want to stand in the way if the committee desires to go on with other things today.

The CHAIRMAN: We had decided on an executive session.

Mr. FLEMING: I do not think a simple matter such as this should be put aside for a month.

The CHAIRMAN: We can discuss that matter at a meeting of the steering committee. We have to proceed in an orderly fashion. I recommend that to you.

We will now go into executive session.

The committee adjourned to go into executive session.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 52

WEDNESDAY, MAY 5, 1948

WITNESSES:

Mr. R. P. Lafleur, Head of Cold Storage Statistics, Dominion Bureau of Statistics.

Mr. W. J. Kraft, Manager of Winnipeg Division, Canada Safeway Limited, Winnipeg, Man.

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

WEDNESDAY, 5th May, 1948.

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

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

12174—1½

MINUTES OF PROCEEDINGS

WEDNESDAY, May 5, 1948.

The Special Committee on Prices met at 4.00 p.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Beaudoin, Harkness, Irvine, Kuhl, Lesage, Martin, McCubbin, Pinard, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. R. P. Lafleur, Head of Cold Storage Statistics, Dominion Bureau of Statistics, was called and sworn. He produced a statement on Cold Storage Holdings of Meat, and a publication of the Department of Trade and Commerce (Vol. 31, No. 4, Cold Storage Holdings of Meat and Lard, April 1, 1948), and was examined thereon.

In the course of witness' examination, Counsel filed,—

Addition to Exhibits 96 and 97—Summary of average prices of beef and pork, and statement on Inspected Slaughterings of live-stock for all Canada. *(Printed in this day's Minutes of Evidence).*

Witness retired.

Mr. W. J. Kraft, Manager of Winnipeg Division, Canada Safeway Limited, Winnipeg, Man., was called, sworn and examined. Mr. Kraft was accompanied by counsel, Mr. J. A. MacAulay, K.C., Winnipeg, Man.

At 6.00 p.m. witness retired and the Committee adjourned until Thursday, May 6, at 11.00 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS
May 5, 1948.

The Special Committee on Prices met this day at 4.00 p.m. The Chairman, Honourable Paul Martin, presided.

The CHAIRMAN: The members of the committee will recall that in the House today Mr. McGregor was substituted for Mr. Homuth as a member of this committee, but he could not be here today. He will be here tomorrow. He is preoccupied with something else. I wanted to say I had a note from Mrs. Homuth yesterday that Mr. Homuth, who has been very seriously ill, is making rapid progress, and regrets very much he has not been with us. I am sure we wish him a complete and quick recovery. We welcome Mr. McGregor. All right, Mr. Dyde.

Mr. DYDE: Mr. Chairman, yesterday it was suggested that we should produce as recent figures as possible of cold storage holdings of meat in Canada. I have asked Mr. Lafleur of the Dominion Bureau of Statistics to supply some figures. He is here.

Raoul Pierre Lafleur, Head of Cold Storage Statistics, Dominion Bureau of Statistics, called and sworn.

By Mr. Dyde:

Q. Would you give the committee your full name?—A. Raoul Pierre Lafleur.

Q. And your position with the Dominion Bureau of Statistics?—A. Head of cold storage statistics.

The CHAIRMAN: Louder, please.

By Mr. Dyde:

Q. And you were requested to bring before the committee figures of the cold storage holdings of meat in Canada, and this has been done by way of a document which is on a single mimeographed sheet. That is correct, is it not?—A. That is right.

Q. Have you a copy of that sheet?—A. No, I have not.

COLD STORAGE HOLDINGS OF MEAT

(millions of pounds)

—	Beef	Veal	Mutton and lamb	Pork	
				Total	Cured or in cure
	(Annual figures as of Dec. 31st)				
1926	27.1	2.9	5.6	30.2	17.0
1929	23.0	3.2	8.7	28.1	14.3
1933	14.9	1.2	7.2	24.8	14.0
1937	25.3	3.2	5.3	37.3	17.3
1938	19.3	4.2	5.4	27.1	13.3
1939	29.6	4.2	6.3	44.0	23.3
1940	21.8	4.0	5.4	60.1	23.6
1941	32.0	6.2	6.8	71.3	30.7
1942	29.2	2.3	5.0	55.7	27.4
1943	35.6	5.4	9.4	84.9	39.1
1944	31.8	5.2	6.9	48.9	31.8
1945	40.8	5.3	7.8	33.1	17.4
1946	30.6	3.4	7.1	38.7	14.1
1947	42.9	6.7	9.1	57.5	21.7
1946	(Monthly figures as of 1st of month)				
January	40.8	5.3	7.8	33.1	17.4
February	31.2	3.3	5.7	37.2	15.2
March	24.3	1.9	3.9	41.5	16.2
April	21.5	2.1	3.3	50.7	17.6
May	14.4	3.4	2.0	58.4	17.1
June	12.1	3.5	1.0	57.8	16.0
July	15.7	3.5	0.8	51.9	15.0
August	12.6	3.8	1.3	40.2	15.6
September	18.9	4.1	3.5	25.9	15.7
October	24.9	4.0	3.7	18.4	12.0
November	29.1	4.7	6.6	26.6	17.5
December	36.0	5.0	7.7	33.6	15.5
1947					
January	30.6	3.4	7.1	38.7	14.1
February	23.7	2.2	5.6	44.1	15.8
March	18.2	1.2	3.9	44.8	18.5
April	16.0	1.2	2.8	44.1	16.7
May	16.4	3.2	2.2	56.6	20.4
June	14.8	4.9	1.7	57.3	18.1
July	13.1	5.5	4.1	55.6	17.7
August	14.5	5.8	1.5	46.5	17.4
September	19.3	5.7	2.3	34.9	17.1
October	12.2	4.9	2.0	31.4	15.3
November	16.0	5.2	2.8	38.4	18.7
December	39.2	7.8	8.0	54.3	27.6
1948					
January	42.9	6.7	9.1	57.5	21.7
February	45.7	5.6	8.4	75.3	24.9
March	39.4	3.5	7.3	80.5	22.7
April	35.9	2.9	6.2	86.9	23.0

By Mr. Dyde:

Q. Would you look at that sheet. There are one or two matters on which there should be some explanation. In the first place I notice that the figures are all in millions of pounds, and that you carried the figures down to the 1st of April, 1948. All of those figures are as of the 1st of the month when it gets down towards the bottom of the page. Am I not correct?—A. That is right.

Q. So that the last figure on the page is the figure for the 1st of April, 1948. You are not able as yet, are you, to give to the committee the figures for May 1, 1948?—A. No, they are being compiled now.

Q. In the ordinary course when would they be completed?—A. About the 12th.

Q. At which time they would be available to the committee?—A. That is right.

Q. I have also asked you to bring for the information of the committee a copy of a publication entitled Cold Storage Holdings of Meat and Lard, April 1, 1948, volume 31, No. 4. I should like you to explain to the committee, if you will, please, where we will find the corresponding figure in the publication for the figure on this single sheet, namely 35·9 as of the 1st of April, 1948, in beef?—A. The centre column, page 2.

Q. That is page 2 of the publication?—A. That is right.

Q. And in the centre column, and about two-thirds of the way down the page under the heading "Beef" we find the total of beef which is 35,838,389. Mr. Lafleur, will you explain why the figures do not coincide exactly?—A. The figures in that publication are preliminary. They appear in the May 1 report as revised figures.

The CHAIRMAN: I do not think the members can hear you. I am sure Mr. Harkness finds it difficult to hear you. Speak louder, please.

By Mr. Dyde:

Q. The figure of 35,838,389 is a preliminary figure, and it has already been revised by the Dominion Bureau of Statistics and you have put the revised figure, 35·9, on the mimeographed sheet. Is that correct?—A. That is right.

Q. And then in further explanation of page 2 of the publication I note if we turn to the left hand column we find the amount of beef held in cold storage one year previous, and if we turn to the right hand column we find March 1, or the previous month's figures. That is correct, is it?—A. That is right.

Q. So that we have the revised figure for March 1, 1948. We have the estimated preliminary figure for April 1, 1948, and the revised figure for April 1, 1947?—A. That is correct.

Q. It is also apparent from page 2 that the total beef includes both fresh and frozen, cured and in cure and fancy meats?—A. That is correct.

Q. I think it might be desirable at the moment for you to explain to the committee how these returns are made up.—A. You mean how they are received?

Q. The method.—A. Inventory statements are received or obtained from packers, abattoirs, wholesale butchers, and the main warehouses of chain stores, and those reports must be mailed to reach Ottawa not later than the 6th of each month. With some of the western provinces we keep our records open a little longer than that to give the reports a chance to arrive. The figures are compiled and totals published approximately by the 12th or 13th of each month.

Q. Now, also referring to the mimeographed sheet headed cold storage holdings of meat I turn to the two columns under pork and in the first of the two columns under pork I see the word "total", and then in the second of the two columns the words "cured or in cure".—A. That is correct.

Q. And it is correct, is it, that the total column includes cured or in cure pork?—A. That is correct.

Q. And we refer to page 2 again to see the verification of the figure for April 1, 1948; is that correct?—A. That is correct.

Q. And we find there that the total pork in storage as set out in page 2 was preliminary at 85,033,553, and that you have revised that so that on your revised figure it is 86·9?—A. That is correct.

Q. Then I am correct, am I not, Mr. Lafleur, in saying that in the remaining part of the publication we have cold storage stocks as at various parts of the country, namely, page 3 is cold storage stocks at April 1 for the maritimes; page 4 for Quebec; page 5 for Ontario; page 6 for Manitoba; page 7 for Saskatchewan, and so on?—A. That is correct.

Q. Then the only other thing that perhaps we should call attention to is that on page 10 you have also set out cold storage stocks reported in selected cities, namely, Montreal, Toronto, Winnipeg, Edmonton and Vancouver?—A. That is correct.

Mr. DYDE: I have no further questions.

By the Chairman:

Q. These figures are thrown at us for the first time. Perhaps the witness can tell us what they mean. Can you describe to us generally what is the storage situation. Take pork; the total for April is 86·9. Am I right in concluding that is the greatest amount in storage since 1926?—A. I could not tell you that, sir.

Q. I am looking at the figures here. That is the greatest amount in storage since 1926, is it not?—A. That is right.

Q. There is more pork on hand now than there has been since 1926?—A. Correct.

Q. Now, take beef. The figure is 35·9 for beef in April. That is as high as any period except January of 1946 and the tail end of 1947, so that the present quantities of beef on hand now are among the highest since 1926. Is that right?—A. That is correct.

Q. What about veal? Veal is the same—no, it is not as high proportionately. It is away down, but mutton and lamb— —A. Mutton and lamb are down also.

Q. Well, they are down, but it is high compared, for instance, with October of 1947 or September or August or July or any period except January, 1947?—A. That is correct.

The CHAIRMAN: I think those are fairly significant figures.

By Mr. Thatcher:

Q. I wonder if Mr. Lafleur can tell us what amount of this great increase is by reason of the British contract? Would that be the reason?—A. We have no figures on that.

Q. You do not know that. Did the packers not say they had to store extra quantities to meet the British contract? Would that be the reason?

Mr. DYDE: They have shown on their exhibits the amount held for the meat board and other inventories.

Mr. THATCHER: If that is not the reason it would look like there is hoarding of meat.

The CHAIRMAN: I did not say there was hoarding, but I am pointing out that these figures are very significant. We ought to be told exactly what is the reason. Can Mr. Lafleur help us on that?

The WITNESS: I am afraid I cannot give you any information on that.

The CHAIRMAN: I think we should get that explanation.

Mr. THATCHER: The price is going up and more meat is being stored.

Mr. DYDE: There is perhaps one other matter that Mr. Lafleur can point out to us, Mr. Chairman. Would you compare the holdings on April 1, 1948, with the holdings as of April 1, 1947, first in beef?

The CHAIRMAN: It is away up.

By Mr. Dyde:

Q. It is more than twice as much, is it not?—A. That is right.

Q. And when you come to total pork comparing April 1, 1948, with April 1, 1947, April 1, 1948 is 86·9 and April 1, 1947 is 44·1. Is that not correct?—A. That is correct.

Q. So that as between this year and a year ago the holdings are very much higher?—A. That is right.

Q. There is another point we should clear with Mr. Lafleur. Mr. Lafleur, these returns which are compiled in these figures are made by what firms in Canada?—A. Returns from meat packers, abattoirs, wholesale butchers, and the main warehouses of chain stores.

Q. And there is no duplication of figures, is there?—A. No duplication.

Q. How is that prevented?—A. We have had an inspection service man going around checking up on these inventories periodically, and the instructions on the forms are quite clear.

The CHAIRMAN: I may be wrong, but I am trying to find the answer, and I do not see how the British contract would necessarily have anything to do with it if you compared it because the British contract has to be complied with in every month of the preceding year, and of the preceding year. Look at the totals. I presume the contract has been complied with. There is an awful jump between 44·1 in April 1947 and 86·9 in April of this year. The total of 44·1 in April, talking of pork now, was a comparable figure with the others, but now in this month it is just almost double.

Mr. THATCHER: And going up very rapidly each month.

Mr. MCCUBBIN: What is the 1st of May?

The CHAIRMAN: I do not know about the 1st of May. We have not got the 1st of May. I think we ought to get the answer to that.

Mr. IRVINE: These figures seem to be contrary to the evidence some witnesses have given here, namely, that there was inclined to be a scarcity of meat.

The CHAIRMAN: We were told that, except in pork, there was. I think that was the evidence, was it not?

Mr. PINARD: It certainly does not appear there is any scarcity of beef.

Mr. BEAUDRY: There is less than there has been since November?

The CHAIRMAN: In April, 1947, in beef it was 16·0 and now it is 35·9. It is more than twice as much.

Mr. KUHL: Is that fresh beef or frozen beef?

The WITNESS: All holdings.

By Mr. Kuhl:

Q. You do not know the proportion of fresh to frozen?—A. Yes, we have those figures on page 2.

Mr. BEAUDRY: Frozen beef represents about 50 per cent.

The CHAIRMAN: I do not know what the members of the committee feel about this but I feel this is, perhaps, the crux of the problem. It may not be, but those figures have to be explained by somebody.

Mr. LESAGE: Mr. McLean will be here tomorrow.

The CHAIRMAN: He will be able to explain Canada Packers position.

Mr. THATCHER: Unless the packers can explain why they are storing all this meat, I should think the committee would be able to direct them to disgorge some of this surplus and put it on the market, if meat is short. Perhaps it will have the effect of bringing down the price.

Mr. HARKNESS: We have had no evidence that meat is short.

The CHAIRMAN: We have had such evidence on all but pork. I think Mr. Pearsall said there was not a shortage of pork. These figures show there is quite a bit of beef.

Mr. HARKNESS: I do not think we had any actual evidence of a shortage.

Mr. PINARD: There was evidence that there was a shortage of Red Brand beef in Montreal.

Mr. IRVINE: It was quoted as the reason for the recent rise in price.

Mr. MCCUBBIN: No, they said there was a great consumer demand.

Mr. IRVINE: Turn up your evidence of the day before yesterday.

Mr. HARKNESS: It was stated that the number of steers coming in to be slaughtered was down because of weather conditions.

Mr. THATCHER: I think Mr. Pearsall said there was a shortage.

Mr. HARKNESS: I think he said there was a shortage of live cattle, not a shortage of meat.

Mr. MCCUBBIN: I was here when it was stated that the slaughtering this year, in April, was up as compared with a year ago.

Mr. DYDE: I have an additional document which I feel should go before the committee. It is to bring exhibits 96 and 97 up to date. The addition to exhibit 97 brings the inspected slaughterings up to April 24. I think I should, Mr. Chairman, put that in now because it is at least germane to our present discussion. These documents really bring the two exhibits, 96 and 97, up to date.

ADDITION TO EXHIBIT 96

SUMMARY OF AVERAGE PRICES

A—BEEF

Week ending	Toronto	Montreal	Winnipeg	Calgary	Edmonton
March 20	$ 15.50	$ 15.65	$ 15.75	$ 15.20	$ 14.35
March 27	15.40	15.60	15.46	15.25	14.40
April 3	15.50	15.20	15.73	15.23	14.45
April 10	15.65	15.45	15.75	15.71	14.60
April 17	16.02	15.90	15.98	16.21	15.70
April 24	16.67	16.45	16.60	16.36	17.00

B—PORK

Week ending	Toronto	Montreal	Winnipeg	Calgary	Edmonton
March 20	$ 28.85	$ 28.60	$ 27.10	$ 26.97	$ 26.60
March 27	28.72	28.60	27.10	26.85	26.60
April 3	28.35	28.35	27.10	26.90	26.60
April 10	27.85	28.35	27.10	27.17	26.60
Aprll 17	28.35	28.48	27.10	27.52	26.60
April 24	28.47	28.52	27.10	27.60	26.60

ADDITION TO EXHIBIT 97

INSPECTED SLAUGHTERINGS OF LIVESTOCK FOR ALL CANADA

Week ending	Cattle		Hogs	
	1948	1947	1948	1947
March 20	25,478	21,629	115,720	94,635
March 27	20,682	20,156	104,501	67,487
April 3	21,889	16,424	112,768	87,728
April 10	22,601	21,075	101,892	95,009
April 17	24,381	22,289	105,133	93,003
April 24	24,523	24,432	85,931	101,086

The CHAIRMAN: It would appear from this the inspected slaughterings are high.

Mr. MCCUBBIN: That is what I am trying to maintain, the inspected slaughterings are high and there is no shortage.

Mr. IRVINE: We are saying that there is not a shortage but evidence was given that there is.

The CHAIRMAN: We have had evidence that the price has gone up recently. We have this evidence on beef and pork in storage. Now, it certainly is of significance and it is a fact which has to be explained to us.

Mr. LESAGE: Because one of the reasons given for the increase in the price was lack of supply.

The CHAIRMAN: That is what was said. Mr. McCubbin does not think that was the evidence.

Mr. MCCUBBIN: I did not say that. I did not say any such thing. I am contending that slaughterings are up. There is more cattle going to market this year than last.

The CHAIRMAN: That is what we are arguing.

Mr. HARKNESS: I do not think we have had any evidence that there is a shortage of meat. We had evidence there was a shortage, in the last two weeks, of certain cattle coming to market, particularly from western Canada.

Mr. THATCHER: I have Mr. Pearsall's evidence here, if you wish me to read it.

The CHAIRMAN: Yes.

Mr. THATCHER: This evidence will be found at page 2450 of our minutes.

> Q. Then, it is not too plentiful at the present time?—A. No in relation to demand. The fact of the matter is that the demand has increased."

The CHAIRMAN: What does he say about pork?

Mr. THATCHER: Near the bottom of the page, this statement is made:

> "I would say this; there is not likely to be any surplus beef offered above what the domestic market would absorb during the next two or three months."

He says there is plenty of pork.

The CHAIRMAN: Certainly, I believe one group of witnesses, the packers, will have to explain this situation.

Mr. MCCUBBIN: This happens at this time of year. There is always a shortage of meat going to the market during the months of May and June and the packers or cold storage people put meat in storage to take care of this period when there is no livestock coming in.

The CHAIRMAN: That may be true, but look at last year and compare it with this year. There is a tremendous difference.

Mr. KUHL: How does that compare with the slaughterings for the same period?

The CHAIRMAN: You have this document before you which shows that the slaughterings are up.

Mr. HARKNESS: It is for that reason there is more meat in storage. The only point I was getting at is I do not think anybody said there is a shortage of meat.

The CHAIRMAN: A shortage of beef.

Mr. HARKNESS: Mr. Pearsall is the meat board chairman and I do not think you can interpret what he said as evidence there is a shortage of meat. He said there would not be any more than enough meat coming on the market, by which he meant live cattle coming in the market, to meet the demand. He was referring to the amount of live cattle which would be coming on the market within the next few months. That is a different matter altogether.

Mr. THATCHER: I would think if meat is being withheld from the market it is going to affect the price and, apparently, it is being withheld from the market according to this chart; that is bound to keep prices up.

Mr. HARKNESS: I do not think you can say that chart shows it is being withheld from the market. I have not heard of any place in Canada in which the people could not get meat.

The CHAIRMAN: If the law of supply and demand doesn't operate, here is a case where the price should be down.

Mr. KUHL: Down in comparison with what?

The CHAIRMAN: Down in comparison with demand, if the law of supply and demand is a governing factor in determining the market.

Mr. HARKNESS: The basis of your supply is the live cattle and the fact there is a lot of meat in storage does not mean there is a good supply of live cattle. It is the supply of live cattle which determines whether the price goes up or down, essentially. If there is an over-supply of cattle coming on the market, the packers keep paying less and less for the live cattle and the price goes down. If there are not enough live cattle coming on the market, the packers keep bidding more and more, and that is what they have done.

The CHAIRMAN: There is no doubt about the supply of live cattle. All you have to do is to look at the figures for the inspected slaughterings.

Mr. THATCHER: The supply of meat is about double what it was a year ago and, yet, the price is going up.

Mr. KUHL: There is a trend to lower the amount in storage. Beef is down every month.

The CHAIRMAN: Beef took a rise in January and went up higher in February. It has gone down on a descending scale since, but it is still more than twice what it was in April of last year.

Mr. KUHL: The slaughterings were up, too?

Mr. MCCUBBIN: Before we get into any argument on this, Mr. Chairman, we would have to know what the holdings are for the first of May.

The CHAIRMAN: But, Mr. McCubbin, the price went up in April.

Mr. THATCHER: If the slaughterings are up and the cold storage holdings are up, the price, you would think, would be down. Instead of that, the price is going up. There should be some reason.

Mr. MCCUBBIN: There must be a strong consumer demand for that to occur.

Mr. THATCHER: If that is so, why would there not be more going into the market instead of going into storage?

Mr. MCCUBBIN: Is there any shortage on the market?

Mr. THATCHER: I think there is, in beef.

Mr. HARKNESS: I do not think there is any use arguing about it. We have to get more information on it.

The CHAIRMAN: We will have a witness tomorrow who can give us an explanation. It would seem that this will have to be definitely answered and explained.

Mr. KUHL: I think they have been able to give a reasonable explanation to every other question which has been asked thus far and they will, no doubt, have one for this.

The CHAIRMAN: I know that remark of yours was intended to be constructive and I will take it as such.

Mr. DYDE: I should like to call a representative from Safeway's Stores, please.

Walter John Kraft, Division Manager, Winnipeg Division, Canada Safeway Limited, called and sworn:

The CHAIRMAN: I wonder if counsel or the members of the committee could look at that evidence of the Wilsil Company and Mr. Pearsall as to this shortage, so we will have it available tomorrow.

By Mr. Dyde:

Q. Would you give the committee your full name, please?—A. Walter John Kraft.

Q. Your address?—A. Just Winnipeg.

Q. You are an officer of Canada Safeway Limited?—A. Yes, sir I am division manager of the Winnipeg division.

Q. You have been asked to bring with you certain figures of the sales of the Winnipeg zone of Canada Safeway Limited, and those are included in the documents which you have produced, are they?—A. That is right.

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

SALES IN POUNDS AND DOLLARS, SHOWING GROSS REALIZED IN DOLLARS AND PERCENTAGE (BI-WEEKLY)

November and December, 1947

2 Week periods ending	Poundage	Dollar sales	Gross margin	Gross
	lbs.	$	$	%
December 14th/1946	355,566	109,318	17,808	16·29
December 28th/1946	407,003	129,350	19,713	15·24
January 11th/1947	344,123	113,570	17,217	15·16
January 25th/1947	380,120	114,533	19,780	17·27
February 8th/1947	341,285	120,660	20,886	17·31

October 1st 1947 to April 3rd, 1948

	lbs.	$	$	%
October 4th/1947	331,848	138,562	26,036	18·79
October 18th/1947	346,152	124,296	91,863	15·98
November 1st/1947	498,915	149,983	25,932	17·29
November 15th/1947	445,470	156,341	24,483	15·66
November 29th/1947	431,049	149,797	21,166	14·13
December 13th/1947	391,936	136,778	16,796	12·28
December 27th/1947	396,410	151,728	20,923	13·79
January 10th/1948	347,160	142,273	20,217	14·28
January 24th/1948	372,717	132,080	16,259	12·31
February 7th/1948	431,918	141,517	18,949	13·39
February 21st/1948	444,692	147,852	19,723	13·34
March 6th/1948	448,445	153,466	18,232	11·88
March 20th/1948	485,358	153,934	17,841	11·59
April 3rd/1948	461,435	168,334	16,867	10·02

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

COST AND SELLING PORK LOINS, NO. 1 SLICED SIDE RINDLESS BACON, REGULAR TRIMMED HAMS (BONE IN) SHOWING GROSS MARGIN, REALIZED AT SELLING PRICE; IN CENTS PER POUND

	Pork loins			No. 1 bacon Sliced side rindless			Regular hams		
	Cost in Cents	Lb. Sell	Gross	Cost	Sell	Gross	Cost	Sell	Gross
1946									
December 2	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
9	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
16	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
23	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
30	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
1947									
January 6	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
13	30.25	40.03	24.4	44.55	58	23.2	34	45	24.4
15	31.75	42.33	24.9	49.41	62	20.3	37.26	49	23.9
27	31.75	42.33	24.9	49.41	62	20.3	37.26	49	23.9
1947									
October and November...	On account of Packers' strike no purchases made of these three items until November 17.								
November 17	34.00	43.66	22.1	54.54	66	18.7	40.50	54	24.25
1947									
December 1	32.00	43.66	26.6	55.62	66	15.7	40.50	52	22.1
8	32.50	43.66	25.4	55.62	66	15.7	40.50	52	22.1
15	32.50	43.66	25.4	55.62	66	15.7	40.50	52	22.1
22	32.50	43.66	25.4	55.62	66	15.7	40.50	52	22.1
29	32.50	43.66	25.4	55.62	66	15.7	40.50	52	22.1
1948									
January 5	32.50	43.66	25.4	67.50	78	13.4	No purchases this week		
12	38.00	46.33	17.8	67.50	78	13.4	48.06	58	17.1
19	37.50	46.33	19.06	67.50	78	13.4	48.06	58	17.1
26	39.00	46.33	15.8	66.42	78	14.8	46.98	58	19.0
1948									
February 2	39.00	46.33	15.8	66.42	78	14.8	46.98	58	19.0
9	41.00	47.68	14.01	66.42	78	14.8	45.90	58	20.8
16	42.00	47.68	11.9	66.42	76	12.6	45.90	55	16.5
23	42.00	47.68	11.9	65.88	76	13.3	45.90	55	16.5
1948									
March 1	43.00	50.67	15.1	66.42	78	14.8	45.90	55	16.5
8	43.00	50.67	15.1	66.42	78	14.8	44.82	55	18.5
15	43.00	50.67	15.1	65.34	78	16.2	45.90	55	16.5
22	43.00	50.67	15.1	65.34	78	16.2	44.82	55	18.5
29	43.00	50.67	15.1	65.34	78	16.2	44.82	53	15.4
1948									
April 5	43.00	50.67	15.1	65.34	78	16.2	44.82	55	18.5
12	43.00	52.66	18.3	65.34	78	16.2	46.44	55	15.5
19	44.00	52.66	16.0	65.34	78	16.2	46.44	54	14.0

NOTE—Pork Loins—Selling price arrived at on bais of yield, one third of loin being sold as "centre Loin cut" and two-thirds as "Butt and rib" ends.

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED GRADE BEEF—DATE DECEMBER 2, 1946

		Forequarter—Weight 164 lbs.				Hindquarter—Weight 158 lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	322 lbs.	Standing rib	12 4/16	.30	3.67	Rump roast	18 11/16	.37	6.90
Cost per lb	$ 0.21¾	Short ribs	6 15/16	.14	.97	Round steak	30	.38	11.40
Total cost	70.03	Chuck Roast	16 10/16	.22	3.66	Grd. Beef	7 9/16	.29	2.19
		Blade roast	18 1/16	.24	.24	Sirloin Tip	13 3/16	.40	5.28
Total Selling forequarter	30.93	Rd bone shld	14 10/16	.23	3.37	Sirloin Stk	19 1/16	.41	7.83
		Cross rib roast	23 12/16	.25	5.93	T-Bone Steak	12 15/16	.43	5.32
Total selling hindquarter	46.46	Soup bone	4 7/16	5ea.	.10	Wing steak	5	.41	2.10
		Hamburg	7 8/16	.18	1.34	Flank Steak	1 11/16	.30	.49
Total selling carcass	77.39	Ground beef	11 15/16	.29	3.46	Heel of Rnd	4 9/16	.22	1.00
		Brisket	26	2/25	3.25	Hamburg	4 4/16	.18	.76
Difference	7.36	Center shank	3 12/16	.16	.59	Soup Bone	7 9/16	10ea.	.10
		Knuckle	6 12/16	.06	.40	Fat	5 7/16	.03	.17
Gross per cent on selling	9.57%	Fat	1 13/16	.03	.04	Bones	10 10/16	.....	.....
		Bones	8 12/16	.....	.....	Flank	6 3/16	.13	.81
						Boneless shank	9 2/16	.22	2.01
		Cutting loss	13/16	.....	.....	Cutting loss	2/16		
Total	.....	.....	164	.....	30.93	Total	158	.....	46.46

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE DEC. 2, 1946

		Forequarter—Weight 146 lbs.				Hindquarter—Weight 135 lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	281 lbs.	Prime rib	9 4/16	.30	2.78	Rump	15 10/16	.37	5.78
Cost per lb	$ 0.20¾	Short ribs	6 4/16	.14	.88	Round steak	23 10/16	.38	8.98
Total cost	58.30	Chuck roast	17	.22	3.74	Ground beef	6 5/16	.29	2.00
		Blade roast	15 1/16	.24	3.62	Sirloin tip	12	.40	4.80
Total selling forequarter	27.54	Rd. bone sho	12 8/16	.23	2.88	Sirloin steak	11 1/16	.41	6.59
		Cross rib	20 13/16	.25	5.20	T-Bone steak	10 14/16	.42	4.69
Total selling hindquarter	39.03	Soup bone	4 3/16	.5 ea.	.10	Wing steak	4 2/16	.41	1.69
Total selling side	66.57	Brisket	24 3/16	2/25	3.01	Flank steak	1	.30	.30
		Centre shank	3 12/16	.16	.60	Flank	6	.13	.78
Difference	8.27	Knuckle	4 2/16	.06	.28	Fat	7 4/16	.03	.22
		Fat	1 2/16	.03	.04	Bones	11 6/16		
Gross percentage on selling	12.42%	Bones	8 5/16			Soup bone	5 6/16	.10 ea	.10
		Ground beef	11 7/16	.29	3.32	Heel of rd	4 4/16	.22	.94
		Hamburg	6 1/16	.18	1.09	Hamburg	4 8/16	.18	.81
		Cutting loss	15/16			Boneless shank	6 2/16	.22	1.35
						Cutting loss	8/16		
		Total	146		27.54		135		39.03

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE JANUARY 15, 1947

		Forequarter—Weight 163½ lbs.				Hindquarter—Weight 150½ lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	314 lbs.	Prime rib	9 10/16	.30	2.89	Rump	18 13/16	.37	6.96
Cost per lb	$ 0.21¾	Short ribs	16 11/16	.14	2.34	Round steak	22 7/16	.38	8.53
Total cost	68.29	Chuck roast	5 11/16	.22	1.25	Ground beef	15 8/16	.29	4.50
Total selling forequarter	29.51	Blade roast	20 2/16	.24	4.83	Sirloin tip	13 11/16	.40	5.48
		Round bone sho	14 3/16	.23	3.27	Sirloin steak	17 10/16	.41	7.23
		Cross rib	13	.24	3.12	T-bone steak	12 14/16	.43	5.53
Total selling hindquarter	43.55	Soup bone	2 2/16	5 ea.	.05	Wing steak	5	.41	2.05
		Brisket	23 12/16	2/25	2.97	Flank steak	1 13/16	.30	.53
Total selling side	73.06	Centre shank	3 15/16	.16	.63	Flank	9 15/16	.13	1.29
		Knuckle	5 15/16	.06	.36	Fat	10 1/16	.03	.30
Difference	4.77	Fat	4	.03	.12	Bones	12 13/16		
Gross per cent on selling	6.52%	Bones	12			Soup bone	5 7/16	.10ea.	.10
		Ground beef	19 3/16	.29	4.57	Heel of rd	4 12/16	.22	1.05
		5th, 6th and 7th rib	12 6/16	.25	3.11				
		Cutting loss	14/16			Cutting loss	6/16		
Total			163 8/16		29.51	Total			43.55

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE JAN. 15, 1947

—		Forequarter—Weight 127½ lbs.				Hindquarter—Weight 116½ lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	244 lbs.	Prime ribs	6 5/16	.30	1.89	Rump	13 5/16	.37	4.91
Cost per lb	$ 0.20¾	Short ribs	13 4/16	.14	1.86	Round steak	19 5/16	.38	7.33
Total cost	50.63	Chuck roast	6 12/16	.22	1.49	Ground beef	10 2/16	.29	2.94
Total selling forequarter	23.99	Blade roast	14 6/16	.24	3.45	Sirloin tip	11 12/16	.40	4.70
Total selling hindquarter	33.54	Round bone shoulder	11 11/16	.23	2.70	Sirloin steak	12	.41	4.92
Total selling side	57.53	Cross rib	8 8/16	.24	2.04	T-Bone steak	8 14/16	.43	3.82
Difference	6.90	Soup bone	1 12/16	5 ea.	.05	Wing steak	5	.41	2.05
Gross percentage on selling	11·99%	Brisket	19 8/16	2/25	2.44	Flank steak	12/16	.30	.23
		Centre shank	2 11/16	.16	.43	Flank	9 6/16	.13	1.23
		Knuckle	4 8/16	.06	.27	Fat	5 6/16	.03	.16
		Fat	3 4/16	.03	.10	Bones	10 2/16		
		Bones	7 11/16			Soup bone	4 7/16	10 ea.	.10
		Ground beef	17 3/16	.29	4.99	Heel of Round	5 3/16	.22	1.15
		5-6 and 7 Rib	9 2/16	.25	2.28				
		Cutting loss	5/16			Cutting loss	14/16		
Total			127 8/16		23.99	Total	116 8/16		33.54

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE: OCTOBER 20, 1947

—		Forequarter—Weight 147 lbs.				Hindquarter—Weight 135 lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	282 lbs.	Prime rib	10	.35	3.50	Rump	15 12/16	.42	6.61
Cost per lb	$ 0.23¾	Short ribs	13 4/16	.17	2.25	Round steak	23 4/16	.42	9.77
Total cost	66.98	Chuck roast	8 10/16	.26	2.24	Ground beef	12 12/16	.33	4.21
		Blade roast	24 10/16	.29	7.14	Sirloin tip	14 2/16	.47	6.64
Total selling forequarter	34.07	Round bone sho	13 12/16	.26	3.58	Sirloin steak	14 12/16	.48	7.08
		Cross rib	17	.29	4.93	T-bone steak	13	.54	7.02
Total selling hindquarter	47.09	Soup bone	2 10/16	5ea.	.13	Wing steak	4 7/16	.51	2.26
		Brisket	32 7/16	.17	3.98	Flank steak	1 6/16	.35	.48
Total selling side	81.16	Centre shank	3 14/16	.21	.81	Flank steak	10 5/16	.17	1.75
		Knuckle	5 15/16	.12	.71	Fat	4 12/16	.04	.19
Difference	14.18	Fat	2	.04	.08	Bones	9 14/16		
		Bones	7 6/16			Soup bone	5 13/16	10ea.	.10
Gross per cent on selling	17.47%	Ground beef	14 5/16	.33	4.72	Heel of rd	3 15/16	.25	.98
		Cutting loss	3/16			Cutting loss	14/16		
Total			147		34.07	Total	135		47.09

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE OCTOBER 28, 1947

—		Forequarter—Weight 127½ lbs.				Hindquarter—Weight 116½ lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	244 lbs.	Prime Rib	6 5/16	.35	2.21	Rump	13 5/16	.42	5.58
Cost per lb	$ 0.22¾	Short ribs	13 4/16	.17	2.25	Round steak	19 5/16	.42	8.11
Total cost	55.51	Chuck roast	6 12/16	.26	1.74	Ground beef	10 2/16	.33	3.34
Total selling forequarter	28.89	Blade roast	14 6/16	.29	4.17	Sirloin tip	11 12/16	.47	5.53
		Round bone shoulder	11 11/16	.26	3.03	Sirloin steak	12	.48	5.76
Total selling hindquarter	39.08	Cross Rib	8 8/16	.29	2.47	T-Bone steak	8 14/16	.54	4.75
		Soup bone	1 12/16	5 ea.	.05	Wing steak	5	.51	2.55
Total selling side	67.97	Brisket	19 8/16	.17	3.42	Flank steak	12/16	.35	.27
Difference	12.46	Centre shank	2 11/16	.21	.57	Flank	9 6/16	.17	1.59
Gross percentage on selling	18·33%	Knuckle	4 8/16	.12	.54	Fat	5 6/16	.04	.21
		Fat	3 4/16	.04	.13	Bones	10 2/16		
		Bones	7 11/16			Soup bone	4 7/16	10 ea.	.10
		Ground beef	17 3/16	.33	5.67	Heel of Round	5 3/16	.25	1.29
		5, 6, 7 rib	9 2/16	.29	2.64				
		Cutting loss	5/16			Cutting loss	14/16		
Total			127 8/16		28.89		116 8/16		39.08

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE: NOVEMBER 13, 1947

—		Forequarter—Weight 163½ lbs.				Hindquarter—Weight 150½ lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	314 lbs.	Prime rib	9 10/16	.34	3.27	Rump	18 13/16	.39	7.44
Cost per lb	$ 0.23	Short ribs	16 11/16	.17	2.34	Round steak	22 7/16	.42	9.43
		Chuck roast	5 11/16	.25	1.41	Ground beef	15 8/16	.35	5.43
Total cost	72.22	Blade roast	20 2/16	.28	5.63	Sirloin tip	13 11/16	.45	6.16
Total selling forequarter	36.19	Round bone shoulder	14 3/16	.26	3.69	Sirloin steak	17 10/16	.44	7.76
		Cross rib	13	.29	3.77	T-bone steak	12 14/16	.49	6.31
Total selling hindquarter	48.83	Soup bone	2 2/16	5ea.	.05	Wing steak	5	.47	2.35
		Brisket	23 12/16	.16	3.80	Flank steak	1 13/16	.35	.64
Total selling side	85.02	Centre shank	3 15/16	.21	.82	Flank	9 15/16	.17	1.69
		Knuckle	5 15/16	.10	.60	Fat	10 1/16	.03	.30
Difference	13.80	Fat	4	.03	.12	Bones	12 3/16		
		Bones	12	.....	.....	Soup bone	5 7/16	10ea.	.10
Gross per cent on selling	16.23%	Ground beef	19 3/16	.35	6.72	Heel of round	4 12/16	.26	1.22
		6th and 7th rib	12 6/16	.28	3.47				
		Cutting loss	14/16	.....	.....	Cutting loss	6/16		
Total		.....	163 8/16	.....	36.19	.....	150 8/16	.....	48.83

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE NOVEMBER 13, 1947

—		Forequarter—Weight 146 lbs.				Hindquarter—Weight 135 lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of Side	221 lbs.	Standing rib	9 4/16	.34	3.15	Rump	15 10/16	.39	6.09
Cost per lb	$ 0.22	Short ribs	6 4/16	.17	1.06	Round steak	23 10/16	.42	9.92
		Chuck roast	17	.25	4.25	Wing steak	4 2/16	.47	1.94
Total cost	61.82	Blade roast	15 1/16	.28	4.22	T-Bone steak	10 14/16	.49	5.32
		Round bone shoulder	12 8/16	.26	3.25	Sirloin tip	12	.45	5.40
Total selling forequarter	32.44	Cross rib	20 13/16	.29	6.03	Sirloin steak	16 1/16	.44	7.07
		Brisket	24 3/16	.16	3.87	Heel of round	4 4/16	.26	1.10
Total selling hindquarter	42.91	Centre shank	3 12/16	.21	.79	Boneless shank	6 2/16	.26	1.59
		Knuckle	4 2/16	.10	.41	Ground beef	6 5/16	.35	2.19
Total selling side	75.35	Soup bone	4 3/16	5 ea.	.10	Hamburg	4 8/16	.21	.95
		Ground beef	11 7/16	.35	4.00	Flank	6	.17	1.02
Difference	13.53	Hamburg	6 1/16	.21	1.27	Soup bones	5 6/16	10 ea.	.10
		Fat	1 2/16	.03	.04	Fat	7 4/16	.03	.22
Gross percentage on selling	17·95%	Bones	8 5/16			Bones	11 6/16		
		Cutting loss	1 15/16			Cutting loss	1 8/16		
Total			146		32.44	Total	135		42.91

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE: DECEMBER 29, 1947

—		Forequarter—Weight 152 lbs.				Hindquarter—Weight 130 lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	282 lbs.	Prime rib	11 2/16	.34	3.78	Rump	14 4/16	.39	5.56
Cost per lb	$ 0.24½	Short ribs	15 5/16	.17	2.60	Round steak	20 13/16	.42	8.73
Total cost	69.09	Chuck roast	8 11/16	.25	2.17	Ground beef	10 8/16	.35	3.68
		Blade roast	24 6/16	.27	6.57	Sirloin tip	13 6/16	.45	6.02
Total selling forequarter	33.48	Round bone shoulder	13 5/16	.26	3.47	Sirloin steak	13 6/16	.43	5.74
		Cross rib	15 15/16	.29	4.64	T-bone steak	13 10/16	.43	5.86
Total selling hindquarter	41.38	Soup bone	1 15/16	5ea.	.05	Wing steak	3 13/16	.43	1.67
		Brisket	24 13/16	.16	3.97	Flank steak	1 5/16	.35	.46
Total selling carcass	74.86	Centre shank	3 11/16	.21	.79	Flank	13 10/16	.17	2.32
		Knuckle	5 1/16	.10	.51	Fat	8 9/16	.04	.34
Difference	5.77	Fat	4 12/16	.04	.19	Bones	7 8/16		
		Bones	9 2/16			Soup bone	4 3/16	10ea.	.10
Gross per cent on selling	7.70%	Ground beef	13 9/16	.35	4.74	Heel of rd	3 7/16	.26	.90
		Cutting loss	5/16			Cutting loss	1 10/16		
Total			152		33.48	Total	130		41.38

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE DECEMBER 29, 1947

—		Forequarter—Weight 150 lbs.				Hindquarter—Weight 138 lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	288 lbs.	Prime rib	10 4/16	.34	3.48	Rump	16	.39	6.24
Cost per lb	$ 0.23	Short ribs	13 8/16	.17	2.30	Round steak	23 8/16	.42	9.87
Total cost	66.24	Chuck roast	8 14/16	.25	2.22	Ground beef	13	.35	4.55
		Blade roast	24 14/16	.27	6.71	Sirloin tip	14 6/16	.45	6.46
Total selling forequarter	33.83	Round bone shoulder	13 15/16	.26	3.62	Sirloin steak	14 15/16	.43	6.22
		Cross rib	17 3/16	.29	4.99	T-Bone steak	13 3/16	.43	5.66
Total selling hindquarter	44.64	Soup bone	2 13/16	5 ea.	.05	Wing steak	4 11/16	.43	2.00
		Brisket	23 10/16	.16	3.78	Flank steak	1 9/16	.35	.53
Total selling carcass	78.47	Centre shank	4 1/16	.21	.85	Flank	10 4/16	.17	1.74
		Knuckle	6 2/16	.10	.62	Fat	4 15/16	.04	.20
Difference	12.23	Fat	2 5/16	.04	.09	Bones	10 1/16		
Gross percentage on selling	15· 5%	Bones	7 9/16			Soup bone	6	10 ea.	.10
		Brd. beef	14 11/16	.35	5.12	Heel of rd	4 2/16	.26	1.07
		Cutting loss	3/16			Cutting loss	1 6/16		
Total			150		33.83	Total	138		44.64

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE: JANUARY 13, 1948

—		Forequarter—Weight 123 lbs.				Hindquarter—Weight 126 lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of Side	249 lbs.	Prime rib	8 4/16	.35	2.86	Rump	11 12/16	.42	4.93
Cost per lb	$ 0.27	Short ribs	7 4/16	.17	1.23	Round steak	22 8/16	.42	9.45
Total cost	67.23	Chuck roast	12 1/16	.25	3.02	Ground beef	12 15/16	.38	4.91
Total selling forequarter	28.35	Blade roast	17 3/16	.27	4.64	Sirloin tip	10 7/16	.48	5.01
		Round bone shoulder	9 7/16	.25	2.36	Sirloin steak	14 15/16	.46	6.87
Total selling hindquarter	45.23	Soup bone	2 8/16	5c. ea.	.13	Wing steak	6 4/16	.47	2.89
		Brisket	19 14/16	.17	3.38	Flank steak	1 7/16	.35	.50
Total selling side	73.58	Centre shank	3 12/16	.23	.86	Flank	9 6/16	.17	1.59
		Knuckle	6 7/16	.13	.84	Fat	4 10/16	.04	.26
Difference	6.35	Fat	3 11/16	.04	.15	Bones	6 8/16		
		Bones	6 11/16			Soup bone	5 15/16	.10	.59
Gross per cent on selling	8.63%	Ground beef	13 4/16	.38	5.04	Heel of round	3 13/16	.27	1.03
		Cross rib	12	.32	3.84	T-bone steak	14 11/16	.49	7.20
		Cutting loss	10/16			Cutting loss	13/16		
Total			123		28.35	Total	126		45.23

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE JANUARY 13, 1948

—		Forequarter—Weight 125¼ lbs.				Hindquarter—Weight 122 lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
HEIFER									
Weight of side	247¼ lbs.	Prime rib	9 5/16	.35	3.44	Rump	15	.42	6.30
Cost per lb	$ 0.26	Short rib	12 4/16	.18	3.82	Round steak	17 4/16	.45	7.76
Total cost	64.29	Chuck roast	6 15/16	.25	1.73	Ground beef	8 6/16	.38	3.18
		Blade roast	22 1/16	.31	6.83	Sirloin tip	11 5/16	.48	5.43
Total selling forequarter	31.63	Round bone shoulder	8 8/16	.27	2.29	Sirloin steak	13 7116	.46	6.18
		Cross rib	11 9 16	.30	3.46	T-Bone steak	10 4/16	.55	5.63
Total selling hindquarter	40.64	Soup bone	1 15/16	.05 ea	.05	Wing steak	4 5/16	.52	2.24
		Hamburg				Flank steak	1 2/16	.35	.39
Total selling carcass	72.27	Brisket	21 14/16	.17	3.71	Flank	12 8/16	.17	2.12
Difference	7.98	Centre shank	2 14/16	.23	.66	Fat	9 10/16	.05	.48
		Knuckle	4 3/16	.13	.54	Bones	9 2/16		
Gross percentage on selling	11·04%	Fat	4 4/16	.05	.21	Soup bone	4 9)16	.10 ea	.10
		Bones	6 8/16			Heel of round	3 3/16	.26	.83
		Ground beef	12 14/16	.38	4.89				
		Cutting loss	2/16			Cutting loss	1 15/16		
Total			125¼		31.63	Total	122		40.64

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE: FEBRUARY 10, 1948

—		Forequarter—Weight 163½ lbs.				Hindquarter—Weight 150½ lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of Side	314 lbs.	Prime ribn	9 10/16	.35	3.38	Rump	18 13/16	.39	7.34
Cost per lb	0.26	Short ribs	16 11/16	.18	3.01	Round steak	22 7/16	.42	9.43
Total cost	81.64	Chuck roast	5 11/16	.25	1.41	Ground beef	15 8/16	.38	5.89
Total selling forequarter	37.02	Blade roast	20 2/16	.26	5.23	Sirloin tip	13 11/16	.48	6.57
		Rd. bone shoulder	14 3/16	.26	3.69	Sirloin steak	17 10/16	.46	8.12
Total selling hindquarter	49.85	Cross rib	13	.30	3.90	T-bone steak	12 14/16	.47	6.05
		Soup bone	2 2/16	5ea.	.05	Wing steak	5	.47	2.35
Total selling side	86.87	Brisket	23 12/16	.16	3.80	Flank	1 13/16	.35	.64
		Centre shank	3 15/16	.25	.98	Flank	9 15/16	.17	1.69
Difference	5.23	Knuckle	5 15/16	.15	.89	Fat	10 1/16	.04	.40
Gross per cent on selling	6.11%	Fat	4	.04	.16	Bones	12 3/16		
		Bones	12	.....	.....	Soup bone	5 7/16	10ea.	.10
		Ground beef	19 3/16	.38	7.30	Heel of round	4 12/16	.27	1.27
		6th and 7th rib	12 6/16	.26	3.22				
		Cutting loss	14/16	.....	.....	Cutting loss	6/16		
Total		.....	163 8/16	.....	37.02	.....	150 8/16	.....	49.85

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON BLUE BEEF—DATE FEBRUARY 10, 1948

—		Forequarter—Weight 115 lbs.				Hindquarter—Weight 110 lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	225 lbs.	Prime rib	7/13/16	.35	2.73	Rump	13 14/16	.39	5.41
Cost per lb.	$ 0.24½	Short ribs	9 2/16	.18	1.64	Round steak	18 4/16	.42	7.66
Total cost	55.13	Chuck roast	6 9/16	.25	1.64	Ground beef	9 13/16	.38	3.72
Total selling forequarter	27.61	Bland roast	18 1/16	.32	5.78	Sirloin tip	10 6/16	.48	4.98
Total selling hindquarter	36.67	Round bone shoulder	10 1/16	.27	2.72	Sirloin steak	10 10/16	.46	4.88
Total selling carcass	64.28	Cross rib	11 7/16	.30	3.43	T-Bone steak	10 15/16	.49	5.36
		Soup bone	2 1/16	.05ea.	.05	Wing steak	3 9/16	.47	1.67
Difference	9.15	Brisket	18 4/16	.17	3.10	Flank steak	15/16	.35	.33
		Centre shank	3 1/16	.25	.77	Flank	8 15/16	.17	1.52
Gross percentage on selling	14·23%	Knuckle	4 2/16	.15	.62	Fat	6 14/16	.04	.28
		Fat	2 14/16	.04	.12	Bones	7 13/16	.10ea.	.10
		Bones	6 15/16			Soup bone	3 7/16		
		Ground beef	13 3/16	.38	5.01	Heel of rd	2 13/16	.27	.76
		Cutting loss	1 7/16			Cutting loss	1 12/16		
Total			115		27.61	Total 110			36.67

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED BEEF—DATE MARCH 24, 1948

—		Forequarter—Weight 163½ lbs.				Hindquarter—Weight 150½ lbs			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	314 lbs.	Prime Rib	9 10/16	.37	3.56	Rump	18 13/16	.42	7.91
Cost per lb	$0.27	Short Ribs	16 11/16	.20	3.33	Rd. Steak	22 7/16	.43	9.05
Total cost	84.78	Chuck Roast	5 11/16	.26	1.49	Grd. Beef	15 8/16	.38	5.89
		Blade Roast	20 2/16	.30	6.04	Sir. Tip	13 11/16	.49	6.70
Total Selling Forequarter	39.87	Rd Bone Sho	14 3/16	.29	4.13	Sir. Steak	17 10/16	.48	8.46
		Cross Rib	13	.32	4.16	T-Bone Steak	12 14/16	.50	6.42
Total Selling Hindquarter	51.17	Soup Bone	2 2/16	5ea.	0.05	Wing Steak	5	.49	2.45
		Brisket	23 12/16	.18	4.26	Flank Steak	1 13/16	.35	.63
Total Selling Side	91.04	Centre Shank	3 15/16	.23	.90	Flank	9 15/16	.18	1.79
		Knickle	5 15/16	.13	.77	Fat	10 1/16	.04	.40
Difference	6.26	Fat	4	.04	.16	Bones	12 3/16	.....	.....
		Bones	12	.....	.....	Soup Bone	5 7/16	10ea.	.10
Gross per cent on Selling	6.87%	Grd. Beef	19 3/16	.38	7.30	Heel of Rd	4 12/16	.29	1.37
		5-6-7 Rib	12 6/16	.30	3.72				
		Cuttin Loss	14/16	.....	.....	Cutting Loss	6/16	.....	.....
Total	.....	.....	163 8/16	.....	39.87	Total	150 8/16	.....	51.17

CANADA SAFEWAY LIMITED

(Winnipeg Zone)
CUTTING TEST ON BLUE BEEF—DATE: MARCH 24, 1948

—		Forequarter—Weight 127½ lbs.				Hindquarter—Weight 116½ lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	244 lb.	Prime rib	6 15/16	.37	2.57	Rump	13 5/16	.42	5.58
Cost per lb	0.26	Short ribs	13 4/16	.20	2.65	Round steak	19 5/16	.43	8.30
Total cost	$ 63.44	Chuck roast	6 12/16	.26	1.75	Groond beef	10 2/16	.38	3.85
Total selling		Blade roast	14 6/16	.30	4.31	Sirloin tip	11 12/16	.49	5.76
Forequarter	31.57	Round bone shoulder	11 11/16	.29	3.39	Sirloin steak	12	.48	5.76
		Cross rib	8 8/16	.32	2.72	T-bone steak	8 14/16	.50	4.44
Hindquarter	39.91	Soup bone	1 12/16	5ea.	.05	Wing steak	5	.49	2.45
		Brisket	19 8/16	.18	3.51	Flank steak	12/16	.35	.26
Total selling side	71.48	Centre shank	2 11/16	.23	.63	Flank	9 6/16	.18	1.69
Difference	8.04	Knuckle	4 8/16	.13	.59	Fat	5 6/16	.04	.22
Gross per cent on selling	11.24%	Fat	3 4/16	.04	.13	Bones	10 2/16	.....	.....
		Bones	7 11/16	.....	.....	Soup bone	4 7/16	10ea.	.10
		Ground beef	17 3/16	.38	6.53	Heel of round	5 3/16	.29	1.50
		5th, 6th and 7th rib	9 2/16	.30	2.74				
		Cutting loss	5/16	.....	.....	Cutting loss	14/16		
Total			127 8/16	.....	31.57		116 8/16	.....	39.91

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON SIDE RED STEER—DATE APRIL 16, 1948

—		Front quarter—Weight 163½ lbs.				Hindquarter—Weight 150½ lbs.			
		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of side	314 lbs.	Standing rib	9 10/16	.37	3.56	Rd roast 1st cut	8 7/16	.39	3.29
Cost of side	0.27½c lb.	Short ribs	16 11/16	.20	3.33	Rd roast rd cut	10 6/16	.42	4.36
Total cost	$ 85.35	Chuck roast	5 11/16	.27	1.55	Round steak	22 7/16	.45	10.10
Total selling frontquarter	40.01	Blade roast	20 2/16	.30	6.04	Sirloin tip roast	13 11/16	.49	6.70
Total selling hindquarter	52.28	Rd bone sh. rst	14 3/16	.29	4.13	Sirloin steak	17 10/16	.48	8.46
		Cross rib roast	13	.32	4.16	T-Bone steak	12 14/16	.52	6.69
Total selling side	92.29	Soup bone	2 2/16	.5 ea.	.05	Wing steak	5	.50	2.50
		Brisket	23 12/16	.18	4.26	Flank steak	1 13/16	.35	.63
Difference	6.94	Centre shank	3 15/16	.25	.98	Flank trimmed	9 15/16	.18	1.79
Gross percentage on selling	7·54%	Knuckle	5 15/16	.13	.77	Heel of round	4 12/16	.29	1.37
		Ground beef	19 3/16	.38	7.30	Ground beef	15 8/16	.38	5.89
		Fat	4	.4	.16	Soup bone	5 7/16	.10ea.	.10
		Bones	12			Fat	10 1/16	.04	.40
		6th and 7th rib	12 6/16	.30	3.72	Bones	12 3/16		
		Cutting loss	14/16				6/16		
Total			163 8/16		40.01		150 8/16		56.28

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON SIDE BLUE STEER—DATE APRIL 16, 1948

		Frontquarter—Weight 127½ lbs.			Hindquarter—Weight 116½ lbs.			
—		Cut	Weight in lbs.	Selling price per lb.	Total selling price value	Cut	Weight in lbs.	Selling price per lb.	Total selling price value
Weight of Side	244 lbs.								
Cost of Side	$ 0.26½	Standing Ribs	6 15/16	.37	2.57	Rump Rst 1st	5 14/16	.39	2.29
Total Cost	64.66	Short Ribs	13 4/16	.20	2.65	Rump Rst rd cut	7 7/16	.42	3.12
Total selling Frontquarter	31.68	Chuck Roast	6 12/16	.27	1.82	Round Steak	19 5/16	.45	8.69
		Blade Roast	14 6/16	.30	4.31	Sirl. Tip Rst	11 12/16	.49	5.76
Total Selling Hindquarter	40.36	Rd Bone Sh. Rst	11 11/16	.29	3.39	Sirloin Steak	12	.48	5.76
		Soup Bone	1 12/16	5ea.	.05	T-Bone Steak	8 14/16	.52	4.62
Total Selling Side	72.04	Brisket	19 8/18	.18	3.51	Wing Steak	5	.50	2.50
		Centre Shank	2 11/16	.25	.67	Flank Steak	12/16	.35	.26
Difference	7.38	Knuckle	4 8/16	.13	.59	Flank Trimmed	9 6/16	.18	1.69
Gross per cent on selling	10.24	Ground Beef	17 3/16	.38	6.53	Heel of Round	5 3/16	.29	1.50
		Fat	3 4/16	.04	.13	Ground Beef	10 2/16	.38	3.85
		Bones	7 11/16	.....	.....	Soup Bone	4 7/16	10ea.	.10
		5-6-7 Rib	9 2/16	.30	2.74	Fat	5 6/16	.04	.22
		Gross Rib	8 8/16	.32	2.72	Bones	10 2/16	.....	.....
		Cutting loss	5/16	.....	.....	.....	14/16	.....	.....
Total		.....	127 8/16	.....	31.68	.....	116 8/16	.....	40.36

CANADA SAFEWAY LIMITED

(Winnipeg Zone)

CUTTING TEST ON RED GRADE BEEF

—	2 Dec. 1946	20 Oct. 1947	29 Dec. 1947	13 Jan. 1948	24 Mar. 1948	16 Apr. 1948
Selling Prices—	cts.	cts.	cts.	cts.	cts.	cts.
Sirloin Steak	41	48	43	46	48	48
Rib roast	30	35	34	35	37	37
Hamburg	18	.....	.....	.....	.....	.....
Ground beef	29	33	35	38	38	38
Brisket	12·5	17	16	17	18	18
Average—						
Average selling price per lb. of carcass weight	24.03	28.78	26.55	29.55	30.86	29.39
Cost per lb.	21.75	23.75	24.50	27.00	27.00	27.50
Gross margin	2.28	5.03	2.05	2.55	3.86	1.89
Per cent Gross margin to selling price	9·6	17·5	7·7	8·6	12·5	7·5

CUTTING TEST ON BLUE GRADE BEEF

—	29 Dec. 1947	13 Jan. 1948	10 Feb. 1948	16 Apr. 1948
	cts.	cts.	cts.	cts.
Selling Prices—				
Sirloin Steak	43	46	46	48
Rib Roast	34	37	35	37
Ground Beef	35	38	38	38
Brisket	16	17	17	18
Average—				
Average selling price per lb. of carcass weight	27.25	29.23	28.75	29.52
Cost per lb.	23.00	26.00	24.50	26.50
Gross margin	4.25	3.23	4.07	3.02
Per cent Gross margin to selling price	15·5	11·0	14·2	10·2

By Mr. Dyde:

Q. I am now referring, gentlemen, to the small sized brief, the one which contains many pages. I believe you can add some figures to this page, Mr. Kraft, which will assist us in understanding the figures which are there. I note that you have quoted these figures in two-week periods, with each date at the left hand side of the page representing the end of the two-week period; that is correct, is it not?—A. That is right.

Q. Then, in your next column, you have the poundage which is the poundage of sales that you made in that period, that is correct, is it not?—A. That is right.

Q. And this column is the dollar value of sales?—A. Yes.

Q. Now, could you insert in the gap there the average selling price per pound?—A. Yes sir—30·7 cents—

Q. 30·7 cents is for December 14, 1946?—A. That is right.

Q. Yes.—A. For December 28, 31·7; for January 11, 33; for January 25, 30·01; for February 8, 35·3; for October 4, 41·7; for October 18, 35·9; for November 1, 30; for November 15, 35; November 29, 34·7; December 13, 34·9; December 27, 38·2; January 10, 40·9; January 24, 35·4; February 7, 32·7; February 21, 33·2; March 6, 34·2; March 20, 31·7; and April 3, 36·5.

Q. Then in the next column you have shown the gross margin in dollars, and in the next column the gross margin as a percentage of sales; I suppose that is it, Mr. Kraft, is it not?—A. That is right.

Q. And can you add for us in the right-hand side of the page the gross translated into cents per pound so that we can take it down?—A. Yes sir. December 14, ·052; December 28, ·048; January 11, ·05; January 25, ·052; February 8, ·062; October 4, ·078; October 18, ·057; November 1, ·052; November 15, ·055; November 29, ·049; December 14, ·042; December 27, ·053; January 10, ·058; January 24, ·043; February 7, ·043; February 21, ·044; March 6, ·04; March 20, ·036; April 3, ·036.

Q. Since the period of decontrol I am correct I think in saying that the highest figure was opposite January 10, when it was ·058. I think that is correct, is it not?—A. That is correct, yes.

Q. Something less than 6 cents?—A. Yes.

Q. Now, your figures have been carried up to April 3, 1948, and when these figures were made out that was as close as you could approach as being current. I suppose it would be impossible for you to say what your figure would be down to the later date; is that there?—A. I haven't that figure now.

The CHAIRMAN: The question was, it would be impossible to give that?

By Mr. Dyde:

Q. To date—that would be impossible?—A. It would be impossible today to give that figure.

Mr. DYDE: I was going to leave that page, gentlemen, for the time being.

Mr. LESAGE: But for the time being only?

Mr. DYDE: Yes. If you have any questions on this page I think possibly now would be the appropriate time to ask them.

By Mr. Lesage:

Q. What is your method of pricing?—A. We price all commodities on a basis that would show us a reasonable return at selling price over our costs.

Q. What is your percentage on meat? What is your percentage on meat, your per cent of margin mark-up on meat that you would consider reasonable? —A. 16 to 18 per cent.

Q. 16 to 18 per cent at present prices?—A. No, as at April 16 or 17. The margin in percentage we would feel it fair to realize would depend on the cost, the prices we have to pay for meat supplies.

Mr. THATCHER: But your percentage would be the same?

The WITNESS: No sir.

Mr. LESAGE: It would not?

The WITNESS: No. The higher the cost of the meat the lower could be the percentage and would be the percentage on over-all gross.

By Mr. Lesage:

Q. So that your method of pricing is on a percentage basis?—A. It is based on percentage.

Q. It is not fixed?—A. No, sir.

Q. So, would it be fair to say that it is rather—your method of pricing is rather based on the margin that you could obtain in cents, as you have indicated just now?—A. Yes. If the cost of meat was the only thing to consider, but certain other operating costs enter into the cost of the raw material itself. Other costs might also increase as they increase.

Q. Have they increased over the last two or three months?—A. There have been some increases.

Q. In what departments?—A. Salary and wages are almost constantly adjusting, and the adjustment has been upward during the last several years.

Q. No, I mean in the last few months, since decontrol?—A. Yes, there have been some salary increases.

Q. I am not blaming you, because you are taking less and less as time goes on.—A. I understand you, sir. Wages and salaries from time to time, almost constantly from day to day certain salaries are adjusted, and it would be safe to say that wages and salaries to some extent have increased since decontrol of meat prices. Certain other material costs may also increase. Wrapping paper has reasonably increased considerably in price.

Q. I see here for the two weeks ending November 1, that your gross margin was 7·29?—A. That is right.

Q. That gives you an average margin of 5·2 cents per pound?—A. Yes.

Q. Would you consider that as being reasonable and satisfactory?—A. Yes.

Q. At a certain date in November I think your percentage of markup was 17 per cent, and that indicates an increase. Why was that?—A. Because the price of meat has increased considerably since that time; is that what you wanted?

Q. No—I understand what you are telling me, but what I am asking you is about the 5 cents, the 5-cent average?—A. You mean the 5 cents per pound?

Q. Gross margin of 5 cents per pound, would that be sufficient to cover your operations?—A. I think so.

Q. And give you a profit?—A. Yes.

Q. Was 3·6 sufficient on the 3rd of April?—A. No.

Q. It was not?—A. It was not.

Q. You had a loss then?—A. I would only say we didn't make the gross that we should have.

Q. I understand that. You cannot put on the meat department the complete over-all cost of operations.—A. I am sorry, I didn't get that.

Q. Your accounts do not show the cost of operations of your meat department alone?—A. No, they do not, sir.

Q. You cannot tell us that?—A. Not entirely accurately, sir; the only thing we have an accurate record on is our cost of salaries and cost of supplies, but not on the other operating costs.

Q. That includes things like rents and so on?—A. It would be an estimation to some extent.

Q. Did you ever make such an estimation?—A. We have attempted to do so.

Q. For what period?—A. Various periods.

Q. Lately?—A. Yes. The most recent one was for the twelve week period ending March 20, of this year.

Q. Have you the figures with you?—A. I have some figures here. As I say, it is to some extent an estimation.

Q. Yes, yes.—A. We estimate—I hesitate somewhat to give these figures, because they are to some extent confidential information and it is an estimation.

Q. Up to now I do not think we have been able to get even estimates of the cost of operating a meat department. Of course, Mr. Chairman, I do not want to embarrass the witness or his company by asking any confidential information the disclosure of which might be harmful to them.

Mr. MacAulay: I think perhaps we could approach it another way. We might approach it from the standpoint of April 3, while we are talking about 10·02 per cent gross, and where we are talking about $3\frac{6}{10}$ cents. Now, Mr. Kraft could tell you whether he considers that a satisfactory return.

Mr. Lesage: He said no.

Mr. MacAulay: He said no, and is not that an answer to the question?

Mr. Lesage: No, because we have been trying to find out the operating costs of the meat department in a retail store and I do not think we have had it put in yet by any witness who has come before us. I think it is important that we know the cost. I am in the hands of the chairman, and if the chairman thinks we should not have the information, or if counsel thinks we should not have the information, I will leave it.

Mr. MacAulay: Mr. Chairman, the witness said that on November 1, 1947, there was a gross of 17·29 per cent in the meat department and $5\frac{2}{10}$ cents per pound. He said he considered that a satisfactory operation. He said on the other hand that on April 3 where the figure was 10·02 per cent and $3\frac{6}{10}$ cents, he did not consider the operation satisfactory.

Mr. Lesage: That is correct.

Mr. MacAulay: So I think he has answered the question. A proper figure would be between those two figures and possibly the witness could give a further explanation as to why the 10·02 per cent is not a satisfactory gross. I gathered from the witness that the company aims at a higher gross than 10·02 per cent and the company believes it should have a higher gross. If the witness explains the company's policy in selling I think perhaps he would be answering the question.

The Chairman: I do not think that would satisfy you, Mr. Lesage?

Mr. Lesage: I am in the hands of the committee. I do not know what to do about it—what do you think, Mr. Dyde?

Mr. Dyde: If Mr. Kraft would just discuss with Mr. MacAulay we might find there is something in the figures which you have and which you could give, apart from general policy?

Mr. Lesage: Do you not think it would be very helpful to have the information which I have requested?

Mr. Dyde: It would be very helpful to the committee if the witness could give it.

The Chairman: Yes. We want to be fair to the company but if evidence is important in giving us a guide, the committee will have to decide. I think I should make those remarks to the witness.

Mr. MacAulay: The figure is an estimate and I do not think it is in the interests of the company to disclose that information. We were not asked to produce those figures.

Mr. Lesage: I understand.

Mr. MacAulay: If we had been asked we would likely have had more than an estimate.

Mr. Lesage: I am only asking for the estimate, just as a guide and to know what the costs are.

Mr. Pinard: Can the witness tell us how the estimate was made?

Mr. MACAULAY: The figures were not prepared by Mr. Kraft and were not checked by Mr. Kraft, so he could not swear to the information contained in the document.

Mr. DYDE: I think the difficult point is that the figure would be an estimate and I believe the value of it deteriorates when you find that it is an estimate. We cannot use it for any other purpose. I am concerned about that point and I had hoped it could be an exact statement but it appears that it cannot be.

Mr. LESAGE: It cannot be an exact statement after what Mr. Kraft has said because he has to estimate what proportion of the cost he is going to put on the meat department. It will always be an estimate for every department in your stores.

The CHAIRMAN: If it is just an estimate that you give how can the company be prejudiced? You can say "here is our estimate—" and that does not mean it is an exact figure, but it would perhaps be sufficient to give us a guide.

Mr. MACAULAY: Mr. Kraft can tell the gross the company feels it must obtain; he has already given that figure. He said 16 to 18 per cent.

Mr. THATCHER: No, he did not say that.

Mr. LESAGE: No, he said it would vary in accordance with the price of meat.

Mr. MACAULAY: He said that on November 1, when the meat price was what it was, 16 to 18 per cent would be a proper figure.

The WITNESS: I think I said 15 to 18 per cent.

Mr. MACAULAY: You said 16 per cent.

The WITNESS: I am sorry, I meant 15 per cent.

Mr. LESAGE: That is why I picked out the figure for November 21 because it was 17·9 per cent. On the 3rd of April for instance, what gross in cents would just cover the cost of operation, according to your estimate?

Mr. MACAULAY: For what date?

Mr. LESAGE: April 3.

Mr. MACAULAY: That is the same question.

Mr. LESAGE: Yes, but I do not see why Mr. Kraft would have any objection to answering the question. What is the gross margin in cents necessary to cover the cost of operation of the meat department—the estimated cost of operation of the meat department?

Mr. BEAUDOIN: It seems to me the question is very fair.

Mr. IRVINE: It seems to me that if we cannot have the information there is no use proceeding with the witness.

The CHAIRMAN: I think we have received that type of evidence from other witnesses.

Mr. MACAULAY: The question is, with the price of meat as of April 3rd, how many cents per pound would the company have to have?

Mr. LESAGE: You said 3 cents was not sufficient.

Mr. MACAULAY: In order to have a satisfactory operation?

Mr. LESAGE: No, to cover the cost of operation—I do not mean profit.

Mr. IRVINE: May I ask a question on this same point?

Mr. LESAGE: I have not had an answer.

Mr. IRVINE: All right, I will wait.

Mr. LESAGE: I have not yet received an answer to my question.

Mr. IRVINE: You may not receive an answer.

The CHAIRMAN: I think the question is a fair one. I do not see how we can be precluded from asking the question.

Mr. THATCHER: How would it damage the company for you to give the information? Do you mean one of your competitors would obtain it?

Mr. MACAULAY: Yes, it might damage us if someone thought that on April 3rd we were selling meat for less than the cost of the operation.

Mr. THATCHER: That would be of value to your competitors—they would derive some value from that information?

Mr. MACAULAY: Yes.

Mr. THATCHER: I do not think he should give the information if it is going to be of value to his competitors.

Mr. PINARD: I would like to know of what value it would be?

Mr. IRVINE: I should think it would be a mighty good boost for Safeway.

Mr. MACAULAY: As I said, in the first instance, if Mr. Kraft indicated the company's method of fixing margins on meat, and if he indicated why there was a lower margin, you would dispose of the matter.

Mr. KUHL: The chairman pointed out that similar information had been obtained from other witnesses. Would he mind indicating what witnesses gave that information?

The CHAIRMAN: I do not recall, but we asked some of them.

Mr. LESAGE: I think the first thing we have to ask of a witness, if we are to investigate prices, is a question as to the margin which must be taken to cover the cost of operation. I think that is a very fundamental question.

Mr. IRVINE: We had it all through the inquiry with respect to bread.

Mr. LESAGE: We might as well not be here if we do not have the information.

The CHAIRMAN: We have had the innermost secrets of companies which have been before the committee.

Mr. THATCHER: Where is it shown that we asked that question of Loblaw's or Steinberg's?

The CHAIRMAN: I do not refer to this particular thing but we have taken the position that we must have anything that will assist us in meeting the assignment which parliament has given to us. We do not want to unnecessarily hurt people in obtaining that information.

Mr. THATCHER: The witness has said we might be doing just that.

The CHAIRMAN: The witness has said so but we must decide.

Mr. KUHL: To my knowledge this is the first witness of which the question has been asked.

Mr. LESAGE: We asked practically all the witnesses in all branches of our inquiry what their cost of operation was and that is what I am asking now. I am asking the witness how much per pound the company would have had to receive on April 3 to cover the cost of operation.

Mr. THATCHER: I think the witness should be told he does not have to answer if he does not wish to answer.

The CHAIRMAN: No, I cannot do that.

Mr. LESAGE: That is a new law.

The CHAIRMAN: The chair has not said that, and I do not want to do anything wrong. I do not want to do anything to hurt this company—

Mr. IRVINE: None of us desire that.

The CHAIRMAN: No, we do not, but we have a job to perform and we want to perform that job thoroughly.

Mr. KUHL: On April 3 you made a small profit?

The WITNESS: Gentlemen, I will tell you the figure given in this estimate —and it is only an estimate—and the figure is given for the twelve-week period ending March 20. It is not as of April 3.

By Mr. Lesage:

Q. Correct—A. The figure we have is 11·54.

Q. Cents per pound?—A. No, that is percentage.

Q. Percentage? And that was the average for the twelve-week period ending— —A. The twelve-week period ending March 20.

Q. From January 1?—A. That figure was higher when meat cost less per pound, and it would probably be lower now.

Q. Yes, in percentage it would be lower. The cost price of meat has gone up?—A. Yes, and the only portion which is accurate in this estimate is the portion respecting salaries and supplies. The other contributing costs are estimated.

Q. I understand perfectly.

Mr. IRVINE: Your costs of handling, according to this figure, include the cost of the purchase of the meat—otherwise I cannot see what difference it makes in handling whether you pay 40 cents per pound or 50 cents per pound for meat? You have to handle it just the same. Do you separate the cost of handling the meat from the original price?

Mr. MACAULAY: We can make more dollars if the price is higher—that is on a given percentage.

Mr. IRVINE: Yes, but I was thinking of your actual cost of handling.

Mr. BEAUDOIN: May I ask to have—for my own information—the actual position held by the gentleman who is sitting next to Mr. Kraft?

The CHAIRMAN: Mr. MacAulay is Mr. Kraft's counsel and I have asked Mr. Dyde to speak to Mr. MacAulay.

By Mr. Lesage:

Q. This 11·54 per cent for the twelve-week period would mean, as far as I can see, 4 cents per pound when converted into cents, would it not? Taking the two-week period ending March 6 as an example you had 11·88 per cent on a price of 34 cents—which is above the average between 40·9 cents on January 10 and 31 cents on March 20—and that percentage gives 4 cents? Will this be about correct, 3·9 to 4 cents?—A. I think so, if I understand your question.

Q. I am trying to convert the 11·9 per cent from percentage to margin in cents for that period, and it looks to me as if it was 4 cents?—A. Yes.

Q. That is correct?—A. Yes.

Q. So for that period it costs about 4 cents to cover operation cost; 4 cents a pound would cover the operation cost of your meat department?—A. Possibly.

Q. On your estimate; I understand it is only an estimate?—A. I think so.

Q. Now, since April 3 what has happened? Have you reduced your margin again on account of consumer resistance?—A. It is about the same.

Q. About the same?—A. As far as I know. As I said a while ago I have not an accurate report since that time.

By Mr. Pinard:

Q. It is about the same as April 3?—A. Yes.

By Mr. Lesage:

Q. You mean you are taking about the same percentage or the same margin in cents?—A. It would be about the same percentage margin as of April 3. The percentage is really too low.

Q. Yes, I understand, according to your estimate.—A. But it would be about the same now because the price of meat has increased very considerably within the last two or three weeks. Our costs, the prices that we have to pay have increased considerably.

Q. There was an increase in the price of meat. How do you explain these variations in price from one two-week period to another? For instance, on October 4 the average price of a pound of meat is 41 cents?—A. Yes.

Q. October 18, 35·9 cents; November 1, 30 cents, and then on November 15 back to 35 cents.—A. Well—

Q. Would you explain what happened in the period ending November 1? It looks to me as if there was a reduction of 5 cents.—A. Consumer preference for various cuts of meat does not remain constant.

Q. It is not?—A. No, and a greater gross margin of profit is made on some cuts than on others. Competitive prices would also enter into it.

Q. In pricing your meat you take into account the prices of your competitors, of course?—A. Yes. We are never knowingly undersold for the same grade of meat. In pricing meat we would attempt to take what we think is a reasonable and fair profit over all, over the entire meat operation.

By Mr. Thatcher:

Q. You try to get 15 or 18 per cent; is that what you said?—A. Yes, but in addition to that we also meet all competitive prices.

Q. Is that the reason—A. And we trim better than meat is customarily trimmed in the industry, and that forces our roasts down, particularly so on beef.

By Mr. Lesage:

Q. Do you not think that with prices as they are now a gross margin of 15 to 18 per cent would be a little high?—A. It was not—

Q. I am speaking of now.—A. As of today?

Q. As of today.—A. 15 per cent probably would not be over all. 18 per cent might be as far as we are concerned.

Q. 15 per cent, if the average price per pound is 40 cents, which is a conservative figure, would give 6 cents a pound. It is a little high. You would be satisfied with 5 cents?—A. Between 5 and 6, I think, with the present volume. We have to consider tonnage.

Q. That is right.—A. As the tonnage increases, if it increases, the operating costs per pound decrease. As the tonnage decreases the operating costs per pound increase.

Q. But you have a steady volume. You have a steadily increasing volume in the last period?—A. Yes.

Q. It is a good volume. It is steady?—A. I think so.

Q. 15 per cent would be about correct.

The CHAIRMAN: Mr. Lesage, have you elicited what the normal percentage profit desired by this company was over the last three or four years?

Mr. LESAGE: No. I kept to recent dates.

The CHAIRMAN: It seems to me in ascertaining whether or not a certain percentage of profit is fair and reasonable at the present time one should know what has been their percentage of profit over a period.

Mr. LESAGE: We were under controls then.

The CHAIRMAN: Yes, but before controls were on.

Mr. LESAGE: When I started questioning the witness on this I asked him if he had any figures separate for the meat department, and he said he had only an estimate for various periods, and then he gave me the period that was nearest to the present date.

By Mr. Lesage:

Q. Do you have anything like that for previous years?—A. No, I have not any figures.

By Mr. Pinard:

Q. You have made estimates of your cost of operation for your meat department for other periods?—A. Yes, we have done that.

Q. Over a certain number of years?—A. Over a number of years. I believe I said previously that as the cost of meat increases per pound a lower gross percentage is satisfactory.

By Mr. Lesage:

Q. You have said that, but in the last year was your figure of gross percentage on meat varying between 15 and 18?—A. Well, it would be. It would have been gradually higher in the last few years, to some extent.

Q. What is the reason for that?—A. Percentagewise, I mean, because costs were lower per pound.

Q. Yes, but the margin in cents would be approximately the same?—A. I have not those figures but there probably would be no great difference.

The CHAIRMAN: Could we get it this way, by asking if the present percentage is not the highest?

Mr. LESAGE: Oh no, it is the lowest as far as this witness is concerned. It is sure that the percentage they were taking on the last date here, April 3, was the lowest they have taken up to now.

Mr. PINARD: Since 1946.

Mr. LESAGE: For the figures we have here it is the lowest. I do not see that it could have been lower in the war years because the cost of meat was lower than it is now.

The WITNESS: During the war years, speaking from memory, it was from 15 to 20 per cent.

Mr. MACAULAY: I did not think the witness understood Mr. Lesage's question. I am glad that came out now. I thought Mr. Kraft perhaps created the impression it was much higher than 15 to 18.

Mr. LESAGE: No, no.

Mr. MACAULAY: I am sorry.

By Mr. Lesage:

Q. Is there any consumer resistance now with regard to meat?—A. Well, the tonnage that we are selling would not indicate that there is, but there are some complaints.

Q. By whom?—A. By consumers.

Q. That— —A. The meat prices are high.

Q. Oh yes.

Mr. PINARD: Both for pork and beef.

Mr. LESAGE: Who would not complain that they surely are high.

The WITNESS: Both for pork and beef. Since the decontrol of pork prices pork prices have risen considerably. In recent weeks beef prices have risen very considerably because the packers are paying substantially more for their beef to the farm, the rancher and producer.

Q. Have you noticed any change in consumer demand? Has the demand switched to cheaper cuts?—A. There may be a slight switch. It is not very noticeable.

Q. To cheaper cuts?—A. Yes.

Mr. PINARD: Has there been a switch from pork to beef?

Mr. LESAGE: Or beef to pork?

Mr. PINARD: From pork to beef. I am told it has happened in Montreal, for instance, and has happened in Winnipeg in the last period.

Mr. LESAGE: Since January 2, since the price of pork has gone up.

The WITNESS: No great switch from pork to beef.

By Mr. Pinard:

Q. But there was one?—A. Perhaps some; there was some consumer resistance to high pork prices when pork prices recently increased substantially.

By Mr. Lesage:

Q. When I look at your figures I am surprised because we have heard that on account of the British contract prices have gone up, and we know that the price of hogs and the price of cattle has gone up. Looking at your average price per pound of meat I see that for the period ending December 27, and even for the period ending December 13 your prices were higher than for the period ending February 7, and February 21, and March 6 and March 20.—A. Yes. It has not been possible for us to adjust our retail prices upwards as fast as our costs have increased in recent weeks.

Q. But I am talking about January, February and March.—A. When I say it has not been possible, it has not been possible to do that and be competitive in price.

Q. For the periods I am mentioning now for which your prices were under December prices you were having a gross of 4·3, 4·3, 4·4 and 4 cents, which was a return that gave you your estimated cost of operation plus, in most cases, a small tiny profit. You were selling your meat at prices which were lower than the prices that you were getting in December, and in November.—A. I have said that the price at which we are now selling meat is really too low based on our costs as of April 3.

Q. As of April 3. It is difficult for me to follow you on periods after April 3 because I have no figures in front of me.—A. I am talking about April 3. I would say our margin is too low.

Q. That is all right. I understand that. However, it looks to me as if the increase in the price of meat to the consumer has occurred since the end of March, and it took three months to feel the effect of the British contract, if it has any effect at all. Is that not correct?—A. I am sorry, but I did not follow you.

Q. Do you not agree that your average price per pound of meat since January 10 is lower than your price of meat for November and December, your selling price of meat, generally speaking?—A. Well, it is not in January.

Q. No, I said since January 10.—A. I beg your pardon.

Mr. PINARD: In other words, excluding January.

By Mr. Lesage:

Q. No, I do not exclude January. I exclude the first ten days of January. —A. Well, it was about the same for the two-week period ending January 24 as it was in November and December.

Q. That is right, then it dropped?—A. Slightly.

Q. In December, prices— —A. That is the average price per pound of all meat.

Q. Yes, the figures we have for December are also the average price per pound for all meat?—A. That is right.

Q. Your cost was higher, but you were taking less profit. Is that the reason for the lower price of meat to the consumer?—A. The price that we had to pay for our supplies increased faster than we were able to increase our retail prices.

Q. It took a little more than two months to increase your retail prices, is that the answer?—A. Our retail prices—

Q. Started to go up after March 20?—A. Our retail prices—no, they did not start to go up after March 20. Is that what you said?

Q. After March 20, that is what I see here.

Mr. PINARD: There is an increase from the first period of February to the second period of February.

By Mr. Lesage:

Q. Yes, but it is a very small one. Is that not correct, that your prices to the consumer increased shortly after March 20 only?

Mr. KUHL: Where is that shown on the chart? I do not follow that.

By Mr. Lesage:

Q. I took it down.—A. Yes, the prices went up at that time and they have gone up since then to some extent because costs have increased considerably, the cost of beef particularly.

Q. I agree with you the cost of beef has gone up considerably, but the cost had gone up in January, February and March and it was higher than it was in November and December, was it not?—A. The average selling price of all meats at that time?

Q. The cost to you of beef and pork was higher in January, February and March, than it was in November and December?—A. Well, I do not know.

Q. Do you contend that you do not know the prices you had to pay for pork and beef were higher?—A. I know there has been an upward trend in beef prices, but I am not sure whether pork prices have increased substantially.

Q. The price to you has definitely increased over January 2 or 5, there is no doubt about it?

By Mr. Dyde:

Q. Mr. Lesage is trying to remind you, Mr. Kraft, that the evidence we have heard is there was a considerable increase in the cost of pork at the beginning of January as the result of the United Kingdom contract.—A. Oh, yes.

Q. So that in January your costs were greater than they were in November and December?—A. Yes, I believe that is right.

Mr. LESAGE: And they were in February and March?

By Mr. Dyde:

Q. And they were in February and March?—A. Yes.

By Mr. Lesage:

Q. But, however, you were selling your meat on an average at lower prices than you had been selling it in November and December?—A. Well, we were selling at lower prices, did you say?

Q. Yes, generally speaking. You agreed with that a few minutes ago?—A. Lower prices per pound?

Q. On an average, lower prices?—A. There may have been a different kind of meat selling, to some extent, in the latter period.

Q. Was that due to consumer resistance; that is the point to which I wish to come?—A. I do not know. It is, probably, to some extent.

Q. You set your own prices. Why did you fix them at such a level that your returns were not satisfactory? You said that a few minutes ago.—A. Well, I have said that we meet all prices. We are never undersold on the same quality of meat or the same quality of beef and we trim better than others.

Q. I would not like to see any other person from Winnipeg here when you say that. Perhaps he would not agree with you. I do not question your statement.—A. I can illustrate our trimming method here.

Q. No, do not go into that.

Mr. DYDE: Mr. Kraft has two volumes here. One is the policies of the company and the other a document called, "Safeway News, April, 1948". He is quite prepared to have the members of the committee look at these. I do not think they need to be exhibits, but it may be the members of the committee would care to look at them.

By Mr. Lesage:

Q. What is the reason for the recent increase in prices? Is it due to an increase in the cost of pork and beef to you, is that the answer?—A. The producer is getting more money.

Q. That is your answer to it?—A. Yes.

Q. And whatever the increase is, the company does not benefit at all? —A. No, sir.

By Mr. Pinard:

Q. Is it only the producer who benefits or does the packer benefit as well? —A. I do not know.

By Mr. Lesage:

Q. But the cost to you?—A. We know our costs are substantially higher and we see what livestock is selling for according to the press. Steers sold in Winnipeg last week, Friday, in excess of 19 cents per pound, 19½, for some steers. We have never before seen such a high price paid or quoted for steers.

By Mr. Dyde:

Q. In that connection, Mr. Kraft, the most recent prices we have for steers at Winnipeg are these; good butcher steers of 1,050 pounds down, the last quotation which is available to us is April 24 at Winnipeg and it is 16·60. Now, it has gone up since then, has it?—A. Yes, substantially.

By Mr. Lesage:

Q. The recent increase in the price of meat is mostly due to the increase in beef and not in pork prices?—A. Beef prices and veal.

By Mr. Kuhl:

Q. Before you leave this page, could Mr. Kraft give any indication of the proportion of his cost represented by dominion taxation?—A. No.

The CHAIRMAN: I take it, Mr. Kuhl, you are still opposed to taxation?

Mr. KUHL: Yes.

The CHAIRMAN: I think you will find almost everyone is opposed to it.

Mr. LESAGE: Since I have filed my income tax return, I am opposed to it.

Mr. MACAULAY: I do not know whether I am allowed to speak or not.

The CHAIRMAN: The rules of the committee are not made by us.

Mr. MACAULAY: I think I could answer that question for the gentleman, if he wants it answered.

Mr. KUHL: I certainly do. If he can give any reply to it.

The CHAIRMAN: Do you want to be sworn?

Mr. MACAULAY: No.

Mr. IRVINE: You can whisper it to him after the meeting.

By Mr. Beaudoin:

Q. In answer to a question put by Mr. Lesage, the witness said there were several increases in wages since the removal of price control. Were there not increases in wages before the removal of price control?—A. Yes, I intended to infer that the trend in wage adjustment over the whole period has been upward and that there are adjustments almost constantly.

Q. But, as a matter of fact, the biggest adjustment in wages had to be made before the removal of price control. Is that not so? The adjustments you are making now may be considered minor as compared to the considerable adjustments you had to make from time to time before the removal of price control? —A. I do not believe so. I do not think there would be any substantial difference.

Q. During the course of the years 1942, 1943 and 1945?—A. Of course, when we had wage and salary ceilings, we could not adjust wages except within a bracket.

Q. There were several requests made by your employees to the National Labour Board and there were some adjustments?—A. Yes.

Q. As soon as the ceiling on wages was removed, you might have had several requests from your employees for adjustments and so on?—A. Yes.

Mr. KUHL: Would it be out of order for Mr. Kraft to secure from his counsel the information necessary to answer the question I asked?

The CHAIRMAN: Mr. Kuhl, the rules of the committee—

Mr. KUHL: I do not think it is out of order, Mr. Chairman.

The CHAIRMAN: It is out of order for this committee to ask this witness to ask his counsel what he thinks of taxation.

Mr. KUHL: I am not asking for an opinion on taxation at all. I am merely asking whether he can give an estimate of the proportion of his cost represented by taxation.

The CHAIRMAN: If you wish to ask that, Mr. MacAulay will have to be sworn.

Mr. KUHL: I do not want to put him to that trouble if it is not necessary. It is a simple question. I am not asking for an opinion, I am asking for a statement of fact.

The CHAIRMAN: I am suggesting to you it is not even proper.

Mr. KUHL: It is a matter of interest. He has the information.

The CHAIRMAN: That certainly is not admissible. I do not think we should spend any more time on it.

Mr. KUHL: Under what rule is it not admissible?

The CHAIRMAN: Under the rule of commonsense. We might as well ask any of the spectators in this room the same kind of question. While I am not depreciating its interest, I am saying that an opinion of that kind is not admissible.

Mr. KUHL: I am suggesting to you that I am not asking for an opinion. I am asking for a statement concerning an item of cost.

The CHAIRMAN: You can ask this witness.

Mr. KUHL: I have asked the witness.

The CHAIRMAN: This witness cannot tell you. There is nothing to prevent you—I am not going to encourage you to do this—

Mr. KUHL: Quite obviously.

The CHAIRMAN: You have a right, as a member of this committee to bring anyone here. If you feel that is an important matter, you may bring in evidence later on that. I am suggesting to you in all seriousness that the method you are proposing is one which could not be countenanced for one minute and I think the committee would agree with that without hesitation.

Mr. KUHL: May I ask the witness once more whether he would care to make an estimate of it at all?

Mr. BEAUDOIN: He did not know a minute ago, do you think he knows now?

The WITNESS: I do not know, sir.

By Mr. Dyde:

Q. Mr. Kraft, I should like to turn to the second page of the material you presented and explain that you were asked to bring with you the cost and selling price of certain pork cuts. You have set down, in various columns the cost in cents per pound on pork loins and the selling price in cents per pound and the gross margin in percentage?—A. Yes.

Q. The gross margin under pork loins is a percentage figure. May I ask, if in that particular item, you allow for the fact—I think you say so in your footnote—you allow for the fact some of the pork loins are sold as chops and some as roasts?—A. That is right, the price is the same.

Q. Is the price the same for any item, no matter how it is sold?—A. Whether sold in the form of chops or sold as a roast.

Q. Then, in the second column, you have No. 1 bacon; sliced side, rindless. Is that in a package?—A. Yes.

Q. In a cellophane package?—A. In a cellophane 8 ounce package.

Q. Is it your own brand of bacon or is it the packers brand?—A. The packers brand.

Mr. PINARD: That is wrapped by the packers?

The WITNESS: Yes sir.

By Mr. Lesage:

Q. Does your cost include the sales tax?—A. Yes.

Q. It includes the sales tax?—A. It includes the sales tax.

Q. And it is all wrapped by the packer?—A. It is all packed by the packer.

Q. You receive it in your store all wrapped?—A. That is right.

Q. I am putting this question to you in all sincerity; I cannot understand why you charged on April 19, more just to handle packaged bacon when really you do not handle it.

Mr. PINARD: The customer can pick it up by himself.

By Mr. Lesage:

Q. Is it picked up by the customer himself?—A. No.

Q. And for that service you charge 12 cents a pound?—A. We did at that time on that item. We take the meat operations as a whole and we realize an over-all gross if we can, as previously referred to, and the figures indicate the over-all gross that was realized on all meats.

Q. I understand that.—A. And a bigger percentage of profit is made on some lines than on others.

Q. Yes, but you are making a gross margin on sliced bacon which is higher than the average.—A. Than the average over-all gross?

Q. Right; is that correct?—A. Yes, percentagewise we were.

Q. Even though the sale of this particular kind of meat, this sliced bacon, involves much less operation than the sale of pork loins or steaks or roast beef and things like that. That is the thing I don't understand, why you do that. It costs you practically nothing to handle it.

Mr. MACAULAY: I object to that statement.

The WITNESS: I don't agree with you there. All the meat operation has to be taken as a whole. You cannot single out any one item.

By Mr. Lesage:

Q. I am not blaming you at all, I am just looking for an explanation as to why you are taking a gross margin on sliced bacon which is higher than the average when the operation involved in the handling of that bacon is practically nothing; there is no handling, there is nothing for a butcher to do; it can be handled by anyone in the store, it is all wrapped up.—A. We handle in the food store in groceries, produce and meats, something like 1,500 items or more. It would be impossible to attempt to get the exact cost for handling every item. We do not know exactly what it costs us to handle one item. We estimate the operation as a whole.

Q. Quite.—A. And if there is a low margin in some items there has to be a higher margin in other items. Consumer preference and demand to some extent sets that. On April 16, we were paying 26½ cents for blue label and 27½ cents for red label beef, that is good and choice, and we were selling brisket points for 18 cents a pound out of meat that cost us 26 and 27½ cents a pound. Why do we do that? The other day we dropped our price on brisket points to 10 cents a pound. Why? Because brisket points just quit selling. Brisket point is a type of meat that a customer does not want in warm weather, it is used either for stews or perhaps soups when the weather is cold; and you have to adjust the prices upward or downward to some extent in accordance with the consumer demand and fluctuate it so as to show a fair over-all markup.

Q. But there is a good demand for sliced bacon.—A. There is a good demand for sliced bacon, but not as good as it was at the moment.

By Mr. Dyde:

Q. This is an item, Mr. Kraft, which we have found commonly throughout the trade and we have been puzzled by it, just as Mr. Lesage has said. It looks as though a person that was wanting bacon was subsidizing someone who wanted other types of meat. That is, you have to make up on the bacon what you lose, or what you fail to make, on somebody else who is eating something else. It strikes us as laymen as being odd that this should occur, and we have looked for an explanation elsewhere and the thing has never been made clear to us, why the bacon should always have to carry this large margin, because apparently it does all over. Now, would you be able to say anything about the margin in the event of a person coming into a store and buying bacon that you slice right there. Can you tell us what your selling price is for sliced bacon which is not coming from the packer in that way?—A. The cost would probably be slightly lower than this.

Q. Yes.—A. The selling price would be the same.

Q. It would be the same as this, would it?—A. It probably would be, if it were of the same quality.

Mr. LESAGE: And the additional operations in your store would be covered?

The WITNESS: The cost of selling would be covered by the lower cost—if it were of the same quality.

By Mr. Dyde:

Q. The same situation arose, Mr. Kraft, when we discussed hams also. That is in the third column incidentally. There is a correction to be made, gentlemen, in the last column under hams under gross and opposite November 17, 1947. I think you will notice—if your copies are not already changed—it should be 24·25. The same remark applies, Mr. Kraft, on ham, which again is an item which is handled in a package, it comes into the store in a package and it goes out in the same package, except that sometimes it is cut; is it not?—A. Yes.

Q. But the amount of handling and cutting and the services that you perform in selling bacon and ham is nothing like the service that you supply or perform in selling your beef, is it?—A. No, it is not. There is not as much labour involved per dollar sale in selling whole ham or packaged bacon as there is in selling beef or in sellling fowl or chicken on which you probably make 5 or 6 per cent, or maybe 10 per cent, and have to draw it.

Mr. LESAGE: That is what I can't see.

The WITNESS: But I say you have to take into consideration operations as a whole.

Mr. LESAGE: But taking it as it is, don't you agree, people buying bacon and ham are subsidizing others who are buying the things about which you have been telling us. Frankly, I want to understand it.

The CHAIRMAN: Supposing the witness would answer yes to that, is that not an understandable operation; I mean, no company is in business for the sake of philanthropy, and to be able to carry on they have to consider the over-all picture.

Mr. LESAGE: Yes.

The CHAIRMAN: I mean, there are some lawyers who do work for nothing for some clients and they have others for whom they work by whom they get better paid.

Mr. IRVINE: Where are they, Mr. Chairman?

The CHAIRMAN: There are a lot of people in the profession who do that.

Mr. LESAGE: That is right.

The CHAIRMAN: I think the lawyer has to take into account his whole operation, the doctor has to do the same.

Mr. LESAGE: That is the difficulty for the lawyer.

The CHAIRMAN: I think we ought to be fair in these things.

Mr. LESAGE: I am not blaming the witness. I am just looking for an explanation.

Mr. MACAULAY: Mr. Chairman, I thank you for that comment because, if anybody looks at the page we were discussing previously, the gross over-all operation is indicated as 11·59 per cent and 10·02 per cent.

Mr. LESAGE: I agree perfectly, but I do not see why you should buy a certain commodity like bacon or ham and have a situation where—well the words used by Mr. Dyde are correct—that product subsidizes the people who eat other products.

Mr. BEAUDRY: Would you prefer that the people who eat chicken should subsidize the others?

Mr. LESAGE: No, but perhaps it should be apportioned more fairly. However, it is the method.

Mr. MACAULAY: Could I make one further explanation?

The CHAIRMAN: I am in a quandary, Mr. MacAulay, and if you were sworn I would have no difficulty.

Mr. MACAULAY: This statement is now before the committee and I would like to refer the committee to—

The CHAIRMAN: Could you not tell the witness?

Mr. MACAULAY: Yes.

The WITNESS: I might draw your attention to the fact that you have picked probably the highest gross in the report covering the entire period of sales of bacon and ham. The average you will find it substantially lower than the figures to which you referred.

Mr. DYDE: Yes, and in order to help you even further, I am going to point out that under price control you were allowed a large gross on sliced side rindless bacon so there is that also to be said for the position.

Mr. LESAGE: I think the answer to my question is that it has always been done that way.

Mr. IRVINE: That is the trouble.

By Mr. Dyde:

Q. Mr. Kraft, will you turn the page but before we go on I think in order to shorten this matter I will call the attention of the committee to two or three things. In the first place there is a page included in your material which I think is incorrect. It is the page for January 13, 1948, it is the cutting test of blue beef for a heifer forequarter. Do you find that? Mr. Kraft wanted me to explain that they have discovered that there is an error in that particular test and that it should not be regarded as being correct. Now the other remark which I wished to make was that in addition to the pages Mr. Kraft has produced, these various cutting tests were analysed by the secretariat and reduced to a mimeographed page. I think it is not necessary for you to go through the pages which Mr. Kraft produced at the present moment and if you will look at the mimeographed page there is a correction or two to be made. The mimeographed sheet is headed "Canada Safeway Limited, Winnipeg Zone, Cutting tests on Red Grade Beef." This sheet was prepared by the secretariat but Mr. Kraft has had an opportunity I think of checking it and I believe, Mr. Kraft, you have found there are one or two places where corrections are required?—A. That is right. In the first place there is one column to come out altogether—which column corresponds to the page which I have just mentioned as being incorrect. The column to come out is at the lower half of the page under "cutting tests on blue grade beef". The column under date of January 13, 1948, should be removed from the top to the bottom because that is the one which came from the incorrect page. In the upper half of the page there is in the column of figures under "March 24, 1948", opposite "average selling price per pound of carcass weight"—you will find there the figure 30·86 cents and instead the figure should be 29·00 cents. When that change is made the figure immediately below will remain the same, but obviously the figure below that again should be changed to 2·00 cents, and the percentage of gross margin on selling price should be changed from 12·5 per cent to 6·87 per cent.

The CHAIRMAN: Are there any more errors? If so we might as well run the sheet off again.

By Mr. Dyde:

Q. Mr. Kraft, do these figures on these mimeographed sheets thoroughly summarize the sheet which you have produced and which indicate your cutting tests?—A. Yes, but there are a few additional sheets included which were not mailed to you originally.

Q. So this analysis does not include all of the sheets?—A. No.

The CHAIRMAN: Gentlemen, it is 6 o'clock.

Mr. KUHL: Before you adjourn, I would like to raise a point of privilege.

The CHAIRMAN: Yes, Mr. Kuhl.

Mr. KUHL: When I attempted to ask the witness a question, not very long ago, you ruled the question out of order and said that it showed even a lack of common sense to ask for an answer to that question.

The CHAIRMAN: I should not have used that expression.

Mr. KUHL: I am not complaining about that.

The CHAIRMAN: You had a right to complain.

Mr. KUHL: Since that time counsel for the witness attempted to answer but you prevented him from answering and suggested to him that he give the witness the answer and the witness in turn would give us the answer.

The CHAIRMAN: Mr. MacAulay is acting as counsel and I asked Mr. Dyde to suggest to Mr. MacAulay and that he point out to the witness the material in the document about which he wished to speak. That is an entirely different matter.

Mr. KUHL: In what way is the information I am seeking any more out of order than the information which the counsel gave?

The CHAIRMAN: Counsel did not give the evidence he directed the witness to another page.

Mr. KUHL: There is no difference in my mind.

The CHAIRMAN: I have tried to run the committee on the basis of full co-operation, and I am in the hands of the committee.

Mr. KUHL: I certainly feel that if you permit that procedure I should have been allowed to ask my question.

Mr. BEAUDOIN: Someone could raise a point of order and say that the remarks made by the company counsel should be removed from the record because he was not a witness.

The CHAIRMAN: I explained the situation to the counsel in what I thought was a most graceful way.

Mr. MACAULAY: I was just attempting to be of assistance to the committee.

The CHAIRMAN: Under the rules you are not permitted.

Mr. MACAULAY: In so far as possible—

The CHAIRMAN: Do not make it any more difficult for me now.

Mr. KUHL: I still think I am entitled to an answer to my question.

Mr. LESAGE: If they do more business in Alberta—

The CHAIRMAN: Order. Mr. Kuhl is entitled to an answer to his question if he has not received it, and I suggest he put the question now. He can put the question but he cannot put it to someone who is not before the committee.

Mr. KUHL: I will simply repeat the question I asked before. Can the witness indicate now whether he has any idea of the proportion of his costs which are represented by dominion taxation?

Mr. LESAGE: What costs?

Mr. KUHL: His over-all costs.

The WITNESS: No, I cannot.

The CHAIRMAN: Can I do any more, Mr. Kuhl?

Mr. KUHL: Under the other circumstances you suggested that counsel give the answer.

The CHAIRMAN: I did not suggest that, I simply suggested that counsel might show the witness where certain material was to be obtained.

Mr. KUHL: Perhaps he could do that now.

Mr. BEAUDRY: We might embody that suggestion in our swearing in procedure.

The CHAIRMAN: Order.

The meeting adjourned to meet again Thursday, May 6, 1948, at 11.00 a.m.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 53

THURSDAY, MAY 6, 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

THURSDAY, May 6, 1948.

The Special Committee on Prices met at 11.00 a.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudoin, Harkness, Irvine, Lesage, Maybank, Mayhew, McCubbin, Pinard, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. J. S. McLean, President, Canada Packers Limited, Toronto, was recalled and further examined.

At the request of Counsel, the following correction in the printed Minutes of Proceedings and Evidence, was authorized:

On page 2223, second line of paragraph 14, for the figure *$14.75*, substitute *$14.25*.

Mr. McLean submitted three statements to be incorporated in the document submitted by him on April 21, namely, additional pages 44A, 67 and 68.

By unanimous consent Counsel and the Chairman were authorized to determine what parts of the document above referred to should be printed, such printing to be done as an Appendix to this day's Minutes of Proceedings and Evidence.

During proceedings, Mr. McCubbin 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 Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Beaudoin, Harkness, Irvine, Lesage, Martin, Maybank, McCubbin, Merritt, Pinard, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. McLean was recalled and further examined.

At 5.30 p.m., members were called in the House for a division, and the Committee took recess.

The Committee resumed at 5.50 p.m. and the examination of Mr. McLean continued.

At 6.05 p.m. witness retired and the Committee adjourned until 11.00 a.m., on Friday, May 7.

R. ARSENAULT,
Clerk of the Committee.

12274—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 6, 1948.

The Special Committee on Prices met this day at 11 a.m. The Vice-Chairman, Mr. R. Maybank, presided.

The VICE-CHAIRMAN: Gentlemen, the meeting will come to order.

Mr. J. S. McLean, President, Canada Packers Limited, recalled:

Mr. DYDE: Mr. Chairman, I propose this morning to proceed in this way. There were certain matters on which we asked Mr. McLean to bring information and I thought we would get all of that information before we asked general questions. I should also mention a point which I think needs correction. On page 2223, towards the close of the sitting when Mr. McLean was last here, he read some prices for steers at Toronto which I inserted here in pencil. Mr. McLean was reading those figures and I am sure that he said $14.25 for December 20, although in the proceedings the figure is given as $14.75. I think there must have been an error made in the transcription and the figure should read $14.25. Do you happen to have those figures with you, Mr. McLean?

The WITNESS: No, I have not the page which I read from, but $14.25 is the correct figure.

Mr. PINARD: Instead of $14.75?

The WITNESS: Yes.

By Mr. Dyde:

Q. The figure is about midway down page 2223 and it is the price given for December 20. Then, Mr. McLean, on page 2222 you were asked to bring information or pages similar to page 60 of your original material, with reference to blue brand and commercial beef. You were also asked to give the quantities. Is it now possible for you to produce that information?—A. Yes.

Q. You are producing a page which is numbered 68 and this page should be added to your material?—A. Yes.

Q. Then, I also have asked you since the committee last met, to bring with you material as to the average cost of red brand steers—per hundred pounds—and the average selling price f.o.b. Toronto. I should perhaps have produced that page first because I notice it is numbered 67.—A. Yes.

Mr. LESAGE: What is this?

Mr. DYDE: The cost of red brand steers and the average selling price at Toronto per one hundred pounds.

Mr. LESAGE: I notice that we do not have the quantities for red brand?

Mr. DYDE: Mr. McLean, when you were dealing with this before, the request was made that we be provided with the quantities as well. Has that been overlooked or have you the quantities?

The WITNESS: You will notice the quantities are given on page 68.

Mr. LESAGE: Yes, but not for red brand.

The WITNESS: I doubt if that was asked for and it just did not occur to us.

Mr. DYDE: It was asked for in this way. When you were discussing this matter on Friday the point was raised as to similar figures to those which appear on page 60 and I notice on page 2222 Mr. Lesage asked for the quantities. Perhaps you have not been reminded since, but I believe it was quite clear that we did want quantities.

The WITNESS: I am very sorry that the information is not complete. I can give you an approximation however, and the quantity is about 85,000 pounds weekly. Those are sales at Toronto.

Mr. LESAGE: I think, Mr. Dyde, that we can be satisfied with the weekly average. Is the proportion fairly constant between the three brands?

The WITNESS: Yes.

The VICE-CHAIRMAN: Before going ahead with questioning you will recall that the large brief was not ordered printed. I think it was pretty well understood that there were some things in it which we would not need to print—charts and things of that sort. On the other hand, we are now talking about page 67 and page 68 being inserted into that book and, unless we make some printing arrangements, these spoken words will have no meaning. We will not have a printed document and the others who will be referring to these proceedings will not have a printed document. Would you think that printing Canada Packers' material as an appendix and leaving it to counsel as to how much shall be printed would be satisfactory? I am sure that we would, in such a case, err on the side of a complete case. Probably some things do not need to be printed, and if this were printed as an appendix it would be the best way.

Mr. IRVINE: You would not leave out anything to which reference has been made?

The VICE-CHAIRMAN: No, and if it were printed as an appendix to the proceedings that would not likely delay the printing. Would that be agreeable?

Agreed.

The WITNESS: Mr. Dyde, there is a new page which I have here which is a substitution for page 44. Page 44 gives the history of the company and it is a page that we are most anxious to have replaced.

By Mr. Dyde:

Q. Does the new page which you are offering contain the figures which some of us wrote in by hand when you were here before?—A. Yes, that is why I had it prepared again. In this new page I have eliminated two columns in order to make room for two more important columns. The columns which I have eliminated are first, bond interest—and bond interest is really not a significant column. The bond interest figure was asked for in one of the papers and it is a chart more than anything else. The second column which is eliminated is that with respect to preferred dividends. There is only one item and although I would prefer to leave it in the two columns which have been substituted are much more important.

Q. Yes, the two columns which are being put in consist of what, Mr. McLean?—A. The profit before inventory reserve, income tax, and bonds.

Q. Yes?—A. That is a key figure as everyone will appreciate.

Q. Yes?—A. I will read the columns which I have brought.

Mr. THATCHER: Are you going to give us a copy of those sheets?

The WITNESS: Yes.

Mr. THATCHER: Perhaps we could have them now.

The WITNESS: I would like to have this page substituted for page 44.

Mr. DYDE: I think perhaps we should discuss this and it will be distributed now. I am wondering whether instead of substitution we could not call this page 44 (A), insert it, and leave both pages?

The VICE-CHAIRMAN: I believe you will have to do that in view of the fact that there has been considerable discussion based on page 44. If you do not leave page 44 it might mean that Mr. Thatcher would have to go back over all his questions and relate them to the new page wherever there is a variation.

The WITNESS: I think that is a much better suggestion, but this sheet was prepared in order that the vital figures or figures which I consider essential should be a part of the report.

Mr. IRVINE: There is no real alteration of the figures?

The WITNESS: No, they are the same figures.

The VICE-CHAIRMAN: Would this controvert the situation suggested where originally there was very little money in the business and hardly any put in since—that is in respect of the argument which took place between Mr. McLean and Mr. Thatcher.

The WITNESS: Whatever facts are in the original are in this sheet.

(Mr. McCubbin took the chair.)

By Mr. Dyde:

Q. Mr. McLean, since you were before the committee I endeavoured to let you know by letter some of the things which would be asked of you when you returned. You will forgive me if I do not adhere to the order of the questions as I wrote them in the letter—but one of the questions was that you should explain the recent rise in the price of meat to the consumer. Special reference I am sure should be given to beef, and we have been endeavouring to find out why the price to the consumer has risen recently. I would like to ask you to explain in so far as you are able to make an explanation?—A. Yes. The movement in the price of beef is determined by the quantities of beef available, in relation to the demand from the housekeepers for beef. It is supply and demand. I think that is the whole story. The purchasing power is very high in this country. I have been personally amazed that the demand has remained as strong as it is, in view of the very rapidly advancing price.

Q. Well I would like to make sure you have given us all of the answer which you wanted to give. Do you think that is the whole determining factor?—A. Yes.

Q. The quantity available in relation to demand?—A. In relation to demand, yes.

Q. You will excuse me if I ask you a further question to clear my own mind. When you give that answer do you mean to infer that the price which you pay to the farmer has nothing to do with the situation?—A. It has everything to do with it.

Q. That is another factor in the price is it not?—A. It is a reflection of the conditions in relation to supply and demand.

By Mr. Lesage:

Q. What you mean is you have to pay more for cattle on account of the supply situation?—A. Yes. In connection with that I think it is worth mentioning—and I do not think it has been mentioned before this committee previously—every purchase of live stock is a trade. The packer always tries to buy his live stock as cheaply as he can. At any one time there is a recognized level of which both sellers and buyers are aware. For instance, when a lot of cattle is brought to market the cattle commission man who is selling those animals knows within 25 cents a hundred what he is going to get for them. The packer buyer knows within 25 cents a hundred what he is going to pay for them. The commission man starts by asking a little more than he expects to get and the packer starts by offering a little less than he expects to pay. That is the way every head of live stock in the country is bought—on that kind of a trade. So far as the packer is concerned he has been resisting this advance at the source because the packing

industry is paying 2 cents a pound more for steers today and not because it wishes to do so. The packers have resisted that advance at every stage, step by step, but the thing which ultimately determines the level is the demand which exists in the country for beef. That demand has been surprisingly strong. whether it will continue and whether housewives will continue to pay those prices no one can say at this moment. For the present there is very little consumer resistance towards the advance in the price of beef.

Q. You mean, Mr. McLean, the packers are having difficulty now and they have had difficulty for the last three weeks in getting their supply of cattle? Is that what you mean?—A. Yes, perhaps that is hardly the whole thing. The supply of cattle is not less but the demand for beef itself is high and for that reason the market has been advancing.

Q. Mr. Dyde, can we find the figures on the trend of the reserves.

By Mr. Dyde:

Q. We will come to that, and I will be glad to be reminded of it in a few minutes because it will be a matter we will have to discuss, but before we went on to that particular point I wanted to make sure that I understand you, and that is what I was trying to do. When you were here before we had a discussion, you and I, about the price of beef and I said at one stage, why did you raise the price to $28 in the week of December 21; and your answer was, because the cattle market was advancing. And then I asked you, you mean you were paying more for cattle? and your answer was, yes, that is always the case. Are you saying the same thing today, or is that the same thing that you are telling me?—A. Well, it is the same thing fundamentally. You asked why the packer raised the price on beef. Now, as a matter of fact, the packer does not raise the price on beef. I am just modifying that, I am not changing it. But I am expressing the fact a little more clearly. Every sale of beef, and each sale of beef, is a matter of cattle trading—there are no standard prices, there are no prices worked out as average prices for the various brands of beef. You have that on page 68, as an example, those are the average prices—costs—by weights; and that is a general guide as to what we ask for the beef; but any sale of beef, every sale of beef that is made in Canada, and there are hundreds of thousands of them, are conducted in just the same way as I have described in regard to cattle. The packers salesman—the customer wanting red brand beef, the packers salesman asks him a certain price; and the butcher tells him something less—he says, well, I can buy from Swift's or from Wilsil's, or from Schneider's or one of the other companies, for so much. And that happens in every sale. Today, I thing probably the packing industry is a separate industry by itself in that respect. We have no standard prices nor do we raise the prices on beef. If you are thinking about lumber, for instance—or steel sheets, or a whole lot of other commodities which one might name—there is always a standard price and all trades are at that price. In the packing industry there is an entirely different situation; and I think with that explanation I can finish up the answer to your question by saying that in each case we get as much as we can, we buy the cattle as cheaply as we can and we sell beef for as much as we can.

Q. Yes, in that connection Mr. McLean you have just told us that the salesman asks a price?—A. Yes.

Q. Now, we have heard elsewhere, and not in your case; I mean it is not from evidence which you have given but from other witnesses, that the packer salesman does fix the price he has on a side of beef on his truck, and he visits the retail butcher and he says, the price that I am asking today is so and so? —A. For each trade, yes.

Q. And I have asked other witnesses how the salesman gets the information that he is to ask a certain price, because that to our minds has some effect on

what he will eventually get. Now, someone tells me that you take a certain price and someone in your institution tells them that. Is that not correct?—A. That is correct.

Q. How does the person who tells the salesman what he is to ask, that he is to ask a certain price for beef; how does he arrive at it, what factors does he look at in determining that price?—A. He is guided by the cost sheets on the beef. You have one of them in front of you. We brought it in this morning.

Q. So that what he does in determining the price, he takes a look at the costs?—A. Yes.

Q. And if the price he asks today is higher than the price he asked yesterday you would say it was because his costs are higher, would you not?—A. I imagine—yes, of course.

Q. So that the determining factor in the price that is asked by the salesman is not the quantity available but it is the cost?—A. Oh, no. The cost is determined by the quantity available.

Q. All right, so that at least— —A. That is all very simple economically.

Q. I know, but you just help us with it. We are seeking information; and you can consider that we are all, at least some of us, stupid people.—Oh, no; I have never said a word to suggest that. I may have queried or commented on one of your questions, but I have never suggested that, I think; even if I thought it, I am too old to do a thing like that.

Mr. LESAGE: I think it would be a good thing if you would go back to elementary principles and then we will have a better understanding of it.

Mr. DYDE: Yes, we certainly want to get that.

The WITNESS: If there is anything that I said which was disrespectful to this committee or to anybody here, I withdraw. I have just been endeavouring to do my best to explain the facts.

Mr. DYDE: There is nothing personal about this, Mr. McLean. I prefer if you regard me as a person who was stupid and would try to make it clear to me, just as clear as though I were a rather stupid person.

The WITNESS: Yes.

By Mr. Dyde:

Q. I am anxious to find out what the officer does who tells the salesman in the morning, we are going to ask more for our beef than we did yesterday?—A. We are sending wires to salesmen twice a day telling them about price changes.

Q. Yes, and that is done on the calculation—by people in your office, and the calculation is made on the day's costs?—A. That is hardly accurate. He has had an advancing livestock market, which the salesman knows each week—he knows what our average prices are, and if the market is advancing we wire him to advance his prices accordingly.

Q. Yes, but I am still a little stupid about this.—A. Remember, that is your word; it is not mine.

Q. What I want you to tell us is what figures we look at which correspond to the things that your officers look at when they determine what price the salesmen will ask?—A. I think I can clarify that. You see, this question, or this business of selling meat is a continuous operation . It involves our salesmen, and we may have 20, 30, 40 or 50 trades with each salesman each business day. The instruction to salesmen is mostly in the from of advancing prices or reducing prices. Within Canada Packers I suppose there are hundreds of thousands of transactions each day, buying and selling. In the total industry there would be many, many thousands. And if you stop to think about it you will realize that is the simplest way of doing it.

Q. It still is not clear. I happen to have been in a butcher shop. I did not spend much time there but I happen to have been there on occasion when a Packer's man came into the butcher shop and said beef is so much today. Now, there is a certain amount of jockeying, I agree, between the retailer and Packer salesman; but I think for the most part, you tell me if I am wrong, I think for the most part what the retailer does is to say either I can't afford it at all, or he takes it at the price that is offered?—A. Oh, no.

Q. That is not right?—A. Oh no. We have three or four hundred salesmen on the road every day. I suppose that in 90 per cent of the actual trades jockeying is the word which applies. But every sale is a trade. Now, I would not say that for instance with regard to butter. You can appreciate that that does not apply to butter because there is no discussion whatever about butter, there is a ceiling price, and that is the price. But in regard to meats what I have said is correct.

Q. Yes, all right. Now then, after that discussion, I am coming back to a remark you made a few minutes ago; that the prices at which you sold are the prices—excuse me, you said the price the consumer pays is determined by the quantity of cattle in relation to demand?—A. Yes.

Q. Now, it would help us would it not, if we look at the quantities available at any given date?—A. Yes.

Q. Would it not?—A. Yes.

Mr. LESAGE: Mr. Dyde, before you pass this point I have some questions, if you don't mind.

Mr. DYDE: All right.

By Mr. Lesage:

Q. I want to have a clear understanding on that. Someone in your organization, your meat department manager shall we say, says that the price on red brand beef or any other brand of beef is going to be so much, that is what he tells your salesmen; and, that is based on cost?—A. Yes.

Q. Who makes the calculations?—A. Oh, we have a costing department which does that. All the livestock which is killed today is worked out and the cost of that meat is calculated that day before the staff leave the office that evening.

Q. And in that way a certain figure or a certain price is arrived at?—A. Yes.

Q. And you add a certain amount of profit, your instructions to your salesmen are to ask for that price or those prices?—A. That is right.

Q. And, are there any instructions to try to get more?—A. Always.

Q. Always?—A. Always.

Q. Instructions to salemen are to try to get as much as possible from the butcher?—A. Oh yes, that is the way the business is done.

Q. That is all right. Your cost is only one factor?—A. Well, I don't think that that is—cost, of course is a fundamental factor.

Q. It is a fundamental factor?—A. Yes.

Q. But then competition has something to do with it, hasn't it?—A. You see, what happens, Mr. Lesage, is this; on thousands of sales we sell for something less than cost and on thousands of others we sell for something more than cost, and each year the net result of it works out to what I have shown you, it is a small fraction of a cent a pound. Now, that has been going on. That is, in the packing industry no individual sale can be good because the price is too high and no individual sale is a bad sale because the price is too low. What happens is that you have, I was going to say a dual—you have a bargaining arrangement in between the saleman and the retailer with the result that sometimes the salesman will take too low a price on beef in order to get an order on something else.

Q. Which gives a good profit?—A. Yes. Of course, I do not need to tell you that one of the main objectives in conducting a business is to make a profit.

Q. That is clear. If you don't keep that objective in mind you would soon be out of business.—A. Quite right.

Q. But you are taking as much as the market will bear and still you are content with what you think is a reasonable profit. In some respects on beef you are taking a loss, but you are taking as much as the market will bear. The fundamental factor in your method of pricing is costs, but then they are sometimes not achieved because of conditions in the wholesale market. That is your method of pricing?—A. That is right.

By Mr. Mayhew:

Q. It seems to me that the principle of barter between your salesman who is on the road and each customer he visits is a pretty loose way of doing business, a rather dangerous way, is it not?—A. I think I should probably have called attention to one thing. I think Mr. Wright made reference to the same matter on a previous occasion. Someone made the remark that the salesman drives a wagon around and sells beef to the retailer. That is not what is done at all. The salesman goes around with an order book—we haven't got a single delivery wagon out with a salesman selling meat in all of our 300 or 400. We send a man with an order book and he takes orders and we reserve the privilege of refusing to fill an order if it is taken at an extremely low price.

Q. There would be a fairly good chance for a man taking orders making a little for himself on the side, wouldn't there? There would be bound to be opportunities for dishonesty, your salesman splitting with his customers?—A. Oh, yes; but actually that has not happened. I do not think we have had a case of that kind in ten years.

Q. Well then, that is a credit to the men who are selling for you, but it is not a credit to the system.—A. Oh, no; but I think if you knew every detail of the system you would think there was not much room for that.

By Mr. Lesage:

Q. I have nothing more to say on that. I notice on this page 67, you indicate the average cost of red brand steers. Is that your cost? Is that what you pay for them?—A. That is the cost of the red brand steers taken from our records at Toronto.

Q. What is the difference between a red brand steer and a choice steer?—A. Well, red brand steers are heavy steers that are of a type purchased in southern Alberta.

Q. What would they weigh?—A. 600 pounds and up. Red brand, though, has to do with body and not with weight. We have other types of red brand steers which we call baby steers. The highest price that is paid for any type of beef is for the red brand baby steer, which weighs from 375 to about 450 pounds.

The Acting Chairman: I wonder, Mr. McLean, if you would give us a definition of these different grades of cattle. Some of the members here may find it a little difficult to understand what is meant when you refer to red brand, blue brand, commercial and so on.

The Witness: Yes. Red brand is the top brand. A number of years ago, I suppose about 8 or 10 years ago, or maybe 15 years ago, in pursuance of a policy of grading food products which has been established so firmly in every branch of food products—eggs, butter, cheese—everything—the federal Department of Agriculture decided to establish two top brands—red brand for beef of the highest quality and blue brand for beef of the next highest quality.

(Mr. Maybank, vice-chairman, resumed the chair.)

By Mr. Mayhew:

Q. I went to the trouble of obtaining Toronto prices on choice steers for April 7 and 14. I notice that you say here on April 7 your price is $29.03—A. Yes.

Q. And on April 14 it is $29.24?—A. Yes.

Q. According to the information I received, the top price on Apirl 7 for choice steers was $17.10 and on April 14 it was $17.25?—A. Yes.

Q. How would you relate those figures to the figures which you have given?

Mr. LESAGE: You are confusing the cost of the cattle with the cost price of beef. We have shown on page 67 the cost price of beef.

By Mr. Mayhew:

Q. This is not only the price when it is dressed but when it is cut into the different cuts?—A. Mr. Lesage has explained the situation. The price you have quoted is the price for live steers.

Q. Yes?—A. And this price corresponds with the price for dressed beef.

Mr. DYDE: Then the column is not correctly headed?

Mr. MAYHEW: It results in a misunderstanding.

Mr. DYDE: You are talking about steers?

The WITNESS: "Steers" is the word used in respect of live animals and also in respect of beef.

Mr. MAYHEW: We would want to know what has happened to the difference between $16.40 which was the lowest price—or $17.10—and these higher figures. We would want to know a little bit about where the difference is and it is a matter of $12 a hundred.

The WITNESS: That is similar to a question asked by Mr. Dyde when I was down here first. He called my attention to a certain week in which, according to the government report, the cost of live cattle had gone down but in the same week the price that we reported as the cost of our beef had gone up. That is what you are asking, is it?

The VICE-CHAIRMAN: Just a moment—was Mr. Dyde at that time speaking about a difference in price which was relatable to the steer in a different shape, because Mr. Mayhew and you are dealing with a difference in price which has resulted from the steer being slaughtered. I do not believe Mr. Dyde was dealing with that point?

Mr. LESAGE: The question is shown at page 2171, Mr. Maybank. I will read it:—

> 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.

The VICE-CHAIRMAN: There is quite a difference between that line of inquiry and the line which Mr. Mayhew is pursuing.

The WITNESS: I must have misunderstood the question—I thought it was the same. I was told the price of steers was moving down but the price of beef was moving up—

By Mr. Mayhew:

Q. I am not talking about movement at all. These are two different quotations entirely, and you are quoting dressed beef?—A. Yes.

Q. Whole carcasses of beef?—A. Yes.

Q. At $29.03?—A. Yes.

Q. And I say at that date the price at Toronto $16.40 to $17.10?—A. Yes.

Q. Mr. Dyde's remark about us being stupid fellows would apply here?—A. No, there is nobody stupid here and I am not surprised at your confusion in the face of this tremendous detail. If you will turn to page 57 of the binder you will see how the cost of dressed beef is arrived at from the cost of live cattle. It will only take a moment to explain the general method of calculating the cost. The first example concerns thirty steers. The live weight is 35,390; the value paid $5,174.82. When those cattle were slaughtered the value of the by-products was $697.41. We sell those by-products elsewhere and receive that much money, so that the cost of the beef is $5,174.82 less the price realized from the by-products of $697.41, giving a net price of $4,477.41. However, there are expenses in connection with the buying, slaughtering, and selling the beef, which amount to $1.65 per hundred pounds, or on the thirty steers, to $311.85. The cost of the beef including the expenses is $4,789.26; the dressed weight is 18,900 pounds; the net cost is $18,900 divided into $4,789,26, which gives a figure of $25.34. That is the manner in which the live costs are converted to dressed costs.

Mr. DYDE: I think we saw, when we were considering that page before, that the expenses throughout all the samples on pages 57 and 58 were taken at $1.65 per hundred pounds?

The WITNESS: Yes.

Mr. MAYHEW: If we took this method of calculation and applied it to the figures which I have given to you we should arrive at practically the same result?

The WITNESS: That is correct.

By Mr. Dyde:

Q. There is still another factor there, Mr. McLean, which I would like you to clear for me. We have already referred to page 2171 and we were there concerned about the wholesale price increase. I was referring to good butcher steers, and you told me that was not a correct way of proceeding and hence you have my request to bring the material shown on page 67. I now find that although the price of good butcher steers at the date in question went down, and I am speaking now of the last few days in December, your cost of red brand beef increased from December 24 to December 31. I believe it increased from $27.89 to $28.13?—A. Yes.

Q. Now would you explain what the increased cost was and how it came about that red brand was costing more on December 31 than on December 24. I remind you as far as any figures we have are concerned, we have seen that the farmer received a little less for his cattle in that same period.—A. To begin with, I would like to give a general answer and then I would like to give a particular answer to that question. Having already explained the way the business is carried on, the way cattle are bought and the way beef is sold—it might occur in any week that our buyers did an ususually good job and our sellers did an unusually good job. Therefore, the cost of the cattle would go down and the cost of the beef would go up just a fraction. That might happen.

Q. How does it happen?—A. Just because the buyers do an unusually good job of buying cattle a little below the market and the sellers do an unusually good job of selling beef a little above the market.

By Mr. Mayhew:

Q. Are your salesmen on commission or salary?—A. Salary.

Q. Purely salary?—A. Yes. I looked up the facts in connection with that week and it would be an unusual situation but I want to explain what might happen. In the case to which you have called my attention, the weeks of December 17 to December 24, the cost of live cattle as reported at December 17 was $14.74.

Mr. DYDE: The date should be December 27 should it not?

Mr. IRVINE: No, the 17th.

Mr. LESAGE: The 27th.

The WITNESS: I had the dates wrong. On December 24 you quoted from the Live Stock Review and the weeks do not correspond exactly. Our dates are dependent upon our accounting system.

By Mr. Dyde:

Q. Yes?—A. In that week live cattle are reported as going down from $14.74 to $14.54, and in the same week our prices are quoted as going up.

Q. Yes?—A. In that week you probably did not notice that the number of cattle of that grade which were sold was 36. Now that in itself is probably the explanation. There was a general trend upwards from December 1 or November 26 rather, to January 7. That is a period of six weeks and there was an advance from $13.27 to $15.11. I am quoting from the table which you used.

Q. Can you give us the figures on the number of animals bought in each grade?—A. Yes

Q. We have not received those figures at all.—A. No, but we will give you those.

Q. I think we had better get them so the members of the committee will know of what we are speaking.—A. For the week ending December 27—

Q. Yes, but I would like to know where we can most conveniently put these figures into our record. Perhaps page 67 would be the place?—A. It is a different grade of cattle.

Q. Would you tell me what page on which to conveniently put the figures?—A. Page 67 would be all right. Page 60 would be all right too.

Mr. LESAGE: I see that on page 67 the first column is entitled "average cost of red brand steers", which has no relation to cattle at all. It is beef we have on page 67.

The WITNESS: Yes.

Mr. LESAGE: And I understand that good butcher steers may turn out to be either red brand blue brand, or commercial.

The WITNESS: That is right.

Mr. LESAGE: Then I do not see much relation.

Mr. IRVINE: Might there not even be sausages in there?

By Mr. Lesage:

Q. I do not see any relation between the cattle bought and the brand indicated here?—A. At the moment, I am answering the question raised by Mr. Dyde respecting the fact that in a certain week in December the price of live cattle went down and the price of steers went up.

Q. That is not what I am discussing. I am discussing where we should put these figures.—A. Page 60 would be all right, and so would page 67.

By Mr. Dyde:

Q. All right, let us put the figures on page 67.—A. All right.

Q. You are going to give us the number of a certain type of cattle which were purchased over a period. What kind of animals are we now talking about?

Mr. IRVINE: Hogs.

The WITNESS: These are the animals.

By Mr. Dyde:

Q. Good steers?—A. Good steers, 1,050 down.

Q. Good steers, 1,050 down, and it shows the number you purchased, is that correct?—A. No, this shows the number that were on the market in that week when the price was $14.74.

Q. You are going to give me these figures for a period?—A. Here they are.

Q. Would you mind reading them so we can put them in?—A. I think it would be better if I had this copied.

Q. I think we can start to put them in now?—A. Shall we commence with the 6th of December?

Q. Give me the first figure you have.—A. I have November 29.

Q. All right.—A. The number of cattle on the market of that grade was 216.

Q. What grade, good steers, 1,050 down?—A. Yes.

Q. This is the governing type of animal and this is the type of animal to which you called my attention. We are now talking about a question you asked of me and I am trying to explain.

Mr. MAYHEW: Would these be choice steers?

The WITNESS: No, not choice steers; they are good steers, 1,050 down. There might be some red brand beef out of these but there would not be much.

Mr. PINARD: The rest would be blue brand and commercial?

The WITNESS: There would be blue and commercial.

By Mr. Dyde:

Q. I do not want you to give us figures which are not going to be of help to us. I thought you made some point in your answer to me regarding the number of steers and that number was to be related to the fact you were charging more and that your costs were more. If we are going to get into another type of animal there is no point in having this done.—A. I am making an explanation in regard to the two types of animal about which you yourself questioned me?

Q. That is quite correct, but I still return to my old question as to why, in that particular week, the cost went up, and this is something that we can learn. In that particular week, good steers, 1,050 down, were being purchased from the farmer at a slightly lower price but you were selling your beef at a higher price. Now what kind of animal do you wish to tell me about which will explain that situation?—A. I want to tell you about the kind of animal about which you asked.

Q. No, no. You tell me the kind of animal that will explain that situation? —A. Look here, I cannot give you an answer at all unless you stop interrupting.

By the Vice-Chairman:

Q. Just a moment, Mr. McLean.—A. Every time—

Q. Wait a minute, please. You were not interrupted except that there was some exhibition of humour from the way you and Mr. Dyde had not actually joined in your thinking. You were not interrupted, and you were not prevented from answering by any interruption, except that you had to wait 30 seconds for the titter to die down.—A. Then, suppose I ask to be allowed to go over this from the beginning. Remember, I think it is a very trivial point.

Q. If you will stop just for a second, I think you will realize that answer or statement was not helpful. There cannot, surely, between you and I, be any argument with respect to that matter. Naturally it was not a helpful response so we will let it pass.

Mr. LESAGE: Just let the witness answer the question which Mr. Dyde has put.

Mr. HARKNESS: Mr. Chairman, I think the witness should be allowed to go ahead and give the explanation. He says he thinks it is not an important point but—

The VICE-CHAIRMAN: Now, gentlemen, we have arrived at this point. Mr. McLean has said, let us start from the beginning again. That is just what he was going to do and that is what the chair intended to allow him to do. The chair did say that a certain expression he used was really not helpful and that is where we stand at the moment. Mr. McLean agrees, so now, Mr. McLean, would you proceed?

The WITNESS: All right. The question that Mr. Dyde has asked me is based on these facts. In a certain week the price of cattle went down 20 cents per hundred pounds, that is ⅕ of a cent a pound, and in that same week the price of beef, as we reported it, went up.

Mr. DYDE: You should now tell us why?

The WITNESS: It went from $26.50 to $28.00.

Mr. LESAGE: That is red brand.

The WITNESS: Red brand beef.

Mr. LESAGE: And the other brands of beef did go up too?

The VICE-CHAIRMAN: It was red brand about which we started to speak first.

Mr. IRVINE: If we are going to hear Mr. McLean, for goodness sakes let us hear him.

Mr. HARKNESS: Let us hear the witness instead of interrupting.

Mr. LESAGE: We must state the question clearly.

The VICE-CHAIRMAN: Come, gentlemen, do not start defending yourselves, one from the other. Each person who does so is only interrupting. Please go ahead, Mr. McLean.

The WITNESS: On the face of it, that seems a very natural question to ask of me. Why did the price of beef jump 1½ cents a pound when the price of cattle went down ⅕ cent a pound? I looked up the facts thoroughly. The facts are that the live prices are quoted in respect of one class of cattle, good steers, 1,050 down. Red brand beef is another class of cattle which has very little contact with good steers, 1,050 down. However, Mr. Dyde's question is still a valid one because all grades of beef are supposed to go up and down together. Now, in regard to the live quotation from $14.74 to $14.54, I would say that was an accidental week and that is an accidental quotation, as you will see if you examine the record. Within five weeks the price of that grade of cattle advanced on the market from $13.27 to $15.11, an advance of $1.84. The equivalent advance on dressed beef would be about ¾ of a cent a pound. Now the reason that there was a temporary bulge is this. The price of live cattle was advancing and there was a temporary bulge and then a decline. There were almost no cattle on the market that week. I will read the five or six weeks' deliveries—the number of cattle on the market.

Mr. DYDE: What grade is this?

The WITNESS: Live steers, 1,050 down. The figures are 216, 202, 190, 168, and coming to the week about which you speak the figure is 36. In the following week the figure is 178, and the week after that it is 460. You can see it was a natural thing in a week where there were so few cattle that the price should advance.

By Mr. Lesage:

Q. Advance or go down?—A. Pardon?

Q. Is that the reason it advanced or went down?—A. That is the reason the price advanced in that specific week. Here is the movement of the market which is steadily upward, as you will see by examining the price week after week. In one week there were almost no cattle at all and the graph, instead of going up steadily, bulged at that point. I think that is a complete explanation of the drop from $14.74 to $14.54.

The VICE-CHAIRMAN: Am I to understand that by reason of there not being many cattle on the market the tendency was for the price to go up.

Some Hon. MEMBERS: To go down?

By the Vice-Chairman:

Q. I am asking the question. The tendency was for the price to go up, and the line you indicated was an upward line?—A. The price advanced $1.87 in five weeks.

Q. Would you attribute that to the fact there were not many cattle on the market? I may be wrong, but I understood you to say there came a week when there were even fewer cattle on the market?—A. Almost none.

Q. The figure was 36, and when that week came the price dropped down to the figure? The price did not continue upward but it dropped down? Is that what you are saying?—A. No, the price took a special advance—

Q. Yes?—A.—and in the following week it came down to the normal trend.

Mr. LESAGE: Right.

By the Vice-Chairman:

Q. After that week it straightened out and followed the same tendency?—A. Yes.

Q. As before?—A. That is right.

Q. That was not my recollection of the way the discussion started. I thought the discussion started because of the phenomenon that you had been buying cheap and selling dear, and you were being asked the explanation. From the way you are speaking now you were not buying and selling dear but in fact the price was advancing and you were buying dearer? Is that right?—A. That is right.

Q. Then there would not appear to be anything to explain? It would appear that you had to advance pour price, your selling price, and also your buying price was advancing. Mr. Dyde quoted figures which indicated the opposite situation.—A. Yes, but you must always keep in mind—and I do not think it has ever been put before this committee until this morning—that every sale and purchase in an individual transaction by itself. In a single day you may have quite a wide variation in prices for the same quality beef.

Q. I feel sure that has been indicated many times to the committee. I think that knowledge appears in the questions asked by the members. It may not appear in ever question but the figures used, and particularly the market figures, are average figures and they would not be average figures unless what you have been saying is true.

Mr. LESAGE: May I pursue my line of questioning?

The VICE-CHAIRMAN: Does Mr. Dyde wish to continue?

Mr. DYDE: Not at the moment.

Mr. LESAGE: I will ask to continue?

The VICE-CHAIRMAN: Yes.

By Mr. Lesage:

Q. I want to be clear on this. You say the accidental drop of 1/5 of a cent a pound in the cattle market in that particular week was due to the fact there were only 36 cattle offered?—A. No.

Q. That is what you said?—A. The bulge in the trend was caused by the 36 cattle but the following week there were 178 cattle. The price then dropped to $14.54—20 cents lower. The low deliveries caused the advance in the trend.

Q. How many cattle were on the market in the week of the drop? What was the supply of cattle during the week of the drop?—A. 136.

Q 136?—A. No, 178.

Q. That is the week ending—? A. January 3.

Q. January 3?—A. Right.

Q. We were talking about the week ending January 27?—A. No, December 27.

Q. December 27, yes?—A. December 27, was 14·74.

Q. Yes?—A. That is the week when there were only 36 cattle. The following week, January 3, there were 178 cattle and the prices dropped to 14.54,

Mr. PINARD: There were less steers?

The WITNESS: No.

By Mr. Lesage:

Q. I would like to get that as clear as we can.

Mr. IRVINE: Is it reasonable to say that 100 steers on the entire cattle market in Canada would make that difference?

The WITNESS: Well, this is on one market.

The VICE-CHAIRMAN: This was not the Canadian market, this was on a particular market.

Mr. IRVINE: Oh yes, Toronto; but even so that seems to be a small number of cattle to make such a change in price.

The WITNESS: You are quite right, but that is only on one grade of cattle.

By Mr. Lesage:

Q. That would be the reduction. But you had given two reasons. You were giving reasons for the increase in price; what was the number of cattle coming down, you had given two; you said, first, we are comparing good butcher steers to red brand; and, second, that the reduction was accidental. Now, is there any other reason?—A. There is none other that occurs to me. If it had been last week there might have been something else, another factor that would enter into it. I don't know whether I made it clear, whether I gave succeeded in making it clear that thousands of things happen in the buying and selling of cattle and in the buying and selling of beef that are very difficult to explain by a simple rule for the reason that each transaction is a separate transaction and there are no standards.

Q. And there is a third reason, and that third reason is that instructions to your salesmen are to get as much as they can; and you agree that that is the main reason for the increase in price in that particular week, it was not because the market was variable. Is that correct?—A. Well—

The VICE-CHAIRMAN: Instructions always are, are they not, to buy as cheaply as possible and to sell as dear as possible?

The WITNESS: If you would be willing to let me leave that just at that, that the salesman gets as much as he can, and the buyer when he is on the market buys cattle just as cheaply as he can.

By Mr. Lesage:

Q. That is right, and that is the main reason for what happened at that time; that even although the price of cattle did not go up you were still able to get a higher price on the market for your beef; and you could buy the cattle at a lower price, and that had nothing to do with cost.—A. That is an overstatement, Mr. Lesage. There is an established level all the time.

Q. Yes, that is true, but this particular accident had nothing to do with cost?—A. No, none whatever.

The VICE-CHAIRMAN: In this period you experienced good fortune above what you experienced in some other similar periods in the pursuit of your policy of buying cheap and selling dear. Isn't that what it comes down to?

The WITNESS: That is what it comes down to.

By Mr. Harkness:

Q. Mr. McLean, from what I know of the cattle business there may be another factor here which might have a bearing on the cost to you of your red brand beef. I think you told us before in evidence that most of your red brand beef is secured from the usual sources. Is that correct?—A. Yes.

Q. Some of it comes direct from feeders and ranches?—A. Yes.

Q. Now, what proportion of the choice steers do you buy on the livestock market, what proportion do you buy not in the livestock market; in other words, what proportion of it is purchased from ranchers and large feeders and so on?—A. That varies—are you finished?

Q. For the moment. I have another question.—A. It varies considerably from one season to another. In the fall of the year when cattle are being marketed we buy quite a large proportion of our best steers on the market. In the spring of the year, for instance at this time, we buy probably half of our choice steers on the market and the balance we buy from feeders in the country.

Q. That is the point I wanted to get at.—A. I tried to buy his steers the last time he was down here.

Q. What is that?

The VICE-CHAIRMAN: You should have raised your voice.

By Mr. Harkness:

Q. The point is this, you do buy a large proportion of your choice steers from which you get red brand beef not on the livestock market?—A. That is correct.

Q. You buy them from the individual feeders, ranchers and so forth?—A. Yes.

Q. And in most instances the prices you buy are ordinarily higher than those quoted on the market? Is that correct?—A. Ask Mr. McCubbin.

Q. No, I am asking you, Mr. McLean.—A. No, I do not think that is correct. They are bought as a rule very close to the market. People who wish to get their cattle on to the market say that the packers go out and pay more to a feeder than they are willing to pay on the market—and they do that at times—on the other hand, the feeder people take the other view, they always say that we are trying to buy cattle too cheap. The fact of the matter is that we buy every lot as cheaply as we can. And, to answer you question, I think there is very little difference—I would say there was no difference in the level that we pay for the class that we obtain from the two sources.

Q. What I am thinking of particularly is this; during last fall a lot of cross cattle came off the grass and were sold at the highest price which had ever been received for grass cattle. I refer to the Cross ranch in Alberta, and I think the price paid was $16.70, something like that—A. That is right.

Q. And at that time the prices quoted in the Calgary Livestock Exchange for choice steers was considerably below that.

The VICE-CHAIRMAN: Was the purchase made f.o.b. the ranch or marketed through the exchange, do you remember?

Mr. HARKNESS: It would be loaded on cars at the shipping point nearest the ranch which I think is Manir. As a matter of fact, in that particular case the shipping point was close to the Cross ranch.

The WITNESS: Yes.

Mr. HARKNESS: There is this particular case I know of, and I know of quite a number of others, on which the price paid to the ranchers was materially above that quoted as the market price of the Calgary Livestock Exchange, and I am wondering what effect that has on the cost to you of your red brand beef. As I understand your evidence so far, you say it is not very much because there is not much difference between those prices. As I say, I happen to know of individual cases, and a number of them where there was a material difference. —A. We were extremely anxious to get this class of cattle.

Q. I heard you took a beating on them.—A. Well—

Mr. IRVINE: Do cross cattle cost more than tame ones? Are these very cross cattle? Maybe that would explain the whole thing.

The WITNESS: They are good cattle, and we paid a pretty good price for those cattle. They were an extremely good run of cattle.

By Mr. Harkness:

Q. I know they were very good cattle. But the general point I am trying to get at is the quoted price on these markets is not a complete indication of what it costs, what the cost to you is for red brand or blue brand beef, or any other type of beef for that matter. You may be able to buy them cheaper than the quoted price by buying them direct; or you may, as in this case, have paid considerably more than the quoted price on the market.—A. You know the Cross cattle. We got 800 Cross cattle, that would have a very important effect on our price for that week.

Q. Yes.—A. And as a matter of fact they were pretty dear. I hope Mr. Cross will not resent my saying that.

Q. That was the point which I thought should be brought out here, Mr. Chairman; that the quoted prices on this market is not completely indicative of what the cost of any particular type of beef may be to the packer.

The VICE-CHAIRMAN: Taking it by and large, is there any feature of your dealings that makes the quoted price that we have here non-applicable to your business; or, in general, are we justified, as you have already stated I think one time before, in accepting the quoted prices?

The WITNESS: Oh, no—in the main, yes.

The VICE-CHAIRMAN: And what Mr. Harkness has been referring to is, as you would say, an exceptional instance. Is that correct?

The WITNESS: The cost of the Cross beef would be included in these averages. As a matter of fact, they are in this table somewhere—I forget what the date of the shipment was.

Mr. HARKNESS: In that particular case it would probably average out; if you got a particularly good price from one feeder that would bring your price average down.

Mr. IRVINE: Surely, Mr. Chairman, we have to go by these figures.

The VICE-CHAIRMAN: There is not much, surely, in what Mr. Harkness is suggesting. They are an indication that in your business—I am not saying

it is not true; I mean, there is no real influence on your business by a few cross cattle purchased, is there?

The WITNESS: Oh, no. We buy dear cattle and we buy cheap cattle. They are all in here.

Mr. IRVINE: And you take these to be exceptional good cattle, and if they have been sold on the market you might not have had to pay so much for them. Is that it?

The WITNESS: Yes.

The VICE-CHAIRMAN: When you pay more than the average it would go up, and when you pay less than the average it would come down; and that is the same as in any other experience. Averages work the same way with everybody, don't they?

The WITNESS: Quite right. I am hoping to bring the cost of beef down a little by buying more cheap steers up in western Canada.

The VICE-CHAIRMAN: Mr. McCubbin, how about that?

Mr. MCCUBBIN: You are going to have a hard time trying to buy my beef.

The VICE-CHAIRMAN: You fellows better get an arbitrator in the person of the chairman to act for you both, gentlemen.

Are there any other questions?

Mr. DYDE: I would like to come, Mr. McLean, to the period which is we may say of recent application; namely, the period where the housewife finds herself paying more for beef in the last few days. This has been going on and we haven't any exact figures, but we do know the prices are up in the last few days; and would you help us, with reference to your own figures, in explaining the cause of this recent increase? Refer to any figures of your own that you may care to refer to, or to any details that you care to refer to, and give us an explanation for this recent increase.

Mr. MAYHEW: You have not changed your salesmen, have you?

Mr. LESAGE: I think, Mr. Dyde, when you were questioning Mr. McLean as to why the price of cattle was going up you referred to the fact that it was because of the supply and demand situation. I think we were at that point.

Mr. DYDE: Yes, we were; and I would be glad, if you wish to pursue that, if you would do so before I go on to this recent matter.

Mr. LESAGE: You were questioning Mr. McLean as to the underlying reasons for the recent increase in price, and he said he is paying more for cattle, and the reason he was paying more for cattle was because the supply was not up to the demand.

Mr. DYDE: Yes, and I want to be sure that we have a good explanation that we can follow as to this recent increase.

By Mr. Dyde:

Q. You did give us a certain statement Mr. McLean, earlier today when you referred to the available quantities, and I would like you to tell us about that. Is it the available quantities which has caused the recent increase in prices?—A. Yes.

Q. Is that right?—A. Yes, supply in relation to purchasing power and purchasing desire.

Q. Yes, but we must relate it to the quantity available and we must also have some consideration for the demand. Is that correct?—A. Oh, yes.

Q. Now, could you indicate to us how the quantity available has affected your figures? Has the quantity available gone down?—A. The killings have gone down some, but they are still surprisingly high—inspected slaughterings.

Q. Yes?—A. And in spite of that the demand was not sufficient to supply the demand for the beef.

Q. The consumer is demanding beef and the quantities are remaining high, and the reason therefore for the fact that the prices have gone up is—and you correct me if I am wrong—is that the consumer is demanding and is willing to pay a high price and you are ready to sell at the very highest that can be obtained?—A. Yes.

Q. Is that the explanation?—A. Yes.

Q. So that really it is consumer demand in the last few days that has caused the increase?—A. There is one rather important factor which has not been mentioned; that is, the supply of cattle is not so plentiful as it would be indicated by current inspected killings as compared to last year.

Q. In what way?—A. Inspected killings, I think, right along have been higher than last year, and the reason for that is that last year we were still under controls and a very large proportion of cattle was being handled by the black market operators.

Mr. LESAGE: Accidental operations.

The WITNESS: Yes, accidental operations. Now, this year, these people have no advantages. They have to sell the meat at the same price as the inspected killers who are going to get more for their by-products than does the merely accidental operator. That is one of the reasons why a higher proportion of the cattle being marketed are being processed by the inspected houses. Now, in comparing the supply this year with the supply last year, because of these accidental slaughterings, one is liable to get a wrong impression as to the relative supply this year and last from that fact.

Mr. DYDE: Could we examine March of 1948, and April of 1948, to see what happened; if the supplies, as comparing these two months, materially varied or altered.

The WITNESS: Your question is?

The VICE-CHAIRMAN: Compare March and April of 1948.

Mr. DYDE: Yes, as to the available supply.

The WITNESS: There is very little difference in price.

By Mr. Dyde:

Q. So that in March of 1948, and in April of 1948, you had very little variation in your supplies?—A. That is with respect to inspected slaughterings, something around 24,000 each week.

Mr. DYDE: That bears out our exhibit, together with the information that I supplied to the committee yesterday. I show that in March, for the week ending March 20, it was 25,000 odd inspected slaughterings, the week ending March 27, it was 20,000 odd; April 3, there were 21,000 odd; April 10, there were 22,000 odd; April 17, there were 24,000 odd; April 24, 24,000 odd.

Mr. MAYHEW: Mr. Dyde, would this not be the time to see what the reserve stocks are in order to find out what their effect has been in keeping prices up?

Mr. DYDE: I was going to open that subject, but not before 1 o'clock.

Mr. THATCHER: I have a very short question.

The VICE-CHAIRMAN: Wait just a minute till Mr. Dyde finishes.

Mr. DYDE: I am not quite finished.

The VICE-CHAIRMAN: There was a question right there, you see.

Mr. THATCHER: All right.

By Mr. Dyde:

Q. This recent price increase—we have got the fact now, Mr. McLean, that the slaughterings are not materially different for March and April, actually;

actually I think that the slaughterings have increased a little say in April if anything?—A. That is correct.

Q. Now then, what is the factor which has resulted in the increase in the selling price?—A. I should think the chief factor is the one that Mr. Mayhew has called our attention to. In March there were considerable reserves of frozen beef in the freezer which we brought out, and that has recently, I think up to now, been pretty well exhausted.

Q. Now, I think you better—I just want to put you on your guard about that, Mr. McLean, because we have had figures with regard to storage stocks and I would be glad to show you that between now and 4 o'clock so that we would not be at cross purposes. We might leave aside storage for the moment. Do you think that is the reason?—A. I would like—remember, I am talking about something that I am not entirely in contact with. May I ask Mr. Hall if I am right on that?

The VICE-CHAIRMAN: Why not do it this way; why not assume that the stocks the existence of which you have suggested do not exist, and if that assumption turns out to be wrong it can be taken care of at 4 o'clock. I say that for the reason I think you will find that assumption is incorrect.

The WITNESS: I doubt if it is.

The VICE-CHAIRMAN: It may not be. You might assume that it is not the case and then follow it up later.

The WITNESS: Probably I had better look at the facts.

Mr. LESAGE: Maybe we had better wait for his answer until 4 o'clock and Mr. McLean can study the situation between now and 4 o'clock and give us whatever reasons he thinks are good then for this recent increase. The consumers do not understand it.

Mr. THATCHER: Can I ask my question now, Mr. Chairman?

The VICE-CHAIRMAN: I think perhaps it would be just as well to give Mr. McLean an opportunity to go into that between now and afternoon sitting. Now, Mr. Thatcher has a short question he wants to ask.

By Mr. Thatcher:

Q. A question I have not got clear in my mind is one which goes back to a week ago in regard to the fact that you said that your profits for the year were something like 1/7th of a cent per pound. I believe that was the figure you gave, and you said you thought that was a very modest figure. What I would like to try to do is to relate that to your invested capital and see what per cent you actually made on your investment. If my figures are correct, from your balance sheet your invested capital as of last year was $15,511,960, plus your profits for last year less dividends, of $1,178,000; or, in other words, your invested capital at the end of March would be $16,689,000. Am I right when I make that statement? You would have your balance sheet there, I think.—A. How do you get the $15,000,000?

Q. Well, your authorized share capital account.—A. Oh yes, I see.

Q. And your surplus?—A. That is correct.

Q. According to these figures which you gave us.—A. Wait a minute, the $15,000,000 is from the figures—but that is not our capital.

Q. What other figure would be your invested capital?—A. There is $15,511,960, there is also the $5,000,000—

Q. Now, it would not be fair to take that into invested capital, would it?—A. Oh, yes.

Q. Because last week you said in your evidence that that was more or less a bookkeeping entry, that you did not give any cash for that when you purchased the companies?—A. Oh, but it is invested capital all the same.

The VICE-CHAIRMAN: What was that again?

Mr. THATCHER: You did not invest any capital to get it.

The VICE-CHAIRMAN: Is that the inventory increase; rather, I should say the appraisal increase?

Mr. THATCHER: When the company was originally formed Canada Packers apparently bought assets at a figure which Mr. McLean says was less than it was really worth.

The VICE-CHAIRMAN: Yes.

Mr. THATCHER: And they wrote up their assets on this $5,600,000.

The WITNESS: No, we didn't write up the assets at all.

The VICE-CHAIRMAN: Isn't it this, you paid $15,000,000, and when you took another look at what you had bought you said it was worth more and you recorded it on the books for what it was worth. Isn't that about the way that developed?

The WITNESS: Mr. Chairman, I want to be frank. This question has been raised and the answer to it may be very important to us, as Mr. Thatcher realizes, because his political friends have been publishing these facts—

Mr. THATCHER: We do not want to be unfair.

The WITNESS: If he is willing I would rather postpone my answer until this afternoon.

Mr. THATCHER: All right.

The VICE-CHAIRMAN: I am quite sure there would not be in the few minutes now sufficient time to go into it before adjournment.

By Mr. Lesage:

Q. Before you call it one o'clock, Mr. Chairman; Mr. McLean, I refer you to page 68—that is one of those which was distributed to us this morning—and to page 67. On page 67, you give us first the average cost and then the average wholesale selling price for red brand beef in Toronto?—A. Yes.

Q. Now, on page 68, you give the average selling price per hundred pounds for blue brand and commercial?—A. Yes.

Q. It looks to me as if on the red brand you were losing money practically every week, and I would like to know if that holds true also with respect to blue brand and commercial?—A. I should think it would.

Q. If you have the figures you might give them to us at 4 o'clock. That is why I asked the question now.—A. Yes. I will see if we can get this for you.

The VICE-CHAIRMAN: Just before we adjourn I would like to make this statement with reference to the questions put by Mr. Thatcher that have been deferred for answering at 4 o'clock. I want to point out that we are here to consider questions related to price rises, with the word "recent" in front.

Mr. THATCHER: I did not want any figures back of last year.

The VICE-CHAIRMAN: Just a moment. The question which was asked related to something which had occurred quite a number of years ago.

Mr. THATCHER: No, Mr. Chairman.

The VICE-CHAIRMAN: Never mind. I think you said he purchased these companies at a price of $15,000,000, and at that time they revalued certain assets. Certainly, those are two different things. Out of that there developed a difference of opinion between the witness and Mr. Thatcher as to whether a certain transaction should be taken as a capital investment. Now, I just want to say that if questions relating to instances as far back as that are to be allowed at all they will surely have to shape off from any discussion as to what ought to be in and what ought not to be in. It is simply enough for them to take an answer based on what the witness thinks ought to be in; and then if

one thinks that something is neglected and in danger it is simply enough for that person to detect that and produce the new figure. You see what I mean?

Mr. THATCHER: Yes.

The VICE-CHAIRMAN: I am very doubtful whether questions relating to incidents as far back as the purchase from Griffiths have anything to do with the recent price rise. I am sure if such questions are to be allowed they must be shorn of all controversial elements.

Mr. THATCHER: All I want is a straight figure and I think it is a fair question. I do not think it is an embarrassing question.

The VICE-CHAIRMAN: It is not to my mind a question of whether it is fair or embarrassing.

Mr. THATCHER: I will object most strenuously if you rule it out of order.

The VICE-CHAIRMAN: I know that whenever questions are ruled out of order there are very strenuous objections because if we were all in agreement questions would not have to be ruled out of order.

Mr. IRVINE: May I offer a suggestion on this matter. Any charge, capital or otherwise, which enters into the prices to be charged the public or which must be paid by the public in order to make the business run, must have an effect on prices.

The VICE-CHAIRMAN: You are quite right, but you could also go as far as to say that everything which has happened in the development of civilization of Able who, I think, was the first fellow to raise herds. The question is too far altogether away from these present months.

Mr. IRVINE: This is not too far back. These are immediate charges which apply to January, February, and all the rest of the recent months.

The VICE-CHAIRMAN: We will see when the questions come up, but I think we have been delving back too far in relation to some of these matters.

The meeting adjourned to meet again this afternoon at 4.00 p.m.

AFTERNOON SESSION

The Committee resumed at 4 p.m. The Chairman, Honourable Paul Martin, presided.

J. S. McLean, President, Canada Packers Limited, recalled.

Mr. THATCHER: I was in the middle of a point when we adjourned. May I pursue that point?

The CHAIRMAN: That is the point Mr. Maybank was telling me about.

By Mr. Thatcher:

Q. Are you ready on that, Mr. McLean? Have you your balance sheet handy there? We were trying to get at the figure which is your invested capital at the moment, March, 1948.—A. Yes.

Q. And the figure, as far as I can see, is $16,689,960. Am I correct in that or am I not—A. I do not think so. You say—

Q. $16,689,960. That is your figure for 1947 plus your earnings for 1948, less dividends you have paid. Is that not the way you would arrive at it?—A. Yes—well, suppose we deal with it as at the date of this balance sheet. That is what I have done. Then we can make adjustments.

Q. All right.—A. The invested capital as at the 27th of March, 1947—that is the date of this balance sheet—the figure that appears here is $15,511,960, plus the surplus on appraisals, $5,663,432, plus the amount of depreciation set up which was not allowed in excess of the depreciation allowed by the government. I explained that in some detail at an earlier meeting. That amount is $6,315,000. Those three items amount to $27,490,392. That is what I consider is the shareholders' investment as revealed by this balance sheet.

Q. Mr. McLean, the chairman told me this morning I could not argue with you much of this point, but the first point I want to make is that as to your surplus on appraisals you did not pay anything for that $5,663,000, and I cannot see how you take that into your investments. Before you answer that I wish to refer you to page 2210 of the evidence. I will cite question and answer.

"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 did not give any consideration?—A. No."

In view of that I do not see how you can include that in your invested capital.—A. You are talking of two different things.

The CHAIRMAN: I was made aware of what went on this morning. We have to form our own deductions, but do you not think that is about all you can say?

Mr. THATCHER: All right.

The CHAIRMAN: Mr. McLean says one thing and you say it should be another thing. We will have to decide for ourselves in what way the percentage of profit might be altered.

The WITNESS: Mr. Chairman, I would like to say one word more in vindication of my figure.

The CHAIRMAN: The only thing I am worrying about is that if I let you I will have one difficult time restraining Mr. Thatcher.

Mr. THATCHER: Let Mr. McLean go on.

Mr. MAYBANK: Just a moment before that is done. The matter came up while I was in the chair this morning. Later on Mr. Thatcher and I had a discussion in which we came to see eye to eye.

The CHAIRMAN: That would be an achievement, I think.

Mr. MAYBANK: That is not the least bit difficult with two reasonable people. So it looks to me that, just as you have indicated, if there is any difference of opinion as to what ought to be in the capital figure one can take it one way and one the other, and it is only an arithmetical problem for Mr. Thatcher. I submit that puts us in the position that it is not necessary to pursue whether Mr. McLean's set-up is as it should be or whether it is not. If Mr. McLean goes on, as he says, into a vindication it seems to me almost certain we will get further questioning on it. I do not think he needs to vindicate it.

The WITNESS: I would be very disappointed if I could not say that other word.

Mr. THATCHER: Go ahead; I will not pursue it.

The CHAIRMAN: You say you will not pursue it.

Mr. IRVINE: I may want to.

The CHAIRMAN: Oh, no, you would not. I could get you to do anything.

Mr. THATCHER: All right, we will start from there. May I proceed with my argument as I see the figures?

Mr. MAYBANK: Argument?

The CHAIRMAN: No.

Mr. THATCHER: Not argument, my questioning as I see it.

The CHAIRMAN: I cannot stop you from questioning.

Mr. THATCHER: All right, thank you, Mr. Chairman.

The CHAIRMAN: I think you will agree with the suggestion made by Mr. Maybank, will you not, Mr. McLean?

The WITNESS: All right. I am going to have dinner as Mr. Thatcher's guest and I will give it to him then.

By Mr. Thatcher:

Q. Mr. McLean, the invested capital at March 31, 1948, as I thought it was, was $16,000,000 odd. Then you mentioned those other figures. I would not have thought that the depreciation figure would come into it, but whether it should or not according to the page you distributed this morning your net profit was $6,444,000 before inventory reserve, income taxes and bonus.

Mr. LESAGE: What period?

Mr. THATCHER: For 1948.

The WITNESS: That is not net profit, gross profit.

By Mr. Thatcher:

Q. Yes. Of that your bonus would come out, that is $1,500,000, to get your net profit, but I think that is the only figure that fairly should come out of there.—A. No.

Q. Your inventory reserve was profit.—A. Let that go. I will accept that as profit, but what about taxes?

Q. I was going to come to that. That has to come out, too, but let us say profits before taxes. Put it that way.—A. Yes.

Q. And as far as your depreciation is concerned you stated that when you were last here the government disallowed $330,000 of that depreciation, and therefore your net income last year before taxes was $5,274,000. That is before taxes.—A. What?

Q. $5,274,000.—A. Which page are you reading from?

Q. That is in the sheet you distributed this morning.—A. That is 44(A). That is in column 3; $6,444,000 less your bonus, which makes it $4,944,000, plus depreciation, which would make it $5,274,000, that is, before taxes.—A. No. Your taxes are charged on your business.

Q. I will admit that.—A. I will go with you. I know you understand it perfectly, but you must not set up taxes as part of profits. If you are talking about net profits, let us talk about net profits. I accept the 626. We had a perfect right to deal with that as a profit if we wished to do so.

Q. Yes. When the packers say they made 1/7 of a cent a pound profit, it does not sound very much; but when there are a lot of pounds, and it is related to the investment, then it is a pretty heavy profit.

According to my figures, your return last year, before taxes, would be 31·6 per cent of your investment; and after taxes, about 18·6 per cent.—A. Please do not say that. I have been precluded from verifying the figure I gave you of $27,000,000. That is the correct shareholders' equity in the company; and the net profit was $2,738,000, and that is about seven per cent.

Q. I won't accept that.

The CHAIRMAN: Where does that sort of question get us.

Mr. THATCHER: You say: "where does it get us?"

The CHAIRMAN: I am concerned about the sort of problem we were dealing with yesterday.

Mr. THATCHER: I am finished now, but I believe the packers have made fairly substantial profits as related to their investment. I think it gives a false

picture when you use it that way. I think that profits have something to do with prices.

The CHAIRMAN: You and I want to keep down prices if we can.

Mr. THATCHER: Yes.

The CHAIRMAN: But prices are rising now in regard to meats. The one thing we would like to find out is why they are rising and what we can do to stop it. And I think if we can address ourselves to that type of question, the consumers would be very grateful to us.

By Mr. Thatcher:

Q. Relative to the investment of Canada Packers, and the other packers, very substantial profits were made; and I think Mr. McLean should be allowed to put his point of view forward?—A. I think I should. If you take profits before taxes, before all these deductions, and take a profit of $6·4 million, that profit is the equivalent to only one-third of a cent a pound. That is a profit before taxes, before bonus, or dividends, and before inventory reserve; and that profit is only one-third of a cent.

By Mr. Lesage:

Q. No, half a cent.—A. I apologize; it is half a cent. I was looking at the figure below. It is half a cent a pound. Now, whatever you say, I am not disputing that the shareholders of Canada Packers get a satisfactoy return on their investment or, at any rate, they make a satisfactory net profit on their investment. I do not dispute that at all and I do not apologize for it; but I do say that if all the profits of Canada Packers were applied to reducing the cost of meat to the housewives of Canada, it would never be known about.

By Mr. Thatcher:

Q. Just one more question, Mr. Chairman. Would there be any possibility of Canada doing something like the big steel companies have done in the United States: just automatically giving leadership in cutting prices in the hope that others would follow. Would that be possible for the packing industry?—A. I think that is a perfectly fair question. We have many times discussed what could be done, but all we have to play with is one-third of a cent per pound.

Mr. MAYBANK: Or one-half cent.

The WITNESS: There has never been a word of comment on it in this committee; but the fact that Canada Packers pays $1½ million in bonuses to its people, and $1,000,000 to its shareholders as dividends, is, I suggest, leadership of a kind and I should think that the political group which claims most to follow ideals would be the first to recognize that.

The CHAIRMAN: What do you mean by that?

Mr. MAYBANK: He means that each political group makes that claim.

By Mr. Irvine:

Q. Supposing it were true that you had included in your capital $5,600,000 more than you put in, and make a charge on that from your income from the business?—A. Yes.

Q. If that were eliminated, that $5,600,000, it might give you a little more than ⅐ of a cent to play with?—A. Yes, quite true.

Q. Suppose Canada Packers said, for a month we will try this: we will automatically cut the prices five per cent. Now, if industry all across Canada followed that voluntarily, they might lose temporarily, but they might obviate the necessity of our getting back to control. Do you think their losses would be so terrific that it would not be possible?—A. The average sale price of our

meats, at the present time, is about 40 cents a pound, or let us say, let us say well within the mark of 30 cents. Now, five per cent on that would mean one and one-half cents; and, as our net profit is one-half cent a pound, we would go broke in six months.

Mr. MAYBANK: If other things remained equal.

By Mr. Thatcher:

Q. Would that not mean, automatically, that the prices you paid to the producers would go down a little bit?—A. That is another thing altogether. You are asking me if it is Canada Packers' function. Remember, I told you this morning how we operate; and I do not think there is any other way of operating. We buy as cheaply as we can and we sell our meat for as much as we can get for it; and if we elected to reduce prices on our meat one-half cent a pound, I do not know.

If I should go to Mr. McCubbin to buy his steers, he would say: that is your business; and I will get all the market will justify me in getting. That is the same type of question I was asked before: why couldn't you reduce the price of butter ten cents a pound? I do not think it is possible. In fact, I am certain it is not possible.

Q. All right!

By Mr. Lesage:

Q. When you say that your profit before taxes and investment reserve was one-half cent a pound, it includes one-half cent a pound on all the stock of feed that you sell by the ton?—A. Every transaction in the business, all the by-products, and every department comes back into the business in these final figures.

Q. On a volume of 1,447 million pounds that you sold in 1948, how much was for commodities that are sold by the ton? You see what I mean? There is a difference when you say by the ton or by the pound. If you take a half cent profit on what you sell by the ton, it would be on quite a small fraction; it would only be two commodities, fertilizer and feed. I can have a calculation of that made up. Mr. Child can calculate that and I can give it to you before the end of the afternoon.

Q. It would be a small proportion?—A. It would be a small proportion.

By Mr. Maybank:

Q. But it is in there also, in the figures given to Mr. Thatcher?

By Mr. Lesage:

Q. When Mr. McLean was here two or three weeks ago, he said there were four departments. But if he was asked, he did not have the poundage of each department. We do not have it.—A. I have the poundage of each department, but the department in which these come contains other products that are sold by the pound.

Q. Well then, what is the poundage of that department?—A. The poundage of that department is 575 million pounds; a little less than one-third.

Q. No, it is a little over one-third?—A. A little over one-third, that is right. That includes—the answer is 200,000 tons, that is, fertilizer plus meat.

Q. It would be about 400 million pounds; it would be more than one-third? —A. No, a little less than one-third.

Q. A little less than one-third; what is the total volume?—A. Well here are the articles included in that division: shortening, soap, fish, feeds, fertilizer, and wool; and then we have our two American houses, at Chicago and New York.

Q. It is quite all right. How much was sold by the ton? Oh, I have it; the profit of one-half cent a pound. What is sold by the ton, is sold at quite a good profit, is it not, Mr. McLean? Is it not a good profit, one-half cent a pound on what is sold by the ton?—A. The profit on the stuff sold by the ton is very much less than that.

Q. Yes; but when you say your average profit is one-half cent a pound, you distribute it on the sales at so much a ton?—A. That is right.

Q. So I think if we take out those commodities which are sold by the ton— —A. That is right.

Q. —and take that out of those figures here and take only, for them, what is reasonable; and if we distribute— —A. That is correct.

Q. —the balance to the others, we may get three-quarters of a cent a pound.—A. No.

Q. Because as it looks to me, for instance, you did take a profit before inventory reserve, income taxes and bonus, of about one-half cent a pound; that is what you have here; about one-half of what you have here, and instead of having 6,444,000, you had $3,000,000 profit. You could have reduced, I believe, the price of your beef to your clients by one-half cent a pound?—A. Oh, no; well, if we paid no taxes.

Q. I am talking before taxes; because, if you have a profit, before inventory reserve, of $3,000,000 instead of $6,000,000, you will pay less taxes? —A. Of course. But you remember, I think, that one of the most useful functions that the packing industry performs in the national economy is that it is the instrument through which the appropriate taxes are collected on the live stock, on the total live stock inventory.

Q. What you said there may be argued; but I am especially interested as a member of this committee, from the consumers' angle. I wonder if you had sold to your clients generally at an average of one-quarter of a cent less, might it not have meant a general reduction of an average of one-half a cent to the consumer all the year round on each pound of meat?—A. I perfectly understand the argument you are making.

Q. I am not blaming you and I know what the situation is.—A. Yes, but you can eliminate the tonnage business, the 200,000 tons or 400,000,000 pounds and you will have left 1 billion pounds.

Q. Yes?—A. Our total profit—and you want me to deal with the $6,000,000.

Q. Yes.—A. $6,444,000, and taking off the 400,000,000 pounds the volume is reduced to 1 billion pounds and the profit is reduced by $400,000 to $6,000,000.

Q. That is it.—A. Now you see, a profit of $6,000,000 on 1 billion pounds is $\frac{3}{5}$ of a cent per pound.

Q. A little more than half?—A. $\frac{3}{5}$.

Q. ·6?—A. That is the basis upon which taxes are paid.

Q. That is before taxes?—A. Before taxes and that is what you have to play with. That is the total.

Q. What I do not agree with is when you say the only thing you have to play with is $\frac{1}{7}$ of a cent. I think the figure should be taken before inventory reserve and taxes?—A. I fully admit that approach and that is why we set the figures up in this fashion.

Q. You said that a few minutes ago.—A. It was done in anticipation of this very attitude.

Q. What I said is still true, however? You could have reduced the price of your beef to your clients by a $\frac{1}{4}$ of a cent a pound on the average and you would still have made a profit of $3,000,000?—A. No, no.

Q. At a $\frac{1}{4}$ of a cent a pound?—A. That is if you retain all your profits instead of distributing them. You always must pay taxes.

Q. I am speaking of before taxes?—A. If you made no profits—

Mr. MAYBANK: It is right to speak of it before taxes because if you distributed it you would not have a profit and if you did not have a profit you would pay no taxes. There are a lot of ifs included but that is the point.

The WITNESS: I do not know but I think I understand fully the suggestion you are making, Mr. Lesage. You are saying "why do you not, if you can, reduce the price a ¼ of a cent a pound and you would still have a satisfactory return on your investment"?

Mr. MAYBANK: That is it.

By Mr. Lesage:

Q. Yes.—A. The only way I know, and the only way of which anybody else knows to run this business is to buy cattle as cheaply as you can and to sell them for as much as you can get. If you started to take off a ¼ of a cent a pound you would be pretty bewildered.

Q. If you pursue this policy too far where will we get?—A. We are talking about the cost of living and if there has been anything made clear by these figures it is the fact that the housewives today are complaining not about a ¼ of a cent a pound advance but the fact that prices are twice as high as they were in 1939.

Q. Right.—A. They are complaining of an increase of 15 or 20 cents a pound and of what interest is a ¼ of a cent a pound?

Q. A ¼ of a cent here, a ¼ of a cent there, and a ½ a cent there, when it reaches the consumer level means perhaps 2, 3, or 4 cents, and I think 2, 3, or 4 cents a pound on meat and butter and things of that sort is certainly important to the consumer.—A. I assure you I am trying to be helpful and to explore the possibilities. What would you do? You have to go to a customer and go through this bargaining. The salesman is asking a certain price and finally a bargain is worked out and when it is all over the salesman says "that is not the price at which I am going to sell to you, the price will be a ¼ of a cent per pound less". Do you think that is a feasible thing?

Q. No.—A. That is the only way it could be done.

Q. Mr. McLean, if a policy along the lines you have expounded, that is of buying as cheaply as possible and selling at as high a price as possible is pursued, do you not think, in our system of free economy, the over-all application of such a principle might be dangerous?—A. I am glad you have asked that question.

Q. I am frank about it, and I am afraid of that principle for the sake of our own free economy.

Mr. THATCHER: So am I.

Mr. LESAGE: You are not afraid of it; that is what you want, but I am afraid of that, sir.

The WITNESS: I am glad you asked that question. I was 72 years old last Saturday and I have been in packing business for 48 years. I have more confidence in the soundness of the competitive system of doing business today than I have ever had. There is nothing else which keeps institutions, companies, and individuals as sound as the situation where there is genuine competition. I heard a man make a comment once in reply to the suggestion that competition would drive us back into the jungle, and his comment was that it was competition that brought us out of the jungle. That was a very fundamental saying.

Mr. IRVINE: When did we get out of the jungle?

By Mr. Lesage:

Q. If I may continue, Mr. McLean, I understand you to say that the advocation of the principle which you have expounded, that is buying as cheaply as possible and selling for as much as possible is not dangerous for the future of our system because competition is always there as a check?—A. That is what I say, and I believe it more firmly today than I have ever believed it. The only danger we face in our existing system is the elimination of competition.

Mr. THATCHER: Competition has raised the price of meat.

By Mr. Lesage:

Q. I wanted you to make your statement, Mr. McLean, because this morning when you expounded that principle you did not qualify the explanation and you did not say the application of such a system was always checked by competition.—A. It is.

Q. If all enterprises were conducted on a basis of having in mind only the application of the principle of buying as cheaply as possible and selling at a price which is as high as possible without any check, it would be dangerous?—A. I do not think so, I think there is a safeguard.

Q. The safeguard is competition?—A. The safeguard of the whole system is unrestricted free and open competition.

Mr. IRVINE: Mr. McLean, may I ask a question here. Would you think as much of the system of which you are speaking now—

The CHAIRMAN: I should perhaps have interrupted before but it is not our economic system which is under review by this committee, it is the recent rise in prices.

Mr. IRVINE: Of course, and the rise in prices is the little child of the system and I do not see how you can separate them.

The CHAIRMAN: I do not think there is much chance of this committee changing our economic system.

Mr. IRVINE: We might find that is the only way of checking the increase in price, because if it is true, as we are told, that you cannot reduce prices and that they are at bedrock now with a margin of only ¼ of a cent per pound, then there is no such thing as a high price and those who think there are high prices are just crazy.

Mr. MAYBANK: It is all metaphysical.

Mr. IRVINE: I want to ask whether you, if you were a housewife, would think as much of the system as you do now as a packer—a manager and an owner?

Mr. MAYBANK: Might I ask you this—

Mr. IRVINE: Let us wait for his answer.

Mr. MAYBANK: I just want him to answer this at the same time, if he would.

Mr. THATCHER: That is not fair at all.

Mr. MAYBANK: Would you add to that, if you would not sooner have it under the socialist system of Russia.

Mr. IRVINE: You can get your answer later on. I am asking the witness when he speaks about the soundness of this system and being convinced of it, whether it was more easy for him to be convinced as a packer than it would be for him to be convinced as a housewife buying beef.

Mr. BEAUDRY: Mr. Chairman, I would like to raise a point of order; that is assuming that Canada Packers and Mr. McLean have complete control over the situation, that there are no other factors involved.

Mr. IRVINE: No, it is not assuming anything. It arises out of a statement made by the witness.

Mr. BEAUDRY: We can question Canada Packers on that in so far as it applies to them, but I do not think we could go any further than that.

Mr. MAYBANK: Before he answers the question at all, have you read that book called "Turnabout"? It will assist you in imagining yourself a housewife. Would he still consider it as desirable if a housewife were the packer and if he, the packer, were in the position of the housewife.

Mr. IRVINE: What does it need to turn about the housewife for?

Mr. THATCHER: Mr. Chairman, I am not going to talk about a system—

Mr. IRVINE: I haven't got an answer to my question.

The WITNESS: I want to answer it but I have not had a chance. I am very anxious to answer that.

Mr. IRVINE: Good.

The WITNESS: Speaking about books; my favourite textbook on economics is "Make this my Canada".

The CHAIRMAN: Who is the author of that?

The WITNESS: There are a couple of gentlemen here who perhaps could tell you, who could answer your question. The housewife is dissatisfied with prices. There is no doubt about that. All these prices are brought about by world conditions. It is only fifteen years since the prices, since the same system brought about prices that were being complained about because they were too low; and, of course, they were too low. Everybody looking back on it recognizes that. And everybody recognizes that prices are abnormally high now and can't remain at this level for any length of time. But what is the best way of dealing with it, this thing that we are all talking about.

The CHAIRMAN: At the moment.

The WITNESS: And the best way is the way in which we are dealing with it. Under controls we all know what happened. Now, those controls were necessary in wartime and I am as much in favour of them as anybody, but that is not the way by which to get a satisfactory adjustment. We will never have a perfect system, of course. We all recognize that; but the quickest way to get back is to let the law of supply and demand operate.

Mr. THATCHER: Mr. Chairman, may I ask a question of Mr. McLean there? Are you through, Mr. Irvine?

Mr. IRVINE: I might as well be, I guess.

Mr. MAYBANK: Sure.

Mr. THATCHER: Mr. McLean made the statement a moment ago that he thought these prices would be brought down by competition, but is it not a fact that since we have had competition during the last six months prices have gone up considerably so that they are again abnormal; and, is not that a condition which is likely to continue with conditions in the world being as abnormal as they are and that is a condition under which the law of supply and demand is not allowed to function properly. In view of that is not the only way we can get prices down and get supply keeping up with demand, is not the only way we can do that by having ceilings put back on?

Mr. MCCUBBIN: Are you insinuating that you want to have ceilings back on to hold the producers prices down?

Mr. THATCHER: Certainly. I want to know whether or not that would not be the best way to do it. Mr. McLean has stated that competition is the way he thinks prices can be brought down. That has been tried and it has not done it,, is not doing it. I suggest that you can't do it for the next year or so, so long as this abnormal demand exists.

The WITNESS: I hope it will not be so long as that. It may be. Suppose you are going to reimpose ceilings, there are half a dozen questions that you have to solve right at the start that are far more difficult than the ones facing you now; and, at what level are you going to impose them; and, how are you going to enforce them. You know as well as I do that if they are too high they give no relief to the housewife and if they are too low they are violated by the black market. The reintroduction of controls would bring you far more problems than you are facing now.

Mr. THATCHER: But it would probably get the price of meat down, just what this committee was supposed to do.

Mr. MCCUBBIN: And the price to the producer would go down.

Mr. THATCHER: You could take care of him by putting your subsidy back on.

The CHAIRMAN: Order, gentlemen. Let's put questions now and we can have argument later. Mr. McLean, if you could help us in our problem I think we would appreciate it. Could we address ourselves to that?

Mr. MAYBANK: I would like to ask a question on a completely different point whenever you are ready.

The CHAIRMAN: I just want to get us on to one track we were on yesterday; which I then thought and still think will lead us to an answer to this thing; I think we ought to pursue it at some point as quickly as possible.

Mr. DYDE: Mr. Chairman, we were at a point at adjournment at 1 o'clock where we were about to focus discussion on certain matters which would be directly connected with that, and we still have to do it.

Mr. IRVINE: I suggest we do it, Mr. Chairman.

The CHAIRMAN: Well, we had before us yesterday—has every member a copy of this (indicating)—this is a sheet of figures which was givn to us by the Dominion Bureau of Statistics entitled "cold storage holdings of meat".

Mr. MAYBANK: That is what I was coming to.

By Mr. Maybank:

Q. This is just a general question, Mr. McLean, about the storage of meat. Would it be correct to say that in the storage of meat to any considerable extent meat is held off the domestic market. Would that be a correct statement?—A. No, it would be more accurate to say, taken off. You see, when food products are stored they are taken off the market at the time when there is an over supply and they are restored to the market at a time when there is a shortage of supply.

Q. At any rate it is for that reason they are stored?—A. That is right.

Q. Whether the second move occurs or whether it does not, they are taken off and kept off the market for a period of time?—A. Yes.

Q. And that was as far as I was going at the moment. Looking at it just in that period would it be right to say that the tendency of taking this off the market and holding it off the market for a period would be either to raise prices or keep them up; would that be correct?—A. The tendency is to raise the price at the time the meat is stored and to reduce the price—

Q. Yes. I am only dealing with the first part of it. I am not disputing what I think you would have said.—A. Yes.

Q. Well now, what would you say about a situation of this sort. These figures which were handed out yesterday, from the Dominion Bureau of Statistics with respect to the condition in April of last year shows that we had in storage at that time 16,000,000 pounds. This April we have 35·9, and in between, after the storage dropped to a low in August it began upward, and one recession went as high as 42·9, and 45·7. It has been dropping down somewhat to this still very high figures of 35·9?—A. Yes.

Q. Now, just by itself, that very great increase in stored meat which has been held off the market a length of time, would not the effect of that be to raise prices?—A. No, just the opposite. These storage figures, to begin with, are the statistics of all the meat which is in cold storage in Canada and they include—that is to say all the beef, but they include the current stocks that we are going though, the current kill.

Q. In April, 1947, the statement which you have just made was also true, was it not?—A. Yes.

Q. And again in the month of July—I am just picking them at random—1947, that statement was still true. In January of this year and April, what you stated a moment ago would be true in respect to each month?—A. That is right.

Q. Then, that being the case, we have a great increase in storage over that period?—A. It does seem like a surprising increase. The chief explanation is that these figures are principally from inspected houses. Last year, in April, the inspected houses were doing very much less than their normal percentage of the meat trade.

Q. Yes, you dealt with that this morning. You would say, when we read the statistics since the removal of controls, we have to have some reserve in doing so?—A. Yes.

Q. Because you say, when we had controls, we also had black markets respecting which there were not statistics supplied by the black marketeers; that is the point?—A. Yes. I recognize your interest in this. Mr. Dyde gave us this sheet this morning. While I cannot give you any analysis of the total figures, I have our own figures here. We telephoned and got these.

Q. Now, just before dealing with them and dealing with this question of the black marketeer, you have warned us to read these figures for all 1947 and up until April of this year with some reserve?—A. Yes.

Q. Bearing in mind that, in the earlier part of that period, the black marketeer was at work?—A. Yes.

Q. Now, Mr. McLean, if that were the only explanation for this great increase in storage, it would be tantamount to saying that probably more than half of the beef in April, May and June of last year, more than half of the beef in Canada, was actually handled by the black market. It would amount to that, if that were the only point?—A. That is right.

Q. Because, you see, the figures a year ago are 16, 16, 14, 13 and in September there is a rise to 19 and a drop to 12 in October.

Mr. LESAGE: That is the strike period.

By Mr. Maybank:

Q. That is the strike period. We stop there, for a moment, at September. If you compare these figures with 1942, 1943, 1945, 1939 and 1935, it would appear that you are committing yourself to the proposition that more than half of our meat would be handled by the black market? I know you have not said that. I said, if that is the only point, then you would be committing yourself to that proposition?—A. I said that was the chief difference between April of last year and April of this year.

Q. You think that is the chief difference?—A. Yes, I think so.

Q. Then, you really are practically saying that in the control period half or more than half was handled by the black market?—A. I think, probably, there are other important factors. One very important one is the meat board purchases for England.

By Mr. Lesage:

Q. Frozen beef?—A. Yes.

Mr. LESAGE: Mr. Maybank, we have another source of information which breaks down the frozen beef figures.

Mr. MAYBANK: Yes, I know there is another sheet which will give us the amount held for the meat board.

Mr. LESAGE: So far as fresh beef is concerned, on April 1, 1948, it is 8,000,000 pounds and on the 1st of April, 1947, it was just a little more than 4,000,000 pounds, so the same proportion is there, too.

Mr. DYDE: I think we ought to clear up one point and that is that Mr. Pearsall told us it was not frozen beef that went to the meat board. He must have it five days, at least, while it is fresh.

Mr. LESAGE: I was quoting from the cold storage holdings of meat, April 1, 1948.

The WITNESS: I had this in my mind. I asked Mr. Hall to telephone the Bureau of Statistics, since I knew this was coming up, and get a breakdown of the stocks on April 1, last year and April 1 of this year. I have it here.

By Mr. Maybank:

Q. A breakdown in regard to beef because, so far, we have only been speaking about beef?—A. Yes, this is beef.

Q. That is to say you would be giving a breakdown of April of this year and a breakdown of April of last year?

Mr. LESAGE: I think we have it.

Mr. DYDE: It is on the document which was distributed to the members yesterday at the same time Mr. Lafleur put in his material.

Mr. MCCUBBIN: May I ask a question?

By Mr. Maybank:

Q. I am just waiting for an answer.—A. I think this breakdown really gives you the information you are looking for. Remember, I cannot interpret all these figures. I am seeing them now for the first time. Here is the breakdown; this year, 35,890,000; last year, 16,819,000.

Here is the fresh beef. This year—do you care to put these figures down? This year, 10,126,000; last year, 4,785,000. For frozen beef, it is divided into two groups, bone in and boneless. This year, 20,409,000.

Q. This is what?—A. Frozen.

Mr. LESAGE: The two groups together?

The WITNESS: Yes. 20,409,000; last year, 8,298,000. Cured and in cure, that is barrel beef; this year, 1,174,000; last year, 1,276,000. Fancy meats, livers, tongues, hearts, tripe, and so on, this year 4,181,000; last year, 1,682,000.

Mr. MAYBANK: Higher last year.

The CHAIRMAN: No, higher this year.

Mr. MAYBANK: I thought you said 4,000,000 and 6,000,000.

The CHAIRMAN: 4,181,000 in 1948.

The WITNESS: 4,181,000 this year and last year 1,612,000.

Mr. LESAGE: I suppose the difference between the figures for this year that Mr. McLean has given now and the ones we have here arises from the fact that what we have here are preliminary figures and what he is giving now are revised figures.

Mr. DYDE: Mr. Lafleur explained yesterday that his figures are being revised all the time. The figure he gave us in the mimeographed sheet is the total revised figure.

The WITNESS: You see this does throw some light on the problem. In fresh beef there is in circulation, in process of going through the houses, 10,000,000

this year and 4,700,000 last year. The chief difference comes in the next item, this year 20,400,000 and last year 8,298,000.

By Mr. Maybank:

Q. Just stop there for a moment. We have more frozen meat. What would have happened to it if we had not frozen it.—A. It would probably have gone to the meat board for export. Freezer cold storages are full all the time.

Q. Suppose it had been thrown on the market?—A. It would have depressed—

Q. It would have depressed the price?—A. Oh, yes.

Q. And as a matter of fact it was put in—and you would presume others did the same who operate the same as you—to prevent a price depression?—A. Well, that is the effect of it. That always happens when there is a surplus of any kind of food. It is put into storage to the extent storage is available.

Q. Let us put it this way, perhaps it was put in to prevent a price depression, and perhaps also to bring about a price depression or to prevent a price increase at some later time. Would that not be right?—A. I would rather you would modify the phrasing of that because it seems that you believe the policy is determined by the processors. That is not the case. This always happens.

Q. I was not suggesting that it was determined by the processors, and I did not have any particular person in mind in my question.—A. No. If that had happened, if this had not been stored as it was, the price would have gone to the floor at which the meat board would take meat for export. It would not have gone below that. It would have held at that floor.

Q. How much of a drop would that have permitted?—A. Oh, I do not remember. It would vary from week to week.

Q. Can you give us an approximation?—A. One or two cents perhaps.

By Mr. Lesage:

Q. One or two cents; that is on a whole carcass?—A. Yes.

Q. But when you come to the various cuts of beef it would be much more than that?—A. A much wider spread.

Q. On a T-bone steak it would be about 8 to 10 cents?—A. Yes.

By Mr. Maybank:

Q. So that it comes to this that if the meat had not been stored, no matter who is responsible for the storing, the tendency would have been for a drop in price?—A. A drop in price.

Q. But it would not have dropped below what the meat board was willing to pay?—A. That is the floor.

Q. And you would suggest that price drop prevented by storage would have approximated a couple of cents?—A. Yes.

Q. And that, of course, is a couple of cents talking of this meat as a carcass and not in its very considerable number of cuts?—A. Yes.

Q. In the case of all these cuts there would have been a drop of 2 cents at least, and in the case of some of the cuts a very great deal more. Would that be correct?—A. Yes.

Q. So it would be correct to say, would it not, that if it had not been for this greater storage the price would probably have been less. Is that a correct statement?—A. Well, I think that is a correct statement. Remember I am speaking of very intricate matters.

Q. I realize you are giving opinionative evidence now.—A. That is right.

Q. Of course, you have given that out of your not quite 72 years of experience, but I gather from what you have said you started in at this business very early in life.—A. Yes, and I am giving it—

Q. You have a reasonably long experience in this business?—A. Oh, yes.

Q. And you say that if it had not been for this storage that it is reasonable to suppose it would have resulted in a couple of cents reduction, talking of a carcass?—A. Yes, but I am speaking now entirely from memory. I think you would find the price at no time went below the floor and during the time of heavy production varied from 1 to 2 cents above the floor.

Q. And your opinion in that one respect, of course, can be tested by examination of statistics over the period for which you take no responsibility; is that right?—A. Yes.

Mr. McCUBBIN: Mr. Chairman,—

By Mr. Maybank:

Q. I was not quite through with that. I do not want to go over this point by point because we have not the exact knowledge in front of us for it, but may I ask you this? To what extent in your business did you contribute to this 35·9 storage in this month?—A. 35,900,000. I have those figures.

Q. The figures we have been dealing with begin with April a year ago and end with this April and deal with beef, and take in all the people who stored beef?—A. Yes.

Q. As one of the people who store beef you are going to give me the same figures relating to you?—A. Yes. It is from the reports that are turned in that these figures of the bureau are compiled.

Mr. LESAGE: May I suggest that we can find the same figures for this company at page 30 of the brief.

Mr. MAYBANK: Is it already set out at page 30 of the brief?

Mr. DYDE: No, it is not already set out but it has got inventory figures.

Mr. MAYBANK: Oh, yes, but Mr. McLean is going to give us specific figures that bear on these months with relation to the paper which is in front of us.

The WITNESS: Yes. These are our figures turned in.

By Mr. Maybank:

Q. This only relates to beef, the same as in the first column of the D.B.S. statement we have been examining?—A. That is right. These are given for the 22nd of October, 1946 and 1947; December, 1946 and 1947; January, 1947 and 1948; February, 1947 and 1948; and I have March. That is the end of March or the 5th of April.

Q. You have gone into 1946. I have not so far said anything about that.

Mr. LESAGE: He was telling the committee that what we have on page 30 is what he has just said.

The CHAIRMAN: But Mr. Maybank has been trying to restrict it and bring it right down to date. He is asking with regard to April of this year, what portion of that is his contribution.

Mr. MAYBANK: Yes, that is correct, except that first it is April of last year.

The CHAIRMAN: April of last year first.

By Mr. Maybank:

Q. Can you give that or is your compilation a little different? What did you contribute to the storage of beef in April of last year?—A. We have not got that.

Q. What have you nearest to that?—A. I have got April of this year and I have got—

Q. What have you of last year?—A. Here it is, the 25th of February, 1947.

Q. That would correspond to the February figure which is a total of 23·7.

The CHAIRMAN: It would not help us though.

The WITNESS: The total last year was 3,157,000 and the total this year is 10,103,000.

The CHAIRMAN: Is that April of both years?

Mr. LESAGE: No, February 25.

The CHAIRMAN: That does not help us very much.

By Mr. Maybank:

Q. Let us hold this if we can to the date respecting which I am asking the question. Can you tell me what your contribution was to the storage of beef in the month of April last year.—A. I have not got it. I have April of this year.

Q. Let me ask this question. There are figures turned in every month at least by cold storages as to what they have. Are there also figures turned in to D.B.S. by you as a packing house?—A. Yes.

Q. Then this figure of 16 for April of last year must be a composite of what you supplied as well as some others?—A. That is right.

Q. But whatever you supplied to D.B.S. for April of last year you have not it before you now?—A. No. You are not looking at page 30?

Q. I am not looking at page 30 at all.—A. If you would you would understand the answer to the question. Please let me tell you.

Q. I thought you had.—A. No, I have not. These are the figures that Mr. Dyde asked us to supply, and they do not include April of last year. Am I right?

Mr. DYDE: That is correct.

The WITNESS: But it is a very easy matter to get April of last year.

By Mr. Maybank:

Q. Do not misunderstand me. I am not offering any criticism because you do not have the figures, but I will now explain to you why I asked the question in the way I did. I understood you to say you had obtained these figures during noon and you had at that time a paper in your hand.—A. I got them for April of this year but I did not get them for April of last year.

Q. Your remark was that, knowing this matter was coming up you had secured certain figures from the Dominion Bureau of Statistics?—A. Yes.

Q. But you did not secure from the Dominion Bureau of Statistics corresponding figures that we might relate to this table on which I have been examining you?—A. No, I got a breakdown of our figures for the first of April of this year, but not for last year.

Q. I see. All right then; perhaps we might see how close 30 brings us to that.

Mr. MERRITT: I think it would be helpful if Mr. McLean gave us the figures that he has, and we could ask for any more figures that we wanted.

By Mr. Maybank:

Q. All right; what is your April, 1948 total?—A. Our total was 10,103,000 pounds.

Q. Out of a total in storage of 35·9 million pounds, yours is 10,103,000 pounds?—A. Ours is 10,103,000 pounds.

Q. That is April of this year, is it not?—A. That is the end of March; it is the figure we turned in for their April 1 report.

Mr. DYDE: The confusing thing is that it is exactly the same for February 25, unless there is some mistake.

By Mr. Lesage:

Q. That is why I would point that out?—A. I guess it must be. The first of March—I have got that instead of April; that is cleary what it is; I have got the breakdown of that.

Q. We had it at page 30.

By Mr. Maybank:

Q. At any rate, Mr. McLean, would it be fair to say that, as to the 25 per cent of any of these figures, your business is affected, and that you have given us the figure that comes roughly to about one-quarter?—A. Yes.

Q. Does that represent about the extent of your contribution to whatever the problem is in the packing industry?—A. Oh, it varies. I suppose, on the average, that would be about our share of the figures.

By Mr. Dyde:

Q. It would be a little higher, would it not, Mr. McLean? Have you not got figures in here that show your per cent of the holdings from time to time with respect to "frozen" only?

By Mr. Maybank:

Q. Cold storage holdings?—A. The figures I have are for March 1, and not April 1. It was just a confusion. They exactly correspond to this, and it is the figure for 25th of February which is the figure reported by the Bureau of Statistics on the first of March.

The CHAIRMAN: They would be higher in April, would they not?

The WITNESS: I should think they would be lower.

Q. Why do you say it would be lower in March? All right, you may go on and I will follow after.

By Mr. Maybank:

Q. Well, at any rate, with respect to beef—this was two years ago; and you were nearly 32 per cent of whatever the total was of the frozen beef. In the next year it was 46, and you show that your proportion of frozen beef in storage was 22·8. In the next year, that is, last year, your share was 27·5. And this year, down as late as March, you run 28·7, 26·7 and 26. So, just taking those figures, would it not be fair to allow oneself to think that about one-quarter of whatever you say is there is really a result of Canada Packers' action? Would that be right?—A. I would think so.

Q. Then, we do know that, whether it was a wise thing to do or not, in this last year there has been storage going on in Canada which, if it had not gone on, would, in all probability, have reduced the prices a couple of cents, talking of carcass prices. With regard to that, that was in the fall, November and December?—A. Yes.

Q. And your company contributed probably one-quarter of that storage?—A. Yes.

Q. Then, again, in pork, the story is similar.

The CHAIRMAN: Before you go on, it should be pointed out to Mr. McLean that that high level of storage took place at a time when the price tags rise?

The WITNESS: The chief misfortune of Canada, at this moment, is that there is not enough beef in storage, not that there is too much.

Q. That is, as of the moment?—A. You are talking about high prices being a misfortune.

By Mr. Lesage:

Q. That is exactly what I do not understand. This morning you said there was a lack of supply, yet a few moments ago you said there was plenty of supply

in storage. You told us that the increase in price was due to the lack of supply in relation to the demand. Now you tell us the contrary and say there is more beef in storage, double the amount of last year. How can we explain the increases in price that way?—A. There is more put away; and all the beef in storage has to come out of storage. I have been trying to get this breakdown of figures in front of you because I think it would help to clarify these things.

By Mr. Maybank:

Q. There is no intention of preventing you from getting that breakdown. There is only the question of when it might come?—A. I think the best thing would be to look at the figures and you will see how it is moving up. They will show it.

Q. All right then. So, instead of asking you another question at the moment, would you give us that which you have been wanting to give us?—A. I am going to give you the breakdown of the figure of 10,103,000. That is at the first of March. Those are the figures that we turned in for the Dominion Bureau of Statistics report on March 1.

Q. O.K.—A. There was a total of 10,103,000; that was fresh beef, and beef going through was 4,451,000.

By Mr. Lesage:

Q. We already have this breakdown.

Mr. IRVINE: Well, let us have it again.

By Mr. Maybank:

Q. I have asked him to give it to us again. Will you permit me to get it again?

Mr. LESAGE: But it appears on the exhibit itself.

The WITNESS: Yes, but it has not been under discussion. That means, that for frozen beef it was 5,654,000 pounds. That beef consisted of 1,082,000 tons sold to the Meat Board, and which was being held for shipment at their direction.

By Mr. Maybank:

Q. That means that it had reached the floor?—A. That was sold at the floor, yes. That was sold sometime ago. Then there was sold—there were definite sales to customers. In the fall of the year we have many customers across Canada who make purchases of frozen beef. Most of them are in Quebec, the lumber companies and the mining companies, and so on. This quantity amounted to 1,332,000; and the rest was free, that is, beef for which there was no contract, 3,238,000.

By the Chairman:

Q. That is as of the 25th of February?—A. "As of the 25th of February." Now, as at this date we got this information; as at this date, the Meat Board stuff has all been shipped.

By Mr. Maybank:

Q. They are cleaned out?—A. They are cleaned out. The customers have taken about 500,000 pounds, and we have left, of contract beef for customers, 768,000 pounds, that is still to go. And of the free meat that we have, there is 1,370,000 pounds.

Q. How does that compare with the former figure?—A. It has been reduced 1,900,000. Now, I think that makes clear the remark or rather clarifies the

remark I made a moment ago. You see, this was at this date, April 28, and that 1,370,000, I should think, would all be sold within another ten days, or practically all of it, because that beef has been pulled out; and I should think that everybody's beef is being pulled out. If there were twice as much beef —of that free beef, of the 10 million pounds, only 1,370,000 is available to affect today's market. If there were twice as much, let us say three times as much, the market would be lower.

By Mr. Irvine:

Q. This free beef does not apply to the price, does it?—A. No. Let me say that I missed one of your jokes one day because I am a little deaf; but I read it in the Hansard report later and it was quite all right. I am sorry.

By the Chairman:

Q. He may have intended it as a serious remark. Would you hazard a guess? Would I be wrong in saying that the accumulation of stored beef now, as of this date, May 6, would be about 16 million pounds?—A. I would not think it would be anything approaching that. You see, if you take our share at 25 per cent, on April 28, it would be 1,370,000.

Q. I am talking about all beef?—A. I may have misunderstood your question.

By Mr. Maybank:

Q. The April figure was 35·9; and is it your suggestion that that would be down around 16 now?

By the Chairman:

Q. I am hazarding a suggestion to Mr. McLean that the present storage would be about 16 million pounds?—A. Well, the amount of current beef would be the same, practically, and that would be—let us say about 40 in our case, it is 44 per cent; about 14 million; 10 million—

Q. 10 million for all?—A. 10 million fresh, and I should think that the others, if they were down in the same proportion as ours, they would be down around 5·6 million to 2·1 mililon. That would be about 40 per cent.

Q. Making a total of how much?—A. 35; 25; making a total of about 20 million pounds.

Q. Making a total of about 20 million pounds; and that would still be 4 million pounds higher than in April of last year, or in May of last year?

Mr. LESAGE: Five and one-half million pounds.

By the Chairman:

Q. It is still a lot of beef on hand?—A. Yes.

Q. Now, assuming we are right on that?—A. Yes.

Q. The price of meat is going up; and I can understand how the price of meat would go up in a scarcity period, but you have not got a scarcity period, if that is the fact.—A. Yes, you have a scarcity period.

Q. Do you call 20,000,000 pounds a scarcity figure?—A. 20,000,000 pounds —but you will remember this 20,000,000 pounds is subdivided into contract beef, meat board beef, and so on.

By Mr. Maybank:

Q. But did you not say the meat board was cleaned out?—A.I beg pardon?

Q. Did you not say by now the meat board was cleaned out and that would leave two classes only?—A. Here is the answer I think, Mr. Martin. I am the

one who looks rather dumb, and you are asking me a lot of questions the answers to which I do not make any attempt to carry in my head.

Q. Full allowance is made for that, and I think it is marvellous that you carry in your head what you do.—A. The weekly production of beef is 12,000,000 pounds.

By Mr. Lesage:

Q. 12,000,000 pounds?—A. Yes. There are 24,000 cattle slaughtered at an average of 500 pounds per carcass.

Mr. DYDE: Mr. McLean is referring to the inspected slaughterings, and he is converting that figure into carcass meat.

Mr. LESAGE: Has the figure decreased during the last weeks?

Mr. DYDE: No. That was not what Mr. McLean said, the 12,000,000 pounds was a translation of the inspected slaughterings.

Mr. LESAGE: I understand. Has this figure been constant for the last weeks?

Mr. MAYBANK: Is it a constant figure?

The WITNESS: Pretty much, there are 24,000 cattle a week.

Mr. MAYBANK: That is the flow?

The WITNESS: Yes, the flow.

By Mr. Lesage:

Q. I do not understand that. You say there has been a short supply and that there has been no reduction in the slaughterings, but you have had large reserves. You say there is a short supply at this period and I do not understand you.—A. The answer is that in spite of all our efforts to buy our cattle cheaper we are paying more for them every day in the week.

Q. No, no, no, I am not talking about that. You said cattle were in short supply and beef was in short supply and I am just offering as a suggestion, because I want the explanation—that the figures we have do not bear out the affirmation that there is a short supply.—A. Mr. Lesage, there must be, when beef is being consumed at such unheard of prices.

Q. Pardon me, sir. When we asked you why the price is going up you said the supply was not sufficient in relation to the demand?—A.That is right.

Q. Now we hear that we have a larger supply of beef this year than we had last year—a much better supply.—A. It is just not large enough, that is the answer.

Mr. THATCHER: There were ceilings a year ago.

Mr. MERRITT: Is Mr. Lesage not talking about dead beef whereas Mr. McLean is talking about live beef?

Mr. LESAGE: I think we understand each other.

The WITNESS: I think we are talking about the same thing.

By Mr. Lesage:

Q. Yes—A. The answer is there and it consists of the price which is being paid. You do not suppose we are paying 19 cents for live steers because we want to?

Q. I do not believe that at all.—A. It would be far easier for us to buy beef and do our business if we were paying 10 or 11 cents for it.

Q. The reason would not be because there is a short supply, it would be because it is impossible for you to buy from the farmers at cheaper prices?—A. I stick to my answer that there is a short supply in relation to the demand.

The CHAIRMAN: Mr. McLean, I hear the division bell and we must go and vote. While we are voting, knowing what we have in our minds, I wonder

if you just could not think this out and give us the picture when we come back. I must say that I do not understand the replies and I take is that other members are in the same position.

Mr. LESAGE: I suggest that Mr. Dyde have a talk with Mr. McLean and try to elicit the information for us so that we may receive it when we come back.

The committee resumed at 5.52 o'clock p.m.

The CHAIRMAN: The meeting will come to order, please.

Now, Mr. Dyde, have you and Mr. McLean got that problem solved for us in the ten minutes that lies ahead?

Mr. DYDE: I doubt if we have the problem solved, but I think that Mr. McLean has further remarks that he wishes to make. Is that correct, Mr. McLean; or, have you said all that you wish to say about this?

The WITNESS: Well, I will be satisfied when you are through listening to me. I feel, in deference to the chairman, that I must make some further remarks. He asked me to try to organize my thoughts on this problem. As I said, I have been talking to Mr. Dyde all through the recess—

The CHAIRMAN: I regard this as a very important problem and we want to be correct in our conclusion as to what it is; and it is important not only with regard to beef but also with regard to pork; and these figures that are before us seem to us to be pretty difficult to understand in the face of the rise in prices.

Mr. DYDE: May I put it this way, Mr. Chairman. Mr. McLean, here is what we see. We see in March of 1948, cattle coming on to the market at a rate of approximately 24,000 head a week, and at the same time we see that you have 10,000,000 pounds in storage. At the end of April we see the same number of cattle coming forward to the market each week and we are puzzled, we do not know why the prices should go up; because, with these fates in front of us, and applying your formula of this morning in which you said that the movement in the price of beef was determined by the quantities of beef available in relation to the demand from the housewives for beef—we do not understand why the prices should go up.

The WITNESS: That is Mr. Martin's problem, as I understand it.

The CHAIRMAN: It is not mine, it is the committee's problem.

The WITNESS: Who asked me why the price of beef has been going up. I cannot say anything more than I have already said, I do not think. Mr. Martin probably had in view probably that this beef was being put into storage at the present time and that way being withdrawn from consumption.

Mr. DYDE: We thought it was being held from consumption, frozen last November and December when cattle were coming on to the market plentifully.

The WITNESS: Withdrawn and held are two different things. I will try to deal with them one at a time. So far as withdrawal from consumption is concerned, that is not being done at the present time. The whole movement is out of storage into consumption. There is no beef being withdrawn or withheld at the present time. Now, you look at these figures and you compare the amount of beef in storage today with the amounts in storage a year ago and you see that it is very much larger, and it is a most natural thing to ask, is that why the price is advancing; but when you break it down in details I have done with respect to our own it is quite clear that no beef is being withheld. We are in the position with our own beef that we are now pushing it out into consumption just as quickly as we can, because the end of May is almost a maximum deadline for holding frozen meat. Frozen meat can be sold to some retailers not at all; to other retailers, the retailers who will handle it will only take frozen beef during the cool weather, mostly in the wintertime; and, in fact, all the frozen beef at the present time must be put out, and it is being pushed out. If the figures do not seem to show that, it is just for the want of a complete analysis of it. If you had the analysis, it would be quite clear that is what is happening.

By the Chairman:

Q. Could we get that analysis in a form that would be clear?—A. You could get it from the Dominion Bureau of Statistics.

Q. They have not the figures for the 1st of May. They have the figures up until the 1st of April and it was on the basis of the figures as of the 1st of April Mr. Maybank started his questions to you. Yesterday, the committee agreed with me that that situation was one which deserved the closest examination?—A. To whatever extent there is a larger amount of meat in storage than last year, it is advantageous in that it tends to lower the price. If it were not there, the price would be still higher. But remember, the total amount of beef in storage is only two weeks' consumption and it is not an important factor.

By Mr. Maybank:

Q. At the time the storage figures were increasing, that is to say, sometime following probably last August—I am not looking at the figures now, but the figures we had in front of us showed that it rose by successive steps from 16, possibly to 18, and it eventually reached 39·7. Those were the months during the fall. Now, at that time when, evidently, month by month, there was more and more storage, you have said to me earlier in the examination that the tendency in that storing, that holding away from the market or taking away from the domestic market, would be to put the price up?—A. That is right.

Q. I understand that at a time when you begin to push that out, the tendency is to put the price down. My remark did not refer especially to today, but back there, too. The tendency at that time, was to put the price up when the meat was going into storage?—A. That is so.

By the Chairman:

Q. What you have said now is that we have two weeks' consumption alone in storage. I must take it that this sheet before us is correct. It comes to us from the Dominion Bureau of Statistics. It shows 35,000,000 pounds of beef in storage as of the 1st of April. Whatever the situation may be now, as of the 1st of April, 35,000,000 pounds was in storage. It would seem to be a large surplus. It certainly is on a comparative basis with previous months in the same year and it is double what it was last April?—A. Are you going back to other years?

Q. No, going back to last year. In April, 1947, there were 16,000,000 pounds in storage while in April of 1948, there were 35,000,000 pounds. Now, that seems to me to be a fairly large amount?—A. It would be.

Q. The next point I was going to make is that it was just about April 1 when the present increase in prices began?—A. These are the figures from year to year, back to 1926?

Q. Yes.

Mr. DYDE: These figures are as of December 31, the annual figures at the top of the page.

The WITNESS: They vary widely. It happens that last year, storages were very low. Mr. Hall has called my attention to the chief reason for that. Last year, beef was under ceiling and the meat board paid the floor price, the contract price. They paid nothing extra for storage charges if the beef were stored, so that the beef went to the meat board as produced, in the fall months, instead of being stored.

Now, this year, the ceilings were removed and there was the likelihood of an advance in the price of meat. Instead of shipping all the meat out to the meat board, a proportion of it was put into storage and is coming out now. I think that is the chief explanation for the difference between this year and last. This year's figures are not high in relation to certain previous years. Conditions change each year.

By the Chairman:

Q. When you say they are not higher in comparison to previous months in previous years, that does not seem to be the story as told by the figures before us?—A. I am looking at the top of the page. This is December 31, is it?

By Mr. Dyde:

Q. Yes.—A. I see 42·9, 30·6, 40·8, 31·8, 35·6, 29·2, 32·0, 21·8, 29·6 and, in 1937, 25·3; that is before the war, you see. Now, those are not—the increase this year is not a significant increase.

The CHAIRMAN: The first figures are yearly figures. The figures before us are for 1946, 1947 and 48. I simply point out before adjournment and we will continue this tomorrow, that in April, 1946, it was 21·5; in April, 1947, 16·0 and in April, 1948, 35·9. I must say it puzzles me. However, we will adjourn now and meet at eleven o'clock tomorrow morning.

The committee adjourned to meet again on Friday, May 7, 1948 at 11.00 a.m.

APPENDIX

April 16, 1948.

CANADA PACKERS LIMITED

MEMORANDUM ON MEAT
FOR THE
HOUSE OF COMMONS SPECIAL COMMITTEE ON PRICES.

Index

Requested by the Committee

1. Schedule 1—Corporate Information.
2. Schedule 2—Sales Volume and Value, Current Fiscal Year.
3. Schedule 3—Sales and Results, 1936-1948.
4. Schedule 4—Sales and Results, Meat Accounts, Calendar Years 1946-1948.
5. Schedule 5—Inventories of Beef and Pork.
6. Schedule 6—Dressed Hog Prices.
7. Schedule 7—Dressed Weight of Slaughterings.
8. Schedule 8—Export Sales.

Furnished by Canada Packers Limited

1. Earnings Record, 1936-1948.
2. Number of Meat Packing Plants and Live Stock Buyers.
3. Cold Storage Holdings.
4. Production of Meats for UNRRA.
5. Percentages of Slaughterings.
6. Profit and Loss on Representative Lots of Cattle.
7. By-products Results.

Pages 1, 2 and 3 of submitted statement

SCHEDULE 1

CORPORATE INFORMATION

(*a*) Name of Company—Canada Packers Limited.
(*b*) Address of Head Office—2200 St. Clair Avenue West, Toronto 9, Ontario.
(*c*) Date and nature of incorporation—August 15, 1927, under the Dominion Companies Act.
(*d*) Officers of the Company: President, J. S. McLean; Vice-Presidents, S. G. Brock, N. J. McLean, S. G. Bennett; Secretary, C. Wadge; Assistant Treasurer, A. J. E. Child; Assistant Secretary, F. E. Hawkins, all of Toronto, Ontario.
(*e*) Directors of the Company: S. G. Bennett, S. G. Brock, W. R. Carroll, W. C. Harris, A. L. Laing, J. S. McLean, N. J. McLean, H. M. Murray, C. C. Polkinghorne, G. A. Schell, C. Wadge, F. A. Wiggins, all of Toronto, Ontario; J. P. Laberge, Montreal, Quebec.
(*f*) History of the Company.—Canada Packers Limited was granted its charter on 15th August, 1927. It secured by purchase all the capital stock of the following companies:

The Harris Abattoirs Company, Limited
Gunns Limited
Canadian Packing Company, Limited

and all but a few shares of:

Wm. Davies Company, Inc.

The capital structure of the Company at inception consisted of:

(1)	Harris Abattoir Co. Ltd. 6% Bonds	$ 3,975,000	
	Wm. Davies Co. Inc. 6% Bonds	2,037,000	
	Collateral Trust 6% Bonds	2,500,000	
			$ 8,512,000.00
(2)	66,367 Cumulative Preference Shares		6,636,700.00
(3)	199,812 Common Shares, no par value		1,413,738.96
(4)	Appraisal Surplus		6,142,108.32
			$ 22,704,547.28

At March 27, 1947, the capital structure of the Company consisted of:

(1)	400,000 Class A Shares, no par value 800,000 Class B Shares, no par value	$ 1,438,284.00
(2)	Appraisal Surplus	5,663,432.00
(3)	Earned Surplus	14,073,676.00
		$ 21,175,392.00

The company is principally engaged in the processing and distribution of meats, poultry and dairy products, vegetable oil products and canned foods. The four constituent companies operated separately until the end of 1931, after which all operations were merged into one organization.

(*g*) Subsidiary companies engaged in the meat industry: Frank Hunnisett Limited, 2306 St. Clair Avenue West, Toronto 9, Ontario.

This company slaughters and sells beef, veal and lamb at its plant at the above address. It has no branches.

(*h*) Meat Packing Plants: 9—Charlottetown, P.E.I.; Montreal, Quebec; Hull, Quebec; Peterborough, Ontario; Toronto, Ontario; Winnipeg, Manitoba; Edmonton, Alberta; Vancouver, British Columbia; Chicago, Illinois.

Wholesale Branches: 18.—Sydney, Nova Scotia; Halifax, Nova Scotia; Saint John, New Brunswick; Quebec, Quebec; Ottawa, Ontario; East Toronto, Ontario; West Toronto, Ontario; London, Ontario; Windsor, Ontario; Sudbury, Ontario; Sault Ste. Marie, Ontario; Timmins, Ontario; Fort William, Ontario; Regina, Saskatchewan; Saskatoon, Saskatchewan; Moose Jaw, Saskatchewan; Prince Albert, Saskatchewan, Victoria, British Columbia.

Cold Storages: 6.—521 Front Street East, Toronto, Ontario; Strachan Avenue, Toronto, Ontario; Winnipeg, Manitoba; Montreal, Quebec; Ottawa, Ontario; Three Rivers, Quebec.

(*i*) The fiscal year of the Company ends the last Wednesday in March of each year.

MEAT PACKING PLANTS

CANADA PACKERS LIMITED

SALES—CURRENT FISCAL YEAR

Sales in pounds—(000's omitted)

4-week period ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total
24 April, 1947	6,006	1,767	497	7,830	2,756	2,946	21,802
22 May	6,532	2,166	285	9,588	1,897	3,366	24,834
19 June	5,948	1,583	255	9,062	1,675	3,783	22,306
17 July	5,679	1,437	457	9,091	2,055	3,957	22,676
14 August	9,172	1,461	631	10,515	3,085	3,882	28,746
11 September	10,903	1,272	1,349	10,942	2,403	3,861	30,730
9 October	1,468	196	110	1,549	602	191	4,116
6 November	4,177	611	1,019	4,360	1,377	1,444	12,988
4 December	14,794	1,366	1,760	14,393	5,518	3,999	41,830
31 December	13,465	1,042	1,359	12,882	3,494	2,569	34,811
28 January, 1948	11,516	935	1,150	8,267	2,124	2,321	26,313
25 February	14,213	937	1,108	10,261	1,371	2,538	30,428
	104,873	14,773	9,980	108,740	28,357	34,857	301,580

Sales in dollars

24 April, 1947	2,058,536	451,094	182,187	2,921,905	946,211	1,042,031	7,601,964
22 May	2,450,522	559,268	95,248	3,294,600	749,932	1,241,962	8,391,532
19 June	2,050,206	429,957	70,642	3,216,345	851,664	1,365,039	7,984,053
17 July	1,207,781	387,502	159,727	3,267,740	998,136	1,434,717	8,155,603
14 August	2,530,145	375,586	212,502	3,541,183	1,145,310	1,383,728	9,488,454
11 September	3,394,958	344,273	498,280	3,943,726	1,123,075	1,380,536	10,684,848
9 October	435,224	48,850	46,343	663,666	267,808	94,260	1,556,151
6 November	1,480,800	195,707	358,317	1,932,647	587,882	500,882	5,055,501
4 December	4,165,946	433,542	777,637	5,354,762	1,735,067	1,416,135	13,883,089
31 December	3,853,439	323,392	465,272	4,854,488	1,055,953	916,470	11,469,014
28 January, 1948	4,331,367	333,754	427,847	3,518,023	817,236	920,700	10,348,927
25 February	4,464,394	348,205	422,305	4,561,663	561,734	993,215	11,351,516
	33,423,318	4,231,130	3,716,307	41,070,748	10,840,208	12,688,941	105,970,652

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Schedule 2—Page 2

CANADA PACKERS LIMITED

SALES—CURRENT FISCAL YEAR

Sales in pounds—(000's omitted)

WHOLESALE BRANCHES

4-week period ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total
24 April, 1947	2,387	269	225	1,503	436	855	5,675
22 May	2,535	375	138	1,330	301	946	5,625
19 June	1,928	343	79	1,325	308	1,022	5,005
17 July	1,845	300	115	1,240	364	11,005	14,869
14 August	2,311	315	144	1,077	404	979	5,530
11 September	3,483	372	345	1,221	463	974	6,858
9 October	1,926	205	253	1,324	570	589	4,867
6 November	1,642	272	337	1,259	661	288	4,459
4 December	3,114	403	359	2,035	369	989	7,269
31 December	2,739	262	216	2,027	127	682	6,053
28 January, 1948	3,255	235	292	1,600	362	688	6,432
25 February	2,882	215	261	1,403	251	678	5,690
	30,347	3,566	2,764	17,344	4,616	19,695	78,332

Sales in dollars

24 April, 1947	584,524	57,783	56,278	519,228	145,766	240,876	1,604,455
22 May	624,499	80,445	33,616	451,773	103,385	272,825	1,566,541
19 June	505,417	74,154	17,915	450,947	108,104	294,019	1,450,556
17 July	472,518	64,295	26,945	425,832	132,468	311,086	1,433,144
14 August	634,803	66,515	36,189	378,239	147,477	289,474	1,552,697
11 September	811,223	78,296	98,801	402,192	164,389	276,161	1,831,062
9 October	446,468	42,036	72,007	445,717	195,560	172,641	1,374,429
6 November	371,317	60,504	116,132	391,673	58,709	95,511	1,093,846
4 December	727,769	98,788	102,635	692,967	134,589	275,885	2,032,633
31 December	659,325	65,460	64,099	723,326	45,114	196,329	1,753,653
28 January, 1948	851,455	75,973	92,924	612,278	130,177	212,757	1,975,564
25 February	750,212	74,946	82,303	558,065	85,395	207,184	1,758,105
	7,439,530	839,193	799,844	6,052,237	1,451,133	2,844,748	19,426,685

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Schedule 2—Page 3

CANADA PACKERS LIMITED

SALES—CURRENT FISCAL YEAR

Sales in pounds—(000's omitted)

FRANK HUNNISETT LIMITED

4-week period ending	Beef	Veal	Lamb	Total
24 April	659	37	39	735
22 May	828	69	.....	897
19 June	752	42	33	827
17 July	865	41	11	917
14 August	1,004	10	24	1,038
11 September	914	2	74	990
9 October	75	.....	4	79
6 November	329	19	17	365
4 December	705	48	63	816
31 December	637	37	47	721
28 January, 1948	883	29	58	970
25 February	845	30	63	938
	8,496	364	433	9,293

Sales in dollars

24 April	173,221	7,900	12,478	193,599
22 May	216,643	15,734	128	232,505
19 June	197,182	12,324	874	210,290
17 July	224,525	9,639	3,244	237,408
14 August	283,863	5,300	7,328	296,491
11 September	270,869	1,553	24,582	297,004
9 October	17,671	.....	1,404	19,075
6 November	102,928	5,068	6,665	114,661
4 December	257,077	12,046	24,024	293,147
31 December	219,071	9,355	17,346	245,772
28 January, 1948	274,579	8,863	22,326	305,768
25 February	256,205	9,010	25,469	290,684
	2,493,834	96,792	145,778	2,736,404

CANADA PACKERS LIMITED

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SALES AND RESULTS

Schedule 3—Page 1

Volume of Sales (Pounds — 000's ommitted)

Fiscal year ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total meat	All products	
								Weight	Sales value
									$
1936	153,789	18,004	15,085	96,685	.....	19,000	302,563	659,706	63,586,883
1937	176,624	24,296	13,279	124,118	168	21,482	359,967	774,270	72,699,519
1938	183,458	27,207	15,484	136,480	129	25,686	388,444	836,420	84,145,896
1939	166,041	23,238	14,763	113,191	128	24,545	341,906	800,763	77,225,732
1940	163,745	24,052	14,157	143,596	196	27,454	373,200	913,251	88,205,639
1941	171,616	25,851	16,231	199,494	1,660	33,338	448,190	1,091,263	110,291,839
1942	185,207	25,102	15,561	217,322	10,663	36,911	490,766	1,228,029	144,509,292
1943	152,462	21,550	16,626	233,198	16,370	43,736	483,942	1,328,616	169,141,671
1944	183,534	20,247	15,433	284,828	32,751	48,598	585,391	1,582,932	206,155,938
1945	248,737	22,919	17,798	238,773	60,253	47,923	636,403	1,698,326	228,398,111
1946	237,715	26,302	21,732	143,635	92,793	50,642	572,819	1,526,436	208,997,520
1947	189,145	21,610	19,366	116,463	93,945	53,323	493,852	1,373,180	204,068,650
1948 (to Feb. 25)	142,992	17,464	13,181	126,962	38,886	45,543	385,028	1,260,464	212,428,868
	2,355,065	297,842	208,695	2,174,745	347,942	478,181	5,862,471	15,073,656	1,869,855,558

Profit and *Loss* Before Bond Interest, Inventory Reserves and Income Tax

Fiscal year ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total meat	Profit or *loss* per lb.	By-products	Profit or *loss* per lb. of meat	Total meat and by-products	Profit or *loss* per lb.	Net profit after all charges (All products)		
													Amount	Per lb.	P.c. of sales
	$	$	$	$	$	$	$	cts.	$	cts.	$	cts.	$	cts.	
1936	*858,731*	*62,670*	9,166	*390,554*	*4,708*	14,457	*1,293,040*	*2/5*	1,134,135	1/15	*158,905*	*1/20*	1,288,011	1/5	2·00
1937	*863,599*	*90,424*	*9,185*	*150,783*	*8,178*	87,528	*1,034,641*	*1/4*	1,427,724	1/14	393,083	1/9	1,522,662	1/5	2·10
1938	*1,042,934*	*111,801*	*46,683*	79,680	*1,409*	110,620	*1,012,527*	*1/4* ½	833,893	1/25	*178,634*	*1/22*	1,100,559	1/8	1·30
1939	*977,287*	*118,328*	*37,250*	*361,879*	*2,535*	120,841	*1,376,438*	*3/12*	1,214,533	1/16	*161,905*	*1/21*	1,238,736	1/6	1·60
1940	*1,309,426*	*138,227*	*42,229*	175,016	431	133,431	*1,181,004*	*1/3*	1,464,834	1/13	283,830	1/13	1,667,809	1/5	1·90
1941	*1,184,159*	*105,594*	*7,811*	289,501	11,304	153,824	*842,935*	*2/5*	886,951	1/22	44,016	1/100	1,555,028	1/7	1·40
1942	172,756	*45,810*	27,061	701,771	*38*	153,024	1,008,764	1/5	874,257	1/24	1,883,021	2/5	1,611,464	1/8	1·10
1943	*517,426*	*92,587*	34,684	622,955	41,510	131,283	220,419	1/25	453,238	1/38	673,657	1/7	1,611,417	1/8	0·95
1944	42,376	*12,375*	67,269	398,567	752,578	*67,400*	1,181,015	1/5	544,246	1/37	1,725,261	3/10	1,687,586	1/6	0·82
1945	1,157,994	116,956	130,950	*448,346*	483,498	30,983	1,472,035	1/4	556,254	1/50	2,028,289	1/3	1,824,811	1/6	0·80
1946	402,982	141,991	281,689	*986,655*	1,000,415	*95,722*	744,700	1/8	475,468	1/56	1,220,168	1/5	1,816,780	1/8	0·87
1947	*853,288*	*190,311*	*25,373*	*49,218*	888,339	204,231	*25,620*	.....	889,607	1/24	863,987	1/6	2,059,643	1/6	1·01
1948 (to Feb. 25)	*595,685*	*16,943*	99,017	589,232	285,753	365,830	727,204	1/5	1,336,361	1/12	2,063,565	1/2	2,010,462	1/6	0·94
	6,426,427	*726,123*	481,305	469,287	3,446,960	1,342,930	*1,412,068*	.....	12,091,501	1/22	10,679,433	1/6	20,994,968	1/7	1·12
Profit or loss per lb.	1/5¢	1/4¢	1/4¢	1/50¢	1¢	1/4¢	1/40¢	.....	1/22¢						

WHOLESALE BRANCHES

Volume of sales (000's omitted)

Fiscal year ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total meat	All products
1936	30,653	4,079	2,913	11,138	157	3,964	52,904	92,073
1937	35,502	4,101	2,647	12,634	207	4,284	59,375	101,719
1938	35,086	4,670	2,902	12,712	190	4,330	59,890	102,998
1939	31,316	4,518	2,784	11,110	253	3,739	53,720	96,386
1940	32,845	4,450	2,983	14,005	368	4,549	59,200	109,784
1941	36,508	4,581	3,690	17,332	515	6,236	68,862	128,280
1942	41,288	4,355	4,454	16,989	1,882	7,084	76,052	140,518
1943	35,110	3,665	4,412	15,965	3,296	8,396	70,844	140,286
1944	39,637	3,629	3,590	16,351	2,656	9,169	75,032	148,143
1945	41,272	4,325	4,417	19,983	3,869	10,097	83,963	161,134
1946	43,759	5,435	4,576	12,812	2,730	11,779	81,091	152,459
1947	38,705	4,760	4,368	13,211	6,783	11,771	79,598	151,124
1948 (to Feb. 25)	30,344	3,570	2,769	17,364	4,136	9,751	67,934	136,301
Total	472,025	56,138	46,505	191,606	27,042	95,149	888,465	1,661,205

Net profit or *loss*—(00's omitted)

Fiscal year ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total meat	Profit or *loss* per lb.	All products	Profit or *loss* per lb.
	$	$	$	$	$	$	$	cts.	$	cts.
1936	*52,289*	2,989	4,977	20,672	*546*	23,396	*801*	*1/500*	3,719	1/250
1937	*35,306*	803	6,673	25,559	*459*	27,437	24,707	1/25	39,869	1/25
1938	*31,773*	*1,608*	2,866	24,722	*550*	21,753	15,400	1/50	18,965	1/50
1939	*40,254*	961	3,015	31,374	203	25,024	20,323	1/25	*29,313*	*3/1000*
1940	*24,973*	180	5,424	40,965	984	36,552	59,132	1/10	130,942	1/8
1941	*5,546*	3,157	11,770	52,369	1,896	55,303	118,949	1/6	200,596	4/25
1942	*4,566*	7,328	40,011	90,649	18,954	72,553	224,929	3/10	416,881	3/10
1943	*53,482*	5,003	32,721	110,535	6,750	87,448	188,975	1/4	377,993	3/10
1944	*54,089*	4,713	8,308	105,727	23,171	93,211	181,041	1/5	459,222	1/3
1945	*24,565*	19,672	47,514	100,706	31,430	100,358	275,115	3/10	441,872	3/10
1946	*45,444*	16,464	18,129	32,473	29,653	74,864	126,139	1/6	158,321	1/10
1947	*137,556*	*13,845*	*3,946*	38,600	95,390	97,166	75,809	1/11	128,950	1/11
1948 (to Feb. 25)	*59,357*	5,612	*1,720*	124,883	59,729	129,757	258,904	2/5	457,342	1/3
Total	*569,200*	51,429	175,742	799,234	266,595	844,822	1,568,622	.....	2,805,359	.....
	cts.	cts.	cts.	cts.	cts.	cts.	cts.		cts.	
Profit or *loss* per lb.	*1/8*	1/12	1/3	2/5	1	9/10	1/6		1/6	

FRANK HUNNISETT LIMITED

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SALES AND RESULTS

Schedule 3—Page 3

Volume of sales—(000's omitted)

Fiscal Year ending	Beef	Veal	Lamb	Total meat	All products	
					Weight	Amount
						$
1941	11,523	756	1,245	13,524	14,838	2,741,185
1942	10,266	870	1,274	12,410	13,492	2,982,902
1943	9,624	733	802	11,159	12,012	2,988,135
1944	9,952	648	738	11,338	12,423	3,435,927
1945	11,022	526	896	12,444	13,676	3,899,735
1946	10,028	779	544	11,351	12,495	3,372,667
3 periods January to March, 1947	1,650	144	19	1,813	2,038	665,054
April 1947 to February 25, 1948	8,501	408	369	9,278	10,261	3,431,732
Total	72,566	4,864	5,887	83,317	91,235	23,517,337

Profit and *Loss*

—	Beef	Veal	Lamb	Total meat	Profit or *loss* per lb.	Amount	Profit or *loss* per lb.	Profit or *loss* as a p.c. of sales
	$	$	$	$	cts.	$	cts.	%
1941	2,984	173	373	3,530	1/40	7,901	1/20	0·28
1942	*2,663*	*391*	*439*	*3,493*	*1/40*	1,226	1/100	0·04
1943	11,460	1,017	612	13,089	1-1/8	13,646	1/10	0·46
1944	29,932	2,327	2,472	34,731	1/3	36,464	1/3	1·06
1945	25,218	1,069	922	27,209	1/5	31,207	1/5	0·80
1946	8,782	*548*	*6,589*	1,645	1/70	12,298	1/10	0·36
3 periods January to March, 1947	*1,804*	*1,603*	*904*	*4,311*	*1/4*	*5,069*	*1/4*	*0·76*
April 1947 to February 25, 1948	22,842	1,643	796	25,281	1/4	31,662	1/3	0·92
Total	96,751	3,687	*2,757*	97,681	.....	129,335		
Profit or *loss* per pound	1/7¢	1/2¢	1/21¢	3/25¢	.....	1/70¢		

NOTE: Until December 1946 the fiscal year was on a calendar year basis.
In the 1947 fiscal year was changed to the last Wednesday in March in each year.

CANADA PACKERS LIMITED

Schedule 3—Page 4

CONSOLIDATION OF PLANTS AND BRANCHES

Profit and *Loss* before Bond Interest, Inventory Reserves and Income Tax

Fiscal year ending	Beef	Veal	Lamb	Pork	Canned meats	Cooked meats	Total meat	By-products	Total meat and by-products
	$	$	$	$	$	$	$	$	$
1936	*911,020*	*59,681*	14,143	*369,882*	*5,254*	37,853	*1,293,841*	1,154,957	*138,884*
1937	*898,905*	*89,621*	*2,512*	*125,224*	*8,637*	114,965	*1,009,934*	1,451,184	441,250
1938	*1,074,707*	*113,409*	*43,817*	104,402	*1,969*	132,373	*997,127*	854,538	*142,589*
1939	*1,017,541*	*117,367*	*34,235*	*330,505*	*2,332*	145,865	*1,356,115*	1,234,174	*121,941*
1940	*1,334,399*	*138,047*	*36,805*	215,981	1,415	169,983	*1,121,872*	1,484,672	362,800
1941	*1,189,705*	*102,437*	3,959	341,870	13,200	209,127	*723,986*	908,241	184,255
1942	168,190	*38,482*	67,072	792,420	18,916	225,577	1,233,693	916,925	2,150,618
1843	*570,908*	*87,584*	67,405	733,490	48,260	218,731	409,394	481,233	890,627
1944	*11,713*	*7,662*	75,577	504,294	775,749	25,811	1,362,056	571,007	1,933,063
1945	1,133,429	136,628	178,464	*347,640*	514,928	131,341	1,747,150	590,190	2,337,340
1946	357,538	158,455	299,818	*954,182*	1,030,068	*20,858*	870,839	497,519	1,368,358
1947	*990,844*	*204,156*	*29,319*	*10,618*	983,729	301,397	50,189	907,842	958,031
1948 (to Feb. 25)	*655,042*	*11,331*	97,297	714,115	345,482	495,587	986,108	1,355,790	2,341,898
	6,995,627	*674,694*	657,047	1,268,521	3,713,555	2,187,752	156,554	12,408,272	12,564,826

CANADA PACKERS LIMITED

BEEF ACCOUNT

Calendar year 1946

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Schedule 4—Page 1

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	22,176	4,426,497	*58,162*	*1/4*	3,774	805,013	*9,353*	*1/4*
28 February	18,418	3,692,542	*77,014*	*1/2*	3,588	764,087	*12,483*	*3/8*
28 March	16,448	3,275,545	*203,691*	*1-1/4*	3,514	739,178	*30,673*	*7/8*
25 April	13,586	2,764,682	*101,666*	*3/4*	3,395	716,305	*7,194*	*3/16*
23 May	3,733	796,850	*78,467*	*2-1/8*	1,439	318,494	*5,311*	*3/8*
20 June	10,543	2,404,045	*127,013*	*1-3/16*	2,345	528,736	*3,702*	*3/16*
18 July	15,642	3,598,935	*109,824*	*11/16*	3,239	803,377	*10,492*	*5/16*
15 August	15,540	3,274,872	*38,549*	*1/4*	3,083	697,078	*13,139*	*7/16*
12 September	19,225	4,004,188	*62,424*	*5/16*	3,416	731,243	*11,991*	*3/8*
10 October	20,228	4,163,396	*32,214*	*1/8*	3,640	793,879	*11,826*	*5/16*
7 November	22,993	4,622,198	80,463	3/8	3,739	824,492	*11,183*	*5/16*
5 December	25,793	5,220,832	20,491	1/16	3,831	822,020	*11,982*	*5/16*
2 January, 1947	16,270	3,415,979	*53,913*	*5/16*	3,017	654,803	*11,990*	*3/8*
Total	220,595	45,660,561	*841,983*	*3/8*	42,020	9,198,705	*151,319*	*3/8*

CANADA PACKERS LIMITED

Schedule 4—Page 2

BEEF ACCOUNT

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	11,551	2,642,767	*93,665*	*4/5*	2,717	625,021	*11,594*	*2/5*
27 February	11,550	2,474,961	*135,457*	*1-1/4*	2,369	585,333	*12,731*	*1/2*
27 March	8,446	1,945,021	*60,638*	*3/5*	2,390	595,299	*14,414*	*3/5*
24 April	8,630	2,058,536	*157,359*	*1-4/5*	2,387	584,524	*7,219*	*3/10*
22 May	10,576	2,450,522	*226,717*	*2-1/7*	2,535	624,499	*11,612*	*1/2*
19 June	8,462	2,050,206	*262,555*	*3*	1,928	505,417	*8,428*	*7/16*
17 July	8,164	1,907,781	*198,572*	*2-3/8*	1,845	472,518	*8,903*	*1/2*
14 August	12,395	2,830,145	*111,310*	*1/10*	2,611	634,803	*14,147*	*1/2*
11 September	15,164	3,394,958	*31,722*	*1/5*	3,483	811,223	*17,138*	*1/2*
9 October	2,100	435,224	*141,027*	*6-3/4*	1,926	446,468	*11,797*	*5/8*
6 November	6,542	1,480,800	66,854	1-1/50	1,642	371,317	*3,002*	*3/16*
4 December	19,658	4,165,946	317,228	1-5/8	3,114	727,769	6,778	1/4
31 December	17,937	3,853,439	139,331	3/4	2,739	659,325	974	3/8
Total	141,175	31,690,306	*895,610*	*5/8*	31,686	7,643,516	*113,233*	*9/25*

Calendar Year 1948

28 January	17,676	4,331,367	79,211	2/5	3,255	851,455	12,301	3/8
25 February	18,558	4,464,394	*69,133*	*3/8*	2,882	750,212	2,837	1/10
Total	36,234	8,795,761	10,078	1/50	6,137	1,601,667	15,138	1/4

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Schedule 4—Page 3

CANADA PACKERS LIMITED

VEAL ACCOUNT

Calendar Year 1946

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	1,203	252,972	2,388	1/5	258	56,430	20	
28 February	1,132	236,188	*2,571*	*1/4*	174	37,799	353	1/5
28 March	1,674	355,413	*7,167*	*5/12*	237	50,735	*814*	*1/3*
25 April	2,533	546,193	676	1/50	399	85,022	*212*	*1/20*
23 May	2,685	593,990	*6,775*	*1/4*	501	110,701	*739*	*1/6*
20 June	1,957	426,598	*23,098*	*1-3/16*	352	71,023	*795*	*1/4*
18 July	1,874	394,563	*14,164*	*3/4*	412	85,075	*1,537*	*3/8*
15 August	2,231	474,347	*13,140*	*1/16*	409	89,260	*2,300*	*1/2*
12 September	2,119	450,907	*18,320*	*1/12*	538	113,629	*1,354*	*1/4*
10 October	1,864	405,089	*13,543*	*3/4*	441	92,581	*1,674*	*3/8*
7 November	2,191	463,999	497	1/50	577	122,924	*1,305*	*1/4*
5 December	1,995	428,280	*10,998*	*1/2*	565	119,516	*1,769*	*5/16*
2 January, 1947	972	206,216	*18,517*	*1-9/10*	252	55,213	*1,083*	*1/2*
Total	24,430	5,235,755	*124,732*	*1/2*	5,115	1,089,908	*13,259*	*1/4*

CANADA PACKERS LIMITED

VEAL ACCOUNT

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	536	113,462	*14,409*	*2-3/4*	124	27,596	*351*	*1/3*
27 February	464	104,301	*15,661*	*3-3/8*	76	17,407	*188*	*1/4*
27 March	1,009	218,612	*13,062*	*1-1/3*	96	21,002	*482*	*1/2*
24 April	1,807	451,094	*16,634*	11/12	270	57,783	*562*	1/5
22 May	2,215	559,268	*30,220*	*1-3/8*	375	80,443	*786*	*1/5*
19 June	1,713	429,957	*32,995*	*1-11/12*	343	74,154	*736*	*1/5*
17 July	1,525	387,502	*25,122*	*1-5/8*	300	64,295	*960*	*1/3*
14 August	1,425	375,586	*24,032*	*1-11/16*	315	66,515	*1,715*	*1/2*
11 September	1,211	344,273	*7,221*	*2/3*	372	78,296	*1,060*	*1/4*
9 October	161	58,850	*15,835*	*9-5/6*	206	42,036	779	1/4
6 November	796	195,707	24,844	3-1/8	272	60,504	1,705	5/8
4 December	1,507	433,542	65,500	4-1/3	403	98,788	3,134	3/4
31 December	1,311	323,392	22,432	1-3/4	262	65,460	974	3/8
Total	15,680	3,985,546	*82,415*	*1/2*	3,414	754,279	*248*	1/125

Calendar Year 1948

28 January	1,219	333,754	19,267	1-1/2	235	75,973	3,486	1-1/2
25 February	1,219	348,205	10,388	19/20	215	74,946	1,352	5/8
Total	2,438	681,959	29,655	1-1/5	450	150,919	4,838	1-1/12

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CANADA PACKERS LIMITED

LAMB ACCOUNT

Calendar year 1946

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	2,123	502,183	*1,317*	*1/16*	390	96,836	*244*	*1/16*
28 February	1,384	350,464	*10,997*	*13/16*	462	130,218	343	1/16
28 March	1,302	321,044	*13,352*	*1*	446	118,032	*1,152*	*1/4*
25 April	744	189,071	*5,707*	*3/4*	333	83,293	1,434	7/16
23 May	531	132,671	*1,023*	*3/16*	213	52,907	1,781	13/16
20 June	532	128,164	8,184	1-9/16	152	38,022	808	9/16
18 July	820	213,785	*5,752*	*11/16*	200	48,688	*17*	–
15 August	1,463	389,657	*1,595*	*1/8*	268	73,404	*819*	*5/16*
12 September	2,229	604,329	21,553	1	393	111,010	*733*	*3/16*
10 October	3,099	809,347	8,632	1/4	417	106,725	538	1/8
7 November	3,148	807,799	4,221	1/8	518	136,083	*379*	*1/16*
5 December	2,202	520,372	*12,958*	*9/16*	381	106,483	*458*	*1/8*
2 January, 1947	1,292	302,989	*13,481*	*1-1/16*	283	61,588	*76*	*1/32*
Total	20,869	5,280,875	*23,592*	*1/8*	4,456	1,163,289	1,026	1/48

CANADA PACKERS LIMITED

PORK ACCOUNT

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	8,474	2,349,797	*7,979*	*1/10*	1,041	352,061	9,078	7/8
27 February	8,204	2,490,620	82,907	1	1,100	384,019	3,197	1/3
27 March	9,421	2,859,380	103,680	1-1/10	1,114	398,903	*1,709*	*3/20*
24 April	9,546	2,921,905	100,998	1-1/20	1,503	519,228	2,601	1/6
22 May	11,556	3,294,600	89,944	3/4	1,330	451,773	5,373	1/3
19 June	10,762	3,216,345	98,671	11/12	1,325	450,947	3,624	1/4
17 July	10,698	3,267,740	62,359	7/12	1,240	425,832	4,894	2/5
14 August	11,780	3,541,183	44,340	3/8	1,077	378,239	3,693	1/3
11 September	13,026	3,943,726	39,620	1/3	1,221	402,192	10,962	9/10
9 October	2,178	663,666	*126,514*	*5-4/5*	1,324	445,717	4,012	3/10
6 November	6,212	1,932,647	*18,048*	*1/3*	1,259	391,673	6,595	1/2
4 December	17,188	5,354,762	149,808	5/8	2,035	692,967	18,140	9/10
31 December	15,494	4,854,488	69,267	7/16	2,027	723,326	16,789	5/6
Total	134,539	40,690,859	689,053	1/2	17,596	6,016,877	86,249	1/2

Calendar Year 1948

28 January	10,175	3,518,023	109,875	1-5/64	1,600	612,278	34,924	2-1/5
25 February	12,410	4,561,663	*22,935*	*3/16*	1,403	558,065	14,271	1-1/50
Total	22,585	8,079,686	86,940	3/8	3,003	1,170,343	49,195	1-5/8

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CANADA PACKERS LIMITED

Canned Meats Account

Calendar Year 1946

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	10,247	2,033,425	58,496	9/16	287	74,000	2,666	3/5
28 February	8,387	1,624,980	80,263	31/32	227	65,819	1,913	27/32
28 March	5,584	1,063,149	56,873	1	192	58,724	2,950	1-1/2
25 April	7,351	1,371,469	127,070	1-23/32	331	109,120	7,756	2-11/32
23 May	4,965	1,081,412	39,215	25/32	639	183,576	8,488	1-1/3
20 June	5,141	1,105,963	57,229	1-1/10	654	192,095	8,737	1-1/3
18 July	4,993	1,082,471	35,096	7/10	803	237,842	11,848	1-15/32
15 August	6,478	1,432,774	39,899	5/8	728	222,432	11,816	1-5/8
12 September	9,452	1,991,256	59,112	5/8	885	255,638	11,418	1-1/3
10 October	9,066	1,874,729	43,531	12/25	710	197,995	8,154	1-3/20
7 November	10,635	2,144,384	83,547	4/5	534	169,825	8,955	1-11/16
5 December	10,210	2,068,160	59,902	7/12	435	153,787	6,679	1-1/2
2 January, 1947	6,324	1,233,669	44,571	7/10	203	70,469	3,438	1-7/10
Total	98,833	20,107,841	784,804	4/5	6,628	1,991,322	94,818	1-7/16

CANADA PACKERS LIMITED

LAMB ACCOUNT

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	1,633	382,987	*7,070*	*7/16*	501	127,127	*2,145*	*7/16*
27 February	1,096	269,771	*10,947*	*1*	372	105,954	*693*	*3/16*
27 March	884	221,623	*18,479*	*2-1/16*	422	89,530	*3,187*	*3/4*
24 April	638	182,187	*10,259*	*1-5/8*	225	56,278	462	3/16
22 May	378	95,248	*13,977*	*3-11/16*	138	33,616	938	11/16
19 June	317	70,642	*9,696*	*3-1/16*	79	17,915	*1,235*	*1-9/16*
17 July	607	159,727	*269*	*1/24*	115	26,945	*565*	*1/2*
14 August	816	212,502	*9,645*	*1-3/16*	144	36,189	*229*	*3/16*
11 September	2,425	498,280	9,753	*3/8*	345	98,801	*880*	*1/4*
9 October	198	46,343	*15,837*	*8*	253	72,007	*531*	*3/16*
6 November	1,264	357,317	20,034	1-9/16	337	116,132	*192*	*1/16*
4 December	2,709	777,637	69,594	2-9/16	359	102,635	*1,440*	*3/8*
31 December	1,736	564,272	29,778	1-11/16	216	64,099	204	1/8
Total	14,701	3,740,536	32,980	1/4	3,506	947,228	*9,493*	*1/4*

Calendar Year 1948

28 January	1,507	427,847	12,019	13/16	292	92,924	2,463	7/8
25 February	1,460	422,305	8,491	9/16	261	82,303	*714*	*1/4*
Total	2,967	850,152	20,510	11/16	553	175,227	1,749	5/16

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CANADA PACKERS LIMITED

PORK ACCOUNT

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	11,411	2,685,281	*95,832*	*5/6*	997	286,266	2,301	1/4
28 February	7,907	1,977,180	*126,847*	*1-5/8*	996	290,212	2,064	1/5
28 March	6,793	1,751,577	*154,636*	*2-1/4*	982	285,997	83	.....
25 April	9,334	2,452,476	99,959	1-1/16	1,133	284,099	9,751	7/8
23 May	8,400	2,247,250	18,653	1/4	1,004	309,974	2,845	1/4
20 June	8,265	2,289,529	*24,857*	*1/3*	954	309,785	2,849	1/3
18 July	8,613	2,341,556	*58,738*	*11/16*	874	292,555	1,611	3/16
15 August	10,356	2,721,376	*40,735*	*1/25*	843	277,378	1,627	1/5
12 September	9,091	2,438,326	*87,957*	*31/32*	849	268,065	1,146	1/8
10 October	7,678	2,133,530	*55,186*	*23/32*	936	295,620	1,524	1/6
7 November	10,556	2,837,079	28,134	1/4	982	206,218	2,255	1/4
5 December	10,705	2,939,776	*11,737*	*1/10*	1,099	346,509	3,082	1/4
2 January, 1947	7,773	2,152,874	*93,972*	*1-1/5*	1,082	341,253	1,339	1/8
Total	116,882	30,967,810	*603,751*	*1/2*	12,731	3,993,931	32,477	1/4

CANADA PACKERS LIMITED

CANNED MEATS ACCOUNT

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	6,203	1,370,791	54,963	7/8	412	142,389	8,217	2
27 February	6,876	1,462,914	48,340	11/16	227	77,789	5,216	2-5/16
27 March	4,809	1,110,280	204,951	4-1/4	171	57,650	*5,338*	*3-1/8*
24 April	3,736	946,211	37,677	1	436	145,766	6,365	1-7/16
22 May	2,546	749,932	11,470	7/16	301	103,385	5,236	1-3/4
19 June	2,818	851,864	5,835	3/16	309	108,104	4,138	1-5/16
17 July	3,103	998,136	18,731	5/8	365	132,468	5,251	1-7/16
14 August	3,873	1,145,310	17,340	7/16	404	147,477	5,714	1-3/8
11 September	3,568	1,123,075	38,446	1-1/16	463	164,389	6,123	1-5/16
9 October	1,041	267,808	*27,208*	*2-5/8*	571	195,560	8,541	1-1/2
6 November	2,027	587,882	14,927	3/4	175	58,709	1,943	1-1/8
4 December	6,830	1,735,067	131,640	1-15/16	369	134,589	5,197	1-7/16
31 December	4,317	1,055,953	35,745	13/16	128	45,114	1,060	13/16
Total	51,747	13,405,223	592,857	1-1/8	4,331	1,513,389	57,663	1-5/16

Calendar Year 1948

28 January	2,904	817,236	16,486	9/16	362	130,177	7,005	1-15/16
25 February	2,041	561,734	*16,168*	*13/16*	251	85,395	3,150	1-1/4
Total	4,945	1,378,970	318	.....	613	215,572	10,155	1-5/8

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CANADA PACKERS LIMITED

COOKED MEATS ACCOUNT

Calendar Year 1946

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	3,431	748,075	631	1/50	796	170,211	3,256	2/5
28 February	3,584	795,436	*8,207*	*1/5*	784	173,349	4,292	35/64
28 March	3,421	751,245	*7,583*	*1/5*	773	168,148	804	1/10
25 April	3,356	769,420	15,428	7/16	747	164,148	7,976	1-1/16
23 May	3,097	779,381	25,085	4/5	729	174,457	7,122	49/50
20 June	3,356	844,441	14,274	7/16	642	159,326	5,373	5/6
18 July	4,460	1,061,718	11,092	1/4	887	209,360	7,423	5/6
15 August	4,878	1,263,649	4,019	1/12	1,148	252,820	7,081	5/8
12 September	5,261	1,207,762	7,297	1/8	1,145	260,347	6,918	3/5
10 October	4,653	1,051,557	8,024	3/16	973	221,762	6,156	5/8
7 November	5,046	1,119,726	16,635	1/3	996	227,953	7,542	3/4
5 December	5,313	1,139,783	12,375	1/4	1,064	238,520	5,958	9/16
2 January, 1947	3,750	816,279	*28,923*	*3/4*	889	198,081	4,326	1/2
Total	53,606	12,348,472	70,147	1/8	11,573	2,618,482	74,227	2/3

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CANADA PACKERS LIMITED

Cooked Meats Account

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	3,822	1,012,939	41,555	1/1/10	897	235,044	16,618	1-5/6
27 February	3,792	1,054,586	53,858	1-5/12	866	264,348	10,558	1-1/5
27 March	3,539	994,947	27,626	3/4	770	222,234	4,110	17/32
24 April	3,688	1,042,031	55,138	1-1/2	855	240,876	10,710	1-1/4
22 May	4,390	1,241,962	52,929	1-1/5	946	272,825	11,873	1-1/4
19 June	4,898	1,365,039	59,421	1-1/5	1,022	294,019	11,220	1
17 July	5,132	1,434,717	49,138	15/16	1,100	311,086	13,798	1-1/4
14 August	4,976	1,383,728	55,778	1-3/25	979	289,474	11,661	1-1/5
11 September	4,946	1,380,538	63,610	1-1/4	974	276,161	12,815	1-1/3
9 October	367	94,260	*74,922*	*20-7/16*	589	172,641	10,362	1-3/4
6 November	1,834	500,148	*17,935*	*31/32*	288	95,511	6,862	2-3/8
4 December	5,556	1,416,135	72,372	1-1/3	990	275,885	16,164	1-5/8
31 December	3,304	916,470	28,628	7/8	682	196,329	5,164	3/4
Total	50,244	13,837,500	467,196	11/12	10,958	3,146,433	141,915	1-1/3

Calendar Year 1948

28 January	3,043	920,700	27,861	9/10	688	212,757	10,587	1-1/2
25 February	3,294	993,215	*5,246*	*1/6*	678	207,184	8,535	1-1/4
Total	6,337	1,913,915	22,615	1/3	1,366	419,941	19,122	1-1/3

FRANK HUNNISETT LIMITED

BEEF ACCOUNT

MEAT PACKING PLANT

4-week period ending	Calendar Year 1946				4-week period ending	Calendar Year 1947			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound		Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.			$	$	cts.
31 January	922	206,361	*3,022*	*1/3*	30 January	537	134,392	*3,005*	*11/16*
28 February	975	211,230	*6,079*	*5/8*	27 February	618	163,651	*3,714*	*2/3*
28 March	773	165,871	*1,513*	*1/5*	27 March	494	126,427	3,611	3/4
25 April	584	129,630	*1,401*	*1/4*	24 April	659	173,221	*749*	
23 May	144	41,681	2,333	1-5/8	22 May	828	216,643	*3,933*	*15/32*
20 June	716	189,076	*1,662*	*1/4*	19 June	752	197,182	*12,327*	*1-41/64*
18 July	874	246,794	1,496	1/6	17 July	865	224,525	*11,099*	*1-9/32*
15 August	873	201,982	5,076	7/12	14 August	1,004	283,863	*8,548*	*27/32*
12 September	928	213,505	917	1/10	11 September	914	270,869	4,389	1/2
10 October	798	194,424	4,970	5/8	9 October	75	17,671	*2,802*	*3-3/4*
7 November	906	252,271	4,872	1/2	6 November	329	102,928	4,504	1-3/8
5 December	825	210,551	3,963	1/2	4 December	705	257,077	21,150	3
2 January, 1947	705	168,441	6,635	15/16	31 December	637	219,071	16,560	2-9/16
Total	10,023	2,431,817	16,585	4/25	Total	8,417	2,387,520	4,037	3/64

Calendar Year 1948

4-week period ending	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
28 January	883	274,579	13,529	1-17/32
25 February	845	256,205	*667*	*5/64*
Total	1,728	530,784	12,862	3/4

FRANK HUNNISETT LIMITED

VEAL ACCOUNT

MEAT PACKING PLANT

4-week period ending	Calendar Year 1946				4-week period ending	Calendar Year 1947			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound		Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.			$	$	cts.
31 January	20	4,442	*527*	*2-5/8*	30 January				
28 February	22	4,786	*212*	*15/16*	27 February		1,110		
28 March	32	6,737	*610*	*1-7/8*	27 March	19	4,114	*904*	*4-3/4*
25 April	78	16,664	*312*	*2/5*	24 April	37	7,900	*1,220*	*3-3/10*
23 May	59	12,439	*1,519*	*2-9/16*	22 May	69	15,734	*1,817*	*2-5/8*
20 June	60	12,778	*1,058*	*1-3/4*	19 June	42	12,324	*1,024*	*2-7/16*
18 July	69	14,775	19	1/36	17 July	41	9,639	*669*	*1-5/8*
15 August	51	10,858	*536*	*1-1/16*	14 August	10	5,300	*162*	*1-5/8*
12 September	22	4,689	9	1/25	11 September	2	1,553	8	2/5
10 October	9	1,953	99	1-1/10	9 October				
7 November	60	13,250	*467*	*3/4*	6 November	19	5,068	721	3-3/4
5 December	44	9,346	*749*	*1-11/16*	4 December	48	12,046	2,598	5-2/5
2 January, 1947	13	3,354	7	*1/16*	31 December	37	9,355	1,950	5-1/4
Total	539	116,071	*5,870*	*1-1/16*	Total	324	84,143	*519*	*1/6*

Calendar Y ear 1948

4-week period ending	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
28 January	29	8,863	368	1-1/4
25 February	30	9,010	*109*	*3/8*
Total	59	17,873	259	7/16

FRANK HUNNISETT LIMITED

LAMB ACCOUNT

MEAT PACKING PLANT

4-week period ending	Calendar Year 1946				4-week period ending	Calendar Year 1947			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound		Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.			$	$	cts.
31 January	94	27,034	*668*	*11/16*	30 January	54	16,447	*558*	*1-1/16*
28 Bebruary	87	25,631	*693*	*4/5*	27 February	59	19,043	*945*	*1-3/5*
28 March	42	13,045	214	1/2	27 March	31	9,995	*185*	*3/5*
25 April	38	12,590	*240*	*5/8*	24 April	39	12,478	*388*	*1*
23 May	19	6,278	*698*	*3-11/16*	22 May	.....	128	.....	.....
20 June	27	7,729	*385*	*1-7/16*	19 June	3	784	*105*	*3-1/2*
18 July	25	7,347	*159*	*5/8*	17 July	11	3,244	*308*	*2-4/5*
15 August	63	20,976	*348*	*9/16*	14 August	24	7,328	*171*	*7/10*
12 September	77	25,128	2,061	2-11/16	11 September	74	24,582	1,359	1-4/5
10 October	102	36,321	1,726	1-11/16	9 October	4	1,404	*354*	*8-7/8*
7 November	82	26,037	263	5/16	6 November	17	6,665	520	3-1/16
5 December	77	24,202	333	7/16	4 December	63	24,024	2,537	4-3/10
2 January, 1947	40	11,864	*1,153*	*2-7/8*	31 December	47	17,346	1,005	2-7/50
Total	773	244,182	253	1/30	Total	426	143,468	2,405	9/16

Calendar Year 1948

4-week period ending	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
28 January	58	22,326	*112*	*1/5*
25 February	63	25,469	964	1-17/32
Total	121	47,795	852	45/64

CANADA PACKERS LIMITED

LARD ACCOUNT

Calendar Year 1946

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	954	127,045	*4,408*	*7/16*	166	23,585	*365*	*3/16*
28 February	1,916	287,947	3,087	3/16	637	148,709	*1,794*	*1/4*
28 March	1,171	179,617	767	1/16	306	54,688	*1,860*	*5/8*
25 April	725	116,365	484	1/16	129	20,961	6	.....
23 May	766	124,381	*4,674*	5/8	174	30,530	*447*	*1/4*
20 June	851	138,076	*5,331*	*5/8*	193	31,607	*301*	*3/16*
18 July	733	118,894	*4,174*	*9/16*	143	23,979	*214*	*1/8*
15 August	556	90,326	*3,412*	*5/8*	108	18,016	*172*	*1/8*
12 September	495	80,096	*7,852*	*1-9/16*	115	19,019	*54*	*1/16*
10 October	545	94,634	*1,770*	*5/16*	84	13,866	61	1/16
7 November	767	117,535	*2,791*	*3/8*	141	23,706	*162*	*1/8*
5 December	882	144,336	509	1/16	189	31,998	*319*	*3/16*
2 January, 1947	940	153,864	2,453	1/4	201	33,270	*537*	*1/4*
Total	11,301	1,773,116	*27,112*	*1/4*	2,586	473,934	*6,158*	*1/4*

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CANADA PACKERS LIMITED

LARD ACCOUNT

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	832	165,308	21,041	2-1/2	182	35,910	569	5/16
27 February	794	172,056	2,556	5/16	200	44,217	*630*	*5/16*
27 March	838	183,813	12,468	1-1/2	184	39,863	*339*	*3/16*
24 April	1,063	232,374	9,146	7/8	182	40,223	*211*	*1/8*
22 May	1,223	268,172	*693*	*1/16*	210	45,653	*296*	*1/8*
19 June	1,201	264,210	1,534	1/8	261	56,912	*286*	*1/8*
17 July	1,385	306,758	2,079	1/8	311	68,547	*493*	*3/16*
14 August	1,511	326,759	*5,452*	*1/4*	283	62,213	*653*	*1/4*
11 September	2,166	487,084	525	1/48	417	103,788	96	1/48
9 October	338	67,556	*17,502*	*5-1/16*	281	65,498	*1,217*	*7/16*
6 November	1,705	422,913	*1,607*	*1/8*	342	96,700	*1,697*	*1/2*
4 December	2,541	555,317	17,153	11/16	479	105,016	627	1/8
31 December	1,734	374,803	195	.....	330	72,308	*1,704*	*1/2*
Total	17,331	3,827,123	41,443	1/4	3,662	836,848	*6,234*	*3/16*

Calendar Year 1948

28 January	2,048	440,298	19,298	15/16	399	89,499	*1,352*	*5/16*
25 February	1,694	440,538	9,926	9/16	394	87,968	*1,321*	*5/16*
Total	3,742	880,836	29,224	3/4	793	177,467	*2,673*	*5/16*

CANADA PACKERS LIMITED

MEAT PACKING PLANT — HIDES AND SKINS ACCOUNT

4-week period ending	Calendar Year 1946				4-week period ending	Calendar Year 1947			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound		Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.			$	$	cts.
31 January	4,354	640,852	24,043	9/16	30 January	2,313	382,596	11,790	1/2
28 February	2,869	452,000	11,016	3/8	27 February	2,111	368,973	34,711	1-5/8
28 March	2,251	332,261	*39,204*	*1-3/4*	27 March	1,822	340,103	194,351	10-3/4
25 April	2,620	397,768	27,702	1-1/16	24 April	1,953	369,541	29,850	1-1/2
23 May	2,076	324,801	18,602	7/8	22 May	1,256	225,220	5,226	7/16
20 June	1,401	224,404	8,372	9/16	19 June	1,917	354,415	11,059	9/16
18 July	1,016	188,545	5,360	1/2	17 July	1,654	303,669	10,438	5/8
15 August	2,008	283,829	5,106	5/16	14 August	1,087	202,916	5,327	1/2
12 September	2,388	403,333	9,594	3/8	11 September	1,667	352,500	13,450	13/16
10 October	2,950	448,843	8,542	5/16	9 October	378	84,612	*5,794*	*1-1/2*
7 November	3,163	514,343	10,496	5/16	6 November	1,478	457,378	191,097	12-15/16
5 December	3,411	543,169	14,197	7/16	4 December	3,145	755,540	258,405	8-3/16
2 January	2,124	317,690	*5,234*	*1/4*	31 December	2,506	762,781	77,097	3-1/16
Total	32,721	5,071,838	98,592	5/16		23,287	4,960,244	837,007	3-9/16

Calendar Year 1948

4-week period ending	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.
28 January	2,198	703,313	56,475	2-9/16
25 February	3,101	885,507	23,263	3/4
Total	5,299	1,588,820	79,738	1-1/2

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CANADA PACKERS LIMITED

BY-PRODUCTS
Calendar Year 1946

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
31 January	6,602	568,978	35,096	9/16	502	93,630	3,242	5/8
28 February	5,487	524,317	32,141	9/16	482	69,344	1,588	5/16
28 March	5,841	503,269	1,894	1/32	416	64,980	*661*	*3/16*
25 April	5,874	538,662	36,018	5/8	445	74,956	1,497	5/16
23 May	3,252	360,419	12,402	3/8	309	42,731	1,740	9/16
20 June	4,350	427,972	33,184	3/4	253	37,902	1,790	11/16
18 July	4,988	461,555	31,994	5/8	319	49,004	1,235	3/8
15 August	5,193	482,662	30,559	9/16	365	53,008	979	1/4
12 September	6,748	645,871	48,642	3/4	386	64,945	2,651	11/16
10 October	6,937	690,213	25,781	3/8	506	77,477	1,937	3/8
7 November	7,561	775,384	44,212	9/16	441	72,921	2,034	7/16
5 December	8,973	815,918	55,447	9/16	541	80,974	2,104	3/8
2 January, 1947	6,363	575,726	22,888	3/8	431	62,336	543	1/8
Total	78,169	7,370,946	410,258	1/2	5,396	844,208	20,679	3/8

CANADA PACKERS LIMITED

By-Products

Calendar Year 1947

4-week period ending	Meat packing plants				Wholesale branches			
	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound	Shipments 000's pounds	Sales value	Profit or *loss*	Profit or *loss* per pound
		$	$	cts.		$	$	cts.
30 January	4,855	479,481	43,060	7/8	353	78,585	3,119	7/8
27 February	4,637	476,573	35,657	3/4	292	49,269	6,667	1/4
27 March	4,153	448,476	35,104	7/8	204	38,204	480	1/4
24 April	4,687	443,762	52,007	1-1/8	261	48,160	1,845	11/16
22 May	5,727	681,038	52,181	15/16	267	51,858	1,500	9/16
19 June	4,520	501,746	36,889	13/16	268	53,525	868	5/16
17 July	3,746	458,438	9,549	1/4	190	35,975	850	7/16
14 August	4,377	472,730	24,437	9/16	247	43,926	586	1/4
11 September	5,171	576,324	28,713	9/16	408	70,194	697	3/16
9 October	925	92,680	*29,541*	*3-3/16*	214	40,667	1,269	9/16
6 November	2,822	400,754	13,151	7/16	210	42,306	2,313	1-1/8
4 December	9,013	981,651	125,882	1-3/8	457	91,125	3,943	7/8
31 December	6,397	712,248	77,800	1-1/4	296	65,852	1,087	3/8
Total	61,030	6,725,901	504,889	13/16	3,667	709,646	19,224	1/2

Calendar Year 1948

28 January	7,248	951,806	160,471	2-3/16	437	101,172	10,111	2-5/16
25 February	6,986	937,350	78,141	1-1/8	408	90,472	2,868	11/16
Total	14,234	1,889,156	238,612	1-11/16	845	191,644	12,979	1-9/16

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CANADA PACKERS LIMITED

SALES AND RESULTS

Meat packing plants

Calendar year 1946

4-week period ending	Shipments meat only	Sales value meat only	Profit or *loss* meat only	Profit or *loss* per lb.	Sales value by-products	Profit or *loss* by-products	Profit or *loss* per lb. meat by-products	Sales value all meat	Profit or *loss* all meat	Profit or *loss* per lb.
	(000's lbs.)	$	$	cts.	$	$	cts.	$	$	cts.
31 January	50,591	10,649,433	*93,796*		1,336,875	54,731		11,986,308	*39,065*	
28 February	40,812	8,676,790	*145,373*		1,264,264	46,244		9,941,054	*99,129*	
28 March	35,222	7,517,973	*329,556*		1,015,147	*36,543*		8,533,120	*366,099*	
5 April	36,904	8,093,311	135,760		1,052,795	64,204		9,146,106	199,964	
23 May	23,411	5,631,554	*3,312*		809,601	26,330		6,441,155	23,018	
20 June	29,794	7,198,740	*95,281*		790,452	36,225		7,989,192	*59,056*	
18 July	36,402	8,693,028	*142,290*		768,994	33,180		9,462,022	*109,110*	
15 August	40,946	9,565,675	*50,101*		856,817	32,253		10,422,492	*17,848*	
12 September	47,377	10,696,768	*80,739*		1,129,300	50,384		11,826,068	*30,355*	
10 October	46,588	10,437,648	*40,756*		1,233,690	32,553		11,671,338	*8,203*	
7 November	54,569	11,995,185	213,497		1,407,262	51,917		13,402,447	265,414	
5 December	56,218	12,317,203	57,075		1,503,423	70,153		13,820,626	127,228	
2 January, 1947	36,381	8,128,006	*164,235*		1,047,280	20,107		9,175,286	*144,128*	
Total	55,215	119,601,314	*739,107*	*1/8*	14,215,900	481,738	1/10	133,817,214	*257,369*	*1/20*

CANADA PACKERS LIMITED

SALES AND RESULTS

Meat packing plants

Calendar year 1947

4-week period ending	Shipments meat only	Sales value meat only	Profit or *loss* meat only	Profit or *loss* per lb.	Sales value by-products	Profit or *loss* by-products	Profit or *loss* per lb. meat by-products	Sales value all meat	Profit or *loss* all meat	Profit or *loss* per lb.
	(000's lbs.)	$	$	cts.	$	$	cts.	$	$	cts.
30 January	32,219	7,872,743	*26,605*	.....	1,027,385	75,891	.....	8,900,128	49,286	
27 February	31,982	7,857,153	23,040	.....	1,017,602	72,924	.....	8,874,755	95,964	
27 March	28,108	7,349,863	244,078	.....	972,392	241,923	.....	8,322,255	486,001	
24 April	28,045	7,601,964	9,561	.....	1,045,677	91,003	.....	8,647,641	100,564	
22 May	31,661	8,391,532	*116,571*	.....	1,174,430	56,714	.....	9,565,962	*59,857*	
19 June	28,970	7,984,053	*141,319*	.....	1,120,371	49,482	.....	9,104,424	*91,837*	
17 July	29,229	8,155,603	*93,735*	.....	1,068,865	22,066	.....	9,224,468	*71,669*	
14 August	35,265	9,488,454	*27,529*	.....	1,002,405	24,312	.....	10,490,859	*3,217*	
11 September	40,340	10,684,850	112,486	.....	1,415,908	42,688	.....	12,100,758	155,174	
9 October	6,045	1,556,151	*401,343*	.....	244,848	*52,837*	.....	1,800,999	*454,180*	
6 November	18,675	5,055,501	90,676	.....	1,281,045	202,641	.....	6,336,546	293,317	
4 December	53,448	13,883,089	806,142	.....	2,292,508	401,440	.....	16,175,597	1,207,582	
31 December	44,099	11,469,014	325,181	.....	1,849,832	155,092	.....	13,318,846	480,273	
Total	408,086	107,349,970	804,062	1/5	15,513,268	1,383,339	1/3	122,863,238	2,187,410	1/2

Calendar year 1948

28 January	36,524	10,348,927	264,719	.....	2,095,417	236,244	.....	12,444,344	500,963	
25 February	38,982	11,351,516	*94,603*	.....	2,263,395	111,330	.....	13,614,911	16,727	
Total	75,506	21,700,443	170,116	1/5	4,358,812	347,574	11/25	26,059,255	517,690	17/25

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CANADA PACKERS LIMITED

SALES AND RESULTS

Wholesale Branches

Calendar Year 1946

4-week period ending	Shipments meat only	Sales value meat only	Profit or *loss* meat only	Profit or *loss* per lb.	Sales value by-products	Profit or *loss* by-products	Profit or *loss* per lb. meat by-products	Sales value all meat	Profit or *loss* all meat	Profit or *loss* per lb.
	(000's lbs.)	$	$	cts.	$	$	cts.	$	$	cts.
31 January	6,502	1,488,756	*1,354*		117,215	2,877		1,605,971	1,523	
28 February	6,231	1,461,484	*3,518*		218,053	*206*		1,679,537	*3,724*	
28 March	6,144	1,420,814	*28,802*		119,668	*2,521*		1,540,482	*31,323*	
25 April	6,338	1,541,987	19,511		95,917	1,503		1,637,904	21,014	
23 May	4,525	1,150,109	14,136		73,261	1,293		1,223,370	15,429	
20 June	5,099	1,298,987	13,270		69,509	1,489		1,368,496	14,759	
18 July	6,415	1,676,897	8,836		72,983	1,021		1,749,880	9,857	
15 August	6,479	1,612,372	4,266		71,024	807		1,683,396	3,073	
12 September	7,226	1,739,932	5,404		83,964	2,597		1,823,896	8,001	
10 October	7,117	1,708,562	2,872		91,343	1,998		1,799,905	4,870	
7 November	7,346	1,787,495	5,885		96,627	1,872		1,884,122	7,757	
5 December	7,375	1,786,835	1,510		112,972	1,785		1,899,807	3,295	
2 January, 1947	5,726	1,381,407	*4,046*		95,606	6		1,477,013	*4,040*	
Total	82,523	20,055,637	37,970	1/21	1,318,142	14,521	1/58	21,373,779	52,491	1/16

CANADA PACKERS LIMITED

SALES AND RESULTS — WHOLESALE BRANCHES

Calendar Year 1947

4-week period ending	Shipments meat only	Sales value meat only	Profit or *loss* meat only	Profit or *loss* per lb.	Sales value by-products	Profit or *loss* by-products	Profit or *loss* per lb. meat by-products	Sales value all meat	Profit or *loss* all meat	Profit or *loss* per lb.
	(000's lbs.)	$	$	cts.	$	$	cts.	$	$	cts.
30 January	5,692	1,509,238	19,823	.....	114,495	3,688	.....	1,623,733	23,511	
27 February	5,010	1,434,850	5,359	.....	93,486	37	.....	1,528,336	5,396	
27 March	4,963	1,384,618	*21,020*	.....	78,067	141	.....	1,462,685	*20,879*	
24 April	5,676	1,604,455	12,357	.....	88,383	1,634	.....	1,692,838	13,991	
22 May	5,625	1,566,541	10,022	.....	97,511	1,204	.....	1,664,052	11,226	
19 June	5,006	1,450,556	8,583	.....	110,437	582	.....	1,560,993	9,165	
17 July	4,965	1,433,144	13,515	.....	104,522	357	.....	1,537,666	13,872	
14 August	5,530	1,552,697	4,977	.....	106,139	*67*	.....	1,658,836	4,910	
11 September	6,858	1,831,062	10,822	.....	173,982	793	.....	2,005,044	11,615	
9 October	4,869	1,374,429	11,366	.....	106,165	52	.....	1,480,594	11,418	
6 November	3,973	1,093,846	13,911	.....	139,006	616	.....	1,232,852	14,527	
4 December	7,270	2,032,633	47,973	.....	196,141	4,570	.....	2,228,774	52,543	
31 December	6,054	1,753,653	25,165	.....	138,160	*617*	.....	1,891,813	24,548	
Total	71,491	20,021,722	162,853	11/50	1,546,494	12,990	1/55	21,568,216	175,843	1/4

Calendar Year 1948

28 January	6,432	1,975,564	70,766	.....	190,671	8,759	.....	2,166,235	79,525	
25 February	5,690	1,758,105	29,431	.....	178,440	1,547	.....	1,936,545	30,978	
Total	12,122	3,733,669	100,197	4/5	369,111	10,306	4/50	4,102,780	110,503	9/10

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Schedule 5

CANADA PACKERS LIMITED

Beef and Pork Inventory Quantities

(Pounds—000's omitted)

	22 October		31 December		28 January		25 February	
	1946	1947	1946	1947	1948	1948	1947	1948
1. Frozen Beef—								
(a) Stored for the Meat Board	678	175	963	811	293	1,612	168	1,082
(b) Stored on contract for customers	862	53	948	1,406	368	717	241	1,332
(c) Other	910	559	1,430	3,253	729	3,225	773	3,238
2. Other Beef	4,168	1,486	1,906	4,613	2,194	5,420	1,975	4,451
3. Total Beef	6,618	2,273	5,247	10,083	3,584	10,974	3,157	10,103
4. Freezer Pork—								
(a) Meat Board	38	1,278	6,030	508	6,796	3,668	6,080	7,609
(b) Other	620	1,500	991	4,874	1,150	6,248	1,348	6,568
5. Other Pork—								
(a) Meat Board	2,416	663	1,155	1,005	1,634	2,788	2,725	1,850
(b) Other	4,966	5,779	4,025	8,374	4,242	7,325	4,842	7,405
6. Total Pork	8,040	9,220	12,201	14,761	13,822	20,029	14,995	23,432
7. Lard	220	425	240	620	305	555	231	453

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Schedule 6

CANADA PACKERS LIMITED

Weekly Average Prices Paid at Toronto for A Grade Hogs, per 100 pounds—

Hot Dressed Weight

1939

September 2	$11.17
September 9	11.77
September 16	13.12
September 23	12.50
September 30	12.61

1947

August 2	$22.89	November 1	$23.08
August 9	22.90	November 8	23.06
August 16	23.13	November 15	23.10
August 23	23.14	November 22	23.12
August 30	23.14	November 29	23.19
September 6	23.39	December 6	23.13
September 13	23.64	December 13	23.14
Strike Period		December 20	23.28
October 25	23.10	December 27	23.43

1948

January 3	$25.27
January 10	28.66
January 17	28.72
January 24	28.74
January 31	28.78
February 7	28.94
February 14	28.99
February 21	28.97
February 28	29.01
March 6	29.25
March 13	29.39
March 20	29.44

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Schedule 7

CANADA PACKERS LIMITED

Hot Dressed Weight of Cattle and Hogs Slaughtered

Four Weeks Ending	Cattle (Pounds)	Hogs (Pounds)
September 28, 1939	14,077,763	12,304,087
August 14, 1947	15,579,655	11,767,184
September 11, 1947	17,693,181	12,005,274
October 9, 1947	323,919	539,408
November 6, 1947	12,114,248	14,953,087
December 4, 1947	29,840,545	32,065,220
December 31, 1947	20,464,885	21,784,258
January 28, 1948	20,644,162	23,526,414
February 25, 1948	18,497,144	21,093,017
	135,157,739	137,733,862

Note: Strike period was from September 10 to October 24, 1947.

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Schedule 8

CANADA PACKERS LIMITED

Analysis of Export Sales

(in pounds)

Beef

	1947						1948		
	14 August	11 September	9 October	6 November	4 December	31 December	28 January	25 February	Total
United Kingdom	92,987	769,264	103,048	130,235	3,350,648	3,609,750	476,122	3,371,173	11,903,227
Other Export	42,079	98,099	106,908	96,202	360,680	295,856	52,652	58,359	1,110,835
Domestic	9,037,757	10,036,208	1,258,846	3,951,117	11,082,703	9,560,330	10,987,466	10,783,619	66,698,046
Total	9,172,823	10,903,571	1,468,802	4,177,554	14,794,031	13,465,936	11,516,240	14,213,151	79,712,108

Pork

United Kingdom	6,270,828	5,689,466	656,336	650,144	7,302,911	6,231,500	3,034,341	4,885,557	34,721,083
Other Export	345,392	76,293	40,600	209,267	343,163	143,916	148,003	122,769	1,429,403
Domestic	2,746,785	4,168,988	728,372	3,216,109	5,544,445	5,273,628	4,336,829	4,433,890	30,449,046
Total	9,363,005	9,934,747	1,425,308	4,075,520	13,190,519	11,649,044	7,519,173	9,442,216	66,599,532

Canned Meats

United Kingdom	888,588	481,968	65,196	78,120	769,176	236,988	204,012	.....	2,724,048
UNRRA	558,864	263,952	56,268	93,060	2,514,204	2,353,788	758,160	329,976	6,928,272
Other Export	46,703	11,349	3,403	15,046	393,065	401,033	277,999	260,803	1,409,401
Domestic	1,553,097	1,608,251	450,307	1,164,678	1,802,403	481,006	858,365	752,923	8,671,030
Total	3,047,252	2,365,520	575,174	1,350,904	5,478,848	3,472,815	2,098,536	1,343,702	19,732,751

CANADA PACKERS LIMITED

Earnings Record

Fiscal years 1936–1948

Fiscal year ending March	Volume	Sales value	Inventory reserve	Bond interest	Income taxes	Bonuses	Net profit	Per pound	Dividends	
									Preferred	Common
		$	$ cts.	cts.	cts.	$ cts.	$ cts.	cts.	$ cts.	$ cts.
1936	659,706,573	63,586,883	.....	49,758 00	478,490 00	414,775 00	1,288,011 18	1/5	316,710 00	600,000 00
1937	774,270,797	72,699,519	.....	213,110 00	416,630 00	511,672 00	1,522,662 69	1/5	.....	600,000 00
1938	836,420,547	84,145,896	.....	200,644 00	268,000 00	193,040 00	1,100,559 48	1/8	.....	600,000 00
1939	800,763,592	77,225,732	.....	166,132 40	319,200 00	216,235 00	1,238,736 31	1/6	.....	600,000 00
1940	913,251,116	88,205,639	579,000 00	95,564 79	978,000 00	590,018 00	1,667,809 78	1/5	.....	800,000 00
1941	1,091,263,352	110,291,839	380,000 00	69,825 00	1,325,000 00	699,499 00	1,555,028 47	1/7	.....	900,000 00
1942	1,228,029,942	144,409,292	1,310,000 00	51,300 00	2,422,860 00	755,314 50	1,611,464 91	1/8	.....	800,000 00
1943	1,328,616,840	169,141,671	650,000 00	32,652 00	1,843,660 00	791,762 00	1,611,417 68	1/9	.....	800,000 00
1944	1,582,932,568	206,155,938	500,000 00	13,840 11	3,023,200 00	937,106 00	1,687,586 76	1/10	.....	800,000 00
1945	1,698,326,055	228,398,111	581,000 00	.....	3,657,620 00	1,060,942 00	1,824,811 19	1/10	.....	900,000 00
1946	1,526,436,095	208,997,520	.....	.....	2,803,930 00	1,195,046 00	1,816,780 68	1/8	.....	1,000,000 00
1947	1,373,180,493	204,068,650	.....	.....	1,699,210 00	1,248,390 00	2,059,643 87	1/7	.....	1,000,000 00
1948	1,447,725,661	238,454,307	626,000 00	50,491 80	2,140,000 00	1,500,000 00	2,178,000 00	1/7	.....	1,000,000 00
Total	15,260,923,631	1,895,880,727	4,626,000 00	943,318 10	21,375,800 00	10,113,799 50	21,162,513 00	1/7	316,710 00	10,400,000 00
Per pound	.....	.....	3/100	3/500	1/7	1/15	1/7	.....	.....	1/15
Per cent of sales	.....	.....	·24	·05	1·13	·53	1·12	.....	.....	·55

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CANADA PACKERS LIMITED

EARNINGS RECORD

Fiscal Years 1936–1948

Fiscal year ending March	Volume	Sales value	Profit before inventory reserve income tax and bonus	Per pound	Inventory reserve	Income taxes	Bonuses	Net profit	Per pound	Common dividends
				cts.	$	$	$	$	cts.	$
1936	659,706,573	63,586,883	2,181,276	1/3	.....	478,490	414,775	1,288,011	1/5	600,000
1937	774,270,997	72,699,519	2,450,964	1/3	.....	416,630	511,672	1,522,663	1/5	600,000
1938	836,420,547	84,145,896	1,561,599	1/5	.....	268,000	193,040	1,100,559	1/8	600,000
1939	800,763,592	77,225,732	1,774,171	1/5	.....	319,200	216,235	1,238,736	1/6	600,000
1940	913,251,116	88,205,639	3,814,827	1/3	579,000	978,000	590,018	1,667,810	1/5	800,000
1941	1,091,263,352	110,291,839	3,959,527	1/3	380,000	1,325,000	699,499	1,555,028	1/7	900,900
1942	1,228,029,942	144,509,292	6,099,638	1/2	1,310,900	2,422,860	755,314	1,611,465	1/8	800,000
1943	1,328,616,840	169,141,671	4,896,839	1/3	650,900	1,843,660	791,762	1,611,418	1/9	800,000
1944	1,582,932,568	206,155,938	6,147,892	1/2	500,000	3,023,200	937,106	1,687,587	1/10	800,900
1945	1,698,326,055	228,398,111	7,124,373	1/2	581,000	3,657,620	1,060,942	1,824,811	1/10	900,000
1946	1,526,436,095	208,997,520	5,815,756	1/3	.....	2,803,930	1,195,046	1,816,781	1/8	1,000,000
1947	1,373,180,493	204,068,650	5,007,243	1/3	.....	1,699,210	1,248,390	2,059,644	1/7	1,000,000
1948	1,447,725,661	238,454,037	6,444,000	1/2	626,000	2,140,000	1,500,000	2,178,000	1/7	1,000,000
Total	15,260,923,631	1,895,880,727	57,278,105	1/3	4,626,000	21,375,800	10,113,799	21,162,513	1/7	10,400,000
Per pound	.....	.....	1/3¢	.....	3/100¢	1/7¢	1/15¢	1/7¢	.....	1/15¢
Per cent of sales	.....	.....	3·02%	.....	0·24%	1·13%	0·53%	1·12%	.....	0·55%

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CANADA PACKERS LIMITED

1. Number of meat packing establishments operating under Dominion Government Inspection, year ended 31st March, 1946. (Authority: Report of the Veterinary Director-General for year ended 31st March, 1946).

Prince Edward Island	7
New Brunswick	3
Quebec	26
Ontario	28
Manitoba	10
Saskatchewan	7
Alberta	10
British Columbia	10
	101

2. Number of persons or firms purchasing Live Stock on the Toronto, Winnipeg, and Calgary markets as of week ending 4th March, 1948:

Toronto	50
Winnipeg	16
Calgary	16
	82

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CANADA PACKERS LIMITED

Cold Storage Holdings

(Expressed in 1,000 pounds)

As at first of each month	Frozen pork		Total pork		Frozen beef	
	Quantity	P.c. of total Canada	Quantity	P.c. of total Canada	Quantity	P.c. of total Canada
1939						
January	1,552	14·5	5,807	21·8	3,714	32·9
February	1,395	12·2	5,963	20·5	2,603	29·4
March	1,730	14·4	6,874	21·9	1,757	25·9
April	2,160	16·3	8,367	24·2	1,208	22·4
May	3,332	20·8	8,691	23·9	997	21·2
June	3,333	20·7	9,044	25·2	688	19·2
July	3,130	23·1	8,406	25·8	971	28·0
August	1,841	19·9	8,165	26·6	794	25·5
September	902	14·1	6,240	24·1	704	25·1
October	1,022	15·1	7,487	27·0	2,553	39·7
November	3,341	25·4	11,917	29·8	6,799	46·8
December	5,068	30·3	13,833	29·3	8,738	45·7
Average	2,401	20·0	8,400	25·4	2,627	35·1
1940						
January	5,256	32·8	13,120	29·7	8,035	41·6
February	6,186	33·2	12,967	28·8	7,485	43·1
March	10,964	38·6	18,730	33·1	7,343	46·3
April	12,327	33·0	18,592	30·4	6,458	43·3
May	13,590	32·3	21,005	30·6	5,287	42·1
June	13,969	30·8	21,456	29·8	4,430	43·3
July	11,216	29·4	18,988	28·8	3,050	41·1
August	5,823	22·6	14,474	27·0	1,837	32·9
September	1,397	17·3	11,543	30·6	1,339	31·3
October	851	14·0	11,344	30·2	1,373	32·3
November	931	15·2	13,138	31·9	2,363	43·3
December	3,372	25·5	16,286	31·4	4,793	47·7
Average	7,157	30·1	15,970	30·2	4,483	42·3
1941						
January	8,957	29·3	16,622	27·4	5,474	42·7
February	9,710	24·6	17,997	26·4	4,902	48·5
March	12,380	29·1	21,314	27·8	3,442	43·4
April	9,880	24·4	21,582	28·3	2,952	46·0
May	8,253	25·7	18,250	27·4	2,190	37·5
June	8,186	30·9	15,944	28·4	1,710	41·6
July	5,541	26·5	13,535	35·3	1,728	41·4
August	3,454	25·7	11,119	26·9	1,596	46·0
September	1,757	15·6	9,229	24·9	1,841	41·2
October	1,349	15·7	10,602	27·8	2,327	33·8
November	2,037	25·1	16,067	33·5	6,360	50·7
December	4,351	23·0	15,034	25·2	10,329	60·4
Average	6,321	25·9	15,608	27·7	3,738	46·9

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CANADA PACKERS LIMITED

Cold Storage Holdings

(Expressed in 1,000 pounds)

As at first of each month	Frozen pork		Total pork		Frozen beef	
	Quantity	P.c. of total Canada	Quantity	P.c. of total Canada	Quantity	P.c. of total Canada
1942						
January	9,550	27·6	19,894	28·2	9,872	45·5
February	10,786	29·5	22,308	29·7	8,883	46·6
March	13,103	32·9	20,941	29·1	1,844	24·7
April	10,174	28·9	20,962	28·5	5,345	45·2
May	7,934	30·1	18,745	30·7	3,303	42·5
June	7,337	28·0	16,451	28·4	2,408	40·5
July	2,147	17·1	9,702	23·3	1,554	39·6
August	1,399	19·1	7,320	23·1	1,317	39·4
September	926	14·0	6,988	24·6	1,219	36·8
October	713	14·4	8,203	28·3	635	30·1
November	979	24·3	11,938	32·4	1,836	35·5
December	2,286	25·2	15,368	31·9	5,602	33·5
Average	5,611	27·7	14,902	28·6	3,652	37·9
1943						
January	6,061	27·4	14,625	26·3	6,123	30·6
February	8,837	31·5	16,209	28·9	3,253	25·6
March	7,743	30·0	16,595	29·0	2,074	23·7
April	4,142	28·3	14,739	29·7	1,724	21·8
May	4,573	25·5	15,990	29·1	1,821	21·7
June	5,757	31·5	17,646	32·7	1,446	20·0
July	5,142	28·4	13,880	29·3	1,478	21·5
August	3,500	38·4	12,336	26·9	1,434	24·3
September	1,879	15·1	11,531	27·6	1,672	24·5
October	1,177	11·2	11,713	28·5	2,007	23·7
November	1,542	10·4	15,457	26·7	3,685	29·1
December	2,270	9·4	17,304	24·4	6,902	35·8
Average	4,385	23·9	14,835	28·2	2,802	26·9
1944						
January	3,749	13·6	18,426	22·1	10,319	47·3
February	5,724	15·4	22,252	25·4	10,537	41·3
March	6,192	13·3	21,631	21·5	10,353	38·4
April	8,470	21·9	24,756	23·8	9,024	40·4
May	8,804	19·1	24,861	25·2	8,333	45·4
June	8,764	21·8	22,065	25·6	5,240	34·6
July	6,476	17·3	17,392	23·1	4,165	38·3
August	3,876	15·0	12,750	20·9	3,850	41·0
September	1,523	10·5	7,657	19·0	3,847	39·0
October	970	11·0	8,751	24·8	4,468	47·6
November	763	11·7	12,553	29·5	3,957	35·6
December	919	13·3	12,484	26·6	4,996	37·7
Average	4,686	16·7	17,132	23·8	6,591	44·5

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CANADA PACKERS LIMITED

Cold Storage Holdings

(Expressed in 1,000 pounds)

As at first of each month	Frozen pork		Total pork		Frozen beef	
	Quantity	P.c. of total Canada	Quantity	P.c. of total Canada	Quantity	P.c. of total Canada
1945						
January	2,017	29·6	11,552	24·1	4,766	32·4
February	2,692	19·0	10,692	22·1	5,443	31·1
March	4,802	22·9	11,218	23·1	4,166	29·9
April	6,735	24·3	16,617	27·7	3,519	27·4
May	10,783	30·8	17,353	27·3	2,250	23·6
June	7,724	34·1	17,505	31·2	1,140	16·5
July	4,194	35·6	10,449	26·7	1,415	33·6
August	2,535	35·3	7,709	27·4	1,548	29·5
September	960	20·8	6,237	26·3	2,257	30·7
October	790	19·5	6,938	27·8	5,432	33·8
November	936	23·8	8,071	28·8	7,328	37·9
December	833	17·8	7,895	26·1	7,606	38·8
Average	3,750	27·5	11,020	26·5	3,906	31·9
1946						
January	1,918	19·4	7,799	23·7	6,911	30·0
February	3,367	19·6	8,405	23·7	4,627	26·6
March	4,446	23·4	9,608	23·5	2,672	21·6
April	7,807	28·0	14,543	28·8	2,161	19·4
May	12,165	35·7	17,272	30·0	1,533	15·8
June	12,574	37·1	17,784	31·3	1,030	17·5
July	11,059	33·2	16,484	30·9	1,047	16·9
August	7,083	37·3	12,437	31·4	1,186	28·8
September	2,637	34·9	7,654	29·8	787	12·6
October	809	29·8	5,854	32·3	1,693	18·1
November	634	19·6	7,415	28·6	2,487	20·8
December	3,703	31·5	9,464	28·1	4,657	26·0
Average	5,684	31·1	11,227	28·6	2,566	22·8
1947						
January	6,954	36·5	11,469	29·2	4,669	28·0
February	8,180	35·7	13,999	32·4	2,935	25·7
March	7,662	35·4	14,453	32·7	2,620	28·8
April	8,736	38·4	15,245	35·0	2,250	29·8
May	12,037	47·2	19,333	34·5	2,316	37·0
June	13,261	43·3	20,822	36·9	2,226	33·0
July	12,928	41·1	20,345	36·8	1,870	35·5
August	9,623	44·5	16,193	36·0	1,384	29·8
September	4,639	35·8	11,103	32·3	1,828	25·2
October	3,760	35·0	7,754	25·6	1,026	18·0
November	2,552	22·5	9,610	25·3	754	16·2
December	3,624	22·1	15,216	27·6	4,797	25·1
Average	7,830	38·1	14,629	32·5	2,390	27·5
1948						
January	5,736	23·4	13,337	23·5	5,823	28·9
February	10,179	23·0	19,502	25·5	6,961	26·7
March	14,191	27·7	22,461	28·0	5,903	26·0

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PRODUCTION OF CANNED MEATS FOR UNRRA

As the war in Europe neared its end, it became apparent that a tremendous task was faced in feeding and clothing the peoples of the devastated countries. The problem was the more serious because of the world shortage of foods, especially meats. But, food had to be sent to these countries.

To meet this situation, Canada Packers Limited developed in its laboratories three meat products for the United Nations Relief and Rehabilitation Administration, namely: Meat Lunch, Meat Paste, Blood Sausage.

Prior to this time, most of the ingredients that were used in the Meat Paste and Blood Sausage were not being sold in Canada for human consumption, even though highly nutritious. Since Canada is normally a country with a surplus of meat, the Canadian consumer will not buy certain edible parts of the animal because more attractive cuts are available. This devolpment, therefore, reclaimed at low cost, and added to world food supplies, a very large quantity of meat that would otherwise have been used as by-products.

When the formulae on these products were accepted by UNRRA, they were made available to all Canadian meat packers through the Meat Board.

Quantities of these products shipped to UNRRA by Canada Packers Limited were (in pounds):

Calendar Year	Lunch Meat	Meat Paste	Blood Sausage	Total
1944	6,306,768	....	....	6,306,768
1945	49,850,352	3,410,352	12,375,576	65,636,280
1946	18,241,020	25,174,620	23,973,804	67,389,444
1947	4,116,456	6,393,564	2,975,616	13,485,636
	78,514,596	34,978,536	39,324,996	152,818,128

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PERCENTAGE OF CANADA PACKERS LIMITED TO TOTAL CANADIAN INSPECTED SLAUGHTERINGS OF CATTLE AND HOGS

Calendar Year	Cattle %	Hogs %	Calendar Year	Cattle %	Hogs %
1927	53·1	48·2	1938	38·9	29·4
1928	49·4	41·3	1939	38·8	29·5
1929	48·7	35·1	1940	38·1	30·4
1930	47·4	34·2	1941	38·2	25·5
1931	44·9	37·1	1942	35·2	27·9
1932	43·5	36·5	1943	34·1	29
1933	42·4	35·3	1944	38·4	28·2
1934	40·2	31·4	1945	35·6	23·5
1935	39	28·7	1946	31·9	26·6
1936	38·5	29·2	1947	28·1	27·6
1937	39·7	31			

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CANADA PACKERS LIMITED PROFIT AND LOSS ON BEEF

REPRESENTATIVE LOTS

Date Purchased—August 27, 1947

	NUMBER HEAD	LIVE WEIGHT	VALUE PAID
	30 Steers	35,390	$5,174.82
Value of By-Products			697.41
			$4,477.41
Plus Expenses			311.85
Net Cost of Beef			$4,789.26
Dressed Weight		18,900	
Yield		53·4%	
Net Cost per 100 pounds			25.34
Average Selling Price per 100 pounds			25.00
Profit or Loss per 100 pounds			.34
Paid to the Producer		$5,174.82	
Charged to the Retailer for Beef		$4,725.00	

Date Purchased—October 29, 1947.

CANADA PACKERS LIMITED PROFIT AND LOSS ON BEEF

REPRESENTATIVE LOTS

	NUMBER HEAD	LIVE WEIGHT	VALUE PAID
	15 Steers	18,940	$2,901.23
Value of By-Products			386.34
			$2,514.89
Plus Expense			172.75
Net Cost of Beef			$2,687.64
Dressed Weight		10,470	
Yield		55·2%	
Net Cost per 100 pounds			25.66
Average Selling Price per 100 pounds			25.50
Profit or Less per 100 pounds			.16
Paid to the Producer		$2,901.23	
Charged to the Retailer for Beef		$2,669.85	

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Date Purchased—January 8, 1948.

	NUMBER HEAD	LIVE WEIGHT	VALUE PAID
	30 Steers	37,740	$6,151.97
Value of By-Products			733.94
			$5,418.03
Plus Expenses			328.18
Net Cost of Beef			$5,746.21
Dressed Weight		19,890	
Yield		52·7%	
Net cost per 100 pounds			28.88
Average Selling Price per 100 pounds			29.00
Profit or Loss per 100 pounds			.12
Paid to the Producer		$6,151.97	
Charged to the Retailer for Beef		$5,768.10	

Date Purchased—March 16, 1948.

	NUMBER HEAD	LIVE WEIGHT	VALUE PAID
	74 Steers	90,860	$15,072.67
Value of By-Products			1,785.17
			$13,287.50
Plus Expenses			796.09
Net Cost of Beef			$14,083.59
Dressed Weight		48,248	
Yield		53·1%	
Net Cost per 100 pounds			29.18
Average Selling Price per 100 pounds			28.50
Profit or Loss per 100 pounds			.68
Paid to the Producer		$15,072.67	
Charged to the Retailer for Beef		$13,750.68	

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CANADA PACKERS LIMITED

By-products Accounts

Net Profit or Loss—Fiscal Years 1936-1948

Fiscal Year Ending	Meat packing plants				Wholesale branches		
	Lard	Hides and skins	By-products	Total	Lard	By-products	Total
1936	179,967	417,299	536,869	1,134,135	*936*	21,758	20,822
1937	172,622	455,756	799,346	1,427,724	37	23,424	23,461
1938	68,507	91,503	673,883	833,893	*62*	20,707	20,645
1939	54,621	443,602	716,310	1,214,533	18	19,624	19,642
1940	116,000	464,672	884,162	1,464,834	*1,610*	21,449	19,839
1941	72,135	245,625	569,191	886,951	*6,178*	27,468	21,290
1942	124,818	274,121	475,318	874,257	4,042	38,627	42,669
1943	63,770	91,644	297,824	453,238	*3,118*	31,112	27,994
1944	44,525	105,942	393,779	544,246	522	26,241	26,763
1945	138,201	110,487	307,566	556,254	5,396	28,541	33,937
1946	1,171	84,329	389,968	475,468	*6,111*	28,162	22,051
1947	8,993	337,071	543,543	889,607	*2,539*	20,775	18,236
1948 (to Feb. 25)	32,538	668,803	635,020	1,336,361	*8,508*	27,937	19,429
Total	1,077,868	3,790,854	7,222,779	12,091,501	*19,047*	335,825	316,778

CANADA PACKERS LIMITED

WEEKLY AVERAGE WHOLESALE SELLING PRICES—RED BRAND BEEF
(F.O.B. Toronto)

1947		
Oct.	1	— Strike period
	8	— Strike period
	15	— Strike period
	22	— Strike period
	29	— Strike period
Nov.	5	25.50
	12	26.50
	19	26.00
	26	25.00
Dec.	3	25.00
	10	26.00
	17	26.50
	24	26.50
	31	28.00
1948		
Jan.	7	28.50
	14	28.75
	21	28.00
	28	27.75
Feb.	4	27.50
	11	27.75
	18	28.18
	25	27.17
Mar.	3	28.48
	10	28.22
	17	28.58
	24	29.08
	31	28.85
Apr.	7	28.87
	14	29.14

CANADA PACKERS LIMITED

WHOLESALE SELLING PRICES OF PORK PRODUCTS
(F.O.B. Toronto)

Date	Fresh pork loins	'Maple Leaf' Smoked Ham reg.	'Maple Leaf' cottage rolls visk.	'Maple Leaf' sliced bacon halves
1947				
Sept. 29	Strike Period			
Oct. 6	Strike Period			
13	Strike Period			
20	Strike Period			
27	34½	38½	42¾	50
Nov. 3	35½	37½	42¾	50
10	35½	37½	43	51
24	35	37½	43	51½
Dec. 1	34½	37	42	51½
8	34½	36½	41½	51½
15	34½	36	41½	51½
22	34½	36½	41½	51½
29	34½	36½	41½	51½
1948				
Jan. 5	43½	44½	49½	63½
12	43½	43½	49½	63
19	43½	42½	48½	63
26	43¼	40½	48½	63
Feb. 2	43¼	40½	48½	62
9	43½	40½	48½	62
16	43½	40½	48½	62
23	43½	42½	48½	61½
Mar. 1	43½	42½	48½	61½
8	43¼	42½	48½	61½
15	43½	42½	48½	61½
22	44½	42½	48½	61½
29	44¼	43½	50	62½
Apr. 5	44½	44½	51	63½
12	44¾	44½	51	63½
19	44¾	44½	51	64½

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CANADA PACKERS LIMITED

Red Brand Beef

Comparison of Cattle Costs and Beef Selling Prices

—	Average cost of red brand steers	Average wholesale selling prices (F.O.B. Toronto)
1947	Per 100 lbs.	Per 100 lbs.
Oct. 1	Strike period no sales.	
8		
15		
22		
29	$25.80	$25.50
Nov. 5	26.36	26.50
12	26.63	26.00
19	26.06	25.00
26	25.95	25.00
Dec. 3	26.26	25.00
10	26.58	26.00
17	27.50	26.50
24	27.89	26.50
31	28.13	28.00
1948		
Jan. 7	28.77	28.50
14	29.11	28.75
21	28.72	28.00
28	29.74	27.75
Feb. 4	28.79	27.50
11	29.69	27.75
18	28.99	28.18
25	28.56	27.17
Mar. 3	28.29	28.48
10	28.65	28.22
17	29.24	28.58
24	29.37	29.08
31	29.18	28.85
Apr. 7	29.03	28.87
14	29.24	29.14
21	29.77	30.09
28	30.91	30.63

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CANADA PACKERS LIMITED

AVERAGE WEEKLY WHOLESALE SELLING PRICES OF BLUE BRAND AND COMMERCIAL BEEF
CITY OF TORONTO

	Blue Brand		Commercial	
	Weight	Price per 100 lbs.	Weight	Price per 100 lbs.
1947				
Nov. 5	102,048	$25.09	110,313	$23.21
12	66,037	25.32	67,332	22.85
19	75,117	24.53	70,660	22.75
26	76,555	23.41	117,839	22.13
Dec. 3	66,694	23.90	97,786	22.06
10	64,648	23.81	108,263	22.21
17	72,846	24.69	119,606	23.94
24	64,124	25.15	84,053	24.10
31	64,848	25.52	46,941	24.66
1948				
Jan. 6	50,856	26.99	71,632	25.72
13	63,533	27.98	81,907	27.44
20	123,385	27.35	98,026	27.04
27	112,364	27.24	72,825	26.74
Feb. 3	101,778	26.95	79,326	26.38
10	156,696	27.01	123,168	25.85
17	28,061	26.52	145,817	25.91
24	67,890	26.62	83,435	25.53
Mar. 2	79,736	26.20	137,134	25.62
9	113,693	26.63	95,323	26.07
16	105,049	27.18	112,536	26.39
23	72,046	27.74	95,692	26.73
30	63,687	27.30	91,315	26.72
Apr. 6	66,538	27.42	104,299	26.85
13	78,499	27.78	127,082	27.02
20	95,207	28.36	109,030	28.36
27	96,271	29.80	104,258	29.25
Average weekly	81,854		98,285	

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 54

FRIDAY, MAY 7, 1948

WITNESSES:

Mr. A. G. Hall, Manager, Beef Department, Canada Packers Limited, Toronto, Ont.

Mr. Hugh M. Murray, General Provision Manager, Canada Packers Limited, Toronto, Ont.

Mr. Sam Steinberg, Steinberg's Wholesale Groceterias Limited, Montreal, Quebec.

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, May 7, 1948.

The Special Committee on Prices met at 11 a.m., the Chairman, Hon. Mr. Martin, presiding.

Members present: Messrs. Beaudry, Beaudoin, Harkness, Irvine, Lesage, Martin, Maybank, Mayhew, Merritt.

Mr. H. A. Dyde, K.C., Counsel to the Committee, in attendance.

Mr. A. G. Hall, Manager, Beef Department, Canada Packers Limited, Toronto, was called, sworn and examined.

In the course of Mr. Hall's examination, Mr. Hugh M. Murray, General Provision Manager, Canada Packers Limited, Toronto, was also recalled and further examined.

Witnesses retired.

Mr. Sam Steinberg, Steinberg's Wholesale Groceterias Limited, Montreal, Quebec, was recalled and further examined.

At 12.30 p.m., Mr. Mayhew took the chair in the temporary absence of the chairman.

At 1 p.m. witness retired and the committee adjourned until Monday, May 10, at 11 a.m.

R. ARSENAULT,
Clerk of the Committee.

12341—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

MAY 7, 1948.

The Special Committee on Prices met this day at 11 a.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: The meeting will come to order.

It seems to me that the important thing for us to clear up in our mind is this picture of stocks of meat on hand. As it stands it is most unsatisfactory, but we are going to get it or we are going to stay here until we do. That is the point which was raised by Mr. Maybank yesterday. We want to know the exact situation with regard to stocks on hand of all meats. Now, I don't suppose we can ask Canada Packers to give the general picture, but they can certainly tell us about their own picture.

Mr. DYDE: Mr. Chairman, I have one or two things to call to your attention. Mr. Hall is here and he has with him figures with reference to Canada Packers inventories of beef. We have certain figures with regard to storage stocks put in by the Dominion Bureau of Statistics. I made inquiries as to when they could get the over-all Canadian picture up to date and I have been informed the returns are now coming in with regard to May 1, and that it will not be possible to get the over-all picture with regard to May 1 for some days yet.

The CHAIRMAN: How many days?

Mr. DYDE: I do not want to fix an exact date.

The CHAIRMAN: But approximately?

Mr. DYDE: I have been told May 12 or 13.

The CHAIRMAN: Because, if there are a lot of stocks on hand, that has a lot to do with the present prices if all this theory about supply and demand is correct; and if we are going to do anything about it we should know that picture and turn it inside out. I think members agree with me on this.

Mr. LESAGE: Yes, I agree that we should have an idea of what it is. Of course, Mr. Hall can only give it for Canada Packers.

Mr. DYDE: I would like to call Mr. Hall to give us these figures.

Mr. LESAGE: Will we have Mr. Murray sworn at the same time?

The CHAIRMAN: Does he want to be sworn?

Mr. DYDE: If we need Mr. Murray we can certainly have him sworn. Mr. Hall is the officer who can give us the figures on beef, and then if we need to go further we will be glad to have Mr. Murray sworn.

The CHAIRMAN: We are in the hands of Mr. Dyde.

Allan G. Hall, Manager of Beef Department, Canada Packers Limited, called and sworn.

By Mr. Dyde:

Q. Mr. Hall, I think you have looked up figures with regard to holdings of beef of Canada Packers in storage as at May 1, and also you are able to give us exact figures as of April 1, 1948. By the way, what is your full name?—A. Allan G. Hall.

Q. And your office with Canada Packers?—A. Manager of the beef department.

Q. Would you proceed to give us the table of figures? I should like you to explain exactly what you are doing in the way of giving figures. Are these figures that were reported by you to the Dominion Bureau of Statistics?—A. Yes.

Q. You can give us these figures under the heading of April 1, 1948, and May 1, 1948, can you?—A. That is right.

Q. Now, we might take these figures under two columns, April 1, 1948, and May 1, 1948, and the first item is frozen meat. Mr. Hall, how much frozen beef did you have at April 1, 1948?—A. 4,928,000 pounds.

By the Chairman:

Q. How much?—A. 4,928,000 pounds.

By Mr. Dyde:

Q. And at May 1?—A. 2,949,000.

By the Chairman:

Q. Just a minute; two million what?—A. 2,949,000.

Q. On May 1?—A. Yes.

By Mr. Dyde:

Q. Then under the heading "Fresh" what are the figures?—A. On April 1, 3,711,000.

By the Chairman:

Q. Just a minute; it is hard to get. What is it?—A. 3,711,000. May 1, 2,870,000.

Q. Two million what?—A. 2,870,000.

Mr. IRVINE: That is for this year?

Mr. DYDE: This is all for this year.

The CHAIRMAN: April 1 and May 1.

By Mr. Dyde:

Q. Under the heading "Fancy Meats" what holdings?—A. April 1, 1,299,000; May 1, 1,004,000.

Q. And under the heading "Cured" what figures?—A. April 1, 479,000.

The CHAIRMAN: It is very hard to get these. It is too bad you could not have given them to us in the form of a table.

The WITNESS: I got it by telephone this morning.

The CHAIRMAN: This is the crux of the problem right now, if we are going to do anything.

The WITNESS: April 1, 479,000.

The CHAIRMAN: That is for what kind of meat?

The WITNESS: Cured.

The CHAIRMAN: All right.

The WITNESS: May 1, 337,000.

By Mr. Dyde:

Q. And the totals?—A. The total for April 1, 6,706,000.

By the Chairman:

Q. And May 1?—A. May 1—

Mr. DYDE: Did you not get the figure, Mr. Lesage?

Mr. LESAGE: I understood that frozen meat was 4,928,000 and the other was 3,711,000.

The WITNESS: Excuse me a minute. I left off the fresh. It is 10,417,000.

By Mr. Lesage:

Q. 10,417,000?—A. Yes.

Q. And on May 1?—A. May 1, 7,160,000.

By Mr. Dyde:

Q. Now, Mr. Hall, with regard to the holdings of meat, first the fresh holdings of 2,870,000—excuse me, the frozen holdings of 2,949,000, is there any of that now sold?—A. About 800,000 pounds sold under contract.

Mr. MAYBANK: That is 2·9½. That is the way I read it.

By Mr. Irvine:

Q. Is that sold to the meat board?—A. No, sold to customers in Canada.

By Mr. Maybank:

Q. That has been reduced by how much?—A. Sold is 800,000 pounds.

Mr. DYDE: It includes 800,000 pounds which have been sold.

Mr. MAYBANK: In the meantime?

Mr. DYDE: No, on contract.

The WITNESS: Put in on contract.

By Mr. Irvine:

Q. Just in that connection why would the purchase be delayed? How long is that delay, and what are the conditions of that sale?—A. That beef was mostly sold, some of it last fall and some of it within the last few months, to various customers who bought it to protect themselves over the spring when beef is usually scarce. It is beef sold to hotels, lumber camps and trade of that kind who had to have beef supplies assured. It was sold to them at the time of sale at the going market price and put in storage for their account.

By Mr. Maybank:

Q. Is that not substantially the case of a buying of meat for future delivery? —A. Yes.

Q. There is just this point about it. I do not suppose that this 800,000 pounds bought by these various people whom you have mentioned for future delivery is actually identified and sequestrated away from other similar beef.—A. Oh, yes, it is marked for them and tagged for them and put away for their account, but not charged to them then.

Q. Is is not that a certain number of pounds in the total is for them but it is a certain selected and identified number of pounds?—A. Correct. For instance they might buy 100 loins of beef and 100 ribs of beef. They would be held for them fresh and put in storage to be charged as they are taken out.

Q. Just as though they themselves had carried it to you and said, "Please store this for me", you being a public storage?—A. Except we finance it until they take it out. We charge it to them as they take delivery.

Q. I presume it is not in any freezer or cooling premises of your own but it is in some public storage which you employ.—A. Mostly; there might be some quantity in our own plant.

Q. But in any event these are a certain number of pounds that you would not have any right whatever to sell to me or anybody else?—A. That is correct.

Q. It is well established that that particular poundage is their?—A. That is right.

By Mr. Irvine:

Q. Are they obliged to take the full amount?—A. Yes.

Q. Whether they need it or not?—A. Yes.

The CHAIRMAN: We were told yesterday your proportion was about one-quarter of the total, and it looks as though on hand now, or as of the 1st of May, we have slightly more than was on hand on April 1 last year.

Mr. LESAGE: Pardon me—

The CHAIRMAN: May 1 of last year.

Mr. LESAGE: Much more.

The CHAIRMAN: Much more. Is that right?

Mr. MAYBANK: Independently of whose it is the poundage now seems greater than it was twelve months ago.

Mr. IRVINE: And unconsumed.

By the Chairman:

Q. Is that right?—A. It looks that way.

By Mr. Lesage:

Q. Have you got your own figures for last year?—A. Yes, these are our own figures.

Q. For last year?—A. No.

Q. The total for April 1 and May 1, 1947. I would not want a breakdown. —A. I think it is in the book.

Q. It is not in the brief.—A. I should like to make an explanation in connection with the figure we gave you yesterday. I gave Mr. McLean a figure yesterday that our unsold as at April 28 was 1,367,000 pounds whereas this morning I have given you a figure that is 2,149,000. I want to explain the difference. The figure I had yesterday included only beef that was owned at our packing plants. This figure I have given you today is our complete figure including all our branches which carry stocks.

By the Chairman:

Q. I should like to keep this thing as simple as we can because if we introduce all these other figures it is complicated for me, in any event. I want to try to get a picture of what the stock situation is at the present ime. You agree that it is more than it was in April and May of last year?—A. Yes.

Q. The total picture?—A. I would say so.

Q. Estimated. Now, we have been told about the supply and demand theory and so on. It is inconceivable to me how it can be suggested now that the rise in the present price of meat is not very seriously due to the amount of meat on hand, the amount of beef on hand at the moment.—A. I think the amount of beef on hand in storage as for the last few weeks helped to keep the market for fresh beef from going higher. For instance, we have distributed during April 2,000,000 pounds of frozen beef, the difference between 4,928,000 and 2,949,000. That is an average of half a million pounds a week. Had that not been thrown on

the market the demand for beef would have been that much more in excess of the available supply, and so far as we are concerned we are selling that beef as fast as we can sell it. There is only a percentage of our customers who will buy frozen beef, and you have to send it out to areas where such customers exist. For instance, it would be very hard to sell frozen beef in the city of Toronto. There is hardly a retailer who would handle it unless there was an extreme shortage.

By Mr. Irvine:

Q. Is that not the case in previous years also?—A. Yes. I might explain this. The chief reason for the difference in the quantity of frozen beef this year as compared with last year is that at the end of 1946 and the first of 1947 we were operating under price ceilings, and the ceiling for fresh beef and frozen beef was identical, so that there was no attraction in putting any beef into storage during the period of big supply because you had no way of recovering your cost of freezing and carrying it, so that the beef was sold fresh as roduced. Any surplus could be frozen and exported to England. So there was no reserve supply in the freezers a year ago, and at this time last year and right through to July we had an extreme shortage of fresh beef for the trade. It was in today and it was out to your house in the morning. It was very extreme. There was no reserve last year, and it was only the ceilings that kept the prices down where they were.

By the Chairman:

Q. The supply of live stock is continuing?—A. Yes.

Q. It is good?—A. It is good; the supply is relatively good compared to last year but the demand seems to be even greater.

By Mr. Lesage:

Q. There is no export at this time.—A. There has been none exported this year since early February and January. In January and February there was a surplus exported. I think the meat board has shipped since the 1st of January 28,000,000 pounds of beef.

Q. So the domestic demand must have expanded tremendously.—A. No, in January killings were much heavier than they are now. They were up as high as 36,000 cattle a week. That surplus was exported.

By the Chairman:

Q. Can you offer any explanation to this committee why, in the fact of the facts you have related, particularly that you have on hand more than in April or May of last year, there should be an increase in price.—A. Just that the demand week after week is forcing the price up.

Q. But you have a greater amount on hand than you had at any time in May or April of last year, or any comparable period?—A. Beef that is in the freezer would not be comparable to a large portion of the fresh production, and as I said before many retailers will pay almost any price for fresh beef rather than handle frozen beef.

By Mr. Maybank:

Q. It comes to this, does it not, that the demand was as you stated, and you released out of storage a certain amount each week and added that to your kill, and you just added enough each week in that way so as not to cause the demand price to drop any.—A. No, I would say we released as much as we could sell.

Q. But you released as much as you could sell at the new higher price; would that not be so?—A. No, we released as much frozen beef as we could find customers who would buy frozen beef.

Q. What about fresh beef?—A. Fresh beef—you must bear in mind there is fresh beef or about 3,700,000 or 2,800,000. That is just the current stock. Our production at the present time would be about 3,500,000 to 3,800,000 pounds of beef a week. That is going into consumption as fast as we can get it to the consumer, so 2,870,000 pounds is less than a week's production, and that beef is changing every day. If we kill 700 cattle in the plant today we have to move 700 carcasses of beef in order to be able to kill tomorrow.

By Mr. Lesage:

Q. You mean you could not operate with less?—A. We could not operate with our present killings with a smaller stock of fresh beef.

By Mr. Maybank:

Q. That is really a moving stock.—A. Just as though it was on a chain.

Q. How does that compare with last year?—A. Last year we had 3,700,000 against this year 2,870,000—oh, I beg your pardon.

Q. Those figures are a month before.—A. Oh, I would say it is larger than last year because at this time last year our total kills were small because we were under ceilings and the live market was well above the equivalent of ceilings, and we just bought enough cattle to stay in the business.

Q. May I see if this is a correct picture? You are killing 1,000 cattle a week. In such a case there ought to be in storage about a week's kill, and that is roughly what is the fact, is it not?—A. I would say roughly a little less than a week's kill, probably $\frac{3}{4}$ of a week's kill, because the beef has to be killed today and it has got to be chilled and has got to be prepared for shipment. There is a space of two or three days from the time it is killed. Some customers buy beef and hold it for a week.

Q. Is it right to say that as to whatever we find of fresh beef you have remarked it is just as though it was on a moving carrier?—A. That is correct.

Q. That what we find there is the carcass of an animal which is killed last week?—A. Just in the process of being merchandized.

Q. If that is the case it is hardly storage as the expression is used in the popular way.—A. That is correct.

Q. And you would have us understand then this fresh beef is not to be thought of as stored up?—A. That is correct.

Q. Then you say that the amount is less a year ago because your weekly kill a year ago was less.—A. I am speaking of our own, yes.

Q. What were the respective figures for a week's kill this year and last year?—A. I can estimate that.

Q. I presume what you are going to answer will be an approximation.—A. Yes.

Q. But do you feel yourself you can approximate reasonably closely?—A. I would say at the present time we are killing in the neighbourhood of 7,500 to 8,000 cattle per week, and that is about 40 per cent more than a year ago, or about 3,000 more than a year ago.

Q. Would it be your statement that the fresh beef on hand in the manner you have already been describing to us would likewise be about 40 per cent more now?—A. I would think so. That is from memory and subject to some correction.

Q. I appreciate that.—A. It might be.

Q. You have been attending to the same section of the business for some little time, have your not?—A. Yes.

Q. This is your department and has been for quite some time?—A. Yes, I spend all my time on that.

By Mr. Irvine:

Q. Mr. Chairman, I would like to ask a question here. The witness said a moment ago that the demand for fresh meat is much greater than the demand for frozen meat—that is in the Canadian market?—A. Yes.

Q. And you have also stated it is somewhat more expensive to freeze meat than to sell it fresh?—A. Yes.

Q. In that case, why do you freeze it at all since the demand is so great for fresh meat?—A. The beef that is frozen and which we have for our own account was frozen last fall in late November or early December. There was very little space available in late November or early December when there was a surplus on the market and it was a case of freezing the surplus to ship it to the meat board for export or, on the other hand, it was a case of putting it in the freezer to have some beef in a period of shortage such as now—to have a supply for the type of customer who will take the frozen beef. It is customary when we have no price controls to do that—to have some of that beef for that type of customer and usually it is all finished by the end of May.

By Mr. Maybank:

Q. How long can you store beef and still have it fresh?—A. For the ordinary trade, I would say the maximum would be about two weeks.

Q. Whenever you submit figures to us on fresh beef we can say those carcasses have not been carcasses for longer than two weeks?—A. That is correct except that for some trade the ribs and loins are aged for a longer period—perhaps three or four weeks—to tenderize them. That is done for the hotel trade and so on.

Q. That is processing?—A. Yes.

Q. As against storage as it is ordinarily expressed?—A. Yes.

Q. Am I right in thinking your frozen beef is what you call the sharp freeze. You put it in a sharp freezer?—A. That is correct.

Q. Probably 30 or 40 degrees below zero?—A. It is put in around zero or a little below and carried something just above zero.

By Mr. Lesage:

Q. Mr. Hall, in answer to Mr. Maybank, a few minutes ago, you used these words "in a period of shortage as we have now". Would it be correct to say it is not an absolute shortage which we have but it is a shortage in relation to demand?—A. That would be correct.

Q. It is a shortage in relation to the increased demand?—A. That is correct.

Q. May I ask Mr. Child if there has been, in the last two months, an increase in the amount of sales of beef—volume of sales?—A. I could answer the question.

Q. If you can answer it, please do so?—A. I cannot give the information over a long period but I can recall definite figures on one week which was two or three weeks ago. Our sales this year were 93 per cent greater than they were last year.

Q. 93 per cent greater than last year?—A. Yes, and that includes fresh and frozen.

Q. And most of it was fresh?—A. Most of it, yes.

Q. I understand the demand on the domestic market is for fresh meat and the increased demand is tremendous?—A. Yes. Excuse me, I would like to supplement that statement with these remarks. I think more cattle are coming in to central points this year and we are shipping beef to customers who formerly had been our customers but a year ago they were perhaps having a farmer kill some cattle for them, or they were killing their own and it

means the demand for beef, as far as we are concerned, is more extreme than the over-all demand. There was a switch from decentralized killing to centralized killing.

Q. I understand that. Just the same there is in general an increased demand?—A. Yes, I would say so.

Q. Is the demand more for good quality beef or for low quality beef?—A. At the present time the demand applies to all beef and it clears all beef as quickly as it is ready. The strongest demand is for the most expensive cuts out of the best parts of the beef—particularly loins for steaks.

Q. Mr. Hall, can this situation and the relation between supply and demand be levelled soon?—A. I am no prophet.

Q. What is your opinion?—A. Anything I say is only opinion and it might be absolutely wrong.

Q. Yes?—A. I would think the situation would get worse from now until July.

Q. From now until July?—A. Yes, because I think we have been killing a lot of cattle in the last few weeks—the higher prices having brought them out—and they would ordinarily come in late in July.

By the Chairman:

Q. With a consequent rise in prices?—A. Yes, but they are used up now and it will probably mean a short supply in the next six weeks.

By Mr. Lesage:

Q. I remember what Mr. McLean said, and I suppose you will agree with him that all the increase in price is going to the producer of the cattle?—A. Yes.

Q. You are not taking any profit out of the increase in price?—A. I would say that we are making a profit on beef today although we did not a year ago. We were buying beef which was costing us a cent or 2 cents more than the ceilings and we were taking a definite loss in order to stay in business.

Q. This year you are making a profit on beef at this time?—A. Yes. There is another feature of the situation if beef does get scarce this year there will be plenty of pork. The consumers can buy pork now but a year ago that was not the case because pork was under quota and it had to be exported.

Q. We have been told here that there was a switch from pork to beef after the 1st of January, according to the consumer's demand, on account of the fact the price of pork did go up after the British contract came into effect?—A. That is possible to some extent. I do not want to answer for pork but my understanding is the demand for pork is also exceptionally good.

The CHAIRMAN: Now?

The WITNESS: Yes.

By Mr. Lesage:

Q. It is also exceptionally high now?—A. Yes.

Q. Do we understand then that the Canadians are eating more meat than they did?—A. I do not think they are eating less.

Q. They are eating more?—A. Yes.

By Mr. Maybank:

Q. If the demand is greater in relation to supply and the supply is greater with reference to the task, the answer is that people are either eating more or throwing it away?—A. Yes, but there is one unknown quantity. You do not know how much meat was produced in uninspected plants.

Q. Everything that is said with reference to today's position has to be conditioned in the light of the situation last year when there were controls with consequent black marketing?—A. Black marketing, or a lot of uninspected killing. The retailer might have bought cattle and killed them.

Q. That is not black marketing?—A. No, it was not black marketing but meat was killed in the country and there was a good deal of uninspected meat.

By Mr. Lesage:

Q. Taking into consideration the amount of beef and pork killed, as Mr. Maybank has said, there is an increased demand?—A. That would be my opinion, although I could not prove it. The figures come out once a year.

Q. I think we can conclude that we are reaching a higher standard of living without controls than we were with controls?

Mr. IRVINE: I would like to make one point clear.

Mr. MAYBANK: I did want to put a follow-up question.

Mr. IRVINE: Mine is a follow-up question.

Mr. MAYBANK: Go ahead.

By Mr. Irvine:

Q. I want to get this point clear. I understand the demand is very great according to your statement and you have sold in the last months 93 per cent more than you did last year?—A. I recall one particular week in which we did.

Q. All right, one week. That would seem to indicate then that the demand was to a very large extent met. You would not suggest in that week the consumption of the Canadian people was 93 per cent greater than in any other week of the year?—A. I explained that a lot of beef we sold was replacing beef that a year ago did not come into our figures and probably did not come into the inspected killings.

Q. Would you say that during that week the demand was very largely met?—A. I can only speak for ourselves. If we had had more beef we could have sold it.

Q. There was a greater surplus in that week than in the corresponding week of the year before?—A. There was a greater stock on hand in our plants.

Q. Yes.

The CHAIRMAN: This is a mystery to me.

Mr. IRVINE: It is a mystery to everybody.

By Mr. Mayhew:

Q. I would like to know how long you think you could have continued to supply the demand had it remained at 193 per cent. You could do it for a week but— —A. It is entirely a day to day proposition and as many cattle as we kill we move.

Q. Were there enough cattle in the country to sustain that demand?—A. It just depends whether they are being marketed. There are 9,000,000 or 10,000,000 cattle in the country.

By Mr. Maybank:

Q. They would be used up pretty soon?—A. I would say the marketings this year are fairly normal—maybe a little shade on the heavy side—as compared with the last few years.

Q. You cannot increase the number of cattle available for market in a short time?—A. No, but a man may decide to sell cattle today that he did not intend to sell for another six weeks or six months.

Q. That may be so, but Mr. Mayhew is asking about the possibility of keeping up with the demand represented by that figure of 193 per cent?—A. The cattle marketings are seasonally heavier now but they will be lighter in June.

Q. You could not keep up the 93 per cent increase for very long without running out of cattle?—A. I would like to qualify the statement by saying that a year ago the beef we had was pretty pitiful as far as volume is concerned. We were practically out of business and the 93 per cent does not mean a great deal.

Mr. MAYHEW: There was no profit last year, and you were not pushing the business?

The WITNESS: We just did enough to keep a few men in the plant.

The CHAIRMAN: What was that question?

Mr. MAYHEW: I was saying that there was no profit last year so he was not pushing sales as compared with promoting sales?

The WITNESS: There was a heavy loss.

By Mr. Maybank:

Q. With reference to this storing of frozen meats, in the event of any carcass not being stored as frozen it would have to go into the stream which would result in it reaching the consumer?—A. Correct.

Q. So whenever any carcass is frozen it is held off the market and out of the domestic trade?—A. I think we have explained before that the beef put in the freezer went in at a time when the domestic trade got all it would take and there was a surplus which was being frozen for the meat board.

Q. I see.—A. We sold a lot to the meat board but we put some away for our own business later on.

Q. Again when you say the trade got all it would take you mean it received it at the then going price?—A. Yes, our policy was to put it into the domestic market rather than to export it.

By the Chairman:

Q. Is this not the situation with regard to beef? Let us leave pork alone, we have not touched that yet and your accumulation as of April 1 was abnormally high, the highest that it had been since 1926—but we will just look at beef alone right now. Is it not true to say that in relation to the demand your supply situation is as good as it has ever been?—A. No, I would not say that. It is hard to make an absolute comparison with years gone by—especially at this time of the year, from April through to June. I would say over the years I have been in the business there has been short supply in relation to demand at this season of the year.

Q. You say short supply, but that is not the evidence?—A. In relation to demand.

Q. You still have more on hand—keep in mind what there is in storage and what you have coming along continually in the way of fresh cattle. You still have a greater amount on hand by way of supply than you need for the demand? —A. If we were able to find customers to take all our frozen beef out they could have it in the next week, because we only have 2,500,000 pounds and it would not affect the situation.

Q. Frozen beef is as good as live beef is it not?—A. No.

Q. Nutritionally?—A. Oh, yes, nutritionally.

Q. Have you told the public that? What we are trying to do is to get prices down and if we do not get prices down this committee is not going to be the only embarrassed unit in the country?—A. I can tell you that all the frozen beef we have got will not affect the price one iota.

Q. But if not only you but the other companies recognized the situation and saw that it was a serious responsibility which they have, I think something

could be done?—A. Most of our frozen beef is of the lower grades, for a particular trade such as the camp trade, but when consumers go into a chain store or an ordinary retail store they want a steak from a red brand carcass and they are not going to take frozen beef. They will take pork or something else.

Q. What are you doing to get them to take pork?—A. We are selling what we can.

Q. As of May 1 what is your accumulation of pork stocks?—A. I prefer that Mr. Murray should answer.

Mr. Hugh M. Murray, General Provision Manager, Canada Packers Limited, recalled:

Mr. DYDE: Mr. Murray has already been sworn and he may answer the question.

The WITNESS: What is the question?

The CHAIRMAN: We are not leaving beef but we would like to get the whole supply situation clear. What is your accumulation of pork stocks as of May 1, 1948?

The WITNESS: Would you like me to explain the figures in the same manner as Mr. Hall explained the figures with respect to beef? If so, would you turn to page 30.

Mr. MAYBANK: Do you divide the product in the same way?

The WITNESS: Yes. If you will turn to page 30 in the brief I could give you the figures for two additional months. I am sorry I cannot give the figures for last year but I can give them for this year.

By the Chairman:

Q. All right.—A. Half-way down the page we list freezer pork. The first line is for the meat board.

Q. Yes?—A. I will give you the figures as of April 1 and then May 1. The April 1 figure is 10,412,000 and the figure for May 1 is 11,236,000. Next line, B-other, reads for April 1, 6,493,000; for May 1, 7,057,000. Coming down then to Section 5, other pork—

Mr. MAYBANK: Just a second now. The first of those figures is April 1, of this year?

The WITNESS: And the second is May 1, of this year. Coming down to Section 5, Meat Board; 1,686,000 for April 1, and 1,683,000 for May 1. Under other, which is the next line, 4,782,000 and 5,034,000; total pork, which is Section 6, 22,383,000 pounds and 25,010,000 pounds. If you like, Mr. Chairman, I will give perhaps a very brief explanation of these figures.

The CHAIRMAN: Yes.

The WITNESS: The first statement I would like to make is that there is no shortage of pork, that every order we can possibly get for pork is being secured and is being filled. The board are taking from us for export only the surplus pork which we are unable to sell in the domestic market at the present time. Stocks of Meat Board pork, both frozen and in cure—that is Section A, under Item 4, and Section 2, under Item 5—belong to the Meat Board and are being accumulated by the company at the direction of the Meat Board in order to provide even shipments to the U.K. market during the months of July, August and September when there will not likely be much, if any, of a surplus production in Canada.

The CHAIRMAN: What was that, July—and what?

The WITNESS: July, August, and perhaps September—the other stocks of freezer pork.

The CHAIRMAN: We will then be out of the dangerous period.

The WITNESS: In so far as beef is concerned.

The CHAIRMAN: So far as price is concerned.

The WITNESS: But it is a dangerous period in regard to pork.

The CHAIRMAN: Yes.

The WITNESS: The shortage of pork comes at a different season of the year than the shortage of beef.

The CHAIRMAN: Yes.

The WITNESS: Now, stocks of other freezer prok belonging to the company; and you will see that they remained almost constant—at the end of January, six million and two, and at the end of February, six million five, and in March six million four, and at the end of April seven million five. These stocks remained almost constant. They consist of two types of product: one, a lot of sundry products, trimmings and similar products, which just as Mr. Hall said a moment ago about beef are on the rail in the course of preparation or in the course of temporary storage for use in other departments of our business; the other section consists of domestic cuts—that is shoulders, loins and so on. Although I cannot speak for any other company, in our case the holdings of that particular type of pork are in there because they were not suitable either for sale or in the domestic market or for export to the board as Wiltshires. As I say, they are suitable for sale in the domestic market, but at that time the domestic market had a plentiful supply of these particular goods so we freeze them and try to even out the supply in July, August and September when we take these domestic goods out and use them domestically and in turn take butchers from our fresh kill which then are plentiful for export and ship them to export. Now, that is a rather long explanation. I hope it has not been too tedious. But the net result of it is that as far as the pork end of the business is concerned we have available to supply any customer who likes to order all the pork he wishes to buy. There are variations in price, but broadly speaking I would consider that the present price level in total is likely to continue right through to the end of the year. Now, there may be local points at which prices may change for a month or for two months on this market or that market which may be temporarily short and the price may rise in that particular market slightly; but broadly speaking I would consider that people can have all the pork they want to buy.

By Mr. Maybank:

Q. It also means that if we wanted more pork for our domestic market about the only place from which it could come would be from the Meat Board which is accumulating it for shipment to England. Is that correct?—A. I would not be able to answer that, sir. When it comes to our freezer stock, the answer would have to come from the authorities of the Meat Board.

Q. That is, it means that the Meat Board would be taking less; is that what you mean?—A. That is right; although I should I think add to that that the Meat Board are not requiring us to deliver any product at all. But it appears, and I am not speaking for the Meat Board, it appears to most of us likely that there will be at least sufficient pork to complete our contract with the United Kingdom, and perhaps there may be a surplus over and above that, so that the board are not anxious to get a single pound of pork from us at the present time. There is no pressure on the packers to deliver anything to the board.

Mr. MAYBANK: I see.

The CHAIRMAN: What steps are you taking, apart from what your company has told this committee; what steps are you taking? I take it that you are concerned about this rise in price just as we are.

Mr. IRVINE: Do you think they should be?

The CHAIRMAN: I am asking you that, Mr. Murray. Would you not prefer to see the level maintained at what it was previous to the last three weeks?

The WITNESS: I do not know that I have any comment on that. We are in such a position that we have to pay a certain price for hogs and we have to face conditions as they are; I do not think I have any opinion as to whether or not it is desirable.

The CHAIRMAN: My own opinion is that in your own interests as well as in the interests of everybody else is that it is a very unfortunate thing that this rise has taken place, but you can't tell—

Mr. HARKNESS: Mr. Chairman, I do not think that is a fair statement. It is certainly not an unfortunate thing as far as the producer is concerned. In fact, it is actually necessary to keep him living.

The CHAIRMAN: Let us see if that is the evidence, that is not the evidence before this committee.

Mr. HARKNESS: That is the evidence of the producers, yes.

The CHAIRMAN: I am concerned now, having in mind no particular group, but it is a matter for concern for the public generally; and if this rise continues I am not just sure that it is going to be helpful to the producer or anyone else in the world. What we need to do, and what we have to do, is to take a pretty long view of this picture. Now, how are we going to help give the public information, help in this matter, in view of the available stocks as shown by the figures here, particularly with regard to pork; also having in mind that there has been a switch in buying from pork to beef. I think we have to try to reverse that and switch them from beef to pork again.

The WITNESS: Our normal method of handling a situation of that kind is constantly to impress on each of our salesmen the desirability to direct the pork prices downward and urge on him that he should have each of his customers sell as much pork as he possibly can.

The CHAIRMAN: Yes.

The WITNESS: We have, you see, salesmen who cover practically every community in Canada, and that exerts, I think quite a large effect.

The CHAIRMAN: I know what I would ask Mr. McLean if he were here. I am sorry he is not here.

Mr. IRVINE: Is Mr. McLean not coming back?

Mr. MAYBANK: I think Mr. Thatcher really got everything settled and so it was thought it would not be necessary for him to come back last night.

Mr. IRVINE: I certainly have some questions I wanted to ask him.

The CHAIRMAN: I thought he was coming back here. He told me yesterday that he would be here. I thought he was coming back as he said.

Mr. MAYBANK: We have the company officials here.

The CHAIRMAN: Yes, but this witness says he could not give an opinion, so that would not help us.

By Mr. Mayhew:

Q. Have you any idea of what percentage of the kill there is over which the large packing houses have no control at all, is that just cattle killed on the farm and marketed in country markets?—A. No, I have not.

Q. Have you any idea of what the percentage would be?—A. I have no idea. I have never been able to get anything on that.

Q. Do you think it is a very substantial figure?—A. It would be a very considerable item, I think. All I can say is the same as Mr. Hall. We have certainly more merchandising through inspected outlets, much more so than was the case when we were under controls. During the period of controls as inspected houses we were restricted to the number of hogs that we could put on the market, and that was a much smaller number than we could sell. That created a sort of vacuum in the middle of the market and that vacuum was filled to a very large extent by the small people.

Q. But that small proportion over which there is no control would have a very definite influence on the price of live pork, wouldn't it?—A. I don't believe I understand your question.

Q. Well, they are competing with you in the fresh meat market, in selling? —A. That is right.

Q. And what is killed in that way comes into the open market in competition with the inspected slaughterings and you have no control over that, but they have a certain influence on the market?—A. I would not say it would be very great, but what they sell in the market would be a factor.

Q. But you could not give us any estimate as to that?—A. No.

Q. But it would supply a certain amount of the demand and a certain number of steers or hogs would not come on to the market through regular channels?—A. It is marketed.

The CHAIRMAN: Mr. Harkness, I do not think, speaking for myself, that I would be doing my full duty if we did not take into account this complete picture. Now, no one wants to see the producer get less than he is entitled to; but we are not going to resolve this problem by not facing up to it; and the fact is, the evidence is, that the price to the producer today is as good as it was any time of which I know. Now is that true?

Mr. HARKNESS: I would not say that it is true. Your statement said for the committee to discourage, to oppose this increase which has taken place in the price of pork. As far as the producer is concerned, that is the exact reverse of the truth. If the increase of 6 cents a pound or 7 cents a pound in the British bacon contract had not taken place—for instance, I can give you my own experience on 1,000 hogs this year. I would not be raising a single one. If I had attempted to do so I would have lost everything I was putting into it; and every other hog man is in exactly the same position. In other words, that increase was absolutely essential to keep the people in the hog business. Therefore, the statement that everybody is against the increase having taken place—as I say, so far as the producer is concerned, it is exactly the reverse of the truth. It seems to me from the evidence we have had from the Meat Board officials and others that they agreed that when this new contract was entered into this increase was necessary to ensure production of hogs.

The CHAIRMAN: You mean this present rise?

Mr. HARKNESS: There has been no substantial rise.

The CHAIRMAN: There is a substantial rise, and these people have told us that it is likely to continue on beef into July.

Mr. HARKNESS: We are talking about pork, and you are talking about production at the time.

The CHAIRMAN: Yes. I see that we are at cross purposes.

Mr. LESAGE: I am reading the cattle prices on the market yesterday, and here I see it is 29 cents for grade A hogs; apparently there has been little change lately.

Mr. HARKNESS: That is the same as for January, no change in pork.

The CHAIRMAN: I still say that we are not going to reconcile this problem by not facing up to the issue.

Mr. HARKNESS: I think we are facing up to it. When we look at it from the point of view of adequate supply I think that is why our government increased the price in the British contract, because they realized that in order to get a supply of pork they had to get that increase in price.

The CHAIRMAN: The supply situation I do not think is bad. I think the evidence before us is that it is good. What troubles me continually in this thing is this: why, if that is the case, there should be this continual gradual increasing rise. I have not had any explantion of it yet.

Mr. HARKNESS: But if the supply is going to continue—if you are talking about the supply of pork—the number of hogs marketed in Canada last year was I think a little less than half what it had been three years previously; so that does not indicate that the supply situation is particularly good, does it?

The CHAIRMAN: We just have the evidence from Mr. Hall—

Mr. HARKNESS: I am talking about the total number of hogs produced. Have you got the exact figures, Mr. Murray? I think you referred to that.

The WITNESS: It was around four million eight, then dropped to six.

Mr. HARKNESS: Three years ago it was about eight million.

The CHAIRMAN: It is higher than last year and higher than the year before.

Mr. HARKNESS: No, lower than the year before.

The CHAIRMAN: The figures I have don't indicate that.

Mr. HARKNESS: In 1944, the total hogs marketed were 8,666,430; in 1945, 5,800,000 some odd—that was right; in 1946, 4,400,000 some odd; in 1947, 4,700,000 odd. In other words, we are down to about half now compared to what we were in 1944. So, as I say, that does not indicate a good supply situation.

The CHAIRMAN: What are your figures for April 1?

Mr. HARKNESS: I havent' got that. This is just the yearly total.

The CHAIRMAN: On April 1 of this year the pork supply situation was the highest it has ever been.

Mr. HARKNESS: You mean the amount of pork in cold storage—yes.

The CHAIRMAN: Yes. I am talking about storage.

Mr. HARKNESS: That is a different matter than the supply situation for the year, a totally different matter.

The CHAIRMAN: Well, I am simply stating a fact. It cannot be successfully controverted. It was the largest amount of cold storage pork on hand in our history.

Mr. HARKNESS: Yes. There is no argument about that.

The CHAIRMAN: But we cannot ignore that fact. That is an eloquent fact.

Mr. HARKNESS: Yes, but you see we must get all the facts and look at the situation from the standpoint of all parties interested.

The CHAIRMAN: Yes.

Mr. HARKNESS: And from the particular point of view of the actual production of hogs in the country, it is just about half what it was three years ago; so that does not indicate a promising supply situation, does it?

The CHAIRMAN: It certainly does. It indicates the most abnormally high supply we have ever had. It is there in storage and should be made available for everybody, and that would help out the price situation. That is a very material factor.

Mr. MAYHEW: If that is the case people have the cure in their own hands, they can stop buying choice beef, they can buy second cuts of beef and they can take frozen beef and they can take pork, and the price of beef will eventually

come down. They have the situation in their own hands—a buyers' strike against these high prices—it would be all to the good, it would be a good thing.

The CHAIRMAN: I wish you would pursue that.

Mr. LESAGE: As far as the price of cattle is concerned, they are coming down this week. I am quoting from the *Globe and Mail* of this morning—Canadian Press—it says, "About 350 head were brought forward from yesterday's market on Winnipeg livestock market today. Trade opened on the draggy side. Bids for most killing classes were ruling 25 to 50 cents lower on top of the decline registered earlier this week." I suppose the consumer will benefit by this decrease in the price of cattle?

Mr. HALL: Right on that, for the last three or four weeks roads in the west have been impassable. There has been a backlog of cattle which could not get into market, the roads in Manitoba and Saskatchewan being such that they could not get them out. Now that conditions have improved there has been an increase in slaughterings. I think I mentioned that before. As a result, the Winnipeg market reacted sharply on cattle and there has been a sharp decline in beef. That beef has been produced this week and is rolling and will be into consumption next week. At least, that is my information, and it is my opinion that that will likely cause a levelling off of prices and lower prices in a week, and possibly it will continue until the market absorbs the backlog of cattle. But in the over-all picture the best information we could get is that the total supply of cattle is not great. So long as this little flush is on it will have a tendency to level off the market. How long it will last nobody can say. It may be two or three or four weeks, and, then we will be back into a period where beef generally will be in the short supply position. This will have the effect of probably bringing down prices a little temporarily.

Mr. IRVINE: But there are indications that the stocks on hand after the next few weeks will be greater than now?

Mr. HALL: No, they will be less, I would think. The fresh beef is being left out of stocks, because that is practically on its way to the consumer each week, and the frozen stock becomes less.

The CHAIRMAN: Now, Mr. Hall, I would like to ask you this question; and I want to say that this question is not a suggestion that there will be controls or that there will not, and I don't want anyone to interpret this as saying that I am hinting there is going to be or there is not going to be controls, I am putting a question to you. What would you say about ceilings as a correction to the situation?

Mr. HALL: Between now and July when there will be a relatively short supply in relation to demand. I would think any repetition of the situation we had a year ago when ceilings were set; lots of products were sold well above the ceiling, because buyers have money and they want to buy beef and they will buy it. We have had these periods year after year under controls.

The CHAIRMAN: So you do not think controls would correct it at all?

Mr. HALL: I am afraid not.

The CHAIRMAN: What is the remedy? Is there any suggestion?

Mr. HALL: I think the public have to make up their minds as to whether they want to buy high-priced beef rather than lower-priced pork or poultry or other beef substitution—I think the correction is in their own hands.

The CHAIRMAN: Is anything being done by your company to encourage the purchase of these other things? We have been told about pork by Mr. Murray. What about the other things, chicken and so on?

Mr. HALL: To the extent that we have any product we always try to sell the greatest quantity possible.

Mr. IRVINE: Let us look at it this way. Suppose pork is down at the moment, and so is poultry. I presume that is the price which meets the demand,

as the other prices do. Now, you suggest that people stop buying meats of the more expensive type and turn to pork and to poultry. If they did that would you not immediately raise the price of those commodities to meet the increased demand?

Mr. HALL: Could be.

Mr. IRVINE: Well then, what is the difference whether they pay too much for hogs and beef or these other things?

Mr. HALL: If they think the other products are better value they will buy these other products and less beef.

Mr. IRVINE: Do you think they buy the best value?

Mr. HALL: That could be, yes; or it may be that they like it. If they have the money to pay for it I suppose they will buy what they like.

Mr. IRVINE: Your suggestion is that we should take some of the money away from them probably?

Mr. HALL: I did not suggest that.

Mr. IRVINE: That would bring prices down.

Mr. HALL: Remember, this strong beef and cattle situation at this time of the year is normal, the figures for the last nine or ten years show that. They are marketing cattle which have been fed grain for six months, and that is the most expensive type of beef that is turned on to the market from the producers' standpoint. Later on you get cattle which are fed on grass and they are the ones which are produced most economically.

Mr. IRVINE: I do not think there is anything new in the situation as far as I can see it. It is just the same old thing.

The CHAIRMAN: Are there any further questions?

Mr. Sam Steinberg, Steinberg's Wholesale Groceterias Limited, Montreal, Que., recalled:

Mr. IRVINE: Mr. Chairman, before you proceed with the next witness I would like to ask if it would be possible to secure figures which would show the entire capital and plant equipment used in all packing houses in Canada. I would like to get that figure because I am sure it has a bearing on prices and even on the increase in prices. I believe there is a great deal more capital invested in the business than the business can properly warrant and in many cases they have been taking losses on meat in the plant. Now there comes an opportunity for them to take adavntage and make up their losses and I think we should be sure that the thing is not over-balanced. I asked a question of one of the packers and I intended to ask Mr. McLean how many cattle the company could process in a year provided they were asked to do so because I think the figures would reveal there is a great deal of idleness half the time. That is not an economical state of affairs and I would like to know exactly what the figures are.

Mr. DYDE: I shall make inquiries and see whether I can obtain the figures.

By Mr. Dyde:

Q. You have already been sworn, Mr. Steinberg, and when you were last before the committee there were some matters which you were asked to consider and you were asked to come back today and give us the explanation. The matter to which I call your attention principally is with respect to the increased cost of operation which you mentioned when you were discussing the increase in prices. You suggested that you could bring to the committee information showing the increased cost of operation. Can you do that?—A. I can. Mr. Dyde, you were asking for the difference in the cost of operation between two given

periods and you dealt with the period November 1 to 29, 1947, and the period January 3 to 31, 1948. You indicated at the time that we had sold—

Q. No, Mr. Steinberg, you and I are not quite on common ground. I did not ask you for your increased cost of operation, I asked why the price had increased and one of the explanations you gave was that there was an increase in the cost of operation. My suggestion was that you give us the figure for your cost of operation over a period since last November?—A. I have those figures with me but I particularly brought figures and had them stencilled for the period November 1 to 29, 1947 and from January 3 to 31, 1948.

Mr. LESAGE: Mr. Dyde, I think that is quite correct. If you will remember we were making a comparison between November and January.

Mr. DYDE: That is correct.

Mr. LESAGE: I asked Mr. Steinberg what the increased cost of operation was in January over November.

Mr. DYDE: In any event you have a document which will assist us in finding out the increased cost of operation for that period. This document will be taken as read into the record at this point.

(Mr. Mayhew took the chair).

STEINBERG'S WHOLESALE GROCETERIAS LTD.

MEAT—SALES, GROSS PROFIT, EXPENSES

Date	Sales in dollars	Gross profit in dollars	Gross profit percentage	Expenses in dollars	Expense items
1947					
Week ending—					
November 1	78,837.67	16,370.23	20·76	.....	Managers salaries.
					Managers vac. salaries.
8	72,386.48	13,029.04	18·00	.....	Staff salaries.
					Staff vac. salaries.
15	74,902.51	13,749.33	18·36	.....	Laundry.
					Paper and wrapping.
22	72,866.71	14,239.92	19·54	.....	Stationery.
					Maintenance supplies.
29	69,866.37	14,220.81	20·35	.....	
Period I	368,859.37	71,609.33	19·41%	26,752.98	
1948					
Week ending—					
January 3	96,618.38	13,012.04	13·47	.....	
10	85,829.37	18,264.24	21·28	.....	
17	88,622.32	19,282.29	21·76	.....	
24	85,825.31	17,013.67	19·82	.....	
31	88,457.37	17,481.03	19·76	.....	
Period II	445,352.75	85,053.27	19·10%	30,888.29	
Percentage of increase of period II over period I	20·74%	18·77%	.....	15·46%	

Would you explain the statement, Mr. Steinberg?

The WITNESS: This increase in expenses is only on what we call controllable items, attributed solely to the meat department and it does not include increases in the general expenses. It shows an increase of 15·46 per cent. You have a list

of the expense items in the upper right hand corner, including salaries, laundry, stationery and so on, used only in the meat department. Other than the request made by Mr. Lesage, the reason for this sheet is because of the fact you pointed out that after decontrol we had increased our profit on a pound of beef from 7·3 cents in the November 1 to 29 period, to 9·1 cents between January 3 and 31, 1948. The statement was made on the basis of the fact that during ceiling prices—or under control—the margin that was allowed the retailer was 7 cents a pound and the retailers were supposed to be content and satisfied with that mark-up. I believe if you refer to the board orders that was not quite correct.

Mr. LESAGE: Did you say that, Mr. Dyde?

Mr. DYDE: I am speaking now from memory, but I think I called attention to Mr. Grisdale's evidence when he discussed the question of setting the retail margins during price control.

Mr. LESAGE: Oh, I remember.

By Mr. Dyde:

Q. Yes, but my question was directed, Mr. Steinberg, not so much to the fact you had a 7·3 cents per pound margin in November, as it was directed to the fact that you should give an explanation of the increase from 7·3 cents to 9·1 cents in the latter period. In other words, let us assume that the 7·3 cents is less than the margin permitted by the board—because if we start into exact figures on margins we will never get anywhere—the fact remains in November 1947 you had a margin of 7·3 cents per pound over-all and that was increased to 9·1 cents over-all in the latter period—in January. The explanation you gave us when you were here before was that among other things you had increased costs?—A. You must remember here that we are concerned with the goodwill of our customers and the impression created in Montreal—by the newspapers in Montreal—was to the effect that immediately after decontrol we did advance our margin of profit from 7·3 cents to 9·1 cents. I wish to state that is incorrect. In the three weeks preceding decontrol we received a margin of 9 cents per pound. Now, as to the differential between a margin of profit on a per pound basis between the period November 1 and the period January 3 to 31, the figures I submit to you include sales but they also include a carry-over from one period into the other. You will note in the period January 3, 1948 the figure submitted as sales is 151,011 pounds. You will note also that the sales for that week were $96,618.38. If you will divide the pound sales into the dollar sales you will find the price is an exceptionally high price per pound. The reason for that is that January 3 was the week of New Year and we buy turkeys in carload lots in advance of the sale in order to have them on hand for the week of January 3. Therefore those figures do not show the carry-over from one period into the other. In short, the stock on hand that was carried over from the December period into the January 3 period is not indicated by that figure which shows a higher price per pound.

Q. But you always have a carry-over from one period to another?—A. That is why I am pointing out that if you divide one figure into the other it is an exceptionally high price per pound.

By Mr. Beaudry:

Q. Can we hew a little closer to the line which we set for ourselves when we recalled Mr. Steinberg. We would like to examine him on the statement of the increased costs which warranted the increase in price?—A. But there was no increase in price. I want to make that very clear.

Q. I am referring to the increase which you suggested was the reason for your increased costs?—A. That is not necessary, although I brought the figures here to show there was no increase after decontrol, and in fact our price came down. I would like to see the newspapers report that in Montreal and give it the same prominence that was given to the increase which was not at the time a fact.

Q. We will leave out the reason for it?—A. That is very important to our business.

Q. I would like to ask you if you can give the items of increased expense between November and January. I know that the volume of sales for January seems to be slightly lower than it was in November. I have not got the figure worked out to fractions but there seems to be a difference of some 20,000 pounds. Now your total figure of expenditure for November is $26,752.98 and are we to understand that expense is directly attributable to the meat operation?—A. That is correct.

Q. Managers' salaries, managers' vacations, staff salaries and vacations, are all strictly for the meat department?—A. I do not know about the vacations, it is abbreviated and I do not know the reason.

Q. You have separate managers in your stores for the meat department? —A. That is right. This set of figures deals only with the meat department.

Q. Only with the meat department?—A. That is right.

Q. Have you figures available to break down the expense items?—A. No, I have not got them with me.

Q. The items I assume are salaries, staff and managers, laundry, wrapping paper, stationery, maintenance supplies, and would you be good enough to indicate how large a share of that $26,000 would be represented by salaries? —A. I have not those figures. I would have to get a breakdown.

Q. Would you estimate the figure?—A. I would only be guessing and I have not got it exactly.

Q. You could give a very close guess? You show laundry here and I assume the laundry bills would not vary each month unless there was an increase in laundry.—A. And there has definitely been an increase.

Q. Perhaps, but it would be a given item each month?—A. In any case I have not the exact figure.

By Mr. Dyde:

Q. Excuse me, Mr. Steinberg, you say you have not got the exact figures but this was a very narrow point on which you were asked to give information, and you should have brought the figures.—A. I have brought the figures on the 15·4 per cent increase.

Q. Yes, but you have brought nothing which explains these figures and that is the very thing which you were asked to bring.—A. There is no need—

The Acting Chairman: The information is not shown on this sheet?

The Witness: No.

The Acting Chairman: I would think the information you have brought here is not an answer.

By Mr. Beaudry:

Q. This is extremely important. You have an item of stationery—one of the eight items but what does stationery represent in the expense figure?—A. Had I known you wanted that breakdown I would have had it here.

Q. It is something that is most important.—A. In fact it is not important at all, at this time because—

Q. That is for us to decide.—A. All right, but it was given to bear out the fact we did advance the price after control.

By Mr. Lesage:

Q. That is what this committee wants to know — why prices have advanced.—A. We have not advanced our prices we have lowered them.

Q. That is not what your exhibit shows.—A. Yes. The margin allowed—

Q. I am not interested— A. —was 26¼ per cent.

Q. We are not interested in margins.—A. That was the point that was important—that we advanced the price after decontrol—and that is not the case.

Q. Prices have definitely advanced?—A. The prices may have advanced but our margin has not advanced.

Q. What is the margin in cents per pound needed to cover your operation expenses when you sell your meat?—A. We work it out in percentages.

Q. What is it in cents per pound?—A. We do not work it out that way.

Q. What is it in percentage and I will work it out—that is one of the things I can do, if you cannot?—A. Thank you very much. Under control we were allowed 26¼ per cent—

Q. I am not interested in what you were allowed under control. I want to know what the figure is in percentage—the necessary gross margin to cover your operation? I am speaking of the cost alone without profit.—A. That varies.

Q. What is it, averaged for the month of January, 1948?—A. What does it cost to operate our business?

Q. What does it cost per pound of meat?—A. I have not got that.

Q. We were told by Safeway that 4 cents would cover it and their volume is about the same as our yours.—A. From what I read of the Safeway statement it appears to me they were losing money on their sales.

Q. Oh, no, they were making a profit, a very good profit.—A. I do not think it is fair for me to comment on anything which Safeway does. I do not know how they break down their figures and I do not know anything about their operations, the circumstances in their area, or anything else.

Q. When we made our study of bread I think you said your method of operation allowed you to operate with lower costs than anybody else? You said that, Mr. Steinberg? Do you remember? Were you boasting then?—A. I still say we try to operate at lowest possible cost and people get better value in our stores maybe than in most. I will retract the maybe.

Q. You do not serve at all—yours is a self-service?—A. That is right.

Q. And Safeway do serve?—A. I believe they operate a self-service.

Q. But your meat department is on a self-service basis?—A. Yes.

Q. And it costs Safeway 4 cents per pound to sell their meat and operate?—A. We could not operate and sell a pound of meat for 4 cents.

Q. No, not on a given pound of meat, but that is their cost without profit and that is the figure we were given as an estimation.—A. I am telling you now that we could not do it for 4 cents.

Q. What could you do it for?—A. As I said to you earlier we operate on a percentage basis.

Q. I will repeat my other question and ask the percentage which you require to cover the cost of your operation?—A. That varies with the sale of the type of cuts, the volume, and everything else. I will give you the information. I am not trying to withhold any information, Mr. Lesage, but I would say it cost us, basing it on the percentage, anywhere from 6 to 6½ cents to sell a pound of meat.

The ACTING CHAIRMAN: I would like to ask whether counsel considers the information before the committee is the information for which we asked?

Mr. DYDE: No, it is not sufficient for us.

The ACTING CHAIRMAN: We are going to go over this position this morning and we will have to go over it again. I think it is not necessary for us to waste our time and I think we should get the information we asked for.

Mr. LESAGE: Yes, Mr. Mayhew, but I was asking for something else. I was not satisfied with this and since we have had the Safeway testimony I think it is most important to know how much it costs to operate a meat department in a chain store?

The ACTING CHAIRMAN: You are asking for additional information?

Mr. LESAGE: Exactly.

The ACTING CHAIRMAN: Are you through? Do you think the witness now understands what is required?

Mr. LESAGE: This is not satisfactory.

The ACTING CHAIRMAN: Does the witness sufficiently understand what is required in order to bring it back?

Mr. LESAGE: If he is not going to come back I will not ask more questions. It is useless.

Mr. DYDE: I feel, Mr. Chairman, that the information which Mr. Steinberg has brought to us this morning is not the information that was requested and I think the information should be more complete. Under these circumstances I have no recourse but to suggest Mr. Steinberg be asked to return.

The ACTING CHAIRMAN: I think you are right and I think the committee would agree with you. Do you want some additional information, Mr. Lesage?

Mr. LESAGE: We will settle the first question, if you do not mind Mr. Chairman? Mr. Dyde, would you tell Mr. Steinberg what you want exactly, to supplement the information contained in the exhibit which has been distributed this morning?

Mr. DYDE: Yes. Mr. Steinberg, we will want you to give us a breakdown of the $26,752.98 into its component parts showing the amounts expended on each item in November. We will want you to do the same for the January period showing where the increases have taken place. In other words we want particulars of both figures, the $26,752.98 and the $30,888.29?

The WITNESS: I will be glad to supply that information.

Mr. BEAUDRY: We will want it in actual figures and not in percentages.

The WITNESS: I would be glad to supply it.

The ACTING CHAIRMAN: Is there any other information required?

Mr. LESAGE: Yes.

The ACTING CHAIRMAN: You have about seven minutes in which to obtain it.

By Mr. Lesage:

Q. For the months of November 1947 and January 1948 I want the amount of direct expenses attributable to the meat department? What is the part for each one of your general expenses that you have applied to the meat department in order to arrive at the cost of the operation of the department?—A. I can give you a very close estimate now.

Q. But it will be an estimate?—A. I can give you a very close estimate right now.

The ACTING CHAIRMAN: It should be all put in together.

By Mr. Lesage:

Q. Instead of having to make the computation myself would you be good enough to give the percentage of what it is and then give it in cents per pound? —A. I have already told you that I thought it was, in cents per pound—

Q. Yes, but you have no exact calculation on paper and I want it to be put on paper. I want the whole process of direct expenses, that part of the general expenses which you attribute to your meat department. I wish to check that information and I want to have your total volume of sales for those two months. You know what I mean when I say I want the whole calculation? —A. Yes.

Q. I want to have an idea of what it costs to sell meat in a retail store and especially in chain stores. That is my request.—A. I would be glad to give you the information.

Mr. BEAUDRY: I do not want to interrupt Mr. Lesage's questions but would it not be better to have Mr. Steinberg list from memory the items which might be said to go into the indirect expenses?

The WITNESS: There is the store expense—

Mr. LESAGE: Yes.

By Mr. Beaudry:

Q. And a proportion of the rent?—A. Yes, that is right.

Q. And the light?—A. Taxes, light, staff in the stores, cashiers, and everything else, depreciation on equipment, administration, supervision.

Q. In other words when you listed staff salaries here you have only listed the salaries of— —A. The salaries of the meat department.

Q. And the others would have to be added?—A. Yes, that share of the general expenses.

Mr. LESAGE: I suggest, Mr. Chairman, that Mr. Dyde should receive this additional information from Mr. Steinberg as soon as possible so that he may check it and ascertain whether it is sufficient.

The WITNESS: Mr. Lesage, I can get you those figures this afternoon, if you are sitting this afternoon.

Mr. LESAGE: We are not sitting this afternoon; but if Mr. Dyde could have them by Monday he could take a look at them and if they are not sufficient we could give you a call.

The ACTING CHAIRMAN: I think it would be desirable if Mr. Steinberg could get that information.

The WITNESS: I could give you a very close approximation.

The ACTING CHAIRMAN: Wait a minute. I think it would be desirable for Mr. Steinberg to have these figures and come back here and meet the committee on Monday and clean up this fag end of this. And one other matter; it will be I think to his advantage if on Monday morning before we come here he would submit them to counsel so that Mr. Dyde would have an opportunity of looking them over and see whether or not they are the figures we want.

Mr. BEAUDRY: With due deference, Mr. Chairman, I think Mr. Lesage's suggestion is sound, that we should have these figures, and that before Mr. Steinberg returns they should be submitted to Mr. Dyde so that he can check them over. In order that that may be done I do not think he should be recalled before Tuesday or Wednesday, in case some of the figures submitted would not be sufficient for our purpose.

Mr. MAYBANK: Doesn't it come to this? Mr. Steinberg says, I can give you these figures almost immediately; therefore, he would be able to come over and consult with Mr. Dyde before our next meeting.

The ACTING CHAIRMAN: He had this afternoon and tomorrow in which to prepare the figures and submit them to counsel. If they are not suitable or if they are not sufficient he will not be here then. If they are sufficient he will be here. That is the understanding.

Mr. BEAUDRY: We are merely trying to avoid a repeition of what happened here this morning.

The ACTING CHAIRMAN: Quite true. Is that agreeable to the committee?

Some Hon. MEMBERS: Agreed.

The committee adjourned to meet again May 10, 1948, at 11 a.m.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 55

MONDAY, MAY 10, 1948

WITNESSES:

Mr. Sam Steinberg, Steinberg's Wholesale Groceterias Limited, Montreal, Que.

Mr. H. MacEwan, Vice-President, Wilsil Limited, Montreal, Que.

Mr. G. M. Smith, of P. S. Ross & Sons, Auditors for Wilsil Limited, Montreal, Que.

Mr. M. M. Robinson, Secretary-Treasurer, Ontario Fruit & Vegetable Growers' Association, Burlington, 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

MONDAY, May 10, 1948.

The Special Committee on Prices met at 11.00 a.m., the Chairman, Hon. Mr. Martin, opened the meeting and asked Mr. Mayhew to take the Chair.

Members present: Messrs. Harkness, Irvine, Kuhl, McGregor, Martin, Mayhew, Merritt, Thatcher.

Mr. H. A. Dyde, K.C., Counsel to the Committee in attendance.

Mr. Sam Steinberg, Steinberg's Wholesale Groceterias Limited, Montreal, was recalled and further examined.

Witness discharged.

Mr. Harkness moved, seconded by Mr. Thatcher, that Right Hon. J. G. Gardiner, Miniser of Agriculture, be called before the Committee.

Motion carried, on division.

Mr. H. MacEwan, Vice-President, Wilsil Limited, Montreal, and Mr. G. M. Smith, of P. S. Ross & Sons, Auditors of the Company, were recalled and further examined.

At 12.45 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. Harkness, Irvine, Kuhl, Lesage, McGregor, Martin, Mayhew, Merritt, Pinard, Thatcher.

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

The Committee having reached the opening of its inquiry into fresh fruit and vegetables, Mr. Monet made a statement on the procedure he proposed to follow in conducting this inquiry. He filed,

Exhibit No. 104—Fresh fruit and vegetable statistics as prepared by the Committee's Secretariat. *(See Appendix "A" to this day's Minutes of Proceedings Evidence).*

Counsel also produced a number of Wartime Prices and Trade Board Administrator's Orders and amendments thereto, viz:

(*a*) Errata Notice to Order A-2483, dated February 20, 1948.
(*b*) Order No. A-2492, dated March 22, 1948.
(*c*) Order No. A-2496, dated April 2, 1948.
(*d*) Order No. A-2488, dated March 3, 1948.

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(*e*) Order No. A-2489, dated March 9, 1948.
(*f*) Order No. A-2470, dated January 28, 1948.
(*g*) Order No. A-2489, dated March 9, 1948.
(*h*) Notice by Emergency Import Control Division, Department of Finance, to holders of quota permits, dated April 20, 1948, re potatoes.

(The above Orders appear as Appendix "B" to this day's Proceedings).

Mr. M. M. Robinson, Secretary-Treasurer, Ontario Fruit & Vegetable Growers' Association, Burlington, Ontario, was called and sworn. He read a brief and was examined.

At 6.00 p.m., witness retired and the Committee adjourned until Tuesday, May 11, at 11.00 a.m.

R. ARSENEAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 10, 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. We welcome Mr. McGregor here this morning. We know his contributions will be very helpful.

Sam Steinberg, Steinberg's Wholesale Groceterias, Montreal, Quebec, recalled:

By Mr. Dyde:

Q. Mr. Steinberg, when you were last before the committee on Friday, you were asked to bring to the committee an explanation of the operation costs of your stores, November compared with January. You will recall that we had evidence that in November, according to figures produced by yourself, there had been a figure of 7·3 cents per pound on your sales, and then in January that had gone to 9·1 cents per pound. You were asked to get what your operation costs were and to compare those two months. Are you able to do that this morning?—A. Yes, sir.

Q. You have produced figures with reference to the operation costs of Steinbergs' Groceterias, November, 1947 and January, 1948?—A. Yes, sir.

(At this point Mr. Mayhew took the chair.)

STEINBERG'S WHOLESALE GROCETERIAS LTD.

	Nov. 1-29		Jan.3-31	
Manager's salaries	$ 3,303.83		$ 4,448.53	
Staff salaries	14,293.36		18,495.20	
Total		$ 17,597.19		$ 22,943.73
Supplies				
Laundry	648.83		682.72	
Paper and wrapping	6,271.68		5,881.92	
Stationery	11.45		6.48	
Maint. supplies	2,049.16		1,065.37	
Total		8,981.12		7,636.49
Repairs	....	....	30.65	30.65
Miscellaneous	174.67	174.67	277.42	277.42
Total expenses		$ 26,752.98		$ 30,888.29

4P—75 per cent of $21,519.35	$16,139.52	6P—50 per cent of $26,077.08	$13,038.54
5P—50 per cent of $21,226.94	10,613.46	7P—75 per cent of $23,799.66	17,849.75
Total	$26,752.98	Total	$30,088.29

Managers' bonuses	$ 950
Staff bonuses	900
	$1850

(Included in January 3-31 period)

By Mr. Dyde:

Q. Mr. Chairman, on Friday Mr. Steinberg produced a mimeographed sheet which was read into the evidence showing his sales of meat, his gross profit and his expenses in November as compared to January. The expense items were totalled but were not broken down and the expense items shown in January on that sheet which was produced on Friday—in November, rather—were $26,752.98 and in January, $30,888.29 The document Mr. Steinberg has just produced is his explanation of the increased cost of operation, January over November.

Now, Mr. Steinberg, we need some explanation of this yet. I notice, for instance, that in the November period, your salaries, including management salaries and staff salaries totalled $17,597.19 and in the January period it increased to $22,943.73. Towards the bottom of the page, I see a little table showing "4P—75 per cent of 21,519.35; 5P" and then on the right hand side of the page, "6P and 7P". Would you please explain what that means?—A. The 4P—

The ACTING CHAIRMAN: We have a new member with us this morning and I was wondering whether there were any of these schedules Mr. McGregor might want?

Mr. MCGREGOR: No, just carry on.

The WITNESS: The 4P and the 5P refer to the periods from our control books. In other words, the period is a four-week period. We tried to relate this to the period I have given Mr. Dyde with reference to sales. In order to relate that, we have to take our period of the four-week period, which would be our fourth period which would be the week ending November 15—

By Mr. Dyde:

Q. And your fifth period would end when?—A. December 13.

Q. So, in order to get what we wanted, namely, the month of November, you had to break into your figures for your fourth period and your fifth period?—A. That is right; by deducting 50 per cent in the December period and by deducting that portion, we get the five-week period in November.

Q. Now, when you say 75 per cent of $21,519.35, what is $21,519.35?—A. $21,519.35 are the total expenses, what we call the controllable expenses.

Q. Well, what is that?—A. I should like to give you a breakdown.

Q. No, what do you include in controllable expenses?—A. The manager's salaries of the meat department only, staff salaries, the supplies used and the repairs and miscellaneous.

Q. So that, in order to give us the figures for a calendar month you have to take your fourth and fifth periods of operations in the way you have indicated here? A. That is correct.

Q. You have done the same for the January period, have you not?—A. That is right.

Q. Now then, at the bottom of the page also, I see, "Managers' bonuses and staff bonuses" totalling $1,850, which is included in the January 3 to the 31st period?—A. That is correct.

Q. $1,850 does not account for the differences in the amount you paid in salaries in November and the amount you paid in salaries in January. Are these manager's bonuses given in that amount of $950 to the manager of each meat department?—A. No, that is the total for all managers of the meat department.

Q. What is the reason for the very great increase from $17,000 to $22,000 between November and January in your salaries? How is that accounted for? —A. It is based on the number of people we employ on the basis of the volume we do at that particular period. It might be, I do not know if there is any difference in the salaries paid individual employees, but the salaries that were paid out for that period would be in direct relation to the amount of business we were doing at that time.

Q. You have a very considerable increase in salaries which certainly is not all taken up by bonuses. Did you employ more people in January than you did in November in the meat business?—A. Well, we may have because the number of people employed is in direct relationship to the amount of business we do. A store manager contacts our personnel department when he thinks, due to more business, he may require more help.

Q. You say, "We may have," do you not know?—A. If I had obtained the lists, I would have to get the list for each store.

Q. Those are the totals which were paid in salaries in the meat department?—A. That is correct; in establishing our gross profit, the only way we can establish our gross profit is to relate the expenses to the cost of business and therefore we get our gross profit, using the exact same figures we used at that particular period to arrive at that gross profit.

Q. I am going to a slightly different point, Mr. Steinberg, because when you were first before the committee, I think on Tuesday a week ago, you filed with the committee your sales in the meat department under the headings; "Sales in dollars; sales in pounds; and "gross profit in dollars" as well as "Gross profit percentagewise." We translated that into cents per pound and we found your cents per pound gross profit in the November period was 7·3 and we found your gross profit in the January period was 9·1.

Before you answer my question, I want to also call your attention to exhibit 94 and to call your attention to something which is quite startling, Mr. Steinberg, because on the second sheet of exhibit 94, where we have retail prices of beef in the various cities of Canada I find that in January, in the period of January 26, 1948, sirloin steak was selling at 61 cents a pound in Montreal which is higher than any other city in Canada with the single exception of Halifax. Then, if you turn to the sixth sheet of the same exhibit, 94, I want to point out another thing. In Montreal, in January, there is a spread between the wholesale and the retail price of pork loins of 18 cents. The wholesale price was 39 cents on January 12 and the retail price 57 cents, January 26, the wholesale price was 37 and the retail price was 55.

I should also like to call your attention to fancy side bacon in Montreal. I call your attention to the March period. On March 2, the wholesale price of fancy side bacon was 50 cents a pound and it was retailing for 71 cents a pound, a 21 cents per pound spread. The same thing occurred in the week of March 9.

Also, before you answer question, I should like to call your attention to the fact that when we got these figures on exhibit 94, it was explained to us that there was 29 independent stores and 4 chains which were spotted as to prices used. I am no directing my finger at you, so much, Mr. Steinberg, as to the situation in Montreal. I am explaining to you it is simply something which we find, these wide spreads, and I am asking you to explain to us the increase in your spread which certainly contributed to this situation although you may have been lower than the average in Montreal. No, have you got some figures which will help us in that?—A. I had our meat department fill in the prices we were selling at these periods. We go back to January 26, on the second sheet. I notice under sirloin steak or a roast, the price you have here is 61 cents.

Q. Yes. I note that our retail price at that time was 56 cents.

Q. So you are below the average?—A. In that case, 5 cents a pound. What other figures have you referred to?

Q. That was the only figure to which I referred on that sheet.—A. I have them all.

Q. Give us the comparisons since January, 1948.—A. Going down the line, I will give you the figures you have and our figures. Under the 61 cents, the next figure you have is for February 10, 58 cents and our price was 56; February 24, you have 60 and ours was 56; March 2, you have 58 and ours was 56; March 9, you have 55 and our price was 56; March 16, you have 57 and our price continued at 56.

Q. You are over the average on one date, only by 1 cent, but for the most part you were under the average?—A. That is correct.

Q. Now, on the sixth sheet give us your retail prices for fresh loins?—A. Starting January?

Q. Starting January, 1948.—A. Fresh loins—the first line is the cost. Is that it?

Q. The first line is the wholesale cost, yes.—A. Our cost—do you want the cost?

Q. No, give me the retail.—A. Our retail was 45 against 55; 41 against 51; 45 against 51; 45 against 49; 47 against 48; 47 against 48.

Q. Can you do the same for fancy side bacon?—A. Yes, I have that here.

Q. Starting with January 12.—A. January 12 we have 69 against 71; 62 against 72; 62 against 70; 62 against 69; 62 against 71; 58 against 74; 58 against 74.

Q. Now, Mr. Steinberg, is there any other document that you wish to file with the committee?—A. Yes. In submitted the sales in pounds I explained to the committee when I was here last that there was the holiday period between November and January 3. Our sales were $96,618.38 as against 151,011 pounds.

Q. You are referring to page 1 of the first document that you produced on Tuesday last, are you not?—A. Yes, that is correct. I explained to the committee at the time that if they would figure out the pounds into dollar sales they would find it came to very considerably higher per pound than in any other period. The reason for that is that in the sales per pound the stock on hand at that time was not taken into consideration. Under normal conditions that is not necessary because the stock left on hand at the end of any sales period is very much the same, but January 3 happens to be the week of New Year's. I think New Year's day fell early in the week. We sent into our stores a considerable quantity of turkeys that are sold in that particular time, and in order to get an exact figure we went back to the office and worked back our stocks, and I have sheets here to indicate the exact amount of poundage sold in that particular week.

Q. I do not think we need to file an additional document. Perhaps you would give us what you have figured out on this basis as being the total pounds for that period in January, and the amount in cents per pound of your gross profit?—A. The actual sales were 982,002 pounds. That is for the January 3 to 31 period. It worked out to 8·664 cents per pound.

Q. So that working it out on the basis we are doing at the present time instead of 9·1 cents per pound it is 8·664?—A. That is correct.

Q. For January, 1948. And I think taking into account the same carry-over you have worked out the figure to 7·34 cents per pound for the November period?—A. That is correct.

Q. Where we had 7·3 cents per pound?—A. That is correct.

Q. Even at that you see quite a startling advance in your gross profit in cents per pound from November to January, that is, from 7·34 to 8·66. How is that explained?—A. If you will refer to this sheet you go to the costs on beef, it is on the first sheet, second page, wholesale costs on beef.

Q. Will you tell us generally without referring to a page?—A. Immediately after decontrol prices on beef jumped from 25 cents a pound cost to 28 and 29 cents a pound cost.

Q. Yes.—A. And as you will notice in the figures I gave you we do not advance our prices immediately our costs go up, because we always wait for a period to find out if the cost is going to level off. The consumer does not appreciate to the same extent the margin that prices vary very considerably in the wholesale end of the business.

Q. Do not digress. You keep right on the track.—A. I was trying to explain the reason why we do not advance our retail prices, and as a result our mark-up was reduced rather than increased.

Q. Your mark-up percentagewise?—A. Per pound, too.

Q. Your mark-up in cents per pound is increasing?—A. You see we start off with the 7·3, and under control we were getting 9 cents a pound, and it dropped from 9 cents to 7·3 because our costs had gone up.

Q. Then how does it get back up to 8·66, which is your figure?—A. You will note as we go along our costs dropped again. They dropped from 28 to 26 and then 24½ cents. Beef only represents about 45 to 50 per cent of the total volume of meat department sales, so that would have to be related to our other sales. I would say as you will note from the sales that in the January period we got exceptionally high sales, and that influenced the gross profit.

Q. Mr. Steinberg, there are two statements who have made which I want to question you on for a minute. You said under controls you got 9 cents a pound. I am going to try to tell you what we were told by Mr. Grisdale. He said under controls the retail margin was fixed at 23 per cent for red and blue beef, and 26¼ per cent for other qualities of beef, and that came almost exactly to 7 cents a pound on beef. You mentioned 9 cents a few minutes ago. Then he told us on cured and smoked pork products the retail margin allowed under controls was 25 per cent and on fresh and cooked pork 30 per cent. I do not understand your statement that under controls you were allowed 9 cents a pound.—A. I have a test here.

Q. No, I am suggesting to you that you must pay attention directly to that question. Do you say you did, in fact, get 9 cents a pound regularly under controls?—A. I will have to give you the periods.

Q. You know this, do you not?—A. Yes, sure.

Q. Did you get 9 cents a pound regularly over all under controls?—A. When you say over-all I do not know how far a period—

Q. In your meat department.—A. I am dealing there with the period immediately preceding decontrol.

Q. I do not want that. I want you to tell me generally whether in the period of controls you got 9 cents a pound over all.—A. I have not the figures for over all. Immediately preceding this we were allowed a ceiling of 26¼ per cent, and if you work that out on the test it would work out to 9 cents a pound. That is what we got in the October period.

By Mr. Thatcher:

Q. Then you are not handicapped by controls?—A. No.

By Mr. Dyde:

Q. You were not allowed 26¼ per cent on all your beef. It was 23 per cent on certain kinds and 26¼ on others.—A. When I say 26¼ per cent I am talking in terms of a carcass when it is broken down and an actual test made. We make a test every week.

Q. The evidence of Mr. Grisdale was that it was 26¼ per cent on other qualities and 23 per cent on red and blue beef, and if you cut your beef according to the standard method that came out almost exactly to 7 cents a pound. You say that is wrong?—A. That is wrong.

Q. You got 9 cents a pound?—A. That is correct. There is the test made by their own men, their own inspectors. I might correct one thing, Mr. Dyde. You made the statement that we or other retailers were satisfied with 7 cents a pound. I would say that in the first instance it always depended upon the cost, and if you talk percentage it depends what your cost happens to be at the time. At that particular time or most of the time that we were under the ceiling it was usually at the ceiling when you bought it for the most part. On the basis of 26¼ per cent I would say that worked out to 9 cents. If you take the other things we sell in the meat department, you are taking the over-all picture here, our total sales in the meat department, and if you take in the other commodities—and I said that beef only forms 50 per cent of the sales of 45 to 50

per cent of the sales—you will find on fancy meats we are allowed 30 per cent, and on fish products and pork products I think it is even higher than that. We are allowed about 11 or 12 cents a pound, so if you take the average over all we are allowed more than 9 cents a pound.

Q. Here is the result of what you have told us, that you had more cents per pound under control than you have had at any time since; is that correct?—A. For the period immediately—for the October period.

Q. Yes, but I was talking about the general period.—A. Oh, I would say it was always higher than 7 cents a pound on the average because, as I have already stated, you have got to take into consideration that you sell smoked meats, fish and pork products, and on all of those you were allowed considerably more than 9 cents a pound.

Q. You did better under controls as far as gross profit is concerned than you have done since?—A. Don't you see you relate—

Q. Can you answer that?—A. I would say we did as well if not better.

By Mr. Thatcher:

Q. Then you have not benefited by the fact controls are off?—A. We have benefited in this way, and we prefer controls off for this reason, that under controls our source of supply was never certain. In other words, we would prefer to make less money but be sure of having meat to sell. Our cost would rise very considerably if we did not have meat to sell in our stores.

Q. What you are telling us is that though the consumer is paying 35 per cent more for his meat approximately the retailer is not getting much more out of the increased price. Proportionately you are not much better off than you were before while controls were on. Is that what you are telling us?—A. I would say this; we try to maintain a given average gross mark-up.

Q. You are telling us the retailer has not benefited particularly or has not made any greater profits with controls off than he did when they were on?—A. No, I would think the retailer has made less.

Q. Has made less?—A. Yes.

Q. Then he has not benefited by the fact controls were removed?

By Mr. Kuhl:

Q. Therefore the consumer has benefited as a consequence of the controls coming off?—A. I would say yes.

Mr. THATCHER: How has the consumer benefited when the price has gone up 35 per cent?

Mr. KUHL: That is because costs are greater.

Mr. THATCHER: The consumer has not benefited by the price coming down.

Mr. KUHL: The consumer cannot ignore costs.

Mr. DYDE: I have no further questions.

The ACTING CHAIRMAN: Has anyone else any questions that he wants to ask the witness?

By Mr. Thatcher:

Q. If controls were put back on would it handicap your business in any particular way?—A. Very considerably.

Q. How?—A. Well now, during the period of control, supplies were very uncertain.

Q. Was that because there was a lot of it being black-marketed?—A. Well, you have a better competitive picture from a buying standpoint in our business than you would when it is under control. The people in the supply houses respect your business much more when it is a free open market than when it is under control.

Q. Do you not think that when the consumer is being hurt so badly perhaps you could put up with a little bit of inconvenience?—A. As far as we are concerned it is not that we object to it, but the meat does not go through the same channels.

By Mr. Kuhl:

Q. Would the consumer not be hurt still more if the same proportion as at the present time was maintained and you put the price controls on?—A. I will put it this way. You do not know the price that the consumer pays under control, some people paid the ceiling price and other paid—you have an idea how much it was.

Mr. THATCHER: You mean there was black marketing going on in Montreal before?

The WITNESS: I will leave that to you to draw your own conclusions as to that.

By Mr. Dyde:

Q. If our figures on exhibit 94 are correct as to the general retail price of meat in Montreal—I am not speaking of your price, Mr. Steinberg, because you have shown us you are below the average—but other prices, other retail prices of meat in Montreal, if they are correct, then there must be—would you not say there must be a number of retailers in Montreal who are making away over 9 cents a pound?—A. I do not think it would be fair for me to comment on what other retailers are doing, but I would be very safe to say that in meat during the period of short supply that the figure that you have in your exhibit 94 seems to be very reasonable.

Q. You have proved to us this morning, and this is confined to meat, that if you are making 8·66 cents per pound, and if our prices are correct on exhibit 94, there must be a lot of retailers in Montreal who are making well over that?—A. That is my opinion.

Q. What is that?—A. There must be some who were.

Q. The other day, Mr. Lesage was asking you to supply something, do you recall what that was?—A. He wanted to know what it cost us to sell a pound of meat.

Q. Yes.—A. And we have spent, my accountant and myself, we have spent all Saturday afternoon, all Sunday and all this morning using the finest machines we could get to try to work that out; and we estimated that it costs us approximately 7 cents. The figure I gave Mr. Lesage Friday was between 6 and 6½, and Mr. Lesage had a figure that was made by a very fine chain store on the west coast of 4 cents. But we find that it is closer to 7 cents than it was even to 6 or 6½. I might say here that we believe that in the food business we are as efficient as anybody in this business, and our methods are somewhat different from what they are in the other stores. We operate on a complete self-service basis so that our cost of selling is certainly not higher; and if you will take the volume figures into consideration on the basis of sales per store I do not think that their chain stores compare to ours, even if you deal with meat alone. I would say those stores don't do anywhere near the volume of business we get in our store. I find the figure of 7 cents very close to what it costs us to sell our meat.

By Mr. Thatcher:

Q. There is one question, Mr. Steinberg, have you any suggestion that you could make to this committee of some way in which we could get fresh meat coming down instead of going up? Could you offer us any suggestion as a retailer?—A. Well, the very fact that we take this new style of selling, the

self-service style, which is supposed to be the most important step in retailing of meat—in fact, it is developing in the United States and we are the pioneers in that field here.

Q. How many cents per pound do you think the retailer could save by having self-service as a feature?—A. I think a great saving is effected by the consumer in that way. I mean to say, the retailer doing a good volume could turn over a steak or a roast and keep the meat in better shape so that it does not lose its freshness or bloom—you see, if the retailer has not got a good turnover he should not go into self-service.

Q. But supposing that was possible, that it was possible for the retailer, how much do you figure he could cut the price of meat if he put that in; half a cent or a cent a pound, would you say?—A. It is hard for me to say what the other fellow could do. I think it would be a good thing for me to explain the way everything goes in. Starting with the consumer, the consumer, the woman who comes into the store and she can examine the meat. It has the price per pound and the weight on it. She knows just what she likes. But as far as the storekeeper is concerned the great saving is effected in this way. The largest part of the business in the meat business, especially in the meat business, is done at the week-end. In order to cope with that business he has to engage people—and when I say people I am talking about sales clerks—for the week-end and they are not nearly as efficient as the staff he has on all week. Then again he is not certain just how he is computing that meat; just whether he is earning his salaries for certain people, and he does not know just where he stands in that type of operation, whether he is even earning his extra expense. In our type of operation you are able to compute your stocks in advance. In fact, I will put it this way; in our business of self-service you have real control over every piece of meat that goes into that case. It is marked and recorded just like it would be in any ordinary business. Then you know your variations in cost and how they apply. Then, we keep a running inventory. Starting with Monday we know every piece of meat that goes into the case. Every piece of meat that goes into the case on Monday is recorded on a record sheet. At the end of the day the stock left on hand is recorded. The record for all Monday's operations over the past period are recorded on the same sheet so that at the end of the week he can turn to that page and figure what your production requirement is going to be. The manager then produces about 75 per cent of the indicated requirement so that at all times every piece of meat offered for sale is really fresh. For the week-end having this record there is no guess work. You have a packaging department. You have a production man, and you know what staff you are going to require to put that meat into the case for the customers. At the same time, the customer can go to the case, select the piece of meat she wants; if she wishes to she can take it to the nearest scale and weigh it and check it up. She knows exactly what she is getting and exactly what she is to pay for it. There is your control.

Q. I think you are rather to be complimented on the very efficient method you use, but would you tell this committee how much you think that is going to save. It is a minor factor?—A. Oh, no.

Q. Or would it be substantial?—A. The meat sold that way the customer would know whether she was buying meat under the ceiling. She would know the exact amount she is paying when meat is sold that way.

Q. But you could not estimate for me how much of a saving that would amount to in cents per pound?—A. We work on percentages, but I would say—

Q. Just approximately?—A. I would say 3 per cent to that question.

Q. 3 per cent?—A. We work on percentages, and when it comes to percentages there is no question about that.

Q. Would it amount to as much as a couple of cents a pound?—A. I would say 7 per cent, and a larger volume of sale it would be considerably more. But

taking it as compared to the ordinary store and the ordinary volume, for the standpoint of efficiency alone I would say that a saving of 3 cents would be certain.

Q. What would that be on a pound of packaged bacon?—A. We relate to the over-all sales.

Mr. KUHL: Mr. Chairman, would it be completely in order for a member of the committee to ask a witness for suggestions as to how he can bring the price to the consumer down?

Mr. THATCHER: That is what we are sitting here for, Mr. Kuhl.

Mr. KUHL: Would I be called to order for asking questions of that kind? I would like to ask a question along that line but I do not want to be called in order again.

The ACTING CHAIRMAN: That is principally what we want to get, but we have to remember that the witness is on oath and when he makes a statement of that kind, unless he can give the facts, it is only his opinion. I do not know whether he wants just to give his opinion or not. I think personally it is to the benefit of the committee to get some suggestions from a man of the experience of Mr. Steinberg.

Mr. KUHL: I would like to ask a question along that line, too.

The ACTING CHAIRMAN: We are prepared to hear your question anyway and will use our judgment as to whether it is similar to Mr. Thatcher's or not.

Mr. KUHL: Mr. Thatcher just asked Mr. Steinberg if he could make any suggestions as to what could be done to reduce the price to the consumer and he has made a statement. I would like to ask Mr. Steinberg if, for instance, the sales tax were eliminated whether that would not in his opinion reduce the price of meat.

The ACTING CHAIRMAN: Oh, well, I think that is obvious.

The WITNESS: That is very obvious.

Mr. KUHL: Therefore, if we are looking for a solution to reduce prices, any reduction in taxes will reduce prices to the customer accordingly.

The ACTING CHAIRMAN: We all know that. If we did not have to pay any taxes we would all be very happy, but unfortunately we are living in a world where we have to pay them.

Mr. KUHL: That is your opinion. I do not think so. I am just asking for some facts. I have asked other witnesses as to the proportion of their costs represented by dominion taxation and none of them have been permitted to answer that question so far, except to indicate that by whatever extent it was reduced it would reduce the prices to the consumer.

By the Acting Chairman:

Q. I would like to ask Mr. Steinberg this, on the information you gave the committee this morning you gave salaries for November as $17,797, and for January $22,943.75. Are those actual, or are they percentage salaries?—A. Those are the actual controllable salaries.

Q. That is for the people who are doing the work for you in this department, or does that include other departments as well?—A. That is for the meat department. These are what we call controllable expenditures in the meat department.

Q. And in your expense item do you include such things as rent?—A. That is not charged in here. This only represents about 7 per cent of sales, do you see. The non-controllables, there are quite a list of them—they would work out, with respect to the meat department, also to about 7 per cent, depending on the volume of sales.

Q. Does your fiscal year end in January?—A. No, our fiscal year ends July 24.

By Mr. Dyde:

Q. In connection with Mr. Thatcher's question I do not know that we have on the record the exact figure that we want. When did you put this self-service feature in in your stores?—A. We have been operating on a self-service progressively now for almost two years.

Q. Are you not able to tell Mr. Thatcher almost exactly what you can estimate—I think you said it was 3 per cent, but is not that an exact figure rather than an estimate?—A. It could never be an exact figure as it is based on volume. But I will answer it this way, it always reflects itself in our gross margin of operation. It was different under ceilings—

The ACTING CHAIRMAN: Were you limited as to how much you could sell then?

The WITNESS: Yes, we were limited as to how much we could sell. I would venture to say that with a very slight increase in our cost we could almost double our business. You cannot do that in a service operation. In self-service it just means maybe two extra girls on the production table. That is all. Maybe an extra man. You might increase your volume of business handled to a half a million dollars with practically no increase in staff. I think we could almost double our business adding very little in the way of cost under self-service.

By Mr. Dyde:

Q. Now, that 3 per cent that you gave us, is 3 per cent of what?—A. That is 3 per cent on our cost, and it is related directly to volume. As you increase your volume in a service set-up you have to increase your supply of labour employed. It would certainly cost a service operation about 10 per cent. We did work these figures out at one time, the cost of service as against self-service, and it worked out to about 7 per cent. When it comes to volume, with self-service you could almost double that with practically no additional expense.

Q. This morning we asked you for a comparison of controllable expenses in November and controllable expenses in January. Now, what you are saying, comes to this; that without the self-service feature this controllable expense would be increased as 10 is to 3?—A. That is correct.

Q. That is correct is it?—A. It is.

By the Acting Chairman:

Q. Self-service is done without any deliveries at all?—A. No.

Q. The customer calls for his own goods?—A. Yes. Self-service is where the customer walks up to the meat case and everything is pre-packaged. You don't speak to the butcher at all, you don't see the butcher. You just walk over to the case, pick up the cut you want. It is all cut, wrapped, the price per pound, the weight, and the total cost marked on the package.

By Mr. Kuhl:

Q. May I ask Mr. Steinberg another question. What other taxes besides the sales tax do you as a merchant pay—Dominion taxes. Are there any other Dominion taxes that you pay?—A. I haven't the records with me.

Q. I mean, approximately?—A. I haven't any records relating to taxes with me.

The ACTING CHAIRMAN: Are they any other questions? As there are no further questions I wish to thank you for coming here, Mr. Steinberg, and for being so helpful.

Mr. DYDE: Mr. Chairman, we have with us the representatives of Wilsil Limited who left one or two questions unanswered and they are now prepared to answer those questions.

Mr. HARKNESS: Mr. Chairman, before any other witnesses are called I would like to move that we call before this committee the Minister of Agriculture, as a result of the statements which he made in the house on Friday, and I think such action might possibly enable us to wind up this committee.

Mr. IRVINE: To what statements do you particularly refer?

Mr. HARKNESS: I refer first of all to the fact that Mr. Gardiner takes credit for the high price of beef and pork as a result of his policies, and further that any idea that those high prices were due to manipulation on the part of people handling meat would not stand up. Mr. Gardiner says the causes are much deeper. He made the statement that there is no surplus of beef as has been indicated to this committee. Of course, I agree with those statements of the minister, as a matter of fact, and I think that in view of the statement or the various statements that have been made in connection with the price and the general situation as far as beef and pork are concerned, such evidence would enable us to end this inquiry into meat.

The ACTING CHAIRMAN: Mr. Harkness, I think that this should be off the record because I see that at this moment we have no quorum. I might say, that your suggestion might properly come before the steering committee.

Mr. THATCHER: I am inclined to support Mr. Harkness' motion and I would like also to see the Minister of Finance brought here to explain some of these excise taxes.

Mr. MERRITT: Mr. Chairman, you now have a quorum. I think Mr. Harkness' motion is a motion which you should entertain. Surely from the evidence we have had so far we have found, in going through these details and examining the figures right down to the last ¼ of a cent, that the increased export contract price has taken control of the whole situation. It has been that increase in the export contract price which has occasioned these rises. We have been talking about 1/7 of a cent to packing houses and 26 per cent to retailers but those things are the result of the initial price. That must be a fair summary of the evidence we have had so far and I think Mr. Harkness' suggestion will bring this question of meat prices to a head in a way that should enable us to make a judgment.

Mr. KUHL: I would like to support the motion, Mr. Chairman, and I would agree with what Mr. Merritt has just said. I think the people we must cross-examine here are members of the government. I have come to the conclusion, as a consequence of the time I have been here, that it is government policy which is the greatest contributing factor in this price situation. I think we should have as witnesses those members of the government who are responsible for taxation.

Mr. HARKNESS: We have now spent about three days examing what looked to be to some members of the committee, a great surplus of beef. That took place as a result of the storage figures which we received, but Mr. Gardiner said on Friday that those figures are completely wrong and that there was no surplus of beef but that there is a shortage, and the amount in storage now was very little. He also said there has been very little meat actually taken to meet the British contract. I think we have been going around in circles and at cross purposes if Mr. Gardiner's statements are correct. I think you will find his statements are correct and therefore I think it is important that we bring Mr. Gardiner here so that we may possibly wind up the inquiry into meat.

Mr. IRVINE: I have no objection to seeing Mr. Gardiner here but I do not think that we can expect to get much information from Mr. Gardiner. It has been alleged that he credits himself with the high price paid to the consumer—

Mr. HARKNESS: To the producer.

Mr. IRVINE: I beg your pardon, to the consumer. It is a certain thing that we must pay a sufficient price to the producer or meat will not be produced. I think there is too much spread between the producer's price and the price paid by the consumer, and on that matter Mr. Gardiner knows no more than I do. If there are any facts to be brought out in that respect they can only be brought out by those who are actually carrying on the trade. I suppose it is generally true to say that all things—good and bad things in our economy—are a result of government policy. That is a general statement and probably true, but I was hoping that we might have, after examination of the various industries, facts which would enable the government to formulate a better policy if it is so inclined. In any event, I do not think that we should violate the practice of this committee in having direct motions regarding the calling of witnesses before the steering committee has given the matter consideration. I have been prevented from putting such motions and while I do not want to try and block anything but I think our regular practice should be followed.

The ACTING CHAIRMAN: I am entirely in the hands of the committee. I think it would be creating a precedent at this time to decide to call a witness directly over the head of the steering committee. I do not think that a motion is necessary and I will see that the matter is brought to the attention of the steering committee at a very early date.

Mr. HARKNESS: Surely the affairs of the committee are in its own hands? I do not see why the matter has to go before the steering committee which is only a part of the full committee.

Mr. MCGREGOR: Mr. Chairman, as far as I can see there has been a certain impression created throughout the country indicating that there has been too much meat in storage. That impression has been created by this committee and if Mr. Gardiner says the facts are to the contrary I think we should know. I think it is important that Mr. Gardiner be here.

Mr. IRVINE: We know exactly how much meat is in storage because we have the figures here.

Mr. MCGREGOR: All right, but let Mr. Gardiner come and tell his own story.

Mr. HARKNESS: Mr. Gardiner says that you do not know the facts.

Mr. IRVINE: I presume that Mr. Gardiner has already told his story and I do not see why you want to bring him?

The ACTING CHAIRMAN: I have no objection to calling Mr. Gardiner but I do not think we are proceeding in quite the right way.

Mr. IRVINE: The question is whether the calling of Mr. Gardiner is the best move which can be made by this committee towards achieving its purpose. I do not know exactly what business is in hand at the moment nor how many witnesses have been already called to appear here. It might not be wise to take this action without knowing the facts. There may be witnesses now here or coming, and the calling of Mr. Gardiner or anybody else without the steering committee having been notified would result in a serious change in the program.

Mr. DYDE: I can perhaps help, Mr. Chairman. The gentlemen who are waiting to give evidence here were asked to come back to say, among other things, how much meat they had in storage at May 1. We also received from Mr. Lafleur of the Dominion Bureau of Statistics the figures for storage on April 1 and I inquired very carefully whether we could get the exact figures on storage as at May 1. I was informed that there was no one anywhere who would know what was in storage at May 1 until about May 12 and it would be Dominion Bureau of Statistics who would then know and the Dominion Bureau of Statistics would be first to know. It had been my intention, following

this morning's proceedings,—because I have no meat witnesses other than the gentleman from Wilsil's—to call no more witnesses with respect to meat until Swift's can come back and until we can get the exact figures on storage.

Mr. THATCHER: I want to support Mr. Harkness. I think this committee should subpoena Mr. Gardiner for tomorrow morning. I would also like Mr. Abbott subpoenaed to explain this subsidy matter, and why subsidies were taken off. I would like to see those two ministers subpoenaed for tomorrow morning and we will get on with this thing. If you are making a motion—

Mr. HARKNESS: Yes, I made it a motion.

Mr. THATCHER: — I would be very glad to second your motion.

Mr. MAYHEW: If you are adamant and if you are going over the head of the steering committee I would like very much for you to consider that the chairman is not here and the vice chairman is not here. The chairman was required at a cabinet meeting this morning at which important things were being considered. I am only in the chair for the time being and I would like very much if you would at least let the matter go until this afternoon. On the other hand you might take my assurance that the matter will be brought to the attention of the steering committee.

Mr. HARKNESS: I remember that the same thing was done in connection with Mr. Towers. A motion was made in the committee and I cannot see that there is any reason why this motion should not be settled right here. It is creating no precedent at all.

Mr. IRVINE: I think it is creating a precedent. In the case of Mr. Towers I remember that he was to go away within the next day or two after the matter was brought up, and that was an exceptional case. I do not wish to be a stickler in respect of rules but I have been held up two or three times on similar matters and I think perhaps it would be just as well if we followed the ordinary rules laid down by ourselves.

The ACTING CHAIRMAN: As a matter of fact, Mr. Towers' case was referred back to the steering committee. I was requested to get in touch with Mr. Towers to see what date would be suitable for him. It was just on the eve of his going away and the matter was referred back to the steering committee. I had several conversations with Mr. Towers before we could arrange a time. So, in that particular case, Mr. Harkness, I am sure it was referred back to the steering committee. I should like to see the same thing done in this particular case, if at all possible.

Mr. MERRITT: The situation in which we find ourselves is this: we have heard representatives of producers, packers and retailers. So far as I am concerned, having heard that evidence, it seems to me we have had a rather complete picture of the meat industry. The witnesses who are coming back are just filling in the tag ends. Mr. Gardiner's Friday statement certainly brought this to a head. If Mr. Gardiner bears out that statement before the committee, it may obviate the necessity of recalling Swifts or any of these witnesses. This course would give us an opportunity of cutting short the inquiry which many of us, as you know, believe has been going on at too great length, and it would help us understand the causes of these price rises.

The ACTING CHAIRMAN: We will be able to have, according to counsel's statement, figures showing the stocks of meat in storage by about the 15th of the month. These would be authentic figures prepared by the Dominion Bureau of Statistics and they would show us whether Mr. Gardiner's statement was correct or not.

I have no objection to him coming here if he can give us information the Dominion Bureau of Statistics has not got or which we cannot get. I am quite satisfied as to that, but we will have the figures here by the 15th of May and I do not think that is too long to wait.

Mr. THATCHER: Do you not think, when you have a motion duly put and seconded—

The ACTING CHAIRMAN: Quite right, I am just trying to keep the committee on what I believe to be the procedure it was intended we should follow when we started, that all these matters would go before the steering committee. However, the motion is before us and if you insist upon me putting the motion—I shall not say I will gladly put it, but I will put it.

Mr. HARKNESS: I think you should put the motion.

Mr. IRVINE: You think it is not out of order? You are not prepared to rule it out of order?

The ACTING CHAIRMAN: No, I do not think I am prepared to rule it out of order. I think the committee can fire the steering committee if it wants to do so. The committee can do anything it wishes to do, whether it is advisable to do it or not. I feel the other procedure would be better, but I have no alternative but to put the motion.

The motion is that Mr. Gardiner—you have not put a time limit on it. I do not think it is fair to say tomorrow morning, because I do not know whether the minister could come tomorrow morning.

Mr. THATCHER: If we subpoena him, will he not have to come?

The ACTING CHAIRMAN: I do not think this committee is going to go that far with a minister of the Crown in these days. The motion is that Mr. Gardiner be called before this committee.

All in favour?

Mr. IRVINE: I am going to vote against it.

The ACTING CHAIRMAN: The motion is carried.

Carried.

Mr. DYDE: Mr. MacEwan, you are already sworn and I would ask that Mr. Smith be sworn.

Mr. SMITH: I was sworn.

H. MacEwan, Vice-President, Wilsil Limited, Montreal, recalled:

G. M. Smith, of P. S. Ross and Son, Auditors of Wilsil Limited, recalled:

Mr. DYDE: The other day, when you were before the committee, there were one or two rather small points which we had to clear up with reference to your evidence. Since then, the question of storage stock has arisen and I should like, for the purposes of the record, to clear that up this morning. May we go first to the storage stocks and would you tell us the figures covering your storage stock on beef and pork as of May 1? I think, gentlemen, that we might—those of you who wish—put these figures on your documents, schedule 5 of the Wilsil documents.

Mr. SMITH: The figures as of May 1, 1948, in pounds, under the heading beef; first, we have frozen beef, 774,690 pounds; other beef, 471,624. Total beef amounts to 1,246,314.

Then, pork: freezer pork, 2,563,614 pounds; other pork, 1,507,407; total, 4,071,021 pounds.

Mr. DYDE: That is for May 1, 1948?

Mr. SMITH: Correct, sir.

Mr. DYDE: I think you have the figures for a year ago on May 1?

Mr. SMITH: They are for May 3, 1947. Frozen beef, 267,097 pounds; other beef, 284,498; total beef, 551,595. Pork, frozen pork; 1,117,778; other pork, 1,114,619 pounds; total pork, 2,232,397 pounds.

Mr. IRVINE: That is about twice as much this year as last?

Mr. SMITH: That is correct.

The ACTING CHAIRMAN: That is for beef?

Mr. SMITH: That is for beef and pork, it is almost twice as much in total. I think those figures, Mr. Dyde, bear analysis if I may go a little further. Mr. MacEwan was able to get a breakdown of those figures. The first figure we had, frozen beef, 774,000 pounds—do you want a complete breakdown of that? There are about six items?

Mr. IRVINE: Is there any difference between the breakdown of that 774,000 and the breakdown of the corresponding figure of the year before of 267,000?

Mr. MACEWAN: Yes.

Mr. SMITH: Proportionately, yes, very definitely.

If we break it down, there will be six headings. We break it down, and carcasses are first. May 1, 1948, 143,256. Do you want the 1947 figures, now?

Mr. DYDE: Yes.

Mr. SMITH: 90,052 pounds; cuts, 80,817 pounds and the corresponding figure for 1947 was 27,976; manufactured beef, 403,595 pounds; last year, 93,145 pounds; fancy meats, 62,172 pounds; last year 6,834; tripe, 84,850 pounds; last year, 49,090 pounds. Those figures add to the frozen beef which I gave you in total.

Now, other beef can be similarly broken down if you wish to have the figures.

Mr. DYDE: Yes, thank you.

Mr. SMITH: There are five headings. Carcasses, 1948, 198,691 pounds, against 71,781 pounds; cuts, 20,183 pounds, against 29,008 pounds; manufactured, 20,737 against 14,233; fancy meats, 13,986 against 27,969 pounds; cured beefs, 218,027 pounds against 141,507. Those figures will add to the totals which I gave you at the start, Mr. Dyde.

Mr. DYDE: Now, tell us the significance of that breakdown, will you, Mr. Smith?

Mr. SMITH: May I call upon Mr. MacEwan for that?

Mr. MACEWAN: The big item, Mr. Dyde, is the manufactured beef. The difference is that in 1948, there are 403,000 pounds in storage as against 93,000 on May 3. That is accounted for by this fact, that we always put away manufactured beef towards the end of the year, that is in November and December, because it is the time of the year that beef comes on to the market. There is very little of it in January, February, March, April and May. In 1947, we were canning very heavily. The fact of the matter is, we take May 1 as an example, in that period we manufactured 2,201,091 pounds of canned meats which the manufacturing beef used up. This year, I have not got the exact figures, but it is certainly not over 500,000 pounds. We have orders on hand which will take up this and, in a matter of a couple of months time, there will be none of that manufactured beef. That manufactured beef cannot be used, so far as selling it to the consumer is concerned, unless it is put in the shape of bologna and put into tins.

Then, you go further down to the biggest item which is fancy meats. Fancy meats on May 1, 1948, amounted to 13,968 pounds and in 1947 we had 27,969 pounds. That is simply due to the fact that, at that time, the liver and kidneys went into the formula which was prepared for UNRRA and we had to accumulate stocks. This year, there is no UNRRA and therefore those stocks are not used. It is for that reason we have smaller stocks this year than we had before. If you come back again to the carcasses of beef and the cuts, you have 143,000 carcasses on May 1 against 90,000, and 80,000 cuts against 27,000. Up to May 1 we killed this year 680 carcasses of beef as against 483 in the same period of 1947, and that accounts for the difference. We would have a heavier killing on Fridays, and there are no sales on Saturday. The business is closed so far as selling is concerned. The stock would be that much greater, and after all 50,000 pounds is nothing.

Mr. DYDE: Mr. MacEwan, when you come to other beef you are very much higher in your carcasses. In your carcasses at May 1 for other beef—that is not frozen—you have got 198,691 as against 71,081 a year ago.

Mr. MACEWAN: In speaking as I did just now I should have said I was really referring to the other beef because that is fresh beef. Other beef is carcass frozen beef, and we do not figure that 50,000 pounds of carcass beef in 1948 is very much more. It amounts to about a carload and a half. There are 30,000 pounds in a car, and there is just about a carload and a half. The cuts come to probably two cars. The reason for that is that all the time we have export business. We have export business to Newfoundland. We have export business to the West Indies, and we have export business to Bermuda, and we have to put all the orders that we get for that in the freezer, and that accounts for that.

Mr. DYDE: All right. Still paying attention to May 1, 1948, and to the carcass meat which you have in the cooler but not frozen, I am referring to the figure 198,691. Can you tell us how much supply that is, what length of time is that supply for in your business? Do you follow my question?

Mr. MACEWAN: Yes, I follow you perfectly, half a week's supply, three day's supply.

Mr. DYDE: I have no further questions on inventories.

The ACTING CHAIRMAN: It is quite clear, is it not, that you have considerably more both beef and pork on hand on May 1, 1948, than you had on May 1, 1947?

Mr. MACEWAN: That is correct.

The ACTING CHAIRMAN: About double in each?

Mr. MACEWAN: If you go back to 1947 and take fresh beef alone, there is 71,781 pounds and the cuts are 29,008 pounds. That would mean that our cooler was almost denuded of beef.

The ACTING CHAIRMAN: Which year?

Mr. MACEWAN: I am referring to 1947. That is your comparison year. You would have about a day and a half selling; that is all.

The ACTING CHAIRMAN: Would you think your operation would be something similar to the operation of other packers?

Mr. MACEWAN: Possibly, yes. I do not know their figures but I would fancy yes.

The ACTING CHAIRMAN: You all follow the general practice. It is ordinary business practice?

Mr. MACEWAN: As a general rule if we are short of beef in our coolers the others are short of beef.

The ACTING CHAIRMAN: Has anyone any questions they want to ask the witnesses?

Mr. DYDE: Then, if you will go to schedule 2, Mr. Smith, on schedule 2 we were rather startled by the fact that your average price per pound went up in September, 1947. I believe you have carried out a study of why those prices went up. I think you could probably file a document, but I think I would prefer if you would give it to us in narrative, rather than filing another document for that particular period.

Mr. SMITH: Yes, sir. In order to account for the increases in the average selling prices of pork which we filled in on schedule 2 of our original exhibits, that is, from 26·8 cents at the August 9 period to 30 cents at the September 6 period, to 33·3 cents at the October 4th period, we made a detailed study and analysis of the company's sales records for those three periods and ascertained that the differences were due to the following factors, first that we were comparing on this schedule net sales figures, that is to say, figures after deducting returns allowances and outward freight. The variations in the returns, allowances and outward freight between periods accounted for a portion of those differences. Secondly, a price increase had been authorized effective September 2, 1947, of 2 cents a pound for export, and there was an increase at the same time in the domestic ceiling which affected one week of the September 6 period and all of the October 4 period when compared with the other two. Thirdly, and probably a major factor, was an increase in the proportion of sales of the higher priced products, that is to say, smoked meats and bacon in September versus August, and then again in October versus September.

I should like to call the committee's attention to the fact that the October 4 period was the strike period for this company. The strike took place on September 10, 1947. At the beginning of the strike the union officials permitted the company to dispose of all perishable goods which were in the plant. Fresh pork was sent to cold storage. Cured and smoked meats—those are the more expensive items, particularly smoked meats—were shipped in most cases to customers against outstanding orders, although some did go into storage. The October 4 period is different from the others, too, in that the sales are so small because except for shipments to hospitals and similar institutions during that period, and except for the first week's sales there were practically no sales made during the period.

Mr. DYDE: Mr. Chairman, it seemed to me that was a minor point because it was away back in August and September and October. On the other hand, there was some doubt when the witnesses were here before as to the reason for it, and I thought there ought to be on the record the reason given. As far as I am concerned I am quite satisfied with the explanation given by Mr. Smith, who is the auditor of the company although he is not an officer of the company. If there are no further questions I only have one other to ask the witness. I asked you, Mr. Smith, to examine the company's record to see whether you could give us any assistance as to the condemnation insurance fund of Wilsil Limited. I would be obliged if you would tell the committe what you have been able to find.

Mr. SMITH: In examining the records of the company as to the details of this condemnation fund we checked the year 1947 closely, and an accurate statement was produced. We found that in all of the years the company in its records had not charged to the condemnation reserve parts and fancy meats of both hogs and—no, I am sorry. In the case of beef, parts and fancy meats which had been condemned had not been charged against the reserve, only whole carcasses. In the case of pork the amount is correct and both items were charged. In the case of offal resulting from condemnation no credits had been given to the reserve, so that we took the year 1947 and made a proper picture, as a result of which we find the following figures. In the case of cattle the insurance collected was $9,804. That was on 28,260 animals. There is an additional

credit to the reserve for the value of material utilized in the rendering house, plus hides, of $6,898, so that the total credit to the reserve for the year was $16,702. The value of carcasses and fancy meats condemned was $35,681. So that in 1947 the records of the company indicate it sustained a loss of $18,979 on cattle.

In the case of hogs credits for the insurance amounted to $18,353, and that is on 98,096 animals. The value of the materials utilized in the rendering house was $1,935, giving total credits of $20,288. The value of carcasses and fancy meats condemned was $18,002, indicating a profit for 1947 of $2,286 on the hog condemnation account.

Mr. DYDE: While you have not examined the other years to the same extent and broken down all the figures are you able to give the committee the general outline contrasted between cattle and hogs? In other words, how do the company's figures, generally speaking, run over a period of years? Does the company continually lose money on beef or can you say that?

Mr. SMITH: Based on the book figures of twelve years the company lost money on five of the years, but there again I say the book figures are misleading because they do not charge in the value of the parts condemned which are very substantial.

Mr. DYDE: And with regard to hogs?

Mr. SMITH: With regard to hogs according to the records the company made a small profit in eight of the twelve years, and they lost money in four. The base of these pork figures against the average for the twelve years per animal slaughtered in the case of cattle was a credit figure or profit of 2·9 cents each; and, in the case of hogs, a credit of 1·6 cents each.

Mr. IRVINE: Does the government official who condemns these carcasses or parts keep a proper accounting of every detailed case?

Mr. MACEWAN: Yes. On our figures for 1947, I personally checked them with the government's veterinary department in each plant and I found that they have a record daily of what is condemned, and our figures have been made up from a check with theirs.

Mr. SMITH: I should like to say, Mr. Dyde, that these may help to give you some indication of the figures for the other years, even though they are not completely factual. It appears it would have been worsened had the company charged in the parts, because the results for 1947, that are worked out on an accurate basis, were substantially worse than the record shows.

Mr. DYDE: You charge the same rate of insurance as is charged in other parts of Canada? What are your rates for insurance?

Mr. MACEWAN: 20 cents, the same as the others; 20 cents on steers, bulls and heifers and 50 cents on cows.

Mr. DYDE: And in the case of hogs?

Mr. SMITH: 1½ of 1 per cent per hundred weight.

The ACTING CHAIRMAN: Counsel says he has no further questions.

Mr. KUHL: Could Mr. Smith indicate how many different kinds of Dominion tax Wilsil's pay?

Mr. SMITH: I am afraid I haven't the records with me.

Mr. IRVINE: We will have to get that from the Minister of Finance.

The ACTING CHAIRMAN: Are there any other questions?

Mr. DYDE: That, Mr. Chairman, completes the witnesses whom I have called. I know that Mr. Monet is ready to start fruits and vegetables at 4 o'clock this afternoon. I will have to postpone Swift's because they are not ready; and then, with reference to storage figures, I have already stated that they would not be ready until the 12th or 13th at the earliest.

Mr. IRVINE: Well then, are we going to call Mr. Gardiner this afternoon?

The ACTING CHAIRMAN: Gentlemen, it has been brought to my attention in Beauchesne's Parliamentary Rules, under Rule 678, that in the case of evidence of a member of the House of Commons being required by a committee of the House it is customary for the chairman to request him to come and not to address a summons to him in the ordinary form. So I will speak to the chairman and have him talk to Mr. Gardiner about his appearing here this afternoon, following the usual form. I hope that is satisfactory to the committee.

If there is nothing more before the committee this morning we will adjourn until 4 o'clock this afternoon.

The committee adjourned to meet again this afternoon at 4 o'clock.

AFTERNOON SESSION

The committee resumed at 4 p.m.. The Chairman, Honourable Paul Martin, presided.

The CHAIRMAN: Members of the committee, we start today our inquiry on fruits and vegetables, and we have Mr. Monet back with us. Are you ready to proceed, Mr. Monet?

Mr. MONET: I am, Mr. Chairman. Before calling witnesses, Mr. Chairman and members of the committee, I should like to outline briefly the scope and the direction of the inquiry into fresh fruits and vegetables. I wish first to place in the record as exhibit 104 a document prepared by the secretariat of the committee. This document is now being distributed to the members of the committee. It consists of a set of nine statistical tables. These will provide you with certain basic factual information that may be of help during the course of this inquiry. With the exception of some data on oranges the sources of these statistics are the Dominion Bureau of Statistics and the markets information section of the Department of Agriculture.

EXHIBIT No. 104: Fresh Fruit and vegetable statistics.

(See Appendix)

Mr. MONET: I may say at this point that in preparing for this inquiry consideration was restricted to those fruits and vegetables that have been available during the past winter in a fresh form. Perishable produce such as berries among the fruits and tomatoes and lettuce among the vegetables have not been investigated because they were not available on the market. Some of this perishable produce is once again appearing, and the secretariat is watching developments. Before the inquiry closes it may be thought advisable and desirable to investigate the prices of this new produce, to wit, tomatoes, but I think this matter should be left open for the moment.

If the members of the committee will look at table 1 of the exhibit which has just been filed you will see that the wholesale and detail prices of apples, bananas and oranges were lower in April, 1948 than in October, 1947, in Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver taken as a group. For that reason it is not proposed to make any extended inquiry into the prices of fruits. However, an issue has already been raised before this committee as to the price of oranges in Toronto. It is, therefore, proposed to explore this question further. Certain basic data on orange prices that may be of help to this committee at that time is to be found in table 4, page 15. You will notice that in these nine shedules the pages have been numbered 1 to 22 to help the members of the committee to locate quickly any reference that may be made to any of the schedules on produce.

Counsel proposes also that an inquiry into the price of bananas in Montreal especially be undertaken. The trade witnesses being called before the committee have been asked to provide data on their operations in apples. It is not expected those operations will call for particular consideration, but in view of the importance of apples in the Canadian diet it has been considered desirable to check into their prices. It will also be noted from table 1 that the wholesale and retail prices of carrots, cabbage, onions and celery have increased greatly between October of last year and April of this year. Thus the wholesale price of onions has more than doubled, and of carrots nearly doubled. The price of cabbage is about 60 per cent higher in January. The prices were much higher than at present. The price of celery also increased sharply until the supply was exhausted in January and February. It is proposed to investigate carefully the cause of the rise in the prices of these vegetables.

Table 1 also shows that the price of potatoes has risen very little over the past winter and spring for Canada as a whole. This is not true, however, for all markets. For this reason it is considered that the price of potatoes should not be ignored by this committee. Another reason for checking up on the price of potatoes is that potatoes are about seven times as important in the Canadian diet as the four vegetables mentioned above, carrots, cabbage, onions and celery, as can be seen from column B of table 1.

I should also point out that the price of a number of other vegetables has increased quite sharply. Subject to the approval of the committee it is not proposed to make inquiries into their prices for one of three reasons, first that the price has not increased as markedly as for the vegetables already mentioned. For example, in turnips the average price has increased from 2·5 cents to 3 cents a pound over the winter. Secondly the vegetable is not an important item of the Canadian diet, such as turnips, parsnips, and in a lesser degree beets. In the third place the vegetable is one of the so-called canning vegetables, peas, beans and tomatoes, and have not been available in the fresh form since early last fall.

To recapitulate what I have said already it is proposed to inquire into first the price of oranges generally, and particularly in the Toronto market where the price of oranges has already been the subject of hearings before this committee. Secondly, the price of bananas in Montreal. Thirdly, the prices of carrots, cabbage, onions, celery and potatoes in different Canadian markets. Fourth, if the situation seems to warrant action the price of newly produce just now coming to market will be investigated, more especially tomatoes.

To help the committee during the course of the investigation your secretariat has compiled from official sources statistics on wholesale and retail prices. Table 2, page 2, of the exhibit just filed, and pages 2 to 9 inclusive, except for apples and celery, gives the average wholesale and retail prices prevailing in seven of Canada's leading markets for the period October, 1947, to April, 1948, together with the corresponding prices for the first Monday of the last month of the years 1939, 1943 and 1946, for apples, bananas, oranges, potatoes, carrots, cabbage, onions and celery. The wholesale prices on these pages are for the Wednesday preceding the first Monday of the month as prepared by the markets information service of the Department of Agriculture. The retail prices given are those of independent merchants for the first Monday of the month as prepared by the prices branch of the Dominion Bureau of Statistics.

I should like to make two observations as to the use of the data in this table 2. The first is that these averages are obtained by taking all the prices for the various grades and varieties of cabbage, let us say, in the wholesale or retail market on a given day, adding them together and dividing by the number of prices. Since no account is taken of the volume of each grade and variety of produce being sold, the average price may be somewhat higher or lower than the price of the goods most readily available on the market. Furthermore,

the average price may rise or fall without the price of any grade or variety changing mostly because certain produce becomes available or ceases to be available in the market. Generally this does not invalidate the usefulness of these averages to indicate price trends. The one place, however, where their literal acceptance can often lead to serious error is in comparing wholesale and retail prices and assuming that the spread between them represents the real situation in the market.

Secondly, the retail prices are the average of prices being charged by independent merchants. It was felt that any attempt to get an average of chain and independent store prices would not be satisfactory since the relative importance of each as retail outlets in each city is not known.

Table 3, pages 10 to 14 of the exhibit, gives the midweek wholesale price range for one grade and variety of certain produce for each city during the period November 5 to April 21, 1948. You will probably find this table a very useful point of reference for questioning witnesses from the wholesale trade both on the behaviour of wholesale prices and with reference to their own operations.

One factor that must be taken into account in the rise of prices since last fall is the cost of storage and spoilage of fresh fruit and vegetables while being held for the market. To provide a standard for evaluating this factor table 6, page 17, has been included in this exhibit to show the price increases permitted on various types of produce by the Wartime Prices and Trade Board to cover this cost as the season advanced.

I think I should also make a few remarks on several points which I think will serve as a useful background for this inquiry, since it will probably not become immediately apparent. The first is that as to the sources of supply of fresh fruit and vegetables, all the important types of vegetables used in the Canadian diet are grown in Canada and quite generally in all parts of Canada. Canada also grows a wide variety of fruit, the notable exceptions being citrus fruits such as oranges, lemons and grapefruit and tropical fruit such as bananas and pineapples.

In spite of this, most parts of Canada are not self-sufficient in any important fruits or vegetables. Certain parts of Canada are better suited to the growing of fruits and vegetables than others and have tended to specialize in these crops. The notable examples, and the only ones that are truly surplus production areas, are southwestern Ontario and the south central part of British Columbia.

Canada has also come to depend on the United States to provide fresh fruit and vegetables at the end of one crop year and in the first part of the next. In the face of rising prices the Wartime Prices and Trade Board saw fit to reimpose price control on certain produce. I now wish to place the pertinent prices board regulations in the record as follows. Mr. Chairman, I understand administrator's order A-2483 for citrus fruits has already been printed as an appendix at page 335. Therefore there is no question of reprinting it again, but there is an errata notice to this order which I think should be printed as an appendix also. Am I to understand that these orders I am going to file will be printed as appendices?

The CHAIRMAN: Yes.

Mr. MONET: I have just referred to certain orders, the first of which is an errata for administrator's order A-2483. The following is a list of the order numbers to which I shall refer: A-2492; A-2496—these orders all deal with the maximum price of citrus fruits. Then, there is the administator's orders A-2488 and A-2489, which deal with the maximum price on carrots. Order No. A-2470 deals with the price of cabbage. Administrator's order No. A-2489 permit variation of maximum mark-ups for certain sales at wholesale and retail of imported carrots and cabbage.

Mr. THATCHER: Are these orders the ones which put back ceilings on these particular commodities?

Mr. MONET: That is right.

Mr. THATCHER: I should like to know the dates when ceilings were first removed and then the dates on which ceilings were put back. Were they all put back at once?

Mr. MONET: No, they were on different dates, Mr. Thatcher.

Mr. THATCHER: Could you give me the dates later, if it is inconvenient to do so now?

Mr. MONET: I think they are right here. I can give you the dates on which ceilings were re-imposed. Order No. A-2483 is dated February 19.

Mr. THATCHER: What is that?

Mr. MONET: Administrator's order on citrus fruits, February 19, 1948. There was the errata which I have just filed to this order A-2483, which is dated February 20. Then order No. A-2492 is also on citrus fruits and it is dated March 22, 1948.

Mr. THATCHER: What did that order do, change the amount of the ceiling or something?

Mr. MONET: It provided, further, that the maximum price at which any wholesale distributor may sell any oranges shall not exceed the ceiling.

Then, there was also order No. A-2496, on citrus fruit dated April 2, 1948. This takes care of all the administrator's orders and amendments concerning citrus fruits.

The next one of which I have spoken is A-2488 and A-2489, dealing with the maximum price of carrots. Order No. A-2488 is dated March 5, 1948 and order No. A-2489 is dated March 15, 1948. Administrator's order A-2470 dealing with cabbage prices is dated February 2, 1948. Administrator's order No. A-2489, permitting a variation of the maximum mark-up for certain sales at wholesale and retail of imported carrots and cabbage is dated March 15, 1948.

Mr. PINARD: There is one order bearing that number already and now you are citing another one with the same number.

Mr. MONET: That is true; this one bears the same number. This one is concerned with both cabbage and carrots, wholesale and retail.

The last one gives notice on April 20, 1948 to certain quota permit holders that the import of new potatoes will be excluded between the dates of April 22 and June 7, 1948.

Mr. THATCHER: Was there any ceiling imposed on onions?

Mr. MONET: No.

Mr. THATCHER: There is no ceiling on onions?

Mr. MONET: No.

Mr. THATCHER: Is there any ceiling on apples or other fruits?

Mr. MONET: No.

Mr. TATCHER: It is only on citrus fruits, carrots, cabbage and new potatoes?

Mr. MONET: Right. I may say that until the publication of this notice to which I have just referred, the importation of potatoes was permitted under a quota. On the other hand, the importation of carrots, cabbage and so on was formerlly prohibited until The Wartime Prices and Trade Board orders were implemented. Now, carrots and cabbages can come in. One of the important factors affecting prices is the supply of goods. In the case of fresh fruits and vegetables it will be seen from table 5 on page 16, that only in potatoes was the domestic commercial production in the 1947-1948 crop

year up to that of the year before. Imports are expected to be down markedly in apples and the fine vegetables in this crop year. Exports were also down, except in carrots and onions.

The net result is that the available domestic supply is noticeably lower in the 1947-1948 crop year thant that of a year ago in apples, cabbage, carrots, onions and celery and on about the same level as a year ago in potatoes only. Although the amount that is expected to be lost as waste will also be down, the gains in this direction will only be significant in regard to apples.

It can, therefore, be said that only potatoes and apples are in as good supply in 1947-1948 as in 1946-1947. The price of these two products have been less subject to upward movements that the other important domestic crops being considered in this inquiry. Additional details on imports and exports will be found in tables 7 and 8, pages 18, 19 and 20 of the exhibit.

Some indication of the exhausting of stocks of fruit and vegetables during the past winter can be obtained from table 9, page 21. In October, 1947 the stocks of carrots and celery in common and cold storage were higher than a year earlier; the stocks of potatoes, cabbage and onions on about the same level, and only the stock of apples was down. In April of this year, the stocks of all these products in common and cold storage were lower than a year ago, except in apples.

Direction of investigation:

I have already indicated what fruits and vegetables it is proposed to investigate. I should now like to indicate how it is proposed to carry on the investigation. If you will once more look at table 1 of the exhibit, and more particularly at the last two columns of the table, you will note that they give the spread between the average wholsale and the average retail prices for a number of fruits and vegetables in October 1947 and April 1948.

I have already warned you that such a comparison should not be accepted as reflecting accurately the wholesale to retail price speads that do, in fact, exist in the market. In a general way, however, such comparisons can indicate trends. The trend which seems to be indicated here is that over the seven cities taken as a group and for the six products for which information is available, there does not seem to have been an increase in the mark-up being taken by retailers. I do not wish you to infer from that that individual retailers may not have taken advantage of the situation, but it would not appear that the practice was widespred. The last two columns suggest that the retailers' mark-up has not increased in bananas, oranges, potatoes, carrots and cabbage. An increased mark-up in onions in indicated but if the mark-ups charged in October and April are expressed as a percentage of selling price the mark-up is noticeably smaller now than it was last fall.

Under the circumstances, and because your secretariat has not found other evidence indicating undue mark-up at the retail level, it is not proposed at this time to conduct an intensive inquiry into the behaviors of prices at the retail level. At least one witness from the retail trade will, however, be called.

The emphasis in this inquiry will be concentrated on the behaviour of prices at the wholesale level, and to this end trade witnessses will be called from Toronto, Montreal, Winnipeg, Vancouver and maybe the Maritimes. From the examination of trade witnesses it is hoped to establish, first, the factors which have contributed to rising prices of certain fresh fruits and vegetables; secondly, to what extent the wholesale trade may have benefited from these rising prices and whether operators in the wholesale trade took undue advantage of the situation; thirdly, to what extent rising prices accrued to the in a general way from the amount of produce being handled by the wholesale benefit of producers of fresh fruits and vegetables. This could be ascertained

trade on a commission basis and the cost to the wholesaler of produce he has purchased outright.

Analysis of the behaviour of wholesale and retail prices given in tables 2 and 3 of the exhibit indicates that prices have been subject to more marked fluctuations and particularly to an upward movement in Toronto and Montreal than in the other cities of Canada. For this reason, it is proposed to give much greater attention to the behaviour of prices in these two markets than in the other markets, and most of the trade witnesses who will be called will be operators in one or the other of these two markets.

The Toronto and Montreal fruit and vegetable markets are quite highly organized along specialized lines. The marketing of fruits and vegetables elsewhere in Canada resembles more the marketing of other staple lines of food stuff. To a considerable degree the wholesaler is the important connecting link between the producer and the retailer, and commission merchants, jobbers and brokers are relatively unimportant.

The order in which it is presently proposed to call witnesses is as follows:

First, Mr. Robinson from Toronto, who will explain the organization of the Toronto and local Ontario markets and who will also give evidence on the degree to which the producer may have benefited from the recent rise in prices.

At this stage, Mr. Chairman, I wish to point out very clearly that Mr. Robinson is here at my request. After carrying on an investigation in the office of the secretariat, it was felt Mr. Robinson was the proper witness to give the members of the committee the general background of the fruit and vegetable industry in Canada, and more particularly for Ontario.

The CHAIRMAN: Mr. Robinson is secretary-treasurer of the Fruit and Vegetable Growers' Association.

Mr. MONET: Yes, and also because he is secretary of the Fruit and Vegetable Growers' Association, he can give the members of the committee the viewpoint of the producers and inform the committee the viewpoint of the producers and inform the committee as to the degree the producers may have benefited from the rising prices. I wish to make it very clear because of something which has been brought to my attention, that Mr. Robinson is here at my request and for no other reason.

A number of representatives of firms operating on the Toronto Wholesale Market will also be called. Particular attention will be paid, during this part of the inquiry, to operations in oranges and celery.

In so far as Montreal is concerned, the same procedure will be followed as in the Toronto part of the inquiry, with special investigation being made into the price of bananas in Montreal.

Winnipeg—a representative of one of the largest wholesale firms operating in the prairie provinces will be called.

Vancouver and the maritimes—the same procedure will be followed as in the case of Winnipeg. We will, of course, follow up any other line of investigation which may be revealed during the course of the present inquiry.

The CHAIRMAN: I believe your approach is one which will save a lot of inquiry and time on the part of the committee.

Mr. MONET: It was for this reason I gave this statement at the opening.

The CHAIRMAN: We do not want to overlook anything, but there is no use spending time on things which do not help.

Mr. MONET: It was for this reason I gave this statement. If the members of the committee have a few minutes free time and will look at this exhibit which has been filed, I think they will find all the necessary information to assist them in the questioning of witnesses. It will give the committee all the information it is possible to obtain on this fruit and vegetable industry.

Mr. HARKNESS: Are there any material differences between the prices of these various fruits and vegetables in Toronto, Montreal and Ottawa, or did you look into the Ottawa prices at all?

Mr. MONET: Well, we have taken in the main the cities only which I mentioned, because if we try to take in every city and town well, there just would be no end to it.

Mr. HARKNESS: The reason I asked that question was because I see particularly your price on onions, and I know from a purchase I made, the only purchase I made in this line as a matter of fact was over the week-end and I was charged 19 cents a pound, which is almost twice your 10 cents in your chart, the ordinary cooking onion. I was told by my wife to pay 10 cents but I found I could not buy one onion for that.

Mr. MONET: This happened to be while I was carrying on the investigation into bananas in Montreal where in a certain store bananas were selling as high as 22 cents in Montreal, while the average was much lower than that. We have concentrated on the larger cities.

Mr. HARKNESS: I was wondering whether you had looked into it at all, whether there was any marked difference between the price here and in other cities.

Mr. MONET: I would not think the difference would be much.

Mr. HARKNESS: Well, then, apparently I was gyped.

Mr. MONET: I would think so.

The CHAIRMAN: Let us proceed.

Mr. MONET: The first witness is Mr. Robinson.

M. M. Robinson, Secretary-Treasurer, Ontario Fruit & Vegetable Growers' Association, called and sworn:

By Mr. Monet:

Mr. Robinson, would you give us your first name?—A. Melville M. Robinson.

Q. What is your address?—A. Burlington, Ontario.

Q. What is your main occupation?—A. I am a farmer.

Q. You have your own farm?—A. That is right.

Q. Beside that I understand you are Secretary-Treasurer of the Ontario Fruit & Vegetable Growers' Association?—A. I am.

Q. Now, Mr. Robinson, you have prepared a brief which you handed to me a few hours ago. I would like you now to read this brief to the members of the committee. There are copies available and they will be handed out to members of the committee. Would you proceed, please.—A. Yes.

To the chairman and members of the parliamentary prices committee:

Gentlemen:— In presenting this brief on behalf of the Ontario Fruit & Vegetable Growers' Association it is essential to state that I am here upon invitation of officials of the Prices Committee.

In this presentation attention will be paid mainly to the Ontario aspect of the subject with some general remarks from a national standpoint.

The committee is concerned with the question of prices of fruits and vegetables particularly since November 17, 1947. To arrive at a true estimate of the fluctuations in these prices a study of the background

and of the relationship of the dominion government's restrictive program to the picture is vital. For that reason I propose to review in some detail the events of the past six months.

Without hesitation I make the charge that much of the furore over the prices of fruits and vegetables has been inspired mainly by members of the wholesale trade and to a limited extent by some retailers. The fruit and vegetable industry has been subjected to much unfavourable publicity as the result of a deliberate campaign to pressure government into a relaxation of restrictions not for the purpose of providing a more varied diet for the people of this country but that traders would have volume and with it the opportunity for greater profits.

This aspect of the situation must be cleary understood as it is vital to the study just as it is the most aggravating feature to fruit and vegetable producers of Canada.

Frankly, Ontario fruit and vegetable producers welcomed the restrictive program. The dealers—wholesale and retail—did not. For years there has been a continual struggle between producers and traders over the matter of imported produce. Parliament has repeatedly recognized the merit of the claim that Canadian fruit and vegetable growers are entitled to the domestic market in season. This is demonstrated in the measures adopted to restrict imports at certain seasons of the year. The various trade treaties recognize the value of some degree of protection just as they make available the Canadian market to products not produced in Canada and, in given periods, to products not produced in Canada in these periods. The result has been a rapidy expanding fruit and vegetable industry with the province of Ontario as the chief producing area although Ontario's supremacy in some fruits is being seriously challenged by British Columbia. Quebec, too, has expanded production and is capable of even greater expansion. Nova Scotia, with apples especially; Prince Edward Island with potatoes and turnips; New Brunswick with potatoes and now apples; are also concerned as are the Maritime Provinces and Manitoba from the standpoint of late vegetables with signs of development of an industry in some sections of the prairies. The more extensive the production the more keenly aware the producers in the various areas become of the implications of competition with imported produce.

Prior to the war the seasonal clashes between Canadian produce and imported fruits and vegetables created a lot of difficulty and paved the way for the ill-will that developed between the producers and dealers. During the war, with employment and earning power at an all-time high and with government purchasing heavily for the armed services, the clashes were not so costly although they did, at times, present problems. By 1946 the importations, especially from the United States, reached an all-time high with a shipping point value of $96,000,000. I might say, gentlemen, that in the same period our exports of fruits and vegetables totalled 17,076,000 pounds.

Mr. IRVINE: Does that include all kinds of fruits and vegetables?

The WITNESS: Yes.

From a trading standpoint this was a bonanza never before experienced and resulted in trade generally becoming unduly obsessed with the import deal to the detriment of the distribution of domestic produce. Much of this expansion in imports was due to the advertising retailers, especially the food chains who, with their dependence upon volume and their desire to maintain that volume year round, made the public unduly conscious of out-of-season produce. The wholesalers simply rode along on the sales

momentum created by the advertising retailers plus the sales promotion efforts of large U.S.A. producing and shipping groups.

The obsession of the trade with the imported deal boded ill for the Canadian fruit and vegetable industry for, in most cases, the handling of domestic fruits and vegetables became secondary and it was evident that, as soon as price control was removed, trouble would ensue. Unfortunately, in some ways, for Canadian producers, the distribution of our produce is almost entirely in the hands of these men who are so immersed in importation of fresh fruits and vegetables.

During the war years, as a direct result of price control, trading was very profitable, in my opinion much more profitable than in an absolutely free market. Price control, with its many regulations, while obnoxious to some, did have the effect of maintaining more orderly marketing than had ever prevailed. This order in marketing more than compensated for the loss of opportunities for occasional high profits which would have prevailed in an absolutely free and open market.

With the lifting of controls early in 1947 and with memories of the rich trading of 1946 the trade looked forward with confidence to unusual profits in the free market and expected those long profits to develop in the import deal which can be, and often is, highly speculative with opportunities for very handsome profits especially if the dealers are smart enough to guess weather conditions as the season for each domestic product opens. On the other hand, if the guess is wrong, sharp losses are the result with these losses, unfortunately, extending to the domestic producers caught in the resultant clash.

The year 1947 was full of these clashes. The trade generally displayed extreme reluctance to drop the import deal and all last summer there was continual repetition of costly clashes to the general disturbance of the market and to the detriment of Canadian producers.

Time after time in the past summer our growing monetary troubles were aggravated by senseless importation of U.S.A. fruits and vegetables when our own crops were in full production. More than one load of imported produce found its way to the dump, especially in Montreal. Repeatedly, we protested vigorously, to the trade and to government, of this reluctance on the part of some dealers to pass up imports especially as it was causing sharp losses to our growers and was a needless expenditure of scarce U.S.A. dollars. But the trade persisted and thus was a contributing factor to the situation that developed in November.

By the Chairman:

Q. What do you mean, were they actually destroyed?—A. That is right.

Q. What kind of vegetables were they?—A. Well, the last vegetable of which I know was tomatoes.

Q. Actually destroyed?—A. Absolutely.

Q. Any large quantities?—A. In this particular deal to which I refer it was 700 crates.

Q. 700 crates?

Mr. THATCHER: Can you place that as evidence before the committee?

The WITNESS: Yes.

The CHAIRMAN: Are you coming to this particular instance later on?

The WITNESS: Yes, I am.

The CHAIRMAN: All right.

The WITNESS: The losses to our growers, especially the producers of cabbage, tomatoes and peaches, were extremely heavy as the result of the persistence with which these traders clung to the imported deal in June, July and August.

In spite of all this, the trade was still unduly obsessed with the possibilities of the import deal even though there was a marked reduction in volume as the import figures show. This reduction in sales was general all over North America but many wholesalers were oblivious to it, failing to grasp the significance and failing to adjust their operations accordingly. The figures for the first 11 months of the year compared with the same 11 months in 1947 tell the tale:

That is just to verify, Mr. Chairman, that our association has never particularly opposed the importation of fresh fruits and vegetables, but we as producers have always maintained that we want our market for our own produce.

Mr. MacGregor: What time did this instance of which you have spoken occur?

The Witness: It was the Friday or Saturday before a civic holiday.

Mr. Pinard: Can you tell us what the reason, the cause of that was?

The Witness: The Montreal market was overloaded with heavy importations of tomatoes on the Montreal market at that time, and our crop was also coming on and there were steady arrivals of huge quantities of our produce and it became a matter of serious concern for the dealers and these tomatoes deteriorated to a point where they had to be destroyed.

Mr. MacGregor: You mean, they were shipped in from the United States just at a time when ours were coming on to the market?

The Witness: Let me explain that. I was going to do that later.

The Chairman: Perhaps I am the one who opened the subject at this time. Would you mind doing it at a later stage so as not to interrupt the submission of the brief?

Mr. Irvine: We will probably have to come back to it anyway.

The Chairman: But I will recognize you first, Mr. MacGregor, at that time.

COMPARISON—IMPORTS

FRUITS AND VEGETABLES

Eleven months ended Nov. 1946-1947

Product	November 1947		11 Months, Nov. 1947		11 Months, Nov. 1946	
	Quantity	$	Quantity	$	Quantity	$
Apples.....lb.	.....	.....	19,191,281	912,405	10,677,976	398,973
Apricots						
Quince.....lb.	7,861	375	7,438,660	466,896	5,644,760	461,006
Bananas.....stem	191,648	857,489	3,435,635	15,297,486	5,015,996	18,811,245
Cherries.....lb.	.....	.....	2,343,519	466,585	914,210	237,157
Cranberries.....lb.	583,588	137,558	1,709,970	398,685	1,894,207	506,425
Grapefruit.....lb.	9,426,155	226,139	116,163,284	3,092,823	130,795,092	4,690,703
Grapes.....lb.	10,456,653	613,253	53,725,757	3,781,696	44,963,710	4,587,276
Lemons.....box	30,837	160,594	449,684	2,407,629	484,872	2,685,175
Limes.....box	116	225	10,838	25,641	12,720	33,852
Muskmelons						
canteloupes.....lb.	36,405	2,434	15,034,088	703,204	15,761,544	798,885
Melons, n.o.p.....no.	.....	.....	1,359,386	557,434	1,539,929	827,503
Oranges.....cu. ft.	585,360	846,356	9,584,985	15,124,014	10,195,176	23,797,609
Peaches.....lb.	48,375	1,792	29,535,769	1,324,204	22,089,950	1,277,760
Pears.....lb.	2,406,090	91,353	21,137,556	1,341,377	18,945,483	1,483,733
Pineapples.....crate	1,535	9,254	256,160	998,558	257,544	1,377,831
Plums or						
Prunes.....lb.	.....	.....	13,340,110	1,084,907	14,019,361	1,449,831
Berries, n.o.p.....lb.	600	147	25,877	3,634	56,659	11,781
Strawberries.....lb.	.....	.....	4,185,678	787,319	1,321,409	334,561
Fruits, n.o.p.....	.....	2,634	.....	31,340	.....	44,583
		2,949,603		48,825,837		63,815,889
Asparagus.....lb.	.....	.....	5,287,207	483,026	1,501,924	194,252
Beans, Gr.....lb.	358,245	37,576	4,883,076	421,884	4,831,202	507,538
Beets.....lb.	.....	.....	3,540,641	144,075	6,232,026	161,098
Cabbage.....lb.	1,000	50	34,480,672	952,522	43,111,535	1,158,973
Carrots.....lb.	82,312	3,912	49,715,536	1,208,145	52,586,729	1,572,939
Cauliflower.....lb.	380,338	14,043	10,375,570	359,459	9,967,196	393,898
Celery.....lb.	303,848	18,507	32,768,466	2,311,832	40,424,063	1,992,133
Cucumbers.....lb.	142,948	16,288	4,382,572	320,028	5,258,630	350,156
Lettuce.....lb.	6,030,710	245,402	59,618,258	2,601,712	59,397,857	2,337,183
Onions.....lb.	145,119	9,969	24,851,999	763,565	27,202,294	847,628
Peas, Gr.....lb.	29,926	3,337	2,389,240	186,587	2,895,169	225,715
Potatoes, sweet.....cwt.	12,363	62,493	90,348	485,780	87,232	518,983
Potatoes, not seed.....cwt.	209	745	385,909	1,182,910	3,254,903	6,827,578
Spinach.....lb.	95,497	7,791	4,867,096	297,481	6,258,900	322,015
Tomatoes.....lb.	4,104,588	411,118	78,735,879	7,178,616	82,545,525	6,275,465
Vegetables, n.o.p.....	628,711	37,898	9,783,986	738,457	10,694,034	767,313
		869,129		18,836,079		24,452,828

I don't propose, Mr. Chairman, to read the chart but I would like to point out two things which I think significant in it. Our total imports for the eleven months ending November, 1946, fruit imports, amounted to $63,815,889, as compared to $48,825,837, for the same period in 1947. They were down by something like $14,990,000. Of that amount $18,811,000, in 1946 and $15,297,486, in 1947, is made up of bananas, oranges and grape fruit. However, that does not tell the true story because there was a decided drop in the price of oranges although the tonnage was down very little in Montreal in 1946, it being 10,895,000 cubic feet in 1946, as against 9,885,000 cubic feet in 1947; although the price itself, the gross price of the imported article was down considerably. The three items accounted for that reduction. Oranges were down to $8,873,000, most of that due to the decline in the price of oranges. In vegetables we imported $24,452,000 and that was down $5,516,000 to $18,836,000 for the same eleven months in 1947. That reduction of $5,616,000 was due to the decline in importation in potatoes alone. We imported potatoes

to the tune of $5,644,000 in 1946 largely due to the fact that we did not have potatoes ourselves.

By Mr. Thatcher:

Q. Do we export potatoes at the same time—from some parts of Canada?—A. Yes, one of our biggest export items is potatoes. That is a very heavy deal.

Q. We would export more than we import?—A. Yes, over the long-run, but I have the figures here.

Mr. LESAGE: We have those figures on the Dominion Bureau of Statistics chart.

Mr. MONET: Yes, at page 20, and the exports appear at pages 18 and 19.

The WITNESS: Our potato deal to the United States is very important.

> All this had a bearing on subsequent developments. For instance, the weakness of the market for domestic vegetables in the winter 1946-47 had a direct bearing on the production of the same kind of produce in the fall of 1947. The weak market of the winter of 1946-47 for domestic produce was almost entirely due to the heavy importations of U.S.A. vegetables in that period. For this the public paid a heavy penalty in the past winter from the standpoint of both supply and prices as will be developed later.
>
> Understanding the manner with which the dealers were immersed in the import deal it is easy to see the consternation that existed on the morning of November 18, 1947. The trade, to a man, could see only stark ruin ahead. The result was one of the most misguided campaigns in the history of the fruit and vegetable industry.

I say that advisedly. There was complete consternation within the ranks of the trade and I say, in all fairness, that it was due largely to the fact that the trade was afraid of the unknown. The trade could not visualize profitable trading with the loss of this huge amount of imported produce.

> The trade couldn't accept the new order as laid down in the announcements of November 17. Some dealers broke into the press with predications of mounting prices for domestic products. This started a ten-day buying spree and was an open invitation to the growers to advance prices which they did. From that day to this the pressure applied by the trade for the relaxation of restrictions has been constant culminating in the past month in an appeal to Washington as the following extracts from *The Packer*, an American trade publication, indicate:

I do not propose, unless it is desired, to read these extracts but I would like them on the record.

Mr. MONET: I think the witness should read the extracts, they are part of his brief. I think the members of the committee should hear them.

The Witness:

> Washington, D.C., April 9.
>
> Since Canada placed import restrictions on fresh fruits and vegetables and many other commodities last November, the United Fresh Fruit & Vegetable Association has been working for relief under the order, according to Executive Vice-President C. W. Kitchen. "We have kept in close touch with the U.S. Department of Agriculture," Mr. Kitchen said, "and have urged the State Department to stress the seriousness of this situation in its representations to the Canadian Government.
>
> "At the same time, representatives of the fresh fruit and vegetable trade in Canada have been at work constantly with Dominion officials

in an effort to ease the embargo, which has left their markets all but bare of many essential commodities. Last week, Austin F. Anson, of the Texas Citrus & Vegetable Growers & Shippers, and L. F. Burrows, secretary of the Canadian Fruit Wholesalers' Association, were in Washington for conferences with State Department and USDA officials.

"Additional representations by the United States Government are now under consideration by officials in Ottawa, although there is as yet no indication as to which way the Canadian Government will move in the matter.

"While it is expected that the Canadian dollar situation will improve when the Marshall Plan (ERP) gets into operation," Mr. Kitchen added, "it may take some time to work out necessary details of the arrangement between the two Governments. Meanwhile, the Canadian volume is so important to our industry as to suggest that local associations and individual shippers might well communicate with the State Department here, setting forth the importance of this business in terms of carlots or dollars being lost to their areas under the present situation."

The United executive pointed out that during April, May, June and July, 1947, Canadian dollar imports of a few non-quota U.S. commodities were as follows:

Tomatoes $2,462,419; celery, $1,342,552; lettuce, $1,139,352; carrots, $912,269; cabbage, $739,446; onions, $523,969; asparagus, $456,617.

In addition to the above, which represented a total of $7,576,524 during the four months last year, citrus fruits, apples and potatoes, together amounting to considerably more than ten million dollars, were shipped into Canada on a quota basis and are still admitted under that program. "The previous year, 1946, showed Canadian imports of four most important fresh fruits and vegetables running close to 80 million dollars," Mr. Kitchen said, "an important 'balance wheel' in the perishable food economies of both countries.

I might say the figure of 96 million dollars is the over-all importation.

We are interested, of course, Mr. Kitchen concluded, in the commercial aspects of this situation, both as to production in the United tSates and marketing economy in Canada, but the health factor to Canadians themselves is no less important. We have stressed this point in our representations to Dominion officials by way of various U.S. agencies and are confident that it will be weighed carefully in whatever decision the Canadian government reaches.

In the same issue of *The Packer* appeared the following advertisement:

HEY CANADA!

Speaking of Iron Curtains!

Say, we can talk frankly, can't we, over what used to be a free trading border? ? ?

Growers and shippers of America's vast fresh fruit and vegetable crops have been badly hurt by the ban imposed by your government. Perhaps all the facts have been brought to your attention, and then again, perhaps not.

During the war when all the cities in the United States were clamoring for every box, every crate, every sack of American perishables, growers and shippers in the U.S. gave the Canadian people a healthy share.

During the war your Canadian importers and brokers literally knocked themselves out in their effort to secure health-giving fresh fruit and vegetables for the Canadian people.

They're still health-giving, aren't they?

We sympathize with your exchange problem and above all, are not trying to tell Ottawa its business, but it seems to us that your ban is misdirected and is, indeed, a poor reward for a great team of growers, shippers, brokers and importers who have in the past done their job for the Canadian people.

There isn't a producing area in the United States which isn't acutely suffering through loss of the Canadian market—to which it seems they should have access due to past performance well done.

The great co-operation between our countries has often made us wonder whether you were our 49th state, or we your 10th province. Now, we just wonder.

American agriculture appeals to the Canadian Goverment to eliminate this unfair iron curtain so that the Canadian people may have the fresh fruits and vegetables to which they are entitled.

PALMER C. MENDELSON CO.
San Francisco.

I submit this and include it in the record because I think you gentlemen should have a full appreciation of the extent to which this pressure campaign has been carried on. This is only part of it and I could supply lots more information but this to my mind is a good example.

In commenting on this advertisement may I ask when we ever had a free-trading border, at least so far as Canadian products are concerned.

In the same issue of *The Packer* appeared the following editorial:

Trade with Canada

Palmer Mendelson of San Francisco, alert as always to anything that may help fresh fruit and produce industry, is this week printing an editorial in his advertising space in *The Packer* relative to the Canadian ban of last november on imports of certain fresh produce from the United States.

Mr. Mendelson points out that during the war, the United States was liberal in dividing with Canadian consumers our supply of fresh fruits and vegetables, all of which are important in a health diet. As a matter of fact, probably the consumers in Canada want these supplies now just as badly as they did during the war, and it is certain that they are as valuable in diet now as then.

The industry hopes that Canada may be able to work out its "dollar" position so that these imports may be resumed by the Dominion.

The gem of announcement, however, is to be found in a recent release of the Canadian Fruit Wholesalers' Association which says:

The press release put out by this office on March 24 was carried by most papers throughout the Dominion and in a large number of centers the local papers contacted wholesalers for additional information respecting the local situation. This resulted in considerable publicity. It appears advisable that you keep your local paper closely informed of existing conditions.

Our growers bitterly resent certain features of this pressure campaign especially the phase of it that called for repeated emphasis of the higher prices obtained during the winter months for those domestic vegetables that were available. On the other hand, the campaign of the Canadian Fruit Wholesalers' Association does prove the value these traders put on the import deal. One can take with a grain of salt their concern over

public welfare. There is no doubt as to their real concern—it is one of profits and profits only irrespective of national problems and government policy.

Whether or not we all agreed with the methods used to conserve exchange we do agree with the dire necessity for the restrictions. I doubt if any section of Canadian industry has caused more trouble in the administration of restrictions than the Canadian wholesale fruit trade. The furore that resulted in the establishment of the Parlimentary Prices Committee was the direct result of the activities of certain fruit and vegetable dealers. They started the fuss and it was not long before there was a public clamour over the prices of foodstuffs generally. Unfortunately, there was little disposition on the part of many to study the causes. It was just as unfortunate that foodstuffs were singled out for the inflationary trends of the past year have not been limited to food alone.

We do not quarrel with search for profits but we do quarrel with some of the hypocrisy that is to be found in the campaign.

Let us look at the vegetable picture and the manner in which the market reacted after November 17. There is little need to consider fruit. Citrus imports were continued. Outside of apples there was no domestic fruit available and apples have been in trouble all winter; in fact all four apple producing provinces—Ontario, British Columbia, Nova Scotia and Quebec—have had to press and press hard to sell apples and maintain existing price levels. There has been no advance in the price of apples. For the first time in years our Association has had to spend money to promote the sale of apples. We spent a total of $6,000 of our limited funds on this job alone in March.

So it is with vegetables that we are concerned.

When on November 17, the importation of vegetables, excepting onions and potatoes, were prohibited Ontario producers and dealers had available for the consuming public limited supplies of celery, cabbage and carrots, some beets, spinach, parsnips and ample supplies of turnips, onions and potatoes. These are essentially storage crops. The supply of some of these essential commodities was limited because of market experiences of the previous winter when cabbage, celery, carrots and other items were subjected to a heavy competition with imported products. The returns of the growers in the winter of 1946-47 were far from satisfactory and, as is inevitable, there was a reduction in acreage in 1947.

That had a very important part in what developed after November 17. There was a sharp reduction.

By Mr. Irvine:

Q. I suppose you have figures for that acreage?—A. No, there is no tabulation of that kind in the country.

This cut supply which was further reduced by rather unseasonable weather. I might say weather was another factor.

The supply of most of these vegetables was further controlled by the availability of storage space. Especially was this true of celery.

Our growers had little incentive to produce in 1947—I am talking again of the winter storage crop—

in view of their experiences of the previous winter and were very apprehensive as they viewed the repeated clashes between imported and domestic produce all summer.

Thus, in the main, the introduction of restrictions in November caught the producers on the short side.

Add to this the complete curtailment of similar imported items and the ingredients for a rising market were available. The market responded. Price increases were further accelerated by the publicity over the supply position.

One has only to consider the import figures for January, 1948, as compared with the same month in 1947 to get an exact picture of the situation.

This table shows a reduction roughly of less than $700,000 in the amount of fruits imported and a reduction of $1,200,000 in the vegetables imported.

COMPARISON IMPORTS

FRESH FRUITS AND VEGETABLES

One month ended Jan. 1947-1948

Products	One month ended Jan. 1948		One month ended Jan. 1947	
	Quantity	$	Quantity	$
Apples lb.			46,640	1,003
Apricots				
Bananas stem	180,990	889,593	206,725	858,674
Cherries lb.			1,022	281
Cranberries lb.			5,250	1,277
Grapefruit lb.	9,363,595	161,804	11,012,588	241,304
Grapes lb.	1,095,695	89,590	3,026,754	363,769
Guavas				
Lemons box	35,920	133,889	53,315	250,202
Limes box	150	344	115	208
Muskmelons No.				
Canteloupes			2,570	282
Melons, n.o.p.				
Oranges cu. ft.	771,783	1,072,350	859,789	1,189,754
Peaches lb.				
Pears lb.			317,900	24,772
Pineapples crate			14,775	69,185
Plums or Prunes lb.				
Berries, n.o.p.				
Strawberries lb.			14,765	4,748
Fruits, n.o.p.				2,338
		2,347,570		3,007,797
Asparagus lb.				
Beans lb.			950,775	69,570
Beets lb.			191,818	11,105
Cabbage lb.			415,937	12,053
Carrots lb.			118,380	4,167
Cauliflower lb.			2,334,247	64,606
Celery lb.			4,418,400	200,908
Cucumbers lb.			15,450	2,647
Lettuce lb.			8,130,767	306,998
Mushrooms lb.	210	1,028	735	4,684
Onions lb.	163,863	12,819	59,035	6,388
Peas lb.			39,364	3,915
Potatoes, sweet cwt.	10,027	60,040	14,279	89,238
Potatoes, not seed cwt.	12	63	2,076	1,466
Spinach lb.			725,557	41,808
Tomatoes lb.	1,717,559	154,926	6,021,780	448,059
Vegetables, n.o.p.	3,350	274	1,898,078	141,656
		229,150		1,409,268

Thus curtailment of imports plus the reduction in domestic production paved the way for the sharp rises in prices that occurred because it must be remembered that everybody was operating on what is known as a free market.

The big question then is who got the money, if you like, the benefits from a set-up of this kind.

Well, it is my opinion that the growers—I am speaking from November 17 on, that is, on sales by growers after the 17th—

enjoyed their share of the benefits from the increases in prices of cabbage, carrots, beets, spinach, and parsnips; that the dealers were, in the main, the ones to profit on celery with benefits more or less equally distributed on turnips, onions and potatoes. True, in a fast-moving market, in which variety and volume were limited, traders handling the available supply did exceedingly well from the standpoint of profit per unit.

I might say in connection with that paragraph, which I think is one of the most important in the brief, that there was considerable buying of these vegetables in September and October by the trade, which is common practice. Naturally the trade enjoyed the full benefit of the price increases that followed November 17 on those commodities purchased in September and October. I would say that from the period say ten days after November 17 on that our growers, who by this time had become familiar with the condition, got their full share of the increased prices, with the exception of celery.

The embargo against imported vegetables further assisted the Ontario hothouse industry. Here the producers got most of the gain with dealers being restricted to their normal percentage profit although it must be understood that this percentage profit increased as the wholesale price advanced.

It is in order to point out that the combination of circumstances did not ease the task of administering the Restrictive Program. Circumstances decreed that it had to be introduced in the autumn when it was too late for the producers to change their production plans. Warned in time they could have provided enough vegetables to carry us through the entire winter and at reasonable prices. Further, there should be an appreciation of the fact that items in short supply put added pressure on the items in long supply and, therefore, clean up these latter items before normal marketing season is over.

In assessing the extent to which the Restrictive Program created higher prices and the nature of the profit-taking it must be understood that, insofar as Toronto wholesale market and domestic produce are concerned, it is largely a commission wholesale operation in which the producers consign their goods to chosen wholesalers. The duty of these wholesalers who are, in effect, trustees or agents, is to get the best possible prices for the consigned goods. The merit of the commission wholesaler is measured by the returns the growers receive. The commission merchants are keenly aware of this and naturally ride a rising market for all it is worth. They must if they are to recompense the growers for the number of times, over the long run, they are caught on a falling market. It was, therefore, amusing to some of us to watch some commission wholesalers riding the bull market, to the limit and at the same time joining in the public clamour about prices. They were in a difficult spot. They had to please the growers on one hand and they were part of the movement, on the other, to high pressure government into a relaxation of restrictions. And right here I venture the flat statement that, in spite of all the chatter of hard going because of loss of trading volume, the commission whole-

salers have had a profitable winter season. Volume is not always the true indication of trading success. Often, and I know in some instances this has been true this year, the higher trading margin on high-priced produce is more profitable than a low trading margin on a huge volume of low-priced produce. A ten per cent commission on cabbage at $5.00 a crate can be much more enjoyable than the same percentage taken on cabbage at $1.00 a crate. Certainly, some have found it so.

Few people are aware of the complex nature with its many ramifications of the distribution of the Ontario fruits and vegetables. It is entirely different to that of any other province, with Quebec coming closer to it than any other section of Canada.

Ontario produces all fruits and vegetables that can be grown in a temperate zone. The areas of production are widespread. The types of distributors are just as varied as the products themselves. The centre of distribution is Toronto. The price-setting market for Ontario is Toronto wholesale market. Toronto and Montreal set the prices for all Eastern Canada. The growers are very conscious of what goes on in these markets. Then, too, there are the local farmers' markets in the larger centres; wholesalers and distributors in Toronto and the other large centres who operate independently of Toronto wholesale market but augment supplies by purchases on that market. The nature of the wholesale operations varies widely. In addition to commission wholesalers there are jobber wholesalers, trucker jobbers, secondary dealers, truckers and others. To give some indication of the number involved it is pertinent to point out that over 900 fruit and vegetable truckers are licensed under the Ontario Licensing Act to buy and sell fruits and vegetables. Then there are the big service wholesale establishments such as the National Grocers Ltd., Gamble Robinson Ltd. and Canada Packers Ltd. who are grocery wholesalers or meat packers with very large and important fruit and vegetable departments. These firms maintain warehouses all over the province. Then, too, there are the wholesale or warehouse operations of the food chains and of the departmental stores often operating in competition, from a buying standpoint, with the wholesalers and just as often buying direct from the wholesaler. Some commisison wholesalers deal only in domestic produce. Some handle produce on consignment and also buy. Some commission wholesalers are heavy in the imported deal. Of course, little of the imported merchandise is handled on consignment. Then, too, we have dealers who pass up the domestic deal entirely and others who handle imported goods for six months and switch to the domestic deal for the other six months. Add to this the large number of shippers at country points, some of them individual operators, and others acting for grower groups, co-operative and otherwise, and you have a tremendous machine that imposes upon the producers a highly diversified system of distribution with its resultant toll and playing an important part not only in the industry but in the ultimate cost of distribution. To watch and check the huge conglomeration and to keep track of the trading as between the groups and the individuals is not easy. No other province has such an array of merchants with such a variety of operations.

Our Association is strong for the commission wholesale phase of the operation. We believe that a sound, well-run commission house performs the most useful function. We don't enthuse over the operator who deals only in imported produce. His viewpoint is never ours.

Some merchants accept responsibility for orderly marketing which involves planned distribution. Some are straight speculators or opportunists swinging to the products that seem to offer from day to day the longest profits. They perform, in our estimation, no useful function as the essential of sound trading is continuity of supply and a long-range program. The commission and service wholesalers endeavour to embody these two requirements as do the food chains in their warehouse operations but the opportunist accepts no responsibility except the one of the constant search for the items that will offer him personally the best chance for long profits. Generally speaking, it is this type of operator who causes most of the complications in the imported deal.

Produce arrives at Toronto market by train, by truck, by boat and is distributed by truck and train. It is sold to Toronto merchants, it is re-distributed to Ontario towns by truck and train; it is assembled and shipped to other provinces. The job is done under the most obsolete of conditions. Warehouses are inadequate, cold storage facilities almost non-existent, over-crowding the order of the day. Because the market has changed but little since the horse and buggy days the costs of distribution are unusually high while the distributive process is slow and unwieldy. Somebody pays for all this. The grower thinks he pays. The consumer, not aware of what goes on, has little thought on the subject but would be equally assertive if all the facts were known. Fortunately, relief is in sight as a modern food treminal is being built on the outskirts of Toronto under the leadership of the Ontario Department of Agriculture and in response to the demands of the producers.

Any consideration of the costs of distribution always forces attention to the railway companies with the conclusion that the railways have been guilty of neglecting a big industry. Facilities for icing cars, for pre-cooling, for assembly of carloads, for all the other mechanics of the job are antiquated. Service from some of the chief producing areas is slow witness five days for a freight car loaded with vegetables to reach Montreal from Bradford. Then there is the necessity of trucking produce from the very early and very productive Leamington district a matter of thirty miles to railhead although the various towns—Kingsville, Harrow, Leamington, Blenheim and others are all on the rail; rail that is used as a short cut for the transportation of U.S.A. goods in U.S.A. cars across Southern Ontario on a railway line established for that particular purpose although the charter calls for a local service that has never been given.

A Montreal dealer places an order on Monday afternoon with a Bradford shipper for a car of lettuce. Bradford is 30 miles north of Toronto. The shipper orders an iced car out of Toronto. It is placed on the Bradford siding sometime Tuesday evening. The car is loaded Wednesday and hauled to the Mimico railway yards, west of Toronto, Wednesday night for re-icing. It then leaves Mimico for Montreal sometimes Thursday and, with luck, arrives in Montreal, Saturday morning. Often it does not arrive until Saturday afternoon and is, therefore, not opened until the following Monday. Even if it arrives in Montreal on Saturday morning it gets little market attention until Monday, Saturday having become the poor marketing day of the week. Thus 7 days have passed from placing of order until arrival of produce. No wonder the Bradford shipper is often told by the trader in Montreal

that he is "just as far away as California." One group, to overcome this costly time lag, is now building an ice plant in Bradford but even so the movement will only be speeded up one day unless the railway company is prepared to give as much consideration to the transportation of Ontario produce as it does to the movement of cars of U.S.A. produce.

These things are mentioned because they are all factors in the establishments of costs. The story of transportation of fruits and vegetables in Eastern Canada is not pleasant. The rails slumbered while the trucks established themselves. Delays in Montreal and slow service to the Maritimes all contribute. Some of the complaints against the quality of Ontario produce are justified but some of the causes are to be found in the manner in which the produce is handled. The railways are not free of responsibility.

Fruit and vegetable distribution is or should be a fast-moving operation. Dealing in perishables with supply, because of weather and other factors, very uneven in volume, price fluctuation are sharp and often violent. The market is unusually sensitive and is subject to all kinds of pressure. The uncertainties that develop and the wide range in prices when the free market is operating, without checkreins of any kind, create difficulties. To the uninitiated the processes appear simple when as a matter of fact they are complex and confused. On the whole the producers have little control over prices and just as little control over distribution. Efforts to overcome this handicap have been made with the most useful step being taken in the creation of the Ontario Farm Products Marketing Act. This form of compulsory marketing legislation has been a boon to the producers. It has taken some of the disorder out of marketing, given the growers some bargaining power and relieved the downward pressure on prices that can be so disastrous when strong individuals or formidable groups seek to depress prices. But, as yet, the Act is not used to any great extent to control the "fresh fruit market", the growers having confined their attention to developing control of sales to processors. At the moment, tomatoes, corn, peas, asparagus, peaches, strawberries, raspberries, pears, plums, grapes, cherries, beans, sugar beets are sold to processors under the terms of the Act. Invariably, the prices established annually by negotiation or arbitration serve as a floor price for sales of these products on the open market. That the industry is about ready to use the Act in the open market is evident. The early potato growers of a limited section of South Western Ontario have launched a marketing plan aimed at giving the groups concerned some control over the sale of their product. A vote has been taken on a proposed scheme for carrots, cabbage and beets.

The control enjoyed under the Act has created order in what was the most troublesome phase of fruit and vegetable distribution just as the Licensing Act has proven a desirable piece of policing legislation with which to regulate the huge army of transient truckers roaming the country side and subjecting the growers to undue pressure. The weakness of the Farm Products Marketing Act is that there is no comparable piece of national legislation with the result that the beneficial controls are limited to sales within the province.

The extent to which the Act is used is indicated by the following table showing the number of growers operating under each scheme, the tonnage and the value of each product sold in 1947:

Product	Number of growers	Quantity	Value
		tons	$ cts.
Asparagus	800	1,455	419,400 18
Sour cherries	2,700	1,588	475,713 54
Sweet cherries	.....	733	193,704 07
Plums	.....	3,197	184,891 00
Pears—Bartlett	.....	390	37,685 28
Pears—Keiffer	.....	3,699	210,819 68
Peaches	900	11,994	1,091,450 50
Sugar beets	3,000	164,287	1,150,000 00
		bu.	
Seed corn	270	358,000	779,860 00
		qts.	
Strawberries	400	3,979,355	763,955 10
Raspberries	.....	457,999	176,259 57
		bu.	
Beans	5,700	1,250,000	3,750,000 00
		tons	
Tomatoes	12,500	173,162	3,962,706 04
Green peas	.....	20,112	1,242,128 11
Sweet corn	.....	31,356	550,465 97
Green and wax beans	.....	853	65,305 78
Grapes	1,300	25,472	2,419,953 75

In this table, you will find sour cherries, sweet cherries, plums and pears listed together with 2,700 growers shown opposite. They are all under the one marketing scheme, and the total number of 2,700 growers has not been broken down for my purposes into the number handling cherries, plums and pears. I am not going to read the list, but it is rather interesting to find there are 12,500 growers interested in the sale of tomatoes, peas, corn and beans to the canning companies.

Here we have over $18,500,000 worth of Ontario fruits and vegetables sold under the compulsory marketing schemes. These schemes constitute the only measure of control the growers have over prices but they do exert some influence on open market sales depending upon the extent to which the processors enter the market.

I might say I have gone into this in detail because there has been some mention that the Marketing Act is a factor in that the growers, through the Marketing Act have some degree of control over prices. There is only one way in which it does tend to influence prices and that is more in the form of a floor.

Otherwise, there are few organized groups in the industry able to exert regulatory influences by withholding supplies or by determining prices. Inasmuch as potatoes, celery, onions, cabbage and carrots are not under any marketing schemes the prices received for these five commodities are entirely the result of daily market conditions. I stress this to emphasize that the growers of these five products were in no way able, collectively, to determine prices or to withhold supplies after November 17th. The price advances that did occur were the direct result of open trading and so far as the growers are concerned, individual action. But, and this is essential, the sharp increases in prices were due, as much as anything else, to the market created by the dealers themselves for there was a mad scramble on the part of many of them to build up stocks in the face of what looked like higher prices as the winter advanced and supplies thinned out. These dealers who did build up stocks fared extremely well on the particular deals especially as there was considerable trading within the trade. This type of trading had an important bearing on some of the established price levels and also contributed to the upward movement of prices.

Emphasis should be placed on the part cumulative buying plays in the storage vegetable field. Many traders accumulate supplies of these vegetables in the fall months especially at harvest time. Our Association encourages cumulative buying. Many growers prefer to sell all or a percentage of their crops to traders at this time of the year. They prefer the cash that goes with the lower price to the long hold and the gamble of higher prices or the possible loss through wastage and deterioration. Especially is this true in celery. Cumulative buying of this sort by the trade serves to maintain price levels at the time of the year when supplies are at their peak. There was considerable buying of this sort in the fall of 1947 and naturally those traders who did accumulate supplies were amply rewarded when the Restrictive Program went into effect. It should be remembered, that cumulative buying is not always profitable. Dealers are not always able to correctly assess available supply and future market trends. This illustrates the speculative nature of the winter or storage vegetable deal.

Some advance has been made in the Ontario fruit and vegetable industry in the co-operative field but the progress has been slow mainly because of the proximity of markets. It is essential to understand that there is nothing in Ontario of the nature of the B.C. Tree Fruits Ltd. or the Nova Scotia Apple Marketing Board where there is control of the product or products from orchard to consumer. The lack of centralized control leaves the growers in the hands of the many traders of various kinds and types. Add to this the competitive instincts, the large number of operators who have little regard for law and order and who work on a 24-hour basis with no long-range program and with no trading policy but the one of seizing the fleeting opportunities of the moment regardless of cost to the industry as a whole, and you have a pretty discouraging stew. The agencies of distribution, operating in such a competitive field, are full of jealousies. They are responsive to gossip and rumour; some of them accept no responsibility for the welfare of the industry or any phase of it. The result is that within the group are many operators concerned only with the pursuit of the elusive dollar, often operating with a truck as a warehouse. The producers feel that distribution of our fruits and vegetables should be in more responsible hands. The inevitable result will be the gradual assumption of control by the growers through co-operative marketing and shipping groups with necessary authority vested in the groups by legislation of the compulsory type. Many people do not like this trend but the Farm Products Marketing Act came as a result of abuses and the others will follow for the same reason. Farmers are beginning to realize the necessity of being interested in their products right to the consumer level.

Some wholesalers claim they haven't done well under the Restrictive Program. This may be true. If so, it is because they handled little or none of the domestic produce since November 7 or they were caught with unusually large and expensive warehouse operations which were not justified in view of the reduction in volume passing through the warehouses. It may be too that their thought of profits were based on the year 1946 which could hardly be considered a normal year.

I might say if I were re-writing this paragraph I would change it entirely. I would say there were very few wholesalers who did not get past this winter in good shape.

The winter season is not always profitable. The imported deal can bring grief especially when over-buying creates glutted markets. This

tendency to over-buy is a common one for which some of the importing brokers must accept responsibility for some of them have never displayed interest in maintaining orderly markets. Many traders are not interested in the processes of the orderly market. They much prefer the ups and downs of the speculative market. It affords more excitement and they like the thrill of shooting for a long profit on one or two deals.

One prominent wholesaler said to me only recently that he "hoped the citrus quotas would remain forever. The put order in the market."

More than one wholesaler has had a good winter season. It has depended upon the nature of the operation and the amount of the domestic produce handled.

I go into this, gentlemen, because one of the pleas in the pressure campaign was that they were losing money without the import deal.

With losses on imported deals eliminated and the domestic produce presenting opportunities for profitable margins the commission wholesaler got by, in some cases did real well. The importing wholesaler who had no share of the domestic business was, of course, in trouble. Then, too, the importing brokers found the going a little different to the lush years from 1943 to 1946. Some people are inclined to express interest in the degree to which some of these brokers have contributed to the pressure campaign. Certainly the brokers felt the decline in volume of the import deal.

When Government restricted the imports of fruits and vegetables in November, citrus fruits, citrus juices, bananas, potatoes, onions and apples were excluded from the embargo. These products, with the exception of bananas, were subject to quotas. These quotas were based on 50 per cent of the dollar value of the importation by each dealer in these commodities in the year July 1, 1946, to June 30, 1947. The quotas were on a quarterly basis and could be juggled from one commodity to another within each quarter but could not be transferred from one dealer to another.

Because the Program commenced on November 18 the trade was allowed to treat the period November 17 to December 31 as a full quarter. This gave the trade considerable latitude. Traders with canned citrus quotas were able to augment the fresh citrus fruit purchases to a considerable extent by using the canned citrus quota for the fresh fruit. The result was the importation of citrus fruits, bananas and sweet potatoes was maintained at a comparatively high level as the records indicate:

Then follows a table showing the imports for each year up to December, and another table for the two months ending in February.

Comparison Imports
December

	1946		1947	
	Quantity	Value	Quantity	Value
Bananas	306,322 stems	$1,307,490	213,831 stems	$1,001,304
Grapefruit	11,481,793 lbs.	317,663	8,006,261 lbs.	179,199
Lemons	30,932 boxes	201,343	33,765 boxes	162,907
Oranges	1,304,170 cu. ft.	2,905,573	1,068,767 cu. ft.	1,391,984
Sweet Potatoes.	14,895 cwt.	90,320	12,471 cwt.	71,623

Two Months

Ending February, 1947 and February, 1948

	1947		1948	
	Quantity	Value	Quantity	Value
Bananas	454,344 stems	$1,945,694	361,596 stems	$1,787,913
Grapefruit	24,416,176 lbs.	518,195	21,482,511 lbs.	358,550
Lemons	87,769 boxes	392,846	74,562 boxes	255,490
Oranges	1,776,982 cu. ft.	2,555,435	1,514,636 cu. ft.	2,026,672
Sweet Potatoes.	23,524 cwt.	141,087	16,891 cwt.	95,929

Actually the citrus deal became so profitable and such per unit profit margins were being exacted that the Emergency Import Control Division had to move in with an order limiting profit.

The reduction in the quantity of citrus imported was just sufficient to assure the dealers a healthy market with large profits. They had nobody but themselves to blame for the order restricting profits.

Subsequently, as domestic supplies of cabbage and carrots became exhausted, importation of these two commodities was permitted but only under established ceiling prices—Import Control apparently imposing ceilings because of what happened to citrus. These ceilings were also applied to domestic cabbage and carrots.

Then in mid-April a Montreal trader succeeded in getting a shipment of small sized U.S.A. new potatoes past Customs. These went on sale at 19c. per pound the equivalent of $19.00 per 100-pound bag. Complaints that the potatoes were below minimum specifications required by the Fruit, Vegetables and Honey Act put an end to this deal Some of these potatoes found their way to Toronto and eventually were placed under detention and removed from circulation.

Here was a sample of the manner in which members of the trade were prepared to juggle quota satisfactory to the speculators who would, as the season advanced, be prepared to do considerable switching in the hunt for more profitable items among those admissible.

The importation of these new crop potatoes was followed with a complete ban on the importation of potatoes of all kinds until June 7 when the domestic supply position is to be further reviewed. This cost the dealers the profitable yam deal which had been permitted under the original order.

The U.S.A. potatoes that retailed at 19 cents a pound were selling in competition with Canadian potatoes retailing at around 5 cents a pound. There were and are ample supplies, for the moment, of Canadian potatoes.

The ban on potatoes was imposed on April 22nd but on April 19th a Toronto broker sold 4 cars of California potatotes, minimum size $1\frac{7}{8}$ inches, to two Toronto wholesale firms. So long as these potatoes were shipped prior to midnight April 21st they were admissable. My information is that the F.O.B. cost of these potatoes was $4.90 and $4.75 per 100 pounds with a laid-in price, at Toronto, of around $7.25.

The first car of these potatoes arrived in Toronto on Thursday, April 29th, and were sold wholesale at $12.00 per bag. The dealer in question actually sold 85 bags at $14.00 per bag but hadn't the heart to ride the merry-go-round so fast and settled for the $12.00 figure, a profit of nearly $5.00 per bag. This price of $12.00 per bag alongside of the Toronto wholesale price of $3.00 for P.E.I. potatoes or $2.65 for Ontarios contains more than one opportunity for comment. These imported potatoes have been sold as high as 19 cents a pound retail as against the advertised price of 5 cents per pound for domestic potatoes. The imported potatoes just got under the wire before the imposition of the embargo on April 22nd and were, therefore, considered "good property". There were 360 bags in each car so that the profit was in the neighbourhood of $1,800 per car

Mr. IRVINE: May I ask if these potatoes were worth any more than the Canadian potatoes?

The WITNESS: They were new, that is all.

The amazing thing in each of these deals is the avidity with which retailers go for the particular items. They must be confident of re-sale indicating that there is no price limit for a section, at least, of the consuming public. Growers of domestic produce can hardly be blamed for demanding all the traffic will bear when they watch these transactions, especially when they know that scare U.S.A. dollars are being devoted to such purposes. It leaves some doubt in the minds of many as to the value of the many protests of food costs. It is also essential to remember that it is citrus quota money that is being used for the purchase of these non-essential luxuries. If, and when, a shortage of citrus fruits develops these same traders will be the first to seek some amendment to the citrus order.

I might say that I am slightly in error there; it should be "potato, onion and apple quota money".

One of the wholesalers involved in the potato deal used some of his quota money with which to import boiling onions. They were onions of inferior quality but they were something different and, as with the potatoes, offered a greater trading profit than citrus. Onions sold at $6.25 are said to have turned in a profit of at least $2.50 a 50 pound bag but I suspect the profit margin exceeded that sum.

The CHAIRMAN: That must be the kind of onions you were speaking about earlier, Mr. Harkness.

Mr. HARKNESS: That may be.

The WITNESS: I think, Mr. Harkness, these are boiling onions.

The CHAIRMAN: These may have been boiling onions, Mr. Harkness was certainly boiling.

The Witness:

It would be interesting to know to what extent tie-in or combination sales are being used by some wholesalers to get around the limited profits on the controlled items. These practices persist and it will be said in justification that with overall volume down the gross net on the operations must be maintained. And in this comparison of profits as between the period of austerity and some period that was productive of large profits there should be an appreciation of a changing picture in food distribution with a sharp reduction in total volume evident in the year 1947 all over America. Some food trade authorities placed this at 25%.

At one stage in the pressure campaign the complaints of the trade were that the food chains occupied a preferred position. I think it can be proven that much of the responsibility for this rested directly on the wholesale trade as many operators were not hesitant to divert supplies to the chains to the detriment of the independent retailers. The Committee can readily check as to the value of such an assertion.

This phase of the Committee's inquiry is directed at the wholesaling of fruits and vegetables—

I might say that I was under the impression that this committee was confining its interest to wholesaling, but I find I am in error.

—but pertinent to the examination of the price structure it may be necessary to give some thought to costs of production even though markets do not recognize this factor. Perishable products subjected to the unwritten laws of supply and demand are not in a position to be sold on a cost-plus basis. The fruit or vegetable grower gambles on the strength of markets long before he harvests his crops. He has no way of setting prices based on costs of products sold in the open market. He does know that, given good times, he has reasonable assurances of

selling his produce. He also knows that items in short supply sell well and that when supply increases his prices go down. He, therefore, tries to produce as cheaply as possible hoping the margins will be ample. His returns are seasonal subject to many influences—the weather, the extent of competition with imported produce, the state of national employment, existing wage levels, government policies, and all the other aspects. He has learned that his returns cannot be measured on a yearly basis. He is positive in his belief that the pressure on prices, over the long range, is always downward and that he has to resist, with all his might, this continual pressure. He is human in his search for profits, just as hungry as everybody else. He knows, too, that the public is more conscious, possibly, of food prices than of any other items entering into the cost of living. That is why, as between farmers and traders, there is always a state of hostility, sometimes open and sometimes suppressed. If profits are reasonable he has little to say. If he feels he is being crowded he becomes very vociferous.

Today, our growers are most conscious of their costs of production. They have witnessed steady increases in these costs and they know, as farm mechanization extends, that production costs will never go back to the old norm. Modern farming requires more capital than in the old days. The methods of distribution are more costly. The farmer knows his labour force will remain limited so long as the nation is prosperous. He is firm in his conviction that high wages afford him better opportunities for profitable returns. He remembers the Depression and the $1 a day paid farm help. He doesn't want a return to the same conditions. He feels that the consuming public has no knowledge of, and little concern for, the mounting farm costs. He knows that consumers want cheap food.

By and large our fruit and vegetable producers have made money since 1943. It took two or three years of war time prosperity to set the pattern of the last five years. There have been ups and downs in that time but the overall results have been good. Weather and U.S.A. produce have played their part, as they did last year, in reducing returns but, in the main, the mounting costs of production have been absorbed with a margin to spare.

Today, these costs are at an all-time high. Labour is the biggest single item on a vegetable farm, where it is from 40 to 50 per cent of the total cost. Workmen are receiving, as in all business enterprises, the highest wages in the history of this particular industry. This is to be expected for the social services now peculiar to urban industry have not yet reached the farm labourer—workmen's compensation, unemployment insurance, short hours, holidays with pay, group insurance, and other benefits. This makes it difficult to compete for the available supply of labour. Then, too, farm labour is more demanding in regards to housing and other requisites. From the standpoint of costs of production this may be fortunate for the farm operator and more fortunate for the consuming public but it is forcing a change in Ontario agriculture which is fraught with significance.

What I am trying to convey there is that when we extend all these social services to farm labour then the cost of vegetables will have to go up.

Figures as to costs of production have never been fully set up in the Ontario fruit and vegetable industry. At times, bargaining, under the Farm Products Marketing Act, has forced groups to analyze costs for one particular commodity or two. But, the complete set-up for the industry generally has never been established although the Ontario Department of Agriculture has recently organized a department for this specific job. So,

in order to give the Committee some figures I have checked available records and singled out a few items for purposes of comparison. For wage comparison, I have used the Burlington district as the yardstick and whilst there are variations as between districts, the rate of increase is typical. I have taken some of the main items entering into present costs of production and compared them with the cost of the same items in 1939.

	1939	1948
Labour, per day	$ 2.50	$ 5.00
11 qt. baskets	48.00 per M	97.00 per M
6 qt. baskets	35.00 per M	75.00 per M
Celery crates	.16 each	.36 each
Second-hand crates	.05 each	.15 each
Seed potatoes	1.10 per bag	3.50 per bag
Manure	1.50 per ton	3.50 per ton
Arsenate of Lead	.10 lb.	.25 lb.
Lime Sulphur	.14 gal.	.16½ gal.
Bluestone	.6½ lb.	.10½ lb.
Nicotine	Increase of 33⅓%	
Nitrate of Soda	$49.00 per ton	69.00 per ton
Fertilizer 4-8-10	34.00 per ton	38.30 per ton
Fertilizer 4-12-6	34.00 per ton	40.00 per ton
Ammonium Nitrate	62.15 (1947) per ton	74.50 per ton

I might point out that in this group of costs to which I have just referred above the expenditure for fertilizer is very high. Some of the western members might be interested in knowing that on our own 20-acre garden farm fertilizer and manure runs as high as $1,800 to $2,000 a year.

These are only some of the items but they are indicative. Members of the Committee are just as aware as anybody else of what has happened to prices of farm machinery, gasoline, fuel, hardware, motor vehicles, lumber, insurance, and the many other items that constitute costs on a garden farm. Always the true cost is not portrayed in the actual prices quoted. For instance, labour costs have actually increased to a greater extent than the wage rates indicate. Workmen's houses have had to be vastly improved, the daily labour return is not comparable with that of 1939, and there is a greater turnover in personnel.

Few people realize the per acre cost of operating the average fruit or vegetable farm. I doubt if any other phase of agriculture demands the per acre outlay, the housing facilities, all the rest that goes with this kind of operation. This means that the average gardener or fruit grower, given adequate returns, is an important asset for his operational needs are great and his spending power a real factor in the maintenance of the allied industries—farm machinery, fertilizer, container, insecticide, railway and trucking, to say nothing of the distributive and processing agencies built around the structure. Damage to the industry itself is reflected in many other industries. This is not generally realized. There are over twenty thousand farmers in Ontario engaged in the production of fruits and vegetables. It is a big industry important in the economic life of this country, too important to be booted around by irresponsible distributors. The records of my farm operations over a period of twenty-seven years convince me that my opportunities, as a farmer, for profitable operations are greater when I am paying high wages for these wages reflect similar wages in urban centres and with them go the buying power necessary to maintain the markets. I know, too, that my costs will not come down before the price levels recede and that, therefore, in the event of a recession, the industry will experience a squeeze. The good markets of recent years have done much for our farmers. They have permitted the liquidation of mortgages, the restoration of farm buildings and equipment, the mechanization of the farms and the establishment of a liquid cash position. This is all to the good. What concern I may

have as to the future rests on two points:

1. The ability of the fruit and vegetable producers to carry their capital investments with lower price levels for their produce;
2. The extent to which competition with U.S.A. produce will force a revision in the entire structure of the industry.

Modern merchandizing is forcing expenditures on marketing facilities, such as cold storage plants, central packing warehouses, pre-cooling facilities, new packages and a host of other necessities. At some level in the price structure these things may become burdensome.

The Ontario Fruit and Vegetable Growers' Association is aware of these things, of the need for expanding markets and for greater control of the agencies of distribution. For these reasons, it endeavours to imbue existing agencies of distribution with the responsibility resting upon them for so much of our success as producers depends upon the outlook and the viewpoint of the traders. To date the results achieved have been meagre. Hence the warning that if the trade, or those who constitute the trade, cannot accept the responsibility the farmers will have to take over the complete task of distribution. The trader who plays the import deal to the detriment of the Canadian producer is, in an economic sense, creating mischief and upsetting the economic equilibrium. Money paid to Texas growers for carrots WITH TOPS is of little assistance to the Canadian economy so long as U.S.A. markets are not available to Canadian producers. But, these matters give some distributors little concern as was demonstrated as late as last week in the potato deal. And sections of the Canadian public are just as guilty.

Dr. David L. MacFarlane, of MacDonald College, has said "that measures which would most aid agriculture are not those directed at agriculture specifically but are general measures applying to the whole economy. Here I mean international trade policy, taxation and monetary measures, and other measures aimed at maintaining a high and stable level of employment and income in the economy. The important point for us to recognize is that the prosperity of farming depends more on what is done in the field of general economic policy than on specific farm programs."

Our Association subscribes to this contention. Our quarrel with the distributors is that they, more than any others, in the fruit and vegetable industry, refuse to consider, let alone recognize, the harm they do to all of us by their forays into international trade.

Prof. Andrew Stewart, of the University of Alberta, has said: "There is no way prices could be kept up for farm products if there were another depression. Farm prices are not a farm problem alone. Stabilizing urban income at a high level is the first consideration in stabilizing farm prices. Floor prices, subsidies, contracts and forward prices, quotas, and so on are all secondary measures that have a stabilizing effect."

I submit that if these experts were familiar with the fruit and vegetable industry they would agree as to the disruptive influences exerted on our industry by sections of the distributive trade. They would also subscribe to the contention that of the two groups—growers and distributors—the interests of the growers come first.

That Ontario producers feel that the Restrictive Program offers opportunities for increased production is evident from the reports received recently in our office. The acreage of vegetables has been increased considerably. In the Leamington area alone, the over-all increase is placed at 25 per cent of 1947 acreages. Increases are reported in other districts with every indication of larger plantings of storage vegetable crops. Given favourable weather, the production should more than compensate

for the loss of imported vegetables and, of course, will result in lower price levels unless an extra good job of distribution is performed. Farmers, like everybody else, respond to the price incentive often to their own disadvantage. Unquestionably, some items will open at prices above the 1947 range but we anticipate a levelling out process setting in very quickly. It did last week in asparagus. Realizing that the increase in production will necessitate special efforts in widening distribution some groups are preparing the necessary facilities whilst the railways are being asked to co-operate.

That this increase in production is not confined to Ontario is indicated by a recent report of the Quebec Department of Agriculture which says: "The acreage sown and transplanted with early vegetables is much larger than last year."

I submit that this is all to the good from the standpoint of the national economy.

M. M. ROBINSON,
Secretary-Treasurer,
Ontario Fruit and Vegetable Growers' Association.

The CHAIRMAN: Mr. Robinson, that is a fine brief.

Mr. THATCHER: May I make just one comment. Mr. Robinson is certainly to be complimented for the great amount of work that he has put into this brief but it is going to be rather difficult for us to read it comprehensively in the time which is available to us. I wonder if tomorrow he could give us perhaps five major points which he is making. Would that be feasible?

The WITNESS: Yes.

Mr. THATCHER: That would be of great help to the members of the committee.

The CHAIRMAN: I think you will find that counsel will be of assistance in that direction. I would suggest that because this is such an important brief the members might do well, before falling asleep tonight, to reread this material.

Mr. IRVINE: Are you suggesting that reading of this document would enable us to sleep more readily?

Mr. MONET: It might help to keep you awake for a few hours.

The CHAIRMAN: There is a lot of very important material there and as well there are some major allegations. Before adjourning I will say that I have asked Mr. Thatcher, Mr. Lesage and Colonel Harkness, to act as a committee in connection with a matter that may be of interest to all members of the committee and to the gentlemen of the fourth estate who have ben so faithfully attending the meetings of this committee. I will say no more but I will ask that these gentlemen make arrangements quickly.

Mr. THATCHER: We will report back tomorrow.

The meeting adjourned to meet again Tuesday, May 11, 1948, at 11 a.m.

APPENDIX "A"

FRESH FRUIT AND VEGETABLE STATISTICS

Prepared for House of Commons Special Committee on Prices
By the Secretariat.

MAY 1948.

TABLE 1.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES(1), OCTOBER 1947 and APRIL 1948(2)

a	b	c	d	e	f	g	h	i	j
Commodity	Per Capita Annual Consumption(3)	Average prices in October 1947		Average prices in April 1948		Increase in prices October 1947 to April 1948		Wholesale—Retail Price spread	
		Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	Oct. 1947	Apr. 1948
	lbs.	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
Apples.....lb.	19.3	6.5	.....	6.3	.....	−0.2	.....	.....	.....
Bananas.....lb.	.....	13.0	17.2	12.9	17.0	−0.2	−0.2	4.2	4.2
Oranges.....doz.	.....	29.6	38.3	27.2	34.8	−2.4	−3.5	8.7	7.6
Potatoes.....lb.	175.4	2.4	3.4	2.8	4.0	0.4	0.6	1.0	1.2
Carrots.....lb.	7.4	3.1	5.8	(4) 5.7	(4) 8.5	(5) 2.6	(5) 2.7	2.7	(4) 2.8
Cabbage.....lb.	6.9	3.7	5.7	5.9	7.9	2.2	2.2	2.0	2.0
Onions.....lb.	8.0	3.7	6.2	(6) 8.1	11.1	4.4	4.9	2.5	3.0
Celery.....lb.	2.5	6.5	.....	(7) 10.8	.....	(8) 4.3	.....	.....	.....

SOURCE: Compiled from data in Tables 2, 3 and 4.

(1) Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver.

(2) The prices in columns c-f can be considered as only roughly accurate. They are the average of wholesale prices and independent merchants retail prices in seven cities without regard to the importance of the city as a market, and the wholesale and retail prices in each city, in turn, are averages of all types and grades of the produce being offered for sale in the market without regard to the amount of each being offered. Consequently, the price increases shown in columns g-h indicate price trends and their approximate magnitudes for the seven cities as a group and should not be considered as measuring accurately the price increases that have occurred. Similarly, the price spreads in columns i-j are subject to a considerable element of error.

(3) Estimates for the period July 1, 1947 to June 31, 1948.

(4) March, 1948.

(5) October 1947 to March 1948.

(6) Includes estimates of wholesale prices in Vancouver and Calgary.

(7) January, 1948 wholesale prices for Halifax, Montreal, Toronto, Winnipeg and Calgary only.

(8) October 1947 to January 1948.

(9) Wholesale prices in Halifax and Regina not included because not available.

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED (1)

NOTE.—Retail prices given are those of independent merchants for the first Monday of the month, as prepared by the Prices Branch of the Dominion Bureau of Statistics; wholesale prices are for the Wednesday preceding the first Monday of the month, as prepared by the Markets Information Service of the Department of Agriculture.

	Apples (in cents per pound) (2)									
	December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
	1939	1943	1946							
Halifax (3) —Wholesale	2.4	4.9	5.2	3.7	4.8	4.8	4.3	4.4	3.8	3.8
Montreal —Wholesale	3.2	5.5	6.2	6.6	5.8	6.1	5.8	5.8	5.6	5.0
Toronto (4) —Wholesale	2.8	5.5	5.7	6.1	4.7	5.6	5.8	6.4	6.4	6.0
Winnipeg —Wholesale	4.3	7.3	7.5	7.3	7.2	7.3	7.6	7.5	7.6	7.9
Regina —Wholesale	4.4	7.2	7.4	7.4	7.4	7.6	7.9	7.8	7.7	(5) 7.3
Calgary —Wholesale	3.8	6.9	6.9	7.0	7.0	7.0	7.0	7.7	7.6	7.8
Vancouver —Wholesale	3.4	6.4	6.7	7.1	7.1	7.1	7.4	6.7	(5) 7.7	(5) 6.3
Average—Wholesale	3.5	6.2	6.5	6.5	6.3	6.5	6.5	6.6	6.6	6.3

(1) The average prices in this table are "unweighted". That is, they are not corrected for the volume of different types and grades of the produce being sold on the day prices are surveyed. The apparent relationship between whoelsale and retail prices or between wholesale and retail prices at different periods, therefore, approximates only roughly to the real relationships existing in the market.

(2) Unless otherwise specified, quotations are for McIntosh No. 1 grade in barrels and hampers and fancy grade in boxes.

(3) Halifax Cortlands for November to February, Ganos in March and Ben Davis in April.

(4) Combination grade from October 1947 to April 1948.

(5) Yellow Newton.

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED (1)—Continued

		Bananas (in cents per pound) (2)									
		December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
		1939	1943	1946							
Halifax	—Wholesale	6.0	11.0	11.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
	Retail	8.3	14.0	15.0	18.1	18.2	18.0	18.2	18.4	18.4	18.3
Montreal	—Wholesale	5.1	10.7	10.5	11.5	13.0	13.0	10.9	11.0	11.0	11.0
	Retail	6.3	14.2	14.1	18.4	18.9	18.7	16.1	15.3	15.3	15.5
Toronto	—Wholesale	5.7	11.2	11.4	10.7	10.7	10.7	10.7	10.7	10.7	10.8
	Retail	7.1	14.0	14.0	14.1	14.1	14.2	14.4	14.4	14.3	14.6
Winnipeg	—Wholesale	7.9	10.5	9.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
	Retail	10.7	14.9	11.6	16.3	16.4	16.4	16.4	16.6	16.5	16.4
Regina	—Wholesale	9.5	11.5	11.4	14.8	14.8	14.8	14.8	14.8	14.0	14.0
	Retail	12.6	14.9	15.0	18.9	18.8	18.8	18.8	18.8	18.9	18.9
Calgary	—Wholesale	8.0	.....	11.5	13.5	13.5	13.6	13.6	13.6	13.6	13.5
	Retail	11.5	15.0	14.9	17.3	17.3	17.2	17.4	17.3	17.3	17.3
Vancouver	—Wholesale	6.7	10.7	11.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5
	Retail	7.7	.....	15.0	17.0	17.3	17.7	17.7	17.7	17.8	17.8
Average	—Wholesale	7.0	11.0	10.9	13.0	13.2	13.2	12.9	12.9	12.8	12.8
	Retail	9.2	14.5	14.2	17.2	17.3	17.4	17.0	16.9	16.9	17.0

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED(1)—*continued*

—		Oranges (in cents per pound)									
		December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
		1939	1943	1946							
Halifax	—Wholesale	23.7	28.8	(2) 23.7	29.6	29.6	28.1	25.9	25.9	27.3	28.1
	Retail	30.1	47.3	49.4	46.8	43.7	43.6	43.0	41.4	39.3	39.4
Montreal	—Wholesale	18.5	27.3	30.3	26.6	25.9	28.1	26.6	27.3	26.6	27.3
	Retail	25.6	36.4	42.4	39.3	38.1	41.3	39.0	38.8	36.5	36.8
Toronto	—Wholesale	20.0	26.6	31.8	29.6	29.6	32.5	25.9	28.8	28.8	28.8
	Retail	31.2	40.1	42.5	34.2	34.7	39.3	39.3	41.2	33.4	32.0
Winnipeg	—Wholesale	20.0	28.1	(3) 25.9	28.1	31.0	34.7	26.6	25.9	25.9	25.9
	Retail	25.4	39.7	42.9	38.3	38.0	41.3	40.9	39.3	37.1	38.0
Regina	—Wholesale	22.2	28.8	34.7	31.8	32.5	31.0	29.6	25.9	26.6	28.1
	Retail	25.9	39.8	50.2	36.0	37.4	37.9	35.6	34.5	32.3	32.6
Calgary	—Wholesale	20.0	26.6	29.6	32.5	32.5	30.3	29.6	25.1	25.1	28.8
	Retail	30.4	38.6	46.2	38.2	37.8	36.7	35.3	33.2	33.3	34.2
Vancouver	—Wholesale	21.4	23.7	27.3	28.8	27.3	26.6	22.9	22.9	22.9	23.7
	Retail	24.7	43.2	46.4	35.2	36.3	37.5	33.9	33.7	30.8	30.3
Average	—Wholesale	20.8	27.1	29.0	29.6	29.8	30.2	26.7	26.0	26.2	27.2
	Retail	27.6	40.7	45.7	38.3	38.0	39.7	38.1	37.6	34.7	34.8

(1) California oranges converted from crates at the rate of 23 dozen per crate.
(2) Florida origin.
(3) Small sizes only.

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED(1)—*Continue*

—	Potatoes (in cents per pound)									
	December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
	1939	1943	1946							
Halifax —Wholesale	1.4	2.2	1.6	2.3	2.3	2.5	3.3	3.3	3.2	3.1
Retail	1.8	3.0	2.5	3.1	3.0	3.7	3.9	3.9	3.9	3.9
Montreal —Wholesale	1.1	2.2	1.6	2.2	2.0	3.2	2.8	2.7	2.7	2.8
Retail	1.8	3.0	2.6	3.3	3.2	3.9	4.0	4.0	4.0	4.1
Toronto —Wholesale	1.2	2.3	1.6	2.2	2.2	3.3	3.0	3.1	3.1	3.1
Retail	1.7	3.1	2.6	3.3	3.4	4.3	4.4	4.5	4.5	4.5
Winnipeg —Wholesale	1.0	1.6	2.0	1.7	1.9	2.3	2.8	2.8	2.8	2.0
Retail	1.5	2.3	2.9	2.6	2.8	3.0	3.2	3.5	3.5	3.4
Regina —Wholesale	1.5	2.1	1.8	2.7	2.5	2.3	2.3	2.6	2.5	2.2
Retail	1.9	2.4	2.7	3.4	3.0	3.1	3.4	3.6	3.5	3.4
Calgary —Wholesale	1.5	2.0	2.5	3.1	3.0	2.9	2.9	3.1	3.1	3.1
Retail	2.2	2.9	3.1	4.2	4.1	4.0	4.0	4.1	4.1	4.1
Vancouver —Wholesale	1.5	2.0	1.9	2.5	2.5	2.6	2.8	2.8	3.1	3.1
Retail	1.8	3.0	3.2	4.1	4.2	4.3	4.4	4.4	4.4	4.6
Average —Wholesale	1.2	2.1	1.9	2.4	2.3	2.7	2.8	2.9	2.9	2.8
Retail	1.8	2.8	2.8	3.4	3.4	3.6	3.9	4.0	4.0	4.0

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED [1]—*Continued*

		Carrots (price per lb.)									
		December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
		1939	1943	1946							
Halifax	—Wholesale	2.5	2.7	2.6	4.0	3.2	3.0	3.0	4.0	5.0	6.0
	Retail	.....	4.6	4.4	5.6	5.4	5.3	5.4	5.9	6.7	9.0
Montreal	—Wholesale	0.8	1.7	1.1	1.5	1.3	2.6	3.3	3.5	5.3	7.0
	Retail	.....	4.4	4.5	5.0	4.9	6.5	7.5	8.0	10.7	10.4
Toronto	—Wholesale	1.0	2.5	1.3	2.2	2.0	4.3	4.7	5.5	8.6	[1] 8.8
	Retail	.....	4.6	3.8	5.3	5.3	6.9	7.6	8.7	12.3	10.0
Winnipeg	—Wholesale	0.9	2.1	2.3	3.5	2.3	4.0	2.2	5.5	6.4	[1] 8.2
	Retail	.....	4.0	4.9	5.6	5.4	6.0	6.4	7.3	8.2	9.9
Regina	—Wholesale	1.7	2.5	2.3	3.8	3.8	4.3	3.8	4.1	4.1	5.0
	Retail	.....	3.9	3.9	5.5	5.0	5.7	6.4	6.5	6.7	9.7
Calgary	—Wholesale	2.7	2.6	2.3	3.6	3.5	3.5	4.0	3.8	3.9	5.8
	Retail	.....	3.9	4.3	6.8	6.3	5.8	5.5	5.6	5.7	6.9
Vancouver	—Wholesale	0.9	2.0	2.3	3.3	3.2	3.3	3.8	3.8	6.5	[1] 8.1
	Retail	.....	4.0	6.0	7.0	7.7	6.4	5.8	6.2	8.9	9.9
Average	—Wholesale	1.5	2.3	2.0	3.1	2.8	3.6	3.5	4.3	5.7	7.0
	Retail	.....	4.2	4.5	5.8	5.7	6.1	6.4	6.9	8.5	9.4

[1] Imported produce.

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED (1)—*Continued*

		Cabbage (in cents per pound)									
		December			Oct. 1947	Nov. 1947	Dec. 1948	Jan. 1948	Feb. 1948	Mar. (1) 1948	Apr. (1) 1948
		1939	1943	1946							
Halifax	—Wholesale	2.2	2.9	2.5	3.5	3.0	3.5	5.0	6.5	5.2	6.2
	Retail	.....	4.9	4.1	5.2	5.0	5.2	6.3	8.8	8.4	8.2
Montreal	—Wholesale	1.2	3.1	1.0	2.6	2.5	5.8	8.0	12.6	3.5	5.8
	Retail	.....	4.9	3.3	5.2	5.2	8.3	11.2	8.6	5.7	7.7
Toronto	—Wholesale	1.0	3.5	1.4	3.4	3.1	5.6	9.9	13.0	3.7	5.7
	Retail	.....	4.1	3.3	6.0	5.6	7.5	11.0	8.9	5.7	7.3
Winnipeg	—Wholesale	2.0	2.3	2.5	3.5	2.7	4.5	7.7	.....	4.1	5.8
	Retail	.....	4.1	4.6	5.3	5.2	6.6	8.8	8.6	6.1	7.2
Regina	—Wholesale	2.7	2.8	2.6	4.5	4.2	4.2	4.7	9.5	5.3	5.7
	Retail	.....	4.2	3.9	5.7	5.5	5.9	7.8	8.2	7.2	8.2
Calgary	—Wholesale	2.7	2.8	2.6	3.8	4.0	4.4	4.2	7.2	5.8	6.0
	Retail	.....	4.3	4.6	6.3	6.1	5.8	6.3	8.6	8.2	8.2
Vancouver	—Wholesale	1.2	2.1	2.6	4.5	3.7	4.6	6.0	9.0	4.8	6.0
	Retail	.....	4.0	4.8	6.5	6.4	7.0	8.4	7.8	7.7	8.2
Average	—Wholesale	1.9	2.8	2.2	3.7	3.3	4.7	6.5	9.6	4.6	5.9
	Retail	.....	4.3	4.1	5.7	5.6	6.6	8.5	8.5	7.0	7.9

(1) Wholesale prices are for imported produce.

TABLE 2.—AVERAGE WHOLESALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED(1)—*Continued*

		Onions (in cents per pound) (1)									
		December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
		1939	1943	1946							
Halifax	—Wholesale	2.2	5.5	4.0	3.5	4.0	5.0	5.5	7 0	9.0	9.0
	Retail	4.2	7.6	6.1	5.1	5.5	6.4	7.3	8.5	10.2	11.4
Montreal	—Wholesale	1.2	5.2	3.0	3.0	2.8	6.2	6.8	6.3	8.1	7.7
	Retail	4.1	7.4	6.8	7.7	7.4	8.8	9.4	10.0	12.1	12.5
Toronto	—Wholesale	1.1	5.0	2.3	2.7	2.8	5.0	4.8	5.8	8.3	8.9
	Retail	3.3	7.4	4.9	4.4	5.4	6.9	7.5	8.5	10.7	11.7
Winnipeg	—Wholesale	1.2	4.1	4.0	3.5	3.3	3.5	5.3	5.5	8.0	9.8
	Retail	2.9	5.7	6.6	6.1	6.2	6.7	7.3	8.3	10.1	11.9
Regina	—Wholesale	1.7	4.1	4.5	4.6	4.5	5.0	5.0	6.4	6.6	5.4
	Retail	3.8	6.0	6.3	6.5	6.5	6.7	7.4	8.1	8.6	9.7
Calgary	—Wholesale	1.7	4.1	4.2	4.0	4.0	4.7	5.1	5.6	6.4	.....
	Retail	3.1	5.7	6.2	6.2	6.3	6.7	7.0	7.7	7.9	10.3
Vancouver	—Wholesale	1.9	4.5	4.5	4.5	4.3	5.5	5.5	5.8	8 0	.....
	Retail	3.0	5.7	6.4	6.5	6.3	7.2	7.5	7.8	10.0	10.1
Average	—Wholesale	1.6	4.6	3.8	3.7	3.7	5.0	5.4	6.1	7.8	8.2
	Retail	3.5	6.5	6.2	6.2	6.2	7.0	7.6	8.4	9.9	11.1

(1) Wholesale price quotations are for yellow onions.

TABLE 2.—AVERAGE WHOLSALE AND RETAIL PRICES FOR SELECTED FRESH FRUIT AND VEGETABLES IN SEVEN CANADIAN CITIES FOR MONTHS DESIGNATED [1]—*Concluded*

—	Celery (in cents per pound) [1]									
	December			Oct. 1947	Nov. 1947	Dec. 1947	Jan. 1948	Feb. 1948	Mar. 1948	Apr. 1948
	1939	1943	1946							
Halifax —Wholesale	7.8	7.7	8.4	8.4	8.4	9.4	10.9	.....	.....	.....
Montreal —Wholesale	1.6.	7.3	3.3	3.5	4.0	6.7	10.5	15.9	.....	.....
Toronto —Wholesale	1.8	5.8	2.8	1.7	2.4	5.0	6.8	14.0	.....	.....
Winnipeg —Wholesale	3.7	7.7	7.3	6.2	6.5	8.5	12.0	.....	.....	.....
Regina —Wholesale	5.5	7.7	8.3	10.5	10.0	9.7	.....	.....	.....	.....
Calgary —Wholesale	4.2	7.5	9.0	10.0	8.3	11.5	13.9	.....	.....	.....
Vancouver —Wholesale	2.4	6.4	6.3	5.5	5.3	9.3	.....	.....	.....	.....
Average—Wholesale	3.9	7.2	6.5	6.5	6.4	8.6	10.8	14.9	.....	.....

[1] Converted from dozens at Halifax at 16 lbs. per doz. and from crates elsewhere, eastern 65 lbs. and western 50 lbs.

TABLE 3.—WHOLESALE-TO-RETAIL PRICES FOR SELECTED FRESH VEGETABLES IN SIX CANADIAN CITIES, BY WEEKS, NOV. 5, 1947, TO APRIL 21, 1948[1]

Date	Potatoes (in cents per pound)					
	Halifax	Montreal	Toronto	Winnipeg	Calgary	Vancouver
	P.E.I. No. 1[2]	P.E.I. No. 1[2]	P.E.I. No. 1[2]	Man. White No. 1[2]	Alta. Netted Gems No. 1[2]	B.C. White No. 1[3]
1947						
November 5	2.3	2.3–2.7	2.4–2.5	1.9	3.0	2.5–2.6
12	2.2–2.3	2.5–2.8	2.8–3.0	2.0–2.1	3.0	2.5–2.6
19	2.3–2.7	2.5–3.0	2.9–3.3	2.0–2.1	.....	2.5–2.6
26	2.7–3.7	3.0–4.0	3.7–4.0	2.3	2.9–3.0	2.5–2.6
December 3	3.3	3.0–3.7	3.3–3.7	2.3	2.9–3.0	2.6
10	2.9–3.0	3.0–3.1	3.2–3.3	2.7	2.9–3.0	2.6
17	2.9–3.0	.....	3.2–3.3	2.7–3.0	2.9–3.0	2.6
24	2.9.3.0	2.9–3.1	3.2–3.3	2.7–3.0	2.9–3.0	2.6–2.9
31	.....	2.9–3.2	3.2–3.3	2.7–3.0	2.9–3.0	2.8–2.9
1948						
January 7	3.0–3.3	3.1–3.3	3.3–3.5	2.7–3.0	2.9–3.0	2.9
14	3.3	3.1–3.3	3.5	2.7–3.1	3.0–3.2	2 9
21	3.3	3.0–3.2	3.3–3.5	2.7–3.1	3.1–3.2	2.9
28	3.3	2.9–3.1	3.3	2.7–3.0	3.1–3.2	2.9
February 4	3.1–3.3	2.9–3.1	3.3–3.5	2.7–3.0	3.1–3.2	2.9
11	3.1–3.3	2.9–3.1	3.3–3.5	2.6–2.7	3.1 3.2	2.9
18	3.1–3.3	3.0–3.1	3.3–3.5	2.7–3.0	3.1–3.2	2.9
25	3.1–3.3	3.0–3.1	3.3–3.5	2.7–3.0	3.1–3.2	2.9–3.1
March 3	3.1–3.3	3.0–3.1	3.3–3.5	2.3–3.0	3.1–3.2	3.1
10	3.1–3.3	3.0–3.1	3.3–3.5	2.1–2.3	3.1–3.2	3.1
17	3.1–3.3	3.0–3.2	3.3–3.5	2.1–2.3	3.1–3.2	3.1
24	3.1–3.2	3.0–3.2	3.3–3.5	1.9–2.1	3.1–3.2	3.1
31	3.1–3.2	3.0–3.3	3.3–3.5	1.9–2.1	3.1–3.2	3.1
April 7	3.1–3.2	3.2–3.3	3.3–3.5	1.9–2.1	3.1–3.2	3.1
14	3.1–3.5	3.3–3.5	3.5	1.9–2.3	3.1–3.2	3.1
21	3.3–3.5	3.5–3.7	3.5–3.7	2.0–2.3	3.2–3.4	3.1

(1) Source: Fruit and Vegetable Weekly Crop and Market Report, issued by the Dominion Department of Agriculture and converted to price per pound by Secretariat.
(2) On 75 lb. bags.
(3) On 100 lb. bags.

TABLE 3.—WHOLESALE-TO-RETAIL PRICES FOR SELECTED FRESH VEGETABLES IN SIX CANADIAN CITIES, BY WEEKS, NOV. 5, 1947, TO APRIL 21, 1948(1)—*Continued*

Date	Carrots (in cents per pound)					
	Halifax	Montreal	Toronto	Winnipeg	Calgary	Vancouver
	N.S. washed No. 1(1)	Que. washed No. 1(2)	Ont. washed(3)	Man. washed(4)	Alta. No. 1(4)	B.C. washed topped No. 1(4)
1947						
November 5	4.0	1.8–2.2	2.3–3.0	2.0–2.5	3.5	3.0–3.3
12	4.0	1.8–2.2	2.3–3.0	2.7–3.5	3.5	3.0
19	4.0	2.0–2.5	2.3–3.0	2.7–3.5	3.5	3.0–3.2
26	4.0	2.5–4.5	3.0–4.5	2.7–3.5	3.5	3.2–4.0
December 3	4.0	3.0–4.0	4.0	4.0–4.3	3.5–4.0	3.7–4.5
10	4.0	3.0–3.5	4.0–4.5	.....	4.0–4.5	
17	4.0	.....	4.0–4.5	.....	3.5–4.5	4.0–4.5
24	4.0	3.5–4.0	4.0–4.5	4.0–4.3	3.5–4.5	4.0–4.5
30	.....	4.0	4.0–4.5	4.0–4.3	3.5–4.5	4.0–4.5
1948						
January 7	.....	4.0	4.5–5.0	4.3–4.5	3.5–4.5	4.0–4.5
14	4.5	4.0–4.5	4.5–5.0	5.0–5.2	3.5–4.5	4.0–4.5
21	4.5	4.0–4.5	5.0–5.5	5.2–5.5	3.8–4.5	4.0–4.5
28	4.5	4.2–4.5	5.0–5.5	5.3–5.7	3.8–4.5	4.0–4.5
February 4	4.5	4.0–4.5	5.5–6.0	5.7–6.0	3.8–4.5	4.0–4.5
11	5.5	4.0–4.5	5.5–6.0	6.0–6.5	3.8–4.5	4.5–5.0
18	5.5	5.0–8.0	7.0–7.5	6.1–6.5	3.8–4.5	6.0–6.5
25	6.0	7.0–7.5	8.0–8.5	6.1–6.5	3.8–4.5	6·0–6.7
March 3	6.0	7.0–8.0	8.5–9.5	6.1–6.8	3.8–4.5	
10	6.0	.....	.....	6.5–7.0	3.8–5.0	7,5–8.5
17	7.0	(5)9.3	(5)7.0–8.1	7.0	4.5–5.0	7.5–8.5
24	7.0	(5)9.3	(5)8.5	7.0	4.5–6.0	(5)7.0–8.1
31	7.0	(5)8.8–9.0	(5)8.5–9.0	(5)7.4–8.5	5.5–6.0	(5)7.7–8.1
April 7	7.0–7.3	(5)9.1	(5)8.5–0.0	(5)8.5	5.5–6.0	(5)8.0–8.8
14	7.3	(5)9.1–9.3	(5)8.7–9.0	(5)8.5–8.9	5.5–6.0	(5)8.5–8.9
21	7.3	(5)9.2	(5)8.8	(5)8.5–8.9	.....	(5)8.5–8.9

(1) In hampers (estimated 50 lbs.) Nov. 5-Jan. 7, in 50 lb. bags, Jan. 14-Mar. 10, and per pound Mar 17. Apr. 21.
(2) In 50 lb. bags Nov. 5-Mar. 3, in bushels (estimated 50 lbs.) Mar. 17-Apr. 21.
(3) In bushels (estimated 50 lbs).
(4) In 50 lb. bags.
(5) Imported.

TABLE 3.—WHOLESALE-TO-RETAIL PRICES FOR SELECTED FRESH VEGETABLES IN SIX CANADIAN CITIES, BY WEEKS, NOV. 5, 1947 TO APRIL 21, 1948[1]—*Continued*

Date	Cabbage (in cents per pound)					
	Halifax	Montreal	Toronto	Winnipeg	Calgary	Vancouver
	Nova Scotia No. 1[1]	Quebec Green[2]	Ontario Green[3]	Man.[4]	Alta.[5]	B.C. Green[6]
1947						
November 5	3.0	1.9–2.5	2.5–3.1	2.5–3.0	3.5–5.0	3.5–4.0
12	3.0	2.5–3.1	2.5–3.1	3.0–3.5	3.5–5.0	3.5–4.0
19	3.0	2.5–3.1	2.9–3.1	3.0–3.5	3.5–5.0	3.0–4.0
26	3.0–3.5	5.0–6–0	4.4–5.6	3.0–5.0	3.5–5.0	3.5–4.0
December 3	1.0–4.0	5.0–7.0	4.4–5.6	5.0	3.8–5.0	5.0–6.0
10	1.0–4.0	5.5–6.0	4.4–8.3	5.0	3.8–5.0	5.0–6.0
17	1.0–4.0	.....	8.5	5.5	4.0–4.5	5.0–6.0
24	1.0–4.0	6.0–8.0	6.9–8.5	6.0–6.5	3.5–5.0	5.5–6.0
31	.....	8.0	8.1–9.4	6.5	3.5–5.0	6.0
1948						
January 7	5.0	8.0–10.0	9.4–11.3	9.0–10.0	3.5–6.0	6.0
14	6.0	11.0–12.0	10.0–12.5	10.5–11.0	4.8–6.0	5.0–7.0
21	[7] 6.5	12.0–14.0	10.0–12.5	.....	6.0–7.5	6.0–8.0
28	.....	13.0–14.0	12.5–13.8	.....	6.0–7.5	8.0–10.0
February 4	[7] 6.2	12.0	8.5–10.0	[7] 5.8	6.0–7.5	8.0–10.0
11	.....	[7] 3.7–5.5	[7] 5.0–5.5	[7] 5.0–5.5	6.0	[7] 5.5–6.1
18	[7] 6.0–6.2	[7] 3.3–4.0	[7] 3.5–3.7	[7] 4.7	[8] 4.5–6.0	[7] 5.5–5.8
25	[7] 5.2	[7] 3.0–3.5	[7] 3.5–3.7	[7] 4.3	4.5	[7] 5.5
March 3	[7] 5.0–5.5	[7] 3.3–4.0	[7] 3.5–4.0	[7] 3.7–3.9	4.5	[7] 5.5
10	[7] 5.0	[7] 3.5–6.0	[7] 3.7–4.2	[7] 3.5–3.8	4.5	[7] 4.8–5.5
17	[7] 5.0–5.5	[7] 4.5–6.0	[7] 4.3–4.5	[7] 4.5–4.8	3.0–4.5	[7] 4.8–5.5
24	[7] 5.5–6.2	[7] 4.5–5.0	[7] 4.5–5.5	[7] 4.6–5.0	3.0	[7] 5.5–5.8
31	[7] 6.2	[7] 5.0–6.0	[7] 5.0–5.5	[7] 4.6–5.7	3.0	[7] 5.5–6.1
April 7	[7] 6.2	[7] 5.8–6.0	[7] 5.5–6.0	[7] 5.7–6.7	3.0	[7] 6.0–6.5
14	[7] 6.2–6–6	[7] 6.0–7.1	[7] 6.2–7.2	[7] 6.7–6.9	3.0	[7] 6.0–6.5
21	[7] 6.6–7.8	[7] 7.5–7.9	[7] 7.5–7.7	[7] 6.7–7.8	.....	[7] 6.0–6.5

(1) By pound Nov. 5–Jan. 21; by 50 lb. bag, Jan. 28–Apr. 14.
(2) By dozen (estimated at 40 lbs.) Nov. 5–Nov. 19, and by 50 lb. bag Nov. 26–Apr. 21.
(3) In crates (estimated at 40 lbs.) Nov. 5–Feb. 4, and in 50 lb. bags Feb. 11–Apr. 21.
(4) In 50 lb. bags.
(5) By pound.
(6) By pound Nov. 5–Feb. 4, 80–85 lb. bags Feb. 11–Mar. 31, and 50 lb. bags, Apr. 7–28.
(7) Imported.
(8) Imported cabbage sold in Calgary at 4.8–6.0 cents from Feb. 18 to Mar. 31 and at 6.0–6.7 cents from Apr. 7–14.

TABLE 3.—WHOLESALE TO RETAIL PRICES FOR SELECTED FRESH VEGETABLES IN SIX CANADIAN CITIES, BY WEEKS NOVEMBER 5, 1947 TO APRIL 21, 1948[1]—*Continued*

Date	Onions (in cents per pound)					
	Halifax	Montreal	Toronto	Winnipeg	Calgary	Vancouver
	Ont. Yellow No. 1[1]	Ont. Yellow No. 1[1]	Ont. Yellow No. 1[1]	B.C. Yellow No. 1[1]	B.C. Yellow No. 1[2]	B.C. Yellow No. 1[1]
1947						
November 5	4.0	3.0-3.3	2.7-3.0	3.7-4.0	4.7	4.0-4.5
12	4.0	3.0-3.3	2.7-3.0	3.9-4.0	4.7	4.0-4.5
19	4.0	3.0-5.0	2.7-3.2	4.0	4.7-4.8	4.0-5.0
26	4.0-5.0	4.5-7.0	4.0-5.0	4.0-5.0	4.7-5.8	4.5-5.5
December 3	5.0	5.2-6.0	4.7-5.0	5.0	5.8-6.0	5.5
10	5.0-5.5	5.0-5.5	4.5-5.0	5.0	5.8-6.0	5.5
17	5.5	.....	4.5-4.7	5.0-5.5	5.8-6.0	5.5
24	5.5	5.0-5.5	4.5-5.0	5.0-5.5	5.8-6.0	4.5-5.0
31	5.0	5.0-5.5	4.5-5.0	5.0-5.5	5.8-6.0	5.5
1948						
January 7	6.0	5.5-6.0	5.0-5.5	5.2-5.4	5.8-6.1	5.2-5.5
14	6.0	5.5-6.0	5.0-5.5	5.4-5.5	6.1-6.3	5.2-5.5
21	7.0	4.5-6.5	5.2-5.3	6.0	6.1-6.7	5.3-5.5
28	7.0	6.0-7.0	5.5-6.0	6.0	6.7	5.3-6.0
February 4	7.0	6.0-7.5	5.5-6.0	6.5-7.0	6.7-7.0	5.5-6.0
11	8.0	7.0-8.0	6.5-7.0	7.0	6.9-7.1	5.5-6.5
18	8.0	7.0-9.5	7.5-8.5	7.5	7.0-7.1	6.5-7.0
25	9.0	7.5-9.5	8.0-8.5	7.5	7.0-7.1	7.5-8.0
March 3	9.0	8.0-8.5	8.0-8.5	10.5	7.0	8.0
10	10.0	7.0-8.5	7.0-7.5	.....	7.0	8.0-8.5
17	9.0-10.0	7.0-8.0	7.5-7.5	10.0	.....	8.0-8.5
24	9.0	7.0-8.5	7.0-9.0	9.5-10.0	.....	8.0-8.5
31	9.0	8.0-9.5	8.0-10.0	9.5-10.0	[3]8.0	[3]7.5
April 7	9.0	8.0-9.0	8.5-10.0	[3]8.5-9.5	[3]8.0	[3]7.5-8.5
14	9.0	8.0-13.0	9.0-10.0	[3]8.5-9.5	[3]8.0	[3]7.5-8.5
21	9.0-10.0	12.0-14.0	10.0-12.5	[3]8.5-9.5	.....	[3]7.5-8.5

[1] In 50 lb. bags.
[2] In 10 lb. bags Nov. 5-Mar. 10, and in 50 lb. bags Mar. 31-Apr. 14.
[3] Imported.

TABLE 3.—WHOLESALE TO RETAIL PRICES FOR SELECTED FRESH VEGETABLES IN SIX CANADIAN CITIES, BY WEEKS NOVEMBER 5, 1947 TO APRIL 21, 1948(1)—*Continued*

Date	Celery (in cents per pound)					
	Halifax	Montreal	Toronto	Winnipeg	Calgary	Vancouver
	Ont. White(1)	Ont. White(1)	Ont. White(1)	B.C. Green(1)	B.C. Pascal(2)	B.C. Pascal(1)
1947						
November 5	(3) 5.4	3.8–4.6	1.9–2.3	7.0	6.3–7.1	5.0–5.5
12	(3) 5.4	3.1–4.2	2.3–3.1	7.0	6.3–7.5	5.0–5.5
19	(3) 5.4–5.8	3.8–6.2	3.1–3.8	7.0	7.1–7.5	4.5–5.0
26	5.8–6.5	5.4–7.7	3.8–4.6	9.0–12.0	6.8–9.6	5.0–10.0
December 3	7.7	5.4–6.9	3.1–5.0	12.0	9.6	8.0–10.0
10	7.7–8.1	6.2–6.9	3.8–5.4	12.0	9.6–11.7	10.0
17	8.1	.....	3.8–5.4	12.0	11.6–11.7	10.0
24	8.1	6.9–9.2	3.8–5.4	12.0	11.6	10.0–10.5
30	.....	7.7–10.8	5.4–6.2	12.0	11.6	10.0–10.5
1948						
January 7	.....	10.8–12.3	4.6–6.9	.....	11.6	.....
14	.....	10.8–15.4	5.4–7.7	.....	.....	.....
21	.....	13.8–16.9	(4) 9.2–14.6	.....	.....	.....
28	.....	12.3–15.4	(4)11.5–13.8	.....	.....	.....
February 4	.....	12.3–18.5	(4)13.1–15.4	.....	.....	.....
11	.....	.....	.....	.....	.....	.....
18	.....	.....	.....	.....	.....	.....
25	.....	.....	.....	.....	.....	.....
March 3	.....	.....	.....	.....	.....	.....
10	.....	.....	.....	.....	.....	.....
17	.....	.....	.....	.....	.....	.....
24	.....	.....	.....	.....	.....	.....
31	.....	.....	.....	.....	.....	.....
April 7	(5) 6.1	(5) 5.8–6.0	(5) 6.2	(5) 5.7–6.7	(5) 6.0–6.7	(5) 6.0–6.5
14	(5) 6.1–6.6	(5) 6.0–7.1	(5) 6.2	(5) 6.7–6.9	(5) 6.0–6.7	(5) 6.0–6.5
21	(5) 6.6–7.8	(5) 7.5–7.9	.....	(5) 6.7–7.8	(5) 6.3–7.3	(5) 6.0–6.5

(1) In crates (estimated at 65 lbs. in Eastern Canada and 50 lbs. in Western Canada) for domestic produce and in 50 lb. pkgs. for imported produce.
(2) In 60 lb. crates for domestic produce, 100 lb. crates for imported produce.
(3) Pascal variety.
(4) Green variety.
(5) Imported.

TABLE 4—WHOLESALE AND RETAIL PRICES OF SIZE 288 ORANGES IN TORONTO MARKET, OCTOBER 1947 TO APRIL 1948

(in cents per dozen)

Variety	Date[1]	Producer to wholesaler price [2]	Wholesaler to retailer price [3]	Average retail price [4]	Price spread	
					Producer to wholesaler	Wholesaler to retailer
Valencia	Oct. 23...	18.1			4.2	
	Oct. 30...		22.3			8.2
	Nov. 6...			30.5		
Navel	Nov. 20...	17.1			9.0	
	Nov. 27...		26.1			9.5
	Dec. 4...			35.6		
	Dec. 24...	18.1			4.8	
	Dec. 31...		22.9			10.8
	Jan. 8...			33.7		
	Jan. 22...	18.1			8.8	
	Jan. 29...		26.9			9.1
	Feb. 5...			36.0		
	Feb. 19...	18.1			2.9	
	Feb. 26...		21.0			9.1
	Mar. 4...			30.1		
	Mar. 18...	19.2			3.1	
	Mar. 25...		22.3			7.3
	Apr. 1...			29.6		

[1] Dates have been staggered so as to indicate more accurately the price spread between producer, wholesaler and retailer levels.

[2] F.O.B. California prices as supplied by the California Fruit Growers Exchange, Toronto, plus $1.60 per crate shipping charges. These charges are composed of freight ($1.45), refrigeration (9 cents), bank charges (2 cents), exchange (2 cents), and custom entry and freight charges (4 cents). The refrigeration charges are subject to variation depending on in-transit weather and district from which shipped.

[3] Based on wholesaler to retailer price of two Toronto firms.

[4] Independent retail merchants retail prices as provided by Prices Branch of Dominion Bureau of Statistics.

TABLE 5.—ESTIMATED DISPOSITION OF FRESH APPLES AND VEGETABLES IN CANADA, JULY 1 TO JUNE 30, 1946-47 AND 1947-48

(Thousands of pounds)

Item	Apples		Potatoes		Cabbage (1)		Carrots (1)		Onions (1)		Celery (1)	
	1946-47	1947-48	1946-47	1947-48	1946-47	1947-48	1946-47	1947-48	1946-47	1947-48	1946-47	1947-48
AVAILABLE SUPPLY—												
Commercial production	867,690	670,500	*4,796,300	*4,462,300	99,380	64,597	118,282	98,051	90,870	93,605	31,039	29,358
Add gross imports	16,285	8,230	34,134	17,142	31,353	18,915	45,541	15,546	27,131	14,848	30,816	10,818
Less gross exports	270,277	126,480	634,214	381,532	(2)	(2)	(3)	(3)	7,939	13,803	(2)	(2)
Total Supply	613,698	552,250	4,196,220	4,097,910	130,733	83,512	163,823	113,647	110,062	94,650	61,855	40,176
DISTRIBUTION OF SUPPLY—												
Fresh food	240,705	245,338	2,263,499	2,225,154	84,885	48,226	99,057	59,400	81,497	66,153	52,554	32,295
Processed food	198,641	172,400	106,249	87,293	16,300	16,300	35,639	35,640	9,034	9,034	(4)	(4)
Total food	439,346	417,738	2,369,748	2,312,447	101,185	64,526	134,696	95,040	90,531	75,187	52,554	32,295
Waste	174,352	134,512	1,230,072	1,143,463	29,548	18,986	29,127	18,607	19,531	19,463	9,301	7,881
Total supply	613,698	552,250	4,196,220	†4,097,910	130,733	83,512	163,823	113,647	110,062	94,650	61,855	40,176
Per capita consumption (in lbs.) (5)	19·4	19·3	182·7	175·4	10·1	6·9	10·8	7·4	9·4	8·0	4·2	2·5

SOURCE: Agricultural Division of Dominion Bureau of Statistics.

(1) These data are based on information received by mail from a limited number of growers and can be used only with reservation. They are, however, the best data available.

(2) No exports or not available because not reported in "Trade of Canada—Exports" (published by Dominion Bureau of Statistics).

(3) Not taken into account because not reported in "Trade of Canada—Exports". The Markets Information Service of the Department of Agriculture places these exports at 1,132,680 lbs. in 1946-1947, and at 8,043,850 lbs. in 1947-1948 (July 1 to March 1) (see Table 8).

(4) Not reported but believed to be small.

(5) Estimate of per capita consumption also takes account of non-commercial production, i.e. fruit and vegetables grown in home gardens.

* Commercial and non-commercial production.

† Total includes 596,400,000 lbs. of seed in 1946-47 and 642,000,000 lbs. of seed in 1947-1948 .

TABLE 6.—PRICE MARK-UP AT THE PRODUCER LEVEL ON FRESH FRUIT AND VEGETABLES PERMITTED BY WAR-TIME PRICES AND TRADE BOARD TO COVER STORAGE COSTS AND SHRINKAGE LOSSES

(In cents per pound)

—	Base Price	Mark-Up Over Base Price						
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
Apples	(1) 5.24	0.17	0.40	0.60	0.80	1.17	.....	.....
Potatoes	(2) 2.22	0.07	0.14	0.21	0.21	0.27	0.34	0.41
Carrots, washed, waxed	(3) 2.50	.....	0.25	0.50	1.00	1.25	1.50	1.50
Cabbage	(4) 2.25	.....	0.25	0.75	1.25	2.00	2.75	2.75
Onions	(5) 3.50	.....	0.05	0.15	0.30	0.50	0.75	0.75

SOURCE: Wartime Prices and Trade Board Administration Orders A2108 (Apples), A1560 (Potatoes), A2088 (carrots and cabbage) and A1267 (Onions).

(1) B.C. No. 1 Fancy, wrapped, in boxes

(2) Canada No. 1 Large delivered at Grand Falls, N.B. in 75 lb. containers.

(3) All varieties, No. 1 grade, Island of Montreal and southern part of all provinces from Ontario west.

(4) All varieties except Red and Savoy, No. 1 grade, Island of Montreal and southern part of all provinces from Ontario west.

(5) Canada No. 1, of most varieties, f.o.b. Leamington, Ont., Winnipeg, Man., and Vernon, B.C.

TABLE 7.—IMPORTS OF FRUITS AND VEGETABLES INTO CANADA, BY MONTHS, 1938-39 AND 1946 TO 1948

—	Average 1938-39	1946	1947	1948	Average 1938-39	1946	1947	1948
	Apples (in pounds)				Bananas (number of stems)			
January	301,210	21,780	46,640	.....	113,839	367,013	206,725	180,990
February	352,820	15,390	138,694	24,938	121,766	334,127	247,619	180,606
March	201,430	3,650	113,127	.....	259,964	459,424	327,062	.....
April	123,110	1,300	4,623,803	.....	120,093	463,259	374,116	.....
May	3,574,610	145	3,932,208	.....	385,591	475,084	422,567	.....
June	2,219,620	5,782,840	2,106,438	.....	434,431	597,392	396,148	.....
July	3,060,720	2,123,849	2,820,754	.....	470,419	528,340	411,867	.....
August	450,060	2,721,463	5,061,969	.....	399,663	515,213	357,782	.....
September	21,840	6,650	341,648	.....	306,068	528,940	250,469	.....
October	16,640	.....	6,000	.....	192,077	376,212	249,632	.....
November	60,970	900	.....	.....	151,987	370,992	191,648	.....
December	122,590	470,805	.....	.....	128,418	306,322	213,831	.....
Total	10,305,620	11,148,772	19,191,281	.....	3,084,316	5,322,318	3,649,466	.....
	Oranges, mandarines (in cu. ft.)				Potatoes (except seed) (in hundred weight)			
January	692,757	930,303	959,798	771,873	1,369	307,392	2,076	12
February	577,967	1,164,628	917,193	742,763	2,998	371,423	.....	.....
March	815,279	1,245,106	1,036,836	.....	7,949	784,258	1,488	.....
April	650,259	886,618	941,951	.....	12,627	940,504	6,703	.....
May	558,595	1,293,217	1,046,943	.....	78,998	217,349	27,474	.....
June	549,416	1,123,903	1,073,931	.....	233,421	483,937	177,487	.....
July	450,339	855,601	925,865	.....	39,970	127,798	157,985	.....
August	421,490	850,894	794,156	.....	11,903	18,449	3,837	.....
September	325,332	613,054	714,823	.....	3,397	155	7,010	.....
October	318,799	677,064	688,138	.....	1,665	3,100	1,640	.....
November	374,007	554,788	585,360	.....	4,658	638	209	.....
December	957,528	1,304,170	1,068,767	.....	1,660	2,908	26	.....
Total	6,691,768	11,499,346	10,653,752	.....	400,615	3,257,811	385,935	.....

TABLE 7.—IMPORTS OF FRUITS AND VEGETABLES INTO CANADA, BY MONTHS, 1938-39 and 1946 and 1948—*Continued*

	Average 1938-39	1946	1947	1948	Average 1938-39	1946	1947	1948
	Cabbage (in pounds)				Carrots (in pounds)			
January	749,631	2,401,719	415,937	.....	695,188	3,403,081	118,380	.....
February	1,636,184	7,323,539	1,611,704	15,828,788	1,177,823	5,395,065	1,738,455	.....
March	3,316,631	6,096,646	7,928,010	.....	3,295,444	9,860 621	9,110,182	.....
April	3,947,981	8,933,914	8,168,624	.....	3,491,338	10,079,490	9,648,253	.....
May	7,462,631	13,130,214	8,463,602	.....	5,566,606	9,966,942	13,415,776	.....
June	2,286,814	5,151,997	7,332,677	.....	5,130,663	9,927,012	10,740,302	.....
July	28,153	28,330	281,953	.....	762,310	3,593,179	4,646,724	.....
August	28,895	.....	8,880	.....	140,153	154,537	212,652	.....
September	8,500	.....	263,745	.....	1,207	.....	2,500	.....
October	.....	45,176	4,540	.....	90	45,450	.....	.....
November	3,665	.....	1,000	.....	7,014	161,352	82,312	.....
December	91,622	85,822	.....	.....	192,588	774,903	8,200	.....
Total	19,560,697	43,197,357	34,480,672	.....	20,460,424	53,361,632	49,723,736	.....
	Onions (in pounds)				Celery (in pounds)			
January	1,187,453	193,559	59,035	163,863	2,486,786	6,917,681	4,418,400	.....
February	1,378,683	123,251	2,091,455	47,284	3,480,529	7,340,004	5,093,560	.....
March	3,782,562	678,178	719,704	.....	5,364,467	7,029,216	6,460,379	.....
April	4,341,052	3,348,520	1,356,063	.....	2,920,259	7,887,104	5,496,873	.....
May	4,855,236	11,798,247	6,990,958	.....	3,999,958	7,466,426	6,093,430	.....
June	4,042,170	4,400,149	9,623,019	.....	2,350,577	3,435,491	3,895,404	.....
July	1,311,746	2,614,566	3,657,870	.....	377,437	300,300	822,043	.....
August	100,686	660,800	132,475	.....	17,168	5,950	57,999	.....
September	59,331	2,416,180	13,296	.....	3,242	29,491	79,656	.....
October	89,687	897,941	63,005	.....	8,298	.....	46,874	.....
November	214,020	70,903	145,119	.....	84,424	12,400	303,848	.....
December	261,442	184,122	139,478	.....	814,705	1,328,790	321,681	.....
Total	21,644,068	27,386,416	24,991,477	.....	22,007,850	41,752,853	33,090,147	.....

Data supplied by the Dominion Bureau of Statistics.

TABLE 8.—EXPORTS OF APPLES AND VEGETABLES FROM CANADA, BY MONTHS, 1938-39 AND 1946 AND 1948

—	Average 1938-39	1946	1947	1948	Average 1938-39	1946	1947	1948
	Apples (in barrels)				Potatoes (in bushels)			
January	331,767	103,732	247,012	21,591	41,059	72,324	204,679	188,382
February	513,620	2,134	201,383	46,121	40,738	46,902	237,447	144,269
March	111,879	21	43,429	.....	114,263	26,323	801,410	
April	27,975	27	22,941	.....	70,311	40,571	852,705	
May	5,554	180	15,316	.....	120,787	84,071	1,745,873	
June	2,577	.....	999	.....	70,431	24,660	2,256,311	
July	102	.....	189	.....	23,112	44,996	91,025	
August	1,204	.....	513	.....	11,056	54,803	314,787	
September	128,618	53,268	50,116	.....	82,993	40,843	67,826	
October	519,061	357,303	246,051	.....	68,987	193,049	258,135	
November	551,940	671,114	217,698	.....	93,669	448,166	393,732	
December	308,390	389,286	92,324	.....	63,916	137,196	445,611	
Total	2,502,686	1,577,065	1,137,971	.....	801,322	1,213,904	7,669,541	
	Carrots (in pounds)				Onions (in pounds)			
January	.....	467,250	2,330	635,150	269,000	632,850	919,200	2,235,650
February	.....	127,600	146,000	283,350	28,400	349,150	443,250	1,687,750
March	127,350	70,550	137,450	.....	24,350	325,550	303,000	
April	21,400	40,350	38,650	.....	9,650	102,800	463,850	
May	72,700	3,000	30,650	.....	7,400	165,400	303,950	
June	.....	.....	.....	.....	2,100	105,100	108,200	
July	.....	10,850	85,700	.....	10,300	61,850	29,700	
August	2,800	171,300	213,600	.....	361,200	241,000	789,500	
September	6,250	26,100	64,950	.....	1,432,650	743,300	1,278,450	
October	16,850	130,450	1,882,600	.....	1,767,200	887,150	1,812,700	
November	20,300	278,950	3,258,250	.....	1,383,100	2,408,050	4,959,600	
December	16,250	159,950	1,620,250	.....	191,750	1,056,100	2,933,200	
Total	283,900	1,486,350	7,480,430	.....	5,487,100	7,078,400	14,344,600	

Data supplied by Dominion Bureau of Statistics, except for carrots, which are supplied by Markets Information Service of the Department of Agriculture.

TABLE 9.—CANADIAN APPLES AND SELECTED FRESH VEGETABLES IN COLD AND COMMON STORAGE, BY MONTHS, 1945–1948

(Including holdings by commercial growers from December 1 to June 1)

	1945	1946	1947	1948	1945	1946	1947	1948
	Apples (in bushels)				Potatoes (in tons)			
January	5,844,494	1,736,044	4,465,550	4,910,850	334,305	250,762	467,030	378,666
February	3,852,733	1,001,899	2,191,750	3,415,751	259,119	196,884	411,666	316,838
March	2,042,735	581,725	944,630	1,979,824	197,916	161,352	361,577	363,206
April	885,554	278,971	500,299	1,220,746	130,420	111,426	262,767	192,494
May	283,507	61,206	254,776	.....	60,822	74,974	152,123	.....
June	48,445	12,574	97,820	.....	28,806	14,501	62,670	.....
July	6,433	15,562	23,089	.....	1,847	3,869	6,722	.....
August	2,731	11,027	19,590	.....	1,463	1,697	3,600	.....
September	8,354	48,279	27,475	.....	969	1,810	1,532	.....
October	97,791	332,297	200,254	.....	2,487	3,453	3,407	.....
November	278,006	866,488	952,356	.....	23,812	30,693	11,727	.....
December	2,711,261	7,360,776	6,545,986	.....	298,490	536,797	550,097	.....
Total	16,062,044	12,306,848	16,223,575	.....	1,340,456	1,388,318	2,294,918	.....
	Cabbage (in tons)				Carrots (in tons)			
January	6,332	4,755	5,223	2,530	12,528	10,666	11,364	8,261
February	3,567	1,930	3,301	460	5,921	5,538	8,133	4,157
March	1,909	772	2,018	1,501	3,764	4,524	4,779	1,775
April	1,001	483	1,557	914	2,807	2,948	3,554	1,437
May	398	497	730	.....	2,004	1,916	2,375	.....
June	270	807	236	.....	1,406	1,057	2,228	.....
July	149	253	234	.....	90	329	1,445	.....
August	178	157	144	.....	71	328	490	.....
September	168	390	77	.....	289	327	290	.....
October	437	285	248	.....	600	385	546	.....
November	3,315	3,153	3,019	.....	7,229	8,277	8,188	.....
December	10,907	7,693	4,809	.....	15,680	13,829	9,806	.....
Total	25,631	21,175	21,596	.....	52,389	50,124	53,198	.....

TABLE 9.—CANADIAN APPLES AND SELECTED FRESH VEGETABLES IN COLD AND COMMON STORAGE, BY MONTHS, 1945-1948—*Continued*

(Including holdings by commercial growers from December 1 to June 1)

—	1945	1946	1947	1948	1945	1946	1947	1948
	Onions (in tons)				Celery (in crates)			
January	20,581	11,306	15,696	13,228	71,786	52,441	93,869	53,489
February	16,344	7,547	11,771	8,200	24,749	33,162	33,026	2,770
March	13,644	5,470	8,621	4,898	15,226	36,752	15,977	20
April	8,434	2,956	5,085	1,817	19,473	31,430	23,275	.....
May	4,687	1,108	2,816	.....	7,978	18,696	13,395	.....
June	2,329	1,104	1,390	.....	9,212	13,421	12,355	.....
July	268	606	1,418	.....	7,089	5,128	4,844	.....
August	300	469	694	.....	3,875	4,541	4,707	.....
September	647	534	740	.....	2,762	5,237	13,256	.....
October	1,991	2,831	2,619	.....	83,443	63,644	98,015	.....
November	11,971	10,185	5,889	.....	196,929	278,399	186,826	.....
December	13,657	18,040	15,902	.....	145,628	274,621	181,921	.....
Total	94,853	57,156	72,641	28,143	588,150	817,472	681,466	56,279

Data supplied by Dominion Bureau of Statistics.

APPENDIX "B"

WARTIME PRICES AND TRADE BOARD

ERRATA NOTICE

to

ADMINISTRATOR'S ORDER NO. A-2483

Maximum Prices of Citrus Fruit

Section 12 of the above Order under the heading "Equitable Distribution" should be corrected as follows:

(*a*) by deleting the words "each buyer" in the second line of the Section and replacing them by the words "each other wholesale distributor";

(*b*) by deleting the words "such buyer" in the fourth line of the Section and replacing them by the words "such wholesale distributor".

Every copy of the above Order should be corrected to read as set forth above.

Ottawa, February 20, 1948.

WARTIME PRICES AND TRADE BOARD

ADMINISTRATOR'S ORDER NO. A-2492

Maximum Prices of Citrus Fruit

Under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Adminstration, it is hereby ordered as follows:

1. This Order comes into force on March 25, 1948.

2. Administrator's Order N. A-2483 is hereby amended by inserting the following at the end of subsection (1) of Section 4 thereof immediately after the word "relates":

> and provided further that the maximum price at which any wholesale distributor may sell any oranges shall not in any event exceed the price at which he may sell oranges of the same or a similar variety, pack and size which were purchased from the California Fruit Growers Exchange at their list price for sales to Canadian importers in force at the time of shipment of such oranges to such wholesale distributor.

Dated at Ottawa this 22nd day of March, 1948.

F. S. GRISDALE,
Co-ordinator,
Foods Administration.

Approved:
K. W. TAYLOR,
Chairman,
Wartime Prices and Trade Board.

WARTIME PRICES AND TRADE BOARD

ADMINISTRATOR'S ORDER NO. A-2496

Maximum Prices of Citrus Fruit

Under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Administration, it is hereby ordered as follows:

1. This Order comes into force on April 5, 1948.

2. Administrator's Order No. 2483 is hereby amended by deleting from the proviso to subsection (1) of Section 4 thereto, which was inserted immediately after the word "relates" by Administrator's Order No. A-2492, the words "oranges of the same or a similar variety, pack and size" where they appear in such proviso and by substituting therefor the following words:

"Sunkist oranges of the same size".

Dated at Ottawa, this 2nd day of April, 1948.

F. S. GRISDALE,
Co-ordinator,
Foods Administration.

Approved:
K. W. TAYLOR,
Chairman,
Wartime Prices and Trade Board.

WARTIME PRICES AND TRADE BOARD

ADMINISTRATOR'S ORDER NO. A-2488

Maximum Prices of Carrots

Under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Administration, it is hereby ordered as follows:

Application and Effective Date

1. This Order comes into force on March 5, 1948, and fixes maximum prices for carrots whether Canadian grown or imported. The maximum prices for carrots fixed by this Order are for carrots without tops.

2. All prices fixed by this Order are maximum prices and must not be exceeded. No charge may be made for a container or for packing, handling or any other service which results in the sum of the price and the charge for the container, packing, handling and/or service exceeding the maximum price.

Definitions—Zones

3. (1) For the purposes of this Order the following zones are established:

(*a*) Zone No. 1 composed of,

(i) that part of the province of Ontario south of a line drawn parallel to and always ten miles north of the Canadian Pacific Railway line from Spanish to Sudbury and from Sudbury to Mattawa;

(ii) the Island of Montreal;

(iii) those parts of the provinces of Manitoba and Saskatchewan south of a line which is 53 degrees 30 minutes north latitude;

(iv) that part of the province of Alberta south of the 54th parallel of north latitude; and

(v) that part of the province of British Columbia south of the 52nd parallel of north latitude;

(*b*) Zone No. 2 composed of those parts of Canada not included in Zone No. 1.

(2) In this Order "Zone" means a zone described in subsection (1) preceding.

Other Definitions

4. For the purposes of this Order,

(*a*) "sell" includes offer to sell and "buy" includes offer to buy;

(*b*) "wholesaler distributor" means a person who in any sale, sells carrots at wholesale and "sell at wholesale" means to sell otherwise than at retail.

Sales by Wholesale Distributors

5. (1) The maximum price at which a wholesale distributor may sell any carrots shall be, f.o.b., his place of business;

(*a*) 7 cents per pound if his place of business is situated in Zone No. 1; and

(*b*) 7¼ cents per pound if his place of business is situated in Zone No. 2.

(2) Notwithstanding the provisions of subsection (1) of this Section, if a wholesale distributor has purchased any carrots from another wholesale distributor whose place of business is situated in another city, town or village he may, with the approval in writing of the Co-ordinator, Foods Administration, or of some other duly authorized representative of the Board, add to his selling price, shown as a separate item on his invoice to his buyer, an amount not exceeding the actual cost incurred by him in transporting the carrots by freight to the city, town or village in which his place of business is situated from the city, town or village in which his supplier's place of business is situated.

Delivery to be Free in Certain Cases

6. If the sale of carrots by a wholesale distributor is to a buyer whose place of business is within the limits of the city, town or village in which the wholesale distributor has his place of business or is within the wholesale distributor's customary free delivery zone, delivery shall be free to that buyer.

Prepayment of Transportation Charges

7. At the request of a buyer, a wholesale distributor may prepay the charge for transporting any shipment of carrots to the city, town or village in which the buyer has his place of business, but in that event he must show such charge as a separate item on his sales invoice to the buyer.

Sales at Retail

8. (1) The maximum price at which any person may sell at retail any carrots purchased by him from a wholesale distributor in Canada shall be the sum of the following:

(*a*) the actual price paid by him for the carrots but not exceeding the maximum price that may be charged by his supplier under the provisions of this Order;

(*b*) if his supplier is not by this Order required to deliver free to him, the actual cost of transporting the carrots from his supplier's shipping point to the city, town or village in which he has his place of business; and

(*c*) a markup not exceeding 30 per cent of his selling price.

(2) The maximum price at which any person may sell at retail any carrots imported by him shall be the sum of the following:

(*a*) an amount equal to

(i) 6 cents per pound if his place of business is situated in Zone No. 1; or

(ii) 6¼ cents per pound if his place of business is situated in Zone No. 2;

(*b*) a markup not exceeding 35 per cent of his selling price.

Sales must be by Weight

9. No person shall sell any carrots except by weight and for the purposes of determining the maximum price of any carrots the net weight thereof, in the original container in which they were packed when received by the seller shall be deemed to be

(*a*) as stamped or marked on the original container; or

(*b*) if not so stamped or marked, as shown on his supplier's invoice; or

(*c*) if neither so stamped or marked nor shown on his supplier's invoice, that which is actually in the original container when received by him.

Records of Sales and Purchases

Sales Invoices

10. (1) On every sale of carrots other than a sale at retail the seller shall at the time of delivery of the carrots furnish the buyer with an invoice showing:

(*a*) the name and identifying address of the seller and the buyer and the date of sale; and

(*b*) the weight of the carrots sold and the price per pound charged.

(2) Every such seller shall keep a duplicate copy of each invoice furnished by him as required by this Section.

Records of Purchases

11. (1) Every person, other than the importer of carrots, who buys any carrots for resale shall, at the time of delivery of the carrots to him obtain from his supplier an invoice completed in accordance with the provisions of subsection (1) of Section 10, covering that transaction; (2) Every person who imports carrots for resale shall, before selling such carrots, record on the copy of the invoice furnished him by his supplier any of the particulars referred to in subsection (1) of Section 10 which are not recorded on that invoice when it is received by him; (3) Every person who buys any carrots for resale shall, at the time of delivery of the carrots to him, obtain a receipted bill covering any amount paid by him for the transportation of the carrots.

Retention and Inspection of Invoices and Transportation Receipts

12. Every duplicate copy of an invoice which a seller of carrots is required by this Order to make and keep and every invoice and transportation bill or receipt which a person who buys carrots for resale obtains, shall be kept by him available for inpection by any authorized representative of the Board at any time within twelve months of the date of the transaction to which it relates.

Sales Slips on Sales at Retail

13. Every person who sells any carrots at retail shall upon request of the buyer furnish him with a sales slip showing the date of sale, the seller's name and address, the quantity and price of the carrots sold.

Dated at Ottawa, this 3rd day of March, 1948.

F. S. GRISDALE,
Co-ordinator,
Foods Administration.

Approved:
K. W. TAYLOR,
Chairman,
Wartime Prices and Trade Board.

WARTIME PRICES AND TRADE BOARD

Administrator's Order No. A-2489

Variation of Maximum Markups for Certain Sales at Wholesale and Retail of Imported Carrots

In order to ensure the continued distribution of certain imported carrots during the periods when their increased laid-in cost to wholesale distributors prevents normal merchandising, it is necessary while preserving present maximum prices on sales to consumers to readjust the markups available to wholesalers and retailers on the sales of such carrots and to vary the maximum prices for sales at wholesale.

Therefore under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Administration, it is hereby ordered as follows:—

1. This Order comes into force on March 15, 1948.

2. For the purpose of this Order, any word or expression which by Administrator's Order No. A-2488 is given a defined meaning shall have the same meaning when used in this Order.

3. (1) Whenever a wholesale distributor's laid-in cost of any carrots imported by him exceeds 6¾ cents per pound if his place of business is situated in Zone No. 1 or 6¼ cents per pound if his place of business is situated in Zone No. 2, he may make application to the Co-ordinator, Foods Administration or to the nearest office of the Board for a variation of the maximum price at which he may sell such imported carrots.

(2) Such application shall show in respect of such imported carrots the following particulars:—

(*a*) the wholesale distributor's actual laid-in cost of the imported carrots;

(*b*) the maximum price in accordance with the provisions of Section 4 of this Order, at which he proposes to sell the imported carrots to other wholesale distributors and to retailers;

(*c*) the amount of markup (in dollars and cents) which would be available to a customer situated in the importing wholesale distributor's customary free delivery zone on a sale of imported carrots purchased from him at the price set out in clause (*b*) of this subsection; and

(*d*) such other information as may be required.

4. (1) Subject to the provisions of subsection (2) of this Section, on application of a wholesale distributor filed pursuant to the provisions of Section 3 of this Order, the said Co-ordinator or a duly authorized officer of the Board may fix the portion of the gross combined markup available to a wholesale distributor or distributors and to a retailer that may be obtained by each of them on a sale of imported carrots; and notwithstanding anything contained in said Order No. A-2488 may vary the maximum price at which such imported carrots may be sold by the importing wholesale distributor to a retailer and if he proposes to sell them to another wholesale distributor, may vary the maximum price at which he may sell such carrots to other wholesale distributors and the price at which any wholesale distributor may sell them to a retailer.

(2) The amount of markup remaining to a retailer pursuant to any fixation under the provisions of subsection (1) of this Section shall not in any event be less than 75 per cent of the gross combined markup available to the wholesale distributor or distributors and the retailer, the same to be calculated on the basis of the importing wholesaler's landed cost and the maximum price at retail in his free delivery zone.

(3) Whenever a wholesale distributor sells to a retailer or to another wholesale distributor any imported carrots for which his maximum price has been

varied pursuant to subsection (1) of this Section, he shall show on his invoice therefor the amount of markup (in dollars and cents) remaining for a retailer (and if the purchaser is another wholesale distributor also showing the amount of markup remaining for him).

5. The maximum price at which any person may sell at retail any imported carrots for which the maximum price on sales to him by his supplier has been varied pursuant to Section 4 of this Order shall be

(*a*) if his place of business is situated within the area in which his supplier is required to make free delivery, the sum of

(i) the actual price paid by him for the imported carrots but not exceeding the maximum price at which his supplier may sell the imported carrots to him; and

(ii) the markup (in dollars and cents) that may be taken by him, as designated on the invoice furnished him by his supplier;

(*b*) if his place of business is situated elsewhere than within the area in which his supplier is required to make free delivery, the sum of

(i) the actual price paid by him for the imported carrots but not exceeding the maximum price at which his supplier may sell the imported carrots to him;

(ii) the markup (in dollars and cents) that may be taken by him as designated on the invoice furnished him by his supplier;

(iii) the transportation charges not included in such actual price, which he paid in transporting the imported carrots from his supplier's shipping point to the city, town or village in which his place of business is situated, but not exceeding the cost of shipping by freight; and

(iv) an amount equal to 30 per cent of the transportation charges referred in paragraph (iii) of this clause.

6. Nothing in this Order shall be deemed to authorize the sale at retail of any imported carrots to which this Order applies at a price higher than the maximum price fixed for a sale at retail of that produce by the provisions of said Order No. A-2488.

Dated at Ottawa, this 9th day of March, 1948.

F. S. GRISDALE,
Co-ordinator, Foods Administration.

Approved:
K. W. TAYLOR,
Chairman,
Wartime Prices and Trade Board.

WARTIME PRICES AND TRADE BOARD

Administrator's Order No. A-2470

Maximum Prices of Cabbage

Under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Administration, it is hereby ordered as follows:

Application and Effective Date

1. This Order comes into force on FEBRUARY 2, 1948 and fixes maximum prices for cabbage whether Canadian grown or imported. The maximum prices for cabbage fixed by this Order are for cabbage properly trimmed.

2. All prices fixed by this Order are maximum prices and must not be exceeded. No charge may be made for a container or for packing, handling or any other service which results in the sum of the price and the charge for the container, packing, handling and/or service exceeding the maximum price.

Definitions—Zones

3. (1) For the purposes of this Order the following zones are established

(*a*) Zone No. 1 composed of,

(i) that part of the province of Ontario south of a line drawn parallel to and always ten miles north of the Canadian Pacific Railway line from Spanish to Sudbury and from Sudbury to Mattawa;

(ii) the Island of Montreal;

(iii) those parts of the provinces of Manitoba and Saskatchewan south of a line which is 53 degrees 30 minutes north latitude;

(iv) that part of the province of Alberta south of the 54th parallel of north latitude; and

(v) that part of the province of British Columbia south of the 52nd parallel of north latitude;

(*b*) Zone No. 2 composed of those parts of Canada not included in Zone No. 1.

(2) In this Order "Zone" means a zone described in subsection (1) preceding.

Other Definitions

4. For the purposes of this Order,

(*a*) "sell" includes offer to sell and "buy" includes offer to buy;

(*b*) "wholesale distributor" means a person who in any sale, sells cabbage at wholesale and "sell at wholesale" means to sell otherwise than at retail.

Sales by Wholesale Distributors

5. (1) The maximum price at which a wholesale distributor may sell any cabbage shall be, f.o.b. his place of business:

(*a*) 6 cents per pound if his place of business is situated in Zone No. 1; and

(*b*) 6¼ cents per pound if his place of business is situated in Zone No. 2.

(2) Notwithstanding the provisions of subsection (1) of this Section, if a wholesale distributor has purchased any cabbage from another wholesale distributor whose place of business is situated in another city, town or village he may, with the approval in writing of the Co-ordinator, Foods Administration or of some other duly authorized representative of the Board, add to his selling price, shown as a separate item on his invoice to his buyer, an amount not exceeding the actual cost incurred by him in transporting the cabbage by freight to the city, town or village in which his place of business is situated from the city, town or village in which his supplier's place of business is situated.

Delivery to be Free in Certain Cases

6. If the sale of cabbage by a wholesale distributor is to a buyer whose place of business is within the limits of the city, town or village in which the wholesale distributor has his place of business or is within the wholesale distributor's customary free delivery zone, delivery shall be free to that buyer.

Prepayment of Transportation Charges

7. At the request of a buyer, a wholesale distributor may prepay the charge for transporting any shipment of cabbage to the city, town or village in which the buyer has his place of business, but in that event he must show such charge as a separate item on his sales invoice to the buyer.

Sales at Retail

8. (1) The maximum price at which any person may sell at retail any cabbage purchased by him from a wholesale distributor in Canada shall be the sum of the following:

(*a*) the actual price paid by him for the cabbage but not exceeding the maximum price that may be charged by his supplier under the provisions of this Order;

(*b*) if his supplier is not by this Order required to deliver free to him the actual cost of transporting the cabbage from his supplier's shipping point to the city, town or village in which he has his place of business; and

(*c*) a markup not exceeding 30 per cent of his selling price.

(2) The maximum price at which any person may sell at retail any cabbage imported by him shall be the sum of the following:

(*a*) an amount equal to

(i) 5 cents per pound if his place of business is situated in Zone No. 1; or

(ii) $5\frac{1}{4}$ cents per pound if his place of business is situated in Zone No. 2;

(*b*) a markup not exceeding 35 per cent of his selling price.

Sales by Containers by Wholesale Distributors

9. (1) Notwithstanding the other provisions of this Order, for the purpose of determining the maximum price per container of any cabbage when sold by a wholesale distributor by the container in a container listed in the table to this Section, the net weight of such cabbage in the container shall be deemed to be the net weight shown in such table; provided, however, no wholesale distributor shall sell by the container any cabbage which is packed in any such container unless the net weight thereof at the time of delivery to the buyer is equal to or more than the net weight shown in the table.

TABLE

	Kind of Cabbage	Description of container	Net weight
1.	Domestic Grown New Cabbage	bushel hamper	30 lbs.
2.	Domestic Grown New Cabbage	orange box	35 lbs.
3.	Domestic Grown New Cabbage	Leamington crate	40 lbs.
4.	Domestic Grown Savoy Cabbage	bushel hamper	30 lbs.
5.	Domestic Grown Savoy Cabbage	orange box	35 lbs.
6.	Domestic Grown Other Cabbage	bushel hamper	40 lbs.
7.	Domestic Grown Other Cabbage	orange box	45 lbs.
8.	Imported Savoy Cabbage	Los Angeles crate	67 lbs.
9.	Imported Other Cabbage	Los Angeles crate	85 lbs.
10.	Imported Cabbage	bag	minimum net weight marked on the bag

NOTE: In this table "new cabbage" means cabbage, other than savoy cabbage, sold before September 1 of the year in which it is grown.

(2) When a wholesale distributor sells a domestic grown cabbage packed in a container listed in the table to subsection (1) preceding and the net weight thereof at the time of delivery to the buyer is less than the net weight shown in such table, such cabbage shall be priced and sold by him by weight and he shall show on his sales invoice the actual net weight of the cabbage sold.

Sales at Retail of Cabbage Purchased by the Container

10. Notwithstanding the other provisions of this Order, if a retailer purchases by the container any cabbage packed in a container listed in the table to subsection (1) of Section 9, the net weight of the cabbage in such container when received by him shall, for the purpose of determining the maximum price of the quantity priced and sold, be deemed to be the net weight shown in such table for that container.

RECORDS OF SALES AND PURCHASES

Sales Invoices

11. (1) On every sale of cabbage other than a sale at retail the seller shall at the time of delivery of the cabbage, furnish the buyer with an invoice showing:

(*a*) the name and identifying address of the seller and the buyer and the date of sale;

(*b*) if the cabbage is sold by the container (other than in bags) in accordance with Section 9, the description of the container and the price per container charged;

(*c*) if clause (*b*) preceding does not apply, the weight of the cabbage sold and the price per pound charged.

The following abbreviations may be used on the invoice to describe the container:

Container	*Abbreviation*
Bushel Hamper	Hpr
Orange Box	Box
Leamington Crate	Leam Crt
Los Angeles Crate	LA

(2) Every such seller shall keep a duplicate copy of each invoice furnished by him as required by this section.

Records of Purchases

12. (1) Every person, other than the importer of cabbage, who buys any cabbage for resale shall, at the time of delivery of the cabbage to him, obtain from his supplier an invoice completed in accordance with the provisions of subsection (1) of Section 11, covering that transaction; (2) every person who imports cabbage for resale shall, before selling such cabbage, record on the copy of the invoice furnished him by his supplier any of the particulars referred to in subsection (1) of Section 11 which are not recorded on that invoice when it is received by him. In recording such particulars such importer may use any abbreviation provided for in Section 11; (3) every person who buys any cabbage for resale shall, at the time of delivery of the cabbage to him, obtain a receipted bill covering any amount paid by him for the transportation of the cabbage.

Retention and Inspection of Invoices and Transportation Receipts

13. Every duplicate copy of an invoice which a seller of cabbage is required by this order to make and keep and every invoice and transportation bill or receipt which a person who buys cabbage for resale obtains, shall be kept by him available for inspection by any authorized representative of the Board at any time within twelve months of the date of the transaction to which it relates.

Sales Slips on Sales at Retail

14. Every person who sells any cabbage at retail shall upon request of the buyer furnish him with a sales slip showing the date of sale, the seller's name and address, the quality and price of the cabbage sold.

Dated at Ottawa, this 28th day of January, 1948.

F. S. GRISDALE,
Co-ordinator,
Foods Administration.

Approved:
K. W. TAYLOR,
Chairman,
Wartime Prices and Trade Board.

OFFICE CONSOLIDATION

WARTIME PRICES AND TRADE BOARD

Administrator's Order No. A-2489

Variation of Maximum Markups for Certain Sales at Wholesale and Retail of Imported Carrots and Cabbage

(Consolidated as amended by Administrator's Order No. A-2494)

In order to ensure the continued distribution of certain imported carrots and cabbage during the periods when their increased laid-in cost to wholesale distributors prevents normal merchandising, it is necessary while preserving present maximum prices on sales to consumers to readjust the markups available to wholesalers and retailers on the sale of such carrots and cabbage and to vary the maximum prices for sales at wholesale.

THEREFORE under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Administration, it is hereby ordered as follows:

1. This Order comes into force on March 15, 1948.

2. For the purpose of this Order, any word or expression which by Administrator's Order No. A-2488 is given a defined meaning shall have the same meaning when used in this Order.

3. (1) Whenever a wholesale distributor's laid-in costs

(*a*) of any carrots imported by him exceeds 6¾ cents per pound if his place of business is situated in Zone 1 or 6¼ cents per pound if his place of business is situated in Zone 2, or

(*b*) of any cabbage imported by him exceeds 5¾ cents per pound if his place of business is situated in Zone 1 or 5¼ cents per pound if his place of business is situated in Zone 2,

he may make application to the Co-ordinator, Foods Administration, or to the nearest office of the Board for a variation of the maximum price at which he may sell such imported carrots or cabbage. (Subsection (1) as replaced by Administrator's Order No. A-2494).

(2) Such application shall show in respect of such imported carrots or cabbage the following particulars:

(*a*) the wholesale distributor's actual laid-in cost of the imported carrots or cabbage;

(*b*) the maximum price in accordance with the provisions of Section 4 of this Order, at which he proposes to sell the imported carrots or cabbage to other wholesale distributors and to retailers;

(*c*) the amount of markup (in dollars and cents) which would be available to a customer situated in the importing wholesale distributor's customary free delivery zone on a sale of imported carrots or cabbage purchased from him at the price set out in clause (*b*) of this subsection; and

(*d*) such other information as may be required.

4. (1) Subject to the provisions of subsection (2) of this Section, on application of a wholesale distributor filed pursuant to the provisions of Section 3 of this Order, the said Co-ordinator or a duly authorized officer of the Board may fix the portion of the gross combined markup available to a wholesale distributor or distributors and to a retailer that may be obtained by each of them on a sale of imported carrots or cabbage; and notwithstanding anything con-

tained in said Order No. A-2488 or Administrator's Order No. A-2470, may vary the maximum price at which such imported carrots or cabbage may be sold by the importing wholesale distributor to a retailer and if he proposes to sell them to another wholesale distributor, may vary the maximum price at which he may sell such carrots or cabbage to other wholesale distributors and the price at which any wholesale distributor may sell them to a retailer; (2) The amount of markup remaining to a retailer pursuant to any fixation under the provisions of subsection (1) of this Section shall not in any event be less than 75 per cent of the gross combined markup available to the wholesale distributor or distributors and the retailer, the same to be calculated on the basis of the importing wholesaler's landed cost and the maximum price at retail in his free delivery zone; (3) Whenever a wholesale distributor sells to a retailer or to another wholesale distributor any imported carrots or cabbage for which his maximum price has been varied pursuant to subsection (1) of this Section, he shall show on his invoice therefor the amount of markup (in dollars and cents) remaining for a retailer (and if the purchaser is another wholesale distributor also showing the amount of markup remaining for him).

5. The maximum price at which any person may sell at retail any imported carrots or cabbage for which the maximum price on sales to him by his supplier has been varied pursuant to Section 4 of this Order shall be

(*a*) if his place of business is situated within the area in which his supplier is required to make free delivery, the sum of
  (i) the actual price paid by him for the imported carrots or cabbage but not exceeding the maximum price at which his supplier may sell the imported carrots or cabbage to him; and
  (ii) the markup (in dollars and cents) that may be taken by him as designated on the invoice furnished him by his supplier;

(*b*) if his place of business is situated elsewhere than within the area in which his supplier is required to make free delivery the sum of
  (i) the actual price paid by him for the imported carrots or cabbage but not exceeding the maximum price at which his supplier may sell the imported carrots or cabbage to him;
  (ii) the markup (in dollars and cents) that may be taken by him as designated on the invoice furnished him by his supplier;
  (iii) the transportation charges not included in such actual price, which he paid in transporting the imported carrots or cabbage from his supplier's shipping point to the city, town or village in which his place of business is situated, but not exceeding the cost of shipping by freight; and
  (iv) an amount equal to 30 per cent of the transportation charges referred in paragraph (iii) of this clause.

6. Nothing in this Order shall be deemed to authorize the sale at retail of any imported carrots or cabbage to which this order applies at a price higher than the maximum price fixed for a sale at retail of such carrots by the provisions of said Order No. A-2488 and of such cabbage by the provisions of Administrator's Order No. A-2470.

(Section 6 as replaced by Administrator's Order No. A-2494).

Dated at Ottawa, this 9th day of March, 1948.

F. S. GRISDALE,
Co-ordinator,
Foods Administration.

Approved:
K. W. TAYLOR,
Chairman,
Wartime Prices and Trade Board.

DEPARTMENT OF FINANCE

Emergency Import Control Division

Ottawa, April 20, 1948.

To Holders of Quota Permits in Category 1:

I am directed by the Minister of Finance to advise you that, having regard to the adequate supplies of potatoes in Canada and the relatively high price of new potatoes, the quota established for you for goods in Category 1, of Schedule II of the Emergency Exchange Conservation Act has been varied to exclude potatoes during the period April 22nd to June 7th, 1948, and during that period this quota cannot be used for the importation of any commodities in Tariff Item No 83, "Potatoes, as hereunder defined:

(*a*) In their natural state.
(*b*) Dried, desiccated, or dehydrated.
(*c*) Sweet potatoes in their natural state.
(*d*) Sweet potatoes, n.o.p."

This variation does not apply to potatoes that have been delivered to and were in the custody or possession of a common carrier and were in the course of continuous and uninterrupted transportation to Canada on April 21st.

K. W. TAYLOR,
Assistant Deputy Minister.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE
ON
PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 56

TUESDAY, MAY 11, 1948

WITNESSES:

Mr. M. M. Robinson, Secretary-Treasurer, Ontario Fruit and Vegetable Growers' Association, Toronto, Ont.

Mr. R. D. Wolfe, Secretary and General Manager, The Ontario Produce Company, Limited, Toronto, Ont.

Mr. David Austin, Assistant General Manager, The Ontario Produce 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

TUESDAY, May 11, 1948.

The Special Committee on Prices met at 11.00 a.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Harkness, Irvine, Kuhl, Lesage, McGregor, Martin, Maybank, Mayhew, Merritt, Pinard, Thatcher, Winters.

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

The question having arisen as to whether the Committee had power to subpoena a Minister of the Crown, Mr. Harkness moved that the Vice-Chairman obtain, by way of a written memorandum, the opinion of the Clerk of the House, and report back to the Committee at its next sitting to be held at 4.00 p.m. this day.

Motion carried.

Mr. M. M. Robinson, Secretary-Treasurer, Ontario Fruit & Vegetable Growers' Association, Toronto, was recalled and further examined.

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, Kuhl, Lesage, McGregor, Maybank, Mayhew, Merritt, Pinard, Thatcher.

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

The Vice-Chairman reported that he had consulted with the Clerk of the House as ordered by the Committee at this morning's sitting, and that he had not yet received the memorandum requested.

Mr. Robinson was recalled and further examined.

Witness retired.

On motion of Mr. McGregor,

Ordered,—That Marlow and Company and Mac Fruit Company, Toronto, be asked to appear before the Committee.

Mr. R. D. Wolfe, Secretary and General Manager, and Mr. David Austin, Assistant General Manager, The Ontario Produce Company, Limited, Toronto, were called, sworn and examined. Mr. Wolfe filed,

Exhibit No. 105—Series of five statements prepared in answer to questionnaire forwarded to The Ontario Produce Co., Ltd. *(Printed in this day's Minutes of Evidence).*

At 6.00 p.m. witnesses retired and the Committee adjourned until Wednesday, May 12, at 4.00 p.m.

R. ARSENAULT,
Clerk of the Committee.

12599—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 11, 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; we will come to order.

Mr. MONET: Mr. Robinson, please.

Mr. HARKNESS: Mr. Chairman, is Mr. Gardiner not appearing this morning? I understood yesterday that he would be here this morning.

The VICE-CHAIRMAN: I have no knowledge of it.

Mr. HARKNESS: I see by a report in the paper that he said he had not received an official invitation. That is in an interview he gave yesterday. Has he received that now?

The VICE-CHAIRMAN: I don't know.

Mr. HARKNESS: Mr. Martn, have you any knowledge of the matter.

Hon. Mr. MARTIN: Yesterday, unfortunately, Mr. Chairman, I was attending a funeral. I was not here yesterday morning and I was very busy. Mr. Mayhew was in the chair. I thought perhaps I might have an opportunity of discussing the matter with him.

Mr. THATCHER: I think we should subpoena him.

Mr. LESAGE: You can't subpoena a member of parliament?

Mr. THATCHER: Why can't we?

Mr. LESAGE: Don't you know that you can't subpoena a member of parliament?

Mr. THATCHER: As a member of this committee I understand that this committee can subpoena anybody whether he is a minister of the Crown or anyone else, that if the Honourable Mr. Gardiner is wanted this committee has the right to subpoena him.

Mr. LESAGE: Who said that, that we could subpoena anybody?

Hon. Mr. MARTIN: May I make one observation? If I had been here yesterday I would have taken the position that this is a matter which should have been referred to the steering committee.

The VICE-CHAIRMAN: Now, just a moment. You will have to cut down your conversations at the table, even that friendly conversation; because I cannot even hear Mr. Martin speaking.

Mr. THATCHER: And I would like to let Mr. Lesage know that I am not deaf at all.

The VICE-CHAIRMAN: Go ahead, Mr. Martin.

Hon. Mr. MARTIN: I was just going to say that if I had been here yesterday I would have suggested that the proper procedure would have been to discuss the matter first in the steering committee before it was decided that we were going to summon any minister of the Crown to appear before this committee. I suggest that the character of this committee lends itself to that procedure appropriately. We are not here for political objectives. We are here for a very serious business. I know that every member of the committee will agree with me on that, and I would suggest that this matter be discussed in the steering committee.

Mr. HARKNESS: Well, Mr. Chairman, the motion was passed in the committee yesterday and I think that Mr. Gardiner should at least have been asked to appear. Apparently, according to the report which appears in the newspaper which I have here before me, up to a late hour last night he had been not asked to appear; and he is not here this morning, and I was expecting he would be here this morning. It seems to me that the least that could have been done in view of the motion which was passed was to convey an invitation to appear here to Mr. Gardiner. That is the least which could have been done. Then, if Mr. Gardiner, as is indicated by this paper, is not willing to appear on the invitation of the committee, then I think as Mr. Thatcher suggests, he can be subpoenaed. As I see it there is no force whatever in the contention which apparently he has made, and that a lot of other people have made, that a minister of the Crown cannot be compelled to appear before any committee. There is no rule of which I know in that connection that the committee has no such power. I know as a matter of fact that Lord Bennett when he was prime minister appeared I think at least twice before committees. I do not know whether he was asked to do so or what the procedure was, but I do know that he appeared at least twice, possibly more often than that. I do say there is no rule against the extending of an invitation, and there is certainly precedent for a minister of the Crown being called before a committee. I can see no force in this contention of Mr. Gardiner's at all, that a minister of the Crown cannot be called before a committee. As far as this House of Commons is concerned, as I understand the matter, a minister of the Crown is in exactly the same position as any other member; his rights, privileges and so forth are exactly the same as those of any other member. He has no special rights or privileges through being a minister of the Crown as far as the House of Commons is concerned.

Mr. LESAGE: As far as members of parliament are concerned, and I include ministers of the Crown because I do not think a minister of the Crown has any special privileges and any privileges he has he holds as a member of parliament. It is a very well known privilege that while the House is sitting no member of parliament shall be subpoenaed in any courts anywhere in Canada. The only place he can be brought to is the bar of the House of Commons, and he has to be asked by the speaker himself. So I do not say that it is not possible for Mr. Gardiner to appear if he wishes to, but he cannot be subpoenaed as any other member of parliament cannot be subpoenaed to appear here or any other place while the House is sitting. That is a well established rule. That is a privilege of a member of parliament.

Mr. MERRITT: Whether what Mr. Lesage says is right or whether it is wrong as relating to this matter of procedure the fact stands out very clearly that throughout the entire evidence of this committee on meat we come back every time to the fact that government policy has been the chief cause in the rise in the price of meat.

Mr. LESAGE: Oh, now.

The VICE-CHAIRMAN: Just a moment.

Mr. LESAGE: Speak for yourself.

The VICE-CHAIRMAN: Just a moment.

Mr. MERRITT: Now, Mr. Chairman—

The VICE-CHAIRMAN: Excuse me just a moment. Just wait till I make my statement. I have not been interrupting you gratuitously or wantonly. It would appear that what the committee is debating is arising out of the fact that Mr. Gardiner is not here now. It is a question of choice I suppose on the merits of the supposed evidence that Mr. Gardiner might give us if he were here, and that is hardly apt I suggest to you. I am directing my attention particularly to your remark that something is due to government policy. The question is, will

Mr. Gardiner—at least this seems to be the question—I will ask for a motion afterwards—the question would appear to be, whether Mr. Gardiner will be here to give evidence.

Mr. MERRITT: That is the question as I understand it.

The VICE-CHAIRMAN: You are holding to that except for a few fortuitous asides—

Mr. MERRITT: No.

The VICE-CHAIRMAN: That you introduced—

Mr. MERRITT: There was no aside in what I had said, and if you had let me continue you would have found they were one connected whole.

The VICE-CHAIRMAN: Yes.

Mr. MERRITT: But if I may go on. We have called before us all sorts of business men engaged in one phase or another in the meat industry and we have subjected them to a pretty rigid cross-examination, and I maintain that any reasonable survey of the evidence leads to that conclusion, leads me back to the conclusion to which you objected, Mr. Chairman.

The VICE-CHAIRMAN: I did not object to your conclusion.

Mr. MERRITT: I was just going to say this. Maybe this is not a matter where a minister of the Crown can be subpoenaed or can be forced to appear here by any legal process. To me the question which arises is this; this is the question, will Mr. Gardiner be here? He has refused to come—

The VICE-CHAIRMAN: Is that correct.

Mr. LESAGE: That is not correct.

Mr. MERRITT: That is correct, according to the press statement.

The VICE-CHAIRMAN: That is your authority. I do not know whether he refused to come or not.

Mr. MERRITT: He said, "the members of the Prices Committee can question me any time they want to in committee of the whole House. Committees are called to hear people who cannot be heard in the Commons.

The VICE-CHAIRMAN: My only interjection was, is that correct; that he said he refused us to come. My only interjection was, is that correct?

Mr. MERRITT: Let me say that I have not spoken personally to Mr. Gardiner.

The VICE-CHAIRMAN: I haven't either, so I think on the scant information available to us—

Mr. MERRITT: I just wanted to say this, that the question is not how to bring him here; it just comes down to this, this is a government committee, it is for Mr. Gardiner to make the decision.

Mr. LESAGE: It is a House of Commons committee not a government committee.

Mr. MERRITT: It is a House of Commons committee set up by the government, and those of us on the other side of the floor opposed its setting up.

Mr. LESAGE: I know.

Mr. THATCHER: Mr. Chairman, can I speak next?

Mr. MCGREGOR: Mr. Chairman, on a point of order, how many chairmen have you got on this committee? Everybody around here seems to be a chairman. It seems to me that we are talking all the time. If you are chairman you should control the meeting.

Mr. LESAGE: Your predecessor was quite an expert along that line.

Mr. MCGREGOR: He probably needed to be.

The VICE-CHAIRMAN: How would it be, gentlemen, if we were to do this—

Mr. MERRITT: I simply say this, that if Mr. Gardiner does not care to appear before this committee in the same way as others, and for the reasons indicated in this press report, and to give us the benefit of his evidence in relation to prices, then he will be completely frustrating this committee; and you will recall, Mr. Chairman, that the other day there was a little fuss over someone defining the committee as being dismal and dreary. Now, so far as I am concerned, it is up to Mr. Gardiner to come here or that charge will be fully proven.

The VICE-CHAIRMAN: Do you fancy he would liven it up?

Mr. MERRITT: I think he would.

Mr. THATCHER: Let's get on.

The VICE-CHAIRMAN: Mr. Lesage is going to say a word, I think.

Mr. MAYHEW: Before the committee have finished with this point—

Mr. LESAGE: I said what I had to say in answer to Mr. Merritt's subsequent remark.

The VICE-CHAIRMAN: All right.

Mr. THATCHER: Whether we can subpoena Mr. Gardiner or not it seems to me he is very discourteous if he won't come down to the committee; in fact, he is saying that this committee is useless so he is not coming down here.

Mr. LESAGE: He didn't say that.

The VICE-CHAIRMAN: Wait a minute.

Mr. THATCHER: That is what it amounts to.

The VICE-CHAIRMAN: Let the remarks proceed.

Mr. THATCHER: I think Mr. Gardiner should come down and should make a statement and then he should let us cross-examine him. To me, it is not good enough for him to come down and make a statement and then leave. I think in fairness I should say that I am sure Mr. Gardiner could give us some interesting facts on this meat inquiry, and if he refuses to come I think it is a reflection on this committee and we can take it as such.

Mr. LESAGE: How are you going to convince him?

Mr. IRVINE: Yesterday I opposed this motion on several grounds but it was passed nevertheless, and I think since it was passed the chairman of the committee should have at least invited Mr. Gardiner to be here, but according to the report in the press Mr. Gardiner has not been officially asked by this committee to appear. I think that is ignoring the wishes of the committee. I think the committee should have been told whether Mr. Gardiner would come or not.

Mr. THATCHER: "Jimmy" is losing his courage.

The VICE-CHAIRMAN: I should point out that this committee is only here for two hours at this sitting. Your own remarks, Mr. Harkness, were becoming repetitious at the close of your last speech, and we only have two hours.

Mr. HARKNESS: All right. I agree thoroughly with what Mr. Merritt said, but on the narrow question which Mr. Lesage raised that Mr. Gardiner could not be summoned or subpoenaed before the committee, I think it is a very simple matter to settle that. Let us ask our expert on that matter, Doctor Beauchesne, for a memorandum on the position as to compelling members of the House of Commons to appear before one of its committees.

The VICE-CHAIRMAN: As a matter of fact, I was just going to suggest a motion, Mr. Harkness. I think you are quite right. I think it is a good suggestion that we should seek Doctor Beauchesne's advice, and if you will leave it to me I will seek that advice and report back to the committee at 4 o'clock this afternoon. Are you prepared to leave it there?

Mr. HARKNESS: I was going to suggest, as I said, that you ask the clerk of the House to prepare a memorandum on what the position is in regard to a matter of this kind.

The VICE-CHAIRMAN: Yes. You want a memorandum. This might simply be answered yes or no, you know; but you would desire to do that by way of a memorandum?

Mr. HARKNESS: I think as I mentioned before there is precedence for this.

The VICE-CHAIRMAN: I think there is merit in what you say about a memorandum on account of the fact that no matter how careful I might be reporting what I recall of what has taken place it is nevertheless possible that I might inadvertently be in error, so I think probably it would be better if we could have it in the form of a memorandum. Just before recognizing Mr. Mayhew, I was on the point of saying that if you will leave it there I will report to you at 4 o'clock. You were going to say something, Mr. Mayhew?

Mr. MAYHEW: I understand—I didn't have an opportunity of looking it up following the last meeting, I did not get time to do that—but I understand that Mr. Hanson was summoned before a similar committee when he was leader of the opposition; he was not summoned but he was invited, and he refused the invitation and did not appear before the committee, would not appear before the committee; and I imagine he had pretty good ground for refusing to accept the invitation; and, if Mr. Gardiner wants to refuse to accept this invitation he has the right of election.

Mr. IRVINE: I want to ask a question before you close this off, Mr. Chairman.

The VICE-CHAIRMAN: Yes.

Mr. IRVINE: I wanted to ask Mr. Mayhew if Mr. Gardiner was officially invited to come here. He can come if he wants to whether summoned or not. My point is, I opposed this yesterday, but as the motion was put through it was pointed out that the best way of doing it was for the chairman of the committee personally to extend the invitation. It seems to me that that is the least that could have been done to give effect to the wishes of the committee, to invite Mr. Gardiner to come here.

The VICE-CHAIRMAN: I can only say to that, Mr. Irvine, that looking at it as I do, and I haven't knowledge of the situation at all, I rather think that the committee wanted it done if circumstances permitted. I am not excusing it when I say that. I do not know whether Mr. Merritt asked Mr. Gardiner or not. I have not had time to find out some of these things. We have had several statements this morning of supposed facts. Whether they are correct or not I have no way of knowing. But, with regard to this motion, if you would be willing to get on with the business of the committee by examining the witness before you the matter could be left to get the opinion that has been asked for; and also, the fact that a motion of this committee can be formally communicated to Mr. Gardiner.

Mr. IRVINE: That is all I would like to make sure of.

Mr. MAYHEW: I would not want it to be left just in that way, Mr. Chairman, because it would look as though we had disregarded the wishes of the committee, and that is not the case at all. I conveyed the fact—

The VICE-CHAIRMAN: I didn't know that.

Mr. MAYHEW: Or, the inference is there that I had not.

Mr. IRVINE: This is in the press. According to the press, and the press may not be correct, the situation is that according to the press Mr. Gardiner stated that he had not had any official invitation.

Mr. MAYHEW: I do not know whether he calls it an invitation or not. Apparently he spoke to Mr. Merritt about it; or, perhaps I should say that Mr. Merritt apparently was in conversation with Mr. Gardiner on the subject and Mr. Gardiner's statement was that he had no intention of coming to the committee at all; he could not come before the committee until he had the information, and he cannot get that information until we get it here ourselves—which will be tomorrow—from the Dominion Bureau of Statistics. We will have it filed and Mr. Gardiner will not come until then.

Mr. HARKNESS: What is that again? I did not get what you said.

Mr. MAYHEW: Mr. Gardiner will not be able to come before the committee until he has the necessary figures to back up what he has to say; and those figures are the same figures as you are asking for. He has intimated to me, but I could not give him any official invitation as far as that is concerned; but his statement to me was that he would not mind at all coming, but he would not come until he got his figures. Now, I want to assure the committee that this committee's wishes have not been ignored at all.

Mr. IRVINE: That is a much more satisfactory statement.

Mr. MAYHEW: The inference left in the committee yesterday was that Mr. Gardiner had said there was no supply of meat in storage. What he did say, I read over what he said in *Hansard* of yesterday; what he did say was that the government had no meat in storage, that is quite a different thing to saying that there was no meat in storage—except for the Meat Board there was no supply other than for the Meat Board in storage.

The VICE-CHAIRMAN: Let us not go into the merits of the evidence which is before you. I think this is the fourth week in which the subject of meat has been before the committee.

Mr. HARKNESS: What of it, Mr. Chairman?

The VICE-CHAIRMAN: I realize that you have a perfect right to be as prodigal as you like with your words, they are yours. Now, the matter stands this way: Mr. Harkness has formally suggested that I seek an opinion and report here at 4 o'clock. We have business men here to examine and they are losing a good deal of time while being here; or do you want to thresh it around some more.

Mr. HARKNESS: I am going to leave it that way. I would just like to make this remark in view of what Mr. Mayhew has just said, that apparently Mr. Gardiner gave an interview in which among other things he apparently interjected the observation that he was not going to appear, that he was going to refuse to appear in view of the situation that Mr. Gardiner said a minister of the Crown could not be compelled to appear before this committee and be subjected to cross-examination and so forth, and that he would be at a disadvantage unless he had an opportunity of going over all the evidence which had been read before this committee, I think I should say this. I must say that when I made this motion yesterday morning I never thought for a minute of Mr. Gardiner refusing to appear. I thought he would be only too anxious to appear. Now it seems, from what he is reported as having said, that it is very much against his appreciation of ordinary procedure and he refuses to appear before a committee like this, or he refuses to put his point of view forward.

The VICE-CHAIRMAN: Mr. Harkness, I have decided to interrupt you on a point of order. I do not think that you are adding anything whatever to what you have already said. I think you are just going back repeating trivialities, and you have become definitely repetitious, I feel.

Mr. HARKNESS: I do not think you are here to lecture me on being repetitious. I have been less repetitious in this committee that most other members.

Some hon. MEMBERS: Hear, hear.

Mr. HARKNESS: Including yourself. I have taken up very little of the time of this committee and I have done my best to conserve the time of the committee by not asking questions which were in any way a waste of time. I do not think it is your place to lecture me about being repetitious. I submit that I have a right to make such statements as I deem necessary; and I submit that it is not your duty to lecture members of the committee about being repetitious.

The VICE-CHAIRMAN: I did not attempt to lecture you. I just stated that such was the fact.

Mr. HARKNESS: That is your opinion and you haven't got any business stating it.

The VICE-CHAIRMAN: Yes, I have.

Mr. LESAGE: He is not the only one who has that opinion.

The VICE-CHAIRMAN: There ought to be some motion before the committee if discussion is to continue. Will some person move—probably you would move, Mr. Harkness, that the suggestion you have made in regard to securing an opinion be carried out.

Mr. HARKNESS: I would so move.

The VICE-CHAIRMAN: And is seconded by Mr. Merritt—

Mr. MERRITT: What is it?

The VICE-CHAIRMAN: That I shall seek an opinion by way of a written memorandum from the clerk of the House as to the powers of the committee to subpoena the Minister of Agriculture.

Mr. IRVINE: I understand, Mr. Chairman—I may be in error, but I understand that the Minister of Agriculture is going away and if we have to wait for this memorandum from the clerk of the House it may be several days in which case the minister will be gone.

Mr. MERRITT: He promised it for us at 4 o'clock.

Mr. IRVINE: If you can get it for 4 o'clock this afternoon, but we can't be guaranteed that a written memorandum will be here by 4 o'clock this afternoon.

Mr. MAYHEW: I would like to point this out, Mr. Chairman; that this committee or any member of this committee can question Mr. Gardiner to their hearts content on any of these matters when he is on his own estimate, and I believe his estimates are before the House now.

The VICE-CHAIRMAN: That is correct.

Mr. MAYHEW: And we could get this information; and, anyway, we are creating a precedent which might be better avoided.

The VICE-CHAIRMAN: Mr. Mayhew, that is not the motion. The motion is whether we shall seek the opinion which Mr. Harkness suggested, and I shall do that between now and 4 o'clock and I shall report back to the committee at 4 o'clock. That is the motion. If any person desires to speak to the motion they may now do so? Are you ready for the question? Carried.

Are you ready, Mr. Monet?

Mr. MONET: Before I ask questions of Mr. Robinson I have a few dates which were requested by Mr. Thatcher yesterday respecting decontrol and control.

Mr. THATCHER: Yes.

Mr. MONET: With respect to fruits, on July 8, 1946, fruits were partly decontrolled. On January 13, 1947, they were all decontrolled except the crop of apples for the year 1946.

Mr. THATCHER: July, 1947?

Mr. MONET: January 13, 1947. All fruits were decontrolled then except the crop of apples for the year 1946. On January 15, 1948, grapes were recontrolled and on February 19, 1948, citrus fruits were recontrolled and then there are the other orders which I put in as an appendix yesterday. With respect to vegetables, on July 8, 1946 they were partly decontrolled. On January 13, 1947 they were all decontrolled—that is the same date as for fruits. On February 2, 1948, cabbage was put under control and on March 5, 1948, carrots were put under control, and the other dates were given to you yesterday.

M. M. Robinson, Secretary-Treasurer, Ontario Fruit & Vegetable Growers' Association, recalled:

By Mr. Monet:

Q. I have a few questions I would like to ask, Mr. Robinson, with regard to some of the important statements that have been made by you in your very complete and interesting brief submitted yesterday. I intend to proceed with my questions on the different statements as they appear in the brief and for the benefit of the members of the committee I would like to refer, when I ask you a question, to the page on which the statement appears. I will start with page 1. You said that a very wide publicity campaign had been made by the trade after November 17, 1947. Will you tell the members of the committee how that campaign had an effect, if it did have an effect, on the prices of fruits and vegetables at that time.—A. Unquestionably publicity on the supply of foodstuffs, all through the war and since, has had an effect on the market. In this particular instance the publicity broke out on the 18th and 19th of November and it had the effect of making a section of the public somewhat conscious of possible scarcities of vegetables and possible increases in price and for four or five days following the 17th of November there was a great deal of purchasing power released—with some hoarding by the consuming public. In addition there were heavy purchases by the retail trade which was dealing, you will remember, in storage vegetables. There was heavy buying in anticipation of heavy purchases by the public.

Mr. WINTERS: What do you mean by heavy purchasing power?

The WITNESS: The public itself, because of the publicity and the predictions in the press of the advance in prices, went into the market and accumulated.

Mr. KUHL: What articles are involved?

The WITNESS: Mainly root vegetables.

Mr. WINTERS: It was just an increase in buying at that time.

The WITNESS: Increased buying at that time. Now then, what happened was there was a very sharp increase in prices immediately following the announcement and following this publicity. Within a week or ten days—perhaps sooner—the market did slip back and there was a lull in there with some recession in prices and then the market recovered. From that time it went steadily ahead until the peak was reached and until some of the domestic supplies were exhausted. I contend that had the trade refrained from open prediction in the newspapers of higher prices, the upward trend would have been slower in getting under way. I do not say that we would have reached the ultimate high that we did reach but the process would have been more gradual.

By Mr. Thatcher:

Q. Mr. Robinson, did your organization at any time prior to the time ceilings were removed on fruits and vegetables make any request that ceilings be removed?—A. No, sir.

Q. You were not anxious to have them taken off?—A. You mean the release of ceilings in January, 1947?

Q. Yes?—A. No, we never, as an organization, indicated whether we were in favour of the ceilings being lifted or maintained.

Mr. KUHL: Were you consulted in the matter?

The WITNESS: No.

The VICE-CHAIRMAN: Mr. Monet has a definite line of questions he would like to pursue and although we have always taken the position a certain amount of interrupting is necessary, your co-operation in this connection would be appreciated. There are lots of times, of course, when it is important that a question be asked to qualify an answer already given, but if everyone will use discretion I am sure we will get along.

Mr. IRVINE: May I ask a question—and I will not interrupt again until Mr. Monet is through?

The VICE-CHAIRMAN: Yes, that is quite all right.

Mr. IRVINE: Mr. Robinson is secretary of the Ontario Fruit and Vegetable Growers' Association, and is that an association of producers?

The WITNESS: Yes.

By Mr. Monet:

Q. Mr. Robinson, on page 1 you state "—much of the furore over the prices of fruits and vegetables has been inspired mainly by members of the wholesale trade and to a limited extent by some retailers." Would the retailers, in your opinion, be independent retailers, or chain stores?—A. Both.

Q. To what extent? To the same extent?—A. I think we can best answer that by stating that immediately following the announcement of government policy there was a feeling on the part of the wholesale trade that they were facing rather bleak prospects through the loss of this trade in imported goods. I think I can sum it up best by saying it was fear of the unknown.

Q. You stated that yesterday?—A. Yes, it was fear of the unknown.

Mr. WINTERS: Fear of what?

The WITNESS: Fear of the unknown. I could add that I think you will bring out, before you are through, that the events of the past six months have proven that the trade was unduly concerned at that time.

By Mr. Monet:

Q. Do you mean by that if the trade had waited a little longer— —A. If the trade had waited for the thing to approve or disapprove itself—

Q. They would have found out the unknown was not as bad as expected? —A. That is right.

Q. Now, Mr. Robinson, on page 1 you have referred to the very high importation from the United States saying that the figures reached an all-time high shipping value of $96,000,000 which, of course, included all imports. Later in your brief you gave evidence that approximately $80,000,000 was the total importation from the United States?—A. Yes.

Q. Now, how would that 1946 all-time high importation from the United States compare with previous years?—A. I thought I had the figures with me, Mr. Chairman, but I find that I have not. I think if we had the figures you would find that from 1939 there was a very steady and material increase in the gross value of our importations until 1946, when we reached the record

figure. If analysed, I think that increase would be shown to be attributed not only to quantity or volume increase but part of it is due to higher prices of the imported produce. Even so, each year the increase was terrific and it was partly due to the fact the consuming public had purchasing power which it did not have prior to the war.

Q. In your opinion, Mr. Robinson, who benefited to the greatest extent from such large importations? Did the consumer benefit either directly or from a prices point of view?—A. I would say, from a trading standpoint, certainly the trade benefited. It was large volume, good prices, with good opportunities for profit. I think in that period the public was not very much concerned about prices. I do not know what benefit there was to the public other than ample supplies of those products for their own tables, and there was great variety.

Q. But your opinion is that they would not have benefited as to price, but just with respect to volume?—A. I do not see where they could benefit as to price. The market set the price and the public was prepared to pay the price but they did get a wide variety.

Q. Inasmuch as you have referred to the market setting the price—and I was going to question you on that subject later on but I will now ask you for the benefit of the members of the committee—who makes the market and what makes the market?—A. That is an old question which has been kicked around for a long time. My considered opinion is that the best answer would be that the trade establishes the market, subject to consumer veto. I think that is as good a definition as I can give. If you want me to amplify the latter part of it I would say that the trade definitely establishes the price by dickering between itself—dickerings between the retailers and the wholesalers. Fixing price is a rather intangible process and you cannot put it in English. It is bargaining between the various elements in the trade. Those elements will keep pushing the market up or down according to their estimation of the market trend. If they push it up eventually it will reach the point where the consuming public will stop buying. That happens all the time, and then there is a market recession. I found in my analysis of the trade that a peculiar thing occurs. There is consumer veto to high prices but there is also consumer veto to low prices. You can get prices of products so low that the public will not buy. In other words, the public seems to shy away from the ridiculously cheap price. That observation comes as a result of contacts with practical merchandisers who have found it to be true.

Q. Could you give the committee an example, as far as low prices are concerned, of what you speak?—A. I think it is psychology.

Mr. HARKNESS: You think they are suspicious, or they think there might be something wrong with a cheaper article?

The WITNESS: No, it is just human nature for people to shy away from the cheap product. I do not know but I suspect the evidence here has brought out that peculiarity with respect to other lines.

Mr. MCGREGOR: Is it not a fact that some of the produce has been on the market for some time and people get tired of eating it and they want something new?

The WITNESS: I think they do tire of some things. We see very sharp highs and lows in the business. Take the annual domestic field tomato deal, and I can say that we may open early in July with $3 or $4 basket prices but that market is pounded down every year, not by trading practices or by consumer action but by increased volume, and it may be at the end of the season we get 25 cent baskets of tomatoes. When we reach the 25 cent level there is an apparent backing way from the commodity by the public.

Mr. HARKNESS: Would it not be because people have had a surfeit of tomatoes by that time?

The WITNESS: Not altogether. I think there is in all of us an inherent opposition of some kind to the cheap article.

The VICE-CHAIRMAN: What you are saying is that there are certain occasions when the price gets too low and you then get a buyer resistance or a disinclination to buy?

The WITNESS: That is right.

Mr. IRVINE: I can understand that a man who was going to buy a pair of boots or a suit of clothes would find one pair of boots at $5 and another at $6 and he would probably be drawn to the $6 pair, feeling that it would be of better value and a better purchase. However, if I am hungry for tomatoes and I find one that is cheaper than another I do not think I would back away from the cheap tomato just because the price was lower than I expected it would be.

Mr. MCGREGOR: I think his point is that you have been eating tomatoes for a good while and you want something different.

The WITNESS: My advice on that score comes largely from the food chain operators who are our big operators and they contend that if you get the price too high or too low the consumer veto enters into the situation.

The VICE-CHAIRMAN: I think I can see Mr. Irvine's point in connection with his set of circumstances but, if I may say so, I can hardly imagine myself acting in the manner indicated by the witness. That is his evidence, however, and it has happened according to his experience.

By Mr. Monet:

Q. You have explained now the veto which the consumer would exercise? —A. Yes.

Q. And it would apply to high prices as well as to low?—A. Yes, and it is much more apparent with respect to high prices.

Q. On page 2 of your brief you refer to the problem of distribution. In talking of distribution you said "the distribution of our produce is almost entirely in the hands of these men who are so immersed in importation of fresh fruits and vegetables". Would you tell the committee to what extent the production of domestic produce is in the hands of the type of people to whom you have referred?—A. That is difficult, for in the province of Ontario we have such a very wide range and variety of operators. I referred in the brief to some 200 truckers of fruits and vegetables in Ontario who are in the main an uncontrolled lot, and I might say in the main they are rather a troublesome lot. The bulk of their operation would be entirely domestic. When we come to refer to the wholesale market it is the Toronto wholesale market and what I would call legitimate wholesalers. I would say over the years there has been an increasing tendency for them to go more and more to the imported deal.

Q. Rather than to domestic produce?—A. Yes, I would say that.

Q. The distribution of the local produce would be mostly made by whom? Who would take care of it?—A. If you are talking in the sense of quantity distribution, percentages and so on—

Q. Yes?—A. It is very difficult to give you the figure because of the huge number of operators of different kinds. I would say the Toronto wholesale market is as a rule the price setting market, which to me is the most important item in the situation.

(Mr. Mayhew took the chair.)

Q. Who deals on the Toronto market?—A. Well there we have a variety of operations. We have the straight wholesale commission house, we have the commission house that buys and sells produce—the combination deals—and there are some dealers who do not handle domestic produce but only the imported

produce, but the bulk of the operators engage in the mixed deal, both domestic and imported produce. Sometimes we feel, rightly or wrongly, that when a man has a lot of money invested in a carload of imported produce he may be more concerned with what might happen to that produce in which he has his main investment that he would be concerned with the produce which he receives on consignment from the local grower. The respectable houses, however, are not affected by that statement. You must remember that you can break your trading organization or society into groups. You will have the first class operators who conduct business in a very fine manner. Then you have a fringe, and I want to point out that in my brief yesterday I made some rather harsh comments with respect to the trade, dealing with the trade as a whole. It is unfortunate that when you deal with a subject as a whole and make certain statements regarding the organization, the good fellow suffers for the actions of the bad fellow. We as growers feel that this imported transaction is becoming so huge and so important that many of our wholesalers are more concerned with that operation than in the distribution of domestic produce.

Q. Now, Mr. Robinson, can you tell us the proportion of vegetables which is distributed by the growers themselves? I am speaking of the total production in Ontario and the percentage distributed by the growers themselves—the distribution to the consumer?—A. I could not break that down.

Q. Is it a large proportion?—A. I would be inclined to say this, that as the years go by the proportion of direct sales by the producers themselves declined?

Q. Declines?—A. Yes. More and more we are getting away from the old system of direct sales by the producer. Around some of the large trading centres where there are some market gardening areas there is considerable direct sale by the producer but it is getting less all the time, and I think rightly so generally. I think I should say this too; here is the producer—I have come to the conclusion after 27 years in the business that the farmer is better off, the gardener is better off operating his farm efficiently, producing high quality goods and turning the sale over either to an organization of persons, a co-operative organization, or to recognized circles of trade. I do not think that under the modern system the gardener can do both jobs efficiently.

Q. From the revenue point of view would you believe this policy would be favourable to the grower?—A. Yes.

Q. Now, referring to page 2, of your brief, Mr. Robinson, you say that the trade looked forward with confidence to a large profit in a free market—opportunity to trade, looking forward to your usual profits—that, with imports—wouldn't that increase the volume?—A. Not entirely. There is a question there, but I thought I would be quite safe in saying that business in this country generally welcomes the return of the free market, and that it is felt rightly or wrongly that it would have an opportunity for enhanced profit in a free market, a more greatly enhanced profit than it would have under a controlled market. I think that is the psychology existing surrounding the fruit and vegetable growers in my district.

Q. Would that be on account, shall we say of anticipating a larger volume now for distribution?—A. Yes.

Q. And how would that affect domestic production?—A. I have tried in my rather wordy brief to emphasize the nature of the continual production that goes on, year in and year out, as between domestic production and imported produce. To my mind, it is the most serious thing that our growers are faced with. I will agree to this, we are always seeking to do this—our eating habits have changed. Citrus fruits are here and will always be here and will always be available. We do not quarrel with that. What annoys us, what aggravates us and causes all the turmoil is that we feel that once we are producing in volume we should not have this competition. We are quite content to give our markets to the Ameri-

cans or anybody else when we haven't got the produce to sell, but we do say that we want our market cleaned up so that our produce can come on to the market and secure a satisfactory price, and if our own volume of production is such that we ourselves destroy the market by overproduction; well, that is all right, that is our baby, we have to nurse it; but, as a producer, the most aggravating thing I face year in and year out as a producer is to see my price structure destroyed by imports of American produce when they know that I am coming on the market. Most of my efforts in the summertime are spent in trying to interest these merchants—and I get wonderful co-operation from a certain element—to induce these men who know about imported produce to make way for ours.

By Mr. Thatcher:

Q. Did I understand you to say yesterday that the Americans can send fruits and vegetables up here without too much interference and that you cannot send yours back to the States?—A. I did not discuss the tariffs, but I will say this in part answer to your question. Their situation is dumping into this country and it is made easier with lower rates applied against it than ours, theirs gets in here much easier than ours is admitted into the United States. That is an absolute fact. Some of their tariffs imposed against some of our fruits and vegetables are unduly high.

Q. I see.—A. And that is indicated by comparison of the imports and exports for 1946; 96,000,000 of imports as against 17,000,000 of exports.

By Mr. Monet:

Q. Now, Mr. Robinson, on page 2, and along the same line of questioning, you say that the trade generally displayed extreme reluctance to drop the import deal. Why would the trade be reluctant to drop the import deal when domestic produce is available?—A. Once again I should have used the phrase, a section of the trade.

Q. Yes; well then what would be the reason with the domestic produce available?—A. Let me try to think first. This takes a lot of thought. Production in Ontario will not be along until about we will say the 12th of July. The trade knows that pretty well because they are in pretty close touch with the producing areas. They know that we are coming into production let us say on the 10th or 12th of July. A majority, and especially the first-class commissioned market, will start to ease imported tomatoes and when they begin to ease out imported tomatoes they are clearing the market. That is what everybody would like to see, a fair market at the time we are ready to come on. Now, the difficulty of arriving at that ideal condition is a weather proposition. Some of these men, to my mind, are on the thing. You will see the bulk of the dealers facing heavy arrivals of domestic production, they will say to themselves, we are in a nice spot here. They will hang on. Sometimes they cash in and sometimes they don't. When they don't cash in then the conflict is there because the imported produce and our domestic supply is ready to come in. There is a clash and immediately there is a downward revision of prices which costs our growers a considerable amount.

Q. I would like to make clear if possible whether the trade would be reluctant to drop the imported article when they can get the domestic supply here. What would be the main reason? What interest would they have?—A. Well, in the first first place, there are a number of operations. Sometimes they will not handle our produce at all. These men would hang on to the imported deal as long as they could. Then, when we are in full production the prices trend downwards sharply. Over that period these chaps invariably hang on as long as they can. And there are some others who are looking for

hot spots which might develop on account of the weather. Last year we had a very disastrous spring which put back our production on tomatoes very considerably.

Q. Now, you are referring to this dumping situation. That was the situation in Montreal around last July. And that is a matter which I think in fairness I should leave to Mr. McGregor. You will recall that yesterday he had some questions he wanted to ask and the chairman said that when this point was reached he would be recognized. I will leave questioning on this point to you, Mr. McGregor.

By Mr. McGregor:

Q. I would just like to ask Mr. Robinson one question before I come to that. When you talk about the American stuff coming on the market and our stuff coming on the market, and some of the American stuff being held so that they can make money on it until our stuff comes on in volume; does not the duty which has been applied help in a situation of that kind?—A. No, because there is a weakness to the application of the dump duty. One of the weaknesses was that in applying for the application of the dump—and last year that was my special job on behalf of Ontario and Quebec growers in making application for the dump—that is one difficulty, another is the element of weather which makes it pretty difficult to decide the actual date when the supply, the domestic supply will be ready, and when the dump rule should apply. It might be very warm this week and we may decide we are ready in the producing areas and we will be coming on to the market any time within ten days, then we get a cold snap and the ripening process is delayed and you are out. You see, this application for the dump duty protection does not work any too quickly. Now, that is one of the points that makes the application of the dump difficult. The other point in connection with it is that if the dump is applied for today there is a ten-day leeway before the application of the dump. Some of these dealers deliberately anticipate, or did deliberately anticipate the application of the dump and have an extra number of cars rolling in order to what we call beat the dump. That went on all the time.

Q. And if they beat the dump it is all right, and if they do not it goes to the dump.—A. I am talking about dump duties.

Q. I know you are talking about dump duties, but if, as I say, they beat the dump they are all right, and if not, it goes over to the dump.—A. Sometimes.

Q. Maybe you could explain now just why certain quantities went over to the dump.—A. Just because in July last if we had known conditions—we ran into a cold weather snap which practically shut off that harvesting of the tomato crop I would say for a week or ten days, slowed it right down to a walk; and some of these chaps were left with a fair market for a period during which there were no tomatoes available at all. Some of these chaps jumped into the market and imported by truck heavily from the United States in the first part of that time, and no doubt quite properly; but, incidentally it was very aggravating to the co-operatives—I mean to the co-operating wholesalers who had to refrain from doing that when these other people could go ahead and take a handsome profit on say the first half of that particular deal. Well then, the weather turned and by the Friday or Saturday before civic holiday our supplies started rolling definitely. In the meantime these men had brought in very large supplies of American tomatoes and on civic holiday they ran into a very costly clash of oversupply of American tomatoes and very, very heavy arrivals of domestic tomatoes. In Montreal one trader in particular went into this import deal extra heavy and this crowded market showed very, very sharp declines in price and he was unable to dispose of his goods and some of it had to go to the dump because it had deteriorated so that it was no longer saleable.

Q. Would you say that was just an error of judgment on the part of this dealer, that he got caught with a supply on hand which he couldn't move? What you say is that these people should be controlled so that they could only bring in so much of these goods at a time?—A. That is our contention.

Q. How would you work that out?—A. We have tried voluntary deals, and frankly our experience with voluntary deals is that they do not work because there is always somebody who will break through a voluntary deal.

Q. And seize an opportunity for profit?—A. I do not like to use compulsion, but in some of these things I am convinced that you have got to have compulsion in fairness to the good operator who does co-operate.

Q. In other words, somebody loses, there must be somebdy who has some say when a situation of that kind develops.—A. Is it not better to have an absolutely bare market for three or four days in order that the Canadian producer may have a clear market to start with—is that not better from the standpoint of economics than for that Canadian producer to come on at a time when the United States produce is flooding the market and when the bulk of the market goes for the imported product?

Mr. KUHL: But how would the consumer feel for these two or three days?

The WITNESS: I suggest that you have to go further than just seeing that the consumer has supplies all the time he wants them. It is not going to hurt the consumer to go without for these two or three days. I think you ought to go further than that. It is a question of economics. If the farmer is going to have a dependable income he must have a market on which he can depend. It is not hurting the public and it is not hurting the dealers, and it is essential for the benefit of the grower that he should have a fair market when his produce is ready.

By the Acting Chairman:

Q. Is there not another factor which enters into it at that particular season of the year about which you are talking; is there not usually a glut on the market to the south and they are cleaning up their stocks there and they are really under the prevailing price?—A. Very often they buy lower. Incidentally, they start early in the year their production in the southern states. As the season advances production works northward and other producing areas come in day by day, and by the time our produce is ready to come on to the market the whole of the United States is in production when we are just ready to start. There is a greater supply available. That is right.

(Mr. Maybank resumes the chair.)

By Mr. McGregor:

Q. As far as you are concerned I think there is a wrong impression, is it not a fact, we will say we are buying American goods up to the 12th of July when our stocks come in. Now, if the Canadian producer could get the price that was being paid for the American goods he would be satisfied, but he does not get the same price as they have been paying for the American goods.—A. I would say this, that is our experience over the years that the closing price of American produce is our own opening price.

Q. Quite, that is the point I wanted to make. As far as the American produce is concerned, everybody is under the wrong impression as to the price situation with these imports on the market. Most people think that the Canadian grower tried to get the American price, and they also think that they want to get the American stuff off the market so that they can get a price greater than the American price—that is not true.—A. I want to be fair about it and say this; when we get an absolutely fair market and have the American stuff out of the way and have a clear market it is true that for three or four

days or possibly a week we do get a higher price, but it levels out fast. I have seen the price drop in a matter of a week from $3 a basket to 25 cents a basket. Now, the public does not suffer on account of the dollar we make this way. If that situation were one which kept the price high then the consumer would have a right to complain.

By the Vice-Chairman:

Q. Mr. Robinson, would that mean that if there were no American goods, or this kind of produce coming in just prior to your coming on to the market that it would not really make any difference to the price that you would sell at as a producer?—A. Yes, at this given date we would get a little higher price for the first few days.

Q. You mean you would get a somewhat higher price; do you not?—A. We don't always when we have a clash because the quantity of imported produce and our produce has the effect of lowering the price.

Q. A moment ago I thought you were saying that you did not get the higher price on your opening sales. I think that was the tenor of your general remark.—A. If we have a decline on the market?

Q. Yes; and, if the American produce by that time is ended; I say, if there were no American produce coming in you would get a higher price?—A. A little higher price.

Q. A little higher opening price and it would continue also longer would you say?—A. I think so.

Q. But now your opening price is somewhat higher for a few days, it is at a relatively higher price, and then it drops down quickly in the matter of let us say a week at the outside.—A. At the very outside.

Q. And if you didn't have any American goods to contend with that high price could be maintained somewhat longer?—A. There would have to be that downward trend anyway. But you would see a higher opening price.

The VICE-CHAIRMAN: Yes. I see.

Mr. IRVINE: Mr. Chairman, since our inquiry is in respect to reducing prices I would like to ask the witness how the consumer might expect to fare were the arrangement such as he suggests, that the Canadian market be preserved for the Canadian producer. Do you think that would mean on the whole, taking the year round, that she would have to pay more for produce than she is paying now?

The WITNESS: There are two answers to that. It would only last until such time as we were producing enough to meet our overhead; which, apparently, we haven't done for some time past. I know the potentialities of our industry is such that in some of these products, not all but in some of these products, we would very quickly get production up to the point where the danger would be that we might not do as well; but we have to get that into full production in this country on some of these commodities. We could make a rapid increase if we had an assurance of a market.

Mr. KUHL: When you say we of whom do you speak?

The WITNESS: We must remember that the grower can suffer very quickly from overproduction.

Mr. THATCHER: There is one sentence Mr. Robinson made in his statement which I would like to have some clarification on. It is on page 2: "more than one load of imported produce found its way to the dump, especially in Montreal." Did it actually go to the dump? Are you suggesting that that was done in an effort to keep prices up?

Mr. MONET: Mr. Thatcher, the witness just gave evidence on that point. I think you were out of the room.

The WITNESS: That came about because of a glut on the market, they had more produce than they could sell. That produce deteriorated in quality to the point where it could not be sold.

Mr. THATCHER: But there were not indications of where it was dumped so as to keep prices up?

The WITNESS: Not to keep prices up. Let me say this, that I have never known any wholesaler to dump good produce to maintain the price. I have never found that.

Mr. MCGREGOR: I think there is one point there that Mr. Robinson said that we have not got to our limit of production yet. What would have to be done to bring that about? I suppose the grower would have to have the assurance that when his stuff was put on the market the market would be there for him. How could that be worked out?

The WITNESS: Now, you are getting into matters of government policy.

Mr. IRVINE: Yes, that is up to us.

Mr. MONET: I think I have a question on that point here, and I think Mr. Robinson is right when he says that it is a matter of government policy about which he cannot speak. Of course, he is only speaking for the growers of Ontario. Now, I wonder if you could tell us, whether your growers would be able to supply a sufficient volume of vegetables to carry us through the winter at reasonable prices?

The WITNESS: I know that we can get produce enough of what we call summer produce for this country. We are pretty well doing it now. When we are in our flush of production in a lot of areas we get into difficulties with respect to some of these commodities, and we can do that very quickly. We can get into distress in some of these commodities very quickly.

By The Vice-Chairman:

Q. Getting in distress means?—A. Too much.

Q. Having too much?—A. Yes, in midsummer, in the month of August—overproduction.

By Mr. Monet:

Q. What about winter supply, do you believe our growers in Canada could supply the country?—A. There are certain storage vegetables of which if we were assured a winter market we could produce sufficiently for this market. We have not done it because we have not had the market—carrots, cabbage, beets, onions, potatoes, turnips, parsnips.

The VICE-CHAIRMAN: Root vegetables generally?

The WITNESS: Yes.

The VICE-CHAIRMAN: You believe—

The WITNESS: We could not produce lettuce. Celery, we could produce winter celery during quite a long time. We could produce more winter celery if we had more storage places. Our production capacity on celery is determined at the present moment by storage facilities; but even so, we would be out of celery any way by the end of January.

By The Vice-Chairman:

Q. Is it true that celery is a rather delicate storage problem?—A. That is right.

Q. We have heard storage men say that they always looked on celery as a headache for the storage man. Would that be justified?—A. I do not think

it is a headache so much as it is a question of having proper storage warehouse facilities. It is a headache when it is not in a proper celery storage warehouse with apples and other commodities. It is a far different proposition to store. I have seen celery carried through in some storage places right to the 1st of February and come out in first-class shape. There is a variation in the celery crop, and a good deal depends on production methods. I have had some of my celery, and I am not a large grower, I have had some of my celery come out of storage on the 1st of February in first-class shape. I have had other years when it was showing signs of breaking down in November due to something—it might have been weather conditions or a number of other things. A lot depends on that, and a lot depends on having the right kind of storage.

Mr. McGREGOR: Is it not a fact that growers producing most crops such as beets and roots of all kinds do not produce more in view of the fact that they cannot sell them beyond a certain period of the year?

Mr. THATCHER: Did you say, Mr. Robinson—

The VICE-CHAIRMAN: Wait a minute, I think that is a question. Have you answered it?

The WITNESS: Yes.

The VICE-CHAIRMAN: Oh, with a nod of your head.

The WITNESS: Yes.

Mr. THATCHER: Did you say that you thought the producer could produce enough of these vegetables to last just the six months in the summertime or the whole twelve months?

The WITNESS: I would not say twelve months. On some commodities we could run over the twelve months. You must remember, Mr. Thatcher; when I was a boy, on carrots—we didn't have cold storages then and we used to keep carrots on hand the year round. Conditions are different now.

Mr. McGREGOR: Yes, we used to keep them in the root cellar.

The WITNESS: Yes, even in these days we can store them at home in root cellars.

Mr. THATCHER: You think now that you could produce vegetables such as carrots and so on in a quantity sufficient that they would be available over the twelve months?

The VICE-CHAIRMAN: Another problem arises, that is to ship it to the different parts of the country.

The WITNESS: No, sir.

The VICE-CHAIRMAN: You could take care of that until—

The WITNESS: I will follow that up by saying that we have a long way to go to equal the American industry from the standpoint of distribution facilities. Ours are very antiquated.

The VICE-CHAIRMAN: Is there a shortage of these?

The WITNESS: Adequate facilities for wide distribution. We need a new setup for that.

Mr. MAYHEW: You were referring to a three-way proposition; the producer, the wholesaler and the retail distributor; and you are suggesting that the method of handling in the retail and wholesale end of it could be improved?

The WITNESS: I do not think the retailer is much of a factor but the wholesaler is. I might say in that connection that we had a railway conference a week ago Saturday on this very matter because we recognized among ourselves that we were antiquated and we recognized that under the present program we have a distribution job to do. This year we have got to get our stuff out, and that we find that many of our shipping points and facilities for icing cars are non-existent.

Right out in Leamington the railways and the growers are meeting today to tackle that specific job. We have to get down the cost—but you must appreciate that one of the reasons is that we have never been assured of that winter market. Give us the assurance of that market and we will set up the facilities for doing the job. It is very discouraging to produce these things and then find that you have lost your market—let us take American carrots say with tops. I don't imagine that from the nutritional standard that carrots with tops are any better than carrots without tops, but they certainly look nicer on the produce stand in the chain store than do our storage carrots.

Mr. THATCHER: You have that market this winter under existing regulations?

The WITNESS: We hope so, Mr. Thatcher.

By Mr. Monet:

Q. Now, on page 4, of your brief, you said: "the weakness of the market in the winter of 1946-47, for domestic produce was almost entirely due to the heavy importations of the U.S.A. vegetables in that period". Would you explain to the members of the committee. You go on to say: "for this the public paid a heavy penalty in the past winter from the standpoint of both supply and prices as will be developed later". Would you explain that to us, please?—A. It was this way. The price range for the domestic product in the fall, during the winter of 1946 and 1947, was low. In some commodities—I haven't the figures with me—but in some commodities they reach the 1939 level, a direct result of that was that our gardeners in 1947, reduced the acreage for vegetables very perceptibly. In addition to that we had an unfavourable production season in 1947. To give you an illustration of how unfavourable it turned out, at one time in the early summer the Bedford marsh onion growers felt they could estimate their crop at a million bags of onions and, on account of the weather conditions which developed, the actual harvest was less than 600,000 bags. Now, in between those two elements; one, the lowest price in the winter of 1946 and 1947, and the unfavourable weather throughout the country, despite that we went into a period of restrictions and prices were lower than they would normally have been, and that had a definite bearing on prices that were subsequently paid for these products because of the reduction of the available supply. And I think it is fair to point out that it is nobody's fault, the restricted flow—if we had been favoured with a better season there would have been a lot more vegetables available.

Q. You also said on page 4, that, "some dealers broke into the press with predictions of mounting prices for domestic produce." What was the produce involved?—A. Carrots, cabbages, celery, parsnips, beets—all those vegetables.

By the Vice-Chairman:

Q. Is there any statistical source which would show us just how much buying there was during this buying spree in relation to similar periods?—A. No, Mr. Maybank, because there is only one commodity I think that might be used. I think you can get an absolutely true picture on celery because it is a cold storage proposition and you would be able to get a report showing you the ownership of the celery over the period. It is easy to get that. You can get that. You can get approximate estimates of onions that went into storage. Some onions are kept on the farm and you can't get them. The same thing is true with potatoes; you cannot get a really accurate picture because a good many potatoes are stored on the farm. Where you have an operation such as you have in Ontario with a large percentage of the product stored on the farm it is very difficult to have adequate statistical information. Now, a statement was made in connection with carrots. You take in our organization, we have 56 branches and I have a system whereby I can periodically get returns from those 56 branches as to the stock position; but it is a rough and ready method, and frankly the lack of statistics on fruits and vegetables in Canada is a handicap.

Q. I don't suppose you would have the final experience because you do not deal with the ultimate consumer, do you?—A. No.

Q. But could we take it that this would be correct; that you made your statement about the buyers' spree, if I may put it that way, because it is the consensus of opinion in the trade, and that consensus of opinion has been conveyed to you in your official capacity, and that is why you are making this statement?—A. That is right. Part of my duty involves daily contacts with the trade. In that way I am able to size up the market developments, market trends. I think when you call on members of the trade you will find substantially what I have said is true, that buying was quite free, in no sense restricted.

Q. You understand, it is not a question of questioning your answer. I just wanted to get its basis. After all, people reported their opinions to you and you have no reason to doubt them. We appreciate that you are conveying what is undoubtedly their opinion; that is what you are now conveying to us?—A. That is right.

By Mr. Monet:

Q. I think, Mr. Robinson, from what you have said that the supplies for 1947, were lower than they were for the previous year, 1946?—A. That is right.

Q. And this would apply to fresh fruits and vegetables?—A. It would apply I think to all our vegetables with the exception of potatoes and turnips. I am not sure whether it would apply to onions as well or not— I know we were down in the Bedford marsh area but I think we were up in other producing areas; but we were down in carrots, cabbages, beets and parsnips—I think in parsnips also.

Q. Would it be possible for you to tell members of the committee to what extent we were down as to percentage?—A. That is utterly impossible.

Q. You have no statistics of it have you?—A. I have not.

By Mr. McGregor:

Q. Can you tell us the reason we were down?—A. Yes, for the reasons I gave you for 1946 and 1947, undeniably we were down.

Q. Would you say also that it was a storage problem?—A. There was a storage problem, although in that connection I would say that apples felt that worse than anything else. Some of the storage plants were taken over by eggs and we were unable to store all the apples we otherwise would have.

Mr. MONET: Now, Mr. Robinson, we come back to distribution of supply.

The WITNESS: May I explain that I am speaking of the Ontario situation only.

Mr. IRVINE: Was the resultant loss in your apple crop because of lack of storage?

The WITNESS: It was a contributing factor. Part of it was due to the fact that—

Mr. IRVINE: There was a loss on that account?

The WITNESS: The apple situation was most unsatisfactory. It was a disastrous crop.

By Mr. Monet:

Q. To summarize it for members of the committee would you tell us what in your opinion were the main factors in the recent rise in market prices in fruits and vegetables, I refer particularly to this last fall?—A. I think it is pertinent first to observe that we were operating in a free market, and that means that on a free market we were subject to the law of supply and demand. I think that is first in importance. Then, the restriction program was a factor

because it eliminated the supply of certain American vegetables that the public had been in the habit of buying. Then we had this reduction in the supply of some of our own vegetables because of conditions I have outlined. Those were to my mind the three main factors. There were other contributing factors. One of those was that all during the winter fruits and vegetables got a lot of publicity, and we found that the publicity at that time, as it usually does, made the public both supply and price conscious; and any time you make the public supply and price conscious you do get a degree of shall we say hoarding. But in the final analysis it all narrows down to this, that demand exceeded supply.

Q. When you speak of hoarding, do you mean hoarding by the wholesaler, the housewives, or to what do you refer?—A. By the public.

Q. You mean by the consumer?—A. Yes.

Q. From the standpoint of the consumer that would be quite limited, would it not?—A. No. Every time there is a flare-up in price the public step in and buy. Every time there is a report which suggests that there is likely to be a shortage of a particular commodity the public reaction seems to be to lay in a supply of goods of the kind concerned.

Q. And this hoarding on the part of the consumer, if I interpreted what you said correctly, was caused largely by publicity?—A. Yes.

Q. What form exactly did the publicity take; newspaper advertising or press reports; what form did it take?—A. It was largely confined to press reports and radio comments.

The VICE-CHAIRMAN: News announcements as distinguished from advertising; is that what you mean?

The WITNESS: Yes, and it seemed to be related to particular times.

Mr. KUHL: Who actually were the people who were responsible for what was said in the press reports and on the radio reports?

The WITNESS: Some of it was due to releases by the trade with the resultant follow-up by the press and radio of these releases.

The VICE-CHAIRMAN: And that would be accidental and unintentional stimulation of prices. Would that be a correct statement?

The WITNESS: Yes, sir. I think it is not difficult to establish that the trade because of the concern over the limitation of imports was applying pressure upon governments for the relaxing of some of the restrictions.

By Mr. Monet:

Q. Would you then say, or would it be your opinion Mr. Robinson, that this rise in prices was justified?—A. Well now, you are putting me on the spot.

Q. That is I think a question which derives from all the rest.

Mr. KUHL: From whose point of view are you asking? Is it from the point of view of the producer or the point of view of the consumer?

Mr. MONET: I am asking his opinion as I put it in my question.

By Mr. Monet:

Q. In your opinion, you have just given us the causes of the recent price rise?—A. I would like to answer that in my own way.

Q. Oh yes, please do.—A. I would not want people to think I was accepting any philosophy. We are operating under a system of free economy and free enterprise and I think you had a witness here last week who said the principle of that economy was to buy as cheaply as you can and to sell as high as you can. I do not see why we as farmers should not be free under that system to do the same, and that is what went on in the past five or six months; but I would say this too, that I think some of our prices were fantastic.

Mr. THATCHER: You mean, that the producers got?

The WITNESS: That was not our fault. There was somebody in the country who was ready to pay those prices so why shouldn't we take them.

Mr. WINTERS: Do you mean you as producers took it?

The VICE-CHAIRMAN: Mr. Winters, Mr. Thatcher had a question.

Mr. THATCHER: What commodities did you have in mind particularly in that reference?

The WITNESS: Well, potatoes and tomatoes.

Mr. LESAGE: Are you following the same questions?

Mr. THATCHER: Yes, I am following in the same line of questioning. Now, in the Toronto papers of three weeks ago the average price for tomatoes in ads in the Toronto papers, the average price of tomatoes was $1.15.

Mr. IRVINE: What, a pound?

Mr. THATCHER: Yes, a pound—extra quality tomatoes. The same things were advertised a year before at 33 cents a pound. Do you think that 33 cents a pound as against $1.15 this year is justified?

The VICE-CHAIRMAN: Are you sure of those figures?

Mr. THATCHER: Yes, I have the figures.

The WITNESS: I do not quarrel with the figures.

Mr. THATCHER: That is my next question.

The WITNESS: Because at this particular time, in April, we were entirely dependent on hothouse tomatoes and we had a very limited supply of hothouse tomatoes.

Mr. THATCHER: Do you think that works out to the benefit of the producer in the long run?

The WITNESS: The price is not a factor, it was simply market conditions where these hothouse tomatoes came onto the market, but they soon levelled out. What I mean is this: there were enough people in the country willing to pay $1.15 for the available supply of tomatoes and that established the price, the law of supply and demand at work.

By Mr. Thatcher:

Q. Your tomatoes sold at 33 cents a pound a year ago and they did not cost you any more, did they?—A. I would not agree to that. There has been an increase in production costs, but not from 33 cents.

Q. What about asparagus? Is that asparagus grown in Ontario?—A. Yes. We have a considerable asparagus crop.

Q. Asparagus in the Toronto papers for the same date a year ago sold at 9 cents a pound and now, just recently, it was selling for 98 cents a pound. I am reading these figures directly from the Toronto ads.

The VICE-CHAIRMAN: Is that per pound in each case?

Mr. THATCHER: It is one pound of asparagus. That is taken right out of the papers.

The WITNESS: I would like to say there, as far as asparagus goes, we have no imports of asparagus where abnormaly it would have been coming in in April. Our asparagus harvest this season is ten days ahead of normal. When it first came onto the market we were getting $10 a basket for it and last Monday the price was down to $3; actually what they were paying for it at the canning factories—then it went down to $2.25 a basket, below canning prices.

By Mr. Thatcher:

Q. Let me put it this way: did your asparagus a year ago at 19 cents cost you any more to produce than it did this year?

The VICE-CHAIRMAN: Much less, don't you mean?

Mr. THATCHER: Yes, did I say more? I meant much less. I mean, have your costs gone up in proportion to the indicated increase in price?

The WITNESS: Our costs have gone up in the year, but our costs have not gone up in proportion to the increase in price you are referring to there. I do not think it is fair, Mr. Thatcher, to take the price that is founded upon the first supply of the first day or two.

Mr. THATCHER: I just happened to pick up the paper and that is what was in it.

The WITNESS: You will find that the asparagus dealer today is in a much different position.

Mr. IRVINE: If you spread it over the season it would not be much higher.

The WITNESS: I am wholly convinced of this, that because of the restriction program which has been keeping out American produce, that our produce will open at higher prices this year. It will open at higher prices this year but it will find its level very close to last year's level very quickly.

By Mr. Thatcher:

Q. But don't you think, Mr. Robinson—and I am only asking for information—don't you think that such fantastic prices, when they are taken for certain products, the situation being what it is, dont' you think that is taking advantage of the market; do you think it was done intending to do that?—A. I will say this, Mr. Thatcher, that if that price prevailed for two months or so then I would think someone should step in and stop it; but where it is a situation with asparagus where such a price can continue at the most for only three or four days, I do not see much wrong with that.

Q. Do you as a producer get the benefits from these prices, or does the wholesaler get the benefit?—A. The producer gets the benefit; and, of course, the dealer gets a higher percentage on account of the higher price.

By the Vice-Chairman:

Q. In so far as this period to which you have been referring is concerned, it has been a period which has operated to increase the price somewhat to the consumer—A. And to the grower.

Q. I was going to ask that as my second question, but you have given me the answer in advance. But the grower has benefited by getting a higher price from that policy, and by the same token the consumer has had some detriment occurring to him?—A. That is right.

By Mr. Thatcher:

Q. And yet yesterday, Mr. Robinson, you said that the growers generally would prefer to stay under ceilings, did you not?—A. No, sir.

Q. What did you say then. You said yesterday that trading was very profitable in many things, much more profitable than in an absolutely free market.—A. I did not say our growers would prefer to stay—if you want my personal opinion?

Q. Yes.—A. And this is a personal opinion and not the growers, I am speaking for myself.

Q. Would not that be—

The VICE-CHAIRMAN: Just a moment now, let the witness go on.

The WITNESS: Now, I am giving my own opinion, my own viewpoint. I am not giving the viewpoint of the Ontario Growers' Association. I would say that the growers were better off under the ceiling arrangement because it offers them one advantage in particular, and that is this; the ceilings gave our growers

a price to shoot at, something they never had; and they had that price in mind all the time. When it was 85 cents they knew it was 85 cents. That was the ceiling. It gave them a psychological something to shoot at.

By Mr. Thatcher:

Q. Stability?—A. They shot at it all the time. Now they are on the open market, and nine times out of ten you just do not know what your price is going to be. The grower himself does not set the price.

Q. There is one point I should like to have clarified. You told Mr. Maybank something a minute ago and now you are saying something that seems to be contrary to that.—A. I do not think so.

Q. Did you not tell Mr. Maybank you made more profits when there were no ceilings?

The VICE-CHAIRMAN: No, he did not say that to me. May I make it clear? He had been discussing certain effects of recent government policies, restrictions, do you see, and my question to him was, "Well then, you would say those policies about which you have been speaking have increased prices", and I said, "to the consumer" with which he agreed, and before I could ask him the next question he answered, "and, of course, to the grower, too". I made no reference whatever to profits. Surely nobody is mixed up about there being a wide difference between prices and profits.

Mr. THATCHER: Very good. I wanted to have it cleared up. All right.

By Mr. Lesage:

Q. Is it not true that it has always happened, as far as man's memory can go back, that the first harvests, or what we call in French les primeurs, have always sold, even in ancient Rome, at somewhat skyrocket prices?—A. That is absolutely true. I go into my tomato patch and I may have 30,000 plants and I may pick 25 baskets. In a week's time I may be picking 400 or 500 baskets. Naturally the price when I am picking 25 is pretty high, but as the volume increases, as the yield increases and these things ripen and ripen fast, and they come into real production, then the price level comes down fast.

Q. That is the inevitable fact?—A. It happens all the time, and also with the American stuff. The opening of the American deals, the respective American deals, finds your first market very high in price, but as the volume comes on those prices go down.

Q. That is the effect of the law of supply and demand?—A. Yes.

By Mr. Thatcher:

Q. The figures I quoted would be comparable dates in each year?—A. Yes, except that there can be a variation on the same dates in each year because of crop conditions on the same dates. You cannot always compare prices on the same date in respective years.

The VICE-CHAIRMAN: You do not know how much sunshine you have had each year, and other things.

By Mr. Mayhew:

Q. Do you not think in this advertisement Mr. Thatcher is speaking of that the dealer in this case is more or less advertising the fact that he has some greens to sell?—A. That is right.

Q. Rather than the price. They did put in the price, but there were no greens on the market at all of any kind. You could not get celery. You could not even get lettuce, and madam who was putting on a party wanted to have something a little special and she was ready for that occasion to pay for it. It was only a spot deal?—A. That is right, it is a spot deal, and there is apparently a section of the public that will always pay any price for a commodity.

By Mr. McGregor:

Q. Mr. Thatcher quoted the price of tomatoes on the Toronto market at $1.15 a pound. Is it not a fact that the reason tomatoes are $1.15 a pound is that American tomatoes have been prohibited from coming on the market at a time when we do not have tomatoes?—A. That is right. There is also another thing, too. Sometimes a high price can indicate a crop failure which reduces your supply. Last year some of our hothouse men even at 33 cents had a very bad year because they had disease in their houses, and they did not do well.

By Mr. Thatcher:

Q. Does that not show that when this embargo has to go on that to protect the consumer ceilings should have remained on? Your cost of production was roughly the same. You would not have been hurt as producers.—A. I will not go that far, but I will go this far, that it is my opinion that the best measure of control under the present situation for the moment would be a percentage mark-up to the trade. I will go a step further and I will say this, that if these restrictions are in effect next winter on the bulk of these products you will not see this kind of prices.

Q. Because you will be in production?—A. Because our growers are already increasing production in anticipation.

By Mr. Lesage:

Q. You say as a wholesaler in the trade that what you propose is a percentage mark-up. Do you propose that there should be a fixed price to the producer or that the price to the producer should be variable?—A. He might not agree with me. I think a fixed mark-up would stop some of the profits that might be taken at certain times by traders who are able to go out and get a supply and are able to hold it for these spots where prices take a sudden jump.

Q. You propose fixed percentage mark-ups to the trade without any fixed price to the consumer or any fixed price for the producer?—A. I think a fixed mark-up would stop some of the things that are going on at the moment. I think a fixed mark-up, for instance, on the imported deal would stop a man from taking $5 a bag profit on a bag of American potatoes.

Q. It is only that I want to be clear on what you propose. It is only a fixed mark-up, no set price to the producer and no set price to the consumer.

By Mr. Monet:

Q. I have two more questions to ask you. On page 12 you refer to the holding of supplies. Can you tell the members of the committee if you know personally of any growers holding any supplies after November 17 in order to have a better profit?—A. Oh, definitely they did.

Q. Would they have kept a large proportion of their crop?—A. I would say that those who had their crop in hand on the morning of the 18th naturally were slow to release it because they anticipated higher prices. Those who had sold before the 17th, as some of us had, were out of the picture, and the dealer then was the one who enjoyed the enhanced price, but certainly our growers who had carrots and cabbage and that kind of thing, when they read the market and saw what was likely to happen, held them off.

Q. Would you have an idea what proportion they had at the time as compared with their whole crop, in other words, the proportion of what they had and what they had sold already?—A. No. I would say this: I have no statistical information but I would say that in carrots, cabbage, beets, spinach, parsnips, that the bulk of the supplies were in the hands of the growers.

Q. On November 17?—A. Yes.

Q. The bulk of the supply would be in the hands of the growers?—A. In celery I would say the bulk of the supply was in the hands of the dealers. In onions I would say it was about 50-50. In potatoes I would say the bulk of the potatoes were in the hands of the growers, and the bulk of the turnips were in the hands of the growers.

Q. Are the growers equipped to keep their crops like that? How do they keep them?—A. Celery is a straight cold storage proposition. Onions are kept in dry storage and in cold storage, too. A lot of growers are equipped to keep their onions for a certain length of time. Potatoes they keep themselves; carrots and cabbage they keep themselves. There are some carrots that go to cold storage, but in the main they are kept on the farm.

Q. The greatest part of the quantity that is kept is kept by them on their farms?—A. Yes.

By Mr. McGregor:

Q. Is it not a fact that the grower in the last ten or fifteen years has been growing less because he would not take a chance on having his supply in the cellar when the American goods came on the market?—A. That is right.

Q. Therefore he only grew what he could sell up to a certain date?—A. That is right.

By the Vice-Chairman:

Q. Is it so that production has been falling off in recent years, generally speaking?—A. I would not put it that way. I would say we have not kept pace in our production of winter vegetables with the expanding market having regard to the growth of the country.

Q. Your production has not fallen off but the trend upward in production, which might have been expected had we been looking at this some years past and could see the future, has not kept up?—A. That is right.

Mr. McGregor: There is a reason for that.

The Vice-Chairman: He has already given the reason and I am just getting the fact.

Mr. McGregor: The reason is government policy.

The Witness: No, not government policy.

The Vice-Chairman: Oh, government policy was what you said. He had said that is not so.

The Witness: You are talking of the long range, not 1948?

Mr. McGregor: The long range.

The Witness: I suppose—yes, it is government tariff policy.

The Vice-Chairman: Government policy in the sense of not shutting out American goods, not with respect to last November, but all through the years.

Mr. McGregor: The reason for that has been that the public likes to buy green vegetables, irrespective of what they have to pay for them.

The Vice-Chairman: I do not know about the reason, but your point, as I understood it, was that there should have been more shutting out of American vegetables by tariff action or otherwise all through the years, and that, by reason of not having that, production has not increased as much as might have been expected. Was that not the point?

Mr. McGregor: Right.

The Witness: There is another factor. Do not forget this, that in the last thirty years there has been an amazing increase in the production of vegetables in the southern United States, an amazing increase, and that expansion has not

stopped. There are areas in the south, irrigated areas, and that kind of thing, that thirty years ago were not producing and are in production today, so that the availability of American produce has increased yearly for the last thirty years.

By The Vice-Chairman:

Q. You have availability on the one hand, and on the other hand you have had government policy of not shutting out goods from foreign countries, and therefore you would say your production has not gone up as rapidly as might otherwise have been the case?—A. That is right.

Q. Is that not true?—A. That is correct.

Q. I think that will be quite sufficient for Mr. McGregor and it is certainly sufficient for me.

Mr. McGregor: There is one thing I want to get quite clear, that I do not think Mr. Robinson wants to shut out American goods at any time when we have not got Canadian goods to supply the market.

The Witness: That is right.

The Vice-Chairman: In my remarks I did not intend to be argumentative at all. I want to get it clear.

Mr. Mayhew: Are we proceeding with this this afternoon?

The Vice-Chairman: Will you need Mr. Robinson this afternoon? I fancy he has given us a pretty complete story already.

Mr. Irvine: I had some questions but it is not important.

The Vice-Chairman: He has given us a good deal of his time.

The Witness: I am available if I am wanted.

The Vice-Chairman: I do not think the witness will be needed for this afternoon. Thank you very much.

The committee adjourned at 1.00 p.m. to resume at 4.00 p.m.

AFTERNOON SESSION

The committee resumed at 4.00 p.m.

The Vice-Chairman: I report to the committee that I interviewed Dr. Beauchesne and asked him for the opinion which the committee had requested. He did not give it to me then and said he would give it just as soon as possible.

M. M. Robinson, Secretary-Treasurer, Ontario Fruit and Vegetable Growers' Association, recalled:

By Mr. Monet:

Q. I have asked Mr. Robinson to come back for some information that certain members of the committee have asked him for and also have asked counsel to give on cold storage produce. I should like Mr. Robinson to tell the members of the committee about that situation.—A. Mr. Chairman, Mr. Mayhew desired it. I might say—I do not know whether it comes within the scope of this committee or not—there is a terrific shortage of cold storage facilities, and it seems to me that possibly the cold storage Act should be subject to review to see if the measure of assistance could be increased. At present the federal government pays a grant of 30 per cent of the total cost spread over five years. The provincial government advances in loan the equivalent, and the growers either co-operatively or otherwise raise the rest of

the money. The increased cost of these plants is making it very difficult for the grower organizations to do the necessary financing. I am just suggesting that possibly the members might find it worthwhile to give the matter some consideration to see if something could not be done to facilitate the erection of these cold storage plants.

By the Vice-Chairman:

Q. The provincial help is strictly a matter of a loan. How long does it run?—A. It is a straight loan, and they usually give them a considerable length of time.

Q. It is not a uniform length of time.—A. I think it is uniform under the Act but they are quite flexible in their interpretation of the regulations.

Q. The rate of interest is pretty low?—A. Pretty low. If the cold storage plant does not maintain its full annual repayment but is making some payment they will ride with the operator.

Q. The dominion government, as I recall it, gives— —A. Thirty per cent.

Q. Fifteen per cent immediately, and then spreads the other 15 per cent.—A. I do not think it is that high for the initial grant, but it is over a 5-year period that the grant is made.

The VICE-CHAIRMAN: Are there any questions on that point? Thank you, Mr. Robinson.

Mr. IRVINE: Mr. Chairman, since the witness is back I want to ask one or two questions relative to the inquiry this morning.

By Mr. Irvine:

Q. Is the producer ever in a position to put a price on his commodity which must be accepted by the trade?—A. Well, in theory he is always at liberty to do so, but in practice it does not work that way. I would say the only time he is in the driver's seat is when the supply is very short.

Q. Even then he would hardly be in a position to say, "You can take it or leave it."—A. I have seen times when he could do that.

Q. Very seldom.—A. I would say it was more the exception than the rule.

Q. That means then that under the free enterprise system and this strange fetish, the law of supply and demand, the free enterpriser has an advantage in that he does have a chance to do some price fixing.—A. I think I would put it this way. I would not put it that way. I would say that the farmers' weakness to my mind is that it is a case of a large number of individuals meeting a reduced number of dealers. In other words, there are fewer dealers than farmers, and when there are a lot of individuals they are more at the mercy of the buyer than if there were as many buyers as sellers.

By Mr. Kuhl:

Q. Would you say the buyers are not competing with each other at all times?—A. Yes, the buyers do compete with each other, definitely so.

Q. Therefore as a result of the exercise of that principle the grower in the main would receive the highest possible price?—A. Well, the fact that the grower has had to do some organizing, has had to create some organized effort to control prices such as he found necessary under the Farm Products Marketing Act I would say indicates there is a weakness in the structure because otherwise he would not have to do those things. You see the Farm Products Marketing Act came into existence because of the farmer's inability to meet the processing industry in the setting of prices. The processors had an edge under the system in buying and were able to drive prices very low at times. That is why the Farm Products Marketing Act came into being. Under that Act, of course, it is laid down that all prices for these products under the Act are now settled by

negotiation. If negotiation fails arbitration is compulsory. I may say it has worked very well. It has given the farmer much more bargaining power than he had as an individual.

By Mr. Irvine:

Q. Let us put it this way. Suppose competition is really active, which I think is rather seldom myself—that is an opinion—and suppose we have a scarcity market, as I presume we have in some things at the present time; then if competition was active in the buying field they would be responsible for putting prices up.—A. The farmers—

Q. No, the competitors who are competing in the market buying a commodity which is scarce.—A. Well, I would say at the start of the deal that the trader would have the edge because he would be more familiar with market conditions. He would be aware of the trend.

Q. I think you are not getting my question, Mr. Robinson. I probably did not put it very clearly. Take, for instance, the matter of tomatoes. When they are scarce in Canada as they are right now when the market is forbidden in the United States and yours are just coming on the market and there is a great scarcity, then if there are a number of competitive buyers for your tomatoes that will tend to raise the price? One will bid against the other?—A. Yes.

Q. Then if competition reduces prices on the one hand it most decidedly raises them on the other, does it not?—A. Quite right.

Q. You said on page 2 of your brief—it has been referred to already—that more than one load of imported produce found its way to the dump. Of course, you do not say, and I do not think it occurred, that this loss was a deliberate thing to make a shortage?—A. No, it was not.

Q. It was merely that they had over-bought, and the Canadian produce came on the market and reduced the cost until they could not unload, but nevertheless would you say that there is something wrong with a system which, for one reason or another, does allow food that people could use to go to waste like that?

The VICE-CHAIRMAN: Just a moment before you answer that. Do you believe it is quite appropriate to ask the witness to give evidence as to what is right and what is wrong with systems? Factual evidence by the witness is one thing, and inferences to be drawn from it are another.

Mr. IRVINE: It is merely a matter of taking the leap. I can get at it another way. I will ask the witness if he has any knowledge whether the company in question which lost these goods had made a report of the situation either to the government or to the Wartime Prices and Trade Board or to any other authorities that they were in danger of losing a large amount of precious food which ultimately might affect the market?

The VICE-CHAIRMAN: You see, Mr. Irvine, just before you put any question at all, that is exactly the point. A question can be asked which will bring out information which you may desire to bring out. If you ask opiniovative questions covering a broad economic question, if you proceed that way, we might never get through, but factual questions from which you and others may draw inferences are, I should think, in a different class.

Mr. IRVINE: This is no longer opinion I am asking for. I am asking the witness if he has any knowledge whether the company in question—

The VICE-CHAIRMAN: You did suggest you could change it to that. I presume what you meant was that is the question you are now asking?

Mr. IRVINE: Yes.

The WITNESS: I would say as far as my knowledge is concerned the answer would be no, and my own opinion would be that the answer would be no.

I should like to say, Mr. Chairman, that there is one feature in the wholesaling of fruits and vegetables that I have stressed in my brief, and that is the place that the commission wholesaler occupies. As long as we have the commission wholesaler method of doing business the grower, who might feel he is at the mercy of the chap who buys at a firm price, and that the grower who deals that way is not getting an adequate return from that buyer, always has the commission wholesaler to turn to. Then he knows when he deals with the commission wholesaler that he is getting the swings of the market either up or down, and he has that way out, that departure to get away from the actual cash buyer. That is one of the reasons why we are so strong for the commission wholesaler. It has a regulatory influence on the rest of the operation. I do not know about other industries. I do not imagine they all have the same kind of set-up, but definitely we have it and we approve of it. We think the commission wholesaler occupies a very important part in the distributive service.

By Mr. Irvine:

Q. I think you expressed the opinion in your evidence today that the trade can push prices up until the consumers stop buying.—A. When I use the term "trade" I include, of course, retailers as well as wholesalers. I am using the word "trade" in the collective sense. I did tell you, and I repeat, that the trade sets the prices, normally so.

Q. And they can push the price up until the consumer stops buying? When do you suppose the consumer stops buying?—A. When the consumer figures the price of the commodity has got beyond his or her range.

Q. That could only have a very limited meaning. I mean we could not expect the resistance of the consumer to regulate prices in matters of essential food stuffs because they cannot stop buying the essentials, can they?—A. As to the elementary essentials which are necessary to maintain life I would say no. All that the consumer can do there is to reduce the quantity of purchases.

Q. And he therefore has to want by the amount that he cannot buy? That is the logic of it?

By Mr. Merritt:

Q. When you talk of the ability of the trade to push prices up and down is it not right they do that in relation to supply and demand and not in a back room?—A. Yes.

By Mr. Irvine:

Q. It does not make much difference to me at the moment as to the mechanism of arriving at the result. I am talking about the result. The same process which is going on in regard to potatoes is going on in regard to carrots, fruits and all kinds of vegetables, flour and every other commodity. Is it not the same process of forcing the price up if they can until the consumer has to try to resist?—A. I think we must be frank with each other and admit that we are operating under a system which it is not my position to say whether or not the system is right or wrong. I do not profess to do that, but if you want to know where I stand personally I believe in the free enterprise system with certain reservations, and as long as we operate under a system in which the basic law is one of supply and demand, and the principle that is employed in the trading is to buy as cheaply as you can and sell for as much as you can, then we have to accept what comes with it. Part of it is that at times on food stuff they seem to get to price levels which are beyond the reach of some people who should have them.

Q. I agree with you there; but it has been suggested here, and the same suggestion would probably be inferred from your testimony, that seeing that meat, for instance, or beef is fairly high and there seems to be an abundance of pork that people might eat pork instead of beef; like Marie Antoinette who advised them to eat cake when they could not get bread.

The VICE-CHAIRMAN: Excuse me, that was not a suggestion, but rather eating by compulsion. That was not a voluntary switchover.

Mr. IRVINE: It doesn't matter.

The VICE-CHAIRMAN: Oh yes, it matters.

Mr. IRVINE: I think sir, you have suggested to yourself, if I am not mistaken; and the reason for making it was that it might reduce the price of meat if there was less demand for it and since there was plenty of pork they could eat pork and thus reduce the demand for beef and thus reduce the price of beef. That is the reasoning of it. My point would be then that switching the demand to pork would merely raise the price of pork to where beef was and the housewife would be chasing herself between beef and pork trying to keep both down and having to keep both up at the same time; and I think the same thing would apply in switching from one vegetable to another in the market in which you were interested, if we are to leave the thing wide open to control to be controlled by what you have said, supply and demand. I want to ask this question. Would not the producer be better off and indeed the trade itself be better off and the consumer better off if a stable price for all the commodities under a ceiling of fruits and vegetables were to be effected? To make clear what I mean, I think somebody referred to tomatoes selling at $1.15 this year and last year they sold at 33 cents. Now, suppose the price was 70 cents and pretty well stabilized there, would not that be a more desirable thing for the producer?

The WITNESS: Well, that is the question leading into a discussion on economics and economic theory. I would say this, and very positively, that the bulk of our farmers are more interested in a stable price level being maintained throughout the picture than they are in these very sharp ups and downs which drop down to very low depths at times to great heights at times. Our farmers, and I am one of them, are greatly interested in the stabilizing of their prices without sharp swings, and I think that is one of the things that this vegetable industry needs to carry themselves.

Mr. THATCHER: You want the ceilings to go on and to stay on?

The WITNESS: If you are going to have a ceiling then you must also discuss floors, because both are part of a pattern.

Mr. KUHL: But you would need a fairly constant supply in order to benefit that way.

The WITNESS: The question of constant supply—you are dealing with products which flow on to the market very unevenly, and that creates a situation over which nobody has any control, and it is created by a factor over which nobody has any control—the weather. That is one of the most disturbing factors in this whole market question as far as that is concerned. Some of these sharp rises and sharp falls in the market are very often attributed to weather conditions.

By the Vice-Chairman:

Q. If we got settled by a ceiling and a floor and we ran into a condition of short supply due to weather, what then?—A. Then you have a problem of distributing supplies so that everybody can get a little bit of it.

Q. So rationing comes next. So we move from one thing to the next. What then?—A. High prices and rationing.

Q. What is the next step after rationing?—A. The next step for the farmer is planned production or regulated acreage.

Q. Then of course there is the black market. At what point does that come in? Is it a necessity of that system?

Mr. THATCHER: Now, Mr. Chairman, I do not know that you are putting a fair question.

Mr. IRVINE: It is just his opinion. That is all right, but I was stopped on it.

Mr. THATCHER: It is an opinion.

The VICE-CHAIRMAN: I won't press it then. I thought perhaps, gentlemen, we had started to move along and would like to see a little more than one step ahead; but I see you are interested more in the words of the hymn "One step enough for me—"

Mr. THATCHER: That is only an expression again.

Mr. IRVINE: I have no objection, Mr. Chairman; if you would like to ask questions I do not wish to stop you.

The VICE-CHAIRMAN: We won't proceed then to discover "the distant scenes"; we will just imagine them.

Mr. IRVINE: May I ask one more question then arising out of the last remark of the witness, that high prices are a rationing factor. I think that we must agree that that is so. But I would ask this question; is not rationing one of the most unfair methods since only those who have money to pay the high price can get all they want whereas those who have got but a little money or no money cannot get any?

The WITNESS: I do not know that I should be asked to go so far as to express an opinion on that.

The VICE-CHAIRMAN: You are not under any obligation to answer unless a factual question is put.

Mr. IRVINE: Is that your ruling?

The VICE-CHAIRMAN: Yes.

Mr. IRVINE: I submit my question was very factual.

The WITNESS: I submit, Mr. Chairman, that I am here to discuss the things that happen from the standpoint of prices under conditions which prevail.

Mr. IRVINE: Well, that happens then; or doesn't it—what I have asked in my question?

The WITNESS: Yes.

The VICE-CHAIRMAN: Again, may I point out, that you have not asked a factual question. The question the way you asked it gets into the realm of ethics and morals.

Mr. IRVINE: I am not interested in ethics or morals at the moment. I say this, does it not happen, that in the process of rationing people who have sufficient purchasing power get the larger share of whatever there is or the commodity concerned and those who have less purchasing power get less?

The WITNESS: That is true.

The VICE-CHAIRMAN: That is true, surely. Mr. Irvine, the whole committee would have been quite willing to take your own statement even if you are not sworn.

Mr. IRVINE: But you would not let me make it.

The VICE-CHAIRMAN: Oh yes, but you were not making it in the form of a statement. Everybody would agree with what you said. Is there anything else in the way of factual questions?

Mr. MCGREGOR: I will try to make this one not quite so complicated. The question is on a statement which the witness made yesterday in connection

with these four carloads of potatoes which came into one of the markets and which were sold at a very exorbitant profit. I think this committee should know who got these potatoes in and also that they should be brought before this committee to answer questions as to what they paid for them and what profit they made on them and so on.

The VICE-CHAIRMAN: I am ignorant of the particular deal to which you refer. Just taking your question, what you say would seem to be quite right I mean and there is no reason why evidence could not be secured from the witness if he can give it. Just ask your question as to who was who and so forth.

Mr. MCGREGOR: Who was the firm who brought these potatoes in and under what conditions were they brought in?

The VICE-CHAIRMAN: Wait, ask one question first, will you Mr. McGregor; who brought those potatoes in?

Mr. MCGREGOR: Who brought them in, first?

The WITNESS: Marlow and Company, and the Mac Fruit Company of Toronto.

The VICE-CHAIRMAN: Were there four carloads?

The WITNESS: Yes.

The VICE-CHAIRMAN: And who brought in how many?

The WITNESS: I understand each company brought in two cars.

The VICE-CHAIRMAN: And the capacity of a car was—do you know?

The WITNESS: 360 bags per car.

Mr. MCGREGOR: I understand that the duty went on on the 22nd of April and these were brought in on the 29th of April. How could they be brought in on to our market after the duty went on?

The WITNESS: It is not a question of duty, it was a question as to food control, they had decided to place an embargo on U.S.A. potatoes, and the embargo was placed on I think on the night of the 21st. These four cars of potatoes were sold by the brokers on the 19th and any potatoes rolling prior to the ban being applied were admitted, it might be a week or ten days afterwards.

The VICE-CHAIRMAN: These were in transit, were they?

The WITNESS: They were supposed to be in transit, I believe they were prior to the hour of the ban being applied. They came into Toronto and I suppose you would class them as a delicacy, I imagine. They were California new potatoes.

The VICE-CHAIRMAN: All right.

The WITNESS: I think the laid-down cost was somewhere around $7 to $7.25 a bag and potatoes sold at wholesale prices were anything from $12 a bag to $15 and $16 a bag. The first car was sold at $12 a bag and I understand that some of the others sold as high as $16 a bag wholesale.

Mr. MONET: Did you say wholesale?

The WITNESS: Yes.

The VICE-CHAIRMAN: Quick sale.

The WITNESS: Very fast sale; and the point I tried to bring out, Mr. Chairman, was that we growers are sometimes skeptical of the furore about some of these prices we get when we see a ready sale for potatoes like these at the prices which were secured for them.

Mr. THATCHER: I wonder if the Wartime Prices and Trade Board have any knowledge of that transaction.

The WITNESS: They would not have any knowledge of it until after it took place.

Mr. MCGREGOR: Were there any steps taken by the Wartime Prices and Trade Board?

The WITNESS: I could not tell you.

The VICE-CHAIRMAN: I am informed that the matter has been and is under investigation by the Board.

Mr. THATCHER: I see.

Mr. MCGREGOR: There has been an investigation?

The VICE-CHAIRMAN: The Wartime Prices and Trade Board have it under investigation and it is still under investigation by them.

Mr. MCGREGOR: When did they put it under investigation?

The VICE-CHAIRMAN: Can you answer that, Mr. Spence? I understand it was shortly after the transaction. Gentlemen, I think you will agree that you would not want to have too much discussion on it while they are investigating it; but it has been subject of investigation from just about the time of their arrival. There are some legal points to be considered with relation to the discussion. You see, there is no definite ceiling on these things. There is a possibility, however, of action being taken; but perhaps it is not in the interests of actions of the Investigating Board to examine too closely into it as yet.

Mr. MCGREGOR: That is what this committee is here for, to investigate transactions of this kind.

The VICE-CHAIRMAN: Yes. I don't want you to misunderstand me. I only meant that sometimes by telegraphing a flow it does not do any good; and these other people are working on it. That does not mean that I am suggesting that further questions will not be asked here.

Mr. MCGREGOR: Sometimes telegraphing is too slow.

The VICE-CHAIRMAN: All right, go ahead.

Mr. MCGREGOR: I think this is a glaring case where people made a profit of $5 a bag or more on potatoes, and I am going to move that these two commission men who bought these two cars of potatoes be asked to appear before this committee.

The VICE-CHAIRMAN: May I suggest that it would be better to leave that to the steering committee and get on with the witnesses who are here. Is that what you want, to leave it to the steering committee?

Mr. MCGREGOR: Pardon?

The VICE-CHAIRMAN: Will you leave that to the steering committee?

Mr. MCGREGOR: No. I have had some experience with steering committees before and I think things could be done just as well in this committee as they can be in the steering committee because there are only two or three on the steering committee and I think this committee is just as well qualified to deal with this matter as is the steering committee.

The VICE-CHAIRMAN: All right, the motion is in order. Have you a seconder?

Mr. IRVINE: I second it.

Mr. KUHL: Just a word. Could that be taken as an example of what was going on at that time as being typical of the industry as a whole? Would it be of much benefit if we did get the answer?

Mr. MCGREGOR: We have only the statement of the Board.

Mr. KUHL: I think what we are after is the general trend, the whole picture. I do not think we can form an opinion on the industry as a whole on the basis of four carloads of potatoes.

The VICE-CHAIRMAN: I would like to point out two reasons why I suggest to you that these matters should not be settled, why this procedure of this committee should not settled in the main committee at this time in the middle of taking evidence. One is that the case with regard to fruit and vegetables it has been decided would be worked out by counsel, and that has been done. Another is that the steering committee considers whatever might be done so as not to take up the time of a considerable number of witnesses who have been brought here. If we have to consider procedure details as we go along and in the middle of evidence and just whenever some particular item of evidence comes up we will not get along very fast with witnesses. Now, I submit to you gentlemen that the various businessmen who have come here generally, and they I think have always come without subpœna, but rather on suggestion; and they have a right to have their time regarded by us, and the discussion of matters of this kind takes a lot of their time.

Mr. IRVINE: I do not agree with your position there. I took the same position yesterday and I am not departing from it now. I am seconding this matter because I want to see these men here; but I have no objection as far as I am concerned, in fact I would rather the steering committee should consider the matter and report back here to this committee; and there is no particular hurry, the thing is done and it can't be undone and we could investigate it just as well next week as this week; then, if Mr. McGregor is willing I do not see why we should not pass the motion and pass it on to the steering committee to decide. But I don't want to leave it there without a report from the steering committee. I don't think the steering committee is doing very much.

Mr. MERRITT: Their rudder is loose.

The VICE-CHAIRMAN: There has not been any occasion for the steering committee to meet inasmuch as detailed matters have been in the hands of counsel to prepare the case and they have done so. There is not at the present time any unfinished business in the hands of the steering committee.

Mr. THATCHER: How about nails?

The VICE-CHAIRMAN: That is not a case, you know the situation there.

Mr. THATCHER: It has not brought in a report yet.

The VICE-CHAIRMAN: That is so, but that is not in the hands of the steering committee.

Mr. IRVINE: And what about binder twine, Mr. Chairman?

The VICE-CHAIRMAN: Those matters are not unfinished business in the hands of the steering committee, Mr. Irvine; I am sure you will agree with that.

Mr. IRVINE: I think we should have some reports on these things.

Mr. THATCHER: Lets get on with the evidence.

The VICE-CHAIRMAN: What do you wish to do about this, gentlemen; do you want to pass the motion now? Is the motion to refer it to the steering committee? What do you want to do?

Mr. BEAUDRY: The seconder seems to be of the opinion that the matter should be sent to the steering committee rather than dealt with here.

Mr. IRVINE: No, I would second it in either case, but I am suggesting to the mover if he is willing it might be better procedure to follow the suggestion of the chair. I am not going to withdraw my seconding.

Mr. MCGREGOR: What assurance have we got that the steering committee will pass this question?

The VICE-CHAIRMAN: No assurance.

Mr. MCGREGOR: No assurance at all?

The VICE-CHAIRMAN: No assurance.

Mr. McGregor: Then my motion stands.

The Vice-Chairman: Are you ready for the question, gentlemen? Those in favour—opposed?

The motion carried.

Now gentlemen, we have another witness.

Mr. Monet: I will call Mr. Wolfe and Mr. Austin.

Raphael D. Wolfe, General Manager, Ontario Produce Co., 1705 Bathurst Street, Toronto, called and sworn: (The witness)

David Austin, Assistant Manager, Ontario Produce Company Limited, 157 Donegal Street, Toronto, called and sworn:

By Mr. Monet:

Q. Mr. Wolfe, would you be good enough to give us your first name?—A. Raphael.

Q. And your address?—A. 1705 Bathurst Street, Toronto.

Q. And your present occupation?—A. I am general manager of the Ontario Produce Company Limited.

Q. And your head office is in Toronto?—A. Yes.

Mr. Monet: Now, Mr. Austin, would you give us your full name, please?

Mr. Austin: David Austin.

Mr. Monet: And your address?

Mr. Austin: 157 Donegal Avenue, Toronto.

Mr. Monet: And your occupation?

Mr. Austin: Assistant General Manager, Ontario Produce Company Limited.

By Mr. Monet: (to Mr. Wolfe)

Q. Now, Mr. Wolfe, I understand that you are here representing the Ontario Produce Company Limited?—A. Right.

Q. And you have already told us that you are General Manager; is that it, and secretary of the company?—A. That is right.

Q. Would you give members of the committee the name of the president, the vice-president and the treasurer of the company?—A. Maurice Wolfe, president.

Q. Is he related to you?—A. My father.

Q. And the vice-president?—A. Tillie Wolfe, my mother—and Max Wolfe, the treasurer, an uncle.

Q. You are the secretary?—A. Yes.

Q. Would it be right to state this firm is a family matter?—A. Yes.

Q. Is your company related to any other company or has it a subsidiary in any other company?—A. No, sir.

Q. The company has no subsidiary?—A. No sir.

Q. Would it be a fair statement to say that your company, the Ontario Produce Company Limited, is one of the largest, if not the largest wholesale fruit and vegetable company in the Toronto area?—A. That is a matter of opinion.

Q. I understand you have quite a few competitors here in the room but it is a fact that your company is considered, not only by yourself, but by your competitors, as being one of the most important in the Toronto area? There is no harm in saying yes?—A. Yes.

Q. That is the way you feel about it?—A. Yes.

Q. I think quite a few of your competitors feel the same way. Would you tell the committee when your company commenced operation?—A. On May 29, 1921, it became a limited company. Prior to that time it was a private company.

Q. It was incorporated on May 29, 1921, and until then it was a partnership was it?—A. Yes.

Q. Would you give the members of the committee the date of your fiscal year ending?—A. December 31st.

Q. Mr. Wolfe, I would like you to describe to the committee the general nature of your operations?—A. Our company combines practically all features of the wholesale houses described by Mr. Robinson previously—the better features I hope. We operate both as importers and as commission merchants. We buy domestic produce and we handle domestic produce on consignment. We process fruits and vegetables—trim celery, wash carrots, bag potatoes,—and at the same time we carry on a normal trade in full line of fruits and vegetables.

Q. Do you carry any cheap lines of fruits and vegetables? Or do you carry them all?—A. We carry them all—we try to carry everything in fruits and vegetables.

Q. Now I understand your company deals in both domestic and imported produce?—A. That is right.

Q. What proportion of your total business would be represented by your dealings in domestic goods?—A. I would say the figure is pretty close to 40 per cent—perhaps I should correct that and say it would be closer to 50 per cent.

Q. The other 50 per cent of your dealings would be with imported goods?—A. Yes.

Q. Now, with respect to that proportion of your handling of domestic goods, would you tell the members of the committee how you purchase and where you make your purchases?—A. The domestic goods include British Columbia apples, maritime potatoes, onions from Ontario, and certain vegetables from the western provinces. Most of the commodities are bought either from shipping points or through established brokerage houses at the city of Toronto. With respect to domestic crops in Ontario many of them are brought by truck from the grower or from dealers who operate through the growing sections. There is also a percentage of merchandise bought off trucks which arrive at our warehouse—stray lots.

Q. Those dealings which you have described are outright purchases?—A. That is right.

Q. You do make outright purchases of every one of the fruits and vegetables you have mentioned?—A. Yes.

Q. What proportion of the domestic goods do you handle on a commission basis?—A. Roughly 50 per cent of the domestic goods.

Q. That would be 50 per cent of the 50 per cent you have already mentioned?—A. Yes.

Q. About one quarter of the goods you handle would be handled on a commission basis?—A. Right.

Q. What commission do you take?—A. Generally 12½ per cent plus handling charges.

Q. When you say "generally" what do you mean?—A. Some arrangements are made with dealers or large shippers whereby we only charge 10 per cent if they send large volumes of merchandise to the market.

Q. Would you describe your selling operation with respect to goods handled on commission basis?—A. I do not quite understand that.

Q. How do you operate or make sales of your commissioned goods—the goods which you sell on commission? Where do you sell those goods and how do you proceed as far as prices are concerned?—A. Sales of commissioned goods are handled generally the same as other types of sales. The trade is broken down

into three sections. There is a fairly substantial jobbing trade—that is direct contact when the goods arrive at our warehouse or by telephone. There is also the retail trade and the chain store trade. We attempt to canvass all three sections and in so doing we attempt to sell the consigned merchandise as well as our own.

Q. I suppose in dealing that way, as we were told by Mr. Robinson previously, you try to get the best possible price for the people for whom you are handling the goods?—A. That is right.

Q. What proportion of the commission goods which you handled last year was sold to chain stores?—A. A very small proportion of the commission goods. The chain stores generally in the Toronto area do as much direct buying from the growers as they can.

Q. So the proportion of goods bought from your company is very small?—A. Very small.

Q. To whom do you sell mostly?—A. Our chief sales are to the large out of town jobbers.

Q. Retailers?—A. I would say to retailers secondly.

Q. Do you sell a large proportion of your goods to retailers?—A. About 40 per cent.

Q. Now do you deliver the goods you sell to the retailers or do the retailers get them at your price?—A. Both of those events occur.

Q. You are organized to make delivery of the goods yourself?—A. Yes.

Q. Now do you store any goods, Mr. Wolfe? Does the company store any fruits and vegetables?—A. We try to carry three weeks' to a month's supply of most root vegetables at all times.

Q. Does that apply to twelve months of the year?—A. No, that is in season. It would be through the fall season and the winter season.

Q. You do not store any goods in the summer months?—A. No.

Q. When do you start storing goods, the supply of which you have just mentioned?—A. Around the end of September.

Q. And you store until what time or period of the year?—A. Until the vegetables run out and that is generally around the end of January or the first part of February, depending on the situation and the American imports.

Q. What proportion of your stored goods did you already have stored on November 17 of last year?—A. It is difficult to answer that question because at the same time we have goods in storage we are trying to keep a month's supply and we are constantly buying and selling.

Q. Do I take it the goods you keep on buying and selling are put into storage to replace the goods you take out?—A. Sometimes that happens and sometimes it does not. Sometimes merchandise comes into storage in September and remains there until February or March, depending upon its condition.

Q. Would you give the members of the committee some information as to the way the goods you store in September are handled? What proportion do you keep for a month or two months, and what do you replace by goods which you keep buying?—A. We have a fairly substantial carrot operation at our place. We wash carrots and our average sale of carrots would be about 2,000 bushels a week. In September we start to accumulate carrots to forestall any bad weather difficulties that might arise or any shortage that might develop, so that we can have a constant supply until such time as domestic carrots are replaced by American imports. These carrots start accumulating in the fall of the year and they are not used, as a rule, unless they deteriorate severely or unless we strike a temporary shortage and we would have to draw them from storage.

Q. Can you tell the members of the committee what proportion of carrots you had in storage on November 17—what is the proportion with respect to your whole dealings in carrots during the whole year?—A. Roughly two weeks' supply.

Q. Two weeks' supply, but in percentage what would that be compared to the total handling of carrots?—A. About 15 per cent.

Q. About 15 per cent?—A. Yes, sir.

Q. What would be the proportion for onions as of November 17?—A. The figure for onions would be closer to 65 per cent.

Q. That means you have to buy another 35 per cent during the balance of the year to meet the demand?—A. That is right.

Q. And in the case of carrots you must buy 85 per cent?—A. That is right.

Q. Now with respect to onions would you give us the percentage which you had on hand on November 17?—A. Roughly 65 per cent—was that not your last question?

Q. Pardon me. What did you have on hand in the way of potatoes?—A. About 40 per cent.

Q. I would like to ask you to explain how you proceed to get the supply you need from November 17 last in order to answer the demand for your trade? Where do you purchase your goods and how do you proceed to purchase the same?—A. Are you referring to carrots at this moment?

Q. Take carrots first?—A. Carrots are bought two ways at that time of the year. Primarily they are bought from the growers who sell off the carrots in their pits. Either the grower offers the carrots at the warehouse or our country man will contact the grower and attempt to buy. The other method is to buy from other dealers who have stocks on hand.

Q. It is understood that we are talking about the period from November 17 onward?—A. Yes.

Q. I just wanted to keep that distinctly in mind. Do you mean that your country man goes into the country and contacts the growers?—A. He contacts the growers. He goes from district to district checking on supplies, and purchasing where necessary or where produce is available.

Q. That applies in the case of every vegetable?—A. In the case of root vegetables it does.

Q. Has that always been the policy of the company?—A. Always.

Q. And the proportion of goods you gave a few minutes ago as of November 17, 1947 is or is not substantially the same as in previous years? Is the figure lower or higher?—A. I would say it was pretty much the same every year.

Q. So that on November 17 last year there was no accumulation on your part of any of the goods referred to?—A. None other than our normal supply.

Q. Which normal supply you describe as being two weeks to a month?—A. That is correct.

Q. Now do you own your cold storage? When I say you, I mean the company, or do you rent the necessary accommodation?—A. We have about 15,000 feet of cold storage under our own roof but we rent whatever additional is required.

The VICE-CHAIRMAN: What does 15,000 feet mean? Does that refer to cubic feet or square feet?

The WITNESS: Square feet.

Mr. MAYHEW: Floor space.

The WITNESS: Yes.

By Mr. Monet:

Q. What proportion of your goods will that cold storage space which belongs to you accommodate?—A. It depends upon the season of the year.

Q. Let us take last year and the figures you have given us?—A. I would say about 35 per cent.

Q. So you must rent accommodation or space for the balance of your stored goods?—A. That is right.

Q. What is the cost of renting accommodation for storage?—A. Well there are varying costs. Storages may be rented as units—they vary in size and the cost ranges from $75 to $275 per unit. Similarly storage may be rented on a package basis and I believe there is an approved schedule of rates for cold storage in Toronto.

Q. You have been asked by the secretary of the committee to answer a questionnaire, Mr. Wolfe? That questionnaire is going to be filed as Exhibit No. 105. I am now showing you this questionnaire with the answers given and I take it you accept it as being prepared by your company in answer to questions asked the committee counsel?—A. Yes.

EXHIBIT No. 105—Preliminary Information—Fruit and Vegetable Inquiry supplied by The Ontario Produce Company, Limited:

EXHIBIT No. 105
Statement 1
General Information

HOUSE OF COMMONS

SPECIAL COMMITTEE ON PRICES

Preliminary Information—Fruit and Vegetable Inquiry

1. Name of Company: The Ontario Produce Co. Ltd.

2. Address of head office: 28 Market St., Toronto, Ontario, Canada.

3. Date commenced business: May 29, 1921.

4. Names and addresses of parent, subsidiary and affiliated companies:

5. Names and addresses of officers and directors or partners: Maurice Wolfe, 779 Spadina Road, Toronto, President; Tillie Wolfe, 779 Spadina Road, Toronto, Vice-President; R. D. Wolfe, 1705 Bathurst St., Toronto, Secretary; Max Wolfe, 22 Ardmore Road, Toronto, Treasurer.

6. Location of branches, warehouses and other places of business (including those of subsidiary companies engaged in the fruit and vegetable trade):

THE ONTARIO PRODUCE CO., LTD

(28 Market St., Toronto)

STATEMENT 2—PRICES

AVERAGE SELLING PRICE

Date	Oranges Calif. 288	Apples B.C. 125-138 delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported U.S. No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
	$ cts.	$ cts.	$ cts.		cts.		cts.	cts.	cts.	cts.	cts.
1947											
October 2	5.00	N.A.	1.52		N.A.		.038	N.A.	.029	N.A.	.027
October 9	5.31	N.A.	1.42		.025		.04	N.A.	.029	N.A.	.033
October 16	5.15	N.A.	2.20		.024		.037	N.A.	.03	N.A.	.03
October 23	5.38	N.A.	1.81		.024		.033	N.A.	.021	N.A.	.03
October 30	5.46	N.A.	2.21		.023		.031	N.A.	.026	N.A.	.029
November 6	5.01	N.A.	2.53		.028		.028	N.A.	.028	N.A.	.028
November 13	5.21	N.A.	2.50		.029		.03	N.A.	.029	N.A.	.026
November 20	6.67	N.A.	3.73		.034		.04	N.A.	.035	N.A.	.04
November 27	No sale	N.A.	4.02		.037		.046	N.A.	.045	N.A.	.048
December 4	5.18	No sale	4.01		.034		.042	N.A.	.041	N.A.	.04
December 11	4.92	No sale	3.99		.033		.067	N.A.	.035	N.A.	.043
December 18	5.31	No sale	3.86		.033		.067	N.A.	.04	N.A.	.041
December 24	5.47	3.12	3.60		.032		.072	N.A.	.045	N.A.	.04
December 31	5.50	No sale	4.26		.033		.096	N.A.	.049	N.A.	.045
1948											
January 8	5.83	No sale	7.71		.036		.115	N.A.	.05	N.A.	.05
January 15	6.03	3.10	3.66		.033		.103	N.A.	.05	N.A.	.054
January 22	6.00	3.12	N.A.		.032		N.A.	N.A.	.054	N.A.	.055
January 29	No sale	2.75	N.A.		.033		.10	N.A.	.055	N.A.	.062
February 5	6.22	2.95	5.08		.032		N.A.	.05	.059	N.A.	.065
February 12	5.74	3.25	N.A.		.033		N.A.	.037	.066	N.A.	.07
February 19	No sale	3.00	N.A.		.033		N.A.	.034	.074	N.A.	.08
February 26	5.16	3.08	N.A.		.033		N.A.	.037	.094	N.A.	.085
March 4	5.11	No sale	N.A.		.034		N.A.	.036	.12	N.A.	N.A.
March 11	5.18	No sale	N.A.		.033		N.A.	.041	.07	N.A.	N.A.
March 18	5.07	N.A.	N.A.		.033		N.A.	.04	N.A.	.079	N.A.
March 25	No sale	N.A.	N.A.		.033		N.A.	.046	N.A.	.091	N.A.
April 1	5.16	N.A.	N.A.		.033		N.A.	.059	N.A.	.085	N.A.
April 8	5.29	N.A.	N.A.		.036		N.A.	.069	N.A.	.085	N.A.
April 15	4.65	N.A.	N.A.		.035		N.A.	.073	N.A.	.087	N.A.
April 22	No sale	N.A.	N.A.		.037		N.A.	.076	N.A.	.088	N.A.

THE ONTARIO PRODUCE CO., LTD
(28 Market St., Toronto)

STATEMENT 3—PURCHASES

LAID-DOWN COST OF MOST RECENT PURCHASES—IN CENTS PER POUND

Date	Oranges Calif. 288	Apples B.C. 125-138 delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
	$ cts.	$ cts.	$ cts.		cts.		cts.	cts.	cts.	cts.	cts.
1947											
October 2	5.05	N.A.	Consigned		N.A.		Consigned	N.A.	.02	N.A.	.021
October 9	5.15	N.A.	Consigned		.021		Consigned	N.A.	.018	N.A.	.024
October 16	5.05	N.A.	Consigned		.023		Consigned	N.A.	.018	N.A.	.021
October 23	5.30	N.A.	Consigned		.023		Consigned	N.A.	.017	N.A.	.021
October 30	5.45	N.A.	1.85		.023		Consigned	N.A.	.018	N.A.	.021
November 6	4.80	N.A.	2.48		.022		Consigned	N.A.	.021	N.A.	.023
November 13	4.30	N.A.	2.35		.025		Consigned	N.A.	.024	N.A.	Consigned
November 20	4.55	N.A.	2.23		.025		Consigned	N.A.	.03	N.A.	Consigned
November 27	N.A.	N.A.	2.65		.027		Consigned	N.A.	.041	N.A.	.037
December 4	4.20	2.85	2.65		.035		Consigned	N.A.	.03	N.A.	.037
December 11	4.20	2.95	2.65		.03		Consigned	N.A.	.03	N.A.	.037
December 18	4.45	2.95	2.65		.03		Consigned	N.A.	.033	N.A.	.037
December 24	4.70	2.95	2.65		.03		.05	N.A.	.03	N.A.	.037
December 31	4.95	2.95	2.65		.03		Consigned	N.A.	.04	N.A.	.039
1948											
January 8	4.20	3.05	7.10		.03		.106	N.A.	.038	N.A.	.039
January 15	5.05	3.05	Consigned		.03		Consigned	N.A.	.038	N.A.	.048
January 22	4.50	3.05	N.A.		.03		N.A.	N.A.	.04	N.A.	.052
January 29	N.A.	3.05	N.A.		.03		.10	N.A.	.04	N.A.	.052
February 5	3.80	3.15	Consigned		.03		N.A.	.048	.04	N.A.	.052
February 12	4.15	3.15	N.A.		.033		N.A.	.04	.059	N.A.	.052
February 19	N.A.	3.15	N.A.		.031		N.A.	.04	.06	N.A.	.077
February 26	4.40	3.15	N.A.		.031		N.A.	.04	.066	N.A.	.08
March 4	4.60	3.25	N.A.		.031		N.A.	.04	.066	N.A.	N.A.
March 11	4.60	3.25	N.A.		.031		N.A.	.037	.07	N.A.	N.A.
March 18	4.60	N.A.	N.A.		.031		N.A.	.04	N.A.	.078	N.A.
March 25	N.A.	N.A.	N.A.		.031		N.A.	.045	N.A.	.091	N.A.
April 1	4.60	N.A.	N.A.		.031		N.A.	.054	N.A.	.091	N.A.
April 8	4.60	N.A.	N.A.		.031		N.A.	.063	N.A.	.085	N.A.
April 15	4.10	N.A.	N.A.		.033		N.A.	.07	N.A.	.085	N.A.
April 22	N.A.	N.A.	N.A.		.034		N.A.	.075	N.A.	.087	N.A.

NOTE: All Carrots (local) were purchased in *unwashed* condition therefore costs are in no way comparable to selling prices of washed carrots.

THE ONTARIO PRODUCE CO., LTD.

FISCAL YEAR END—DECEMBER 31.

—	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
	$	$	$	$	$	$	$	$	$	$
Sales	2,842,913	2,975,754	3,124,060	3,745,706	4,083,767	3,862,572	4,797,797	5,230,929	4,916,014	848,867
Cost of sales	2,690,434	2,804,378	2,935,967	3,512,161	3,803,437	3,560,724	4,439,403	4,828,405	4,429,850	720,725
Gross profit	152,479	171,376	188,093	233,545	280,330	301,948	358,394	402,524	486,164	128,142
†Commissions earned	30,203	33,813	43,881	40,448	59,198	54,931	69,272	83,350	101,029	8,391
Miscellaneous income	.....	2,202	2,037	.....	6,011	2,950	2,825	1,040	4,959	2,691
Gross revenue	152,479	173,578	191,130	233,545	286,341	304,898	361,219	403,564	491,123	130,333
Executive or partners' salaries	20,000	20,000	28,000	28,000	27,766	27,453	28,000	28,000	41,500	10,375
Other salaries and wages (include commission to salesmen)	62,583	70,447	75,008	91,663	96,512	103,930	124,539	155,890	186,776	46,368
Other operating expenses	61,551	75,864	81,584	105,116	131,848	149,022	156,657	146,086	144,032	29,371
Total expenses	144,124	166,311	178,592	218,779	256,126	280,405	309,196	329,976	372,308	86,114
Operating profit before taxes on income	8,355	7,268	11,538	14,766	30,215	24,493	52,023	73,588	118,815	44,719
										22,636
Investment income	2,688	3,589	1,477	1,875	2,640	5,444	7,853	9,698	8,600	852
Interest paid	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Profit before taxes on income	11,043	10,857	13,015	16,641	32,855	29,937	59,876	83,286	127,415	68,207
Provision for taxes on income	2,240	3,441	5,278	6,538	13,773	12,260	24,933	38,447	58,108	25,236
Net profit	8,803	7,416	7,737	10,103	19,082	17,677	34,943	44,839	69,307	42,970
Percent gross profit to sales	5·36%	5·75%	6·03%	6·23%	6·86%	7·81%	7·48%	7·69%	9·88%	15·09%

* If fiscal year ended on or before March 31.
† Commissions earned are included in gross profit figure.

STATEMENT 5—MONTHLY SALES AND PROFITS

THE ONTARIO PRODUCE CO. LIMITED

Month	Sales	Gross profit	P.c. gross profit to sales	Commissions	Miscellaneous income	Operating expenses	Operating profit
	$	$	%	*$	$	$	$
1946—January	423,597	31,105	7·3	2,044	225	27,582	3,748
February	347,335	30,437	8·7	1,610	10	24,219	6,228
March	472,497	35,303	7·5	2,211	10	25,208	10,105
April	518,907	40,282	7·8	2,070	28	29,163	11,147
May	523,920	42,653	8·0	3,837	276	27,171	15,758
June	529,120	38,495	7·3	10,095	122	29,044	9,573
July	576,227	58,946	10·2	14,839	50	29,697	29,299
August	388,153	20,175	5·2	16,300	20	32,277	12,081 Loss
September	307,437	20,367	6·6	11,880	90	25,632	5,175 Loss
October	382,241	17,301	4·5	7,831	.....	27,649	10,348 Loss
November	355,515	31,605	8·9	6,443	209	23,510	8,304
December	405,980	35,854	8·8	4,185	.....	28,824	7,030
	5,230,929	402,524	7·69	83,350	1,040	329,976 6·3%	73,583
1947—January	422,110	43,207	10·2	3,616	749	27,319	16,637
February	354,971	42,951	12·1	3,061	523	26,548	16,926
March	368,195	38,612	10·5	3,370	923	32,093	7,442
April	443,685	37,162	8·4	4,006	2,176	31,289	8,049
May	526,477	39,908	7·6	4,398	55	29,822	10,141
June	540,784	36,709	6·8	10,933	145	29,375	7,479
July	538,216	42,368	7·8	16,978	40	33,787	8,621
August	429,777	51,487	11·9	17,779	25	33,654	17,853
September	309,234	24,595	7·9	14,577	89	33,238	8,554 Loss
October	337,735	33,633	9·9	10,000	215	33,741	107
November	357,264	42,441	11·9	7,481	14	31,927	10,528
December	287,566	53,091	18·4	4,824	5	29,515	23,581
	4,916,014	486,164	9·88	101,029	4,959	372,308 7·6%	118,815
1948—January	284,328	48,334	17·0	3,406	2,370	30,915	19,789
February	244,552	48,581	19·8	2,212	70	26,253	22,398
March	319,987	31,227	9·8	3,272	251	28,946	2,532

x Before provision for taxes on income.
* Commissions included in gross profit.

By Mr. Monet:

Q. In order to assist the committee in the study of the information supplied in this document, exhibit No. 105, I suggest that we turn first to statement 4 which shows the annual sales and profits of the company for the past nine years and for the three months ending March 31, 1948. I propose to ask the witness questions on certain key figures which I think will assist us in understanding the other statements to which we will refer later. Mr. Wolfe, will you give in dollars the total sales made by the company for the year 1939?—A. $2,842,913.

Q. I will ask you to speak a little louder. Will you now give us the total sales of the company in 1947?—A. $4,916,014.

Q. So your sales for the year 1947 have increased over the sales for 1939 by a little more than $2,000,000, is that correct?—A. That is correct.

Q. You have listed the commission earned on the fourth line of this statement No. 4 and it has substantially increased over the same period has it not?—A. That is right.

Q. Would you tell the members of the committee what the figure was in 1939?—A. $30,203.

Q. And what is the commission in 1947?—A. $101,029.

Q. Now would you tell the members of the committee the approximate sales volume handled by your company on commission basis in 1947?—A. $837,880.35.

Q. That was strictly on commission basis?—A. That is right.

Q. Would you give the same figure for the first three months of 1948?—A. $75,608.

Q. And your commissions earned for 1947 as already stated were a little over $100,000?—A. That is right.

Q. If we look at your operating profit before taxes, somewhere about the middle of the page, I think you can read to the committee the figure for your operating profit before taxes on income in 1939?—A. $8,355.

Q. What was it in 1946?—A. $73,588.

Q. And in 1947?—A. $118,815.

Q. Now from the figures which you have just given the members of the committee would it be a fair statement to say that your business has grown over the past few years and your profits have increased in proportion even more substantially?—A. I would say yes.

Q. Now, Mr. Wolfe, looking under the heading "executive or partner's salaries", the fourth or fifth line from the top of the page, I notice that salaries were $41,500 in 1947?—A. That is correct.

Q. And they were $28,000 in 1946?—A. That is correct.

Q. That would be an increase of approximately $13,500 for the year 1947?—A. Correct.

Q. Would you tell the members of the committee whether there was any increase in the number of executives or partners in the year 1947 as compared with 1946?—A. There was not.

Q. How many people received salaries under that heading?—A. Three.

Q. Was the increase mentioned there, or which appears there, paid or given to each of those partners in the same proportion?—A. Roughly in the same proportion. I might also indicate, Mr. Monet, that executive salaries remained stable from 1941 to 1946 whereas you will notice other salaries and wages from 1943 to 1947 doubled.

By the Vice-Chairman:

Q. I suppose over the war period the increases that might have been desired by executives simply would not be allowed by the board under the income tax that had that in hand. Would that be a true statement?—A. It would be.

Q. It is true in so many cases, you see.—A. It would be true to say we had more success with the wartime salaries board for members of our staff than we did for executives. That is correct.

Q. The reason it remained constant over these years you have mentioned was that you wanted to increase it but you were not permitted to increase it by the wartime salaries board?—A. Yes.

By Mr. Monet:

Q. As a matter of fact, it appears from this statement that the executives or partners salaries from 1941 to 1946 were practically the same?—A. That is right.

Q. And the increase we notice is from 1946 to 1947 for the reason you have just given.

By the Vice-Chairman:

Q. You jumped them as soon as you could, as soon as they got off your back?—A. That is right.

By Mr. Monet:

Q. I suppose you felt like jumping them before but you could not; is that correct?—A. To use Mr. Robinson's phrase I guess we are all human.

Q. That is what I want you to say. I think everybody understands that and everybody agrees. From the answers you have given us so far would it be a fair statement to say that your company in 1947 had by far the very best year since the operation started?—A. That is right—that is not altogether correct. In 1929—you did not ask for figures that far back.

Q. I mean on the table here as requested from 1939 on.—A. On the table, yes.

Q. If you have some information please give it.—A. In 1929 our percentage of gross profit to sales was 10·47 with a sales volume of $1,348,000.

Q. So the year 1929 was a better year than any of the ones you have listed here in table 4?—A. That is right.

Q. But last year, 1947, was by far the best year since 1939?—A. Right.

Q. Would it also be correct to state that this result of last year happened in spite of the fact that your sales in 1947 were slightly lower than in 1946?—A. That is right.

Q. How do you account for that?—A. The chief contributing factor, as I think statement 5 will indicate, is that in 1946 we had three loss months, August, September and October whereas in 1947 there was only one loss month. I think if you take the totals there you will find the operating results would be roughly comparable otherwise.

Q. Now, on the last line of table 4 you have indicated your gross profit to sales. Am I right—and if I am not you will please correct me—that that would be the difference between the selling price and the cost of the goods sold, in percentage?—A. Yes.

By the Vice-Chairman:

Q. There is nothing else in there except the buying price of the article?—A. That is right, sir.

By Mr. Monet:

Q. So it is the difference between the selling price and the cost of the goods sold; that is correct?—A. Yes.

Q. If you look at the last line of statement 4 you have indicated there your gross profit to sales. Will you tell the members of the committee what the gross profit was in 1946?—A. It was 7·69.

Q. And in 1947—A. It was 9·88.

Q. If you look at those figures it would be correct to state, would it not, that from 1939 to 1946 inclusive the company never made as much as 8 per cent gross profit on its sales?—A. That is right.

Q. I will come to that question later on on statement No. 5. That is why I am asking you now. Would you tell the members of the committee what was your operating profit for the months of January, February and March of this year, 1948?—A. The operating profit before taxes is $44,719.

Q. And that represents 15·09 per cent gross profit to sales?—A. Yes.

Q. Which is much larger for this period than for 1947?—A. That is right.

Q. I notice under the amount of $44,719 in the middle of the page, operating profit before taxes on income for the three months of 1948, the figure of $22,636. Would you tell the members of the committee what that amount represents?—A. That represents railway claims. It has been our practice not to enter claims as assets in our business until they are collected. They are claims for damaged merchandise or late arrivals, and so on. That $22,000 properly belongs to 1947 operations, but I might indicate here that in 1947 there would be roughly the same amount belonging to 1946, and so on. Claims are not entered until they are collected.

—Mr. R. Pinard now presiding as Acting Chairman.

Q. What do you mean by claims, claims you had to pay or that you collected?—A. Claims that were owing by different railways. That represents claims that were collected in the first three months of 1948 that properly belong to 1947.

Q. How do you mean that when your statement does not show anything of the kind for all the period from 1939 to 1948—A. Because in 1947 a similar item would belong to 1946, and in 1946 a similar item to 1945. The reason we demarcated it in 1948 was to indicate it would not give a true picture of our trading profit for the three months. Claims that belong to the three months were entered into the gross profit, but the $22,000 which was properly attributable to 1947 was separate.

Q. What you mean is that should have been entered or could be entered under the amount of $118,000 for 1947.—A. If we were to work it back it might vary maybe one per cent.

Q. Would you have a similar amount in 1946?—A. That is right.

Q. You would have it for every year?—A. That is correct.

Q. I am not blaming you for doing it but why is it that you have mentioned it for this three months period and you did not mention it for the other years from 1939 up to now?—A. Because in the other years it is included in the operating profit.

Q. But for these three months it was not so that is why you gave it?—A. That is correct.

Q. Would you tell the members of the committee exactly what these claims represent, what sort of claims they are?—A. When merchandise arrives in the Toronto market—I am talking of imported merchandise—sometimes it arrives in a damaged condition due to shunts, poor equipment, due to railroad wrecks, due to poor loading at the shipping point, due to any one of a variety of reasons. The Canadian Fruit Wholesalers Association handles claims, or has set up an office in Toronto to settle claims for all wholesalers. A representative of the association goes to the track, inspects the damaged merchandise with a representative of the railroad and they arrive at a settlement. Subsequently the settlement is approved by the railroad and the claim is paid. Generally these claims are paid anywhere from 60 days to 18 months following settlement.

Q. Can you tell the members of the committee what proportion of this amount would really come in the year 1947?—A. All of it. The actual claims settled for 1948 were included in the gross profit.

Q. By the end of the three-month period ending March 31, 1948, would there be any outstanding claims at that date which have not been included and which are in suspense?—A. No, for the purposes of this survey we included everything whether it has been settled or not. Whether we had been paid for it or not we included the settlement arrived at by the wholesalers association and the railroad.

Q. So that for every claim that may be open there was an assessment made, and that is included there?—A. That is right.

Q. I would ask you to turn to page 5 of your statement which shows monthly sales and profits for each month during 1946, 1947 and the first three months of 1948. I notice your sales volume for the month of December, 1947, and the first three months of 1948 is below the volume for the corresponding months of the previous year. Is that correct?—A. That is correct.

Q. I did some calculations, and you will correct me if they are wrong. As far as my calculations are concerned your sales for those four months, December, 1946, January, February and March, 1948 . . .

The ACTING CHAIRMAN: You mean 1947?

Mr. MONET: 1947, amounted to $1,551,000, and only to $1,137,000 for December, 1947 and January, February and March of this year. Do you want to figure it out and tell me whether or not it is correct or are you willing to take my figures?

The WITNESS: I will take your figures.

By Mr. Monet:

Q. Will you tell the members of the committee how much that difference would be in dollar volume, the difference between $1,551,000 and $1,137,000. How much would that be in dollar volume? I have figured it to be 27 per cent.—A. Oh, I see what you mean.

Q. Percentage; I figure it to be 27 per cent.—A. All right, we will accept your figures.

Q. I take it that prices were generally higher in 1948 than they were in 1947, were they not?—A. I would think so.

Q. You would think so. Would you just think so or would you say so? You were selling your goods at a higher price in 1948?—A. Some things we were.

Q. But in general as to the average?—A. I would say generally speaking that statement is correct.

Q. Would it be fair to state that your physical volume of fruits and vegetables was down by more than 27 per cent, the same percentage?—A. Yes, sir.

Q. It would. Now, I want to draw your attention to the gross profits to sales for the few months we are going to consider together.

Mr. LESAGE: For the same months?

Mr. MONET: Yes, I will refer to them one by one.

By Mr. Monet:

Q. You have told us that until 1947 your gross profits to sales had not averaged as much as 8 per cent over the years. Is that correct?—A. With the exception of this earlier one.

Q. 1929?—A. Yes.

Q. Would you tell the members of the committee what was the percentage of gross profit to sales for the month of November, 1947?—A. It was 11·9.

Q. You will find that in the third column under the item "Gross profit to sales". For November, 1947 it was—for December, pardon me . . .

The ACTING CHAIRMAN: November.

By Mr. Monet:

Q. November it was 11·9, and for December, 1947?—A. It was 18·4.

Q. And for January, 1948?—A. It was 17.

Q. February, 1948?—A. It was 19·8.

Q. March, 1948?—A. It was 8·8.

Q. Would you have any comment to make to the members of the committee as to the very large percentages that you have just given us as compared with the highest percentage you had in previous years?—A. I would say that there were two chief factors. The first would be practically the total elimination of the waste factor, all merchandise sold and all sold at a profit, and secondly, the increased prices of merchandise, the enhanced value of the stocks we did carry, or were forced to carry as normal supplies.

By Mr. Lesage:

Q. Increased gross margin?—A. That is right.

Q. Why did you increase it?—A. Why did we increase it?

Q. Yes.—A. We never increase our gross margin. We attempt to sell our merchandise at the market prices, whatever the market might be, but gross margin very seldom enters into the calculation in setting prices for this merchandise.

Q. I notice for volumes of sales which were much higher in January, February and March of 1947 your gross margin profit was less than the gross margin profit that you obtained this year on a much lower volume of sales. That is correct?—A. That is correct.

Q. The reason you give is that what you intended to do was not to secure a higher gross margin but it was to sell at a price which would be as high as the traffic would bear?—A. Sell at the market price, yes.

Q. To secure as much as you could?—A. That is correct.

Q. And pay the cheapest price you could?—A. That is correct.

Q. Then that is your policy?—A. I might clarify it slightly by pointing out, as I did before, that we handle both domestic merchandise and imported merchandise. It is our duty as commission agents to secure the highest possible price for growers of produce. At the same time it would hardly be consistent if we were to sell growers' carrots at $4.50 a bushel and sell our own at $3 or $2.50. The price is set by whatever the market is, whatever demand and supply indicate.

Q. You secure as much as supply and demand allow you to take?—A. That is right.

Q. You pay as cheap prices as you can expect when you are acting as a commission agent, which is different?—A. That is right.

Q. That is a good reason for the increase in price, anyway.

By Mr. Monet:

Q. You speak of the market price. While we are on this question in your opinion who or what makes the market price? We have heard Mr. Robinson tell us his opinion. Would you give us yours? What sets the market price? You say that you sell at the market price, and I suppose the retailer purchases at the market price and the consumer buys at the market price. Please tell the members who sets the market price?—A. No individual, I would think, sets the market price. I think the market price is the result of a number of counterbalancing factors. We do not arrive at the market price until we arrive at that point where supply and demand are roughly equalized, or where there is a steady movement of merchandise. If merchandise moves too slowly the price is too high. If it moves too rapidly the price is too low, and when you

reach that point where there is, let us say, a steady movement, or just sufficient buyers to take the produce from the market, or conversely just sufficient produce to satisfy demand, we have the market price.

By Mr. Lesage:

Q. Is not the market price the effect of the bulk of the offers for sale against the bulk of the offers to purchase?—A. I would say that controls it.

Mr. KUHL: That is the same thing in other words.

Mr. LESAGE: No, fewer words.

Mr. KUHL: The law of supply and demand.

By Mr. Monet:

Q. There would also be the element of competition, I suppose?—A. Yes.

Q. That would apply.—A. Yes.

Q. Is there a lot of competition in that trade?—A. There is generally keen competition in a depressed market.

Q. We were told in the very substantial description Mr. Robinson gave us in his brief that there would be quite keen competition, I understand.—A. That is right.

Q. Because there are a lot of people engaged in that field?—A. That is right.

Q. There are all sorts of denominations. They are out to get the fruits and vegetables?—A. That is correct.

Q. That would create very great competition?—A. Correct.

By the Acting Chairman:

Q. Is it not a fact that the price is also determined very much by the policy followed by the most important wholesalers? In other words, the price is practically set by the more important wholesalers?—A. No, I do not think so.

Q. What they are asking is paid by the consumer or by the retailer?—A. I do not think so. If I were the largest wholesaler and I wanted to sell my carrots for $2 a bushel and the market was $5 it would not influence the market to any great degree. The only thing that would happen would be I would be out of carrots in about one hour. The market would still be $5.

Q. And if you put your price higher?—A. If you put your price higher you would not get it.

Q. But there must be some influence exercised by the more important wholesalers?—A. The only influence that could be exercised would be an influence based upon stocks held. If a wholesaler held 90 per cent of the merchandise then he could influence the market, but I do not think that is the case or ever has been the case in the Toronto market.

Q. In your own case would you be in a position to estimate what proportion of the market in Toronto you are holding?—A. What proportion of the market?

Q. Yes, of the market you have under your control, what proportion?—A. We do not control any proportion of it. There are twenty-two dealers in Toronto.

Q. Are you not in a position to?—A. I would say our sales volume might be roughly about $\frac{1}{6}$ of those twenty-two dealers.

Q. One-sixth of the 22 dealers?—A. Yes.

By Mr. Lesage:

Q. Following the chairman's question is it true that if you, together with the other wholesalers, based your prices on your costs plus a reasonable margin to secure a reasonable profit that such a policy would have the effect, or would have had the effect over the last few months, of reducing prices to the consumers

in Toronto?—A. Well, you cannot calculate costs in the produce business. Our costs might be $2 for a bag of potatoes, and by the time we sold it 25 per cent of it might be rotten, which would materially raise our costs.

Q. You can take an average for waste. There is no doubt about it? —A. You cannot take an average for perishable goods at all because there are hosts of examples where carloads of merchandise have been dumped.

Q. But the experience of the past may serve as a guide to you? I have only to look at your figures to see that you know in advance where you are going. With such a margin as you have taken, for instance, in December and January, if you had based your prices more on cost you could have secured a reasonable gross profit, and at the same time you would have reduced prices to the consumer? —A. You mentioned a reasonable gross profit. I submit to the committee that 17 per cent or 18 per cent is substantially a reasonable gross profit for this type of industry; in view of the risks involved, and the nature of the merchandise handled, it is not a large margin. I would say in the years prior to 1947 our industry was operating under the most depressed of conditions. I can also bear that out by indicating to you that the Wartime Prices and Trade Board during the war allowed us gross profit margins of from 12½ to 25 per cent.

Q. I am not interested in what the Wartime Prices and Trade Board did. I am not here to judge them, but one sure thing is that with a 10 per cent gross profit for the year 1947 on the average you made on operating profit before taxes on income of $118,000 after taking out executives or partners salaries of $41,500. And you say it is now 9·8 per cent?—A. If you look at statement 5, Mr. Lesage, under operating expenses for 1948, you will find that the total quantity would work out at 9·8 per cent due to reduced sales. Now, that is the highest percentage on operating expense we have ever had in our company. In view of the increased operating expense and reduced sales and the reasons involved I do not think that the gross profit is disproportionate.

Q. I did not say it was disproportionate, but I think I am right even with regard to your operating profit for December of 1947, and January and February of 1948, they are higher than for the corresponding period of 1946, the operating profit after deducting operating expenses?—A. Well, that is correct; but as individuals I do not think we are in a position—

Q. Do not think I am blaming you, I am just inquiring.—A. If the trade were regulated in the manner in which you indicate; yes, something could be done.

Q. Something could be done?—A. Yes.

By Mr. Kuhl:

Q. What do you mean by the trade being regulated?—A. I am not suggesting any regulations, sir.

Q. This is a hypothetical question?—A. I see, it is a hypothetical question. I would think it would work if we could allow prices to come down so we could keep prices at a certain level and at the same time permit the wholesaler to stay in business on the restricted volume, then I say that a certain policy could have been introduced that could do that.

Q. Certain policy by wholesalers themselves?—A. No, I was thinking of a certain governmental policy.

Mr. LESAGE: I do not think you need a government policy, you should work out your own policy. I think the wholesaler should make a fair policy to take a reasonable portion or usual profits on sales instead of following a policy of selling at the highest price the market will bear. It needs to be checked, and I think the check should be done by the wholesalers themselves, and it would be much better for them too if they want to save our system. It is a sure thing

that if business does not rule itself now and be content with reasonable profits we are not the ones who are going to suffer, they are the ones who are going to suffer.

Mr. KUHL: Mr. Lesage pointed out a moment ago that he was offering no criticism, now he is suggesting that they should take on reasonable profits—

Mr. LESAGE: I did not say unreasonable, I said usual profits.

By Mr. McGregor:

Q. You made a remark a few minutes ago about profits allowed by the Wartime Prices and Trade Board; doesn't what you make come within that scope?—A. Yes, it does, I think.

Q. Were the profits you were allowed by the Wartime Prices and Trade Board more or less than what you have today?—A. They were both more and less. On tomatoes I believe we were allowed 25 per cent markup, citrus fruits during the war, 15 per cent markup, at the present time, 17 per cent markup; deciduous fruits 12½ to 15 per cent; and, on vegetables, 15 per cent.

Q. Take for instance vegetables, are you making more or less than 15 per cent on vegetables today?—A. Today we are making considerably less than 15 per cent. We are making nothing.

Q. So in other words you would be better off under Wartime Prices and Trade Board than you are now?—A. Much better.

By Mr. Monet:

Q. With respect to the statement you just made, when you referred to today do you mean the last six months?—A. I am speaking of today.

Q. What does it mean, does it mean today?—A. At the present time.

Q. Well, let's speak about the months in question?—A. The months in question are not a true indicator. If you will look at the past years, there is absolutely no pattern whatsoever. One month may give you high sales with low profit and another month may give you low sales with high profit. We handle so many varied items all of them highly perishable and all of them subject to fluctuations in weather, fluctuations in quality and so many different market conditions that you cannot properly appraise the year until the year is over. That is why I would say that January, February and March were not true indicators of what is going to happen for the rest of the year.

Nevertheless, for the year 1947 as a whole, the twelve months—whether, your fiscal year ending December 31, 1947, you did say a few minutes ago that the figures of profits on sales was 9·88?—A. Yes.

Q. Which is a little more than two points over the year 1946?—A. Yes.

Q. That means in general that the gross profit to sales was more substantial than the year before?—A. But I also pointed out, Mr. Monet, that in the case of September and October of 1946, we took substantial losses whereas in 1947, we only experienced one loss and that accounted for most of the difference.

Q. That is correct. That is why I do not think the answer you gave me a few minutes ago was correct. According to these statements, taking the year 1947, as a whole, you made much better profits than you did in 1946?—A. That is right.

Q. Is that right?—A. That is right.

Q. Starting with November you made a gross profit to sales of 11·9, and that got up to an even higher level in the month of December, January and February of 1948?—A. That is right.

Q. And apparently in the year 1947, as a whole from January to December inclusive your gross profit to sales is quite steady reaching a very high point at the end of the year of 18·4; isn't that correct?—A. That is right.

Q. So that taking your operations as a whole your gross profit to sales is much more substantial in the last six or seven months than it was before; isn't that right?—A. In the last four months I should say, excluding March.

Q. Yes, it is 9·8?—A. Yes.

Q. Now, in the same line, and going to these figures; if we look at the last column statement 5, under the heading "operating profit" I notice that for December, 1947 your operating profit was $22,581, and if you compare that with December of 1946, there is a very large, a substantial difference, is there not?—A. Yes.

Q. What is the figure for December, 1946?—A. $7,030.

Q. That is against $23,581 for December of 1947?—A. Yes.

Q. And that explains the 18·4 gross profit to sales that you show there and to which you have referred?—A. Yes.

Q. Now I also notice that during January and February of 1948, your operating profit was higher than in the corresponding months of 1947?—A. Yes.

Q. That is your profits also expand—the gross profit to sales in January and February were 17 and 19·8?—A. Yes.

Q. So that from a study of these two statements, 4 and 5, statement 4, the annual sales and profit, in statement 5—monthly sales and profits; would it be a fair conclusion to draw that while your sales value—and I want you to follow me closely in this question because this is important—while your sales value has fallen by say 27 per cent—as you said before—since November of 1947, and in volume by more than this amount; would it be a fair conclusion to draw from an examination of these two statements that your company already has been able to carry its operations on at a profit which is higher than has been obtained before since 1929?—A. I would say that was fair, yes.

Q. And even by a quite substantial margin?—A. Yes.

Q. Now, I would like you to refer to statement 2.

Mr. IRVINE: Mr. Monet, are you leaving page 5, now?

Mr. MONET: Yes, Mr. Irvine; and if you have any questions to ask with regard to that I think this would be the appropriate place for you to ask them.

By Mr. Irvine:

Q. I notice the gross profit for the year 1948, was $48,000, which represents the gross profit to sales of 19·8; is that correct?—A. That is right, yes.

Q. And commissions were $2,212?—A. Yes.

Q. And the next month your gross profits were $31,272, which compares to the 9·8 of gross profits; and your commissions were $3,272; which means that you got thousands of dollars more commission for handling $10,000 worth of goods. How does that come out to be 9·8?—A. Well, first of all the commissions are included in the gross profits.

Q. I see.—A. I think that will answer your question.

Q. It does partly, but still you were charging apparently a higher rate of commission to have $3,272.—A. Our commission sales amounted to $28,673, as opposed to $18,410.

Q. Where are you quoting from now?—A. I am quoting from information of my own. I was not asked for the commission sales so I did not list them, but I can give them to you, if you wish. The commission sales are included in the gross sales on the chart.

Q. And you do not get a commission on all your sales?—A. No, only on the consigned merchandise.

Mr. IRVINE: All right, Mr. Chairman; I think that is all I have.

Mr. MONET: Now, Mr. Chairman, I want to direct your attention and the attention of members of the committee to Statement No. 2, which shows the average selling price for various fruits and vegetables on each Thursday during

the period the 2nd of October to the 22nd of April, except that as Christmas and New Year's days fell on Thursdays, for those dates the date previous has been selected. You will note in the first money column is shown the price of size 288 California oranges per crate. I want to make this explanation now so that you will be able to follow the questions which will be asked in regard to these statements 2 and 3. I have told you about statement 2. On statement 3, is shown for the same fruits and vegetables as were selected on statement 2, the laid-down cost of the most recent purchase. On those Thursdays on which no supplies were available of those particular size of orange, the company has filled in the letters "NA" meaning "not available". For the convenience of the committee, the secretariat has prepared a comparison of certain of the selling prices shown on statement 2, and the laid-down cost of the most recent purchases shown on statement 3. I now propose to distribute copies of this comparison to the committee as I think you will find it more convenient to follow certain comparisons in this way. I do not think, however, Mr. Chairman, that it is necessary to put this comparison in the record as the information is already contained in statements 2 and 3. This special statement was prepared to help members of the committee by affording a ready comparison of figures on statements 2 and 3, instead of having to turn from one page to the other and back again. In making this comparison, I would warn the committee that it will probably be true that in certain cases erroneous conclusions could easily be drawn as sales may not have been made entirely from the most recent purchases; or alternatively, the average selling price on a certain day may not be representative of the average price realized from the most recent purchases. Nevertheless, I think the comparisons will be useful, and Mr. Wolfe will no doubt be able to tell us of any unrepresentative relationships which may enter into the making of any such comparison.

Mr. LESAGE: Have you many questions on this?

Mr. MONET: Yes, I have.

Mr. LESAGE: Then, Mr. Chairman, I think we had better adjourn.

Mr. MONET: I think that they should be distributed first.

Mr. LESAGE: Oh, yes.

(Mr. Maybank resumed the chair.)

The VICE-CHAIRMAN: Mr. Monet will be following up with questions and probably a considerable number based on this, and as it is now very close to 6 o'clock I think it would be better to wait rather than to open it up now.

The committee stands adjourned until the usual time tomorrow.

The committee adjourned to meet again tomorrow at 4 o'clock p.m.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 57

WEDNESDAY, MAY 12, 1948

WITNESSES:

Mr. R. D. Wolfe, Secretary and General Manager, The Ontario Produce Company, Limited, Toronto, Ont.

Mr. David Austin, Assistant General Manager, The Ontario Produce Company, Limited, Toronto, Ont.

Mr. H. E. Stronach, General Manager, Stronach & Sons, 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, May 12, 1948.

The Special Committee on Prices met at 4.00 p.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Harkness, Irvine, Kuhl, McGregor, Maybank, Mayhew, McCubbin, Pinard, Thatcher, Winters.

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

Mr. R. D. Wolfe, Secretary and General Manager, and Mr. David Austin, Assistant General Manager, The Ontario Produce Company, Limited, Toronto, were recalled and further examined.

Witnesses discharged.

Mr. Irvine moved that this Committee report to the House and ask for power to make recommendations with a view to reducing prices by some method other than the voluntary method.

Motion negatived on the casting vote of the Chairman.

Mr. H. E. Stronach, General Manager, Stronach & Sons, Toronto, was called and sworn.

At 6.00 o'clock p.m. witness retired and the Committee adjourned until Thursday, May 13, at 11.00 o'clock a.m.

R. ARSENAULT,
Clerk of the Committee.

12691—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 12, 1948.

The Special Committee on Prices met this day at 4 p.m. The Vice-Chairman, Mr. Ralph Maybank, presided.

Raphael D. Wolfe, General Manager, Ontario Produce Company Limited, recalled.

David Austin, Assistant Manager, Ontario Produce Company Limited, recalled.

Mr. MONET: Mr. Chairman, at the adjournment last night we were dealing with statements 2 and 3 of the exhibit filed by the witnesses. I would now ask Mr. Wolfe or Mr. Austin, dealing with oranges, how they purchase the oranges sold by the company. Do you purchase them in carload lots?

Mr. AUSTIN: They are purchased always in carload lots.

By Mr. Monet:

Q. (To Mr. Austin): How many carloads would you normally handle in a week?—A. Four to five cars.

Q. What would be the quantity of crates of oranges by carloads?—A. There are 561 cases to a car.

Q. Do you sell directly from the car or do you first remove the oranges to your warehouse and then proceed to sell them from the warehouse floor?—A. We sell both ways.

Q. What proportion would you sell directly from the car and what proportion would you sell from your warehouse?—A. On a fast moving market we would sell 40 to 50 per cent direct from the car. In the event of a dull market that might be reduced to about 10 per cent.

Q. On a dull market you would bring more to your warehouse?—A. Unload in the warehouse.

Q. For what length of time would you keep them in the warehouse?—A. That depends entirely on the market. There are various sizes of oranges in a car. Some of them may move rapidly and some may move very slowly. It has been known to hold oranges in storage due to lack of demand for as long as a month or five weeks. We do not like to hold them that long. We like to sell within a week after arrival to ensure fresh delivery to the consumer.

Q. Did you at any time since last November hold oranges for any longer period than usual in the policy of your company?—A. No.

Q. To get a better price?—A. No, a much shorter time because the movement was active.

Q. Now, Mr. Austin, I should like you to refer to your statements 2 and 3, or the document that has been given to the members of the committee, and of which you have a copy, which is a comparison of both statements. I note from the period October 2 to November 13 that the difference between your selling price per crate and the cost of the most recent purchase ranges from a margin of 90 cents to a loss of 5 cents a crate. Would that be correct?—A. That is right.

Q. Would you also check and see if the average for those weeks to which I have just referred would be approximately 20 cents a crate?—A. That is true according to the figures. It is not an absolutely definite fact that the oranges for which we show the cost are the identical oranges for which we show the selling price due to the fact that there may have been cars imported during the week which have overlapped with one another. We give our cost for our most recent purchases. We give our average selling price. There may be some variation in the actual margin of profit received.

Q. For the same week I agree, but for a period of 8 or 10 weeks I presume the average of 20 cents a crate I have just referred to would be correct?—A. That is correct.

Q. The members of the committee were told previously by Mr. Jamieson at page 252 of the evidence that the normal reasonable mark-up on citrus fruits previous to the war, in normal times, if the price did not exceed $5 a case, would be 50 cents a case, or approximately 10 per cent. Would that be correct?—A. That is correct.

By the Vice-Chairman:

Q. That is correct, that statement of Mr. Jamieson of quite some time ago?—A. That is an average.

By Mr. Monet:

Q. Then, Mr. Austin, this margin in October and early November to which I have just referred, which averaged approximately 20 cents a case, would be in your opinion a reasonable mark-up under normal free market conditions?—A. No, that is under depressed market conditions.

Q. If not, what in your opinion would be a reasonable mark-up on a crate of oranges selling at approximately $5 a crate?—A. A reasonable mark-up would be in the neighbourhood of 75 cents a case.

Q. How many dozen oranges are there in a case?—A. The oranges we are considering now, 288's, California oranges, 24 dozen.

Q. What would be the mark-up of 75 per cent?—A. 75 cents per case. It would be a mark-up slightly in excess of 3 cents a dozen.

By Mr. Irvine:

Q. Is a case a crate?—A. A case or crate is the same thing.

By Mr. Monet:

Q. Now Mr. Austin, I want to refer you to this statement of yours, or the document filed. On November 20 the price of oranges had increased from $5.21, your average selling price had increased from $5.21 to $6.67 a crate. Is that correct?—A. That is correct.

Q. If you look at the next column your most recent purchase had only increased by 25 cents. Is that correct?—A. That is correct.

Q. As a result of the selling price the gross margin on a crate had climbed to $2.12 a crate. Is that correct?—A. Correct.

Q. Or 31·8 per cent?—A. Yes.

Q. In your opinion, Mr. Austin, is this margin of $2.12 a crate just a fair mark-up or an abnormally high mark-up in your trade?—A. It is an abnormal mark-up, but it is not unprecedented.

Q. Can you tell the members of the committee the reason why at that time you took such an abnormal mark-up?—A. The reason why the price of oranges averaged $6.67 on November 20 was strictly a supply and demand proposition. November 20 was three days following the announcement of the austerity program, and as you have been previously informed that was a wild week of buying, and prices naturally advanced under the pressure of that demand.

By Mr. Thatcher:

Q. When Mr. Robinson of the Ontario Producers was here he accused the wholesalers and the distributors, to use his own words, of inspiring the furore over fruit and vegetable prices while taking a good profit themselves. Would not this figure here almost lead the committee to believe that the wholesalers might have done that?—A. Well, if you will notice the date, three days is hardly time enough for a campaign of that kind to bring results. The campaign brought about the excitement principally on domestic vegetables.

By Mr. Kuhl:

Q. What quantity of oranges was involved at this particular time?—A. At that particular time there were limited stocks.

Q. On November 20.—A. November 20. This particular statement deals only with 288s. Unfortunately I cannot give you the manifest of our car, but it could have ranged anywhere from 50 to 125 boxes of that particular size fruit in the car. The largest size fruit cost more money and the margin of profit was materially lower.

By Mr. Irvine:

Q. Do you think it is a satisfactory answer to say that the demand justified you in jumping your price from a buying price of $4.30 or $4.55 to $6.67?—A. I think that was possibly explained yesterday. We cannot control the price. The price is controlled by the pressure of demand, likewise a price declines when the demand slackens off and the supply increases. As you will note during October we sold at a very narrow margin with slight losses owing to dull demand.

By Mr. Thatcher:

Q. Can you say what inventory you had on hand when the American embargo was announced?—A. It was a very, very light inventory. I could not give it to you in boxes but it was very, very light due to the fact that we were in between seasons on California oranges. The summer crop was just finished and the winter crop of navels had not begun its full flow.

Q. Did you take your stock on hand and immediately advance your price and take the full price?—A. No, there was practically no advance on the market on the morning of the 18th.

Q. Three days later it had gone up to a profit of $2.12 per crate?—A. That is true.

Q. Would a lot of that be due to the fact you had stocks on hand and took advantage of that?—A. No, they were fresh arrivals.

By Mr. Monet:

Q. On the same line of questioning it was said yesterday that the trade sets the market price. Do you agree with that?—A. No. The market price of any commodity is set by mutual agreement between the buyer and the seller controlled by the competition around the street. We cannot ask a price for merchandise higher than our competitors nor can we go out and sell for less if we are going to stay in business very long.

By Mr. Thatcher:

Q. Would it not be fair to say you have taken advantage of that situation when the American embargo came into effect to take profits which, as you said yourself, were very abnormal?—A. We reaped the benefit from the circumstances. We did not take advantage of it. We reaped the benefit.

Q. If you had taken your normal profit there of 91 cents which you took on oranges on November 13 the price of oranges would not have been $\frac{1}{5}$ or $\frac{1}{4}$

more per crate, 20 or 25 per cent? You forced the price of oranges up 20 or 25 per cent?—A. We have not forced—

Q. By taking—

The VICE-CHAIRMAN: Let him answer.

The WITNESS: If the market price was generally $6.67 and we chose to maintain our margin at 91 cents we would have been offering our fruit at $5.46. One buyer could come in and take our oranges completely away from us because it is $1.50 below the market.

By Mr. Thatcher:

Q. But you would have been selling your oranges at a normal price and keeping the price to the consumer more reasonable.—A. We cannot control the price to the consumer.

Q. You control your own mark-up. If you had taken your standard mark-up the price to the consumer would have been 20 to 25 per cent lower?—A. We do not control the retail mark-up.

Q. You could control the retail mark-up of your own produce?—A. No, we could not. We have no control over the market.

Q. You mark up your own oranges at any price you like. If you had taken the standard mark-up the price of your oranges would have been considerably less.—A. If we had sold them at $5.46 to the retailers how do we know they are going to reach the consumer at a similar level plus the retail mark-up?

Q. Possibly you do not know definitely, but you know they will reach the consumer a lot higher if you take such an excessive mark-up.—A. Not necessarily. The retail mark-up is pretty well controlled by the retail chain advertisements. The independent man cannot get any material price above what the chain store advertises his merchandise at. Therefore if he cannot buy from the wholesale market at a price to compete the demand lessens and we must bring our price down. If he can buy them and sell at a competitive price he takes them, and that is the market. We have no control over it.

Q. It would appear on the surface that all companies in Toronto which did that very materially pushed the price of oranges up. You did it intentionally, I suppose, and you did it in a way that was bound to spiral and cause greater increases, and you did it when it was not necessary because if you had kept your normal profit you could have got along.—A. I have tried to explain to you that we are only one of a large group of fruit dealers in the Dominion of Canada.

Q. You are one of the main ones in Toronto, and if everyone does that——A. If everyone does, but how can we get everyone to do it? We have no control over our competitors.

Q. No, but you could have set an example.—A. Let me put it this way. If we were able to get the Toronto trade together to maintain a lower level on the price of our produce could we not likewise get them together to hold prices up at some time when supply and demand could bring lower prices?

Q. I am not suggesting you should have got together, but I think possibly you could have set an example. It looks like the example you set was a bad one. You took all you could get. Maybe I would do the same thing if I were in your spot.—A. Maybe we set the example because we are the first wholesaler called before this investigation.

Mr. KUHL: Do they not do that in the hardware business?

Mr. THATCHER: Not entirely.

By the Vice-Chairman:

Q. I should like to ask this question. Is there any difference between reaping the benefit and taking advantage? Do those two expressions not mean just the same thing?—A. Well, the meaning is slightly different. If we have control of the

major portion of the merchandise on the market for sale, yes, we can take advantage. We can shove the price up and hang on to it and say, "You pay the price or do without", but if a combination of natural circumstances in trading practice brings the price to a higher level, and we have a portion of the merchandise then we are going to reap some benefit from that higher market.

Q. Then whether or not there is any difference in the expressions in the mind of the average person you would have us understand the meaning you ascribe to the one is that it implies that you have created the advantage which you subsequently take, and in the other case you have not created the condition. It is created by other forces?—A. Yes.

Q. And you are a beneficiary?—A. That is right.

Q. I want to make it clear that is your definition of your own terms, which is quite satisfactory, of course, but I am not sure that in popular usage there is any difference in meaning at all.—A. Possibly not.

Q. That makes no difference if you ascribe those meanings and we understand that. Taking advantage might be better described as driving an advantage, and the other is more passive; is that right?—A. That is right.

Mr. KUHL: How would that reasoning apply in the case of a loss?

The VICE-CHAIRMAN: Do you mean the reasoning on my part?

Mr. KUHL: Yes.

The VICE-CHAIRMAN: I am only fixing the term. I was not drawing any conclusion; I just wanted to make sure what the witness meant. I think probably we might ask the witness how he would operate in such a case but I was not making any declaration, Mr. Kuhl. I wanted to make sure of the meaning ascribed by the witness to the term which he had given us.

By Mr. Thatcher:

Q. Mr. Robinson said also that the wholesalers are inclined sometimes—and I will use his words—to juggle and switch imports in order to cash in on scarcities and high consumer demand. Would your company have done that during the week of November 20? Did you change your quotas at all?—A. In the first place, in the week of November 20 the quota machinery had not been set up and the merchandise that was on hand for sale for that particular week covered commitments prior to November 17.

Q. Would you then say that Mr. Robinson's statement is not a fair one in so far as your company is concerned?—A. Definitely. I do not think he made the statement that all wholesalers did that—I think he said some of them—and I think he said it was a fringe of the wholesale trade.

Q. I just wanted to make sure that your company was not one of those? —A. No.

Q. After this embargo was put on did your company make any representations to the government that the quota should be taken off, or have you been advertising in the Toronto papers suggesting that quota should come off?—A. No.

Q. You have not done that?—A. No.

By Mr. McGregor:

Q. How many cases were sold at that particular price?—A. On that particular day?

Q. At any time?—A. You are speaking of November 20?

Q. Yes?—A. I estimated for one of the other members that the number would be somewhere between 50 and 125 cases.

Q. You said a moment ago that you sold 4 cars a week?—A. Yes.

Q. How would it be that if you normally sold 4 cars a week you would only sell 125 cases in 1 day?—A. We are speaking of the 288 size, there are 6 or 8 different sizes in a car.

Q. Did you get the same proportion of profit with respect to the others?—A. No, we had similar wholesale prices but the profit would be smaller by reason of the increased cost.

Mr. MONET: This 288 size is the most popular size?

The WITNESS: It depends upon conditions but it is the most popular standard size.

By Mr. McGregor:

Q. Do you know how many cases of the other sizes you sold? Have you any records to show how many cases of oranges you sold that day?—A. I have not got that information.

Q. Did all other wholesalers sell that same class of oranges at the same price? —A. Approximately the same price—that was the market price.

Q. You have a commission agents' association?—A. The Toronto Wholesale Fruit Merchants' Association.

Q. Yes. Did that association have anything to do with the setting of the price?—A. No, absolutely not.

Q. How do they get together to set the price on the same day?—A. They do not get together.

Q. They do not get together, but they just do it, is that it?—A. Each individual sets his own price and before trading is carried on for an hour in the morning the general average market price becomes fairly uniform. It must become uniform because we have the same buyers covering the entire market and when one group of buyers is willing or is not willing to pay certain prices the market must fluctuate up and down according to the demand.

Q. Is it not strange that overnight the price of oranges should jump from $5.41 to $6.67 and we find that everyone is selling at the same price?—A. No, that is not an overnight jump. It is a week's spread which is shown on this chart. The price gradually settled at that level during the week of November 17. The market does not jump suddenly.

Q. There is no question of the association setting the price at all?—A. Absolutely none.

The VICE-CHAIRMAN: Are you through, Mr. McGregor?

Mr. MCGREGOR: Yes, for the moment.

The VICE-CHAIRMAN: Could we take the price on one day?

Mr. MONET: November 20.

The VICE-CHAIRMAN: What is the price on that day?

Mr. MONET: $6.67.

By the Vice-Chairman:

Q. That does not mean that every case sold at $6.67?—A. No.

Q. That is the average of a considerable number of sales that occurred during that day?—A. Yes.

Q. That is the point to which you remarked they had settled?—A. Yes. There might be a range of $6.50 to $7 or $6.25 to $7 but it would strike that particular average.

Q. Would you know the high and the low prices related to the average of $6.67?—A. I can only guess, Mr. Maybank. The range of prices on our market, if the market is reasonably steady, is somewhere close to ½ a dollar a box.

Q. $6.67 plus ½ a dollar or minus ½ a dollar?—A. No, $6.67 plus 25 cents or minus 25 cents.

Q. Making ½ a dollar from one end of the rangs to the other?—A. Yes.

By Mr. Monet:

Q. But $6.67 is still the average price for the 288 size of oranges?—A. Yes.

Q. It is not for all oranges?—A. No.

By Mr. McGregor:

Q. What would be the percentage of your orange sales represented by this size 288?—A. That would depend entirely on crop conditions in California. In some periods we have cars which run extremely heavy with respect to that size, but on other occasions we find they run very light. At that particular time those oranges were running somewhere between 50 and 125 boxes per car and the balance of the car consisted of the larger sizes—which would mean 400 or 450 boxes of the more expensive oranges.

Q. How many cases of this size did you say there would be in a car?—A. 50 to 125. Here is a representative manifest at about that time and there were 85 cases of size 288 in the car.

Q. What date was that?—A. November 21. That car had 85 boxes and 15 boxes of a smaller size—size 344—and the other 460 boxes are of a larger size and they cost more money.

Q. What was your profit on the larger sizes?—A. On the larger sizes the profit would be lower because the selling price was fairly uniform for all sizes throughout that particular day.

Q. How much was the profit on those larger sizes?—A. The 150-176 size, which is a large orange, cost $6.30 at that particular time.

By Mr. Monet:

Q. For what price do you sell them?—A. The selling price was reasonably similar although I have not got the actual selling price here. Mr. Wolfe might have them in the documents. It appears those oranges sold from $7.25 to $7.50 which would average probably $7.35 on the large fruit.

Q. The cast was $6.30?—A. That is correct.

Mr. McGregor: You made over $1 a case on them?

The Witness: That is right.

Mr. Thatcher: What about February 5, that figure is the largest of all? What is the explanation?

Mr. Irvine: Supply and demand.

The Witness: By February 1 the system of quota was functioning and the supply of oranges was greatly reduced.

By Mr. Thatcher:

Q. Just a minute. When you say supply or quota, that is the government quota?—A. The import quota.

Q. Yes?—A. The supply of oranges was 50 per cent of the dollar value for the basic year.

Q. Yes?—A. That reduced the quantity of fruit on the market much below the demand, and once again supply and demand took over and our selling price at that particular time was $6.22.

Q. In other words because you had only half the volume you doubled your price on what you did have?—A. We did not double the price, the demand forced up the price. You will notice at that particular time the cost price was the lowest of any period covered by this chart.

Q. Excuse me for interrupting but I do not think your statement is fair when you say that demand forced up the price. After all, when you mark your oranges you can mark them at anything you choose, and when you take a mark-up like that overnight you are not forced to do it. You are taking advantage of a situation. I am not saying that I blame you, but I do not think it is correct to say that demand forced you to do that.

The Vice-Chairman: Just a moment, perhaps we could just see if we can get that point clear as between you and the witness. The witness is saying competition does so and so, but you, Mr. Thatcher, are pointing out that he is

not forced. As I understand it, the witness is stating what is usually in the trade the fact, and he is describing an operation that does occur. I do not apprehend that should be taken as a statement from him that he was forced into such a line of conduct.

Mr. THATCHER: That is my point.

The VICE-CHAIRMAN: I do not think he would say for a moment that he could not sell for less, but he is stating an economic law merely as a result of experience. He is stating what does happen but not what must happen. You are approaching the problem as if it were a question of volition or non-volition but it is not. I just thought you were not quite at one with each other in your question and answer.

Mr. THATCHER: I think we understand each other.

The VICE-CHAIRMAN: I do not know which comes next, a question or an answer.

Mr. IRVINE: You stopped the answer.

By Mr. Thatcher:

Q. I am waiting for an answer.—A. What is the question?

Q. You suggested you were forced to take this mark-up and my point is that you did not have to take it and that you could have taken a normal mark-up instead of the $4.32 if you had wanted to do so. I do not blame you for not doing so but when you say you were forced to take a mark-up because of general market conditions I do not agree.—A. I think you will agree with me that we would be very poor business men to start on a one-man crusade to try and force the price of merchandise down. We would not stay in business.

Q. I am inclined to agree with you but unfortunately the evidence before this committee is that everyone has taken the same attitude and we are having a terrific price spiral. I think it shows clearly that when quotas were put on ceilings should have been put on, and the supply problem could not have interfered. I have made my point now, Mr. Chairman.

By Mr. Monet:

Q. Mr. Austin, coming back to the chart, it is correct to say that except for a few instances between November 20 and February 19 your margin was in excess of what could be considered normal?—A. That is correct.

Q. At certain periods it was a very large excess?—A. Yes.

Q. Especially January 8, January 22, February 12, and February 22.—A. That is correct.

Q. Turning to the next column which is headed "apples", I wish to draw the attention of the members of the committee to the fact that the selling prices are very close to cost and at certain periods they are even below cost. Could you explain to the members of the committee, Mr. Austin, why the selling price of apples fell, towards the end of January and the beginning of February, to a level lower than cost?—A. That is due entirely to the heavy supply of all varieties of apples on our market. Ontario production and British Columbia production were on the market in heavy volume and there was insufficient demand to take them at a figure at or above our cost.

Q. That insufficient demand is the reverse of what we have been speaking about these past few minutes. It forced you, if I may use that term, to bring down the price of apples?—A. In this case, we are forced.

Q. In that case, you lost money?—A. Yes.

Mr. BEAUDRY: Mr. Thatcher should ask a question at this point.

By Mr. Monet:

Q. I want to be fair to the witness. When he loses money I want it to be brought out.

Now, turning to the next column, we see the heading "Celery, Ontario No. 1". Do you handle celery on a commission basis or on a purchase basis only?—A. Both.

Q. After November 17 was most of the celery which you sold handled on a commission or an outright purchase basis?—A. Mostly outright purchase.

Q. At that time, I understand you had a supply of celery on hand?—A. What date are you speaking about?

Q. November 17.—A. We had a very limited supply on November 17. We were handling on a commission basis up to that date.

Q. Up to that date you were handling on commission?—A. Yes.

Q. Can you give the members of the committee a fair estimate of your supply, in terms of percentage of your total dealings in celery?—A. Our storage holdings at November 17?

Q. Yes.—A. About 25 per cent.

Q. On November 17?—A. Yes.

Q. So, following November 17, you purchased about 75 per cent of the celery you handled?—A. That is correct.

Q. Is this celery operation a large operation with your company or a rather limited one?—A. Well, it is one of many operations. It is fairly large, but there are larger operations in the city of Toronto.

Q. But in your own business, would that be an important part of your business? Is it even with the others or larger?—A. Fairly even.

Q. How would it compare with the other departments, onions, carrots, cabbage?—A. We would handle more onions, carrots, than we do celery and also more cabbage. It is of lesser importance in so far as our vegetable commodities are concerned, I would say.

Q. That was my opinion and I wanted to bring that out. From whom did you purchase or where did you purchase most of your celery after November 17? —A. We purchased it from growers and/or dealers, from cold storage.

Q. Do you deal generally with the same dealers for your purchases of celery? —A. Pretty well the same group of dealers or growers.

Q. Can you give the names of the people who supplied you with celery after November 17 last year?

Mr. WOLFE: We got our supplies chiefly from the Aldershot Cold Storage. The sales there are handled by the storage manager, Mr. Scott.

Mr. THATCHER: Is that in Toronto?

Mr. WOLFE: No, that is in Aldershot. He sells for the growers or acts as their agent.

Mr. THATCHER: Where is that, in Ontario?

Mr. WOLFE: Mr. Robinson's home town, about forty miles from Toronto.

Mr. THATCHER: Most of this celery is domestic?

Mr. WOLFE: It is all domestic.

Mr. MONET: You did not buy all of it from there?

Mr. WOLFE: No, but the largest portion or a good proportion of it was brought from there since November 17. The balance came, some from individual growers and some from other dealers and other wholesalers.

Mr. MONET: When did you start buying your celery after November 17? Did you start right away, the next day, or did you follow the normal policy of your company in buying it at different periods?

Mr. WOLFE: We bought celery steadily until the end of January.

Mr. MONET: Was there any difference in the policy of your company so far as celery was concerned after November 17 of last year as compared with previous years?

Mr. WOLFE: None whatever.

By Mr. Monet:

Q. I would refer you to this table on page 2 and I should like you to note the rapid increase in the price of celery and the drop between January 8 and January 13 from $7.71 to $3.66. Could you give the members of the committee some explanation for the noticeably rapid increase between December 31 and January 8 and the very substantial decrease from January 8 to January 15? Could you give some explanation to the members of the committee for this big jump in the market and the drop in a very short period?—A. The reason for the rise was due to the rapidly diminishing supply of celery at that particular period of time. You will note the rise in cost the same as the rise in the selling price—in fact, the cost rose even greater than the selling price between December 31 and January 8. We purchased our last celery for the season that particular week . You can see we paid an extremely high price for it and made a very nominal profit on it.

The drop from January 8 to January 15; you will note that the January 15 celery has been sold on a commission. You can see the cost column represents that. That celery was a tail-end lot of celery, that is a clean-up from a storage which a grower could not sell and delivered to us to sell for him on a commission and that is the full value we could secure for it, due to the condition I should possibly explain.

Q. I should like an explanation, Mr. Austin, for the benefit of the members of the committee first, under the heading of the cost price of your most recent purchase from November 27 to December 31, there is $2.65; from December 31 from $2.65 where it had been normally for seven or eight weeks, it jumped to $7.10. Is that just due to the law of supply and demand that within eight days there is that jump from $2.65 to $7.10?—A. No, that list is misleading for this reason; we had only one purchase of celery before November 27 through to the week of January 8, that was one block purchase in storage. Naturally, that is our most recent purchase for all the subsequent weeks.

Q. So, the $2.65 we find running through that line refers to the purchase of November 27?—A. That is correct. During that period the mark-up was steadily advancing up to the $7.10 level we see on January 8.

By Mr. Thatcher:

Q. There is one other point on that same column. November 13, Mr. Austin, was the last date before the embargo went on?—A. That is true.

Q. You show a profit on this celery of 15 cents per crate. Then 3 days after ceilings have gone on your profit has jumped to $1.50 a crate which is ten times what it was the week previous. Now, I think everyone is entitled to a fair profit; I am not disputing that. Do you not think when you jump your profits ten times and keep them at that level, you are taking advantage of an abnormal situation?—A. Here we are back to where I came in.

Q. I do not want to be unfair, but it looks to me like exploitation of the consumer?—A. It is the same story. I cannot give you any other explanation.

Q. In December it gets up as high as eleven times what your normal profits were and, incidentally, it is thirty times what it was the week of November 6, which would almost lead the committee to think that is going a little too far. —A. I do not want to sell too much celery at 15 cents a case profit.

By Mr. Monet:

Q. What would you think is a normal profit on celery?—A. Celery costing around $2.50 a case should warrant a margin of profit of from 75 cents to $1. That may sound high.

By Mr. Thatcher:

Q. Should be how much?—A. 75 cents to a $1; that may sound high based on the cost but celery is a highly perishable commodity. There is celery in every package that must be sacrificed.

Q. Do you not base it on cost at all?—A. It cannot enter into it. Supply and demand control the price.

Q. Do you mean you sell your merchandise without worrying about the cost?—A. We have to.

Q. You do not expect the committee to believe that, surely. You are always trying to get a price above your cost?—A. Naturally, we try, but we have no assurance we are going to get it.

By Mr. Irvine:

Q. You say you have no assurance you are going to get it. Every other man in the same business as you are is trying to get it too, is he not?—A. That is true.

Q. It is a fact most of you do get it?—A. Yes.

The VICE-CHAIRMAN: If they stay in business.

By Mr. Thatcher:

Q. Going back to the chart again, on November 17 your cost for celery was $2.35?—A. Correct.

Q. A week later it has fallen to $2.23. In other words, your cost has dropped but, in the same period, you have jumped the retail price from $2.50 to $3.73?—A. I might explain, Mr. Thatcher, that the relation of these selling prices at cost are not a true picture. We have certain stocks on hand that we are buying all the time. The celery we sell on a particular day may not be the celery we bought most recently. Therefore, it may have cost us more or less than the figure which is shown in this particular chart. We were asked for our most recent purchase.

Q. But looking at those two week periods, November 13 and November 20, I do not see how this committee can draw any other conclusion than that you have taken a basic food commodity which everybody has to have and taken advantage of a situation, taken a fantastic and unfair profit?—A. I will not agree we took advantage. We gained an advantage. I have tried to get that point across.

The VICE-CHAIRMAN: Reaped a benefit.

The WITNESS: That is true. I cannot give you any other answer than that.

By the Vice-Chairman:

Q. May I ask a question about these dates? I refer to a row of dates from October 2 down to February 5. They are all a week apart. They relate to the average selling price which is the average selling price during the week that ended on that date?—A. The average for that particular day.

Q. It is a daily proposition?—A. That is right.

Q. Then, you have explained the cost of your most recent purchase. On December 4, you sold a certain amount at $4.01?—A. Correct.

Q. What you sold at $4.01 you bought at $2.65 or less?—A. That is correct.

Q. What you sold on December 11 at $3.99 you bought at $2.65 or less?—A. Correct.

Q. The same is true with respect to what you sold on December 18 at $3.86; ditto for December 24, $3.60 and $4.26 is the next on December 31?—A. That is right.

Q. Again, when you come to January 8, I do not know that it is quite clear there whether that which you sold is that which you bought at $2.65 or whether

it is that which you bought at $7.10. Are you able to say?—A. I can say that is what was bought at $7.10.

Q. Does that mean to say that by the time January 28 rolled around you had sold all that you had bought away back in November 27?—A. That is right.

Q. And you were cleaned right out?—A. That is right.

Q. Can you be quite sure of that?—A. I can be certain of that.

Q. The only reason, then, that you were selling for $7.71 was that you then had to dispose of something which was purchased at the high figure of $7.10?—A. Yes.

Q. I would have thought there was a possibility you still had some of the $2.65 or less on hand on that date, but that you saw you were going to have to pay $7.10 from now on and you treated it all as if it were costing $7.10?—A. No, that is not the case in this particular instance.

Q. It does not happen to be so?—A. That is right.

Q. Then, on January 15, it would be correct to say you sold at $3.66, that which you had bought at $7.10?—A. No, you will notice that is consignment selling that particular week.

Q. That is commission selling?—A. That is right.

Q. Consequently, it has nothing to do with your profit or loss on purchase and sale?—A. That is right.

Q. And so it is with everything in the remainder of the column. In fact, there is only that entry anyway.—A. That is right.

Q. That would appear then that you sold whatever you did sell at $7.71, you bought it for $7.10?—A. That is right.

Q. Would it be correct to say that after February 5, you did not have anything left of that which you had bought at $7.10?—A. That is right.

Q. That is, your sales at $7.71, were a clean-out of what you had bought at $7.10?—A. That is right; still, Mr. Maybank, I may explain a little there; that $7.71, is the average selling price for one day. We may have had some celery a day or two after that but we did not have it by the following Thursday.

Q. Yes, these days are Thursdays?—A. That is right.

Q. And it may not have been quite cleaned up on the 8th but by the 14th it certainly was?—A. That is right.

Q. So you did not have to record anything for the 15th?—A. That is right.

Q. I see; and these purchases at $7.10, was that all in one place or does that represent several purchases?—A. That represents the average of at least three purchases at that particular time.

The VICE-CHAIRMAN: I see. Thank you.

Mr. THATCHER: Mr. Austin, I am not trying to be facetious—that is a word someone taught me—but you know there is a law the Wartime Prices and Trade Board had, I think, that any company is allowed only to take a fair and reasonable markup. Do you think when you jumped your average profit in the case of celery from 15 cents to $1.50, when you jumped that profit ten times do you think you might not be in danger of violating that law?

The WITNESS: I don't believe so, Mr. Thatcher.

Mr. THATCHER: I mean, do you know there was such a law?

The VICE-CHAIRMAN: Excuse me, just a moment. There is no such law. There is no such law as a fair and reasonable markup. There is a fair and reasonable price, but not a fair and reasonable markup. Markup may turn out to be one of the ingredients of it, or it may not.

Mr. THATCHER: Subject to correction, I wonder if Mr. Austin—just and reasonable I think is the term.

The VICE-CHAIRMAN: Just and reasonable, yes.

Mr. THATCHER: Do you think it is just and reasonable to jump your markup ten times on a basic food stuff?

The WITNESS: Well, according to present regulations on imports the government does not consider celery a basic food.

Mr. THATCHER: No, I don't agree with you, and I am not a member of the government. They say you cannot buy something if you have not got the dollars to buy it with. That does not say they do not regard it as essential. You still have not answered my question.

The VICE-CHAIRMAN: The same question was asked a witness one time before. It was in another department. He was asked after detailing a number of things about his dealings whether he considered that he had exacted or obtained a fair and reasonable price, and the committee took the position at that time that to press the question was to ask a man to plead to a charge of breaking the law; that is, if he said no, then he is pleading guilty to a charge under the law; and the committee held by common consent that it was not fair to press the question.

Mr. THATCHER: All right, Mr. Maybank.

The VICE-CHAIRMAN: I think you were present at the time and agreed.

Mr. THATCHER: All right, I withdraw. I will make a statement. It would appear to me you did take an excessive price which would make you liable, shall we say, to trouble.

The VICE-CHAIRMAN: No person can stop you saying that, but by doing that you are endeavouring to bring in something by the back door which it is pretty well understood cannot be brought in.

Mr. THATCHER: But you would not likely bring it in through the front door.

The VICE-CHAIRMAN: That is right, and you and I agree, I feel sure, that in a circuitous way you are endeavouring to do something which the committee agreed should not be done. We are both agreed on that, do you see.

Mr. THATCHER: All right, I will stop.

By Mr. Monet:

Q. Now, Mr. Austin, before we turn to the next item, I will ask you to look at your statement No. 2, the next column of statement No. 2, which deals with potatoes; and, as you gentlemen of the committee will notice, the margin on this item between the average selling price given to the members of the committee by the witness in this statement and the laid-down cost of the most recent purchases on page 3, of statement 3, was very small—you won't find it there, Mr. McGregor there was a comparative summary prepared by the secretariat—for this reason, that the margin on potatoes on the average has been very small throughout the period under consideration. I note, however, Mr. Austin, that after November 13, the price of potatoes jumped from ·029 to ·037, in the week of November 27, and that the price fell some. Could you tell the members of the committee the reason for this increase and the drop which followed?—A. The reason for that increase was excessive buying on the part of the retailers which raised the market and by two weeks later they were no longer in the market.

Q. The market settled down in other words?—A. The market settled back to its normal position.

Q. And that was the explanation where there was a very small margin during the period under consideration?—A. Yes.

Q. Now, the price of potatoes—I understand there was an announcement made some time in that period that there were lots of potatoes available in the country?—A. That is correct.

Q. And that probably would settle the price?—A. Yes, it would have that effect.

Q. During the last few weeks we have been informed that the price of potatoes have been going up slightly?—A. That is correct.

Q. Can you give some information to the committee for such an increase?—A. The reason for that was principally the supply in New Brunswick is gradually diminishing and the roads to Prince Edward Island were breaking up with the spring breakup and it was impossible to haul the potatoes for that reason to the market and the market took an upward turn, but in the last three or four days I understand it is now settling back to its normal position.

Q. I am beginning to believe that roads play a great part in operations in this country?—A. They do.

Q. I understand they referred to the conditions of the road in the meat investigation and now you are referring to the conditions of the roads in relation to the price of fruits and vegetables. Coming back to page 3, on the table prepared by the secretariat—that deals with cabbages, imported green. Is most of the local cabbage handled by you purchased outright or handled on a commission basis?—A. A very large percentage of it is on a commission basis.

Q. What is your commission on local cabbage, what is the usual commission you take?—A. The regular rate of commission on the Toronto market is 12½ per cent, which is our scale.

Q. That is for every vegetable in which you deal?—A. That is correct.

Q. Does that rate vary with the season of the year?—A. It is straight commission. I believe Mr. Wolfe explained that yesterday, that there are certain instances of consignments by dealers on which we charge only 10 per cent, but on any grower merchandise it is a straight 12½ per cent.

Q. The standard fixed for Toronto is 12½ per cent?—A. Yes.

Q. When was that fixed?—A. A good many years ago.

Q. Then, of the local cabbage you handle, you have said that you handle most of it on commission; what proportion would you handle on commission?—A. I would say about 95 per cent.

Q. 95 per cent of the local cabbage?—A. Yes.

Q. So that after November 17, on domestic cabbage you handle 95 per cent on commission?—A. Yes.

Q. So that if there were any profit or benefit or abnormal benefit from the increase in the price of local cabbage after November 17, you would not get it, except for the commission—you would get a higher commission?—A. Yes.

Q. Who would get this increase, if there had been any?—A. The growers.

Q. As Mr. Robinson stated yesterday?—A. That is right.

Q. Now, turn to the imported green cabbage, what proportion of the imported cabbage do you handle as to your total sales in cabbage?—A. From February 5, on it was 100 per cent imported.

Q. It is all imported from February 5?—A. Yes, since February 5

Q. And so that on the chart as prepared by the secretariat here all cabbage referred to is imported cabbage from then on?—A. Yes.

Q. And this of course is purchased outright?—A. Yes.

Q. Do you import cabbage in carload lots like you do oranges?—A. Correct.

Q. I understand that cabbage is sold by the crate?—A. No, primarily in bags. There are some crates as well as some bag sales.

Q. How many bags are there in a carload?—A. 500.

Q. How many pounds in a bag?—A. 50 pounds.

Q. That is standard?—A. That is correct.

Q. Now, why was cabbage handled by you at a loss at that time?—A. We commenced our importing on February 5. At that particular time cabbage was difficult to buy in the selling states due to weather conditions, and we along with the rest of the trade did everything in our power to secure a reasonable supply. We went to Texas, to Florida, to Arizona—we went to every state which was

producing cabbage at that time and endeavoured to purchase. We got confirmations from several shippers but we did not get shipments from all of them in time to be here by February 5. The result was that shortly after February 5, these deferred contracts started to arrive. In the meantime weather conditions straightened in the states and f.o.b. markets began to decline. It was very shortly after that we had a local supply on our market an over-supply with a lower replacement price and the market declined quite rapidly.

By Mr. Thatcher:

Q. Would you, Mr. Austin, then be subject to the criticism made with Mr. Robinson in the committee. He said that some of the wholesalers were guilty of wasting Canada's scarce U.S. dollars by, as he called it, the senseless purchase of U.S. fruits and vegetables in an attempt to discourage domestic production. If you for the moment had bought less of this cabbage could you not have got along temporarily without the use of such great supply of American dollars which were so greatly needed?—A. Mr. Robinson was referring to imports immediately prior to our own production. He was not referring to imports during the usual import season. In this particular instance the country was hungry for cabbage. If you will recall cabbage was selling at 15 to 19 cents a pound in retail stores immediately before February 5. It was only the heavy importation which brought the price down to the 4 or 5 cent level as you see it on these charts. We were caught in the process and lost a little money doing it.

Q. Did you have any spoilage? Did you have to destroy any because you bought too much?—A. No.

By Mr. Irvine:

Q. You are quite sure it was not the effect of this committee that brought down the price of cabbage?—A. I would like to give you the credit but unfortunately I cannot.

By Mr. Winters:

Q. Do you always try to exhaust the domestic market before importing cabbage?—A. We prefer to.

Q. Do you make a pretty good attempt to do that?—A. We handle domestic cabbage just as long as there is domestic cabbage.

Q. Where do you get it?—A. From the local growers on consignment principally.

Q. Do you go outside of Ontario for that?—A. Sometimes.

Q. Where do you go outside of Ontario?—A. We have at times cabbage from Quebec. We have had cabbage from Manitoba, and on rare occasions from British Columbia.

Q. How do you go about getting cabbage from outside Ontario? Do you go through some association?—A. That is correct.

Q. Or the private growers?—A. Usually an association.

By Mr. Thatcher:

Q. Why do you not buy from local dealers the same way you do from the United States? Why do you make the local farmers sell their produce on consignment while you purchase import merchandise outright? Would it not be fair to give them the same deal?—A. Most growers prefer consignment. I think if you refer to Mr. Robinson's evidence he will bear that out.

Q. I got the impression Mr. Robinson said that the producer felt that when a wholesaler had produce half of which was on consignment and half of which they had bought from the United States, that they had actually bought outright, they would never push his and often the producer would be left holding the

bag because you had their merchandise on consignment.—A. I do not think he meant that exactly that way. The policy of our company—and I believe I can speak for all the other recognized wholesale houses in Toronto—is that if we have merchandise in trust from a grower for sale and at the same time we have similar merchandise in which our own money is invested we can lose money on our own and answer to no one, but if we sacrifice the growers' merchandise at the expense of our own we are looking for trouble, and we prefer to avoid that.

Q. You said the farmer prefers to have it sent in on consignment. I cannot follow the reasoning there. What reason would there be for him to prefer to have his merchandise on consignment?—A. Because he likes to get the full market value for his merchandise. In most cases they think they will get the top market value by sending it in on consignment whereas if a dealer goes to them to buy and offers them 2½ they figure he is going to make a profit on it. "Maybe he figures he can get 3 or 3½; I will take a chance and send it on the market and maybe I will get 3½, too."

Q. There is no local produce you buy outright?—A. Oh, I would not say that. A lot of local produce is bought outright, but there is also a heavy percentage shipped on consignment. It depends on the preference of the grower.

Q. You buy it both ways?—A. That is correct.

By Mr. Monet:

Q. Talking about your own company on that point as to the domestic produce that you handle what would you say is purchased outright? I am talking of all the produce that you handle domestically. What would be the proportion that you purchase outright and what would be the proportion you sell on a commission basis?—A. It would run about 50 per cent in the over-all average. It would vary on different commodities.

Q. The average on the whole would be about 50 per cent?—A. Yes.

Q. That means half of the produce you handle would be sold on a commission basis?—A. Yes.

Q. And the grower would get whatever extra margin there would be if there was any or extra loss if there was any?—A. That is right.

Q. And the other 50 per cent would be purchased outright?—A. That is right.

By Mr. Mayhew:

Q. As to the local supply the other day Mr. Wolfe said that you used approximately about 2,000 bushels of carrots a week. No doubt you know about how much you are going to use of other vegetables the same as you do for carrots, such as potatoes, cabbage and so on. You do know that pretty well in advance?—A. Reasonably well.

Q. Do you make any effort then to contract for your total supply? —A. No.

Q. From Canada?—A. No.

Q. Why not?—A. Because we have no control over what we are going to receive on consignment. If we have our total supply contracted and growers come to us to sell their merchandise on consignment we would not be in a position to handle it.

Q. Do you not think it would be to your interest and to Canada's interest and to the consumer's interest if you endeavoured to obtain your supply on contract? There is no possible way for them to be sure as to the supply required unless you can assure somebody that you are going to take certain quantities. Let me put it this way. I think this is a three-way deal, producers, wholesalers and retailers. The wholesalers and the retailers are the agents for the producers. You people are the only ones who can tell the producers at all accurately how

much you are going to be able to sell, or do sell, and with such co-operation you could develop a team in Canada that I believe would give you all the vegetables and fruit that you want. As it is now the producers are working in the dark. The only one who can bring light to them as to what is actually being sold are the people who are doing your job. I think there is a place in the field for you, but I think there is that part of it— —A. The quantity of merchandise we can sell is greatly controlled by the supply available and the price level at which it sells. We might handle one year twice as many packages of a particular article as in another year under different market conditions.

Q. I know there will always be fluctuation but you could aim at it. Is it not true that you like to be in a position to deal in a market where there is an abundant supply, or where you can get a depressed price on account of quantity? Therefore you prefer to take only a part of your supplies from Canada, and the balance you buy on a glutted market.—A. You say part of our supply from Canada. Are you referring to—

Q. I am referring to what you import. When you import you are importing generally when the market is low.—A. That is not so. We import when the local supply is exhausted. We are not desirous of importing merchandise when there is a Canadian supply available.

Q. All right, we will take you at your word that you are not desirous. You desire to get your supply locally?—A. That is correct.

Q. To get your supply locally you should be able to indicate to some growers as to the quantity that you are going to require.—A. There are storage facilities that enter into it, and there is also the shrinkage problem that enters into it.

Q. I grant you that.—A. If we were to attempt to corral sufficient merchandise to do us through into the winter then we would be taking merchandise to the dump.

Q. You said a little while ago that there are a lot of vegetables that the farmer can store, potatoes, cabbage and carrots, and it does not all need to go into storage as long as they are sure of getting a market for it.—A. The situation is that if we make a deal with a grower for a certain block of merchandise we cannot leave it on his farm for storage. It is not advisable to do that because we would prefer to try to find a better type of storage for it than to leave it out there subject to the elements in the barn.

Q. That probably means— —A. And that storage space is not available.

Q. That is another point as to whether there is adequate storage in the country. I am not criticizing, but I think that you being in the centre position can do a great deal to help to increase the quantity of vegetables grown in Canada. You can help greatly to get all this merchandise to the consumer in better shape. In other words, you have a job to do with the retailer who is handling it. There are stores right here in Ottawa where it is pretty hard to tell a lettuce from a mop. The way it looks nobody wants to buy that lettuce. —A. That is true.

Q. That retailer is not a good agent for the producer. The point I am getting at is that a good agency business depends on you and on the retailer and the knowledge that the producer will give you what you want. The consumer would get a fairly reasonable average cost, and I think you would make more money out of it in the end.—A. I think Mr. Robinson's organization is doing quite a job on that. He is in constant touch with the wholesale and retail trade, and is conveying information to the growers at all times during their producing and storing season.

Q. That is all right, but I am a manufacturer, and we do distributing, and we expect the wholesaler who is handling our goods to be a good merchandiser, and we expect the retailer who sells it to the public to handle it in the right way.—A. By and large both the wholesale and retail trade are doing a reasonably good job. There are individuals in both classes of trade with whom some fault may be found.

Q. The only point I am trying to make is that you expect the producer to work blindly as to what the market is going to be.—A. I do not think he is working blindly. As I said, I think the association of growers is assisting them tremendously.

Q. He is pretty often.

By Mr. Thatcher:

Q. Mr. Austin, when you say you are doing a good job you would not suggest you are doing a good job to keep the price down to the consumer, would you?—A. We are back again.

Mr. IRVINE: That is what we are here for.

By Mr. Monet:

Q. Mr. Austin, we will now deal with the next two columns of your statements 2 and 3, carrots, local No. 1 washed and carrots, imported, United States No. 1 washed. I want to draw the attention of the members of the committee that there is a footnote reading "all carrots, local were purchased in unwashed condition. Therefore costs are in no way comparable to selling prices of washed carrots." Mr. Austin, I have my own opinion as to the impossibility of not comparing them, but I would rather get it from the man from the trade. Would you tell the members of the committee why it is practically impossible to compare costs when you purchase carrots unwashed instead of purchasing them washed?—A. Practically all carrots that we handle are purchased from the grower in an unwashed condition. They come to our warehouse, and as Mr. Wolfe explained yesterday we have a processing department in our warehouse. The carrots go through a washing machine and are graded to No. 1 standard and packed in bushel baskets for sale. During that process we have a labour cost and we have shrinkage to take into consideration. Labour cost is reasonably uniform but shrinkage is not uniform and therefore it is impossible to strike any average on the cost of processing carrots. It is because we purchase the carrots in an unwashed condition and the sale price is figured at a washed condition, and that sale price has no relative bearing.

Q. What determines the price as between you and the grower under conditions of that kind? How do you establish the price?—A. It is mutual bargaining. We buy at a price where we think we can process the carrots and still show a profit.

Q. When you buy unwashed carrots do you set a price to the grower?—A. No, we buy unwashed carrots at the market price at that time. There is a market price in the country for unwashed carrots. The growers are selling to people other than ourselves and competition is established between the sellers and the buyers, and sets the price which we must pay.

Q. What proportion of all your carrots do you purchase from the growers in an unwashed condition?—A. Practically all of them.

Q. What would be the proportion between the unwashed carrots purchased from the grower and the imported carrots which you purchase?—A. If you are referring to the past season about 95 per cent would be domestic produce.

Q. Do you purchase those carrots outright or on commission as you do for other vegetables?—A. We purchase in both ways. We have listed the prices of purchases and sales here but we have not included commission sales because the selling price was very similar.

Mr. MCGREGOR: Do I understand according to this page that you sold carrots at 5 cents a pound?

Mr. MONET: The bottom of page 3 refers to imported carrots.

By Mr. McGregor:

Q. The figure then is 7·9 cents?—A. 7·9 cents a pound was the average selling price on that day.

Q. That is what you paid?—A. That is the average sale price.

Mr. MONET: There is a mistake on the last column, the third line from the bottom of the page, and opposite the figure 7·1, a loss, there should be an "L".

Mr. MCGREGOR: Do you mean to say that at that time you bought carrots at 7·9 cents and sold them for—what price did you sell them for?

Mr. MONET: Those are imported carrots.

Mr. MCGREGOR: Where are the domestic carrots?

Mr. MONET: They are not listed because there was a loss shown all the way through.

Mr. MCGREGOR: A loss on domestic carrots?

Mr. MONET: Would you answer the question regarding domestic carrots?

The WITNESS: The domestic carrot prices are listed on pages 2 and 3 of the big chart.

By Mr. McGregor:

Q. You have these figures as decimals?—A. That is 2·9 cents per pound for local carrots, washed.

Q. $2.90 for 100 pounds?—A. That is correct.

Q. That is your selling price?—A. That is right.

Q. And you paid how much?—A. 2 cents a pound at that particular time. That is on the next chart.

Mr. MONET: I wish to point out that the secretariat did not prepare a chart for domestic carrots because the price could not be compared with unwashed carrots as the witness has explained. No comparison could be made between the selling price and the purchase price.

By Mr. McGregor:

Q. Am I right in my understanding that on December 31 these carrots were sold at $4.90 and you had purchased them at $4?—A. That is correct.

Q. And on the day before they were sold for $4.50 and bought for $3?—A. That is not necessarily a comparative figure, Mr. McGregor, because the carrots which we sold on a specific day are not necessarily the carrots which are most recently purchased. There is no way of comparing them.

Q. What do you generally figure is the profit on 100 pounds of carrots?—A. I cannot tell you offhand for the simple reason that they are processed.

Q. What does it cost to process them?—A. Mr. Wolfe informs me that the average profit in his opinion would be about 1 cent per pound.

Q. 1 cent a pound or $1 on a hundred pounds of carrots?—A. Yes, after processing.

Q. Times have changed since we used to sell carrots at 25 cents a bag.

Mr. IRVINE: And you washed them yourself.

Mr. MCGREGOR: We let the public wash them in those days.

By Mr. Monet:

Q. Do you purchase imported carrots in carload lots?—A. Yes.

Q. What quantity is in a car lot?—A. 600 fifty-pound bags.

Q. I notice the margin between selling price and cost was very small during the period March 18 to April 22?—A. When carrots were purchased from the United States there was a ceiling of 10 cents a pound retail and 7 cents a pound wholesale. As you can see from the cost it was impossible to buy carrots and lay

them down here at less than 7 cents a pound. For that reason an order was issued permitting a division of the total mark-up between the laid-down cost and retail selling. A portion was allowed to the wholesaler and a portion was allowed to the retailer. The wholesaler was entitled to a 25 per cent margin and the retailer a 15 per cent margin, and for that reason our actual monetary profit was very very narrow.

Q. Coming to the last item mentioned on statements 2 and 3, onions, I see that on page 4 of the table there is a comparison. Do you handle onions on a consignment basis mostly?—A. We handle some on consignment but mostly they are outright purchases.

Q. What is the percentage of outright purchases?—A. 65 per cent.

Q. So as the result of whatever increases there might be at certain periods and considering the law of supply and demand you did benefit?—A. That is correct, yes.

Q. On January 22 your floor selling price was 5·5 cents a pound?—A. That is right.

Q. Your most recent purchase price was 4·8. On January 22 you used the same most recent purchase price which was 5·2 cents?—A. Yes.

Q. It jumped during the week of January 22-29 to 6·2 cents?—A. Yes.

Q. But the most recent purchase price remained the same?—A. Right.

Q. The same applies for February 5 when your selling price was 6·5 cents; on February 12 it was 7 cents?—A. That is right.

Q. The cost price remained the same?—A. That is right.

Q. May I take it the explanation is the same with respect to the cost price, and it is because they are all of the same lot?—A. Yes, of the same lot.

Q. And of that lot your sales in the weeks of January 29, February 5, and February 12, were at 6·2 cents, 6·5 cents and 7 cents?—A. That is right.

Q. Would not that be a very substantial mark-up?—A. Eventually it develops into a fairly substantial mark-up but it is once again merely following the trend of the selling market.

Mr. THATCHER: Supply and demand.

By Mr. Monet:

Q. What would you normally feel would be a reasonable mark-up on a pound of onions, taking into consideration the law of supply and demand, if you will?—A. I do not know that I can give you a definite answer.

Q. Will you give it as closely as you can?—A. It is merely an opinionative answer but I would judge possibly a cent a pound would be a fair normal mark-up.

Q. That would be in percentage how much?—A. It would depend on the selling price.

Q. Take it that you are selling at 7 cents?—A. When you sell at 7 cents that would be about 15 per cent.

Q. So when you sell at a percentage running as high as 25·7 that would be very abnormal?—A. It is abnormal, but it is brought about by advancing market and stock on hand.

Q. And if it is abnormal for many consecutive weeks then it is very, very, abnormal?

Mr. MCGREGOR: It gets monotonous.

Mr. PINARD: Then it becomes normal.

By Mr. Thatcher:

Q. I do not want to be repetitious but if competition does set the price and if supply and demand is the main factor, are we not at a point during those months where the supply could not equal the demand. The supply, due to unforeseen circumstances, was cut off, and have you not taken unduly high profits or taken

advantage of that situation? The profits all the way through are abnormal, and would not that be a fair assumption to make?—A. My colleague offers me a little assistance. The wholesale fruit and vegetable business has never operated on a specific mark-up except during the existence of the Wartime Prices and Trade Board orders.

Q. You made profits under the Wartime Prices and Trade Board controls?—A. We made profits, yes.

Q. We may take them as reasonable?—A. They were reasonable mark-ups, yes.

Q. Yes and at all other times the law of supply and demand does prevail and— —A. Even though we have a prices board order respecting mark-up, supply and demand also controls the price below the level allowed. Naturally the price can go no further.

Q. When the supply is cut off we do not get the true function of the law of supply and demand because you have not got free competition? Ordinarily I agree that competition would probably keep prices down but when such a huge source of supply was cut off that law could not work?—A. The law worked very actively.

(Mr. Maybank resumed the chair.)

Q. No, I do not think it has been working. Competition has not kept prices down?—A. Competition put prices up at that time, it did not bring them down.

Q. How would competition put prices up?—A. Competition on the part of buyers.

Q. No, what you paid the buyers went down one week.—A. We do not pay the buyer.

Q. We have evidence that what you paid the buyer went down and your price went the opposite way?—A. We paid the growers.

Q. On the evidence on page 2 a moment ago, your cost went from $2.35 down to $2.23, but your selling price did not go down?—A. I explained that.

Q. But that is contrary to the statement you just made?—A. No, let me explain further. Competition is the item on which you are speaking right now. In the case of an abundant supply, competition between the sellers controls the market and brings it down. In the case of a short supply, competition between buyers forces the market up, if you have less supply than demand.

Q. I do not blame your company half as much as I blame the government for not leaving ceilings on until supplies caught up with demand.

By Mr. Monet:

Q. Before I conclude my examination, I should like to say I have concluded my examination on the information you were requested to supply. However, some information was brought to my attention as to a purchase of Egyptian onions made by your company some time around April 27, 1948; is that right?—A. That is right.

Q. Would you give the committee some information concerning that transaction, the purchase price and your selling price?—A. That particular purchase of Egyptian onions was made by us in January. We made a contract with an Egyptian shipper to ship those onions when the crop was ready. It happened to be the middle of March. They arrived in Toronto along about the 25th day of April. The price of the onions was $5.20 at the seaboard and delivered in Toronto, duty paid, at $7.41 per bag.

Q. How many bags did you have?—A. We had 1,000 bags.

Q. Of how many pounds per bag?—A. 110 pounds.

Q. You received those onions about April 27 in Toronto?—A. That is right.

Q. Your laid down cost was $7.41?—A. That is right.

Q. You have sold those onions by now? They are all sold?—A. Yes.

Q. At what price did you sell them?—A. On arrival, the market on those onions was approximately $10 to $10.50 a bag. Since that time, under the pressure of supply, the market has receded to the present day level of about $7.

Q. You say, "the pressure of supply". Do I understand you to mean many onions came in?—A. There were more than enough onions came in to supply the current demand.

Q. Were they all Egyptian onions?—A. Some were Australian onions and some were Chilean onions.

Q. Your selling price in the beginning was $10 and $10.50.—A. That is right.

Q. The last sales you made— —A. Before we left Toronto, the last sales we made were at $7 per bag.

Q. Did you get any other consignment of onions some time during the month of April?—A. We had two shipments of Egyptian onions, another shipment of 1,200 bags.

Q. Your laid down cost was how much?—A. $7.05.

Q. This shipment sold at $7.50 a bag?—A. $7.50 to $8.

By Mr. McGregor:

Q. When did you get the second shipment?—A. About two weeks after the first.

By Mr. Monet:

Q. That was three cars, was it not?—A. That is right.

Mr. MONET: I have no more questions.

By Mr. McGregor:

Q. Why would you sell those onions at $7 when you say you paid $7.05 for the new ones?—A. Onions are bought in Egypt on a contract basis from one month to two months prior to arrival. We can only buy what we consider is a good purchase at that time. It might not be a good purchase by the time they arrive here.

Mr. MONET: I have no more questions of this witness.

The VICE-CHAIRMAN: If there are no other questions, will you be calling another witness?

Mr. IRVINE: Before you call another witness—

The VICE-CHAIRMAN: I was going to follow that with some information which I have. There is just a possibility we will not continue with this witness tonight. In such an event, possibly it would be wise to swear the next witness before adjournment.

Mr. IRVINE: Before you swear the next witness, I should like to bring a matter to the attention of the committee. In fact, I want to make a motion. Before I make that motion, I want to indicate the reasons for making it.

First, practically every witness testifies that supply and demand arbitrarily set the prices and every business man here who has given evidence testifies it is proper for him to take all the traffic will bear. In fact, he claims it as his right to do so. It has been stated again and again by witnesses that it would be both foolish and impractical for any business management to deliberately reduce the margin on sales on a keen demand market.

It was in the hope of impressing Canadian business with the advisability of reducing prices voluntarily that the Prime Minister moved the setting up of this committee. Therefore, I move, sir, that this committee report to parliament and ask for power to make recommendations with a view to reducing prices by some other method since the voluntary method is ineffective.

The VICE-CHAIRMAN: All that you have said is your motion? Your opening remarks are part of the preamble?

Mr. IRVINE: Yes.

The VICE-CHAIRMAN: Are you ready for the question? Do you want to discuss it? All those in favour? Those against? Three vote against the motion and three for it. It is even, therefore I vote against the motion and the motion is lost.

You probably wish to hand your written motion to Mr. Arsenault?

Mr. IRVINE: Oh, yes.

The VICE-CHAIRMAN: I think everyone is grateful to you, Mr. Irvine, for disposing of it as quickly as possible. It actually gave an opportunity for a lot of oratory.

Mr. IRVINE: We will have others later, I have no doubt.

The VICE-CHAIRMAN: You will remember Mr. Ashbauch who was here was to send a memorandum on the nail situation. I have not that memorandum but I have been inquiring about it. I have had a message handed to me today that he is ready to address a memo to me. It may not come immediately, and for this reason; he is meeting the large companies who are producing nails and he would be in a better position after that to give us accurate data.

Now, I think what I have just said to you he will be saying by way of a memorandum addressed to me. I thought you ought to know that in the meantime. You will all be aware that, probably, what is involved in this conference is to arrange with certain—I presume this, I am talking off my own bat—to arrange the discontinuance of some wire fabrication and put the raw commodity into nails instead.

Mr. THATCHER: In view of what Mr. Howe said in the House, I think he is doing pretty well what the committee suggested.

The VICE-CHAIRMAN: I think that is right. I think the memorandum from him would have something to do with that. This much information I had from him and I thought you would like to know it.

Mr. THATCHER: Thank you very much.

Mr. IRVINE: I was going to ask if the Clerk of the House had reported as yet on our ability to summon cabinet ministers?

The VICE-CHAIRMAN: No.

Mr. MCGREGOR: What about the report from Dr. Beauchesne?

The VICE-CHAIRMAN: Mr. Irvine was just asking about that. He has not had time to write it as yet. I presume he would have to look into the authorities first.

Mr. THATCHER: I move we adjourn.

The VICE-CHAIRMAN: We had better swear the next witness first.

Harold E. Stronach, General Manager, Stronach and Sons, Toronto, called and sworn:

By Mr. Monet:

Q. Would you give us your first name, please?—A. Harold E. Stronach.
Q. And your address?—A. 18 Rolph Road, Toronto.
Q. Your occupation?—A. General manager of the firm of Stronach and Sons.

The CHAIRMAN: The committee will adjourn until tomorrow at 11.00 a.m.

The committee adjourned to meet again tomorrow, May 13, 1948, at 11.00 a.m.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 58

THURSDAY, MAY 13, 1948

WITNESSES:

Mr. H. E. Stronach, General Manager, Stronach & Sons, Toronto, Ontario.

Mr. Geo. C. Anspach, President, Geo. C. Anspach Co., Limited, Toronto, Ontario.

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, MAY 13, 1948.

The Special Committee on Prices met at 11.00 a.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Fleming, Harkness, Irvine, Kuhl, McGregor, Maybank, Mayhew, McCubbin, Pinard, Thatcher, Winters.

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

Mr. H. E. Stronach, General Manager, Stronach & Sons, Toronto, was recalled and further examined. He filed,

Exhibit No. 106—Series of five statements submitted by Stronach & Sons in answer to questionnaire. (*Printed in this day's Minutes of Evidence*).

During proceedings, Mr. Mayhew took the Chair in the temporary absence of the Vice-Chairman.

Witness discharged.

Mr. Geo. C. Anspach, President, Geo. C. Anspach Co., Limited, Toronto, Ont., was called, sworn and examined. He filed,

Exhibit No. 107—Series of five statements submitted by Geo. C. Anspach Co., Limited, in answer to questionnaire. (*Printed in this day's Minutes of Evidence*).

At 12.55 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 Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Beaudoin, Fleming, Harkness, Irvine, McGregor, Martin, Maybank, Mayhew, McCubbin, Merritt, Pinard, Thatcher, Winters.

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

Mr. Thatcher moved; seconded by Mr. Irvine.

Whereas the chief purpose of the price spread committee, is to study reasons for the high cost of living, and at the same time methods of lowering it—

and whereas the cost-of-living index has continued to rise even as the committee has been sitting—

and whereas there are indications that the European Recovery Program will cause additional merchandise shortages in Canada and even higher prices—

and whereas the deliberations of this committee have shown beyond reasonable doubt, that due to abnormal world conditions and demand, regular competition is still not functioning to keep prices down—

12792—1½

I move that this committee immediately ask the House of Commons to extend the committee's terms of reference, in order to enable it to recommend—

That a nation-wide plebiscite be held which would allow the Canadian people themselves to decide whether or not they wish the return of price and related controls, until abnormal post-war shortages are ended.

The Chairman ruled that the motion was out of order on the ground that it asked for power not only to recommend, but to recommend a specific thing which did not come under the scope of the Committee's Order of Reference.

Mr. Fleming having appealed from the Chairman's ruling that the Chairman having stated that there was no appeal from the Chair's ruling, Mr. Thatcher moved that the Clerk of the House be asked for a decision as to the propriety of the Chairman's ruling on the right to appeal from his decision. Motion carried.

Mr. George C. Anspach was recalled and further examined.

In the course of witness' examination, the Vice-Chairman, Mr. Maybank, presented a memorandum from the Clerk of the House respecting the calling of a Minister of the Crown as a witness before the Committee. (*See Minutes of Evidence*).

On motion of Mr. Maybank.

Resolved—(on division) That the Chairman should not invite Mr. Gardiner at the present time.

Examination of Mr. Anspach continued, and at 6.00 p.m. witness discharged.

The Chairman informed the Committee that the Clerk had consulted with the Clerk of the House who had confirmed that there is no appeal from the ruling of a Chairman in Committee.

The Committee adjourned until Tuesday, May 18, at 11 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 13, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Vice-Chairman, Mr. R. Maybank, presided.

The VICE-CHAIRMAN: We have a quorum, gentlemen.

Harry E. Stronach, General Manager, Stronach and Sons, Toronto, recalled:

Mr. THATCHER: Mr. Chairman, is there any brief to go with this witness?

Mr. MONET: There will be an exhibit after a little while, after the preliminary questioning is finished.

By Mr. Monet:

Q. Mr. Stronach, you were sworn before we adjourned yesterday, so we will proceed with our examination, and before dealing with the questions which are to be answered by Mr. Stronach I intend to ask the witness a few general questions similar to what I did in connection with the Ontario Produce Company. Mr. Stronach, would you please tell members of the committee when your fiscal year ends?—A. The 31st of December.

Q. And the address of the head office?—A. 60 Colborne Street, Toronto.

Q. I understand the name of the business is Stronach and Sons?—A. That is right.

Q. Would you give the members of the committee the names of the partners in the firm?—A. George Stronach, Proprietor; Harry E. Stronach, General Manager; George Stronach Jr., General Superintendent; and Harold Anderson, Office Manager.

Q. George Stronach is your father?—A. That is right.

Q. And George Jr.?—A. He is my brother.

Q. Is Mr. Anderson any relation?—A. No, no relation.

Q. And the head office of the company is in Toronto?—A. Correct.

Q. And I understand that you have no subsidiaries of any kind?—A. That is right.

Q. You also operate a warehouse in Toronto?—A. That is correct.

Q. Is that the property of the company?—A. No, we are tenants.

Q. You are tenants?—A. The building is 60 Colborne Street, where the head office is located, but our sales store is No. 66 Colborne Street of which we are the tenants.

Q. That is your warehouse?—A. That is right.

Q. That is where you store the goods you have on hand for sale?—A. That is correct.

Q. I understand also, Mr. Stronach, that your business is mostly on a commission basis, is it not?—A. That is right.

Q. What would be the proportion of your business which would not be on a commission basis?—A. It might run as high as 15 per cent.

Q. That would be for goods which you purchase outright and sell as an ordinary wholesaler?—A. That is right.

Q. And the other 85 per cent of your business is purely on commission? —A. That is right.

Q. Now, these goods which are handled on a commission basis, are they domestic goods or imported, or both?—A. Chiefly domestic. Occasionally we get consignments from other members of the trade of imported merchandise sent to us to sell for them on consignment.

By Mr. Thatcher:

Q. And all your imported goods are bought outright, are they?—A. Not all, Mr. Thatcher, but a large proportion, yes.

Q. A large part of the imported are bought outright, and a large part of your domestic are bought on confirmation?—A. That is right; but I must go further than that and tell you that any of the imported goods we buy are bought from the original importers in Toronto.

By Mr. Monet:

Q. And you handle them for them on a commission basis?—A. No, no.

Q. So that as a whole we can say that your business with respect to domestic and imported goods is about 85 per cent on a commission basis?—A. That is right.

Mr. MAYHEW: How do you get your 85 per cent?

Mr. MONET: I am coming to that, if you don't mind.

By Mr. Monet:

Q. With respect to your domestic goods, what proportion of the goods are sold on commission, and what proportion of the goods are purchased outright for you to sell for your benefit?—A. Well; 95 per cent of the domestic commodities we handle would be consigned to us to sell on commission, the other 5 per cent would be bought outright.

Q. And then these would be consigned to you by the growers?—A. That is right.

Q. Do you get your commodities mostly from the growers?—A. Mostly from the growers.

Q. So you would be different from the type of business people described by Mr. Robinson as commission agents?—A. That is right.

By Mr. Thatcher:

Q. Do you, as a matter of practice, encourage growers to ship to you on a commission basis rather than buying outright?—A. Yes. It is a policy of ours that we do everything in our power to have the grower or producer to ship to us on consignment; but, if he has a commodity that is in particular demand and he refuses or he insists that he sell it, then under certain circumstances we will buy it. I mean, if I can see that I am going to lose a particular lot of produce that I want inasmuch as he will not ship it to me on consignment then I will buy it.

By Mr. Monet:

Q. But as a rule in your business over the last few years has it not been a general rule that the grower would rather have you sell his produce on a commission basis for him?—A. That is right.

Q. As a general rule we can accept that?—A. That is right.

Q. What commission do you take on domestic produce?—A. 12½ per cent and handling charges.

Q. Is that agreed to by the grower and by you when you take possession of his goods?—A. That is right.

Q. He knows he is going to pay 12½ per cent commission?—A. That is right.

Q. Now I understand you do everything in your power to try to get the best possible price, don't you?—A. I have to do that.

Q. You have to do that; why have you got to do that?—A. Competition is so keen in the commission business that if I did not work hard for the farmer to get as much money for him as the traffic will bear then I am going to lose his account to one of my competitors.

Q. So you endeavour to get the highest possible price for the grower of the goods he wants you to sell for him?—A. Very definitely.

Q. How would you proceed to achieve that?—A. I don't just understand your question.

Q. Well, from what you have said, how would you determine the price you would ask—I understand you are selling to the retail trade?—A. That is right.

Q. What would determine the price you would ask? How would you know to set the price on the goods he wanted you to sell?—A. Well, after years of experience selling fresh fruit and vegetables you require a knack that is in there as to guessing as a result of the available supply and anticipated demand. It is on these two factors that you attempt to establish a price. But, of course, the price being set on merchandise has to be acceptable to the retail distributor. If he thinks the price we are asking is exorbitant then he will back away from the deal and he won't buy it.

Mr. IRVINE: If it was too low he would not buy anything.

The WITNESS: If it is too low he would buy it quick.

Mr. IRVINE: Yes, that is what I meant.

By Mr. Monet:

Q. Now, let us take as an example one morning at the opening of your office, you have a certain quantity say of potatoes for sale; is it the retailer who makes the first bid or do you offer potatoes at a certain price?—A. No, the retailer insists on us putting a price on it and that gives him a dicker.

Q. Then what I would like you to tell the members of the committee is at that particular moment how do you proceed to set the price?—A. Well, there is competition in the market and I am in touch with quotations from the maritimes —we do not handle maritime potatoes, we handle only Ontario potatoes. I know what the quotations are from the maritimes. I know what the laid-down cost is, and I endeavour to get more if I think the potatoes are as good as or better than the available Prince Edward Island potatoes on the market, or less if the quality is not as good.

Q. And then you will try, of course, to sell your potatoes a little higher than maybe your competitors?—A. We are striving to get the utmost.

Q. So there is competition between all the firms who handle these goods on a commission basis?—A. That is right.

Q. There is competition between yourselves with a view to getting the largest price for the goods?—A. That is right.

Q. And that of course would tend to raise prices?—A. That is right.

Q. And the retailer would be the one at this stage who would pay the higher price than he would have paid had that commission not existed?

Mr. MCCUBBIN: He would pay a lower price.

The WITNESS: The retailer is constantly trying to beat us down.

Mr. MONET: Does he succeed all the time?

The WITNESS: Well, it depends on the supply and the demand.

Mr. THATCHER: He didn't as a rule after the import embargo went on, did he?

By Mr. Monet:

Q. I was asking you if the retailer had succeeded in keeping the prices down in the last six months?—A. No, the retailer was more interested in obtaining supplies.

Q. Than he was in trying to keep prices down?—A. That is right.

Q. And of course that would suit you commission agents who would be getting a better price for your consignees?—A. It seemed to be a better arrangement.

Q. But in the long run it is the consumer who pays for it?—A. Yes; but at the same time the extra money the consumer pays is going to the primary producer.

Q. I am not discussing that aspect of the matter with you for the moment. Now, do you think anything could be done—you have been in the business for quite a number of years and your firm is a very large commission firm; is that right?—A. Yes.

Q. I am told that in Toronto you would be the largest commission firm?—A. I do not know whether you would call us the largest, it would depend on the point of view. I could say, the best.

Q. Well, let us say the best. That is why I feel that in questioning you I am getting the opinion of an expert in the matter, because I say that you are by far the best. Now, do you think that something could have been done to keep prices at a lower level than they were during the last six months?—A. This is a personal opinion. If I knew that such a situation was in contemplation I probably would not do very much about it because it is my duty, my trust, to get as much for the producer as I can for the merchandise he sends in for me to sell.

Q. Well, you heard Mr. Robinson, one of Mr. Robinson's statements in his brief to this committee—I am referring here to a few lines on page 9, and I would like to have your comments on them. He said: "It was, therefore, amusing to some of us to watch some commission wholesalers riding the bull market to the limit and at the same time joining in the public clamour about prices". Wouldn't you care to make any comment on that statement?—A. Yes. I do not think he meant commission merchants such as we are.

Q. Well then, would you make any comment on the statement?—A. I have made it I do not think he meant commission merchants who are established in the industry.

Q. Who do you think he meant?—A. I believe he meant the men who go out to the farmer and buy their produce for cash at the farm and then bring it into the city of Toronto and distribute it at a profit or a loss as the case may be.

Q. Would you care to make any comment on this statement in so far as it applies to wholesalers or others such as you have referred to?—A. Well, I do not have any argument to make with Mr. Robinson's statement, inasmuch as I feel that that is his personal opinion everyone is entitled to that, whether it be right or whether it be wrong.

Q. What would be your opinion?—A. My opinion is that he is, shall we say, a little incorrect.

Q. Would you give your own comment then on the matter?—A. Yes. I do not think that we have created any furore or raised any fuss about the supplies being cut off, because it was to our interests, it was beneficial to us as commission dealers to see the supplies of American produce not being brought in in competition with Canadian produce cutting out supplies increased the demand for the available Canadian produce, and as a result of that process we felt that we benefited.

Q. As far as your firm as commission agents were concerned?—A. That is right.

Q. But to the ordinary wholesaler I mean, or this type of distributor to whom Mr. Robinson was referring?—A. I do not think he was referring to us.

Q. Definitely, you see, he was not referring to your company, I agree.—A. Yes.

Q. And you would rather not make any comment I suppose as to the others?—A. No.

Q. Now, as to your storing capacity I understand that you store certain quantities of domestic goods that you receive and hold them for disposition?—A. Just the supplies we bought in the market which we store in our warehouse and hold them while they are in great volume. It is a day-to-day operation.

Q. You never at any time hold any considerable volume of supplies?—A. No.

Q. Now, on November 17, 1947, did you have any large quantity of supplies in general for the grower?—A. Do you mean under my control?

Q. Yes.—A. I do not control anything, Mr. Monet, the grower owns it until it is in my warehouse and they bring it in a truckload at a time and when that is sold they bring in another truckload and when that is sold they will bring in another. Until they bring it in to me I have no control over it.

Q. But after it is in the warehouse?—A. I can control it.

Q. I understand, until it is sold it belongs to the grower?—A. It belongs to the grower, yes.

Q. What I want to know is this, if on November 18, you had in your warehouse any large quantity of supplies belonging to the growers that you had for sale?—A. No, I did not.

Q. You did not?—A. No.

Q. And you kept receiving supplies after November 17, as in the past years is that correct?—A. That is true.

Q. So that it was as normal as in past years, was it?—A. Well, let me put it this way, at the time of the holdup I was a little enthusiastic about the possibilities of a higher price and if I worked a little harder to ensure plentiful supplies there might be some benefit to all concerned.

Q. That lasted for a few days?—A. How is that?

Q. You said that if you got enthusiastic you could get a higher price.—A. I am always enthusiastic about that.

Q. I mean at that particular time, do you mean you held— —A. We went out and advised our growers, I mean the growers who are dealing with us, that we anticipated a higher market and then we advised them if they were going to market to be sure and market it through us and that we would guarantee them the highest market price on the sale of their goods.

Q. Why were you anticipating a higher price at that time?—A. It was only reasonable to assume there would be depleted supplies and a smaller supply than usual and the price would react in a higher trend as a result of the demand.

Q. And is it correct to state as Mr. Robinson said that at that time there was quite a publicity campaign started about the scarcity of supplies?—A. There was a lot of newspaper comment.

Q. And that would create a rising price level?—A. Naturally.

Q. Could not that publicity compaign have been a little less strenuous and kept prices a little lower?—A. We would have been very pleased to see that. There was no necessity for much that appeared in the newspapers at all.

Q. You would have been glad to see less?—A. Yes.

Q. You are speaking for your own company?—A. That is right.

By Mr. Thatcher:

Q. Who carried on this campaign Mr. Robinson spoke about in the newspapers?—A. The newspapers; of course, they were selling newspapers.

Q. I thought I understood someone to say that there had been a certain amount of advertising as well as editorial comment?—A. Not to my knowledge.

Q. It was just editorial?—A. That is right.

The VICE-CHAIRMAN: "Just editorials", you do not mean to stop there, do you?

Mr. THATCHER: And newspaper stories.

The VICE-CHAIRMAN: That is right.

Mr. PINARD: We were told that some publicity was placed by American firms.

The WITNESS: Not in the local papers. They might have paid for space in the trade journals.

Mr. THATCHER: If that newspaper publicity had not taken place do you think it would have established a market in which supply would have been equal to demand; do you think that you could have supplied most of the normal market if that flurry had not been created?

The WITNESS: It would have made a vast difference if the publicity had not been in the papers, because I believe people over-bought, and they were in the same position as the country in general. Everybody was concerned that they were not going to be able to get a hold of adequate supplies and as a result a good many people over-bought, bought far more produce than they normally would have and they took it home and put it in their cellars and a large percentage of it spoiled.

Mr. FLEMING: The effect of what you are saying is that as a result a condition of panic was created?

The WITNESS: That is right.

Mr. FLEMING: That always causes people to run out and buy supplies for themselves.

The WITNESS: That is right, they read newspaper articles stressing points of that kind—for instance, that they were not going to be able to get enough potatoes, and so on—and it was apparent right from the start that it was absolutely unnecessary.

The VICE-CHAIRMAN: I wonder if it would have been worth while to start a campaign like the well known character who suggested that they should hang all the newspaper men—not any of those who are present, of course.

Mr. THATCHER: But of course, Mr. Stronach, it would be fair to say that you benefited from that campaign in an indirect way?

The WITNESS: That is a matter of opinion.

By Mr. Monet:

Q. There has been a lot said here, Mr. Stronach, and probably as a member of the committee pointed out last night there will still be a lot said about the law of supply and demand. Did not that publicity kind of help the law of supply and demand in increasing your prices?—A. It most definitely did.

Q. It did?—A. Yes.

Q. And if that publicity campaign or any other campaign had been directed in another way it could have brought prices down?—A. If there had been no publicity at all it would have been much more satisfactory.

Q. So you would agree that this law of supply and demand can be influenced in certain directions and to a certain extent?—A. I would say it can be swayed, yes.

Q. And it can be swayed by the trade?—A. You mean by the wholesale dealers?

Q. By the trade in general?—A. I do not know how.

Q. Well if, for instance, if this particular publicity had been directed to the opposite direction, as you said a moment ago, you think the prices would have gone down, or at least they would not have gone so high?—A. That is true.

Q. And then if the campaign had not been directed in the way it was prices would not have gone so high?—A. Yes.

Q. Now, if as Mr. Robinson pointed out, the trade was responsible for that campaign of publicity—I do not say that, it was Mr. Robinson who said that—I put it this way, that if the trade had not gone into that publicity campaign the result would not have been what it was?—A. You mean, if we had endeavoured to keep prices lower?

Q. Yes.—A. Well, I am a commission merchant selling the farmers' produce for as much as I can get for it. That is my bounden duty, and that is what I have to do to stay in business.

Q. I know, but with your experience in the trade—and I am taking your firm with its long years of experience—I do not know whether you can answer that question or not. If you do not want to answer it, or if you cannot answer it, just say so.

By the Vice-Chairman:

Q. The question is, could not the trade acting in concert have counterbalanced that publicity campaign by a campaign of another sort?—A. Well, Mr. Chairman, I do not believe that there was any definite campaign carried on; certainly, not by the wholesale fruit trade.

Q. Let me change it then and put it this way. I am only trying to see if we can clarify the thing. There was activity in the way of much publicity which had the effect as Mr. Fleming has said of creating a condition of panic and this resulted in the rise in prices. That is correct?—A. Yes.

Q. Then what about the possibilities at that time of a counter propaganda put on by the trade designed to quiet the fears of the consumers; and, could that have been done, would that have had the effect of holding prices down somewhat?—A. Frankly, Mr. Chairman, we did not know any more than did the public where this thing was going to end.

Q. Whether such a thing could have been done or not, you say the trade did not have sufficient information to go ahead?—A. That is right.

Mr. THATCHER: Mr. Monet, have you an exhibit comparable to that produced by the Wolfe Company?

Mr. MONET: No. This firm is almost entirely a commission business and as you will see by the exhibit I will not be questioning the witness very much. The business is mostly commission and it would not help us. The percentages are roughly 95 per cent commission and 5 per cent outright purchases.

Mr. THATCHER: That is for the domestic goods?

The WITNESS: 85 per cent and 15 per cent.

Mr. MONET: That is why, Mr. Thatcher, the secretariat and counsel did not think it necessary to have a comparison.

By Mr. Monet:

Q. Will you turn to this questionnaire, Mr. Stronach, and the questionnaire will be filed as exhibit 106 at this point.

EXHIBIT 106—Preliminary Information, Fruit and Vegetable Inquiry, Stronach & Sons.

EXHIBIT 106

Statement 1

General Information

PRELIMINARY INFORMATION—FRUIT AND VEGETABLE INQUIRY

1. Name of Company: Stronach & Sons.

2. Adrress of head office: 60 Colborne Street, Toronto, Ont.

3. Date commenced business: 1900.

4. Names and addresses of parent, subsidiaries and affiliated companies: as above—no subsidiaries.

5. Names and addresses of officers and directors or partners: George Stronach, Proprietor, 60 Colborne Street, Toronto, Ont.; Harry E. Stronach, General Manager, 60 Colborne Street, Toronto, Ont; George Stronach, Jr., Gen'l. Superintendent, 60 Colborne Street, Toronto, Ont.; Harold Anderson, Office Manager, 60 Colborne Street, Toronto, Ont.

6. Location of branches, warehouses and other places of business (including those of subsidiary companies engaged in the fruit and vegetable trade): Warehouse, 66 Colborne Street, Toronto.

STRONACH & SONS

(60 Colborne Street, Toronto, Ont.)

AVERAGE SELLING PRICE

Date	Oranges Calif. 288	Apples B.C. 125-138 delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported U.S. No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
	$ cts.	$ cts.	$ cts.	$ cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
1947											
October 2	N.A.	N.A.	1.08	N.A.	N.A.	N.A.	.035	N.A.	0.25	N.A.	.032
October 9	5.75	N.A.	1.05	N.A.	N.A.	.08	.039	N.A.	.03	N.A.	.035
October 16	N.A.	N.A.	1.25	N.A.	N.A.	.15	.038	N.A.	.023	N.A.	.035
October 23	N.A.	N.A.	1.76	N.A.	N.A.	.10	.038	N.A.	.025	N.A.	.04
October 30	N.A.	N.A.	1.70	N.A.	N.A.	.09	.026	N.A.	.02	N.A.	.035
November 6	N.A.	N.A.	N.A.	1.16	N.A.	.16	.03	N.A.	.03	N.A.	.032
November 13	N.A.	N.A.	N.A.	1.25	N.A.	.13	.03	N.A.	.03	N.A.	.033
November 20	N.A.	N.A.	2.75	1.50	N.A.	.17	N.A.	N.A.	.03	N.A.	.042
November 27	N.A.	N.A.	4.30	2.28	N.A.	.15	.05	N.A.	.045	N.A.	.06
December 4	N.A.	N.A.	N.A.	2.50	N.A.	.12	.052	N.A.	.04	N.A.	.05
December 11	N.A.	N.A.	4.00	3.00	N.A.	N.A.	.075	N.A.	.04	N.A.	.055
December 18	N.A.	N.A.	4.50	2.60	N.A.	.196	.075	N.A.	.04	N.A.	.05
December 24	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.08	N.A.	.043	N.A.	.05
December 31	N.A.	N.A.	5.40	N.A.	N.A.	N.A.	.087	N.A.	.044	N.A.	.05
1948											
January 8	6.00	N.A.	8.00	N.A.	N.A.	N.A.	.11	N.A.	.05	N.A.	.047
January 15	N.A.	N.A.	8.50	4.50	N.A.	N.A.	.11	N.A.	.045	N.A.	.051
January 22	N.A.	N.A.	9.03	N.A.	N.A.	N.A.	N.A.	N.A.	.042	N.A.	.055
January 29	N.A.	N.A.	10.00	N.A.	N.A.	N.A.	N.A.	N.A.	.05	N.A.	.059
February 5	N.A.	N.A.	10.48	N.A.	N.A.	N.A.	N.A.	.053	.064	N.A.	.075
February 12	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.041	.065	N.A.	.08
February 19	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.08	N.A.	.088
February 26	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.04	.096	N.A.	.09
March 4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.039	.12	N.A.	.09
March 11	5.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.045	N.A.	N.A.	.09
March 18	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.045	N.A.	.088	.083
March 25	N.A.	N.A.	N.A.	N.A.	N.A.	.85	N.A.	N.A.	N.A.	N.A.	.08
April 1	5.20	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.06	N.A.	.09	.10
April 8	5.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.06	N.A.	N.A.	.096
April 15	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.095
April 22	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.074	N.A.	N.A.	.12

STRONACH & SONS — STATEMENT 3—PURCHASES

(60 Colborne Street, Toronto, Ont.)

LAID-DOWN COST OF MOST RECENT PURCHASES—IN CENTS PER POUND

Date	Oranges Calif. 288	Apples B.C. 125-138 Delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
	$ cts.	$ cts.	$ cts.	$ cts.	cts.		cts.	cts.	cts.	cts.	cts.
1947											
October 2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
October 9	5.25	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
October 16	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
October 23	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
October 30	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
November 6	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
November 13	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
November 20	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
November 27	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
December 4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
December 11	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
December 18	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
December 24	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
December 31	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
1948											
January 8	5.50	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
January 15	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
January 22	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
January 29	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
February 5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.052	N.A.	N.A.	N.A.
February 12	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.052	N.A.	N.A.	N.A.
February 19	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
February 26	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.033	N.A.	N.A.	N.A.
March 4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.035	N.A.	N.A.	N.A.
March 11	5.20	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.038	N.A.	N.A.	N.A.
March 18	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.03	N.A.	.086	N.A.
March 25	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
April 1	4.75	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.04	N.A.	.089	N.A.
April 8	4.96	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.055	N.A.	N.A.	N.A.
April 15	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
April 22	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	.072	N.A.	N.A.	N.A.

STRONACH & SONS

DECEMBER 31ST

——	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
	$	$	$	$	$	$	$	$	$	$
Sales	302,617	383,605	403,052	467,109	633,960	649,480	754,276	744,374	696,386	
Cost of sales	263,914	333,632	349,568	408,190	562,804	576,386	674,934	662,434	610,349	
Gross profit	38,703	49,973	53,484	58,919	71,156	73,093	79,342	81,940	86,036	
Commissions earned										
Miscellaneous income	3,701	3,424	4,502	3,111	2,638	3,412	4,433	2,863	4,899	
Gross revenue	42,404	53,397	57,986	62,030	73,794	76,505	83,775	84,803	90,925	
Executive or partners salaries	3,000	3,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Other salaries and wages (include commission to salesmen)	17,024	21,464	24,100	27,784	28,198	31,399	31,057	32,321	37,585	
Other operating expenses	19,412	22,277	25,594	23,103	26,796	27,858	29,959	32,202	31,418	
Total expenses	39,436	46,741	53,694	55,887	59,994	64,257	66,016	69,523	74,003	
Operating profit before taxes on income	2,968	6,656	5,292	6,143	13,800	12,248	17,759	15,280	16,922	
Investment income										
Interest paid	1,440	1,255	1,036	1,217	514	434	437	303	514	
Profit before taxes on income	1,528	5,401	4,256	4,926	13,286	11,814	17,322	14,977	16,408	
Provision for taxes on income	228	3,394	1,445	2,382	10,311	9,391	13,720	8,196	7,208	
Net profit	1,300	2,007	2,811	2,544	2,975	2,423	3,602	6,781	9,200	
Percent gross profit to sales	12·7%	13%	13·2%	12·6%	11·2%	11·2%	10·5%	11%	12·3%	

STRONACH & SONS

STATEMENT 5—MONTHLY SALES AND PROFITS

Month	Sales	Gross profit	Percent gross profit to sales	Commissions and miscellaneous income	Operating expenses	Operating profit
	$	$	%	$	$	$
1946—January	20,344	1,696	8·3	218	4,642	2,728 Loss
February	14,319	1,704	11·9	200	4,318	2,414 Loss
March	21,841	2,935	13·4	295	4,186	956 Loss
April	27,026	3,158	11·7	226	3,963	579 Loss
May	51,845	5,457	10·5	242	4,877	822
June	98,501	10,525	10·7	165	5,771	4,919
July	189,628	19,211	10·1	293	8,532	10,972
August	122,824	14,783	12·0	300	7,670	7,413
September	94,778	11,203	11·8	220	8,260	3,163
October	62,127	7,517	12·1	210	6,382	1,345
November	24,139	2,127	8·8	290	6,025	3,608 Loss
December	17,002	1,624	9·5	204	5,200	3,372 Loss
	744,374	81,940	11·0	2,863	69,826	14,977
1947—January	22,786	4,501	10·9	416	6,743	1,826 Loss
February	16,249	2,380	14·1	204	4,284	1,700 Loss
March	14,760	2,283	15·4	210	4,166	1,673 Loss
April	20,055	2,389	11·9	553	5,190	2,248 Loss
May	37,258	4,638	12·4	212	4,835	15
June	79,215	9,794	12·8	213	6,300	3,707
July	166,838	21,894	13·0	279	9,294	12,879
August	124,172	16,230	13·0	1,013	8,080	9,163
September	99,320	11,310	11·3	217	8,846	2,681
October	62,802	6,401	10·1	503	6,733	171
November	24,749	1,832	7·4	814	5,362	2,716 Loss
December	28,182	2,384	8·4	255	4,684	2,045 Loss
	696,386	86,036	12·3	4,889	74,517	16,408
1948—January	26,057	3,387	13·0	210	5,172	1,575 Loss
February	18,135	2,745	16·2	210	5,201	2,246 Loss
March	15,778	1,759	11·1	210	5,233	3,264 Loss

By Mr. Monet:

Q. You have a copy of the exhibit, Mr. Stronach?—A. Yes.

Q. You identify this as the questionnaire which you answered?—A. Yes.

Q. I would ask the committee members to turn to page 4 of the statement which shows the annual sales and profits of the company for the past nine years. Would you give the members of the committee the total dollar sales of your company for the fiscal year ending December 31, 1939?—A. $302,617.

Q. Would you give the corresponding information for the fiscal year ending December 31, 1947?—A. $696,386.

Q. Your sales for the last fiscal year have increased $390,000 over the 1939 figure?—A. Yes.

The VICE-CHAIRMAN: May I interject and ask whether this great increase in volume—judged in dollars—is comparable to the increase, if an increase did take place, in volume?

Mr. IRVINE: I think that is a very important question.

By the Vice-Chairman:

Q. You have $302,000 in 1939 based on a certain price level and you have $696,000 because of a certain price level in 1947. Would you have anything like that increase in the way of boxes, bales, bushels, pounds, tons, or whatever the unit of measurement should be?—A. From a tonnage standpoint?

Q. Any form of measurment of volume. I do not know what the proper measurement would be?—A. I believe our physical volume did increase but whether it increased to a comparable extent I am doubtful.

Mr. IRVINE: I think we ought certainly to know whether it increased or not because if the volume did increase it would seem there is no such heavy weight of responsibility to place on supply and demand as we may have been led to believe. If there were more goods on the market than in previous years and still the price went higher then somebody must have been going without for a long time.

The VICE-CHAIRMAN: I think everyone will agree with what you say, Mr. Irvine, and it is desirable to have knowledge of the physical volume as well, but I think that information might not lead to the same conclusion as that to which you have arrived.

Mr. MAYHEW: We would arrive pretty closely at the volume if you gave us the percentage of price increase and we could work back?

The VICE-CHAIRMAN: Yes, we could judge it by the difference in the value of the dollar in the two years. There may be figures contained in the document which will give us the information.

Mr. THATCHER: It would seem from the sheet that in 1947 on a smaller volume the company made a greater profit, compared with the years 1945 and 1946, when it handled considerably less produce. Would you account for that because of the fact the embargo was imposed?

The WITNESS: No, the embargo did not affect us to that extent.

The VICE-CHAIRMAN: I did not really intend to interfere with Mr. Monet's line of questioning to this extent.

Mr. FLEMING: I suggest, now that the point has been mentioned, Mr. Monet should follow it up and ask Mr. Stronach the reason for the volume drop in 1947 as compared with 1945 and 1946.

The VICE-CHAIRMAN: Mr. Fleming, now that we have this point of volume raised might we just bear it in mind and it will not matter whether Mr. Monet proceeds with the point immediately or comes to it later.

Mr. MONET: I would be very glad if the witness would answer.

The WITNESS: What was the question?

By Mr. Fleming:

Q. I wonder, Mr. Stronach, if you would comment on the fact that your total dollar sales in 1947 while substantially above the figure for 1939 are nevertheless considerably below the dollar volume of sales in 1945 and 1946. The statement shows a steady rise in your dollar sales volume from 1939 to 1945; there is a slight decrease in 1946, and then a substantial decrease in 1947? —A. I believe, Mr. Fleming, that was due to the fact that in 1945 there was a very high price on deciduous fruit, strawberries, raspberries, and that sort of thing, of which we handled quite a considerable volume. There was no ceiling price and the price of those commodities has since gone down.

Q. On a free market?—A. Yes, due to the available supplies being heavy.

Q. In that case the law of supply and demand did work in the direction of a decrease in price?—A. That is right.

(Mr. Mayhew took the chair.)

By Mr. Thatcher:

Q. I am interested in knowing how much profit in 1947 was attributable to the ceilings and the embargo being imposed?—A. It would have no great bearing in 1947 because it would only be a matter of five weks during which the embargo applied, and our yearly volume during that particular five weeks is quite low anyway. Our heavy volume is in about four months of the summertime.

Q. You would not say you made abnormal profits after the embargo went on, such as the profits made by the company which appeared before us yesterday?—A. No, no. Our increase would only be the difference between 12½ per cent calculated at the previous price and then calculated at the price in effect after the embargo was imposed.

By Mr. Fleming:

Q. Your commission rate has not changed at all?—A. No.

Q. It is a case of applying 12½ per cent to whatever the dollar volume of sales has been?

The ACTING CHAIRMAN: Was it not also a rather backward spring? In 1947 there was a short harvest and would that not account very largely for the reduction in your sales?—A. It had a great deal to do with them.

By Mr. Monet:

Q. Mr. Stronach, I note on this questionnaire that you have no figure under the heading "commissions earned" but that certainly does not mean you did not handle goods on commission, because most of your goods are actually handled on commission? I take it the sales and commissions are included in the total at the top?—A. That is right.

Q. I also notice the company has under the heading "miscellaneous", an amount of $4,889 in 1947, and for 1946 the figure is $2,863. What does that amount represent, the amount under "miscellaneous" in 1947?—A. That is chiefly rentals and interest on investments.

Q. Rentals on property which belongs to the company?—A. Yes.

Mr. PINARD: The same thing appears on statement 5 in the fourth column.

Mr. MONET: "Commissions and miscellaneous income".

The WITNESS: Yes.

Mr. PINARD: What does the amount represent again?

Mr. MONET: Revenue from rent and income on investments.

By Mr. Monet:

Q. You told us the building where you are located is owned by the company? —A. Yes.

Q. And that would account partly for the rentals?—A. Yes.

Q. I will ask you to look down at the figure opposite operating profit before taxes on income and I notice that your operating profit over the last three years has been quite steady, being $16,922 in 1947?—A. That is right.

Q. It has been quite steady over the last five or six years?—A. That is correct.

Q. On the last line of the same page I notice your gross profit on percentage of sales fluctuated from a low of 10·5 per cent in 1945 to 13·2 per cent in 1941? —A. That is correct.

Q. Then it came down to 12·3 per cent in 1947?—A. Yes.

Q. How do you explain the substantial rise between 1945 when it was 10·5 per cent, and 1946 when it was 11 per cent, and 1947 when it was 12·3 per cent?

Mr. FLEMING: Do you call that a substantial fluctuation?

Mr. MONET: Well 10·5 to 12·3 per cent on gross profit to sales is quite a substantial margin, in my opinion.

Mr. FLEMING: It is less than 2 per cent.

Mr. MONET: Yes, I know.

The WITNESS: I do not know how to explain it, Mr. Monet. In 1945 there was a volume of fruit on which there were ceilings placed and as the result of those ceilings the farmers were asking peak prices and we could not sell at 12½ per cent commission, or we could not take 12½ per cent commission. We were not allowed 12½ per cent under ceilings.

Mr. MONET: What was the amount allowed?

The WITNESS: I cannot recall. I do not know just offhand what it was.

By Mr. Monet:

Q. In other words, in 1947 you came back to the commission which in previous years had been 12½ per cent?—A. Yes.

Q. Which you were not allowed to make in 1945 and 1946?—A. That is right.

Q. And this commission in 1947 is comparable to the commission in 1940, 1941 and 1942?

By Mr. Pinard:

Q. May I interject? Your net profit in 1947 was much higher than in 1946 even if the percentage was lower. It was just 1·3 per cent higher in 1946. In other words your net profit of $9,200 in 1947 compares with $6,781 in 1946? —A. Yes.

Q. Would you care to give an explanation as to that?—A. I cannot explain the reason for it, Mr. Pinard, but I see it here. Taxes would make a difference.

Q. Yes, but you see the difference in percentage is simply 1·3 per cent and your net profit is much higher. It jumps from $6,781 to $9,200.

Mr. FLEMING: That figure is calculated on the gross profit.

Mr. PINARD: Yes, I know but the difference appears to me to be very high.

Mr. KUHL: Do you think the figures are wrong?

Mr. PINARD: No, no.

Mr. FLEMING: There would not be any relation to the figure in this last line at all. The figure in the last line is percentage of gross profit to sales and that only relates to the first line.

Mr. MONET: Yes, gross profit to sales.

By Mr. Fleming:

Q. May I interject a question here. We have not been given a figure of the percentage net profit to sales, which I think would be rather illuminating. I was just making a calculation here and although I may be wrong, I find the percentage of net profit in 1947 was only 1·32 per cent?—A. I believe our net profit as a percentage of sales is 2 per cent.

Q. The figure $9,200 is applied to $696,000 which is about 1·3 per cent?—A. I will take your figures.

Q. In 1946 your percentage of net profit to sales is less than 1 per cent. In 1945 it is only a fraction of 1 per cent. It strikes me that you have done well to stay in business at all, working on this margin.

Mr. THATCHER: I do not think there is anything abnormal in the profits of Stronach & Sons and, unless the witness has something to add, I suggest that we call the next witness.

Mr. MONET: I agree with that.

Mr. FLEMING: It is all very well for us to concentrate on a witness where there are big profits and to bring out that fact very clearly, but here is a firm doing the biggest business of its kind in Toronto and we find it has been operating on the narrowest kind of a margin. I think the percentage of net profit to sales is very significant. I think it is even more significant than the percentage of gross profit to sales when you find a firm like this averaging probably less than 1 per cent of net profit on its gross sales during this high period. It shows they have just been operating on an extremely narrow margin.

Mr. THATCHER: Is not our task to find out why prices are high and if a company is not taking a high margin why examine the witness. The firm which we examined yesterday was in a different position.

Mr. FLEMING: I am not speaking about yesterday's evidence but I think it would be well for us to note that a big company like this has been operating on a very narrow margin during times when prices have been rising.

Mr. IRVINE: You must of course remember this company is a commission agency and takes less risk than the company before us yesterday.

Mr. MONET: We were told this company was the most important commission agency in Toronto, but after receiving the questionnaire I came to the conclusion that they were operating at a very small profit. I thought even that fact would be interesting to the committee. It is impossible, however to make comparison with other dealers who operate differently. I have no further questions of the witness.

The ACTING CHAIRMAN: I think Mr. Fleming is very fair in bringing this point forward and it shoud be called to the attention of the public. There is one point which I would like to bring out that the $9,200 profit on $696,000 contained other miscellaneous things, investment, and rent, which amounted to pretty nearly half of the profit of $9,000. The profit on the actual operation is less than $9,000 and actually amounts to about ½ of 1 per cent.

Mr. FLEMING: That is in the best year.

The ACTING CHAIRMAN: Yes.

Mr. FLEMING: There is an interesting point here. If we go down the line we will see that in 1939 there is no net profit, if you take out the miscellaneous income. The miscellaneous income for that year was larger than the net profit. In 1940, if you take out the miscellaneous income there is no net

profit; in 1941 the same thing is true; in 1942 the same thing is true; in 1943 if you take out the miscellaneous income there would be a net profit of $300; in 1944 if you take out the miscellaneous income they would have no profit; in 1945 the net profit excluding the miscellaneous income would be about $800; in 1946 the net profit would have been about $3,900.

Mr. THATCHER: What are you trying to establish?

Mr. FLEMING: I am just commenting on the point which the chairman brings out and that is a substantial part of the net profit is derived from other income, rentals, etc.

Mr. THATCHER: That is agreed.

Mr. FLEMING: As a factor, the cut of the commission agent with respect to sales and net profit becomes more insignificant. Actually this company kept going on its rentals in some of those years and it was operating at a loss.

The ACTING CHAIRMAN: I think you also ought to look at the salary list.

By Mr. Pinard:

Q. I see the salaries have increased from $17,000 in 1939 to $37,000 in 1947. I see that operating expenses also increased from $19,412 to $31,418. I would like to have some comments as to why there was such a substantial increase in both those items.—A. I think you will find, Mr. Pinard, that our volume of sales in 1939 was $302,000 and with the increase in volume to $696,000 in 1946 our necessary labour to handle that tonnage of merchandise cost us more money.

Q. How many employees do you have?—A. The number varies. We have about eleven key men in the off-season—that is the wintertime—but then in the summer that staff must be augmented quite considerably to handle our volume which is then very high.

Q. Yes, but it is constant from year to year? You have approximately the same number of employees now as you had in 1939?—A. Well, the salaries are higher now than they were in 1939.

Q. Yes, but have you got about the same number of employees as you had in 1939?—A. No, I think we have more. I have not got the exact figures and I do not know offhand. Frankly, I do not know the number of employees we had in 1939 because I was then not so vitally interested in the business.

Q. Do you know the average salary paid to the employees—those who handle the produce?—A. The warehouse staff?

Q. Yes?—A. Not counting the sales force?

Mr. MCGREGOR: If you will check the item with respect to cost which was given yesterday you will find that it increased from $82,583 to $228,000 in the same period.

The ACTING CHAIRMAN: I cannot find anything to criticize with respect to this firm. I think it has done a remarkable service to the public for very little money.

By Mr. Pinard:

Q. I would just like an answer to my question?—A. I venture to say the average salary would be $40 a week.

Q. Now with respect to your operating expenses, they are listed now as being $31,418 as compared with $19,412 in 1939. Would you just comment on that and state what the increase represents generally?—A. We must hire extra trucks. We cannot carry, for our wintertime operation, the number of trucks necessary in the summertime. It would not be sensible to have a cartage system set up to do $150,000 worth of business a month when you are only doing $25,000 worth of business for six months of the year.

Q. I suppose the cost of repairs is much higher?—A. No, that factor is not so important, it is the cost of the trucks and the drivers that has increased.

By Mr. Thatcher:

Q. How much of the Toronto business is done by companies which are like yours, strictly operating on a commission basis, and how much is done by other companies similar to the one which appeared yesterday?—A. If I hazarded a percentage it would only be a guess. I could not tell you. I do not know about the people who do go out and buy from the farmer, and solicit shipments on consignment. Those goods are brought down to Toronto and sold in competition with us. Some of the produce is consigned and some is handled on an outright purchase basis.

Q. Do you think most of it is done by wholesale companies or by commission houses?—A. I think the bulk of the domestic deal is handled on commission.

By Mr. Monet:

Q. That would be to a firm like yours?—A. That is right.

Q. Do they have the same kind of operations in other provinces in Canada? —A. Oh, yes.

Q. They do have it in the other provinces?—A. Yes.

Q. Now, could you tell the members of the committee if a great proportion of domestic goods are handled in the other provinces by commission agents like your company?—A. No, I do not believe they are. I believe there is a certain percentage of commission trade in Ontario, that a bigger percentage of it is handled on a commission basis than in the other provinces.

Q. It is different in your area?—A. Yes, quite considerably different; and that is due to our proximity to the growing district.

Q. What about the Montreal market? Would you have any personal knowledge of that?—A. I would not.

(Mr. Maybank resumed the chair.)

By Mr. McGregor:

Q. I would like to ask Mr. Stronach how long they have been in business?— A. We have been in business since 1900.

Q. You probably have been in business too long to get on to the new way of doing business.

The VICE-CHAIRMAN: What is that?

Mr. MCGREGOR: I said they probably have been in business too long to get onto the new ways.

Mr. IRVINE: I think it might be advisable to raise that question again of volume and value, particularly assurance of volume.

The VICE-CHAIRMAN: You have been following that particularly?

Mr. IRVINE: I think we are just about through with this witness.

Mr. MONET: I am through with the witness so far as my questions go.

Mr. IRVINE: I would like to find out if possible if there had been any increase or decrease in the volume of business done by commission agencies.

Mr. MONET: Can you say that?

The WITNESS: I cannot break it down.

Mr. IRVINE: Could you give it to us later?

The WITNESS: I do not think I could. There would be no way of going back to find out what our tonnage was.

By The Vice-Chairman:

Q. Well, Mr. Stronach, would you be able to indicate at all accurately or to give us what you would consider to be a fairly close estimate, as to whether your volume as between 1946 and 1947, is up or down?

Mr. THATCHER: Wouldn't that be in their statement?

The VICE-CHAIRMAN: That is in dollars. I am speaking about volume.

By The Vice-Chairman

Q. What would you say as to that?—A. I would say that the tonnage probably is about the same and I think prices were a little lower in 1947 than in 1946.

Q. You would be inclined to think at any rate as well as you can recollect that the transactions of 1946 and 1947, were about equal in physical volume?—A. That is right.

Q. Would your memory carry you back to make a similar statement one way or the other with reference to the year before, 1945?—A. In 1945, I think supplies were lighter, tonnage was lighter.

Q. Tonnage was lighter?—A. That is right.

Q. And the physical volume in 1945, you think was less than it was in 1946?—A. 1946?

Q. And also less than it was in 1947?—A. Right.

Q. That is as far as you could go in telling us about volume?—A. Yes.

Mr. THATCHER: Then, why would your wages be higher when you have less volume?

The WITNESS: We had the same staff in 1945, when we were not able to raise wages on account of Wage Control Board regulations.

Mr. MAYHEW: That would be salesmen?

The WITNESS: Yes, salesmen and executives.

The VICE-CHAIRMAN: So there may be wage increases occurring and that would mean that you would have increased costs?

The WITNESS: That is right.

Mr. THATCHER: Mr. Chairman, I think it is pretty obvious that Mr. Stronach did not send the price of fruits and vegetables up in Toronto. I suggest we call the next witness.

Mr. IRVINE: But you were not sure that the other fellows did not do it.

The VICE-CHAIRMAN: If you are through with Mr. Stronach?

Mr. MONET: I am through.

The VICE-CHAIRMAN: Thank you very much, Mr. Stronach.

(The witness retired).

George C. Anspach, President of George C. Anspach Company Limited, 72 Colborne Street, Toronto, called and sworn:

By Mr. Monet:

Q. Now, Mr. Anspach, will you give us your full name, please?—A. George C. Anspach.

Q. And your address?—A. My residence address is 925 Avenue Road.

Q. And you are the President of the George C. Anspach Company Limited, are you?—A. Yes sir.

Q. Where is your head office?—A. 72-4 Colborne.

Q. That is in Toronto?—A. Yes sir.

Q. Would you please tell members of the committee when the operation of your company commenced?—A. The operation of this company, which was under Letters Patent from Clarke Produce and Fruit Company, commenced on March 21, 1938.

Q. And the fiscal year of the company ends what date?—A. The nearest Wednesday to the 31st of March.

Q. The 31st of March?—A. With the closest Wednesday to the 31st of March. Our business is done in thirteen four-week periods.

Q. Would you give the name of the officers of the company?—A. President, George C. Anspach, Vice President, R. W. S. Johnston, Secretary, Miss M. J. Buckley, Treasurer, R. T. Sleeman, Directors, Mrs. Bessie E. Anspach and R. G. Anspach.

By the Vice-Chairman:

Q. Is it so that this is a closely held stock, as it would seem to be?—A. This stock is all held by myself with the exception of qualifying shares for the officers of the company.

Q. You are the sole owner, these people only own one share each to qualify as officers?—A. That is exactly it.

By Mr. Monet:

Q. Is the company related to any other company? Is it a subsidiary of any other company?—A. No sir, it is not.

Q. Does your company own any subsidiaries?—A. No sir.

Q. Now, I understand that you operate a warehouse also; is that correct?—A. Yes sir.

Q. Does that belong to the company?—A. It is owned by the company.

Q. Fully owned by the company?—A. Fully owned by the company.

Q. Is it operated for company purposes only or is there rental space?—A. There is no rental space. It is operated for the company only.

Q. I understand you are a wholesaler?—A. I am a wholesaler and a commission merchant.

Q. In the fruit and vegetable business?—A. Yes sir.

Q. Now, would you describe to the committee generally the nature of your operations in fruits and vegetables?—A. We at all times try to have as much local merchandise as possible and are primarily interested in local merchandise but we fill in with imported merchandise, and by imported merchandise I mean merchandise which is not grown in Canada. One-third of our total volume is commission goods and two-thirds is purchases.

Q. When you say one-third is commission, do you refer there to the domestic goods or to all the goods you handle?—A. The only commission business we do is domestic.

Q. And when you say one-third of that is domestic goods handled by your company, you mean that is volume handled on a commission basis?—A. No, sir. I said that one-third of what we sell in volume. That is what I meant. One-third of our sales, if you like, is local merchandise on a commission basis.

Q. Well now, let us get this right; what proportion of your business is domestic and what porportion is imported?—A. Considering Canada as domestic?

Q. Yes.—A. That would make approximately 40 to 50 per cent Canadian and 50 per cent of the volume would be imported.

Q. Of this 50 per cent what amount would be domestic, what proportion would you handle on a commission basis and of that what proportion would you handle outright?—A. One-third of our total volume is commission and 50 per cent of our total volume is Canadian. The fraction therefore would be about 15 per cent. Somewhere in there.

Q. That is your answer, 17 per cent would be handled on a commission basis?—A. 17 per cent of the total volume.

Q. And the other 73 per cent would be purchased outright and sold for your own benefit—A. That is right. Yes, sir.

Q. Where do you buy domestic goods in general? How do you proceed? Where do you get them?—A. Domestic that we buy are such things as come from British Columbia, Manitoba and the eastern provinces. We buy them through brokers or their sales agencies. On local merchandise, the local produce around Ontario locally, we have a man contacting the growers at all times keeping them advised on the market and keeping them advised of what we need for the market, and such things as that.

Q. When you say keeping them advised of the market do you refer to goods you are handling on commission for them, or do you refer to goods you buy from the grower?—A. To all the goods we handle. Yes, sir.

Q. Your respresentative goes to the farmer and tells him what the goods are to be, what the price is on the market?—A. What the market is; we also keep in touch so as to know when we can expect local merchandise to arrive so that we can clean up on imported merchandise by the time the local merchandise is ready to go on to the market.

Q. And, talking about the market, how do you know what the market is? Where do you get your information from?—A. The market—the information we get is our own experience. By that I mean you have to gauge the supplies of the week or the month. What I mean by that is that on certain weeks there is a better demand for merchandise and you can ask a better price, and when the season is not so good, or when the demand is not so good you have to know that too. And, being commission merchants, it is our obligation under the Fruit and Honey Act to get as much by way of sale prices as is possible for the grower.

Q. And for that part of the goods you do not sell on commission, which you buy outright from the grower, how are you going to be able to tell them what the market price is?—A. I think, if I might interrupt, we are a little at cross purposes. As I told you, the local Ontario produce we don't buy unless in the case of things like potatoes and onions where storage is involved. We handle them on commission. Our policy has always been that we could not take Tom Jones' merchandise on commission and buy his neighbour Bill Smith's outright. That would not be fair to Tom Jones, to have him put his stuff on our floor on commission and go to his next door neighbour and buy his merchandise in competition.

Q. Then what you say is that all the domestic goods that you sell coming from the growers in the province of Ontario are all sold on a commission basis? —A. The biggest percentage of it, yes.

Q. So that the 35 per cent that you purchase outright are from the other provinces?—A. That is right. There are times, as I told you, in the case of onions and potatoes—those are items which the growers in Ontario do not care to sell on a commission basis. There is a little exception there at certain periods of the season, but very few of them are sold on a commission basis.

By The Vice-Chairman:

Q. Just a matter of interest, would you mind saying what your own experience has been with let us say potatoes?—A. Well, the mark-up on potatoes is as a rule very small. It is a highly competitive item. It is an item that the chain stores use—well, in my experience in chain stores, it is what we call a "bring-in" item.

Q. You mean, a come-in item?—A. Yes, a come-in item, or as we call it a bring-in item. Everybody uses potatoes, consequently there is a high degree of competition amongst the larger retail distributors of potatoes and onions than there are on other fruits and vegetables.

Q. I see.—A. And as a result the mark-up in the retail business is much lower and as a consequence the mark-up you get in the wholesale is correspondingly low.

Q. I spppose the farmer then is in this position, is he, with reference to potatoes; he knows that whatever price potatoes sell for it will not be greatly different under any circumstances in the first instance from what it will be if they are sold second or third, and he does not see that it is worthwhile to carry that risk for such a very small profit?—A. That is right. That is, under normal conditions. As the supply gets shorter and the price goes up he may then want to get more out of it. But then, of course, he gets more out of it too.

Q. And these remarks you have been making in respect to the way potatoes sell apply about the same to onions, do they?—A. That has been my experience.

Q. I see. I was just interested in knowing why they operate that way.

By Mr. Mayhew:

Q. Would there not be considerable loss through spoilage in onions and potatoes?—A. In onions there is a certain amount.

Q. But that would be in the early spring?—A. Yes, potatoes when they are too long in storage give you a little trouble when it comes along to the end of the season.

Q. And with respect to fruits and vegetables generally, there are some commodities on which there is a greater factor of loss than other?—A. That is right, but it is our duty as commission merchants to see that the produce is disposed of before there is any loss.

The VICE-CHAIRMAN: Or they won't come back to you?

The WITNESS: That is right.

By Mr. Mayhew:

Q. Could you give us any idea of the percentage of loss in specific quantities; of course, it would vary with different commodities.—A. It would vary with different seasons of the year, sir.

Q. Well, could you give us a figure on lettuce?—A. There is a bigger loss in lettuce. Then, you take in 1946, there was a tremendous overproduction of cauliflower. That is one item that I recall distinctly, that cauliflower was a glut on the market and the grower lost because there was not market for it. A lot of it had to be disposed of.

Q. If you have a big percentage of spoilage you would lose customers and they would send their produce to another dealer; isn't that so?—A. Yes, if there is an avoidable loss they are going to send it to another firm for sale; and you can't have that happen, you see.

By Mr. Monet:

Q. I understand that you also store goods sometimes during the course of the year?—A. We do and we don't. I mean by that, we rent storage space.

Q. You rent it?—A. We have no cold storage in our warehouse. We rent cold storage space in a cold storage warehouse to put in lettuce and stuff of that kind when we have an oversupply and when it looks as though it is going to take a few days to move it out; particularly if it looks as though in three or four days there will be a better demand for it, then we put it in storage and keep it there and bring it out a little later to dispose of when it is not disposed of on the day of arrival.

Q. Is it not a fact that to take care of the demand during the winter months you store certain quantities of domestic produce in the fall?—A. No, not in the fall.

Q. When do you do that?—A. We have a large section in our warehouse and as we bring in an over-supply of carrots, let us say, more than we can sell today, they are temporarily put in the basement until they move out.

Q. When you say bring in; there, of course, you are referring to goods that are brought to the grower by you to sell on commission?—A. That is right.

Q. Now, speaking about the 35 per cent that you purchase outside of the province—that is what I am interested in just now—is it a fact that you store certain quantities of those goods some time during the year so as to take care of the demand during the winter?—A. No, the only thing that we stored this year was B.C. apples.

Q. When did you store them?—A. We stored those in December.

By Mr. Thatcher:

Q. Did you ever export to the States vegetables such as carrots and so on?—A. Well, I can tell you this; we attempted to export potatoes to the United States once or twice.

Q. Has your company ever exported very much of these?—A. No, we did not export any.

By Mr. Winters:

Q. What happened in your attempt to export?—A. It was a very, very bad experience.

Q. In what way?—A. Well, the time I am speaking of we exported four or five carloads of potatoes. They were Canadian No. 1 certified when they left here. When you export potatoes, for instance, you export them on delivery basis, and when you deliver merchandise everything depends on the condition in which it arrives. When these potatoes arrived at their destination the market had taken a flop, wasn't as high as the price at which we bought them. There was considerable waste when they came to pick them over and they didn't have to accept them as Canada No. 1. The result was that we took a nice licking.

The VICE-CHAIRMAN: You do not want questions of this kind, Mr. Anspach, which recall bad experiences?

The WITNESS: Well, it was a bad experience, sir.

By Mr. Thatcher:

Q. But is it not true that last year a lot of these vegetables were exported?—A. That is true.

Q. And that would increase the shortage somewhat that we had here?—A. That is correct, yes sir.

Q. Which in turn would affect prices?—A. It was mostly carrots—

Q. Your company did not engage in that?—A. We did not, sir.

By Mr. Monet:

Q. Coming back to the storage goods, I do not know whether you understand me right there, Mr. Anspach, but I wanted to make this very clear. I understand, taken on a basis of November 17, I would like to be able to understand; at that time you did not have any stock of potatoes, onions, beets, carrots, apples or cabbage, goods purchased outright, belonging to you, stored to be sold to take care of demand during the following months?—A. I remember distinctly that our cellar was completely empty. However, I do believe we had three or four hundred bags of onions. That is the only item I recall on hand on November 17.

Q. Is it not a policy of your company, like the other witnesses who have been here, to store a certain quantity of commodities of the type I have enumerated to take care of the winter months, do you not put them in storage during September, October and November?—A. No, sir. As I told you once or twice before, our policy is to take merchandise on commission, not to buy.

Q. I know, but speaking of the proportion of produce you buy from outside of Ontario; doesn't that apply?—A. Those items that you mentioned do not come from outside of the province of Ontario as a rule.

Q. Let me make my question very clear, whether it comes from anywhere at all, in whatever form it is; did you or did you not on November 17, have a

certain quantity of supply of let us say onions, potatoes, carrots, cabbage or apples in your warehouse?—A. As I said—

Q. Belonging to you and to be sold outright for your benefit?—A. —the only thing that we had, I remember clearly, was these three hundred bags of onions, and some B.C. apples. They were the only items we had.

Q. What did you do as the price of onions increased; did you advance your price or did you sell them on the same basis as they cost you?—A. No, sir. We bought on the market. Whatever the market was, we followed it.

Q. On page 3 of your statement, you show that on November 14 the increased cost amounted to 2·5 cents.

The VICE-CHAIRMAN: Mr. Thatcher, may I break in for a moment?

Mr. THATCHER: You are interrupting me; but, of course, you can.

The VICE-CHAIRMAN: The reason I was interrupting you was that you yourself interrupted counsel who was just proceeding along on the side line of questioning. That was the reason.

Mr. MONET: That is not supposed to be before you yet.

Mr. THATCHER: The reason I brought that up was that he said he had these three hundred bags of onions.

The VICE-CHAIRMAN: Are we agreed to let counsel proceed?

Some Hon. MEMBERS: Agreed.

By Mr. Monet:

Q. So your company does not follow the same policy as that followed by the Ontario Produce Company Limited as far as storage goes?—A. No, sir, we haven't had that policy.

Q. To whom do you sell the lines of produce that we have been talking about just now, to the retailers?—A. To the retailers, to the wholesalers and to jobbers.

Q. You do not sell any of it to the consumer direct?—A. No.

Q. Do you deliver the goods you sell?—A. In the city, there are free deliveries around the city wherever they are required.

Q. Now, Mr. Chairman, I would like to refer to the questionnaire which has been prepared at the request of counsel by the company and which will be filed as Exhibit 107.

EXHIBIT 107: Statement filed by George C. Anspach Company Limited.

EXHIBIT 107

STATEMENT 1,
General Information.

PRELIMINARY INFORMATION—FRUIT AND VEGETABLE INQUIRY

1. Name of company: Geo. C. Anspach Co. Limited.

2. Address of head office: 72-4 Colborne St., Toronto, Ont.

3. Date commenced business: March 21, 1938.

4. Names and addresses of parent, subsidiary and affiliated companies:

5. Names and addresses of officers and directors or partners: President, Geo. C. Anspach, 925 Avenue Rd., Toronto, Ont.; Vice-President, R. W. S. Johnston, 81 Binscarth Rd., Toronto, Ont.; Secretary, Miss M. J. Buckley, 20 Roxboro W,. Toronto, Ont.; Treasurer, R. T. Sleeman, 2107 Yonge St., Toronto, Ont.; Mrs. Bessie E. Anspach, 925 Avenue Rd., Toronto, Ont.; R. G. Anspach, 2001 Bloor St., Toronto, Ont.

6. Location of branches, warehouses and other places of business (including those of subsidiary companies engaged in the fruit and vegetable trade):

Warehouse: 72-4 Colborne St., Toronto, Ont.
Summer Market: 20 Yonge St., Toronto, Ont.

GEO. C. ANSPACH CO. LTD.

74 Colborne St., Toronto, Ont.

AVERAGE SELLING PRICE

Date	Oranges Calif. 288	Apples B.C. 125-138 Delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported U.S. No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
	$ cts.	$ cts.	$ cts.	$ cts.	cts.		cts.	cts.	cts.	cts.	cts.
1947											
October 2	5.00	N.A.	1.50 C	1.25 C	N.A.	.25 C	.038 C	N.A.	N.A.	N.A.	.025
October 9	5.25	N.A.	N.A.	N.A.	N.A.	.20 C	.044 C	N.A.	N.A.	N.A.	.027
October 16	5.25	N.A.	2.00 C	N.A.	N.A.	.20 C	.047 C	N.A.	.025 C	N.A.	N.A.
October 23	5.25	N.A.	1.88 C	1.25 C	N.A.	.19 C	.033 C	N.A.	.025 C	N.A.	.031
October 30	5.25	N.A.	1.86 C	N.A.	N.A.	.183 C	N.A.	N.A.	.022 C	N.A.	.027
November 6	5.25	N.A.	1.88 C	N.A.	N.A.	.225 C	.031 C	N.A.	.025 C	N.A.	.028
November 13	5.25	N.A.	2.07 C	1.33 C	N.A.	.25 C	.029 C	N.A.	.025 C	N.A.	.028
November 20	6.44	N.A.	N.A. C	1.25 C	N.A.	.313 C	.055 CC	N.A.	.038 C	N.A.	.04
November 27	6.27	N.A.	3.50 C	1.50 C	.037	.35 C	N.A.	N.A.	N.A.	N.A.	.045 C
December 4	5.50	N.A.	4.22 C	1.55 C	N.A.	.276 C	.05 C	N.A.	.04 C	N.A.	N.A.
December 11	5.25	N.A.	4.87 C	3.03 C	N.A.	.35 C	.05 C	N.A.	.045 C	N.A.	.045
December 18	5.25	N.A.	N.A.	2.73 C	N.A.	.39 C	.075 C	N.A.	.038	N.A.	.043
December 24	N.A.	N.A.	6.00 C	3.03 C	.031	.48 C	.112 C	N.A.	.04	N.A.	.04
December 31	N.A.	N.A.	7.00 C	1.95 C	.033	.30 C	.10 C	N.A.	.037	N.A.	.04
1948											
January 8	5.24	N.A.	5.93 C	2.00 C	N.A.	.34 C	.13	N.A.	.055	N.A.	.053
January 15	6.00	3.00	N.A.	3.75 C	.033	.35 C	.10	N.A.	.054	N.A.	.05
January 22	6.38	N.A.	5.15 C	N.A.	N.A.	.35 C	N.A.	N.A.	.052	N.A.	.055
January 29	6.46	3.13	6.53 C	2.00 C	.031	.345 C	.13	N.A.	.058	N.A.	.058
February 5	N.A.	3.13	N.A.	N.A.	.033	N.A.	N.A.	.049	.057	N.A.	.068
February 12	5.21	2.88	N.A.	N.A.	N.A.	N.A.	N.A.	.043	.06	N.A.	.07
February 19	4.63	3.13	N.A.	N.A.	.032	N.A.	N.A.	.040	.08	N.A.	.085
February 26	4.94	3.20	N.A.	N.A.	.033	N.A.	N.A.	.037	.09	N.A.	.08
March 4	5.09	3.50	N.A.	N.A.	.033	N.A.	N.A.	.036	.13	N.A.	.08
March 11	5.31	N.A.	N.A.	N.A.	.033	N.A.	N.A.	.043	.065	N.A.	.055
March 18	5.30	N.A.	N.A.	N.A.	.033	N.A.	N.A.	.048	N.A.	.088	.07
March 25	5.36	N.A.	N.A.	N.A.	.033	N.A.	N.A.	.049	N.A.	.087	.08
April 1	N.A.	N.A.	N.A.	N.A.	.033	.85 C	N.A.	.045	N.A.	.088	.085
April 8	N.A.	N.A.	N.A.	N.A.	.034	.90 C	N.A.	.071	.05	.086	.097
April 15	4.33	N.A.	N.A.	N.A.	.035	1.00 C	N.A.	.07	N.A.	.088	.10
April 22	N.A.	N.A.	N.A.	N.A.	.038	1.09 C	N.A.	.074	N.A.	.088	N.A.

GEO. C. ANSPACH CO. LTD.

LAID-DOWN COST OF MOST RECENT PURCHASES—IN CENTS PER POUND

74 Colborne St., Toronto, Ont.

Date	Oranges Calif. 288	Apples B.C. 125-138 delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
1947	$ cts.	$ cts.			cts.		cts.	cts.	cts.	cts.	cts.
October 2	4.38	N.A.	C	C	N.A.	C	C	N.A.	N.A.	N.A.	.02
October 9	4.99	N.A.	N.A.	N.A.	N.A.	C	C	N.A.	N.A.	N.A.	.025
October 16	4.99	N.A.	C	N.A.	N.A.	C	C	N.A.	C	N.A.	N.A.
October 23	5.31	N.A.	C	C	N.A.	C	C	N.A.	C	N.A.	.025
October 30	5.31	N.A.	C	N.A.	N.A.	C	N.A.	N.A.	C	N.A.	.025
November 6	4.50	N.A.	C	N.A.	N.A.	C	C	N.A.	C	N.A.	.025
November 13	4.26	N.A.	C	C	N.A.	C	C	N.A.	.027	N.A.	.025
November 20	4.51	N.A.	N.A.	C	N.A.	C	C	N.A.	C	N.A.	.025
November 27	5.31	N.A.	C	C	.031	C	N.A.	N.A.	N.A.	N.A.	C
December 4	4.42	N.A.	C	C	N.A.	C	C	N.A.	C.	N.A.	N.A.
December 11	4.10	N.A.	C	C	N.A.	C	C	N.A.	C	N.A.	.041
December 18	4.35	N.A.	N.A.	C	N.A.	C	C	N.A.	.035	N.A.	.041
December 24	N.A.	N.A.	C	C	.027	C	C	N.A.	.035	N.A.	.041
December 31	N.A.	N.A.	C	C	.031	C	C	N.A.	.035	N.A.	.041
1948											
January 8	4.17	N.A.	C	C	N.A.	C	.095	N.A.	.048	N.A.	.048
January 15	4.52	2.95	N.A.	C	.031	C	.10	N.A.	.048	N.A.	.048
January 22 RP	5.35	N.A.	C	C	N.A.	C	N.A.	N.A.	.037	N.A.	.048
January 29	4.26	2.95	C	N.A.	.031	C	.087	N.A.	.037	N.A.	.048
February 5	N.A.	3.05	N.A.	N.A.	.031	N.A.	N.A.	.043	.048	N.A.	.06
February 12	3.60	3.05	N.A.	N.A.	N.A.	N.A.	N.A.	.045	.07	N.A.	.06
February 19	3.95	3.05	N.A.	N.A.	.031	N.A.	N.A.	.034	.07	N.A.	.06
February 26	4.09	3.05	N.A.	N.A.	.032	N.A.	N.A.	.034	.06	N.A.	.07
March 4	4.31	3.15	N.A.	N.A.	.032	N.A.	N.A.	.033	.07	N.A.	.07
March 11	4.31	N.A.	N.A.	N.A.	.031	N.A.	N.A.	.032	.065	N.A.	.07
March 18	3.76	N.A.	N.A.	N.A.	.031	N.A.	N.A.	.032	N.A.	.085	.07
March 25	4.26	N.A.	N.A.	N.A.	.031	N.A.	N.A.	.043	N.A.	.085	.078
April 1	N.A.	N.A.	N.A.	N.A.	.031	C	N.A.	.050	N.A.	.084	.08
April 8	N.A.	N.A.	N.A.	N.A.	.031	C	N.A.	.064	.069	.084	.08
April 15	4.03	N.A.	N.A.	N.A.	.031	C	N.A.	.069	N.A.	.084	.085
April 22	N.A.	N.A.	N.A.	N.A.	.034	C	N.A.	.072	N.A.	.084	N.A.

GEO. C. ANSPACH CO. LIMITED

Fiscal Year End: March 31

—	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
	$	$	$	$	$	$	$	$	$	$
Sales	546,188	780,799	1,159,625	1,158,888	1,305,850	1,703,448	1,963,972	2,616,199	2,392,604	2,124,471
Cost of sales	518,381	739,173	1,102,283	1,107,702	1,221,529	1,600,143	1,854,203	2,496,907	2,255,630	1,961,644
Gross profit	27,807	41,626	57,342	51,186	84,321	103,305	109,769	119,292	136,974	162,827
Commissions earned	22,018	26,918	31,830	40,609	46,451	64,137	68,626	96,233	100,479	104,236
Miscellaneous income	2,750	3,913	3,766	4,541	4,382	4,826	6,630	7,156	8,108	7,544
Gross revenue	52,575	72,457	92,938	96,336	135,154	172,268	185,025	222,681	245,561	274,607
Executive or partners' salaries	9,990	11,070	14,370	9,550	4,699	4,718	6,829	7,468	7,501	16,045
Other salaries and wages (include commission to salesmen)	17,314	25,319	30,724	39,077	48,204	58,124	56,575	76,691	95,173	93,900
Other operating expenses	24,252	33,808	43,824	45,094	63,260	81,804	92,408	118,127	126,981	130,033
Total expenses	51,556	70,197	88,918	93,721	116,163	144,646	164,812	202,286	229,655	239,978
Operating profit before taxes on income	1,019	2,260	4,020	2,615	18,991	27,622	20,213	20,395	15,906	34,629
Investment income	32	232	175	285	208	428	942	1,148	121	193
	1,051	2,492	4,195	2,900	19,199	28,050	21,155	21,543	16,027	34,822
Interest paid	242	478	1,528	1,679	1,807	1,779	3,915	3,415	3,337	1,982
Profit before taxes on income	809	2,014	2,667	1,221	17,392	26,271	17,240	18,128	12,690	32,840
Provision for taxes on income	140	553	1,136	600	8,904	11,000	7,126	7,500	5,148	13,048
Net profit	669	1,461	1,531	621	8,488	15,271	10,114	10,628	7,542	19,792
Per cent gross profit to sales	5·1%	5·3%	4·9%	4·4%	6·5%	6·1%	5·6%	4·6%	5·7%	7·7%

GEO. C. ANSPACH CO. LIMITED

STATEMENT 5—MONTHLY SALES AND PROFITS

Month	Sales	Gross profit	Percent gross profit to sales	Commissions and miscellaneous income	Operating expenses	Operating profit
	$	$	%	$	$	$
1946—January 30	184,868	6,555	3·5	3,082	16,245	−6,608
February 27	203,065	17,722	8·7	2,412	15,205	4,929
March 27	229,985	−5,996	−2·6	3,084	14,909	−17,821
April 24	281,847	14,660	5·2	3,448	16,178	1,930
May 22	306,661	17,201	5·6	6,563	16,639	7,125
June 19	239,700	4,869	2·0	9,822	18,814	−4,123
July 17	306,099	21,195	6·9	13,519	18,648	16,066
August 14	188,859	1,205	0·6	17,697	19,357	−455
September 11	108,572	4,723	4·4	15,378	19,656	445
October 9	82,509	−5	.....	10,434	17,510	−7,081
November 6	129,575	5,414	4·2	7,581	17,557	−4,562
December 4	130,482	4,127	3·2	8,896	14,525	−1,502
December 31	115,970	5,669	4·9	5,346	22,471	−11,456
	2,508,192	97,339	3·8	107,262	227,714	−23,113
1947—January 29	151,664	15,547	10·3	4,155	18,280	1,422
February 26	149,251	12,483	8·4	2,798	13,754	1,527
March 26	201,415	29,888	14·8	2,950	12,267	16,571
April 23	247,205	18,531	7·5	3,275	17,024	4,782
May 21	303,725	22,180	7·3	5,364	18,514	9,030
June 18	226,363	12,211	5·4	8,081	19,124	1,168
July 16	253,692	11,752	4·6	16,318	21,775	6,295
August 13	160,662	14,900	9·3	19,565	20,607	13,858
September 10	107,250	12,325	11·5	12,673	21,353	3,645
October 8	110,687	−9,190	−8·3	10,929	18,773	−17,034
November 5	110,243	8,166	7·4	8,769	17,426	−491
December 3	148,689	30,476	20·5	8,271	18,234	20,513
December 31	90,110	−3,497	−3·9	6,448	16,443	−13,492
	2,260,956	175,772	7·7	109,596	237,574	47,794
1948—January 28	99,073	2,520	2·5	4,108	16,297	−9,669
February 25	123,246	19,348	15·7	3,263	16,130	6,481
*March 31	143,525	23,105	16·1	4,718	20,068	7,755
	365,844	44,973	12·3	12,089	52,495	4,567

* 5 week period.
— Loss.

The VICE-CHAIRMAN: That is the answer to the questionnaire?

Mr. MONET: Yes.

By Mr. Monet:

Q. Now, Mr. Anspach, will you look at this document which has been filed as exhibit 107, and which has been prepared by you; and I take it that we can accept that as being the answer made by your company?—A. Yes.

Q. Now, for the same reason that was given in the examination of the Ontario Produce Company Limited I would ask members of the committee to refer to statement 4, which shows the annual sales and profits of the company over the past nine years and for the three months ending March 31, 1948; and, as before, your attention will be drawn to certain key figures which will assist in the understanding of other statements which will follow. Mr. Anspach, would you give the total dollar sales of your company for the fiscal year ending March 31, 1939?—A. $546,188.

Q. Would you give the same information for the fiscal year ending March 31, 1948?—A. $2,124,471.

Q. So that for the last fiscal year, your sales over 1939 have increased by approximately $1,500,000?—A. That is right.

Q. I see by this statement that your commissions earned have also substantially increased during the same period, that is from $22,018 to $104,236?—A. That is correct.

Q. Would you tell the members of the committee what dollar volume is represented by the commissions earned by you during the yast year?—A. $991,000.

Mr. FLEMING: Would you give that figure again?

The WITNESS: $991,000.

By Mr. Monet:

Q. That is the volume represented by the commission?—A. The selling price of the merchandise handled on commission.

Q. We see that the volume of fruits and vegetables handled in your last fiscal year was a little over $3,000,000?—A. That is right.

Q. We will look at your operating profit before taxes on income, in the middle of the page. Would you tell the members of the committee what your operating profit before taxes on income was for 1939?—A. $809.

Q. And in 1947?—A. $32,840.

Q I think we are talking about different items. I am talking about the operating profit before taxes?—A. I beg your pardon, sir. The figure is $1,019 for 1939, and $34,629 in 1948.

Q. And in 1947?—A. $15,906.

Q. Would it then be a fair statement to say that from examination of the figures which you have just given we can infer your business has grown over the past few years, and your profit in proportion has increased even more substantially?—A. Yes, I think the picture shows that.

Q. To quite a large extent?—A. That is right. That situation is due to conditions which I could mention. In 1939, 1940, 1941, and 1942, I was a partner of the firm of McCart Brothers, Fruit Company and I had nothing to do with the operation. In the fall of 1941 I bought out their interests and changed the name of the company to George C. Anspach Company Limited and the first full year of operations of that company was 1943—that was when I was manager and had complete charge of the business.

Q. It was the same business?—A. Yes, but it was under different management.

Q. You took full control?—A. Yes.

Q. From these figures it would appear the management was far superior?—. A. I thought so, myself.

Mr. MAYHEW: Are we not dealing with figures which are slightly different? Should we not go back to 1938 rather than only to 1939, and 1948 should be referred to really as 1947. There are only three months of the year 1948 represented in this figure and there are nine months of 1947 represented.

Mr. MONET: Yes.

Mr. MAYHEW: These dates are really different as far as our previous evidence is concerned?

Mr. MONET: Yes, but later you will be given the sales for each month of 1947.

The WITNESS: There is one comment I would like to make here. These 1948 figures must be taken as interim figures. Our fiscal year ends on March 31 and these figures have not been verified. We think they are approximately correct and the auditor has done the work, but they are not audited figures and there may be some variation when the auditors are through.

Mr. MAYHEW: The 1947 fiscal year ended last March?

The WITNESS: Yes, with only three months of 1947.

By Mr. Monet:

Q. That is why I asked for the monthly sales and you will find that the next statement will give the full story for 1947 and the three months of this year. Under the heading "executive or partners' salaries", I notice that in 1947 the salaries were $7,501 but in 1948 the figure is $16,045?—A. Yes.

Q. Is that correct?—A. Yes, that is correct.

Q. Has the number of partners or associates increased during the last year?—A. No, sir.

Q. There is the same number?—A. Yes, sir, it is only one.

Q. Only one?—A. Myself.

Q. So this increase in salary refers to your salary increase?—A. That is right, yes.

Q. From the answers you have given and from an examination of these figures, Mr. Anspach, would it be fair to say your company in 1948 had by far the best year since your operation started?—A. That is right.

Q. By a very large margin?—A. That is right.

Q. Would it also be correct to say that was true in spite of the fact that your sales in 1947 were slightly lower than they were in 1946?—A. That is right, sir, yes.

Q. How do you account for that?—A. In 1947 we ran into a lot of difficulties in operation. Ceilings were removed on import goods in the United States and they were not removed in Canada. That caused a great deal of trouble when we were bringing in goods. About the 20th of August, 1947, in the city of Toronto there seemed to be a curtain come down on business. It was a very good, fast, business and things were moving along very nicely until on that day this curtain came down and business was held for months. When you come to the monthly figures you will see that we took quite some lacings for one reason or another, and that is one of the big reasons why, in 1948, we seemed to have better luck with our merchandise.

Q. Prices were higher too?—A. Somewhat higher, yes.

Mr. MAYHEW: I find it very difficult to follow what you have said on account of the fact the figures differ, and when you speak about 1947 you are really speaking of 1946.

The WITNESS: I beg pardon, 1946, sir. I mean the fiscal year ending March 31, 1947. It is really 1946 business and I was referring to August of 1946.

By Mr. Monet:

Q. Mr. Anspach, on the last line of statement 4 you have indicated your gross profits to sales. Would you tell the members of the committee what this profit was in 1947?—A. The year ending March 31, 1947 the profit was 5·7 per cent.

Q. And what was it for the year ending March 31, 1948?—A. It was 7·7 per cent.

Q. The increase was exactly 2 per cent?—A. That is right.

Q. Would you consider that increase on the amount of business you have done is a substantial increase?—A. No, I would not consider it substantial. I would consider the 5·7 was very low and I would say that we were skating on thin ice on the amount of business we were doing when we had only that small profit. We were not justified in being in business. We could have been into red figures very easily.

Mr. THATCHER: As Mr. Monet pointed out, your salary figures jumped 2½ times and that would make your net figure a lot less?

The WITNESS: No, sir, that figure has nothing to do with salary, that gross profit is to sales and has nothing to do with salary.

By Mr. Monet:

Q. If you will look at this last line, Mr. Anspach, we see that the increased gross profit of 7·7 per cent is the largest which you have had?—A. Yes, it is 2 per cent larger than 1947 but I do not consider it an exorbitant mark-up for the risk on volume.

Q. From 1939 to 1948 you have kept on taking the risk?—A. Yes.

Q. You were willing to take the risk and you kept on taking it?—A. Yes, but Mr. Monet, and gentlemen, in 1939 there was a business starting up without any foundation or any background, starting on a shoestring, and certainly the efforts that we have put into the company during the years should show some return.

Mr. FLEMING: The company just kept its head above water for the first four years of its existence. It was only in 1943 that you began to show any profit at all?

The WITNESS: That is right, sir.

Mr. THATCHER: Is it hard to know what this profit was if we do not know what the investment in the business was? It might not be a fair picture as it is here.

Mr. MONET: Could you answer that question?

The WITNESS: Do you want the investment for the last year or the investment in the first year?

By Mr. Thatcher:

Q. What is the net investment for the past year?—A. For the year ending March 31, 1947—

Q. 1948?—A. I have not got that.

Q. 1947 will be all right.—A. The auditor's report is not here for the year ending 1948 but it was $75,164.40 for the year ending March 31, 1947.

Q. And what was your surplus for 1948 so that we may bring the figure up to date?—A. $19,722 was the surplus after taxes.

Q. Your investment at the year end would be $95,000. Did you leave the whole net profit in the business?—A. Yes, sir.

Q. Then the percentage you made on your investment is slightly over 20 per cent—that is your net profit as related to your investment is a little over 20 per cent—and that is quite a substantial profit. I would not say, as did Mr. Fleming, that you are on the verge of operating for nothing.

Mr. FLEMING: I said that for the first four years, until 1943, the company was just breaking even.

Mr. PINARD: What was the investment in 1939?

The WITNESS: $17,384.04.

Mr. FLEMING: What does that figure represent?

By Mr. Thatcher:

Q. Mr. Anspach, this last year you jumped your salary from $7,000 to $16,000 and you still made 20 per cent on your money?—A. Yes, sir, but with the volume handled and with the very small salary that I was forced to take in building up the business and getting it into a paying position, averaging the salaries over those periods, the salary for the effort is not high in my estimation.

Q. I am not disagreeing with you but I am just saying that you had a pretty good year?—A. Yes.

Mr. PINARD: You reduced your salary in 1943 and 1942 by half?

The WITNESS: The reason was that there were three partners in 1942 and I took over alone in 1943.

Mr. MCGREGOR: Would you explain the difference between the salaries from the start?

The WITNESS: In 1939 there were three of us who started the business, two McCart brothers and myslf. That figure of $9,900 represented $3,330 each. The next year we increased it a trifle and we did the same in 1941. In 1942 they left the business on the 1st of November, from that time until the end of 1942 there was only myself. From there on it was just my own salary, sir.

By Mr. Fleming:

Q. Mr. Anspach is the wholesale business or is the commission business the more profitable over a period?—A. Personally, and I own the business, I love the commission end of it. I have a man to run the other business—the importing business—and I keep in touch with it but it is the bartering, and the long hours which I have put into it which I suppose makes me like the commission business. As far as profit goes there are times when the importing business is more profitable than the commission business and there are other times when the commission business is the more profitable. On the whole the commission business is the more profitable.

Q. What was your experience in that respect during the fiscal year ending March 31, 1948? I think you will see the gross profit in that year from sales was $162,827 but commissions earned were $104,236. However, there is no figure given for the relative cost of the operation?—A. A while ago I gave you the value of the local merchandise sold on commission which was $900,000.

Q. Yes, $991,000?—A. That $104,000 is the profit on the $991,000. The $162,827 is the profit on $2,124,000.

Q. The answer is that on a percentage basis the commissions paid you better in relation to the total dollar volume?—A. The expenses in connection with handling the commission goods were higher than those for the imported goods.

Q. I do not know that it matters very much but it might be of interest in approaching the statements of other companies, to know whether it is possible to isolate the net figures on the two operations. Are your books set up in a manner which would give us that information?—A. No, not as far as expenses go. The only thing we can isolate is the gross profit. It would be practically impossible, and it would be impractical, to isolate the expense figures.

Q. Looking at statement 4 and trying to form a conclusion from it, what you have given us is the picture of a company which came into existence about ten years ago and for the first four or five years of its existence it just about broke even.—A. Yes.

Q. Since that time you have indicated you have nursed it along and you are beginning to show a profit. Have you ever paid a dividend?—A. No, sir, every cent of the money earned is in the business today with the exception of the salary which I have drawn out.

Q. Have you related your total net profit, in the eleven years of operation to your capital employed in that period?—A. No, I have not done that, sir.

Q. It would be rather interesting to do that. I was thinking of Mr. Thatcher's figures with respect to 1948 and I would just like to see the whole picture for the eleven year period?—A. I will endeavour to prepare that during the lunch hour and have it ready when we come back. There is one comment I would like to make. In the years during which I have operated the business I would like to mention the hours I have put into it. That salary would be a very small salary I think. I am on the job at 3.30 in the morning in the summertime and I stay there until 8.30 at night. I am on the telephone from 8.30 to 10.00 and I am back on the job the next morning at 3.30.

Q. You are almost as badly off as a member of parliament?—A. That is the fruit business as I see it. If you are going to handle Canadian Producers' merchandise in an intelligent and profitable manner for him and for yourself you must operate in that way.

By The Vice-Chairman:

Q. Would you make a comment as to your customers or your principals—those for whom you sell on commission? Is the personnel which you represent a personnel which has stayed with you over a long period of time or is your body of principals changing very much?—A. There is naturally a change all the time.

Q. Have you customers who have stayed with you a long time?—A. Lots of them have been with us since I have been in business.

Q. That would not be so, I presume, unless you had been of service to those producers?—A. That is the way I take it.

Q. You draw the inference that they like you because of the way you handle their business?—A. Yes, sir, and I feel my results, as shown on this sheet, bear out the statement.

Q. That is that you have the same principals dealing with you that you used to have?—A. Yes, sir, a considerable number.

Q. When you get a high price it is a growers' high price?—A. Yes, sir.

Q. Generally speaking, the grower does not object to high prices—Mr. McCubbin tells is that anyway?—A. Only twice in my ten years' experience have I been complimented by a grower for getting the highest price. Generally the grower thinks the price should be even more. When we came to the highest tomato deal then two or three said that the commission men were getting too much.

Mr. MONET: Some of the growers told you you received too much on hothouse tomatoes?

The WITNESS: Yes, but the next time if the price was lower we just would not get the tomatoes.

The VICE-CHAIRMAN: Even city men on this committee feel the grower does not get too much and they agree that he is a pretty hard working man.

The WITNESS: Mr. Chairman, you must say this for the grower. Unless you get high prices at the beginning of the deal the grower cannot take the low price which prevails at the end of the deal and stay in production. He has got to have those high prices to bring up the average. In any deal which I have seen there is bound to come a low spot that will bring that average down to where he has got just a bare living and cost of operation. There are certain operations where there are extra profits but they will not carry the price all the way through and it seldom happens—unless there is a frost or something like

that which may cut down the production of peaches. If production is low the price will be high and it helps to keep the grower on the right side of the ledger.

By Mr. Mayhew:

Q. If you were taking all the risk and the losses, that is the risk of loss of quality, drop in prices and the risks generally, what mark-up do you think you would have to have in order to bring about the same result you have shown here?—A. I would say I would have to have on an average approximately 16 per cent.

Q. As against 12½ per cent?—A. That is right.

Q. That would give us some indication of what the average loss would be on these various operations.

By Mr. McGregor:

Q. With regard to the purchase of oranges, you purchase them outright and you do not handle them on commission?—A. No, sir.

Q. When you buy oranges are they practically all bought on a certain date at the same price, or are there variations in price?—A. There may be variations in prices. There is a variation in price and Sunkist is the standard.

Q. What does 288 mean?—A. That is a size, and it is not a quality.

Q. It does not refer to quality?—A. No, sir. Sunkist is the first quality, and that is the regulating price. Then you have choice, and you may have sub-choice; then you have American Fruit Growers—what we in the trade know as the independent shippers. The independent shippers are from 25 cents to 35 cents a box less than standard Sunkist price.

Q. When we check over the list and see some commission men have bought 288 oranges at less than others, there might be a difference in the quality of the oranges?—A. Yes, a difference in quality or a difference in the shipper.

The VICE-CHAIRMAN: It is very close to adjournment time, and I just want to say that the orange question will be referred to a little later, in the regular course of our proceedings, in case you have further questions to ask. Counsel is going into that subject after lunch.

The meeting adjourned to meet this afternoon at 4.00 p.m.

The committee resumed at 4 p.m. The Chairman, Hon. Paul Martin, presided.

The CHAIRMAN: Order.

Mr. THATCHER: Mr. Chairman, just before the meeting proceeds, I have been wanting for two or three days to make a motion. I do not know just the proper way to do this. I would like this to be considered, if it is within the rules, today as a notice of motion. I ask that for this reason, that I hope members will look it over for a day before they say yes or no. If I might just make a few explanatory remarks before I move my motion, Mr. Chairman, this committee has been sitting now for a little more than three months and we have been trying to find out the reasons for the high cost of living and methods of getting it down. Nevertheless, during all that time we have seen the cost of living continue to go up. During its deliberations it seems to me the committee has found definite evidence of abnormal and excessive profits made by many business firms. Now, I think this continued newspaper publicity to the effect that the committee is not getting anywhere is not justified, and I say that it is not serving any good purpose. It seems to me that members of this committee have been putting in four hours a day and two or three extra hours looking up evidence, and it seems to me they are finding very sufficient evidence and very definite evidence as to why prices are going up. I think most businesses are naturally taking advantage of shortages to make the most

possible profits. I am not saying that I would not do the same thing. But that is what the committee has found. Ordinarily we would expect competition to bring prices down; but, today, because of world-wide shortages competition is not functioning properly; and what I am afraid of is that when the Marshall Plan comes into effect in another month or so prices are going to go higher than ever. Now, you will remember, Mr. Chairman, that when this committee was set up the Prime Minister stated he hoped that the glare of unfavourable publicity—I think those are the words he used—would force prices down. I feel that that hope has proven futile; and I think it is obvious that while this committee is doing valuable work—and I cannot emphasize that too strongly—in spotlighting abnormal profits and methods, it cannot hope to achieve its objective of lowering the cost of living, and I do not think we can hope to see that achieved until the supply of merchandise gets back to something near normal. I think unless some immediate action is taken we are facing serious inflation in this country. I think it is only fair to say that there are, as everyone knows, a great many difficulties in the way of putting back controls; and I think it is only fair to them to give the Canadian people an opportunity to say whether they want controls back again, and we must include with that, they must realize that with that there is involved some measure of wage controls. It may be that a majority of the people of Canada would not favour such a program, but I believe the most of them would. So, therefore, today I would like to suggest this to the committee: that a nation-wide plebiscite be held to find out the wishes of the Canadian people. I hope the members will not turn it down automatically without thinking it over. On reflection I think they would be inclined to accept the motion of which I now give notice. If I might just read my motion, Mr. Chairman:

> Whereas, the chief purpose of the Price Spread Committee is to study reasons for the high cost of living, and at the same time methods of lowering it;
>
> And whereas, the cost-of-living index has continued to rise even as the committee has been sitting;
>
> And whereas, there are indications that the European Recovery Program will cause additional merchandise shortages in Canada and even higher prices;
>
> And whereas, the deliberations of this committee have shown beyond reasonable doubt that, due to abnormal world conditions and demand, regular competition is still not functioning to keep prices down
>
> I move that this committee immediately ask the House of Commons to extend the committee's terms of reference, in order to enable it to recommend—
>
> That a nation-wide plebiscite be held which would allow the Canadian people themselves to decide whether or not they wish the return of prices and related controls, until abnormal post-war shortages are ended.

I move, Mr. Chairman; seconded by Mr. Irvine; but I would ask that you do not put the motion to a vote until tomorrow.

The CHAIRMAN: I may say first of all with regard to tomorrow that our two counsel have a matter of very considerable importance in connection with textiles and they will want to be free tomorrow and Monday, so I would not be putting it tomorrow.

Mr. THATCHER: Could I move then that it be not decided until Tuesday. I do not think it should be disposed of by an immediate vote, but rather that members should have an opportunity of looking it over and considering it for a day at least.

Mr. FLEMING: I suppose members of the committee can decide whether they want to take that time. After all, the mover his put his motion.

Mr. PINARD: Mr. Chairman, I think this motion is out of order. The members of the committee will notice, in the first place, that this committee, the same as any other committee, is subject to the rules, and the rule governing committees is that a committee is always supposed to stay within the exact terms of its reference; and, as you all know, there is no power in our reference to move a motion of this kind which involves a recommendation. That is not what we are here for. We are here to investigate the reasons for the recent rise in the cost of living. I do not see any reason why we should make a special report and ask for powers to recommend this particular thing. You see, the effect of this motion would be a direction to the government to proceed in a certain way. I suggest, Mr. Chairman, that that is going a great deal further than this committee has any right to go, and I think the motion is out of order.

Mr. IRVINE: Mr. Chairman, I would like to point out that I think Mr. Pinard did not notice exactly the wording of that motion. Have you got it there? It says, "that this committee immediately ask the House of Commons to extend the committee's terms of reference, in order to enable it to recommend—" in order that it might make a recommendation. Now, that is surely always in order, Mr. Chairman. The committee may not wish to have that power, but I think it is certainly within the powers of this committee to ask for further powers. If that is so, this motion is not out of order.

Mr. FLEMING: Would you read the purport part of it again?

The CHAIRMAN: After the whereases.

Mr. FLEMING: I think there is something in what Mr. Irvine just mentioned.

The CHAIRMAN: It is not necessary to read the whereases.

The operative clause of the resolution reads:

> I move that this committee immediately ask the House of Commons to extend the committee's terms of reference, in order to enable it to recommend—That a nation-wide plebiscite be held which would allow the Canadian people themselves, to decide whether or not they wish the return of price and related controls, until abnormal post-war shortages are ended.

Mr. THATCHER: My point is, Mr. Chairman, I think this committee in its deliberations has discovered perhaps the main reason why prices are going up, but now we have to do something about getting them down, and we have not at the present time sufficient power to enable us to do that. For that reason I think we should ask parliament to increase our powers.

Mr. PINARD: But may I point out to my honourable friend that we are not here to bring prices down. We are here to investigate as to why they went up.

Mr. THATCHER: And when we have found that out what are we supposed to do then, Mr. Pinard?

Mr. PINARD: We are here to report from time to time to the House in accordance with our terms of reference. It is then up to the House to decide what to do with our report.

Mr. THATCHER: But are we not really wasting our time if we are not going to be able to do anything about it?

Mr. PINARD: We are to find out first what the increases were and what the cause of those increases was. Then I think this committee should leave it to the House to decide as to what action should be taken.

The CHAIRMAN: May I suggest that we address ourselves to the point of order. Mr. Pinard raised a point of order and I entertain discussion on that, not on the merits of this resolution but as to the point of order that he has raised; that it is not within the powers of the committee as they are now.

Mr. IRVINE: I have a little comment to make with regard to that. While I know that it is not within the powers of this committee to recommend to the House of Commons that we either have a plebiscite or anything else on the cost

of living or high prices; but I think it is within the powers of this committee, and that it would be perfectly in order for us to ask parliament to extend the powers of the committee so that it may make recommendations whether they happen to be one such as was proposed by Mr. Thatcher, or of any other kind.

The CHAIRMAN: That is not what the resolution says, Mr. Irvine. It says, shall have power to recommend a particular thing.

Mr. IRVINE: Well, that is the principle; but that is the kind of particular thing that Mr. Thatcher wanted to move, or that I might want to move or that you might want to move in the steering committee, and you would have no more power of making such a motion than we have without asking parliament to extend the scope of our terms of reference.

Mr. PINARD: It was on account of the fact that it would change the terms of reference to this committee that I hold the motion is out of order.

Mr. IRVINE: I recall that when the debate was on in the House I think it was the Prime Minister who said in his remarks that later on if the committee find it required other powers it could ask parliament for them.

The CHAIRMAN: There is no doubt about it that the Prime Minister did say that.

Mr. IRVINE: Yes.

The CHAIRMAN: What I am pointing out is, this particular resolution does not ask for the power to recommend; it asks for the power to recommend a certain thing, that a certain thing be done.

Mr. MCGREGOR: Do you not think it would be a logical thing to do for this committee to get on further with their investigation and find out whether the cost of living is going up or not? I would suggest that this motion would be in order if this committee were through, or somewhere near being through; but we haven't got that information, and at the present time the committee is only about half way through with its investigation and I do not see any sense of asking for such a drastic thing as this; because, after all, I wonder if they have considered what it is going to cost to hold a plebiscite in this country for this purpose. We are talking about saving money, that is certainly not saving public money.

The CHAIRMAN: When you said, Mr. McGregor, that we are half way through with our investigation, I think you are optimistic.

Mr. THATCHER: Mr. Chairman, I ask that this committee—

The CHAIRMAN: We are on a point of order, gentlemen.

Mr. THATCHER: I asked that this be taken as notice today, because I think it is of sufficient importance—

Mr. FLEMING: No, that cannot be done now. It has been moved by yourself and seconded by Mr. Irvine and the matter is now before us.

Mr. THATCHER: I stated at the beginning that I would ask the committee to defer action on the proposed motion for at least a day.

Mr. IRVINE: Mr. Thatcher may wish now that he had put it forward as a notice of motion, but the fact of the matter is that it was put forward as a motion moved and seconded, and I think it ought to be disposed of, and here you have spoken to the motion. I suggest that the chairman dispose of this point of order, because if the motion is in order I would like to say something on the merits of the resolution.

The CHAIRMAN: And what have you to say on the point of order, Mr. Fleming?

Mr. FLEMING: I have nothing to say on the point of order. I think we should have your ruling on it as to whether or not it is in order.

Mr. IRVINE: I would like Mr. Fleming to be kind enough to express his view as to the point of order. If this is out of order we do not need to discuss it. I do not think it is out of order. I would like the opinion of honourable members on that.

The CHAIRMAN: I would tell you, Mr. Irvine, if I am to give my opinion on this. If the resolution had been worded differently—the point as I see it, you are asking that we go to parliament and ask for the power to recommend a particular course at the present time. Now, that is an ingenious way of assuming that that power already existed, to recommend that very thing.

Mr. THATCHER: I don't just follow you there, Mr. Chairman.

The CHAIRMAN: Let us not argue on it before I make my ruling, but I am just suggesting the way my thinking is going at the moment.

Mr. BEAUDRY: On the point of order, Mr. Chairman. While the reference was being discussed in the House it was the subject of very considerable discussion, and final approval of the terms of reference to this committee took the form of a very definite vote; and at this time it seems to me that a motion from this committee to the House suggesting that the terms of reference be enlarged or be altered or be considerably modified would entail almost a negation of the decision made by the House at the time of the appointment of this committee, something which is very definitely contrary to the rules of the House. So, therefore, I am very definitely of the opinion that this is out of order.

Mr. THATCHER: Mr. Chairman, did the Prime Minister not say that if we found this committee did not have teeth in it that we could go back to parliament?

The CHAIRMAN: There is no doubt that the Prime Minister did say that if the committee felt at some stage in its proceedings that it wanted to have power to recommend it could go back to the House and ask for that power.

Mr. THATCHER: Then would not that mean that this is in order?

The CHAIRMAN: But what this resolution does is not to ask that. This resolution as I read it is a request to the House of Commons to enable it to recommend a specific thing set out; and the failure of the motion I think must rest on that ground. In the form in which the resolution is before me I have no alternative I think but to rule it out of order.

Mr. FLEMING: Mr. Chairman, just before you make your final ruling have you considered this. I think it is in order because it seems to me that the intention of the resolution is to say that the committee should have the power to make this recommendation. I do not interpret this as meaning that the committee is committing itself to make this recommendation, or that the House is committing itself to approve the recommendation. It simply means that this committee is asking for a particular power. Now, in general, we know that a committee has the right to make recommendations to the House to enlarge on its powers. There may be some difference of opinion about the form of resolution, but I would be inclined to think the proper way to interpret it with respect to the last paragraph as you read the word "recommend" as being the equivalent to recommending or, shall we say, advising, that so and so be done. I have not a strong opinion on it, but I kind of think it is in order. I would like to discuss the merits of it.

Mr. PINARD: I wish to add this to the point of order I made. The committee has the power to consider the facts according to the rules within the scope of the reference committed to it by the House, and the rule says that you cannot depart from the order of reference, and it is a direct departure from our order of reference to do what we are asked to do by this motion. My point of order is this, that this committee has no power to recommend. In other words, it is taking an indirect way of suggesting to the government a mode of action. That is not the purpose for which the committee was formed. The committee was

formed only to investigate and report from time to time its findings, and if we are today to report to the House and ask an enlargement of our powers it would change our terms of reference completely; and that is why I say it is out of order and it is not according to the rules.

Mr. THATCHER: Is that going to mean, then, that if we do find out why prices are high we can't do anything about it?

The CHAIRMAN: No, that is not the point. Surely, there is no doubt about the right of this committee if it so decides to ask for leave to have the power to recommend. Now, that is clear. But I am suggesting before making a ruling that the resolution in its present form does not meet that point. All it is asking is that we be given leave to recommend a certain course of action.

Mr. PINARD: In other words, if we are called upon by this motion to initiate government policy, to indicate what government policy should be.

The CHAIRMAN: I do not like to be arbitrary in disposing of your good intentions, Mr. Thatcher.

Mr. THATCHER: This would let the Canadian people decide whether or not they want price controls.

The CHAIRMAN: That is right, you are arguing the merits. I am not arguing the merits, I am simply discussing the one question, whether or not your resolution is in order.

Mr. THATCHER: Yes.

The CHAIRMAN: And as it is drawn I am of the opinion that it is not in order.

Mr. THATCHER: Would you suggest how I could change the form so it is in order?

The CHAIRMAN: If you withdraw it you might discuss it with some of the able lawyers on this committee and they might perhaps do that.

Mr. THATCHER: Well, then, Mr. Chairman, if you rule it out of order I will try and find another way of bringing it in.

The CHAIRMAN: I rule that it is out of order.

Mr. FLEMING: I appeal your ruling.

The CHAIRMAN: Mr. Fleming appeals the ruling. Those in favour of the ruling being sustained?

Mr. BEAUDOIN: Is there an appeal from the ruling of the chair?

The CHAIRMAN: The clerk tells me it is final.

Mr. THATCHER: Surely not.

The CHAIRMAN: You can appeal to the speaker.

Mr. THATCHER: You could appeal to the speaker on the floor of the House, you mean.

Mr. FLEMING: That is in committee of the whole.

Mr. BEAUDOIN: But you cannot appeal to the speaker from a ruling by a chairman of a committee.

Mr. MERRITT: Surely that cannot be so.

The CHAIRMAN: No; the clerk tells me he misunderstood me. If I give a ruling which is appealed the Clerk of the House of Commons can be asked for an opinion. That is as far as you can go.

Mr. THATCHER: Can we ask for an opinion?

The CHAIRMAN: Yes.

Mr. THATCHER: Then, I will ask for an opinion.

The CHAIRMAN: Those in favour of my asking the Clerk of the House for an expression of opinion—you made a motion. There is a motion, Mr. Thatcher moved, that the clerk be asked to confirm or deny the ruling which I have just made.

Mr. PINARD: In other words, he is appealing your rule.

The CHAIRMAN: He is asking for an opinion.

Carried.

The CHAIRMAN: Mr. Arsenault, you will arrange to ask the clerk as to whether or not this ruling is correct?

The CLERK: Yes, Mr. Chairman.

Mr. HARKNESS: That brings up a point that was raised the other day, the Clerk of the House was asked for a memorandum in connection with the matter of summoning the Minister of Agriculture before this committee. Has that memorandum been received yet?

The CHAIRMAN: I do not believe it has. I do not know. Mr. Maybank is expected here and he was looking after that. I suppose before the day is out we could have a report from him on it but he is not here at the moment. I have unfortunately been in cabinet all day and I have not had a chance to find out how the matter stands.

Mr. IRVINE: I think Mr. Maybank said you were looking after that.

Mr. HARKNESS: I thought we were supposed to get it yesterday or the day before.

The CHAIRMAN: We will make sure that you get it quickly.

Mr. HARKNESS: May I ask at the same time if Mr. Gardiner has been officially invited to attend; and, if so, what his reply was, because the point was not cleared up.

The CHAIRMAN: Unfortunately, I have been attending cabinet meetings this week and I do not know.

Mr. FLEMING: Could the clerk tell us? It was a direction of the committee?

The CHAIRMAN: It is usually done through the chairman of the committee. As soon as Mr. Maybank comes I will ask him to report on it.

Mr. HARKNESS: I understand that the Minister of Agriculture is leaving for the west tonight. That is why I wanted to take this matter up again at this time.

The CHAIRMAN: I did not know that. Well, he always comes back from the west.

Mr. HARKNESS: But he may be gone for some considerable time.

The CHAIRMAN: We will ascertain that.

Mr. MERRITT: Is there power in the committee to restrain him?

Mr. IRVINE: That is what we have not found out.

The CHAIRMAN: I assure you, if so, it could not be effectively enforced.

Mr. MERRITT: I think, surely, Mr. Chairman, if Mr. Gardiner is leaving for the west tonight—this matter has been before the committee and should have been attended to by this time and he should have been officially invited.

Mr. WINTERS: Aren't we working on assumptions there? Could we not find out?

The CHAIRMAN: We will find out whether he has been asked, and whether the clerk has made out his judgment.

Mr. IRVINE: I think we ought to remind ourselves of what Mr. Mayhew, I believe it was, said in his report to the committee the other day, which was to the effect that he had seen Mr. Gardiner and that Mr. Gardiner said he was quite willing to come to the committee but there was certain information in

respect to storage statistics on meat which we had asked for and which had not yet come to hand, and that if and when these figures came he would be quite willing to appear. I think that was the report from Mr. Mayhew.

Mr. PINARD: He also added that he had not officially invited Mr. Gardiner. He said he had had a talk with Mr. Gardiner but he had not extended an official invitation.

Mr. IRVINE: I didn't know that.

Mr. HARKNESS: We have never been told yet, to my knowledge, whether Mr. Gardiner has been officially asked to come before the committee or not, and we have not been told what his reply was. It has been in abeyance now since last Monday and I think it should be attended to before this.

The CHAIRMAN: Yes.

Mr. PINARD: It appears to me as though some of the members are trying to make use of this issue as a political platform.

The CHAIRMAN: One at a time please. Let Mr. Pinard finish his statement.

Mr. FLEMING: Mr. Chairman, on a point of order, what Mr. Pinard is saying, he is giving notice to certain members of this committee—that is entirely out of order.

Mr. PINARD: No. What I said is this, we are dealing with a matter that has been declared to be out of order; that is, it is an elementary rule of procedure that you cannot subpoena a minister of the Crown any more than you can any other member of parliament.

Mr. MERRITT: Oh, Mr. Pinard, that is all wrong.

The CHAIRMAN: I suggest that we get down to work.

Mr. FLEMING: Just a moment, let's get this cleared up.

The CHAIRMAN: I suggest to you that the matter has been dealt with adequately. Let us not waste any more of our time.

Mr. FLEMING: Can't you find out right away? Can you have somebody go and ask the vice-chairman to find out if Mr. Gardiner received an invitation from the committee?

The CHAIRMAN: They are now looking for the vice-chairman. Will you proceed, Mr. Monet?

72 **George C. Anspach, President of George C. Anspach Company Limited, Colborne Street, Toronto, recalled:**

The WITNESS: Mr. Monet, before you proceed, there is one correction I would like to make. This morning when you asked me if I wholly owned the building I occupied. I wish to add to that that the building is on leasehold property. I own the bricks and mortar but the land belongs to the city of Toronto. It is leasehold property. Now, the next point—one of the members this morning asked me to give the ratio of profit to capital through the nine years we have been in operation. I worked this out:

Year	*Ratio of Profit to Capital*
1939	3·8
1940	7·5
1941	7·1
1942	2·4
1943	28·2
1944	30·2
1945	16·7
1946	15·7
1947	10·03
1948	20·8

Those are the fiscal years. I would further like to state at this time that, in this business of rapid turnover, invested capital does not have much bearing on profit. A trucker with a capital of $500 or $1,000 can go out and increase that, by rapid turnover, to $250,000 with ample profit. Further, this invested capital does not include bank loans which we are obliged to carry for our accounts receivable and such things, caused through this rapid turnover of merchandise.

Q. Now Mr. Anspach, would you turn to statement 5 of exhibit No. 107 which statement shows the monthly sales for each month of the years 1946 and 1947, and for the first three months of 1948?—A. Yes.

Q. Your sales volume for the month of December 1947 and the first three months of 1948 is substantially below the volume for the corresponding months of the previous year?—A. Yes.

Q. Did you figure out the difference in volume?—A. 26 per cent.

Q. That is, in accordance with my figures, correct. How much would that be in dollar volume figures?—A. $162,346.

Q. And in percentage it is—A. 26 per cent.

Q. We know that prices were generally higher in 1948 than they were in 1947?—A. That is right.

Q. Would it then be a fair statement to say your physical volume of fruits and vegetables handled was down by at least 25 per cent if not more?—A. Yes sir.

Q. Coming to the gross profit to sales, you told us this morning that until 1948 it did not average as high as 6 per cent until the fiscal year 1947?—A. That is right, according to the figures.

Q. And these are the figures which you have supplied?—A. Yes.

Q. They are the actual figures of your company?—A. Yes.

Q. For the benefit of the members of the committee would you give the percentage of gross profit to sales for the four weeks ending December 3, 1947? I am referring to the third column, "gross profits to sales"?—A. 20·5 per cent.

Q. For the four weeks ending December 31?—A. A loss of 3·9 per cent.

Q. Then for the same period, the four weeks ending January 28, 1948?—A. 2·5 per cent.

Q. And for the four weeks ending February 25, 1948 what is the figure?—A. 15·7 per cent.

Q. And the same figure for the four weeks ending March—

Mr. HARKNESS: For the five weeks?

By Mr. Monet:

Q. For the five weeks ending March 31 what is the figure?—A. 16·5 per cent.

Q. Can you tell the members of the committee how the company obtained the high percentage of profit in the four weeks ending December 3, 1947, namely the percentage of 20·5 per cent?—A. Mr. Chairman, and Mr. Monet, I wish to state that these monthly figures are taken off for a guide to the management. They are not audited figures but they are a guide to see which way we are going. You will see in the next month we show a loss of 3·9 per cent.

Q. Yes, I am going to ask you about the next month?—A. I want to point out there might have been some variation. There may be some merchandise taken in there which belonged to the period following. There might be slight clerical errors. However, that included practically all of that first period which you would call an exceptional period of buying on the part of the retail trade, where the prices are sky-rocketing, and it did result in a larger percentage.

Q. That is what I am asking you about. You do not mean to say this is not the actual gross profit to sales?—A. That is what these figures show, aside from clerical errors in bookkeeping which might mean as much as 1 per cent.

Q. Whatever it is it would not be more than 1 per cent one way or the other?—A. Yes, that is right.

Q. It might also be as high as 21·5 per cent?—A. Yes.

Q. Would you give an explanation of the business in the month of December when there was a loss, and in January where there was a small profit? Would you give a general explanation of the very high profit on sales in February and in the five weeks in March which, in those two periods, is quite over the average for all the other months—for 1946 and 1947—except for the exceptional period in the four weeks ending December 3?—A. When the ceilings were imposed on citrus fruits in January we were allowed a certain mark-up—that took all the risk out of selling. Supplies were short enough, quotas were down far enough, and we got our entire mark-up. The merchandise moved fast enough that there was no shrinkage or wastage. It went out immediately. It all showed up as indicating no perishable merchandise on hand—on which we took no losses—and it showed up in the gross profit.

Q. Would it then be a fair statement to say that for the four week period ending December 3, 1947, and for the four week period ending February 25, 1948, and the five week period ending March 31, 1948, your company made very abnormal and unusual profits?—A. That is right.

Q. Those profits were much larger than they were in any other period in the history of the company?—A. That we have in front of us, anyway.

Q. Would you not go farther? Would you not say "in the history of your company"?—A. That is right, yes.

Q. Now I know from the last column headed "operating profit" that the company had a profit of $20,513 in the four weeks ending December 3?—A. That is right.

Q. This profit, you have just stated, is much larger than any other profit for a similar period in the past?—A. That is right.

Q. That would be explained by the high gross profit of which you spoke a moment ago?—A. Yes.

Q. And the same answer would apply to the unusual profit made in the four weeks ending February 25 and in the five weeks ending March 31?—A. That is right.

Q. I also note, Mr. Anspach, that there was a loss of 3·9 per cent for the period ending December 31 and a very small margin of gross profit on sales for the period ending January 28?—A. That is right.

Q. Would you give some explanation to the committee as to that sudden change from a high profit period ending December 3 and December 31?—A. During the Christmas business and the early January business, we did not have any specialty lines. The reduction in volume to 40 per cent, and not having the courage—I mean having goodwill to your employees and not discharging them at Christmas time when you know they needed a job—caused that loss.

Q. As a whole, Mr. Anspach, can we take it that since November 1947 up to now, although your volume was lower than before, your profits were exceptionally high?—A. That is right, as shown by the figures.

Q. I would now ask you to turn to the next statement, and at this point, for the benefit of the members of the committee who were not here the other day, I shall state that the secretariat has prepared a table which is before you, which will give you a quick comparison between statements 2 and 3. This comparison is not to be printed because it is a repetition of the figures we already have in statements 2 and 3.

Mr. IRVINE: Do you mean by "statement 2", page 2 of statement 1?

Mr. PINARD: Page 2 of exhibit 107.

Mr. MONET: Yes. The company gave answers to the questionnaire and page 2 is headed "statement 2".

Mr. IRVINE: Yes, I see.

By Mr. Monet:

Q. Mr. Anspach, we will first deal with the first column on your statement No. 2, dealing with oranges, California, size 288. Can you tell the members of the committee how you purchase oranges?—A. We purchase them directly from California, f.o.b., in carload lots.

Q. And can you tell us how many carload lots you would normally handle in a week?—A. That is before the embargo came on?

Q. Yes?—A. Approximately four to five cars of oranges and as high as three cars of grapefruit per week.

Q. And since the embargo?—A. Our quota is about 2,000 cases of oranges and 1 car of grapefruit.

Q. Have you used your quota money to bring in other items?—A. No sir.

Q. You did not do that at any time?—A. No, we spent the entire quota for citrus fruit and citrus fruits only.

Q. Do you sell oranges too?—

Mr. MAYBANK: Excuse me, I would like to know whether the witness spent the full amount of money allowed? You asked whether he had diverted any of that money.

Mr. MONET: Yes, I asked if it had been diverted.

By Mr. Monet:

Q. Did your company use some of this quota money to buy other produce? —A. Definitely not.

Q. Did you use all your quota money for oranges?—A. We did. In the latter part of the first period, ending in March, we found ourselves very short of quota money due to the fact the price had advanced a little bit and, if I recall it rightly, we did not properly count the weeks of the quota. If my memory serves me correctly we counted fifteen instead of sixteen, or sixteen instead of seventeen, and consequently at the end of the period we were very short, and right up against it.

Q. Do you sell directly from the car or do you first remove the oranges from the car and then sell them?—A. It all depends upon market conditions. At the present time I believe I can be very frank in saying 10 per cent never hits the floor.

Q. It is sold direct from the car?—A. Yes.

Q. Are those sales made at the same price?—A. Yes, but we deliver practically all our goods anyway. It only means the difference of one handling, in bringing it into the warehouse, and we get bigger headaches in arranging a fair distribution.

Q. Would you not normally deliver first to the warehouse and then to the purchaser?—A. That is right.

Q. So if you deliver them from the car you save the cost of one delivery? —A. One handling, yes, sir.

Q. And you say about 90 per cent of the oranges are delivered direct to the warehouse from the car?—A. At the present time, yes sir.

Mr. MAYBANK: Are you served by rail or do you have to cart them over to the warehouse?

The WITNESS: The siding to which they are delivered is about eight blocks from the warehouse and there is a very congested and obsolete street leading from the siding to the warehouse.

By Mr. Monet:

Q. Would you look at this comparison sheet. I note from the comparison of the selling price and cost price that during the month of October that the margin ranged from 62 cents a crate to a loss of 6 cents a crate?—A. That is right.

Q. Would my calculation be correct if I stated the average per crate would be approximately 20 cents?—A. In that month?

Q. I am talking about that period?—A. I would think so, yes.

Mr. THATCHER: Did you say the maximum was 62 cents?

Mr. MONET: Yes, the top line, Mr. Thatcher—if you have the comparison before you.

By Mr. Monet:

Q. The first line shows 62 cents and the last one in October shows a loss of 6 cents. That would give an average of 20 cents?—A. Yes.

Q. What would in your opinion be a reasonable mark-up for oranges of that brand—288, California oranges?—A. It all depends upon the manifest of the car. In buying oranges from California in a normal year you cannot specify what size you want. The oranges are packed out of the packing house; they come down chutes and go into the car as they are packed. Consequently if the crop is running heavy 200's, or heavy 176's, that is what the car contains. If the prices are high on those you may have to take a loss on some of those sizes, but on others you will get a profit. Your average profit for the car might be only 25 cents a case, but on certain desirable sizes it might run as high as $1.25 a case.

Q. I am asking you what you feel would be a reasonable mark-up, in the light of your experience?—A. 75 cents a case.

The CHAIRMAN: I wonder if I might interrupt. I promised Mr. Harkness there would be no excesive delay in dealing with the point he raised. Mr. Maybank has returned from his labours and he is ready to report.

Mr. MAYBANK: Dr. Beauchesne sent me a memorandum respecting ministers as witnesses before committees. Do you want me to read it?

The CHAIRMAN: I have not had a chance to see it yet, but if you will give it me I will read it.

> If the evidence of a member of the House of Commons be desired before a select committee, no subpœna is served on him but the chairman sends to him a written request for his attendance. No distinction is made between a member who is a minister and one who is not. Members in matters of this kind are all on equal footing. I am unable to find any authority or precedent to show that ministers have special immunities. The government as a whole enjoys certain privileges with respect to the order of business and procedure, but individual ministers are bound to observe the rules applied to every member of the House.
>
> When a minister is informed that his evidence is needed by a committee, he may agree to appear or he may have reasons for not appearing. In the latter case, the committee ought to make a special report to the House therewith. The member should not be summoned to attend the committee. The Prime Minister of the United Kingdom was asked, on October 23, 1931, if it was not clear that select committees had the right to call for ministers. He replied: "Yes, sir; they have that right, but I think if that right was unnecessarily exercised it would be necessary for the government to seek comfort from the House." The chairman may, if the member's evidence is indispensable, move in the House that the member be ordered to attend. On this motion a vote may be taken. The result will show whether or not the minister should give evidence before the committee.
>
> (sgd) ARTHUR BEAUCHESNE,
> *Clerk of the House of Commons.*

Mr. HARKNESS: Further to that may I ask if Mr. Gardiner was officially asked, in writing, to attend before this commitee?

The CHAIRMAN: I do not know whether he was officially asked.

Mr. MAYBANK: I do not know what the motion was and whether the clerk was asked to write him?—Perhaps the clerk could look up the motion.

Mr. MAYHEW: While the clerk is looking that up, I would like to clear up a point upon which I was incorrectly reported in the press. I do not wonder that such a thing happened because the press is back at the other end of the room and I was talking facing the opposite direction. I said that I had no authority to invite Mr. Gardiner and had not invited him. The paper said I had invited Mr. Gardiner. I did not invite Mr. Gardiner and I had no authority to do so, any more than has any other member. I was talking to him and I gave to the committee the sense of what I thought he said.

Mr. HARKNESS: My understanding was that you had not officially invited him and that is why I am asking the question now.

The CHAIRMAN: It is quite clear that he is not being invited.

Mr. MAYBANK: I think the press just got it incorrectly. I do not know whether it was reported that way in all sections but I was in the chair and I knew that he had not been given an invitation.

Mr. THATCHER: Is Mr. Gardiner going west?

Mr. MAYBANK: You could not prove it by me.

Mr. HARKNESS: Has Mr. Gardiner now been officially invited?

The CHAIRMAN: No.

Mr. IRVINE: Who is the official inviter?

Mr. HARKNESS: If he has not been invited I would ask why not?

Mr. PINARD: Can we have the exact motion?

The CHAIRMAN: What is the pleasure of the committee?

Mr. MAYBANK: I asked that Mr. Arsenault inform us as to the wording of the motion. I was not in the chair at the time so I did not do anything about it.

The CHAIRMAN (Quoting from the clerk's minutes): Mr. Harkness moved, seconded by Mr. Thatcher that Mr. Gardiner be called to give evidence before the committee.

Mr. MAYBANK: I understood from the way the conversation and argument proceeded when I was in the chair that what Mr. Harkness had moved concerned a summons, and that was the argument trend. The result was a suggestion from Mr. Harkness that legal advice be sought and as a result we have the memorandum before us now.

Mr. HARKNESS: On the Monday the motion was moved and on Tuesday morning I think I asked, when I noticed that Mr. Gardiner was not here, if he had been notified. Following that a discussion arose as to whether he could be summoned but when the motion was made it was merely a matter of asking Mr. Gardiner to appear before the committee.

The CHAIRMAN: It is quite clear that Mr. Gardiner has not been sent a written request to attend before the committee.

Mr. MAYBANK: I do not dispute what Mr. Harkness says but the motion is worded that he be called and, as I understood the subsequent discussion, that expression was taken by those around the table to mean a summons was concerned. That understanding seems to be borne out by the nature of the discussion which then ensued. There followed the request for legal advice.

Mr. MAYHEW: There is one point which you are missing. I read Beauchesne's rule 678 at the conclusion of the meeting and said that ministers were not

summoned, they were invited, and I said that would be the procedure we would follow.

Mr. THATCHER: Could the chairman send a letter officially inviting Mr. Gardiner to attend?

The CHAIRMAN: The committee will have to decide whether it wishes to do that.

Mr. THATCHER: Was not that decision made?

Mr. MAYBANK: I do not think that we, at this time—and I stress those words—should either invite, attempt to summons, take to the House the question, or do anything else at this time to hear Mr. Gardiner.

Mr. HARKNESS: I would submit the motion to call, to invite, or to use any words you like, was passed in the committee and the correct procedure, whatever it may have been, should have been carried out.

The CHAIRMAN: Yes, and we are dealing with the situation now.

Mr. HARKNESS: I think that is merely doing at a late date what should have been done during the last two or three days.

Mr. PINARD: The clerk of the committee has given the chairman the motion and as I understood it the witness was not requested to appear.

The CHAIRMAN: Mr. Maybank has expressed the point of view that at this time we should not hear Mr. Gardiner—and he has in mind the fact that we are engaged on a particular hearing.

Mr. MAYBANK: The point of view which I hold is not, at the moment, that he should not be heard but I think we should continue to proceed along the line upon which we are proceeding. I do not think it would be in the interests of the work of the committee, or in any other interests, to proceed with any evidence from Mr. Gardiner now.

Mr. THATCHER: On a point of order, I thought we decided that.

The CHAIRMAN: This committee is the complete master of its own destiny.

Mr. MAYBANK: I submit there is a right to discuss the matter from the viewpoint of time. The motion speaks for itself and the motion was to the effect that Mr. Gardiner be called. Today we can accept that, if the members wish, but that means some person should send a letter. We have so far dealt with the matter as if it involved a summons. However, whatever it means my proposition at this moment is not dealing with the motion at all but rather it is dealing with a question of time and all I am saying is that I submit Mr. Gardiner should not now be called, invited, chosen—or any other word you wish to use—and that motion, I submit, is still valid, even when it is generally applied.

Mr. IRVINE: I still submit that this discussion is out of order unless somebody moves that the matter be recommended by the committee, and it has not been so moved.

Mr. MAYBANK: Well, I would be willing to move that, if I first of all may know whether it takes a two-thirds majority or a majority.

The CHAIRMAN: It takes a straight majority.

Mr. MCGREGOR: It is a good job the public can't look into this room and see what is going on today. We have been yammering away at this thing like a lot of school children, as to whether somebody should be called to give evidence or not. We have been dickering about this three days and still do not know where we are at.

The CHAIRMAN: What is your suggestion, Mr. Maybank?

Mr. MAYBANK: My motion is that the chairman should not invite Mr. Gardiner at the present time.

The CHAIRMAN: Do I hear a seconder?

Mr. PINARD: I would second the motion.

The CHAIRMAN: Those in favour of the motion?

Carried.

The CHAIRMAN: All right, Mr. Monet.

By Mr. Monet:

Q. Mr. Anspach, going back to oranges, I think your last statement was that you considered 75 cents a fair markup, a reasonable markup?—A. Yes.

The CHAIRMAN: Order, please; lets follow Mr. McGregor's advice and at least have order, please.

By Mr. Monet:

Q. Mr. Anspach, I note that on November 20, 1947, the price of oranges had increased to $6.44 a case or crate, or by $1.19 as compared with the previous—?—A. $1.93.

Q. I am just asking about the increase in your sales price.—A. $1.19, yes.

Q. $5.25 to $6.40, on November 20?—A. That is right.

Q. And over the same period the cost increased only from 26 cents to 45 cents?—A. Yes.

Q. Is it fair to say then that the resulting margin of $1.93 a case is abnormally high on a crate of oranges? You told us, did you not, that you considered 75 cents to be reasonable?—A. Normal.

Q. A normal margin?—A. That is right.

Q. Is it not true then that the margin prevailing from November 20, to March 25, those margins were in all excess of the established normal?—A. They are, sir.

Q. And you have said that you consider 75 cents to be a normal markup? —A. That is right.

Q. That from October 26, to March 25, your margin of profit was in each of those weeks above the normal markup?—A. Yes sir, although two of them were a little above.

Q. Yes, but inasmuch as you have mentioned that I have to bring out that quite a few if not most of them are over the 75 cents?—A. That is right.

Q. Then on January 29, there would be of $2.30 a case?—A. Yes.

Q. How do you account for this very substantial markup of $2.30 on January 29, and $1.23, for the previous week which were about 25 cents higher than usual?—A. What is that?

Q. On January 29, it was $2.30, or 34 per cent higher.—A. I have to come back to the old story of supply and demand.

Mr. IRVINE: You would?

The WITNESS: The whole thing here is—here is our volume—as I said a while ago our quota was beginning to run out and there was less available, they ceased coming in and we had to spread them out so the public would get some oranges, and the market was so very thin on many of those sizes that we wanted, even in the large sizes were showing a profit, but, understand, after February 19, they went down.

By Mr. Thatcher:

Q. How about the February 20, figure? Here on the 15th you show a cost of $4.26. A week later it has gone up by 25 cents and in the same period your selling price went up $1.19. How do you account for that when your cost only went up that little bit? Would that indicate that you took advantage of the fact that the embargo went on and raised your price?—A. No, sir, it does not.

Q. What does it mean?—A. In any business, in a perishable business such as this, you have got to take your ups, because the downs are going to come after you some time.

Q. Then it indicates what I said, does it not?—A. It indicates what the market was and that we took the market.

Q. You raised your prices immediately?—A. We do not raise our prices.

Q. But they went up.—A. The market was up.

Q. From 5.25 to 6.44, when your cost was comparatively stable.

The CHAIRMAN: Order, please; this is very important evidence and we should be able to hear what the witness says.

Mr. MAYBANK: The market advanced and you followed the market, isn't that it?

The WITNESS: That is right, the market advanced and we got that market.

By Mr. Thatcher:

Q. Does cost play any part in your selling price?—A. No sir, because when you take a loss cost does not take any part of that.

Q. When you are pricing your oranges don't you figure what your cost is at a certain percentage?—A. I might tell you about my experience when I went into this business in 1938. After my long experience in the chain store business where we had markups I went there with the full intention of buying markets and getting weekly profits, but I found out in a very short time that I was batting my head against a solid stone wall, that in this business with such a rapid turnover I could not keep track of the individual case. This market at this particular time we are discussing is steady. That is true. But it came on down and at the end it dropped 80 cents a case when the duty came off the oranges. If we had been caught with several cars of oranges at that time we would have to take that 80 cents a case loss regardless; so that if you don't take your increases as they come along on the market you sure can't take your losses and stay in business.

Q. Do your figures indicate, as Mr. Monet pointed out I think, that in the weeks following the embargo being brought into effect your costs were two or three times higher than they were the week preceding. I mean, the embargo went off and caused that?—A. Yes, Mr. Thatcher.

Q. If you had even taken on some of the import figures it would have been maybe 10 or 12 times as much. Do you not think that those are profits that are sometimes perhaps a little abnormal?—A. They would be, if you had your normal amount of volume going through your store, but we were faced on November 17, with a volume cutoff. I mean, we were splitting an average of 25 or 30 cars of merchandise rolling.

Mr. MONET: Excuse me, if I interrupt. Did you not say a short while ago that even with less volume during the last seven or eight months you had made more money than ever before?

The WITNESS: That is true.

Mr. MONET: How does that work out?

The WITNESS: You follow that—and also your net you are taking; and you will see too that our trading account has increased tremendously; but, sir I am explaining it all. On november 17, these things were not—we did not—we expected a greater problem, we had to keep our plant open and naturally we followed prices up.

By Mr. Thatcher:

Q. You told Mr. Monet a moment ago that you considered 75 cents a case a reasonable profit?—A. In normal times.

Q. Now then, you are taking $2.30, would that amount look like you were taking advantage of the consumer on a situation which was no fault of the consumer?—A. But that is only one size of oranges in that car. There might have been a lot of those oranges, there were sizes on which we would only make a quarter of the profit.

Q. Isn't this the average profit?—A. This is the average for the 288 only sir.

Q. I see.—A. It is only on the 288's. It might only be a small proportion of the total contents of the car, of the merchandise coming in.

By Mr. Monet:

Q. But that is quite a standard size?—A. The 288's—as I mentioned this morning, in chain stores they are what we call a "come-in" orange. It is the working man's orange. It is a cheaper grade of orange.

Q. It is a very popular size.—A. It is only popular with certain retailers.

Q. But on this particular size, Mr. Anspach, you did take this profit, did you not?—A. On that particular size.

Q. And that is the only size before us?—A. That is right, sir.

Q. And you have taken—I think you have taken advantage of a situation—I am not blaming you for it, of course. I imagine maybe I would do the same thing if I were in that business; but it certainly was one factor in raising the price or oranges, the fact that you as a wholesaler have taken as much as the traffic would bear.

By Mr. Irvine:

Q. In doing so were you violating the ethics of merchandising at all?—A. No, sir.

Q. You were conducting a free enterprise?—A. Yes, sir.

Mr. THATCHER: What about the rule of the Wartime Prices and Trade Board where they refer to taking unfair and unjust—

The CHAIRMAN: You are asking a legal opinion now, aren't you?

Mr. MAYBANK: I do not think the word markup comes into it at all. That point was up yesterday. It refers to price.

The CHAIRMAN: Yes, a fair and reasonable price.

Mr. MAYBANK: Markup would be no doubt one of the components that would be considered in case of a prosecution, I imagine it would; but the law does not say markup.

By Mr. Monet:

Q. Now, Mr. Anspach, you referred—I want to point out to you January 22; if you will compare that with January 29—I asked you that a few minutes ago and you said that the markup was $2.30, in the one case and $1.23, for January 22, and you said that that reflects the principle of the law of supply and demand. Is that correct?—A. Yes.

Q. Would the law of supply and demand work that fast, that during the week of January 22, your profit during that week would have been $1.03 a crate of oranges and the next week it would go to $2.30?—A. Yes, sir.

Q. And then, would you give us some explanation as to how during the period of one week there should be such an increase in the amount of your profit?—A. Well, let us take asparagus.

Q. Stick to oranges. You were talking about the supply and demand as related to oranges.—A. Well, it worked the other way with asparagus.

Q. Yes.—A. Can we take another type to discuss that way?

Q. We will take the oranges first and then we can come back to your asparagus. I know the thing works both ways, but I want to deal with oranges first.—A. The whole thing is that the market, the average retail price, went up only 8 cents, a case, the average retail—

Q. But I am talking about your increase in price?—A. That is what I am telling you, the average retail price only went up 8 cents a pound but our costs went down $1.09.

Q. I am asking about your profit. Just stick to the profit, that item of $1.03, for January 22. Now, you said a moment ago, those originally were 28 cents for the established normal trading situation, and you say that the cost went up mostly on account of supply and demand?—A. That is true.

Q. Then, according to the same law, I take it that the next week it went in Toronto from that figure up to $2.03; how do you account for that?—A. Our costs went down $1.09, and the market to the retailer went up 8 cents.

Q. And although your costs were lower you sold the oranges at the same price?—A. That is right.

Q. If your costs were lower was it not because more oranges were brought on to the market?—A. No, my man made a good buy some place.

Q. Why would he make a good buy that week; would he have done that because the supply was greater?—A. The f.o.b. supply was without doubt greater, but due to holdings the Toronto supply could not be any greater.

Q. The supply would vary to a certain extent from week to week?—A. The price to the retailer only went up by 8 cents.

Q. I understand, but I am talking about your supply, your supply was greater?—A. The f.o.b. supply at California or Florida was reduced and that reduced our cost which showed in profit.

Q. Then you benefited by the reduction in cost but actually the price to the retailer did not drop to any great extent?—A. No, sir.

By Mr. Maybank:

Q. Would you explain that point? The f.o.b. supply and the Toronto supply. I think I know the answer. I think you have given to me an indication of it, please explain what is the f.o.b. supply?—A. The supply in California or Florida where the oranges are purchased.

Q. That is near to the source or at the source?—A. It is, sir.

Q. And you commonly call that the f.o.b. supply point?—A. That is right.

Q. And the f.o.b. supply point may be very, very large yet the Toronto supply may be small?—A. Due to quotas we have at the present time.—Q. Due to the quota; of course, the f.o.b. supply of any article may at a given time be large and the supply of the same article at the same given point of distance away from the f.o.b. might also be small?—A. Yes.

Q. But in this particular case you would say that the Toronto supply could not be very large by reason of the quotas, the restrictions?—A. That is right.

Q. Would it be correct to say that the Toronto supply and the nature of conditions at the time would tend to be pretty well constant?—A. It would tend to be pretty well constant. That is right.

Q. That is why you were importing all you could up to the ceiling or quota?—A. That is right.

By Mr. Monet:

Q. Now, if you will look a little lower down, I think the reverse probably did happen at that time, but I want you to give your explanation of that. Take the week of February 12, your selling price was $5.21, and you had bought some at $3.60?—A. That is right.

Q. On February 19, you sold your oranges for $4.63 and your cost price had increased by 35 cents?—A. That is right.

Q. It was the reverse of the former position?—A. Yes.

Q. And you would say in virtually the same proportion the same thing happened?—A. No, sir.

Q. What was it?—A. It was on account of the ceiling in effect on the 19th of February which affected our market.

Mr. IRVINE: What was that? Would you speak a little louder please?

The WITNESS: The ceilings went into effect on deliveries from February 19, and due to the market, I mean the selling price was established by the ceiling on the market.

By Mr. Monet:

Q. I thougt it was because you had decided not to take so large a profit, and that was not on that account?—A. No.

Q. And you do not want to take any credit for that?—A. No, sir.

Q. Well, we will turn to the next column.

Mr. THATCHER: Mr. Monet, why is it that there is some articles of Ontario produce which are not included in this statement? Is it because the company does not handle them?

Mr. MONET: The questions were asked all the same.

Mr. THATCHER: What about celery?

Mr. MONET: On statement 2, which was the statement which was prepared for all the celery—it is because it was handled only by commission by this firm. We will question the witness on it in a few minutes. My information is that they dealt with it only on a commission basis.

The WITNESS: That is right.

Mr. MONET: So as it is only handled on a commission basis there is no use in making a comparison. That would just have been a waste of time.

Mr. THATCHER: I see.

By Mr. Maybank:

Q. I take it there again it is a case where you followed the market. Various times references have been made to wholesalers or other kinds of dealers not setting prices in the trade. I do not mean that, but setting the price. It has been responded that that is not so, that they can't do it; that all they can do is to follow the market, is the expression which you used; would that be your position?—A. That is the position taken from the whole industry. Take the market, it opens at 6 o'clock. You start trading at 6 o'clock. The buyer comes in and then it is a question of price. If you are below the market they want everything you have got. Then you have to keep a fair proportion for the rest of your trade or you sell out and somebody gets it all. Then, maybe the market is dull and you get a big profit on it; and consequently, it is only good business to divide up your merchandise and keep it spread out so that everybody will have some.

Q. Mr. Anspach, it is true to say that so far as you are concerned, you find yourself in the same position as anybody else?—A. Yes, sir.

Q. It is true to say that you try to get the best price you can; that is true?—A. Definitely.

Q. And you sometimes have a very considerable degree of success?—A. That is right.

Q. And it is likewise true, is it not, that everybody else in the business, in the same business as yours, is striving in the same way?—A. Definitely, yes.

Q. And it is true too, is it not, you have certain arts and practices that you call into play in an endeavour to accomplish your end; isn't that true?—A. That is true.

Q. And these arts and practices are not peculiar to you, but there are periods when your various confreres in this business also practice them?—A. That is right.

Q. And it comes about, does it not, that there is a large body of men all practicing the same arts in an endeavour to get a high price?—A. That is right.

Q. Would it not then be correct to say that while you yourself cannot raise your price you have to take what you call the market price; but, nevertheless as a unit in a large section of merchandising society have some influence upon prices?—A. Yes, we have, definitely.

Q. And while you do not think that you personaly pursue affect the price in an upward direction very much that you in company with all of your allies, undeclared allies perhaps but nevertheless your allies, you do affect the price upward?—A. That is right.

Q. It is not the upward strain and stress that you personaly in the market alone, but there is a large body, a large segment of society of which you are a part, and you are all working together to push the price up; isn't that correct?—A. I would not say we are working together to push the price up. We are trying to get as much money as we can.

Q. I don't mean you consciously did a thing of that sort. I did not mean that.

Mr. IRVINE: And do they do it unconsciously?

Mr. MAYBANK: Not unconsciously, exactly; but it is not an organic policy?

The WITNESS: No, sir.

By Mr. Maybank:

Q. But it is true at all times, is it not, that persons in your position in the modern world are endeavouring to get higher prices?—A. That is right.

Q. And it consequently can be said, can it not, that prices rise to some extent by reason of the endeavours of all people who are on the selling side of transactions; isn't that true?—A. With the element of veto of the consumer.

Q. Oh, yes. I was only saying that there is that tendency created by all?—A. That is right, naturally.

Q. And consequently it is incorrect to say, is it not, as a generalization, that sellers of commodities do not themselves affect the price; that is an incorrect statement?—A. It is.

Q. Sellers of commodities do not affect the price; that is an incorrect statement, do you agree?—A. Definitely.

Q. Only when they come down to you personally, you would answer I presume that you cannot do anything very much except take the market price, and that you are just a very small cog in the selling machine. I presume that would be your answer, would it not?—A. That is right.

Q. But if we should get some altruistic urge in all the sellers at some given moment, with the same amount of motivating, that then might affect the price before it rose too high, and would stop it from doing that; wouldn't that be correct?—A. I think it depends—

Q. You would have to get some corresponding support on the side of the buyers.—A. We would have to get help from the other fellow.

Q. But so you and your fellows would be left a living always?—A. That is right.

Q. I just wanted to clear it up; that it is not correct at any rate to say the sellers do not have some effect upon prices.—A. That is true.

Mr. THATCHER: Mr. Anspach, if that is true, if all sellers take advantage of the market—and I don't say that I blame them for it—but if they do that, and if in abnormal times your supply of merchandise is not adequate, is not the only way the consumer can be protected is by some kind of a ceiling to keep prices down? How else would you suggest we could keep prices at a reasonable level if the sellers are going out after everything they can get and to put prices as high as they can? Can you tell me some effective way in which we could keep prices down without ceilings?

Mr. PINARD: What about supplies?

Mr. THATCHER: If we had the supplies, that is all right; if we haven't got the supplies then the only way prices can be kept down is by the use of ceilings.

The WITNESS: I do not know of any other way.

Mr. THATCHER: Is there any way of keeping prices down without ceilings?

Mr. MAYBANK: When you put it that way, are you not imputing motives?

Mr. THATCHER: I am not imputing any ulterior motives. I think it is human nature. If I were in business I would probably do the same thing.

The CHAIRMAN: You have been making a good many admissions up to date.

Mr. THATCHER: I suggest the only way that we are going to keep prices down in a period of short supply is by the application of ceilings.

By The Chairman:

Q. Do you have an association?—A. Yes.

Q. Don't you think that your association could give some leadership, exercise business statesmanship shall we say in this sort of thing?—A. No, sir, I don't.

Q. Has it ever been tried?—A. It has been tried.

Q. When?—A. Several years ago.

Q. Not since the war?—A. During the war when ceilings were on.

Q. But you said it was tried. When was it tried?—A. Some years ago.

Q. What does that mean?—A. When it was tried was before I got into the business, but not in recent times.

Q. It has not been tried within the last ten years?—A. Not to my knowledge.

Q. Have you ever made a move to have it attempted within the last ten years?—A. We have tried it, yes.

Q. When?—A. Three or four years ago.

Q. You had ceilings on then.—A. It was just prior to the ceilings that we made an attempt at it. That was in 1942, I think—whenever the ceilings went on, just a year before that.

By Mr. Maybank:

Q. I just wanted to follow up a question. You have said that you do not know of any way at a given time by which prices could be kept down except through ceilings?—A. Yes.

Q. And if there is a ceiling can you guarantee a supply?—A. No, sir, you cannot. That was our trouble in the war.

Q. What was your trouble during the war?—A. With the growers' ceiling, produce was side-tracked away from the commission men into different channels. There was not an adequate supply.

Q. Under ceilings can you develop a supply?—A. Not any more than is grown.

Q. There is no incentive to produce?—A. That is right.

Q. If the ceiling is low?—A. If the ceiling is low there is no incentive.

Q. A ceiling of necessity would then produce a shortage?—A. Of necessity the ceiling would produce a shortage if the ceiling was too low.

Q. And the ceiling is designed to keep prices low?—A. Unless there was a ceiling on wages, and everything else, there could not be a ceiling for the primary producer, or I do not see how there could be.

Q. Anyway you contend supplies cannot be brought forth with a ceiling unless it is a high ceiling?—A. If there was a ceiling there would have to be a floor to guarantee that the production price would not go below the floor or below the cost of production.

Q. If you could not get a supply, with a ceiling, you would get into the position of having potatoes, or sausages, or hairnets or hair shirts for sale at a given price, but there would be none available?—A. Yes.

Mr. MONET: Mr. Anspach, we will turn to the next column of statement 2.

Mr. MAYBANK: I do not mean to suggest that Mr. Thatcher is our hair shirt.

Mr. THATCHER: Do not apologize.

Mr. MONET: Turning to the next column which is headed "apples", I have no questions to ask the witness as the members of the committee will see that the prices have not increased very substantially and the margins have been very small throughout the period under consideration.

Mr. WINTERS: Is that because there is no demand for B.C. apples?

The WITNESS: The apple producers in Ontario have been in trouble all year on their apples and it has had a natural tendency—

Mr. THATCHER: Are they the poor quality apples—the B.C. apples?

The CHAIRMAN: We are having an Ontario election, Mr. Thatcher, and I think you are making a very unwise observation.

By Mr. Maybank:

Q. What do you mean by saying that the growers were in trouble? When you use a term that is perhaps at once apprehended by people in the trade, you may find that to ignorant lawyers it does not mean much?—A. I mean that they still have apples of which they have not been able to dispose.

Q. The men producing are in trouble because they had an over-supply? —A. An over-supply, and there was not a demand for that market.

Q. By reason of production being great, the price did not rise?—A. That is right. Further, I do not think there was the consumptive power. The consumers did not desire apples. Probably they did not have lettuce for salads. I do not know, but there was not the same consumer demand.

Mr. IRVINE: Was there not a greater sale of British Columbia apples than is usual?

The WITNESS: No, I believe that we received less than normal.

Mr. PINARD: You told us you had some left in your warehouse when the embargo was imposed.

The WITNESS: Yes, that is right—C grade apples.

Mr. THATCHER: Those are B.C. apples?

The WITNESS: C. grade B.C. apples. They came into our warehouse sometime around the early part of December.

Mr. MAYBANK: I wish to warn the members of the committee to be careful what they say about British Columbia because I see that the member for Comox-Alberni is in the room.

M. THATCHER: I guess they are mostly of the C grade?

The WITNESS: Definitely no. Most of them are extra fancy and fancy, the kind that Toronto likes, and that is one reason why we could not get a fair

market on those apples because there were no extra fancy ones and we had to dispose of the C's as best we could.

By Mr. Monet:

Q. Would you turn to your third and fourth column, dealing with celery and I have just a few questions on that item. I understand that you handle celery on a commission basis only?—A. That is right.

Q. The letter "C" we find after the figure and that indicates the commodity is handled on commission only?—A. Yes.

Q. What rate of commission do you take on celery?—A. 12½ per cent.

Q. The same as on your other produce?—A. That is right.

Q. Do you store the celery you handle?—A. No, sir, not as a rule.

Q. You get it and you sell it from the car?—A. It is trucked in on the floor.

Q. You do not store it at all?—A. No, sir.

Q. I notice on statement 2, although you are just dealing in celery on a commission basis, that you have given us figures, and perhaps you can give us information as to the rise in price in celery. There is a very marked rise from November 6, for instance, to December 31. On November 6 celery was $1.88 per crate but it reached a high of $7 on December 31?—A. That is for No. 1 quality.

Q. I am talking of No. 1 quality just now. I take it as far as you are concerned you are dealing on commission only, but can you give some information or some explanation for such a substantial rise.—A. This celery is put into cold storage from certain sections of the country at certain times. The Brantford celery goes into cold storage along about the 15th or 20th of September; Burlington celery goes in about the middle of October, and Bedford, the other producing centre, sends celery in about the middle of October. As that celery goes into storage some of it will stand up and will go through the period of holding, but it is still a perishable product—very perishable. As time goes on good celery gets scarcer, which brings up the price of celery. The scarcer it gets the higher the price will become.

Q. If you will look at the jump which celery took, you will see it was substantial. Could you explain the jump between November 20 and December 31? The price varied from $1.20, to $2.00, to $2.07 and from November 27 to November 31 it went from $3.50 to $7?—A. That is right.

Q. Now would you explain such a difference in that period?—A. In the beginning of that period there are certain sections of the country which are harvesting and a certain amount of that No. 1 celery is considered to be such that it will not hold up in storage and it is put on the market to be sold. Then, you get past the time of marketing and it goes into cold storage. On November 17 the austerity program went into effect and it removed other forms of vegetables from the market and created a larger demand for celery.

Q. Could it not also be that celery, after November 13, gravitated to a few holders—it had been purchased by a few holders who would handle the celery from that time onward?—A. I do not think it happened quite that early that it went into the hands of a few.

Q. Could that have happened?—A. Not until further along but it might later have got into that position.

Q. What date would you suggest that happened?—A. We had celery to handle on commission until January 29—at that time the farmer was still bringing his celery in to us to sell on commission, or he would give us an order on the cold storage.

Q. Until December 29?—A. We still had celery on commission on January 29 so it could not have been at that time in a few hands if we still received it on commission.

Q. Did you receive as large a quantity as usual?—A. Yes, as large as in other years.

Q. And you purchased it all from growers?—A. We did not purchase it all, but it all came in from growers.

Q. You did not purchase it but it all came in from growers?—A. That is right.

Q. Now I wish to deal with hothouse tomatoes? Do you handle hothouse tomatoes on a commission basis?—A. Yes sir.

Q. Now I notice last fall the price ranged from 18·3 cents on October 2 to 25 cents a pound on November 13. It was 18·3 cents on October 30?—A. Yes.

Q. And they were 25 cents a pound on November 13?—A. That is right.

Q. Then there was an increase to 35 cents a pound, sometime in January?—A. That is right.

Q. Does this blank mean that hothouse tomatoes were not available during February and March?—A. That is what it means.

Q. Is that a situation which is normal?—A. That is normal.

Q. I note that hothouse tomatoes appeared again on the market in April?—A. Yes.

Q. And the price per pound was 85 cents?—A. Yes, sir.

Q. You handled some of those tomatoes on a commission basis?—A. All were handled on a commission basis.

Q. The price increased to $1.09 on April 22,—the last figure which I have here?—A. That is right.

Q. I understand since that date they increased?—A. I think our highest price was $1.12½ cents a pound—$9 for 8 pounds.

Q. $9 for eight pounds?—A. That is my recollection. That was our highest price.

Q. That is the price you sold them for?—A. Yes, to the retailer.

Q. And of course the higher the price at which you sold them the higher revenue you received? You received the same commission?—A. It is not only a question of revenue, but we are duty bound, under the Fruit and Honey Act, to sell what is in our hands in trust for the highest price which we can get.

Q. But the higher price you can sell, the higher— —A. The more commission we make, definitely.

Q. That is clear. Can you give to the members of the committee any reason for such substantial increases in the sale price as compared with the previous month?—A. Yes, the whole thing was because there was only one producer in April. That producer had the only tomatoes that there were in the city of Toronto and consequently he spent a lot of money and we thought we should ask the price—

Q. What did you say he did?—A. It cost him a lot of money in coal, and other items, to get them and consequently as he was the only one to have them we believe he should have the price.

Q. Would you feel it cost him that much more for his production—that much above the general price?—A. It cost him a lot more for his production than it cost those men who had tomatoes back here in December and October.

Q. Would it cost him on the average that much?—A. He made more money.

Q. He made more money?—A. Definitely.

Q. Did he make much more money?—A. I do not know, but I would think so.

Q. You would think so.

By Mr. McGregor:

Q. Is it not a fact that the reason the price of tomatoes went to where it was then was because there were no American tomatoes on the market?—A. That is right.

Q. The government had stopped tomatoes from coming to the market?—A. That is right. That is the only reason.

Q. We have had hothouse grown for years and years and we never had a price anything like that?—A. That is right.

Q. Had there been no American tomatoes on the market years ago the price trend would have been the same?—A. It would probably have been the same thing.

By Mr. Pinard:

Q. They came earlier?—A. I think just a couple of growers had them earlier.

Q. There were just a few baskets?—A. Yes.

By the Chairman:

Q. Why is it when you are in heavy supply often times the price still goes up?—A. That is due for instance to a hot week-end like the 1st of July, when there is a holiday and a big demand. Very naturally the price goes up on account of the larger demand.

Q. My question was why is it, in view of your reply to Mr. McGregor, that when you are in heavy supply often times the price still goes up?—A. I thought I was answering that question. It is due to a higher demand from the public for tomatoes and to more bidding for the tomatoes.

Q. If your supply is greater than your demand— —A. If the supply is greater than the demand the price has got to go down.

Q. Does it always go down?—A. Definitely, it always goes down. Never, in my experience, has the price not gone down if the supply was greater than the demand.

Q. We have had examples of the opposite here in the committee?—A. Not with respect to perishable goods. I have never seen, nor do I recollect, any situation where if the supply is great the price did not go down. If the supply is greater than the demand and you do not get the price down you are going to be in trouble with the grower in a few days because you will have to dump his merchandise in the lake.

By Mr. McGregor:

Q. The same thing applies to celery?—A. That is right.

Q. There was no American celery?—A. That is right.

The CHAIRMAN: We will pursue this.

The WITNESS: Did I answer your question?

The CHAIRMAN: Yes, but let Mr. Monet carry on—whether I am right or wrong.

By Mr. Monet:

Q. I wish to come to the next column of the statement in which you deal with cabbage?—A. Yes.

Q. I take it, except for the month of January, you handled local cabbage on a commission basis?—A. Yes, sir.

Q. At 12½ per cent?—A. Yes.

Q. In the summary which has been prepared by the secretariat there is shown a comparison of the selling price and the most recent price of imported green cabbage?—A. That is right.

Q. I notice on the 4th of March you were buying imported green cabbage at 3 cents and 3·6 cents per pound?—A. That is right.

Q. The costs of your most recent purchases was 3·3 cents a pound?—A. Yes.

Q. I notice in the following weeks of March 11, and March 18, your percentage of selling price jumped from 8·3 cents to 25·6 per cent and to 33·3 per cent. Would you give some explanation to the committee for such a substantial increase?

Q. Your margin was 3 cents a pound?—A. Yes.

Q. That was a percentage on selling price of 8·3 per cent?—A. That is right .

Mr. McGregor: Is that on page 2?

Mr. Monet: Yes, page 2, "imported green cabbage", right at the top.

By Mr. Monet:

Q. The last column gives the difference in percentage of selling price—25·6 per cent and 33·3 per cent?—A. That is what is here.

Q. Your margin of profit was 1·1 cents to 1·6 cents for those two weeks? —A. Yes sir, that is right.

Q. Now would you please account for such a substantial increase?—A. The ceiling price, if my memory serves me right, was 5 cents a pound, and we were below ceiling. We evidently made a purchase below ceiling and we were able to make a profit.

Q. Do you say that you were below ceiling when you made 32 per cent profit?—A. Yes, the ceiling was set.

Mr. McGregor: At what date?

The Witness: On the 5th of February. The government set the ceiling price at 6 cents a pound wholesale.

By Mr. Monet:

Q. You were below ceiling and still you made a profit of 33 per cent? —A. That is right.

Q. How do you account for such a large percentage? You give your purchases as 3·2 cents a pound?—A. That is right. If you take a cent a pound it is only 50 cents a bag or $250 a car. When you figure it out it is not much money on percentage. There was a glutted market in the States and we were able to get our costs down below the ceiling.

Q. That is the reason you would be able to buy at a lower proce?—A. Yes, sir.

Q. Coming to local carrots, I should ask whether you handle carrots on a commission basis only?—A. Yes.

Q. Why did you not continue to carry them on a commission basis after December 1?—A. For the simple reason that carrots, in relation to supply, got to a position where the demand was great and in order to be in the carrot business one bought. Due to the austerity program carrots got to be in short supply and consequently the grower was in a position where he could demand a selling price. We have a processing establishment for processing carrots and we wanted to keep it going.

Q. We are talking of washed carrots now?—A. Yes.

Q. You notice, as happened with respect to cabbage, that for the week of —January 22 to 29 you experienced a large profit—28·8 per cent to 36·2 per cent?—A. That is right.

Q. Would that also be due to the fact you could purchase a large quantity of carrots at a low price?—A. That is right.

Q. When you purchased a large quantity of carrots—as you did imported green cabbage—at a low price, still you did not feel like taking a smaller mark-up than that which you did take?—A. That is right.

Q. You tried to get as much as you could?—A. Well, cabbage was still below ceilings, but with respect to carrots we did not ride the situation too high. We asked a fair return on the money.

Mr. McGREGOR: In other words the cabbage would not last as long as the carrots?

The WITNESS: That is right.

By Mr. Monet:

Q. I would like to ask a question or two with respect to onions. This is not indicated on the statement, but did you, sometime in the beginning of May, purchase any Egyptian onions?—A. We received them then, but we purchased them in January.

Q. Of this year?—A. That is correct.

Q. Can you tell the members of the committee your laid-down cost for those onions to which you have referred?—A. $6.50 to $6.75.

Q. So the figure which I have here, $6.54 a bag, would probably be about correct?—A. Yes. I heard of this through the questions yesterday and I telephoned the office and they gave me this $6.50 figure.

Q. My figure of $6.54 would be close to being correct?—A. Yes.

Q. What did you sell those onions for?—A. They tell me $8 to $9. That is as of April 28.

Q. April 28?—A. They were received in Toronto on April 28.

Q. You sold them within the next few days?—A. That is right.

Q. What quantity did you have?—A. 300 bags.

Q. 110 pound bags?—A. That is right.

Q. You sold them at what price?—A. $8 to $9.

Q. That would be a mark-up of how much?—A. About 30 per cent or 28 per cent on selling—30 per cent on selling.

By The Chairman:

Q. Is that the highest price you have received for Egyptian onions?—A. No, I think there were some higher prices received.

Q. Will you speak louder?—A. I think there were higher prices received.

Q. When?—A. In Toronto.

Q. At that time?—A. Yes.

Q. But did you ever make a higher profit?—A. No, sir, we have never handled Egyptian onions before.

Q. That was the first occasion?—A. Yes, since I have been in business.

Mr. McGREGOR: Going back to carrots, I think you missed one point. On March 4 it shows a sale of carrots at 13 cents a pound but the purchase was at 7 cents? Is that right?

Mr. MONET: On March 4?

The CHAIRMAN: Page 2.

By Mr. Monet:

Q. On March 4 the statement shows washed carrots were 7 cents?—A. That is right.

Q. Sold at 13 cents and there was a profit of 6 cents a pound?—A. Yes.

Q. 46 per cent?—A. Yes.

Mr. McGREGOR: They must have been pretty scarce that day?

The WITNESS: That is right.

The CHAIRMAN: Is that the only explanation that you can offer? Surely this is a pretty significant piece of evidence.

By Mr. Monet:

Q. Is it correct, Mr. Anspach, that the ceilings were imposed on the next day?—A. No.

Q. Do you know whether the ceilings on carrots came back on March 5?—A. No, March 18. I think it was March 18—

Q. I think it was March 5.—A. It may be; I would not say.

Q. The order has been filed here and it indicates that the date is March 5.—A. That is probably right.

The CHAIRMAN: Is it not true that before that time you were cautioned about this matter by the Wartime Prices and Trade Board?

The WITNESS: Not to my knowledge, no, sir.

Mr. PINARD: There was another order on carrots on March 15.

The WITNESS: That was the one I had in mind.

Mr. MONET: It was not the same thing.

Mr. MCGREGOR: The order came out on March 5 and carrots dropped from $13 to $6.50 in one week.

The CHAIRMAN: Let us get the answer to Mr. McGregor's question.

By Mr. McGregor:

Q. I say that the price of carrots dropped from March 4 to March 11 from $13 to $6.50 a hundred pounds?—A. The $13 was the last of the local carrots and I think the $6.50 refers to imported American carrots.

Q. It does not say so. I understand these were all Canadian carrots? Is not that right?

Mr. WINTERS: The column is headed "local carrots".

Mr. MONET: Yes, these are all local carrots.

The CHAIRMAN: I would suggest, by the way, that free enterprise does not mean unlimited enterprise or unlimited returns, and I think this is a matter to which we want to give very careful attention.

Mr. MCGREGOR: I wish to ask one other question. Does this same point, as far as carrots are concerned apply, that there were no American carrots on the market?—A. That is right.

Q. And that is the case nearly all the way through. If American carrots had been coming in we would not have got into a mess like this. That is how we got into it, by not having American carrots.

The CHAIRMAN: It is time for adjournment. Before we adjourn, as I pointed out earlier, we will continue this examination later. In the meantime, counsel wish to get together in connection with the textile inquiry which requires their immediate attention. On that account the committee will not sit until Tuesday morning a 11 o'clock.

The clerk now wishes me to advise you that he has consulted Doctor Beauchesne who says there is no appeal from the ruling of a chairman in committee.

Who is your next witness, Mr. Monet?

Mr. MONET: Mr. Blibner.

The CHAIRMAN: The committee stands adjourned until Tuesday next at 11 o'clock.

The committee adjourned to meet again Tuesday, May 18, 1948, at 11.00 a.m.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 59

TUESDAY, MAY 18, 1948

WITNESSES:

Mr. A. McCallum, Vice-President, Dominion Fruit Limited, Winnipeg, Man.

Mr. W. S. Graham, Treasurer, Dominion Fruit Limited, Winnipeg, Man.

Mr. J. G. Bowers, Director, Slade & Stewart Limited, Vancouver, B.C.

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

TUESDAY, May 18, 1948.

The Special Committee on Prices met at 11.00 a.m., the Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudry, Beaudoin, Irvine, Kuhl, Lesage, McGregor, Maybank, Mayhew, McCubbin, Pinard, Thatcher, Winters.

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

Mr. A. McCallum, Vice-President, and Mr. W. S. Graham, Treasurer, Dominion Fruit Limited, Winnipeg, Man., were called, sworn and examined. Mr. McCallum filed,

Exhibit No. 108—Series of five statements submitted by Dominion Fruit Limited, in answer to questionnaire. *(Printed in this day's Minutes of Evidence.)*

Mr. Graham filed,

Exhibit No. 109—Western Grocers Limited, thirty-fifth annual financial statement and Directors' Report, for year ended December 31, 1947.

During proceedings Mr. Lesage took the Chair in the temporary absence of the Vice-Chairman.

At 1.05 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 Vice-Chairman, Mr. Maybank, presiding.

Members present: Messrs. Beaudoin, Irvine, Kuhl, Lesage, McGregor, Maybank, Mayhew, Pinard, Thatcher.

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

Mr. J. G. Bowers, Director, Slade & Stewart Limited, Vancouver, B.C., was called, sworn and examined. He filed,

Exhibit No. 110—Series of five statements submitted by Slade & Stewart Limited, in answer to questionnaire. *(Printed in this days' Minutes of Evidence.)*

During proceedings, Mr. Mayhew took the Chair in the temporary absence of the Vice-Chairman.

At 6.05 p.m. witness discharged and the Committee adjourned until Wednesday, May 19, at 4.00 p.m.

R. ARSENAULT,

Clerk of the Committee.

12875—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 18, 1948.

The Special Committee on Prices met this day at 11 a.m. The Vice-Chairman, Mr. R. Maybank, presided.

The VICE-CHAIRMAN: Gentlemen, we have a quorum.

Mr. MONET: Mr. Chairman, the witnesses this morning are Mr. McCallum and Mr. Graham of Dominion Fruit Limited of Winnipeg.

Mr. Alexander McCallum, Vice-President, Dominion Fruit Limited, Winnipeg, Manitoba, called and sworn:

Mr. William Smiley Graham, Treasurer, Dominion Fruit Limited, Winnipeg, Manitoba, called and sworn:

Mr. MONET: Before I start questioning the witnesses, Mr. Chairman, I would like to point out that this company has no relation to the Dominion Fruit Company of Toronto. That is an important point in view of the fact that later in this investigation representatives from Dominion Fruit Company of Toronto will be here.

The VICE-CHAIRMAN: There is no difference in the name except with respect to the word "company."

Mr. MONET: Yes. The other gentlemen who will appear here from the Dominion Fruit Company of Toronto will be called with respect to celery and other like produce, and that will be a different type of investigation. I now wish to submit exhibit No. 108 which has been prepared by the secretariat and which contains the answers given by Dominion Fruit Limited to the questionnaire which was sent out. Also I will put before you a statistical comparison similar to those which we had in the case of other firms. This latter document will not be printed.

EXHIBIT 108 — Preliminary Information — Fruit and Vegetable Inquiry, Dominion Fruit Limited, 289 King Street, Winnipeg, Manitoba.

Statement 1

General Information

EXHIBIT 108

HOUSE OF COMMONS

SPECIAL COMMITTEE ON PRICES

Preliminary Information—Fruit and Vegetable Inquiry

1. Name of company: Dominion Fruit Limited.

2. Address of main office: 289 King Street, Winnipeg, Manitoba.

3. Date commenced business: February 19, 1914.

4. Names and addresses of parent, subsidiary and affiliated companies: The company is a subsidiary of Western Grocers Limited, Winnipeg, Manitoba.

5. Names and addresses of officers and directors or partners:

Directors—W. P. Riley, A. McCallum, E. S. Cooper, R. C. Riley, E. Govan, W. S. Graham, Winnipeg, Manitoba; A. V. Osmond, W. A. Logan, D. Smith, Calgary, Alberta.

Officers—President, W. P. Riley, Winnipeg; Vice-President, A. McCallum, Winnipeg; Secretary, D. Smith, Calgary; Treasurer, W. S. Graham, Winnipeg.

6. Location of branches, warehouses and other places of business (including those of subsidiary companies engaged in the fruit and vegetable trade):—

Branch locations — Winnipeg, Brandon, Yorkton, Regina, Moose Jaw, Weyburn, North Battleford, Saskatoon, Swift Current, Medicine Hat, Lethbridge, Calgary, Edmonton.

Warehouses—Fort Frances, Ontario; Kenora, Ontario; Winnipeg, Manitoba; Neepawa, Manitoba, Brandon, Manitoba; Yorkton, Sask.; Regina, Sask.; Moose Jaw, Sask.; Weyburn, Sask.; Estevan, Sask.; North Battleford, Sask.; Lloydminster, Sask.; Saskatoon, Sask.; Humboldt, Sask.; Swift Current, Sask.; Medicine Hat, Alta.; Lethbridge, Alta.; Calgary, Alta.; Stettler, Alta.; Blairmore, Alta.; Edmonton, Alta.; Wetaskiwin, Alta.; Grande Prairie, Alta.; Peace River, Alta.; Dawson Creek, British Columbia.

Name and Address: ROGERS FRUIT, WINNIPEG, BRANCH OF DOMINION FRUIT LIMITED

Statement 2—Prices

Average Selling Price

Date	Oranges Calif. 288	Apples B.C. 125-138 MacIntosh "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported No. 1 U.S. washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
1947	$ cts.	$ cts.	$ cts.		cts.		cts.	cts.	cts.	cts.	cts.
October 2	6.00	2.90	N.A.	N.A.	N.A.	N.A.	3.5	N.A.	3.5	N.A.	N.A.
October 9	6.00	2.90	N.A.	N.A.	N.A.	N.A.	3.5	N.A.	3.5	N.A.	N.A.
October 16	6.25	2.90	N.A.	N.A.	N.A.	N.A.	3.2	N.A.	3.5	N.A.	N.A.
October 23	6.25	2.90	N.A.	N.A.	N.A.	N.A.	3.3	N.A.	3.3	N.A.	N.A.
October 30	6.25	2.90	N.A.	N.A.	N.A.	N.A.	3	N.A.	3	N.A.	N.A.
November 6	6.50	2.90	3.50	N.A.	N.A.	N.A.	3	N.A.	3	N.A.	N.A.
November 13	6.25	2.90	3.50	N.A.	N.A.	N.A.	3	N.A.	3	N.A.	N.A.
November 20	5.75	2.90	3.50	N.A.	N.A.	N.A.	3	N.A.	3	N.A.	N.A.
November 27	7.00	2.90	6.00	N.A.	N.A.	N.A.	5	N.A.	4.3	N.A.	N.A.
December 4	6.50	3.00	6.00	N.A.	N.A.	N.A.	5	N.A.	4	N.A.	N.A.
December 11	6.50	3.00	6.00	N.A.	N.A.	N.A.	5	N.A.	4	N.A.	N.A.
December 18	6.50	3.00	5.60	N.A.	N.A.	N.A.	5.5	N.A.	4	N.A.	N.A.
December 24	N.A.	3.00	N.A.	N.A.	N.A.	N.A.	6.5	N.A.	4	N.A.	N.A.
December 31	N.A.	3.00	N.A.	N.A.	N.A.	N.A.	7.5	N.A.	4.2	N.A.	N.A.
1948											
January 8	5.50	3.10	N.A.	N.A.	N.A.	N.A.	11	N.A.	4.5	N.A.	N.A.
January 15	6.00	3.10	N.A.	N.A.	N.A.	N.A.	11	N.A.	5	N.A.	N.A.
January 22	6.00	3.10	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	5.5	N.A.	N.A.
January 29	5.75	3.10	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	5.5	N.A.	6
February 5	5.75	3.10	N.A.	N.A.	N.A.	N.A.	N.A.	5.9	6	N.A.	N.A.
February 12	5.75	3.10	N.A.	N.A.	N.A.	N.A.	N.A.	5.5	6.5	N.A.	7
February 19	4.50	3.10	N.A.	N.A.	N.A.	N.A.	N.A.	4.6	6.3	N.A.	7.3
February 26	5.00	3.10	N.A.	N.A.	N.A.	N.A.	N.A.	4.3	6.7	N.A.	8
March 4	5.30	3.00	N.A.	N.A.	N.A.	N.A.	N.A.	3.7	6.8	N.A.	10.5
March 11	5.60	3.00	N.A.	N.A.	N.A.	N.A.	N.A.	4.5	7	N.A.	10.5
March 18	5.65	3.00	N.A.	N.A.	N.A.	N.A.	N.A.	4.8	N.A.	7.4	10
March 25	5.35	3.00	N.A.	N.A.	N.A.	N.A.	N.A.	5.2	N.A.	8.5	9.5
April 1	5.65 C Newton	2.95	N.A.	N.A.	N.A.	N.A.	N.A.	6.7	N.A.	8.5	N.A.
April 8	5.65	2.95	N.A.	N.A.	N.A.	N.A.	N.A.	6.9	N.A.	8.5	N.A.
April 15	5.65	2.95	N.A.	N.A.	N.A.	N.A.	N.A.	7.8	N.A.	8.8	N.A.
April 22	4.75	2.95	N.A.	N.A.	N.A.	N.A.	N.A.	7.8	N.A.	8.8	N.A.

NAME AND ADDRESS: ROGERS FRUIT, WINNIPEG, BRANCH OF DOMINION FRUIT LIMITED

STATEMENT 3—PURCHASES

LAID-DOWN COST OF MOST RECENT PURCHASES—In cents per pound

Date	Oranges Calif. 288	Apples B.C. 125-138 MacIntosh "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported No. 1 U.S. washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
	$ cts.	$ cts.	$ cts.		cts.		cts.	cts.	cts.	cts.	cts.
1947											
October 2.....	4.78	2.51	N.A.	N.A.	N.A.	N.A.	2.5	N.A.	2.5	N.A.	N.A.
October 9.....	5.03	2.51	N.A.	N.A.	N.A.	N.A.	2.5	N.A.	2.5	N.A.	N.A.
October 16.....	5.19	2.51	N.A.	N.A.	N.A.	N.A.	2.4	N.A.	2.5	N.A.	N.A.
October 23.....	5.19	2.51	N.A.	N.A.	N.A.	N.A.	2.3	N.A.	2.	N.A.	N.A.
October 30.....	5.57	2.51	N.A.	N.A.	N.A.	N.A.	2.3	N.A.	2.	N.A.	N.A.
November 6.....	5.57	2.51	2.82	N.A.	N.A.	N.A.	2.	N.A.	2.3	N.A.	N.A.
November 13.....	5.42	2.51	2.83	N.A.	N.A.	N.A.	2.5	N.A.	2.3	N.A.	N.A.
November 20.....	4.57	2.51	2.83	N.A.	N.A.	N.A.	2.5	N.A.	2.3	N.A.	N.A.
November 27.....	4.67	2.51	4.66	N.A.	N.A.	N.A.	4.2	N.A.	3.2	N.A.	N.A.
December 4.....	4.41	2.52	4.81	N.A.	N.A.	N.A.	4.	N.A.	3.1	N.A.	N.A.
December 11.....	4.41	2.54	5.44	N.A.	N.A.	N.A.	4.	N.A.	3.1	N.A.	N.A.
December 18.....	4.26	2.54	3.53	N.A.	N.A.	N.A.	5.	N.A.	3.3	N.A.	N.A.
December 24.....	N.A.	2.54	N.A.	N.A.	N.A.	N.A.	5.5	N.A.	3.4	N.A.	N.A.
December 31.....	N.A.	2.54	N.A.	N.A.	N.A.	N.A.	6.5	N.A.	3.5	N.A.	N.A.
1948											
January 8.....	4.32	2.56	N.A.	N.A.	N.A.	N.A.	9.5	N.A.	3.5	N.A.	N.A.
January 15.....	4.32	2.56	N.A.	N.A.	N.A.	N.A.	10	N.A.	3.7	N.A.	N.A.
January 22.....	4.32	2.56	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	4.5	N.A.	N.A.
January 29.....	4.35	2.59	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	4.5	N.A.	3.9
February 5.....	4.35	2.59	N.A.	N.A.	N.A.	N.A.	N.A.	5.	4.8	N.A.	N.A.
February 12.....	4.35	2.59	N.A.	N.A.	N.A.	N.A.	N.A.	4.7	5.	N.A.	3.9
February 19.....	3.75	2.59	N.A.	N.A.	N.A.	N.A.	N.A.	3.6	5.	N.A.	3.9
February 26.....	4.19	2.59	N.A.	N.A.	N.A.	N.A.	N.A.	3.7	5.7	N.A.	3.9
March 4.....	4.44	2.59	N.A.	N.A.	N.A.	N.A.	N.A.	3.6	6.	N.A.	8.9
March 11.....	4.69	2.59	N.A.	N.A.	N.A.	N.A.	N.A.	3.1	6.2	N.A.	8.9
March 18.....	4.69	2.59	N.A.	N.A.	N.A.	N.A.	N.A.	4.2	N.A.	6.3	7.4
March 25.....	4.43	2.59	N.A.	N.A.	N.A.	N.A.	N.A.	4.1	N.A.	8.2	7.4
April 1.....	4.78 "C" New-	2.55	N.A.	N.A.	N.A.	N.A.	N.A.	5.4	N.A.	8.	N.A.
April 8.....	4.78 ton	2.55	N.A.	N.A.	N.A.	N.A.	N.A.	6.3	N.A.	8.9	N.A.
April 15.....	4.78 "	2.55	N.A.	N.A.	N.A.	N.A.	N.A.	7.	N.A.	8.6	N.A.
April 22.....	3.98 "	2.55	N.A.	N.A.	N.A.	N.A.	N.A.	7.3	N.A.	8.3	N.A.

STATEMENT 4—ANNUAL SALES AND PROFITS

NAME OF COMPANY: DOMINION FRUIT LIMITED (ENTIRE BUSINESS IN DOLLARS)

FISCAL YEAR END—31ST DECEMBER

——	1939	1940	1941	1942	1943	1944	1945	1946	1947
	$	$	$	$	$	$	$	$	$
Sales	9,562,025	10,328,863	12,045,778	14,901,060	19,935,988	21,670,051	24,160,478	28,504,431	26,775,579
Cost of sales	8,625,153	9,354,797	10,846,741	13,367,930	17,993,295	19,729,959	21,854,297	25,758,057	24,174,897
Gross profit	936,872	974,066	1,199,037	1,533,130	1,942,693	1,940,092	2,306,181	2,746,374	2,600,682
Other income	72,872	54,543	50,356	63,286	53,524	65,769	64,822	70,715	85,039
Gross revenue	1,009,744	1,028,609	1,249,393	1,596,416	1,996,217	2,005,861	2,371,003	2,817,089	2,685,721
Executives salaries	14,000	14,000	18,000	18,000	22,000	22,000	22,000	22,000	30,000
Other salaries and wages	430,240	443,998	515,089	590,465	662,379	683,678	783,239	923,601	860,271
Other expenses	461,494	471,173	511,846	518,714	501,957	514,105	568,102	666,255	819,482
Total expenses	905,734	929,171	1,044,935	1,127,179	1,186,336	1,219,783	1,373,341	1,611,856	1,709,753
Operating profit before taxes	104,010	99,438	204,458	469,237	809,881	786,078	997,662	1,205,233	975,968
Investment income	.....	6,622	2,296	918	15,815	6,000	6,000	33,305	4,800
	104,010	106,060	206,754	470,155	825,696	792,078	1,003,662	1,238,538	980,768
Interest paid	2,217	3,080	2,600	1,096	1,043	2,212	1,126	660	3,190
Profit before taxes on income	101,793	102,980	204,154	469,059	824,653	789,866	1,002,536	1,237,877	977,577
Provision for taxes on income (including refundable Excess Profit Taxes)	17,587	28,964	88,230	261,374	638,644	613,137	824,154	663,611	446,000
Net profit	84,206	74,016	115,924	207,685	186,009	176,729	178,382	574,266	531,577
Per cent gross profit to sales	9·8%	9·1%	10·0%	10·3%	9·7%	8·9%	9·5%	9·6%	9·7%

STATEMENT 4 (*Continued*) ANNUAL SALES AND PROFITS

NAME OF COMPANY—DOMINION FRUIT LIMITED (entire business in dollars)

FISCAL YEAR END—DECEMBER 31st

NOTE: *re* Taxes:—
The Company has only been assessed to 1943; the years 1944 to 1947 are, therefore, estimates.

Refundable E.P. Taxes:—

1942	$ 18,428.86	
1943	104,559.12	
1944	99,000.00	Estimated
1945	141,000.00	Estimated

All years 1939 to 1947 inclusive

% Gross Profit to Sales	9·6
% Net Profit to sales	1·2

—	1939	1940	1941	1942	1943	1944	1945	1946	1947
Sales—Jobbers	2,009,474	2,113,977	2,359,959	2,600,091	3,508,206	3,575,122	4,101,040	4,764,427	4,331,360
Retailers	7,552,551	8,214,886	9,685,819	12,300,969	16,427,782	18,094,929	20,059,438	23,740,004	22,444,219
All sales in $	9,562,025	10,328,863	12,045,778	14,901,060	19,935,988	21,670,051	24,160,478	28,504,431	26,775,579
Gross profit in $	936,872	974,066	1,199,037	1,533,130	1,942,693	1,940,092	2,306,181	2,746,374	2,600,682
Gross as % of all sales	9·8	9·1	10·0	10·3	9·7	8·9	9·5	9·6	9·7
Gross as % Retail sales	12·4	11·8	12·3	12·4	11·8	10·7	11·4	11·5	11·5

STATEMENT 5—MONTHLY SALES AND PROFITS

NAME OF COMPANY DOMINION FRUIT LIMITED WINNIPEG BRANCHES ONLY

(Cents omitted)

—	Sales to retailers	Gross profit	Gross profit	Other Income	Operating expenses	Operating profit
		$	%			
1946—January	294,929	40,480	13·72	423	29,357	11,546
February	301,922	40,819	13·51	196	30,292	10,723
March	352,018	47,855	13·59	300	31,475	16,680
April	363,507	46,420	12·77	193	32,826	15,787
May	414,013	57,509	13·89	159	34,309	23,359
June	477,346	70,169	14·69	170	37,338	33,000
July	582,226	82,761	14·21	353	41,541	41,573
August	570,695	82,212	14·4	208	42,791	39,629
September	436,766	61,316	14·03	113	38,902	22,527
October	499,906	65,058	13·01	219	39,319	25,938
November	353,521	49,413	13·97	402	32,898	16,917
December	345,866	23,288	6·73	200	33,042	9,554 L.
	4,992,715	667,282	13·36	2,938	424,093	246,127
1947—January	281,513	37,017	13·14	251	30,906	6,362
February	274,194	32,850	11·98	600	31,127	2,323
March	318,821	37,478	11·75	136	32,328	5,287
April	317,744	38,531	12·12	345	32,594	6,282
May	396,185	45,872	11·57	161	35,182	10,852
June	383,921	48,355	12·59	227	36,687	11,894
July	539,223	73,769	13·68	101	46,520	27,350
August	455,719	58,587	12·85	119	38,127	20,579
September	418,468	53,193	12·71	147	36,241	17,098
October	400,372	49,744	12·42	162	37,182	12,724
November	305,743	38,888	12·71	535	35,908	5,515
December	283,408	26,804	9·45	119	24,062	2,861
	4,375,314	541,088	12·36	2,905	414,865	129,128
1948—January	211,317	30,346	14·36	866	28,498	2,713
February	222,787	30,094	13·50	160	29,162	1,092
March	266,854	30,412	11·39	134	29,786	760
	700,958	90,851	12·96	1,160	87,446	4,566

L.—Loss.

Mr. MONET: Mr. McCallum would you give us your full name?

Mr. MCCALLUM: Alexander McCallum.

Mr. MONET: And you are vice-president of Dominion Fruit Limited are you not?

Mr. MCCALLUM: Yes.

Mr. MONET: The address of the main office is 289 King street, Winnipeg, Manitoba?

Mr. MCCALLUM: Right.

Mr. MONET: Mr. Graham, would you please give us your full name?

Mr. GRAHAM: William Smiley Graham.

Mr. MONET: What is your position?

Mr. GRAHAM: I am the company treasurer.

Mr. MONET: Would you give us your address, Mr. Graham?

Mr. GRAHAM: 117 Chataway Boulevard, Winnipeg.

Mr. MONET: I do not believe I asked you, Mr. McCallum, to give your home address?

Mr. MCCALLUM: 622 South Drive, Winnipeg, Manitoba.

Mr. MONET: Mr. McCallum, I see that in answer to the questionnaire you have indicated the company is a subsidiary of Western Grocers?

Mr. MCCALLUM: Yes.

Mr. MONET: Are there any subsidiaries of Dominion Fruit Limited?

Mr. MCCALLUM: Yes.

Mr. MONET: Would you give the name of the subsidiary?

Mr. MCCALLUM: Shop Easy Stores.

Mr. MONET: Where is that company located?

Mr. GRAHAM: Winnipeg.

Mr. MONET: Only in Winnipeg?

Mr. GRAHAM: We have stores in other cities but the head office is in Winnipeg.

Mr. MONET: I would ask you to speak louder, please? How many stores are there in this company?

Mr. GRAHAM: Approximately 24.

Mr. MONET: Are they operating in western Canada—in Manitoba?

Mr. GRAHAM: There is one in Fort Frances, and there are about four at the head of the lakes.

Mr. MONET: The name of the company again is?

Mr. GRAHAM: Shop Easy Stores, Limited.

Mr. BEAUDRY: Do I understand you to say that Shop Easy Stores is a subsidiary of Dominion Fruit Limited?

Mr. MONET: Yes. Are there any other subsidiaries, Mr. McCallum?

Mr. MCCALLUM: No, sir.

Mr. MONET: Would you explain to the members of the committee the information which you have given on the first page of exhibit 108 with respect to branch locations and warehouses? Before we ask you some general questions would you tell us the meaning of this item referring to branch locations and warehouses?

Mr. MCCALLUM: The main branches of Dominion Fruit are located at Winnipeg, Brandon, Yorkton, Regina, Moose Jaw, Weyburn, North Battleford, Saskatoon, Swift Current, Medicine Hat, Lethbridge, Calgary, and Edmonton.

Mr. MONET: What is the difference between branches and warehouses?

Mr. McCALLUM: Sub-branches are operated in Fort Frances—

Mr. MONET: You do not need to say where they are operated, I just want to know the difference between the operation of the two.

Mr. McCALLUM: The operation is handled by one of the main branches.

Mr. GRAHAM: For example, Rogers Fruit has a sub-branch in Fort Frances, Ontario; there is one at Kenora, Ontario, and one at Neepawa, Ontario. Those sub-branches merely store and sell. All the accounting is done in Winnipeg, and the same thing applies to one of the Edmonton houses which has branches at Grande Prairie, Peace River, and Dawson Creek. These are merely shipping stations and selling stations and the accounting is done in Edmonton.

Mr. MONET: Everything is controlled by Dominion Fruit Limited?

Mr. GRAHAM: Yes.

The VICE-CHAIRMAN: The main distinction between the two types of business is one of bookkeeping?

Mr. GRAHAM: Exactly.

Mr. MONET: Would you describe the general nature of the operation of the company?

Mr. McCALLUM: It is operated entirely by branch management. Each branch is managed by a manager, supervised by the head office in Winnipeg.

Mr. MONET: Your operation is of course in fruits and vegetables?

Mr. McCALLUM: Yes.

Mr. MONET: That is what I am trying to bring out. I would ask you to describe the operation of the company? In what goods do you deal?

The VICE-CHAIRMAN: What do you do and how do you do it?

Mr. McCALLUM: Chiefly, we are buyers and sellers. We do a little storing on a week to week basis. Our territories are all covered by salesmen. We ship by railroad, truck and transportation companies.

Mr. MONET: In other words the company has all the features of a wholesale company?

Mr. McCALLUM: Strictly wholesale.

Mr. MONET: Do you operate as importers and as commission merchants?

Mr. McCALLUM: Importers only, on domestic produce. We do not do any commission business.

Mr. MONET: You do not do any commission business? Do you do any commission business with domestic produce?

Mr. McCALLUM: No.

Mr. MONET: You do not handle any domestic produce on a commission basis?

Mr. McCALLUM: No.

Mr. MONET: All the domestic produce with which you deal is purchased outright by the company?

Mr. McCALLUM: That is right. There could be occasionally a case with respect to importation of a car—importation either from the U.S.A., British Columbia or Ontario—where something might come in in such poor condition that we might handle it on a consignment basis, but that would be very, very rare. I would not say there is nothing in the way of commission, and it could happen as I have described but it is exceptional.

Mr. MONET: It is not the policy of your company to deal on a commission basis with respect to domestic produce?

Mr. McCALLUM: Absolutely not.

Mr. MONET: We have already been told by witnesses from Toronto that most of their business in that area is handled on a commission basis. Your business is not the same?

Mr. MCCALLUM: It is not on a commission basis.

Mr. LESAGE: Mr. Monet, would you please ask the witness if the buying is done by the head office or by the branches?

Mr. MONET: Yes. Would you tell the members of the committee how you make your purchases?

Mr. MCCALLUM: Our purchases are largely made by the branch managers. Some, a very small amount of purchasing, is done by Winnipeg which, if is done is done by myself. It is a small proportion of our business.

Mr. MONET: The purchases are made through the branch managers?

Mr. MCCALLUM: That is right.

Mr. MONET: Through the different branches mentioned on the questionnaire?

Mr. MCCALLUM: Yes.

Mr. MONET: Where do these branch managers get their supply? We are now talking of domestic produce.

Mr. MCCALLUM: From British Columbia, Manitoba, Ontario, but chiefly from British Columbia. Occasionally there might be something come in from New Brunswick or Nova Scotia, the odd car of potatoes and so on.

Mr. MONET: Your domestic produce mostly comes from Ontario, Manitoba, and British Columbia. That produce is purchased by branch managers?

Mr. MCCALLUM: In most cases yes, but some Ontario purchases are made from my office.

Mr. MONET: Distribution is then made to those different branches?

Mr. MCCALLUM: Yes. I might get some cars of something for a particular branch and that produce would be ordered and shipped to that particular branch. It would be a direct shipment.

Mr. MONET: I understand that you deal in imported produce. What would be the proportion, Mr. McCallum, of your total business which is done in domestic goods and opposed to that what is the percentage done with respect to imported goods?

Mr. MCCALLUM: I have not got the exact figures but imported produce would amount to 60 per cent approximately.

Mr. MONET: 60 per cent would be imported produce and the other 40 per cent would be domestic produce?

Mr. MCCALLUM: Yes.

Mr. MONET: With respect to imported goods are the purchases made in the same way through the different managers of the branches, or are the purchases made through the main office in Winnipeg?

Mr. MCCALLUM: Purchases are largely made through the branch managers but there are some which I handle myself—mostly of the nature that some manager cannot find a certain type of produce and he will call me and I perhaps will be able to locate it. A very large percentage is purchased by the branch manager.

Mr. MONET: Under supervision of the main office?

Mr. MCCALLUM: To some degree, yes.

Mr. MONET: As far as price is concerned what is the policy of the main office with respect to branches? Would they discuss the price to be paid for the different purchases by the different managers or is that left to the manager?

Mr. MCCALLUM: It is left to the manager—if he is buying.

Mr. MONET: If he is buying?

Mr. MCCALLUM: Yes.

Mr. MONET: And when he is selling—?

Mr. MCCALLUM: The same thing.

Mr. MONET: You are exercising some control in the main office?

Mr. MCCALLUM: Yes.

Mr. MONET: But the manager is left entirely responsible for his purchases and sales?

Mr. MCCALLUM: In mostly all cases. The occasional time we might talk it over.

Mr. MONET: To whom do you sell the produce which you handle? Do you sell it to jobbers, retailers, chain stores, or consumers? To whom do you sell it?

Mr. MCCALLUM: To the retailers.

Mr. MONET: Do you sell any to jobbers?

Mr. MCCALLUM: Yes. There are some sales made to jobbers but it is a very small portion.

Mr. MONET: Do you sell some of the produce to chain stores—and when I say you I include your branches.

Mr. MCCALLUM: Some, yes.

The VICE-CHAIRMAN: You are distinguishing between independent retail stores and chain stores.

Mr. MONET: You do sell to independent retailers and to chain stores?

Mr. MCCALLUM: We sell to independent retailers and to some extent to chain stores.

Mr. MONET: Can you tell us whether you sell a substantial part of the domestic produce which you handle to chain stores?

Mr. MCCALLUM: The domestic produce which we sell to chain stores is almost nil.

The VICE-CHAIRMAN: That is with the exception of Shop Easy?

Mr. MCCALLUM: No, Mr. Maybank, Shop Easy buys its domestic produce direct.

Mr. MONET: Direct from whom? Not from the company?

Mr. MCCALLUM: No, from the grower.

The VICE-CHAIRMAN: Despite the fact Shop Easy is a subsidiary of your company you are not its main, or indeed its very great, supplier of domestic produce? Would that be right?

Mr. MCCALLUM: I would want to qualify domestic produce because you are including British Columbia produce.

The VICE-CHAIRMAN: Yes, but the word "domestic" was used here as against the word "imported".

Mr. MCCALLUM: We would sell Shop Easy stores domestic produce, and imported domestic products such as the lines which British Columbia has to offer.

Mr. MONET: I would like it to be well understood that so far when I have referred to domestic produce I meant produce grown in Canada.

Mr. MCCALLUM: Yes.

Mr. MONET: The answers to my questions when I dealt with domestic produce referred to Canadian produce grown in Canada as a whole.

Mr. MCCALLUM: Correct.

Mr. MONET: I understand that in the trade sometimes the word "import" is used to refer to produce going from one province to another. Is that right?

Mr. MCCALLUM: That is right.

Mr. MONET: And that would refer to imports not only with respect to goods coming in from another country but with respect to goods coming from another province?

The VICE-CHAIRMAN: I suppose you could call them "domestic imports" as against "foreign imports".

Mr. MCCALLUM: That would clarify it.

Mr. MONET: I would like to know whether your company does sell any domestic goods to this subsidiary company about which you have told us? I mean by domestic goods produced in Canada?

Mr. MCCALLUM: Yes, we do.

Mr. MONET: Do you sell to a large extent, that is in relation to their demand or request?

Mr. MCCALLUM: I doubt if we would sell them 50 per cent.

Mr. LESAGE: What was that answer?

The VICE-CHAIRMAN: The witness said he doubted whether they sold 50 per cent.

Mr. GRAHAM: Perhaps it could be summed up this way. Shop Easy are free to buy where they like and where they can buy to the best advantage, because they have to compete with pretty strong competitors. They can buy where they choose.

Mr. BEAUDRY: Would you clear up this point? Did your answer a moment ago indicate Dominion Fruit only sold Shop Easy 50 per cent of that company's requirements or does Shop Easy purchase 50 per cent of the sales made by Dominion Fruit?

Mr. MONET: I understand Shop Easy bought 50 per cent of what they needed from Dominion Fruit.

Mr. MCCALLUM: I doubt if it would be 50 per cent.

Mr. MONET: Your answer was they would purchase from Dominion Fruit about 50 per cent of Shop Easy needs with respect to fruits and vegetables?

Mr. MCCALLUM: Yes.

The VICE-CHAIRMAN: Does that cover what you had in mind, Mr. Beaudry?

Mr. BEAUDRY: Yes.

Mr. MONET: Mr. McCallum, do you store any quantity of your purchases and if so is it a large quantity, in the light of your total handlings of fruit and vegetables? Do you store that in your own warehouses or in rented accommodation?

Mr. MCCALLUM: A very small portion of our business is stored. Our storage facilities are our own warehouses and we operate almost on a day to day basis or a week to week basis. There is an occasional car of an occasional commodity where we might like to have some outside storage and we would use it for a time. It is a very small proportion of our business.

Mr. MONET: Would you say that the most you would have in storage would be about a week's supply?

Mr. MCCALLUM: I doubt if, in our warehouses we would have over a week's supply, from week to week.

Mr. MONET: That is only for a time?

Mr. McCALLUM: There is a time in relation to certain commodities where it might be more than a week. A car of apples for instance, might last longer than a week but on the average I do not believe we have storage for a week's supply.

Mr. MONET: That has always been the policy of the company?

Mr. McCALLUM: Yes, that is the policy.

Mr. MONET: You do not keep on hand a supply greater than that required for a week at the most?

Mr. McCALLUM: We do not encourage any storage or gambling in the business.

Mr. MONET: Would you call it gambling to keep it in storage for a period?

Mr. McCALLUM: There is a large percentage of gamble if you store produce away.

Mr. MONET: Can we take it that if some do store there might be a little gambling angle involved?

Mr. McCALLUM: I think there is a certain hazard.

Mr. MONET: There is a hazard and it is not the policy of your company to take that gamble?

Mr. McCALLUM: It is not our policy.

Mr. MONET: And you do not do it or at least you have not done it in the last few months?

Mr. McCALLUM: No.

Mr. MONET: Do you rent any accommodation for storage in addition to the warehouses you have listed on the questionnaire?

Mr. McCALLUM: Some of those warehouses are rented.

The VICE-CHAIRMAN: That was not the question.

Mr. MONET: I was asking you whether you did have to rent accommodation?

Mr. McCALLUM: No, but there is an occasional car which me might store. If there are storage facilities in a city like Winnipeg we might put something into the Manitoba Cold Storage or the Winnipeg Cold Storage—places like that—and we might use that space for a car or two of some special commodity. It does not represent a large quantity. If we had bought something a little long and it did not move we might want to put it in our own place.

Mr. MONET: Even at that you would not keep it for very long?

Mr. McCALLUM: No.

Mr. MONET: Mr. McCallum, before I deal with the questionnaire which you have answered at our request, would you tell the members of the committee whether you are familiar with the marketing operation in eastern Canada as compared with that in western Canada?

Mr. McCALLUM: I am familiar with certain things. I am not very well acquainted and I do not know the fundamentals of the eastern operation right through. I understand some of the difficulties and I know the selling plans are different in a great many instances. I may be wrong in my understanding and I would not want to quote figures or percentages but I understand there are sales to jobbers and truckers or whatever they call them. I have only heard those observations and I believe in addition there are some storage people who do a lot of warehousing on a different basis, but I am not sufficiently informed to give details.

Mr. MONET: Would you be good enough to point out the main difference between the two systems?

Mr. McCALLUM: I might deal with them this way, as far as we are concerned in western Canada we are strictly buyers and sellers, we are not stores, and we buy on the market from day to day.

The VICE-CHAIRMAN: Is that policy with respect to commissions about the same in western Canada as your own policies; are you representative of the trade in that respect?

Mr. McCALLUM: We would be representative of the trade, but I do not know much about anybody else. There is very little commission business done in Winnipeg.

The VICE-CHAIRMAN: That is what I thought. So far it would appear that there is a reasonable percentage of that sort of business in eastern Canada and there would seem to be not quite so high a percentage of it in central Canada and western Canada. Do you think that would be the principal difference in the way business is done there?

Mr. McCALLUM: It is not done, I do not think, to any extent in western Canada; although, I do not know all the conditions.

Mr. MONET: I take it that your company is one of the largest if not the largest in western Canada, is it not?

Mr. McCALLUM: Well, it could be. I do not know all the other fellow does.

Mr. MONET: I mean by that you handle a very large amount of fruits and vegetables?

Mr. McCALLUM: Yes, naturally.

The VICE-CHAIRMAN: It is a major concern, is it not, in the neighbourhood?

Mr. MONET: It is considered one of the major concerns?

Mr. McCALLUM: That is right.

Mr. MONET: I take it just referring to this memorandum here that in 1947, you did over $26,000,000 of business?

Mr. McCALLUM: Yes.

Mr. MONET: That would be one of the largest in western Canada?

Mr. McCALLUM: I don't know.

Mr. MONET: You don't know?

Mr. McCALLUM: The other fellow might do more than that.

The VICE-CHAIRMAN: I wanted just to get on the record, Mr. McCallum, the organic setup of the organization that owns these companies, and the same with regard to this share issue which this company owns. It is a subsidiary of Western Grocers?

Mr. McCALLUM: Yes.

The VICE-CHAIRMAN: What do you know about the organic setup of Western Grocers? Do you know the officers of it?

Mr. McCALLUM: Yes I know the officers.

The VICE-CHAIRMAN: And what do you know about its capitalization and where its money comes from and who administers it. That is what I mean.

Mr. GRAHAM: Western Grocers has a number of subsidiaries of which Dominion Fruit Limited is one.

The VICE-CHAIRMAN: First I wanted to get who Western Grocers are?

Mr. GRAHAM: A public company. The shares are sold on the Montreal, Toronto, Winnipeg, Calgary and Vancouver stock exchanges.

The VICE-CHAIRMAN: Who are the officers of the company? Just wait one moment, that cannot be answered at the present time. The answer could be supplied. I think the committee would be agreeable to that, if you don't happen to have it with you. We do not want to delay proceedings unduly.

Mr. GRAHAM: I can give you that off hand. The president of the company is Mr. W. P. Riley; the vice-president is I. Pitblado, K.C.; the secretary is E. S. Cooper and the treasurer is myself, W. S. Graham.

The VICE-CHAIRMAN: And Mr. Riley is the same Mr. Riley who is president of this company. Now, what about Shop Easy which this company, a subsidiary of Western Grocers, owns; what is the setup of Shop Easy?

Mr. GRAHAM: You mean, the names of its officers?

The VICE-CHAIRMAN: Yes, and is it a public company?

Mr. GRAHAM: No.

The VICE-CHAIRMAN: The stock is privately held?

Mr. GRAHAM: It is.

The VICE-CHAIRMAN: Do you know who holds it?

Mr. GRAHAM: Dominion Fruit Limited.

The VICE-CHAIRMAN: One hundred per cent except for qualifying shares of directors?

Mr. GRAHAM: That is correct.

The VICE-CHAIRMAN: And it is actually a private company?

Mr. GRAHAM: It is.

The VICE-CHAIRMAN: Not really closely held but there is a restriction on the passing of ownership of stock?

Mr. GRAHAM: As a matter of fact Dominion Fruit Limited is a private company.

The VICE-CHAIRMAN: I see. Now, as to Dominion Fruit Limited, how are its shares held? You say that it is a private company. Are its shares held entirely by the parent company?

Mr. GRAHAM: With the exception of the directors' qualifying shares.

The VICE-CHAIRMAN: The transfer of the shares is restricted?

Mr. GRAHAM: Yes sir.

The VICE-CHAIRMAN: You remarked that Western Grocers which is the father and mother of this company is also the father and mother of some other companies too; would you be able to state what they are?

Mr. GRAHAM: They are not the father and mother of the second one because we have our own subsidiary.

The VICE-CHAIRMAN: You are the holders of the stock of Shop Easy?

Mr. LESAGE: They are the grandfather of Shop Easy.

The VICE-CHAIRMAN: Yes, Shop Easy is the grandchild of Western. He remarked that Western Grocers had several subsidiaries. Would you state what they are?

Mr. GRAHAM: H. Cooper Limited, whoesale grocers, Edmonton.

Mr. PINARD: Is that the fifth generation of what?

The VICE-CHAIRMAN: No, these are brothers and sisters of this company, they are subsidiaries of Western Grocers.

Mr. MCCALLUM: There is Cooper, of Edmonton.

The VICE-CHAIRMAN: What kind of business is that, wholesale grocer?

Mr. MCCALLUM: Yes sir.

The VICE-CHAIRMAN: Next?

Mr. GRAHAM: Gateway Grocers Limited, Fort William, wholesale grocers; W. H. Matkin Company Limited, Vancouver—

Mr. PINARD: If we had a report of the parent company we might have all this information. I would like to know if such a report is available.

The VICE-CHAIRMAN: Just get the list first. Are there some others?

Mr. GRAHAM: No, that's the story.

The VICE-CHAIRMAN: Now, with regard to these others, are these others subsidiaries of Western Grocers; are they all private companies; and, is the stock all held in the same way as in the case of Dominion Fruit?

Mr. GRAHAM: I am not sure about private companies, but the stock is held entirely by Western Grocers Limited except in the case of H. H. Cooper Limited in which there is a minority interest.

The VICE-CHAIRMAN: You would not know whether they are private in the sense of their being restricted as to transfer of shares, but ownership is in Western Grocers?

Mr. GRAHAM: Yes.

The VICE-CHAIRMAN: The question was asked about the financial statement, I presume the financial statements of these various subsidiaries are not published?

Mr. GRAHAM: No sir.

The VICE-CHAIRMAN: Western Grocers of course is a public company.

Mr. PINARD: That is the one to which I referred.

The VICE-CHAIRMAN: Would you be able, although you are not appearing here as a Western Grocers man, would you be able to supply the annual financial statement of that company?

Mr. GRAHAM: You mean, of its subsidiaries?

The VICE-CHAIRMAN: No, the parent company, Western Grocers.

Mr. GRAHAM: Oh yes, I can give you one right now.

The VICE-CHAIRMAN: It would be a convenience to the committee if you could remit later enough copies for the committee. Would that be possible?

Mr. THATCHER: And it would just follow what Western Grocers has to do with this phase of the inquiry.

The VICE-CHAIRMAN: Well, they are the parent company of this company.

Mr. THATCHER: What are we looking for?

The VICE-CHAIRMAN: It owns this company.

Mr. THATCHER: I know, but what has that got to do with the price of fruit?

The VICE-CHAIRMAN: Are you opposed to this investigation as to yourself?

Mr. THATCHER: No, not at all; but why not deal with one company as we go along?

The VICE-CHAIRMAN: The only purpose was to show what a tie-up there is and then stop. That is all.

Mr. THATCHER: O.K.

The VICE-CHAIRMAN: There is no intention of going along and beginning a lot of inquiries into Western Grocers. I only want to know the parentage of this company and its related subsidiaries.

Mr. BEAUDRY: Could we be told that Western Grocers are in actual wholesale grocery operations or if they are what might be termed a holding company?

The VICE-CHAIRMAN: Are they a parent company or holding company?

Mr. GRAHAM: They are an operating company with subsidiaries.

Mr. BEAUDRY: How many stores do they operate, can you tell me that?

Mr. GRAHAM: You mean that Western Grocers operate?

Mr. BEAUDRY: Yes.

Mr. GRAHAM: We do not operate any stores.

Mr. BEAUDRY: It is just a wholesale operation?

Mr. MCCALLUM: Yes sir.

The VICE-CHAIRMAN: Would you put that in as an exhibit for identification?

Mr. MONET: That will be exhibit No. 109.

EXHIBIT 109: Western Grocers Limited annual report 1947.

(Exhibit 109 not to be recorded)

Mr. THATCHER: Mr. Chairman, now that you have opened this; is not this company and all its subsidiaries part of the Western or Weston group which this fellow Weston bought up?

The VICE-CHAIRMAN: No, no; Western, not Weston.

Mr. THATCHER: I know, but did not Mr. Weston acquire the controlling interest in this stock?

The VICE-CHAIRMAN: Is there a tie-up here with Garfield Weston?

Mr. GRAHAM: George Weston Limited, Toronto, hold an interest in practically all these shares.

Mr. LESAGE: So they are the great-grandfather of these companies?

The VICE-CHAIRMAN: That is all I have on that point.

Mr. MONET: Then. Mr. McCallum, I want now to refer you to the questionnaire which has been answered; I understand this material was prepared by your company, is that correct?

Mr. MCCALLUM: Yes.

Mr. MONET: Now, I want to point out to you first on statement 4, that the sales volume in 1947 was $26,775,579, which is almost $2,000,000 less than in 1946; is that correct?

Mr. MCCALLUM: Yes.

(Mr. Lesage assumed the chair as acting chairman.)

Mr. MONET: Now, the operating profit before taxes was also substantially less than the year before; is that correct?

Mr. MCCALLUM: Yes.

Mr. MONET: And the gross profit, which is the last line, the gross profit to sales has been slightly less than 10 per cent of sales in recent years, since 1943; is that correct?

Mr. MCCALLUM: Yes.

Mr. MONET: Then, in the next statement, statement 4, you have another page there marked "statement 4, continued" which has been added by your company, Mr. McCallum, without having been asked for; would you explain the supplementary data as a result of which you show a gross profit to sales to retailers of 11·5 in 1947, when your total gross profits to sales for 1947 is only 9·7, on the previous page. Will you explain that to us?

Mr. MCCALLUM: That is accounted for under non-profitable sales to branches and jobbers.

The ACTING CHAIRMAN: That is the total here, your sales to jobbers are in your total sales and your profits are shown there too?

Mr. MCCALLUM: Yes.

Mr. MONET: I do not understand very well this 11·5 per cent increased profit shown as a percentage of gross profit to sales and I would like to have some more explanation. I do not understand that figure. What does it mean?

Mr. GRAHAM: That means, as Mr. McCallum answered correctly to you, that in our practice these sales to jobbers are really diverted cars.

Mr. MCCALLUM: In other words, gentlemen, a car may come in to Winnipeg, of which we would apportion part to a branch, let us say, at Brandon, or Yorkton, or some of those places, so it is an unprofitable sale to us.

Mr. GRAHAM: They are shown in our total profit account of our whole sales for 1947, and the percentage is 9·7. If you regard the sales to jobbers as being unprofitable, and they are, the whole profit against retail sales would show as a percentage of 11·5.

The ACTING CHAIRMAN: As a matter of fact, if I take Mr. McCallum's explanation, which you call jobbers' sales, would not be sales to outside jobbers but only transfers to branches.

Mr. MCCALLUM: To branches, and there could be some independent jobbers.

The ACTING CHAIRMAN: Some independent jobbers also?

Mr. MCCALLUM: Yes.

The ACTING CHAIRMAN: Then, in the total of your sales of $26,700,000 odd there would be some duplication with respect to produce which was transferred or later included in sales to the various branches?

Mr. GRAHAM: That is true, but it has always been the practice of Dominion Fruit Limited to regard those as sales because for one thing, while they are diverted to other jobbers they have to be handled and accounted for, therefore we call them sales. Perhaps in the ordinary sense they are merely transfers of merchandise, but because they are to be handled and accounted for and invoiced we have always included them in sales.

Mr. MONET: And your gross profits as you have on these sales is this 11·5?

Mr. GRAHAM: That is right.

Mr. MONET: But really the gross profit as to sales on your operations is 9·7?

Mr. GRAHAM: Yes.

The ACTING CHAIRMAN: But, Mr. Monet, there is some duplication there.

Mr. MONET: I know.

The ACTING CHAIRMAN: The real gross profit would be 11·5 per cent?

Mr. GRAHAM: That is correct.

Mr. MONET: Would you turn to statement 5, starting from the month of November, 1947, to date; your sales have been substantially less than in the same month of the preceding year; is that correct?

Mr. MONET: And with the exception of the month of December when there was a slight increase in gross profit earned there has also been a substantial lessening in the profits; is that correct? Take for instance, in December of 1947, it shows an increase over December of 1946; but in January, February and March you have a decrease as compared with January, February and March of 1947.

Mr. MCCALLUM: Yes.

Mr. MONET: And in January, 1948, the gross profit is lower than it was in 1947.

Mr. BEAUDRY: Mr. Chairman, could we get back to the top of the page; does that refer to sales made to branches of Dominion Fruit only?

Mr. MONET: I take it that that relates to all the operations of the company.

Mr. BEAUDRY: Could we have that cleared up?

Mr. MONET: Pardon me, you are right, Mr. Beaudry; that is Rogers Fruit, which is a branch of this company; is that right?

Mr. GRAHAM: That is right.

Mr. MONET: I am sorry, Mr. Beaudry, I should have mentioned that; this refers only to one branch.

Mr. MCCALLUM: To two branches.

Mr. MONET: Which two?

Mr. GRAHAM: Rogers Fruit and Sterling Fruit.

Mr. MONET: And statement 5, then, refers to the operations of the Rogers Fruit and Sterling Fruit?

Mr. GRAHAM: Yes, sir.

Mr. MONET: Well, then, under the column gross profit, the second column to the left, is it correct to state that with the exception of December of 1947, when there was a slight increase over December of 1946, the gross profit earned in dollars is lower than, substantially less than in the preceding year? You have January of 1948, $30,346 gross profit as compared to $37,017 for 1947.

Mr. GRAHAM: Correct.

Mr. BEAUDRY: Could we establish clearly the relationship between Dominion Fruit and Rogers; do I understand that they are a subsidiary?

Mr. GRAHAM: They are not subsidiaries, they are two branches but they are distinguished by the name of the company. Rogers Fruit does business this way; Rogers Fruit is a branch of Dominion Fruit Limited and does its business as a separate store; and, in the same way, Sterling Fruit is a branch of Dominion Fruit Limited—they retain the name of the original company when it was acquired.

Mr. MONET: They are both wholesalers?

Mr. GRAHAM: Yes, sir.

Mr. MONET: To understand these figures, the relationship between Dominion Fruit and Rogers and Sterling the Dominion Fruit is acting as owners?

Mr. GRAHAM: No, Rogers and Sterling are branches of Dominion Fruit Limited.

The ACTING CHAIRMAN: It is only in name, Mr. Beaudry.

Mr. BEAUDRY: I appreciate that.

Mr. MCCALLUM: They do their own purchasing or buying. Each one of them may buy these cars of fruit direct or they may purchase a car between them and split it up among the branches.

The ACTING CHAIRMAN: What is the reason for doing business in the name of two branches, instead of doing business under the name of Dominion Fruit Company, if in fact they are branches of the Dominion Fruit Company.

Mr. GRAHAM: They were all originally separate companies.

Mr. PINARD: And when you purchased the original companies you let them keep their names?

Mr. GRAHAM: That is correct.

Mr. BEAUDRY: So when we are dealing with these companies we are still dealing with a part of the same company, Dominion Fruit.

Mr. MONET: That is right, we are dealing with two branches.

Mr. MCCALLUM: Yes, on the Winnipeg market.

The ACTING CHAIRMAN: I know, but this statement actually is the sales of just two of the Winnipeg branches of Dominion Fruit Limited?

Mr. GRAHAM: Yes.

Mr. MCCALLUM: Rogers and Sterling.

Mr. MONET: This statement takes in the operations of these two companies for purposes of study and comparison. We could not very well ask them to supply us with detailed information of all the branches they operate because time did not permit.

Mr. PINARD: There are other branches?

Mr. GRAHAM: Yes, there are other branches than these two.

Mr. PINARD: You have the profits on the others as well?

The ACTING CHAIRMAN: Yes, it is in the covering statement.

Mr. GRAHAM: Yes, it is in Winnipeg.

Mr. PINARD: No, I don't mean Winnipeg, I mean all the other places too.

Mr. MONET: They are included in the statement.

Mr. BEAUDRY: What I wanted to know is, what is the use of just taking one part of the operation?

Mr. MONET: And that was done to give a point of comparison when we are dealing with the main statement here. When we come back to statement 2; as a matter of fact the secretariat I think have taken the figures from only one of the branches, otherwise it would have been only a repetition of the same figures. As a matter of fact, the company did send counsel the information for two branches but after an examination of the same we came to the conclusion that it was about the same figure and it was useless to have repetition.

Mr. MAYHEW: Have we a consolidated statement on Dominion Fruit Limited?

Mr. MONET: Yes, you have that in statement 4, for their entire operations.

Mr. MAYHEW: That includes all the branches?

Mr. MONET: Statement 4, includes all their operations, all the operations of Dominion Fruit Limited.

Mr. MAYHEW: That is what we are most interested in.

Mr. MONET: I had to ask certain questions; but the other one is just for Rogers Fruit and Sterling Fruit branches.

The ACTING CHAIRMAN: Do I understand that all the branches which are mentioned on statement 1, are doing business under the name of either Rogers or Sterling?

Mr. GRAHAM: They are all branches of Dominion Fruit Limited whatever their name. Some of them have a trade name coupled with their company name. For instance, on the statement about Winnipeg another branch is Pioneer Fruit branch of Dominion Fruit Limited; in Yorkton it is Smith Fruit branch of Dominion Fruit Limited; in Regina, it is S. & M. Wholesale branch of Dominion Fruit Limited; in Moose Jaw it is Rex branch of Dominion Fruit Limited; in Weyburn it is the Walker Fruit branch—most of them have trade names coupled with the company name.

The ACTING CHAIRMAN: They are independent businesses which were acquired by Dominion Fruit?

Mr. GRAHAM: They were at one time independent, sir.

Mr. THATCHER: What position do you occupy in the west; have you not pretty near a monopoly of the fruit trade there?

Mr. GRAHAM: By no means.

Mr. THATCHER: Do Western Grocers also distribute fruit along with their ordinary business?

Mr. GRAHAM: As a rule.

Mr. THATCHER: And with Western Grocers and Rex Fruit and Sterling Fruit and Rogers would it not almost be fair to say that in the three prairie provinces they are at least a controlling factor in the trade?

Mr. GRAHAM: We would like to think so, but I do not think it is a fact.

Mr. THATCHER: And this Weston setup, or Western setup, whichever you call it, do they control some of your opposition as well?

Mr. GRAHAM: No sir.

Mr. IRVINE: Who are your opposition?

Mr. PINARD: The C.C.F.

Mr. GRAHAM: Well, P. Burns Limited in Calgary and their subsidiaries known as Consolidated Fruit Limited; they are spread all over the prairies just as well as we are. There are also numerous separate individual businesses in the various cities.

Mr. WINTERS: What is the difference in the operation of Western Grocers and Dominion Fruit Limited?

Mr. GRAHAM: How do you mean sir?

Mr. WINTERS: From what I can gather apparently they are both wholesale operators, operating with the same type of products?

Mr. GRAHAM: That is true.

Mr. MCCALLUM: At one time Dominion Fruit Company was—shall we say—owned largely in Minneapolis.

Mr. MAYHEW: Is it not correct that one deals mainly in wholesale groceries and the other deals mainly in fruits and vegetables?

The ACTING CHAIRMAN: Will you talk just one at a time?

Mr. WINTERS: Does it not resolve itself to the point where one company owns the other but they are competing with each other?

The ACTING CHAIRMAN: If you can call that competition?

Mr. THATCHER: Your company is located in every major city in Saskatchewan and the only sizeable place where I find that it does not operate is in Prince Albert.

Mr. MCCALLUM: Dominion Fruit has no branch in Prince Albert.

Mr. IRVINE: Is fruit cheaper there?

Mr. BEAUDRY: Mr. Chairman, referring to statement 5 and sales to retailers, are sales made to Shop Easy considered as sales to retailers?

Mr. MCCALLUM: Yes.

Mr. BEAUDRY: Could we have the amount of business transacted between the various branches of Dominion Fruit Company and Shop Easy given in dollars? I do not know whether we need it for every year shown on statement 4?

Mr. GRAHAM: We do not have it, sir, and I do not believe it is material to this inquiry.

Mr. BEAUDRY: That may be so but it is a matter of argument which is for us to determine. Can you tell me why we could not have that?

Mr. MCCALLUM: Why what?

Mr. BEAUDRY: Why could we not get figures as to the dollar value of sales to Shop Easy?

Mr. MCCALLUM: We have not got those figures here.

Mr. BEAUDRY: I appreciate that, but could we have them?

(Mr. Maybank resumed the chair.)

Mr. MONET: Could you supply the figures at a later date if they are not available now?

Mr. GRAHAM: Yes, we could.

Mr. BEAUDRY: Does Dominion Fruit Limited and its various branches do any selling business with Western Grocers?

Mr. MAYHEW: Do you sell to Western Grocers?

Mr. MCCALLUM: We give them portions of cars.

Mr. BEAUDRY: Do you sell produce to Western Grocers—fruit and vegetables?

Mr. MCCALLUM: What are you going to term as a sale? We divide cars with them which amounts to an unprofitable sale.

Mr. IRVINE: You give it to them do you?

Mr. BEAUDRY: I am asking you if you sell to Western Grocers? Either you do or you do not?

Mr. LESAGE: Is the amount included in the $4,000,000 which we see on statement 4—that is for the year 1947?

Mr. MCCALLUM: There is some of it contained there.

Mr. BEAUDRY: Are there any other sales to Western Grocers that would not be included in the figures $4,000,000?

Mr. MCCALLUM: No.

Mr. BEAUDRY: You do not sell Western Grocers anything?

Mr. MCCALLUM: Nothing that I know of other than the dividing of the cars.

Mr. BEAUDRY: That is your final statement?

Mr. MCCALLUM: It could be that there is some merchandise picked up from Dominion Fruit by Western Grocers, yes. If they were short of something that would happen and you can call it what you like.

Mr. BEAUDRY: Could we have a statement of those figures?

Mr. MAYHEW: It would be included in the $4,000,000.

Mr. BEAUDRY: Some of it might and some of it might not? The figures included in the $4,000,000 would be parts of these car lots which you divide, but I would like to know if they are actual sales from Dominion Fruit and its branches to Western Grocers?

Mr. MCCALLUM: There are divided car sales which are unprofitable.

Mr. BEAUDRY: You have already said you do not consider those divided car transactions as sales?

Mr. GRAHAM: No, it is a transfer in reality.

Mr. BEAUDRY: Is that done at cost?

Mr. MCCALLUM: It is always at cost—those divided cars.

Mr. BEAUDRY: I want to know if you have any other sales operations with Western Grocers?

Mr. GRAHHAM: Suppose Western Grocers were short ten cases of strawberries in their fruit department in Winnipeg—

Mr. BEAUDRY: They would purchase from you.

Mr. GRAHAM: The buyer from Western Grocers would get them from Rogers Fruit or Stirling Fruit or from any place else which he could get them.

Mr. BEAUDRY: That would be what we would term a sale.

Mr. MCCALLUM: Yes.

Mr. BEAUDRY: Could we have that figure—the figure with respect to those sales?

Mr. GRAHAM: For what period?

Mr. BEAUDRY: 1939 to 1947.

Mr. GRAHAM: Are you aware that it would take six months to analyze our sales and obtain that figure?

The VICE-CHAIRMAN: May I just interpose for a moment. Mr. Graham, the question is only as to whether it would be possible to obtain the figures and I suggest to you that perhaps a better way to convey your meaning would be to say that it would be possible to get the figures and then to point out the difficulties. You will find that members of the committee do not wish to impose undue difficulties but the only way to arrive at a statement of fact is to ask questions. Mr. Beaudry first wishes to know if the figures could be given.

Mr. GRAHAM: They could be given.

The VICE-CHAIRMAN: It might be that the committee would not desire the information to be given if it were a negligible matter and if the result of asking for such information would be a distinct imposition. I just want to make sure that questioner and answerer do not get at cross-purposes by reason of an unfortunate manner.

Mr. KUHL: I would like to raise a point of order?

Mr. GRAHAM: In response to the gentleman I will say that it would be possible to get the information but it would take many weeks to get it and what we would get would be of no material use to you.

The VICE-CHAIRMAN: The last part of your statement is of course within the determination of the committee—as to whether it would be valuable or not.

Mr. LESAGE: Do you mean that it would be a negligible amount?

Mr. GRAHAM: It certainly would because it is only when one house is short and requires it to fill an order that we have any reason to do business one with the other.

Mr. MAYHEW: Where there is a mixed car shipped from the primary producer and part of it goes to you and part to Western Grocers there is no profit, but they do the handling also in connection with their portion?

Mr. MCCALLUM: Certainly.

Mr. MAYHEW: There is practically no transaction whatever?

The VICE-CHAIRMAN: That is a joint venture.

Mr. MAYHEW: Yes, it is a joint venture. However, when you come to a sale to Western Growers, when they pick up ten crates of strawberries from you, you have already taken those strawberries into your stock?

Mr. GRAHAM: Yes.

Mr. MAYHEW: You have handled them and you have run the risks, and you do not give them those goods on the same basis? You charge them the regular wholesale price?

Mr. GRAHAM: I imagine there would be a little profit.

Mr. MCCALLUM: It could be done on any understanding. It might be that our retail price would apply but it would depend on the understanding that our manager had with the buyer when the goods were ordered.

Mr. MAYHEW: Would you have a general understanding with Western Grocers as to the profit you would take on your goods when you were obliging them that way, and vice versa?

Mr. MCCALLUM: We have no understanding.

Mr. KUHL: May I ask a question at this point?

The VICE-CHAIRMAN: I have not overlooked you, but I just wanted to take these matters one by one.

Mr. KUHL: I am wondering about the connection between some of these recent questions and the high cost of living. There does not seem to me to be any relevancy to the matter and if such relevancy could be shown to me I would like to hear it.

Mr. BEAUDRY: That could be done.

The VICE-CHAIRMAN: The questions have been in order so far.

Mr. KUHL: I do not see that the operation of the company and the way in which they do business has anything to do—

Mr. THATCHER: On a point of order, if I may say so, there may be eight or ten subsidiaries—

The VICE-CHAIRMAN: That is not a point or order.

Mr. THATCHER: I am trying to answer Mr. Kuhl.

Mr. KUHL: I do not mind if he wishes to give me the answer.

Mr. LESAGE: I do not think he should because the answer is obvious to all members of the committee except Mr. Kuhl.

Mr. KUHL: Thank you.

Mr. THATCHER: Let me ask the witness a question?

The VICE-CHAIRMAN: Shall we let Mr. Thatcher proceed with his point of order?

Mr. THATCHER: In connection with these eight or ten different companies, when the price is set does each subsidiary set his own price or is there an over-all control which sets the same price for each?

Mr. MCCALLUM: Each branch figures its own selling price.

Mr. THATCHER: I notice that Rogers, for instance, and the Dominion Fruit Limited have the same price. Is that coincidence or how does it happen?

Mr. GRAHAM: Rogers Fruit is a branch of Dominion Fruit—it is not a subsidiary.

Mr. THATCHER: You said you had Rex fruit?

Mr. GRAHAM: Yes.

Mr. THATCHER: And Sterling Fruit?

Mr. GRAHAM: They are not subsidiaries, they are branches.

Mr. THATCHER: Does each branch set its own price or do you fix the price?

Mr. MCCALLUM: Each branch sets its own price.

Mr. THATCHER: How do you account for the fact that Rogers Fruit which is a branch of the Dominion Fruit shows the same figures as Dominion Fruit?

Mr. MCCALLUM: My dear sir, they are branches of Dominion Fruit. In other words, Dominion Fruit is not an operating company but it is a merchandising company.

Mr. THATCHER: It is a holding company for all these other companies?

Mr. MCCALLUM: Yes, put it that way.

Mr. THATCHER: Would it not be a fair statement to say that your company, Western Grocers, and Dominion Fruit, over the past few years bought out the competition in western Canada to such an extent that you are pretty well the controlling interest or factor in the fruit business?

Mr. MCCALLUM: We are not the controlling interest in that we do not handle 50 per cent by any means.

Mr. THATCHER: You would have a pretty large say with respect to the price setup of fruit and vegetables in the west—that is between Western Grocers, the subsidiary, and all your branches? I think it would be fair to say that in the west today whatever price you set would be pretty well followed.

Mr. MCCALLUM: It would not be so because we do not do 50 per cent of the business in western Canada.

Mr. THATCHER: You are a leading factor then?

Mr. MCCALLUM: Well, put it that way and you might be flattering us.

Mr. PINARD: Where is the price policy made for all these branches? There must be a policy department to set the prices.

Mr. LESAGE: What is the method proceeding?

Mr. MCCALLUM: The price is determined in each market by the branch.

Mr. THATCHER: Would Western Grocers in Moose Jaw have the same sale price as Rex Fruit in Moose Jaw with respect to celery?

Mr. MCCALLUM: Not necessarily.

Mr. THATCHER: It would be the responsibility of the managers of both units to decide that?

Mr. MCCALLUM: Yes.

Mr. THATCHER: You have not got a central pricing policy which comes from Winnipeg?

Mr. MCCALLUM: No, definitely not.

Mr. BEAUDRY: Would both those branches normally buy separately from different suppliers?

Mr. MCCALLUM: That is right.

The VICE-CHAIRMAN: What was the answer?

Mr. MCCALLUM: That is right.

Mr. MAYHEW: In other words the initial cost might be different. The freight costs would be different on fruit and vegetables going into the different branches in Moose Jaw, Saskatoon, Edmonton, and so on, and they would have to do that figuring.

Mr. MCCALLUM: The respective freight rates are their own charges.

Mr. MONET: Mr. McCallum, I want to turn to your statement and I would ask the members of the committee to refer to the comparative data which has been prepared by the secretariat. First we will deal with oranges, Mr. McCallum. Would you tell the members of the committee what you would feel, in Winnipeg, for instance, would be a normal mark-up for a crate of oranges?

Mr. MCCALLUM: What do you mean by normal mark-up? Is that over a year?

Mr. MONET: In general, under normal conditions, what would you consider a normal mark-up for a crate of oranges? We have beeen told by other witnesses here that in Ontario 75 cents would be normal. What would you consider normal?

Mr. MCCALLUM: I would consider a normal mark-up, covering a year's operations, to be 15 per cent on selling price.

Mr. MONET: We are talking of oranges?

Mr. MCCALLUM: On oranges.

Mr. MONET: 15 per cent on selling price?

Mr. MCCALLUM: Sometimes it may go over, and sometimes it may go under. We would be inclined to take the market price from week to week.

Mr. MONET: But normally—?

Mr. MCCALLUM: If we bought oranges two weeks ago and if they arrive in Winnipeg and the market has advanced 10 to 15 cents we would try to take th market and that would be additional.

Mr. MONET: But under normal conditions you would feel 15 per cent would be satisfactory?

Mr. MCCALLUM: It could be satisfactory, owing to the supplies and the volume.

Mr. MONET: I will now refer to a specific date, November 27, 1947. The average selling price by Rogers Fruit—and I wish to draw the attention of the committee to the fact that from now on we are dealing with Rogers Fruit—

The VICE-CHAIRMAN: On the subject of oranges?

Mr. MONET: On oranges and on everything that appears on this comparison. It is marked Rogers Fruit branch of Dominion Fruit, Limited, Winnipeg. On the date November 27 I see the average selling price was $7 a crate but there had been a reduction from $5.42 on November 13 to $4.67 in the cost price, giving a difference per crate of 33 per cent of selling price. Would you tell the members of the committee why there was an increase of $6.25 on November 13 to $7 on November 27—that is the selling price—in spite of the fact there was a reduced cost price?

Mr. MCCALLUM: Possibly the best reason I could give you is that for some reason you have chosen to take size 288 which is a size of orange that is very much in demand. It is a size of which we can get only a portion of a car running perhaps 10 per cent, 15 per cent, or 20 per cent of the carload?

The VICE-CHAIRMAN: 10 to 15 per cent of what?

Mr. MCCALLUM: Of the total carload. For example there are 561 cases of oranges in a carload and we would be doing very well if we got 100 cases in a car.

Mr. PINARD: Of size 288?

Mr. MCCALLUM: Of 288's, the size which is chosen on this sheet.

The VICE-CHAIRMAN: Because it is a popular size?

Mr. MCCALLUM: It is a popular size and naturally we take what the demand warrants on that size in order that we may clean up our off-sizes. When we get down to 126's, 150's, 176's and 200's, they are not very badly wanted by the trade, so our average out of that car was not $7 per case.

Mr. BEAUDRY: What margin do you consider normal for the other sizes of oranges?

Mr. MCCALLUM: The normal mark-up on other sizes is the same as that of the size in demand. We have to regulate our selling. There are some oranges which we may be selling at cost and some on which we are taking a loss but we must try to make some money out of the over-all picture. This is a very exceptional case, in 1947—a very exceptional kind of a case.

The VICE-CHAIRMAN: Mr. Mayhew has been desirous of asking a question.

Mr. MAYHEW: Before we get too far away from this splitting of cars, on 288 size oranges you say you might get 20 per cent of a car? Would the balance be going strictly to opposition companies or would it be divided amongst your subsidiary companies? What proportion would go to your straight opposition, companies in which you have no interest at all.

Mr. MCCALLUM: If we were dividing our market there—which we do not do with respect to oranges, but it could happen—I would say approximately 15 to 20 per cent. It happens at certain seasons of the year that there might be—and you are talking of opposition houses which includes our own as well—

The VICE-CHAIRMAN: No, Mr. Mayhew means strictly opposition establishments.

Mr. MAYHEW: In other words you and your controlled associates would be getting 85 per cent of the car and not 15 per cent?

Mr. MCCALLUM: If they were divided?

Mr. MAYHEW: 15 per cent would go to the opposition.

Mr. MCCALLUM: I think—

The VICE-CHAIRMAN: Of the carload of 288 size the 15 per cent to which you referred originally as going to you would be 15 per cent of the carload and the balance of the 288's would go to the other concerns.

Mr. MAYHEW: No, no.

Mr. McCALLUM: If a car came in with 100 crates of 288 size in it and if we were dividing it among our opposition—

The VICE-CHAIRMAN: May I just ask you there this question? You originally talked of a separate car and in that car there are some of the 288 size and some other sizes. That is the first division?

Mr. McCALLUM: Yes.

The VICE-CHAIRMAN: I thought you were telling Mr. Mayhew something different?

Mr. McCALLUM: In other words the part the opposition establishments would get would be a given percentage of all sizes that were in the car. If they got 15 per cent of the total car they would get 15 per cent of the 288's.

Mr. MAYHEW: The point I was getting at was this matter of competition and the matter of controlling prices. The witness said they would get 15 per cent of the 288's.

The VICE-CHAIRMAN: Yes.

Mr. MAYHEW: And I asked him how much would go to the controlled subsidiaries and branches and how much to the independents over which he had no control, and I understood him to say that 85 per cent would be retained by Dominion Fruit Limited and 15 per cent would go to the outside opposition.

Mr. McCALLUM: Yes, 85 per cent of the carload could be divided amongst our branches.

Mr. MONET: And 15 per cent to competitors?

Mr. McCALLUM: Yes, except that we do not divide many oranges.

Mr. MONET: Is it not a fact that when you buy a car—

Mr. MAYHEW: The straight opposition does their own buying?

Mr. McCALLUM: Yes, and I would say that perhaps we would retain 90 per cent or 95 per cent.

Mr. MAYHEW: It would mean that you would have 85 or 90 oranges for every 10 or 15 oranges put on the market in opposition?

Mr. McCALLUM: No.

Mr. MONET: Your policy would be to buy a carload of oranges and sell it?

Mr. McCALLUM: Yes, and we divide very few cars of oranges.

Mr. MONET: My information is that when you purchase a car of oranges it is purchased by Dominion Fruit Limited and it belongs to Dominion Fruit Limited.

Mr. McCALLUM: It could be that as we divide a car with our direct opposition who has no interest in it whatever the opposition also might divide a car with us.

Mr. MONET: That is not what I asked. I suggested that you purchased a car and it comes to and is owned by Dominion Fruit Limited.

Mr. McCALLUM: There is a certain period during the year when early naval oranges come on the market. They are of poor quality and we might divide a few cars until they get better. That is our plan.

The VICE-CHAIRMAN: May we come back to the point at which this discussion started. The point was raised in our inquiry into a price of $7 when there had been a drop in the cost from $5.42 to $4.57. While there was that drop there is an increase in the selling price disproportionate to the cost, and you started to explain why there was such a spread in the case of these 288 oranges. Would you go back to that point, Mr. Monet?

Mr. MONET: How do you explain that at November 13 the cost of your most recent purchase was $5.42 a crate and on November 20 the cost to you of

your most recent purchase was $4.57? There was a drop of from $5.42 to $4.57 between those dates compared with an increase from $5.75 to $7 on November 27. How do you account for the fact that when there was a decrease of something like 60 cents in the cost price there was an increase of $1.25 in the sale price?

Mr. LESAGE: An increase of $1.50?

Mr. MONET: From $5.75 to $7.00.

Mr. LESAGE: I am speaking of the gross mark-up.

Mr. MONET: How do you explain that situation?

Mr. MCCALLUM: Off-handedly I would put it this way. During that week we might have purchased a car of oranges of high grade at a lower cost.

Mr. LESAGE: You cannot give an explanation, you can only guess?

Mr. MCCALLUM: I am guessing there from the look of it. I have not got the record.

Mr. LESAGE: We would be interested in knowing why there was such an increase?

Mr. PINARD: Unless we have the price for every type of oranges we will not know because the explanation given is that there might have been a loss on the others.

Mr. MCCALLUM: It could have been both ways.

The VICE-CHAIRMAN: You were explaining a little while ago were you not, that in the case of a carload of oranges you would endeavour to make a profit, and this 288 size would be a small part of the carload and the profit on that might be high to take care of the profit on the others which might be low?

Mr. MCCALLUM: That is correct.

The VICE-CHAIRMAN: Is that the explanation?

Mr. MCCALLUM: That is the explanation. The others are definitely harder to sell.

Mr. MONET: Would that apply?

Mr. LESAGE: There are a lot of "mights" and "would's" but I would like the explanation for the increase?

Mr. MCCALLUM: You cannot have it, sir, because I have not got the figures.

The VICE-CHAIRMAN: Just let Mr. Monet follow for a moment and we will come back to this.

Mr. LESAGE: I think it is proper to ask for the figures.

The VICE-CHAIRMAN: Let counsel continue for a moment and then come back.

Mr. MONET: I understand you can supply that information?

Mr. MCCALLUM: We can supply it.

Mr. MONET: How do you account for the fact that from November 27 to December 18 your profit per crate is over $2 in every case, for every week? would that be for the same reason as you have given?

Mr. MCCALLUM: I could not give any other explanation.

Mr. MONET: And that explanation would be—

Mr. MCCALLUM: This covers the 288 size oranges.

Mr. MONET: Can you tell us, Mr. McCallum, later if not today, how many crates of 288's you had in each of those cars, and how many crates there were of all other kinds?

Mr. LESAGE: And what was done with the carlot, how much was kept—

The VICE-CHAIRMAN: That question is one to which there is an answer desired. It does not mean there is not additional information which should be supplied, Mr. Lesage.

Mr. LESAGE: It is not additional?

The VICE-CHAIRMAN: Well, if you want that, that is a satisfactory sort of question; but it does not mean that it could not be followed by your question.

Mr. BEAUDRY: What is the procedure followed in purchasing oranges from a producer by your firm? Do you order on a firm basis a certain type of orange or do you buy a carload, or do you receive oranges at the will of the producer? I am referring to type of oranges. In other words, do you continuously receive oranges different from those which you order?

Mr. MCCALLUM: Yes. There are times when the carloads we put in an order for arrive fairly close to specification, but we do have our specifications changed slightly from time to time. You cannot actually tell how many of a certain size you always have at any given time, but you would usually get pretty close to it.

Mr. BEAUDRY: You would know that in advance?

Mr. MCCALLUM: Sometimes they are plentiful and we can get all we want of a particular size; sometimes again we want to take down to some of the larger sizes and we will order more heavily of them.

Mr. BEAUDRY: Let me repeat, would you know in advance what you are going to receive on a given date?

Mr. MCCALLUM: We know pretty well.

Mr. BEAUDRY: Therefore your price fixing is not done in a haphazard way but on the basis of what you know is going to come to you?

Mr. PINARD: I would like to ask you this question; are you in a position to state that your profit, not for oranges, during that period was necessary; that is, in the month of November, on November 28—on November 27—that your profit on oranges other than 288's was smaller than that you have given with respect to the type we have been discussing?

Mr. MCCALLUM: Definitely we took a smaller profit.

Mr. PINARD: Would it be lower than 15 per cent?

Mr. MCCALLUM: I am not sure of it. I do not know exactly what it was in the larger sizes.

Mr. PINARD: Would it be lower than 15 per cent of selling price?

Mr. MACCALLUM: Possibly not in this particular period.

Mr. PINARD: So that—

Mr. MCCALLUM: At this particular period when our supplies were about 50 per cent naturally we must try to get a little more margin.

Mr. PINARD: So that could we take it—I know you are going to file additional information later on at the request of certain members of the committee—but can we take it that with respect to the rest of the supplies in a particular car, oranges other than the 288's were being sold at less than the 15 per cent markup, but not very much lower?

Mr. MCCALLUM: No, I would not say that at that particular period—the markup would be 15 per cent.

Mr. PINARD: I mean, it would be at least that?

Mr. MCCALLUM: The markup would not be, the dollar commission here, the percentage profit we received on a carload of oranges.

Mr. PINARD: No, but on the other sizes, would it be fair to state that on the rest you got at least 15 per cent markup?

Mr. McCALLUM: Yes, we received the 15 per cent markup, probably more.

Mr. PINARD: That is the normal profit as you mentioned a few minutes ago?

Mr. McCALLUM: Yes.

Mr. PINARD: But in the case of the size 288, your markup always exceeded that; isn't that correct; I mean, from October of 1947, to April 22 of 1948, in many cases it was very much higher than 15 per cent?

Mr. McCALLUM: Oh yes, that is true.

Mr. PINARD: I find, for instance, on October 30, your markup was 10·9, and you have also on November 6, a markup of 14·31; but in all other cases your markup is well over the 15 per cent and reached 33·5, on November 27; and you stated before that your normal markup would be 15 per cent and still during this whole period of time you got a much higher markup than 15 per cent. Would you care to explain why?

The VICE-CHAIRMAN: Before doing that, the markup is reckoned on the selling price, is it not?

Mr. McCALLUM: That is right.

The VICE-CHAIRMAN: For instance, on a selling price of $6 at 15 per cent markup that would be 90 cents; that is it?

Mr. McCALLUM: Yes.

Mr. MONET: It is on the selling price.

The VICE-CHAIRMAN: Now, Mr. Pinard had a question. I just wanted to define that first. Mr. Pinard's question is not answered.

Mr. McCALLUM: I might answer his question in this way; on our year's operations for 1947, on citrus fruits—now I am taking in oranges, grapefruit and lemons—our average markup for the entire year of 1947, on these commodities was 15·19.

Mr. PINARD: Where do we find that in this statement; is it there?

Mr. MONET: No.

Mr. THATCHER: Was it just a coincidence that your largest profit came just after the export embargo went on? It was no coincidence; was that the reason for it?

Mr. McCALLUM: The best reason for it is that demand was so great in relation to the supply we were receiving—there was a very heavy demand.

Mr. PINARD: You could get more money because of government action in restricting supply; is not that the answer?

Mr. McCALLUM: It was part of it.

Mr. THATCHER: You have not answered my question yet; do you say yes or no?

Mr. McCALLUM: I said we required it—yes.

Mr. THATCHER: You were getting a larger return on your oranges in December because of government action which had restricted supplies; is that correct, or is it not correct?

Mr. McCALLUM: Better profits were taken in that year than at any other time.

The VICE-CHAIRMAN: The supplies were reduced at that time?

Mr. McCALLUM: Owing to reduced supply and increased demand for that particular merchandise.

The VICE-CHAIRMAN: Referring to the subject of supply, supply was reduced at that time?

Mr. McCALLUM: Yes.

The VICE-CHAIRMAN: And by about what amount?

Mr. McCALLUM: 50 per cent. We could have got a little better than that at certain times due to quotas.

The VICE-CHAIRMAN: Mr. Thatcher, you have driven home your point, that was due to government restrictions. Have you any comment to make as to whether it was due to government restrictions or not, this cut in supply?

Mr. McCALLUM: I think there was another reason that one could give for that; I mean, the supplies were cut and it applied to the whole country.

The VICE-CHAIRMAN: Mr. Thatcher I think wants it not so much in reference to your company but for the purpose of driving home the point that it was no doubt government action which contributed to this situation; and those of us who are supporting the government are in complete agreement with Mr. Thatcher on that point.

Mr. THATCHER: You can't very well be otherwise.

The VICE-CHAIRMAN: That supplies were cut at that time by government action and that they were cut by about 50 per cent.

Mr. THATCHER: We might as well go a step further.

The VICE-CHAIRMAN: We don't want to slip away from that responsibility.

Mr. THATCHER: And if ceilings had been put on, the consumer would not have paid so much. You were doing too well.

The VICE-CHAIRMAN: Well, there are different views as to that.

Mr. THATCHER: Don't stutter now, Mr. Chairman.

The VICE-CHAIRMAN: There is no agreement there, because some may have paid so much and some might not have been able to buy any at all.

Mr. THATCHER: Oh, yes.

The VICE-CHAIRMAN: Ceilings do two things; they perhaps do prevent prices from going up, but they also prevent any production at all so that we don't eat.

Mr. THATCHER: Oh no, Mr. Chairman; you don't believe that yourself now.

The VICE-CHAIRMAN: Oh well, yes.

Mr. THATCHER: I know you don't.

The VICE-CHAIRMAN: You can't get supplies of that kind without production.

Mr. MAYHEW: Mr. Thatcher knows very well that if volume goes down you get a bigger mark-up. That is what happens when you cut volume in half.

Mr. MONET: Now, Mr. McCallum, can we take it that your company through its branches and stores to which you have referred is a regular source of supply for a great many retailers in Winnipeg—I am dealing just with the city of Winnipeg at the moment.

Mr. McCALLUM: That is right.

Mr. MONET: Would it not have been possible to hold down the price of oranges to the consumer at a limited selling price; would it have been possible for you to have kept down the price at which you sold to the consumer inasmuch as you are such a large regular source of supply to so many retailers?

Mr. McCALLUM: It is possible at all times.

Mr. MONET: Would it have been possible during the time about which we have been talking?

Mr. McCALLUM: Well, there is a factor there of operating cost.

Mr. MONET: Do you mean that if you had not taken the profits that we have just referred to you would have been running—

Mr. McCALLUM: We would have been running thin.

Mr. MONET: In the particular months to which you are referring, the period from say November as Mr. Pinard pointed out a few minutes ago—referring to the period from November 20, down to February 19, or 12, where

your percentage to selling price varied from 21·5 to 34·5, over that particular period, would it have been possible for your company to hold down prices of oranges inasmuch as your company is one of the great suppliers of oranges in Winnipeg?

Mr. McCallum: I do not think so, Mr. Monet.

Mr. Monet: I would like you to comment on that.

Mr. McCallum: Well, supposing we sold our oranges at a lower basis than what we are doing on what we could have imported, what would our position have been? Our opposition could sit back and wait until that supply was gone and then they could turn around and get their own price.

Mr. Pinard: In other words, oranges were in short supply and you took full advantage of the situation. I am not blaming you for it, I am just stating that; is that correct?

Mr. McCallum: We took advantage of the situation at that particular season on that particular size; and I want to emphasize that particular size because it is a size that everybody wanted.

Mr. Kuhl: Is it not true that it is a principle of the law of supply and demand which governs at all times throughout the entire business, is not that the determining factor in price?

Mr. McCallum: To me, it is.

The Vice-Chairman: In regard to that particular car or these particular cars in which the 288's we are speaking about were; your position would be that you are like a circus man, losing on the swings, or not getting so much on swings and catching up on the merry-go-round?

Mr. McCallum: That is right.

Mr. Pinard: And on the other sizes of oranges you also took as much as you could get, did you not?

Mr. McCallum: Yes, we had to take that price in order to sell our other sizes.

Mr. Winters: But you did take as much as you could get, as Mr. Pinard says; and if you could have got more for these oranges I suppose you would have taken it?

Mr. McCallum: I do not think there is any question—

The Vice-Chairman: You could have got more?

Mr. McCallum: I do not think there is any question about that.

Mr. Thatcher: When will the supply of these things be sufficient to bring the price down a little bit if price depends on supply and demand?

Mr. Pinard: It has been brought down.

Mr. Winters: It is down to $4.75, as of April 25.

Mr. Thatcher: That ought to help quite a bit.

Mr. Pinard: The markup now is 16·2.

Mr. McCallum: So far as the consumer is concerned, when you can get an adequate supply in relation to the demand the price will come down.

Mr. Thatcher: Is there any chance of the price of fruits and vegetables coming down to the consumer, say to a point where they were under ceilings? Is there any chance of that would you say?

Mr. McCallum: I cannot answer that question. I do not know what production will be and I do not know what supplies will be.

The Vice-Chairman: Of course, in regard to oranges alone, which is the subject under discussion at the moment, the price has come down to $4.75, as against that $7 price which we were discussing.

Mr. McCALLUM: Yes. Of course, this is the seasonal month of the year for them to come down. Oranges usually in January are cheaper than they are at any other time of the year. I think I can say that.

Mr. MONET: If you look at the profits to selling price from February 19, to April 22, inclusive, your markup is very much higher than the 15 per cent to which you have referred?

Mr. McCALLUM: Correct.

Mr. McGREGOR: What is the reason for the change from February 12, or from February 19, on down? What was the change there? It was $1.40, on February 12, and 75 cents on February 19, and on down. What was the cause of the change there, was there greater supply?

Mr. McCALLUM: I think that was the period when the ceiling went on, didn't it?

Mr. McGREGOR: I think the ceilings went on on February 19.

Mr. MONET: That is right.

Mr. McGREGOR: Is that why there was a drop?

Mr. McCALLUM: Yes.

Mr. McGREGOR: And with the ceiling on what was the price at which they allowed you to sell, what was the markup allowed?

Mr. McCALLUM: They allowed us markup of 17 per cent.

Mr. McGREGOR: They allowed you a markup of 17 per cent?

Mr. McCALLUM: Yes.

Mr. PINARD: Which you would not have got had you kept your prices at your average markup of 15 per cent; but because nobody else held their markup down you did not either; isn't that so?

The VICE-CHAIRMAN: That is a question of opinion for the committee, is it not, rather than a statement which should be made by a witness?

Mr. PINARD: I admit that, but I thought I would ask the witness for his opinion on it.

Mr. MAYHEW: I would call your attention to the fact that for November of 1946, you had a loss of $9,564, and in December of 1947, you had a profit of $2,861.

Mr. MONET: I was about to ask a question on that. That refers to statement 5. Would you explain that loss under the heading "operating profit"? You show a loss of $9,544 in December of 1946. Will you explain that loss?

Mr. GRAHAM: We haven't that information here.

Mr. MONET: You haven't got the information; you have got the information about these figures with you, haven't you?

Mr. GRAHAM: That is for the Winnipeg branch.

Mr. MONET: And you are not in a position to explain that loss to us?

Mr. GRAHAM: No.

Mr. WINTERS: I wonder if the witness would comment on the sharp increase in operating expense for 1947, as compared to 1946. That is on statement 4.

M.r MONET: I wanted to come back to statement 4 later.

Mr. WINTERS: I wanted to relate that to what we are discussing now.

Mr. MONET: That was on statement 4; would you answer that now?

Mr. WINTERS: The difference between 1946, and 1947 on "other expense".

Mr. GRAHAM: I cannot give you that completely, but I think one of the things that occasioned it would be the higher salaries we paid.

Mr. PINARD: Yes, but still I see your sales were lower.

Mr. GRAHAM: That could be. The cartage company is not interested in our sales, they charge us more for doing our delivery work.

Mr. WINTERS: Does that indicate a condition which is likely to remain, that you could continue to have higher costs?

Mr. GRAHAM: I believe so.

Mr. WINTERS: Would that have any bearing then on the question asked by Mr. Winters some time ago; that is, we cannot expect prices to return to where they were some months ago?

Mr. GRAHAM: I think Mr. McCallum could answer that; that everything depends on supply and demand.

The VICE-CHAIRMAN: It is also a question of cost.

Mr. WINTERS: There is also a question of other expenses such as costs and related items.

The VICE-CHAIRMAN: Mr. Winters was also inquiring about your cost of doing business, isn't he? You would be able to speak with a little bit more assurance as to whether your costs are going up or down or going to remain where they are; with a little more assurance about that than you could about supply and demand which is controlled by weather and so many other factors. That is the point of your question, Mr. Winters, is it not?

Mr. MCCALLUM: Our cost of doing business is definitely going to go up because we haven't got the supply and there is no way that I can see of cutting our overhead.

Mr. WINTERS: And your expense factor will be going up at the same time. You have not answered the question I asked you which was about the expense factor coming down.

Mr. MCCALLUM: I cannot see the possibility of any change. It is bound to go up.

Mr. WINTERS: Would that reflect itself in prices?

Mr. MCCALLUM: Naturally, if we could get merchandise to sell it would go a long way in helping us to get more money and that might keep the ratio of expense down.

Mr. WINTERS: But you do not look forward to a return of the price levels which prevailed before this high expense factor came into being?

Mr. MCCALLUM: Not with the supply down.

Mr. PINARD: Are these high expenses attributed solely to the cost of delivery?

Mr. MCCALLUM: It all enters into it. You have to cover the same area of territory and with a smaller group of merchandise, certainly you are not going to find your costs any less.

Mr. WINTERS: What other items of costs enter into this "other expense" item beside wages?

Mr. MONET: I see there has been a very substantial increase there, from $666,255 to $819,482.

Mr. GRAHAM: Apart from deliveries there is only one other thing stands out in my mind from an examination of our figures, and that is that in other expense we include the cost of a pension scheme for our staff.

Mr. WINTERS: Which is a permanent feature, I presume?

Mr. GRAHAM: It will be hereafter.

Mr. WINTERS: And it is a definite factor in the cost increase?

Mr. GRAHAM: A very definite factor.

The VICE-CHAIRMAN: In a very general way what type of scheme have you; is it the usual kind of dollar for dollar?

Mr. GRAHAM: Yes, it is along standard lines. If you want the detail, it roughly provides—it is based on service and retirement at a reasonable age. With respect to past service the company pays the entire premium and on future service the premium is divided. The plan dates from the 1st of July, 1947, and it provides that the company is to contribute on a basis of fifty-fifty. In other words, the company is taking shall we say approximately half of the premiums for future service and it will pay all the premiums for past services.

Mr .WINTERS: How many employees come under that pension scheme, approximately?

Mr. GRAHAM: I can give you that figure some time later. Eligibility is based on three years of service; and, undoubtedly our cost for future service will go up as those who were with us three years ago come into the plan, provided there is a great change or turnover. For instance, for every new man that comes into the plant, one that is not covered, our costs on him will be approximately the same if the staff stays fixed as the new ones complete their three year service that adds to our cost as far as the company is concerned.

Mr. PINARD: How many employees have you on your payroll?

Mr. GRAHAM: I could only speak approximately. I would say around 450.

Mr. PINARD: How many would you have in your service eligible for pension?

Mr. GRAHAM: I am sorry I cannot give you the number.

Mr. WINTERS: Have the number of employees decreased in 1947, as compared to 1946?

Mr. GRAHAM: Not substantially, they had declined about 20, as I remember.

Mr. WINTERS: There seems to be quite a decline in this item shown in statement 4—other salaries and wages—around $4,000 in 1947.

Mr. GRAHAM: What line is that?

Mr. WINTERS: That is the salary item, there is quite a difference between 1946 and 1947, close to $63,000.

Mr. BEAUDRY: Mr. Graham, is it fair to make the statement that the proportion of money contributed to this plan by the company would not exceed $20,000 a year?

The VICE-CHAIRMAN: Are there any other questions?

Mr. WINTERS: I am waiting for an answer to my question.

Mr. GRAHAM: In the year 1947, you will remember we have shown only six months of the total premiums amounting to approximately $12,000. Had we included the whole period the figure would have been $24,000, on which the company paid premiums amounting to $25,000.

Mr. BEAUDRY: Is the total premium paid by the employees or the company?

Mr. GRAHAM: The company pays for the past service.

Mr. BEAUDRY: And the amount taken off in 1947, was $12,000?

Mr. GRAHAM: That is the company's portion only.

Mr. WINTERS: Mr. Chairman, would the witness say on what they base their figures with respect to salaries and wages, and what would account for the difference between 1946 and 1947?

Mr. GRAHAM: Well, I will answer your question and Mr. McCallum will correct me if I am wrong. Many of our salesmen are paid salary and commission. Naturally, if they do less business their remuneration will be less.

Mr. WINTERS: But $60,000 less though.

Mr. GRAHAM: I would not attribute it all to that feature.

The VICE-CHAIRMAN: We began this inquiry into pensions just because it was introduced as one of the items of cost and then the remaining questions were natural ones of interest. I do not suppose it is desired to follow it up at any great length.

Mr. WINTERS: I was not dealing with this pension scheme at all.

The VICE-CHAIRMAN: It came in as one of the expense items and these questions naturally followed out of it. At any rate, I think we have sufficient on it for the moment. By the way, I presume it is the usual three, four or five per cent basis in relation to salary? What would it be, can you tell us that?

Mr. GRAHAM: Approximately 5 per cent.

The VICE-CHAIRMAN: Is there anything else, gentlemen?

Mr. THATCHER: Mr. Chairman, I have no further questions. I cannot find anything objectionable here.

Mr. PINARD: There are a few questions that we might ask.

The VICE-CHAIRMAN: I do not think there is anything of an abnormal nature and I know that Mr. Mayhew has expressed a desire to get the Vancouver people advanced. They have been here and they have been especially unfortunate, except that they have had an opportunity of associating with the Victoria member.

Mr. MAYHEW: That is not true.

The VICE-CHAIRMAN: Even that is not true, but they have been held quite some time and it might be well if we could hear them. We have had a pretty complete statement from Dominion Fruit Limited and there is nothing abnormal about the operation.

Mr. WINTERS: It is a very good statement.

The VICE-CHAIRMAN: I think we would be doing well if we released them.

Mr. PINARD: We have put practically no questions with respect to vegetables?

The VICE-CHAIRMAN: I realize that you are right about that, Mr. Pinard, but it is not an abnormal picture.

Mr. MONET: In answer to Mr. Pinard I might say that from my examination I have no questions to ask with respect to imported celery, cabbage, and carrots. In connection with British Columbia apples there was a margin of 5 cents and I might have asked a few questions with respect to onions.

Mr. PINARD: Yes, the mark-up on onions is quite high.

Mr. MONET: That is the only point upon which I would have asked questions.

The VICE-CHAIRMAN: Mr. Pinard has a question of Mr. McCallum.

Mr. PINARD: Just along the lines on which Mr. Monet was speaking, in the statement which you have prepared, and on the last page, it appears that the mark-up was very high on onions. It reached 44·3 per cent during the week of February 12. I would like to have some brief comment because it appears to me to be very high.

Mr. MONET: Yes, at one time it reached 51·3 per cent.

Mr. PINARD: Yes, and there must be some explanation.

Mr. MCCALLUM: Mr. Pinard, in answer to your question, although I have not all the details, there happened to be a couple of cars of onions which we purchased last fall in Ontario at low prices. We stored them and sold them at the market-price at that time. Those onions did not go into western Canada but they went somewhere down in this country. I do not know just where they went.

Mr. MONET: They were not sold in western Canada; you sold them to the eastern people?

Mr. MCCALLUM: That is right. I can come back to the next step and say that we had to buy some onions back from Ontario in order to sell them to the trade in western Canada.

Mr. BEAUDOIN: I would ask the witness to comment on the fact that I have been told in that particular line of business there is a selling practice whereby the retailer is sometimes asked to buy a certain amount of produce which is not in as great demand as the particular produce which he wants badly. In other words, if a man wanted to buy five cases of oranges for you you would tell him that he would also have to take so many items of something else at such a price. Did you ever hear of that practice of tie-in sales in your part of the country?

Mr. MCCALLUM: I do not know anything about that kind of practice. We do not practice that.

Mr. BEAUDOIN: I am not intimating that you are, but have you heard about any such practice being carried on by other firms?

Mr. MCCALLUM: I have in a very casual way heard of tie-in sales. It is not a very good thing to do if you want to keep a man as your customer. If you have a certain line which is in great demand I suppose through that practice you could get rid of some others which are not in so great demand. It might give you a reasonable amount of business on other lines that you are in.

Mr. BEAUDOIN: Do you think if he wants to buy oranges very badly and he knows he is going to be forced to buy other commodities that when he gets back to his store that he will not try to get the highest possible price for his oranges so as to take care of any possible loss he may have on the other things? Do you know if that practice is being done?

Mr. MCCALLUM: I do not know of that practice.

The VICE-CHAIRMAN: There was an old man with a young wife who went into a drugstore to buy perfume and the druggist advised him to buy liniment instead.

Mr. MONET: I am through with the witness.

The VICE-CHAIRMAN: I guess we can let these witnesses go. Thank you very much, Mr. McCallum and Mr. Graham.

The WITNESS: Thank you, gentlemen.

—The committee adjourned to meet again at 4 o'clock p.m.

AFTERNOON SESSION

May 18, 1948.

The committee resumed at 4.00 p.m.

Thee VICE-CHAIRMAN: Gentlemen, we have a quorum, will you come to order please?

Mr. John Gordon Bowers, Director, Slade & Stewart Limited, Vancouver, British Columbia, called and sworn:

By Mr. Monet:

Q. Would you give your full name, Mr. Bowers?—A. John Gordon Bowers.

Q. And your address?—A. Steven's Drive, Vancouver.

Q. I understand you are one of the direectors of Slade & Stewart Limited? —A. That is right.

Q. And the address of the head office of that company is Vancouver, British Columbia?—A. That is correct.

Q. Would you give the date upon which this company started its operations?—A. I think it was in the year 1929.

Q. I have here a statement which was supplied by your company which shows that the date on which you commenced business was January 10, 1923? What would you say about that?—A. I would say that is probably correct since the secretary filled out the questionnaire and I was just speaking from memory.

Q. Mr. Chairman, I wish to point out that a questionnaire was sent to this company, as it was sent to other trade witnesses, and the answers have been given. I now wish to file as exhibit No. 110 the questionnaire answered by this company.

EXHIBIT 110—Preliminary Information, Fruit and Vegetable Inquiry, Slade & Stewart Limited, Vancouver, British Columbia.

Statement 1
General Information

PRELIMINARY INFORMATION—FRUIT AND VEGETABLE INQUIRY

1. Name of company: Slade & Stewart Limited.

2. Address of head office: Vancouver, British Columbia.

3. Date commenced business: January 10, 1923.

4. Names and addresses of parent affiliated companies: Pacific Gamble Robinson Co., Seattle, Wash.; Ryan-Wilson Co. Limited, Victoria, B.C.; A. P. Slade (Victoria) Ltd., Victoria, B.C.; The F. R. Stewart Co. Ltd., Kamloops, B.C.; The F. R. Stewart Co. Ltd., Penticton, B.C.

5. Names and addresses of officers and directors or partners: J. G. Scott, President, Minneapolis, Minn.; Russell Miller, Vice-President, Seattle, Wash.; S. M. Corbell, Secretary, Minneapolis, Minn.; C. L. Anderson, Treasurer, Seattle, Wash.; A. P. Slade, Director, Vancouver, B.C.; J. G. Bowers, Director, Vancouver, B.C.

6. Location of branches, warehouses and other places of business (including those of subsidiary companies engaged in the fruit and vegetable trade): Vancouver, British Columbia.

NAME AND ADDRESS: SLADE & STEWART LIMITED—VANCOUVER, B.C.

AVERAGE SELLING PRICE

Date	Oranges Calif. 288	McIntosh Fancy B.C. 125-138	Celery B.C. No. 1	Celery B.C. No. 2	Potatoes B.C. Canada No. 1	Tomatoes B.C. hot-house	Cabbage local and Alta. green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported U.S. No. 1 washed	Onions B.C. No. 1 yellow
1947	per crate	per box	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
October 2	5.37	3.00	2.70	N.A.	3.05	3.00	4.50	N.A.	3.15	N.A.	4.35
October 9	5.37	3.00	2.70	N.A.	3.05	3.40	4.75	N.A.	3.15	N.A.	4.35
October 16	5.37	3.00	2.70	N.A.	3.05	3.95	4.00	N.A.	3.15	N.A.	4.25
October 23	5.62	3.00	2.70	N.A.	3.05	3.95	3.50	N.A.	3.15	N.A.	4.25
October 30	5.75	3.00	2.45	N.A.	3.05	4.00	3.50	N.A.	3.15	N.A.	4.25
November 6	5.37	3.00	2.45	N.A.	3.05	4.25	3.50	N.A.	3.00	N.A.	4.25
November 13	5.25	3.00	2.45	N.A.	3.05	5.10	3.50	N.A.	3.00	N.A.	4.25
November 20	5.25	3.00	3.50	N.A.	3.05	6.00	3.50	N.A.	3.10	N.A.	4.25
November 27	5.75	3.00	5.00	N.A.	3.05	7.00	4.75	N.A.	3.40	N.A.	5.25
December 4	5.37	3.00	5.00	N.A.	3.05	6.95	5.50	N.A.	3.40	N.A.	5.25
December 11	5.12	3.00	N.A.	N.A.	3.05	7.00	5.50	N.A.	3.40	N.A.	5.25
December 18	5.12	3.10	N.A.	N.A.	3.05	8.00	5.75 Alta.	N.A.	3.40	N.A.	5.25
December 24	4.87	3.10	N.A.	N.A.	3.05	8.00	5.75 Alta.	N.A.	3.40	N.A.	5.25
December 31	4.87	3.10	N.A.	N.A.	3.05	N.A.	5.75 Alta.	N.A.	3.40	N.A.	5.25
1948											
January 8	4.87	3.10	N.A.	N.A.	3.05	N.A.	6.00 Alta.	N.A.	3.40	N.A.	5.40
January 15	4.87	3.10	N.A.	N.A.	3.05	N.A.	7.00 Alta.	N.A.	3.40	N.A.	5.40
January 22	5.12	3.10	N.A.	N.A.	3.05	N.A.	8.00	N.A.	3.40	N.A.	5.40
January 29	5.00	3.10	N.A.	N.A.	3.05	N.A.	9.00	N.A.	3.40	N.A.	5.75
February 5	4.75	3.10	N.A.	N.A.	3.05	N.A.	N.A.	5.75	3.85	N.A.	6.00
February 12	4.75	3.10	N.A.	N.A.	3.05	N.A.	N.A.	5.75	3.85	N.A.	6.40
February 19	4.30	3.10	N.A.	N.A.	3.05	N.A.	N.A.	5.65	6.00	N.A.	7.00
February 26	4.25	3.00	N.A.	N.A.	3.30	N.A.	N.A.	5.50	6.00	N.A.	8.00
March 4	4.25	3.00	N.A.	N.A.	3.30	N.A.	N.A.	5.50	6.50	N.A.	8.00
March 11	4.00	3.00	N.A.	N.A.	3.55	N.A.	N.A.	5.35	7.00	N.A.	8.50
March 18	4.60	3.00	N.A.	N.A.	3.55	N.A.	N.A.	5.35	N.A.	7.00	N.A.
March 25	4.60	3.00	N.A.	N.A.	3.55	N.A.	N.A.	5.50	N.A.	8.20	N.A.
April 1	4.60	3.00	N.A.	N.A.	3.55	N.A.	N.A.	6.00	N.A.	8.50	N.A.
April 8	4.55	3.00	N.A.	N.A.	3.55	N.A.	N.A.	6.00	N.A.	8.50	N.A.
April 15	3.90	3.25	N.A.	N.A.	3.55	N.A.	N.A.	6.50	N.A.	8.70	N.A.
April 22	4.35	3.25	N.A.	N.A.	3.95	N.A.	N.A.	7.25	N.A.	8.70	N.A.

NAME AND ADDRESS — SLADE & STEWART LIMITED—VANCOUVER, B.C. — STATEMENT 3—PURCHASES

LAID-DOWN COST OF MOST RECENT PURCHASES—In cents per pound

Date	Oranges Calif. 288	McIntosh Fancy Apples B.C. 125–138	Celery B.C. No. 1	Celery B.C. No. 2	Potatoes Gems B.C. Canada No. 1	Tomatoes B.C. hot-house	Cabbage local and Alta. green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported No. 1 washed	Onions B.C. No. 1 yellow
1947	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
October 2	3.67	2.63	2.25	N.A.	2.75	2.63	3.50	N.A.	2.00	N.A.	3.36
October 9	3.92	2.63	2.25	N.A.	2.75	2.98	3.50	N.A.	2.00	N.A.	3.36
October 16	3.92	2.63	2.25	N.A.	2.75	3.46	3.50	N.A.	2.00	N.A.	3.36
October 23	4.14	2.63	2.25	N.A.	2.75	3.46	2.50	N.A.	2.00	N.A.	3.36
October 30	4.27	2.63	2.00	N.A.	2.75	3.68	2.50	N.A.	2.00	N.A.	3.36
November 6	4.12	2.63	2.00	N.A.	2.75	3.72	2.50	N.A.	2.25	N.A.	3.36
November 13	3.62	2.63	2.00	N.A.	2.75	4.46	2.50	N.A.	2.25	N.A.	3.36
November 20	3.40	2.63	2.98	N.A.	2.75	5.25	2.50	N A.	2.25	N.A.	3.86
November 27	3.15	2.63	4.25	N.A.	2.75	6.13	4.25	N.A.	2.25	N.A.	3.81 A.
December 4	3.05	2.63	4.25	N.A.	2.75	6.08	4.25	N.A.	2.25	N.A.	3.81 A.
December 11	3.05	2.63	N.A.	N.A.	2.75	6.08	4.25	N.A.	2.25	N.A.	3.81 A.
December 18	2.90	2.63	N.A.	N.A.	2.75	7.00	4.66 A.	N.A.	2.25	N.A.	4.71 A.
December 24	2.90	2.63	N.A.	N.A.	2.75	7.00	4.66 A.	N.A.	2.25	N.A.	4.71 A.
December 31	3.55	2.63	N.A.	N.A.	2.75	N.A.	4.66 A.	N.A.	2.25	N.A.	4.71 A.
1948											
January 8	3.67	2.63	N.A.	N.A.	2.75	N.A.	4.70 A.	N.A.	2.50	N.A.	3.80
January 15	3.82	2.63	N.A.	N.A.	2.75	N.A.	4.70 A.	N.A.	2.50	N.A.	3.80
January 22	4.07	2.63	N.A.	N.A.	2.75	N.A.	4.30	N.A.	2.50	N.A.	3.80
January 29	4.07	2.63	N.A.	N.A.	2.75	N.A.	4.30	N.A.	2.50	N.A.	3.80
February 5	3.32	2.63	N.A.	N.A.	2.75	N.A.	N.A.	4.00	2.75	N.A.	3.80
February 12	3.22	2.63	N.A.	N.A.	2.75	N.A.	N.A.	4.00	4.00	N.A.	3.80
February 19	3.55	2.63	N.A.	N.A.	2.75	N.A.	N.A.	4.00	4.00	N.A.	3.80
February 26	3.55	2.63	N.A.	N.A.	3.00	N.A.	N.A.	4.00	4.00	N.A.	3.80
March 4	3.55	2.33	N.A.	N.A.	3.00	N.A.	N.A.	4.00	4.00	N.A.	3.80
March 11	3.87	2.33	N.A.	N.A.	3.25	N.A.	N.A.	4.50	4.00	N.A.	3.80
March 18	3.87	2.33	N.A.	N.A.	3.25	N.A.	N.A.	3.90	N.A.	6.40	N.A.
March 25	3.87	2.33	N.A.	N.A.	3.25	N.A.	N.A.	5.40	N.A.	7.62	N.A.
April 1	3.87	2.33	N.A.	N.A.	3.25	N.A.	N.A.	6.00	N.A.	8.76	N.A.
April 8	3.82	2.33	N.A.	N.A.	3.25	N.A.	N.A.	5.50	N.A.	8.04	N.A.
April 15	3.26	2.58	N.A.	N.A.	3.25	N.A.	N.A.	6.00	N.A.	8.30	N.A.
April 22	3.63	2.58	N.A.	N.A.	3.25	N.A.	N.A.	6.84	N.A.	8.18	N.A.

STATEMENT 4—ANNUAL SALES AND PROFITS

NAME OF COMPANY: SLADE & STEWART LIMITED

FISCAL YEAR ENDED: DECEMBER 31ST.

——	1939	1940	1941	1942	1943	1944	1945	1946	1947
	$	$	$	$	$	$	$	$	$
Sales	1,708,099	1,913,272	2,153,015	2,773,775	4,187,226	4,721,908	5,690,882	6,324,599	7,069,544
Cost of sales	1,491,212	1,660,293	1,851,293	2,384,580	3,670,140	4,202,456	5,033,278	5,525,475	6,137,764
Gross profit	216,886	252,978	301,722	389,194	517,086	519,452	657,604	799,123	931,780
Commissions earned	.....	.....	.....	.....	.....	.....	.....	.....	.....
Miscellaneous income	1,809	948	1,202	3,236	3,780	2,113	3,102	3,827	714
Gross revenue	218,695	253,927	302,924	392,431	520,866	521,565	660,707	802,950	932,495
Executive or partners' salaries	9,249	8,539	13,080	16,120	23,100	25,594	26,116	33,327	28,731
Other salaries and wages (include commissions to salesmen)	102,194	119,409	135,747	162,425	193,117	201,748	240,948	295,698	340,580
Other operating expenses	95,094	101,088	112,122	120,353	150,520	184,384	206,689	259,639	350,847
Total expenses	206,538	229,036	260,950	298,899	366,739	411,727	473,754	588,665	720,160
Operating profit before taxes on income	12,157	24,890	41,974	93,531	154,127	109,837	186,952	214,285	212,334
Investment income	.....	.....	.....	.....	.....	.....	.....	.....	.....
Interest paid	330	4	.....	14	.....	.....	.....	31	3,025
Profit before taxes on income	11,826	24,885	41,974	93,516	154,127	109,837	186,952	214,253	209,309
Provision for taxes on income	3,996	12,865	18,302	56,281	100,962	62,739	129,775	138,500	92,500
Net profit	7,830	12,020	23,671	37,235	53,164	47,098	57,177	75,753	116,809
Percentage gross profit to sales	12·7%	13·2%	14·0%	14·0%	12·3%	11·0%	11·6%	12·6%	13·2%

STATEMENT 5—MONTHLY SALES AND PROFITS

NAME OF COMPANY: SLADE & STEWART LIMITED

Month	Sales	Gross profit	% Gross profit to sales	Commissions and miscellaneous income	Operating expenses	Operating profit*
	$	$	%	$	$	$
1946—January	434,877	42,719	9·8	.....	36,767	5,951
February	413,588	42,240	10·2	.....	34,900	7,340
March	503,644	58,122	11·5	.....	40,751	17,371
April	534,411	59,693	11·4	368	42,077	17,985
May	566,895	78,350	13·8	625	48,740	30,236
June	550,723	58,823	10·6	31	42,605	16,249
July	577,005	77,470	13·4	71	50,312	27,228
August	573,345	82,184	14·3	.....	52,349	29,834
September	526,500	67,999	12·9	14	50,617	17,396
October	552,460	79,511	14·3	65	54,543	25,033
November	544,493	66,299	12·1	2,286	53,485	15,100
December	557,651	85,707	15·3	331	81,513	4,526
	6,324,599	799,123	12·6	3,795	588,665	214,253
1947—January	493,773	53,327	10·8	.....	48,147	5,180
February	437,634	49,393	11·2	271	47,011	2,653
March	557,712	64,644	11·5	65	52,199	12,509
April	574,431	76,569	13·3	30	56,384	20,215
May	658,476	80,150	12·1	240	59,531	20,859
June	637,443	78,654	12·3	.....	60,102	18,552
July	595,601	74,125	12·4	7	56,819	17,313
August	622,359	77,255	12·4	(382)	63,317	13,555
September	622,342	76,379	12·2	382	60,875	15,885
October	705,013	85,382	12·1	30	63,130	22,281
November	564,887	96,919	17·1	20	67,961	28,978
December	599,866	118,979	19·8	(2,975)	84,677	31,326
	7,069,544	931,780	13·1	(2,310)	720,160	209,309
1948—January	491,393	50,177	10·2	.....	43,841	6,335
February	452,762	53,199	11·7	(2)	44,302	8,895
March	519,593	56,697	10·9	.....	48,481	8,216

* Before provision for taxes on income.

By Mr. Monet:

Q. I see, Mr. Bowers, that this company has some affiliated companies like Pacific Gamble Robinson Company, Seattle, Washington, and there are a few others. Can you tell the members of the committee what relation there is between the various companies?—A. Pacific Gamble Robinson is the parent company and the other companies listed—Ryan-Wilson Company, Victoria; A. P. Slade, Victoria; the F. R. Stewart Company, Kamloops; and the F. R. Stewart Company, Penticton—are all separate companies. The stock of those individual companies is owned by the parent company.

Q. By Pacific Gamble Robinson?—A. That is correct.

Q. What relation is there between Pacific Gamble Robinson and Slade Stewart?—A. Following the same thinking as that contained in the evidence this morning I would say that Pacific Gamble Robinson is the parent of Slade Stewart.

Q. Is Slade Stewart related also to the Gamble Robinson Limited which carries on business in Ottawa and in the province of Ontario?

Mr. LESAGE: They are brothers.

The WITNESS: Following the same theory that relationship would be right.

By Mr. Monet:

Q. Mr. Bowers, does the financial statement submitted in answer to the questionnaire include all these other companies or just the operations of Slade Stewart?—A. It includes just the operations of Slade Stewart.

Q. That is the information for which you were asked?—A. That is correct.

Q. Would you tell or describe to the members of the committee the nature of the operation of Slade Stewart? Give the general nature and describe the operation?—A. It is a wholesale distributor of fresh fruits and vegetables, together with some other commodities more or less allied to fresh fruits and vegetables.

Q. Did you say you handled other commodities?—A. Yes. We handle some butter, eggs, cheese, figs, dates, nuts, and a few canned goods—not many.

Q. Can we take it that the main business of the company concerns the handling of fruits and vegetables?—A. That is right.

Q. To what extent does the fruit and vegetables endeavour constitute the total volume of business?—A. That has varied a little in the last few months, in fact since the latter part of last year. Prior to the end of 1947 I would say 70 per cent to 75 per cent of the business was that of fresh fruits and vegetables, and the remaining 25 or 30 per cent included all other commodities. Since the first of the year that proportion has been changed.

The VICE-CHAIRMAN: The first of this year?

The WITNESS: Since the first of 1948. I would say that now the figure for fruits and vegetables would be somewhere between 50 per cent and 60 per cent, and the remainder would be allied goods.

By Mr. Monet:

Q. Dealing with fresh fruits and vegetables only, Mr. Bowers, would you tell the members of the committee whether you deal in domestic products only or whether you deal in both domestic and imported produce? When I speak of imported produce I mean produce brought in from a foreign country?—A. Yes, we deal in both domestic and imported produce.

Q. What proportion would represent domestic produce and what proportion would be imported?—A. Of the total business or just of the fresh fruit and vegetables?

Q. During the remainder of the afternoon my questions will deal only with fresh fruits and vegetables.—A. Up to the end of last year 35 per cent of our entire fruit and vegetable business was domestic and 65 per cent was imported

but the percentages have also changed. I am just trying to figure out in my head what the percentage would be now after the import restrictions. That import figure would be broken down to cover 15 per cent bananas, 25 per cent prohibited items, and 25 per cent quota items. The prohibited items have been modified slightly, say to 37½ per cent, and taking it all into consideration I would say that possibly 40 to 50 per cent of our present fruit and vegetable business is in connection with domestic produce.

Q. At the present time?—A. Yes.

Q. Yes, now how do you handle that domestic produce? Do you handle it on commission or do you handle it both on commission and by way of outright purchase?—A. Very little of it is handled on commission. Some of it is handled on commission but mostly that is done at the request of the growers.

Q. When you say "very little" how much would it be?—A. Just a few commodities, and when I say "Just a few commodities" that would be hothouse tomatoes and strawberries. Those are handled on a consignment basis or on commission.

Q. You would not handle on commission such products as carrots, onions, and lettuce?—A. No, those would be bought.

Q. Those would be purchased outright by the company?—A. Yes.

Q. And sold for company benefit?—A. That is correct.

Q. With respect to this produce sold on a commission basis what is the amount of commission which you charge?—A. 12½ per cent is the customary commission.

Q. How long have you been in the fruit and vegetable business?—A. Are you speaking about my own personal experience?

Q. Yes.—A. Thirty years.

Q. Thirty years, so you must be familiar with the marketing operations both in eastern and western Canada?—A. I have never operated in eastern Canada but I suppose you could say I had some knowledge of the operation.

Q. I think it would be very interesting if you would give the members of the committee some views or observations on the most important differences between the marketing operation in eastern and western Canada?—A. After listening to some of the testimony this morning the impression I have is that the eastern operator is of the first generation—Johnny-come-lately fellows—and in the west they seem to have quite an extensive family tree.

The VICE-CHAIRMAN: That was too fast for me.

The WITNESS: That was not too serious a remark and perhaps I should confine myself slightly. I would like to say that I do not know whether I am qualified to make a comparison, never actually having conducted an operation in the east. If you want my opinion or my impression I will be glad to give it, but I feel that perhaps this committee has received impressions in respect to the fruit and vegetable wholesalers that may have been conflicting and I certainly do not want to add to your confusion.

By Mr. Monet:

Q. I do not think it would add to the confusion but I want to know if there are any important marketing differences as between eastern and western Canada—A. By eastern Canada—

Q. I will leave it to you. You are the one who knows and I would ask you to give the members of the committee the important differences if there are any, between the marketing systems in eastern and in western Canada? Let us perhaps confine ourselves to the Montreal and Toronto markets.—A. My impression of operations on the Montreal and Toronto markets as compared with operations in western Canada would lead me to say that, as compared with Vancouver particularly, the main difference is that on the Toronto and Montreal

markets a complete distribution service is not conducted by one operator. I mean by that statement that someone must receive carload lots at a terminal, and in order to get the widest possible distribution smaller quantities have to be delivered, displayed, and sold to all retail stores in the city proper and throughout the whole area. In the west—I am thinking particularly of Vancouver but I think it is generally true in western Canada to the Pacific ocean—that entire service is conducted by one operator. My understanding is that on the Toronto and Montreal markets that is not the case. They have wholesalers, primary jobbers, secondary jobbers, and they split up the operation among several participants. That I think would be the fundamental difference. It is my impression of the fundamental difference between the particular markets mentioned.

Q. Would that difference in the long-run affect the price paid by the consumer?—A. I do not think anything affects the price paid by the consumer except supply and demand.

Mr. LESAGE: Unless the price is controlled?

The WITNESS: It is a matter of opinion as to whether it would affect their costs of operating that service.

By Mr. Monet:

Q. I was coming to that as the second question but first I want to deal with the consumer. You say it would not affect the price as far the consumer is concerned?—A. That is my opinion.

Q. How would it affect the mark-up of the wholesaler?—A. Again the mark-up of the wholesaler depends upon the market price and what he pays for the merchandise. I guess there are operators who occasionally buy under the market and there are others who occasionally sell over the market, but as a whole an operator buys on the market and sells on the market. His price fluctuates and his costs fluctuate and therefore his margin of profit must, of necessity, fluctuate.

By Mr. Lesage:

Q. Given a certain market price which would be the same in western and eastern Canada, if you have more intermediaries in eastern Canada than you have in western Canada necessarily the margins taken by each will have to be squeezed?—A. I do not understand you. If you had more what?

Q. If you had more intermediaries?—A. That is right. I did not hear you the first time.

Q. Their margins will have to be squeezed if there is the same spread in eastern Canada as there is in western Canada?—A. We are talking about a perishable product the life of which is not measured in weeks or months or even in days. The life of that produce is measured in hours and regardless of any other factor the price paid to whoever is selling depends upon two things. The first factor is whether anybody is selling the same quantity for more or less, and the other factor is the quality of the commodity. Let us take for instance a carload of strawberries or perhaps a commodity which is not so highly perishable. We could take lettuce—if we can still remember what lettuce looks like—and lettuce which is fresh will command one price but lettuce which is two days old would, of necessity, be sold at a cheaper price.

Q. Given the same produce and the same cost, and the same retail price, if you have more intermediaries necessarily and inevitably their mark-up will have to be lower in the east than it is in the west where there are fewer intermediaries?—A. That is true, but not for the reason which you have suggested. Remuneration should be in proportion to the service rendered. Now if one party operates a complete service including as it does in the west, service,

solicitation, delivery, display, dealer service, merchandising advice,—even to suggesting retail prices which will move commodities faster—that service costs a certain amount.

Q. Pardon me, I am not talking about profit I am talking about margin. I did not imply that service would be irregular?—A. Unfortunately we cannot base prices upon what it costs us for handling, nor can we base the selling price on the actual cost of the merchandise. We handle perishable merchandise which must be sold today or tomorrow or as quickly as possible and we must sell on the market at whatever the market price is. I do not want to be repetitious but after thirty years experience I am convinced that in handling fresh fruit and vegetables there is only one thing which sets the price and that is supply and demand.

The VICE-CHAIRMAN: Your answer indicates that there is a slight misunderstanding between you and Mr. Lesage.

Mr. LESAGE: It is quite all right.

The VICE-CHAIRMAN: I think there was.

Mr. LESAGE: No, no.

The VICE-CHAIRMAN: Mr. Lesage at one stage asked what would be the situation with regard to the mark-up and these questions followed afterwards. I do not understand that the aim of the questions was to elicit whether the price was affected by mark-up but rather whether mark-up was affected by more or fewer intermediaries.

Mr. LESAGE: Yes.

The VICE-CHAIRMAN: Personally I thought if you had the same set of conditions at the end as you had at the beginning it would only be a matter of arithmetic to say that more intermediaries would be bound to affect the mark-up. The intermediaries could not all get the same spread if the selling price was immovable.

Mr. LESAGE: Yes, and I think the witness agrees. It is because they split the various services that they take their mark-up.

By Mr. Monet:

Q. This service about which you speak would, I understand, cause you to take a larger mark-up than those who would not give that service? Would that be right?—A. I would say your general ideas of merchandising are based upon what it costs you to do business. We do some business, very little, whereby the retailers call for and haul away their own merchandise. Our ideas of price to those fellows would not necessarily be the same as in the case where we solicit the business and deliver the merchandise. There are a number of things that enter into it.

Q. That is why I wanted to point out the difference.—A. We are confusing the issue. I hear the expression "mark-up" quite often here but I never heard it in the industry until price controls came into effect during the war years. Mark-up was the expression used in connection with fruit and vegetables in lieu of the expression "ceiling prices". A ceiling price is pretty hard to apply because of the fluctuations in the market when supplies are heavy as against seasons when supply is short. The imposition of ceiling prices to perishable products would have been very difficult and mark-up was used in lieu of specific ceilings at that time. The merchandiser or the operator is not particularly concerned with mark-up. He tries to conduct a service and he tries to be paid for the service which he renders. He tries to make a profit, a reasonable profit. He does not try to buy merchandise cheaper than anyone else or sell it for more than anyone else, he tries to buy good merchandise, tries to distribute it, and tries to see that the grower gets a sufficient amount to pay him for the

growing. The merchandiser does all that with a selfish interest because, if he does not, the grower will perish and the merchandiser will get no supplies. The merchandiser also tries to see that the price to the consumer is low enough that the goods will move into consumption freely. The merchandiser must watch the intake and the outlet and he tries to perform an economic service and he tries to be paid for that service.

By Mr. Lesage:

Q. All those factors enter into the establishment of the market price do they not?—A. Generally, yes.

Q. Yes?—A. Generally you are conducting a service that costs so much. Let us say that it cost 12 per cent to do business. You are dealing with a commodity that is perishable and you are going to have to absorb some shrinkage and you are going to have to sell some merchandise at less than it costs. Even when you unload a car you have to sell some of it at less than cost. It is not very long ago that I dumped four carloads of bananas. I never sold one pound nor did I recover from the shipper. Your general over-all picture is such that you say to yourself "here, I am going to do so much business on this market". It is costing you so much—we will say 10 per cent or 12 per cent—it depends on the type of business which you are doing. You say to yourself "I need a mark-up of 3 per cent or 4 per cent or 5 per cent". That is the general picture.

Q. Generally?—A. Yes.

Q. There are other factors—there is the law of supply and demand—and other factors which affect the cost?—A. Yes.

Q. In a general way?—A. That is right.

Q. And generally cost enters into the establishment of the market price together with the law of supply and demand?—A. I agree.

Q. It is because, you said a moment ago, of the law of supply and demand—A. —which sets the day's market.

Q. The day's market, I agree, but cost does enter into the general trend of the market?—A. In the over-all plan the market is based on something fundamental, I agree with you.

Q. So you may have been taking a larger profit on account of that very condition, the market situation; but for a certain period, over a certain length of time, let us say a month or so, the trend of costs of produce has nothing to do with the establishment of prices?—A. Yes. However, you can carry your argument on further. I don't want to prolong this but you can carry it on further.

Q. Well, you can't —

The VICE-CHAIRMAN: Wait a moment. Let him answer.

Mr. LESAGE: I say, you may.

The WITNESS: Yes, you may. You can say that cost declines because of supply and demand, the supply is overtaking demand and that is the natural thing, that as soon as supply overtakes demand prices go down and it affects production as well as it does the price at the terminal market.

By the Vice-Chairman:

Q. I suppose the cost of your doing business, the necessary cost of your doing business, does have an influence on price in the sense that if you don't get enough to get along on you will have to get out of business and that will affect the supply and demand position and consequently affect price and the convenience to the public of your doing business will be withdrawn if you do not get enough money to make a living. In that way I suppose it can be said that cost does affect price.—A. I think that is true.

Q. It might take quite a while for you to break down and get out along with your facilities, but you would not suggest that would not influence prices, would you?—A. You mean, unless someone else has a little more confidence?

Q. Well, let us say they are not willing to benefit from your experience.—A. No. Unfortunately, they have to learn from their own experience. You don't learn this business out of a book.

By Mr. Monet:

Q. Now, Mr. Bowers, how do you make your purchases; where do you buy your produce from, I refer to your domestic produce?—A. We buy mostly direct from the growers or the growers organizations. In British Columbia as you probably know there are provincial marketing boards who have control of certain commodities and that is the main source of supply.

Q. To what organizations are you referring?—A. Well, B.C. Tree Fruits has a provincial marketing board which controls fruits, and also certain production in the Fraser Valley. That applies to apples. There are two vegetable marketing boards in British Columbia, one for the interior and one at the coast and they control the supply of commodities such as potatoes, onions, and some other root vegetables such as carrots, beets and turnips. This last few months we have bought most of our domestic supply through these provincial marketing boards.

The VICE-CHAIRMAN: These growers organizations are established by provincial law; isn't that right?

The WITNESS: That is right.

By Mr. Monet:

Q. Now, do you store any fresh fruits and vegetables?—A. Very little, occasionally we store potatoes, onions and some root vegetables.

Q. When you say small quantities, how much would that be?—A. Well, onions for instance, they may insist that you buy onions.

Q. When you say they insist, do you mean the growers?—A. It is sold through the provincial marketing agencies. You have your own source of supply of that particular commodity. You buy these onions at the end of the harvest season, say in October probably and put them in storage to use them in January, February, March and April if they keep that long. You inspect them weekly, but unfortunately due to growing conditions and possibly storage conditions sometimes you have to sell them all before that time. There are times when they keep over better.

Q. Well, then am I to understand that by the end of October you would have in storage your full supply of onions, sufficient to take care of your demand for weeks and months to come?—A. We might put enough onions in storage at the end of October or November to last us six or eight weeks but we would not use those onions until other onions have disappeared from the market. We would continue to buy onions from day to day as we went along and when the current supply of onions was exhausted if those onions we had in storage had held up we would bring them out and sell them, and they might run us into January, February or March. In the meantime, if they had not held up, we would have been forced to sell them.

Q. The ones you put in storage in October and November you do not take out to supply your customers, you deal with the onions that you could get in the market from day to day; is that your answer?—A. As long as those onions are in storage.

Q. Well then, coming back to this question of onions and increases in price, I suppose that you get the benefit of any increase in the price on these onions which you put in storage in October or November; I mean by that, the

benefit goes to you, not to the grower; would that be correct?—A. No, that would not be entirely correct. I told you that we continue to buy onions from the grower, or from the marketing board, as long as they have them to sell.

Q. But you already have your supply.—A. We have a supply which we intend to use in the spring but we continue to buy as long as they give them to us. I think probably the first onions we bought were around $60 and the last were around $9.

Q. Could you tell the committee whether the supply you had in storage the middle of November was large; could you give us some information on that?—A. Off hand I think we probably had 10 cars in storage.

Q. And they were purchased for storage purposes?—A. I think that is right, I am not sure.

Q. Well, we are dealing with storage onions. What I want to know is whether you had any in storage on November 17, any substantial quantity of other vegetables the same as you had onions?—A. No.

Q. You just had the onions in storage at the end of October?—A. We may have had a few potatoes in storage. Even at that time of the season we start storing potatoes in British Columbia and we try to get some of the better varieties from some of the better areas to see us through until spring. We may have had some potatoes in storage at that time. I don't recall. I do recall that we had to sell them before we intended to because they were shrinking very rapidly, as high as 15 to 20 per cent.

Q. Can you give members of the committee the approximate amount of potatoes you had by the middle of November, 1947, in storage?—A. I can guess—10 or 15 cars. We put some in storage after that.

Q. How many bags of potatoes are there in a car?—A. 300.

Q. Of 100 pounds each?—A. Yes.

Q. Now, Mr. Bowers, will you tell members of the committee how the company, Slade and Stewart Limited, and its associated companies can be compared to other companies as to the importance of its business? Is Slade and Stewart considered one of the largest companies in Vancouver?—A. Yes.

Q. Can you tell the members of the committee also if the competition on the Vancouver market is keen; is there keen competition in your trade?—A. I would not know any definition for competition except keen.

The VICE-CHAIRMAN: But still there is competition which is less keen than other competition, isn't there?

The WITNESS: I do not know. I have never found any other kind.

The VICE-CHAIRMAN: Oh well, but the word competition and the expression keen competition are not the same thing, are they?

The WITNESS: I am sorry I can't change my answer, it is still keen competition. That is still my opinion. Let us put it this way, unless you wish to get really academic about it; I would say that if you are interested in competition on the Vancouver market, we have various classes of competition. There are other firms similar to ours. I think there are six of us who are in the same block and we are all on Morris Street.

Mr. MONET: Oh, that is the place where they all get together.

The WITNESS: There are others who operate who do not have a chance to make full coverage of the cream of the market. We have several operators down on Pender Street; and I guess we would have at least 30 Chinese wholesalers in Vancouver. Now, you can only say a thing is good or bad, keen or dull by comparison, and I think if you ever had a Chinese operating in competition you would know that the definition which applies is keen.

By Mr. Lesage:

Q. Is your company a large company?—A. We are the largest individual operators. I think that would be a modest statement.

Q. Could you tell us what portion of the business you handle in Vancouver? —A. I can estimate it, yes. It would fluctuate. I would say about 30 per cent.

By Mr. Monet:

Q. Would you agree with me, that was the sense of my question, the more competition there is when the supply is low and the demand is large the more prices would go up?—A. Well, I would not agree with that. Sometimes the less competition you have under those conditions the more apt prices would be to go up.

Q. Well, if there is a large demand and a small supply is it not a fact that because many people want the goods the price is likely to go up?—A. Oh, that is inevitable.

Q. That is what I am asking you.—A. The larger the demand and the shorter the supply the higher the price goes.

Q. That is all I am asking you. That is why I asked you if competition on the Vancouver market is not very heavy?—A. I do not understand you.

Q. The word I should have used is "keen".

Mr. KUHL: Is not the effect of demand to send prices up when supply is short; and, is not the usual effect of competition to bring prices down?

Mr. MONET: If the supply is short and the demand is large it tends to send prices up. That is the logical thing, is it not?

The WITNESS: I would say in the fruit and vegetable business there are only two kinds of operators; the keen and the dead.

Mr. MONET: Let us forget the word keen, Mr. Bowers, if you don't like it; just answer my question: if there is a limited supply and a large demand and considerable competition, is it not a fact that the result of that will be that prices are likely to go up?

The WITNESS: The answer to that is, yes.

Mr. PINARD: From what you have told us, Mr. Bowers, you are one of the largest operators in Vancouver, you have said that you handle about 30 per cent of the sales. That being so, could you not give a lead to the market in the field of determining the price?

The WITNESS: I think the smaller operators, or some of them, would be inclined to follow the operations of larger concerns whom they considered sound, not necessarily simply because it is ourselves.

By Mr. Monet:

Q. Now, Mr. Bowers, I want to examine the statement which you filed in answer to my questionnaire, and I would refer you to statement 4. Would you please tell us the total amount of your sales for the year 1939?—A. $2,708,000.

Q. And the same question for the year 1947?—A. 7,069,000.

Q. So there would be an increase, according to my calculation, if it is correct, by about four times?—A. That is right.

Q. Now, I notice that your operating profits have increased substantially, they are as low as $12,157 in 1939, and they have increased to $212,334 in 1947; is that correct?—A. I haven't the figures, the percentages on that.

Q. I am asking you, just a moment, isn't that correct?—A. Yes.

Q. $12,000 to $212,334 in 1947?—A. That is right.

Q. And coming down to the net profit of the company, in 1939, it was $7,830, as compared to $116,809 in 1947?—A. That is correct.

Q. How do you account for that substantial increase in your net profit as between 1946 and 1947; your net profit in 1946 was $75,753 and in 1947 it was $116,809. Can you give us some explanation of that?—A. The explanation has already been given. I think you will find that the percentage in 1946 was low and in 1947 it was up 1·6 per cent. As between those two figures, the basic reason for the dollar increase is because we have done more business, we have had a larger volume of business.

Mr. LESAGE: Also, there is less taken out of profit for taxes in 1947 than in 1946. That would appear to be the main cause of the difference.

The WITNESS: That is right, it is up approximately 1 per cent. You will notice the tax rate is much lower for 1947, because of the modification in the excess profits tax.

Mr. PINARD: But you did not have the same difference between 1945 and 1946.

The WITNESS: There is just a slight increase as against 1945.

Mr. PINARD: That is what I say.

The VICE-CHAIRMAN: Your volume of business is shown in dollars as rising from $6,000,000 something to $7,000,000 something. Do those figures indicate the correct measure of the volume of business, or is the increase somewhat due to increase in prices?

The WITNESS: Part of it is due to better prices.

The VICE-CHAIRMAN: Volume also is greater?

The WITNESS: The tonnage also has been greater, that is right.

Mr. MAYHEW: Is this a consolidated statement for all your compaines?

The WITNESS: No, it is just our own.

By Mr. Monet:

Q. Is that only for fruits and vegetables, or does that include all commodities you handle?—A. That is for all our commodities; however, I think it is proper for me to say at this time—I noticed this morning that there was some confusion about the sales of another company. Now, our sales as shown here are sales to the retail trade.

Q. To the retail trade only?—A. Yes.

Q. It includes no transfers?—A. No, nothing sold to other jobbers or other affiliates. That would not appear in this. However, any profit made on these sales would appear on the gross profits.

Q. But you mentioned earlier in your evidence, Mr. Bowers, that your company was also handling such things as butter, eggs and other commodities. I want to know with respect to your statement No. 4, does that include everything you handle in your company as well as fruits and vegetables?—A. It includes all commodities.

Q. Would you also explain the increase of something like $91,000 under the heading of operating expenses in the middle of the page? Can you tell us of what that increase is made up?—A. No, not without an extensive breakdown. You see, we have a number of items involved in that other expense. One thing I know would be deliveries, which of course is included in that item; our delivery costs rose because of union contracts and drivers of these trucks and we had to adjust our delivery expense to offset that. That would be one of the reasons for the increase. The percentage of these deliveries in operating expenses in relation to volume is 4·1 in 1946 and 5 per cent in 1947, a difference there of almost 1 per cent. How it is made up I cannot tell you offhand. We have had, as Mr. McCallum mentioned this morning also, a pension plan which has only been inaugurated within the past few years, but what the cost to the company of that I do not know.

Q. Was it operating in 1946?—A. It was operating in 1946, as well as in 1947; however, the cost in 1947, has been greater than it was in 1946.

By the Vice-Chairman:

Q. And there is a rise there from 184 to 206 to 259 to 350; in these last four columns somewhere would be the first payment on this pension plan; is that so?—A. I think that is true; although it went up by fairly nearly equal steps, I think you have 206, and so on. I think our setup is a little peculiar on that pension plan in that the company is permitted to contribute a certain amount of their profits, a certain percentage of their profits each year and to spread it over a few years to pay for past services; therefore, the contributions of the company each year would have some relationship to what the statement showed as profits each year. In other words, it would not have been completed in one year.

The VICE-CHAIRMAN: I see.

Mr. LESAGE: Have you the percentage worked out for 1944 and 1945?

The WITNESS: The percentage of what?

Mr. LESAGE: Of other operating expenses?

The WITNESS: Yes, I notice it here. It is 3·9 in 1944, and 3·6 in 1945.

By the Vice-Chairman:

Q. Now, the effect, just following that question, if I get you correctly, of that profit sharing scheme in its nature is kneaded into the pension plan, worked into the pension plan; is that a true statement?—A. No, I do not think that would be correct, Mr. Maybank; the company is I understand it, and I am not too familiar with it, but it is worked out by—I do not know whether it was a percentage of profits applied in there to pay for past services for pensions—the pension is not a profit sharing plan, if that is what you mean.

Q. I see. What it amounts to is this, that the premium is fixed and you are permitted to pay half of the premiums out of profits and they are exempt from taxation?—A. The pension plan is under the government. It is just a matter of financing.

By Mr. Monet:

Q. Now, Mr. Bowers, would you take another look at that statement 4. I want to point out that the gross profit as a percentage of sales has fluctuated between the low of 11 per cent in 1944, and a high of 14 per cent in 1942, being 13·2 in 1947; that is correct, is it not?—A. Yes, that is right.

Q. Now, some previous witnesses from Toronto indicated that their margin of gross profits to sales were under 10 per cent—

Mr. LESAGE: Gross or net?

By Mr. Monet:

Q. Gross profit. Would you tell members of the committee if you in Vancouver require that gross profit margin, percentage of gross profit to sales, which is higher than what they have in Toronto; and if so, why?—A. I do not think there would be any difference because of the geographic location but if the amount of service rendered in Toronto is less than the service rendered in Vancouver that would create a difference all right. My impression is, and I may be entirely wrong, that some of the operators, in Toronto at least, do not conduct a full service.

Q. That brings us back to some of the different services which you described earlier in your evidence?—A. That is right.

Q. Which would cause your company to take a wider margin than that taken by some of the operators in the east?—A. It would not be because of our geographical location but it would be because of the service.

Q. The kind of services you described to the members of the committee a few minutes ago?—A. Yes.

(Mr. Mayhew took the chair.)

Mr. LESAGE: Are you leaving that page, Mr. Monet?

Mr. MONET: Yes.

By Mr. Lesage:

Q. Before you leave it I am looking at this line under the heading "miscellaneous income".—A. Yes, I have that located.

Q. Now how is it that is a smaller figure in 1947? It is the smallest figure of all.—A. That "miscellaneous income" includes items such as suspense, which we call credit awaiting recovery, railroad claims, and items which are not capitalized until the money is collected. There are only a few of those items such as railway claims, bad debt collection, and such things. There can be fluctuations each year.

Q. What about interest paid? This year you seem to be paying a huge amount of interest?—A. Where do you see that?

Q. It is $3,000 this year?—A. That is right. I guess we had to borrow more money.

Q. Because of the higher volume handled?—A. That is right.

By Mr. Monet:

Q. I would like you to turn to statement No. 5, Mr. Bowers, and I wish to point out the fact that during November and December of 1947 the gross profit was substantially higher than in the corresponding months of the previous year. How do you account for that fact?—A. The month of December is not a month upon which you can base any comparison even for one year against the next. In our operations we set up a merchandise reserve monthly as we go along, just the same as we set up a bonus reserve for employees who work on bonus. At the end of the year bonuses are paid, inventories are taken at price or cost—whichever is the lower—and reserves are cleaned up. Our actual profit for the month of December would be distorted for the reasons which I have just given.

By Mr. Lesage:

Q. What about November?—A. The percentage of gross profit shown in November would indicate we got a higher profit.

Q. I agree but how do you explain that? Why did you take a higher profit in November? There is quite a jump there.—A. I guess the market afforded us the opportunity to take that.

Q. And you grabbed it?

By Mr. Monet:

Q. In November for instance, if you will look at column 3 you will see that your percentage of gross profit to sale was 17·1 per cent as against 12·1 per cent for the corresponding month of the previous year?—A. That is right.

Q. Would you not consider that a substantial increase? That is an increase of 5 per cent?—A. Are you looking for something wrong with the figures or are you looking for what might have happened to cause that difference? Perhaps the month before might have been the month when I dumped the four cars of bananas. Maybe in this month I had no shrinkage at all. You would have to have quite a breakdown before you could establish exactly what the difference meant.

Q. I do not think I need to answer you with respect to your question as to whether there is or is not anything wrong. That may be up to the members of the committee but I do not think that even they will consider whether it is right or wrong. I want you to answer my question when I ask whether you do not consider this is a very abnormal increase? I am referring to the 5 per cent increase in the percentage of gross profit to sales between November 1946 and November 1947?—A. No, I do not consider there was anything abnormal about it.

Q. You do not think so?—A. It might occur at any time. If we take the month of July 1946 the statement shows the figure as being 14 point something per cent, and in July 1947 the figure is 12·4 per cent. There might be a variation at any period.

Q. Would you take any of the months of 1947 and tell me if you find one which shows an increase to the extent which is shown in November 1947?—A. There is no month that shows that much profit. I would give you another factor that might affect the situation. We might have made a mistake in taking the inventory either at the close or the beginning of the month.

Q. I am not going to assume, Mr. Bowers, we are not here for that, but would you tell us if that is what did happen?—A. No, I am only offering an explanation. You are asking and I am giving you some information as to what might have happened to cause the difference.

Q. But you do not know whether it is caused in that way or not?—A. No, I know those things have happened but I do not know in what months.

Mr. LESAGE: If we look at the price and the mark-ups on oranges and other things after November 17—

Mr. MONET: I think you will find the answer there.

Mr. LESAGE: The answer is there.

Mr. MONET: Yes, I know.

By Mr. Lesage:

Q. In November and December 1947 you said you were given an opportunity of securing higher mark-ups and you took that opportunity?—A. I beg your pardon, I do not believe I said exactly that.

Q. You said that you were given an opportunity?—A. I said the market afforded an opportunity probably for higher mark-ups and we apparently took it.

Q. And the market afforded that opportunity immediately after November 17, did it not?—A. Yes, I would say that would be a very contributing cause to the increase.

Q. It was not the cause, because the announcement on November 17 was th occasion for the trade to take higher mark-ups without any reason whatever?—A. Are you asking me a question or making a statement?

Q. I made the statement and I ask you if it is not correct?—A. No, in my opinion it is not.

Q. Why is it not correct, and how is it not correct?—A. Just exactly—would you mind rephrasing the statement? Perhaps I did not get it exactly right?

Q. The announcement of November 17 did not have any physical effect on the market right there, on November 17?—A. I disagree with that. I say it did have a physical effect on the market. It immediately cut off the supply of certain commodities and there were no more supplies of that kind.

Q. Yes, but on certain commodities there was still some supply at the same price—for instance oranges?

Mr. KUHL: That is a matter of fact.

Mr. LESAGE: I am asking the questions.

The WITNESS: I do not recall the exact market on any date with respect to any particular commodities but we have the record here.

By Mr. Lesage:

Q. Yes, we have the record here and in the case of oranges imports were going down?—A. I beg pardon, we have no such record. You have a record there of the cost and the selling price of size 288 oranges but you have no record of the cost and the selling prices of the others.

Q. We have the price of 288's?—A. Yes, with that I agree.

Q. With respect to those oranges the cost to you was going down?—A. I do not know, without referring to the record.

Q. I have it here in front of me?—A. That is right.

Q. And yet the price increased?—A. When?

Q. On November 27, to $5.75?—A. All right, on November 6 the price was $5.75.

Q. It was $5.37 as I have it here?—A. I guess I am out one line. On October 13 the price was $5.75.

Q. Yes, but I am speaking of the dates around November 17.—A. I am just trying to reconcile my figures. I think I must be out one line. I have it now.

Q. The cost of the oranges was going down?—A. The cost of 288's was down.

Q. The price to the retail trade was going up?—A. That is right.

Q. And the occasion for such an increase was given to the wholesale trade on November 17? It was not the cause but it was an occasion to take an increase?—A. No, I do not agree with that, if you are asking me.

Q. I am asking you. The cost was going down and the occasion for higher mark-ups was there?—A. Maybe I can explain it in my own words if you would like me to do so.

Q. Do that.—A. If I am going to drive from here to Toronto and make an average speed of 40 miles an hour, obviously at some point I will have to slow down to go through towns and I will have to slow down if I get behind traffic jams. I must of necessity go 15 or 20 miles an hour in some places and therefore there must be other places at which I must travel 50 or 60 miles an hour.

The ACTING CHAIRMAN: There must be some place where you must go below that speed.

The WITNESS: I perhaps keep a pretty good eye on the rear-view mirror. If you insist that I confine my observations to oranges—

By Mr. Lesage:

Q. That is all right, it is the same answer as that given by Mr. McCallum this morning.—A. Not exactly.

Q. I am talking about oranges size 288.

Mr. KUHL: Let the witness finish what he was saying.

Mr. LESAGE: Mr. Kuhl, would you please allow me to finish?

By Mr. Lesage:

Q. I am talking about 288's.—A. In the light of the comparison of the trip to Toronto you are insisting that I tell you at what speed I drove at a point 50 miles from here. It is quite true that the cost of 288's was going down but we advanced the price higher than it was either before or after that particular time.

Q. But the occasion for the advance in price on the market was the announcement of November 17?—A. No, it was not.

Q. It was not?—A. No.

Q. The announcement of November 17 had nothing to do with the market price of 288 oranges around that date and after that date?—A. It may have been a contributing factor but it was not the reason.

Q. It was not the reason?—A. No. You have picked out a particular size of oranges on a specific date and I admit freely that we took higher profit on those than we did on other sizes, and the price of that particular size may have been higher than either before or afterwards, but at the same time we were selling those oranges at less than we were selling them the year before, or five years ago when we were controlled by the price ceilings of the Wartime Prices and Trade Board.

Q. I completely agree.—A. Therefore, if you are trying to imply that the profit is unreasonable I would say there is nothing unreasonable about it. In the over-all picture that was the place where we should have gone 60 miles an hour.

Q. If you had known the reason I was asking those questions you might have answered them more freely. It has been said here many times that the increase in fruits and vegetables immediately after November 17 was due to the announcement of November 17 and that the increase had no relation to cause or effect.—A. I do not believe that I said that.

Q. No, but others have said it and I wanted you to contradict the statement and you have done so.

Mr. THATCHER: Yes, but—

Mr. LESAGE: Yes, but—that is Mr. Thatcher again.

Mr. MCGREGOR: Is it not a fact the market price went up because there was much less produce on the market and it had to go up?

Mr. LESAGE: The cost was down.

Mr. MCGREGOR: That may be so on oranges, just for the time being.

Mr. THATCHER: Mr. Bowers, would it just be coincidence that your profits were $60,000 in the last two months of 1947 as compared with $19,600 in 1946? Would it be coincidence?

The WITNESS: Where is that?

Mr. THATCHER: On statement 5.

Mr. MCGREGOR: Let us settle these things one at a time?

Mr. THATCHER: This is right on the point. Mr. Bowers suggested it may not have been government policy which resulted in those profits?

Mr. LESAGE: No.

Mr. PINARD: Not in so far as 288 size oranges are concerned.

Mr. MCGREGOR: Mr. McCallum at least gave evidence to the contrary.

Mr. THATCHER: Mr. Bowers said government policy might not have been responsible.

Mr. LESAGE: It was not.

Mr. THATCHER: What was it? I notice the profits are three times as high this year immediately after the embargo was imposed than they were a year ago? That cannot be coincidence?

Mr. LESAGE: You had better keep your coincidences for Moose Jaw.

The WITNESS: I cannot reconcile your statement with the figures. Where does it show the profit as being three times what it was the year before?

Mr. THATCHER: On statement 5. Take November and December figures. You have $28,000 and $31,000 in November and December?

Mr. MONET: What column?

Mr. THATCHER: Column 5, operating profit. That is $60,200 for November and December as against $19,200 for the same period the year before, which means that the profits were three times the size they were a year ago. I am not

blaming you, Mr. Bowers, but I am suggesting you were able to take a very much higher price as a result of the shortage created by the import and export embargo.

The WITNESS: If that is what you are trying to prove you are looking at the wrong column. Let us look at the gross profit.

Mr. LESAGE: Yes, the gross profit to sales.

By Mr. Thatcher:

Q. I am looking at the operating profit and if I have not suggested the reason for the increase would you tell the committee what the reason is?—A. It is very easy.

Q. I am glad of that.—A. You are asking why the net profit was higher?

Q. Three times what it was a year ago?—A. I could get a pencil and reconcile these figures for you. The expenses were higher to start with. If you will look at the column showing the operating expenses you will see that is part of it and the gross profit on merchandising is part of it.

Q. The expenses are higher in 1947?—A. Yes.

Q. Than they were in 1946?—A. Yes.

Q. That would make your operating profit less and you are worse off than you were before?

The ACTING-CHAIRMAN: The embargo was imposed on the 18th of November so more than half of November was gone.

By Mr. Thatcher:

Q. That would make the figure even less.—A. In comparison, when you are talking about profits three times as large, and if you want to talk about merchandising profit in terms of times as large—

Q. No, but your operating profit is three times as great as it was a year ago for the same period, and I have suggested a reason for that but it was not your reason. Now I could be wrong, and if so will you tell me?—A. One of the reasons is that we had more business. There was a bigger volume.

Q. Not very much?—A. $700,000 more.

Q. How much?—A. $746,000.

Q. I am talking about November and December.

Mr. MONET: That is about 42 per cent.

By Mr. Thatcher:

Q. $62,000 worth of additional business would not account for that difference. It is pretty obvious that you made much heavier profits in November and December as compared with the period a year before?—A. The figures speak for themselves.

Q. Yes, but not in the manner in which you have explained the situation. The figures show you made profits in a good many months and when the export embargo was imposed you were able to take even heavier profits.

Mr. LESAGE: They were given the occasion.

Mr. THATCHER: Yes, they were given the occasion.

Mr. PINARD: The witness did not say that the embargo prevented him from making profit, He is not going that far.

Mr. THATCHER: It allowed him to make heavier profits. The witness suggested that was not the reason but I suggest it was the reason.

The WITNESS: I think I am a little out of my field at the moment. I am trying to confine myself at this time to the merchandising operation and I feel that I am sort of out of place in the argument.

Mr. PINARD: If Mr. Thatcher would stop talking politics he could confine his attention to the figures. I think that is what the witness means.

The ACTING CHAIRMAN: You have to be a little bit fair about this.

Mr. THATCHER: All right, just a moment, Mr. Chairman. Mr. Lesage made a statement and I am just refuting the statement.

The ACTING CHAIRMAN: This is not a debate after that fashion. If you want to ask the witness questions ask them, and I think we ought to be fair.

By Mr. McGregor:

Q. After November 20 when the embargo went on, the cost price of oranges went lower after that date did it not? And after that date your supply was cut 50 per cent?—A. Yes, the embargo was imposed on November 17.

Q. And you still purchased oranges for less money?—A. That is right. We had no control over the supply and demand on the market and we pay whatever the market is. It is true that at that point production declined and it is true that in terms of market the price advanced.

Q. You bought oranges for less money and you sold them for more money?—A. I object to the term oranges because there were oranges for which we paid more and which we sold for less, but in connection specifically with the 288's we bought them for less and sold them for more.

Q. All right, now would you say that increased price for those oranges was not caused by the fact the embargo was imposed?—A. Yes, and I would like, gentlemen, to confine my testimony to my merchandising operation. I am not particularly interested in pulling chestnuts out of fires because I have too many to pull out for myself.

Q. That is quite right, but let us get this clear. Other firms represented here have said that the reason they got higher prices was because there was less of the particular commodity available on the market. Is that right?—A. I do not know; it may have been true on other markets.

Q. Then what was the reason that you got more for your oranges after November 20? Why did you receive more?—A. Because at that time there were 288 size oranges being offered on the Los Angeles market at so much and we paid the price.

Q. There were less oranges on the market?—A. On what date? On a specific date?

Q. After November 17?—A. That has been quite a long period.

Q. Let us deal with the period right after November 20 down to December.

The ACTING CHAIRMAN: I think you are confusing the situation a little bit. The supply of oranges was greater—that is where oranges are grown but our supply here was less because we were on quota.

Mr. MCGREGOR: That is the point I am trying to make. When you were put on quota you bought oranges for less money and you sold them for more money?

The ACTING CHAIRMAN: One particular group of oranges.

By Mr. McGregor:

Q. By virtue of the fact that oranges were not on the market you got more for them?—A. On what date?

Q. Let us say November 27?—A. On November 27 there were probably less oranges on the market because after November 17 we were on a quota and could only buy them on a quota. Inasmuch as ten days had elapsed by November 27 the effect would then be felt in the terminal market. If you want my opinion I think there were probably fewer oranges on the market on November 27.

Mr. IRVINE: That is the story.

Mr. McGREGOR: The reason you made $2.60 a case on oranges on November 27 was because the embargo had been put on?

The WITNESS: No, absolutely not. It was because the market for that particular commodity, that particular size of oranges, was so much. The reason for the market price might have been weather conditions, or a number of other things.

Mr. IRVINE: It might have been those things but what was it? It might have been a thousand things?

The WITNESS: I am sorry, my memory is not sufficiently good to remember all the conditions on the Vancouver market as of November 27. I was too interested in knowing what was going to happen to my own business.

By Mr. McGregor:

Q. What was the quota on November 17?—A. On citrus fruits?

Q. On oranges?—A. There was not a quota on oranges. There was a quota on a number of items and the quota was 50 per cent of your importations during the basic year.

Mr. LESAGE: But not for November? It was not 50 per cent for November? The quota was for a full three-month period from November 17 to December 31, so there was no shortage and the embargo was not felt until the 31st of December.

Mr. KUHL: There was an anticipated shortage.

(Mr. Maybank resumed the chair.)

By Mr. McGregor:

Q. We do not seem to be getting very far. The embargo was imposed on what date?—A. November 17. It was announced on the night of November 17.

Q. From that time on you could only bring in 50 per cent of the citrus fruits which you brought in before?—A. No, I do not believe that is right.

Q. I am just asking you?—A. I am trying to refresh my memory and I am sorry I cannot be more helpful. I think we were told that we would receive 50 per cent of our importations for the basic year. That 50 per cent was allocated by the quarters and periods but I do not recall off-hand what the first period was. The 50 per cent of the importations in the basic year was to cover a group of commodities including apples, onions, citrus fruits—lemons, grapefruit, oranges —and potatoes. I think I am correct.

Mr. McGREGOR: Does competition come into the category of citrus fruits?

The VICE-CHAIRMAN: Oh, no, he didn't say that; he said citrus fruits, and then he went on to say these other things.

Mr. McGREGOR: I beg your pardon?

The VICE-CHAIRMAN: I say he answered your question and in doing so he dealt with citrus fruits and then he subdivided that and included certain other things.

The WITNESS: That is not a matter of opinion, that is a matter of record. You know what commodities are on a quota basis as well as I do, and what commodities are included under these restrictions and quotas.

By Mr. McGregor:

Q. Would you say then that there were more oranges coming in after November 20, than before?—A. You mean, from November 20, up to now compared to the same period of the previous year?

Q. Or from November 20, to the end of the year?—A. Coming into where? I think on some commodities they were equal to if not larger than they were for the previous year. I do not think they were in Vancouver, no.

Mr. LESAGE: May I ask—

The VICE-CHAIRMAN: Wait just a moment, Mr. Lesage, Mr. McGregor is asking a question and he does not wish to be interrupted. Unless he is willing, I am afraid you cannot interrupt him.

Mr. LESAGE: I think, Mr. Chairman, there is something the witness was going to answer.

The VICE-CHAIRMAN: Now, just a moment, Mr. Lesage; if Mr. McGregor does not wish to be interrupted then we must let him proceed.

Mr. MCGREGOR: If he can throw any light on it I would like to have it.

The VICE-CHAIRMAN: All right, go ahead then.

Mr. LESAGE: The quota, 50 per cent of the quota was on imported fruit from November through to December 31, and that was 50 per cent of the three-month period for the previous year, which meant that from November 17, to December 31, they were allowed practically the full quota for that period.

The VICE-CHAIRMAN: Fifty per cent of the quota for that period would be 100 per cent for half the period, so that in the time involved it would amount to the full quota.

Mr. MCGREGOR: We haven't got any light on it yet.

Mr. LESAGE: No? Maybe not.

By. Mr. McGregor:

Q. I would like to ask the witness did he handle as many oranges after November 17, as he had been handling before; and, if he handled as many oranges as he wanted to handle?—A. Since when?

Q. After November 17?—A. No.

Q. Your answer is no?—A. Correct.

Q. Then the reason you got the higher price was because there were less oranges on the market?—A. That was probably a contributing factor, yes.

Q. Would there be other contributing factors?—A. There are a number of factors which all contributed. I stated that some time ago in my opinion, and after all it is my opiinon still, that the thing that controls price is supply and demand.

Q. Surely, that is the very point I wanted to get; it is supply and demand? —A. That is right.

Q. And the embargo went on on November 17, and after that you made a greater profit and you jumped from a November 13 profit of $1.65 to—what—on November 27, your profit was $2.60; in view of the fact that the oranges were not on the market, is that right or is it wrong?—A. There must have been some error there. We would not have sold it at that price.

The VICE-CHAIRMAN: Excuse me—

Mr. MCGREGOR: Oh, no—

The VICE-CHAIRMAN: Excuse me just a moment, Mr. Bowers; when Mr. McGregor made the statement he did he intended to ask you if it was not because the oranges were not on the market. Surely you did not understand him to mean that there were no oranges on the market. Surely you understood him to mean that oranges were in very short supply? Don't you realize that that is what he meant?

The WITNESS: I may be a little dense.

The VICE-CHAIRMAN: You did not understand him to mean that?

The WITNESS: To mean what?

The VICE-CHAIRMAN: He said to you, you got such and such a profit by reason of oranges not being on the market. Now, didn't you understand him to mean by that that the oranges were in short supply on the market? I am only dealing with the question of whether or not you understood his question.

The WITNESS: That is right; yes, I understood that.

The VICE-CHAIRMAN: Then you gave him this answer; there must have been some oranges on the market or you could not have made a profit.

The WITNESS: Then I apologize and ask to withdraw.

The VICE-CHAIRMAN: Your answer certainly was not responsive to his question.

The WITNESS: The point I am trying to get at is—remember, I think we are talking about two different things; Mr. McGregor is talking about the oranges on which we made a profit, but in the figures shown here there are quite a number of different sizes of oranges.

Mr. MCGREGOR: Certainly, I realize that.

The WITNESS: Oranges of different and varying types.

By Mr. McGregor:

Q. I quite realize that. I have asked a similar question to the witnesses who have appeared here. Now, I ask you again, was it not because oranges were in short supply and in great demand that you were able to make a profit of $2.60, as against $1.63, just the day before the embargo went on; why, if oranges were not in short supply, would you have been able to sell those oranges at such an increase in price? Why would you not have sold them at the same price at which you had sold them the day before?—A. Or less, if the quantity was sufficient.

Q. Yes, certainly.

Mr. THATCHER: Then, are you agreeable to Mr. McGregor?

The WITNESS: If the price on these oranges was caused by the shortage?

Mr. MCGREGOR: Yes.

The WITNESS: Yes, I will agree with you to silence the argument.

The VICE-CHAIRMAN: Mr. Bowers, just a moment now; that is not the purpose of the question, to get an agreement in order to silence Mr. McGregor who was trying to elicit from you such information as you could give as to the reason for this increase in your profits. What was the reason of this increase in profit; I think that is the point involved. Now, then, an answer is not requested from you in order to silence any argument. If you cannot give the answer then that is the appropriate thing to say; but your answer to him is not a proper answer to a proper question. Now, would you go on.

Mr. MCGREGOR: If I can't get an answer there is no use going on. When the same question was put to other witnesses who have been here their answer has been that it was a question of supply and demand, and that when the embargo was put on the supply was cut down and they took advantage of that to get higher prices; to which I agree, and probably would have done the same myself.

The WITNESS: Mr. McGregor, here is where I am involved in that picture. I have already stated that price is determined by supply and demand, and I still agree in that view quite firmly. What I have said to you is that you tie it in to a question where you have got this price on a case of oranges and then you say it was caused by so and so. Now, I agree that we got that price on oranges because oranges were short on the market at that time, but the point

that I have tried to convey to you in answering your question, I was not trying to evade something I know, but because I do not know. I do not know what caused it. Oranges were short in that size and demand was strong.

Mr. McGregor: Was there a shortage of oranges in the United States, or at the place where they are grown at that time?

The Witness: No, there was no shortage of oranges in the United States.

The Vice-Chairman: Now, you have got the answer to that question. Have you any other questions?

By Mr. McGregor:

Q. If there was not a shortage in the United States and the price jumped up here then why was it the price went up?—A. Because they were short up here.

Q. Why?—A. Because we were short at the time.

Q. Answer me yes or not; you were short here because the government put the embargo on?

The Vice-Chairman: Excuse me just a minute.

Mr. Lesage: The witness is trying to evade that point.

The Vice-Chairman: The witness has not yet had a chance to answer the question and he won't be able to if you keep interrupting.

Mr. McGregor: He can't answer it.

The Vice-Chairman: He has not had a chance on account of these interruptions. If he desires to assume the responsibility of making an answer to that question; of course, he may; on the other hand, that is one of the facts which it is left to this committee to try to determine and to draw whatever inference it will. Personally I go along with you a certain distance. Do you wish to answer that question, Mr. Bowers?

Mr. Lesage: On your point of order, Mr. Chairman—

The Vice-Chairman: It is not a point of order. I did not make a point of order, I just made a statement as to the question put to the witness. If the witness wants to draw an inference and answer a question of that kind, that is all right; if he wants to answer it he may, and if he does not want to answer it he does not need to.

The Witness: I have no desire to evade answering any question, but if it is one that I cannot be sure about—that may have been a contributing factor. We have had a shortage of oranges long before there were any restrictions, obviously; we have that situation whenever demand gets ahead of supply.

Mr. Thatcher: You have wasted half an hour of the time of this committee by refusing to answer that question.

Mr. Lesage: I do not think that is fair, Mr. Chairman.

Mr. Thatcher: I do.

Mr. Mayhew: All the witness has said so far—

Mr. Thatcher: We have five minutes left to stay here.

Mr. Irvine: Then don't let's waste another half hour arguing as to why we wasted the other half hour. Let's get on with our work.

The Vice-Chairman: Are there any other questions on this point? Have you some other questions on this point, Mr. Monet?

Mr. Monet: I still have one other question on oranges before I go on to other commodities.

The Vice-Chairman: We are very short of time now, you know.

Mr. Monet: I know, but I think this is a question which should be asked.

By Mr. Monet:

Q. Will you look at the selling price for January 8, January 15, February 5 and February 12; now, I understand that this was before the reimposition of price control on citrus fruits, was it not—February 5 and February 12, that was before the reimposition of ceilings on citrus fruits?—A. Yes.

Q. How do you account for the increase in price there?—A. Again, because of supply and demand.

Q. Do you mean because the supply was so short at that time; or larger, or what? I understand you were on a quota basis at that time?—A. Yes, we were on a quota basis from November 17.

Q. Were you able to supply larger quantities of oranges than in the previous quarter, or did you have a shorter supply?—A. You mean in January and February?

Q. January 8, January 15, February 5, and February 12?—A. We had quotas which did not cover any specific month, it covered quarters. I think that particular quarter covered four months; December, January, February and up to the end of March; if I remember correctly. Now, we could have used all our allotment in the first month had we wanted to but we tried to spread it over the period by allocating it out as best we could. We might have been able to spread it out quite evenly, but there is another thing that might have affected it, there might have been a strong demand for whatever supply there was of these 288 oranges; or it may have happened that they were not so popular and maybe they didn't want them; or, maybe we had a lot of 252's or something else in the lot; nevertheless, we have to sell all classes. As a matter of fact we might have had some 288's on hand which maybe we had to move, and we had maybe some of these other larger sized fruit which we also had to move.

Q. Now, there is one thing which I would like you to explain for the benefit of the members of the committee and I want this to be very, very clear. We have asked you for information on the 288's only because we could not ask you for complete information on every type of orange in which you deal. We picked this one because we had been informed that it was a standard and one of the most popular sizes. Would that be correct?—A. I would say it is a very popular type.

Q. Would you explain for the benefit of the members of the committee when you receive a carload of oranges how it is priced and the different grades that you have in it and if that has any influence or bearing on the price of one size in particular. I am informed that the prices may vary in the same carload, you may have to vary your price on the different sizes of oranges?—A. That is right.

Q. Would you explain that whole operation to us, please, because I would like members of the committee to be able to understand it. When you receive a car of oranges in Vancouver how many crates have you in that car?—A. 561.

Q. Would you explain to the members of the committee how you proceed when you receive these oranges with the varying sizes.

Mr. IRVINE: And how does it affect the price.

Mr. MONET: When you place an order for a carload of oranges—and let us make that very clear, it is very important for a correct understanding of this orange situation. When you place an order for a carload of oranges would you please tell us how you handle it?

The WITNESS: We attempt to buy by specific sizes, sizes that we know are in demand at the time, or which we anticipate will be in demand, but when we place an order we do specify size, we ask for what we would like, and they may send us any combination of sizes which they have on hand. No shipper will give us a specific size. Some shippers will try to come as near to it as they can,

others will just say you will have to take them as they run, with the result that when you get your cars they are sometimes close to the desired sizes and sometimes entirely different.

Mr. IRVINE: Do you mind if I ask just one question there? Do you pay according to size?

The WITNESS: We pay according to the scale of whatever the market is, and I might say that the price of the larger sizes is considerably more than the price on the smaller size as a rule.

Mr. IRVINE: That is what I mean.

The WITNESS: Now, when we place the order then you want to know how we know what we are going to get for them. Do you wish me to explain what happens then?

By Mr. Monet:

Q. Yes, I want you to explain right from the minute the order is placed through its arrival to its delivery to the retailer, and how you set the price for the different grades. I understood you to say that the price varies according to the different sizes that you get in a shipment?—A. That is right.

Q. I want you to explain that?—A. As to how we price this carload?

Q. Yes.—A. Well, under the existing regulations we are permitted a markup of 17 per cent. We figure out the cost as closely as we can and then we figure out what the 17 per cent on that is going to be and probably drop to the nearest figure below that and try to get that price. However, if there were some 126's or 150's we probably would have to drop the price down in order to move them, whether we got 17 per cent or 10 per cent or brought them down to cost or two bits under cost, because we have more money in them than we have in the 288's and they are perishable and have to be moved. In this business, you see, you are handling highly perishable merchandise and you have to forget everything about such things as cost. You have to handle your perishable commodities quickly, and where you have a highly perishable merchandise you worry more about getting your money back out of the shipment than you do about the margin of profit you are going to get. If you do not do that you will not be staying in the business very long. You try to get out your costs. If there are more of one size than another we try to get rid of the slow moving stuff first. We try to get the markup of 17 per cent, and that is the limit that we can get even on the 288's, which is a very popular size; and at times we can get more than that markup for them just on account of the demand but we are prohibited from getting more than the 17 per cent even on the 288's; therefore, we have to attempt to get the 17 per cent on the 126's and the 150's, and it very often happens that you get a dull market on these larger sizes and you just can't find anybody to buy them and you put the price down to a point where you think somebody will buy them. It depends on how many you have and what you can place. That is your yardstick. If you have only 5 cases you can probably find 5 operators to take them at a certain price before you get too low, but if you had 50 cases in there it is a much more difficult proposition.

Q. That is since the ceilings were put on, you are talking about the 17 per cent?—A. Yes.

Q. But even before the ceilings were reimposed I understood you to say that you have the same problem?—A. You had the same problem—except that if your stock on the 288's at 17 per cent—you can't get 30 per cent on them, even if you got nothing on the larger sizes.

Q. That is what I wanted to bring out; due to the fact that you lose or sell at cost price on certain sizes you bring about an increased price on other sizes; that would be correct?—A. When you sell something at a loss instinctively you are going to try to make it up by whatever the market will stand.

Q. Would that be one of the reasons why the selling price of the 288's was as high as it was; would that be one of the factors?—A. Very definitely.

By Mr. Pinard:

Q. In other words, you would take a higher markup of one size because you did not know what you would be able to get for the others?—A. We try to get a sufficient profit on a desirable item to offset a probable loss on an undesirable item, that is right.

Q. And there is no law preventing you from doing that?—A. I do not think we should be condemned for being zealous—

Q. It is not that. It is only natural that you would try to take advantage of the market when it is offered to you on a particular size, and you would be open to censure if you did not do that.—A. We are talking about this particular operation, this particular orange. I have to apply logic. They would want 288's, some of them, at a lower price. If any one dealer has a complete supply of a particular commodity on the market he could, and this sometimes happens, set his own price. It may happen that there is one individual small operator who just happened to have a good supply of 288 oranges when all the rest of us are cleaned out, naturally as they are in demand he will be the one who will set the price for the market on that commodity.

Q. But you could not go higher than the fixed markup.—A. I did not say that, or I did not intend to.

The VICE-CHAIRMAN: Those remarks were made when he was speaking about the period before the ceilings were imposed.

Mr. PINARD: That is what I thought.

Mr. IRVINE: Mr. Chairman, the explanation by the witness seems to be very clear to me, but it is not clear so far that there was an oversupply of a similar grade of oranges in the particular month in question. That may have been so but there is no evidence that it was so as far as I know.

Mr. PINARD: And it does not clear up why there was a loss or such a small profit on some other sizes.

The VICE-CHAIRMAN: It comes down to this, does it not Mr. Bowers; referring back to this time when oranges were at $5.75, around November 17, or 27—that is the 288's—and the spread as shown between your purchase price and your selling price, a rather large spread of more than $2—it comes down to this; I apprehend what you said to be that your orange business could not be judged as to its profitableness or unprofitableness by that markup, that would be a very high markup because of certain peculiarities or circumstances peculiar to the 288's as against the others?

The WITNESS: That is right, and if it were true, if that was their customary markup, it would be reflected in the percentage of gross profits in the months or years operations; and, as I see from the statement, it must have fluctuated considerably.

By Mr. Monet:

Q. Would you be able, Mr. Bowers, to give the members of the committee the percentage of markup on your oranges, on your dealings in oranges in 1947, on the different sizes of oranges?—A. No, I would not.

Q. Could you supply the committee with that later?—A. We have no commodity breakdown in our regular records, therefore it would be a terrific job to get it. We probably have 2,000 tickets a day going through the business and some of them may have oranges on them and some may not. To build up a record of that kind would be a very expensive undertaking.

Mr. PINARD: We were told by another firm it was 15 per cent, 15·92 of his business. Would it be about the same with you?

Mr. McCALLUM: The figure was 15·19, Mr. Pinard.

Mr. PINARD: Thank you.

The WITNESS: We have no such commodity breakdown, but oranges would be very different from any other commodity in our business. The percetnage of oranges we handle during our normal operations in unrestricted periods where there was a normal flow available—

Mr. MONET: Would it be much higher than the gross profits to sales for the period 1947, when you show 13·2?

The WITNESS: It will be around the average of all our fruit and vegetables, oranges, considered in the fruit and vegetable picture. I would say at present with restrictions possibly 15 per cent would be the figure of our oranges.

The VICE-CHAIRMAN: I know that no person is asking unnecessary questions, but it seems to me that we all decided to release this witness tonight. I just thought I would make that remark to you—unless there are some necessary questions further on oranges at this point—

By Mr. Monet:

Q. I have no more questions on oranges and there are five minutes left before we adjourn. There is a question I would like to ask about onions. You have said earlier in your evidence that you purchased a large supply of onions at the end of October to the middle of November last year and that you kept them in storage for six to eight weeks. Would that be the cost of the most recent purchases per pound which you have there on page 4, of the schedule—3·36 (that would be 3·36 per pound)—would that be correct?—A. You are referring to this 3·36 item on the top of page 4, the cost of the onions stored on October 2?

Q. Yes.—A. What is it you would like to know?

Q. I say, is this part of the onions that you purchased and put in storage to which you referred?—A. No, this would be the current price.

Q. Would you please tell members of the committee how you account for the very large increase in percentage of selling price say for instance on March 4, or March 11—or let us take the period from January 8, to the end of March, March 11, where the percentage runs as high as 55 per cent. Would you have some comment to make on that?—A. There is one. These figures are storage to some extent. Basically the price is normal, but the high increase in price was due to the extreme shortage of that commodity and when they were sold they could have been sold at $10 a sac just as easily as for what we got for them. That margin of profit is not as large as the statement would indicate and you will notice that there is a very consistent laid-down price.

Q. The price is $3,80 on January 8, and I see that for March 11—would not that be on some supplies purchased at the same time?—A. These would be the onions which were placed in storage at the end of October.

Q. So they were all purchased in October?—A. That is right.

Q. And they were sold at prices varying from the January 8 price of 5·40 to 8·50 at the 11th of March?—A. That is right.

Q. Now, you said a moment ago that you could have sold them as high as $10?—A. That is right.

Q. But you sold them at $8.50?—A. That is right.

Q. But don't you find a markup there of 50, 40, 45, 50 and 55; don't you consider that a little bit abnormal?—A. On that particular date I would say it was a very excessively high markup; however, as I started to say, it is not exactly what we could have done. These onions were placed in storage from the open market in Kamloops, B.C., in the fall. They were brought in and stored until they were sold during the period to which you are referring. When we brought them out there was a certain amount of shrinkage which would run all the way from 7 per cent to 20 per cent—let us say the average is 10 per

cent, I am sure it would be that much if not higher. We brought these onions out and we had to run them through and we had to rebag them. Instead of selling 100 pounds which we will say cost us $3.80, by reason of the average shrinkage of say 10 per cent we would only sell 90 pounds.

Mr. McGREGOR: Then the statement is not right.

The VICE-CHAIRMAN: You really have only given the cost of the onions without wastage?

The WITNESS: That is what we sold them for, but it is not the price at which we purchased on that date, because we did not buy any on that date.

Mr. McGREGOR: This statement calls for the most recent purchase. Was that or was it not the most recent purchase?

The WITNESS: The most recent purchase from what date?

Mr. McGREGOR: December 31.

Mr. MONET: That was $4.71. The onions you sold for $8.50 were purchased in October for $3.80.

By Mr. McGregor:

Q. You purchased no more onions after October?—A. Yes, we purchased on December 31.

Q. All right, why do you say on this statement these onions purchased at $3.81 are the most recent purchases?—A. I assume it is because I made a mistake. I thought you wanted the cost of the onions we were selling on those dates.

By the Vice-Chairman:

Q. In other words these $4.71 onions which are the last three dates in December, are apparently disposed of, and then you begin to sell those which had been bought a little sooner at $3.81? Is not that the answer?—A. That is right. We bought those in the spring.

Q. And consequently the witness is dealing with those most recently purchased as it affected the sale price about which we were making inquiries.

Mr. McGREGOR: We can quite understand that now but I for one am not a mind reader, and when I see this refers to the most recent purchase I take $3.80 as the most recent purchase.

Mr. MONET: I may say that is what I thought myself until a moment ago.

Mr. PINARD: Why were the onions purchased in October sold after the ones purchased in December?

The WITNESS: Because they were longer keeping onions than the ones purchased in December.

Mr. McGREGOR: You were holding them as a safety valve?

The WITNESS: Onions at harvest time are sold for storage purposes—dried onions and ones which you can store. The other onions they do not consider as capable of being stored. If they sold all onions immediately there would be a gap where there would be no onions for months. Therefore, if you are going to have onions in those months you must have these onions which you can keep in storage, much after the fashion of a squirrel putting nuts in a tree.

The VICE-CHAIRMAN: Your actual statement as given is not completely accurate owing to the fact there is considerable wastage before the sales takes place?

The WITNESS: Some wastage I would say, but I do not try to explain that large markup by the fact it was all wastage. Wastage is a contributing factor.

Mr. MONET: You agree that it was a very abnormal profit which you made on those onions?

The WITNESS: Yes, I would agree with that.

The VICE-CHAIRMAN: You have a correction to point out, Mr. Monet.

Mr. MONET: I would bring to the attention of the members of the committee that there is another correction to be made. I discussed this matter with Mr. Bowers. On statements 2 and 3 under the heading "B.C. hothouse tomatoes" Mr. Bowers tells me that he did not see the wording "per pound" and that figure represents 20-pound crates. Both statements 2 and 3 with respect to hothouse tomatoes should read "per 20-pound carton" instead of "per pound".

The WITNESS: That is right. I have to apologize for my error in this statement. I guess my clerical force is not all that it should be.

The VICE-CHAIRMAN: Now, there may be some questions which it might be desirable to ask but the time for adjournment has come and I am sure none of us would desire to hold you over for another day. You have had a long wait down here, I believe, before it came your turn to be heard.

The WITNESS: Yes, I was here for a while.

The VICE-CHAIRMAN: The committee is obliged to you for giving the helpful evidence you have given us.

The WITNESS: If it is in order, Mr. Chairman, I would like to thank the committee for the opportunity of appearing here and for the courteous treatment I have received from you gentlemen. I appreciate it very much.

The VICE-CHAIRMAN: The committee stands adjourned until 4 o'clock tomorrow afternoon.

The committee adjourned to meet again tomorrow, May 19, 1948, at 4 p.m.

SESSION 1947-48

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 60

WEDNESDAY, MAY 19, 1948

WITNESSES:

Mr. R. G. DeYoung, President, DeYoung's Limited, Sydney, N.S.

Mr. D. S. MacLeod, Director and Secretary-Treasurer, DeYoung's Limited, Sydney, N.S.

Mr. M. Blidner, Dominion Fruit Company, 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, May 19, 1948.

The Special Committee on Prices met at 4.00 p.m. In the absence of the Chairman, Mr. Mayhew took the Chair on motion of Mr. Winters.

Members present: Messrs. Beaudoin, Harkness, Irvine, Kuhl, Lesage, McGregor, Mayhew, McCubbin, Thatcher, Winters.

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

Counsel filed Wartime Prices and Trade Board Administrator's Order No. A-2507 dated May 14, 1948, regarding the maximum prices of imported new potatoes. (*See Appendix this day's Proceedings*).

Mr. R. G. DeYoung, President, and Mr. D. S. MacLeod, Director and Secretary-Treasurer, DeYoung's Limited, Sydney, N.S., were called, sworn and examined. Mr. DeYoung filed,

Exhibit No. 111—Series of five statements prepared by DeYoung's Limited, in answer to questionnaire. (*Printed in this day's Minutes of Evidence*).

Witnesses discharged.

Mr. M. Blidner, Dominion Fruit Company, Toronto, was called, sworn and examined. He filed,

Exhibit No. 112—Series of five statements prepared by Dominion Fruit Company, in answer to questionnaire. (*Printed in this day's Minutes of Evidence*).

At 5.55 p.m. witness retired and the Committee adjourned until 11.00 a.m., Thursday, May 20th.

R. ARSENAULT,
Clerk of the Committee.

13176—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 19, 1948.

The Special Committee on Prices met this day at 4.00 p.m. The Acting Chairman, Mr. R. W. Mayhew, presided.

The ACTING CHAIRMAN: The committee will come to order, please.

Mr. THATCHER: Mr. Chairman, before Mr. Monet starts his evidence; at the last meeting I think there was some comment by Mr. Monet or someone, we were talking about how long it would be necessary for us to sit on fruits and vegetables and when we could get into textiles. I do not know whether any conclusion was reached or not as I had to leave the meeting; but I have been thinking that we are getting along and we have examined quite a few companies in this regard and I think they have all pretty well shown the same indications and I believe that the committee as soon as possible should try to pass along to textiles and start examining into that. I do not know whether Mr. Monet and Mr. Dyde will be ready in that connection, but I think we can pretty well come to all the conclusions we need to in regard to fruits and vegetables.

Mr. MONET: In answer to that question, Mr. Thatcher, if there are not to be any sittings on Fridays and Mondays, on Friday of this week—and may I say that that is a thing about which I do not know, a thing which members of the committee will have to decide for themselves—but as counsel we would like to be informed as to whether there is going to be a sitting or no sitting on Friday and on Monday so that we as your officers could be able to decide upon and arrange for the appearance of witnesses. May I say also that I expect to be finished with the inquiry on fruits and vegetables by Tuesday night. We have still a few witnesses to come here from Montreal who represent the Montreal market and who have been called and have answered the questionnaire submitted to them and who were here last week but have been asked to remain in Montreal until tomorrow to give the gentlemen from the west who were here yesterday a chance of being heard. I expect the inquiry with respect to fruits and vegetables will be finished by Tuesday night, and I thought it might be a good idea simply to place that on the record.

Mr. THATCHER: Of course, Mr. Chairman, that is another week. It seems to me that with only five or six weeks of the session remaining that it is an unduly large amount of time to be spent on fruits and vegetables.

Mr. MONET: I was going to add, that this was the plan we had, that we did not expect to finish with fruits and vegetables before Tuesday night. I might add this, that definitely we will not be prepared to start the textile inquiry before June 1.

Mr. THATCHER: Does that mean that we cannot get through textiles, steel and everything else in one month?

Mr. MONET: You are asking me?

Mr. HARKNESS: The answer is no.

Mr. MONET: When we took two weeks for food, five for bread and three for butter, I do not think we can get through with textiles in less than a month. That is my impression from the information we have received so far, and from the reports that we have received from our accountants I can definitely tell you that we cannot go into textiles before the 1st of June.

Mr. THATCHER: Did you say you could not be ready before the 1st of June?

Mr. MONET: We could not be ready before the 1st of June on textiles. Now with regard to fruits and vegetables, as I have stated, we have enough evidence to bring in to keep us until Tuesday night or Wednesday afternoon, and then I understand that Mr. Dyde is going to have a representative from the Swift Company to finish their evidence. I think that was done to enable them to prepare additional information with respect to the operations of that company.

Mr. THATCHER: Are you suggesting that we are not going to sit on Friday, Mr. Monet?

Mr. MONET: I am not saying that. I am just wondering if you will or not. I do not know.

Mr. THATCHER: Why wouldn't there be a meeting? I don't just follow.

Mr. MONET: The committee did not meet last Friday or Monday.

Mr. THATCHER: The steering committee has not met for three months, how could it decide that?

Mr. MONET: I do not know. I am not saying you won't meet. I am wondering myself, and I would like to know whether I should summon witnesses for Monday or not.

The ACTING CHAIRMAN: I think we had better go on, if that is agreeable at the present time, and adjourn a few minutes before six o'clock so we can go into executive session and decide as to whether or not we are going to sit Friday and Monday. I imagine we could not very well hold a sitting on Monday next anyway.

Mr. WINTERS: Isn't that a matter for the steering committee?

The ACTING CHAIRMAN: I think it should be.

Mr. THATCHER: They haven't met in three months.

Mr. WINTERS: Oh yes, they have.

The ACTING CHAIRMAN: I will call a meeting of the steering committee right away. Shall we proceed with the witness?

Mr. THATCHER: Just a second, Mr. Chairman; there is one other matter. When you arrive at textiles there is one witness in particular I would like to have subpoenaed and I wonder if Mr. Monet would arrange for that. I do not know what the procedure is. The witness to which I refer is the Woods Manufacturing Company which has branches I believe across Canada, and I would like if at all possible to have them subpoenaed; and I would urge, Mr. Monet, in view of certain circumstances in their places of operation at the present time that they be called fairly early, because I have already talked this matter over with the chairman, Hon. Mr. Martin, and I have reason to believe that he would not object in any way. You can talk it over with him.

Mr. MONET: I certainly will, but I must tell you that in connection with textiles so far Mr. Dyde and myself have been both engaged in the matter and it is a tremendous amount of preparation and we have set up a plan to deal with cotton and then woollens and then artificial silk. These will all be divided into sections, and we have already made up a list of the companies likely to be called and I could not tell you right off whether the company to which you refer is included among the number to be called or not.

Mr. THATCHER: Possibly Mr. Irvine or myself would be glad to examine that company a day or so ahead if you are not prepared to call them then.

Mr. MONET: You may rest assured that we will certainly give consideration to your request and as long as you wish to have this witness subpoenaed he certainly will be, definitely; there is no doubt about that.

Mr. THATCHER: Thank you.

Mr. WINTERS: Did we not agree on that, that we would examine into the manufacture of textiles but not necessarily all the manufacturers?

The ACTING CHAIRMAN: I do not recall such an agreement. I think you would have to examine the manufacturers as well.

Mr. WINTERS: We discussed that point when we had an executive session some time ago. However, I think all such matters should be referred to the steering committee.

Mr. MONET: May I just say this, I understand that Mr. Dyde at the present time is framing the procedure to be recommended with regard to the textile inquiry and members of the committee will be given an outline either by Mr. Dyde or myself of the plan we have made dealing with that inquiry, and that of course will be subject to approval by the committee and subject also to the suggestion of members of the committee as well, but we have to build up a plan and prepare this investigation because it is tremendous.

Mr. THATCHER: Right under the tower of parliament we have a company who are engaged in textile manufacture and where working conditions are unbelievable, you can't believe it, and in times of prosperity too. I think we should examine into it. Here is something where we could do some good, so I would like to have that witness called.

The ACTING CHAIRMAN: We are not on textiles yet.

Mr. THATCHER: I just thought I would give a little preliminary notice.

The ACTING CHAIRMAN: I wonder if we could agree without a formal motion that we do not sit the day after tomorrow, which is Friday, and that a meeting of the steering committee will be called instead to arrange our program for the future.

Mr. LESAGE: As a matter of fact, Mr. Chairman, I think the committee will recall that as far as textiles are concerned we were to give counsel an opportunity of preparing material, and we have not been told they will be ready in the near future to go on to that section of our inquiry. We decided at the meeting to which I refer, as I recall it, that our counsel Mr. Dyde would make an investigation and report on the textile phase of our work and tell us what he thinks about it, and at the same time give us a general picture as to what is happening in that direction. With that information before us and the witnesses he will call we could then decide whether we should go further. I think Mr. Thatcher will recall that that is what happened at an executive session of the committee which we had one evening.

The ACTING CHAIRMAN: I think we will leave the discussion of textiles until we come to it, or until the steering committee meets.

Mr. THATCHER: I would like to have the witness called. How do I do it?

The ACTING CHAIRMAN: Take it up with the steering committee.

Mr. MONET: I think that investigation will last long enough to give an opportunity of bringing your witness before us.

The ACTING CHAIRMAN: Now, are we agreed that there will be no meeting on Friday and that the steering committee will meet?

Mr. IRVINE: I agree.

Mr. THATCHER: Just a minute now; I am just wondering if this committee is dying a lingering death, whether it is about on its last legs. If we do not hold a meeting on Friday or on Monday, there are two good days gone. I think we have got to get down to business if we want to get anywhere in this thing and not devote too much time to any one subject.

The ACTING CHAIRMAN: I think we all agreed that the best way to proceed is with adequate preparation before witnesses are called. In that way a great deal of time is going to be saved. I think we are going to get along much better if the stuff is properly prepared, that we are going to get through with a lot more work than we would by going ahead in the main meeting without adequate preparation. Our secretarial staff have spent a long time on this particular phase of the work, and with the material prepared in the way it will be presented to the committee it will make for uniformity of schedules and statements, for a more orderly presentation of the material, and I think it is important that we give our secretariat time in which properly to prepare for the textile phase of our inquiry. By doing that we will not be losing time or wasting time, but rather we will be saving time. I therefore suggest that we get on with the witness we have called for today.

Mr. IRVINE: I think, Mr. Chairman, that I agree with what you have said, and since it is not likely that we will be in a position to take up the textile inquiry until the 1st of June, and since we are going to have a meeting of the steering committee to settle the other parts of our program, I think we would be well advised to agree now not to meet on Friday and have that meeting of the steering committee instead.

The ACTING CHAIRMAN: Is that agreed?

Mr. THATCHER: I will agree to that then, if you are going to vote it that way.

The ACTING CHAIRMAN: It is not a vote, but we want to be fairly unanimous.

Mr. THATCHER: Would you, Mr. Mayhew, ask Mr. Dyde if he could not try to hurry it up so that we would not waste another week before we can get going on textiles?

Mr. MONET: I can answer this definitely, from the report by the accountant which I have seen—Mr. Dyde and I were in Montreal last week and I was in Montreal two days and I saw the report from the accountant—definitely we will not be ready to go on until the 1st of June as far as textiles are concerned. As far as fruits and vegetables are concerned, I have at least eight more witnesses of whom five were called for this afternoon and with whom I have not yet had a chance to deal; and I still have four or five witnesses in addition to that but I expect to be finished by Tuesday night.

Mr. MCGREGOR: Here is twenty minutes of our time gone and we have got nowhere. I think we had better get going.

The ACTING CHAIRMAN: It is agreed then that we will not sit on Friday and that we will have a meeting of the steering committee called for that day?

Some Hon. MEMBERS: Agreed.

Ralph G. DeYoung, 361 George Street, Sydney, C.B., called and sworn:

D. S. MacLeod, 36 Argyle Street, Sydney, C.B., called and sworn:

Mr. MONET: Mr. Chairman, I wish first to file as an exhibit the questionnaire submitted by this company, DeYoung's Limited, which is now being distributed to members of the committee as exhibit 111;

EXHIBIT 111: Questionnaire—DeYoung's Limited.

STATEMENT 1—General Information

HOUSE OF COMMONS
SPECIAL COMMITTEE ON PRICES

Preliminary Information—Fruit and Vegetable Inquiry

1. Name of Company: DeYoung's Limited.
2. Address of head office: 367 George St., Sydney, N.S.
3. Date commenced business: 1st Jan. 1939.
4. Names and addresses of parent, subsidiary and affiliated companies.
5. Names and addresses of officers and directors or partners:
   President: Mr. Ralph G. DeYoung, 361 George St., Sydney, C.B.
   Vice-President: Mr. Dan Morrison, 118 Falmouth St., Sydney, C.B.
   Director: Mr. S. D. Cann, 60 Margaret St., Sydney, C.B.
   Director: Mr. R. Kennedy, 11 Tain St., Sydney, C.B.
   Director and Secretary-Treasurer: Mr. D. S. MacLeod, 36 Argyle St., Sydney, C.B.
6. Location of branches, warehouses and other places of business (including those of subsidiary companies engaged in the fruit and vegetable trade):
   The Office and Warehouse of DeYoung's Limited are located at 367 George St., Sydney, N.S.

DEYOUNG'S LIMITED

(367 George Street, Sydney, N.S.)

AVERAGE SELLING PRICE

STATEMENT 2—PRICES

Date	Oranges Calif. 288	Apples B.C. 125-138 Delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported U.S. No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
1947	$ cts.	$ cts.	$ cts.	$ cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
October 2	6.25	N.A.	4.38	N.A.	2.3	N.A.	N.A.	N.A.	4.7	N.A.	3.7
October 9	6.25	N.A.	N.A.	N.A.	2.5	N.A.	5	N.A.	4.7	N.A.	3.9
October 16	6.25	N.A.	N.A.	N.A.	2.5	N.A.	5	N.A.	4.7	N.A.	3.9
October 23	6.25	N.A.	N.A.	N.A.	2.5	N.A.	4	N.A.	4.5	N.A.	4
October 30	5.75	N.A.	4.38	N.A.	2.4	N.A.	4	N.A.	4.5	N.A.	4
November 6	5.75	N.A.	4.38	N.A.	2.4	N.A.	4	N.A.	4.5	N.A.	4
November 13	5.75	N.A.	4.38	N.A.	2.4	N.A.	4	N.A.	4.5	N.A.	4
November 20	5.75	N.A.	4.38	N.A.	2.7	N.A.	4	N.A.	4.5	N.A.	4
November 27	6.75	N.A.	6.30	N.A.	3.1	N.A.	5	N.A.	4.5	N.A.	4.5
December 4	7.50	N.A.	6.50	N.A.	3.8	N.A.	5	N.A.	7.5	N.A.	4.7
December 11	6.25	N.A.	6.50	N.A.	3.7	N.A.	5	N.A.	7	N.A.	5
December 18	6.25	N.A.	5.80	N.A.	3.7	N.A.	5	N.A.	7	N.A.	6.3
December 24	6.25	N.A.	5.80	N.A.	3.5	N.A.	5	N.A.	7	N.A.	6.3
December 31	6.25	N.A.	5.80	N.A.	3.5	N.A.	5	N.A.	7	N.A.	6.3
1948											
January 8	6.25	N.A.	N.A.	N.A.	3.5	N.A.	N.A.	N.A.	7.5	N.A.	6.5
January 15	6.25	N.A.	N.A.	N.A.	3.5	N.A.	N.A.	N.A.	7.5	N.A.	7
January 22	6.50	N.A.	N.A.	N.A.	3.5	N.A.	N.A.	N.A.	7.5	N.A.	7
January 29	6.50	N.A.	N.A.	N.A.	3.5	N.A.	N.A.	N.A.	8	N.A.	7.5
February 5	6.50	N.A.	N.A.	N.A.	3.5	N.A.	N.A.	6.2	8	N.A.	7.5
February 12	6.00	3.75	N.A.	N.A.	3.5	N.A.	N.A.	6.2	8	N.A.	9
February 19	4.96	4.00	N.A.	N.A.	3.5	N.A.	N.A.	9·2	9	N.A.	10
February 26	5.24	4.00	N.A.	N.A.	3.5	N.A.	N.A.	6	10	N.A.	10
March 4	5.24	4.00	N.A.	N.A.	3.5	N.A.	N.A.	6	10	N.A.	10
March 11	5.24	4.00	N.A.	N.A.	3.3	N.A.	N.A.	6	11	N.A.	10
March 18	5.93	4.00	N.A.	N.A.	3.3	N.A.	N.A.	6	10.8	N.A.	10
March 25	5.93	4.00	N.A.	N.A.	3.5	N.A.	N.A.	6	10.8	N.A.	10
April 1	5.90	4.00	N.A.	N.A.	3.5	N.A.	N.A.	6·2	N.A.	N.A.	10
April 8	5.48	4.00	N.A.	N.A.	3.5	N.A.	N.A.	6.2	N.A.	N.A.	10
April 15	N.A.	4.50	N.A.	N.A.	3.9	N.A.	N.A.	6.2	N.A.	N.A.	10
April 22	5.48	N.A.	N.A.	N.A.	3.9	N.A.	N.A.	7.5	N.A.	N.A.	10

DEYOUNG'S LIMITED

(367 George Street, Sydney, N.S.)

LAID-DOWN COST OF MOST RECENT PURCHASES—IN CENTS PER POUND

Date	Oranges Calif. 288	Apples B.C. 125-138 Delicious "C"	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
1947	$ cts.	$ cts.	$ cts.	$ cts.	cts.	cts.	cts.	cts.	cts.	cts.	cts.
October 2	4·55	N.A.	1.99	N.A.	2.1	N.A.	N.A.	N.A.	3.6	N.A.	2·5
October 9	4.05	N.A.	1.99	N.A.	2.2	N.A.	4	N.A.	3.6	N.A.	3
October 16	4.05	N.A.	1.94	N.A.	2.1	N.A.	4	N.A.	3.6	N.A.	3
October 23	4.05	N.A.	1.95	N.A.	2.1	N.A.	4	N.A.	3.6	N.A.	3
October 30	5·62	N.A.	1.95	N.A.	2·1	N.A.	4	N.A.	3·6	N.A.	3
November 6	5.62	N.A.	1.85	N.A.	2·1	N.A.	3·5	N.A.	3·6	N.A.	3·6
November 13	5.62	N.A.	2.50	N.A.	2·2	N.A.	3	N.A.	3·6	N.A.	3·6
November 20	5.62	N.A.	2.75	N.A.	2·9	N.A.	3	N.A.	3·6	N.A.	3·6
November 27	4.97	N.A.	2.75	N.A.	2·9	N.A.	3·5	N.A.	3·6	N.A.	3·6
December 4	4.97	N.A.	4.65	N.A.	3.5	N.A.	3.5	N.A.	6.3	N.A.	3.6
December 11	4.97	N.A.	4.65	N.A.	3.5	N.A.	3.5	N.A.	5.8	N.A.	3.6
December 18	4.65	N.A.	4.65	N.A.	3.5	N.A.	3.5	N.A.	5.8	N.A.	3.6
December 24	4.65	N.A.	4.65	N.A.	2.7	N.A.	3.5	N.A.	5.5	N.A.	3.6
December 31	4.65	N.A.	4.65	N.A.	2.7	N.A.	3.5	N.A	5.5	N.A.	3.6
1948											
January 8	4.65	3.06	N.A.	N.A.	2.7	N.A.	N.A.	N.A.	5.5	N.A.	3.6
January 15	4.65	3.06	N.A.	N.A.	2.7	N.A.	N.A.	N.A.	6.3	N.A.	3.6
January 22	4.65	3.06	N.A.	N.A.	2.7	N.A.	N.A.	N.A.	6.3	N.A.	7
January 29	4.65	3.06	N.A.	N.A.	2.7	N.A.	N.A.	N.A.	6.3	N.A.	7
February 5	4.65	3.06	N.A.	N.A.	2.7	N.A.	N.A.	N.A.	6.3	N.A.	7
February 12	4.12	3.06	N.A.	N.A.	2.7	N.A.	N.A.	5	6.3	N.A.	7
February 19	4.12	3.06	N.A.	N.A.	2.7	N.A.	N.A.	5	6.3	N.A.	8.4
February 26	4.35	3.06	N.A.	N.A.	2.7	N.A.	N.A.	5	8.4	N.A.	8.7
March 4	4.35	3.16	N.A.	N.A.	2.7	N.A.	N.A.	3.5	8	N.A.	8.7
March 11	4.35	3.16	N.A.	N.A.	2.9	N.A.	N.A.	3.6	8.8	N.A.	8.7
March 18	4.92	3.16	N.A.	N.A.	2.9	N.A.	N.A.	3.6	9.2	N.A.	8.7
March 25	4.92	3.08	N.A.	N.A.	2.9	N.A.	N.A.	4.5	9.2	N.A.	8.7
April 1	4.92	3.08	N.A.	N.A.	2.9	N.A.	N.A.	5	N.A.	N.A.	8.7
April 8	4.54	3.08	N.A.	N.A.	2.9	N.A.	N.A.	5.7	N.A.	N.A.	8.7
April 15	4.54	3.08	N.A.	N.A.	2.9	N.A.	N.A.	6.0	N.A.	N.A.	8.7
April 22	4.54	3.08	N.A.	N.A.	2.9	N.A.	N.A.	7.7	N.A.	N.A.	8.7

STATEMENT 4—ANNUAL SALES AND PROFITS

DEYOUNG'S LIMITED

December 31

—	1939	1940	1941	1942	1943	1944	1945	1946	1947
	$	$	$	$	$	$	$	$	$
Sales	374,676	558,261	688,785	1,006,364	1,103,205	1,106,854	1,052,927	1,055,384	799,460
Cost of sales	324,012	509,752	612,206	886,933	1,020,388	1,006,970	964,450	964,853	727,812
Gross Profit	50,664	58,509	76,579	119,431	82,817	99,884	88,477	90,531	71,648
Commissions earned									
Miscellaneous income	1,127	464	435	749	1,232	2,093	1,623	860	1,395
Gross revenue	51,791	58,973	77,014	120,180	84,049	101,977	90,100	91,391	73,043
Executive or partners' salaries	4,860	4,360	4,822	5,220	5,635	5,707	6,090	6,490	7,000
Other salaries and wages (include commission to salesmen)	19,310	25,994	25,031	29,141	32,145	33,128	31,058	34,988	33,897
Other operating expenses	16,996	19,955	29,478	27,592	26,844	27,372	30,195	33,555	30,126
Total expenses	41,166	50,309	59,331	61,593	64,624	66,207	67,343	75,033	71,023
Operating profit before taxes on income	10,625	8,664	17,683	58,227	19,425	35,770	22,757	16,358	2,020
Investment income		3	3	3	3	178	480	138	34
	10,625	8,667	17,686	58,230	19,428	35,948	23,237	16,496	2,054
Interest paid	542	488	881	1,671	1,560	1,785	1,249	900	1,752
Profit before taxes on income	10,625	8,667	17,686	58,230	19,428	35,948	23,237	16,496	2,054
Provision for taxes on income	1,593	4,265	10,577	45,769	11,725	27,606	15,034	6,597	759
Net profit	9,032	4,402	7,109	12,461	8,703	8,342	8,203	9,899	1,295
Per cent Gross Profit to Sales	13·5%	10·2%	11·1%	11·9%	74·%	9·0%	8·4%	8·6%	8·9%

DEYOUNG'S LTD.

STATEMENT 5—MONTHLY SALES AND PROFITS

Month	Sales	Gross Profit	Per cent Gross Profit to Sales	Commissions and Miscellaneous Income	Operating Expenses	Operating Profit*
	$	$	%	$	$	$
1946—January	58,756	2,642	4·5	60	5,422	−2,719
February	58,549	7,831	13·4	39	3,818	4,051
March	78,769	8,782	10·9	29	5,981	2,830
April	93,438	9,467	10·1	183	6,093	3,558
May	104,835	11,320	10·8	46	6,129	5,237
June	111,791	10,386	9·3	91	4,836	5,641
July	104,125	10,030	9·6	97	6,205	3,923
August	113,221	12,849	11·3	38	5,308	7,579
September	88,068	7,931	9·0	43	4,816	3,157
October	88,351	6,757	7·6	64	5,107	1,714
November	77,986	4,264	5·4	44	6,358	−2,051
December	77,496	−1,728	2·2	265	14,960	−16,422
	1,055,385	90,531	8·6	999	75,033	16,496
1947—January	44,124	1,761	4·1	30	7,999	−6,208
February	44,650	1,839	4·1	362	6,281	−4,080
March	38,683	3,878	10·1	157	6,360	−2,324
April	54,497	5,240	8·4	43	3,347	1,936
May	65,624	6,104	9·3	253	5,362	994
June	72,930	7,008	9·6	32	4,023	3,017
July	98,498	8,456	8·6	42	4,616	3,882
August	99,659	15,378	15·5	29	4,652	10,755
September	71,392	4,655	6·5	37	4,768	−76
October	71,063	5,675	7·9	179	6,044	−192
November	65,997	3,122	4·7	182	4,091	−787
December	72,883	8,532	11·6	83	13,480	−4,863
	799,460	71,648	8·9	1,430	71,023	−2,054
1948—January	44,967	2,689	6·0	57	6,019	3,273
February	42,538	1,770	4·1	265	5,032	−2,997
March	66,816	6,919	10·3	53	4,824	2,148
	154,316	11,378	7·4	375	15,875	−4,122

* Before provision for taxes on income.

and also at the same time I am having distributed the comparisons of fruits and vegetables statistics explanatory of the questionnaire itself.

Mr. IRVINE: While that is being distributed, Mr. Chairman, I would like to ask you through counsel whether we have any definite information about price regulations which have been I think adjusted relating to the importation of new potatoes?

Mr. MONET: I was just going to file it this very minute. This is Administrator's Order No. A-2507—maximum prices of imported new potatoes. That is the one to which you referred?

Mr. IRVINE: Yes.

Mr. MONET: It was given to me last night by Mr. Spence. It is to be filed and entered as an appendix.

APPENDIX: Administrator's Order No. A-2507.

By Mr. Monet (To Mr. DeYoung):

Q. Now, Mr. DeYoung, would you please give us your full name?—A. Ralph DeYoung.

Q. Your home address?—A. 361 George Street, Sydney, N.S.

Q. I understand that you are president of DeYoung's Limited?—A. That is correct.

Q. And the head office is at 367 George Street, Sydney, N.S.?—A. That is correct.

Q. (To Mr. MacLeod) Would you please give your full name?—A. Donald Stewart Robert MacLeod.

Q. Your address?—A. 36 Argyle.

Q. Sydney?—A. Yes.

Q. What is your position with the company?—A. I am the secretary treasurer.

Q. (To Mr. DeYoung) Would you tell us when your company commenced its operations?—A. As DeYoung's Limited, in 1940. The firm has been operating in Sydney since 1905, under several names. The original company was Larder M. DeYoung, and it has continued under various names down to the present owners.

Mr. MONET: I will ask you to speak up a little louder, Mr. DeYoung, so members of the committee can hear you.

The ACTING CHAIRMAN: Gentlemen, there are too many private conversations, if there were fewer of them it would make it better for everybody and the reporter will be able to take down the notes.

By Mr. Monet: (To Mr. DeYoung):

Q. I notice here on statement 1, of the questionnaire that you commenced business on January 1, 1939. I think you just told us 1940; which is it?—A. I stand corrected. I am sorry. 1939, is correct.

Q. Is it also a fact that you have no subsidiaries?—A. That is correct.

Q. All your operations are in Sydney, Nova Scotia?—A. Right.

Q. Now, would you tell members of the committee the general nature of your operations?—A. We wholesale fresh fruits and vegetables, confectionery and tobacco to the area surrounding Sydney. That includes New Waterford, North Sydney—all the adjacent towns within a radius of roughly 25 miles, places close by such as New Waterford, North Sydney and Sydney Mines. We provide a free delivery service within a radius of 25 miles of Sydney.

Q. And I take it that the main operation of your company is dealing with fresh fruits and vegetables?—A. Fresh fruits and vegetables is our main operation.

Q. What would be the percentage of those operations as compared to the whole operations of your company?—A. That would be rather difficult to give, the actual percentage. We do not differentiate between our sales. They are all on one type of sales slip, and from time to time especially within the last four or five years with the tobacco tax on and the price of tobacco being where it is it might throw your percentage out a little; but we do not differentiate between our materials and we have no way of estimating accurately. I might say, however, that it would be well over half of our business, fresh fruits and vegetables.

Q. Half of your total operations?—A. Well over half of our total operations. Yes.

Q. And with regard to your operations in fresh fruits and vegetables, that is the only phase of your operations which will concern us as a committee, will you tell us with respect to that phase of your operations what percentage of your produce is domestic and what percentage is imported; I mean, to what extent do you deal with the one and the other, in percentages? Would you import more than you would deal with as domestic produce, or vice versa?—A. Under ordinary conditions the import business would be a large percentage of our business. That is imports I think you mean, sir.

Q. I mean by that from foreign countries.—A. Yes.

Q. So that when I use the word import throughout the course of your examination it will relate to imports from foreign countries, not to produce bought from other provinces in Canada such as Ontario or Quebec or British Columbia.—A. Right. I know I was here yesterday and I noted that a distinction was made and that is why I wanted to be perfectly clear on that. We do have to bring in fruits and vegetables from Ontario and Quebec, and some from British Columbia.

Q. But when I am talking about imports now I will be referring to produce you bring in from outside the country.—A. That is the way I understand it.

Q. Now, under normal conditions what would be the proportion of your imports?—A. It would be better than half of our operation.

Q. And the rest would be local produce?—A. Local produce in season.

Q. When you deal with local produce or domestic produce do you purchase it outright or do you buy on a commission basis?—A. We do not have any commission dealings on our market.

Q. So that everything you sell is purchased before you sell it and sold for your own benefit?—A. That is correct.

Q. And you do not handle any goods at all on commission?—A. No.

Q. Where do you buy your domestic produce?—A. In season we buy from our own local markets, the area surrounding Sydney and the Annapolis Valley in Nova Scotia for apples, and a good portion of our domestic grown fruits and vegetables are brought in from Ontario and Quebec.

Q. So your local crops, and when I say local I mean the province of Nova Scotia and the maritime provinces, do not take care of your trade?—A. No.

Q. And you have to buy some from Ontario and Quebec?—A. That is correct.

Q. Do you have to bring a large quantity from outside of your province?—A. It is a large quantity. Most of our domestic grown goods are brought in from central provinces or, as I mentioned before with regard to apples, from British Columbia.

Q. While we are dealing with this part of it, you mentioned to me something yesterday about your transportation problem. Would you care to make some comment on that to the committee, about your transportation facilities for bringing produce in from Ontario and Montreal, about the length of time it takes and the bearing it may have on prices?—A. Well, it takes from five to six days to get goods from Ontario or from the Montreal market to Sydney and

it does have a bearing at times possibly on price in dropping markets such as you have in the summertime when goods are coming on to the market.

Mr. WINTERS: Mr. Monet, would you ask Mr. DeYoung for the information of the committee why he is obliged to buy apples from British Columbia?

Mr. MONET: We have the question there, Mr. DeYoung; I do not think it could have been put better by counsel than it has been put by Mr. Winters.

Mr. IRVINE: You are asking questions for counsel now.

The ACTING CHAIRMAN: How would you like him to answer it?

Mr. THATCHER: It is a matter of quality?

Mr. DEYOUNG: It is essentially a matter of lack of storage facilities in Nova Scotia. When they have better storage facilities available we will be able to carry the supply over further into the spring season. For your own information I may say that we have not been able to buy Nova Scotia apples since the 10th or 12th of March but we can buy, at least up to two weeks ago, apples from British Columbia.

Mr. WINTERS: It is really a matter of storage facilities, do you think?

Mr. DEYOUNG: Lack of cold storage facilities in the Annapolis Valley, as far as I know. I am not prepared to make a statement on that.

Mr. WINTERS: But they are being developed quite rapidly?

Mr. DEYOUNG: They are being developed, that is correct.

Mr. WINTERS: Where do the balance of Nova Scotia apples go? There is quite a surplus there. What is the reason we can't get them?

Mr. DEYOUNG: I think you will have to call the Nova Scotia apple people to give you the answer to that.

Mr. WINTERS: The fact is you cannot get them now?

Mr. DEYOUNG: That is right. We purchased Nova Scotia apples until we cannot purchase any more, they are definitely all sold.

Mr. THATCHER: Do you buy any Ontario apples at all?

Mr. DEYOUNG: No, sir.

Mr. THATCHER: Just B.C.?

Mr. DEYOUNG: Yes.

By Mr. Monet:

Q. Now, Mr. DeYoung, would you tell the members of the committee about your storage facilities for the storing of domestic produce to meet the demand during the winter?—A. We do not store anything for any length of time. The storage facilities in our warehouse are limited and there is no public storage in Sydney so we must purchase our goods as we go along. We could possibly at times hold certain items five or six weeks but not longer than that.

Q. But you say that you would hold a supply for five or six weeks?—A. We could on certain things, but it is not our policy as a firm. We find fresh fruits and vegetables much better to handle if they are handled on short order, and that is what we try to do. But it would be possible at times to have certain items of fruits and vegetables in the warehouse for five or six weeks.

Q. Speaking about last fall, for instance, did you on November 17, have any large quantities of domestic produce in store?—A. No.

Q. Do you not store anything at all?—A. Just enough to meet demands from day to day.

Q. From day to day, you would not have had a supply on hand sufficient to meet the demands for more than a week or two?—A. Well possibly on one or two items we could put some in store for a while. For instance, we might hold potatoes to carry them over for the Christmas trade. The demand starts

around the 17th of December, that is the time you are beginning to get into your Christmas trade. You must from then on purchase potatoes in refrigerated cars which are hard to secure. I am not prepared to say but it is quite possible that we might have had enough potatoes to carry us until Christmas, because we would not want to haul potatoes in December. We are not on a railroad siding and everything has to be hauled, so from the 10th of December we would not want to handle potatoes. That would have been our thought before November 17 when we believed we were going to have lots of our normal fruits and vegetables.

Q. Did you have a large quantity of onions on hand?—A. Not a large quantity.

Q. Did you have any?—A. We undoubtedly had some.

Q. How long would the supply fill your normal demand?—A. Not more than five or six weeks.

Q. Would you have some comment to make with respect to the difference between the operation of the trade in Nova Scotia as opposed to the operation carried out on the Montreal and Toronto markets? Can you point out some differences in the marketing of the produce?—A. As far as the actual marketing of the goods is concerned, as I stated at the outset we have a free delivery within a radius of 25 miles of Sydney, and to at least three mining towns. We must send salesmen to those places and we must send trucks practically every day in the week. Even in our own city practically everything that goes out is delivered. We do not have people coming in and buying produce on the floor and taking it away with them. They depend on delivery. We would like to see them haul it but that is the way our operation is carried out. On some of the larger markets a good deal of produce is called for at the warehouse and it makes quite a difference in your cost of deliveries, especially in connection with trucks and driver's wages which have increased so much during the last five or six years.

Q. Of necessity you would have to take a larger mark-up to operate in that fashion?—A. I would say definitely yes. That is especially true after the import restrictions because we could only cut our staff to a point and still make those calls and deliveries, regardless of whether we have a quarter of a truckload or a full truckload. It is not possible to double up and send one full truck and we have to make those calls whether we have full loads or part loads.

Q. In other words you take care of the distribution in part?—A. That is right.

Q. That would necessarily increase your mark-up?—A. That is right.

Q. I wish to refer to the questionnaire which the company has answered and I take it the questionnaire which is here in front of us is accepted by you as being the statement furnished by your company?—A. That is right.

Q. I will say to the members of the committee that although statements 4 and 5 will be put on the record as part of the statement I have no questions to ask with respect to them. Statements 4 and 5 contain information very similar to that which has been produced by other companies. I will, however, refer to statement 2 and statement 3 which statements deal with fruits and vegetables. I will take the first item mentioned, which is oranges. I would like you, Mr. DeYoung, to tell the members of the committee what you would feel would be a reasonable mark-up on a crate of oranges selling for instance at $5?—A. Am I to understand, sir, that you refer to normal times or present times?

Q. I refer to normal times?—A. In normal times 15 per cent mark-up would be reasonable.

Mr. WINTERS: On selling price?

The WITNESS: On selling price.

By Mr. Monet:

Q. 15 per cent on a crate of oranges sold at $5 would represent 75 cents?—A. That is correct.

Q. I would like to ask you to refer to the questionnaire again and tell the members of the committee why from October 7, 1947, to October 23, 1947, your company took a mark-up of from 27·2 to 35·2 per cent on size 288 oranges? What is your comment?—A. Your questionnaire only covers one size of a car load of oranges. Oranges run in sizes from 80's to 442's. There are nine sizes that may be found in a car. The ranges are 126, 150, 176, 200, 220, 252, 288, 344, and 392. Of course an orange is something which is taken care of by nature. It grows—it is not manufactured—so the grower has no control over the way in which his oranges will run. There are also two seasons in California with respect to oranges. One season ends approximately the 1st of June and then you come to the Valencia season which runs until the 1st of November. You have two crops a year and there are two crops to look after. Depending on weather conditions and growing conditions in California from time to time, the size of oranges changes. As far as sizes are concerned the price governs the size of orange which is popular. It is not correct to assume that 288's are the most popular because popularity changes from time to time, from market to market, depending on the price. If oranges go up $1.50 a case perhaps some other size is more popular. If oranges drop in price the larger sizes become more popular. You know in your own home that when your wife orders oranges over the telephone she asks for 49 cent oranges, or 55 cent oranges, depending upon the type which she wishes. If she desires juice it is generally considered that the smaller oranges are more suitable. From October 2 you are right at the end of the Valencia season when oranges are at their very very poorest. There is a lot of waste at that time and it is common to get oranges with 10 or more per cent waste. You cannot go back to the grower and so you must protect yourself. I am not prepared to say at that time how many 288's we had but I might point out to the committee that it is not possible to buy all one size of oranges. It is true at certain times you can ask for the sizes you prefer but the grower certainly would not ship you all 288's if you asked. You would have four or five sizes in a car in order to get the car. If 288 was the popular size on October 2nd and if we had quite a few oranges of other sizes it would be possible that the 288's would sell right out and we would have none of them left. We might have had another car come in on October 2nd but we might not have had a case of 288's in the shop and we might have a total of 700 cases of oranges. That very thing has happened on several occasions because 288 was the popular size and they sold right out. We must, however, get rid of our other stock. In the fruit and vegetable business the produce must be kept fresh. There is no use kidding yourself that you can get rid of anything which is not fresh so in ordinary times, when there is no price control and there is nothing to stop us, it is quite recognized in the trade that the price may be put up on a particular size of oranges. The price might be put $1 or $1.50 a case over what you are selling your other sizes. The price is not put up with the idea that the merchandiser will sell the 288's at that price but rather it is put up to stop them from being sold, in order to clean out the other sizes in the car. If you put the price up on 288's you will move the other sizes.

Q. Does it happen that when you increase the price of one size in order to get the other sizes moving perhaps you will sell them all?—A. In time you will sell them all. As I said depending upon prices those larger sizes are popular. They are not popular if the price of oranges is high—I am speaking now of the 126's, and the 150's. In our trade we operate in an industrial area and there are a good many oranges sold which go into lunch baskets. People will pay 5 cents for an orange but they do not want to pay 6 or 7 cents. 150's land in Sydney at around $6, bearing in mind the freight rate which we pay in Sydney.

I might say that before the increase it cost us approximately $1.80 to bring in a crate of oranges and if oranges land in Sydney at $6.50 we definitely could not put a 10 per cent mark-up on them and we would have to sell those oranges for around $6 a crate despite the fact it cost us 50 or 75 cents more to land them there. We must average our cost out on some other size—I am speaking of normal times. At the present of course we cannot do that with the ceiling and we all realize that.

Q. I want to draw your attention to the sale price as of October 23 of $6.25 a crate, compared with the price at $5.75 on October 30. That is a drop of 50 cents but in the same period there was an increase in your cost of $1.57 a crate. Would you give the committee some explanation for the drop of 50 cents in selling price in the light of an increase of $1.57 in your cost price? Your profit there was 13 cents per crate.—A. It would again be possible that we would make it up on some other size.

Q. That would be confirmation of what you have just said?—A. That is correct.

Q. And on 288's at times you may make a profit of $2.80 a crate for the very reason you have given —at another time you will make perhaps only 13 cents?—A. That is correct.

Q. Would you give some explanation of the substantial rise immediately after November 20th when you sold oranges for $7.50 a case? They cost you $5.62 and $4.97. In one case there is a difference of $2.53 and I would ask for an explanation of that margin?—A. It could be the same explanation but it might not be. On November 17 and 18 imports were reduced by 50 per cent and that fact was played up by the newspapers all over the country, and retailers were becoming panicky and wondering how they were going to obtain their Christmas supply of oranges. We must protect all our retailers and at times it might be smart to put up the price 50 cents over the price asked by our competitors, in order that we might hold the oranges. Today, people are definitely price conscious and we might have wanted to hold the 288's at that time in order to have them during the Christmas season. You will note that on December 4 they were down $1.28 per crate—that is the profit—and they followed right along after that at $1.60. That situation obtained for several weeks. Oranges were only high for one week and that would bear out what I have just said.

Q. Would the profit made in January and February be a normal profit or would it not be abnormal for that time of the year?—A. It was not abnormal but I would say it was not normal.

Q. How would you clarify that statement?—A. You are comparing the figure with the year previous which was a strike period in our area. We had a coal strike in Cape Breton from the 15th of February. The strike was slated to come off on the 1st of February as the result of a strike vote in January, 1946, and everyone was thinking of the strike and our retailers were afraid to buy. That strike I might say carried along until the middle of May. Strike conditions still existed in Cape Breton last summer, so it was not a normal year.

Mr. IRVINE: May I ask a question here?

Mr. MONET: Yes.

Mr. IRVINE: Judging from what you have said, Mr. DeYoung your statement apparently differs from that made by most other dealers in that you price your own oranges. You say it is possible that you might have to increase your price to hold the oranges for your customers. That seems to be a reasonable thing to do. Therefore, you have the power to price your own oranges. You disregard the market and you say a certain price is the price.

The WITNESS: That is correct, sir.

By Mr. McGregor:

Q. You made this profit as shown here on the 288's but you say a reasonable profit in normal times is 15 per cent. What would your profit be on oranges size 288's in October?—A. It would probably average 15 per cent. That is the per cent for which we look in ordinary times. I stated before that October 2nd to October 30th is a time when you are getting a lot of waste in oranges. It is the very last of the Valencia season. The oranges are poor and it is quite possible we might have looked for 18 per cent or 19 per cent.

Q. Why was the price down so much after February 12, or from February 19 onward?—A. January 19 or February 19?

Q. February 19. On February 12 your profit was $1.88 and on February 19 it was 84 cents?—A. It might have been sizes, or it might have been ceilings. Ceilings came in and once ceilings come in that throws the whole orange deal out and you have to sell every case of oranges on its merits.

Q. Apparently it was the result of the ceilings?—A. I do not know what date the ceilings came on.

Q. We know this story off by heart now and I do not think we should have to discuss it much further.

Mr. MONET: I had no further questions to ask.

By Mr. Thatcher:

Q. I have just one or two questions. Along about the time when the embargo was placed on these commodities, I notice that statement 1 shows you were making a profit of 13 cents per crate for the first three weeks, then your mark-up jumped to $1.55 and to $2.53 and your cost dropped from $5.62 to $4.97, but your sale price went from $6.75 to $7.50. In other words the mark-up in December is twenty times what you were taking for the first three weeks in November. Would you explain that?—A. I have already explained it.

Q. Would you explain it again as I just do not understand?—A. It would be a matter of size and perhaps for one week in December we might want to hold some size of oranges in our own hands rather than allow them to go out to the retailers, so that we could arrange for everyone to have oranges for Christmas. It is very difficult for us if a retailer comes in three weeks before Christmas and says he wants enough oranges for his Christmas trade. We might hold them for him until about the 18th of December and then we would try to ration them out. At that time we were only allowed 50 per cent of our imports of the year before.

Q. You are saying you might have, or perhaps you did, but am I to understand that was in fact the reason? I would just like you to give me the answer exactly. Was not the reason your price increased due to the fact the embargo was imposed and the market price went up? You then saw you could get larger profits and you took them. That is the answer which many of the witnesses have given.—A. I would like to point out that during the following week the price dropped to a point where the profit fell from $2.53 to $1.23. I think the answer is right there and also my first explanation would be applicable and we wanted to hold the oranges at that time.

Q. Of course when you take a mark-up twenty times what you were taking during the first three weeks it looks like there is a reason. You said something might be the reason but I want the actual reason?—A. When you mention twenty times as large a profit that is ridiculous. Do you expect that we can sell all sizes of oranges at a 13 cent per crate profit?

Q. During the first three weeks of the period you took a profit of 13 cents a case and you are saying that is less than you should have had?—A. If you will take five weeks or six weeks and average the price you will find the profit was not out of line. If we take only four weeks you will find oranges were sold at

a profit of 13 cents; the following week they were sold at a profit of $1.78; the next week the profit is $2.53; and you will see the profit is not out of line.

Q. You still have not told me why you jumped the price in the week of December 4?—You told me you might have jumped it to save the oranges but I am asking whether that is or is not the answer?—A. It is rather difficult to give an answer three or four months afterwards. Things like that happen in our business every day. It would be impossible to give the information unless we put all these things on a dictaphone record and played them back. I told you that last week we were selling apples at $4.60 while they cost us $4.52, but if the members of this Prices committee asked for that information next November or December it would be difficult for me to answer.

Q. Would the fact that oranges suddenly became scarce have anything in particular to do with the increase?—A. Not particularly. It definitely did have something to do with the retailers becoming panicky and wanting more oranges, but I do not think it had anything particularly to do with the price. If it did it would follow that we would have charged $2.53 or possibly $3.00 on December 18 because on December 18 everyone wants oranges.

Q. It is conceivable the scarcity was not as serious as was anticipated?—A. It was worse than was at first anticipated—when we did find out what our import restrictions were. It took a week to find out from the department where we did fit in. These things are first of all started in Ottawa but it takes some time for the Customs Department to get the thing figured out and pass the information on to us.

By the Acting Chairman:

Q. Do I understand you correctly when I say that when a car of oranges comes into your place you figure you should make 17 per cent profit on all the oranges?—A. In normal times, 15 per cent.

Q. You then take stock of the car which has come in and you say there is one group on which we know we can obtain no profit. I am taking a hypothetical case here of course.—A. Yes, and what you say applies to the large sizes particularly.

Q. Then you go to another size and you say that you can make 15 per cent on that size. You choose the next size and we will say it is size 228, and you say that you have to get more than 15 per cent in order to make up your over-all profit?—A. That is correct.

Q. In other words you try to round out the car at a price at which you will get an aggregate of 15 per cent?—A. We try to obtain an average of 15 per cent mark-up.

Q. On the whole car?—A. Yes.

Q. I have indicated more or less your process of thinking?—A. Yes.

By Mr. Irvine:

Q. May I ask you who grades the oranges?—Are they graded by the growers under supervision of the government inspector, or do you grade them here in Canada?—A. Are you speaking of grading or of the sizes?

Q. I do not know which term you use?—A. 288 or 344 is a size. Grades would be No. 1 or No. 2. The oranges are grown in the United States and the grading would be the responsibility of the United States Federal Inspection Service.

By Mr. Monet:

Q. I think Mr. Irving is referring to size?—A. The sizing is done right in the packing house. The oranges are put into the packing house and sized. The number 288 designates the size. The largest size I have seen is 80. The sizes run as low as 442 but that is a size which comes on the market only when oranges are plentiful.

Q. When they come to you there are so many in a case?—A. That is correct, sir. When we buy a case of oranges the voucher comes in and it reads to the effect that car so and so has been shipped with 100 crates of 220's and it will go right down the list to 344's. It is very rarely that you get 344's unless there is a scarcity. These are the type of orange which in normal times would go into pressing for fruit juices and so on, that is the Californias.

Q. And you refer to a standard case?—A. That is right, these are standard cases.

By Mr. Winters:

Q. From whom do you buy your oranges, from the wholesalers or jobbers?—A. We get them through the regular exchange, the California fruit growers are the largest growers in California and they have an office in Saint John, New Brunswick. As far as we are concerned we order from them, that is their district office. They have a number of district offices spread all over Canada.

Q. And do they deliver direct to you or do you have to go to the grower?—A. According to custom regulations we have to buy right from the California grower.

Q. Now, in case you bought them from a Montreal dealer, what about the differential in rate between Montreal and Sydney?—A. That is the landed cost in Montreal and the landed cost in Sydney. Oranges might be selling at two different prices at the same time and there are five more days added when you bring them from Montreal down to Sydney.

Q. I notice on analysis of costs in your case as compared to what we have had with regard to Toronto, Vancouver and Winnipeg, that they are consistently higher in your case than they are at points outside of the province?—A. That would be correct, sir; but there is also this point which might interest you. When you consider our costs you should bear in mind that our costs for a given date are a week behind the costs at other points. For instance, our costs for October 2, would be the cost of the week previous at a point like Montreal or Toronto provided they were purchased at the same time we bought ours.

Q. Do all your oranges come in by rail?—A. Yes, the Californias.

Q. Now, I wonder if you would compare these cost figures, column by column, with the same costs for other cities? Does not that indicate that your laid-down cost in Sydney is higher than it is at any of these other points?—A. Yes. Well, as I said, I do not know what the cost would be from California to Montreal, but our costs would show an increase of roughly from $1.79, to about $1.90, depending on the charges. As a matter of fact, I am not prepared to say what it is in our case, but possibly I could give you a comparison on B.C. apples where the difference amounts to 27 cents.

Mr. IRVINE: On what?

The WITNESS: A box.

By Mr. Winters:

Q. But if you take your orange cost laid down to you as on April 22, that is $4.54, a crate for 288's; on the same date in Toronto, which might not be the same oranges, but I see that on the same date in Toronto the price was $4.03, and in Vancouver it was $3.63 and in Winnipeg it was $3.93.—A. Yes, that would be just about in line I would say.

Q. And that would apply to the other produce that you bring in from outside the province?—A. Yes.

Q. Which means that we are at a disadvantage in Nova Scotia in so far as this question of cost is concerned?—A. That is correct.

Q. And when you add your percentage of markup to that it gives quite a differential?—A. That is correct.

Q. And that all tends to put us at a greater disadvantage?—A. Right.

Q. And, what is that mark-up?—A. I think if you will examine page 4, of the statement you have in front of you, exhibit 111, you will see that down at the bottom column, the gross percentage to markup.

Mr. WINTERS: Yes, I notice you are running quite evenly.

Mr. MONET: That is why I did not ask questions on that, you got about the same right through.

Mr. WINTERS: How do you account for the difference in dollar sales, the drop between 1946 and 1947?

Mr. MACLEOD: Mr. DeYoung explained, we had a strike. I might say that we had two strikes. In December we had the steel strike, that lasted from July 15 through to November; and in the winter, in the following year, in February, we had the coal strike.

Mr. WINTERS: So that would be almost a quarter of a million dollars less?

Mr. MACLEOD: That is correct.

Mr. WINTERS: And that was attributed directly to the strike?

Mr. MACLEOD: That is correct.

By the Acting Chairman:

Q. Do your oranges from California come up the coast and then down by rail or do they come in cars from the United States?—A. In cars from the United States.

Q. So the recent 21 per cent increase would not really affect your cost materially. It would not make very much difference?—A. We have of course had American rates increased as well.

The ACTING CHAIRMAN: I know, we have that too.

By Mr. Winters:

Q. Could you say whether or not you could get a better rate on oranges if you were to buy them direct from the grower?—A. We are buying now as directly as we possibly can from the producer.

Q. Through their organizations?—A. They have an organization in California which is very similar to the tree fruits organization which they have out in British Columbia.

Q. Is all your produce bought that way from outside points or do you buy from wholesalers and jobbers?—A. We do not buy from wholesalers or jobbers unless it is a very exceptional case, something we can't buy anywhere else. We do buy on the Montreal market from the brokers there certain produce that we need and that we cannot bring in in straight car lots; for instance, in a market like ours we could not handle a carload of iceberg lettuce but we have to have iceberg lettuce, so in ordinary times we buy that from Montreal or on the Boston market. We buy in Boston as well.

Q. When you buy in Boston how does it come to Nova Scotia?—A. By rail.

Mr. IRVINE: You don't think there is any use in trying to bring it in by water?

The WITNESS: There are no ships calling at Sydney and it would have to come to Yarmouth, from Boston to Yarmouth; and you know what the rail facilities are from Yarmouth to get it up to Truro and then to reship it to Sydney. It would be ready for the dump by the time it reached Sydney.

Mr. THATCHER: Are we going to question the witness on onions here at all?

Mr. MONET: Oh, yes.

Mr. THATCHER: We haven't got to them yet?

Mr. MONET: No, not to onions.

The ACTING CHAIRMAN: Are we through with oranges?

Mr. MONET: Yes.

By Mr. Monet:

Q. Then we take next apples. There were just one or two questions I wanted to ask about apples. You answered there on the questionnaire under the heading "B.C. apples", "125-138 delicious C". I would like to know if your answer there should really have been for B.C. apples or for Nova Scotia apples? —A. They were for B.C. apples, sir.

Q. Because in your particular case we have asked you to give us the most popular brand of apples in Nova Scotia. Will you tell the members of the committee why you listed your price of B.C. apples instead of Nova Scotia apples?

Mr. MACLEOD: You asked for the most popular apple for that period.

Mr. MONET: That is right.

Mr. MACLEOD: And we took our most popular apple for that period.

Mr. MONET: But we had also mentioned in our letter more particularly Nova Scotia—but it really doesn't matter much, I just wanted to know if these were B.C. apples or Nova Scotia apples.

Mr. MACLEOD: You see, you asked for the most popular apple for that period, October 2 to April 22—is that right?

Mr. MONET: I thought we had asked for Nova Scotia apples.

Mr. TAYLOR: No, you said the most popular ones for that period.

Mr. MONET: And then, that was the most popular?

Mr. TAYLOR: Yes.

Mr. WINTERS: You don't know why that was?

Mr. TAYLOR: Yes, we had none of the Nova Scotia apples.

Mr. WINTERS: I just wanted to make sure.

Mr. MONET: I did not want us to have any mistake in regard to the prices you listed there, that you were referring to B.C. apples.

Mr. MACLEOD: Yes.

By Mr. Monet:

Q. I just wanted to ask Mr. DeYoung about the price on these B.C. apples. You indicate here that your price increased from $4 on April 8, to $4.50 on April 15, at a time when there was no increase in your costs.—A. It could be the same as with oranges, sir; and I would correct that and say that it was the same as with the oranges in relation to size, depending on how your cost would run. Apples are sold at the same as oranges, by size, and you have to clear the apples that are most popular and you have to get rid of the other ones and see if you can get your money out of them.

Q. So that everything you have told the committee with regard to oranges would apply to apples?—A. That is right, apples and oranges from British Columbia are sold by size.

By Mr. Winters:

Q. I would like to ask the witness why he has provided the price for B.C. apples if you asked him to give the information on the most popular brand of Nova Scotia apples?

Mr. MacLeod: The B.C. apples would be the most popular brand. They are sold by the box and by size. It is true that Nova Scotia apples are packed at the present time in boxes but they are not popular, and no attempt is made to grade them by size.

Mr. Winters: Would you explain that a little further? I do not understand.

Mr. Irvine: Make it very clear.

The Witness: Perhaps I will get into the bad books of the Nova Scotia apple growers for saying this.

Mr. Irvine: We want to know.

The Witness: As far as our trade is concerned the Nova Scotia apple has come a long way in the last two years since they have put in cold storage facilities. There is no doubt about that, Nova Scotia apples are coming on; at the same time they are not as popular as is the B.C. apple. You will notice in the price statement here that these apples are packed by size and they are definitely in our area more popular than the Nova Scotia apple. There are some Nova Scotia apples which have their merits, but they are still trying to pack the same apples down there that are just about turnips as compared to the apples that are packed in boxes by size and delivered to us from British Columbia. They are getting the growers to cut down the old trees and put in newer and more popular varieties.

By Mr. Monet:

Q. Now, I want to refer to celery. I see by this statement, Mr. DeYoung, that in October your gross margin on celery was 55 per cent, or over $2 per crate. Would you tell the committee why this apparently high margin appears to be necessary? Is it due to any peculiar conditions in handling celery?—A. It is peculiar in this way, celery is very perishable and we always figure we need to have a better mark-up than 15 per cent on it. I might say also that at that time last year it was peculiar in another way. We had celery grown on Cape Breton Island, and there was one farmer in particular who had a good crop of celery and he insisted that he could not sell it at the price that we were selling, he wanted more money, and he caused quite a little bit of trouble down there by going to the agricultural department and wanting to know why we were bringing celery in from Ontario when his celery was available, and also the fact that if we had sold his celery we should have sold it for $2 a dozen.

Q. You mean a crate?—A. No, the dozen. On the other market he wanted a $1.50 a dozen for his celery while we were selling celery there at that time priced around $1 to $1.15. We were more or less protecting him because he was peddling some of it and he caused quite a discussion down there about celery, and we were selling celery so as to help him get his celery out we got our price up to where it was. That was the reason for that mark-up.

Q. Was that a very abnormal markup?—A. It is a normal markup for the price of celery. It was not an abnormal price for celery on our market because celery in Sydney sells for around $1.50 to $2.75 or $3 a dozen. In the wintertime it comes in from United States, but even when you have an abnormal market such as is suggested there celery was selling at $1.10 and $1.15 a dozen whereas in the wintertime it sells for $2.35 to $3 a dozen with a markup up 15 to 17 per cent.

By Mr. McGregor:

Q. Was this local celery you were selling on which you got your 54 per cent profit?—A. No.

Q. It was not local, could you not have sold local celery?—A. As I said, we were having pressure put on us to get the price of celery up because this local

fellow was losing on his celery, and it was a big investment for him, and if we had kept the price down he could not have sold his celery and made anything on it.

Q. Would you say there was a good demand for celery at that time?—A. Well, we had been selling it for $1.50 a dozen and we went up as high as $2 a dozen.

Q. How much did it cost you?—A. The celery at that time that was coming in was costing us around $48.50 a crate, it was costing us a little over 50 cents a dozen and we were selling it anywhere from 85 cents to $1.20 a dozen, and this chap wanted us to pay him $1.50 a dozen and that we refused to do because we didn't want the cost to be going up. But, as I said, to help him out, we did promise to go as high as $1 and $1.25 a dozen to enable him to get rid of his celery on the market.

Q. Did you buy any from him?—A. We did not buy any from him last year because his price was too high.

Mr. THATCHER: From a review of your statement here it strikes me that you as a wholesaler were taking markups that were decidedly abnormal, and in addition to that the retailer of course takes his markup on top of that; does not that mean that the consumer is going to pay a terrific price related to what the producer gets for his celery? Would it not be fairer if you based your markup on the cost to you instead of the selling price?

The WITNESS: In all the prices that we figure the cost is definitely figured, the markup, not on the cost but on the selling price. We do all our markup on the selling price and that is a fact that is recognized by the government in their control policy.

Mr. THATCHER: Is there a great waste in celery?

The WITNESS: There is.

Mr. THATCHER: Is that why you need such a high markup?

The WITNESS: As I said, we did not need that much of a markup but we put it on for the reason that we tried to help this farmer move his celery.

Mr. MCGREGOR: Where does this celery come from?

The WITNESS: From Ontario, it is brought in in direct cars.

Mr. THATCHER: Would that account for this, Mr. DeYoung. From November 20, to November 27, your cost remained around $2.75, and you state that you sold celery at that time for $4.38, and up to $6.30. What was the reason for that?

The WITNESS: That was due to the psychological effect once more with the retail store. It was so applied in hopes that he would not be able to buy any more celery. You see, if a man comes into your warehouse and you tell him that you are not going to sell him any celery and he sees it there he gets sore at you because you won't sell it to him, but if your price is high he may hedge and not buy, while it is too low he would probably buy more than he could take care of and it spoils on his hands. Now, about this November 27, period, that was coming on toward Christmas and he would probably buy it at that time if he could get it at the right price and then around December 20, he would call us up and say that he wanted us to take back practically all of it because it was spoiling. You see, he would not be in a position to handle it, and he would want us to give him a credit on what he would return. That was the reason the price was put up that way at the time, to keep the retailer from overbuying.

Mr. MCGREGOR: Was there anybody else handling celery at that time beside yourself?

The WITNESS: Yes, there are two other wholesalers, fruit houses in Sydney that do exactly the same business as we do, call on the same trade. We also have wholesale grocers—not in celery, but they do dabble in other things at times.

Mr. THATCHER: You have taken advantage of the market to get as much as you could for that celery?

The WITNESS: I do not agree with you. You are referring to but one week.

Mr. THATCHER: But you jump your figure overnight although the cost remained the same, you jumped it by almost $2. It seems to me that that is a terrific jump in price.

The WITNESS: But that was for one week.

Mr. THATCHER: Would it not be fair for the committee to assume that you have taken advantage of the market?

The WITNESS: No sir, no, because it was only jumped for one week.

Mr. THATCHER: Oh no, it wasn't only jumped for one week; excuse me; it was kept at $6.50, and went even higher the next week, and it stayed high right through 1947.

The WITNESS: But it did not stay nearly as high as it was before. It sold on October 2, at $2.39. It went up during the week to which you refer—the week before it was $1.67, and it went to $3.55, then went down to $1.85, and at no time after that did it sell as high as it was during the week of October 2 to October 20.

Mr. THATCHER: Well, I can read your figures there, I can see it for myself.

The WITNESS: That is your answer, sir.

Mr. THATCHER: Well, you still have not explained why you took such an excessive markup one week when your cost remained the same.

The WITNESS: To keep the celery from going into the retailer's store in too large quantities. I have explained that to you.

Mr. THATCHER: Why did you have to jump the price up? You did not have to sell if you didn't want to.

The WITNESS: You have got to consider your trade as a wholesaler. If he comes into your warehouse and sees the celery there and you won't sell it to him he just is not going to like you. If, however, the price you have on it is higher than he wants to pay, well, that keeps him from getting it. On the other hand, as I said, if you have your price down he will buy more than he is able to handle and he will later come back on you for a refund for the stuff that spoils on him after he gets it.

Mr. THATCHER: Apparently you did not sell very much in the week of November 27?

The WITNESS: That would be the reason for it, the price was too high for him to buy.

Mr. THATCHER: You would not have your sales figures on this week on boxes of celery?

The WITNESS: It might be that we could secure them, probably in six months or so, but we could not get it for you very readily.

Mr. THATCHER: You would not have them on celery?

The WITNESS: No.

The ACTING CHAIRMAN: Mr. DeYoung, I think you must bear in mind this fact, that we have just your figures in front of us here and that tells the story so far as figures can. What we are doing now is giving you an opportunity to

elaborate, to explain just what these figures mean, to make whatever explanation you like to justify what may appear to be somewhat abnormal prices. This gives you an opportunity of telling the whole story.

Mr. IRVINE: We are not trying to catch you, we want an explanation.

The WITNESS: I understand that. I am trying to point out that for one week, November 27, as you will see by this statement, there was one week in particular there that the price went higher and then dropped again. I would like you also to bear in mind that the week of November 27, was the time of the year when there is a normal demand for the stuff, when there is no more demand for the stuff than there is November 1, or October 1. Your Christmas supply and your Christmas trade comes along in December, so that if there was any idea of excessive profiteering these prices would have carried along until after the Christmas rush. For that one week the price went up and it levelled off—that would not give you a chance to find out what was going on, or to know what the score was. That was one week. You know how it is, people get panicky when they read these things in the press and hear them over the radio and instinctively they want to buy all they can get. That is true of every industry.

Mr. MCGREGOR: Is there any chance of the wholesaler getting panicky?

The WITNESS: There is a chance of the wholesaler getting panicky, the wholesaler gets panicky when it takes him two weeks to clear a market.

Mr. THATCHER: You decided to get panicky in the week of November 27.

The WITNESS: We did not have an opportunity to get panicky there.

Mr. MCGREGOR: But you sold enough of this stuff at 68·7 per cent so that they were not getting panicky.

The WITNESS: As I explained before, that was to give the farmer a chance to get out from under his celery that he had.

Mr. MCGREGOR: You were trying to help the farmer get out from under?

The WITNESS: That is right sir.

By Mr. Monet:

Q. Now, Mr. DeYoung, I want to draw your attention to imported green cabbage at the moment; would you please tell us why it was not possible to reduce the selling price on cabbage in the early part of March when it was 6 cents per pound and your cost had declined from 5 cents to 2·5 cents from February 26, to March 4. Would you give us an explanation of that.—A. Yes, sir. That was due to the fact that there was a run on cabbage. When it goes above a certain price the wholesaler cannot charge any more for it. Anwway, we have no control over what the American market is and we have to buy on the American market; and the American market on cabbage this year has fluctuated all the way from 75 cents a bag f.o.b. shipping point down in Mississippi and Texas up to as high as $2.50, f.o.b. and we paid $2.60, down there for one car.

By Mr. McGregor:

Q. They were American cabbage?—A. These are imported American cabbage.

Q. I understand that you are only allowed to go to a certain markup after February 19?—A. Not markup, there is a ceiling price, it is not a markup. It is a ceiling of $3.12, per 50 pound bag.

Q. And it fluctuated so much that in March you had a markup of as high as 41 per cent?—A. It is not a markup it is a ceiling.

Q. Well, it is the same thing; all right, ceiling; and that allowed you to make only so much?—A. Yes, it only allowed us to make so much, and it does not help us any later on when we have to pay more than we can sell it for to get the cabbage.

The ACTING CHAIRMAN: You do not have to sell at the ceiling though.

The WITNESS: We don't have to sell at the ceiling, but the point that I wanted to make, Mr. Chairman, is that when cabbage is expensive you cannot sell above the ceiling. If cabbage costs you above the ceiling you can buy all of it you want to but you cannot sell it at any price higher than the ceiling. However, there is a special regulation which allows a split-markup between the wholesale and the retail merchant when it goes above a certain price wholesale. There is a definite ceiling on cabbage. It is not like oranges where you have a percentage of markup. There is a definite figure set and that is the top and you cannot get any more. When the cost of cabbage goes above that ceiling you cannot get any more for it except where you get permission from the Wartime Prices and Trade Board who have control over this increased split.

By Mr. McGregor:

Q. There is a ceiling on cabbage?—A. The ceiling on cabbage now is $3.12 for a 50-pound bag. Under that arrangement of the split-markup over the ceiling, as between the wholesaler and the retailer, the wholesaler could go as high as $4 and two or three cents—I am not sure of the cents—we cannot go above that $4 plus the two or three cents, and that left the retailer 50 cents, because it is definite—this ceiling is 9 cents per pound and that works out at $4.50 on a 50-pound bag.

Q. What is the highest you sell?—A. Our limit is $4 and two or three cents, I am not just sure. That is on a split markup basis, and we have to apply to the Prices Board to get permission to do that. We have to apply to the Prices Board to sell cabbage above the $3.12 per 50-pound bag.

Q. Yes, but I wish you would stick to the price in pounds because we have it here in pounds. What is your ceiling on sales in pounds?—A. Our ceiling on sales in pounds is 6¼ cents—that is when we are getting $3.12 for a 50-pound bag.

Q. I understand that prior to April 17, you sold at $7.50?—A. That is because under the board's split markup—that is the order that has been issued by the Prices Board.

Q. In other words, you can sell over the ceiling then?—A. After it has been thoroughly investigated as to cost by an officer of the Wartime Prices and Trade Board, and you have to have authority in your store in writing from a foods officer for the increase, and that only takes it up to one or two cents over the 8 cents per pound—I am not sure just what it is.

Q. What did you say your ceiling was fixed at?—A. The ceiling we are selling at is 6¼ cents.

Q. And you say you are allowed to sell above that?—A. After permission has been obtained from the Prices Board, but even at that it is 7·7, do you see. At the same time I may say that cabbage would not be allowed to be sold on the local market retail at more than 9 cents per pound in the retail stores.

By Mr. Monet:

Q. Is it correct to state that for the last week of April your cost was higher than what you were selling it for?—A. That is correct, sir.

By Mr. Winters:

Q. Is it a fact that the wholesalers in Nova Scotia import all their cabbage?—A. We buy all we possibly can from local sources, Mr. Winters.

Q. Is not the amount of cabbage grown in the province sufficient to satisfy the demand?—A. You know what happened to your cabbage down in your county. We have tried to get it and could not.

Q. It must be a matter of distribution, there is lots available. Most of the time they would be glad to get rid of it.—A. Well, you know what happened years ago, a great deal of it down in your part of the country was put into sauerkraut—and we haven't been able to get even that.

Q. Well, I know several producers of sauerkraut who are wondering whether it could not be used by the European Relief Corporation as a relief food.—A. Well, I know that with respect to what we get in Nova Scotia we have to deal with the individual farmer, there is no marketing organization such as they have up here in Ontario.

Q. I suppose it is a matter of marketing. I was wondering whether any quantity of it was disappearing in the export market?—A. No, I do not agree with that.

Q. I did not say that it was so, I was just wondering?—A. It is a matter of opinion. Unless we know where John Jones' farm is, and unless we know John Jones and can get him on the telephone, we cannot obtain the produce. There are no marketing facilities.

By Mr. McGregor:

Q. I have always understood when there was a ceiling price the price was set and you either sold at that price or you did not sell. Do I understand now that if you are not satisfied or some condition arises, you can go to the Wartime Prices and Trade Board and get those figures changed so that you can sell above the ceiling?—A. Certain orders are issued by the Wartime Prices and Trade Board here in Ottawa. which orders deal with specific items. This winter they happened to cover cabbage and carrots. The order does not affect the retail ceiling. It does not affect the consumer's price and it just means that if the retailer is satisfied to handle the produce at a reduced mark-up we can take more. When we get more the retailer gets less because the retail ceiling is still the same. The retail ceiling on that cabbage was 9 cents a pound. If we got more money the retailer got less.

Q. In other words you make arrangements with the Wartime Prices and Trade Board that you will get more and the retailer will get less?—A. Yes, if the commodity is over a certain cost. The Wartime Prices and Trade Board makes that arrangement with us, we do not make it with the board. The Wartime Prices and Trade Board order must be issued.

Q. You make application?—A. The order comes from Ottawa first.

By Mr. Monet:

Q. You are entitled to take a part of the mark-up of the retailer?—A. That is right.

Q. In the long-run the price to the consumer does not change?—A. That is correct.

Q. With respect to carrots, local No. 1 washed carrots, would you tell us whether the carrots which you sold from October 2 to March 25 are purchased from farmers as required, or did the company already have those carrots, having purchased them in quantity last fall?—A. They were purchased in car lots from Ontario as required. They were practically all purchased from one firm until about the 29th of January and somewhere in there that firm ran short of carrots and we had to go to the Montreal market. We bought them from a broker in Montreal.

Q. None of the carrots about which you have given us information were purchased from farmers?—A. No, not from our local farms. Those purchases

would amount to less than a carload altogether. These cars reflected here were purchased from Ontario.

Q. From Ontario and from the Montreal market?—A. The last one is purchased on the Montreal market but until February they were all from Ontario.

Q. As of October 2 the price—your most recent purchase I take it—was 3·6 cents, and that figure applies from October 2 to November 27. Are those all of the same lot?—A. No, sir.

Q. Those were purchased at different times?—A. As we needed them, probably ten days apart.

Q. Purchased at the same price?—A. At the same price but not at the same time. When we wanted a car we called Ontario and bought them.

Q. Can you give some explanation as to the very high price which, as we see on this statement, prevailed in the month of March as compared with your most recent purchase?—A. Yes, sir, we have come to where the carrots were purchased on the Montreal market and we had to pay the market price. The price on all vegetables began to increase because they were getting in short supply and we had to pay the market price in Montreal. We were buying from brokers and not direct from shippers in Ontario.

Q. So you had to suffer the increased price charged on the Montreal market? —A. That is correct, sir, as shown in our cost figures.

Q. If we look at your percentage of profit on selling price we see that for the period from October 2 to March 25 the percentage does not vary very much?—A. That is correct.

Q. What would you consider a normal mark-up for local washed carrots, in the area in which you do business?—A. From 17 per cent to 20 per cent.

Q. Now turning to statement 2 and the last column, I refer to onions. Did you purchase onions in advance from local growers?—A. There are no local growers of onions in the maritimes. There may be a few onions grown but they are not marketed. The onions purchased in the maritimes come from Ontario, British Columbia, and in some seasons of the year, from Texas.

Q. They are not grown there?—A. No, unless there are a few grown for home consumption.

Q. Do I take it from October 22 to April 22 you purchased the onions which you have there listed from the Montreal and Toronto markets?—A. No, we purchased them from shippers in Ontario.

Q. I see that on December 18 and on January 15 the percentage of profit to selling price is 42·9 per cent, 44·6 per cent, and it reaches 48·6 per cent in that period. Would you have some explanation to give the committee for what appears to be an abnormally high mark-up as compared with the rest of your business?—A. If onions are not proper storage onions in the first place they may not keep too well and there may be some waste. That is the time when you have the severest weather and it is rather difficult to deliver out of town without getting some onions frozen so we must protect ourselves against damage by frost. Also, this year, we have had to look for a little more profit on some things in order to carry along. As our statement will show we were justified in looking for more profit.

Q. So you did look for a little higher profit on onions?—A. We had to, in order to carry along.

By Mr. Thatcher:

Q. On that same point, Mr. DeYoung, on November 6 your cost was 3·6 as against selling price of 4·0 but up to January 15 your sale price increased steadily although your cost stayed at the same level. Your selling price on January 22 is 75 per cent higher although your cost has remained the same.

The reasons you have given are damage by frost and things of that kind, but would it not be a situation where a shortage was created by the embargo?—A. No, definitely not. There was no shortage of onions created by the embargo.

Q. There was not?—A. Not at that time.

Q. You could get all the onions you wanted?—A. The onion shortage would not have an effect until March or April when we normally import them.

Q. If there was no shortage how could you jump your selling price 75 per cent in two months when the cost was the same?—A. Evidently they were continuing to go up on the Montreal and Toronto markets.

Q. There must have been a shortage?—A. No, not necessarily.

Q. Witnesses have been telling us that it is supply and demand which sends the price up and when there are shortages the price goes up? How else would a product jump 75 per cent in two months?—A. Perhaps the growers were looking for more money.

Q. Your evidence shows that your costs are the same?—A. We may have had those onions. I stated before that we may have had onions for four or five weeks.

Q. This is eight weeks?—A. We might have had a couple of cars in there and if we did have a car in on the 24th of December it would not be eight weeks.

Q. You are putting in a lot of "ifs" but I am trying to find out what the situation was?—A. I said that we bring them in as we need them.

Q. But in that period you have raised the price 75 per cent and you must have taken advantage of the shortage somewhere?—A. I cannot agree, sir. There was no shortage of onions. The market might have advanced or the growers might have been looking for more money and the shippers might have been asking for more money for onions at that time.

Q. So you just put up the price as the market advanced?—A. We had to, because we must put our price down with the market when it goes down.

Q. I thought you told us awhile ago that you based your selling price on cost?—A. We do when it is possible.

Q. But it was not possible to do so here? Your cost remained steady but you advanced your selling price?—A. We have to do things like that when our supplies are practically cut in half.

Q. You diverted from your usual practice?—A. You are not speaking of normal prices now.

Q. You are making two statements which differ and I am trying to reconcile them. In this case you advanced your selling price but the cost remained the same.—A. My statement was to the effect that in normal times we look for 15 per cent. You are now not speaking of normal times because December and January were not normal times.

Q. Why? Because there was a shortage?—A. No sir, it was not because of shortage.

Q. What was abnormal?—A. It was abnormal that our imports, several of our imports, were wiped out entirely, and the ones we were allowed to bring in amounted to only 50 per cent.

Q. Several imports were wiped out?—A. You have heard all this before.

Q. You are talking of onions?—A. I am speaking of the business over-all. We cannot take any one commodity and say that we will make so much on this and it will carry the business for the year. We have to consider volume, and if volume is wiped out—

Q. That may be true but this committee is trying to find out why prices have gone up and your prices have gone up 75 per cent in ten weeks. You do not need to get excited about this?—A. I am just trying to explain and I think you know the reason for the increase. I think you know it.

Q. I think I know it but you are not stating my reason?—A. I am sorry that I am not stating the reason you want me to state, but I am stating facts.

Several imports were prohibited and the balance were cut down 50 per cent. We take stock every month and we see our balance sheet every month—the balance sheet which you have requested here and which we have supplied—and when we see we are $4,000 or $5,000 in the hole we must look around for something to take us out of the hole, in order that we may stay in business. It might happen to be onions or something else.

Q. I appreciate that but at the time the embargo was imposed your costs stayed steady but you took heavier profits?—A. For one week.

Q. I am not blaming you but it would seem to the committee that your company and other companies took advantage of the shortage at that time to charge much higher prices to the consumer? All right.

Mr. MONET: I have no more questions.

By Mr. Irvine:

Q. I think Mr. DeYoung indicated that in connection with fruit, and this would apply I presume to certain kinds of vegetables, and all perishable goods, due to that perishable nature the prices must be arranged between the various grades and sizes in order that the merchandiser may get rid of the poorer kinds before they get so bad that they must go to the dump?—A. Correct.

Q. How much fruit went to the dump last year from your place of business? —A. I am not prepared to give that figure at the moment but I could secure it for you.

Q. There was some?—A. Definitely.

Q. I would then like to ask whether it would not be possible for your firm and others engaged in the same business to co-operate in canning any fruit that might be going bad? For instance you might make fruit juice out of oranges before they went bad. Could you not take some steps to save that produce? —A. Not unless you are suggesting we go into the canning business and we have enough headaches in the fruit business.

Q. You would have to have a small canning business.

Mr. MCGREGOR: Do not worry about that, their losses are not sufficiently great.

Mr. IRVINE: I wondered if they were sufficiently great to take that alternative. If the loss is great enough they might take steps to safeguard that food from being wasted.

The ACTING CHAIRMAN: That is another question—whether it would be profitable.

Mr. IRVINE: It might lead to a reduction in prices if they prevented great quantities of these goods going to waste. If that is true some steps ought to be taken.

The WITNESS: Our firm is not large enough to warrant that action. We serve only a small area with a small population. You would also have to consider the fact that every wholesale outlet would have to do the same thing because when fruit starts to deteriorate it is not in condition which would permit it to be carried, and you would have to have canneries all the way from Sydney to Vancouver.

Mr. MCGREGOR: There is not very much loss when the market is moving the way it has been. Dumping only occurs when there is a glut on the market.

The WITNESS: No, there are other times. There are two months of the year when it is generally recognized that there is a lot of loss.

The ACTING CHAIRMAN: Mr. Irvine's question would be quite proper if there is quite a considerable loss because it would certainly have a relationship to price. In other words the relationship would exist if they must make an additional profit on other items to cover losses due to spoilage.

Mr. McGREGOR: When things are turning over from day to day there is very little loss.

Mr. IRVINE: If there has been no such loss, or if it is a very minor loss, then I say that the price of 288 oranges was very much higher than it ought to have been.

Mr. McGREGOR: There is no doubt about that.

The ACTING CHAIRMAN: The witness has answered that question.

Mr. IRVINE: It is on the basis of his answer that I put the question.

By the Acting Chairman:

Q. Can you give any further information?—A. I can only say that on a percentage basis the loss is very, very small. It is great at times and you get particular carlots where you have large losses but on the whole it is not very much. It is serious at times but at other times it is not serious.

Q. It does not have any serious affect on the cost of living as far as fruits and vegetables are concerned?—A. Definitely it has, because we are only speaking now of the wholesale outlet. Loss comes in from the time the produce leaves the grower. It is handled by the grower, by the shipper, by the terminal market, by the distributor, the retailer and so on right down the line.

The ACTING CHAIRMAN: If there are no further questions I want to thank the witness for his attendance and presentation.

Mr. BEAUDOIN: Mr. Chairman, may I suggest that it is getting too late to start with another witness.

The ACTING CHAIRMAN: I think it might be advantageous to have the witness sworn now and perhaps the exhibit can be entered and handed to the members of the committee and they will have a chance to study it before tomorrow morning.

Michael Blidner, Partner, Dominion Fruit Company, Toronto, Ontario, called and sworn:

By Mr. Monet:

Q. Mr. Blidner, would you please give your full name?—A. Michael Blidner.

Q. And what is your home address?—A. 506 Roselawn Avenue, Toronto.

Q. I understand you are a partner of the Dominion Fruit Company?—A. That is correct.

Q. Would you give the name of the other partner?—A. Louis Soupcoff.

Q. Are there any other people doing business under the name of Dominion Fruit Company?—A. No.

Q. The address of the company is 88 Colborne Street, Toronto?—A. That is correct.

Q. I understand this company has no relation to the Dominion Fruit Limited of Winnipeg?—A. No.

Q. Now I would ask you to file as exhibit 112 the questionnaire which has been answered by your company.

EXHIBIT 112—Preliminary Information, Fruit and Vegetable Inquiry, Dominion Fruit Company, 88 Colborne Street, Toronto.

STATEMENT 1—GENERAL INFORMATION

PRELIMINARY INFORMATION — FRUIT AND VEGETABLE INQUIRY

1. Name of Company: Dominion Fruit Co.

2. Address of head office: 88 Colborne St.

3. Date commenced business: May, 1938.

4. Names and addresses of parent, subsidiary and affiliated companies: None.

5. Names and addresses of officers and directors or partners: M. Blidner; L. Soupcoff.

6. Location of branches, warehouses and other places of business (including those of subsidiary companies engaged in the fruit and vegetable trade): 88 Colborne St.

STATEMENT 2—PRICES—CELERY

DOMINION FRUIT CO.

(Toronto, Ont.)

SELLING PRICE AND COST OF MOST RECENT PURCHASES OF CELERY

Date	Average selling price per crate		Cost of most recent purchase per crate
	Good Quality	Poo.	
1947—October 2	1.50	Nil	1.10
October 9	1.35	Nil	1.00
October 16	1.25	Nil	1.10
October 23	1.85	Nil	1.75
October 30	1.90	.95	1.65
November 6	2.35	1.60	1.45
November 13	2.35	1.50	2.00
November 20	3.00	2.15	4.35
November 27	4.25	2.25	3.90
December 4	4.00	2.75	Nil
December 11	4.75	2.00	4.05
December 18	5.00	3.50	Nil
December 24	5.50	2.50	Nil
December 31	6.25	4.00	6.50
1948—January 8	9.00	3.50	6.00
January 15	9.00	6.00	Nil
January 22	9.00	7.00	Nil
January 29	11.00	5.00	Nil
February 5	11.00	Nil	Nil
February 12	.....	.....	.....
February 19	.....	.....	.....
February 26	.....	.....	.....
March 4	.....	.....	.....
March 11	.....	.....	.....
March 18	.....	.....	.....
March 25	.....	.....	.....
April 1	.....	.....	.....
April 8	.....	.....	.....
Arpil 15	.....	.....	.....
April 22	.....	.....	.....
April 29	.....	.....	.....

NOTE: Local celery is not sold according to grade, but according to quality and condition.

STATEMENT 3—CELERY

DOMINION FRUIT CO.

(Toronto, Ont.)

SALES AND PROFITS ON LOCAL CELERY

—	1946–47 season	1947–48 season
Volume handled (crates)—		
Celery purchased by company	42,429	48,292
Celery handled on commission basis	21,491	Nil
Total handled	63,920	48,292
Sales—dollars	$ 100,138	$ 163,082
Purchases—dollars	79,630	102,844
Gross profit	$ 20,508	$ 60,238
Commission earned on celery handled on commission basis	2,714	Nil
Total gross earnings from celery	$ 23,218	$ 60,238
Per cent gross profit to sales	20·5%	36·9%
Gross earnings per crate:		
On celery purchased by company	$ .48	$ 1.25
On celery handled on commission basis	.13	.....
On total handled	$ .36	$ 1.25

STATEMENT 4—ANNUAL SALES AND PROFITS

DOMINION FRUIT COMPANY

(Toronto, Ont.)

MAY 31

—	1939	1940	1941	1942	1943	1944	1945	1946	1947
	$	$	$	$	$	$	$	$	$
Sales	334,861	408,784	760,649	906,958	1,143,577	1,383,783	1,407,917	1,993,665	1,629,856
Cost of sales	305,935	376,546	709,518	843,898	1,064,878	1,285,225	1,302,874	1,864,338	1,510,960
Gross Revenue	28,926	32,238	51,131	63,060	78,699	98,558	105,218	129,327	120,105
Executive or partners' salaries	5,240	6,180	7,560	8,790	10,620	9,360	9,375	8,400	15,600
Other salaries and wages (including commission to salesmen)	2,870	5,459	14,615	24,990	27,252	29,982	35,120	47,991	51,909
Other operating expenses	11,652	16,948	22,999	24,248	32,761	41,399	49,192	47,364	45,547
Total expenses	19,762	28,587	44,474	58,028	70,633	80,741	93,687	103,755	113,056
Profit before taxes on income	9,164	3,651	6,657	5,032	8,066	17,815	11,531	25,572	7,049
Provision for excess profits taxes on income	Nil	Nil	699	615	1,003	8,997	3,224	1,932	Nil
NET PROFIT	9,164	3,651	5,958	4,416	7,063	8,818	8,307	23,640	7,049
Per cent gross profit on sales	8·6%	7·9%	6·7%	7·0%	6·9%	7·1%	7·5%	6·5%	7·4%

DOMINION FRUIT CO.

Toronto, Ont.

Month	Sales	Gross profit	Per cent gross profit to sales	Commissions and Misc. Income	Operating expenses	Operating profit
	$				$	
1946—January	135,064				7,521	
February	112,224				10,864	
March	140,363				8,053	
April	167,992				6,579	
May	244,749				9,586	
June	157,680				9,017	
July	151,394				10,111	
August	123,841				9,032	
September	93,800				9,079	
October	170,298				8,529	
November	115,035				9,934	
December	125,343		Information not available		9,381	Information not available
	1,737,703				107,586	
1947—January	112,583				10,234	
February	92,982				8,599	
March	137,344				9,250	
April	163,761				9,300	
May	187,509				10,976	
June	163,435				9,990	
July	187,431				9,503	
August	149,068				11,200	
September	142,442				11,589	
October	152,554				13,046	
November	126,981				11,219	
December	130,332				15,293	
	1,746,422				130,199	
1948—January	143,811				11,735	
February	111,223				9,570	
March	104,496				9,317	

* Before provision for taxes on income.

Mr. MONET: The witness has expressed a wish to read a statement which he has prepared and which it attached to the exhibit now being distributed to the members of the committee.

The ACTING CHAIRMAN: Is it agreed that the witness now read his statement?

Agreed.

The WITNESS:

DOMINION FRUIT COMPANY

FRUIT AND VEGETABLE DISTRIBUTORS

88 Colborne Street

TORONTO, Canada, May 5, 1948.

Special Committee on Prices,
House of Commons of Canada,
Ottawa, Ontario.

GENTLEMEN:

In order to give the committee a clearer picture of how the local celery deal is handled we submit the following:

Celery which is placed into cold storage in the fall of the year has a definite life expectancy.

Celery is grown and stored principally in four sections of Ontario:

1. *Bradford.*
2. *Thedford.*
3. *Burlington.*
4. *Islington.*

The celery grown in these four sections is harvested and stored in the order they appear above. Each of these sections harvest and store about two weeks after each other. In other words, Islington celery is put into storage about six weeks later than Bradford celery.

Therefore, each section has its own life expectancy in cold storage, and under normal circumstances it will live to a certain definite date. However, due to disease or a weakness in the constitution of the celery, in many instances it will not live as long as expected. While, on other occasions, it will live longer than expected, because it is healthy, and has a strong constitution.

In order to market profitably, and ensure supplies during the months of December and January, the life expectancy of each individual block of celery must be determined. Each grower or dealer who owns celery must keep constantly examining the celery in cold storage. Timing, experience and good judgment are of prime importance. Cost of celery cannot and must not enter the picture. The celery which appears that it will deteriorate first must be marketed first, while it is still in good condition, and before it breaks down.

The market price is not made by any one individual but by the growers who own the celery. The price they ask is a factor in determining the market. Furthermore, there are many growers who do not sell their celery outright, but give it to the commission merchants to sell for them. It is a common practice amongst the growers to divide each shipment amongst two and sometimes three commission merchants. When the grower receives his statement of returns from each, he compares one with the other. This has a tendency to create competition amongst the commission houses to get the highest possible price for the grower, taking into consideration the supplies available and the quality of

the merchandise. It is, therefore, only logical that the growers will ship their merchandise to those commission houses that consistently get for them the best prices. When the grower sells outright he takes no further risk or gamble as to the condition of the merchandise or the market. When he ships on commission he takes all the risk. Naturally on a good market he benefits by extra profits, on a poor market he suffers a loss.

Yours truly,

DOMINION FRUIT COMPANY,

(Sgd.) M. BLIDNER

(Sgd.) L. SOUPCOFF

LS/GW.

The ACTING CHAIRMAN: Is that as far as you intend to go this evening, Mr. Monet?

Mr. MONET: Yes.

The meeting adjourned, to meet Thursday, May 20, 1948, at 11 a.m.

APPENDIX

WARTIME PRICES AND TRADE BOARD

ADMINISTRATOR'S ORDER NO. A-2507

MAXIMUM PRICES OF IMPORTED NEW POTATOES

Under powers given by the Wartime Prices and Trade Board to the Co-ordinator, Foods Administration, it is hereby ordered as follows:—

PART I—INTRODUCTION

1. This Order comes into force on May 17, 1948, and fixes maximum prices for imported new potatoes of all kinds, grades, qualities and varieties grown in 1948. Such potatoes are hereafter referred to as imported new potatoes. This Order does not apply to sweet potatoes or yams.

2. All prices fixed by this Order are maximum prices and must not be exceeded. No charge may be made for a container or for packing, handling or any other service which results in the sum of the price and the charge for the container, packing, handling and/or service exceeding the maximum price.

3. For the purposes of this Order,

(*a*) "sell" includes offer to sell;

(*b*) "wholesale distributor" means a person who in any sale, sells imported new potatoes at wholesale and "sell at wholesale" means to sell otherwise than at retail or to a consumer.

PART II—SALES BY WHOLESALE DISTRIBUTORS

Sales of Imported New Potatoes by the Wholesale Distributor Himself

4. (1) The maximum price at which a wholesale distributor may sell any imported new potatoes, imported by him, shall be the sum of the following, f.o.b. his place of business:—

(*a*) the actual price paid for the imported new potatoes, expressed in terms of Canadian currency, at prevailing rates of exchange;

(*b*) the amount actually paid by him for icing or refrigeration services;

(*c*) the bank and foreign exchange and the customs duty, excise tax, insurance charges and transportation charges at not more than the carload lot freight rate that are to be borne by him and are not included in the amount fixed by clause (*a*) preceding;

(*d*) a markup not exceeding,

(i) the rate of 15 cents per 100 pounds of imported new potatoes on sales to another wholesale distributor; or

(ii) the rate of 30 cents per 100 pounds of imported new potatoes on sales to a retailer;

provided, however, that in order to determine, for the purposes of this Section, the sum of (*a*), (*b*) and (*c*) preceding, such wholesale distributor shall at the commencement of business on Monday of each week average the cost of all imported new potatoes on hand and purchased by him under condition of sale providing for delivery in that week and such wholesale distributor shall retain

in his place of business a copy of his cost sheets available for inspection by an authorized representative of the Board at any time within 12 months of the week to which it relates and such wholesale distributor shall on Monday of each week forward a report to the Foods Officer at the nearest office of the Board showing his average laid-down cost of imported new potatoes for that week.

(2) In any case in which it is not feasible for any wholesale distributor to determine his cost of any imported new potatoes sold by him in any week according to the provisions of subsection (1) of this Section, the Co-ordinator, Foods Administration or some other duly authorized representative of the Board may prescribe the method by which such wholesale distributor shall determine his average laid-down cost of such imported new potatoes.

Sales by Wholesale Distributors of Imported New Potatoes Purchased from an Importing Wholesale Distributor

5. The maximum price at which a wholesale distributor may sell any imported new potatoes purchased by him from a wholesale distributor who imported the new potatoes into Canada, shall be the sum of the following, f.o.b. his place of business:—

(*a*) the maximum price as fixed by this Order at which the imported new potatoes may be sold to him by his supplier; and

(*b*) the actual cost of transporting the imported new potatoes by common carrier to his receiving point from his supplier's shipping point, if his supplier is not by this Order required to deliver free to him; and

(*c*) a markup not exceeding the rate of 15 cents per 100 pounds of imported new potatoes.

Sales by Wholesale Distributors Not Covered by Sections 4 and 5

6. Unless otherwise authorized by the Co-ordinator, Foods Administration, or some other duly authorized representative of the Board, the maximum price at which a wholesale distributor, not referred to in Sections 4 and 5, may sell any imported new potatoes, shall be the sum of the following, f.o.b. his place of business:—

(*a*) the maximum price as fixed by Section 5 at which the imported new potatoes may be sold to him by his supplier; and

(*b*) the actual cost of transporting the imported new potatoes by common carrier to his receiving point from his supplier's shipping point, if his supplier is not by this Order required to deliver free to him.

Sales by Wholesale Distributors in 10 and 15 Pound Packages

7. If a wholesale distributor packs the imported new potatoes in containers containing 10 or 15 pounds of potatoes, he may, on a sale of such imported new potatoes, charge the buyer an additional amount not exceeding 3 cents per 10 pound container of potatoes and 4 cents per 15 pound container of potatoes.

Delivery To Be Free in Certain Cases

8. If the sale of imported new potatoes by a wholesale distributor is to a buyer whose place of business is within the limits of the city, town or village in which the wholesale distributor has his place of business or is within the wholesale distributor's customary free delivery zone, delivery shall be free to that buyer.

Prepayment of Transportation Charges

9. At the request of a buyer, a wholesale distributor may prepay the charge for transporting any shipment of imported new potatoes to the city, town or

village in which the buyer has his place of business, but in that event he must show such charge as a separate item on his sales invoice to the buyer and must not include such charge in computing his markup.

PART III—SALES AT RETAIL

Maximum Retail Prices

10. (1) The maximum price at which any person may sell at retail any imported new potatoes purchased by him from a wholesale distributor in Canada shall be the sum of the following:

(*a*) the actual price paid by him for the imported new potatoes but not exceeding the maximum price that may be charged by his supplier under the provisions of this Order;

(*b*) if his supplier is not by this Order required to deliver free to him, the actual cost of transporting the imported new potatoes from his supplier's shipping point to the city, town or village in which he has his place of business; and

(*c*) a markup not exceeding, according to the size of the container in which the imported new potatoes are packed and sold:—

48 cents per 100 lb. container,
36 cents per 75 lb. container,
30 cents per 50 lb. container,
18 cents per 25 lb. container,
15 cents per 15 lb. container,
10 cents per 10 lb. container,
1 cent per pound for less than 10 lb. containers;

provided, however, that if the retailer purchased the imported new potatoes already packaged in 10 lb. or 15 lb. containers, his markup shall not exceed 7 cents per 10 lb. container and 11 cents per 15 lb. container.

(2) The maximum price at which any person may sell at retail any imported new potatoes imported by him shall be the sum of the following:—

(*a*) the amount to which, under the provisions of Section 4 of this Order, he could add his markup if he were a wholesale distributor;

(*b*) if he took delivery of the imported new potatoes at a point which is not situated within the limits of the city, town or village in which his retail outlet is situated, the actual cost of transporting the imported new potatoes from such receiving point to such city, town or village; and

(*c*) a markup not exceeding, according to the size of the container in which the imported new potatoes are packed and sold:

57 cents per 100 lb. container,
43 cents per 75 lb. container,
36 cents per 50 lb. container,
21 cents per 25 lb. container,
18 cents per 15 lb. container,
12 cents per 10 lb. container,
1½ cents per pound for less than 10 lb. containers.

Sales Must Be by Weight

11. No person shall sell any imported new potatoes except by weight and for the purposes of determining the maximum price of any potatoes the net weight

thereof, in the original container in which they were packed when received by the seller shall be deemed to be

(*a*) as stamped or marked on the original container; or

(*b*) if not so stamped or marked, as shown on his supplier's invoice; or

(*c*) if neither so stamped or marked, nor shown on his supplier's invoice, that which is actually in the original container when received by him.

Sales Invoices

12.(1) On every sale of any imported new potatoes other than a sale at retail, the seller shall at the time of delivery, furnish the buyer with an invoice showing:

(*a*) the name and identifying address of the seller and the buyer and the date of sale;

(*b*) the weight of the imported new potatoes sold and the price per pound charged.

(2) Every seller shall keep a duplicate copy of each invoice furnished by him as required by this Section.

Records of Purchases

13. (1) Every person, other than the importer of new potatoes, who buys any imported new potatoes for resale, shall, at the time of delivery of the imported new potatoes to him obtain from his supplier an invoice completed in accordance with the provisions of subsection (1) of Section 12 covering that transaction.

(2) Every person who imports new potatoes for resale shall, before selling such imported new potatoes, record on the copy of the invoice furnished him by his supplier any of the particulars referred to in subsection (1) of Section 12 which are not recorded on that invoice when it is received by him.

(3) Every person who buys any imported new potatoes for resale shall, at the time of delivery of the imported new potatoes to him, obtain a receipted bill covering any amount paid by him for the transportation of the imported new potatoes.

Retention and Inspection of Invoices and Transportation Receipts

14. Every duplicate copy of an invoice which a seller of imported new potatoes is required by this Order to make and keep and every invoice and transportation bill or receipt which a person who buys imported new potatoes for resale obtains, shall be kept by him available for inspection by any authorized representative of the Board at any time within twelve months of the date of the transaction to which it relates.

Sales Slips on Sales at Retail

15. Every person who sells imported new potatoes at retail shall upon request of the buyer furnish him with a sales slip showing the date of sale, the seller's name and address, the quantity and price of the imported new potatoes sold.

Dated at OTTAWA, this 14th day of May, 1948.

F. S. GRISDALE,
Co-ordinator, Foods Administration.

Approved:

K. W. TAYLOR,
Chairman, Wartime Prices and Trade Board

NOTE:—The following is a list of the Foods Officers of the Wartime Prices and Trade Board and their addresses. Section 4 of this Order requires each wholesale distributor who imports new potatoes to forward on Monday of each week to the nearest Foods Officer a report showing his average laid-down cost of imported new potatoes for that week:—

Foods Officer	*Address*
A. Wilkinson	Marine Bldg., Vancouver, B.C.
L. W. Sadler	Monarch Bldg., Edmonton, Alta.
A. R. Mackie	1708 Hamilton St., Regina, Sask.
R. H. Fisher	Power Bldg., Winnipeg, Man.
F. W. Hall	Northern Ontario Bldg., 330 Bay St., Toronto, Ont.
G. E. Dalgleish	Dominion Public Bldg., London, Ont.
A. T. Smith	383 Main Street, North Bay, Ont.
A. C. Collins	Elgin Bldg., Ottawa, Ont.
V. Picotte	Aldred Bldg., Montreal, P.Q.
J. A. Bazin	Palais Bldg., Quebec City.
L. C. Vallis	58 King St., Saint John, N.B.
C. E. Clarke	Eastern Air Command Bldg., Halifax, N.S.
Miss L. Duchemin	Chappell Bldg., Charlottetown, P.E.I.

SESSION 1947-48
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

PRICES

MINUTES OF PROCEEDINGS AND EVIDENCE
No. 61

THURSDAY, MAY 20, 1948

WITNESSES:

Mr. M. Blidner, Dominion Fruit Company, Toronto, Ont.
Mr. Ruben Marlow, General Manager, Marlow & Co. Ltd., Toronto, Ont.
Mr. J. R. Caldwell, President, Caldwell Fruit Co. Ltd., Montreal, Que.
Mr. Mac Shore, Manager, Mac Fruit Company, Toronto, Ont.
Mr. Zoel Parent, President, Parent, Goyer & 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, May 20, 1948.

The Special Committee on Prices met at 11 a.m., Mr. Mayhew in the Chair.

Members present: Messrs. Beaudry, Beaudoin, Harkness, Irvine, Kuhl, Lesage, McGregor, Mayhew, Thatcher, Winters.

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

Mr. M. Blidner, Dominion Fruit Company, Toronto, was recalled and further examined.

Witness discharged.

Mr. Ruben Marlow, General Manager, Marlow & Co. Ltd., Toronto, was called, sworn and examined.

At 1 p.m. witness retired and the committee adjourned until 4 p.m. this day.

AFTERNOON SITTING

The committee resumed at 4 p.m., Mr. Mayhew presiding.

Members present: Messrs. Beaudry, Beaudoin, Harkness, Irvine, Kuhl, McGregor, Mayhew, Thatcher, Winters.

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

Mr. Marlow was recalled and further examined.

Witness discharged.

Mr. J. R. Caldwell, President, Caldwell Fruit Company Limited, Montreal, was called, sworn and examined. He filed,

Exhibit No. 113—Statement of account *re* purchase and sale of one carload of potatoes (car PFE 62554) by Caldwell Fruit Co., Ltd. (*Printed in this day's Minutes of Evidence*).

Witness discharged.

Mr. Mac Shore, Manager, Mac Fruit Company, Toronto, was called, sworn and examined.

Witness discharged.

Mr. Zoel Parent, President, Parent, Goyer & Company, Montreal, was called, sworn and examined in French. (*Translation of Mr. Parent's evidence appears in Appendix to this day's Minutes of Evidence*).

He filed,

Exhibit No. 114—Series of four statements prepared by Parent, Goyer & Company, in answer to questionnaire. (*Printed in this day's Minutes of Evidence*).

For the duration of Mr. Parent's examination Mr. Beaudoin occupied the Chair.

At 6 p.m. witness discharged and, on motion of Mr. Irvine, the committee adjourned until Tuesday, May 25, at 11 a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 20, 1948.

The Special Committee on Prices met this day at 11.00 a.m. The Acting Chairman, Mr. R. W. Mayhew, presided.

The ACTING CHAIRMAN: Gentlemen, we have a quorum and we will proceed. Probably before we go on I might state for the information of the committee, this is before the steering committee have discussed it, that we are not meeting on Monday, which probably most members will not want to do on account of the holiday and members being out of town; Mr. Monet would be able to finish with vegetables on Tuesday; and on Wednesday Mr. Dyde wants to finish meat. On Thursday Mr. Towers would be available and he has been requested to appear. That takes us up to Thursday and that is about as far as we can go at the moment. Textiles would not be ready by Thursday. I am not saying that this is the program. I am just giving that as the way it looks at the present time as to what is likely to happen.

Mr. MONET: Mr. Towers will take the full day on Thursday.

The ACTING CHAIRMAN: Yes, I am quite sure that the committee would want Mr. Towers probably to take all of Thursday if necessary.

Mr. THATCHER: Rather than take too many holidays would you consider having the Woods people in, if Mr. Dyde is not ready to proceed?

The ACTING CHAIRMAN: It is not what I would consider, it is what the committee would consider. Did I understand you to say that it was a matter of working conditions in the Woods plant?

Mr. THATCHER: Well, they are a textile plant and I would just like to have them examined as to their prices, also.

The ACTING CHAIRMAN: If it is prices, of course it would be quite in order; but if it is working conditions in the plant, that is not part of our reference.

Mr. LESAGE: You had better call Mr. Duplessis to tell you about that.

Mr. THATCHER: Can we subpoena a provincial premier?

The ACTING CHAIRMAN: Are you ready to proceed, Mr. Monet?

Mr. MONET: Yes.

M. Blidner, Dominion Fruit Company, 88 Colborne Street, Toronto, recalled:

By Mr. Monet:

Q. Mr. Blidner, before dealing with the general questions as to the information you have submitted I have a few specific questions on the questionnaire which has been submitted by you. I would like to ask you a few questions on the statement you made yesterday which is attached to and forms a part of exhibit 112. You said in that statement that the cost of celery does not enter into the picture of price, or the price at which it would be sold. Would you comment on that? Would you tell us why it should not enter into the picture of sales price?—A. This is the reason. You may have two blocks of celery identical in

price, bought the same day. A week later your examination might show that one block of celery must be moved within a reasonable length of time whereas the other block of celery can be kept, you figure it can be kept for two months. Well, you take that first block of celery which you feel must be moved and you take the market price regardless of your cost, whether there is a half dollar of profit or a quarter or half dollar loss, it must be moved or it will deteriorate and you will have to dump it.

Q. Does a situation of that kind happen very often where you have to sell it at less than what it cost you?—A. It happens in quite a number of cases, yes.

Q. It would not happen very often, would it though?—A. Yes, I would say it would happen quite often.

Q. We will deal with your statement a little later on but from the examination I have made would you care to say that in 1947, it did not happen very often, that you did not take much of a loss in 1947?—A. No, I disagree with that statement.

Q. You say that on account of the reasons you have given you might have had to sell celery at a lower price than what it cost you in the fall of 1947; is that your answer?—A. Yes sir.

Mr. THATCHER: How would the witness verify that from his statement. I don't just follow that.

The WITNESS: I can prove that by showing sales of celery on a $9 market at $5, which would be on a case of that celery $1.55 below our costs. That is where it developed root trouble, and when sending that lot of celery out we deliberately wrote on the invoice the statement that celery contained this black root condition and that under no circumstances could the buyer have any recourse since we definitely told them the condition was there.

By Mr. Monet:

Q. Your evidence is this, that as far as celery is concerned a certain situation may develop which you could not take into consideration in fixing the market price in relation to cost?—A. That is right

Q. Also on this statement you say that when you sell on a commission basis you have to sell for the benefit of the growers as high as possible. Is that correct; to get a price that is as high as possible on everything you sell on commission? —A. That is right.

Q. Am I to take it that in 1947, as far as your company is concerned you did not sell any celery on a commission basis?—A. No, we did not.

Q. So this factor of trying to get as high a price as possible for the grower because you were selling on a commission basis did not enter into consideration in your business last fall?—A. That is right.

Q. Whatever high price you may have been able to obtain you got all the benefit?—A. That is right.

Q. Now, would you describe for the benefit of the committee—at this time I think I should state for the benefit of the members of the committee that this company has been called to give evidence as to its operations in celery only. The information requested on statements 4 and 5, is the same as that requested from the other fruit and vegetable dealers who have been heard already, but on statements 2 and 3, other information has been requested as to price and costs of celery only and as to the profit, and the handling of local celery during the past few seasons. This company has not been asked to give complete information as to its selling prices of products other than celery, although it has been asked to submit figures on its over-all operations.

Mr. THATCHER: Excuse me, Mr. Monet, would you have the witness explain why you have on this celery sheet the two columns headed "good quality and poor quality"? That is different from the quality indicated by other companies. Is there some reason for that?

Mr. MONET: I will ask the witness the cause of that. It was intended to get similar information from this witness to that which has been obtained from other witnesses who have appeared here. I will ask this witness to give us some explanation as to the difference in quality. So far as I am concerned, I thought we were dealing with the same qualities in all these statements.

By Mr. Monet:

Q. Would you describe for the benefit of the committee the nature of your operations? I understand that you are not dealing only in celery.—A. No, we have a general line of mainly imported produce, celery being the big exception in our local commodities which we purchase. We purchase that through brokers here and in the States.

Q. You said that you deal mainly with imported goods?—A. Yes.

Q. What would be the proportion of your dealings in imported as compared to domestic produce?—A. I would say that celery is around 30 or 35 per cent of our business.

Q. That would be 30 to 35 per cent of your business?—A. That is right.

Q. And as to importations, what would be the proportion of imports? —A. You mean of imports in relation to our entire business?

Q. Yes, in relation to your entire business.—A. I would say from 65 to 70 per cent, that would be a rough guess.

Q. And that would be on all your operations, and with respect to celery you say your domestic production would be between 30 and 35 per cent?—A. Yes.

Q. In what other lines do you deal in your business speaking of both imported and domestic goods?—A. Oranges, grapefruit, celery, lettuce, carrots, cabbage, potatoes, onions—that is about the main items.

Q. And who do you sell your produce to?—A. Retailers in Toronto and jobbers and processors in Toronto and vicinity.

Q. Does it also happen that you sell to other wholesalers?—A. Yes sir.

Q. Would that be a large proportion of your sales?—A. It would be a fair proportion.

Q. Would you sell to retail stores?—A. Yes.

Q. Would that be a large proportion of your business?—A. It could run large.

Q. It would be a good proportion?—A. Yes.

Q. Dealing now with your statement 5, Mr. Blidner; I notice that you did not supply the committee with the information requested as to your monthly operations in the same form as witnesses who have already appeared before us. Would you give an explanation as to why you did not supply that information which I would qualify as quite important.—A. We have never taken a formal monthly statement. We feel that a monthly statement does not give a true picture of our own operation, or an inventory taken on 25 or 30,000 cases on hand at the end of a month. The picture that would develop from then in would be the basis of what you actually made the past month. Our method is a little different, and I think in my own opinion it is a much better method. When our trial balance comes down around the 10th or 12th of the month we have a rough figure of our stock at the end of the month. Then my partner and myself sit down at approximately that time and discuss our situation up to the present moment; and what we did in that particular month does not enter into our calculations—we cannot change our expense, our overhead selling costs remain the same—we have just got to deal in speculative items to the best of our ability.

Q. Why could you not cut down your expenses, and why could you not establish a monthly system like all the previous witnesses had? Would it be impossible to do that?—A. No, but I do not think it is a sensible thing for us to do, because it does not give you a picture of our operations. There may be

months where we take a loss and the only thing we can do the following month is to work as hard as we can to make a profit to counteract that loss.

Q. Then for that reason don't you think it would be a proper thing to know exactly at the end of the month how your company stands?—A. I feel that we do know better than anybody taking a statement and putting down figures that they do not know will be correct. At the end of three months our trial balance comes down, and with our estimates on what we figure inventory is actually worth we have a picture for those three months or four months or six months as the case may be, rather than taking individual months month by month.

Q. Is it not a fact, as you said a moment ago, that if you took a picture of your operations as you describe it at the end of each month, if you noticed that you are operating at a loss that you would try to get more the next month to offset that loss?—A. Mr. Monet, I try to make a profit in any case, even if I have made a profit in the month before.

Q. You would try to make a profit in any case, but you would try to make a little larger profit if you had suffered a loss in the month before?—A. I think I would be trying to get all I could in any case.

Q. Do you not think it would be an advantage at the end of the month to know exactly where you stood in respect to whether or not you were operating at a profit?—A. Well, we know where we stand shortly after the end of the month, as I have already stated, and then when our trial balance comes down we know what we have done over a period of three months, I know what we actually did.

Mr. THATCHER: You mean it would not be possible for you to supply us with the information in that form?

The WITNESS: Mr. Thatcher, I could reconstruct from my insurance figures, but that would not be in any sense accurate. We have our insurance on a sliding scale. Now, the only difference with that is that you do not put into your insurance the cars on track, and at any given moment we might have one car or we might have seven or eight cars on track, and that would certainly change the picture.

Mr. THATCHER: You could not possibly try to do that?

The WITNESS: No.

Mr. MCGREGOR: Are we talking about celery now, or are we talking about the general operations of this company?

Mr. MONET: It would be better to have no picture of it at all rather than not to have a true picture.

The WITNESS: I think we get a truer picture our way.

Mr. MONET: By not having a monthly statement system?

The WITNESS: That is right.

By the Acting Chairman:

Q. Could you give us some idea of what is included in operating expenses?—A. All the expenses entailed in the running of our business.

Q. Does that include salaries and wages?—A. Everything.

Q. Not just the purchasing end of it?—A. No, that is everything.

Mr. MONET: You could keep track of that with a monthly statement.

The WITNESS: But it shows on our trial balance.

The ACTING CHAIRMAN: So far as your case is concerned this would show the profit pretty well, the net profit?

The WITNESS: If we had a definite closing time each month it would be shown.

The ACTING CHAIRMAN: You do take a running inventory but you do not take a physical inventory at the end of each month?

The WITNESS: We take a review and discuss it in relationship to conditions at the moment.

By Mr. Monet:

Q. Why do you discuss it then if it really does not help any?—A. We find that actually the discussion does not concern only and mainly our monthly statements or operations to date. We feel that a monthly meeting between my partner and myself is a very good thing for our business. There are a lot of things which come up—ideas and suggestions that you do not have time to talk over during business hours.

Q. You feel that system is better than having a monthly statement?—A. Yes, sir.

Q. Now, Mr. Blidner, I want you to refer to your statement No. 2, your operations on celery, and you will notice a rapid increase in the price of celery classified as good quality—first, would you for the information of the committee describe the different qualifications of good and poor celery. What does that mean?—A. We were asked to specify on No. 1 and No. 2. After celery has been in storage for approximately a month I do not think you will find any that would grade No. 1 because of certain difficulties—discolouration of leaves and other things, and it will not come out on a No. 1 basis, but it will still be a good case of celery. A poor case of celery is something that has deteriorated. And we thought it would be giving you a more interesting picture if we were not to classify it by grade 1 or 2, but rather to classify it as good and poor as to quality.

By Mr. McGregor:

Q. Do you mean to tell this committee that after celery has been in cold storage for one month there is no No. 1 celery in it?—A. I said there was very little.

Q. Do you mean you would not have one crate out of a thousand?—A. Mr. McGregor, we try to get No. 1 inspection for shipping out of the province and the west when they come in for celery, and we have inspection reports, and even on our best boxes of celery not one of them graded even close to being No. 1.

Mr. MCGREGOR: I can tell you right now, as far as I am concerned personally, I do not believe that.

The ACTING CHAIRMAN: I think, Mr. McGregor, you would not like to have that on the record.

Mr. MCGREGOR: Why not? I know something about celery and I know something about cold storage, and I do not believe his statement.

The ACTING CHAIRMAN: Here is a witness who is under oath, and I do not think he should be put in such a position. I do not think any member of the committee, when a witness is before the committee under oath, should deliberately say, "I do not believe your statement"; in other words, you are asserting that the man is perjuring himself in his position as a sworn witness. I suggest that you modify that, Mr. McGregor.

Mr. MCGREGOR: That is my opinion.

The ACTING CHAIRMAN: If you confined it to your belief.

Mr. THATCHER: You might expect that from the C.C.F., but from a Conservative you would not, Mr. Chairman.

Mr. IRVINE: I don't see what we can do about it.

By Mr. Monet:

Q. Well, Mr. Blidner, would you then give the reason to the members of the committee for the very rapid increase in the price of celery during the past season from a low—I am talking here about the good, what is described as good quality—from a low of $1.25 on October 16, 1947, to a high of $11 per crate in 1948. Would you explain to the committee the reasons for this very rapid increase?—A. Well, I feel that there are several reasons. One of the reasons I would base my opinion on would be that there was an additional demand for celery owing—that is in the later stages—owing to the decrease in the supply of other vegetables which brought about a demand for celery. Another thing which would enter into the picture would be that with a knowledge that there was no way of replenishing the supply, any producer who had celery in storage would feel that he should be able to realize more money than he would have if there had been additional supplies available.

By Mr. McGregor:

Q. How much celery do you store?—A. We don't store any.

Q. You don't store any celery?—A. No.

Q. You just buy it from day to day?—A. No. We are what is classified as a cumulative buyer, that is the term which was used by Mr. Robinson—and I would like to quote to you what he said. This will be found on page 12, of the brief presented by Mr. Robinson, and it reads as follows:

> Emphasis should be placed on the part cumulative buying plays in the storage vegetable field. Many traders accumulate supplies of these vegetables in the fall months especially at harvest time. Our association encourages cumulative buying. Many growers prefer to sell all or a percentage of their crops to traders at this time of the year. They prefer the cash that goes with the lower price to the long hold and the gamble of higher prices or the possible loss through wastage and deterioration. Especially is this true in celery. Cumulative buying of this sort by the trade serves to maintain price levels at the time of the year when supplies are at their peak.

Q. How do you buy your celery, what quantities do you buy in?—A. That depends a lot on the condition, the quantity, and the amount of celery in storage.

Q. All right, let's take November, how much did you buy in November?—A. In November we bought fairly heavy, as we usually do in November, to build up for our Christmas trade.

Q. That does not mean anything much. How many cases would you buy at once?—A. I would only be making a guess. I would say that we would buy in the month of November approximately 20,000 crates.

Q. 20,000 crates?—A. In the month of November, yes.

By Mr. Monet:

Q. Excuse me, Mr. McGregor, if I interrupt you at that point. If you will refer to statement 3, Mr. Blidner, this may help you to answer the question asked; on statement 3, you will see the volume handled in crates for the season 1947-48 by this company was 48,292 crates; is that correct.—A. Yes.

Q. Now, coming to Mr. McGregor's question, how many crates would you say you bought in November of 1947, out of this total amount of 48,000 odd?—A. As I said, my guess would be about 20,000 crates.

Q. In November?—A. Yes.

Q. Would that be previous to November 17, or would it be after November 17?—A. Some before and some after.

Q. What proportion of these 20,000 crates would have been bought before November 17?—A. I would say as a guess, around 6,000 or 7,000.

Q. You give that as a guess; as members of the committee pointed out I think correctly yesterday, I do not think your answer should be in the form of a guess; could you tell the members of the committee that that information is correct?—A. Definitely.

Q. Can you give us the number of crates of celery that were purchased by your company from November 1 to November 17, and also the exact number purchased by your company on November 17, and say three or following days; is it true that on November 17, and 18 your company did purchase a substantial amount of celery?—A. That is right.

Q. Now, coming to the total handled by your company in 1946-47 as compared to 1947-48, from statement 3, I take it that in 1946-47 you handled a total of 42,429 crates which had been purchased by your company?—A. That is right.

Q. This celery was purchased outright and sold for your benefit?—A. Yes, sir.

Q. And you also handled celery on a commission basis in the season 1946-47?—A. That is right.

Q. What number of crates did you handle on a commission basis?—A. 9,491 crates.

Q. So you did sell, either for your own benefit or on commission basis, in the 1946-47 season, 63,920 crates of celery?—A. That is right.

Q. Would you give the comparative figures for the 1947-48 season with respect to celery purchased by your company?—A. 48,292 crates.

Q. And did you handle any celery on a commission basis?—A. No, nothing at all.

Q. So the total of your celery business was 48,292 crates in 1947-48 as compared with 63,920 crates the year before?—A. Right.

Q. That would be a reduction of 15,628 crates?—A. Yes.

Q. In the 1947-48 season you handled about $\frac{1}{4}$ less celery than you did in the year before?—A. That is right.

Q. Would you tell the members of the committee what your gross profit was in 1946-47, with respect to celery, and also would you tell us what it was in 1947-48?—A. In the 1946-47 season we made $20,508 and in 1947-48 we made a gross profit of $60,238.

Q. In other words you made a gross profit for the 1947-48 season which was three times as large as the profit which you made in 1946-47?—A. Yes, sir.

Q. Although you handled 15,628 crates less—$\frac{1}{4}$ less volume?

Mr. WINTERS: That does not include commissions earned?

Mr. MONET: I refer to all the operations in celery.

Mr. WINTERS: Those figures are not quite correct for a comparison.

By Mr. Monet:

Q. You made a gross profit of $20,508 in 1946-47?—A. Yes, sir.

Q. And in 1947-48 you made $60,238?—A. That is right.

Q. Although you handled less celery?—A. Yes.

Mr. WINTERS: Does not the gross profit in 1946-47 include commisisons?

The WITNESS: It includes everything.

Mr. WINTERS: Does not the next line show commissions earned on celery?

Mr. MONET: Yes.

The WITNESS: Yes, $23,218.

By Mr. Monet:

Q. The figure for this year is not quite three times as large as the figure last year but it is close to it?—A. Yes.

Q. If we take the figures in percentage your gross profit to sales in 1946-47 was 20·5 per cent as against 36·9 per cent in 1947-48?—A. Yes, sir.

Q. Would you explain to the members of the committee how you happened to make such a substantial amount of gross profit for the season 1947-48 as compared with the season 1946-47 when you handled less celery in 1947-48?—A. The way I look at it is that in 1946-47 the gross earning was far too small and it makes the figure for 1947-48 look larger than it should look. If I may take the time of the committee I will explain the work entailed in the sale of a case of celery and when you look at the average profit—36 cents—I think you will agree there must have been a badly depressed market in the 1946-47 operation. We handled 60,000 odd cases of celery and in the light of the work entailed and the gamble entailed the profit was much too small.

By Mr. Thatcher:

Q. Would your profit have anything to do with the fact that ceilings were on in 1946-47 but they were removed in the latter part of 1948?—A. There was no ceiling on celery.

Q. At no time?—A. On local celery there was never a ceiling.

Q. How about imports?—A. On imports there was a mark-up but it has no bearing on this.

Q. Did you not say the big part of your operation was in connection with imports?—A. No, I said the whole celery deal was about 30 per cent to 35 per cent of the business.

Q. 30 to 35 per cent was local?—A. No, that is the combined total.

By Mr. McGregor:

Q. You were talking about losses in celery, and gambles, but I presume you buy celery every week?—A. Yes, sir.

Q. Probably every day or two or three days?—A. As the circumstances arise.

Q. When you buy celery from the cold storage every two or three days where does the loss come?—A. Mr. McGregor, as I pointed out, we do a lot of cumulative buying. We feel that our end of the business is just as important as the commission end. We are the people to whom the farmer can come if he wishes to reduce his gamble, or if he does not wish to gamble at all he can come to us and on a fair market price we will take his gamble. However, we could not take all the celery we buy and dump it on the floor—that would be impossible. Some of the celery we feel will keep until Christmas, and our gamble is that if we buy it in November when Christmas comes we hope that celery will be in good condition. If it is in good condition we expect to make a better profit than if we had put it on the market immediately.

Q. Does that answer the question with respect to the gamble? When you buy celery today and sell it tomorrow I cannot see that there is a gamble—A. I could not buy it and sell it immediately.

Q. All right, when did you buy the celery about which you are talking now? —A. I would say we bought it all the way along from October.

Q. You referred to as helping the farmer out when he comes to you. When do you buy that celery?—A. During the season.

Q. You buy it from the farmer and put it in cold storage?—A. No sir, the farmer puts it in cold storage and as soon as he feels the time is proper or the price is right, or if he does not like the look of the market, he will come to us or to another buyer and ask us to look at his celery. We look at the celery and if we think the price which he is asking is in line with the market we will buy it.

Q. You spoke a moment ago about taking the responsibility from the farmer. Where do you take responsibility if the farmer puts it in cold storage and you look at it and buy it? Where do you take the responsibility from the farmer?—A. If we did not buy it the farmer would have to keep it because if everybody wanted to unload in October or November the market would be badly flooded and somebody has to keep it.

Q. Who keeps it?—A. We keep it.

Q. When do you buy it?—A. During the season. Some we buy in October, some in November and some afterwards. We even buy in December.

Q. You buy the celery after it is put in the cold storage?—A. Yes, sir.

Q. I cannot yet see this, and I would like you to show me where you are taking a risk? How long do you keep the celery in cold storage after you buy it?—A. The time varies. We keep some of it two months and some of it only two weeks or three weeks. There is no set time for keeping it. That is where our inspection of all our boxes of celery comes into the picture.

Q. You bought some celery in October?—A. Yes.

Q. And you kept it in cold storage for how long?—A. It depends on the individual lot. You are asking a very general question and some of it might have been sold in October or November.

Q. And you say you keep some of the celery for two months?—A. Yes.

Q. But some would probably be kept until December?—A. Yes.

Q. If you bought it in October and the highest price is shown as $1.75 a crate—that is your cost—and you sold it in December as high as $6.25 a crate, you could not have lost very much on that?—A. What date was that?

Q. You bought it on the 31st of October and you paid $1.65 a crate according to your figures?—A. That is right.

Q. You kept it for two months and sold it on December 31; you sold it for $6.25 a crate?—A. It might have been some of that celery.

Q. Then where are you helping the farmer out and where are you taking a loss?—A. In 1946-47, Mr. McGregor, some of the farmers thought they would gamble and at the end of December we bought a lot of celery. In fact we bought practically all our celery and we were out of it approximately at the end of December. By the time the end of December rolled around the market was in very bad shape. The farmer that did not sell, and other buyers who purchased during October and November suffered a bad loss—in some cases an entire loss—whereas if they had sold it to us they would have got a fair market price in October or November, but they took the chance of keeping it until December. That happens in the reverse. Sometimes we buy and the market goes up but sometimes we buy and the market goes down.

Q. I do not yet see how you could hit it wrongly in this market. On the 1st of October you sold celery at $1.50 a crate and on the 5th of February you sold celery at $11.00 a crate and there was a steady increase. I do not know where you could lose very much money.

Mr. KUHL: He did not say that he lost money this year.

Mr. MCGREGOR: What was that?

Mr. KUHL: He said he did not lose on that market but he said during the year before the market went down.

Mr. MCGREGOR: I did not say he lost; he said the farmer lost.

Mr. KUHL: In 1946-47.

Mr. MCGREGOR: Yes, the year before the farmer lost.

Mr. KUHL: You are now talking about 1947-48 figures.

The ACTING CHAIRMAN: I think Mr. McGregor's question is proper.

Mr. KUHL: What year is he talking about?

Mr. McGregor: I am talking about both years. The witness is talking about the farmer losing money and I am talking about the losses. I do not see how anybody could take a gamble when the price rose from October 2 and when it was $1.50 a crate to $11 a crate in February.

Mr. Kuhl: The witness says the farmer took a gamble in 1946-47.

The Witness: Some of them did. Some of them took the gamble this year also and they did make a profit. Some did not like to gamble and played out their own deal. However, when we bought in October and in the early part of November we had no way of knowing that the market was going up.

The Acting Chairman: I think Mr. McGregor's question is quite in order. We are investigating the recent rise in prices and this is a recent price rise. Therefore, I think Mr. McGregor's question is in order and I point out to the witness that he should try to give us a full explanation of the reasons. Otherwise, those writing a report cannot take anything but the cold figures which are printed here. It is the endeavour or the wish of the committee to be at all times fair in making a report, but you have come here and it is your opportunity to explain what would appear from the figures to be a very irregular transaction.

Mr. Kuhl: In order to do so, is it not fair that he can compare last year with the previous year and show what has been the general operation in the past?

The Acting Chairman: Yes, I think he should be allowed to give as lucid an explanation as he can of the reasons behind the transaction. If you cannot give those explanations the persons writing a report will have to judge for themselves whether there was profiteering on this item.

By Mr. McGregor:

Q. The last purchase of celery which you made was on January 8 and you kept selling until February 5, practically a month later. All the celery you bought was bought on the 8th of January and that was the last you bought?—A. No, there was another block—oh yes, that is the last block.

Q. The 8th of January was the date on which you purchased the last block and you kept that in storage and sold it out as you went along?—A. Yes.

Q. You bought it at $6 a case and you sold it as high as $11 a case?—A. Yes, we sold it as high as $11 a case but we also sold as low as $3.50, $5, and $6 a case.

Q. You sold as low as what figure?—A. $3.50 a case.

Q. How much did you sell at $3.50?—A. I was not asked to bring figures on how much of each individual block we sold at a certain price.

Q. Are you sure that this celery which you sold on January 8 at $3.50 a case was the celery which you bought on January 8 at $6?—A. No.

Q. You are not sure of that?—A. No, sir.

Q. It might be that some of that celery was that which you had left over from the previous lot?—A. It could be, yes, sir.

Q. I venture to say it was, because I do not think very many men would go and pay $6 for a case of celery and then sell it for $3.50?—A. I can prove one instance where we purchased celery at $6.65 and we sold it at $5 on a $9 market.

By Mr. Thatcher:

Q. Mr. Blidner, you show a gross earning of $60,238 but would you have any figure for the net earnings?—A. For what period?

Q. 1947-48?—A. No.

Q. Would it be fair to take the expenses on statement 4—$113,000—and divide that figure by two in order to get your cost of selling this merchandise?—A. No, that is our operating expense for the entire business.

Q. I see that your total gross revenue was $120,000—A. Pardon me? What sheet contains that information?

Mr. MONET: Statement 4.

Mr. THATCHER: The gross revenue for the year is $120,000 and you say the gross revenue on celery is $60,000 which is approximately half of the total. Would it be fair to cut your expenses in half and apply it to celery?

Mr. BEAUDRY: Part of that would be included in the $120,000.

Mr. THATCHER: That would make your expenses for selling this celery $56,000?

Mr. MONET: I do not want to answer for the witness but the figure $120,000 is the figure for the whole operation of the company and not for celery only.

Mr. THATCHER: I realize that but I want to get at what the net profit was on this $60,000 in respect to celery. The total gross revenue was $60,000 on celery and the total expenses were $120,000.

The ACTING CHAIRMAN: The witness says that about 35 per cent of the total volume is represented by celery.

By Mr. Thatcher:

Q. Is that right?—A. Mr. Thatcher, I do not see how you can possibly segregate the expenses for one particular item.

Q. You have no idea of what your net profit is? According to statement 4 this $60,000, if the expenses were proportional, you would not show very much profit, but I would like to know if you have definite figures?—A. No, I have not.

Q. You have no definite figures on what you made?—A. No.

Q. Would you say celery was your most profitable department?—A. Yes, I believe so.

Q. But you have no way of allocating your expenses to celery as being so much?—A. No.

Q. Then if you made very large profits on celery you must have lost on something else?—A. The statement is for 1947 and the year ends on May 1, 1947.

Mr. MONET: That is the fiscal year 1947. I did not question the witness on that because he has no statement for the entire fiscal year. The only way we could get that information would be by way of the monthly statements which he did not submit for the reasons which he has given. I did not ask questions because I did not think it would be valuable to the committee without having the annual statement.

Mr. THATCHER: This 1947 figure includes only five months?

The WITNESS: Yes.

Mr. MONET: Yes, the only way in which we would have been able to get the exact picture, as the witness said himself, would have been to have the monthly statements which we asked for but which we did not receive.

By the Acting Chairman:

Q. Would the witness have any idea of the amount of shrinkage in celery? How much would you have purchased as No. 1 and sold as No. 2, or how much would you have bought as "good" celery and sold as "poor" celery?—A. It would be a terrific job to get those figures.

Q. You have no idea?—A. I would not even hazard a guess. Within individual blocks you may bring out 50 cases of celery some of which must be segregated because it is of poorer quality. The celery gets rubbed and some of it is wind-blown.

Q. You did not have to take any to the dump?—A. No.

By Mr. Thatcher:

Q. Were your profits any greater in December—greater than usual? You have not given any figures but you must know off-hand whether your profits after the period at which the embargo was imposed were much greater than they were before?—A. They were.

Q. They were?—A. Definitely, sir.

By Mr. Monet:

Q. This profit on celery to which we have been referring will be reflected only on the annual statement later?—A. In 1948.

Q. So your gross profit for 1947-48 will be more substantial?—A. It will be more substantial.

Q. A lot more substantial?—A. Yes, sir.

Q. Can you give the members of the committee an idea as to how much more it will be? I know that you have not got the figures yet?—A. I would hazard a guess that our profit for 1947-48—

Q. The fiscal year?—A. The fiscal year—will run $75,000.

Q. More?—A. No, just $75,000.

Mr. THATCHER: That is net profit?

The WITNESS: Before taxes.

Mr. MONET: As against—what would be the gross revenue as compared to the $120,000 for the fiscal year ending May 1947?

Mr. THATCHER: The $75,000 would be net profit?

The WITNESS: Yes, sir.

By Mr. Monet:

Q. As compared with the figure last year which was what?—A. $22,649.

Q. A little over three times as much?—A. Yes sir.

Q. And your operations in celery would be responsible for the largest part of that increase would they not?—A. What was that again?

Q. You say that the benefit you received through your celery operation would account for a very substantial part of that increase?—A. Yes.

By Mr. Thatcher:

Q. Do you realize that if you made $75,000 last year that would be greater than the profit made altogether in the years since 1939?—A. Yes.

Q. Would that be due to the fact that these vegetables were scarce?—A. No, I would base it on the fact that for once in a lifetime—and I have been sixteen years in the fruit business—I had practically no loss on any commodity. It is a rarity to be able to walk into the warehouse and not be able to pick out commodities—four or five of them—on which you are taking a loss. This is one time that although the profit was small there was a profit on every commodity.

Q. How much of that huge profit would have come from the operations of the last two months?—A. The last two months?

Q. November and December, the last two months of the year. Would it be a large proportion?—A. A good healthy share.

Q. Would you not say it was due to the fact these vegetables were scarce at that time, due to the embargo?—A. Yes, definitely.

Mr. LESAGE: If there had been no fruits and vegetables there would have been no profit because they would have had nothing to sell.

Mr. THATCHER: You were able to take advantage of the supply being scarce to take pretty heavy profits?

The WITNESS: We just reaped the benefit.

Mr. THATCHER: It was a pretty good benefit.

By Mr. Monet:

Q. Did you contribute to the situation by taking prices higher than you could have taken?—A. No, I think we were always consistently below the market on celery.

Q. You are a large operator in celery, Mr. Blidner, and would it not have been possible for your company to reduce the price of celery to the consumer? Was it absolutely impossible for you to do that?—A. Yes, I would say it was impossible.

Q. Why?—A. We are on the open market, and if we were offered that celery at $4, on a $6 market my competitors would have a field-day at my expense.

Mr. THATCHER: But if everyone had done that, if everyone had taken the attitude that they would have been willing to take a little less, if they had all co-operated and kept the price down on celery, you still would have a good profit and the price to the consumer would not have gone up so far.

Mr. KUHL: Would not that be a combine?

Mr. THATCHER: No.

Mr. KUHL: How could you do it?

Mr. THATCHER: Just not take more than was reasonable.

Mr. IRVINE: Mr. Chairman, no arguments in the committee.

By Mr. Monet:

Q. On the last line of Statement 3, there, ·36 is the profit on your total handlings for the year 1946-47, and you said a moment ago that this was a much too small gross profit; would you tell us what you feel is a normal gross profit?—A. Would that be the normal that we should get, or the normal that we have been getting in the past?

Q. I am asking you out of your experience in the business as to what you would consider a normal and fair profit, gross profit, on a crate of celery?—A. 75 cents to a dollar, if your market price—when the market is in fairly good shape.

Q. And in 1947-48, taking into consideration the fact that some of your celery as you stated might have turned out to be a poor quality, your gross profit which you show there is $1.25; would you consider that much too large?—A. No. I would say it is a little better than we should make.

Q. And when it was ·36, as you show it for 1946-47, you classify that as being much too small, but you would not say that it was much too large but it is $1.25?—A. No.

Q. But you would consider it large?—A. Yes.

By Mr. Winters:

Q. What percentage would you expect to get on it; you say 75 cents a crate, what would that be in percentage?—A. That would depend on what the price on the market was.

Q. How does it base in regard to costs?—A. With celery priced at around $2.50—75 cents on that.

The ACTING CHAIRMAN: Gentlemen, this is in your hands of course, but I think we have given the witness a pretty fair opportunity of making an explanation with regard to celery. We have spent now practically an hour on it. I am quite prepared to go on discussing celery if you still have questions you wish to ask.

Mr. WINTERS: I have a question I would like to ask.

The ACTING CHAIRMAN: All right.

By Mr. Winters:

Q. On Statement 2, for the periods following January 8, there are sales of celery but no purchases—

Mr. McGREGOR: He explained that a few minutes ago, he said he bought all the celery on the 8th of January.

Mr. WINTERS: Which means that he was selling celery for $11, which cost him $6.

The ACTING CHAIRMAN: I think you had better ask the witness that. Let the witness answer your question. I think you would prefer to have the witness answer your question, wouldn't you?

Mr. WINTERS: Yes. Is that a fact, that you were selling for $11 a crate of celery which you purchased earlier in January at $6?

The WITNESS: Yes, some of that purchase was sold for that.

By Mr. Thatcher:

Q. There are just a couple of questions I had, Mr. Chairman. You said a moment ago, Mr. Blidner, that you could not give us the exact figures for your last year; do you not have to submit those to the Income Tax department? —A. Our year is not ended. Our year commenced on May 31, and it ends on May 31. A complete inventory is taken then, and that with our trial balances will give the income tax all the information they want.

Q. When do you have to put your figures in to the Income Tax department for last year?—A. For 1946-47—our year ends on May 31, 1947 and again on May 31, 1948.

Q. Yes, but does not the Income Tax department—they don't care when your year ends—they take your operating year, and that gives you a certain period of time after that within which you can make your return?—A. Oh yes.

Q. How long?—A. It is a good length of time.

Q. You do not have to have your 1947 return in by the end of December?—A. Oh no.

Q. There is one other question I would like to ask; have you got your balance sheet here?—A. For 1946-47.

Q. That would be all right.—A. Yes.

Q. Could you tell me from your balance sheet what your invested capital is?

The ACTING CHAIRMAN: I suppose we cannot prevent you very well from asking questions of that kind. You asked it from other witnesses, I know; but I do not see its significance.

Mr. THATCHER: I do not want to prolong this but I think it might have some. Your invested capital, and by that I mean the shares that are issued plus your accumulated surplus, whatever that may be.

The WITNESS: $61,061.93.

Mr. THATCHER: That means then that you made a net profit of $75,000 last year on an investment of $61,000. Would that be a fair statement?

The WITNESS: With the help of our branches.

The ACTING CHAIRMAN: You really want the employed capital, don't you?

Mr. THATCHER: I want the invested capital. That is a pretty healthy profit all right, Mr. Blidner; $75,000 on an investment of $61,000.

The WITNESS: By the time the income tax gets through with it it would not be so large.

Mr. THATCHER: I can believe that. I have had a similar experience.

The ACTING CHAIRMAN: I am glad you acknowledge that.

By Mr. McGregor:

Q. I think the witness said a moment ago they sold their celery as cheap or cheaper than any of the rest of the dealers in Toronto; is that the statement you made a moment ago?—A. That is right.

Q. That you sold or sell as cheap or cheaper than any other dealers in Toronto?—A. I said I felt we had sold slightly below the market at all times.

Q. Ontario Produce are competitors of yours?—A. Yes.

Q. Did you ever compare your figures with sales over Ontario Produce? Probably you had better put them on the record and see where we are at, whether this statement is correct or not. On December 4—I am giving Dominion Fruit first and Ontario Produce second—on December 4, $4 and $4.01; December 11, $4.75 and $3.99; December 18, $5 and $3.86; December 24, $5.50 and $3.60; December 31, $6.25 and $4.26; January 8, $9 and $7.77; January 15, $9 and $3.66; February 5—which is the last sale—$11 against $5.08.

Mr. WINTERS: Is that good quality celery in both cases?

Mr. MCGREGOR: It must have been the same, or it may have some of that No 2 quality, of course.

By Mr. Monet:

Q. I have one more question that I want to bring out for the benefit of members of the committee. On statement 4, in 1946, the executives' or partners' salaries are shown as $8,400; and might we take it that that is the salary of your partner and yourself?—A. That is right.

Q. Just the two of you?—A. That is right.

Q. Then these salaries were raised to $15,600 in 1947; is that correct?—A. Yes, sir.

Q. That is for the fiscal year ending May 31, last year?—A. That is right.

Q. Can you tell us if in this current fiscal year there was any other raise in the salaries to partners?—A. No, sir.

Q. That has not yet been discussed in your little monthly meetings?—A. No, we haven't got around to that.

Mr. KUHL: Would the witness care to make a comment on the figures Mr. McGregor just read into the record?

By Mr. Monet:

Q. Would you like to comment on the figures Mr. McGregor has just put in the record, a comparison between your prices on celery and the prices of that other company during the same period? Your prices seem to be quite substantially higher than theirs?—A. That basis is not a fair comparison. You see, some of our celery was good quality green celery which was in demand at that time in Toronto whereas Ontario may have—I do not say they did—may have decided to finish up a block of celery of inferior quality or of a different grade. I do not think it is a fair basis of comparison. It would all depend on the block of celery being handled and the condition it was in.

Q. Well, Mr. Blidner, would not that be a very queer coincidence that for each of these dates that that would have been the reason over a period of six to eight weeks?—A. If I remember correctly, Ontario Produce figures were made up on leaves, dozens, hearts, and so on, whereas ours are all on a case basis. When you are selling celery by the dozen your price may go down—I am quite sure of this—it may go down. This may be a case where they may have been processing it and they may have been selling the hearts to one trade and they may have been selling the leaves to the restaurant trade for use in soups.

Q. That may be true. You do not say it is. But would not that again be a rather unusual coincidence, that this happened over a period of weeks, over the period for which you have been requested to give your figures?—A. No, if that

is true. I am not sure that I read the Ontario Produce statement over that closely. If that is true then they were consistently processing where we were not processing.

By Mr. McGregor:

Q. You would not mean to say that they could sell their celery at a higher price not processed than processed; you would not mean to say that?—A. No, Mr. McGregor, I am not saying that by any means.

Q. Then what do you mean?—A. When you look at it that way, say you sell two dozen hearts out of a four-dozen case, that may be a lower figure—

Q. Surely you would not lead us to believe that if Ontario Produce had a case of celery and then they sold that celery over the period from December 1 —let us say December 31, they sold at that $6.25; and if they could sell that at $6.25, they would not pass up the sale and sell it at $4.26. You don't want us to believe that, do you?—A. I do not know how that worked out.

Q. I don't either.—A. On what basis, I am not quite sure. You have the Ontario Produce statement there, I have not. There is only one thing I would like to add; as I said, consistently we sell below, slightly below the market. I take that not on the basis of comparative figures but on statistics which are compiled by the Dominion government. That is what I took when we were asked to compile this material. We checked on what more or less the weekly sales were and consistently our prices seemed to be slightly below the dominion government figures as to what the market was.

Mr. MONET: But, as Mr. McGregor just pointed out in his question to you, so far as the Ontario Produce company were concerned, and they are one of your competitors, you said you did not compete with their prices?

The WITNESS: But, Mr. Monet, I suggest it was not the same unit of sale. That has to be taken into consideration. I stand to be corrected, but it is my impression that the Ontario Produce statement is not based on the same unit as is used in our statement.

Mr. MCGREGOR: I suppose that at some time during the season you would both deal with the same quality of celery at the same time; and I see that there are other occasions here when their prices were away below yours.

The WITNESS: Mr. McGregor, I still have to go back to this, I am sorry, I am not sure the same unit of sale is used in Ontario Produce and our own figures. I wish you would enlighten me.

By Mr. Monet:

Q. That would be the only explanation you could give as to the difference in these prices?—A. A difference in the unit sold, and that would make a difference in price.

Q. I agree with that, but that is the only explanation you can give as to this difference in these prices?—A. That is all I can think of at the moment.

Q. Now, Mr. Blidner, I have a few more questions to ask you about the dealings of your company in carrots and onions. Now, on the first day of May—I may say, gentlemen, that is not in the information which has already been distributed to members of the committee, this is some information that came to my knowledge after the questionnaire had been sent in—and I want to refer, Mr. Blidner, to only one specific date, the 1st of May—May 1, May 3 and May 4, 1948. I am informed that at that time your company was selling carrots at a price of $4.43 a bag; is that correct?—A. That is correct.

Q. And at that time the ceiling price on carrots was $4.43 a bag?—A. Yes.

Q. I understand that is the ceiling price?—A. Yes.

Q. In other words, you could not sell your carrots at a higher price than $4.43, but you could sell them below that figure?—A. That is right.

Q. And you sold them at the ceiling price?—A. Yes.

Q. When did you purchase the carrots that you were selling on those dates at $4.43?—A. We purchased them some time in the early part of April.

Q. Had the ceiling been reimposed on carrots at that time?—A. There was a ceiling on carrots.

Q. Was it the ceiling which allowed you to sell carrots at $4.43?—A. Yes, sir.

Q. What price did you pay for the carrots at the end of April?—A. They cost us $4.64, laid down in Toronto.

Q. In your warehouse?—A. In Toronto, in cars.

Q. Would you then kindly give us the amount of your deliveries direct from cars? You have your own equipment? So taking the price as $4.64 how do you account for the fact you were selling at $4.43? You were losing money on every bag?—A. Yes, sir.

Q. Why did you choose to lose money?—A. For two specific reasons. One reason was to stimulate business. The second reason was that as long as a door was left open for large retail outlets to bring in their own carloads and compete with the trade with which we deal, we felt it was only fair that our retailers and out-of-town jobbers should have the same privilege, that of being able to supply their customers with carrots.

Q. It never occurred to you that you could do something along that line in connection with celery?

The Acting Chairman: You mean that he could have taken less profit or a more reasonable profit?

By Mr. Monet:

Q. A more reasonable profit?—A. In this case the only way we could get carrots was by purchasing them and having them brought in at a cost of $4.64 and with the ceiling we were not allowed to take more.

Q. So at that time you knew you would take a loss on each bag you sold? —A. Yes, definitely.

Q. At the same time, that is on May 1, May 3 and May 4, you were also handling Egyptian onions?—A. Yes.

Mr. Winters: Before you go on with that question, where did the other retailers get the carrots they were selling in competition?

The Witness: Each retail outlet has a ceiling of 10 cents a pound. If he brought carrots in at $4.64 he would have a remarkably good leader and he would still not lose money. He would still make 36 cents a bag, but our ceiling is $4.43 a bag. A large retailer can order his own car, not being on quota, and put the carrots in the store, but the small retailer cannot afford to do so as he cannot handle a car.

By Mr. Monet:

Q. Do you know anything about tie-in sales? You have heard that expression before?—A. I have heard the expression.

Q. Has your company ever indulged in tie-in sales?—A. No, sir.

Q. On these dates in May, May 1, May 3 and May 4, you were handling Egyptian onions?—A. Yes, sir.

Q. What price did you pay for those onions?—A. The cost of those onions was $7.84 per bag.

Q. $7.84?—A. Yes.

Mr. Harkness: Per 100-pound bag?

The Witness: 112 pounds when packed.

Mr. MONET: I see that you are interested in onions, Mr. Harkness, and I do not blame you.

By Mr. Monet:

Q. Mr. Blidner, at what price did you sell those onions on May 1, May 3 and May 4?—A. It may have been $9.

Q. Is it not a fact most of them were sold at $9?—A. Yes.

Q. A few were sold at $8.50?—A. Yes, sir.

Q. What was the market price on those dates?—A. From $8.50 to $9.50, mostly $9 to $9.50.

Q. Is it not a fact that around those dates there was a very large supply of onions in Toronto and that very soon after May 4 the market dropped down to $7 and $7.50 a bag?—A. Very soon after May 4.

Q. A few days after May 4?—A. No, sir.

Q. You say the market did not drop down?—A. You said a few days, and I take that to mean a couple of days.

Q. Let us say within four or five days after May 4 the market dropped down to $7 and to $7.50 a bag?—A. I would not be sure because around that date I was occupied in Ottawa.

Q. It could be about the 10th that the market dropped down to $7 or $7.50? —A. It is quite possible.

Q. You are not aware of it?—A. No, I was here.

Q. But since you were here you went back to Toronto?—A. Yes.

Q. You have not inquired?—A. I have not checked back; I know what the present market price is.

Q. Are you aware that around May 10 there was a very large supply of onions in Toronto?—A. Yes, sir.

Q. And with respect to Egyptian onions and other imported onions the price fell down to $7 or $7.50?—A. Yes.

Q. And on May 3 and May 4, did you have a large supply of onions on hand at your company?—A. No, sir; not a large supply by any means.

Q. Not a large supply?—A. No.

Q. How many bags did you have on May 1?—A. On May 3rd?

Q. On May 1, 1947?—A. It would be a guess, but our total incoming onions at that time consisted of 1,200 bags.

Q. 1,200 bags on May 1?—A. On approximately April 28 we received four carloads or 1,200 bags.

Q. On the 28th of April?—A. Yes.

Q. Out of those 1,200 bags how many would you have had on hand on May 1?—A. Just as a guess?

Q. Give it as closely as possible. We do not want too may guesses.— A. I would say we would not have had more than 400 bags, approximately, at that time.

Q. Were you aware that at that time, on May 3 and May 4 many onions were coming into the Toronto market?—A. Yes.

Q. Can I take it that being aware of that situation you felt the market might drop?—A. I was of that opinion.

Q. You were of that opinion?—A. Yes.

Q. And most likely you felt that within six days the market might break down to $7 or $7.50 or even less?—A. I was of the opinion at that time that the market would drop.

Q. Did you discuss that situation with your partner? You cannot say what went through your partner's mind or what his opinion was unless he discussed it with you. Were you both by chance of the opinion that the market might break? —A. Yes, we were both of that opinion.

Q. Coming back to these sales of carrots at $4.43 would it be a fair statement to say that on May 1, May 3, and May 4, there was a very large quantity of your invoices which showed a bag of carrots at $4.43 sold with a bag of onions at $9?—A. Did you say a fair—

Q. Had you a certain number of invoices which would show that a 100 pound bag of carrots at $4.43 was sold, together with a bag of onions at $9?—A. Yes. that would be shown on the invoices.

Q. Was that situation shown on many invoices?—A. On quite a few invoices.

Q. Can you tell the members of the committee the number of invoices on which that type of deal would be shown?—A. There was no specific type of deal.

Q. How many invoices would read that way?—A. It would vary from day to day.

Q. Let us take May 1, for instance?—A. On May 1 perhaps 35 per cent or 40 per cent of the invoices would show carrots and onions. I am just guessing.

Q. Yes, you have done a lot of guessing, but you would say about 35 per cent to 40 per cent of the invoices as of May 1 would show the type of sale I have described?—A. They would show onions on the same bill.

Q. The invoices would show carrots sold at the ceiling price of $4.43 and on some of the invoices onions would be sold at $9, and in addition there would be other onions at $8.50?—A. That is right.

Mr. LESAGE: What proportion of the invoices would show carrots—

Mr. MONET: He says a large proportion, 35 per cent or 40 per cent.

Mr. LESAGE: He said 35 per cent to 40 per cent of the invoices on that day?

Mr. MONET: Yes.

Mr. LESAGE: What percentage of invoices would show a sale of carrots that also showed—

Mr. MONET: That was the answer which the witness gave. I think he said 35 per cent or 40 per cent of the invoices would show—

Mr. BEAUDRY: Mr. Lesage means that if 35 per cent or 40 per cent of the invoices show both carrots and onions, how many of the remaining 100 per cent showed carrots?

The WITNESS: How many of the total invoices had carrots?

Mr. MONET: Alone?

Mr. BEAUDRY: Or with some other commodity?

Mr. MONET: Yes, I understand?

The WITNESS: Without looking through the bills it is an awfully hard answer to give. We have six salesmen on the floor and unless I could look through the bills I would not know.

Mr. MCGREGOR: It is not a fair question.

Mr. LESAGE: The question is fair, but perhaps he cannot remember.

Mr. MCGREGOR: How can a man remember back for weeks and say how many invoices went out for carrots alone.

Mr. LESAGE: I do not know; perhaps he has figures? It is up to him to tell me.

Mr. MCGREGOR: He has not got figures on that.

Mr. LESAGE: Do not say that it is not a fair question.

The ACTING CHAIRMAN: You could hardly expect him to give you an accurate answer?

Mr. LESAGE: Let him say so then.

By Mr. Monet:

Q. Are you in a position to answer Mr. Lesage's question?—A. No, sir.

Q. You would not be able to say how many of the other 55 or 60 per cent of the invoices would have carrots alone or with produce other than onions?—A. I could not say, sir.

Q. You say that 35 per cent or 40 per cent of the invoices would show both?—A. Yes.

Q. Would there be other invoices which would show the sale of onions with lemons on those dates? Would you remember that?—A. No. I would not be able to remember that.

Q. You would not say there would not be some of those invoices?—A. No, I would not.

Q. This is my last question Mr. Blidner, but would you say it is purely coincidence that these invoices should show a bag of carrots sold at $4.43 and a bag of onions sold at $9, and that for these three days 35 per cent or 40 per cent of the invoices would reflect that situation? Is it a matter of coincidence that we find that state of affairs?—A. No, it is not coincidence. It would be very peculiar it it were not so. Since the austerity program has come into effect our commodity line has been cut to practically zero. In fact we only have four commodities to sell. We only have potatoes, lemons, onions—

Mr. LESAGE: Carrots.

The WITNESS: There is another item besides carrots.

Mr. BEAUDRY: Celery?

Mr. MONET: There is no more celery.

The WITNESS: I cannot just think of the other commodity but there are carrots, outside of the citrus fruits which is definitely not a question of a sale but it is a question of handing out quotas. We have just three or four commodities and it would be very peculiar to have six salesmen on the floor who would not sell some onions and lemons and potatoes in their regular day's business. Unfortunately it comes down to either an onion or a lemon but the fact remains we have nothing else to sell. If the salesman stood out there and handed out his quota of citrus and of carrots and did not try to sell other things it would not be good enough. I think Mr. Thatcher would agree that if his salesmen in his hardware place did that they would soon be under pressure to go to work.

Mr. MCGREGOR: He would not do that.

Mr. LESAGE: Not Mr. Thatcher.

By Mr. Monet:

Q. Mr. Blidner, I have just one more question. After May 4 or let us say May 6, before the market dropped with respect to onions in Toronto, did you have any of these Egyptian onions left on hand, out of the 400 bags to which you have referred?—A. On what date?

Q. On May 8?—A. I could not answer that without checking.

Q. All right, I have no more questions.

The ACTING CHAIRMAN: Has anyone else any questions to ask of the witness?

Then, will you call the next witness, Mr. Monet?

Ruben Marlow, General Manager, S. Marlow Company Limited, Toronto, called and sworn:

By Mr. Monet:

Q. Would you please give your first name?—A. Ruben.

Q. What was your address, Mr. Marlow?—A. 55 Hilton Avenue.

Q. Toronto?—A. Toronto.

Q. And you are doing business under the name of S. Marlow Company? —A. S. Marlow Company Limited.

Q. What position do you hold within the company?—A. I am general manager and controlling shareholder.

Q. The head office of the Marlow Company is situated where?—A. 80 Colborne Street, Toronto.

Q. When did the company start its operation?—A. The company started its operation, I believe, in 1930.

Mr. MONET: I wish to state, Mr. Chairman, that this witness and the following witness are here as a result of the request of members of the committee with respect to four cars of imported potatoes which arrived at the end of April. Members of the committees have asked that this witness be called and the questions I will ask will bear on the potato deal.

The ACTING CHAIRMAN: I wonder if members of the committee in this particular case would allow counsel to complete his questions without interruption?

Mr. THATCHER: Is there a brief?

Mr. MONET: No. There is just this transaction on which members of the committee wished to call witnesses. As a matter of fact I will only ask a few questions but I think Mr. McGregor will have a few questions to ask.

The ACTING CHAIRMAN: Mr. McGregor will wait until you are through.

By Mr. Monet:

Q. I understand, Mr. Marlow, that sometime about the end of April you did purchase two carloads of potatoes from the United States?—A. That is correct.

Q. Would you give the members of the committee some information with regard to the purchase of those two cars. I understand you purchased two cars? —A. Two carloads.

Q. How many bags are there is a carload?—A. 350 or 360—I have the figures here.

Q. 360 is the correct figure, I think?—A. That is correct.

Q. So that the two carloads would total 720 bags?—A. 720 bags, yes.

Q. Will you give the members of the committee all the information you have with regard to the purchase of those potatoes?—A. I just do not understand what you want?

Q. From whom did you purchase the potatoes? You did not purchase them from me?—A. We purchased them from Mark T. Adamson, a broker in Toronto.

Q. When did you give the order?—A. Would you care to look at the dates?

Q. No, I am asking you, Mr. Marlow? Will you give the information? —A. We gave him the order—I do not know the exact date—

Q. Have you got the date there?—A. An order was placed about the 20th of April.

Q. 20th of April, 1948?—A. That is right.

Q. And the order was placed with a Toronto broker?—A. That is right.

Q. For two carloads of new potatoes?—A. That is right.

Q. Were they purchased from the United States?—A. That is right.

Q. Was that broker acting on a commission basis or was he purchasing the potatoes outright to be re-sold to you?—A. No, we purchased them outright ourselves.

Q. Through the broker?—A. That is right.

Q. What price did you pay for the potatoes?—A. We paid $4.90 a bag f.o.b.

By Mr. Thatcher:

Q. F.O.B. where?—A. California.

By Mr. Monet:

Q. Now, did you get these two carloads of potatoes?—A. Yes, sir.

Q. When did you receive them?—A. We received the first car on the 28th—I am not sure. We received the first car on the 28th of April.

Q. When did you receive the second one?—A. The second one came in the following day, the 29th.

By Mr. Winters:

Q. Might I ask if they were hundred pound bags?—A. Yes.

By Mr. Monet:

Q. Did these two cars arrive in Toronto?—A. Yes.

Q. And you took delivery in Toronto?—A. Yes.

Q. Did you transfer the potatoes to your warehouses, if you have any, or what did you do with them?—A. Transferred them to the warehouse and sold them off the floor of the warehouse.

Q. The bags were transferred to the warehouse?—A. Yes.

Q. What was the uniform cost for each bag laid down in Toronto for potatoes?—A. $6.62.

Q. Could it also be $6.82? My information is that it is $6.82, and I want to give you the full value of the price you paid for them. You have it figured at $6.62, have you not?—A. Yes.

By the Chairman:

Q. That is the laid down price?—A. Yes.

By Mr. Winters:

Q. Laid down where?—A. In the warehouse.

By Mr. Monet:

Q. That is the total price?—A. That is the total price on track in the carload.

Q. Was there any additional cost to bring them to your warehouse? Did you figure it out?—A. We just put on about ten cents a bag.

Q. That would probably bring you to the $6.82 that I have?—A. Yes.

Q. The way I have figured it out it includes various charges that would bring the cost to $6.82, which is twenty cents higher than what you figured a few minutes ago?—A. That is right.

Q. I take it that laid down in your warehouse it would cost you $6.82 at the most?—A. That is right.

Q. Before I ask you to whom you sold these potatoes, would you tell us what the mark-up was you were allowed under the order when the ceiling was on imported potatoes? I agree that this would not apply to this transaction, but what was the mark-up you were allowed under the previous order?—A. There was no mark-up on potatoes. There was no ceiling on potatoes.

Q. There was never any ceiling on potatoes?—A. That is right.

Q. But you are aware that there is now?—A. Yes.

Q. And you know what mark-up you are entitled to on potatoes since the order was put into force?—A. Yes.

Q. Will you tell us to whom you sold the potatoes you just mentioned.—A. We sold them to all the stores in Toronto in one- and two-bag lots, and ten-bag lots, whatever the case might be.

Q. To retail stores?—A. Yes.

Q. You sold every one to retailers?—A. That is right.

Q. Were there not a few bags that might not have been sold to retailers? It does not really amount to much?—A. Do you want to call them "jobbers"?

Q. I am asking you the question.—A. Some bags went out to jobbers.

Q. And most of them to retailers?—A. Yes.

By the Chairman:

Q. What do you mean by most?—A. I would say ninety per cent went into the stores.

By Mr. Monet:

Q. Now, how did you proceed? Did you tell the retailers that you had a supply of United States new potatoes on hand? How was it known you had them?—A. They knew that we had them coming.

Q. How could they hear about it?—A. Well, rumour gets around from one to another. I don't know how it gets around but it gets around fast, sometimes sooner than I know about it.

Q. You knew about it because in that particular transaction you had ordered the potatoes?—A. Yes.

Q. Did you do anything to spread the rumour around that new potatoes were coming to Marlow and Company?—A. No, I did not.

Q. Did you not happen to mention to somebody that new potatoes were coming in?—A. We mentioned it to the odd customer, that new potatoes were coming in.

Q. So, even before the potatoes arrived, some retailers knew the potatoes were coming?—A. That is right.

Q. And some consumers probably heard this from the retailers?—A. That is right.

Q. And so the potatoes came in and you sold them to the retailers. Will you please tell the committee if before the new potatoes came to Marlow and Company, there had been delivered to Toronto any other shipment of new potatoes?—A. It was positively the first one.

Q. So there was no market price set, then, for new potatoes?—A. That is right.

Q. So whatever price we shall have to deal with now will be the price that was set on the arrival of these new potatoes?—A. The first load.

Q. And you, Marlow and Company, were the first to have the new ones?—A. That is right, sir.

Q. You said a moment ago you sold these potatoes to retailers. When was the first transaction you made with the retailers after the arrival of the carload?—A. The same day.

Q. And how did the price happen to be fixed?—A. Well, when the potatoes arrived they were the first new potatoes and we looked into the market before we arranged the price. And taking a check-up of most root vegetables such as new spinach, asparagus, onions, parsnips and beets, we considered 12 cents a pound a reasonable price in comparison with the other vegetables on the market.

Q. When you compared with other prices did you come to the conclusion that the other prices were quite high?—A. Well, normally I would admit they were.

Q. You did not think you would have an occasion to supply something for which there was no market price set yet at a lower price than 12 cents a pound?—A. You must realize that when we set the price at 12 cents a pound when the potatoes arrived we did not know what level the price would take. If the trade would not take the potatoes, it automatically would have levelled itself down if the market called for it.

Q. When you say that you did not know whether the trade would take it, what do you mean?—A. We didn't know whether the trade would take the potatoes.

Q. You set the price at 12 cents a pound because you say you made a comparison with prices of other vegetables at the time?—A. That is right.

Q. And you agreed that the price of the other vegetables that you compared with were quite high?—A. Some were normally high.

Mr. THATCHER: You wanted to get as much as you could?

By Mr. Monet:

Q. You decided after making the comparison that you would set your price at 12 cents a pound?—A. That is right.

Q. And you must have realized that the retailer would have to sell it with a margin of profit?—A. That is correct.

Q. And that eventually the consumer would pay quite a high price?—A. I wouldn't say so, Mr. Monet, in comparison with other vegetables.

Q. But still there was no market price set for these potatoes when they arrived?—A. That is right.

Q. You were the first one to set the price?—A. That is right.

Q. In this investigation we have heard a lot about the market price and apparently nobody could do anything about the market price, but in this case you set the market price?—A. Yes.

Q. And you feel that by setting it at $12 a bag or 12 cents a pound you were setting— —A. That we were setting a reasonable price on these potatoes in comparison with the other vegetables on the market.

By Mr. Irvine:

Q. How do you relate the potato to, say, an onion, to know the value?—A. Potatoes and onions are both vegetables and they are cooked together sometimes.

By Mr. Monet:

Q. You are aware that the consumption of potatoes per capita is much higher than is the case in other vegetables?—A. Not on new potatoes.

Q. Why not? Are new potatoes not better than old potatoes?—A. You say that the consumption is much higher on potatoes?

Q. Yes. Is it not a fact that you find potatoes on every table while you may not find onions, lettuce or other vegetables?—A. I will admit that potatoes are consumed in greater quantity.

Q. And you do not think, then, that before you set that price, you could not have taken a smaller margin of profit and sold the new potatoes at a lesser price?—A. As I said, when I set the price I figured I would let the market take its value.

Q. But still you were setting the price at $12 a bag?—A. In the supply and demand the market was there.

By Mr. Kuhl:

Q. You sold them all quite readily?—A. We sold them all quite readily, sir.

By Mr. Monet:

Q. Did you figure out what mark-up that selling price gave your company? If you did not, perhaps I could give you my figures if you would accept them?—A. I will accept them.

Q. Would you say there would be a mark-up of 42½ per cent on the selling price or seventy-five cents on the cost price?—A. I will take your figures.

Q. Do you not think that is very high?—A. I will have to explain to you the nature of our business. Approximately 30 per cent of our business is commission business in the summer time, which consists of about four to five months when we handle goods from the Bradford Marsh—mostly vegetables for the farmers. For the other seven months our business is fancy vegetables and fruits which we used to import from New York or Buffalo. You can readily realize that when this ban came on we were one of the firms that was hit exceptionally hard.

Q. And you give this as a reason for this large mark-up?—A. No. We are trying to stay in business and to keep our stores open. We saw the profit was there.

Q. And you believe that this is a good way to stay in business. Evidently you do. Now, before the cars arrived, Mr. Marlow, did you have any occasion to discuss this purchase of cars with anybody? I think you know to what I refer. Did you have occasion to discuss these two cars of potatoes?—A. We had occasion to discuss these two cars of potatoes.

Q. Were you not asked to not bring them in if possible?—A. By whom?

Q. I am asking you if you had occasion to discuss it. I do not know because I was not there. You discussed this purchase of potatoes before these cars arrived in Toronto?—A. No.

Q. Were you told by anyone that you should stop that purchase, or stop the arrival of these cars in Toronto?—A. We were told several days after the cars were in transit and purchased, we were told not to bring them.

By Mr. Irvine:

Q. By whom?—A. By the Wartime Prices and Trade Board, but the cars were already several days in transit, and we were permitted to make the purchase.

By Mr. Beaudry:

Q. Did you tell the Wartime Prices and Trade Board that the cars were already in transit?—A. We told them that, sir.

By Mr. Thatcher:

Q. You did not check the price?—A. No, sir.

By Mr. Beaudoin:

Q. How long did it take the cars to come from California to Toronto?—A. The run is eight days.

By Mr. Monet:

Q. Was there no discussion as to the price also?—A. We never discussed the price of the potatoes.

Q. You were not told that selling the potatoes at $12 a bag was unfair or unjust or unreasonable?—A. We never had a word said.

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

By Mr. Winters:

Q. What was the normal price of new potatoes on the market at that time in other years?—A. In other years the first new potatoes are generally a luxury on the fruit market and they generally run around that price.

Q. They generally run around $12 a bag?—A. Yes.

Q. Did they run that high during the war years?—A. During the war years?

Q. Yes, when the Wartime Prices and Trade Board was watching this more closely?—A. I would say at that time they would run as high as $8 or $9 a bag.

Q. Was there not a Wartime Prices and Trade Board order on that covering the mark-up you could take on new potatoes coming into this country?—A. For what period?

Q. The period for which there must have been a wartime prices regulation?—A. There was never a regulation.

Q. There must have been an order in effect sometime?

Mr. MONET: It was from 1944 to 1946. I can give you the exact date later.

Mr. IRVINE: What was the nature of it?

Mr. MONET: The mark-up was 20 per cent.

Mr. MCGREGOR: Why was this mark-up taken off?

Mr. MONET: The date of the lifting of controls on all vegetables was January 13, 1947. That is when all the controls were lifted on vegetables.

By Mr. Winters:

Q. So that this mark-up is considerably in excess of what would be considered a normal mark-up prevailing in other years?—A. That is right, sir.

By Mr. Thatcher:

Q. And you could not have had that mark-up if the controls had stayed on?

Mr. WINTERS: We have a propaganda agency here.

By Mr. Irvine:

Q. I do not see why you did mark it up to $14 a bag—A. Well, as I explained to you before, sir, we tried to sell them as reasonably, in comparison with other vegetables on the market, as we could.

By Mr. Winters:

Q. Did you try to get more than $12 a bag?—A. I don't mind telling you we were offered that.

By Mr. McGregor:

Q. Did you sell any of these potatoes at more than $12 a bag?—A. $12 to $13. We sold some at less than $12.

Mr. MONET: And you also gave two bags away, didn't you?

Mr. IRVINE: That is something to look into.

Mr. MONET: I may.

The CHAIRMAN: Gentlemen, it is one o'clock now and I know that Mr. McGregor has some questions to ask the witness at four o'clock this afternoon. I should also remind the committee that we have four other witnesses who were called today and as we will not be sitting tomorrow I would ask, if possible, that we try to get through as many of these witnesses as we can. We want to be fair to the witnesses. I would therefore ask the members to be here at four o'clock sharp this afternoon so that we can expedite this matter as quickly as possible.

The committee adjourned until 4 p.m. this day.

AFTERNOON SESSION

May 20, 1948.

The committee resumed at 4.00 p.m. The Acting Chairman, Mr. Mayhew in the chair.

Ruben Marlow, General Manager, S. Marlow Company Limited, Toronto, recalled:

By Mr. Monet:

Q. Mr. Chairman, I have just one question to ask of the witness. I have here, Mr. Marlow, that the total amount paid for the 720 bags of potatoes or the two carloads to your company was $8,650.50—I mean, you received that for the sale?—A. Yes.

Q. And the total cost, f.o.b. Toronto, was $4,910.22, so the profit to you amounted to $3,740.28; would that be correct?—A. I take your figures as being correct.

Q. I have no more questions to ask of this witness.—A. Pardon me, Mr. Chairman, I should like to correct myself on a question this morning in regard to the ceiling on potatoes; if the ban went off, whether I knew there was a ceiling on new potatoes—

By Mr. Winters:

Q. Were there any domestic potatoes on the market when you brought in the new potatoes?—A. We had a car of domestic potatoes on the floor when the new potatoes came in.

Q. Were they moving out all the time?—A. They were moving very slowly.

Q. At what were they selling?—A. $3 a bag.

By Mr. McGregor:

Q. On what date did the ban go on potatoes, was it April 22?—A. I do not know what date the ban went on.

Q. According to the statement made by a witness who was here before, Mr. Robinson, the ban was placed on April 22.

The ACTING CHAIRMAN: The ban came on just shortly after they got the potatoes in.

The WITNESS: The potatoes were shipped on the 20th?

By Mr. Monet:

Q. Do you agree with the date of April 22 when the ban was put on?—A. I am agreeable to that, sir.

By the Acting Chairman:

Q. The ban actually went on between the time you ordered the potatoes and the time of their arrival?—A. Would you repeat that?

Q. The ban on the importation of potatoes went on just after you placed your order and before the potatoes actually arrived?—A. The ban actually was not on at the time we bought the potatoes.

By Mr. McGregor:

Q. The ban was on when you bought?—A. Not when we bought.

Q. How many hours was it after the ban went on when you bought these potatoes?—A. The potatoes were shipped on April 20.

Q. When were they ordered?—A. About the 16th.

Q. Have you any evidence to show that they were ordered on that date? —A. Not with me.

Q. You have not any evidence with you?—A. No.

Q. You are sure they were ordered on the 16th?—A. Not certain, Mr. McGregor.

Q. I think when you come down to give this evidence you should know when you placed this order for these potatoes. I think it is essential we have the date on which these potatoes were ordered.

By Mr. Monet:

Q. If you have not the information here, could you supply the members of the committee with the exact date?—A. I can supply you with the exact date.

Q. You will address to me, as soon as possible after your return, a letter setting out the date and I will file it in the record.

By Mr. McGregor:

Q. When had you bought any potatoes before that date, American potatoes? —A. You mean in previous years?

Q. Yes.—A. We always import new potatoes about that time of the year.

Q. How many cars do you buy at a time?—A. We generally buy from one to two at a time.

Q. Could you tell us the story as to why the Wartime Prices and Trade Board tried to stop this shipment of potatoes from coming in?—A. That is one question I do not know why.

Q. If we do not know when these potatoes were ordered, we cannot tell how long it was prior to the ban nor why you were induced to buy these two cars of potatoes at that particular time.

By Mr. Thatcher:

Q. Did you have any idea potatoes were going up?—A. I had not the slightest idea.

By Mr. Irvine:

Q. Since you put them up, did you not know they were going up?—A. I had not the slightest idea when I bought them. I did not know there was a ban coming on.

Q. Since you, yourself, actually put the price on the potatoes, you must have known they were going up pretty high?—A. I did not know they were going up.

Q. You knew you were going to put them up to 12 cents a pound?—A. I had an idea I would arrive at that mark-up.

By Mr. Thatcher:

Q. You did not know the ban was coming on?—A. I did not know.

By Mr. Irvine:

Q. A little bird never whispered to you that if you got your order in before such a time you would get the potatoes in before the ban went on?—A. Definitely not, sir.

By Mr. McGregor:

Q. According to the evidence given here, that order was placed on the evening of the 19th?—A. I told you I was not sure. I could mail you the evidence or the correction.

The ACTING CHAIRMAN: Any further questions?

Mr. IRVINE: I think it is a pity the witness has not that date because I imagine the questions Mr. McGregor would ask would hinge on that date. Without it, he cannot ask his questions intelligently.

Mr. KUHL: I think the statement the witness made bears on that, inasmuch as he has said it was customary to order new potatoes at that time of the year in years previous. I think that has a bearing on the situation. This was not the first time you ordered potatoes from the United States?

The WITNESS: It is customary every year about this time to bring in new potatoes.

By Mr. Kuhl:

Q. So, it was nothing unusual, so far as you are concerned?—A. No.

By Mr. McGregor:

Q. It is customary for all the commission men to order them, too, but on this occasion there were only two who bothered and they both ordered two cars apiece. It seems to me strange that only two of the commission men in Toronto would order potatoes at that time?—A. There is nothing which forces them to buy.

By Mr. Monet:

Q. You were asked to bring with you all the documents, records, invoices and so on in connection with the two carloads of potatoes?—A. Yes, I have those here. Here is the date of the purchase.

Q. That is what Mr. McGregor has been asking for.—A. I have all the invoices.

Q. Have you the date on which you placed your order with the broker in Toronto?—A. Here is the order placed with the broker.

Q. That is what Mr. McGregor has been asking you. Why did you not refer to it and give the date? That is what you have just been asked to send in to the committee. Would you now please answer Mr. McGregor's question and tell us when you placed the order with the broker in Toronto?—A. One car was placed on April 20 and one car was placed on April 21.

By Mr. Harkness:

Q. When you say placed, what do you mean?—A. Actually placing the order on those dates.

Q. Those were the same dates on which those cars were loaded, according to your previous evidence?—A. According to the shipper, one car was loaded—we were invoiced for one car on April 20 by the shipper and invoiced for the other car on April 21.

Q. The situation was, you placed those orders; the orders were wired down to California and the cars were loaded on those very days?—A. It always takes a day or two to load the car. They do not always have a car loaded.

Q. Those were rush orders, in other words?—A. Not necessarily.

By Mr. Monet:

Q. The broker evidently rushed them?—A. Not to my knowledge.

Mr. HARKNESS: They seem very much like rush orders to me. I do not know what you would call a rush order if these were not.

By Mr. McGregor:

Q. I take it for granted that when this stop order goes into effect, it goes into effect at twelve o'clock midnight?

The ACTING CHAIRMAN: I have just been informed that midnight on the night of the 21st was the deadline so far as shipments were concerned. A shipment had to be in transit by midnight of the 21st.

Mr. MCGREGOR: In other words, this car was ordered at the same time or within a few hours of when the embargo went on.

The ACTING CHAIRMAN: It might have been ordered on the morning of the 21st and if it were actually rolling before midnight, he would get under the wire with it.

By Mr. Monet:

Q. You say, Mr. Marlow, one car was invoiced by the broker on April 20?—A. That is correct.

Q. And the other one on April 21?—A. That is correct.

By the Acting Chairman:

Q. Have you got the bill of lading for those cars?—A. Yes.

Q. Will you give the dates on the bill of lading?—A. I will see if I have the bill of lading.

By Mr. Monet:

Q. Could you give the number of the car? For one car, the bill of lading is dated April 21, 1948, what about the other one?—A. The other one is billed April 20.

The ACTING CHAIRMAN: They both got under the wire so far as the embargo was concerned.

Mr. MCGREGOR: There is not much you can say about it. They got under the wire. If they were not tipped off, they were using very good judgment.

The ACTING CHAIRMAN: I want to say this; it is my opinion, and it is a little more than an opinion that, in this particular transaction, both the government and its departments were trying to see that there was a supply of new potatoes on the market. The Foreign Exchange Control Board released American funds for this purpose. It would appear to me you took advantage of the situation and you prevented potatoes from getting to the public at a reasonable price. In other words, you did not live up to the spirit of the regulations which existed at that time. You took an exceedingly high mark-up.

I certainly will draw this to the attention of those writing the report because I think you are doing a disservice, not only to yourself and to the people of Canada but to the other people in your own business.

The WITNESS: Pardon me, you cannot take a deal like potatoes—

The ACTING CHAIRMAN: I am not giving a judgment on it but that is simply the way it appeals to me. I think it appeals to the rest of the members of the committee in the same way.

Mr. KUHL: I think the chairman should speak for himself.

The ACTING CHAIRMAN: I am speaking for myself.

Mr. THATCHER: So far as we are concerned it does seem to us Mr. Marlow is dealing with an essential food product and he has taken advantage of a situation, not only to take a fair profit, but to milk the consumer for all he could get. The only thing that strikes me is that he could do such a thing legally. I do not blame Mr. Marlow as much as I blame the government for making such a thing possible.

The ACTING CHAIRMAN: He was warned by the Wartime Prices and Trade Board before he marketed these potatoes at all that he would have to be careful in the prices he asked for them. Still, he went ahead and took all the traffic would bear.

Mr. KUHL: Is there any industry that does not take all the traffic can bear?

The ACTING CHAIRMAN: Yes.

Mr. KUHL: Would you mind naming them?

Mr. IRVINE: I should like to call some of those witnesses before this committee. I agree with what you have said, but I think it is the law of profits which prevails.

The ACTING CHAIRMAN: I do not agree with you that industry takes, in all circumstances, all the traffic will bear.

Mr. KUHL: Thus far we have not had anyone who has stated to the contrary. They have all said that they sold at the market price.

The ACTING CHAIRMAN: We can disagree on that.

Mr. BEAUDRY: We have not seen anyone previously who took a markup of 75 per cent.

Mr. THATCHER: They have all done pretty well.

By Mr. Monet:

Q. Just one more question before I finish. Would my information be correct if I stated that, so far as these two carloads of potatoes are concerned, there was a question of selling them to the A. & P. chain store before they were purchased? —A. They were spoken about, but not sold to them.

Q. It was spoken about?—A. It was spoken about.

Q. Is it not a fact the A & P thought you were asking too much for the potatoes and did not want to buy them?—A. That is not a fact.

Mr. MONET: That is all I have.

Mr. KUHL: Before Mr. Marlow leaves would he care to make any comment on Mr. Mayhew's statement. If I were in his place I would like to make a reply to that, and I would like to ask him if he has any reply to make, and if so he should give it.

The WITNESS: You realize how we arrived at the price of these potatoes in comparison with the other vegetables on the market.

The ACTING CHAIRMAN: I fully understand the explanation you make. As far as I am concerned there is no explanation at all, there is no justification for it. There is no justification in your having taken the markup on the potatoes which you did at that time. That is my opinion. Those who are writing the report will have to deal with it in their own way. I feel it is my duty to make that quite plain. As I see it, I consider it one of the most outstanding cases of its kind that has yet been brought to the attention of this committee.

Mr. KUHL: Speaking for myself, I would say that the government is to blame in the way they handled the regulations.

Mr. THATCHER: Hear, hear.

The ACTING CHAIRMAN: I would expect you to put the blame on the government.

By Mr. Harkness:

Q. I have just one or two questions I would like to ask at this point. If this ban had not been in effect at the time these potatoes arrived what price would you have set on them?—A. I could not judge. Supply and demand sets the price.

Q. In other words, the price of $12 and later $13, which you put on these potatoes you put on because of the fact that you knew nobody else could get potatoes into the country?—A. Not necessarily, sir, it is strictly supply and demand.

Q. And that was the supply end of it?—A. Yes.

Q. The supply end of it was a very definite ban so that nobody else could bring in new potatoes.—A. As I said before, we were offered as high as $14 and $15 a bag and did not take it.

The ACTING CHAIRMAN: You knew on April 23, that no one else could get in new potatoes.

Mr. KUHL: Could you give us a comparison of years previously where you bought new potatoes, a comparison of your cost and selling prices for previous years. Have you any recollection as to what that would be?

By Mr. Beaudry:

Q. What would be your profit for a carload over a period of years?—A. Over a period of years—it is hard to say—I would have to go and check.

Q. I am not talking about bags, I am talking about carloads. Surely you would have a pretty good idea of what you would realize on a carload of potatoes which you would bring in. What was the figure allowed you during the war period when the restrictions were on, let us say in 1946—under the Trade Board orders I think you were permitted about $60 a car, were you not?—A. I could not tell you.

Q. You must have been if you were allowed a markup of 20 per cent per bag on a carload of 340 to 360 bags. That would be approximately $75.—A. If that is the markup on that.

Q. Was that profit vastly different in 1944 from what it was in 1943, approximately?—A. I don't know the figures so I wouldn't know.

Q. You would know if there was a difference of 321 or 221. Surely you could give us that information?—A. I was away at the time and I would not know.

Q. At what time were you away?—A. Last year and the year before.

Q. You were in business in 1938, 1939 and 1940?—A. Yes.

Q. And what was your profit figure during that time?—A. I cannot recall off hand. I do not know what the figure would be.

Q. You have guessed before, you can guess again; would it be $40 or $50?—A. It might be as low as $100 or it might be as high as $500.

Q. Would it be over that?—A. It depends entirely on supply and demand.

Q. Look—supply and demand has changed over the years, naturally from year to year. I am suggesting two figures, one of $100 and the other of $500; would that cover the difference in the law of supply and demand over a year of 5 years?—A. I would think so.

Q. There you are making a profit of $2,000 a carload. Are we supposed to consider that a normal profit? I am asking you if you want us to understand that that is supposed to be a normal profit?—A. I would not know, sir.

Q. You would not know?—A. No, I would not know.

By Mr. Irvine:

Q. Mr. Chairman, I would like to ask the witness if he is quite convinced that the law of supply and demand is a sort of deity of business?—A. What is that—the law of supply and demand—what was the question?

Q. Is it a deity of business that you believe in?—A. That is correct.

Mr. BEAUDRY: Are you speaking of business in general or of your own business in particular?

Mr. IRVINE: Of all business.

Mr. BEAUDRY: I do not think the witness is qualified to make a statement with regard to business at large.

Mr. IRVINE: We will say it is the deity of the business in which you are engaged. We will stick to that. You would agree, would you not, that that is a generally accepted principle of free private enterprise?

The WITNESS: Yes.

Mr. BEAUDRY: And you could therefore suppose that anyone who had obeyed that law should not be censured?

The WITNESS: I would.

Mr. IRVINE: Do you not think then that this law would require a little public ethics to stiffen its back, sort of, on certain occasions?

The WITNESS: It might.

Mr. IRVINE: Yes, the law needs something at its back to stiffen it.

The ACTING CHAIRMAN: I think we have had all the evidence pretty well that we need on this. I would like to give the witness another opportunity if he wants it. I do not want to be unfair to him. If he wants to make any further explanation I would be glad to give him the opportunity. Is there anything further you would like to say?

The WITNESS: No, I do not think so.

Mr. MONET: That is all. Thank you, Mr. Marlow.

(Witness retired)

James R. Caldwell, Caldwell Fruit Company, 1665 Trudel Avenue, Montreal, called and sworn:

By Mr. Monet:

Q. Mr. Caldwell, would you give the committee your full name?—A. James R. Caldwell.

Q. And your address?—A. 3484 King Edward Avenue, Montreal.

Q. I understand you are with the Caldwell Fruit Company, 1665 Trudel Avenue, Montreal; is that correct?—A. Yes sir.

Q. In what capacity are you with that firm?—A. It is privately owned, I am the owner.

Mr. MONET: May I say to members of the committee that I planned to call Mr. Caldwell after Mr. Shore who was to have been the next witness, but Mr. Caldwell asked me if it would be possible to free him for about a quarter to five because he has a very important business engagement, and as I have only three or four questions I called him first.

By Mr. Monet:

Q. I understand that your company during the month of May made different purchases of carloads of potatoes from Max Fruit Company?—A. Yes sir.

Q. That is the Max Fruit Company of Toronto?—A. Yes.

Q. Was it a full carload or only part of a carload?—A. It was a full carload.

Q. That would be about 360 bags?—A. Yes sir.

Q. Would you please tell members of the committee what price you paid for those potatoes?—A. $12 a bag delivered Montreal.

Q. How did you come to that price?—A. That was the price that we were quoted and I accepted that quotation.

Q. By whom?—A. By the Max Fruit Company, Toronto.

Q. How did the transaction take place, did you call them on the phone? —A. It was by telephone.

Q. By telephone, did you call them and inquire if they had new potatoes? —A. There would be several telephone calls, one from him and one back from me.

Q. What was the first call?—A. His call was first.

Q. Then would you tell members of the committee what happened? —A. I purchased a car of potatoes from him at $12 a bag delivered Montreal.

Q. And you made the first call?—A. Yes sir.

Q. Who made the first call, Mr. Shore?—A. Mr. Shore.

Q. He offered you new potatoes?—A. That is right.

Q. And the price set was $12 a bag?—A. Yes sir.

Q. By Mr. Shore?—A. Yes sir.

Q. Did you discuss that price or did you just accept?—A. We bargained a little, tried to buy at a little less but he was very firm at $12 and I finally accepted.

Mr. WINTERS: Was that his first offer?

The WITNESS: That was his first offer, yes.

By Mr. Monet:

Q. You say you commenced it, what did you offer?—A. $11.

Q. You did not go any lower than $11?—A. No sir.

Q. And he did not go any higher than $12?—A. He did not go any higher than $12. It was short and sweet.

Q. Well, they were not sweet potatoes.—A. No, but they were a sweet price.

Q. Did you find that they were a sweet price?—A. I did, sir.

Q. But you purchased them anyway?—A. I did.

Q. And a car of potatoes was diverted from Toronto to Montreal?—A. That is right.

Q. I presume those potatoes were sold to the Montreal trade?—A. That is right.

Q. And that was in the month of May?—A. That is right.

Q. Exactly what date did you purchase that car?—A. May 8.

Q. And you purchased it from the Max Fruit Company?—A. Yes.

Q. What did you pay for that carload of potatoes?—A. The total amount that was charged on the whole carload of potatoes was $4,320—360 bags at $12 a bag.

Q. I understand you sold those potatoes?—A. Yes sir.

Q. Some to retailers, or other wholesalers or chain stores?—A. Retailers.

Q. They were all sold to retailers?—A. Yes sir.

Q. Would you give the members of the committee the price at which the potatoes were sold by you to the different retailers?—A. From $13 to $16 a bag.

Q. Are you sure they were sold from $13 to $16; were they not sold from $14 to $16?—A. No. I have the account of sale which I would gladly submit showing the way the car was sold.

Mr. MONET: This, Mr. Chairman, might be filed as an exhibit. It might be of interest to have it in the record.

EXHIBIT 113: Caldwell Fruit Company's statement of sale of potatoes.

CALDWELL FRUIT CO. LTD.
1665 Trudel Avenue
Montreal 3
Account Sales PFE 62554 Potatoes

	$16.00	14.85	14.50	15.00	14.00	13.00	Total Sold	Bal.
May 7	193	75	10	..	..	..	278	82
8	9	..	15	..	..	..	24	58
10	7	..	1	3	..	..	11	47
11	2	..	4	6	..	..	12	35
12	1	..	..	5	2	..	8	27
13	1	..	10	9	..	1	21	6
14	1	..	..	4	..	..	5	1
15					repacking	1	360	
								$5563.75

COST

360 bags Potatoes at $12.00	$4,320.00
Less Freight	746.19
Invoice	3,573.81
Freight	752.85
Terminal	9.00
Cartage	36.00
	$4,371.66
PROFIT	$1,192.09

Mr. IRVINE: That would mean that potatoes were $3 cheaper in Toronto than they were in Montreal.

The ACTING CHAIRMAN: This is retail, this is to the consumer; the other is to the wholesaler.

Mr. IRVINE: Oh, I see.

Mr. MONET: Pardon me, this is the price sold by Caldwell Fruit to the retailers.

Mr. WINTERS: Could we get the markup on that?

By Mr. Monet:

Q. The top price at which they were sold to the retailers was $16?—A. That is right.

Q. Do you know personally or did you hear about the price at which the retailer was selling them to the consumer?—A. No, I have no knowledge. I have a rough idea but not definite.

Q. Would your rough idea be something like $19.75?—A. About that.

Q. I understand that you said in your evidence the bags of potatoes were sold by you at from $13 to $16?—A. Yes, sir.

Q. That is the 360 bags in a car?—A. Right.

Q. Is it not right that 303 of the bags in this car were sold at $16?—A. It would be in there. I haven't got that before me. It is shown there (examines document); yes, that is right.

Q. You have here 2 at $14. I have the information here taken from your books by an investigator showing that the prices range from $14 to $16. I want to make sure about that.—A. That is a correct statement you have in your hands.

Q. You sold one bag at $13?—A. I said, from $13 to $16.

Q. I agree with you, but you see there is one bag at $13, so your statement is correct.—A. Yes.

Q. And two bags at $14?—A. Yes.

Q. And the great majority?—A. The bulk of the sale was $16, if that is what you want to get at.

Q. Your statement is correct, but I just wanted to point that out. You mentioned that there were very few sold at $13.

The ACTING CHAIRMAN: 303 bags at $16.

Mr. IRVINE: These were golden murphys.

The ACTING CHAIRMAN: The Irishmen would get a kick out of that, wouldn't they.

By Mr. Monet:

Q. Out of this total of $4,371.66, I see you have also taken the freight, the freight was paid at the other end?—A. That was deducted when making the remittance to the shipper in Toronto.

Q. What was your markup on these potatoes in relation to selling price?—A. Aproximately 21 per cent.

Mr. MONET: I have no more questions for this witness.

Mr. THATCHER: Mr. Chairman, it strikes me that maybe we have one answer as to why some of these things are so high. I say, just one answer. We start out with the grower in the United States, then we come to the American wholesaler, and then the American wholesaler or agent sells to a Toronto wholesaler or agent; he takes $5 a bag on them; then the Toronto agent sells to a Montreal wholesaler who takes $4 a bag; and then it goes to the Montreal retailer and he takes a chunk, and then finally to the consumer. In other words, there are four middlemen at least in between the producer and the consumer. Now, if that was going on, that is no doubt one of the reasons why prices are so high; you have four middlemen, and possibly five—we do not know exactly—brokers or agents, and each one of them is taking an abnormal profit; at least, a very large profit, I will put it that way.

The ACTING CHAIRMAN: On potatoes.

Mr. THATCHER: In that particular case. Maybe that is the reason why a lot of these things are so high. Possibly if we could eliminate some of middlemen in that—

Mr. IRVINE: You cannot eliminate them, it is free private enterprise.

Mr. KUHL: If they are not rendering a service.

Mr. THATCHER: They would, under normal circumstances.

Mr. KUHL: Under any circumstances.

Mr. IRVINE: This democratic business is not working too well.

Mr. THATCHER: You have four middlemen and each one takes his slice.

Mr. KUHL: I suppose the chairman does not desire to debate the merits of free enterprise. We are here to find out the facts.

Mr. HARKNESS: I might point out that free enterprise was not the real situation in this case because a ban was put on the potatoes and interfered with free enterprise; in other words, it was interference in the form of state control. We want to be fair, and that is what made this competition so high, because the state stepped in and prevented people from bringing potatoes into this country.

Mr. THATCHER: I would not agree with that, Mr. Harkness.

Mr. IRVINE: Order.

Mr. MCGREGOR: If it had not been for the ban on these potatoes when you brought them in would you have bought them at that price?

The WITNESS: I do not think so.

Mr. MCGREGOR: That answers that question, your argument.

Mr. THATCHER: What is that?

Mr. MCGREGOR: I think that answers the question. He says he would not have bought those potatoes at that price had the ban not been put on. Naturally, he would have been able to purchase the potatoes direct himself.

The ACTING CHAIRMAN: I could have something to say here, but I will not.

Mr. WINTERS: There is another consideration; at the same time there were a lot of domestic potatoes on the market and consumers would have had an opportunity of choosing as to whether they preferred to pay a high price for the new potatoes or a low price for the old potatoes. These were regarded as a luxury potato, were they not?

The WITNESS: That is right.

Mr. THATCHER: But we were short of American dollars.

The ACTING CHAIRMAN: That is why the ban was put on.

The WITNESS: They got to be a real luxury after the 22nd.

Mr. MCGREGOR: They would not have been so great a luxury if the ban had not been put on.

The ACTING CHAIRMAN: But we would not have had enough American money to go out and buy that type of potato.

Mr. KUHL: It is a matter of government policy.

The ACTING CHAIRMAN: We are not ashamed of that. We admit it.

Mr. WINTERS: It is part of the policy of a government which has kept this country in good shape.

The ACTING CHAIRMAN: There are other witnesses here. We want to hear from them.

The WITNESS: Thank you very much.

(Witness retired)

Max Shore, Partner and Manager, Mac's Fruit Company, Toronto, called and sworn:

By Mr. Monet:

Q. What is your first name, Mr. Shore?—A. Max.

Q. And your home address?—A. 117 Elmbridge Drive, Toronto.

Q. You are a member of the firm of Mac's Fruit Company?—A. Partner, and also manager.

Q. Now, Mr. Shore, your company has been requested to appear here with respect to a purchase of two carloads of United States new potatoes, and you were also requested to bring with you all documents pertaining to that purchase? —A. Yes sir, I have the documents here.

Q. Would you tell the members of the committee whether you did purchase new potatoes from the United States in April, and if you did so, what was the date of the purchase?—A. The company purchased two carloads of California new potatoes. I bought them via a telephone conversation on the 20th of April and the potatoes were shipped on the 21st of April out of Edison, California.

Q. You said the 20th, and I understand that you then placed the order with the broker?—A. That is right.

Q. Was the order placed in Toronto?—A. No, it was placed through a fruit broker in Detroit.

Q. On April 20?—A. That is right.

Q. And when was your order confirmed by the broker?—A. The order was confirmed on the 21st.

Q. Of April?—A. That is right.

Q. And when did you receive the potatoes?—A. They arrived in Toronto on the 3rd of May.

Q. Do you know when they left the United States?—A. They left the United States on the 21st of April.

Q. What caused the long delay between April 21 and May 3?—A. Generally speaking, these potatoes had to go through a fumigation process in order to enter into Canada. There is some form of disease which we are trying to prevent entering Canada but this particular shipper did not have facilities for fumigation at his particular shed. We had to make the necessary arrangements with the Canadian authorities at the border to release the cars of potatoes so that we could have them fumigated in Canada before we had access to them.

Q. That would explain the delay before they reached Toronto?—A. They were held at the border for a couple of days before they could come in here.

Q. You heard the evidence of Mr. Marlow from Toronto who also purchased two carloads of potatoes which he had ordered at about the same time. I presume he did not have to go through the same process as you did and that would explain why he got the potatoes before you did?—A. That is more than likely.

Q. Do I take it that when you received the potatoes there was a market already set for them?—A. Yes, potatoes were being sold on the market at that time at $12 a bag.

Q. The potatoes being sold at that time, on May 3 when you received your shipment, would be the potatoes referred to this morning and this afternoon and which were purchased by Mr. Marlow?—A. I imagine they would be.

Q. Are you aware of whether there were any other potatoes on the Toronto market at that time, other than the potatoes referred to this morning purchased by Mr. Marlow?—A. There is only one other instance of it which I remember prior to our potatoes arriving. From hearsay I was under the impression that there were some potatoes in one of the chain stores which were being sold at 19 cents a pound.

Q. When was that?—A. Prior to these potatoes being received.

Q. Where was that?—A. In Toronto.

Q. Can you give us the name of the store at which they were being sold? —A. I do not recall that offhand. I think you would have the name in the early evidence—the evidence of the witness first on the stand from Toronto.

Mr. McGregor: How long would that have been before the 3rd of May?

The Witness: Oh, I think it would be about ten days—about ten days prior to our potatoes arriving.

By Mr. Monet:

Q. You would say that before either Mr. Marlow received his or you received your potatoes there were others being sold in Toronto at 19 cents a pound.—A. That is correct. There is a small piece in Mr. Robinson's statement which verifies that belief.

Q. You would not be able to tell us the name of the store?—A. No, I do not know it offhand.

Q. What was the price you paid for these potatoes?—A. We paid $4.75 per bag, f.o.b. California.

Q. What did they actually cost you per bag when they reached your place of business?—A. They cost us $6.77 per bag.

Q. And I understand that you sold one of those cars of potatoes to the Caldwell Company in Montreal?—A. That is correct.

Q. Was that car diverted to Montreal?—A. After we had the potatoes properly fumigated to pass the Canadian authorities' inspection one car was diverted intact to Montreal.

Q. Where was it diverted from?—A. From Toronto.

Q. Were those potatoes fumigated twice?—A. No. The instructions came from the authorities in Toronto to the effect that the customs officials at the border would allow those potatoes to come into Toronto as there were no facilities to have them fumigated at the border. Under the supervision of the health department in Toronto we had them fumigated and sealed, and that fumigation was thoroughly gone through before we could get a release.

Q. They were in Toronto at that time?—A. That is right.

Q. All the delay that occurred took place before the potatoes arrived in Toronto?—A. That is correct.

Q. And one car was shipped from Toronto to Montreal?—A. That is correct.

Q. And those you sold at $12 a bag?—A. That is right.

By Mr. Thatcher:

Q. They were sold f.o.b. Montreal?—A. The car was sold on a basis of $12 per bag delivered in Montreal.

Q. Does that mean you paid the freight to Montreal?—A. We paid the freight.

Q. Your price was $12 per bag less the freight? What was the net price which you received from Mr. Caldwell?—A. It was a difference of $75, the additional freight rate from Toronto to Montreal.

Q. On 360 bags?—A. No, over and above our freight. Our freight was $662.26 and there was an additional $75 representing the freight from Toronto to Montreal.

Q. There are 360 bags in a car?—A. That is correct.

Q. And your price would be 360 x $12 less $75, is that right?—A. No.

Mr. McGregor: $12 per bag less $75 freight?

The Witness: We got $12 per bag less the difference in freight.

The Acting Chairman: The freight to Montreal is 20 cents a bag.

By Mr. Monet:

Q. This car was sold to Caldwell Company in Montreal at $12 a bag, f.o.b. Montreal. According to my figures, Mr. Shore, and you can tell me if they are correct, the car returned you $4,320; the cost price f.o.b. Montreal was $2,499.71, leaving a profit of $1,820.29?—A. Yes, I believe that would be the cost and the selling price.

Q. For this Montreal car?

Mr. Thatcher: Would you give those figures again, Mr. Monet?

Mr. Monet: Yes. The total sale price was $4,320 and the cost price f.o.b. Montreal for the 360 bags was $2,499.71; and there was a profit of $1,820.29.

By Mr. Monet:

Q. I wish you would check my figures but that would appear to be a mark-up of 42 per cent on selling price, and 72 per cent on cost?—A. I would think your calculations are correct.

Q. You would accept my calculations?—A. Yes.

Q. Coming to the other car which remained in your possession, I understand this car was sold to retailers in Toronto, is that correct?—A. I sold 300 bags out of the car left in Toronto to another wholesaler in Toronto. Actually, outside of the two large sales we only sold 60 bags in our own warehouse.

Q. Those 300 bags would be sold to Charles Simpson Company?—A. That is correct.

Q. Why did you sell them to that company? You are doing business as a wholesale company?—A. Yes, sir.

Q. Why did you sell to another wholesaler instead of selling the potatoes to a retailer?—A. Mr. Simpson called me on the 'phone and wanted to know if I had any potatoes. I quoted him a price of $12 and he said he would take whatever I could give him.

Q. So out of the two carloads you sold immediately a full carload to Montreal—the car was diverted from Toronto—and you sold 300 bags in bulk out of the other car to another wholesaler in Toronto?—A. That is correct.

Q. Then you just had a few bags left to sell to retailers?—A. That is right, sir.

Q. And those bags were sold at what price?—A. At from $10 to $12 per bag.

Q. When you say they were sold from $10 to $12 per bag, how many of them were sold at $10?—A. There were 2 bags sold at $10.

Q. And the others were sold at $12?—A. That is correct.

Q. I am asking you these things but I must say that I have the information. Is it not a fact you also stored 39 bags of these potatoes?—A. No, I would not say they were stored, Mr. Monet. After these cars were delayed, due to the fumigation regulations, the Canadian National Railways required the payment

of demurrage. Such a hold-up is not their responsibility and demurrage adds up on your cars if you leave them on the track. We therefore removed the few bags that were left in the car and put them in our own cold storage space.

Q. Do you still have them?—A. No, they were sold.

Q. Were they sold much later than the others?—A. No, the last sale was on the 17th of May.

Q. At what price was the sale?—A. At $12 a bag.

Q. You have no more left?—A. No.

Q. With respect to the second car if my calculations are correct, on the 321 bags which were sold at a price of $3,852, and which cost $2,169.96, you made a profit of $1,682.04? Would that be correct?—A. I presume your figures are correct.

Q. That would be a mark-up of 41·7 per cent on selling price and 72 per cent on cost price?—A. Yes, sir.

Q. I have calculated that the total profit on the two cars received by Mac's Fruit Company would be $3,502.33?—A. I will take your figures as correct.

Q. Now would you tell the members of the committee why you asked $12 a bag for those potatoes rather than $10 or $15 or $20 a bag? I wonder if you would answer that question, and it is my last question?—A. Gentlemen, I can possibly repeat what has already been said. If I had sold them for less, some wholesaler would have bought them from me and turned around and sold them at the market price.

Q. On that I understand that the first carload was sold in its entirety to a wholesaler?—A. That is correct.

Q. And of the second carload there were 300 bags sold to a wholesaler?—A. That is right.

Q. Then your apprehension as to them being taken by a wholesaler could not very well be valid?—A. The market at that particular time in the light of the demand was $12 a bag, and we were judging from actual sales on the market for the same type of merchandise.

Q. I think that would be the main reason. At that time the price was set at $12 a bag?—A. That is right, sir.

By Mr. Thatcher:

Q. Mr. Shore, how many middlemen were involved in your transaction? You said they were California potatoes and so there would be a California wholesaler?—A. No, if I can explain that to you Mr. Thatcher, I would say that I bought these potatoes through a broker in the United States who is a reputable fruit broker. He does nothing else but act as a fruit broker and he gets $25 commission from the shipper for the sale of those potatoes.

Mr. WINTERS: Is that per car?

The WITNESS: Yes.

By Mr. Thatcher:

Q. The producer must have sold them to an agent in California?—A. No, I think the party from whom we purchased those potatoes was the original grower—D. W. Ferguson in California is the grower as well as the shipper. He grows as well as ships the potatoes.

Q. You think the Detroit broker is the first middle man?—A. He does not take any part of the profit.

Q. He must get something because you said he got $25?—A. He gets $25 for acting as broker for the shipper.

Q. The producer sells the potatoes to somebody in California and the California agent passes them on to the Detroit broker, the Detroit broker passes them on to you, you take your 72 per cent, you sell them to another wholesaler —Mr. Simpson— —A. Charles S. Simpson.

Q. Simpson takes his wholesale cut, then the potatoes go to the retailer, the retailer takes his cut, and finally the consumer gets them. That would mean there would be five middlemen in there at least?—A. No.

Q. There must be four?—A. No.

Q. There are three middlemen in Toronto alone?—A. Well—

Mr. KUHL: Let the witness answer.

The WITNESS: I will answer your question as thoroughly as I can. The man in Detroit who acts as broker has absolutely nothing to do other than to verify to the shipper that I want a car of potatoes. He wires down to the man who sells them and places an order for the sale of a car of potatoes and then he is through. For that part of the transaction he gets approximately $25 from the grower whom he represents.

Mr. THATCHER: As a broker he gets something? He enters into the transaction somewhere?

The WITNESS: Yes, you could call it that.

By Mr. Monet:

Q. Now, Mr. Shore, you referred earlier in your evidence to part of a statement made by Mr. Robinson. I am going to read that statement and you will tell me if this is the part to which you referred.

> Then in mid-April a Montreal trader succeeded in getting a shipment of small sized U.S.A. new potatoes past customs. These went on sale at 19 cents a pound, the equivalent of $19 for a 100 pound bag. Complaints that the potatoes were below minimum specifications required by the Fruit, Vegetables and Honey Act put an end to this deal. Some of of these potatoes found their way to Toronto and eventually were placed under detention and removed from circulation.

Is that the statement to which you referred—A. That is correct, sir.

Q. Then, when you decided to sell your potatoes at $12 a bag, were you not taking into consideration the fact that they might be taken under detention and removed from circulation?—A. No, Mr. Monet, just casually hearing about this, it so happens the government was restricting the sale of these so-called "B" size potatoes. They were not actually permitted to come into the country at all. The potatoes which we purchased as U.S. No. 1, a larger size potato, were potatoes which the government authorized and consented to coming into Canada.

Q. Is it not a fact that the main reason you set your price at $12 at that time was that new potatoes were being sold at $12 then?—A. Oh, that is right, sir.

Q. At that time, were you not the only one who had new potatoes?—A. No, I think there were some on the market. The market was not completely cleaned up.

Q. You do not think you could have asked a little less than $12 at that time? —A. Yes, I guess possibly we could have asked less.

Q. But you wanted to do as well as your competitor?—A. No, not necessarily.

By Mr. Winters:

Q. Why did you offer a car to Montreal?—A. Following two telephone conversations, we asked $12 for them originally of Montreal and we had a return telephone conversation with Mr. Caldwell in Montreal who offered me $12 to get the Toronto potatoes.

Q. Was it a fact that the Toronto market was pretty well saturated with potatoes at that time?—A. No.

By Mr. Monet:

Q. Or did you want the Montreal people to pay as much for the potatoes as the Toronto people paid?—A. I cannot answer that very well.

By Mr. McGregor:

Q. He says there were these potatoes on the market in Toronto and according to this statement the potatoes were taken out of circulation—removed from circulation. Now, what does that mean, "removed from circulation"?

Mr. IRVINE: Did you ever see a potato circulating?

By Mr. McGregor:

Q. Who removed them from circulation?—A. The particular potatoes mentioned in there are "B" size potatoes and were potatoes that were not actually permitted to come into Canada. It was not a proper grade to come into Canada. I do not know how they did arrive but when they did arrive and when the inspectors were aware it was not a proper grade they were stopped from being sold.

Q. What did they do with them?—A. I have not the faintest idea.

Q. You said they were still on the market?—A. I was not referring to those.

Q. You said there were some still on the market. I understood there were no potatoes on the market?—A. My potatoes came in so close to my competitor's on the Toronto market that he was not completely sold out of his potatoes when my potatoes arrived. There were the two potato deals on the market at the same time.

Q. That was not a glut on the market by any means?—A. No, there was not nearly enough to fill the demand.

Q. What I should like to know is where these potatoes went when they were removed from circulation? Perhaps the Wartime Prices and Trade Board could tell us later.

The ACTING CHAIRMAN: We will have to inquire into that, but it was not the Wartime Prices and Trade Board that had anything to do with it. It was the Department of Agriculture.

By Mr. Monet:

Q. Could you tell us who took them, who removed them from circulation?—A. No, I would not know who looks after that.

By Mr. Thatcher:

Q. Would you agree with this committee if it assumed your 72 per cent mark-up on cost is very abnormal?—A. No, Mr. Thatcher, under the circumstances, as an over-all picture it was not. In proportion, it was not a high profit.

Q. Mr. Shore, you do not ordinarily take 72 per cent on cost as a mark-up on basic foodstuffs?—A. No, we do not.

Q. Then, if you do not, would not this one be abnormal?—A. No, it is under different circumstances.

Q. You mean because they were short this time?—A. No.

By Mr. Irvine:

Q. What were the circumstances?—A. It so happens we are considered a little different from the regular operators in Toronto. We are classified as fancy fruit distributors. Our specialty—somebody more or less stands out in bringing in, over a period of years, I don't know whether you call it luxury lines, but commodities everybody does not handle. We have had new potatoes at this time of year for quite a number of years back and when the restrictions came on we were hard hit with the regular commodities being off the market. Our commodities were certainly the first ones to be put on the ban as not being permitted to come into Canada.

The ACTING CHAIRMAN: In other words, the early bird gets the worm; is that the idea?

By Mr. Irvine:

Q. You mean these were the only two cars you were going to be permitted to have so you were going to make hay while the sun shone?—A. No. It is not that. Some people, for the same amount of money involved in buying these potatoes used their money to advantage buying oranges or grapefruit. We were never large handlers of citrus and we tried to adjust our business on the same principles we have had in the past in handling selective produce to fill the gap in the market.

By Mr. McGregor:

Q. Could you tell us any other items you have bought on which you made that same percentage?—A. No, I do not recall offhand, Mr. McGregor.

By Mr. Kuhl:

Q. You would not consider, then, that the remarks of the chairman, Mr. Mayhew, made with respect to the previous witness would apply in your case?—A. No, not necessarily.

Mr. THATCHER: But possibly.

By Mr. Irvine:

Q. You mean to say the fact you were dealing in fancy stuff gives you the right to charge a fancy price?—A. No, not necessarily. Our particular business is a highly speculative business. There are exclusive food stores in the city as well as exclusive hotels which cater to the tourist trade which we try to look after for out of season fruits and vegetables to comply with their menus. As a practice, in former years, we have brought in different types of fruit in the form of avocado pears, eggplant, peppers, cucumbers and out of season fruits. These were all cut off. We thought we could fill up the shortage of commodities by trying to give them something in new potatoes which the market did not have.

By Mr. Winters:

Q. Have you any opinion as to how many potatoes you could have put on the Toronto market at $12 a bag?—A. By the demand, they were coming back when we were sold out. I could not answer that very well. The customers seemed to be selling them and they came back for more.

Q. I do not understand why you had to call Montreal to ask them if they wanted potatoes in Montreal?—A. I asked Montreal—we have sold Montreal on numerous occasions prior to this on different kinds of carloads. I had not taken any offence to Mr. Caldwell when he said he did not want it. When he told me he wanted a car, I did not renege on my actual commitment to him or say I would not give him a car.

By Mr. Monet:

Q. Why did you not keep them in Toronto?

By Mr. Winters:

Q. You could have saved your $75 freight?—A. With the limited amount of merchandise we have to sell, we also try to adjust our staff in proportion to our operations. It meant $75 less in handling and delivering these potatoes all over; bringing them up to our warehouse and selling in individual bags and delivering them all over the city for the same price.

By Mr. Monet:

Q. Could you not have offered them to one of the other wholesalers in Toronto as you did with the 300 bags?—A. They wanted them and we sold them.

Q. Is it not a fact you put in the first call?—A. Yes, I did. I do not think it was relative to potatoes. I think potatoes, more or less, led into the 'phone conversation. We correspond with Montreal as well as we correspond with the United States on numerous occasions on the telephone, day after day, Probably, in the course of my talking to Mr. Caldwell, potatoes came up. It was more or less a general trend to offer these potatoes to him.

By Mr. Winters:

Q. Did you offer him potatoes if he would take something else?—A. No.

By Mr. McGregor:

Q. In other words, you sold them to Mr. Caldwell and you got more money? —A. No.

Q. You sold them in Toronto, delivered them at $12 a bag, and you sold them to Mr. Caldwell at $12 a bag, too.

By Mr. Irvine:

Q. Did you think you could not sell two cars at that price in Toronto and it was safer to unload one in Montreal?—A. No, that was not it. We have bought, on numerous occasions, two cars of potatoes at one time. It is not too many for this time of year.

The ACTING CHAIRMAN: He was far more virtuous. He was thinking of the welfare of the Montreal people.

Mr. BEAUDRY: Apart from the fact it was a much better business deal.

By Mr. Thatcher:

Q. I wonder if Mr. Shore could give the committee any idea as to how, in a voluntary way, we might get the prices of fruits and vegetables down?— A. I wish I could answer that.

Q. Have you any suggestion to give to this committee as to how we might bring prices down a little?—A. I cannot answer that very well.

Q. You know of no voluntary method?—A. No.

By Mr. Irvine:

Q. You have not started yet?—A. We are all through. I really should say one thing. Pretty nearly everybody in the business, including myself, is awfully confused in our present trading.

By Mr. Thatcher:

Q. If you do not know of any voluntary method of getting prices down, is the committee to assume we can only bring in controls?

Mr. WINTERS: Just a minute; I wanted to say this before. The voluntary method rests with the consumers. Both these witnesses have said there were domestic potatoes on the market at the same time which were available to the consumer at lower prices. The consumer had the option of taking the old potatoes at the lower price or having the higher priced article and there was, therefore, a voluntary proposition right there.

Mr. THATCHER: My question was a general one. I was asking if, so far as all fruits and vegetables were concerned, Mr. Shore had an opinion. He expressed it and I am satisfied.

By Mr. Monet:

Q. One last question in connection with this potato deal. You are aware that from 1944 to 1946, you were allowed 20 cents a bag by order No. A-1975? —A. I knew there was an order.

Q. And that margin of profit?—A. I do not recall, not being familiar with it for a time back. I knew there was an order.

Q. You would recall it did not give you a mark-up as high as this one? —A. That is correct.

Q. You know there is a new order, and you are aware it does not allow as high a mark-up as the one you took?—A. That is correct.

Q. I have just a few questions to ask you in connection with yams. You were not requested to bring any documents in connection with this case as this information came to me since you were summoned. Did you have occasion some time during the month of April to purchase any carloads of yams?—A. Yes, we did.

Q. Would you tell us how many cars you purchased?—A. In the month of April?

Q. Yes.—A. I have not got the figures with me, gentlemen, but I would say offhand there were two or three carloads.

Q. Are these yams sold by the crate?—A. Yes, in crates.

Q. Would it be fair to suggest you purchased, some time during the month of April, about 2,000 crates of yams?—A. There are 504 boxes to a carload.

Q. Might it be four carloads?—A. It could be.

Q. It could be?—A. That is right.

Q. Would you recall what price you paid for those?—A. They were bought on the basis of $1.50 per box f.o.b. Louisiana, graded as U.S. No. 2.

Q. Would you be able to tell the members of the committee what they actually cost you when they reached your place of business? I understand you have no figures here. You were not asked for them and for that reason I am trying to help you. If my statement is not correct, you say so. Would it be fair to say they cost you $2.27 when they reached your place of business?—A. I believe that is pretty accurate; that is for a carload lot.

Q. Would you remember at what price they were sold?—A. They were sold —I do not remember offhand for that particular month, Mr. Monet.

Q. Would it be between $4 a crate and $7.25 a crate?—A. Say, $4.50 to $6.50 per crate.

Q. Would it be a fair statement, and if it is possible to say it is you will not have to send me information unless the members of the committee wish it, that on those four cars your total cost was $4.565.40 and your selling price was $11,180.25, making a profit of $6,614.85? If you cannot answer, just say so and we will ask you to send in the information?—A. It is quite possible; I take your figures as correct. I have not brought the figures with me. I was not asked to bring them. Gentlemen, I should like to outline one thing for you. I outlined to you before we are considered as fancy fruit importers. Bringing in sweet potatoes during the winter months has been a practice of ours for a good number of years. As the season starts in Louisiana, we have, more or less, moral obligations for so many carloads during the course of that year from the shippers. As you will know, sweet potatoes or yams as they are called, are a highly perishable commodity. We have and have had for quite a number of years terrific risks in bringing in sweet potatoes due to frost damage and overheating.

We try to arrange to have heaters put into those cars to protect the potatoes. On arrival, we either have them frozen due to not having sufficient heat, or if we have too much heat we cook them.

It comes down to the actual selling. In the course of handling, we buy a carload of potatoes. We cannot sell them as we pick them out of the car. We bring them up to the warehouse and we have our staff recondition the potatoes.

We have to take whatever spoilage there is out of each particular box to give the customer fair value for his money and give him a 100 per cent sound box of potatoes.

Q. Now, you suffered a loss—I want you to give me the information. The information I have may or may not be correct, and if it is not correct you are here to correct it. On these four carloads your loss would be 107 crates at $2.27 for a total loss, in money of $242.59; would that be correct?—A. I do not think those figures, as near as I can figure it, would substantiate the wastage we would have on four carloads of potatoes.

Q. You think you would have more?—A. I think so.

Q. Would you verify that and inform the members of the committee?—A. I would not know whether the figures are correct. I happened to be there when the investigator was going through the invoices on the sweet potatoes at that particular time, and I think he was more concerned in taking off the sales than he was in taking off the potatoes that were not sold and had to be recorded. I do not know whether or not he took them all off.

Q. It could be that you did not lose more than 107 crates?—A. Yes, it could be. I have not the figures to verify that.

Q. If those figures which I have just given you were accepted, and you did accept them so far as the profit is concerned, this would give a percentage mark-up of 63 per cent on the selling price or 163 per cent on the cost; would that be corect?—A. No, it is not correct, for this one reason; as I tried to explain prior to that we have had serious damages I would say, in sweet potatoes.

Q. To these particular four cars I am talking of in this transaction?—A. According to information which you have and information which I have not got, I take it your information would be correct.

Q. I am just talking of those four cars?—A. Oh, yes.

Q. You may have a very good reason for taking this 163 per cent profit and you may not. It is not up to me to decide that. On those four carloads that would be the mark-up you took?—A. Those four carloads to which you have referred—

Q. Oh no, it was not four carloads, it was six carloads on which you got this 163 per cent markup as to your selling price, that would be a very, very high markup?—A. Under circumstances of that kind it would be, yes, sir.

Mr. MONET: I have no more questions for this witness, Mr. Chairman.

The ACTING CHAIRMAN: Have any members of the committee any questions?

Mr. WINTERS: I would just like to ask the witness how he reconditions potatoes?

The WITNESS: In reconditioning potatoes, they are packed in individual wire boxes. Each one is undone and the potatoes are thoroughly dumped out and all the bad potatoes are taken out of the box and it is refilled out of another box of potatoes.

Mr. WINTERS: But you cannot recondition the potato?

The WITNESS: You cannot recondition the potato when it is bad.

Mr. MCGREGOR: In other words, on the sale of these six cars you made a profit of roughly $13,000?

The WITNESS: There were four cars in that, I think.

Mr. MCGREGOR: Six—four cars of these potatoes and two cars of the other potatoes. That is over $2,000 a car profit. We are in the wrong business.

The ACTING CHAIRMAN: I am not going to repeat what I said a while ago to Mr. Marlow. I think we are very foolish for having allowed that much American money to go out of the country in that way.

Mr. MCGREGOR: Just before the witness goes, would it not be well for us to ask what the Wartime Prices and Trade Board have done about this case; or,

have they done anything about it, or do they intend to do anything about it; or, should we take it a step further?

The ACTING CHAIRMAN: These transactions are all brought to the attention of the proper authority.

Mr. MONET: The next witness to be called is Mr. Parent. He has asked that he be permitted to give his evidence in French.

The ACTING CHAIRMAN: I will ask Mr. Beaudoin to take the chair.

Mr. L. R. Beaudoin assumed the chair as acting chairman.

(Translation of evidence which follows appears in Appendix.)

M. Zoël Parent, président de la Maison Parent, Goyer et compagnie, Montréal, comparaît:

Le PRÉSIDENT SUPPLÉANT: À l'ordre!

Me Monet:

D. Monsieur Parent, voulez-vous donner votre prénom, s'il vous plaît?—R. Zoël Parent.

D. Je comprends que vous êtes membre de la maison Parent, Goyer et compagnie, dont le bureau-chef est situé à Montréal?—R. À Montréal, 73 Marché Bonsecours.

D. Voulez-vous parler aussi fort que moi, s'il vous plaît, monsieur Parent, pour que les membres du comité qui se trouvent à l'extrémité de la table puissent vous entendre?—R. Je vais essayer.

D. Voulez-vous nous donner votre adresse privée?—R. 4922, rue Piedmont, à Montréal.

D. Et vous êtes ici comme représentant de la maison Parent, Goyer et compagnie?—R. Je suis président de la maison.

D. Vous êtes président de la maison Parent, Goyer et compagnie, dont le bureau chef est situé à...—R.—Aux numéros 73-79 Marché Bonsecours.

D. À Montréal?—R. Oui, à Montréal.

D. Voulez-vous nous dire si la compagnie dont vous êtes le président a une filiale ou les filiales?—R. Nous avons une filiale à l'avenue Trudel où nous recevons les chars...

D. Est-ce une filiale ou un entrepôt?—R. C'est un entrepôt.

D. Il n'y a pas de compagnie affiliée à la compagnie Parent, Goyer et compagnie?—R. Non.

D. Voulez-vous nous donner la date où se termine votre année fiscale?—R. Le 30 juin.

D. Monsieur Parent, je vous demanderais maintenant de décrire, pour le bénéfice des membres du comité, la nature des opérations de votre compagnie. Je comprends que vous êtes dans le commerce comme grossistes de fruits et légumes?—R. Oui.

D. Est-ce que vous commercez dans d'autres commodités que les fruits et légumes?—R. Nous avons acheté d'autres lignes depuis le mois de janvier.

D. Depuis le mois de janvier de cette année?—R. De cette année.

D. Quelles sont ces lignes?—R. Ce sont des "cannages" de fruits et de légumes.

D. Comme le rapport que vous nous avez présenté couvre votre année fiscale se terminant au mois de juin 1947, je comprends qu'aucune de ces nouvelles activités ne se trouvent rapportées dans le rapport soumis aux membres du comité?—R. Non.

D. Voulez-vous dire aux membres du comité si vous avez une spécialité quelconque dans les fruits et légumes qui vous passent en main?—R. Nous essayons de tenir autant de lignes que nous pouvons en obtenir; notre commerce en général, jusqu'au premier janvier, a été seulement les fruits et les légumes et nous essayons d'avoir toutes les variétés que nous pouvons obtenir.

D. Maintenant, dois-je comprendrs que votre commerce se compose de produits domestiques et de produits importés?—R. Les deux.

D. Voulez-vous nous donner la proportion des produits domestiques et la proportion des produits importés que cela peut représenter?—R. Nous faisons beaucoup d'importations et je crois que c'est une des principales activités que nous avons. Quand les légumes et les fruits sont de la province ou bien de la province voisine on les obtient en temps et lieu, j'entends dans le temps qu'ils arrivent.

D. Je comprends, mais lorsque vous dites que la majorité de vos activités serait constituée par des importations, voulez-vous nous donner le pourcentage? Quelle serait la proportion du volume total de vos affaires? Quel serait le pourcentage en ce qui concerne les produits domestiques, par exemple?—R. 50 p. 100, à peu près.

D. 50 p. 100?—R. Oui.

D. De sorte que...

Le PRÉSIDENT SUPPLÉANT: Voulez-vous parler un peu plus fort, monsieur Parent?—R. Oui.

Me Monet:

D. De sorte que votre commerce serait formé dans une proportion de 50 p. 100 d'importations et dans une proportion de 50 p. 100 de produits domestiques?—R. 50 p. 100 d'importations et 50 p. 100 de produits domestiques.

D. Je vous réfère maintenant, monsieur Parent, au questionnaire qui vous a été soumis et auquel vous avez répondu et qui est produit comme exhibit 114; je comprends que vous avez eu l'occasion d'examiner le questionnaire auquel votre maison a répondu et que vous avez accepté ce questionnaire comme représentant les états de votre maison?—R. Oui, exactement.

D. Je vous réfère maintenant, monsieur Parent, à l'état n° 4, au mot "vente"; voulez-vous donner aux membres du comité...

RENSEIGNEMENTS PRÉLIMINAIRES—ENQUÊTE SUR LES FRUITS ET LES LÉGUMES

1. Nom de la compagnie: Parent, Goyer et Compagnie.

2. Adresse du bureau-chef: 73-79 Marché Bonsecours, Montréal.

3. Date du commencement des affaires: août 1928

4. Noms et adresses de la compagnie mère, des filiales et compagnies affiliées: aucune filiale ou compagnie affiliée.

5. Noms et adresses des fonctionnaires et directeurs ou associés: Zoël Parent, président, 4922, rue Piedmont, Montréal; Ernest Larin, vice-président, 10566 Grande-Allée, Montréal; F.-X. Ouellette, secrétaire-trésorier, 532 ave Bennett, Montréal.

6. Emplacement des succursales, entrepôts et autres maisons d'affaires (y compris les filiales engagées dans le commerce des fruits et des légumes: Actuellement, 1665 ave Trudel, Montréal De 1939 à 1942: Val d'Or, P. Qué.

PARENT, GOYER & CIE

(73-79 Marché Bonsecours, Mtl. 1.)

PRIX DE VENTE MOYEN

ÉTAT N° 2—PRIX

Date	Oranges Calif. 288	Pommes C.-B. 125-138 McIntosh Fancy	Céleri Ont. N° 1	Céleri Ont. N° 2	Patates Ile. P.-E. Canada N° 1	Tomates de l'Ont. de serre	Choux locaux verts	Choux importés verts	Carottes locales N° 1 lavées	Carottes importées des E.-U. N° 1 lavées	Oignons de l'Ont. N° 1 jaunes
	le cageot	la caisse	le cageot	le cageot	la liv.	la liv.	la liv.	la liv.	la liv.	la liv.	la liv.
	$ c.	$ c.	$ c.	$ c.	c.	c.	c.	c.	c.	c.	c.
1947											
2 octobre	5.25	3.42	2.25	N.D.	N.D.	N.D.	2.8	N.D.	2.5	N.D.	3.0
9 octobre	5.25	3.30	2.00	N.D.	N.D.	N.D.	2.7	N.D.	2.4	N.D.	3.0
16 octobre	5.25	3.30	2.00	N.D.	N.D.	N.D.	3.5	N.D.	2.3	N.D.	3.3
23 octobre	5.50	3.50	2.75	N.D.	2.3	N.D.	3.0	N.D.	1.9	N.D.	3.2
30 octobre	5.60	3.35	3.25	N.D.	2.3	N.D.	3.2	N.D.	2.2	N.D.	2.8
6 novembre	5.35	3.50	2.50	N.D.	2.6	N.D.	3.5	N.D.	2.2	N.D.	3.2
13 novembre	5.00	3.15	3.25	N.D.	2.6	N.D.	3.0	N.D.	2.5	N.D.	3.2
20 novembre	6.50	3.40	3.65	N.D.	N.D.	N.D.	3.7	N.D.	2.7	N.D.	4.5
27 novembre	6.00	2.50	4.50	N.D.	N.D.	N.D.	6.0	N.D.	3.5	N.D.	5.5
4 décembre	5.25	3.50	3.50	N.D.	N.D.	N.D.	6.0	N.D.	4.0	N.D.	5.5
11 décembre	5.25	3.30	5.50	N.D.	N.D.	N.D.	6.0	N.D.	3.5	N.D.	5.2
18 décembre	6.00	3.25	5.25	N.D.	N.D.	N.D.	7.0	N.D.	3.5	N.D.	5.5
24 décembre	5.75	N.D.	N.D.	N.D.	N.D.	N.D.	8.5	N.D.	4.0	N.D.	5.5
31 décembre	6.25	N.D.	7.00	N.D.	N.D.	N.D.	9.5	N.D.	4.3	N.D.	5.8
1948											
8 janvier	6.25	3.75	8.00	N.D.	3.1	N.D.	N.D.	N.D.	4.5	N.D.	6.0
15 janvier	6.00	3.50	8.50	N.D.	N.D.	N.D.	15.0	N.D.	4.7	N.D.	6.5
22 janvier	5.75	3.10	N.D.	N.D.	N.D.	N.D.	15.0	N.D.	4.7	N.D.	6.5
29 janvier	5.75	3.25	N.D.	N.D.	N.D.	N.D.	15.0	N.D.	4.7	N.D.	7.4
5 février	6.00	3.25	N.D.	N.D.	N.D.	N.D.	N.D.	5.5	4.5	N.D.	7.5
12 février	6.25	3.25	N.D.	N.D.	N.D.	N.D.	N.D.	5.0	5.2	N.D.	5.8
19 février	6.00	3.75	N.D.	N.D.	N.D.	N.D.	N.D.	3.5	7.0	N.D.	10.0
26 février	5.67	3.50	N.D.	N.D.	N.D.	N.D.	N.D.	3.7	7.5	N.D.	9.3
4 mars	5.21	2.75	N.D.	N.D.	N.D.	N.D.	N.D.	4.0	10.5	N.D.	9.0
11 mars	5.52	3.00	N.D.	N.D.	N.D.	N.D.	N.D.	5.3	7.0	N.D.	8.5
18 mars	5.52	3.50	N.D.	N.D.	N.D.	N.D.	N.D.	4.2	N.D.	8.9	7.8
25 mars	5.83	3.50	N.D.	N.D.	N.D.	N.D.	N.D.	6.0	N.D.	9.0	8.0
1 avril	5.15	3.50	N.D.	N.D.	N.D.	N.D.	N.D.	6.0	N.D.	9.2	9.5
8 avril	5.48	3.00	N.D.	N.D.	N.D.	N.D.	N.D.	6.0	N.D.	9.2	9.0
15 avril	5.40	3.00	N.D.	N.D.	N.D.	N.D.	N.D.	7.8	N.D.	8.8	12.0
22 avril	4.75	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	7.8	N.D.	8.8	12.0

PARENT, GOYER & CIE

ÉTAT N° 3 ACHATS

(73-79 Marché Bonsecours, Mtl. 1.)

COÛT DES ACHATS LES PLUS RÉCENTS, RENDUS EN ENTREPÔT

Date	Oranges Calif. 288	Pommes C.-B. 125-138 McIntosh Fancy	Céleri Ont. N° 1	Céleri Ont. N° 2	Patates Ile. P.-E. Canada N° 1	Tomates de l'Ont. de serre	Choux locaux verts	Choux importés verts	Carottes locales N° 1 lavées	Carottes importées des E.-U. N° 1 lavées	Oignons de l'Ont. N° 1 jaunes
	le cageot	la caisse	le cageot	le cageot	la liv.	la liv.	la liv.	la liv.	la liv.	la liv.	la liv.
1947	$ c.	$ c.	$ c.	$ c.	c.	c.	c.	c.	c.	c.	c.
2 octobre	4.82	2.82	1.64	N.D.	N.D.	N.D.	2.2	N.D.	2.0	N.D.	2.7
9 octobre	4.82	2.82	1.64	N.D.	N.D.	N.D.	2.2	N.D.	1.5	N.D.	2.7
16 octobre	4.90	3.17	1.68	N.D.	N.D.	N.D.	2.7	N.D.	1.7	N.D.	2.7
23 octobre	5.07	3.17	2.14	N.D.	2.2	N.D.	2.5	N.D.	1.5	N.D.	2.7
30 octobre	5.31	3.17	2.04	N.D.	2.2	N.D.	2.7	N.D.	1.7	N.D.	2.7
6 novembre	4.27	3.17	2.26	N.D.	2.2	N.D.	2.6	N.D.	1.8	N.D.	2.7
13 novembre	4.51	2.77	2.20	N.D.	2.4	N.D.	2.5	N.D.	2.2	N.D.	2.7
20 novembre	4.85	3.17	2.30	N.D.	N.D.	N.D.	3.0	N.D.	2.3	N.D.	3.5
27 novembre	4.52	2.37	4.25	N.D.	N.D.	N.D.	3.0	N.D.	3.0	N.D.	3.0
4 décembre	4.69	3.12	3.05	N.D.	N.D.	N.D.	3.0	N.D.	3.2	N.D.	4.0
11 décembre	4.27	3.12	4.50	N.D.	N.D.	N.D.	4.8	N.D.	3.2	N.D.	4.9
18 décembre	4.13	3.06	4.75	N.D.	N.D.	N.D.	6.0	N.D.	3.2	N.D.	4.9
24 décembre	4.13	N.D.	N.D.	N.D.	N.D.	N.D.	8.0	N.D.	3.3	N.D.	4.9
31 décembre	5.75	N.D.	6.50	N.D.	N.D.	N.D.	8.5	N.D.	3.5	N.D.	4.9
1948											
8 janvier	5.75	3.21	7.50	N.D.	2.8	N.D.	N.D.	N.D.	3.8	N.D.	5.5
15 janvier	5.75	3.21	7.50	N.D.	N.D.	N.D.	12.5	N.D.	4.0	N.D.	5.5
22 janvier	5.50	3.25	N.D.	N.D.	N.D.	N.D.	13.5	N.D.	4.0	N.D.	6.0
29 janvier	5.65	3.25	N.D.	N.D.	N.D.	N.D.	13.5	N.D.	4.2	N.D.	6.0
5 février	5.50	2.88	N.D.	N.D.	N.D.	N.D.	N.D.	4.8	4.2	N.D.	6.0
12 février	5.25	3.25	N.D.	N.D.	N.D.	N.D.	N.D.	4.8	5.0	N.D.	6.0
19 février	4.64	3.25	N.D.	N.D.	N.D.	N.D.	N.D.	3.0	6.5	N.D.	6.0
26 février	5.57	3.25	N.D.	N.D.	N.D.	N.D.	N.D.	3.5	6.8	N.D.	6.0
4 mars	4.75	3.25	N.D.	N.D.	N.D.	N.D.	N.D.	3.7	8.5	N.D.	8.2
11 mars	5.10	3.25	N.D.	N.D.	N.D.	N.D.	N.D.	4.5	8.0	N.D.	8.2
18 mars	4.58	3.25	N.D.	N.D.	N.D.	N.D.	N.D.	3.6	N.D.	8.9	8.2
25 mars	4.33	3.25	N.D.	N.D.	N.D.	N.D.	N.D.	5.5	N.D.	8.8	6.2
1 avril	5.15	3.25	N.D.	N.D.	N.D.	N.D.	N.D.	4.4	N.D.	9.2	7.0
8 avril	4.55	3.25	N.D.	N.D.	N.D.	N.D.	N.D.	6.8	N.D.	8.4	8.0
15 avril	4.08	3.25	N.D.	N.D.	N.D.	N.D.	N.D.	7.5	N.D.	8.5	8.5
22 avril	4.37	.....	N.D.	N.D.	N.D.	N.D.	N.D.	7.8	N.D.	8.5	10.0

PARENT, GOYER & CIE

ANNÉE FINANCIÈRE TERMINÉE LE 30 JUIN

—	1939	1940	1941	1942	1943	1944	1945	1946	1947
	$	$	$	$	$	$	$	$	$
Ventes	1,544,147	1,552,949	2,007,208	2,551,348	2,674,848	2,677,531	2,698,598	3,132,800	3,244,782
Coût des ventes	1,401,855	1,424,254	1,860,645	2,384,849	2,531,007	2,524,138	2,530,744	2,947,271	3,025,490
Profit brut	142,292	128,695	146,563	166,499	143,941	153,393	167,854	185,529	219,292
Traitements des directeurs ou associés	16,425	16,176	11,000	12,841	13,000	13,250	13,000	13,000	13,000
Autres traitements et salaires (y compris la commission des vendeurs)	54,587	60,032	60,414	64,258	54,812	58,559	61,569	69,686	82,521
Autres frais d'exploitation	62,639	57,002	66,443	80,567	66,639	74,437	79,916	88,663	104,801
Total des dépenses	133,651	133,210	137,857	157,666	134,451	146,246	154,485	171,349	200,322
Profit d'exploitation avant les taxes	8,641	*4,515	8,706	8,833	9,490	7,147	13,369	14,180	18,970
Intérêt payé	2,101	1,745	2,475	3,069	4,407	5,042	5,001	3,570	6,586
Profit, avant paiement des taxes sur le revenu	6,540	*6,260	6,231	5,764	5,083	2,105	8,368	10,610	12,384
Réserve pour impôts sur le revenu	1,145	.....	2,212	2,306	2,033	1,160	3,663	5,046	4,954
Profit net	5,395	*6,260	4,019	3,458	3,050	945	4,705	5,564	7,430
% Profit brut, en pourcentage, sur les ventes	9·2%	8·3%	7·3%	6·5%	5·4%	5·7%	6·2%	5·9%	6·8%

* Porte.

The ACTING CHAIRMAN: Please, would you gentlemen come to order; it is very difficult for counsel to conduct his investigation.

Me Monet:

D. Monsieur Parent, voulez-vous nous donner le montant de vos ventes totales pour l'année 1939?—R. $1,544,147.

D. Et pour l'année 1947 maintenant?—R. $3,244,782.

D. Je comprends que ces chiffres que vous venez de nous donner sont pour l'année fiscale terminée le 30 juin 1947?—R. Le 30 juin 1947.

D. Et que vos opérations depuis le 30 juin 1947 ne sont pas comprises dans cet état n° 4, c'est-à-dire qu'il n'y a rien dans l'état n° 4 de vos opérations depuis le 1er juillet 1947?—R. Il n'y a rien de cela.

D. Je constate également que vos profits d'exploitation que l'on trouve au milieu de la page ont accusé une augmentation de $8,641 qu'ils étaient en 1939 à $18,970 pour l'année fiscale se terminant au 30 juin 1947?—R. 1947, c'est bien cela.

D. Je constate également, monsieur Parent, quelques lignes plus haut, sous la rubrique "autres frais d'exploitation", que ces frais d'exploitation ont augmenté pour l'année 1946 de $88,663 à $104,801 pour l'année 1947?—R. Exactement.

D. Voulez-vous dire aux honorables membres du comité à quoi doit être attribuée cette augmentation de quelque $15,000 des frais d'exploitation pour cette année-là?—R. D'abord, la livraison nous coûte à peu près 20 p. 100 de plus qu'elle nous coûtait en 1946 et les autres dépenses ont été en proportion; par exemple, sur les salaires que nous avons dû augmenter de l'année 1946 à 1947...

D. Bien, les salaires, monsieur Parent, vous les avez sous la rubrique précédente.—R. Oui.

D. Maintenant, je voudrais que vous nous disiez... Vous venez de nous donner les frais de livraison, je voudrais que vous nous disiez s'il y a d'autres item que ceux-là qui, d'après vous, devraient entrer en ligne de compte dans l'augmentation de vos frais d'exploitation entre 1946 et 1947?—R. Je ne crois pas qu'il y en ait d'autres... Il y a beaucoup d'autres frais que nous avons dû subir.

D. Mais vous attribueriez la majeure partie de cette augmentation... R. Je crois que ce serait par la livraison, par le camionnage; on fait beaucoup de livraison à Montréal et dans les environs; il nous a fallu engager des camions supplémentaires pour faire la livraison.

Le président suppléant:

D. Vous faites votre propre livraison, actuellement, avec vos propres camions—R. Oui, avec nos propres camions; et nous avons un contrat avec une compagnie pour une dizaine de camions et en plus de cela, à part de nos propres camions, nous avons à additionner d'autres camions pour la livraison supplémentaire.

Mr. THATCHER: The main part of that would be truck expenditure?

Mr. MONET: Yes, that is what he said, most of it is truck expense. There might be a few other little things in it but the bulk of it is delivery cost.

Mr. MCGREGOR: He was speaking about this $304,000?

Mr. MONET: Yes.

Mr. MCGREGOR: Could we have a breakdown of that?

Me Monet:

D. Pouvez-vous nous donner en détail ce montant de $104,801, monsieur Parent?—R. Je ne dois pas avoir cela ici, je ne crois pas.

D. Pourrez-vous nous le fournir?—R. Je pourrais vous le fournir à l'occasion.

M. Beaudry:

D. Pourriez-vous nous donner aujourd'hui une idée des item que cela comprend; est-ce que cela comprend beaucoup d'autres item que la livraison?

Mr. MONET: The witness said he has not got the information but he could supply it, but I think he could give the main items.

Me Monet:

D. Pourriez-vous donner les principaux item qui entrent sous cette rubrique-là?—R. Il y a le bureau dont nous avons augmenté le personnel...

D. Je comprends, monsieur Parent, que le personnel du bureau irait dans les salaires?—R. Oui, cela irait dans les salaires.

D. Alors, vous nous avez donné la livraison; y a-t-il d'autres item que vous pouvez mentionner?—R. Je ne peux pas voir là, je les ai tous en détails mais je ne peux pas voir là.

M. Beaudry:

D. Nous pouvons peut-être contourner la question. Pouvez-vous nous donner une idée de ce que vous coûte votre livraison par année? Par exemple, tant pour le camionneur qui a le contrat et tant pour vos propres camions?—R. On paye $90...

D. Mais, dans l'ensemble, votre montant annuel?—R. Je n'ai pas ces chiffres-là ici.

D. Est-ce que cela représenterait la plus grosse partie des $104,000?—R. Une grosse partie parce que l'on fait une grosse livraison chez nous, au marché Bonsecours. Surtout, on est obligé de faire la livraison dans toute la ville et vous comprenez que ça demande beaucoup de livraison; on a essayé de tenir notre clientèle en donnant un bon service.

D. Ce que je veux savoir, c'est ceci,—pour éviter de faire une enquête en détails plus longue: Si vous dites que votre livraison vous coûte, disons, les trois quarts des $104,000,—pour éviter des détails inutiles pour découvrir combien d'autres item sont compris là-dedans,—alors quelle serait la proportion?

Me Monet:

D. Quelle serait la proportion des $104,000 qui pourrait s'appliquer à la livraison?—R. On pourrait dire de 60 à 65 p. 100.

D. Pouvez-vous nous donner une idée des item qui composent la balance de ce montant-là—R. La papeterie, les télégrammes, les téléphones et autres; il y en a une liste d'à peu près une dizaine de cas. Je n'ai pas les détails ici mais...

D. Mais, sans nous donner les détails, pourriez-vous nous donner les item en question?—R. C'est pour une grande partie sur la livraison, les camions et, la balance, ce sont les frais d'exploitation du bureau et des hommes supplémentaires; cela va dans les salaires mais, d'un autre côté, on les passe dans les frais d'exploitation supplémentaires; il y a des frais de salaires qui sont rendus des fois dans les frais d'exploitation supplémentaires.

M. BEAUDRY: Monsieur le président, je ne voudrais pas vous dicter une ligne de conduite, mais, monsieur Monet, il me semble que ces chiffres sont bien en proportion des chiffres reçus des témoins précédents. Ne croyez-vous pas que l'on ne devrait pas s'y attarder, surtout vu que le volume d'affaires n'est pas tellement énorme et la différence pas tellement grande?

Me MONET: Je le crois bien. Personnellement, je n'ai pas d'objection, mais c'est parce que la question a été posée par M. McGregor. Personnellement, je ne crois pas que l'écart soit exagéré.

D. Dans les salaires, il y a une augmentation de $13,000 en comparant 1946 et 1947?—R. Oui.

D. Et, également sous la rubrique "traitement des directeurs", le traitement des directeurs a été diminué en 1945, 1946 et 1947 par rapport à 1944?—R. Oui, $250 de différence, je crois.

M. WINTERS: Monsieur le président, je désire poser une question, s'il vous plaît.

Le PRÉSIDENT SUPPLÉANT: Certainement, posez-la.

M. Winters:

D. Combien d'hommes payez-vous avec la somme de $13,000 en question?

Le président suppléant:

D. Avez-vous compris la question, monsieur Parent?—R. Combien d'hommes à notre emploi?

M. BEAUDRY: Non, entre combien d'hommes se partage cette somme de $13,000?

Le TÉMOIN: Dans les directeurs ou les employés seulement?

M. BEAUDRY: Non, entre combien d'hommes se partage cette somme de $13,000?

Le TÉMOIN: Les directeurs seulement?

M. Winters:

D. Combien d'hommes?—R. Trois.

D. Est-ce que les directeurs obtiennent des salaires d'autres choses?—R. Non, pas d'autres choses; les salaires sont tels qu'ils sont marqués là.

M. WINTERS: Merci, monsieur le président.

Le PRÉSIDENT SUPPLÉANT: Est-ce que c'est tout, monsieur Winters?

M. WINTERS: Pour maintenant, oui.

M. THATCHER: Il parle bien français, n'est-ce pas?

Me MONET: Il parle très bien français et vous parlez très bien aussi, monsieur Thatcher.

Me Monet:

D. Maintenant, je vois que, toujours pour votre année fiscale se terminant le 30 juin 1947, vos profits bruts, en pourcentage, sur vos ventes, étaient de 6·8—R. 6·8.

D. Et que ce montant de 6·8 est inférieur au montant pour les profits bruts en pourcentage sur les ventes pour les années 1939, 1940 et 1941, est-ce exact?—R. Exactement.

D. Maintenant, M. Parent, nous vous avions demandé, comme nous avions demandé aux autres compagnies qui ont été assignées ici, de produire un état

mensuel détaillé de vos ventes et de vos profits et de vos opérations. Vous nous avez déclaré ne pas être en état de donner ces renseignements. Voulez-vous donner aux membres du comité les raisons pourquoi vous ne pouvez pas donner un état mensuel de vos opérations?—R. La raison, c'est qu'au Marché Bonsecours c'est très difficile, parce que nous avons des marchandises un peu partout, soit en entrepôt, soit sur les chars, et nous avons en plus de cela le "terminal". C'est très, très difficile de prendre l'inventaire à la fin du mois pour pouvoir faire un état qui serait correct, à chaque mois.

D. Et la politique suivie par votre compagnie, au point de vue de sa comptabilité, ne s'est jamais prêtée à ces états? Vous n'avez jamais fait d'état mensuel?—R. Jamais.

D. Comment pouvez-vous savoir à la fin de chaque mois, ou au cours d'une période déterminée au cours de l'année, comment vos opérations se font, c'est-à-dire soit qu'il y ait perte ou soit qu'il y ait bénéfice?—R. C'est que, pour le terminal, nous pouvons l'obtenir à tous les mois. Il est plus facile de "checker" vos chars quand ils arrivent à Montréal au terminal, et nous pouvons obtenir tous les mois ce que le terminal nous rapporte.

D. Je comprends que vous faites des achats un peu partout?—R. Oui, monsieur.

D. Quand vous parlez du "terminal", qu'est-ce que vous voulez dire par le "terminal"?—R. Là où nous recevons tous nos chars d'importation. Alors, les chars sont vérifiés par le National Canadien d'abord, et nous avons à les vérifier à tous les soirs avec eux, et de cette manière nous pouvons obtenir nos rapports tous les mois, parce que les chars sont "checkés" et que c'est plus facile de les "checker" là, au terminal, qu'au Marché Bonsecours.

D. Mais quant au reste des marchandises qui servent à l'opération de votre commerce, vous ne tenez pas d'état mensuel?—R. Non.

D. Vous n'en avez jamais fait?—R. Non, jamais.

D. Et c'est là la raison pourquoi vous n'avez pu répondre au questionnaire sous ce rapport-là?—R. Oui, monsieur.

Text

Mr. MONET: For the benefit of the members of the committee, and I think this is quite important, I would say that I asked the witness why he did not supply the information requested. It was the same information requested from the other companies, but he says that his company has never compiled monthly statements and they do not keep them because they make their purchases from different places, from the Montreal terminal and from local growers. At all events, the company has never kept its accounts in a manner which would allow him to produce a statement and that is why he has not brought the information requested.

Mr. WINTERS: This is a most modest mark-up.

Mr. MONET: That is why I bring the matter to the attention of the committee. The witness stated that he cannot supply the monthly statements but he has information with respect to fruit and vegetables with which I will deal in a moment. The information is asked of these companies because of the fact that some of the fiscal years would end in April, others in March, and so on, and the financial statement is asked in order that we may have a true picture. When a witness says that he cannot supply the statement there is no comparison possible. I will be dealing with oranges now, Mr. McGregor, but I will be very brief.

Mr. THATCHER: I have one question.

M. Thatcher:

D. Monsieur Parent, voulez-vous dire au comité si votre bénéfice est plus grand aux mois de novembre et de décembre qu'autrefois?—R. Je crois que cela n'a pas été une grosse différence avec les mois précédents.

D. En 1947?—R. En 1947, il n'y a pas beaucoup de différence.

D. Vous n'avez pas les chiffres ici?—R. Non, je n'ai pas les chiffres ici pour le mois de novembre.

Me Monet:

D. Je comprends que vous avez un état financier ici et que votre année se termine le 30 juin, comme vous l'avez dit tantôt, d'après l'état n° 4, sur lequel n'apparaissent pas vos opérations totales de 1947?—R. Non.

D. Êtes-vous en état de dire, pour cette période-là, à l'instar des compagnies qui ont comparu ici, si votre volume a été moins considérable, vos opérations en volume?—R. Moins considérable.

D. Êtes-vous capable de nous dire, comme d'autres compagnies nous l'ont dit, que si, par ailleurs, leur volume a été moins considérable par les années passées, leur bénéfice a été supérieur? Seriez-vous dans la même position?—R. Je ne le crois pas.

D. Vous ne croyez pas que votre profit pour l'année fiscale en cours actuellement est supérieur à celui de l'année correspondante de l'année dernière?—R. Il n'est pas supérieur, je suis certain de cela.

D. Vous êtes certain de cela?—R. Presque certain.

D. Et vous êtes certain, toutefois, que le volume a été moins considérable?—R. Oui, il a été moins considérable.

D. Maintenant, monsieur Parent, je voudrais vous référer au questionnaire qui a été posé au sujet des différentes autres commodités, et particulièrement des oranges. Je constate, si vous voulez prendre la première colonne, les oranges, je constate que, pour les mois de novembre et de décembre, il y a eu augmentation dans la marge de profits, qui semble être équivalente à celle des autres maisons de Toronto et d'ailleurs qui ont comparu devant le comité?—R. Exactement.

D. Voulez-vous nous dire pourquoi le 18 décembre en particulier, il vous a été possible d'obtenir une marge de $1.87 par caisse d'oranges et de $1.62 le 24 décembre. Avez-vous des explications à donner aux membres du comité?—R. Cela dépend de la grosseur des oranges. C'est là la différence et elle est moindre le 24 que le 18. Nous avons des grosseurs d'orange qui rapportent plus que les autres grosseurs. Nous en avons eu des chars qui étaient exactement comme la demande se faisait dans le moment et, dans ce temps-là, nous obtenions un profit un peu plus élevé.

D. Pour les oranges dont il est question ici, qui sont les 288, voulez-vous dire aux membres du comité comment il se fait que, du 11 décembre au 18 décembre, il vous a été possible d'obtenir une marge de profits beaucoup plus considérable?—R. Les demandes, comme c'était le cas dans tous les autres qui m'ont précédé, étaient plus fortes et nous arrivions à la fin de décembre où les demandes étaient beaucoup plus fortes que dans les autres temps. C'est le temps où nous tâchons d'approvisionner les gens de la campagne, notre clientèle de la campagne, et nous avons une très forte demande dans ce temps-là.

D. Est-ce qu'il vous aurait été possible, Monsieur Parent, de faire en sorte que la marge de bénéfices sur les oranges 288, dont nous parlons, puisse être

moins substantielle qu'elle l'a été?—R. C'était très difficile, parce que nous n'avions pas assez d'oranges encore pour la clientèle et nous avons eu des offres pour plus cher que cela, seulement nous suivions le marché des autres et, même, je crois que nous étions en bas des autres dans bien des circonstances.

M. THATCHER: De quel mois parlez-vous?

Me MONET: Du mois de décembre, du 18 au 24.

Me Monet:

Dois-je comprendre qu'il vous arrive parfois d'être tenu et tout spécialement l'automne dernier, d'acheter des oranges de quelques-uns de vos compétiteurs?—R. À plusieurs reprises, de fait, j'en ai acheté. Vous avez des prix dans le mois de janvier que j'ai payé beaucoup plus cher, et même dans le mois de décembre, que j'ai payé plus cher que c'était l'intention en achetant des autres compétiteurs. Et eux-mêmes prennent leurs profits; ce ne sont pas nos chars.

D. Pour que ceci soit bien clair, votre situation est un peu différente des autres. Je comprends qu'en plus des oranges qu'il vous était facile de vous procurer, que, pour satisfaire votre clientèle, vous avez dû acheter des oranges de compétiteurs à Montréal?—R. Exactement.

D. Ce qui expliquerait, comme vous le dites, qu'au mois de janvier, par exemple, vous avez dû payer jusqu'à $5.75, $5.50 et $5.65 pour des oranges que vous avez vendues?—R. Mais, même, j'ai payé plus cher que cela; cela est un "average".

D. Est-ce pour cette raison-là, ou plutôt est-ce que c'est cette raison-là qui expliquerait qu'en janvier, par exemple, vous avez fait, dans la semaine du 29 janvier, vous avez fait seulement 10c. par "crate" d'oranges?—R. Oui, monsieur.

D. De qui achetiez-vous des oranges à Montréal?—R. De Eliosoff, J. & Sons.

D. Et d'autres fournisseurs?—R. De Crelinsten et de Botner.

D. Et d'autres fournisseurs de Montréal?—R. Oui, monsieur.

D. Et si je comprends, quand vous achetiez des oranges d'eux, vous payiez plus cher que quand vous les achetiez à la source?—R. Oui, monsieur.

D. Maintenant, M. Parent, si vous voulez bien référer à la page 2, "céleri".

Le Président suppléant:

D. Est-ce que ces compagnies vendent à ces mêmes compagnies dont vous achetez des produits?—R. Cela arrive.

D. C'est une pratique assez fréquente?—R. Oui, mais nous sommes obligés d'acheter plus souvent qu'eux ont à acheter.

D. Pourquoi?—R. Pour notre marché, pour notre clientèle du Marché Bonsecours, généralement on ne veut manquer de rien. Au terminal, quand eux autres ont vendu leurs chars, il n'y en a plus et ils attendent les autres chars pour les vendre, mais nous autres ce n'est pas la même chose, on veut avoir la marchandise autant que possible pour alimenter le Marché Bonsecours.

M. THATCHER: Voulez-vous regarder le mois de mars pour une minute. Je remarque là que le coût a baissé mais que le prix de vente a monté. Quelle est la raison pour cela?—R. Ce sont les prix des chars. Le prix des chars, $4.58, cela dépend des grosseurs. En partie, ce sont tous des chars de $4.58, $4.33 pour le 25 et $4.75 pour le 4 mars.

D. Mais, Monsieur Parent, pourquoi, quand votre coût a baissé, quand vous avez fait votre prix, pourquoi est-ce que votre prix de vente est plus haut?—R. Nous n'avons pas vendu plus haut au mois de mars, nous avons vendu $5.52.

D. Mars le 11, le 18, le 25?—R. $5.52 et $4.58.

D. Est-ce que, pour ces mois, vous croyez que votre bénéfice a été normal? —R. Il n'y a pas une grosse, grosse différence. Vous avez des chars que l'on a vendu avec 40c. de profit et d'autres avec $1.00 de profit. Cela est normal.

D. Qu'est-ce que vous en pensez? Peut-être que Me Monet pourrait poser des questions à ce sujet.

Me MONET: J'ai fini.

M. Thatcher:

D. Quel est le profit normal sur une boîte d'oranges?—R. 75c., c'est "l'average".

D. Pour la fin de mars, votre bénéfice est deux fois plus haut que cela?— R. C'est seulement qu'une grosseur cela. Si on veut avoir "l'average" sur un char, il ne faut pas prendre seulement qu'une grosseur.

Me Monet:

D. Monsieur Parent, et sur les oignons? Voulez-vous dire aux membres du comité si les oignons mentionnés du 22 janvier au 18 mars inclusivement, étaient des oignons que vous aviez achetés de semaine en semaine, de jour en jour ou si c'étaient des oignons remisés, entreposés antérieurement?—R. Nous avions à peu près de 700 à 800 poches d'oignons que nous avions remisés à l'entrpôt. Nous en avons ainsi tous les ans, mais ordinairement plus que cela. Cette année, c'est à peu près cela que nous avions.

D. Est-ce ceux-là qui ont été payés 6c. la livre?—R. Oui, monsieur.

D. Et vous les avez vendus du 22 janvier au 25 mars à un prix qui variait de 6·5c. à 10c.?—R. Exactement.

D. Comment expliquez-vous, Monsieur Parent, et c'est là ma dernière question, comment expliquez-vous cette hausse dans le prix des oignons et le profit considérable, dans cette occasion, que vous avez fait sur ces oignons-là?— R. Nous avons guidé nos prix sur le marché d'Ontario et je crois que c'était le prix dans le temps. Nous avons suivi le marché. Vous avez ici en février, le 12, une indication que nous avons vendu des oignons meilleur marché qu'ils nous coûtaient.

D. Alors, c'est une perte pour le 12 février?—R. Oui, monsieur.

D. À d'autres périodes, vous avez vendu les oignons au prix du marché, vous dites?—R. Oui, monsieur.

M. Thatcher:

D. Une question, encore. Pouvez-vous dire aux membres du comité comment vous pouvez obtenir une baisse de prix volontairement? Peut-être que vous ne pouvez pas comprendre mon français?—R. Vous voulez dire, si nous pouvons baisser nos prix volontairement?

D. Oui, et sans régies.—Je crois qu'on est assez raisonnable sur ce côté-là.

D. C'est très difficile?—R. C'est assez difficile, vu que ce sont des fruits et des légumes, on est supposé avoir de la perte. Si par hasard on fait un peu plus de profit sur un char, on risque de perdre sur le char qui suivra, et cela est très, très difficile de dire qu'on va maintenir une marge de profit égale dans des circonstances pareilles.

Me MONET: Dans l'ensemble, Monsieur Parent, vous êtes supposé faire un profit comme dans toute autre chose.

M. Thatcher:

D. Est-ce que vous avez dit que cela est très difficile sans les contrôles?—R. Je comprends que le contrôle nous arrête un peu pour prendre un profit.

Le président suppléant:

D. Comparativement aux états produits par d'autres témoins qui sont venus ici, vous semblez faire beaucoup moins d'affaires que les autres?—R. C'est exactement le cas.

D. Qu'est-ce qui se passe?—Est-ce qu'il y a longtemps que vous êtes en affaires, vous?—R. 26 ans.

D. Comment expliquez-vous que d'autres compagnies, en affaires depuis quelques années seulement, vous dépassent en profits?—R. Je crois pouvoir vous donner la raison. Nous autres, nous avons une clientèle pas mal régulière et nous cherchons à la garder. On ne faisait pas de spéculation. Nous n'achetions pas des chars pour prendre le risque de faire de grosses affaires ou de faire des pertes considérables. Si dans le passé il y en a qui ont fait de l'argent dans le commerce des fruits et des légumes, c'est parce qu'ils ont pris des chances sur le marché et que le marché leur a donné raison par l'augmentation des prix et aussi parce qu'ils avaient beaucoup de chars dans l'entrepôt.

D. En d'autres termes, vous avez conduit vos opérations avec prudence, c'est de cette façon que vous avez opéré depuis 26 ans?—R. D'abord que nous faisions un profit qui ne diminuait pas. D'après nos ventes, il ne diminuait pas mais il n'augmentait pas. Le profit ne peut pas augmenter par le fait qu'on ne fait pas de spéculation. On ne pouvait pas risquer d'en faire plus mais aussi on ne pouvait pas risquer d'en faire moins. Mais si nous nous étions livrés à la spéculation, nous aurions pu faire beaucoup plus de profits lorsque le cas se serait présenté. Nous aurions fait un bénéfice beaucoup plus considérable cette année si nous l'avions fait.

M. BEAUDRY: Do you think that $18,000 is an exorbitant profit on a volume of $3,000,000?

Mr. THATCHER: I think Mr. Parent has done an excellent job.

The Acting Chairman:

The ACTING CHAIRMAN: Are there any more questions?

Mr. MAYHEW: I think this witness certainly is to be complimented. He has done nothing to harm private enterprise. There is another matter about which some of the members have spoken to me. I wonder if the chairman would accept a motion that we do not sit on Monday.

Mr. MONET: I have three more witnesses but I should finish by Tuesday night.

Mr. MAYHEW: Monday is a holiday and some of us will not be here.

Mr. IRVINE: I would move that we do not meet until Tuesday.

Mr. MAYHEW: I have stated that we would hold a steering committee meeting tomorrow.

Mr. MONET: Mr. Dyde has asked me if there would be a steering committee meeting tomorrow morning as planned.

Mr. MAYHEW: Tomorrow morning will be satisfactory.

Mr. IRVINE: What time?

Mr. MAYHEW: 11 o'clock in the minister's office.

The meeting adjourned to meet again Tuesday, May 25, 1948.

APPENDIX

Translation of Evidence given by Mr. Zoel Parent

Mr. Zoel Parent, President of the firm of Parent, Goyer and Company, Montreal, is called:

The ACTING CHAIRMAN: Order!

By Mr. Monet:

Q. Mr. Parent, would you please give your full name?—A. Zoel Parent.

Q. I understand you are a member of the firm of Parent, Goyer and Company, the head office of which is located in Montreal?—A. In Montreal, at 73 Bonsecours Market.

Q. Would you please speak as loud as I do, Mr. Parent, so that the Committee members at the other end of the table can hear you?—A. I shall try.

Q. Would you give us your private address?—A. 4922 Piedmont Street, Montreal.

Q. And you are here as a representative of the firm of Parent, Goyer and Company?—A. I am the president of the firm.

Q. You are the president of the firm of Parent, Goyer and Company the head office of which is located at— —A. Nos. 73-79 Bonsecours Market.

Q. In Montreal?—A. Yes, in Montreal.

Q. Will you tell us whether the company of which you are the president has a branch or branches?—A. We have a branch on Trudel Avenue where we receive shipments—

Q. Is that establishment a branch or a storage?—A. It is a storage.

Q. There is no company affiliated with the firm of Parent, Goyer and Company?—A. No.

Q. Would you tell us when your financial year ends?—A. June 30.

Q. Mr. Parent, I will now ask you to describe, for the benefit of the members of the committee, the nature of your company's operations. I understand you carry on business as fruit and vegetable wholesalers?—A. Yes.

Q. Do you deal in commodities other than fruits and vegetables?—A. We have purchased other commodities since the month of January.

Q. Since the month of January this year?—A. This year.

Q. What was that line of goods?—A. Canned fruits and vegetables.

Q. As the report which you submitted to us covers your financial year ending in June 1947, I take it that none of these new activities are included in the report presented to the members of the committee?—A. No.

Q. Would you tell the members of the committee whether you have any specially in the fruits and vegetables which you handle?—A. We try to carry as many lines as we can secure; our trade generally, up to January 1, consisted only in fruits and vegetables and we try to carry all the varieties we can secure.

Q. Now, am I to understand that your trade comprises domestic products and imported products?—A. Both.

Q. Will you give us the percentage of domestic products and the percentage of imported products that trade represents?—A. We import quite a lot and I believe those imports constitute one of our main activities. When vegetables

and fruits are grown in the province or in the neighbouring province we secure them in due course, I mean when they arrive.

Q. I understand, but when you say that imports constitute the bulk of your operations, would you tell us what percentage of your total volume of business they would represent? What would be the percentage with reference to domestic products, for instance?—A. About 50 per cent.

Q. 50 per cent?—A. Yes.

Q. So that—

The ACTING CHAIRMAN: Would you speak a little louder, Mr. Parent?—A. Yes.

By Mr. Monet:

Q. So that your trade would be in the ratio of 50 per cent of imports and 50 per cent of domestic products?—A. 50 per cent of imports and 50 per cent of domestic products.

Q. I will now refer you, Mr. Parent, to the questionnaire that was sent to you and which you answered. It is filed as exhibit 114. I understand you had an opportunity of examining the questionnaire to which your firm replied and that you accepted that questionnaire as representing the statements of your firm?—A. Yes, exactly.

Q. I will now refer you, Mr. Parent, to statement No. 4, to the world "sale"; will you give the members of the committee—

EXHIBIT No. 114

General Information

Preliminary information—Fruit and Vegetable Inquiry.

1. Name of company: Parent, Goyer and Compagnie.

2. Address of head office: 73-79 Bonsecours Market, Montreal.

3. Date commenced business: August, 1928.

4. Names and addresses of parent subsidiary and affiliated companies: no subsidiary or affiliated company.

5. Names and addresses of officers and directors or partners: Zoel Parent, President, 4922, Piedmont Street, Montreal; Ernest Larin, Vice-President, 10566 Grande-Allée, Montréal; F. X. Ouellette, Secretary-Treasurer, 532 Bennett Ave., Montreal.

Location of branches, warehouses and other places of business (including those of subsidiary companies engaged in the fruit and vegetable trade) at present: 1665 Trudel Avenue, Montreal. From 1939 to 1942: Val d'Or, Que.

PARENT, GOYER & CIE

(73-79 Bonsecours Market, Mtl. 1)

AVERAGE SELLING PRICE

Date	Oranges Calif. 288	Apples B.C. 125-138 McIntosh Fancy	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported U.S. No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
	$ cts.	$ cts.	$ cts.		cts.	cts.	cts.	cts.	cts.	cts.	cts.
1947											
October 2	5.25	3.42	2.25	N.A.	N.A.	N.A.	2.8	N.A.	2.5	N.A.	3.0
October 9	5.25	3.30	2.00	N.A.	N.A.	N.A.	2.7	N.A.	2.4	N.A.	3.0
October 16	5.25	3.30	2.00	N.A.	N.A.	N.A.	3.5	N.A.	2.3	N.A.	3.3
October 23	5.50	3.50	2.75	N.A.	2.3	N.A.	3.0	N.A.	1.9	N.A.	3.2
October 30	5.60	3.35	3.25	N.A.	2.3	N.A.	3.2	N.A.	2.2	N.A.	2.8
November 6	5.35	3.50	2.50	N.A.	2.6	N.A.	3.5	N.A.	2.2	N.A.	3.2
November 13	5.00	3.15	3.25	N.A.	2.6	N.A.	3.0	N.A.	2.5	N.A.	3.2
November 20	6.50	3.40	3.65	N.A.	N.A.	N.A.	3.7	N.A.	2.7	N.A.	4.5
November 27	6.00	2.50	4.50	N.A.	N.A.	N.A.	6.0	N.A.	3.5	N.A.	5.5
December 4	5.25	3.50	3.50	N.A.	N.A.	N.A.	6.0	N.A.	4.0	N.A.	5.5
December 11	5.25	3.30	5.50	N.A.	N.A.	N.A.	6.0	N.A.	3.5	N.A.	5.2
December 18	6.00	3.25	5.25	N.A.	N.A.	N.A.	7.0	N.A.	3.5	N.A.	5.5
December 24	5.75	N.A.	N.A.	N.A.	N.A.	N.A.	8.5	N.A.	4.0	N.A.	5.5
December 31	6.25	N.A.	7.00	N.A.	N.A.	N.A.	9.5	N.A.	4.3	N.A.	5.8
1948											
January 8	6.25	3.75	8.00	N.A.	3.1	N.A.	N.A.	N.A.	4.5	N.A.	6.0
January 15	6.00	3.50	8.50	N.A.	N.A.	N.A.	15.0	N.A.	4.7	N.A.	6.5
January 22	5.75	3.10	N.A.	N.A.	N.A.	N.A.	15.0	N.A.	4.7	N.A.	6.5
January 29	5.75	3.25	N.A.	N.A.	N.A.	N.A.	15.0	N.A.	4.7	N.A.	7.4
February 5	6.00	3.25	N.A.	N.A.	N.A.	N.A.	N.A.	5.5	4.5	N.A.	7.5
February 12	6.25	3.25	N.A.	N.A.	N.A.	N.A.	N.A.	5.0	5.2	N.A.	5.8
February 19	6.00	3.75	N.A.	N.A.	N.A.	N.A.	N.A.	3.5	7.0	N.A.	10.0
February 26	5.67	3.50	N.A.	N.A.	N.A.	N.A.	N.A.	3.7	7.5	N.A.	9.3
March 4	5.21	2.75	N.A.	N.A.	N.A.	N.A.	N.A.	4.0	10.5	N.A.	9.0
March 11	5.52	3.00	N.A.	N.A.	N.A.	N.A.	N.A.	5.3	7.0	N.A.	8.5
March 18	5.52	3.50	N.A.	N.A.	N.A.	N.A.	N.A.	4.2	N.A.	8.9	7.8
March 25	5.83	3.50	N.A.	N.A.	N.A.	N.A.	N.A.	6.0	N.A.	9.0	8.0
April 1	5.15	3.50	N.A.	N.A.	N.A.	N.A.	N.A.	6.0	N.A.	9.2	9.5
April 8	5.48	3.00	N.A.	N.A.	N.A.	N.A.	N.A.	6.0	N.A.	9.2	9.0
April 15	5.40	3.00	N.A.	N.A.	N.A.	N.A.	N.A.	7.8	N.A.	8.8	12.0
April 22	4.76	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	7.8	N.A.	8.8	12.0

PARENT, GOYER & CIE

(73-79 Marché Bonsecours, Mtl 1)

COST OF MOST RECENT PURCHASES

STATEMENT No. 3—PURCHASES

Date	Oranges Calif. 288	Apples B.C. 125-138 McIntosh Fancy	Celery Ont. No. 1	Celery Ont. No. 2	Potatoes P.E.I. Canada No. 1	Tomatoes Ont. hot-house	Cabbage local green	Cabbage imported green	Carrots local No. 1 washed	Carrots imported U.S. No. 1 washed	Onions Ont. No. 1 yellow
	per crate	per box	per crate	per crate	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.	per lb.
	$ cts.	$ cts.	$ cts.		cts.		cts.	cts.	cts.	cts.	cts.
1947											
October 2	4.82	2.82	1.64	N.A.	N.A.	N.A.	2.2	N.A.	2.0	N.A.	2.7
October 9	4.82	2.82	1.64	N.A.	N.A.	N.A.	2.2	N.A.	1.5	N.A.	2.7
October 16	4.90	3.17	1.68	N.A.	N.A.	N.A.	2.7	N.A.	1.7	N.A.	2.7
October 23	5.07	3.17	2.14	N.A.	2.2	N.A.	2.5	N.A.	1.5	N.A.	2.7
October 30	5.31	3.17	2.04	N.A.	2·2	N.A.	2.7	N.A.	1.7	N.A.	2.7
November 6	4.27	3.17	2.26	N.A.	2.2	N.A.	2.6	N.A.	1.8	N.A.	2.7
November 13	4.51	2.77	2.20	N.A.	2.4	N.A.	2.5	N.A.	2.2	N.A.	2.7
November 20	4.85	3.17	2.30	N.A.	N.A.	N.A.	3.0	N.A.	2.3	N.A.	3.5
November 27	4.52	2.37	4.25	N.A.	N.A.	N.A.	3.0	N.A.	3.0	N.A.	3.0
December 4	4.69	3.12	3.05	N.A.	N.A.	N.A.	3.0	N.A.	3.2	N.A.	4.0
December 11	4.27	3.12	4.50	N.A.	N.A.	N.A.	4.8	N.A.	3.2	N.A.	4.9
December 18	4.13	3.06	4.75	N.A.	N.A.	N.A.	6.0	N.A.	3.2	N.A.	4.9
December 24	4.13	N.A.	N.A.	N.A.	N.A.	N.A.	8.0	N.A.	3.3	N.A.	4.9
December 31	5.75	N.A.	6.50	N.A.	N.A.	N.A.	8.5	N.A.	3.5	N.A.	4.9
1948											
January 8	5.75	3.21	7.50	N.A.	2.8	N.A.	N.A.	N.A.	3.8	N.A.	5.5
January 15	5.75	3.21	7.50	N.A.	N.A.	N.A.	12.5	N.A.	4.0	N.A.	5.5
January 22	5.50	3.25	N.A.	N.A.	N.A.	N.A.	13.5	N.A.	4.0	N.A.	6.0
January 29	5.65	3.25	N.A.	N.A.	N.A.	N.A.	13.5	N.A.	4.2	N.A.	6.0
February 5	5.50	2.88	N.A.	N.A.	N.A.	N.A.	N.A.	4.8	4.2	N.A.	6.0
February 12	5.25	3.25	N.A.	N.A.	N.A.	N.A.	N.A.	4.8	5.0	N.A.	6.0
February 19	4.64	3.25	N.A.	N.A.	N.A.	N.A.	N.A.	3.0	6.5	N.A.	6.0
February 26	5.57	3.25	N.A.	N.A.	N.A.	N.A.	N.A.	3.5	6.8	N.A.	6.0
March 4	4.75	3.25	N.A.	N.A.	N.A.	N.A.	N.A.	3.7	8.5	N.A.	8.2
March 11	5.10	3.25	N.A.	N.A.	N.A.	N.A.	N.A.	4.5	8.0	N.A.	8.2
March 18	4.58	3.25	N.A.	N.A.	N.A.	N.A.	N.A.	3.6	N.A.	8.9	8.2
March 25	4.33	3.25	N.A.	N.A.	N.A.	N.A.	N.A.	5.5	N.A.	8.8	6.2
April 1	5.15	3.25	N.A.	N.A.	N.A.	N.A.	N.A.	4.4	N.A.	9.2	7.0
April 8	4.55	3.25	N.A.	N.A.	N.A.	N.A.	N.A.	6.8	N.A.	8.4	8.0
April 15	4.08	3.25	N.A.	N.A.	N.A.	N.A.	N.A.	7.5	N.A.	8.5	8.5
April 22	4.37	.....	N.A.	N.A.	N.A.	N.A.	N.A.	7.8	N.A.	8.5	10.0

PARENT, GOYER & CIE.

FINANCIAL YEAR ENDING JUNE 30

—	1939	1940	1941	1942	1943	1944	1945	1946	1947
	$	$	$	$	$	$	$	$	$
Sales	1,544,147	1,552,949	2,007,208	2,551,348	2,674,948	2,677,531	2,698,598	3,132,800	3,244,782
Cost of sales	1,401,855	1,424,254	1,860,645	2,384,849	2,531,007	2,524,138	2,530,744	2,947,271	3,025,490
Gross profit	142,292	128,695	146,563	166,499	143,941	153,393	167,854	185,529	219,292
Executive salaries	16,425	16,176	11,000	12,841	13,000	13,250	13,000	13,000	13,000
Other salaries and wages (including salesmen's commission)	54,587	60,032	60,414	64,258	54,812	58,559	61,569	69,886	82,521
Other operating expenses	62,639	57,002	66,443	80,567	66,639	74,437	79,916	88,663	104,801
Total expenses	133,651	133,210	137,857	157,666	134,451	146,246	154,485	171,349	200,322
Operating profit before taxes	8,641	*4,515	8,706	8,833	9,490	7,147	13,369	14,180	18,970
Interest paid	2,101	1,745	2,475	3,069	4,407	5,042	5,001	3,570	6,586
Profit before taxes on income	6,540	*6,260	6,231	5,764	5,083	2,105	8,368	10,610	12,384
For income taxes	1,145	.....	2,212	2,306	2,033	1,160	3,663	5,046	4,954
Net profit	5,395	*6,260	4,019	3,458	3,050	945	4,705	5,564	7,430
Per cent gross profit to sales	9·2%	8·3%	7·3%	6·5%	5·4%	5·7%	6·2%	5·9%	6·8%

*= Loss.

(*Text*)

The ACTING CHAIRMAN: Please, would you gentlemen come to order; it is very difficult for counsel to conduct his investigation.

(*Translation*)

By Mr. Monet:

Q. Mr. Parent, will you give us the value of your total sales for the year 1939?—A. $1,544,147.

Q. And for the year 1947?—A. $3,244,782.

Q. I understand the figure you have just given us is for the financial year ended June 30, 1947?—A. On June 30, 1947.

Q. Therefore, your operations for the period following June 30, 1947 are not included in Statement No. 4, I mean Statement No. 4 does not show any of your operations for the period beginning July 1, 1947?—A. There is nothing about that.

Q. I see also that your operating profit, shown in the middle of the page, has increased from $8,641, in 1939, to $18,970 for the financial year ending June 30, 1947—A. 1947, that is right.

Q. I notice too, Mr. Parent, that your other operating expenses, shown a few lines higher, have increased from $88,663 in 1946 to $104,801 in 1947?—A. Exactly.

Q. Will you explain to the hon. members of the committee the reasons for that increase of approximately $15,000 shown in the operating costs for that year?—A. First of all, delivery costs are about 20% higher than in 1946 and the other expenses have increased in the same proportion; for instance, we had to pay higher wages in 1947 than in 1946—

Q. Mr. Parent, are not the wages included in the previous item?—A. Yes.

Q. Now, tell us—. You have just mentioned the delivery costs to us, will you tell us whether, according to you, other items are responsible for the higher operating expenses in 1947 over 1946?—A. I do not think there are any others—. There were many other costs.

Q. However, you consider the greater part of that increase— —A. I think it is due to the truck delivery; we have an extensive delivery service for Montreal and the surrounding areas; we had to hire additional trucks for delivery purposes.

By the Acting Chairman:

Q. At present, you deliver with your own delivery trucks?—A. Yes, with our own trucks. Besides, we have a contract with a company for about ten trucks, so that apart from our own trucks, there are others to be added to take care of the balance of the delivery.

(*Text*)

Mr. THATCHER: The main part of that would be truck expenditure?

Mr. MONET: Yes, that is what he said, most of it is truck expense. There might be a few other little things in it but the bulk of it is delivery cost.

Mr. MCGREGOR: He was speaking about this $304,000?

Mr. MONET: Yes.

Mr. MCGREGOR: Could we have a breakdown of that?

(*Translation*)

By Mr Monet:

Q. Can you give us the breakdown of this sum of $104,801, Mr. Parent?—A. I don't think I have that here.

Q. Could you get us those figures?—A. I could, when opportunity offers.

By Mr. Beaudry:

Q. Could you give us to-day an idea of the items included in that? Are there a good number of items besides delivery?

(*Text*)

Mr. MONET: The witness said he has not got the information but he could supply it, but I think he could give the main items.

By Mr. Monet:

Q. Could you give us the main items that come under that heading?—A. There is the office staff which has been increased—

Q. I understand, Mr. Parent, that the office staff would come under salaries?—A. Yes, it would go with the salaries.

Q. Now, you gave us the delivery; are there any other items that you could mention?—A. I cannot see there, but I have all the details concerning that; I cannot see.

By Mr. Beaudry:

Q. We can perhaps put the question this way. Could you give us an idea of the cost of your deliveries a year? For instance, so much for the truck driver who has the contract and so much for your own trucks?—A. We pay $90—

Q. But on the whole, what is your annual outlay?—A. I have not got those figures with me.

Q. Would that account for the greater portion of the $104,000?—A. A large portion, because we do a great deal of deliveries in our company, to Bonsecours Market. Most of all, we have to make deliveries to all parts of the city, and you may well understand that our business calls for a great deal of deliveries. We have tried to keep our own customers by giving them a good delivery service.

Q. This is what I want to know; I wish to avoid a longer detailed enquiry: If you say, for instance, that your deliveries cost you three quarters of that $104,000—in order to avoid useless details to know how many other items are included in that figure—what would be the proportion then?

By Mr. Monet:

Q. What percentage of the $104,000 could be applied to delivery?—A. From 60 to 65 per cent.

Q. Can you give us an idea of the items which make up the balance of this amount?—A. Stationery, telegrams, telephone calls and various others; there is a list of about ten cases. I haven't the details here, but—

Q. Without going into details, could you not give the items in question?—A. The greater part of it is taken up by delivery, trucks, and the balance is made up of the operating costs of the office and of additional labour; that is included in salaries but, on the other hand, that is included in the supplementary operating costs; sometimes, the salaries are included in the supplementary operating costs.

Mr. BEAUDRY: Mr. Chairman, I do not wish to dictate to you the procedure to follow, but I say, Mr. Monet, that the present figures are well in line with the figures received from the previous witnesses. Do you not think we should not carry too long on these figures, especially since the turnover is not tremendous and the difference not great?

Mr. MONET: I think so. Personally, I have no objection, but the question was put by Mr. McGregor. I personnally do not think that the spread is excessive.

Q. As for salaries, there is an increase of $13,000 in 1947 by comparison with 1946?—A. Yes.

Q. And, also under the heading "salaries of the directors", the salary of the directors decreased in 1945, 1946 and 1947 by comparison with 1944?—A. Yes, there is, I think a difference of $250.

Mr. WINTERS: Mr. Chairman, I wish to ask a question, please.

The ACTING CHAIRMAN: Certainly, go ahead.

By Mr. Winters:

Q. How many men do you pay out of the $13,000 in question?

By the Acting Chairman:

Q. Did you understand the question, Mr. Parent?—A. How many men are working for us?

Mr. BEAUDRY: No, between how many men do you distribute this sum of $13,000?

The WITNESS: Between the directors or the employees only?

Mr. BEAUDRY: No, between how many men do you divide this sum of $13,000?

The WITNESS: The directors only?

By Mr. Winters:

Q. How many men?—A. Three.

Q. Do the directors get salaries from other sources?—A. No, from no other source; the salaries are such as indicated there.

Mr. WINTERS: Thank you, Mr. Chairman.

The ACTING CHAIRMAN: Is that all, Mr. Winters?

Mr. WINTERS: Yes, for now.

Mr. THATCHER: He speaks French well, doesn't he?

Mr. MONET: He speaks French very well and so do you, Mr. Thatcher.

By Mr. Monet:

Q. Now, I see, always dealing with your financial year ending on June 30, 1947, that the gross profits on your sales were 6·8 per cent?—A. 6·8.

Q. And I note that this amount of 6·8 is less than the amount of the gross percentage profits on sales for the years 1939, 1940 and 1941; is that right?—A. Exactly.

Q. Now, Mr. Parent, we had asked you, as we asked the other companies, which were called here, to produce a detailed monthly statement of your sales, profits and operations. You told us you were not able to give us this information. Would you state to the members of the committee the reasons why you cannot give them a monthly statement of your operations?—A. The reason is because it is very difficult at Bonsecours Market, since we have products all over, either in storage, or in freight trains, and moreover we have the terminal It is very, very difficult to make an inventory at the end of the month in order to prepare every month a statement which would be exact.

Q. And the policy followed by your company, as far as its bookkeeping is concerned, was never to prepare such statements? You never prepared monthly statements?—A. Never.

Q. How can you determine at the end of each month, or at some definite period during the year, how your operations are getting along, that is how can you ascertain whether you are operating at a loss or a profit?—A. For the terminal, we can obtain these figures every month. It is easier to check your cars when they arrive at Montreal at the terminal, and we can obtain every month what returns we get from the terminal.

Q. I understand that you purchase at different places?—A. Yes, sir.

Q. When you speak of the terminal, what do you mean?—A. It is the place where we receive our importation cars. The cars are inspected by the Canadian National first, and we have to inspect them every evening with the railway's men; thus, we can have our reports every month, because the cars are checked and it is easier to check there, at the terminal than at the Bonsecours Market.

Q. But as for the rest of the products that are used in your business operations, you do not keep any monthly statements?—A. No.

Q. You never made any?—A. No, never.

Q. And that is why you were not able to answer the questionnaire on that point?—A. Yes, sir.

(*Text*)

Mr. MONET: For the benefit of the members of the committee, and I think this is quite important, I would say that I asked the witness why he did not supply the information requested. It was the same information requested from the other companies, but he says that his company has never compiled monthly statements and they do not keep them because they make their purchases from different places—from the Montreal terminal and from local growers. At all events, the company has never kept its accounts in a manner which would allow him to produce a statement and that is why he has not brought the information requested.

Mr. WINTERS: This is a most modest mark-up.

Mr. MONET: That is why I bring the matter to the attention of the committee. The witness stated that he cannot supply the monthly statements but he has information with respect to fruit and vegetables with which I will deal in a moment. The information is asked of these companies because of the fact that some of the fiscal years would end in April, others in March, and so on, and the financial statement is asked in order that we may have a true picture. When a witness says that he cannot supply the statement there is no comparison possible. I will be dealing with oranges now, Mr. McGregor, but I will be very brief.

Mr. THATCHER: I have one question.

(*Translation*)

By Mr. Thatcher:

Q. Mr. Parent, would you tell the committee of your profit is greater in November and December than previously?—A. I do not think that there was a great difference compared with the previous months.

Q. In 1947?—A. There was not a great difference in 1947.

Q. You have no figures with you?—A. No, I have no figures here for November.

(*Text*)

The ACTING CHAIRMAN: You are now referring to statement 3?

Mr. MONET: No, I am referring to page 1 of the statement and the points of comparison.

(*Translation*)

By Mr. Monet:

Q. I understand you have a financial statement with you and that your year ends June 30, as you said a while ago, according to statement No. 4, which does not show your complete transactions for 1947?—A. No.

Q. Could you say, for that period, just as the companies which have appeared here, if your volume has been less considerable, your transactions in volume?—A. Less considerable.

Q. Could you tell us, like other companies have, in other respects their volume has been less considerable in previous years, their profit has been greater? Would you be in the same position?—A. I do not believe so.

Q. You do not believe that your profit for the present financial year is greater than that for the corresponding period last year?—A. I am sure it is not greater.

Q. You are sure of that?—A. Almost sure.

Q. And you are sure, however, that the volume has been less considerable?—A. Yes, it has been smaller.

Q. Now, Mr. Parent, I would like to refer you to the questionnaire on various other commodities, especially oranges.

In the first column, I find that for the months of November and December there is an increase in the profit margin equivalent to that of the other companies of Toronto and elsewhere who appeared before the committee?—A. Right.

Q. Would you tell us why on December 18 in particular, you could not make a profit of $1.87 per crate of oranges and of $1.62 on December 24. Could you explain that to the members of the committee?—A. It all depends on the size of the oranges. That is the difference and it is less on the 24th than on the 18th. We have different sizes of oranges which yield a greater profit than others. We had a carload corresponding exactly with the prevailing demand, and at that time we made a slightly higher profit.

Q. For the oranges size 288 mentioned here. Would you tell the members of the committee how it is that, from December 11 to December 18, you were unable to make a much greater profit?—A. Orders, as in the case of all the other companies who appeared here before I did, were much more considerable and we were getting close to the end of December when orders were much more considerable than at the other periods of the year. That is the period when we endeavour to supply country folks, our country customers, and we are faced with a very heavy demand at that time of the year.

Q. Would it have been possible, Mr. Parent, to take a smaller profit on oranges size 288 mentioned here?—A. It was very difficult because we did not have enough oranges for our customers and we had better offers than that; but we followed the other dealers' quotation and I dare believe that in many instances our price was lower.

Mr. THATCHER: Which months are you talking about?

Mr. MONET: The month of December 18 to 24.

By Mr. Monet:

Q. Am I to understand that sometimes, particularly last fall, you had to buy oranges from your competitors?—A. Oftentimes, in fact, I purchased some from our competitors. In January and even in December I paid more than I intended to, in buying from other competitors. And they themselves make their profits; those are not our carloads.

Q. In order to make this very clear, your position is slightly different from others. I understand that besides oranges which you could easily obtain, you had to purchase oranges from Montreal competitors in order to supply your customers?—A. Right.

Q. Which explains, as you say, how it is that in January, for instance you had to pay up to $5.75, $5.50 and $5.65 for oranges which you had sold?—A. But I even paid more than that; it is an "average".

Q. Is that the reason why, or rather would that be the reason why in January, for instance, in the week of January 29th, you made only 10 cents per crate of oranges?—A. Yes, sir.

Q. Where did you buy the oranges in Montreal?—A. From J. Eliosoff and Sons.

Q. And other suppliers?—A. From Crelinsten and from Botner.

Q. And other suppliers in Montreal?—A. Yes, sir.

Q. Am I to understand that when you buy oranges from them you pay more than you would at the source?—A. Yes, sir.

Q. Now, Mr. Parent, if you will turn to page 2 on "celery."

By the Acting Chairman:

Q. Do these companies sell to these same companies from which you purchase products?—A. Sometimes.

Q. Is it quite a common practice?—A. Yes, but we have to buy more often than they have to buy.

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Q. It is quite a common practice?—A. Yes, but we have to buy more often than they have to buy.

Q. Why?—A. For our market, for our customers at Bousecours market, as a rule we do not want to lack anything. At the terminal, when they have sold their carload there is nothing left and they wait for the other carloads to sell them, but it is different with us, we need goods as much as possible in order to supply Bonsecours market.

By Mr. Thatcher:

Q. Would you refer to the month of March, a second. I notice that the cost decreased but that the selling price increased. What is the reason for that?—A. The cost of carloads. The cost of carloads, $4.58, it all depends on the sizes. In part, they are all cars of $4.58, $4.33 on the 25th and $4.75 on March 4.

Q. Mr. Parent, when your cost decreased, when you set your price, why was your selling price higher?—A. We did not sell higher in March, we sold at $5.52.

Q. March 11, 18 and 25?—A. $5.52 and $4.58.

Q. Do you believe your profit was normal for these months?—A. There is not a great difference. There are carloads we sold at 40 cents profit and others at $1 profit. That is normal.

Q. What do you think? Mr. Monet could perhaps ask questions on this point.

Mr. MONET: I have finished.

By Mr. Thatcher:

Q. What is the normal profit on a crate of oranges?—A. 75 cents is the average.

Q. For the end of March, your profit is twice that?—A. That is only one size. In order to find the average on a carload, one must not take only one size.

By Mr. Monet:

Q. And on onions, Mr. Parent? Would you tell the members of the committee if the onions mentioned from January 22 to March 18 inclusive, were purchased from week to week and from day to day, or had they been stored, warehoused previously?—A. We had about 700 to 800 bags of onions in the warehouse. We have this quantity every year, but ordinarily more than that. We had about this quantity this year.

Q. Are those the onions which had been paid 6 cents per pound?—A. Yes, sir.

Q. And you sold them from January 22 to March 25 at a price ranging from 6·5 cents to 10 cents?—A. Right.

Q. Here is my last question, Mr. Parent; how do you explain this rise in the price of onions and the great profit which you made then, at that period, on onions?—A. We based our price on the Ontario market and I believe it was the price at that time. We followed the market. You have here on February 12 an indication that we sold onions cheaper than what they cost us.

Q. Therefore, this represents a loss for February 12?—A. Yes, sir.

Q. At other times, you say you sold onions at the market price?—A. Yes, sir.

By Mr. Thatcher:

Q. Another question. Would you tell the members of the committee how you can voluntarily obtain a drop in price. You may not understand my French? —A. Do you mean, if we can bring down our prices voluntarily?

Q. Yes, and without control?—A. I think it is fair enough there.

Q. It is very difficult?—A. It is quite difficult, since it is fruits and vegetables, we are supposed to have some loss. If perchance we make a little more profit on a carload, we might lose on the next one, and it is very difficult to say that one will maintain an even margin of profit in such circumstances.

Mr. MONET: On the whole, Mr. Parent, you are supposed to make a profit as on anything else.

By Mr. Thatcher:

Q. Did you say that it is very difficult without controls?—A. I realize that controls stop us to some extent from making a profit.

(*Translation*)

By the Acting Chairman:

Q. On the basis of statements filed by other witnesses who appeared here, your turnover seems to be quite lower?—A. That is exactly the case.

Q. What is the matter? Have you been in business long?—A. 26 years.

Q. How do you explain that other companies in business for a few years only have higher profits than yours?—A. I think I can give you the reason. We have rather regular customers whom we try to retain. We have not speculated. We did not purchased carload lots and run the risk of doing big business or of suffering heavy losses. If some people have made money in the fruit and vegetable business in the past, the reason is that they took chances on the market, that the anticipated increase materialized and that they had many carlots in storage.

Q. In other words, you have handled your business prudently, that is the way you have been operating for the past 26 years?—A. Provided our profit did not decrease. According to our sales, there were no decrease nor increase. There can be no increase in profit because we do not speculate. We could not run the risk of decreasing our profit or increasing it. Had we gone in for speculation, we could have made much higher profits when the opportunity arose. Our profit would have been considerably higher this year if we had speculated.

(Text)

Mr. BEAUDRY: Do you think that $18,000 is an exorbitant profit on a volume of $3,000,000?

Mr. THATCHER: I think Mr. Parent has done an excellent job.

The ACTING CHAIRMAN: Are they any more questions?

Mr. MAYHEW: I think this witness certainly is to be complimented. He has done nothing to harm private enterprise. There is another matter about which some of the members have spoken to me. I wonder if the chairman would accept a motion that we do not sit on Monday.

Mr. MONET: I have three more witnesses but I should finish by Tuesday night.

Mr. MAYHEW: Monday is a holiday and some of us will not be here.

Mr. IRVINE: I would move that we do not meet until Tuesday.

Mr. MAYHEW: I have stated that we would hold a steering committee meeting tomorrow.

Mr. MONET: Mr. Dyde has asked me if there would be a steering committee meeting tomorrow morning as planned.

Mr. MAYHEW: Tomorrow morning will be satisfactory.

Mr. IRVINE: What time?

Mr. MAYHEW: 11 o'clock in the minister's office.

The meeting adjourned to meet again Tuesday, May 25, 1948.

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