

In conducting its operations, the Board is to promote orderly agricultural adjustment and to endeavour to secure a fair relationship between the returns from agriculture and those from other occupations. A revolving fund of \$200,000,000 is provided for the Board's activities.

At the present time (February, 1947), the authority of the Board is being used in two respects: one has to do with the marketing of potatoes and the other concerns the administration of certain contracts with the United Kingdom.

Potato Marketings.—In connection with potatoes of the 1946 crop, the Board has undertaken to support prices by: (1) the payment of stated prices for potatoes used chiefly for the manufacture of starch and the sale of such potatoes to processors at prices regularly paid for processing potatoes; and (2) the guarantee of a stated price for potatoes delivered to the Board after Apr. 1, 1947.

These undertakings are to apply only to potatoes produced in Prince Edward Island and New Brunswick, where substantial quantities of potatoes are produced for export. It is expected that the conduct of such a purchase program in these provinces will stabilize the price of potatoes in other parts of Canada. As a part of the prices support program, the Board has negotiated the sale to the United Kingdom of a minimum quantity of 2,500,000 bushels at prices that will net the grower at least 60 cents per bushel.

United Kingdom Contracts.—A second or complementary aspect of the Government's agricultural program relating to price support is represented in the extension and expansion of the contract system developed during the War. Existing contracts with the United Kingdom, which have been extended to cover periods up to four years, involve many of the major agricultural products as well as others of lesser importance, and are expected to provide a substantial measure of support to agricultural prices as a whole.

Such export contracts with the United Kingdom for farm products have played an important role in the Canadian agricultural economy from the commencement of war to the present time. They have been an incentive to greater production and, in that respect, have enabled Canada to contribute substantially to the needs of the United Kingdom since 1939.

The first contracts were for bacon and cheese. As supplies available to the United Kingdom from other sources were curtailed, first by the invasion of western European countries and then by the extension of the War to the Pacific, both the variety and size of the contracts increased. Prices, too, increased somewhat, although Britain's monetary position, the Canadian stabilization program and other factors, combined to hold price advances within reasonable limits. Where the contract price was insufficient to balance increased production costs or to provide the incentive necessary to ensure the desired production and delivery to the United Kingdom, a subsidy in one form or another was provided by Canada.

Forward commitments made by Canada in the form of contracts with the United Kingdom have been carried into the post-war years. These are as follows:—

Bacon.—The contract for the calendar year 1947 covers a minimum of \$350,000,000 lb. of bacon and ham at a price of \$25 per 100 lb. Grade A Wiltshire, f.a.s. Canadian seaboard, between Jan. 1-11; of \$27 between Jan. 11 and Sept. 1; and \$29 thereafter. A commitment covering 400,000,000 lb. has also been made for the calendar year 1948. Current bacon contracts call for 75 p.c. of shipments to be Wiltshire sides.