

## CHANGING INFLUENCES IN AGRICULTURE

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The Canadian agricultural scene is an ever-changing one, subject as it is to the vagaries of nature, the shifting of markets and the response of the farming community to governmental assistance. Throughout the postwar years, a surplus of wheat has persisted as a particularly intractable problem. This year, mounting stocks of certain livestock and dairy products have emerged as further complicating factors in the outlook. In addition, the Federal Government has lowered some of its support prices and in doing so has endeavoured to reshape its support policy so that the benefits will accrue mainly to the small farmer. In summarizing these and other current developments, this Review attempts to appraise their significance for the three main sectors of agriculture.

### GRAIN

That Western Canadian grain growers have felt under pressure for some time was evident in the representations they made to the Federal Government to stress the serious nature of price and income declines and to ask for assistance in the form of deficiency payments on grain marketed during the 1955-56 and 1956-57 crop years. In August 1958 the Prime Minister stated in the House of Commons that the Government had concluded, after careful consideration, that deficiency payments would not in the long run be in the interest of either the grain producers or the nation as a whole. In March of this year more than a thousand Western farmers and representatives of farm organizations went to Ottawa to renew their case for deficiency payments but, although the Government was sympathetic, it again expressed its reluctance to employ this method of bolstering the income of wheat growers and indicated that the benefits from such policies would not accrue to small farmers.

The current position of Canadian wheat is not discouraging. At August 1, 1958, the beginning of the current crop year, the carryover was 612 million bushels, some 118 million less than a year earlier. Last fall's crop of 369 million bushels, only slightly less than a year earlier, brought total available supplies to 980 million bushels, a decline of 11 per cent from the preceding year. During the seven months through February 1959, exports of wheat and wheat flour were 5 per cent less than comparable 1957-58 shipments and for the crop year as a whole are expected to approach 300 million bushels. It is estimated that this fall's crop is being seeded on 22.7 million acres, 9 per cent more than last fall's, but its size will depend a great deal on weather conditions.

Longer-term concern regarding wheat relates to the world situation. In the face of shrinking commercial import demand, exportable world supplies are currently the highest on record. In early March this year supplies of wheat available for export and carryover in the four major exporting countries -- Canada, United States, Australia and Argentina -- amounted to 2,400 million bushels, some 450 million more than a year earlier. World exports of wheat and wheat flour are expected to approximate 1,200 million bushels, only 50 million more than last year. Moreover, Spain and Turkey, whose wheat has been virtually absent from world markets for several years, are now substantial exporters.

Some alteration in world wheat trading conditions is, however, foreshadowed in the new International Wheat Agreement, which will include the United Kingdom and will become operative on the expiry of the present pact on July 31, 1959. The maximum price will be reduced from \$2 per bushel to \$1.90, while the minimum will remain unchanged at \$1.50 per bushel. An important difference in the operation of the new agreement will be that importing nations, instead of designating specific quantities to be taken from individual exporting countries, will agree to import, from I.W.A. exporters as a whole, a prescribed percentage of the wheat they will use each year.

### LIVESTOCK

In livestock, the second main sector of Canadian agriculture, the development of vertical integration and the increase in the number of large-scale commercial enterprises have tended to work against the main objective of the Government's farm price policy -- that of stabilizing the income of small farmers. The process of vertical integration involves the letting of contracts to farmers by meat-packing firms and feed companies to produce certain types of livestock. In many cases capital is extended to the farmer for the construction of buildings and the purchase of equipment. In this way management decisions at all stages of production and distribution are centralized.

This type of operation has been most evident in poultry production and has been reflected in a rapid increase in broiler output. Vertical integration is also being extended to hog raising but a trend to larger-scale and more highly specialized hog production has been in progress for some time. In fact, the past few years have witnessed substantial investments in large, efficient piggeries and farrowing houses, designed to increase efficiency. Because such commercial enterprises are able to operate at low cost,