

*Proposed Committee on Unemployment*

important was the fact that diminishing farm income was the cause of the decline of farm machinery sales. It is my belief that the present uncertain condition in the dairy industry has much to do with and is one of the main causes of this situation. As far back as April, 1952, I brought this matter to the attention of the House of Commons. At that time, speaking on the dairy industry, I made the following statement, as found at page 1594 of *Hansard* for April 25 of that year:

The situation today constitutes an emergency, the root causes of which are not confined to the dairy industry. If the cheese production branch is unable to market their product at a satisfactory price, then the whole industry will be affected. Something must be done to secure a market for surplus cheese at a fair price. Any loss in price will not only affect our dairy farmers but will have an effect on the whole Canadian economy. A satisfactory floor price below which prices will not be allowed to fall, thereby virtually destroying this essential industry, must be assured to producers now.

Even this is only a partial answer. There must as well be an all-out sales effort by the dairy trade and the government. Not only is a satisfactory floor price necessary, but some means must be found to dispose of surplus production. Failure to do so will give rise to a feeling of uncertainty which cannot help but spread to other related industries and in turn will reflect itself in unemployment in this country resulting from a lack of orders for farm machinery and other manufactured products.

I again point out that I gave this warning in the House of Commons in April, 1952. Now many of the things which I said then have come to pass. The dairy industry has now reached a critical position, and it is becoming more apparent that the decline in farm machinery sales on the domestic market is due to lack of buying power among the farmers. If it is true that farm incomes have declined 22 per cent in fifteen months, then, sir, it is inevitable that farmers will buy less and that fewer people will be employed in the farm machinery industry.

There is one fact that must be clearly faced by the public, the fact that while there has been a decline in farm income there has been no decline in the cost of consumer goods to the farmer. Everyone is looking for cheaper food costs, and almost every person believes that agricultural products should be bought in a cheap market—and by agricultural products I mean food—without realizing that the farmer is faced not only with higher production costs but higher costs for all the commodities which he buys.

The production of food might well be considered a manufacturing process, and it is subject to the same economic conditions as in every other industry. It is not a business in which labour can produce cheaply, buy in a high cost market, and sell at a price

which people think they should give. It must be fully realized that any situation of falling farm prices will be reflected in farm buying.

It cannot be expected that farmers can provide cheaper food without curtailing the amount of money which they spend. In the ten-year period, 1941 to 1951, the number of Canadian farmers dropped by 110,000. Competition is becoming keen throughout the world in the production of foodstuffs. In one year, 1953, the average weekly earnings of Canadian workers in industry rose by 4 per cent in income, but there was no income gain in that year so far as farmers were concerned.

There are 455,000 dairy farmers in Canada. This means a large domestic market for manufactured goods. One in every six Canadians, or about two and a half million, are dependent upon the dairy industry for their livelihood. Over 70 per cent of Canadian farms have some form of dairy production. There is a tendency among the urban population not to realize the importance of this large industry, or to realize the importance of those engaged in the dairy industry as consumers of the products of labour. Farmers buy not only farm equipment and machines and tractors but they buy fertilizers, shoes, electrical appliances and, in fact, all the commodities which are necessary in life.

If one-sixth of our population is dependent on the dairy industry, one must fully realize that this one-sixth of our population is a large market for the products of industry manufactured and produced by the other five-sixths. The dairy industry and other manufacturing industries are closely allied, and if there should be a failure of any kind in one branch it is almost certain to be reflected in other branches of the industry.

I do not believe that anyone can say that the dairy farmer can buy the things he needs and yet sell his milk at a price below the cost of production. Now that some alarm is being shown regarding the number of men laid off in the plants manufacturing farm machinery, it is becoming very apparent that unless the gap between the cost of producing farm products and the income received by the farmer is closed the situation will tend to become worse and will continue to extend to other things besides the manufacturing of farm machinery. In a broadcast President Eisenhower made recently he stated:

We are one family made up of millions of families with the same hope for a happy life. We must not become a nation divided into factions and groups. Any real injustices in this business of living penalize all of us.

There is another threat to the dairy industry made by the pressures on our domestic market