

DEVELOPMENT PLAN FOR SMALL FARMS

A \$150-million development program for small farms has been announced by the Minister of Agriculture, Mr. H.A. (Bud) Olson. Through a land-transfer plan, the farmer who lacks sufficient acreage will receive help to develop his holding into a profitable business. Special credit facilities will be available to buy the land required to develop workable farms.

Technical assistance will be provided under a federal-provincial agreement now under negotiation by a recently-established technical committee.

The program will also benefit those farmers who choose to retire or to give up farming. Those who sell small farms will qualify for an adjustment grant that will be added to the selling price of their land; they can take the grant either in a lump sum or as an annuity. They will have the option of retaining their farm home and an appropriate surrounding piece of land as long as they wish.

"What we are proposing is a relatively new approach to tackle a problem that has been plaguing

the agricultural industries of the developed nations of the world for several decades," Mr. Olson said.

"Economic forces have driven thousands of farmers off the land and into the cities and, at the same time, have promoted the evolution of big farms requiring a high level of investment in land, machinery, livestock and buildings. While there is a need for some farm consolidation to take place, it would be unwise to allow the current trends to result in the domination of agriculture by a handful of giant corporate farms," he continued.

Unless new and workable programs were developed many farmers in Canada and, entire rural communities, would be threatened if the trend developed further.

"Economic studies and practical experience suggest that the family farm is the best type of farm, and it is in this context that we have developed a comprehensive program to help the small farmers of Canada to develop profitable family farms," Mr. Olson concluded.

CAPITAL SPENDING ESTIMATES

The results of a survey of the 1972 capital-spending intentions of some 200 large companies in Canada were recently released by Mr. Jean-Luc Pepin, Minister of Industry, Trade and Commerce. This annual study is designed to provide a preliminary indication of likely trends in total business investment in the coming year.

The firms surveyed plan to increase expenditures by 3 per cent in 1972 on new construction, machinery and equipment, following an increase of 10 per cent in the present year. The total capital outlays of the companies are expected to reach \$7,270 million in 1972, compared to \$7,047 million estimated to have been spent in 1971.

The trend is heavily influenced by the pattern of spending on a relatively few large resource and electric power projects. Expenditures on several of these programs increased markedly in 1971 and will decline sharply in 1972 as the projects reach completion. The effect has been that the total capital spending by the firms surveyed in 1971 increased significantly despite lower expenditures in the important manufacturing sector.

The trend of investment in manufacturing is expected to turn moderately upward in 1972, but the completion of several large projects in the resource and utilities fields restricts the general gain by firms surveyed to less than that of the present year.

It should be noted that there are as well a number of large projects under discussion that have not been included in the budgets.

The survey was made in October, and the investment intentions reflect corporate planning at that time. In this planning, corporations had taken cognizance of such factors as the federal tax changes of June and the measures taken in August by the United States Government. In the latter case however, many of the executives who were interviewed stated that the final effects on capital-investment programs were still undetermined. In general, revisions that might result from the Government's October budget had not yet been included.

REGIONAL RESULTS

The coverage of the survey varies significantly among the geographic regions of Canada. It is, therefore, not possible to provide any precise measure of the regional impact of reported investment intentions. Interview response indicates that above-average increases for 1972 can be expected in the Atlantic region and Ontario, increases at about the national average in the Prairies and Quebec, and possibly a reduced rate of expenditure in British Columbia. There is also evidence of a strengthening in spending plans from the level reported earlier in the year, notably in the Atlantic region as well as in Quebec and the Prairies.