

Agricultural Stabilization Program

for the 12-month period commencing May 1, 1959, on the following basis:

The support price on butter will continue at 64 cents per pound Canada first grade basis delivery Montreal and Toronto.

The support price on cheese will be 32 cents per pound first grade f.o.b. warehouse in Ontario, 31½ cents per pound delivered Montreal for Quebec cheese. In addition, cheese producers will receive a payment of 25 cents per 100 pounds of milk delivered for the manufacture of cheese on the same basis as other milk delivered for manufacturing purposes. The support price, plus 25 cents per 100 pounds for milk, will provide an effective support price for cheese of 34.8 cents, that is, eight-tenths of a cent higher than the present support price.

The support price on skim milk powder will be reduced from 15 cents per pound to 10 cents per pound for the period May 1 to September 30, after which date the support price for powder will be discontinued. In lieu of the reduction in the support price for powder the stabilization board will make a payment to producers of 25 cents per 100 pounds of milk for all milk delivered for manufacturing purposes, with the exception that no payments will be made to producers who sell a portion of their milk within the fluid milk market. The net result will be to reduce producers' returns by approximately 15 cents per 100 pounds on milk used for manufacturing purposes.

Price support on skim milk powder is being continued for the five-month period to the end of September to provide the dairy industry with a period of readjustment so the diversion of milk now used for the manufacture of powder to the production of cheese, casein and other manufactured dairy products may go forward without serious dislocation in the dairy industry and loss to individual producers.

The total effect of the change in the dairy price support program will be:

1. The farmer who delivers cream for butter only will get the same return as last year.
2. The farmer who delivers milk for cheese-making will receive a small increase in his return.
3. The farmer who delivers milk for manufacturing into products other than cheese will receive a small decrease, about 15 cents per 100 pounds less than in 1958.
4. The farmer who delivers to the fluid milk market and who has been receiving a price in some cases of up to \$5 per 100 pounds for this milk, will not be paid any

[Mr. Harkness.]

subsidy for the milk which he diverts into manufacturing. Thus the returns to the dairy farmers who have been delivering to different types of markets will be brought closer together than they have been in the past.

5. The Canadian consumer of cheese and dry skim milk will be able to secure these products at reduced prices.

Hon. Paul Martin (Essex East): Mr. Speaker, the Minister of Agriculture will have an opportunity, I presume, when his estimates come before the committee very shortly, to amplify this statement; likewise those of us on this side will have an opportunity to make comment in greater detail than I now propose to do. But it is noteworthy that the announcement of the minister today does not fully meet the representations made, for instance, by the Ontario milk producers' co-ordinating board and other farm organizations, such as the dairy farmers of Canada and the Canadian Federation of Agriculture, who made representations with regard to this matter during the course of the last few months.

At that time these organizations asked for a support price of not less than 64 cents per pound for butter; a support price of 15 cents a pound for spray processed milk powder; a support price for roller processed milk powder of 13 cents per pound, and a floor price of 35 cents per pound for No. 1 cheddar cheese.

To the extent that the government has increased some support prices to meet the request of the milk producers of Ontario, a possible Ontario election undoubtedly has served to supplement the representations made by the dairy farmers.

Mr. Hazen Argue (Assiniboia): The government announcement this afternoon shows that it has no effective method of dealing with surplus agricultural products other than to cut prices. I think the Minister of Agriculture will find out that merely reducing prices for farm products is not going to move the growing surpluses of many agricultural products into the market. There is a disturbing trend in the government's whole policy, and this announcement has further underlined it, to cut prices rather than implement well known election promises to provide support prices based on parity.

We do not feel that this proposal will meet the representations that have been made by the milk producers' association. We feel that the government support prices in general should not be reduced, and that effective steps should be taken to move these products into markets both at home and abroad.