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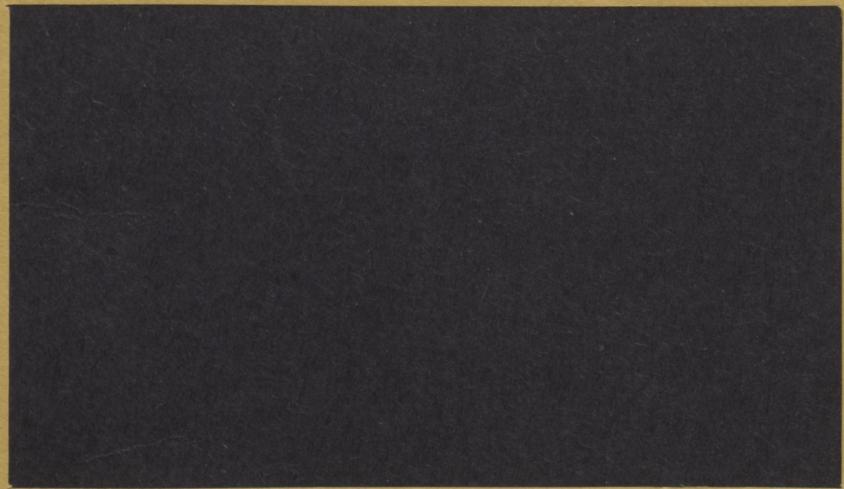
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DEVELOPMENT OF CANADIAN AGRICULTURE

Gaetan Lussier,
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and Colonization,
QUEBEC.

The thirty-second Canadian Agricultural Outlook Conference held recently at Ottawa (22 and 23 November 1971) predicted that, for Canada as a whole, farm income would increase from \$4.2 billion in 1970 to \$4.3 billion in 1971. This income should presumably reach approximately the same level in 1972, although estimates of operating expenses and amortization for 1972 amount to \$3.8 billion compared with \$3.7 billion for 1971 and \$3.5 billion in 1970.

These forecasts thus do not presage anything very spectacular. We continue to be faced with a very slow rise (if not a standstill) in the price levels of farm products, accompanied by continually growing production costs -- in spite of a steady rise in productivity on the farm to which attention should be drawn.

Ever-increasing specialization in agricultural productions (and even in certain phases of some of them), increasingly impressive mechanization and constantly growing technicalization of production methods call for unprecedented adaptation of farming structures and skills, production planning and capital requirements.

As we know, agriculture is one of the fundamental bases of the Canadian economy -- as witness the size of gross farm income (\$4.7 billion in 1970), total capital investment (\$23.3 billion in 1969) and the value of exports (\$1.8 billion in 1970).

Above all we must bear in mind the prospects of growth for agriculture due to a predicted increase of 32% in the Canadian population by 1980 as compared with 1966, and also an expected rise of 82% in total expenditure on food (including costs of auxiliary services involved) over the same period.

At the same time we must bear in mind that Canada has to keep a window open - if not a door - on the world. Unfortunately there seems to be a philosophy of depression, a lack of aggressivity and dynamism in thinking of the future of Canadian Agriculture.

If we are not there today other countries will easily take over our own market and we will have lost our capability of competing on their own. For example, new supersonic planes will bring farm products to chain stores of the world within 24 hours.

But there is another side of agriculture. The farming sector has not escaped the sad spectacle of social and economic inequality, even of poverty and suffering. There are, moreover, striking contrasts within the sector itself. The phenomenon of marginality in agriculture can be found with varying degrees of severity from one part of the country to another -- but it is present everywhere.

For example, the statistics show that in 1967, 45.1% of all the poor families in Canada were living in rural areas. In view of the fact that average farm income per active person amounts to only 40% of the average income in other sectors, this need not surprise us.

Furthermore, the recent difficulties which have arisen on a national scale in connection with the production and marketing of certain farm products have helped to convince us all that we cannot retreat within ourselves, that frontiers are breaking down, and that it is becoming increasingly necessary for us, together and over and above our boundaries, to set the goals we intend to pursue and the standards which will guide us in our respective efforts.

So it is a matter of urgency to ensure energetic and rapid measures by the different levels of government in order to bring about the drastic reconstruction needed in a sector so vital to our economy.

Above all, we need to emphasize that the situation cannot be allowed to continue to deteriorate; remedies are required immediately if we do not want to go on sinking in the mire. It's a case of now or never.

Thus, I cannot help being glad that the Ontario Agricultural College has devoted an important part of this Conference to the development of Canadian agriculture and I am also very happy to make a modest contribution to it.

To begin with, we will try to sum up the progress made by the different governments during recent months toward relieving the situation. Secondly, we shall outline -- and in this connection we hope to be faithful to the thinking of the other provinces -- what seems to us to be a real plan for the development of Canadian agriculture. Finally, we will state the principles which are prompting us to prepare and implement these policies.

At the end of 1969, the Task Force submitted to the Federal Minister of Agriculture a lengthy report on "Canadian Agriculture in the Seventies".

The second Canadian Agricultural Congress, held at Ottawa in November 1970, gave representatives of farmers' organizations and provincial governments an opportunity to express their views on the Task Force's report.

Although some of the Report's recommendations, such as those on farm credit, were then practically unanimously approved of, certain others -- for example, those concerning dairy policy -- gave rise to lively discussion, and there were some again that aroused only rather lukewarm interest.

In March 1971, a meeting of the federal and provincial Ministers of Agriculture was held at Ottawa to study Canadian policies for agricultural adjustment and development which the federal Minister of Agriculture had just proposed to the provinces.

A special Study Committee was then formed to study these programmes and submit a paper to the Conference of federal and provincial Deputy Ministers of Agriculture to be held at Ottawa on April 28th, 1971. This Conference was followed by the provincial Agricultural Ministers' Conference at Edmonton in July.

At the latter Conference, the ten provincial Ministers of Agriculture unanimously rejected the Olson plan as presented and appointed a committee composed of the ten provincial deputy Ministers to clearly define the position of the provinces with regard to the development of Canadian agriculture and this for two reasons:

- 1) a too negative approach to the development of Canadian agriculture;
- 2) an absence of acceptance by the federal of the responsibility of the provinces in the development and orientation of their agriculture.

Intensive work subsequently carried out jointly by the provincial Deputy Ministers of Agriculture culminated in the preparation and the presentation of a plan for the development of Canadian agriculture to the provincial Ministers of Agriculture at Toronto on the 19th and 20th of November, 1971. The provincial Ministers submitted the plan to the federal Minister on November 22nd, 1971.

This plan for the development of Canadian agriculture was to set a number of precedents. It represented the unanimous thinking of the ten provinces on agricultural development and covered in broad outline the various aspects of the agricultural sector. Secondly,

it was the result of a combined and intensive effort by the ten provinces to define their problems and propose solutions which they considered appropriate. Thirdly, the plan gave the federal government an opportunity to work out and participate in the implementation of a comprehensive and integrated plan for the development of Canadian agriculture in collaboration with the country's ten provinces.

As the farming sector has developed, two sub-sectors have become evident, one of them definitely embarked on the course of paying agriculture on technically advanced farms making use of large-scale capitalization and scientific management methods, while the other -- after the sweeping changes already mentioned -- is going through a phase of adjustment leading inevitably to new uses of the various resources involved.

As a result, government intervention in the farming sector has essentially two sides? (1) the consolidation and development of agriculture proper in terms of economically viable farms and the re-assignment of land taken out of agriculture, this means accelerating development of the secondary sector in order really to optimalize the economic effects of agriculture from the production to the consumer's table, and (2) the provision of a set of measures to assist the transfer of persons disengaged from agriculture to other spheres of activity or to offer them means of early retirement.

In the Plan for the development of Canadian agriculture, these two inseparable sides of the farming sector, as it now stands, are rigorously taken into account. For the consolidation of agriculture, it offers a concrete programme of farm products supply management and market sharing, an integrated farm credit programme, a plan to promote exports (in particular through an export development fund and the creation of a Canadian agricultural exports development corporation), control of imports through an automatic surcharge on foreign food products (flexible enough to protect the efforts of the farmers to rationalize their production and discipline themselves in the marketing of these commodities) and also the national feed grains policy.

This last item may be less important for Ontario, but for other Eastern provinces it is a matter of survival - There are two principles involved here:

- a) an adequate return to grain producers for their investment and labor,
- b) that users of said grains be treated with similar equity from coast to coast.

And finally attention was drawn to agricultural research with the particular object of developing a substantial programme of applied research; new products, economic and social research.

Here we shall consider only the supply management, market sharing and farm credit programmes.

Although the provincial Ministers of Agriculture recognize the principle of orderly farm products marketing and market sharing, they cannot accept Bill C-176 in its present form. They have to be assured of the prior agreement of the provinces before a national market sharing plan for any farm product whatsoever comes into force. Bill C-176 as recently adopted by the House of Commons seems to reflect these principles.

The programme stresses the need for the Federal Government to establish a more flexible, realistic and effective support price system (deficiency payment) to cope with distress prices and applying to all agricultural food products whether they come under a market sharing plan or not.

For farm credit, a joint federal-provincial programme is proposed which would make up for the gaps and shortcomings in the existing facilities in this field.

Such a programme would give rise to an integrated and effective system embracing and coordinating the different long -, medium -, and short - term farm credit programmes and linking the public and private sectors in this field.

Briefly, under this programme, provinces would be given the responsibility for granting, supervising, and administering loans and, in conjunction with the federal government, would set the basic goals to be pursued and establish national standards and the general features of farm credit policies.

This would be a shared-cost programme with the participation by the two levels of government extended to investments as well as to administration costs and losses.

As regards programmes of adjustment in the farming sector or to develop land and manpower resources in this field, the Plan provides for the reorganization of local biophysical resources and the redirection and even the care of persons affected by this reorganization. Such a measure has in a way been made imperative by government intervention in the field of farm consolidation; it is the result of such intervention and is a responsibility which the different levels of government cannot shirk.

The two foci of an agricultural adjustment policy are (1) the individual -- whether he wants to consolidate his farming enterprise or to give up farming, and (2) the farms themselves, including those which are to remain agricultural following consolidation and those which will have to be assigned to other uses.

The programmes which deal with farm structure would facilitate the direct transfer of farms between farmers, with the provincial governments acting as intermediaries.

Such a programme implies the establishment of a farm registration and appraisal service suited to regional needs. It would permit the provinces to purchase, sell, or rent farms or assign them to other uses and would also facilitate the setting up of provincial soil banks and standardization of the use of green spaces within the agricultural sector.

The programmes concerning individuals would provide information and counselling services to farmers to help them in their planning. Those deciding to stay in agriculture will have the benefit of compensation for functional obsolescence when enlarging their enterprise through the amalgamation of two or more farms (because in some cases they will thereby be saddled with the cost of superfluous buildings) or of a relocation grant if they wish to re-settle on a paying farm.

Those who choose to quit farming will be able to get a lump sum for their farms or a prepension annuity, if they have reached a certain age, and also a basic relocation allowance payable in the event of closing down of localities.

In addition to these various programmes there would be a system of rural development credit to develop rural resources. This would have an agricultural basis, be for the benefit of farmers, be part of an agricultural development plan, and apply in cases where no alternative source of credit to develop such resources is available on reasonable terms. Agriculture, forestry, and tourism, each would certainly have an influence on the utilization of our resources and allow rural people in many cases to still play a very positive role without necessarily, in certain cases at least, bearing the stigma on welfare assistance.

This rural development credit should, like the agricultural development programmes, be incorporated into federal-provincial programmes very similar to the proposed farm credit programme, and, in terms of greater efficiency, rural development credit would gain by such integration.

The Canadian agricultural development programme further suggests that the federal and provincial governments set up a flexible and permanent mutual consultation system. A system of this kind would permit systematic communication at all times and ensure:

- a) continuous consultation to find points of interest common to the federal government and the provinces;
- b) the development of joint programmes in relation to these points with a view to recommendation to the Minister;
- c) the administration of jointly planned and carried out programmes;
- d) the evaluation of current jointly proposed and implemented programmes.

We will now attempt to consider briefly the principles which have guided our actions in preparing a Plan for the Development of Canadian Agriculture and the spirit in which it should be carried out.

The complexity of agricultural problems and their deep-rootedness in regional contexts have led us to adopt a comprehensive approach compelling us to consider all phases of agriculture, whether at the primary, secondary, or tertiary level, and also the social implications of the different problems.

In view of the severity and scope of these problems in the agricultural sector, the provinces have felt a special need for closer consultation and collaboration in putting forward solutions which pay more heed to their respective aspirations and needs.

The consensus which has prevailed during the preparation of the Plan for the Development of Canadian Agriculture can definitely be credited to this collaboration.

We are also convinced of the necessity for active participation by the different levels of government, though always with absolute respect for their respective jurisdictions. In this connection we are thinking for example -- as far as the provinces are concerned -- of farm management, extension, agricultural production, farm products marketing, etc., within their boundaries.

Thus, the scheme of the various federal-provincial programmes proposed under the Plan calls for the federal government and the provincial governments jointly to decide the basic goals to be pursued and establish

national standards and the general framework of these programmes and to assume the financial burden.

The administration of the programme within provinces participating in federal-provincial programmes would however, be under the exclusive jurisdiction of those provinces, while the federal government would undertake the administration of the same programmes in provinces that do not see fit to participate in them on a federal-provincial basis.

This is, in fact, approximately the system under which ARDA and Crop Insurance are already being administered. We believe it would also be valid for farm credit, rural development credit, various adjustment programmes in the farming sector and even, to a certain extent for supply management and market sharing programmes.

In this way, an end could be put to the duplication which now exists in such fields as farm credit for example and, above all, one would make sure of meeting regional needs and constraints.

Finally, the consensus reached by the provinces on precise points should enable the federal government to understand the provinces' wants and especially to encourage the start of frank and free discussions leading as quickly as possible to agreements which would help us to reach the goals we are all aiming at.

In general, the Plan aims to seriously engage the different levels of government in the development and maintenance, in the provinces and throughout Canada, of a strong, well-balanced agricultural industry and in expanding Canada's role as an important exporter of agricultural products at prices compatible with stable and satisfactory farm income while avoiding policies likely to promote sudden diversions of farming enterprises in one part of the country to the detriment of existing enterprises in other parts of the country. And believe me, it has been already the case.

In conclusion we have no hesitation in declaring that never before in Canada has so spontaneous, intensive, objective, and unanimous an effort been agreed upon and carried out to seek and apply flexible and realistic measures for bringing about the thoroughgoing reorganization which the agricultural sector sorely needs.

We are especially counting on farmers, universities, farm organizations and industry, and in fact all those who are closely or even remotely concerned with the cause of agriculture, to focus their efforts in the same direction so that we can all work with a common aim, dynamically, clear-sightedly and realistically.

We are not so naive as to believe that the Plan will have any considerable impact on the 1972 Canadian agricultural outlook but it will nevertheless help to remedy the more urgent problems and will surely play a decisive role in the planning of Canadian agriculture. The important thing, in fact, is to maintain always a positive approach with realism in developing a rapid and strong action simultaneously on the economic and social aspects of agriculture. This objective commands a collaboration and a comprehension of all levels of government and of all those interested in the future of Canadian agriculture.

D I S C U S S A N T S

Dr. N. R. Richards - Dean, Ontario Agricultural College,
University of Guelph.

The theme for the Winter Agricultural Conference being held on campus is "Challenges for Agriculture". It is appropriate that under this theme one of the programs is "Agricultural Development". We are indebted to Mr. Lussier, Deputy Minister of Agriculture for the Province of Quebec, who prepared the background paper "Development of Canadian Agriculture". I have been asked to speak on the role of the University as it relates to the views expressed in Mr. Lussier's paper along with Mr. Couse and Mr. Atkinson who will discuss the agribusiness and farm organization views with respect to these proposals.

I support the views expressed in the proposals submitted by the Ministers of Agriculture concerning the need for a new approach to agricultural problems which will mobilize provincial capabilities in a positive policy formulation rather than provoke them into divisive debate over unrealistic proposals. Mr. Lussier lends enthusiastic support to a mechanics of operation that provides opportunity for greater and presumably more significant provincial input. This principle has meaningful application as it relates to the input of faculties and Colleges of Agriculture.

The Federal Task Force on Agriculture recommended that all major stakeholders in agriculture should define their goals explicitly, indicating in quantitative terms wherever possible what it is that they regard as objectives. Such stakeholders include the two main farmer organizations, agricultural colleges, trade associations, and other bodies which regard themselves as major stakeholders in agriculture. From personal experience in the institution I represent, it has been our experience that having defined goals, objectives, and commitments, we have not discovered a way to remove budgetary restraints.

In my view, agriculture has been slow to adjust from production-oriented emphasis in their action programs. We have been slow to recognize that agriculture has more than production problems - that in agriculture the problems of people and economic adjustment can be more severe than the problems of production. Often anxiety is expressed about what is happening in the rural areas. The pattern is well established that number of farms and numbers of farmers is declining. But this does not mean that in rural space, the space beyond the urban centres is becoming depopulated. Indeed in some areas the rural space is becoming more fully occupied than at any time during the century. Who will take the responsibility for developing policy and programs as they relate to the interface between agricultural and other uses of the rural space? In my view, agriculture should

be prepared to accept this responsibility. I believe this was included in the original concept of the ARDA program. Agriculture may have lost by default.

The role of the university and its relation to agricultural development will find expression through the graduates it produces and through its research efforts.

Graduates must be prepared to be innovators of change and prepared to provide leadership. The extent to which products of educational mechanisms will become innovators of change will depend upon the extent to which they have been motivated by those with whom they came in contact in the training processes.

In our research efforts I believe we are the victims of an anti-research attitude. This is probably related to the emphasis that has been placed on production research and recent concern about agricultural surpluses. I cannot agree with the view recently expressed by Dr. MacTaggart-Cowan that there is no first-rate faculty of agriculture in Canada. I do share the opinion expressed by him that Colleges of Agriculture will be strangled if they are deprived of budget to carry out significant programs in agricultural research. I believe that MacTaggart-Cowan is saying that agricultural research is being strangled and that there must be a more equitable distribution of research dollars between the federal and provincial agencies and the universities.

The Science Council Report No. 12, the Task Force Report, the Challenge of Abundance, all support the concept of enlarged research activity. We do not have an effective mechanism for effective input from federal, provincial, university and industry agencies in planning research. This is a must if research is to contribute to the development of Canadian agriculture. On paper there are provincial and Canadian co-ordinating committees that are falling short of doing the job because of their advisory nature. One of the shortcomings of research in this country has been an insufficient source of well-trained resource scientists. This situation but strengthens the need for using the resources available to the most effective advantage possible. The Ministers of Agriculture recognize this in taking the position -

1. Federal and provincial governments must consider their agricultural research programs with particular attention to the following inter-related subjects:

- a) Refining the method of determining research priorities, using the present C.A.S.S.C. system as a model to assure that the appropriate decisions on research funding are made. (There is no provision in C.A.S.S.C. for funding)

- b) Obtaining more funds for agricultural research in order to expand the socio-economic and marketing programs that are necessary for informed decisions in agricultural policy and to maintain or expand basic physical and biological research.
- c) Reviewing the present system of research funding, including giving consideration to a further allocation of federal funds to provide for the expansion of provincial research in priority areas.

In my view, the proposal submitted by the Deputy Ministers for collaboration between the provinces and the senior level of government is similar to the position taken by the Deans of Agriculture to research when they recommended the reconstruction of the Canadian Agricultural Services Co-ordinating Committee with the objective of it being independent of the Canada Department of Agriculture and to be representative of all agricultural interests.

The Deans of Agriculture support the view that a more effective system be developed for contract research grants to both universities and industry which will enable these to play a more significant role in Canada's total agricultural research effort.

Mr. Roy Atkinson, President, National Farmers Union *

Mr. Lussier and I have something in common; we're both products of the hinterland of this country. I would like to start by reading a couple of paragraphs from Mr. Lussier's paper:

"In conclusion we have no hesitation in declaring never before in Canada has so spontaneous, intensive, objective, and unanimous an effort been agreed upon and carried out to seek and apply flexible and realistic measures for bringing about the thorough-going reorganization which the agricultural sectors sorely need. We are especially counting on farmers, universities, farm organizations and in fact all of those who are closely or even remotely concerned with the cause of agriculture to focus their efforts in the same direction so that we can all work with a common aim, dynamically, clearsightedly, and realistically."

I hope I'm not a cynic, but one of the first things that comes to my mind in terms of this proposal is that while the provinces have declared their feeling that the federal government was really being insensitive to the needs of agriculture and to their own particular provincial needs, I become a little sensitive to it because so far as I'm aware the provinces really didn't consult with the farmers. I think one of the important points of any process is that if we're really going to make a major effort in making the changes that are needed then we must link together all levels of the community. In this instance I am speaking of the people who are directly affected, the farmers, the provincial administrations and, of course, the federal administration.

Mr. Lussier made the point that many people do not realize the contribution made by agriculture to the economic and social well-being of the nation. I think there is a reason for that. The reason is that, it's taken for granted that the peasants will produce the food, there will be an abundance of food, and it will be high quality. We never really publicly, through the secondary or elementary school systems and very seldom even at the university level, teach that food is one of the most important sources upon which wealth is created in this country, and the dependent industries are really the beneficiaries of the increased productivity on fewer and fewer farms. So we are like Alice in Wonderland, running as fast as we can to stay where we are. I think Mr. Lussier made a real point "we're like an aircraft coming in for a landing, we don't have much choice, we better make that landing good." I'm rather pessimistic that that landing isn't going to be made that well.

In order to put this in proper perspective and I quote from a document that was prepared called Agricultural Adjustment and Development Policy for Canadian Agriculture, March 8, 1971, presented in Ottawa.

* Editor's Note: Edited from a taped recording of Mr. Atkinson's remarks

"The main thrust of Canadian economic policy is one of economic growth. In order to obtain our goals of increasing real incomes, reasonably full employment, reasonably stable prices, a viable balance of payments, an improved equity in the distribution of incomes, it is essential that increased rates of economic growth be developed and sustained. Since agriculture is one of the primary sectors of the economy, and since it has important effects on several of these goals, especially food costs, the stability of prices, our competitive position, and the viability of our balance of payments, it becomes important that we attempt to maximize the contribution of the agricultural sector to the economic growth of the nation as a whole. This implies from society's point of view that the major thrust of economic policy for agriculture must concentrate on the economic development of the agricultural sector and through its secondary effects, the development of the national economy"

I think in that last sentence there is faulty reasoning because it's not the secondary effects, it's the primary effects that affect the growth of the general national economy and agriculture has always been part of national policy but subordinate to national policy. That was Dr. Vernon Fowke's thesis and I think it's as valid today as when he delivered it.

Notwithstanding the provincial Ministers coming together as one, I think that it is a bit illusionary because they really haven't come to grips with the need for major shifts in economic policy in this country, economic policy with respect to people who produce food and with respect to other things as well.

I think we should be examining some of the shifts in jurisdictional responsibility that are required in order to effectively develop agricultural policy which will promote real economic growth and real social benefits and I would think that this could happen in two directions, by phasing down from the senior level of government and by phasing up from the provinces.

One of the significant points I think that Mr. Lussier made was the need to develop a process whereby farmers would discipline themselves. In making this observation Mr. Lussier wondered whether he was taking too much of a technocratic approach. I do not wish to be critical of Mr. Lussier at all but I think there is a tendency, in this country, for a separation to take place at the various levels of operation. I'm not just thinking in terms of within organizations, but also within the total community process. I would like to recommend that technocrats and the bureaucrats go back to the dairy barn or the grain field or the potato field, or the chicken house and spend a month there. I don't think we can solve problems without understanding our society or at least trying to understand it. One of our major problems is the problem of intellectual development, the problem of becoming functionally literate, because many of us are not functionally literate even though we can read and write. This does not apply only to people on the land, it applies to highly trained people as well; this need to exchange knowledge. We hear

a great deal about the generation gap. Really, what is the generation gap? It is a real damnation in terms of people our age. We haven't had the wisdom to establish the links of communication with the young people. That's what it is. It's not their fault, it's our fault if there is a generation gap.

If the hope expressed in the proposals described by Mr. Lussier are to become reality, then it's necessary to change the whole philosophy of economic growth and development in this country; that's the first condition. If we don't do that, forget it. Secondly, it's necessary to link together all levels of wisdom and knowledge and develop the whole process in an intellectual way so that we can learn from one another. Thirdly, and I make this point to the farm community, unless we change the structure through which farmers organize, the possibility of having an integrated approach to resolving the many questions and challenges that face us is no longer a probability, it's an impossibility.

I am pleased to be introduced as a Westerner, but I also hope I'm a Canadian, that's the one thing that I think I am. I hope that all of us can be Canadians because I think in the past too many of us have not been living in Canada, but have been living in our province and our province has become our country. Out of that has come the differences of interests and conflicts of interests which those who seek to divide us feed upon. Really, what we have had in the past is ten principalities. When we talk about Canadian agricultural policy I believe we have to be aware of that and I believe we have to come together as a country in order to develop and make sense out of the wealth this country has to offer, rather than to allow it to be laid waste. I know that this can be done. I guess I plead this morning that we develop the intellectual capacity at all levels of the community whether we be technocrat, bureaucrat or just a peasant.

Mr. Paul Couse, Vice-President, Seed Division, Maple Leaf Mills Ltd.

The opportunity to participate in this Conference on Canada's agricultural development policy is appreciated. The viewpoints I will express reflect my experience in agribusiness but they should not be interpreted as necessarily the viewpoint of agribusiness. No one person can express such a view with any right or authority.

Mr. Lussier has given a clear review of the policy enunciated by the provincial Ministers of Agriculture from their meeting in November. Mr. Lussier may be assured that any comments should not be taken as criticism. They are an expression of viewpoint or a question.

The future of Canadian agriculture and its economic viability is of concern to every person in this room. Before we focus on this subject, broad though it may be, let's be clear regarding Canada's obligations in world agriculture. As planners and policy makers affecting our industry, let's not get our views too narrow.

Each of you is tired of hearing of world population problems as related to food. Every person is familiar with Canada's acreage, technology, climate, water resources and our people. Does any country of comparative size or wealth hold a greater key in the food production requirements for the world in the next century? Problems of starvation may be 5 or 10 thousand miles away today, but in the next decade they will be right on our doorstep. The almost daily tragic events in this world have to be based on poverty, ignorance and a plain lack of food. As a matter of fact, it happens so repeatedly that we don't talk about it. We ignore it and hope that it will go away.

Young people of this and other affluent nations have deep rooted theories about social justice among all mankind. Let's not fail to recognize that our children are going to be faced with obligations and opportunities. They will probably treat them differently than we would.

The green revolution is merely a momentary pause in the continuous challenge to scientists to provide food for mankind. There will be more green revolutions in more countries. Each of us has faith for mankind to provide for himself, given the opportunity. However, we must ask ourselves can the green revolutions keep ahead of the other kind of revolutions?

It's not very sensible to stand here and talk about world food shortages when Canadians are up to their ears in surpluses. There are literally dozens of things we can produce so well here in this country today. There are many of us who just don't believe these figures about population explosions and all the other things, but what if they are correct? What if Norman Borlaug is as clever in his predictions

as he was in his plant breeding? Are we as Canadians again thinking broadly enough?

Back to the subject - Canadian Agricultural Policy. Are Canadian farmers and their friends fighting a rear-guard action as far as agriculture is concerned? Is it recognized that there is now much less political influence by Agriculture than at any time in the history of the country? There is a seriously lowered economical influence because today there is less than 10% of the gross national product from agriculture. The capital investment of agriculture is only about 6% of the total. We don't like to admit it, but where do we stand as far as the political influence of the rural areas is concerned? In the eleven cabinets across Canada, where does agriculture rate?

Canada's economic growth has changed as well. Industrial growth has resulted in the swing of influence out of primary production into other areas - that of manufacturing and service industries. One of the great success stories in all of Canada has to be the agricultural output. You are very familiar with the increase in output per man, or per acre, or per tractor or whatever other figure you wish to use. Those of you in science can take credit for this. The ingenuity of the Canadian farmer combined with the influence of research on Canada's technical competence has even been blamed for some of the over-production problems.

There is substantial thinking now that the research should become much more market oriented.

This is to be an agri-business viewpoint. It is difficult to find much terminology in the Canadian agricultural development policy that is familiar. There doesn't appear to be much related to profits, return on assets, market share, developing new products or markets. There is, however, indication of some good points in such things as improved communications between the provinces.

This must be a difficult problem with ten Ministers or Deputies representing ten governments, with four different political ideologies. They represent four or five or six more fortunate provinces and four or five or six less fortunate provinces. If each of the ten Ministers has an equal voice, it is hoped that some are more equal than others. Should Canadian agricultural policy be influenced by some of the members of this group where agriculture is really no factor?

What is this new agricultural development policy? There is a great deal of reference to capital and credit. Is it just another credit agency? There is a lot of talk about transferring of farms and land and soil banks. Is it a real estate agency? Is it a production control mechanism? The question is who pays and who puts up the money for this transfer of land? How long will the non-rural voters put up with this politically? This matter of paying a pre-pension annuity - how long will this last politically? If this policy is to be effective

in the long term, it must be satisfactory to the total voter group.

What are Canadians interested in today? Apparently number one priority is taxation, perhaps number two is employment. Does this Canadian agricultural development policy create jobs? I don't mean jobs in the bureaucracy of this policy. What jobs are new so that a man can care for his family and in addition, pay his share of the taxation load of this country? Is there anything in this policy that increases the total revenue into the tax coffers of this country? Does it take out of our national revenue more than it puts in? If it does, it's doomed to failure. Voters just won't put up with this.

There is some reference to the market for Canadian agricultural products. There is evidence that this can be expanded both at home and abroad. In some areas, many of our enlightened politicians recognize that the selling of agricultural products is an important function. Some of them get confused however, between markets and marketing.

There is between 20% and 40% of our total population involved in the broad industry of agriculture and food. These people are probably split evenly between rural and suburban or possibly even urban people. To those people who depend on agriculture, the story should be told, if it's not already evident, that a floundering agricultural industry seriously affects them. The man on the line making combines at Brantford or fertilizer in Trail, B.C., if he's thinking, will support an improved agricultural income policy.

Let's have that policy so that it means profit for the basic agricultural producer. Profit overcomes a tremendous amount of marketing, social and other problems besetting our industry. The capital generated for the long term development of this country must come from profit. There is no other source. If we want to remain as Canadian as we are today and many of us hope we'll increase our Canadian content, that must come from profits. The profit in our industry is first generated at the farm level, then at the local small businessman level and hopefully, at the manufacturing or distribution level.

P A N E L D I S C U S S I O N

Issues and Problems in Formulating and Implementing
Development Programs for Canadian Agriculture"

Moderator: Professor T. K. Warley, Director,
School of Agricultural Economics
and Extension Education,
University of Guelph.

Panelists:

Dr. C. T. E. Hadwen, Department of Sociology and Anthropology,
University of Guelph.

Dean Richards mentioned this morning that the University is looking at a variety of things most of which in my discipline we would put under the heading of rural adjustment. We are interested now in looking at the human factor as opposed to just the technological ones, perhaps more than we used to be. That's an interest that was always here at Guelph but it has recently become even stronger. I work on a University project which involves professors from several different Colleges and Departments who have undertaken an enquiry into attitudes towards social change as they appear in Huron County. We picked Huron County simply because it is a classical piece of rural Ontario. It is not an outstanding poverty area; neither is it full of people who are rich; it's also still primarily agricultural. So, we've been interviewing very extensively there with a cross-section of the residents, not all of whom are in agriculture because, as was pointed out this morning, the other parts of the rural population are important as well. I can't tell you a great deal about our results because at the moment we are swimming in an ocean of 25,000 punch cards which now have to go into the computer for detailed analysis. What I can talk about are some of the issues which have emerged from our experience in this study and the way in which I think they may bear on considerations of policy. I could sum these up by saying that I think the discussion so far has placed more emphasis on rationality than would make sense to those of us working on this project. It sounds as though there was a rational set of policies which could be worked out by the government if they tried hard enough, which would then be acceptable to everyone including most people in agriculture. This is of course an unfair and superficial impression, but I think one must have misgivings when one hears what seems to be an overly rational discussion of agricultural policy or of any kind of social policy.

The first reaction I have is to say that one must bear in mind what is emotional as well as what is rational. I think it is entirely possible for people to accept rationally the desirability of a program which emotionally they find quite distasteful. In our work in Huron we are finding a number of farmers who are prepared to say, "Yes, this is the

way we are going to have to run our business, but really we don't like it". Now when they're presented with a program to which they have this set of reactions, they are likely to accept it superficially but to drag their feet, which may make the program fall into difficulties of one sort or another as it goes along. If there is a solution to this sort of problem, it's to recognize that a conflicting set of needs exists, and to present programs in a sufficiently tactful way that people are able to resolve their own internal conflicts. They must also have time to adjust. If you simply ram something down people's throats which they accept as a good idea in a rational way but which emotionally they dislike, then they will regurgitate it.

The second observation I'd make is that what is taken to be rationality at one time may not be such at another time. That is to say, we may have a program or a policy which appears to be sound, and which appears to take into account the needs that exist, which ten years later won't work because the needs have changed and the whole outlook of the people has changed. That's a pretty straight-forward problem which simply suggests that, in the development of programs, an effort must be made to look ahead and to build in contingency provisions, so that as the situation changes the policy can be changed.

The third consideration I want to mention is the one that I think causes the most trouble. It's the simple point that there are different orders of rationality. If you get technical about it, rationality really means the pursuit of goals and means that are consistent. In other words, you are able to say what your goal is and you have adopted means that will get you to that goal. Well there are of course, all sorts of different goals. Those of the government are not necessarily either those of the agricultural associations or those of all the people working in agriculture. I began by saying that there may be an over-emphasis on the whole notion that there is such a thing as a rational program for everyone. We are finding in our research that government, be it provincial or federal sometimes adopts a program which it sees as rational, because the goals and means of reaching them are consistent, and then proceeds to regard opposition to this program as by definition irrational. We find that a better way of understanding opposition is often to look for different orders of rationality. Policies where this problem arises often seem to be those which have to do with centralization, with the move towards a more systematic and less local organization of rural institutions. Now, you can't deal with agriculture as though it were somehow not part of a whole network of rural institutions. Certainly the people we are talking to in Huron County don't look at it in that way. They look at farming as only one part of the way of life in the area where they live, and they regard all parts of that life as interdependent. If, for instance, you consolidate rural schools, people in agriculture may well regard that as a development which will in the end downgrade the entry of youth into farming. Therefore while they may be regarded by some as opposing central-

ization because they are irrational and too traditional to accept any form of change, they're really opposing it because they have a different goal from simple efficiency in mind and therefore a different set of means (i.e., keeping the local schools) strikes them as appropriate. I could conjure up some dozen or so such illustrations but the basic point here is that you can't assume that something which is rational, that you can prove to be rational, is rational for everybody. Different parts of the population have different orders of rationality and policy-makers must take this into account. To do this they have only to stay in close touch with those they serve.

In the really far reaching report which we heard this morning, I would like to have heard included some mention of elected representatives at the municipal level, because that is one obvious means for policy-makers to stay in touch with people. I would like to have heard some mention of reeves, and representatives of this order, who are in fact the officials with whom the farmer can get into personal touch. These are men who, for astonishingly little pay, are kept very busy and who may be a vital part of the whole governmental machinery. They may be the ones who can make clearer these differences in value which appear, these different orders of rationality. There are other ways of meeting this need as well, and many of you are familiar with what they are. The various commodity groups and agricultural associations clearly have a role to play here. What is really important however, is that when one discusses policies and programs, one must not assume that there is some single dimension which is going to satisfy everyone in the population. If there are conflicts in priorities, if there are different orders of rationality, we must try and find ways of creating policies that take those into account as a set of options. At least we must provide some kind of understanding and some sort of fair treatment for people whose needs as they see them do not coincide with what the makers of policy perceive as rational from the government point of view.

Dr. Brian Perkins, University of Guelph

I'm glad Professor Hadwen has laid so much stress on conflicts of interest as they affect policy because it seems to me that this is the very essence of policy. After all, this is the reason why we are having these discussions this week, because there isn't a consensus, because there isn't a community of ideas on the objectives, let alone on the means to attain them. I am going to focus for the next few minutes on one sort of conflict which I believe to be rather important.

In talking about development programs for Canadian agriculture I think we should address ourselves to the question "development for what"? Is it the incomes and welfare of farm people or is it the development of the industry, the businesses which compose it and the markets to which it is oriented? I think that there is serious conflict between these two objectives. Let me try to explain.

In recent policy statements we have seen recognition of the idea that there are two agricultures: a commercial viable sector, and a low income agriculture with which the problems of rural poverty are associated. But the logical implications of this distinction are not apparent in the policy proposals. The differences in problems between the two sectors require very different kinds of programs and the differences in magnitudes of those problems call for major differences of effort on the part of governments.

There are acute problems of low incomes in agriculture. If we define a farmer as an individual who derives most of his income from farming, then in 1967, out of a total of 328,000 farmers in Canada, 53 per cent were classified as low income! That is to say 173,000 farm families in which the total income from all sources was insufficient to maintain a minimum socially accepted level of living. Let's try to see this in better perspective. If we consider all families in Canada then all farm families composed about 7 per cent of the total of 4½ million families. But poor farm families composed 21 per cent of all poor families in Canada.

Of course these figures shouldn't surprise us. After all, as of 1966 only about 22 per cent of all farm businesses grossed more than 10,000 dollars, and 10,000 dollars in this day and age is a pretty small farm business. If we think of the farm business as being one which is capable of supporting the farm family on a full-time basis, then 10,000 dollars gross is not particularly large.

Now what concerns me about the recent policy discussions is the underlying idea that somehow or other it is going to be possible to solve this problem of low incomes within agriculture, or at least largely within agriculture. Yet there is no way in which this very large number of farm families are going to be raised out of poverty through enlargement of the farm business. Of course you will say, governments have stressed other alternatives too, namely early retirement or employment in other

sectors of the economy. In fact government programs can be broken down on this three-way basis: enlargement of farms, provision of credit, and of management training so as to build up small farms into viable commercial units; incentives to people to get out of agriculture and move to the city; and early retirement.

Unfortunately, the magnitude of the problem and the complexity of the alternatives is not yet recognized. The agricultural policy emphasis seems to be on building up full-time farm businesses, not on eliminating farm poverty. For the majority of poor farm families it is not possible to find a solution within agriculture. The problems of this majority tend to be passed on to other government departments. This is a rural problem, involving communities as well as individual poor families. But while there are departments responsible for different aspects of the rural communities and people, there are none concerned with that sector as a whole. I would suggest to you that if we are to avoid the social dislocation and economic problems associated with out-migration of people and depopulation of rural areas, then we are going to have to devote a lot more attention to finding solutions in rural areas.

Let me just make one final suggestion. If you look to see what farm people are actually doing, you will find that very many of them are neither moving out of agriculture altogether, nor building up to full scale commercial farms, nor yet retiring. These are people who are finding combinations of jobs in agriculture and outside it. I would suggest to you that this approach has been grossly ignored by governments who have thought solely in terms of encouraging people out or encouraging them to build up to a full scale commercial operation, and further that it does not lead to the kind of social dislocation implied by accelerated migration out of agriculture because the people don't leave the rural community, but rather help develop it.

David Kirk, Executive Secretary, Canadian Federation of Agriculture*

I would like first of all to comment on two of the points made by previous speakers. The first was a point made by Dr. Hadwen and that is the tendency, I believe it is an increasing tendency, for one policy option, formulated into a government policy, to be put forward as the only rational option; everything else is assumed to be irrational. I think that there are strong built-in tendencies in the government decision-making process, as it gets more complex, for this to happen. I think it's one of the major problems that we face in this society and one of the things that will lead to increasing confrontation and distress in the face of what otherwise would seem to be real strong efforts by governments to do the right thing, yet doesn't work. I think this is a very important point.

The second point I wanted to make was with respect to Dr. Perkins' observations regarding the small farmers, the limitations on their opportunities, the fact that they can't all make it, and the increasing number of non-farm enterprises that they are undertaking. From a farm organization standpoint I don't know what you people would consider to be the effective constituency of the organization but I think realistically one would expect that the active constituency would probably be people who produced more than 2,500 dollars worth of products annually. These would be the active farmers. Let's make that assumption. Now up to the 1966 census the number of those farmers had increased steadily and regularly, so if you look at it that way the constituency of farm organization has not declined in the post-war period but has regularly and consistently increased in numbers. I think that this is a very revealing statistic concerning what has been happening in agriculture and farm organizations.

Concerning the joint statement of the provincial Ministers, at a meeting of the executive committee of the Canadian Federation of Agriculture three weeks ago, our executive passed a resolution which states:

"The executive of the Federation welcomes the statement 'The Development of Canadian Agriculture', as a constructive working paper for use in proceeding effectively to the development of improved agricultural policies in Canada. The proposals reflected many aspects of concurrence with CFA policy as enunciated over the years. The executive committee recommends that the Canadian Federation of Agriculture and its members be part of the consultative process that should result at all levels of governments and on a federal-provincial basis".

The emphasis in this resolution on consultation should be read to embrace coordination and operational participation in many programs. This emphasis reflects two things, first the desire of farmers' organizations that the

* Editor's Note: Edited from a taped recording of Mr. Kirk's remarks.

job of developing and improving agricultural policy be proceeded with effectively and two, their conviction, right or wrong, that farmers' representatives should be more systematically involved in the policy development process from conception to implementation and on to evaluation and modification in light of experiences. The provincial minister's proposals to the federal minister had as one stated element of its basic philosophy that and I quote, "farmers should participate (and this is with governments at both levels), in the creation and application of agricultural policies through consultative committee membership and even by their presence within certain organizations". 'Presence within certain organizations' is the most interesting phrase. Its quite exciting actually that we might be present within certain organizations but I suppose that also it means that we shouldn't be members. Presence would be a help actually. That is an encouraging statement but, except for the recognition for the need for producer oriented federal and provincial marketing agencies, that is the only reference to producer participation in the proposals. No specific reference is made in any of the more detailed recommendations on farm credit, on agricultural development, on rural development, on agricultural stabilization, on agricultural research, on agricultural extension or in the final concluding chapter on general consultative and coordinating structures. Producers didn't appear in that final section.

It is worth pointing out, I think, that as a result of the November discussions of proposals by the ministers, there were as I understand it, the following decisions and developments. First of all a start was made on reconciling views on how to proceed with the CDA's small farms development program and the federal-provincial technical committee was established to outline a framework for federal-provincial policy in this area in detail. Secondly, a federal-provincial committee has been agreed on to look at the domestic feed-grains question, and I agree on its central importance in agricultural policy. Third, an early meeting of the Ministers is planned to pursue the subject of farm and rural credit, agricultural price stabilization and export development on which they recommended there be a corporation established. A preliminary discussion has started, as I understand it on how to structure the federal provincial consultative process recommended by the Ministers and an agreement was reached on our proposal to amend bill C176. Now, in none of these connections has there been any governmental suggestions from federal or provincial levels for consultation with producers' representatives. I make this point not so much to complain as to raise the question. How do we make the consultative process with producers an effectively operating reality?

I confess, personally, to being much less confident in my views on this subject than I was a few years ago. Five years ago I would speak for two hours on exactly how it should be done, blow by blow, and I thought I knew exactly how, but I don't think so any more. I continue to think that the issue is of very critical importance but I don't think

that we have even halfway begun to think through its implications or requirements in terms of principles, of institutional structures, of access to information, of rights and responsibilities of the parties to the consultative and participation process or the financial and human resources required. I was reminded when Dr. Hadwen was speaking that when you talk about participation there is a lot of people who believe deeply in participation who would exclude all existing farm organizations from the participational structure as being basically obstructive rather than the central participating agency. So this really is an extremely complicated subject. Nevertheless it is also extremely important that we work it through.

To be more specific let me take for example the proposals of the provinces on farm credit. How and at what stage did producers get into the act of developing this program and the proposal of the provincial ministers on the coordination of the credit program and the movement of administration back to the provinces with a federal-provincial participation in its financing and policy development? The CFA has actually endorsed the basic concept of federal-provincial integration of federal policy. It has called, for many years, for an integrated package credit service to farmers. It has recognized the need for related rural development credit programs. So now what happens? We have the provincial ministers who have said that they want all these things to start to develop in a meaningful fashion. At what stage or stages should producers be involved in the consultative process that should now begin and will begin to work out a new credit program? How should this consultation be conducted? What resources should be applied to the analysis of the program? To whom should the results of the analysis go? Who calls the first meeting? Do the provincial governments feel that they have a responsibility to recommend to the federal government with respect to national level consultative processes or do they think that this is a perogative of the federal government, as I have often felt, or they don't want to intrude on that at least in not such a way that the farmers know what they are saying to the federal government? It is a very difficult problem but I think its important if we are going to make this proposition of producer participation meaningful. I don't say that these questions are easy to answer in the framework of the overall political process because I know they are not. I say political process advisedly because the whole process is political, the whole of the political framework in which governments operate. I think that's reasonably clear. But I do think its about time we made some progress along these lines because I really do think that with better consultation between governments and the people concerned that the decision-making process would be much improved and not frustrated, as a large number of people seem to believe. In spite of these views I do believe that without real consultation in depth between the parties concerned, the policy process would be severely frustrated.

Dr. D. H. Plaunt, Director, Farm Management and Agricultural Development Division, Economics Branch, Canada Department of Agriculture*

I think you are grappling with one of the really basic problems that we face in agriculture. The problem as outlined in the program is to examine the process by which policies are formulated, the process itself, and how that process can be improved. In the interest of time and fruitful debate I'll mention a number of points that are extremely short, extremely pointed and extremely unqualified leaving lots of room for debate. I will hasten to add that the comments are mine and they do not necessarily reflect the views of the CDA.

There are a number of realities I think we have to face, I will list several of them not necessarily in order of importance. The first is that the income problems of Canadian farmers are not likely to be solved by any single policy, not by income redistribution alone, not by agricultural adjustment alone, not by agricultural development alone and not by income stabilization programs alone. The solutions to the income problems and to the problems of providing social and economic equality for farm people can only be found through the development and implementation of a whole set of policies, a comprehensive and fully integrated set, and those policies have to be designed to help the decisions of literally hundreds of thousands of individual producers, -- not only the producers but the people who supply the inputs to the agricultural sector and the people who distribute the product.

My second point is that, of course, the notion of a comprehensive and fully integrated set of policies is not new, it's easy to say, it is extremely hard to do and it has not been done in any modern country much less in Canada and much less by the ten provinces. If we're going to do it, it seems to me we have to have a basic agreement on the procedures we are going to use. The procedure that I think has most promise, still hasn't been thoroughly tried or tested. It is what I have chosen to call the systems approach to policy development. Now there is nothing magic about it, just a fairly straight-forward and simple-minded way of making sure that there are less stones left unturned, there are less questions left unanswered and yet we face up to the real crunch of the trade-offs involved between the conflicting goals we strive to satisfy.

I would like to digress for a minute, to outline what I mean by the systems approach. If our problem is to maximize the per capita incomes of Canadian farmers and we have to do it subject to the constraints that we face, (economic, political and others), then the first step is to understand the agricultural system from one end to the other. We have to understand all the parts and how they fit together. We don't have to understand the production and distribution system in infinite detail. All we really have to do is identify the relevant constraints or bottlenecks, those things that may restrict the amount of income that the food system can produce and those things that distort the distribution of that income among farmers. The second step is to determine which of these constraints

*Editor's Note: Edited from a taped recording of Dr. Plaunt's remarks.

are in fact limiting on the amount of money that the system can generate. I suspect that if we took a poll in this group right here, we would find some people who would argue very strongly that in the macro sense it's the size of the market and inefficiencies in the marketing system that constitute the major constraints on the amount of income that can be generated and others would argue that the addition of more land in Canadian agriculture would do virtually nothing for incomes, in fact, perhaps reduce incomes. Now if that is right, then clearly, the availability of land is not a limiting constraint, the size of the market is. The third step then is to determine which of these constraints is in fact most limiting, which has the most drastic effect on the incomes of those who remain in agriculture. The fourth step of course is to get some kind of quantitative handle on the effect on net incomes that we may have by the removal of the most limiting of these constraints. How much would income be increased and how much would it cost? The fifth step, and this comes a little later, has to do with what happens after the most limiting constraints are removed or at least partially overcome. What then becomes the effectively limiting constraint. Given this information we have a lot better idea of the staged and strategic types of process we have to go through in order to implement the right programs at the right times and when to phase the others out. It should be noted in passing that when we talk about constraints in the systems approach to policy development, we're talking about social, technical, physical, and institutional constraints as well as economic and political. We're faced with the problem of identifying all of the major components of the agricultural system, of outlining the agricultural system as a single food producing system with a whole series of subsystems with intermediate products from some systems becoming influenced into the final systems.

My second point, is that it seems to me if we're going to succeed in the process of improving this so called process of policy development we have to take what's come to be known as the systems approach in order to make sure we're leaving less stones unturned and less questions unanswered.

My third point is that in the process of examining the crude outlines of the agricultural system, we encounter at least six broad sets of constraints and hence six broad sets of policies, one required to remove each set of constraints. I like to look at them in the following way. The first step has to do with marketing and market development, the second with farm development, the third with what I have chosen to call input development, the fourth with income stabilization, the fifth with income redistribution, and the sixth with community development; six broad sets of constraints that are holding back the achievement of the goals that agriculture has set for itself. Hence six broad sets of policies are required.

My fourth major point is that in this process of policy and program development it is clear that these policies cut across traditional areas of federal and provincial jurisdiction. They cut across traditional boundaries whether we like it or not. We may as well face it.

My fifth point is that in order to mobilize the resources required it's going to take the combined efforts of both levels of government because there is simply no way that either level of government is going to be able to get the money out of the rest of the economy that is required to have any major impact on the incomes of Canadian farmers. We have got to develop the programs jointly, and we have got to mobilize the resources jointly. And when I say we, I mean both levels of government, the agri-business firms and the farm organizations. We're past the stage where we can afford to be kicking each other in the sins at the expense of the Canadian farmer.

Finally, I think we better face the fact that Canadian people have neither the political will nor the economic power to solve the income problems of Canadian farmers through the process of income redistribution. Hence we better get on with the process of sorting out the most critical constraints that limit income to farm people and we better figure out how to do it jointly.

