

Supply—Agriculture

question I wonder whether he could comment on the suggestion we hear that a large or substantial part of inflation at this time is being caused by higher food prices to the producer. It seems to me that a wrong impression is going out to the effect that agricultural prices to producers are going up so rapidly that it is the cause of the inflationary spiral, or one of the main or certainly one of the substantial causes of an increase in the consumer price index. As I read the statistics, it seems to me that the prices of agricultural products to the producers over the last year or so have been relatively stable and have been very little different from those of the year before.

Mr. Gardiner: I do not recall that I have heard anyone say that the price paid to the producer has resulted in inflation. I have heard persons say that the price paid by the consumer has resulted in inflation, but that is quite a different thing. I therefore do not know that it is necessary to do any refuting of it. It is simply the fact as it is existing in so far as criticisms are concerned.

In so far as the method is concerned by which we try to support eggs, may I say this. We simply say that if eggs are delivered at storage, we will pay 38 cents for them if no one else will pay 38 cents. Recently we have said that if they are oil-dipped we will pay 39 cents for them. If we have to oil-dip them it costs us 1 cent a dozen to do so, and we have said that we will pay them that 38 cents and have them oil-dipped so we can keep them and put them back on the market at some later date.

It is impossible to say that such procedure will result in 32 cents or 33 cents or 34 cents at all the points. If you are close enough to the storage plant and are able to take them there with little expense, you will get one return. If on the other hand you are a considerable distance away and the eggs have to be handled by a person in between or a number of persons in between, the return may be something different. It ranges from about 29 cents up to some 32 cents in most of the areas that are removed any considerable distance from where the storage is.

We check that matter before we agree that we will take delivery of the eggs at 38 cents from the person who takes them to the storage plant. If we are not satisfied that the producer is getting a reasonable price as compared with where he is located, then we do not take delivery of the eggs from that individual at all, and he has no support as far as we are concerned. Any support we give is based on what the producer gets for the eggs. When you ask me what the price is on grade A large eggs, may I say

[Mr. Argue.]

that it is grade A large eggs about which I am talking when I say the price is 38 cents at the plant.

For some considerable time the margin between grade A and medium eggs was very wide, but for the last while—I notice a cutting in my desk which indicated they were only 2 cents apart some two weeks ago—and in recent days there has been only a 2-cent spread between medium and grade A large eggs. I would say that is a narrow spread, and that 8 to 10 cents is a wide spread. The value is probably half way between, probably around 5 cents; that is the value in weight of the eggs if they are both fresh and are put on the market on weight.

The reason for the difference at the moment is that the supply of medium eggs is large as compared with the others; and the reason it is a little more difficult to get much more than 38 cents for eggs is the fact that the supply of these eggs is high as compared with medium eggs. But there is another difficulty in addition to that. There are B eggs, and there is no sale for B eggs, as I understand it, except to break them and process them. You have to break the eggs and process them in some way to be able to sell B eggs at all. When eggs which are not properly graded are delivered, they get into the B class. It may be possible to sort some of them and put them in the A class, but if you deliver B eggs you get your price down to that particular level.

There are some provinces where they have been very careful about that, and where they have insisted on the very careful grading of eggs. I have not been following the situation closely enough to know if this is still true of Ontario, but some years ago it was the case, and I think it still is, that you had to be very careful about the grading of your eggs in order to be able to get them into the A class. There are other places where not much attention is paid to that, I imagine largely because there is not much of a market within the province for the eggs, and they do not pay so much attention to the marketing back in those areas. There may have been other reasons in addition to that.

So there might have to be something done in addition to what has been done with grade A eggs in order to make the producers of eggs more secure. But I think if something is done making them more secure there will have to be more attention paid to seeing that they are properly graded in order to be able to say what B eggs are worth, and in order to induce people to produce more grade A eggs and not so many B eggs; because when you average up the price of 20 cents a dozen, which if the eggs have to be broken may be