

expansion in production of durable goods and munitions, the export trade, the deficit financing of the Dominion Government, and in the money supply. The War has resulted in a marked advance in the national income to the highest point in Canadian economic history.

**Agriculture.**—Agriculture continued to play, during the early part of the year under review, an increasingly important part in providing food urgently required by the United Nations. Plans were formulated for the further expansion of the agricultural effort during the 1942 season. The central feature in this program was an increased production of live stock and animal products, particularly pork, cheese, butter and eggs. (See pp. 185-186.)

The labour problem was a limiting factor in agricultural production, but action was taken to provide for the industry the greatest possible share of the nation's man-power consistent with the total war effort. The Agricultural Supplies Board continued its efforts to secure for agriculture satisfactory supplies of scarce materials such as farm implements, tin and containers.

Live-stock marketings during the first part of 1942 showed a continuance of the expansion that had taken place in this phase of the industry since the outbreak of war, an index of marketings on stockyards rising to 102·8 in the first four months against 97·9 in the same period of 1941. The index of inspected slaughterings rose 6·6 p.c. to 138·7 in the same comparison. The survey of numbers of live-stock and farmers' intentions as at the beginning of December indicated that the trend will continue upward throughout the present year. Production of cheese is normally small during the winter but the output during the first five months of 1942 was 107·7 p.c. in advance of that of the same period of the preceding year. Higher prices encouraged the winter operations of cheese factories in many areas.

The changes in the wheat policy from the preceding year were not great and the net effect of the new legislation was an increase in the acreage of feed grains and a decrease in the area under summer-fallow. Price-control legislation has tended to stabilize the prices of agricultural products, although farm prices in many cases are not directly subject to the ceiling order. Where farms prices were considered inadequate to bring about increased production, various forms of price subsidies were adopted. Such action was necessary in the case of cheese, eggs, milk to concentrated milk plants, and fluid milk to distributors in some areas.

Early computations placed the total wheat acreage for 1942 at about 3 p.c. below the preceding year. The reduction in summer-fallow on the Prairies was estimated at 2,389,000 acres, or 12 p.c. The expansion in acreage of oats and barley was given as 10 p.c. and 36 p.c., respectively.

The war-time expansion in the proportion of live-stock and dairy products in the total cash income of the western farmer is of considerable interest. The total cash income in the first quarter of 1942 was computed at \$68,900,000 compared with \$28,600,000 in the same period of 1939. The gain of 141 p.c. in the total compared with an increase of 105 p.c. in field crops and of 159·7 in live-stock and dairy products.

Cash income from the sale of Canadian farm products was estimated at \$876,500,000 in 1941, the highest point since 1929, when the value was \$922,300,000. Income was placed at \$739,400,000 in 1940 and \$710,200,000 in 1939. The increase in 1941 occurred mostly in the live-stock and animal-product groups due to greater output and higher prices.