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SOME RESULTS OF THE POST-WAR DEPRESSION ON FARM ORGANIZATION IN CANADA

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THE MORE curious students of the nature and origin of the post-war surplus abundance of farm products generally, and wheat in particular, have credited Canada with contributing largely to the present somewhat abnormal supply of the raw material of the staff of life. As this is undoubtedly the case, perhaps the expansion in Canada in this line of effort during what is generally termed the post-war depression in agriculture, may be of somewhat general interest. No detailed examination is here proposed yet some fairly recent figures are available which may shed some light on just how and why this development has taken place and more particularly the changes in methods which have resulted from the recent depression in the industry.

Even a superficial glance at recent developments require at least a brief historical background. It must be remembered that Canada comprises a number of geographic and economic units somewhat isolated from one another by physical barriers and varying widely both in adaptability to agriculture and in stage of development. There are really two Canadas to consider, one that of 1867 comprising only one-tenth the present area and settled partly during the time referred to by Sir John Seely in "The Expansion of England" as the century during which "we seem to have conquered and peopled half the world in a fit of absence of mind," and the other, the Canada of today which has been largely settled during the present century.¹

Date of settlement combined with adaptability of soil and climate and natural resources have developed two sections, one with a well established system of farming catering largely to domestic needs, the other, youthful, sparsely settled, and dependent to a great degree on distant world markets.

World markets have always been important to Canadian agriculture. The somewhat unstable world market requirements of farm products have compelled a certain amount of versatility in Canadian farming. The repeal of the corn laws in 1846 turned

¹ Seely, J. R., The Expansion of England, p. 8, 1883.

the attention of the Canadian farmer to a market nearer home which was secured for a time by the Reciprocity Treaty of 1854. The abrogation of that treaty in 1866 hastened confederation the following year and renewed the movement of farm products from west to east. Even after the termination of that treaty, however, Canadians, perhaps with a partiality toward exportation of raw materials, maintained a considerable export of barley in the southerly direction. The McKinley tariff of 1890 dealt a death blow to this trade and assisted the development of a cheese and bacon export trade, the former of which is still important, the latter somewhat spasmodic. The Canadian farmer has had considerable practice both during the past century and the present in adapting his operations to world market demands. With such training perhaps even the post-war depression should not have found him helpless.

BASIS OF FARM ORGANIZATION

Abundance of land, adaptability of soil and climate, and small population are perhaps sufficient reasons to account for the organization of farming in the newer sections on the basis of the production of an export commodity which could physically and economically enter world markets. The endeavor to equate natural resources with world market demands has recently been strengthened considerably by fairly heavy international financial commitments. Hence the question confronting Canadian farming, and more particularly that of the newer sections as yet sparsely settled, is not, shall world or domestic markets be catered to—although this question is now being debated in some lines—but rather, how may farming be organized and developed to retain and increase the proportion of the world market in some products adaptable *both* to the region and to international trade.

The importance of world markets to Canada in general and western Canada in particular indicates the necessity of adapting farm organization to world prices in such a way, if possible, as to allow some hope of profit. Declining world prices compel reorganization if the standard of living of the farmer is to be increased or even maintained. Reorganization of farming though continually taking place appears to be invariably a slow, tedious, and somewhat painful process. The factors mentioned, however, have compelled this reorganization to assume an accelerated pace.

Changes that have recently taken place should be of general interest as revealing what utilization of land has lately proved most profitable and what type of farm organization reveals at present the greatest vitality and hence the greatest prospect of survival.

While no detailed study is here proposed there is available some evidence of changes of far reaching significance, which indicates how farmers themselves have modified their practice to meet the changed conditions confronting the industry during the last decade.

UTILIZATION OF LAND

That part of Canada known as the prairie provinces cultivates annually at the present time, about two-thirds of the area devoted to field crops in the Dominion. That area approaches sixty million acres annually. With around sixty million acres devoted to field crops in the year 1929 over twenty-five million acres were devoted to wheat. All but about one million acres of this crop was grown in the prairie provinces, where particularly the less humid regions enjoy peculiar advantages in wheat growing. In the eastern and northern regions of more generous rainfall these advantages are shared with coarse grains. How the expansion of wheat growing has taken place during the past 60 years as well as during the past decade is presented in table 1, together with the farm price per bushel and the index number of wholesale prices.

Figures on wheat production and value are simple to present in a table as bushels and dollars are fairly comparable over a period of years. The first comparison that we would direct your attention to is the farm price per bushel. Over the period of approximately sixty years, here somewhat sketchily portrayed, there is apparently no very definite long time trend notwithstanding somewhat violent fluctuations from year to year. That the price per bushel was one dollar in 1871 and considerably less than that today might lead one to suggest that the tendency is downward. Other years taken into consideration might lead to a somewhat different result. What is perhaps significant is that since 1881 the price has shown a tendency to decline as acreage increased, and that period approximated the advent into the industry of the grain binder.

It is, however, when we take into consideration the change in the value of money during the interval that we are compelled to concede that the tendency of the real value of wheat—the amount

of goods it will exchange for—is declining materially. In 1881 wheat was worth \$1.20 per bushel when the index number (1913 base) was 109.9 while in 1924 and the following year, the price was about the same per bushel while the dollar was only about two thirds as valuable. In the year 1911 wheat was worth 80 cents per bushel and in 1928 it was the same price. But in 1911 the

Table 1. Acreage, Production, and Value of Wheat in Canada, Together with the Farm Price of Wheat Per Bushel and the Index Number of Wholesale Prices, 1871 to 1921*

Year	Acreage	Production of wheat	Value of wheat	Farm price per bushel	Index numbers of wholesale prices (1913 = 100)
	(millions of acres)	(millions of bushels)	(millions of dollars)	(dollars)	
1871.....	1.6	17	17	1.00	124.5
1881.....	2.4	32	39	1.20	109.9
1891.....	3.7	42	32	0.76	91.4
1901.....	4.2	56	36	0.65	84.5
1911.....	8.9	132	105	0.80	95.0
1921.....	23.0	301	243	0.81	171.8
1922.....	22.0	400	339	0.85	152.0
1923.....	22.0	474	317	0.67	153.0
1924.....	22.0	262	320	1.22	156.2
1925.....	22.0	395	488	1.23	160.3
1926.....	23.0	407	442	1.09	156.2
1927.....	22.0	480	478	1.00	152.6
1928.....	24.0	567	451	0.80	150.6
1929.....	25.0	300	347	1.16	146.0
1930.....	25.0	—	—	—	136.5

*Dominion Bureau of Statistics.

Canada Year Books, 1929, Statistical Summary, pages 26-27.

Monthly Bulletin Agricultural Statistics, January 1923-1930.

Prices and Price Indices 1913-1928, page 22.

index number was 95.0 while in 1928 it stood at 150.6 showing that the real value of wheat was only about two thirds that of 1911 as it required a bushel and a half of wheat to secure the amount of other goods that one bushel secured in the earlier year.

EFFICIENCY OF THE WHEAT GROWER

No definite long time trend is discernible in the farm price per bushel of wheat in over half a century. And this notwithstanding that money in the meantime has become less powerful. This bears

eloquent testimony to the increased efficiency of the wheat grower. An industry which has, during the period, been able to sell its product at a similar or lower price per unit challenges comparison in respect to its efficiency. Further, such an industry may point the way to some industries which, by enhanced prices, have lost ground through the competition of substitutes. That the acceptance of the comparatively low price for wheat has been from necessity rather than voluntary we shall later note. In the meantime the important point is the comparison existing.

Considering more closely the post-war decade, a steady downward trend in price is apparent for the last half of the decade. It has been during this time that stocks have been accumulating. The carry over of wheat at the end of the crop year in Canada was less than twenty-five million bushels in 1925. Since that time, however, the carry over has increased annually, being some seventy-eight million bushels at the end of the 1927 crop year and over one hundred million bushels for the last two seasons. It is claimed that the reservoir of wheat formerly assured by the grain trade of Britain, a trade now somewhat disorganized, is not provided by the miller.² If this be correct, storage will necessarily be provided more largely by the grower.

It is essential that we should concede the importance of the tendency of farm products to decline relatively in value. It appears that the fear of a development in the opposite direction was one potent reason for earning for the subject we are interested in, the name of the dismal science. That fear has by no means entirely disappeared and many anticipate a sellers' market for farm products at some not very distant date. If the tendency is downward, however, this fact should have some influence on our policy of storing. We have noted that the increased carry over has developed with and during the decline in price. Storing under such circumstances is not a remunerative business and the trend during the last half of the decade in this particular commodity is decidedly against the disciples of Joseph.

Total production and total value afford a useful comparison during the years of the past decade. Three times during the period, namely, in the years 1923, 1926 and 1928, have larger crops secured less cash. In 1924, 262 million bushels proved more valuable than

² Hurst, A. H., "The Bread of Britain," pp. 54-57, Oxford University Press, 1930.

the previous harvest of 474 million bushels. The fact that small crops have sometimes brought greater returns has led some to the conclusion that all that is necessary to secure a sellers' market is to produce a small crop. These figures, however, do not support such a conclusion. Both in 1922 and in 1925 increased production coincided with a higher price while both last year and the present season prove that it is possible with a commodity so largely dependent on world markets, to have small crops and low prices at one and the same time.

Perhaps the most important point in the record as presented in this table is the influence of price on production. Our attention is often directed to the influence of production on price but rarely do we see much emphasis placed on the influence of price on production. The acreage given in round numbers of millions of acres, does not present the fluctuations which actually occurred. Even allowing for this the acreage presents a stability which is somewhat surprising considering the vagaries of price. Apparently prices of one or two years have no very great influence on acreage. The low price of 1923 did not reduce the acreage the following year nor did a price almost twice as high per bushel in the following year expand acreage. With the farm price of wheat 67 cents per bushel, and \$1.22 per bushel, the acreage remained about normal. This probably would not occur in sections where wheat growing is carried on as a side line. But it is explained for sections where wheat growing is more of a specialty by the fact that farms are organized for growing wheat and when wheat is low in price other grains are lower and alternative opportunities less attractive.

It is over longer periods of time that the influence of price on production is clearly indicated. The comparatively low prices of 1921 and during the two following years, though not decreasing production, perceptibly, certainly prevented any expansion. The four years from 1924 to 1927 inclusive, years of dollar wheat or more at the farm, resulted in the expansion of acreage in 1928 and since that time. A price which insures an abundant supply is certainly an adequate price. In various endeavors to stabilize prices this simple fact appears to be frequently lost sight of.

The recent expansion in area devoted to wheat in the prairie provinces has not been attributable to any great degree to the expansion of total area but has been partly due to a shift from other crops. Wheat, oats and barley are the crops which occupy the

bulk of the area under consideration. A comparison of the areas of these crops with the total since 1920 is given in table 2.

An examination of the figures showing the utilization of the cropped land during the past decade indicates clearly at least three significant movements; first, that there has been no very rapid increase in total acreage during the decade, second, that the increase in the barley acreage is almost balanced by the decrease in the acreage devoted to oats, and third, that the wheat acreage has shown the greatest increase.

Expressed in percentages, wheat, which comprised 55 per cent of the total acreage devoted to the chief grain crops in 1920, in 1929

Table 2. Acreage of the Principal Field Crops Grown in the Prairie Provinces of Canada, 1920-29*

Year	Acreage (millions of acres)			
	Wheat, oats, barley, rye, and flax	Wheat	Oats	Barley
1920.....	31	17	10	2
1921.....	37	22	11	2
1922.....	34	21	9	2
1923.....	34	21	9	2
1924.....	35	21	9	3
1925.....	31	20	7	3
1926.....	34	22	7	3
1927.....	34	21	8	3
1928.....	37	23	8	4
1929.....	38	24	8	5

* Monthly Bulletins of Agricultural Statistics.

comprised 63.2 per cent and has run over 63 per cent for the last half of the decade. Oats, accounting for 32.9 per cent of the acreage in 1920, by 1929 had decreased to 20.1 per cent while barley, during the period, increased its proportion from 6.0 per cent to 13.6 per cent.

Apparently during the past decade wheat has revealed the greatest tenacity in the competition of the survival of the fittest. The increase in area devoted to this crop is not entirely due to bringing in new land but is partly on account of the greater proportion of the land being cropped to wheat than formerly. This is not entirely on account of the advice given the grower. It is easy, however, to connect this with price and with the interim

payments of the pool which were 70 cents per bushel for wheat, 30 cents for oats and rye, and 25 cents for barley during the current year. A switch away from wheat growing is not at present imminent.

Wheat, perhaps on account of its importance in international trade, displays a tendency to monopolize the attention of the public. We hear much of the carry over of wheat but little of the present carry over of barley and rye which is at present perhaps a source of greater worry to the grain trade. Obviously there are other more important methods of disposing of coarse grains than

Table 3. Value of the Wheat Crop, Together with the Value of Dairy Products Produced in Canada, 1871 to 1929*

Year	Value of the wheat crop	Value of dairy products
	(millions of dollars)	(millions of dollars)
1871.....	17	15
1881.....	39	23
1891.....	12	30
1901.....	36	66
1911.....	105	103
1921.....	243	205
1922.....	339	198
1923.....	317	239
1924.....	320	218
1925.....	488	241
1926.....	442	250
1927.....	478	254
1928.....	451	297
1929.....	347	293

* Figures from Canada Year Books and Monthly Bulletins of Agricultural Statistics

direct sale and this brings us to the question of the expansion of the production of livestock and livestock products.

Wheat also usually receives major consideration in any discussion of Canadian farm production. There are other important lines of endeavor; a comparison of the values of wheat and dairy products is of special interest because seldom made (table 3).

Over long periods dairy products have been almost as valuable and have increased almost as rapidly as wheat production, though attracting much less attention. During the four years from 1925 to 1928 inclusive, a series of larger than average yields combined with higher than average prices, gave wheat a value almost double

that of dairy products for the period. The year 1929 (and 1930 probably) with less than an average yield of wheat combined with lower prices has, however, brought wheat and dairy products again within comparable range in aggregate value.

During the half decade 1921-26, in the prairie provinces, census figures record an increase of 67,750 milk cows, or a gain of 6.6 per cent and in hogs a gain of 560,227 head, or a gain of 53.7 per cent while the wheat acreage increased by 2,415,661 acres, or a gain of 12.5 per cent.

INCREASE IN SIZE OF FARMS

Perhaps even more interesting than what has been done is the method followed. During the half decade the number of occupied farms in the prairie provinces decreased from 255,651 to 248,162, a decrease of 7,489 or 2.93 per cent.³ The decrease in number was greatest in Alberta, much less in Saskatchewan, while Manitoba retained practically the same number of farms in operation. The area in farms, however, increased during the period by one million acres in round numbers, the improved area by over four million acres, and the cropped area by two and three-quarters million acres. The average prairie farm comprised 344 acres in 1921 of which 175 acres were improved and 126 acres cropped. In 1926 the average prairie farm reached 358 acres, of which 198 acres were improved and 141 acres cropped. The size of the average holding increased in the five year period by 14 acres, the improved acreage per farm increased by 23 acres, and each farm cropped 15 acres more in 1926 than in 1921.

The average acreage devoted to wheat by the farms growing this crop in 1921 was 94.7 acres while in 1926 this was 102.9 acres, an addition of over 8 acres per farm on the average. Adding this area to the wheat crop per farm during the interval, however, apparently did not prevent an increase in dairying and hog raising per farm, as has been indicated.

The enlarged acreage during the post-war period of declining prices has enabled prairie farms to produce field crops more valuable in the aggregate in 1925 (and several succeeding years for that matter) than those of the war years when prices of farm products were much higher. That this was accomplished with

³ Dominion Bureau of Statistics, Census of Provinces, 1926.

fewer farms in operation than in 1921 means increased returns per farm.

The increased size of the farm as revealed by the 1926 census may be by now quite out of date and possibly is important chiefly as a matter of history as the mechanization of farming has received a great impetus from the introduction of the combined harvester since 1926. This indicates that the movement started during the first half of the decade is moving forward now at an increasing pace. Evidence of this is at hand in the lessened dependence on transient labour for harvest during recent years.

CHANGES IN TENURE

The number of farm owners decreased from 200,656 to 171,768 during the half-decade. The number of tenants increased from 27,067 to 40,261, and the part-owners and part-tenants increased from 25,643 to 36,133. An area of seven million acres was transferred from ownership to leasehold during the interval. The increased size of the farm might be expected under normal conditions to make ownership more difficult on account of the larger amount of capital required. This explanation does not fit however in this case, as even the larger farms were less valuable in 1926 than were the smaller areas five years earlier, the difference being a decrease of \$3,285 in value per farm in Manitoba, where the size did not increase, \$2,409 in Saskatchewan, and \$1,428 in Alberta. Even with the increased size of the unit in the two latter provinces, the total value or investment per farm decreased materially during the interval.

SIZE OF FARMS ABANDONED

Census figures of 1926 record the number of vacant or abandoned farms in the prairie provinces. The total number was 19,108 comprising 3,801 in Manitoba, 4,907 in Saskatchewan and 10,400 in Alberta. The acreage amounted to 667,679 acres in Manitoba, 1,020,277 in Saskatchewan and 2,337,715 acres in Alberta, a total of four million acres in round numbers.

Of these 19,108 farms, 14,139 were less than 161 acres in size, 4,576 were from 161 to 480 acres in size and 393 contained 481 acres or more. By comparing the number of vacant farms with those occupied we find among the units of less than 161 acres approximately one farm out of seven vacant; in the class from

161 to 480 acres, one out of twenty-five vacant; while among those farms of 481 acres or over, for every vacant farm, there were slightly over one hundred occupied.

Apparently the units displaying the greatest degree of tenacity in this area during this period are among the larger classes. The tendency to desert the smaller areas is in accord with the increase in size of the farms noted in Saskatchewan and Alberta. It is also apparent in Manitoba where farms did not increase in size during this interval. The movement in Manitoba when smaller areas than the whole province are considered, reveals a marked migration from the small and recently settled farms in the northern part of the province, to more hopeful prospects. Homesteads are generally 160 acres. Abandonment of recently settled homesteads means the abandonment of small areas. Proven regions have for some time past displayed a rather rapid tendency toward consolidation. The abandonment of small areas may be in some cases the giving up of land which is submarginal (perhaps temporarily) on account of the small area improved and lack of incentive to improvement under present conditions of the industry, and again it may be on account of the unit being too small to be operated profitably under present conditions.

Whatever the cause the important point is that this condition exists. We need not dwell on the cause or causes. Upon these we shall not be likely to agree in any case as we do not appear to display any marked unanimity of opinion as to the treatment necessary. This lack of agreement as to treatment indicates that we are not certain as to the cause or causes. Exposition is what is attempted, with the hope that this exposition may be interesting and perhaps useful to those who may be interested in the size of unit which has displayed the greatest tenacity during this time.

Whether this tendency is desirable or not is another point that need not delay us long at the moment. Almost everyone has pretty definite ideas on this point, ideas which are not kept secret. For this reason competition is pretty keen in the field of offering advice and proclaiming what should or should not be done. On the other hand there appear to be fewer engaged in the work of exposition, competition is less keen, and therefore the task more inviting at present.

Exposition, however, is frequently all that is required to reveal cause. The decade just past witnessed declining prices and rising

living standards. Greater returns were essential to secure the latter with small or negligible influence over the former. The problem was met by each individual increasing output. This is not the first time that this problem has been met in this way.

The decade from 1891 to 1901 was a period of depression in Canadian agriculture which would perhaps by comparison make the past ten years appear prosperous. A period of declining prices and increasing use of farm machinery resulted in an actual decline in the numbers engaged in the industry during the decade. The census of 1891 recorded 735,207 farm workers, and that of 1901, 716,860 farm workers, while during that time the occupied land increased by four and a half million acres, the improved area by

Table 4. Number of Vacant Farms in Eastern Canada, Sorted by Size, 1911*

Province	Number of vacant farms				
	5-10 acres	11-50 acres	51-100 acres	101-200 acres	Over 200 acres
Ontario.....	522	1,903	1,554	581	199
Quebec.....	84	236	215	93	37
New Brunswick.....	146	279	234	66	14
Nova Scotia.....	219	418	218	104	32
Prince Edward Island.....	5	73	47	10	2

* Fifth Census of Canada, 1911, Vol. 4, Introduction, page XXX.

two and a half million acres and the cropped area by four million acres, in round numbers. The average size of the farm increased during this decade from 98 to 125 acres.

The decade from 1901 to 1911 was not one of declining prices. It was, however, a period of rising standards of living and increased mechanization of farming. During this time the tendency toward abandoning farms in some of the older provinces appeared. This tendency was considered of sufficient importance or seriousness to secure attention in the census of 1911. The number of vacant farms classified according to size was recorded (table 4).

In every province the most popular size of farm to abandon was that between eleven and fifty acres, a class, by the way, which has never been numerous, the modal group being at that time the next larger class for all provinces. This earlier record is cited as an indication that the trend of the past decade is not an entirely new phenomenon nor one confined only to the grain growing sec-

tions. Where the type of farming does not permit of modification, and this is possible where population is small and markets distant, a rising standard of living for farmers demands increased individual production of the export products. This means in many cases an increased acreage operated per worker.

ECONOMIC FORCE *vs.* PUBLIC POLICY

Abandonment of the smaller areas indicates the elimination of the high cost producer and a gradual if perhaps slow and painful move in the direction of the rationalization of the farming industry. This tendency has resulted from the pressure of lower prices. This is the method by which society reaps the advantages of improvement in technique.

Two words have attained considerable prominence during the past decade. These are rationalization and stabilization. Rationalization refers usually to the industry and signifies the elimination of the high cost units from the industry. Stabilization on the other hand refers usually to price and where this is secured, signifies retaining the high cost unit in the industry.

Stabilizing prices is naturally the most popular. Rationalizing an industry comes only with the pressure of economic force. The tendency for fewer farmers to supply the needed quantity of their goods has probably been viewed with a greater degree of alarm than the generality of business changes. While the migration of some of these farmers to more hopeful prospects than their first location has been assisted by provincial governments both in western and eastern Canada, the movement to enlarge the unit generally has been unsuspected by demos and without the sanction of public policy.

The trend has indeed met with considerable opposition from influential people who worry over the question of why the boy leaves the farm. This question might be examined. The latest figures available give the classification of the gainfully employed according to age and vocation as shown in table 5.

Of those gainfully employed, less than 25 years of age, a greater proportion are employed in agriculture than the proportion of the total with which agriculture is credited. Of those from 25 to 50 years of age, the proportion is less. The answer to the question why does the boy leave the farm, is that he does not. The question might be why does the man leave the farm.

Table 5. Total Number of Persons Gainfully Employed, and Number Gainfully Employed in Agriculture in Canada, 1921*

Age	Total number gainfully employed	Number gainfully employed in agriculture	Per cent of gainfully employed in agriculture
10-13.....	7,729	6,257	81
14-15.....	50,345	30,261	60
16-17.....	112,050	56,311	50
18-19.....	132,771	58,331	44
20-24.....	324,102	124,751	38
25-34.....	663,919	219,675	33
35-49.....	845,278	292,374	35
50-64.....	421,158	172,777	41
65-over.....	125,167	62,969	50
Total.....	2,683,019	1,023,706	38

* Canada Year Book, 1929, page 140.

Naturally if those between the ages of 25 and 50 are still boys with farm boys' privileges the situation is somewhat self-explanatory.

Another common complaint among publicists is that Canadians of the present generation prefer other occupations to that of farming. The percentage of native born to total for the different industries was reported in 1921 as shown in table 6.

Canadian born males are more than proportionately represented in agriculture, logging and fishing, and finance; under-represented in mining, manufacturing, construction, transportation, and serv-

Table 6. Percentage Distribution of the Gainfully Employed Male Population of Canada in Specified Occupations, 1921*

Occupation	Per cent of total population	Per cent of native born population
Agriculture.....	38.2	40.9
Loggers and fishermen.....	2.6	3.0
Manufacturing.....	15.5	14.5
Mining.....	1.9	1.4
Construction.....	6.9	6.6
Transportation.....	8.4	8.0
Trade.....	9.3	9.3
Finance.....	1.7	1.8
Professional.....	3.1	3.1
Service.....	11.2	9.9

* Canada Year Book, 1929, page 147.

ice; while in the other classifications they appear to hold their own. Upon the assumption that too many of the "boys" leave the farm and that the native born prefer other occupations to that of farming, public policy has supported during the last decade an immigration policy stipulating that only those intending to enter agriculture should be encouraged to come to the country. This accounts for a reference in a recent book which discusses the mobility of labor, to the agricultural complex of the colonial governments in regard to immigration.⁴

Meeting the depression in agriculture by fewer workers producing more, prevents the industry from absorbing much labor. This method of meeting the difficulty has been largely from compulsion, the compulsion of the inevitable even if unwelcome pressure of economic force. The trend illustrates how this force usually in the long run vanquishes public policy when they oppose each other and may be useful in case you may have difficulty in finding as suitable an example nearer home.

SUMMARY AND CRITICISM

The first post-war decade of agricultural depression discloses some interesting changes in farm organization in Canada. In the rearrangement necessary to retain world markets at declining prices, and, if possible, retain profits at the same time, several trends have been revealed.

The survival of the wheat crop in this period of keen competition, the increase in the size of the farm, and the abandonment of the smaller units are plainly demonstrated. This indicates that the farming business is rationalizing itself similar to other industries. And by rationalization we mean the substitution of machine for man power, scrapping the inefficient plants, and increasing the size of the superior plants to decrease the overhead. Apparently this is exactly what is going on, perhaps in a slow way in farming, judging by the evidence. The result has been that fewer workers are producing more. With declining prices present and prospective, this appears to be the way to retain a profit.⁵ This method appears to have worked in the prairie provinces where the value of field crops in 1925 exceeded that of any of the war

⁴ Nisbet, J. W., *A Case for Laissez-faire*, p. 56—P. S. King & Son, London, 1929.

⁵ Bureau of Agricultural Economics, Washington. "The World Wheat Outlook," July 3, 1930.

years of inflated prices. This method of meeting the depression appears to be not only the way, but the only way.

Other methods have been proposed and even attempted by these same farmers. For instance we hear much of the need for, and the endeavor to stabilize prices. How can prices be stabilized without stabilizing inefficiency? We have noted that the inefficient units, the high cost producers, have been eliminated by declining prices. If this be the case, then, any success that might be attained in stabilizing prices would retain in the business the high cost producer. It is naturally not surprising that we have considerable clamor for stabilized prices, more especially in wheat, when we consider the remarkable stability of the price of bread—but that is another matter.⁶ There appears small progress to report thus far from any endeavor to stabilize prices of farm products. In a country dependent on world markets the endeavor appears vulnerable on two points, namely, it appears impossible, and if possible, quite possibly undesirable.

It does not appear necessary to dwell for long over the question of the desirability of stabilized prices, as for countries dependent on the world market, stabilization appears impossible in any case. Adam Smith in his elaborate and exhaustive enquiry into the nature and causes of the wealth of nations said:⁷

“Whoever examines with attention the history of the dearths and famines which have afflicted any part of Europe, during either the course of the present or that of the two preceding centuries, of several of which we have pretty exact accounts, will find, I believe, that a dearth never has arisen from any combination of the inland dealers in corn, nor from any other cause but a real scarcity, occasioned sometimes perhaps and in some particular places, by the waste of war, but in by far the greatest number of cases by the fault of the seasons; and that a famine has never arisen from any other cause but the violence of government attempting by improper means, to remedy the inconveniences of a dearth.”

When that was written it was deemed periodically expedient to endeavor to lower the price of food and farm products. Recently it has been deemed expedient to endeavor to raise them. The change in the direction of public policy is in itself significant. The results so far, at least for those countries dependent on world markets, have, however, apparently been no more successful than

⁶ Bureau of Statistics, *Prices and Price Indices, 1913-1928*, p. 136.

⁷ *Wealth of Nations*, Book IV, Chap. V.

were those previously exerted in the opposite direction. Hence we might paraphrase the above quotation:

"Whoever examines with attention the history of the periods of surpluses of raw materials and farm products which have afflicted any part of the world during the last decade, and of several of these we have pretty exact accounts, will find, I believe, that depressed prices have never arisen from any other cause but an abundant supply, occasioned sometimes by unnecessary expansion, but in by far the greatest number of cases by the fault of the seasons; and that a troublesome surplus has never arisen from any other cause but the violence of government attempting by improper means, to remedy the supposed inconveniences of plenty."