In dealing with farm price supports in my country, I shall be dealing mainly with operations under the Agricultural Stabilization Act and to some extent the Act which it superseded in 1958, the Agricultural Prices Support Act of 1944. I shall thus be leaving aside government activities in research, experimentation, provision of production aids and bonuses, encouragement of marketing institutions and agencies, provision of grade standards, and a myriad of federal and provincial policies of long standing in our country but not directly related to prices of specific farm products.

As you will note, price support as such is a post-World War II program, which was provided largely in justice to the farmers, who had been subject to price ceilings during the conflict. The transition period from war to peace might be an uncertain and trying time for primary producers, and the government was prepared to assist along the way. Under this Act, a net cost to the Treasury of $100 million was incurred in 12 years until 1958, mostly in loss on resale of purchased products for which programs were devised. These were hogs, cattle, butter, apples, potatoes, shell eggs, and five other commodities. Net farm income in the period averaged well over $1 billion per year.

The Agricultural Stabilization Act, passed in 1958, provides a formula approach to price support and assured an automatic support for nine "named commodities". The predecessor act, on the other hand, had left the details of the program, both as to commodities and support levels, to the government, advised by the Board set up to administer the Act.

The present Agricultural Stabilization Board must prescribe the support price for any of the named commodities at no less than 80 percent of the "average price at representative markets as determined by the Board for the 10 years immediately preceding the year in which the base price is established". The "named commodities" are cattle, hogs, and sheep; butter, cheese and eggs; and wheat, oats and barley produced outside the three Prairie Provinces. The Canadian Wheat Board is the Government's instrument for marketing these three grains from the Prairies, though in the ordinary course of events no subsidy is involved.

When the Agricultural Stabilization Board designates (with the approval of the government) any other natural or processed product of agriculture for stabilization, it must prescribe the support price in percentage terms of the 10-year average or "base"

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1 Fishermen got similar legislation.

2 Section 8 of the Agricultural Stabilization Act.
price determined in the same way as for a "named commodity". However, the percentage may be above or below 80 percent, as the Board may recommend and the government may approve. A dozen or more commodities have been so designated for one or more of the years since 1958. Both for a "named commodity" and for any other agricultural product for which price stabilization may be provided, the Board's action shall be taken "in relation to such grade, quality, variety, class, type or form thereof, and with reference to such place or places, as the Board considers appropriate". 3

The cost of all programs under the Act for the year ended March 31, 1959 was $15,124,100, divided amongst four "named" and nine "designated" commodities. Dry skim milk, eggs, and wool accounted for nearly 80 percent of the total.

In the following year, ended March 31, 1960, stabilization of 15 commodities cost $60,218,758. Again several "named commodities" (cattle, wheat, oats and barley) required no payments. Big items were hogs, milk for processing, dry skim milk, shell eggs, creamery butter, sugar beets, soybeans, and wool, each requiring payments of more than $1 million and together accounting for more than 95 percent of the cost.

The Board has power with government approval to purchase in the market, make deficiency payments to close the gap between realized price in the market and the prescribed price, or announced payments per unit of output, or on any other basis "for the purpose of stabilizing the price of an agricultural commodity at the prescribed price". The above summaries of annual costs of programs are made up of trading losses and payments.

Reconsideration of the programs concerning such widely produced items as hogs and shell eggs was made in the last year or two. Purchase programs had been applicable to both, and by the end of 1959, 250 million pounds of pork had been purchased. There were various programs of disposal within and without Canada, all costing $27,861,833 until March 31, 1960. At the same time or date 125 million pounds of pork were still on hand. The accumulation had been made at purchase levels equivalent to $25 per hundredweight, warm dressed weight from Grade A carcasses at Toronto 4 until September 30, 1959, and on the basis of $23.65 per hundredweight from October 1. These were evidently incentive prices, though at the $23.65 level precisely the mandatory 80 percent of the 10-year average.

Reconsideration led to a change from offer to purchase to a basis of limited deficiency payments. In place of the Toronto price for purchase, with differentials for other markets, a national average price was calculated and adopted. It was determined by the Board that a national price of $22.65 per hundredweight for Grade A carcasses was equivalent to the $23.65 support price at Toronto. Even more important in the changed method of support was the limiting of payments to producers who would register, and to an annual rate of deliveries by each producer of up to 100 Grade A and Grade B hogs. Under deficiency payments, each producer in any part of Canada receives the same payment if any per unit, the payment being in relation to the realized

3 Section 7 (2) of the Agricultural Stabilization Act.
4 With appropriate differentials for other markets.
national average price for the calculation of which prices in each province or area of Canada are used. Thus geographical differentials are undisturbed by the program, and each producer has the incentive to sell to his very best advantage.

The limitation of output per producer that would be eligible for payment allows a free market price to determine the encouragement to production beyond the protected minimum. As long as the protected minimum is well within demand limit, then normal economic forces will determine the total supplies available.

The stabilization program for eggs was also reconsidered in 1959, and similarly changed from one of purchase in the market to one of limited deficiency payments. The change was effective in October 1959 for eggs. The prescribed price had been 44 cents per dozen Grade A Large and Extra Large eggs, graded and packed, Montreal, with appropriate differentials for other markets. As in the case of hogs, a national weighted average price to producers was calculated equivalent to the former Montreal price, the result being 33 cents per dozen. Results in the market have been calculated to have averaged 30.6 cents, so that a payment of 2.4 cents per dozen will be made.

Limitation of eligible production per farm was announced, for reasons similar to those applying to hogs. The maximum is 4,000 dozen Grade A Large or Extra Large per registered farm per year, the production of a flock of about 500 layers. The maximum payment per producer for this past year is $96.

For eggs there has been an interim payment. This was based on results in the second quarter, January-March 1960. It had been anticipated that seasonal supply might take the market price down appreciably below the prescribed 33-cent annual support price in the first quarter from October to the end of 1959. In this event it was intimated that an interim payment might be made. Serious price decline - to less than 20 cents per dozen - came, however, only in the following or second quarter, and a payment on up to 1000 dozen, or one-fourth of the annual eligible sales per farm, was arranged. The average price to producers in the period was well below the prescribed price, and a payment of eight cents per dozen was made. This was to be on account of any annual payment, though no restitution of any overpayment was to be required. As it has turned out, the payment is equivalent to two cents per dozen on the full year's quota of sales, so that a producer with eligible output of at least 1000 dozen in the quarter and 4000 dozen in the year would have received $80 after March and a further $16 after October.

There is still some producer opinion that the egg program should be on a quarterly basis, but, if any move were to be made toward such a change, it would most likely be based on the results of the previous 12 months at the end of each quarter. Apart from any increase in percentage of support in relation to the 10-year average price or of an increase in output per farm eligible for support - both of which have been mooted by producer spokesmen at times - this 12 months quarterly basis is the main possible variation from present arrangements for shell eggs.

Dairy Products. Seventeen percent of Canadian gross farm income derives from dairy products, which are produced in every province and mostly sold within Canada. In 1948 the government decided to support creamery butter as the basic
national support of the dairy industry. The level of support, maintained by an offer to purchase, was 58 cents per pound for most of the time until 1958. The program was mostly one of seasonal stabilization during the period, and generally the summer's purchases were worked off at little or no loss in the winter. Occasional exports during the period aggregated more than 20 million pounds, and occasional imports at other times during the period aggregated more than 40 million pounds, part arriving as recently as 1957. Consumption grew with population, and has been at a per capita level much above that of the United States.

At May 1, 1958 the support level was increased to 64 cents a pound, 107 percent of the base price of 60 cents. The market had gone up to 63 cents at this time. With the increase in price, and even with some export sales, stocks have accumulated.

Besides butter, cheddar cheese is stabilized at levels which have required only small purchases in recent years. Dry skimmilk has been subject to purchase programs until the current year. Whole milk for processing, emanating from producers who do not sell to fluid markets, is stabilized by the payment of 25 cents per hundredweight. The quantity was 3.9 billion pounds in the year ended March 31, 1960, that being about 21 percent of total milk production. Thus butter and cheese are to a large extent stabilized by two programs, and other concentrated milk gets some help.

Of the several products I have not yet mentioned, offer to purchase covers lambs and turkeys. Deficiency payments apply to wool, sugar beets, soybeans, sunflower seed, and honey.

Wheat. Wheat is the most important commercial agricultural product in Canada, providing between a fifth and a quarter of cash income. As I have mentioned, its marketing is performed by and through the Canadian Wheat Board, and I also stated that there is no subsidy in the ordinary course of events, the producers getting the proceeds, on a pooled basis, of sales in export and domestic markets. Export sales are two-thirds of total sales.

There is no production or acreage control, but nevertheless a marketing quota system, for equitable allocation of elevator space. Western wheat acreage has, under this program, been voluntarily reduced from 27 million a decade ago to 23 million in 1959 and 1960.

In offset of forced slow deliveries by producers due to limited facilities and the consequent marketing quotas, a 1957 statute, the Prairie Grain Advance Payments Act, provides for interest-free refundable cash advances on farm-stored grain under certain conditions and limits. About $35 million annually has been advanced under this Act. The government has paid since 1956 certain storage charges on stocks held by the Wheat Board. Payments into the wheat pool under these provisions have amounted to approximately $150 million.

For some time now Prairie grain farmers have been agitating for deficiency payments on the wheat and grain crops marketed in western Canada since the crop year of 1955. In 1958 the government provided, for one year only, an acreage payment to farmers in western Canada based on $1 per cultivated acre up to 200 acres.
The cost to the government for this payment has been approximately $41 million compared to about $300 million requested as deficiency payments. A similar one-year arrangement of a similar size, kind, and cost was made earlier this year.

**Conclusion.** The objectives of government price support operations in Canada are stated in the Agricultural Stabilization Act to be "stabilizing the prices of agricultural commodities in order to assist the industry of agriculture to realize fair returns for its labor and investment, and to maintain a fair relationship between prices received by farmers and the costs of the goods and services that they buy, thus to provide farmers with a fair share of the national income".\(^5\)

It is further provided that "in prescribing a percentage of the base price of an agricultural commodity.....the Governor in Council shall be guided by the estimated average cost of production of the commodity...."\(^6\)

It will be seen that the rigidities of the legislation are not too stringent. Only the prescribed prices of oats, barley, cattle, lamb, and hogs have been held to the 80 percent level. Milk, butter, cheese, wool, honey, and sugar beets have been supported at 100 percent or higher. Eggs, soybeans, and sunflower seeds have been stabilized at percentages between 80 and 100. Turkey stabilization is at less than 80 percent.

Recent farm legislation in Canada, part of the total program of which stabilization of prices is a part, includes new long term credit and crop insurance measures. The question of conservation of renewable resources is receiving detailed study and attention. The United States rural development programs have been studied carefully in the last year or so, and, in relation to Canadian needs, action along this line will be taken in the near future.

A very recent action has been the transfer of responsibility for the Canadian Wheat Board from the Minister of Trade and Commerce to the Minister of Agriculture. Just what policy changes this may presage is not indicated yet.

Agricultural problems in the price field in Canada are being met by policies to maintain an expanding demand in domestic and export markets. Self-help by farmers and marketers of farm products is encouraged for attainment of the greatest production and marketing efficiency. Hurdles over difficulties of temporary marketing problems are provided, and a general program of agricultural betterment goes on.

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\(^5\) Preamble of the Act.

\(^6\) Sect. 2 (2) of the Act.