

The Budget—Mr. Stafford

There is no tariff on soybeans coming into Canada, but the tariff is 60 cents per bushel going into the United States. The Canadian tariff should be equalized to the U.S. tariff. This would put more dollars in the pockets of the soybean farmers and induce the Ontario farmer to grow more soybeans.

Canadian farmers should establish a national oil seed marketing agency that would include rapeseed, sunflower seed and soybeans. Such a marketing agency could develop export markets for these oils and their by-products which would create a greater market for Ontario soybeans, the quality of which is recognized as among the highest in the world. An example of this is the limited production in Ontario this year of the Harwood variety of soybean for a specialized Japanese market. A soybean crushing mill should be built in southwestern Ontario, with access to railroads to develop the soybean industry. At the present time there are only three bean crushing mills in Ontario, two in Toronto and one in Hamilton. Such a crushing mill would create competition among the processors who would, in turn, look for more markets.

Farm machinery should be included in the fast tax write-off items announced in the budget for production equipment; or, at least a system of investment credit should be set up which would allow the farmer to deduct a percentage of the purchase price of new equipment from his net income tax, in addition to depreciation. This would help the farmer modernize his operation and develop a more efficient level of production.

The recent amendments to the Farm Credit Corporation Act, including the raising of the maximum loan to \$100,000, will be a great help to the farmer. The Farm Credit Corporation should also set up a system of rental purchase agreements that would allow a young, qualified person to enter the farming industry, with the accumulated rent over a period of ten years being applied as a down payment on a viable farm. This would enable a young farmer to purchase a farm without a down payment, or make it possible for him to own a farm without seeking financial assistance from a feed company, which ties the young farmer into the present trend towards vertical integration.

Returning to the corn industry, my study of the industry leads me to suggest a number of specific moves on which there should be early action by the government. First, a two-price system could be established for corn. In fact, such a two-price system could apply to all farm products. Second, corn could be included in the Canadian Wheat Board Act, whereby the Wheat Board would have to issue a permit before corn could be imported. The same could apply to soybeans. Third, corn could be put under the jurisdiction of the National Farm Products Marketing Council. A provincial corn marketing agency would have to be established to do this. Grades of corn suitable for feed, distilling, starch and cereal could be established, and the agency could negotiate with the processors to establish prices for each grade. The agency could purchase the surplus corn on the market at harvest time. The surplus corn could be pooled and offered to eastern feed dealers with a continuity of market and guaranteed supply. The agency could seek out markets and arrange export sales.

Fourth, terminal storage elevators could be constructed. These should be located in a number of the main corn growing areas. They should be located where there is ready access to water, rail and highway transportation. They should be located so as to encourage processors and manufacturers to locate in or near the high production and storage areas, with the result that much of the crop would be consumed at the point of production, with low handling and transportation costs. Such storage facilities should be located with a view to export trade, taking advantage of the St. Lawrence Seaway and its shipping facilities which provide access to the whole world at low cost. These are only the major location criteria; there are others. Such points as Port Stanley and Port Burwell are natural locations for such facilities.

The necessity for availability of water transportation is proved by the fact that freight rates from Chatham, for example, to Montreal are 22 cents to 23 cents per bushel, whereas water rates are 6 cents to 7 cents per bushel. The need for storage facilities is emphasized by the fact that in recent years the price of corn to the producer at harvest time has been reduced by as much as 25 cents per bushel. Most important, the storage facilities must be built for the benefit of the Canadian corn producer in that tremendous production area of southwestern Ontario. The storage facilities should be built for the producers in that area and controlled by either the producers or the government.

Fifth, the duty on U.S. corn could be increased from 8 cents to 25 cents per bushel, to equalize the U.S. duty on Canadian corn, and sixth, Canadian corn could be subsidized on a similar basis as corn in the United States, by taking into consideration the cost of production plus a reasonable profit.

My emphasis today has been mainly on corn, simply because the problems of the corn grower are more urgent and immediate. This does not in any way lessen the necessity for similar action in relation to the other commodities I have discussed and, in fact, the whole farming industry. The potential of the great agricultural area in southwestern Ontario is almost boundless. The doubling of corn production in the past ten years can easily be repeated in the next ten years. Yields are expected to increase in the early years ahead in the United States, from 86 bushels per acre to 200 bushels per acre. Similar results can be attained here. Our quality is second to none. We should be known throughout the world in the years ahead as a great corn producing country. Today, foreign buyers do not even know we have corn for sale. Agricultural exports benefit the Canadian economy. They do as much, if not more, than any other export to reduce our balance of payments and help balance our economy. The government should devise a system of supports to encourage exports.

We must subdue the economic winds that are blowing the family farmer off the farm. As the September 12, 1969 issue of *Time* magazine put it:

By a process of natural attrition Canada's 400,000 farms are already declining by 10,000 a year; 40 per cent of farmers are over 55 years old, and increasingly their sons are leaving the farm for city jobs.