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MEASURES FOR INCREASING STABILITY OF AGRICULTURAL PRODUCTION, PRICES, AND INCOME IN CANADA

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STABILITY implies continuity at or near a given level. It will be recognized that stabilization means a degree of rigidity. In most cases, however, in which stability of prices is sought, the fear of falling prices and prospective loss of income will offset objections to rigidity. If one considers the actions of boards appointed to handle or supervise the handling of farm products, these rigidities are clearly discernible. It is, of course, true that there have been differences of opinion regarding the level of prices established by control boards, and in at least one case Canadian farmers clamoured for a board in order to maintain prices at the high level that had been attained under private marketing agencies in an abnormal situation.

The solution of the problems of an unstable agriculture does not lie entirely in the economic sphere. The physical sciences have a good deal to contribute. It may be in the development of improved varieties of crops, i.e. better-yielding varieties, disease-resistant strains, or early-maturing varieties or better cultural practices. The wise provision for water conservation and the redistribution of water supply is important. The tests of the wisdom of the latter are likely to be found in economic analysis.

In any country with federal and provincial or state government, jurisdictional problems need to be borne in mind. In Canada our Charter is the British North America Act. In general, production problems are the responsibility of the provinces as well as intra-provincial trade. Where provincial trade and export are the responsibility of the Dominion Government, concurrent legislation is, however, frequently needed.

In the prairie provinces of Manitoba, Saskatchewan, and Alberta farm production and income show wide fluctuations. The climate and soil are such that the hazards of agriculture, coupled with a high degree of monoculture, result in very large variations in yields of wheat and coarse grains. I do not mean to imply that in other parts of Canada farming is so firmly established that there are no hazards, but I cannot expect to deal with all agricultural regions in this short

paper. Most of the illustrations of variability will, therefore, be drawn from the prairie provinces.

Physical factors affect production very drastically. Dr. E. C. Hope¹ refers to two prolonged periods of drought in the prairie provinces since 1813—one from 1885 to 1896 and the other from 1929 to 1937. He refers to the third period of drought which was experienced between 1838 and 1848. From 1862 to 1868 there was a period of dry weather, and from 1917 to 1921 there was a four-year period of drought; grasshopper outbreaks occurred in 1818-20, 1857-8, 1864-8, 1874-5, 1920-2, and 1931-7.

This record indicates some of the hazards of production. Variations in early and late frosts and years of excessive rainfall also add to the uncertainties of agriculture.

It is pertinent at this point to refer to price indexes for wholesale prices of Canadian farm products and farm prices of Canadian farm products.

The wholesale price index of Canadian farm products as recorded in 1931 was 78.9. It fell to 65.3 in 1932 and that was the low point. By 1939 it had gradually risen to 92.6. During the war, in spite of controls, it did rise slowly, and for 1946 the average was 164.9. It is still rising, being 175.7 in June 1947.²

The index of farm prices of agricultural products was only recently constructed and does not extend back beyond 1935.³ In that year it was 88. It had risen to 119.7 in 1937. The 1939 average was 91.8, and it was 183.7 for the year 1946. The figure for May 1947 was 192.3. *Both indexes are on a 1935-9 base.*

If you consider cash farm income from the sales of farm products you will find the lowest point was in 1932 when the figure was \$385,515,000. The highest was in 1944, \$1,846,164,000. In 1946 it was \$1,759,311,000,⁴ the reduction being due to changes in volume rather than reduction in prices.

Variations in production result mainly from weather hazards and changes in acreages. I shall use provincial yields of wheat in the prairie provinces as examples. If municipal yields are used, the fluctuations are even more violent.

The average yield of wheat has varied in Manitoba from 6.4

¹ 'Weather and Crop History in Western Canada', *C.S.T.A. Review*, 1938, No. 16, pp. 347-58.

² *Prices and Prices Indexes*, Dominion Bureau of Statistics, Ottawa.

³ *Index Numbers of Farm Prices of Agricultural Products*, Dominion Bureau of Statistics, Ottawa.

⁴ *Cash Farm Income from the Sale of Farm Products*, Agricultural Division, Dominion Bureau of Statistics, Ottawa.

bushels in 1937 to 26 in 1915,¹ in Saskatchewan from 2·6 in 1937 to 25·1 bushels in 1915, and in Alberta from 6 bushels in 1918 to 26·8 in 1942. Such variations make stabilization somewhat difficult.

STABILIZATION OF PRODUCTION

One of the most comprehensive programmes in stabilization of production has been put into operation by the Prairie Farm Rehabilitation Act, 1935. The original Act was passed to provide for: 'The rehabilitation of drought and soil drifting areas in Manitoba, Saskatchewan and Alberta.' At the outset, emphasis was placed upon the development of water supply and improved farm practices. The programme was designed to give the farmers greater 'economic security'. Under the Act funds were also made available for the extension of soil surveys and for economic research, the latter being chiefly confined in the initial stages to farm management and land utilization including land classification. In 1937 the Act was amended to provide for land utilization and land settlement. This amendment was to enable an action programme to be adopted for (a) the development of community pastures on land considered to be unsuitable for crop production, and (b) for the transfer of farmers from such lands to more suitable locations. Originally the Act was to have effect for five years, but later this restriction was repealed. In 1941 the Minister of Agriculture was given power to purchase land. This was necessary to develop community pastures and for the location of large-scale water reservoirs.

The water development work consists of (1) provision of assistance for dugouts, to conserve rain-water, stock-watering dams, and small irrigation systems on individual farms; (2) community projects which involve a number of farmers; and (3) large irrigation projects. In the small projects the farmer does most of the work. He is guided in respect to the size, location, and construction of the dugout or dam, and he receives some financial assistance.

The large irrigation projects involve greater complications. The Dominion Government constructs the storage dams and main canals, and after one year's maintenance and operation responsibility is assumed by the provincial Department of Agriculture. The valuation of the land with water on it poses the problem of what the farmer should pay, and what share the municipality and provincial government will pay. It is clear that except for the small projects designed to provide a limited acreage of irrigated land and so provide

¹ *Acreage Production and Value Grain Crops in Canada, 1908-46*, Agricultural Division, Dominion Bureau of Statistics, Ottawa.

for a garden and at least emergency supplies of fodder, high-value crops are needed to make irrigation-farming pay, over the years. These are still controversial points despite commissions, boards of inquiry, and what not. It may be pertinent to say that the Economics Division of the Dominion Department of Agriculture is now studying regional production and marketing of the products of irrigated farms in Alberta and may undertake to extend this study on an inter-regional basis.

Over all the P.F.R.A. has accomplished a great deal under this programme. The provision of funds for the study of improved cultural methods by the Experimental Farms Service has also yielded substantial results, particularly with respect to improved methods of summer fallow and reseeding of land in community pastures. Economic research has centred on land classification and the elimination of land submarginal for cultivated crops, resettlement, and economic and social factors involved in rural life on the prairies.

This programme has not been made nation-wide but special measures have been taken to assist in the conservation of land resources in other provinces. It may be noted finally that the Dominion Government has justified expenditures on this programme by reason of the fact that although the resources are now under the jurisdiction of the provinces, agricultural settlement was largely established under the direction of the Dominion Government, i.e. prior to 1930 when the resources were turned over to the provinces. Furthermore, the extent of the area affected and the inter-provincial problems involved constituted a national problem.

There is considerable interest in land conservation in provincial government circles. This comment may be pertinent. In the last thirty years farm practices have been designed to provide current income. In many cases the short-run view was forced on farmers. Agriculture has undergone a revolution in methods of production, and the long-run stability of the farm and farm production is still under-emphasized by many farmers. There are many problems involved—population changes, conditions of tenure, increased capitalization, inheritance, succession duties, and in some cases debt. Canadian farmers are better off financially now than for many years, and this would seem to be an appropriate time to develop plans for permanency and stability in agriculture.

PRICES AND INCOME

Marketing Boards. Canadians have had considerable experience with marketing boards. There was a Wheat Board comprised of 'the

Board of Grain Supervisors' authorized by Order in Council in June 1917.¹ This board came into existence because of the centralized buying on behalf of allied governments. It was then clear that the normal methods of sale could not function properly with such a concentration of buying in one agency and this action 'was taken to prevent to the utmost possible extent any undue inflation or depreciation of values by speculation by hoarding grain supplies or by any other means'. This board took over all Canadian wheat and acted as a connecting link between the producers and the wheat export company. It paid high prices for unsold balances of the 1916 crop, the 1917 crop, and the 1918 crop. In a few days after it went out of office the 'Canadian Wheat Board' was appointed to sell the balance of the 1918 crop and the 1919 crop. This board came into existence because of the absence or prospective absence of buying for allied account, 'nor any open and stable market of the character that obtained prior to the war'.

The first board paid a fixed price. The new board paid an advance and issued participation certificates. In the fall of 1920 the price of wheat began to fall. As it declined, the agitation for resumption of a wheat board rose, and one was authorized but it never functioned. Then in 1922 the Dominion Government passed legislation authorizing a wheat board, but it was only to function if similar and concurrent provincial legislation was passed. The province of Manitoba failed to pass such legislation and the plan had to be dropped. Following this experience the rise of the wheat pools took place. Then several years later a stabilization programme came into effect as a result of growing Canadian and world wheat supplies and falling prices. The provincial governments had to guarantee bank loans to the Canadian wheat pools. The pools got into further trouble as prices fell, and finally the Dominion Government was again asked for aid. It guaranteed the bank loans, and in 1931 a new manager was appointed to the central selling agency of the pools.

The stabilization feature consisted of holding cash grain and selling futures as it was deemed necessary to stabilize the market. Holdings of wheat continued to increase, and, at the 1935 session of the Dominion Parliament, legislation authorizing the present Canadian Wheat Board was passed. This board was not given monopoly powers. It was to pay a fixed price for wheat delivered to it by producers and issue participation certificates which enabled the grower to share in the profits, if any. It is important to note that growers

¹ 'The Canadian Wheat Board, 1935-46.' Reprinted from *The Canada Year Book*, 1939 and 1947 editions.

were not obliged to deliver to the board. If the market price was above the fixed price authorized by the board, then it received little wheat, and if below, of course, it got all or most of the wheat. In selling and disposing of the wheat it was to use the existing marketing agencies, but power was granted to establish its own agencies if necessary. It was to offer wheat continuously.

The establishment of the 1935 Wheat Board was to protect the Canadian wheat producer against the unsatisfactory conditions of the international wheat market at that time.

I have now sketched the development of wheat marketing boards. For the purpose of this paper, the details of the functions of the board are, I think, unnecessary.

The Wheat Board was established before the Second World War began. During the war other boards were established, but these will not be referred to in detail except as may be necessary in the discussion of the Agricultural Prices Support Act.

Provincial Marketing Boards. Before dealing with this Act I would like to refer to the development of provincial marketing boards. Incidentally, we did have a Natural Products Marketing Act in 1934 and amendments in 1935. This was a Dominion Act and was declared *ultra vires* by the Supreme Court of Canada and the Privy Council.

Prior to the passage of the Dominion Natural Products Marketing Act, in fact as early as 1927, the province of British Columbia had provided legislation modelled somewhat along the lines of marketing Acts passed by state governments in Australia. British Columbia still has a marketing Act which enables growers concerned in marketing a product or a group of related products to vote upon the desirability of a marketing plan, and if it is supported adequately the plan may become effective and be applied to the sale of all the products affected in a district or region. These schemes are limited to sales within the province. By agreement 'Tree Fruits Limited' acts as an agency for selling outside, and it includes both private and co-operative groups. In Ontario, too, there are numerous schemes organized under the Ontario Farm Products Control Act. Control of milk prices by provincial authorities is general.

The basic principle of such a marketing arrangement is the control of the quality, quantity, and movement of the product. It is designed to unify price quotations and ensure regular and timely movement to the market and thus prevent over-supply or under-supply on central markets. Efforts to widen distribution have also been undertaken.

Supporters of such schemes contend that farmers are not as well organized as the buyers of their products, that even co-operative marketing associations have not been well enough informed regarding market outlets and market requirements, and that a few growers can break the market.

What the farmers seek under such legislation is power to control and direct supply and prevent price-cutting. It will be recognized that such plans inject a rigidity into the marketing system both on an organizational basis and in regard to methods of handling. If consumers can be assured of effective distribution there probably will be little complaint. Minority groups of farmers as well as the public will want assurance that constant vigilance is employed in increasing efficiency in production on farms and the handling of the products. Monopoly in farm products is difficult to establish over a long period, but vested rights may have disadvantages.

Thus far in this paper little attention has been given to the problems of international markets. But any policy for stabilization of Canadian farm production, prices, and incomes must take cognizance of the export market and market mechanisms.

During the war the United Kingdom adopted a policy of purchasing food supplies through the Ministry of Food, and the Canadian Government was persuaded that, in these dealings, centralized handling was desirable. Therefore we had during war-time, and still have, a Meat Board, a Dairy Products Board, and a Special Products Board. These boards administer the contracts with the United Kingdom for different commodities. They direct the shipments of the products involved and arrange payments. The contracts assured the United Kingdom of a supply of food and the Canadian farmer a remunerative market. The early contracts never exceeded a season or at the most one year. The reason was obvious, namely, we did not know how long the war would last, and I think it might be fairly said that the Canadian Government was, in the early years, not convinced that this sort of international bargaining was most desirable. But as time went on a change of heart seems to have taken place, because contracts for longer periods were made, and there is little doubt that this is—or should I say was?—part of the Canadian programme for stabilization in the period of transition. It is obvious that these long-term contracts would be the subject of some criticism. The supporters of the contract method point to the fact that this was the first time the farmer had a chance to produce for a known market and to plan accordingly. The real problem seems to have been to convince the farmer that the price was right and that, for example, the prices

of hogs, barley, and wheat have borne proper relationships. I am not going into this problem. A contract with a new supplier which channels all or most of the new producers' goods into one market may have bad results for the supplier. This sort of arrangement has been made in domestic trade between struggling manufacturers and large retail business firms and may limit production. In the international field it may invite counter-measures. Currently the problem on both sides is to deliver the goods. In passing, it will be noted that the contract prices were well above pre-war levels and as such tend to halt any tendency to lower domestic prices.

Prairie Farm Assistance Act. Emphasis on the foregoing activities was largely on price. I would now like to refer to income payments. The wide fluctuations in yields of grain in the prairie provinces and the consequent variations in production and farm income caused the Dominion Government to pass the Prairie Farm Assistance Act of 1939 and subsequent amendments *as a substitute for relief payments in earlier years.* The Act authorizes the Government to make payments to farmers on the basis of crop-yields as follows: 8-12 bushels, none except when the price of wheat is below 80 or 10 cents per acre for each cent or fraction thereof and not exceeding 10 cents by which the average price is less than 80 cents; 4-8 bushels, \$1.50 per acre; under 4 bushels, \$2.50 per acre, and a minimum payment of \$200.

No award is to be made in respect of more than half the cultivated acreage in the individual farm or for more than 200 acres.

A levy of 1 per cent. is made against the purchase price of grain sold to licensed handlers of grain. The Act therefore provides a form of crop insurance, but it is not on an actuarial basis and the 'premiums' are not based on benefit or on liability. There is a provision in the regulations which excludes payments to farmers on submarginal land, but it has not been effective because provincial governments, who must declare land to be submarginal, have not as yet sufficient data to classify all farm land, but political expediency also tends to delay decisions in this respect. Thus some farmers have received benefits in every year since the Act was passed with the exception of 1942, when yields were very high.

The Agricultural Prices and Support Act. This Act does not set prices of farm products. It provides a parachute for farm-product prices. It authorizes the establishment of a board with certain defined powers. Among them is one which empowers the board to prescribe the prices at which it may purchase agricultural products (excluding wheat) in the market. The wheat and coarse grain stabilization

policies are directed by the Canadian Wheat Board which also administers the wheat contract. The Agricultural Prices Support Board may deal only in products for which grades have been established by the Dominion Government or for which grades may be established. It may appoint commodity boards to act on its behalf. There are really two methods of functioning—one is to buy farm products in the market, and the second is to prescribe prices and pay producers the difference between the prescribed price of a commodity and the market price, assuming, of course, that the market price is lower than the prescribed price. The Act authorizes an expenditure of \$200,000,000.

The board is also authorized to purchase on behalf of any department of the Government of Canada any agricultural product required—school-lunch programmes or surplus disposal programmes which may become necessary.

It may also purchase and export any farm products under contract between the Canadian Government and any other government or its agent.

The board has only been called upon to support the prices of potatoes in the maritime provinces. However, a contract with the United Kingdom for 75,000 long tons of potatoes relieved the board of the necessity of implementing the agreed-upon support except in so far as purchases for processing into starch were made.

The board is authorized to study prices and methods of price supports. This work is already well advanced. It is worthy of note that the Act leaves the prescription of prices or the level at which prices are to be supported to the board. It does not set up an historical base for prices as is done in the parity legislation in the United States. This makes for more flexibility and consideration based upon the current situation. There has been agitation for parity prices similarly based to those in the United States, but no action has been taken. The flexibility of prices provided for under the Act raises the question as to whether the board is only concerned with the price structure or is concerned also with farm income in relation to other incomes. The Act does state that in prescribing prices the board shall endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

In providing this legislation the Government had in mind the long-time trend of prices of agricultural products. There was the drastic decline following the First World War and then the collapse in the 'thirties. In the early years of the Second World War prices of farm products were allowed to rise in order to encourage needed

food production. Then price ceilings were imposed and with their imposition there was a tacit agreement that prices would not be allowed to fall so sharply as was the case in 1921-3. This Act is to have effect during the transition from war to peace. It has not been necessary to use it to any extent up to the present time.

HIGH EMPLOYMENT

This brings me to consideration of another concept and one which I think most of us will accept with fewer reservations than proposals for subsidies and price supports or even so-called incentive payments. This is the concept of high employment—the principle that unemployment should be at a minimum. In Canada the plans for maintaining employment were set out in the white paper entitled *Employment and Income*, published in April 1945. On p. 1 we read: ‘In setting as its aim a high and stable level of employment and income, the government is not selecting a lower target than full employment. Rather the government is mindful that employment and incomes will be subject to fluctuations in the sphere of international trade, which cannot be wholly and instantaneously offset and that seasonal fluctuations, resulting from climate and buying habits are not to be overcome without much patience and resourceful work.’

In the white paper four channels through which expenditures creating employment and income-flow are discussed: (1) export trade, (2) private investment in plant equipment and other durable goods and stock, (3) consumption expenditures which are dependent on incomes, (4) public investment in useful works.

In respect to export trade it was considered that an export trade ‘of not less than one and three-quarter billion dollars annually at current prices for merchandise exports and non-monetary gold is a practical and desirable target for postwar exports’. This, it is estimated, would be about half our high war-time exports and about 60 per cent. more than the pre-war level of the dollar value of exports. It would represent a 15 per cent. increase in the amount of goods sold abroad. It is pertinent to emphasize that the Canadian Government Foreign Trade Service has been expanded and is still growing.

In the export field Canada embarked upon a policy of extension of credits to European countries, the largest being made to the United Kingdom, amounting to \$1,250 millions. Associated with expansion of exports has been the Exports Credits Insurance Act designed to protect the private exporter in a large measure against bad accounts.

Easement of business tax rates and provision for writing back or carrying forward losses permits a business firm to approach more nearly an average-profit basis for taxation. Changes in allowances for depreciation have been even more important, enabling a business firm to recover more nearly their newly invested capital even though tax rates remain high. Thus the new investment needed for expansion and maintenance of incomes is being encouraged.

The Government planned for 50,000 housing units in the first full construction year after the close of hostilities. This programme is now directed by the Central Mortgage and Housing Corporation, which is government-owned. Assistance for building new farm homes is provided under this legislation.

High employment was assured for a time because of the back-log of consumer expenditures and increasing incomes occurring during the war. Strikes and shortages of materials have delayed both the housing programme and the satisfaction of consumer demand for durable goods. High indexes of dollar values of wholesale and retail sales indicate a high level of consumption. Part of the price increases results from withdrawal of government subsidies.

On the side of public expenditures the Dominion Government and most provincial governments have a planned shelf of projects to be launched when the material and employment situation seems favourable. The timing of these projects has been considered rather carefully.

It is not without significance that the Unemployment Insurance Act was passed in 1940 and a National Employment Service is being developed. As a result of war-time experience in Canada there is greater mobility of labour, including farm labour.

One other measure should be mentioned, namely the Farm Loans Improvement Act, whereby intermediate credit is made available through commercial banks for purchase of machinery, livestock, building construction, and so on. One of the first results from this Act was the financing of purchases of farm equipment under loans provided for in the Act. The former method of financing machinery purchases by farm implement companies is now almost completely replaced. A feature of the Act is that the Dominion Government guarantees the commercial banks against 10 per cent. of the total loss on loans. This encourages the banks to make loans which might not otherwise be granted. It will be noted that this legislation utilizes the established credit agencies—that is, the commercial banks.

It will be obvious that high employment depends on domestic planning and international collaboration. In Canada we have a great

deal more internal planning than was the case prior to the war, and, while not all the hopes have been realized, employment is still remarkably high. In this connexion it will be remembered that we have a comprehensive plan for training veterans¹ at universities, also trade schools. Within limits an expanded programme of research in industrial and scientific fields is contemplated and is, in fact, under way.

Reference may be made here to the gradual development of personnel for research in agricultural economics. The Dominion Department for Agriculture alone spends about \$300,000 annually on research in farm management, land utilization, marketing, prices, and so on. In this connexion the annual outlook or programme conferences are designed to effect a high degree of stabilization. This work was, of course, under way prior to the war.

Funds formerly available under P.F.R.A. appropriations were provided for this purpose. The specific provision in the Price Support Act for investigation of ways and means is another illustration of the same idea. There is need for more trained workers in carrying out all these programmes.

In the white paper we read (p. 14): 'The Post War employment problem is not to be solved by huge expenditures on public works.' Efforts to increase and stabilize employment and income must pervade all economic policies. On the other hand, it is the firm intention of the Government to institute a system of managing its capital expenditures so that they may contribute to the maximum to the improvement and stabilization of employment and income.

The effect of high income and high employment is demonstrably favourable to agriculture. There was, of course, a rise in net income during the war. This, too, was associated with high disposability of farm products on a high price-level. Farmers liquidated old debts, invested in victory bonds, bought new machinery when possible. Under conditions of high employment the commercial farmer probably would need to increase efficiency to meet competitive wages. Output per man is increasing and can be further increased. Adjustments in volume of business and use of capital will be needed too.

It is not claimed that the programmes outlined in this paper have been cure-alls. It is unlikely that anyone conceived the idea that they would be. They represent efforts to meet emergencies and to develop a long-run policy as rapidly as may be accomplished.

¹ It is regretted that time did not permit of reference to the operation of the Veterans Land Act.

The position of Canadian farmers in general is now very favourable. The future is not so clear. High hopes of international reconstruction have not been realized, and Canadians are a surplus-producing people. There is no doubt that many lessons in international trade were learned in the last quarter-century. The application seems unnecessarily difficult.

TABLE I. *Gross Cash Farm Income per Farm, 1931-46*

| <i>Province</i> | 1931 | 1932 | 1933 | 1934 | 1935 | 1936 |
|----------------------|------|------|------|------|------|------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Prince Edward Island | 327 | 225 | 259 | 324 | 304 | 411 |
| Nova Scotia | 322 | 265 | 331 | 351 | 376 | 395 |
| New Brunswick | 266 | 196 | 207 | 263 | 267 | 317 |
| Quebec | 458 | 346 | 342 | 426 | 450 | 496 |
| Ontario | 850 | 646 | 683 | 774 | 831 | 998 |
| Manitoba | 578 | 521 | 581 | 770 | 633 | 818 |
| Saskatchewan | 518 | 564 | 552 | 668 | 766 | 884 |
| Alberta | 728 | 702 | 701 | 961 | 991 | 945 |
| British Columbia | 788 | 679 | 710 | 810 | 837 | 895 |
| CANADA | 611 | 526 | 544 | 665 | 700 | 791 |

| <i>Province</i> | 1937 | 1938 | 1939 | 1940 | 1941 |
|----------------------|-------|-------|-------|-------|-------|
| | \$ | \$ | \$ | \$ | \$ |
| Prince Edward Island | 478 | 424 | 529 | 588 | 699 |
| Nova Scotia | 495 | 507 | 383 | 511 | 609 |
| New Brunswick | 361 | 333 | 375 | 484 | 610 |
| Quebec | 581 | 603 | 673 | 790 | 937 |
| Ontario | 1,175 | 1,201 | 1,204 | 1,300 | 1,608 |
| Manitoba | 1,295 | 1,124 | 1,118 | 1,121 | 1,407 |
| Saskatchewan | 595 | 663 | 1,128 | 1,082 | 1,168 |
| Alberta | 1,219 | 1,338 | 1,202 | 1,274 | 1,548 |
| British Columbia | 1,047 | 1,113 | 1,071 | 1,093 | 1,388 |
| CANADA | 883 | 908 | 987 | 1,046 | 1,247 |

| <i>Province</i> | 1942 | 1943 | 1944 | 1945 | 1946 |
|----------------------|-------|-------|-------|-------|-------|
| | \$ | \$ | \$ | \$ | \$ |
| Prince Edward Island | 915 | 1,153 | 1,128 | 1,349 | 1,374 |
| Nova Scotia | 655 | 755 | 807 | 810 | 976 |
| New Brunswick | 790 | 966 | 1,010 | 1,107 | 1,038 |
| Quebec | 1,127 | 1,288 | 1,403 | 1,505 | 1,605 |
| Ontario | 1,998 | 2,154 | 2,305 | 2,538 | 2,633 |
| Manitoba | 1,782 | 2,511 | 2,902 | 2,661 | 2,955 |
| Saskatchewan | 1,412 | 2,361 | 3,629 | 2,993 | 2,875 |
| Alberta | 1,694 | 2,213 | 3,150 | 2,906 | 2,854 |
| British Columbia | 1,691 | 2,105 | 2,495 | 2,838 | 3,266 |
| CANADA | 1,502 | 1,914 | 2,391 | 2,316 | 2,377 |

TABLE II. *Annual and Monthly Index Numbers
Wholesale and Farm Prices of Farm Products (a)*

| Year | Wholesale prices 1935-9 = 100 | | | Farm prices of agricultural products 1935-9 = 100 |
|----------------|-------------------------------|--------------------------|---------------------------|--|
| | Farm products (b) | Field products (c) | Animal products (d) | |
| 1926 | 144.4 | 158.5 | 130.2 | .. |
| 1927 | 138.6 | 149.4 | 127.8 | .. |
| 1928 | 136.3 | 134.3 | 138.2 | .. |
| 1929 | 140.8 | 137.2 | 144.4 | .. |
| 1930 | 119.5 | 105.8 | 133.3 | .. |
| 1931 | 78.9 | 65.0 | 92.7 | .. |
| 1932 | 65.5 | 60.4 | 70.5 | .. |
| 1933 | 69.3 | 69.3 | 69.2 | .. |
| 1934 | 83.5 | 80.5 | 86.5 | .. |
| 1935 | 89.2 | 84.4 | 94.1 | 88.0 |
| 1936 | 97.9 | 102.2 | 93.7 | 96.9 |
| 1937 | 117.4 | 128.9 | 106.0 | 119.7 |
| 1938 | 102.9 | 100.9 | 104.8 | 105.0 |
| 1939 | 92.6 | 83.7 | 101.5 | 91.8 |
| 1940 | 96.1 | 85.4 | 106.7 | 96.8 |
| 1941 | 106.6 | 88.9 | 124.4 | 110.2 |
| 1942 | 127.1 | 109.7 | 144.6 | 133.1 |
| 1943 | 145.4 | 129.0 | 161.8 | 157.8 |
| 1944 | 155.3 | 144.5 | 166.1 | 171.8 |
| 1945 | 160.3 | 150.4 | 170.2 | 176.6 |
| 1946 | 164.9 | 148.8 | 181.2 | 183.7 |
| 1946 | | | | |
| Jan. | 161.3 | 148.9 | 173.7 | 179.0 |
| Feb. | 162.0 | 149.3 | 174.7 | 180.3 |
| Mar. | 161.4 | 149.7 | 173.1 | 180.6 |
| Apr. | 164.4 | 150.4 | 178.4 | 182.8 |
| May | 165.7 | 151.1 | 180.3 | 184.8 |
| June | 168.8 | 152.2 | 185.4 | 187.0 |
| July | 170.7 | 156.3 | 185.1 | 188.4 |
| Aug. | 167.1 | 150.5 | 183.7 | 187.7 |
| Sept. | 164.5 | 145.8 | 183.1 | 184.6 |
| Oct. | 164.2 | 144.3 | 184.2 | 184.1 |
| Nov. | 164.5 | 143.7 | 185.3 | 184.8 |
| Dec. | 165.6 | 143.6 | 187.7 | 185.5 |
| 1947 | | | | |
| Jan. | 168.0 | 143.7 | 192.3 | 185.7 |
| Feb. | 169.0 | 144.3 | 193.8 | 186.8 |
| Mar. | 170.0 | 145.2 | 194.8 | 188.9 |
| Apr. | 171.3 | 145.4 | 197.2 | 190.3 |
| May | 174.0 | 150.2 | 197.8 | 192.3 |
| June | 175.7 | 151.6 | 199.8 | .. |

(a) All index data computed by Dominion Bureau of Statistics.

(b) Canada, Dominion Bureau of Statistics, Prices Branch. Wholesale Price Index Numbers of Canadian Farm Products (mimeo.). Ottawa, Feb. 1947. Wholesale prices of products of Canadian farms.

(c) Ibid. (b). Wholesale prices of grains, hay, tobacco, and potatoes.

(d) Ibid. (b). Wholesale prices of animals and animal products.

(e) Canada, Dominion Bureau of Statistics, Agricultural Division. Index Numbers of Farm Prices of Agricultural Products (mimeo.). Ottawa, Monthly.

In reply to questions: Dr. Dawe asked about the management of community pastures.

Reasonable safeguards are taken with respect to the inspection of the cattle that go into the pastures. I do not think they are T.T. tested. The scheme has been in operation, you see, for about twelve years, and most of that time we did not have enough veterinary inspectors. Most of the cattle are range cattle, or cattle for feeding, so that mastitis would not be a serious factor. The pastures are available at established rates to the farmers who have land adjoining. The Dominion Government appoints a man to manage the pasture. It is his job to see that it is not overstocked, that the grass has a chance to grow, and to improve. The pastures are fenced, and the intention is that that land shall be kept out of cultivation. I think we have made some progress in reseeding. Reseeding efforts have not been confined to community pastures. Some has been done through what we call local improvement associations, or groups of young farmers who are interested in developing better methods of farming.

In reply to Dr. Norton's request for some details of the Wheat Purchase Agreement, the agreement provides that the United Kingdom will purchase and the Canadian Government will supply the following quantities each year:

| | | | | | |
|---------|---|---|---|---|---------------------|
| 1946-7 | . | . | . | . | 160 million bushels |
| 1947-8 | . | . | . | . | 160 " " |
| 1948-9 | . | . | . | . | 140 " " |
| 1949-50 | . | . | . | . | 140 " " |

The fixed price of the wheat is 1.55 dollar for 1947-8. That was the price last year and will continue through 1947-8. It is based on Fort William, Vancouver, or Churchill. The minimum price fixed for 1948-9 is 1.25 dollars per bushel, the actual price to be negotiated before December 31, 1947. For 1949-50 the minimum price is 1 dollar a bushel, the actual price to be negotiated before December 31, 1948.

The farmer is to be paid on a five-year pooling system. An advance payment is made of 1.25-1.35 dollars per bushel, and participation certificates are payable after July 31, 1950. There is no question of the Government making a profit for itself, such as was mentioned last evening in the case of the Argentine Meat Board. The Dominion Government is not in business to make profits. It acts as an agent between the Canadian farmer and the United Kingdom government agency.

Dr. Renne inquired about our opportunities for expanding agricultural land.

Perhaps I ought to refer back to what I said on Monday with respect to immigration policy. The actual immigration policy has not been set down. There have been relaxations of the regulations to permit entry of next of kin, and there have been something like 6,000 Polish soldiers brought in to work on farms on a two-year contract, after which they would be free to go into other industry if they so desired. There have been small groups of people from the Netherlands. We do not have anything like as much new land suitable for agricultural settlement as many of you may think. Most of the good land has been taken up. There are small areas in Saskatchewan and a substantial area in Alberta, and there are pockets of land in British Columbia, the largest areas of which suitable for settlement would be the Peace River block. We think we could absorb some new farmers but if I am able to interpret the policy correctly we think we have to move cautiously in the matter of development of new land. Under this prairie farm rehabilitation scheme some large-scale undertakings are being started now which would lead to an increase in the number of farms in various sectors, and in the province of Alberta they are clearing something like 100,000 acres of land for settlement, and members of our own armed services have priority in taking up that land. There is quite a variation in opinion about immigration policy. Certain large groups are opposed to large-scale immigration, and certain other groups are sure that we should embark on a policy of mass immigration. So far, although the matter has been under careful study, the policy has not been laid down. I neglected to mention that at the present time there are 7,000 people in the process of being transferred to the province of Ontario from the United Kingdom by air. Before the end of the war the Premier of Ontario came over to the United Kingdom and solicited applications for citizenship of the Province of Ontario. He had some difficulty in getting his scheme under way, but it is now in operation with the co-operation of the Dominion Government.