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PROBLEMS AND POLICIES OF CANADIAN
AGRICULTURE

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THE business of farming, at one time considered a vocation able to absorb the unemployed from all other vocations, even without any special training for the job and in some sections with practically no entrance fee, has now become a business to be carried on only under licence in some sections of the world. Canada, though perhaps not in the forefront of this development, has already gone some direction along this road. The form of the agricultural policies of Canada is shaped both by the agricultural policies of other countries and by internal conditions. The latter will be the first considered.

The essential background for understanding the development of the agricultural policies which have recently or are now rapidly becoming national in Canada is a brief review of the prevalent organization of farming. Canada is somewhat unique in that approximately three-quarters of a million farms are scattered over an area extending over 3,000 miles east and west, an area varying greatly in natural resources but nearly similar in one respect, namely, that the length of the growing season outside of the area west of the Rockies is comparatively short. Canada is possibly also somewhat different from many other countries in the size of the owner-operated farms, a factor of no small importance in the policies necessary for agriculture. Variations in conditions within this extensive territory and the location of the comparatively small population require a brief examination of the types of farming which have evolved.

NATURAL RESOURCES

Sparseness of population and remoteness from markets has necessitated extensive operations as is well known. It is not quite so well known even by Canadians themselves how distinctly there have recently developed surplus areas and deficit areas for certain farm products in different sections of the country. To understand this requires a brief glance at the natural resources from the point of view of agriculture.

Canada presents fairly well-defined economic areas. Agriculturally it may be divided into three areas, the first and oldest representing

the area from the Atlantic as far west as the Lake of the Woods or the eastern boundary of Manitoba, the second area the three grain-growing provinces of Manitoba, Saskatchewan, and Alberta, and the third the province of British Columbia west of the Rockies. These are rather arbitrary divisions but necessary to comprehend the variations in farm organization, production, and problems which have developed.

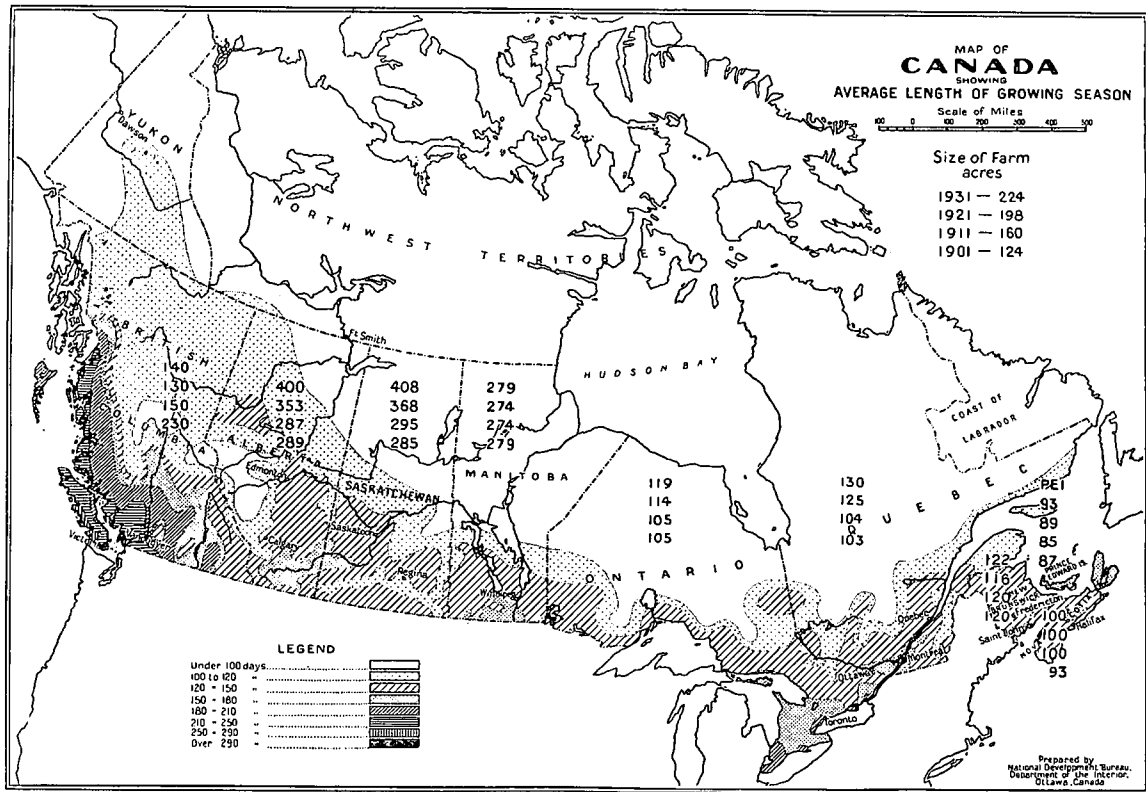
The first area, much of which is geologically unsuited to farming, is rough country well adapted to trees and with ample precipitation to provide grazing for the comparatively short summer. Arable farming in the areas suitable is largely confined to growing feed for live stock and specialties for a domestic market. Approximately 70 per cent. of the entire population reside in this area. Nearness to market as well as adaptability make dairying, poultry, fruit, vegetables, and special crops possible and profitable and lessen dependence on export markets as this area is on balance a deficit area for staple farm products.

The second area, comprising the three grain-growing provinces, contains 67 per cent. of the occupied farm land of the Dominion, and in 1931 slightly over 70 per cent. of the area of field crops and only 24 per cent. of the population. In this fertile plains region precipitation is scanty, water for live stock in some sections hard to secure, and the region generally peculiarly adapted to the growing of small grains, particularly wheat. This is the great surplus area of farm products dependent on distant markets.

The third area, west of the Rockies, is another deficit area for farm products, being more of a timber region than a farming area, yet containing some valleys peculiarly adapted to grazing and fruit-growing, and is the only part of Canada enjoying a fairly long growing season.

The natural resources dictate to a marked degree the farm organization which has already developed in the different sections. The word 'already' has been used as it must be remembered that the provinces comprising the second and the third areas are still youthful and much of the land already occupied remains still to be what is termed 'improved'. On the other hand, in the first area—the older provinces—such a large percentage of the land has been 'improved' that in some sections reforestation is being resorted to as the best utilization of the land.

Farm ownership is generally prevalent. In 1921 only about 8 per cent. of the farm operators were tenants, though a somewhat larger proportion of the area, about 15 per cent., was leased. This shows



that the custom of leasehold is most common in areas where farms are larger. The 1931 census revealed a slight increase both in area leased and number of renters. Farm ownership, found necessary to ensure improvement of the holding in the heavily timbered eastern area first settled, is generally promoted, and this is an important factor in the provision of farm credit which will be discussed later.

The map (see p. 122) presented to make clear the length of the growing season has also been used to show the present size and the recent changes in the size of farms in the various provinces.

When consideration is given to the length of the growing season it is also essential to include the precipitation, distribution of the precipitation, and hours of sunshine during the growing season. The following condensed table presents this data for some few points in the different provinces.

TABLE I. *Precipitation and Hours of Sunshine*¹

	<i>Normal Annual Precipitation</i>	<i>Normal Precipitation May-August</i>	<i>Normal Bright Sunshine May-August</i>
	<i>In.</i>	<i>In.</i>	<i>Hours</i>
Victoria, B.C.	29.70	2.99	1,047
Agassiz, B.C.	66.08	14.04	726
Summerland, B.C.	11.47	5.01	1,090
Edmonton, Alta.	17.67	11.15	1,057
Medicine Hat, Alta.	12.75	7.67	1,164
Indian Head, Sask.	17.03	10.54	940
Scott, Sask.	14.08	8.47	1,075
Winnipeg, Man.	20.37	10.92	1,048
Guelph, Ont.	28.14	11.38	857
Ottawa, Ont.	33.33	12.21	984
Montreal, Que.	40.65	13.67	896
Lennoxville, Que.	36.95	13.06	866
Fredericton, N.B.	42.78	12.06	877
Kentville, N.S.	38.09	10.62	842
Charlottetown, P.E.I.	39.90	11.73	893

This abbreviated table is presented to assist in an appreciation of the varying conditions in regard to climate not only from province to province but also within those provinces. Climatic limitations combined with topography of the country and type of soil, together with distance from markets, dictate the type of farm organization developed. The variation in conditions, here very inadequately presented, may help to explain why Canada has developed into a number of specialist regions even in a somewhat short time, why it is at present fairly definitely divided into surplus and deficit areas for

¹ Data from *Canada Year Book*, 1927-8, pp. 51-63.

certain farm products, and finally why the size of the farm varies to such a degree in the different provinces. Variations from the normal figures for precipitation here given are great enough in the grain-growing areas particularly to influence greatly production from year to year, which is an important factor in the development of the difficulties of the past four years, as we shall later note.

FARM ORGANIZATION

The figures printed on the map on p. 122 record the changes in the average size of farm in each province during the first three decades of the century.

Among the many factors which determine the type of farming and the organization of the business, the ratio of population to land is an important one.² This, in addition to the natural resources already referred to, accounts for the variations in farm organization developing in the various provinces. In the newer areas adapted to grain-growing and remote from markets the farmers of the grain-growing provinces consciously or unconsciously follow the dictates of the theory so well illustrated by Thünen, in *Der isolierte Staat*,³ over a century ago which was that, where prices were low, volume must of necessity be high resulting in somewhat extensive methods and large volume per man in comparison with most parts of the world and even with more densely peopled areas of Canada.

TABLE 2. *Size of Farms in Canada*
(by provinces 1921-31)

	1921	1931	Increase in decade
	<i>acres</i>	<i>acres</i>	<i>acres</i>
Canada	198	224.5	+26.5
Alberta	353	400	+47
Saskatchewan	368	408	+40
British Columbia	130	140	+10
Nova Scotia	100	109	+ 9
New Brunswick	116	122	+ 6
Manitoba	274	279	+ 5
Ontario	114	119	+ 5
Quebec	125	130	+ 5
Prince Edward Island	89	93	+ 4

Of greater interest even than the gradual development of the farm

² Gray, L. C., *Introduction to Agricultural Economics*.

³ Krzymowski, R., 'Graphic Presentation of Thünen's Theory of Intensity' (P.G. Minneman translation), *Journal of Farm Economics*, Oct. 1928, pp. 461, 482.

organization now existing, as this has been referred to before,⁴ is what happened during the decade from 1920 to 1930 and just how that period of declining prices was met. During that decade, for the first time in Canada, every province moved in the direction of larger farms. The increase in the average size of the farm in Canada by 26 acres in ten years is quite a reorganization in the business. Averages for Canada mean very little until broken down into changes in different sections, therefore Table 2 (on p. 124) is essential.

The two provinces, Saskatchewan and Alberta, which contain the major portion of the land (in 1931 representing together 60 per cent.) devoted to field crops, comprising the areas most remote from markets and the great surplus area of farm products, added to each farm operated sufficient land to constitute almost in itself a family farm of a few decades ago. These are the two leading grain-growing provinces. The other provinces where population is more dense in proportion to land in cultivation, where dairying is more important, where cultivation generally is more intensive, and where markets are closer, did not expand the area per farm to such a great extent though moving in the same direction. While there was no doubt less need of expansion in these provinces, the fact that there was probably less opportunity on account of the older and more settled stage of development should be considered.

The increase in the size of the farms occurred in the older eastern provinces from a decrease in number of farms, particularly among the small size classes, the increase in total number being confined to the four western provinces. The result for the whole country was a decrease in number of farms of 100 acres and less and an increase in those of larger area.

TABLE 3. *Size of Farms*
Canada

	1921 No. of farms	1931 No. of farms
All farms . . .	711,090	728,664
1-10 ac. . . .	44,058	43,748
11-50 „ . . .	82,713	80,077
51-100 „ . . .	158,292	148,258
101-200 „ . . .	229,648	233,325
201-299 „ . . .	31,482	35,620
300 and over . . .	164,897	187,636

Increasing output by enlargement of area failed to make up for the

⁴ Allen, Wm., 'Types of Farming in Canada', *Proceedings of the Second International Conference of Agricultural Economists*, 1930, p. 793.

difficulty of declining prices. Falling prices accompanied by dry seasons produced smaller crops and hence greatly reduced revenue in Western Canada. A series of small grain crops in Canada from 1929 to 1931 was not much of a brake on the price decline, and 1932, a year of abundant harvests, offered no relief on account of low prices. In Canadian agriculture in that year plenty was to a marked degree accompanied with hardship. The following figures will tell the story. During the first six years of the past ten, from 1924 to 1929, the farm price of wheat in Canada averaged 1.06 dollars per bushel, oats 49 cents, and barley 59 cents. During the past four years, 1930-3, the averages were wheat 42 cents, oats 23 cents, and barley 24 cents per bushel.⁵

THE INCIDENCE OF THE DEPRESSION

The incidence of the depression has been sadly lacking in uniformity. The major cause of the prolonged period of unemployment which has been more or less universal during the past four years has been the divergence of prices of some kinds of goods in terms of the prices of other things. When such divergence develops trade declines and unemployment follows. During the past four years the world capacity for food consumption was inadequate to furnish sufficient purchasing power at the prices prevailing to enable the consumption of enough other goods to keep the providers of these other goods employed.

Providers of some goods followed the policy of decreasing production rather than prices. From 1929 to 1932

world industrial activity dropped from	111	to	77
volume of international trade dropped from	111	„	80
non-agricultural production dropped from	114	„	73
agricultural production declined from	104	„	102

(figures based on years 1925-9 = 100).⁶

Increasing volume of production as prices decline might be beneficial provided all industries followed this policy. When farmers were almost the only group following this policy the inevitable result was to widen the divergence between prices of farm products and other things. Now that some improvement has taken place it may be interesting to examine the record of this divergence in Canada since 1929.

⁵ Data from Dominion Bureau of Statistics, *Monthly Bulletins of Agricultural Statistics*, January numbers.

⁶ *World Production and Prices 1925-32*, League of Nations; Allen & Unwin, London. Reviewed in *Economic Journal*, June 1934, pp. 345-6.

TABLE 4. *Index Numbers of Prices*⁷

1926 = 100

	<i>Farm Products Canadian</i>	<i>Retail Prices Goods and Services</i>	<i>Difference</i>
1929	100·8	99·9	+ 0·9
1930	82·3	99·2	- 16·9
1931	56·3	89·6	- 33·3
1932	48·4	81·2	- 32·8
1933	51·0	78·0	- 27·0
1934 (May) ⁸ . .	66·3	78·7	- 12·4

The divergence of prices between farm products and other goods prevalent during the past four years resulted in the depression bearing heavily on those countries dependent to the greatest degree on exchanging surpluses of farm products for other goods internationally. Beneficiaries in this exchange now acknowledge this somewhat favoured position during this period.⁹ It is essential to remember that those providing the surpluses of farm products continued to do business in a larger measure than the providers of many other goods and hence escaped in some measure the penalty of unemployment.

The incidence of the depression was by no means uniform in its effect upon different phases of the farming business or on different sections of the country. The lack of uniformity in this incidence between vocations was bound to influence the effect upon various sections, as the well-known lag in prices between raw products, transportation costs, retail prices, and the prices of manufactured goods allows the heaviest blow to fall on sections most remote from markets. The size of Canada and the location of its small population offers a splendid example for studying the incidence of the depression on various types of farming and on various sections of the country.

Prices of grains fell first and farthest as a general rule, animal products more slowly, although eventually reaching almost a similar level, fruits and vegetables fell very slightly, and some specialties, such as tobacco and sugar-beets, reveal a very slight falling off in revenue during this period. A combination of small crops and low prices which may occur with storable staples dependent on an export market, resulted in the incidence of the depression being very uneven in different sections of the country as revealed by the following table which shows that the three grain-growing provinces

⁷ *Economic Annalist*, Mar. 1934, Agricultural Economics Branch, Department of Agriculture, Ottawa.

⁸ Dominion Bureau of Statistics, *Prices and Price Indexes*, May 1934.

⁹ Feaveryear, A. E., 'The National Expenditure, 1932', *Economic Journal*, Mar. 1934, p. 47. Royal Economic Society, Macmillan & Co., London.

received 45 per cent. of the gross revenue during the first six years of the past ten, while in the last four years that percentage averaged only 35 in round numbers.

TABLE 5. *Gross Agricultural Revenue*¹⁰
Past Ten Years by Provinces

	6-year Annual Av. 1924-9 \$ million	4-year Annual Av. 1930-3 \$ million	Per cent. past 4 years of previous 6
Canada	1,697	901	53
British Columbia	48	37	77
New Brunswick	36	25	68
Nova Scotia	42	26	63
Ontario	501	307	61
Quebec	290	174	60
Prince Edward Island	24	13	57
Total deficit area	941	582	62
Alberta	251	131	52
Manitoba	139	61	44
Saskatchewan	366	128	35
Total surplus area (3 provinces)	756	319	42

This table shows that the gross annual revenue of agriculture in Canada during the past four years averaged 53 per cent. of that of the preceding six years. In the surplus areas of staple crops, the three provinces of Manitoba, Saskatchewan, and Alberta, this percentage was 42, while in the remaining provinces, on balance an importing area for some farm products and a more densely populated area, the percentage was 62, running in British Columbia, the most dependent on other areas for food products, to 77 per cent. Prices of grain and dry seasons both contributed to this result, a result which influenced the problems evolving the policies adopted and we submit should be carefully considered in any planned production proposed.

The three-quarters of a million farms employing 1,041,618 workers in 1921 and 1,128,813 in 1931¹¹ and having in field crops around 60 million acres, besides the area devoted to orchards, fruits, and vegetables, and the 9 million acres of pasture, are credited with a net income of the past four years averaging 557 million dollars, whereas the average for the six previous years was 1,324 million dollars. The net income is estimated by deductions made for feed fed to live stock, seed and fruit and vegetables for home use. The

¹⁰ Data from Dominion Bureau of Statistics, *Monthly Bulletins Agricultural Statistics*, March numbers.

¹¹ Booth, J. F., 'Some Economic Effects of Mechanization of Canadian Agriculture with particular reference to the Spring Wheat Area', *Proceedings of the World's Grain Exhibition and Conference, Regina, Canada, 1933*, p. 357.

net income, however, is expected to provide payment for hired labour, which, including the value of board, was valued in 1930 at 100 million;¹² payment for the entrepreneur, in this case the farmer and his family who do the major part of their own work; and to furnish the returns (if any) on the investment. It is plain that the term 'net returns' must not be taken too seriously in the light of these figures. Probably the term would not have been used had a period similar to that of the past four years been expected. Thorold Rogers, in his examination of six centuries of wages, came to a period where it required more than fifty-two weeks' work to provide a year's sustenance and leaves the hiatus of how the balance was made up as something of a mystery. Somewhat similarly the 'net returns' of the farming industry in Canada during the past four years leave a considerable hiatus between income and outgoings.

AGRICULTURAL POLICIES

Several attempts to bridge this hiatus have been made including:

- (a) Price stabilization.
- (b) Bonuses on wheat growing.
- (c) Imperial Preferences in trade.
- (d) Provision of credit.
- (e) Marketing legislation.

Price stabilization in its early stages evolved somewhat unostentatiously through the governments of some of the provinces guaranteeing the advances made to the wheat-grower who was not particularly adverse to receiving the rewards of his efforts, which could only be garnered in the future, in the immediate present. Provincial guarantees were freely entered into in much the same spirit as Antonio displayed when negotiating with Shylock, who is reported to have signed in merry sport a bond. There came a time when provincial credit was exhausted, and federal support was required, and this still furnishes the foundation for financing the carry over of wheat which it is generally agreed has succeeded in some degree in stabilizing the price during the past few years.

The policy of direct bonuses on wheat growing lasted only one year, was undertaken when it was a common custom in many countries, amounted to only 5 cents per bushel, and therefore is of small interest in this list.

The preference for exports in Empire markets has perhaps been the most important national policy adopted in Canada for agriculture during this period so far. The Ottawa Trade Agreements, although

¹² *Canada Year Book*, 1933, p. 1123.

by no means confined to agriculture, represent chiefly an endeavour to secure a better market for farm products.¹³ The arrangement then made has not been in force very long but has been responsible for improving the export outlet for some farm products, notably apples and bacon. In this connexion it is interesting to note that the closing of some other markets made Imperial Preference necessary. For four years now the 'world price' for some things, notably wheat, has existed only in a small section of the world. A repercussion of this is that the 'world price' for bacon has become somewhat restricted, and at the moment, so far as can be learned, the price for live hogs in Canada is not only about double the price in the United States but somewhat higher than in Denmark. This could only occur under the arrangement of the Ottawa agreements plus the British Marketing Act with its quota arrangements and adjusted prices for the domestic product in Britain. Whether this present variance in the price of hogs in different parts of the world will last as long as the variation in the price of bread grains has, is quite another question. Yet even its temporary prevalence is made possible only by the policies mentioned, and in this way is a repercussion of the interference with the price of grains.

The provision of credit by the federal government has become a necessity from the conditions outlined. It is claimed that during the past several years some 9 million dollars of federal funds have been advanced to the provinces for the purchase of seed.¹⁴ Apart from that, which may be considered an emergency measure, there has been recently increased dependence on the Canadian Farm Loan Board established in 1927 to finance farm mortgages.¹⁵ During the last session of parliament an appropriation of \$30,000,000 was made for the extension of the operations of this board and legislation passed to provide that where private negotiations between creditor and debtor may not be satisfactorily settled the mortgagor may pay off the loan whether due or not if funds may be secured from the Canadian Farm Loan Board. It has also been recently provided that second mortgages may be arranged for by the Board.

It should be mentioned in discussing the provision of credit that the Canadian Banking regulations forbid the loaning of money by the banks on real estate, and mortgages on real estate may only be acquired in securing a previous loan. The prevalence of ownership

¹³ Premier R. B. Bennett; Chairman's Address, *Report Imperial Economic Conference*, 1932, p. 69.

¹⁴ *Financial Post*, Toronto, June 2, 1934, p. 5.

¹⁵ *Annual Report of Canadian Farm Loan Board*, 1933, p. 9.

and the comparatively large size of the owner-operated farms and the amount of equipment necessary make farm credit essential, particularly in the districts where farming is a specialized and commercialized undertaking. Two-thirds of the farms operated in 1931 were, however, at that time free of mortgage, which may be considered not too bad a showing, particularly when the decline in farmland values is apparently arrested, the estimated value being the same in 1933 as it was in the previous year.

When import markets are regulated by quotas, and public funds are involved in the production, storing, and transporting of farm products, it can scarcely be surprising that definite and active measures are proposed to regulate the selling of such products. Hence we have the Natural Products Marketing Act which has been referred to as a necessary piece of legislation.

This Act provides for local boards to deal with products marketed within one province, the regulation of inter-provincial and export trade, provision for regulation of imports and exports and the investigation of spreads between the prices paid to farmers and those charged to consumers.¹⁶

This Act provides the enabling legislation to meet provincial demands for the regulation of marketing of products dealt in between the provinces, which was hitherto unconstitutional, and the last section provides that if it be found that parliament has exceeded its powers and one or more of its provisions prove *ultra vires* the remaining provisions shall stand as if they had been originally enacted as separate and independent enactments.¹⁷

SUMMARY

In all or any of the policies practised or proposed ample precedents have occurred in other countries. It would, therefore, be superfluous to discuss their merits or demerits in detail. Why these policies have been resorted to has been deemed important. In this connexion it is necessary to state in brief (as this point has been amplified elsewhere)¹⁸ that apparently the major cause of the increased restrictions on trade internationally since 1930 has been an endeavour to defend the farming business from price declines.

In Canada the object of the marketing legislation proposed is apparently to secure some measure of collective bargaining for

¹⁶ Dr. G. H. S. Barton, *The Natural Products Marketing Act*, Annual Convention C.S.T.A., Macdonald College, June 26, 1934.

¹⁷ Bill 51, *The Natural Products Marketing Act*, 1934, Section 26, p. 11.

¹⁸ Lattimer, J. E., 'The New Economic Nationalism in Relation to Agriculture', *Proceedings of the Canadian Political Science Association*, 1934.

farmers—a provision enjoyed by labour for some time and attributable to the earnest efforts of some economists and the acquiescence of many more. This power of collective bargaining may be of doubtful value. Labour in some industries in Canada has been fairly successful in collectively bargaining itself out of a job during the past four years. The annual wage of farm labour for 1933 is recorded as \$322¹⁹ (including the value of board and lodging) which is one dollar less than that prevailing in 1914 when the figure was \$323, while the index number of the rate of wages in the six leading industries in which records are kept was in 1933, 172.6,²⁰ calculated on a base of 1913 = 100. Farm labour without any collective bargaining power is practically on a pre-war wage, and other industries over 70 per cent. higher in *rate* of wages. Under such conditions it is not difficult to understand that unemployment has been more noticeable in some other industries than in agriculture. It is to be sincerely hoped that the farming business may not use their collective power to bargain themselves out of a job.

Contrary to common opinion there may be considerable unemployment in agriculture, particularly in a country where the length of the growing season is not long and in sections without a farm supply of fuel. Seasonal unemployment in agriculture is not brought so plainly to the attention of the public as lack of work in other industries, and a popular remedy for unemployment in urban industries is to assist the unemployed to return to the farm, not to commercial agriculture but to subsistence homesteads. In point of time it has been a short run from *subsistence wage* to *subsistence homestead*. The latter term is no more popular than was the former.

No doubt in the decentralization of industry made possible by the use of electric rather than steam power and the modern transport provided by the motor-car, some provision may be made for small areas of gardens to afford opportunities for the unemployed or partially employed of the cities to use part of their unwelcome leisure in a way improving their morale, gaining a more careful and accurate measure of the services of others, affording considerable pleasure and, perhaps least important, securing some slight profit.

Policies recently resorted to in relation to agriculture in Canada may be considered the logical culmination of interferences in business which have sheltered some other industries for at least half a century. If and when labour and capital is prevented from moving freely from

¹⁹ *Monthly Bulletin Agricultural Statistics*, Feb. 1934, vol. xxvii, no. 306, p. 42.

²⁰ 'Wages and Hours of Labour in Canada 1929-1933', Supplement to *Labour Gazette*, Jan. 1934, p. 5.

less profitable to more profitable industries, then it is clear that automatic improvement is impossible. Hence planned economy or regimentation of business is frequently discussed.

There has always been some planning. Evidence that such prevailed at an early period is the rumour that Lycurgus persuaded the Spartans to use iron as a medium of exchange when gold and silver were available, to prevent over-trading and amassing of fortunes. *Laissez-faire*, though frequently advocated, was never practised. Advocacy of *laissez-faire* for farming by those enjoying shelter from world competition is not uncommon. The regulation of some industries and simultaneously the lack of it in others has not produced desired results. The planning recently in vogue is unsatisfactory. What is now in demand is planning that will provide more acceptable results.

If there has always been planning and results are unsatisfactory, then it follows that planning in itself is a rather hazardous business. It may well be that the most effective planning is that which allows business to regulate itself automatically whenever this result may be satisfactory. Too much planning may be as unwelcome as the 'plan' for the day offered to the little girl who objected with the words: 'Mother, *must* I do as I like all day?'

The degree of planning of business is volitional. Admission that the difficulties of the agricultural industry are largely the result of unwise planning is an important feature in any future policy. The only errors capable of our correction are our own, while much time may be lost, and has been lost, blaming difficulties of business generally and agriculture also on 'circumstances over which we have no control'. Circumstances over which we have no control generally look after themselves pretty well. If not, there is not much to be done about it. Possibilities hinge around the circumstances over which we have control. All change (we will not say progress as that would only lead to futile argument) that has come about since history has been dependable may be attributed to increased control over circumstances and environment.

There are those who still maintain that greater freedom should be allowed for business generally, automatically to adjust itself. Perhaps when enlightened self-interest becomes somewhat more enlightened this may occur. In the meantime there is no mistaking the trend of the times which is towards increased interference and regulation.

The prolonged period of unemployment is largely due to the disparity between the prices of some goods in comparison with other

things. Employment is increasing now that these prices are assuming a more normal relationship. Prolonged periods of price discrepancies compel unbalanced production. The goods priced too low in terms of other things will not exchange for a quantity great enough to keep the purveyors of high-priced goods employed. What causes price discrepancies? Defences of various forms surrounding some sheltered industries while other industries are left to meet world competition undefended. This has not been a matter of years or decades but of centuries. While farming was, and where it is to-day, to a great degree a self-sufficing industry, a greater degree of freedom was and is allowed this business than many others. When and where farming becomes specialized and commercialized, farms mortgaged to wealthier people, taxes in arrears, and the business unable to finance itself, then regulation of income as well as outgoings becomes more necessary than altruistic.

The difficulties of planning agricultural production are obvious. There is one thing that the past four years has demonstrated, namely, that if the demand for farm products is inelastic it is also fairly stable. Indeed, during the past few years it has been demonstrated that there is some elasticity in demand for some farm products in some places—provided price permits—as consumption of some food products reached a record volume in the year 1932,²¹ now admittedly the low point in the depression. The comparative stable demand for farm products may make planned production of food products less difficult than the allocation of other things, notwithstanding vagaries of the seasons. On this account agriculture may not be the least able to conform to the increased regulation of business at the moment somewhat universal.

²¹ Feaveryear, A. E., 'The National Expenditure, 1932', *The Economic Journal*, vol. xliv, no. 173, Mar. 1934, p. 47; The Royal Economic Society, Macmillan & Co., London, England.