

Agricultural Products Board

They are the primary power source of our economy, the controlling influence in its operations. The economic record of this country for the past twenty-five years demonstrates this fact with mathematical conclusiveness. Over that period, in good years and bad, the national income has held to a ratio of close to seven times the gross farm income. For the full 25 years it averages exactly that proportion.

All the major interests in our economy are geared to the same governing factor, a study of the record clearly shows. The value of manufactures, labour pay rolls and employment, the volume of retail sales and construction expenditures all have inevitably followed the course of farm income, up or down, within short intervals.

Both the prosperity peaks of 1947-48 and the downward turn of 1949 confirm the invariable working of this process. Gross farm income reached a high of \$33 billion in 1947. Its effects carried over into the unequalled prosperity of 1948, sustained also by a gross farm income of \$32.5 billion that year. But in 1949 we failed to safeguard this state of prosperity. The price level of 35 leading commodities, most of them farm products, in September, 1948, stood at 186 per cent of the price level of the 1926 base period. By July, 1949, the price level of these 35 leading commodities had dropped to 150 per cent. The decline in national income, factory output and employment were the direct and natural results.

If we permit farm income to recede further we can expect these same results to be repeated in corresponding degree. A drop of 10 per cent in gross farm income will force a loss of approximately \$20 billion of national income.

And later:

Agriculture supplies 65 per cent of our raw materials and its income is the most sensitive and active part of this combination. Its products are mostly the kind that quickly enter into use, generating a rapid turnover. Also farm income is distributed among a large number of individuals, while more than one-half of our labour force is engaged in processing and distributing the products of agriculture. A drop in farm prices is carried through this whole economic circuit. A decline of \$1 in gross farm income will result in a loss of about \$4 of retail sales volume.

And later on it states:

Any benefit consumers get from cheap food prices will be shortlived and paid for many times over in reduced purchasing power, as the record of our economy for 25 years clearly proves. Food was cheap in 1939, when farm prices were at 84 per cent of parity, but 16 per cent of our labour force was unemployed and purchasing power also was low.

That is exactly what has happened in Canada. In 1939 when farm prices were low we had unemployment. Right now the Minister of Finance (Mr. Abbott) is favoured by a large surplus. Why? One of the basic reasons for that surplus is the large farm income this year. Large farm income is one of the basic factors in maintaining prosperity in this country.

Under this legislation the minister should provide that reasonable prices prevail in this country for agricultural products. That is necessary if we are to maintain prosperity in this country. This bill provides that the board to be set up will have the power to buy and sell agricultural products both in Canada and abroad.

When the Minister of Agriculture (Mr. Gardiner) attended the food and agriculture organization general meeting in Washington some two years ago he argued, if the press was correct, against the maintaining of basic supplies of food in reserve throughout the world. I understand that at the recent meeting in Rome of the food and agriculture organization, attended by the minister, he changed his position and stated that he believed that reserves of food established under the food and agriculture organization might be a good thing.

If the press is correct, the minister also argued that if we were to get maximum agricultural production there would have to be some guarantee of future prices so that when a man commenced to produce a particular agricultural product he would be sure that he would obtain a reasonable price when he marketed that product. Apparently the minister can argue that in Rome, but when it comes to instituting the necessary legislation in order to make that principle workable here in Canada it is a different thing.

Mr. Gardiner: I again raise the question that the hon. member is out of order. There is legislation to provide what he is asking for, but this bill has nothing to do with it.

Mr. Deputy Speaker: The amendment has already been ruled out of order and it is not in order to discuss the same thing on the main motion.

Mr. Wright: This bill provides for the setting up of an agricultural products board which will have the power to buy and sell agricultural products both in Canada and abroad. If that has nothing to do with the maintaining of fair prices of agricultural products, then I do not know what the bill was brought in for. Otherwise, it would have no meaning.

Mr. Gardiner: The hon. member can vote against the bill, but he should not discuss another bill.

Mr. Wright: The Agricultural Prices Support Act has no meaning unless there is a board to carry out the provisions of that act. The minister stated on the resolution stage of this bill that the three boards which had been set up for the purpose of selling agricultural products were to be replaced by a single board. When the minister was questioned on the matter of prices he replied that the board set up under the Agricultural Prices Support Act was set up simply to obtain statistics. If the statistics obtained are not carried forward into the implementation of other legislation, there can be no meaning to