

The main factors contributing to the present high level of farm output include improvements of mechanization; greater use of fertilizer and lime; more general use of improved varieties of crops—higher yielding, earlier maturing, insect- or disease-resistant varieties; and improved breeding and feeding of live stock and poultry.

### **Farm Income**

Changes in the agricultural production pattern during the war years, changes in the nature and volume of domestic and export demand, and changes in farm prices, resulted in significant increases in cash and net farm income. Cash income from the sale of farm products since 1942 has been above the 1928 high of \$1,100,000,000. Net income of farm operators from farming operations doubled between 1939 and 1945.

### **Post-War Subsidy and Price Policy**

With the return to peacetime conditions, the policy of the Government is to relax its wartime controls. As production of civilian goods is resumed in sufficient volume to justify such action, price control is being abandoned. Already, a large number of products have been removed from ceiling regulations.

In keeping with this policy, subsidies, too, are being eliminated. The Department of Agriculture discontinued subsidies on milk for fluid use and for evaporated milk at the end of September, 1946, and on butter and cheese at the end of April, 1947. Subsidies on beans, canning crops, berries for jam and on the transportation of fertilizer have also been eliminated. As subsidies are removed, the Wartime Prices and Trade Board permits upward adjustments of the price ceiling. Although action is being taken to free the national economy of restrictions as rapidly as conditions permit, it is the declared policy of the Government to insure an orderly adjustment. New subsidies were announced on Mar. 17, 1947. Because of an increase in the prices of oats and barley and the continuation for the time being of the price ceilings on animal products, payments of 10 cents per bushel for oats and 25 cents per bushel for barley were authorized under the same conditions as the 25 cent payments on wheat purchased for feeding. These new subsidies were authorized to July 31, 1947.

With regard to price support—as distinct from price control represented by the imposition of ceilings—the situation is different. During the War, farmers accepted ceilings on their products at a time when most of these products would have brought higher prices. The Government in return gave assurances that prices would not be permitted to collapse when the War ended. Thus, in 1944, Parliament passed the Agricultural Prices Support Act, which provides for the support of agricultural prices during “the transition from war to peace”. The duration of the period is not otherwise defined. The Act is administered by a Board comprised of three members. Under it, a support price may be established for any farm product except wheat, this product being dealt with under special legislation. In maintaining the price of any product, the Board may resort to purchase and sale activities, purchases to be made in the market and sales in any manner considered desirable by the Board. As an alternative to a purchase program, the Board may make deficiency or equalization payments equal to the difference between the established price and the average price at which a product sells in the market during a stated period, provided such prices are less than the established price.