

Supply—Agriculture

reasons why they came to Ottawa and asked for deficiency payments. I am sure that some method other than deficiency payments would be well received.

We are faced, in the agricultural industry, with some surpluses. If we obtain our floor prices and incentive prices we are certainly faced with a prospect of an accumulation of stocks which would result in the lowering of the general price level and, in consequence, the lowering of price support. I think the time has come when we must do some serious thinking along these lines, because the lowering of the prices of some of these farm products will lead to inability to control production. A farmer's expenses are set. He is bound to meet his expenses, and if he cannot meet them by producing on a farm stocked with ten cows and 50 hogs, say, he is certainly going to buy more livestock and increase his production in order to increase his income to enable him to cover his cost of production.

I should like to say a word about the announcement made by the minister in connection with the floor price on hogs. I think his statement was very sound and I was very glad to hear him say that he intended to have a study made of deficiency payments to bona fide producers.

One of the facts we must face today is the increase of vertical integration and contract feeding. Unless something is done to control this trend a great many farmers will be put out of business, especially the small farmers, those who own a family farm of 200 or 250 acres. I think this kind of competition is most unfair, because there are a great many feed dealers and feed companies which are now feeding hogs and which are able to obtain their grain and concentrates at wholesale prices. I say this is most unfair competition, because the difference between the wholesale price and the price which the farmer has to pay for his feed provides enough profit in itself for anyone engaged in agriculture.

Some people have tried to tell us that agriculture is in a very prosperous condition, but a good indication of the trend is the fact that so many people are leaving the farms and moving into industry. During the past 10 years between 1948 and 1958 the farm labour force dropped from 1,227,000 to 774,000, a decline of 37 per cent. It may be that some of this decline is due to mechanization and to the inability of agriculture to match the wage levels offered by industry.

There has been a lot of criticism about the inefficiency of farmers, but I think that has been merely an excuse by those far away from agriculture who want to imply that the industry can improve its own position. I do not think that any industry has improved its

efficiency so greatly or has made so many changes in the last ten years as has agriculture. We are probably still lagging behind as compared with some branches of industry, but to my way of thinking agriculture has now become a very efficient undertaking.

As far as farm units are concerned, I think we have lost as many as we should lose at the present time. Certainly, there were some units which were too small to be efficient. Today, however, the people who worked on those units might be better off than those engaged in farming some of the medium-sized units, because they, at least, have been able to get jobs in industry and still have their families running the farms.

I noticed in the newspapers sometime ago an account of some remarks made by Professor Donnelly in connection with the farmers marching on Ottawa. He is reported as having said that they might better do more thinking than marching.

Mr. Martin (Essex East): Does the hon. member have reference to Professor S. Donnelly of Manitoba?

Mr. Milligan: Yes. I do not think there is a group in this country that does more serious thinking before making demands than the group engaged in agriculture. It has been my experience in connection with farm organizations over the years that in their thinking every consideration was given to the consumer, the effect of their requests on industry and other sectors of the economy before any request was stated or any action taken to improve the condition of agriculture. If other groups would give the same kind of consideration before making their demands our economy would be in a much different position today. Perhaps the farmers have gone too far in taking into consideration the position of other people before seeking to improve their own lot.

Recently an increase in the price of wheat was announced. A few days later it was announced that the price of bread would be increased by 1 cent. That is a good indication of what happens in industry when the costs of production go up. Although the costs of production of those engaged in agriculture have been increasing over the years the farmers are ridiculed and told that they must be more efficient in order to produce at the same level as before. The following comment was taken from the *Co-Operative News*, issue No. 5:

If Canadian farmers gave their wheat away free of charge, a loaf of bread that normally sells for about 19 cents would still cost 15.6 cents. A breakdown on the cost of a loaf of bread in Canada shows the farmer got 3.2 cents, the miller, .6 cents, baker and wholesaler 10.5 cents, retailer 3.1 cents, and others 1.4 cents.