

*The Budget—Mr. Danforth*

being shut down. There is something drastically wrong when we see so many cheese factories being shut down. There is something drastically wrong when local dairies are vanishing and are being replaced by amalgamated dairies. There is something dreadfully wrong when we see dairy herds being dispersed literally by the thousands.

The government can rightly say that dairy production is as high or higher now than it has ever been, but this is thanks to the farmers, not thanks to the government, because the farmers have increased their own efficiency, upgraded their cattle and used new techniques so that more milk can be produced with fewer cattle. However, this can only go so far. Efficiency of this kind can only block economic reverses to a degree. We will soon find ourselves in the position of a country that is no longer the producer of a vast surplus of dairy products but one which is hard-pressed to produce all its needs itself, if in fact we have not reached that stage already and are importing some of our dairy produce requirements.

What about the tobacco crop? This is of great importance to my province of Ontario and to a lesser degree to the province of Quebec. It brings in millions and millions of dollars of revenue each and every year. But what is the present position in the tobacco industry? Looking at the records we find that tobacco acreage has dropped steadily over the last ten years, both for burley and flue-cured tobacco. However, 1967 will show an increase in the number of acres planted, but anyone in the industry knows that this is due to the fact that Rhodesia, one of the main suppliers of tobacco to European markets, is no longer able to look after those markets as it normally would because of the trade sanctions in force against Rhodesia. Some of our tobacco crop is filling the gap, but we never know from day to day when trade in Rhodesian tobacco will open up once more and we may not be able to hold our present European markets. Those in the tobacco industry are not looking to the actions of this government with any keenness or enthusiasm.

What about cattle, hogs and sheep? In the cuts in expenditure which the government has announced for next year it is removing the subsidy on hogs and sheep. This subsidy is designed to encourage quality production and assists in increasing productivity. How in the world can we increase productivity when this subsidy is being removed, not at a time when the price of hogs is at the top but at a

time when it is the lowest it has been for a number of years? If the government contemplated saving money through the removal of this subsidy it should have taken this step when prices were high and not at a time when the producers are encountering difficulty. This step, as a matter of fact, may deal the death blow to the sheep industry, much to the dismay of the manufacturers of Canadian wool and woollen products.

What about the fruit and vegetable industry? This industry is looking at the GATT treaty with a great deal of suspicion. It is suspicious when the government talks about freer trade among nations. Fruit and vegetable growers know that if the present small tariff protection in force against imports from other countries, chiefly our neighbour to the south, were to disappear much of the valuable Canadian fruit and vegetable industry would also disappear. We cannot compete in fruit and vegetables because of our geographical location and because of the fact that our crops come on the market at a time when overflows from the United States come in and take the major part of our own domestic market. Growers of spring lettuce, cantaloups, cauliflower, celery, greenhouse tomatoes and cucumbers are in a dire predicament today, and if the tariff protection disappears they also will disappear from the scene.

What about corn and soybeans? The price of corn is down drastically compared with what it was one year ago, and the same applies to soybeans. As a matter of fact the soybean association is pressing for a subsidized floor price for soybeans. This is the first time in years that the price of soybeans has dropped so much.

What about canning crops? They are in as dire straits as they have ever been. One may ask why. It is hard to say whether it is due to lack of policy on the part of the government or due to the policy of the government, but the fact remains that talk about a reduction in the tariffs on imports of canned fruits and vegetables and the rising costs of production in Canada have encouraged large Canadian companies to erect factories in other parts of the world where they can take advantage of lower labour costs, lower produce costs and lower production costs and then ship their goods back to Canada in a semi-manufactured or wholly manufactured state, much to the detriment of our own industries.