Greater Production in Agriculture

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The necessity for provisioning the armies at the front; the increasing cost of living at home, and the need of meeting our huge war expenditures and of providing for future repayment of war loans; all these factors have emphasized the first importance of agriculture in Canada.

In the complexities of modern business, of borrowing and lending, of commerce and exchange, of occupations productive and non-productive, primary facts may be obscured. But the primary fact is, that our people, whatever their individual pursuits may be, must be fed and clothed and sheltered from the proceeds of our productive industries, and that our foreign borrowings, interest and principal alike, must sooner or later be paid out of the same proceeds.

Agriculture is called "our basic industry." By which term is meant—if the term is used intelligently—that, of our primary industries, lumbering, mining, fishing, farming, farming is by far the most important and vital; and that other industries, railroading, manufacturing, banking, are secondary, and are important only as they facilitate the operations and the business of farming; that is, as they encourage farming.

But, for many years previous to the war, agriculture had been discouraged in Canada. It is not necessary here to say how it had been discouraged, or to seek to lay the blame on any person or persons or on any government. It is enough to enumerate the facts that support the statement.

According to the statistics of the Canada Year Book for 1915, agriculture declined in Canada between the years 1911 to 1914.

The acreage of the principal crops in Canada decreased in that period by 1,100,000 acres, and at the same time the holdings in live stock decreased by 277,000 head.

The same tale is repeated in all the Eastern provinces. The little province of Prince Edward Island diminished its acreage by 14,000 and its live stock by 32,000. Quebec shows a decrease in all of the principal crops, including 300,000 acres of hay and clover; while its live stock fell off by 490,000 head. In Ontario the acreage decreased by 737,000, and its live stock by 760,000. Manitoba shows a new decrease in acreage sown of 462,000, and a live stock increase of 15,000. Saskatchewan increased its acreage by 585,000, and its live stock by 327,000. Alberta fell off in wheat production by 269,000 acres, and increased its acreage of oats by 280,000. In live stock there was an increase of 422,000 head.

There seems no way to account for these facts other than by concluding that general conditions placed farming as a pursuit relatively at a disadvantage. There seems no way to bring about greater production in agriculture other than to consider what the discouragements may be, and to proceed to remove them.

Of all classes of producers, farmers are least able to fix prices for what they sell. Encouragement of agriculture, therefore, cannot come by assurance of high prices. It can come only by lowering the cost of production.

The cost of production may be lessened by—1, cheap land; 2, cheap capital; 3, efficient, i.e., cheap labor; 4, cheap implements; 5, good farm economy.

1. Cheap land. The one material advantage which Western Canada offers above Eastern Canada and the Northern States, from which sources Western Canada has obtained and will continue to obtain its best farmers, is cheap land. Its soil is no more fertile, after the first virgin fertility has been exhausted by wheat growing, than the soil of Eastern Canada and of the Northern States. Its climate, owing to the shortness of the growing season, is less favorable to variety of crops and to permanent farming. Its geographical position, its remoteness from the markets of the world, is a disadvantage. Cheap land alone has been the honest and enduring attraction for settlers, and if Western Canada is to develop its agriculture and do its proper share of production, its land must be cheap.

A friend of mine wanted to buy a farm within fifteen miles of Winnipeg. He offered an owner $8,000 for a quarter section. The owner refused. He asked $10,000. At the same time he was receiving $250 a year rent for the farm. Rent is the most accurate measure we can find for the commercial value, that is, the value for purposes of production, of farm land. $250 capitalized at 6% amounts to $4167. The farm is worth that, the owner was offered $8,000, he asked $10,000.

Last summer I visited a farm twelve miles from Winnipeg. It was a section of land, and had evidently, to judge from the equipment in buildings and machinery, been run as a bonanza farm. It is now abandoned, and weeds are growing rank all over the place. The price quoted at the time was $100 per acre. I learned afterwards it could be bought for $30. A good judge of farm values told me it would cost $15.00 an acre to rid the farm of weeds, and that the farm would be dear at $20.00 an acre.

A short time ago a gentleman from New York, with $30,000 to invest, called to see me about a Western farm. He had been offered a section of land in Southern Alberta at $35.00 an acre. I had just been talking with a good farmer from the same district who informed me that he had adopted the practice of seeding only on fallow, that is, crop half the land and fallow half each year. If the cost of fallowing is $5.00 an acre, of seed $1.50, of seeding, harvesting, threshing and marketing, $10.00, and the yield 20 bushels which sells at $1.00 a bushel, the farmer has a net balance of $3.50 per acre for two years, which is to pay him all he gets above laborer's wages, and also pay interest for two years on investment. The interest on $35.00 for two years at 6 per cent. is $4.20. If the purchaser pays more than $25.00 an acre for this land, he will speculate on wheat selling at more than $1.00 a bushel, or on a higher yield than 20 bushels an acre.

2. Cheap money. Farmers in Western Canada are now paying 8 per cent. or more for mortgages and short loans. The Rural Credit Bills recently enacted by the Manitoba Legislature, Hon. Mr. Brown's for long-term loans, and Mr. Prout's for short-term loans, will, it is expected, enable farmers to secure much cheaper capital. On the terms of Mr. Brown's bill, a farmer may, by paying $2179.50 in equal annual instalments of $72.65 each for 30 years pay off a debt of $1000 with interest at 6 per cent. With money at 8 per cent. the farmer will pay $2400 interest in that time, and he still will have the original debt of $1000 against him.

There is a pitfall in to which cheap money may thrust the purchaser of land, and that is, he may be induced, or compelled, to pay more for the land he wishes to buy. The present owners of land may take advantage of the Rural Credits Bill by assuming that the purchaser, having a lower rate of interest to pay, can afford to pay more principal. For example, to repay a principal of $1000 a year with interest at 8 per cent., by thirty equal annual instalments, would require an annual payment of $88.83. If it be assumed, on the principle of "charging all the traffic will bear," that the farmer can afford to continue paying $88.83 a year to wipe out principal and interest by thirty equal annual payments, money being worth 6 per cent., then the owner will charge the purchaser $1222.70 for the land, instead of $1000.

If this is to be the result, the bona fide farmer who wishes to purchase land will not get the benefit from cheap money.

3. Cheap implements. Canada needs all her advantages of cheap land and fertile land to compensate for the disabilities imposed upon her farming by the manufacturers of farm machinery. Back in the eighties we began to hear of the "infant industries of Canada," and their need for support while they grew up. For thirty years these industries have been wrapped in expensive swaddling clothes and pampered with pap. It is time they were grown up and required to stand on their own feet. The farmer in Western Canada, because of the tariff, pays 20 per cent. more for his machinery and supplies than farmers south of the line.