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AGRICULTURE IN CANADA'S ECONOMY

FARMING is everyone's business, not only because it furnishes our daily food but because it is the base of so many industries and so much of Canada's trade and commerce.

Agriculture is our most important single industry. It employs a quarter of our gainfully occupied population. The economic welfare of the whole nation is affected by changes in farm income and purchasing power.

City people have quaint ideas about farm life. They see a farmer living in his own house, without rent to pay, growing a big part of his own food. He is free to work as and when he pleases. He need never fear unemployment.

These things are true, but the impression turns out differently if we follow a successful farmer around the clock. Success in farming is the result of clear thinking and skilful management, and a great deal of hard work.

The man on the farm is the force that welds land and equipment into a producing unit. He plans his crop rotations, attends to the fertility of his soil, balances his livestock programme with the feed available, controls expenses, uses labour and machinery efficiently, and finds his market.

That is a complex business. The changes wrought in farming during even one lifetime are astounding. Today's farmer must be able to use and maintain power machinery, hire and supervise labour, obtain and manage large amounts of capital, control expenses, attain a balance between all phases of his farm's business, and apply his own physical energy as his fathers did.

Not all this is to be learned in books. Farming is an ancient occupation. It has gathered round it a vast fund of wisdom and skill, transmitted from father to son on the thin air of oral tradition or of living example. We must not underestimate the worth and power of this body of rural lore and technique.

There are probably no instruments known to any craft which are more perfect in their adaptation, with more fine points upon which success or failure depend,

than the simple implements of modern farming. The shaping of the mouldboard of a plough so as to give maximum efficiency with minimum effort is a problem of the utmost nicety.

The Farmer's Market

Just as agriculture is at the base of all other prosperity, so agriculture depends upon all other industry for its state of well-being. Only in an environment of high level employment, abundant production, and high purchasing power can farming be a profitable pursuit.

Because of limitations in the home market, Canadian farmers are dependent on export trade. Any attempt to keep their income at a high level requires maintaining exports at 20 to 40 per cent of their production. Farmers have high interest not only in the normal functioning of the Canadian economy, but also in an expanding world economy, and therefore in world peace.

This introduces one of the most provocative of problems. It is easy to say "The more we buy from other countries, the more they can buy from us." But what we sell them depends upon the bargains we offer. Our prices must be in line with those available in the world at large, and this compels us to keep costs as low as possible if we are to realize a satisfactory net income.

There are many countries where, if they had the purchasing power, Canadian wheat and meat and fruit could be used to advantage. To develop them into markets is the aim of sections of the United Nations, of President Truman's point four programme, and of the gifts and loans made so munificently by Canada.

Canada's Farms

Agriculture was not Canada's leading economic activity until comparatively recent times. Vernon C. Fowke, Associate Professor of Economics at the University of Saskatchewan, said in his book entitled *Canadian Agricultural Policy, the Historical Pattern*: "Until perhaps a hundred years ago it was not agricultural prospects which attracted newcomers to venture

energies and resources in the New World. . . Agriculture, it might be said, was not indigenous to Canada; it was established and expanded only under conditions of extreme and prolonged difficulty."

The profitable and attractive opportunities in Canada were of other sorts, generally commercial. But when the last census was taken it showed that 39 per cent of Canadian manufacturing plants were engaged in working upon Canadian farm products. In turn, the farms of Canada represent a vast potential market for industrial products. Estimates based on the census indicate that practically half the Canadian market for products of city manufacture is provided by farmers.

Where are these farms, and who own them? The following table, compiled at the time of the census, tells the story:

Occupied Farms and Land Tenure in Canada in Percentages by Provinces

	Number of Occupied Farms	Per Cent owned	Per Cent rented	Per cent part owned part rented
Canada	732,715	75	13	11
P.E.I.	12,234	92	2	5
Nova Scotia	32,963	92	3	4
New Brunswick	31,881	92	3	4
Quebec	154,629	93	4	3
Ontario	178,169	79	12	9
Manitoba	58,022	66	19	14
Saskatchewan	138,703	53	24	22
Alberta	99,716	62	20	17
British Columbia	26,372	80	11	8

Farm Finances

Good farmers have little difficulty, today, with their financing. Proper financing, both from the long- and short-term credit standpoints, can mean a great deal in success or failure, but sources of credit are plentiful. Canadian chartered banks provide a large share of the short-term credit used by farmers. Their local branch managers know the financial and personal rating of the local farmers, and advances are readily arranged.

In talking of credit, it is well to emphasize the value of a true appraisal by the farmer of his needs, his ability to repay, and the most economical source of credit to meet his situation. Too easy credit should be avoided if it means taking excessive risks, and the farmer should consult his banker, or someone else equally familiar with the broad agricultural picture as well as with local conditions, before making decisions.

Credit needs to be used judiciously. Credit for productive purposes is justified when after careful and conservative calculation the prospective returns from the venture amount to more than the cost. As was pointed out in the C.B.C. *Summer Fallow* programme, in a play entitled *Country Banker*, the Canadian banks, while eager to advance credit for farm expansion and development, are equally keen to save farmers from embarking on expenditures which would end in grief for both lender and borrower.

It should be mentioned in this regard that the census of 1946 in the prairie provinces showed 81 per cent less indebtedness covered by liens than ten years before,

and the number of farms reporting debt covered by mortgages and agreements of sale dropped from 120,318 to 66,846.

This, of course, reflects an easier farm income period. The prosperity and well-being of farmers do not depend on agriculture having any given proportion of the national income, but on achieving and maintaining adequate income per worker.

It is impossible to give a figure which will represent the net income of a farmer, because it varies with every community and farm, and year by year. The estimates, however, are interesting.

Cash income from the sale of farm products, the most important income component, represents the gross returns from all products sold off farms, valued at prices received by the farmers. This figure reached an all-time high in 1948, and receded a trifle in 1949 to \$2,457 million. As to how the income was made up, here are interesting details from the *Statistical Summary* of the Bank of Canada.

Cash Income from the Sale of Farm Products (Millions of Dollars)

Year	Field Crops	Livestock	Dairy Products Poultry & Eggs	All Other	Total
1930	274	158	165	35	632
1940	291	245	183	47	766
1949	1056	762	500	139	2457

Mechanization

The development of labour-saving machinery has been a big feature of Canadian agriculture. Anyone looking around the average Canadian farm today is amazed when he thinks that it was only in 1837 that John Deere made his first steel plough from an old saw blade. Canadian farmers certainly are not like the natives on a South American estate who allowed a valuable steel cart to rust in idleness because it did not squeak like their old wooden carts.

At the half-way mark of the 20th century, a survey of the technological changes in farm life seems to indicate that farm people have benefitted. The effects have not all been good, but the levels of living for farm people have improved most in the areas where the greatest changes have occurred.

In 1901 the total value of machinery on Canadian farms was \$108,665,502, an average per farm of \$213 and per acre \$1.71. In twenty years the total had grown to \$665,180,416, the value per farm had increased to \$935, and the value per acre was \$4.72. In the ten years prior to 1948 Canadian farmers spent more than \$740 million on machinery and equipment; in the one year, 1948, they spent \$237 per farm, on the average.

The transformation in Canada's agriculture by these successive changes from hand power to horse power and then to machine power goes far beyond mere labour saving. It has altered the Canadian farm from a place where diversified production was pursued for home use to specialized production for the market.

Efficient use of machinery is of the greatest importance in keeping down costs and thereby increasing profit. It is just as wasteful to use unnecessary machinery

as it is to have inadequate machinery. It is wasteful, too, when machinery is not properly protected from the weather. The cost of protection is discussed by H. R. Hare, Agricultural Adviser, the National Employment Service, in his book *Farm Business Management*. Mr. Hare estimates that in the damp climate of Eastern Canada it will pay to spend as much as 20 per cent of the value of the farm machinery in constructing a building for its shelter, while in the drier atmosphere of the Prairie Provinces no more than 10 per cent of the machinery value should be so expended.

Family Farms

Farming in Canada is, for the most part, of the family farm kind. All people on the farm contribute to the general programme, and all economic and social activities are shared in common.

This ideal of production for a common family purpose, of building a family and perpetuating a prosperous, productive estate, is one of the greatest factors in adding dignity to family life. No artificial methods are needed to bring together the members of a family farm. In no other sphere of life do we find the sexes quite as indispensable for each other's well being as they prove in the country.

One farmer's wife said: "An important advantage is that farm life makes it easier for the wife's and husband's interests to be the same. Everything is to be cared for and planned together and at home instead of outside the home. Thus a man is not so apt to become a meal, clothing and shelter coupon for the wife, and she to become just cook and housekeeper."

Farmers are, as a class, more independent than any other large class. The vast majority of them are their own employers, heads of independent enterprises.

Big or Small Farm?

What size of farm is required to permit an effective use of the labour of the farm family and to provide a minimum acceptable standard of living? There are only general guides. Professor David L. MacFarlane, Macdonald College, comments in a *Queen's Quarterly* article on the difficulty of securing an economic combination of land, labour and machinery. He says: "Without important exceptions some 85 per cent of our farms are too small or their operators too limited in capital to reach the degree of mechanization called for by economic standards."

Acreage is not a final test of efficient production. More capital may be invested and more labour applied on ten acres intensively farmed than upon a thousand acres extensively farmed, with equally good income returns. The available evidence seems to show that family-operated farms which are large enough to utilize labour-saving equipment and other improved techniques usually can compete effectively, so far as providing a good living level goes, with large-scale units.

No article issued by this Bank, which has always had at heart the wise use of Canada's natural resources, would be complete without mention of conservation.

All revenue from farm operation is obtained through the medium of crops and livestock, and soil is the basic resource in their production. Income yield depends to a large extent upon land being used for purposes for which it is best suited.

Rough and stony land may break the heart and exhaust the bank account of the man who tries to till it for crops, but may return good earnings when used for pasture or woodlots. Other land may produce spindly plants, or plants deficient in nutrient qualities, because the minerals have been exhausted by repeated cropping or by erosion. This land can be brought back to productivity by carrying out a long-term plan of fertilization, crop rotation, and rational cultivation. Farmers have realized that increased yields can be obtained by the use of fertilizers. Sales of fertilizer materials and mixtures for use in Canada rose from 170,000 tons in 1927 to 742,000 tons in 1949.

Making Work Easier

However it is approached, farm work is hard work. The farmer owes it to himself to make it as easy and as efficient as possible.

The general layout of the farm can be such as to save both land and labour, and at the same time to increase the very desirable margin between cost and gross income.

Before plunging deeply into expenditure for labour-saving devices, the farmer should carefully calculate their cost and the savings he hopes they will produce. Once purchased, the depreciation, repairs and insurance become annual charges.

One of the greatest causes of waste energy is the lack of proper buildings and the bad arrangement of buildings. The doing of chores is a daily job, and a few steps a day taken unnecessarily adds up to a lot of miles in a year. Just an unnecessary trip of 10 rods and return across the farmstead once a day will result in the loss of one and a half day's time in a year.

Farm magazines and books provide many suggestions for a farm's efficiency. No man can take a ready-made formula and apply it to his own farm, but the general suggestions may be adapted and tailored to fit particular circumstances.

Anyone interested in literature dealing with farm operation should write to his provincial department of agriculture or to the federal authorities.

Applying Science

Science is at hand, too, to help the farmer. All farm people, and the economy generally, will benefit by the discoveries of scientists and the technological developments which flow from them.

The farmer's business has to do with the manipulation of nature, and nature brooks no radical departure from its accustomed ways: it cannot be tricked or deluded. In olden times, farmers were guided by superstition: today the questions in farming are answered by men who have wrought out the problems

by research in the agricultural colleges and experiment stations. There are in operation 29 experimental farms and stations, 64 sub-stations, and 9 branch laboratories. The colleges of agriculture have agencies through which every type of farm information is available. There are county and district agricultural representatives specially trained in the agriculture that is typical of the locality in which they serve.

Farm management involves the joining together of principles and facts from many sources. It requires an understanding of basic economics, of several natural sciences, and of applied sciences such as agronomy and animal husbandry. The farmer needs to adjust his farm operations to the varying conditions of soil and climate; he must have in mind the requirements of the market, his costs, and the development of his farm to meet the needs of next year.

There are no blueprints for this kind of efficient management. Keen thinking based on sound information, and planning based on the farm's resources and limitations frankly faced — these are the essentials of good management.

How they are applied is a personal matter with the individual farmer. One man may be content to accept a low return, with its consequent low living standard; many more will wish to apply the knowledge freely available to them in an effort to raise their family living level at once, and bequeath to their successors farms which have improved under their administration.

Records are Helpful

One of the best aids to management is a set of good records. Incomplete accounting in urban business is charged with being the cause of more failures than any other business short-coming, and surely we may attribute an equal proportion of farm failures and of mediocre success to the same cause.

There is no simple system applicable to all farms, because every farmer has his own ideas of work, of help and of ambition. The system of greatest usefulness is the one that tells the individual farmer the most about his business without making too great demands upon his time. Such a record will show him not only the total results of his year's farming, but the part contributed to his profit or loss by each enterprise.

There are special forms to assist farmers in preparation of a farm budget, available free of charge from the Economics Division, Department of Agriculture, Ottawa. A *Farmers' Account Book*, providing a simple and practical method of keeping farm records, is published for free distribution by The Royal Bank of Canada. It may be obtained on request to a local branch, or from head office. A *Milk Weight Record* book is offered by the Bank to keepers of dairy herds. Booklets on woodlots and conservation may also be had without charge.

The Farm Way of Life

One's standard of living can be what one wishes to make it: the problem then is to reach it. To most people it will seem as if the farmer has greater chance of

reaching his standard than have most city dwellers. Many of the things for which city folk yearn are commonplace to the farmer, not as superficialities, but as the realities of everyday living.

Nature, with which the farm family has so close contact, is straight-forward and sincere. There are, consequently, fewer artificialities in the rural community. Associations are highly personal, so that pretense is practically impossible. The farmer is accustomed to saying what he thinks and meaning what he says.

But the farm cannot hold its young people unless community life can be made attractive, social life agreeable, and income comparable with what would be earned in cities. There needs to be opportunity, too, for intellectual and aesthetic enjoyment, for health services and education.

Much has been done in the past quarter century by the introduction of rural mail delivery, telephones, automobiles and radios to overcome the isolation of farm dwellers. The church, as always, has been to the forefront in building up a wholesome social life and fostering mutual helpfulness, and the school has become, in thousands of communities, the centre of planning and improvement.

It is only as farm people themselves catch a vision of a better community, and command the many agencies at their disposal to make it a reality, that farm life will reach its highest peak of happiness. There is no social legislation that can do it for them. The achievement must come from within the community itself.

Farming is a way of life, as well as being a business. Many farm homes, though having little of a physical nature to make them attractive, are centres where young and old enjoy all that is most precious in family living. There is a compulsion of nobility upon the man in close touch with nature.

There are hardships. Like pioneering, farming has always required unusual amounts of industry, thrift and stamina. The people are misled who think that because they have read of one hen that laid 300 eggs in a year, and of one cow that produced 10,000 quarts of milk in a year, therefore farming is a soft job. Life on a farm is a long-drawn question mark between one crop and the next. There are always new anxieties. The farmer must plan for next year before this year's crop is harvested, and for the year after, and the year after that. He must do painstaking work today with no prospect of seeing a tangible result for years to come.

Farming is not static, but sprightly. The farmer is a man versatile and resourceful, able to decide what is to be done next, out of a great pressure of duties. His work has more variety, more room for initiative and self-direction than the work of a city artisan or foreman. All this is accompanied by an ancient and single-eyed simplicity of purpose.

There is as much dignity in tilling a field as in writing a poem; the farmer, more than all others on earth, takes the soil, the winds, the clouds and the sunbeams into partnership.