

Vertical Integration Is Hope And Bane Of Farmers

By FRED CHAFE
Canadian Press Staff Writer
TORONTO (CP) — A phrase that would make many a farmer shudder is being tossed around considerably these days by Ontario agricultural interests. The term is vertical integration. The experts use it when they discuss economic growth and the way farming is fitting more and more into the pattern of big business.

The farm groups are concerned over the financial reasons behind its development and the changes it may work on the farmer's traditional role as an independent operator.

ONE OPERATION
Vertical integration is a system that ties the production, marketing and processing of agricultural commodities into one big operation from producer to consumer.

It has been developed to a peak in the Ontario poultry business, where there are three-way agreements between feed suppliers, farmers and processing houses. In the hog field, it is reflected to a lesser degree in contract farming, a more familiar phrase around the barnyard.

Most systems involve credit to some extent because the participating farmer is either unable or unwilling to finance his own operations. In simple hog - feeding contracts, the farmer works for a salary and owns neither the animals nor the feed in his barn.

Feed companies, dealers and farm organizations generally agree that contract systems are increasing. Opinion is not unanimous that it is a good thing in the long run.

A sales executive of a big milling firm described credit plans as "dynamite" from the company viewpoint but explained their growth as an outcome of the increasing trend toward bigger farm operations for reasons of economy and efficiency, and its attendant demands for financing.

IN EARLY STAGE
Without help, he said, many young farmers would have trouble getting on their feet.

"It's sort of in its starting stages," said another company official. "It's a little hard to predict how far it will go."

Agriculture Minister William A. Goodfellow of Ontario says "there is no question but that the farmer is caught in a squeeze. His costs have risen out of all proportion to his prices."

He notes a trend to specialized farming and says it looks as though there will be vertical integration in fields where the farmer cannot finance his own operations.

As to his department's views on integration:
"We are not objecting to it nor are we endorsing it. We're studying it. We want to become conversant with the various systems so that we can help farmers coming to us for information and advice."

One of the complaints some farm groups have about the growth in contract systems is that business firms are entering fields that were once the preserve of the farmer.

FAVOR CO-OPERATIVES
While not denying that some form of integration may be necessary under today's economic conditions, they claim that farm co-operatives, rather than commercial interests, should run the show.

Charles W. McInnis, president of the Ontario Hog Producers' Association, says integration pro-

moted by non-farm interests "rellegates farmers to the position of sharecroppers."

Alden McLean, president of the United Co-operatives, of Ontario, stresses that integration involves "control by one management of more than one stage in the production, marketing and processing of a farm product."

Vertical farming "is all right from the farm up," he says, "but not all right when it operates from the packing companies down."

While it spreads some of the risk from the farmer to large firms, Mr. McLean says, the farmer in turn abandons his freedom of choice in purchasing supplies and making management decisions for the role of a laborer without good security.

He suggests that farmers develop producer-controlled co-operatives to process and market their products, obtain production supplies and achieve the advantages of vertical integration under farm control.

ANOTHER VIEW

Farmer Alfred Leatherbarrow of Elora opposes the contract system for another reason. He says it is for farmers "who are almost bankrupt" and thus in no financial position to care for their land properly.

Mr. Leatherbarrow, who improved a marginal farm within 10 years to the point where the Ontario Agricultural College has used it as a demonstration project, contends that 60 per cent of Canadian farmers operate un-economic farms on which they cannot afford to practise good conservation methods.

He told the Meat Packers Council of Canada early this year that rather than encourage contract feeding plans as they now exist, it would be better for the big packing companies to buy farms of 1,000 acres or more, operate them on a sound conservation basis and hire farmers as employees.

He didn't propose this as a desirable state of affairs, he explains, but as the lesser of two evils.

"If the companies are going to come in the back door, they might as well go around the front and take over."

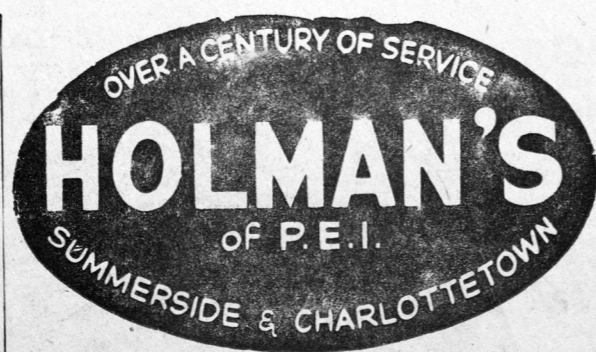
Dog Kills Small Child

TORONTO (CP)—A doberman pinscher dog Monday bit through the throat of his owner's two-year-old son and killed him in the backyard of the family's suburban Scarborough home.

Gerald Pratt, son of Mr. and Mrs. Gerald Pratt, Sr., was found about an hour after a scream was heard by neighbors. The dog, King, was one of two dobermans the Pratts kept for breeding purposes. He was shot to death by Mrs. Pratt in their basement after she discovered the tragedy.

Police said they have sent the riddled head of the dog to the Scarborough dog pound for examination for rabies.

SMALL START
Canada in 1663 had a white population of about 2,500 along the St. Lawrence near Quebec, Trois-Rivieres and Montreal.



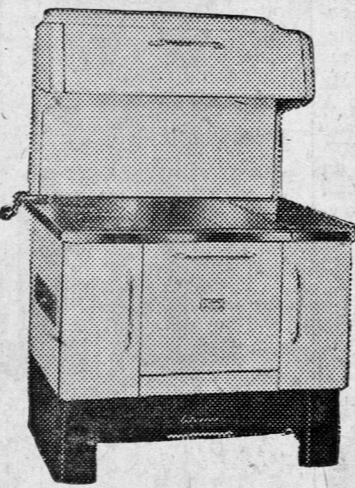
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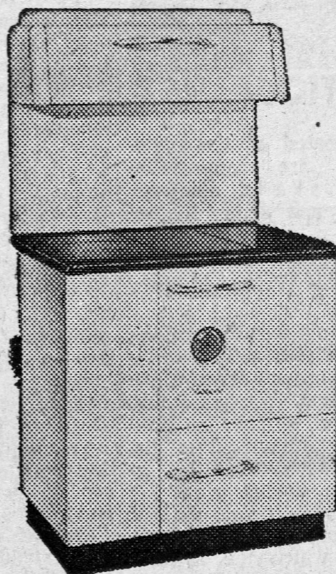
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