

*Supply—Agriculture*

look at the index of prices received by farmers we find that in 1962 the index stood at 272.2 while in 1966 it was 297.2. So there has been an increase of 25.2 points or 9.26 per cent. But if we look at what happened in the first ten months of 1967 we find that the index of prices received by farmers for the commodities they sell declined to 290.1, a reduction of 7.1 points or 2.4 per cent. Whatever the minister may say about the situation from 1962 to 1966, the fact remains that in 1967—and I am sure the same will be found true for 1968—farm income has declined. The index of farm prices is declining.

It should be noted that while the index of the prices which farmers receive for their products is declining the index of the prices farmers have to pay for the things they require in order to produce has been rising steadily. The reports show that the composite figure for prices paid by farmers for everything they buy, except their actual living costs, was 290.7 in 1962. In 1966 it was 343.2, an increase of 52.5 points or 18 per cent. But in 1967, when, as I have just shown, the farm index for the prices the farmers received was going down the index for the prices they have to pay for the things they buy went up to 362, an increase from 1966 of 18.8 points or 5.4 per cent.

May I pause to ask the committee to look at that figure? The statistics we have from the Dominion Bureau of Statistics show that the cost of living for all Canadians went up by 4½ per cent. But the prices which the farmer has had to pay for the goods he requires went up by 5.48 per cent, almost a whole percentage point more. So the picture for the past 12 or 14 months is crystal clear. At a time when the index of the prices of the things the farmer has to sell has gone down by 2.4 per cent the prices he has to pay for the things he requires have gone up by almost 5½ per cent.

This cost-price squeeze is not something which has just come about recently. The whole story of agriculture is told in the D.B.S. figures. The publication I have in my hands is, I think, the most recent. It gives index figures for both the prices which the farmer receives and for the things he must buy. A base period from 1935 to 1939 is taken as being 100. By August, 1967, the index price for the commodities and services used by farmers had risen from 100 to 367.1. On the other hand, the price index for the materials used by farmers had gone up to 302.1. Here we have a spread of some 65 points. The

price index of the commodities and services used in farm living had increased by August, 1967, to 264.6.

The whole story of agriculture is summed up in these indices. Over a period of years, taking 1935-39 as the base period, a gap of some 20 per cent has arisen between the prices the farmer has been receiving and the prices he is compelled to pay, even assuming that in the base period they were comparable, which they were not.

One of the major factors in the increase in the farmers' cost of living has, of course, been farm implement prices. I remember that when the minister was appointed to his present portfolio following the last election in 1965 he made a trip through western Canada. The farmers welcomed him. It was the first time they had had an eastern Minister of Agriculture for a long time, and I must say the minister made a very good impression. And he made some excellent speeches. No one could deny the minister's ability to make very eloquent and impressive speeches.

● (4:50 p.m.)

The minister told the farmers what they already knew, namely, that their farm prices were much too high, and he said he was going to do something about them. Well, the interesting thing is that the index for farm machinery prices issued by the Dominion Bureau of Statistics shows that in 1965 it was 284.9 and in 1967 302.5, an increase of some 17.6 percentage points or almost 6 per cent.

It is true that the minister has appointed a royal commission. I am never sure whether these royal commissions are appointed to do something or to give the government an excuse for not doing anything. Over the years we have had investigations into the price of farm machinery. I was a member of the agricultural committee back in the 1930's when we had a two-year investigation into the high price of farm machinery. We have had investigation after investigation.

There is no doubt about the fact that the high price of farm machinery has been a major factor in raising the farmers' costs of production. There is no doubt about the fact that the labour cost per unit of machinery has actually gone down, so that wages cannot be used as an excuse for increased farm machinery prices. Yet the fact remains that farm implement prices have continued to increase steadily. Even in the past 12 months they have increased by 3.2 per cent.