

The Wheat Acreage Reduction Program, introduced in order to bring production more in line with market demand and physical handling capacity, resulted in a reduction of about 6,000,000 acres in the area sown to wheat, and an increase of about 3,500,000 acres sown to coarse grains. The additional feed supplies acquired as a result of this shift, despite poor yields, will do much to encourage live-stock production at a time when this is greatly needed.

Important as wheat is in the national economy, about two-thirds of the farmers of Canada are more concerned with other products than with wheat. Moreover, many of those specializing in wheat production have, in recent years, turned their attention towards live stock and live-stock products. The substantial increases that have occurred in the prices of farm products other than wheat have real significance to these farmers.

Bacon Hogs.—In the third year of the War, Canadian farmers are being asked to produce 600,000,000 pounds of bacon for the British market. This represents an increase of 175,000,000 pounds over the previous year's contract and is nearly double the amount shipped in the first year of the War. The contract price for this bacon is \$19.77 per 100 pounds Grade A "wiltshire" at seaboard—a substantial advance over 1941. In addition the various eastern provinces are paying special bonuses of from 50 cents to \$1 per hog or carcass, on a grade basis. With an assured market, favourable prices and—in the East and in British Columbia—assistance in the form of governmental assumption of freight charges on western feed grains (see p. 188), hog producers can make plans for 1942 with considerable confidence.

Beef Cattle.—Prices of beef cattle advanced appreciably in 1941, equalling or exceeding the prices prevailing during the late 1920's. Depletion of farm and range herds during the period 1934-39, a more favourable outlet in the United States, and more recently, increased purchases resulting from higher payrolls and restricted pork consumption, are the factors responsible for the upward trend in prices.

Production turned upward in 1940 and the increase is likely to continue for some years. This would normally mean a flattening out and eventual reduction of prices, but with a strong demand existing—full employment plus military requirements, and the possibility of continued diversion from pork to beef consumption—prices are likely to remain fairly strong throughout 1942. The available outlet in the United States should be as good as during the past year and should tend to support the Canadian market.

Dairy Products.—Unprecedented drought conditions in Ontario and Quebec during the summer of 1941 resulted in some reduction in cheese production in the early part of the season. However, shipment of 112,000,000 pounds of cheese of 1941 production was made to Britain. This was made possible by Government action in removing cheese from the domestic market during the summer and by increased production during the autumn months. The agreement with the British Ministry of Food administered by the Canadian Dairy Products Board has provided for shipments of the above quantity. The previous contract called for a minimum of 78,400,000 pounds, and 92,300,000 pounds were actually exported. The 1941 contract price, 14.4 cents at Montreal, was supplemented by an additional 1.6 cents paid by the Dominion Government, and by bonuses of 2 cents by the Ontario Government on all cheese made in that Province and 2 cents by the Quebec Government on cheese of No. 1 grade made in Quebec. The Dominion Government's