

idea of obtaining similar new equipment. 3. Farmers previously refused application for new machinery must not make further application through relatives.

FARM INCOME

Success of the Canadian price control policy rests to a large extent on the stability of farm prices. The effect of variation in farm prices on all other goods and services, as well as wages and salaries, is obvious -- one-third of the typical family's cost of living goes for food. Any increase in consumer food prices raises the cost of living immediately. Virtually the entire increase in the cost-of-living index since the price ceiling was introduced has been the result of higher food prices.

For this reason, the Dominion government has undertaken to keep food prices stable and at the same time to do everything possible to ease the heavy wartime burden of the farmer.

Since 1939 the official price index shows that the prices of farm products on the average have risen 43%. If wheat is left out of the calculation--and wheat continues to present a special problem -- the figure rises to 50%, without allowing for certain subsidy payments, such as the current payments on butterfat. To the objection that agricultural prices have been at a low level, the Prices Board points out that, from the outbreak of war until fall of 1941, when the price ceiling was imposed, farm prices had shown a very substantial improvement, and since the institution of the price ceiling, more price adjustments have been granted on farm products than on anything else.

Excluding wheat, farm prices are now 7% higher than the "prosperity" period from 1926 to 1929. Including even wheat the index is only 9% below the level of the "prosperity" period.

According to official estimates, the cash income of Canadian farmers reached a new high level in 1943 when the estimated returns from the sale of farm products totalled \$1,397,000,000. This represents an increase of \$282,000,000 or 25% over 1942, and is up \$674,000,000 or 93% over 1939. Higher income is reported from all provinces, and with few exceptions the increase is common to all various sources of income.

The greatest percentage increases occurred in the Prairie Provinces where, despite a reduced harvest, sales from the previous year's crop were substantial. The returns from livestock were also substantially greater in the Prairie Provinces, particularly in Saskatchewan and Alberta. Poor crops in the eastern provinces resulted in a reduction in cash income from the sale of grains in these provinces, but the declines were offset by greater income from the sale of livestock and livestock products.

In addition to the cash income from the sale of farm products, farmers received in 1943 substantial supplementary income in the form of Dominion and provincial government payments which are not included in these estimates.

Cash Income from the Sale of Farm Products in Canada, 1926 to 1943
(Million Dollars)

1926.....	957.6	1932.....	383.5	1938.....	664.3
1927.....	934.0	1933.....	396.6	1939.....	722.3
1928.....	1,063.8	1934.....	485.3	1940.....	765.8
1929.....	926.7	1935.....	511.3	1941.....	914.0
1930.....	632.1	1936.....	578.2	1942.....	1,114.9
1931.....	445.1	1937.....	645.7	1943.....	1,396.6