ment among farmers anxious to contribute to the war effort has disappeared. Although some farm products are still adversely affected by restricted export outlets, the increased demands from Britain have resulted in a greatly improved outlook for Canadian farmers. Despite a light grain crop in Western Canada, the cash income of Canadian farmers was appreciably greater in 1941 than in the previous year. Farm income generally is on the up-swing, increase in consumer purchasing power together with higher prices and greater demand both at home and from Britain being mainly responsible. Other contributing factors are the subsidies paid by the Dominion and some of the provincial governments to encourage production in certain desired directions.

The Labour Problem.—In some parts of Canada, notably in areas tributary to large industrial centres, farmers have had difficulty obtaining sufficient help during the past year. Although steps will be taken to deal with this situation, it is apparent that the problem will be more serious in 1942. Many farmers are meeting the problem by greater use of machinery; purchases of such equipment in 1940 totalled $47,000,000, the highest for many years. The greatest increase occurred in the purchase of tractors, combines and tillage equipment, with the use of which maximum labour-saving could be effected.

While the supply of farm machinery in 1942, under war conditions, may be subject to some limitation—thus suggesting the need for conservation and upkeep of present equipment—it is expected that the necessary supply of the most essential machines will be available.

Coupled with the growing scarcity of farm help there has been an increase in wage rates. On the whole, however, rising incomes have more than offset the higher wages.

Price of Farm Products.—Food prices have risen appreciably as a result of the higher prices for farm products but, despite this fact, such prices are not high in comparison with normal times.

The price increases that occurred during the spring and summer of 1941 gave rise to the fear that price inflation was imminent. Believing that such a development was undesirable, the Government took steps to strengthen and extend the measures already in effect to stabilize prices and urban wages. Price-ceilings were announced, effective Dec. 1, 1941, on all commodities except fresh fruits and vegetables. The net effect of this order was the setting of maximum retail prices for most farm products but, because of the peculiar nature and scope of the trade in these products, provision was made to exempt sales made by farmers to dealers, processors or manufacturers.

In the development of this policy the Government recognized that the prices of some farm products had not risen to a point where they bore a fair relationship to the prices of other products. Where this is the case and more especially where increased prices are necessary to ensure adequate supplies to meet commitments made to Britain, the prices to producers will be increased by Government bonuses or other means. While producers will, in this way, receive additional income the application of the price-ceiling will not be affected.

The Wheat Situation.—Heavy crops in 1939 and 1940 together with the cutting-off loss of practically all Western European markets resulted in heavy accumulations of wheat in Canada. Limited prospective marketings and shortage of elevator space made quota deliveries necessary in 1940 and again in 1941.