



Legislators Should Study Agriculture Budget Needs

By NEIL A. MATHESON
Premier Walter Shaw suggested last week that the time is coming soon when every available yard of soil in this province will be utilized for food production. He emphasized his opinion that there is a tremendous potential in agriculture for this province, as a rapidly expanding world population creates an ever increasing need for edible products of the farm. The premier based his food demand prediction on the estimate that the world will have a population of between seven and eight billion people by the turn of the century. It is three billion now.

My mind went back a few weeks to Agriculture Minister Andrew MacRae's statement that this province cannot afford full participation in the \$750,000 that is available annually through the ARDA program. This is a matching grant, it was explained, and it compares with the present budget of roughly \$1,000,000 to cover our entire agricultural program.

I'm exaggerating only a little when I charge that we're treating agriculture like a poor relation. Our legislature budgeted this year for total expenditure of \$41,286,000 — I'm using round numbers — and of that amount \$1,130,000 was budgeted for agriculture.

Only last year Hon. David Stewart noted that the estimates for the year ending March 31, 1964 provided \$8,500,000 for Health and Welfare from a total budget of \$28,500,000 and only \$1,700,000 for the four "basic revenue earning departments" of agriculture, fisheries, industry, natural resources, and tourist development.

"What are we spending on agriculture our basic industry, the thing which produces wealth, makes our people better off?" Mr. Stewart challenged at the time.

One of Charlottetown's most successful business men, Mr. Stewart observed that when people "have more wealth they can pay more taxes... If they (the revenue producing departments) are healthy, the province is healthy. If they are on the upgrade we are all making more money, there are more revenues for the province."

LINKS DEPARTMENTS
Mr. Stewart — he was a minister of the Shaw Government then — was linking tourism, and the industry and resources, and fisheries with agriculture as revenue producers, and I have no quarrel with that. I'm concentrating on agriculture here for two main reasons. One is that this is a farm column, the other is that here we have a matching annual grant of \$750,000 available through ARDA, for agricultural development, and it will largely be lost, unless we get more money allotted for this basic industry.

This is not a blast at anyone. It is a challenge to all of our legislators to study this problem seriously, with a view to correcting the situation. It's a challenge to responsible farm groups—the Federation of Agriculture for example — to use their influence. Merely asking the government for help is not enough. Some reasoned direction is indicated.

Mr. Stewart's reference was to the fiscal year ending

March 31, 1964. The contrast is even more unrealistic in the current fiscal year. The total expenditures estimated in the year ending March 31, 1966 are \$41,286,000. The Health and Welfare estimates are \$16,964,000. The estimate for agriculture is \$1,130,000. **CANNOT PASS UP**

I'll agree with those who say this province cannot afford to accept those "matching grants." I've heard that for many years from Liberal governments as well as from the present Conservative administration. But I suggest that we cannot afford to pass up an opportunity for a sizable matching grant in our basic industry of agriculture.

I do not agree with critics who complain that the dams that have been built in this province are only good for city people to fish trout. Water conservation is an important development, and the dams are therefore useful. So are the efforts at reforestation that have been launched.

But surely the broad ARDA program has many other possibilities we in this province could use, in developing a stronger and more productive agricultural economy.

But we cannot take full advantage of it unless we raise our sights on the budget for agriculture. Mr. MacRae explains that expanding the budget for agriculture to take full advantage of ARDA would mean adding the amount of \$1,500,000 to the departmental estimate. But don't become alarmed. That's only for accounting purposes. It would only mean an extra expenditure of \$750,000 for this province. The other \$750,000 would be contributed from Ottawa. That amount would appear on the revenue side, so there would be a matching item on the expenditure side of \$750,000, though it wouldn't mean anything except for bookkeeping. When the \$1,500,000 was added to the expenditure side it would mean an apparent total of \$2,500,000 in round numbers.

MODEST FIGURE
The feeling is, I'm told, that the legislature wouldn't go for that! Perhaps the other ministers in the government wouldn't buy the idea either. But a government and a legislature that will accept an amount of just under \$11 million for Health and Welfare — I'm merely using the items as a contrasting example — should find this much more modest figure for agriculture both practical and realistic. They would if they would stop long enough to consider the potential advantages such a budget would entail.

Looking back over more than a score of years of close association with our legislature, I recall the many occasions when I've heard the excuse "We don't need to spend so much money for agriculture, because the federal government spends a large amount to maintain their people here."

I never was too deeply impressed by that argument. But now that we have a chunk of Ottawa money available for agricultural aid, I suggest it's time we changed our thinking. I know that money alone won't solve our agricultural problems. But surely we have enough experienced agriculturists — our minister is an experienced farmer himself — to develop a useful

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(CP Wirephoto)

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Nothing Wrong With Debt, Montreal Economist Claims

MONTREAL (CP)—There is nothing wrong with debt, a Montreal economist says in a just-released study of capital movements.

The study, made by McGill Professor Irving Brecher, is called "Capital Flows Between Canada and the United States" and was prepared for the Canadian American Committee.

Mr. Brecher says that for Canada, the key facts about the international flow of capital are those which show its massive

ness and the prime role of the U.S. as "both capital source and outlet."

With regard to the argument that Canada is "living beyond its means" by utilizing foreign capital to a large extent, the study says: "There is nothing inherently mysterious or frightening about deficits on current account being financed by inflows of capital from abroad."

"It is not the building of debt—whether domestic or foreign—that counts, but rather its contribution to economic growth and herefore to the national capacity to handle the debt burden."

The heavy incidence of "for-

ign (many C.A.) comes or Canadian industry," is also discussed in the study.

Mr. Brecher mildly criticizes "Canadians' eagerness to share in the fruits of U.S. growth and technology without relinquishing control of the key decisions in business enterprise."

SEES NO DISADVANTAGE
"Economic research has yet to demonstrate advantages from restricting capital inflows sufficient to compensate for the benefits lost" and "socio-political analysis has not so far established an incompatibility between Canadian nationhood and extensive foreign control of Canadian industry."

The report also studies the case of a floating rather than fixed exchange rate for Canada, such as was employed between 1950 and 1962.

Mr. Brecher avoids a statement of definite preference for either system: "A floating rate provides a

natural cushion against sudden shifts in capital flows... and leaves monetary policy relatively free to seek economic stability at home... We must be careful not to exaggerate the significance of these advantages.

The choice of an exchange rate need not have momentous implications: Either type of rate can be made to work well (or badly); neither is sufficient to ensure rapid economic growth and both are consistent with capital flows which, in varying circumstances can have stabilizing or de-stabilizing effects on Canadian economic activity."

CITES EXAMPLES
The report carries an appendix with specific examples of money flow.

On the basis of these figures, the study says Canadian direct investment in the United States is small by comparison with the flow in the other direction but

is larger in proportion to the country's population and national product.

On the basis of past evidence, it seems reasonable to envisage a long-term prospect for direct investment inflows into Canada in the order of \$400,000,000 to \$500,000,000 a year, most of it from the U.S.

For Canadian direct investment abroad the report says "The next 10 or 15 years may well see Canadian direct investment outflows typically in excess of \$100,000,000 a year and approaching \$150,000,000 to \$200,000,000 by the end of that period."

The Canadian American Committee, for which the study was prepared, was established in 1957 by two non-profit research organizations — the National Planning Association in the U.S. and the Private Planning Association in Canada—to study relations between the two countries.

Pravda Reports Large Oil Find

MOSCOW (Reuters)—Pravda announces discovery in Western Siberia of what it calls the Soviet oil industry's richest oil and gas fields.

The Communist party newspaper claims tremendous known and estimated oil reserves in the region would make Siberia the country's main oil producer. "Within the next seven to 10 years, the oil-bearing regions of Siberia will account for the bulk of the increment in production of the U.S.S.R. as a whole," Pravda said.

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Boys' Flannel Pyjamas 2.19

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JOKE FIZZLES OUT
Harry Weston of Toronto's suburban Scarborough looks up at dummy in front of his home that brought more response than he had intended. The dummy, holding a string of Christmas lights and standing on a tilted ladder, was intended to startle people who string lights around their