

*The Budget—Mr. Stafford*

producer will result in a maximum of \$1,000 per hog producer which will be pumped back into the economy to help offset his losses for the past year. I know the farmers will welcome this action. They will also welcome the decision of this government to introduce a two price system for wheat which will mean a maximum payment of \$500 to every wheat producer in Ontario who sold at least 500 bushels of wheat on the domestic market.

I cannot avoid at this time expressing my pleasure that the tobacco companies have made a working arrangement with the tobacco growers for the coming crop year. It is not enough, but it is a belated step in the right direction. The future of the tobacco industry, and especially its export division, looks better than it has for many years.

By and large, however, the producers of many agricultural products in Ontario are taken for granted. Agriculture in Ontario, even at the present price levels, contributes over \$1 billion to the Canadian economy. Eighty per cent of this production is within western Ontario, within 100 miles of the riding which I represent. It is the most productive and specialized region in Canada. It is rich in terms of productivity and fertility. It is rich in human resources. It is steeped in tradition and proud of its ethnic cultures and background. When we think of western Ontario as a great manufacturing and processing area, we are right. It is also a great agricultural area. One-third of the agricultural produce of this country comes from Ontario. Yet in the past fiscal year, Ontario agricultural producers suffered a net income loss of over \$75 million. Our corn producers are now producing corn at a loss.

Let us examine the facts with respect to corn. We tend to think of wheat as the king of grains. It is not; corn is. It contains more protein and other nutrients than any other grain. More people eat corn than any other grain in the world. Corn has a wider market than any other grain in the world. Corn is, indeed, among the foods which have the most life-giving substances. In 1971, the U.S. produced over 5½ billion bushels of corn. U.S. corn is shipped all over the world, including Canada. The U.S. imposes a tariff of 25 cents per bushel on all corn entering the U.S. By contrast, our tariff on corn is eight cents per bushel.

The U.S. Agricultural Act of 1970 set up a commodity support program for those commodities, including corn, which are considered basic to the cost of living, the stabilization of prices and incomes and the welfare of the nation. The support or national loan level on corn is \$1.03 per bushel, on top of which all participating growers are paid a direct subsidy of 32 cents per bushel on their corn base, less 25 per cent, by the commodity credit corporation. In the result, when our corn growers compete with U.S. corn producers they are competing with the U.S. Treasury with its support subsidy of 32 cents per bushel.

Canada is not among the great corn producing nations of the world. But in the past ten years Ontario and parts of Quebec have increased their annual production from 50 million bushels to 100 million bushels. This increase was achieved on the advice of the best provincial and federal economists and agricultural specialists who told the corn producers to produce more corn. They were told that corn was the crop to grow, that it would give them a better return than any other crop they could grow. Now,

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the corn producer finds himself in dire straits. The cost of production has risen and the price of corn has decreased. The net result is that the corn farmer is producing a commodity below cost and this cannot continue. The economic return is so poor that many farmers are going bankrupt. Every time a farmer is removed from the bottom, the farmer on the top is moved a notch closer to the bottom.

The accelerated depreciation allowing complete write-off in four years of the cost of storage facilities on the farm and of drying equipment to the value of \$15,000 is great for the farmer who is making money. It cannot benefit the farmer who is not making a profit. Until there is reason to be optimistic about the corn industry, the farmer will not invest in storage or drying facilities. The farmer, like any other businessman, does not invest in the face of pessimistic forecasts. The price of corn in Chicago affects the price of all feed grains in Canada. Corn prices in Ontario are based on the availability of U.S. corn or western feed barley. The feed freight assistance subsidy holds down the price of corn to some extent. Corn can take the place of barley any time. There would be a market for all the corn grown in Ontario if it were not for the importation of western feed grain and U.S. corn.

We lost the sugar beet industry in southwestern Ontario by the default of the company who owned the last two plants at Wallaceburg and Chatham. Both the Ontario and federal governments allowed this industry to die in 1966 and 1967. At one time, there were five sugar refineries in this great agricultural production area. Now, there is none. Government economists told the farmers they could quit growing sugar beets and make more money growing corn. At that time they could, as corn was selling for over \$1.50 per bushel. Now, with the increased cost of production, corn is selling for approximately \$1.12 per bushel. We must re-establish the sugar beet industry. Sugar beets can be grown in southwestern Ontario with a sugar content of 16 per cent and yields of 20 tons of beets per acre. One ton of beets yields 290 pounds of sugar. If a farmer receives \$15 per ton for his beets, his gross cash yield would be \$300 per acre. A sugar beet policy is long overdue. The sugar beet industry could be developed to take 40,000 acres of land out of corn production. If we had a sugar policy for Canada, that would guarantee that at least 20 per cent of the sugar consumed in Canada would be produced in this country. It would re-establish this industry on an economical and long term basis for both the producer and the manufacturer, and it would have a stabilizing effect on other segments of the agricultural industry.

We have lost, over a period of years, a substantial amount of our tomato processing industry by allowing import brokers easy access to our market. We are also going to lose on frozen food exports such as peas, sweet corn and french fried potatoes to England and Europe, because of the expanded European Common Market. We must take action to protect these products, and this does not mean the reduction of tariffs on foodstuffs produced in low wage countries.

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At the present time, we import 15.6 million bushels of soybeans and grow only 9.4 million bushels per year.