

Agricultural Prices Support Act

to recover costs and profit. All that agriculture is asking today is that its prices should be allowed to bear a fair relationship to the prices of the secondary industries.

The question is often raised as to whether or not farm prices are too high at the present time. We often see suggestions made that they are too high, and no doubt in good faith many housewives feel that they have to pay too much for farm produce. Therefore I want to quote from a brief presented by the federation of agriculture to the cabinet showing the relationship between farm prices and the general purchasing power. I quote from page 5 of the brief:

The general purchasing power in the domestic market is at an all-time high, and there is no legitimate reason why farmers should be compelled at this time to sell at reduced prices in the domestic market.

Using figures provided by the dominion bureau of statistics and the Department of Labour, we find that during 1949 food prices were not high in relation to other prices and to incomes. Based on an average of the existing wage rates in eight leading Canadian industries we find that, with the exception of the depression years of the thirties, one hour's wages would buy more cheese, more eggs, more bacon, in 1949 than at any time since 1913. Speaking of cheese alone, one hour's wages in 1949 would buy 42 per cent more cheese than in 1925-29. Similarly one hour's wages would buy 16 per cent more bacon and 6 per cent more eggs in 1949 than in the 1925-29 period. This indicates that general purchasing power during 1949 was equally high or higher than price levels for farm food products.

It is well to keep these figures in mind when you hear people suggesting that the price of farm produce is too high. Yet we find today that agricultural prices are falling while, at the same time, farm production costs are continuing to rise. We see one rise in freight rates after another. The cost of machinery is still going up, chiefly as a result of devaluation. Last fall the price of farm tractors—and I am thinking particularly of one make of tractor—increased by \$185.

Labour in various parts of Canada is considering it necessary to ask for increased wages, which result in still further increases in the prices of the commodities they are producing. There is therefore no justification for the suggestion that the prices of agricultural products in Canada are too high at the present time.

I recall hearing the Minister of Agriculture (Mr. Gardiner) say at the convention of the Canadian Federation of Agriculture at Niagara Falls that the Agricultural Prices Support Act was no alternative to markets, and that the prices support act could stabilize prices only where surpluses were small. That being so, I am sure the minister would be the first to admit that there should not be any problem in stabilizing prices today, because he has

[Mr. Quelch.]

stated in the house that our surpluses are very small. He said in particular that we had only small surpluses of butter, cheese and honey. That being so, there should be no difficulty in the stabilization of agricultural prices, if that should become necessary.

Speaking about markets, it is well understood that we have two, namely the home market and the export market. The maintenance of both is the responsibility of the federal government. In connection with the home market it is the responsibility of the federal government to take steps to maintain the purchasing power of the people at a level which will make it possible for them to buy the production of the country, or that of other countries for which our products may be exchanged.

With respect to the export market, it is the responsibility of the government to maintain a realistic trade policy under which it will be possible to exchange our goods for those of other nations. There is no doubt that the home market in Canada today could be greatly expanded. I have been glad on several occasions to hear the Minister of Agriculture say that our surpluses have been reduced as a result of an expanding home market because, in my opinion, the home market is the one which should have preference over any other market at all times. If our surpluses are reduced as a result of expanding consumption there is nothing to worry about. On the other hand, when our surpluses are reduced as the result of a reduction in production, then we have an unhealthy situation.

In dealing with the home market the government should give consideration to the proposals made last year by the Canadian Federation of Agriculture in their brief. Special consideration should be given to the proposals put forward from time to time by Professor Hope, economic adviser to that organization. May I quote briefly from a speech he delivered before the convention of the federation at Niagara Falls. The *Rural Co-operator* in its issue of February 14 quotes him as follows:

"The timid and cautious way the government has handled price supports in the past month," said Dr. Hope, "leads the farmer to believe that the policy seems to be based on a desire to protect the \$200,000,000 fund to the utmost.

"The government appears to be fearful of holding a surplus and taking a loss on it. We may as well face the facts; price support action is bound to result in some cost, otherwise there would be no need for supports.

"Some will say that if there is no market the government should take off the market produce it cannot sell. A year ago at Saskatoon I said Canada needed a domestic surplus food disposal plan to channel surplus foods into the hands of low-income consumers.

"I repeat that statement today," said Dr. Hope. "We cannot dump the food overseas—there would be immediate repercussions from other countries.