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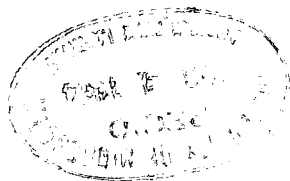
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By W. M. DRUMMOND

Professor of Agricultural Economics and Head of the Department of Agricultural Economics, Ontario Agricultural College, Canada

CANADIAN DEVELOPMENTS IN AGRICULTURAL ECONOMICS SINCE 1938

AS the above title indicates, the general object of this article is to describe and explain what has been happening in the sphere of Canadian agricultural economics during the past eight years. Since Canada was subjected to the exigencies of war during most of this period it is not surprising that the significant agricultural economic trends should have been determined by the special war-time conditions and requirements. So far as teaching and certain types of research work are concerned, the war caused serious retardation, contraction, and even cessation of effort. On the other hand, it stimulated research in other directions and created an insistent demand for work of an administrative or advisory character. These relationships will become increasingly apparent as the various sections of the field are reviewed in what follows.

DEVELOPMENTS IN THE ACADEMIC SPHERE

Despite the pronounced part played by agriculture in the general economic life of Canada, the tendency to develop special departments of or courses in agricultural economics has been distinctly limited. This does not necessarily mean, however, that Canadian academic economists have been disinterested in the economics of the agricultural industry. The fact is that there are probably several reasons for this apparent anomaly. In several of the provinces the problem of financing higher education has been rendered difficult because of generally depressed conditions, a comparatively early stage of development, limited population, or all of these together. Where financial ability has been limited, the natural tendency has been to provide for the general needs of the majority rather than the special needs of a minority. Moreover, specialized instruction in agricultural economics or any other subject is scarcely practicable where the total student enrolment is relatively small and where student interest is widely varied. On the other hand, in the few larger institutions where financial support and student numbers warrant a considerable degree of specialization, special interests of students have been along other than agricultural lines in all but isolated cases. In addition to such limiting

factors it is worth noting that the university economic departments, both large and small, have been rather sceptical of the scientific wisdom of providing special or separate instruction in respect of the economic problems of agriculture. The prevailing view has been that agriculture was an integral part of the general economy and should be treated as such. Increasing realization that some of the more fundamental economic problems facing agriculture have arisen from causes external to the industry has lent support to this attitude. It is also true that lack of a practical agricultural background has led some teachers to feel ill equipped for dealing with agricultural economic problems in any specialized or detailed fashion. In addition there has been some inclination to distrust the scientific objectivity of those who are primarily concerned with the economic well-being of any particular class. Perhaps it would be more correct to say that Canadian academic economists have been inclined to insist that training for and interest in agricultural economics should be incidental or subsidiary to that in general economics.

The net result of the foregoing has been that the major part of the task of developing special departments or courses in agricultural economics has devolved upon the provincial departments of agriculture and the relatively small number of agricultural colleges. In these colleges it has seldom been possible to obtain serious support for work in economics until after the various branches of agricultural technology have become thoroughly established. In most, if not all, cases the economics has been introduced in piecemeal fashion and generally via the farm management route. Where provision was made for a separate department of economics there has been a tendency to regard it primarily as a general service department. Moreover, progress in developing a reasonably complete list of economics courses has been hampered by time-table complications and by difficulties in securing adequately trained staff members. The wide variety of subjects which undergraduates in agriculture are required to take has made it difficult for them to devote more than a limited fraction of their time to lectures and reading in economics. The staff problem has been accentuated by the fact that satisfactory post-graduate work in this field has not been available in Canada. The normal practice has been to secure this advanced training in the United States. While Canadian students have gone there in steadily increasing numbers, many of them, after completing their training, have felt compelled to accept positions in that country because of what appeared to be larger or more lucrative

opportunities. Canadian agricultural economic development in general and not merely the academic side of it has been impeded by this tendency. The basic prerequisite to real expansion in all sections of agricultural economic activity is an increased supply of thoroughly trained workers. Before these can be secured, further improvements in undergraduate training and definite provision for graduate work must be made.

What has been said thus far applies to the past in general and not merely to the last few years. During this latter period several of the academic changes were war induced. In Canada as elsewhere several economists shifted temporarily or permanently from academic to advisory or administrative posts connected with the war effort. In some cases their places were taken by graduate students or others with little or no teaching experience. In other cases large-scale reduction of student numbers rendered staff replacements unnecessary. In still other instances teachers who remained on the job undertook special war-time activities on a part-time basis. Such changes undoubtedly caused a more rapid turnover of teachers and a somewhat lower quality of instruction. Since the war ended, however, several agricultural colleges have taken on additional economists. In this connexion it is significant that several of the new appointees were previously engaged in research or administrative undertakings.

In respect of the subject-matter taught it may be said that increased attention has been given to such matters as government controls in general and price-fixing policy in particular, international trade, the economics of food consumption, and the interrelations between agriculture and the rest of the economy. Since the war ended several agricultural colleges have responded to requests for special short courses for returned men who are embarking on farming under the Veterans Land Act. Thus far the courses given have required a six-week period and have dealt with such practical matters as farm management, accounting, agricultural co-operation, and marketing. Another post-war experiment has been the offering of short courses of about three-month duration designed to train existing and potential executives of co-operative organizations. These latter courses have been under the direction of government co-operative departments or the Co-operative Union of Canada. To some extent, however, college economic departments have been consulted relative to such matters as course content and teaching procedure. It may also be mentioned that throughout the period, in response to insistent requests from farmers

and farm organizations, several college departments have conducted annual short courses in co-operation and rural leadership. Such courses have lasted from one to two weeks and have been inspirational as well as educational in character.

From the academic standpoint the recent establishment of a special economics option at the Ontario Agricultural College may be regarded as a distinct forward step. It means a very considerable expansion in the number and variety of economics courses and an opportunity for agricultural undergraduates to devote their major attention to economics. In future those who elect this option will spend the greater part of their third and fourth years studying various phases of this subject. In view of the fact that requests for such an option have been made intermittently for years by students and farm bodies and that the idea has received consideration at various times, the actual implementation of this programme is being hailed generally as a real advance. The obvious sequel to this is the provision of corresponding opportunities for graduate work.

Speaking generally, it may be said that the period covered by this survey, in spite of and to some extent because of the war, has been one of slow but perceptible advance. Student interest in agricultural economics has increased and at times been quite pronounced. The farming public has become more concerned about the quantity and quality of instruction in the subject. And, finally, college authorities have given more concrete signs of being willing and anxious to effect improvements.

PROGRESS IN RESEARCH

While economists in Canadian universities have not been overly inclined to offer special courses in agricultural economics, they have shown a definite interest in the subject when it came to independent research work. Indeed, many economic problems of Canadian agriculture have received detailed study by the non-agricultural class of economists. This has continued to be the case down to the present. While the situation is no doubt partly due to an insufficiency of agricultural economists it does point to a general awareness of agriculture's importance. One commendable result of these studies is that they provide much valuable reading material for teachers and students interested in developing agricultural economic departments and courses. Since 1937 a considerable list of such studies has appeared in book form. Subjects treated include Canadian agricultural policy,

the economics of the wheat economy, wheat marketing, economic problems of the dairy industry, agricultural credit, a socio-economic survey of agriculture and the farm labour market in central Canada, and an early history of the Canadian packing industry and farm-produce trade.

Even though these books, and others, have helped considerably in solving the reading material problem, agricultural economists have continued to feel a need for something more specifically designed for text-book use. In view of this it is encouraging to know that at least a start has been made at improving the situation. Just before the war several of the agricultural economists undertook the joint preparation of a mimeographed volume entitled *Economic Organization of Canadian Agriculture*. Copies were distributed to the various colleges where agricultural economics was taught with the idea of discovering the suitability of the volume for classroom use. In the light of several years' experience it has just been decided to revise the material for publication. Another recent occurrence has been the publication of the first Canadian text-book in farm management. The book is entitled *Farm Business Management*, by H. R. Hare, and is the result of many years spent in supervising research and extension projects in that field. Needless to say, its publication constitutes a significant milestone in the development of this branch of the work.

With reference to research activity as a whole there are several specific and a few general comments that may be offered. To begin with it should be stated that, while a considerable amount of research has been done by departments and individuals in the various provincial institutions, a major part of the total has been performed by the Economics Division of the Dominion Department of Agriculture. This Division, which is exclusively a research agency, was originally established as the Agricultural Economics Branch in 1929. The initial view of the then Minister was that it should be concerned primarily with co-operative marketing problems. By the date of actual formation, however, the objectives were widened to include work in most of the familiar sub-divisions of agricultural economics. The general feeling at that time was that work should start at the farm and proceed from there to the market and finally to the broader relationships between farmers and the rest of society.¹

¹ For information relating to activities of the Division the writer has drawn heavily upon a paper entitled *Trends in the Development of Agricultural Economics in Canada*, presented to the Annual Meeting of the Canadian Agricultural Economics Society held at Macdonald College, June 1946, by Dr. J. F. Booth, head of the Division.

During the decade of the thirties a wide variety of research was undertaken in co-operation with the provinces. Surveys in farm and ranch management received first consideration. Research relating to land use and settlement was next in order. Serious drought in Saskatchewan and Alberta suggested a need for economic classification of land. This was undertaken with the assistance of the universities of these two provinces and by using funds supplied by the Prairie Farm Rehabilitation Administration. The final result was the classification of some 30 million acres. In addition to this a lot of research relating to land settlement in the so-called fringe area of the various provinces resulted in the compilation of much valuable information. Another project was that whereby statistics on co-operation were collected from the provinces and co-operative associations. The collection and dissemination of this co-operative information has become a permanent and important function. At present the activities of over 2,000 co-operatives which market farm products or handle farm supplies are recorded. Similar information has been collected in respect of co-operatives concerned with other matters such as credit or insurance. The records obtained have, in turn, served as the basis for considerable special research. In the field of marketing methods used and costs of performing the various functions have been investigated. In addition special studies were made in order to determine the extent to which reorganization of market facilities in several of the older and larger cities was called for. To get information which would assist in eliminating farm surpluses several food consumption studies were instituted. The information secured from these has since proved valuable in the establishment of improved nutrition.

Still other projects had to do with such matters as farm credit and finance, rural taxation, and land tenure. During this pre-war period the general aim was to assemble factual information and attack agricultural problems close to their source. This involved direct contact with farmers and their organizations. It also meant that the type of research undertaken was generally decided by these organizations or done in response to their requests.

With the onset of war the Division's formal research programme was greatly curtailed and replaced by investigations of a more or less informal type. It was mainly a matter of searching rapidly for facts needed in the formation and administration of the special war-time policies governing the production, distribution, and sale of farm products. While research results previously obtained proved extremely

useful for these purposes, a great deal of additional information was required. Much of this was obtained by Division members while they were on loan to one or other of the many Boards and other war-time administrative agencies.

With the advent of peace and the gradual elimination of war-time controls and control bodies it has become increasingly possible to resume research of the pre-war type. That such research is considered necessary is proven by the long list of requests made to the Division during the past couple of years by farm organizations, provincial governments, distributor groups, &c. Studies suggested relate to such varied matters as taxation, city market facilities, cost of producing milk, rural credit, fruit and vegetable marketing, land use and land settlement, farm management, and agricultural co-operation.

What has been said about the research programme of the Economics Division applies substantially to work done by economists in the agricultural colleges. Similar, if less ambitious, projects have been or are about to be undertaken and similar changes have occurred because of the war. Indeed, as previously intimated, much of their research was done in collaboration with the Economics Division. In addition to this, however, quite a number of projects have been carried out independently by the college economists with or without special financial and other help from provincial departments of agriculture.¹

Aside from the foregoing there are a number of things which should probably be said in order that the recent general research situation may be better understood, especially by outsiders. There is no doubt, for example, that the special experiences of the past few years have done a great deal to establish the practical value of economic research. That this has been so is amply demonstrated by the increasing tendency to base policy decisions on research results and to provide additional funds for research undertakings. Secondly, it may be stated that the

¹ Examples include the Economic Survey of selected farm areas in Nova Scotia and Prince Edward Island done under the direction of Dr. Lattimer of Macdonald College; the studies dealing respectively with farm values in Ontario, prices of farm products in general and Quebec milk prices in particular by Dr. Lattimer; the farm-income and farm-management work done by Dr. Hope and his department in Saskatchewan, the general economic survey and the special survey of living conditions in a sub-marginal area in Manitoba undertaken by Dr. Grant and his associates; studies dealing with the relation of family income to expenditure on certain foods, stabilization of primary producer income, and other matters by Professor Andrew Stewart of the University of Alberta; and the work done in respect of international trade in farm products, agricultural co-operation, transportation of cream and milk, the war's impact on Canada's agriculture, war-time controls as related to the packing industry, whole milk marketing, and the general dairy price structure by the present writer. Quite a number of undergraduate and graduate theses are also worthy of mention in this connexion.

prevailing tendency thus far has been to relate the research to immediate problems. This has been particularly true of the period since 1939. A state of continuous emergency has virtually dictated concentration on projects that could yield the greatest practical results in the shortest possible time. A natural resultant of this situation has been the development of a steadily mounting feeling on the part of workers in the field that, somehow or other, provision must be made for a lot of research of a fundamental long-run character. This, in turn, has led to considerable advocacy of the need for a specially sponsored, adequately financed, independent research agency. Heretofore the nearest approach to a strictly independent research agency has been those few academic economists who saw fit to undertake work relating to agriculture. Obviously their number has been entirely inadequate for the task at hand. Moreover, those who were available have normally belonged to the non-agricultural type of economists. It is also interesting to note that in recent months interest in independent research has been developing in a different quarter and for an entirely different reason. We refer to current developments designed to permit farm organizations to undertake research on their own behalf. When the term 'independent' is used in this case it means independent of any government body or agency. In the past farm organizations have had to appeal to provincial or federal governments whenever they wanted research done. One result has been that many of the farmer requests were either postponed or refused because of their special nature or, more often, because of insufficient government research workers. In the second place some of the research, for example, most of the cost studies, has been wanted in order that the organizations concerned could bargain more effectively with governments in respect of prices. In such cases independent investigation has some obvious advantages. Finally, there is a growing feeling that, psychologically, it would be good business for the organizations to have their own research workers. The very fact that they had done and could do research work on their own would, it is suggested, result in a greater pride in and respect for the organizations on the part of their members. To date Canada has no counterpart of the research facilities possessed by organizations such as any of the national farm bodies in the United States or the National Farmers Union in Great Britain. Nevertheless the Canadian Federation of Agriculture has made a modest start in the performance of research activities. Moreover, as this is being written, a special committee of the Ontario section of the Federation is considering the

establishment of special facilities for economic investigation. It is also likely to embark shortly on studies relating specifically to farm costs and incomes. On the several occasions during the past few years when the Canadian Federation has considered the desirability and possibility of setting up a research department the matter was shelved either because of insufficient finances or because of difficulty in finding suitable personnel. While the necessary funds have recently become more available, the problem of finding really qualified agricultural economists is still very much present.

The interest of agricultural economists in independent research is rather different from that of the farm organizations. To some extent the economists feel that research might be somewhat more objective if done by independent agencies. More important, however, is their desire to have research done in respect of many fundamental matters which, because of their very nature, could not be investigated by government agencies. For example, it is felt that careful unbiased research is needed to determine the degree of soundness of such things as the parity price and income concepts, the idea of basing farm prices on production costs, the suggestion that farmers should be provided with a living standard equal to that of other classes, price stabilization, production control, international commodity agreements, subsidized food consumption, subsidized production of protective foods, or agricultural co-operation. In other words, the thought is that there should be some agency in a position to scrutinize the more important existing and potential policy objectives.

Were space available, other research trends might well be discussed. For example, one might note such things as the increasingly active part played by the Dominion Bureau of Statistics, including its participation in developing the consumer level programme along with representatives of the United Kingdom and the United States, and its special efforts to effect improvements in statistical research technique. In the same way one might point to the post-war tendency of economists to stress the demand side of the picture, and the tendency of producers to press for cost investigations. Again special mention might be made of the economic investigatory work carried on over a two-year period by a special Commission of Inquiry appointed by the Ontario government and composed of some twenty or more farmers; also the research work being carried out by the Department of Co-operation of the Saskatchewan government, the first Socialist government in Canada. Since it is impossible to deal with these and

other such points, we may perhaps conclude this section with the extremely general statement that, while agricultural economic research has made distinct gains during the period under consideration, its potentialities have been and still are seriously curbed by a large-scale lack of adequately trained research personnel.

ADMINISTRATIVE AND ADVISORY ACTIVITIES

It seems scarcely necessary to mention that the general character of the period under review was calculated to give a real impetus to those phases of agricultural economic development which might be described as administrative and advisory. The special war-time mechanics of agricultural policy called for the formation of boards and committees and the appointment of administrators and coordinators. Since the work related to such matters as the organization and conservation of farm supplies, guiding production, providing for equitable distribution of farm products at home and abroad, administering price policy, &c., it was obvious that many complicated problems would arise and that much specialized economic knowledge and advice would be called for. The general result of this special demand was that some of the economists from the various colleges and practically all of those in the employ of the federal government were virtually drafted for war duty. In a few cases they became economic advisors. Many did short-run research connected with administration. Some acted as secretaries of boards or committees. Others served as statisticians or liaison officers.

Among the agencies served by economists were War-time Prices and Trade Board, the Agricultural Supplies Board, the Meat, Dairy Products and Special Products Boards, the Canadian Wheat Board, the Canadian Wool Board, the Agricultural Food Board, the Agricultural Division of the National Selective Service, the Combined Food Board, the Food Requirements Committee, and, more recently, the Agricultural Prices Support Board.

Another very important contribution has been made in connexion with the several international conferences concerned with food and agriculture. Agricultural economists have done much of the preparatory work, functioned as economic advisers and members of the secretariat, and, in some cases, acted as official delegates. In a number of cases also they have served as members of, or done special investigation and prepared detailed reports for, the various Reconstruction Committees, including the one dealing with agriculture. While most

of this work has been done under government auspices it is significant that some of it has been the result of special requests of farm organizations. On numerous occasions the Canadian Federation of Agriculture, the various provincial units of the Federation, and some of its affiliated bodies have invited economists to address conferences and conventions. At times, also, they have been requested to investigate and report on comparable methods and conditions outside the country. New ground was broken this year when an agricultural economist was asked to accompany the delegation of farmers to the International Conference of Agricultural Producers in the role of economic adviser.

The foregoing comments will probably suffice to indicate that the administrative and advisory functions of Canada's agricultural economists have been greatly expanded in recent years. In fact it would be almost correct to say that they have had their entire development during this period. At the same time recent experience would seem to indicate that we are merely on the threshold of this development. At least that would seem to be the case so far as the work on behalf of farm organizations is concerned.

As already noted, one major result of the past activities has been a curtailment in the amount, and a lowering of the quality of normal academic and research work. On the other hand, it may be said that many economists have gained a lot of practical knowledge and experience. In many cases, also, they have been given unusual opportunities to meet farm leaders and government officials both at home and abroad.

GENERAL SUMMARY

During the past eight years agricultural economics in Canada has made steady progress. The emergency character of the period has prevented normal development in some directions, but has accentuated development in others. Academic instruction has been labouring under difficulties, while much of the regular type of research work has had to be abandoned or postponed. General appreciation of the value of agricultural economists and their work has greatly increased. Special war-time needs provided an opportunity to use pre-war research results and to demonstrate the practical value of professional economic knowledge and advice.

In addition to the war influence, the period has been characterized by rapid and effective development of farm organizations. The latter have created a special demand for the services of economists, partly

because of their decision to establish independent research facilities and partly because of their immediate need for economic information and advice. In the period under review, a great deal of the economic research has continued to be concerned with immediate or short-run problems, and there is now a growing realization of the need for careful analysis of more fundamental issues as a basis for sound policy making. Along with this concern about fundamental matters is a realization of the need for more and better trained economists. While significant steps have been and are being taken to the end that academic training opportunities may be improved, there is still room for much improvement, particularly in the sphere of graduate work. That the need for improvement has now become fairly generally realized is in itself a definite advance. That at least something is being done about the matter is also encouraging. To the present writer, at least, perhaps the greatest single sign of progress is a growing respect for and insistence upon thorough training in the general principles of economics.