

Montreal at London was seeking blocks of inscribed stock for sinking fund purposes, practically none was offered. The British investor in Province of Ontario stock held on to his investments. This performance of Ontario securities in London during the crisis was most impressive and is, in my opinion, the best evidence of the high regard in which the British investor holds this stock, since he was unwilling to exchange them for the obligations of any other authority in the world.

If you will permit me, Mr. Speaker, I shall make some observations dealing with the activities of the various departments of the government.

Agriculture Department

Notwithstanding the low level of prices prevailing for grains in the latter half of 1938, agricultural income during 1938 in Ontario was maintained at practically the same level as in 1937. The factors accounting for this were chiefly the high butter fat prices obtained in the early part of the year, firm prices for all classes of live stock, stable fluid milk prices, and a greatly enlarged tobacco crop. Favorable weather conditions during the growing and harvesting season enabled farmers to harvest 5.3 per cent greater volume of field crops than in 1937, and, although grain prices declined drastically, due to greater world production, the amount of agricultural income was not greatly affected, as farmers in Ontario depend chiefly for their income on the sale of products obtained by feeding their crops to live stock and poultry.

The past fiscal year has demonstrated that Ontario agriculture

is definitely dependent upon export markets. Consequently educational and regulatory measures must be organized and operated to a greater degree than before to bring the greatest amount of pressure upon the production of the products in demand by the importing countries. Prices offered for a crop or product are influenced by that paid for the portion exported, provided the quality is uniform.

Apples, pears and plums have moved into the British market satisfactorily. They have been properly produced, well graded, packed and cooled and the quality has met with approval—consequently the returns have been quite satisfactory.

On the other hand wheat is cheap and feed grains are cheap, largely because there is no satisfactory outlet in other countries. Ontario farmers produce a soft wheat—are forced to sell both wheat and flour on a world basis, competing with flour from Australia and Great Britain.

Can't Stifle Trade

Every product which had an active export outlet, on the average, gave comparable returns with other years. A steady trade between individuals, communities or countries cannot be stifled if prosperity is to come to the countryside.

Nineteen thirty-eight demonstrated the value of following a mixed farming program. Ontario's field crops were the largest since 1930—consequently barns filled with roughage and grains were marketed insofar as possible through live stock. Fortunate were the men who had built up their herds and flocks because while the volume was higher, the average market price for grains was 19.6 per cent lower than during the fall of 1937.

Conditions were favorable for low cost production of live stock; prices for hogs, bacon grade, have been, except at the rush seasons, at a point where grains converted into pork brought a return far above the average market.

Much of the surplus wheat and practically all of the feed grains are being used upon the farms. Had Ontario produced sufficient hogs to have met the unfilled part of the British quota all grain could have been sold at prices equal to those received in normal price periods.

Many with more feed than stock overlooked the quality factor and fed far too long a period and too much heavy bacon was produced which, unfortunately, brought into play the deductions now in operation upon our live hog market. Ontario offers great opportunities for increased production in swine, but must take heed of the demand of the British people for a more uniform delivery month by month. This will necessitate some change in breeding practices. The government is attacking this problem through organized clubs in the western and eastern parts and through general educational work in all sections.

Dairy Developments

The dairy industry has experienced some interesting developments. The continued demand for cows and heifers at remunerative prices for shipment to the United States and Great Britain has been an attractive market and is a very real compliment to our people, as breeders and feeders of pure-bred dairy cattle.

The high price of butter in the earlier months of 1938 induced not only some importations of butter, but also caused many to patronize the creameries instead of the cheese factories. The quantity of milk used in butter and cheese production in 1938 amounted to 3,020,329,700 pounds, as compared with 2,934,798,400 in 1937. The percentage spread in butter prices during 1938 was probably unprecedented. At the end of March the wholesale price of creamery butter at Toronto reached 36c per pound, and by the end of December prices had fallen to 21c per pound. The average price for the year was the same as in 1937. The concentrated milk factories and powder plants increased their production, due to an improvement in export demand related to the storing of foodstuffs in Great Britain, and drew supplies from cheese factory areas, thus assisting in reducing the cheese make and these companies built up a surplus product.

Cheese is a standard product which sells upon the British market at a premium over New Zealand cheese, from which we receive our keenest competition. At present we cannot export butter and compete—therefore, every effort should be put forth to place our cheese industry upon a basis whereby the demand may be filled with a product of a quality to equal that of our past seasons and up to the expectation of the importer. Steps are underway by the government to guard the quality through improved supervision.

Tobacco Growers' Income

The income to tobacco growers in 1938 will be about \$17,707,500, as compared with \$15,626,900 in 1937. This is alltime record value. A considerably increased acreage was planted and the growing season was particularly favorable, with the result that production amounted to approximately 84,500,000 pounds,

made up of 71,500,000 pounds of flue-cured, 10,000,000 pounds of burley, and almost 3,000,000 pounds of dark tobacco. This compares with a total of 62,292,000 pounds in 1937, made up of 54,000,000 pounds of flue-cured, 6,392,000 pounds of burley, and 2,000,000 pounds of dark tobacco. The price per pound to growers for flue-cured averaged about 22½ cents per pound, as against 27 1-3 cents last year, and for burley 13.8 cents per pound, as against 13.25 cents per pound in 1937. This season's heavy production proved more than sufficient to replenish the below-normal stocks position, and some concern is being expressed regarding the possibility of marketing a 1939 crop as large as the present one.

Department of Education

In an effort to assist local school boards to reduce the taxation required for educational purposes, the government last year provided for a substantial increase in the provincial grants for education. In the distribution of these grants, consideration is given to the financial position of the local school area. Those school sections or districts in which there is a low assessment in relation to the number of pupils in attendance at school receive proportionately more than other sections or districts with a higher assessment per pupil.

The difficulties experienced by the youth of this province during the past few years in finding employment have resulted in a demand that greater facilities should be provided in our schools for vocational training. By reason of that condition, there has been an increased demand for the provision of accommodation and equipment for manual training and household science.

Provision is being made this year for an increase in the grants for this type of practical training to meet the demands which cannot otherwise properly be satisfied. If there is any doubt in the mind of any one as to whether this government has been sympathetic and considerate of the problems of the school taxpayers the figures show an increase of \$2,133,973 over a period of three years carrying a corresponding reduction in direct taxation on real estate.

Game and Fisheries

The revenue which has been collected by this department between April 1, 1938, and the present time indicates that the total revenue which will be derived from all sources during the current fiscal year will total in all not less than \$910,000, a sum which is practically \$45,000 in excess of the highest previous annual revenue of this department and which was collected during the previous fiscal year.

Principal increases in revenue include \$18,000 additional from the sale of gun licenses; \$8,000 additional from the sale of non-residential angling licenses; and \$26,000 additional from fines imposed on those convicted of offenses against provisions of the Game and Fisheries Act and from the sale of confiscated articles.

A forecast of expenditures covering the same fiscal period reveals the fact that ordinary expenditures will total in the neighborhood of \$567,162. Monies disbursed on capital expenditures, chiefly to provide improvements to existing departmental properties such as bird