per cent; for eggs, 124.1 per cent; meats, 120.7 per cent; poultry 145.5 per cent; and of milk and cheese, 123.1 per cent.

There is often a tendency within urban and industrial communities to regard the farmers' position within our economy as similar to that of industry or labour in that prices and wages can be adjusted in relation to costs of production and costs of living. We often hear that if the farmer cannot adjust prices in relation to costs, he can adjust costs in relation to prices by adopting more efficient methods of production. This, in effect, can only be done over a long period of time and to do so requires capital, credit and managerial assistance. These requirements seem to be lacking when they are most needed. In effect he adjusts to low prices through reduced income and lower standards of living. Many people seem to think that this state of affairs will force farmers to reduce production or leave agriculture but here again this does not work out in practice for two reasons. The character of the family farm unit is one, but the main reason lies in the nature of the farmer's costs.

In industry operating costs form a large part of total costs but in agriculture a very large proportion of costs are overhead and these costs must be borne whether or not a crop is produced. Industry reduces production but maintains prices. This gives rise to unused capacity and unemployment which becomes a social responsibility. Farmers, however, cannot vary production in step with market conditions. Indeed they maintain production when market demand falls off and receive lower incomes. This gives rise to excess capacity and low incomes on the farm but unlike industry the farmer bears the full responsibility of under-employment.

To further illustrate this point permit me to quote from an article that appeared in *Time* magazine, issue of June 2, 1958, entitled "Death of Two Maxims" which says in part that prices do not rise and fall in strict relation to the demand for goods and services and that wages do not drop or climb according to the supply of labour or the amount of unemployment. Further along in the article this statement appears:

> Prices are not related significantly to demand, but to costs. The price setting process has been shifted from the competitive market place to the conference table.
>
> In the same way, wages are growing more and more rigid. They are on a ratchet, clicking steadily higher, but locked against any slippage downward.

It can be seen, therefore, that the bargaining position of the farmer is weak. Wage earners, manufacturers and professional people can demand their share of the national product. The farmer has to take what is left. I am sure that once aware of this basic difference every reasonable person would agree that the farmer's problem requires, not only sympathy but effective aid.

This government recognizes the imbalance that exists in the farmer's bargaining position and has taken steps to remove it. Under the western grain producers' acreage payment act, $40 million has been pumped into the western economy. Assistance on grain storage charges during the past year has amounted to $38,800,000. Twenty-five million dollars is the estimated amount of money that will be paid under the Prairie Farm Assistance Act this year, while assistance under the Prairie Farm Rehabilitation Act will amount to $17,285,000. Hog premiums have amounted to $6,630,000 and the amount of freight assistance on western grains to eastern feeders has been approximately $21 million this year. In addition to these amounts, and perhaps even more significant, are the amounts that were spent under the stabilization act and the cash advance act.

I do not want to leave the impression, however, that the amount of money spent is the yardstick in measuring the success of a farm policy. There must be a purpose and if the amount spent can achieve that purpose then the expenditure can be justified. Our purpose, as I have stated previously, is to correct the imbalance that exists today by the implementation of policies designed to place the farmer in a bargaining position comparable with other groups in our society and not to make him a ward of the government.

There is one further trend in agriculture that is receiving a great deal of attention these days and I could not allow this opportunity to pass without offering some comment on its impact on the Canadian economy. I refer, of course, to the trend toward vertical integration. For the benefit of those who are not familiar with this term I should perhaps take a moment to explain its meaning. The process involves the letting of contracts to farmers by meat packing firms and feed companies for the production of certain types of livestock. In most cases capital is extended to the farmer for the construction of buildings and the purchase of equipment. The farmer in effect becomes the employee of the company. The products that have come under this type of farming today have been hogs, turkeys and chicken broilers. Farmers are concerned over this move toward integration. The dangers of a food monopoly are readily apparent and I need not enlarge upon them here. In addition, and perhaps equally as important, would be the loss of independence