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ADDRESS DELIVERED BY
X HON. JAMES G. GARDINER
DOMINION MINISTER OF AGRICULTURE
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THE CANADIAN FARMER AND WAR

MR. CHAIRMAN:- The United Grain Growers as successors to the Grain Growers Grain Company have a record dating back to 1906. The Grain Growers Grain Company came into existence under the direction of Mr. E. D. Partridge of Sintaluta, Saskatchewan, who was one of the Pioneers in blazing the trail toward greater control for the farmer over the marketing of his own product. It, therefore, gives me great pleasure to be the speaker at this the Annual Dinner of an organization which has had as its objective service to the farmer of Western Canada over such an extended and eventful period.

I have chosen to speak to you on the subject, "The Canadian Farmer and War". In doing so I wish first to state that the last war will verify the contention that no part of our population gives more freely of its sons to man the different parts of the active service at the front in time of war than does the farming population. Most farm homes in Canada still call to mind the service given by one or more of its sons or daughters during the last Great World War. The ranks of the different services are already manned by a considerable percentage of rural enlistments for this war. In emphasizing tonight the service which the farmer can give through production, I am mindful of the fact that he in common with other Canadians is manning the front line trenches.

FOOD A NECESSITY OF WAR

Britain has for at least eight years been giving a demonstration of the fact that she realizes that when Armies march they still 'march upon their stomachs'. The morale of the civilian population of any country only remains high when the people are well housed and fed. It is a well known fact that the German armies of the last war, the best trained and equipped at the beginning which the world had seen, only wavered and finally retreated when the British blockade prevented supplies getting to the civilian population. Britain has, therefore, been giving great attention to the encouragement of food production at home and food production in countries easily accessible during time of war.

CANADA HAS FOOD

Canada occupies an enviable position at the beginning of this war because of the service she can give to Britain and France through the fact that: 1st. She is one of the great surplus food producing countries of the world; 2nd. She is so located as to be comparatively safe from attack and yet is within easier distance of Britain than any other of the surplus food producing countries.

OTHERS HAVE FOOD

We must realize, however, that others have food and that Britain has been cultivating trade with those countries for some years. Canada, Australia, New Zealand and the Argentine are four great sparsely populated farming areas. The Argentine heads the list among countries supplying Britain with beef; Australia leads the world in supplying wool; New Zealand and Australia lead in dairy products; Canada leads in wheat. But Australia and the Argentine also supply wheat in great volume. Canada also supplies barley, dairy products, bacon and apples in considerable volume, as well as other farm products. The other countries have an advantage over us in normal times in the fact that they have a milder climate and hence lower costs of production, while we have an

advantage over them in cost of shipping because of the fact that they are from two to three times as far from Britain as we.

BRITAIN WILL USE NATURAL SUPPLIES

I mention these facts to point out to you that so long as the trade routes are open the natural place on a basis of normal trade for Britain to get wool is Australia. The natural place for her to get chilled beef is the Argentine. The natural place for her to get a great supply of butter is New Zealand and Australia. The natural place for her to get increased supplies of butter, cheese and bacon so far as these countries are concerned is Canada..

Britain gets wheat in great volume from Canada, Australia and Argentine with the greater amount coming from Canada. Britain now gets most cheese from New Zealand, although she prefers and takes considerable Canadian. Britain has taken about 50% of our apples.

HOPE TRADE ROUTES OPEN

We are all praying that Britain will be able to sweep the seas of the submarine and pocket-battleship menace. If she does Britain will continue to get her supplies of food from just where she has always got them with this exception that some, especially bacon and butter came from Poland and the small Baltic States now controlled by Russia.

CHANGE NOT NECESSARY

So long as there is a prospect of Britain being able to keep the trade routes open we should not become too anxious to change our agricultural objectives in this country. We will probably do most for ourselves and Britain by continuing to produce just what we have been producing, improving immediately the quality and stepping up the quantity as the demand develops.

LLOYD GEORGE AND THE LAST WAR

The other night speaking over the radio the Prime Minister referred to the Memoirs of Lloyd George reviewing experiences of the last war. He stated that in them again and again Lloyd George recalled the difficulties the government experienced in getting officials and others to realize that the Great War was being fought under conditions entirely different from any other war. The Prime Minister then goes on to point out that equipment and methods are vastly different this time from the war of twenty-five years ago.

CHANGES JUST AS GREAT RE FOOD SUPPLIES

It is easy to agree that this is true on the matter of army equipment, but not so easy to see that the same applies to methods of handling food supplies which are the product of our farms. When Britain entered the last war her people despised anyone who would attempt to interfere in any way with the people's food supplies. She came out of the war with a different point of view. That point of view was still further changed through the attitude taken by central European countries as early as 1925 and continued to the present. Britain finally concluded that food did not just naturally find its way into Britain at her time of greatest need. She embarked upon a policy of greater production of food at home and development of trade with those who could supply food.

ARRANGEMENTS WITH OTHER COUNTRIES

For the past eight or ten years Britain has been bringing her people to be familiar with controls of every kind upon the production and marketing of food products. For the past three years she has had quotas arranged with practically every country in the world shipping food products into Britain. These have been carefully arranged to insure continuous supply from natural sources. There have been some quota

restrictions upon the Dominions, and greater restrictions upon other Dominions than upon Canada. A close study of restrictions, quotas and control will reveal that an effort has been made to encourage production in those countries which because of their surplus food producing possibilities could supply the British market in times of peace or war. The natural places for the greatest encouragement to be given is within the Dominions of the Empire. These matters were under discussion when the Trade Agreement was being entered into over three years ago. We emphasized the importance for peace time as well as war time of Canada, the nearest of the Dominions and one in the initial stages of its development, being allowed the utmost freedom and encouragement to produce and trade.

CANADIAN PRODUCTS NOT CONTROLLED

The British ever since they entered upon a policy of control have always desired to have Canada enter into agreement to ship certain quotas of meat and dairy products to Great Britain. They have, however, been persuaded to give us practically free entry into their market in competition with all others because we have maintained that a young and expanding country would only grow if given unlimited opportunities. The only farmers placed at an advantage over us are their own farmers who are encouraged in every way possible to produce to the limit of their ability the very products which we produce in Canada.

There are those who state that because we have joined Britain in the war Britain should be prepared to pay our farmers the same price for farm products as they pay their own farmers. It should be remembered, however, that Britain follows the policy she has partly at least in order that food may be present in greater quantities than otherwise within her own country. It is part of a policy intended to provide against a possible emergency when our supplies would not be available. If it were only a policy to assist her own farmers she might be justified in saying that Canada might assist her farmers in a similar manner.

There has been no applied limitation on the number of cattle we could sell in Britain: there has been no practical limitation on the sale of bacon and ham in Britain, and there has been no limitation upon Dairy Products, although there was a quota placed upon most other countries selling into Great Britain. Britain has therefore joined with the Government of Canada in encouraging increased production of food on Canadian farms now for the past eight years and certainly in a marked manner for the past four years.

AGREEMENTS AND CAMPAIGNS

Agreements with the United States have also tended to encourage the production of livestock and dairy products in Canada.

We have put on from time to time campaigns of one kind or another intended to improve both the quality and quantity of our products.

DID NOT WAIT FOR WAR

Let me emphasize the fact that we did not wait for war to come before encouraging production in the lines of agricultural products which Britain requires from us both in time of peace and in time of war. We started on that program in the summer of 1936 when we discussed the whole matter with the British Government. We followed up governmental discussions with deputations of officials and others to Britain and extended through the Department of Trade and Commerce our efforts to sell greater and greater amounts of our products in the British market.

THE RESULTS

What were the results of this effort?

In answering this question I would like to deal first with Dairy Products.

CHEESE

We produced 100,000,000 lbs. of cheese in 1935, 120 million in 1936, 132 million in 1937; and dropped back to 123 million in 1938 but we are again on the up-grade in 1939. Cheese is the form in which we do and should export our butter fat to Britain. For the first time since 1900 we are increasing our production gradually over a term of years. Practically our entire increased production has been exported to Great Britain. We not only desired to improve our volume but we also desired to improve our quality. We therefore brought in last session legislation providing for a premium on improved cheese factories and better quality cheese. By different means before the war began we had increased our production and improved our quality.

BUTTER

During the same period we have increased our production of Butter from 355 million lbs. in 1935 to 371 million in 1938 with our exports which are always small decreasing in the same period. In other words, while our increase in cheese was consumed in Britain our increase in butter was consumed at home.

Britain, however, took practically all that was exported and the increase in production makes more available if required.

CANNED MILK

What about canned milk?

Canned milk products increased from 116 million lbs. in 1935 to 175 million in 1938.

We were then producing more dairy products when the war broke out than at any other time in our history and that production is on the increase.

LIVE STOCK AND LIVE STOCK PRODUCTS

In answering the question as to what has been the record of advancement in the production of livestock during the period since the discussions in Britain in 1936, I shall take cattle and hogs to illustrate the advance.

CATTLE

The exports of cattle increased from 135,000 head in 1935 to 322,000 in 1937. This was the highest number exported since 1921. Most of this increase it is true was due to an improvement in our American trade rather than British, but it has produced on Canadian farms meat products which can in an emergency be turned to Britain. There was a sharp decrease in 1938 following the poor crops of 1937 but there is almost as rapid an increase again in 1939.

HOGS

In 1935 we had 3,549,000 hogs reported on our farms in Canada. In 1936 we had over 4 million and in 1937 just under 4 million but in 1938 the number dropped down to 3,487,000. A drive was put on to increase our hog production with the result that we have had reported in 1939, 4,294,000 head which is higher than any year since 1932.

The drop in number following 1932 was partly due to poor grain crops in certain parts of Canada. It was, however, largely due to the poor prices prevailing from 1933 to 1934 in which year there was a decided improvement. The exports have increased, largely to Britain,

from 132 million lbs. in 1935 to 178 million lbs. in 1938. There was a total of 219 million in 1937 and it is expected that with a reasonable price we will, with our increase in numbers of hogs on the farm, pass the 1937 number in 1940.

WAR DOES NOT BRING NEW DEMANDS

The fact that we have been, with the assistance of the provinces, pressing for and receiving the cooperation of farmers everywhere to increase the production of dairy products and meat will set forth the reason why it is not necessary to make drastic changes in production policy now. Some are inclined to feel that war should bring something new. Those of us who are engaged in agriculture in Canada are fortunate however in that we do not need to change the nature of our activities but only to speed up our production as war progresses to fill in supplies wanting because fields have been overrun by armies or labor withdrawn from farm production to man the armies in other countries.

INCREASES SHOULD BE PLANNED NOW

Although it is not necessary to press for the immediate greater production of any of these commodities, we know that none of them can be greatly increased in a short period of time. Possibly we can get into hogs more quickly than into any other line of livestock. This is fortunate because it appears that the immediate demands are for increased volume of bacon, hams and pork products generally.

There is no increased demand yet on the part of the British Government for cheese and butter from Canada. There is no increased demand for cattle from Canada as Britain does not depend upon us for dairy products or beef at present.

We can rest assured, however, that if the war continues over a period of two years or more that by the end of a two-year period greater demands will be made upon our supplies than can be even estimated at present.

It will take us two years to get into the swing of greater production in beef and dairy products. We should, therefore, start to plan now and have.

WHAT HAS BEEN DONE?

This brings me to a discussion of what we have done to assist in planning the production and marketing of Farm Products since the war began.

The first thing we did was to set up an Agricultural Supplies Committee of departmental officials with Mr. A. M. Shaw as Chairman. The duties of the committee are to direct and regulate production and marketing of farm products.

CALLED IN PROVINCES - DISCUSSED - ACTED

We next called in representatives of the provinces to discuss with the Agricultural Supplies Committee the situation existing and the best possible means of meeting it. The cooperation of every province was offered and has been given. Most provinces have already set up their committees and have undertaken to assist in promotion of production as required. It should be stated that the promotion of production on farms has always been considered primarily the work of the Provincial Departments. The Provincial Department when we have information to warrant it will no doubt proceed in the manner they think most effective to secure the co-operation of producers individually and collectively.

DELEGATION TO GREAT BRITAIN

We next sent Mr. A. M. Shaw, Chairman of the Committee, to Britain with the Honourable T. A. Crerar to learn first hand the needs of the British and their plans to meet them. It is our desire to co-operate in every way possible to meet those needs. But before Mr. Shaw left and since certain things had to be done to assure production of certain products.

FLAX

The Agricultural Supplies Committee has taken control over the export of flax fibre and flax seed. They have arranged to purchase all fibre flax seed in Canada and to distribute it properly among Britain, Ireland and growers in Canada so as to avoid undue speculation and profiteering while at the same time assuring greater production. They have arranged to organize the 1940 production of flax in Canada.

There is always a demand for fibre flax and seed during war time out of proportion to what the industry will stand in times of peace. We are making preparations to provide for the extra demands without permitting undue profiteering and in the hope that the earnings will be sufficient to carry the producer back into his ordinary line of activity at the end of the war without great loss.

WOOL

One of the first problems related to agriculture and brought about by war was the need for uniforms dependent upon wool supplies. Britain immediately took possession of or purchased all surplus Empire wool and purchased all other wool she could acquire. This left only Canadian wool available for the time being to Canadian manufacturers. The Agricultural Supplies Committee and the Price Board working together secured to manufacturers most of the Canadian wool for immediate use at a price which netted the holder about one third more than could have been obtained at the beginning of the war. Much of the wool was in the hands of the farmer or farmers' co-operative and to the extent that it was the producer benefited. To the extent that it was in the hands of others there may have been an element of speculative profit in the price.

FERTILIZER AND PESTICIDES

It is most important if production is to continue in certain parts of Canada that certain substances needed as fertilizer be available. The Supply Committee have taken on the responsibility for securing and conserving the use of fertilizers. They are receiving in this the closest cooperation from Provincial Departments. The result is that for the time being necessary Fertilizers are being supplied. The same may be said of Pesticides.

SEEDS

War may make it impossible for us to get many of our garden and other seeds from the usual sources. The committee is arranging to have these secured and produced in new places.

APPLES AND THE WAR

When the war broke out it was intimated that Britain was not anxious to provide for the importation of apples into Britain in anything like their usual quantity.

We have been producing over five million barrels of apples in Canada and 2,500,000 of them have been going to Great Britain. This year's crop is a big crop. We had 2,800,000 barrels for export to Britain. These were coming on the market when the war broke.

The Agricultural Supplies Committee immediately took the problem in hand. We have put every available plant in Canada to work dehydrating and canning apples with a government guarantee behind the contract in order to save the best quality apples of this year's crop.

We have zoned Canada for the sale of apples. We have supplied the farmers in the area which has been without crops for five to nine years with apples they otherwise could not buy. In short we have made it certain that farmers will get at least 60% of the last year's price for their apples and have made it possible for many of them to dispose of their best varieties at reasonable prices considering all the facts.

We have only met the immediate problem brought about by war. The trees will produce again next year and by processing apples this year we have only succeeded in putting some of this year's crop in the way of next year's in the expectation it will be needed by Britain because she is at war. It will only be needed if Britain is experiencing difficulty in production or defence. We are hoping for neither. We are, therefore, planning in cooperation with the provinces two things:

1. To increase consumption of apples in Canada.
2. To induce apple growers to take on certain side lines such as dairying, poultry raising or hog raising which may help them over a difficult period as well as help win the war, and which they can also drop easily when their usual market for apples is restored.

THE CO-OPERATIVE MARKETING ACT OF 1939

We have found most helpful for dealing with the uncertainties of a war condition the Co-operative Marketing legislation of 1939. We stated at the time the legislation was being passed that the greatest need of proposed cooperative organizations was some assurance that they could finance an initial payment which would pay the immediate outlay which the producer must make while marketing his product to the best advantage.

Immediately war was declared there developed great uncertainty regarding the marketing of honey, certain fruits and vegetables, tobacco, furs and other products of the farm. When this condition arose representatives of branches of Agriculture who had not already organized under the Act enquired into the possibility of using it to tide their producers over a difficult period. Certain honey, onion and fur producers are organized directly under the Act. The Apple Agreement reached with Nova Scotia has in it the principles of the legislation, although certain phases of the agreement made it advisable to organize under the War Measures Act. Others are considering coming under the Act.

The section which makes the Act useful to tide over a period of uncertainty is that which provides a government guarantee of a reasonable initial payment on condition any profits later made are shared with the producers.

THE INDUSTRY SAFE-GUARDED

The objective, in all these actions under the guidance of The Agricultural Supplies Committee, has been to safe-guard the industry during the period of transition from peace into war. This has been done through assuring fertilizer for general field crops, pesticides to protect the crops when growing, and seed to assure production in gardens and flax fields. Where control had to be taken over wool or flax fibre to assure production of war necessities prices have been safeguarded and profiteering prevented. Where credit has been necessary to assist in marketing it has been provided through the War Measures or Co-operative Acts.

DAIRY PRODUCTS, BACON AND WHEAT

I have left until the last dairy products, bacon and wheat. I have done so first; because agriculture generally across Canada is dependent upon these farm products together with beef to a greater degree for its continued existence than upon any others, and second; because Britain has indicated a greater interest in supplies of cheese, bacon and wheat from Canada since the war began than in any other farm products.

EGGS AND POULTRY

Britain has been making enquiries about eggs. We can find a market for an increasing number of eggs in Britain if war continues. Up to date there has not been an increased demand for poultry. We should, however, realize that an increased demand for bacon and beef in Britain may lead to a substitution of poultry for these meat products in the home consumption. But cheese, bacon and wheat have been subjects of discussion from the outbreak of war.

BRITISH SYSTEM

Great Britain has set up a Ministry of Food. Under that Ministry she has set up certain purchasing or food control boards. Their method of operation up to date has been a little different as related to each of these food products.

DAIRYING AND THE WAR

The first delegation which came to the Department of Agriculture to propose a plan to adjust their industry to war conditions was from the dairy industry. They laid before us the perpetual problem of butter and cheese production in Canada, namely; that when cheese prices are so low that it pays better to produce butter, farmers send their cream to the Creamery. When butter production increases beyond home consumption prices sink to a level which makes butter production impossible. Dairying, therefore, becomes one round of trouble.

SUGGESTION MADE

The suggestion was that we should immediately take control of the dairy industry, directing production and setting prices. Enquiries in Britain revealed that the Food Ministry has made an agreement with Australia and New Zealand and probably with some other countries for the purchase of certain quantities of these products over a period of time. They have offered us a certain price for cheese based upon the New Zealand agreement which our farmers are convinced they could not accept. Britain desired to continue for the time being on the pre-war price basis. That is a price forced down by pre-war conditions. Our cost of production is higher than that of some others but our product is better than some and demands a premium. For both reasons our producers could not be led into an agreement on the price level offered. The Food Ministry has allowed the trade in Britain to go on purchasing Canadian cheese at a price which is higher than the Food Ministry price.

So long as this policy prevails it would be very difficult for Canada to enter into an agreement with the British government to provide cheese under contract to the British Food Ministry which would benefit the producer in Canada. We are, therefore, through Mr. Shaw who is now in Britain and otherwise, in constant communication with the Food Ministry in Britain and are prepared to act whenever it is thought to be in the common interest of our producers and British defence that we should do so.

BACON

The Food Ministry has requisitioned pork products entering Britain at an established price. I understand that their present policy is one of taking all Bacon at a price set. They then control absolutely distribution. The price at which they have delivered to the home market is considerably above the price at which they requisition the Bacon. This would have a tendency to lessen costs to the general taxpayer through making the consumer of bacon pay the costs and also to lessen consumption of Bacon among the civilian population. It will be apparent that so long as Britain follows such a policy it would be possible and probably advisable that we should enter into an understanding with the British Government as to supplies and price. If that were done it would also be necessary to direct production and price in Canada through understandings with processors and producers.

This matter is at present being followed carefully with the British authorities and action will be taken when and if considered necessary.

PRICE

The government realizes that one of the most effective incentives to production of Dairy, Poultry and Meat products is reasonable price. The government realizes too that prices were abnormally low just before the war as they always are low just before a war. We realize that any increases to date have not brought us back to normal averages.

At the same time it should be admitted that war has always brought comparatively low returns in the first year but comparatively high averages over the years. From our point of view it is just as important that we keep volume upon a market which we wish to hold at a time when our customers are faced with trouble. I am certain it will be realized by all governments that no part of the industrial population suffers more financially during the period leading up to or away from a war than the farmer population, but it is conceivable that we could do ourselves harm by holding our product back from a market which is crying out for it.

CONCLUSION

I would, therefore, conclude my remarks regarding dairy and meat products by saying that no mistake will be made whatever the future has in store if the production of cheese, bacon and eggs is increased. I would particularly emphasize bacon and cheese. If the war continues Britain will also want more beef, butter and eggs than we could make available at present. I am firmly of opinion that whether we can realize the desired price at present we should keep bacon and cheese going forward confident that it is the best long time policy.

WHEAT

Wheat with the handling of which your company is particularly interested and with the production of which most of my Radio listeners are concerned has presented peculiar difficulties both before and since the declaration of war. It goes without saying that Britain at no time has deliberately lessened the purchase of Canadian wheat. I am assured that Canada stands at the very head of the list of preferences because of her general effort and because of her location. A few statistics may help us to think more clearly upon the problem.

ACREAGE CONTROL

Acreage control has been suggested as a means of regulating wheat production in the west. In 1913 the year before the last war we had 11 million acres in wheat in Canada and we produced 232 million bushels of wheat. In 1918 the last year of the war we had 17 million acres and produced 189 million bushels. In 1937 we had 25.8 million acres and produced 180 million bushels. In 1939 we had 26.8 million acres and produced 479 million bushels. Eleven million acres in 1913 produced as much wheat as we could easily have used to supply our own needs and take care of exports in 1939. Eleven million acres in 1937 would not have produced enough wheat to supply our own needs. Every bushel of wheat we produced and which could be shipped from 1913 to 1937 was absorbed by the end of the 1937 wheat year. Since 1937 we have piled up the largest surplus ever stored in Canada and it has turned out to be a blessing for the British Empire that it is here. But I think the lesson of the period has been that more is accomplished by nature through a change of weather in regulating supply and demand than could be by a regulation of acreage. Good wheat always has and always will be grown in comparatively dry areas. This necessitates some plan for saving in the good years to take care of the lean years in every country and time. It was taken care of by the plans of Joseph in Egypt. The same thing is taken care of in Scotland by the saving, cautious characteristics of its people. We are making a start in Canada with our Acreage payment. To be successful it will require to be backed by personal storage and conservation of crops over periods,

ACREAGE INCREASE

I am of opinion, however, that neither the demands of war time or a return to conditions of peace suggest that our war effort or agricultural industry would benefit from an increase in acreage sown to wheat at this time. In my opinion wheat acreage should not be increased at present. During the period when we have more wheat than we can dispose of even under war conditions more and more of these submarginal lands should be got under government control through the rehabilitation plans. If ever used for wheat production during the war these submarginal lands should be so used under government supervision and taken out of wheat production immediately the war is over.

LAND CONTROL POLICY

Three years ago we put into effect a land control policy which is based on the idea that submarginal lands in the three western provinces should be removed from private ownership and made available for the general good. The general good in peace time requires that it be used as community pasture. If the national good requires it for wheat during war it should be kept under control so that it can be returned to its proper use when peace is re-established.

CAN A MARKET BE FOUND FOR WHEAT?

We have often been asked can a market be found for all the wheat we can grow on our present acreage. It seems to me that this question can be best answered by examining the facts. We had an average annual production of 411 million bushels from 1928 to 1932 inclusive. We had an average annual production of 248 million bushels from 1933 to 1937 inclusive.

We carried 211 million bushels of wheat out of previous years into 1933 and we carried 23 million bushels out of previous years into 1938. In other words, every bushel of wheat we grew from 1928 to 1938 was needed in the most difficult period of wheat distribution we have ever experienced.

It was the most difficult because from 1925 to 1939 every wheat consuming country in the world was trying to beat nature in preparation for war and produce its own wheat requirements within its own boundaries.

We are entering this war with the greatest surplus we have ever carried. We produced an average of 414 million during the past two years. We carried approximately 100 million out of last year into this and we have 500 million bushels still in Canada, about 125 million of which will be required in Canada. If armies overrun the wheat fields of Europe every bushel of that surplus will be required. If peace terms are made soon or late which are lasting, people will go back to normal production of other things and every bushel of our wheat will be required to feed people in times of peace just as it was from 1933 to 1937.

HISTORY CONFIRMS THIS

There is really nothing new about the contention that potential foods which can be kept waking around in the form of livestock or stored in the form of non-perishable grains have always been and always will be needed to feed the human race. My reading of Egyptian, Jewish, Greek, Roman, European, and American history convinces me that this has been true for at least 4000 years and will probably be just as true over the next 4000 years. Wars have played a part in the levelling out process but I am convinced that an assured period of peace will do even more to guarantee a reasonable return over a long period of years for all the food products we can produce.

I am convinced however that we must find a less expensive method of carrying surpluses forward and a less expensive method of financing the farm while the surplus is being carried.

INTERNATIONAL UNCERTAINTY BAD

It goes without saying that a period of international uncertainty such as we have just passed through produces economic difficulties almost as great as war itself. The uncertainty which has existed in Europe since about 1925 to 1939 has spelled disaster for every food surplus producing country in the world and Canada has suffered along with the others. It did not help the world to have first Germany, then Italy, then France say, 'We are going to pay our people twice as much for wheat as we can buy it for in Canada, Australia or the Argentine.' Unthinking people here said, 'If they can pay it there our government should pay it here' thus giving expression to unsound theories only taken on by those who refused to face facts.

When anyone pointed out what was the real fact, namely, that the additional price was merely part of what such governments were willing to pay to get along without the food of other countries until they could take care of themselves, he was termed a scaremonger. The theory of self-sufficiency which has been so prevalent for the past fifteen years if not a preparation for war leads inevitably to war and in its immediate application is only less destructive than war itself.

If the end of this war is a settled peace there will be a much larger market for all food products from the surplus producing countries because central Europe will go back to doing the things she

can do best and we will take her manufactured products which can only be produced in this country at costs as excessive as the costs of producing wheat there.

WHAT ABOUT THE PRICE?

If a market can be found what about the price? For the past ten years I have been trying to tell the people of our province, which produces more wheat than all the rest of Canada, that our main difficulty in selling wheat is the war scare in Europe. Six years ago I encouraged young men who had spent three to five years in Russia assisting in putting over the five year plan to take the platform with me in Saskatchewan to convince our people that there was a war threat in Europe. Out of the communistic war threat of that time there grew the brown shirted unarmed Nazi movement in Germany to defend the fatherland against communism. When the Nazi seized the government and armed themselves they became through the very success of their dictatorship a threat to the peace of Europe.

As I stated before; during the whole period of war threat Germany, Italy, France, have been endeavouring to make themselves self-sustaining in food stuffs. Even Britain has been putting forth an effort to increase her emergency supplies against the danger of having her trade routes interfered with. Germany, Italy and France and Britain were particularly successful in wheat. To the extent that they have succeeded at great cost to themselves our farmers have been compelled to sell at low prices. Our low prices were associated with low yield until finally Britain had to pay us a reasonable price for our surplus in 1936 and 1937 even in competition with the world.

In 1938 crops in Canada returned to normal. The Americans had increased their acreage by 15,000,000 acres during the poor years, and in 1938 produced 300,000,000 more wheat than they knew what to do with. They almost gave it away. We produced a bumper crop in 1939. Along with this the European threat of war took definite form in August and September of 1938 and has remained a certainty until it finally broke. A combination of these influences resulted in the world price of wheat being as low in 1939 as at any time in the history of wheat growing.

WAR

This was the condition when war broke. Canada had a carryover of approximately 100,000,000 from previous years and a new crop of 479 million; Australia a 175 million bushel crop coming on and the Argentine a possible 75 million carryover and 250,000,000 bushels in new crop.

RANK APPOINTED WHEN WAR BROKE

Under these conditions Britain appointed James Rank as head of a committee to purchase all wheat supplies for Britain.

CANADA'S MARKET OPEN

Canada decided to operate under an open market for the time being at least as a means of convincing all purchasers of wheat that the price should be higher than 50 to 56 cents a bushel. Wheat rose from between fifty and sixty to eighty-four cents, but few purchases were made.

Australia made deals with Rank for her carryover at about 50 cents a bushel. The Argentine sold as much of hers as she could at 55 cents a bushel. Other countries sold bulk amounts at similar prices. Canadian wheat failed to move and our prices dropped back to around 70 cents a bushel. It still moves very slowly.

SUGGESTED CUT IN CANADIAN PERCENTAGES

It was suggested from Bromhall's reports that the percentage of Canadian Wheat used in the British miller's mix was to be reduced from ten to twenty percent. This was corrected to state that they were prepared to use 50% or more at a price having a reasonable relationship to the prices at which they could obtain other wheat if they were guaranteed supplies on a basis which would make it possible for them to continue to produce flour of that standard mix.

The question as to what should be done to best serve both Britain and Canada is being discussed with Britain by our representatives now in London headed by the Honourable T. A. Crerar. I am not in a position to go further with you until discussions are completed and a decision reached. I think I can venture this prediction, however, that if war continues as long as it did the last time--and we all hope it will not--the price obtained will be well above the average we have recently had in times of peace. I venture this further opinion that if we stick for a higher price than can be justified with all the present circumstances considered we will be doing no one but ourselves an injury.

CAN WE OBTAIN A PRICE IN FUTURE?

It seems to me that in reaching a conclusion we should keep in mind three factors. The first is the large amount of wheat in Canada and the world at present. The second is the fact that we sell a considerable part of our wheat, in peace time, to nations now neutrals and should supply that market in war time. The third is that future consumption in Britain depends partly upon keeping the British public consuming bread made from our wheat at prices which compare favourably with what they can secure it for elsewhere. I am convinced that even if we accept what appears a low price now it may result in our obtaining a much higher average over a term of years for a greater quantity than otherwise would be the case.

Agriculture in Canada can be more soundly established on a long time fair average than upon a bumper price for two years and a low price for eight such as we have just experienced.

THE PAST RECORD

Once again it might be well to check our thinking by past records. For 25 years before the last war the average price of wheat was about 85 cents for No. 1 Northern at Ft. William. During the war it averaged \$2.05 and for ten years after the war about \$1.40 a bushel. For five years following that it averaged 65 cents a bushel and for the last four years \$1.00 a bushel. We have not yet this year's average but up to date it is one of the lowest on record.

I suppose a wise politician should never prophesy. After twenty-five years trying to keep away from doing so I think I will take one chance basing the effort upon the figures I have just given.

Those figures indicate that the average price for wheat over thirty-five years not directly affected by war was about 85 cents No. 1

Northern at Ft. William. The average was about the same over the 25 years before the last war as it has been for the past 10 years. About the same could be said of other farm products.

The average price obtained over the other 15 years including the war and ten years later was just about double.

The prophecy I wish to make is this, that in all probability whatever the price of wheat is during the period of war it is very likely sooner or later to return to a comparatively low level when peace again returns. Wheat is the food of the common people and can never for a long period of normal times be abnormally high in price.

FARM HOMES 25 YEARS OLD

So much for wheat. Let us now go back over the picture for a few moments. Agriculture has been in a bad way in Canada since the aftermath of the last war. I think we all expected that when the war was ended prices would immediately drop. When they did not but things continued fair over a few years we came to look upon the condition as normal. We financed on a basis which agriculture has not been able to maintain.

If you will now travel over the farms of Canada with me I think you will all agree that at least 90 p.c. of what is essential to life upon the farm was put there before the last war, excepting in the new areas settled just before that time. This would seem to indicate that the beginning of this war is a good time to make a complete inventory and determine upon ways and means of consolidating rather than expanding our holdings and activities.

I know that the point I have just made is not disputed from one end of Canada to the other. Allow me to draw the conclusion. The old farm has been too often used to finance a start in life for some member of the family rather than to consolidate the position of persons who are going to remain on the farm.

Don't let the high pressure salesman sell you every new fangled machine or idea that engineers sit up at night trying to design. You can find out by consulting our Experimental Farms Branch the kind of equipment you need to work any kind of land. Possibly the Honourable W. R. Motherwell was right when he said to the Saskatchewan Legislature twenty-five years ago, "If I had my way I would pass a law compelling every agent to stay in his place of business." A farmer knows enough to go and get a machine when he wants it.

Give the old farm a chance. Clear it of debt and get reasonable equipment and good livestock on it. A debt clear average half-section of land anywhere in Manitoba, Saskatchewan or Alberta secures a better living for anyone having it than most jobs which can be picked up around our towns and cities. A half-section mortgaged to the hilt is a millstone about the neck of persons who are growing old. Our experience during the past eight years has proven that. There are too many men and women from fifty to sixty years of age left alone on farms once occupied by children who have gone elsewhere and the old people have nothing left but the mortgage.

That is not the fault of the farm nor is it altogether the fault of the prices we have been getting. Farming must retain as working capital a larger share of the annual income during the next period of good crops and good prices than it did between 1914 and 1930. None of us are looking for the prices for farm products during this war which we received during the last war. But we are looking for sufficient to make up for the terrible licking we have taken during the past ten years. If we get it and if we have learned our lesson we will not expand but we will consolidate our holdings with every dollar we get hold of.

I am more concerned with bringing agriculture out of this war in a sound position than I am with anything else except winning the war. We are fighting this war to assure to the individual the right to govern his own relationship to the needs of mankind. If we only demonstrate this time the power to produce wealth but not the ability to conserve it as individualists from the time of plenty to the time of scarcity then we have only proven that Hitler's theory is right. We all need a guardian.

If we learn to control profiteering during this war we will have regained an art which we completely lost in the last and have never since regained. If we do the farmer will have some chance of living in the comfort the earnings of his pursuits makes possible.

CANADA IS AT WAR

Canada in common with Britain, France and other parts of the Empire is at war. The farmers of Canada will give in common with all other citizens everything they can contribute toward final victory. They realize that their right to acquire and own in undisputed possession property is bound up in Institutions such as those which have been safeguarded by our form of government. They realize that the right to property is the foundation upon which family life rests. They realize that the family as exemplified by the King and Queen during their trip through Canada is the corner stone of our civilization. They know as we all do that the privately owned and controlled farm is the safeguard of the modern home. The family farm is the bulwark of our national characteristics. For it we all stand. It is the duty of Canada to bring our farms and those business organizations essential to their continued existence through the war soundly established.