

Agrarianism in the Canadian West

L. C. GRAY, Professor of Economics, University of Saskatchewan, speaks frankly to Grain Growers

The possibilities and the limitations of the Grain Growers' movement defined, intelligent criticism essential—Pathway of social progress strewn with wrecks of farmers' organizations—Failures of attempts by farmers to secure a monopoly and fix arbitrary prices for products, the "farmers party" fallacy, unwise attempts to do away with all middlemen, and unsound financial agitations—Great danger in co-operative movement going too far. Co-operative movement should develop from local organization to central organization rather than from centralized system with local ramifications—Most important duty of Grain Growers' to promote rural education—for every dollar to be saved by improvement of mechanism of marketing and credit, there are ten to be saved by improving methods of individual farmer.

IT is necessary to apologize at the outset for the title of this address. So far as I am aware, our English vocabulary does not contain a serviceable term to express a class-conscious farmers' movement. We have the terms "socialism," "syndicalism" and "anarchism" to apply to various manifestations of class-conscious radicalism among the industrial wage-earners, but we lack a term to apply to a similar phenomenon among farmers. Instead of coining a new word, I am going to indulge in the still more regrettable practice of employing an old term with a new meaning. The word "agrarianism" is ordinarily only applied to agitation for a more equitable distribution of land. Rural radicalism, however, takes other forms nowadays, and I therefore take the liberty of employing the term "agrarianism" in this broader sense.

The Grain Growers' Association is an important example of a most significant modern social phenomenon, the movement of farmers for economic and social organization. It is my desire this evening to suggest in a large way the broader limitations of that movement as well as its possibilities. Indeed, a discussion of its limitations is probably more important and necessary than a discussion of its possibilities. In the enthusiasm that has attached to the farmers' movement the possibilities of organization and co-operation have been sufficiently emphasized. Indeed, one wonders if they have not been somewhat over-emphasized—so much so, in fact, as to lay the movement open to the charge of utopianism; while on the other hand, the immature and unscientific proposals that are given serious consideration from time to time show clearly that the limitations of the farmers' movement are not sufficiently appreciated.

Criticism Necessary
It is not a popular task, in the midst of a wide-spread and contagious enthusiasm, to assume the kill-joy part of critic, but intelligent criticism is most essential at just this stage in the development of every popular movement. It is only necessary to point to the history of farmers' movements to justify this statement.

The pathway of social progress is strewn with the wrecks of farmers' organizations, and agrarian history in America has been a long record of unintelligent leadership and irrational enthusiasms. This has been true to so great an extent that some students of social problems came to the conclusion that the farmer is so individualistic that he is lacking in the faculty for organized activity. This pessimistic view is demonstrably false. It is none the less important, however, to suggest some of the stumbling-blocks that have been most responsible for the failure of farmers' movements.

Impossible to Fix Prices
One of the most frequent errors has been the constantly recurring idea that farmers by organization can secure a monopoly and can fix arbitrarily the price of their products. Many instances could be cited of attempts to put this idea into practice. The idea has taken many forms. Sometimes it has resulted in an attempt to control supply by dictating the amount of produce the farmer shall produce. The earliest attempt of this kind in America was made in the year 1621 and in following years in the efforts of the Virginia tobacco growers to curtail the production of their staple. Numerous attempts of a similar character were made at different times in the seventeenth and eighteenth centuries. In the period from 1845 to 1853 the cotton growers of the Southern States attempted to put this idea into practice, and the existing Farmers' Union of America has long dallied with this notion.

Another phase of the dream of farmers' monopoly is the idea of pooling farm products in order to fix farm prices. This is an even more unintelligent and impossible project than the one previously mentioned. It was unsuccessfully attempted a few years ago by the Burley Tobacco Society of Kentucky. A third phase is the notion that the government can by legislation fix the price of farm products. This idea has been recently suggested in Saskatchewan. It would be a tragedy if the enthusiasm and energy of the Grain Growers' Association should be diverted toward this chimerical sug-

gestion. Farmers' monopoly in any of the great staples is an impossibility. Over any considerable period of time prices of farm products represent an equilibrium of supply and demand. If prices are raised artificially, it becomes profitable for new promoters to enter the industry, and at the same time the demand is reduced. Consequently competitive prices tend to return to approximately the old level.

If the government undertook to guarantee a price, particularly one above normal, it would simply be a subsidy to farmers, and carried far enough, would end in government bankruptcy. In short, farmers' monopoly in order to be successful, must result in control over the quantity of the product; but farmers are too numerous, and potential competition is too widespread to bring such a control within the range of the most remote probability. Don't waste the fine energies of your organization in chasing a will-o'-the-wisp of this character.

Farmers' Party Would Fail
Another stumbling-block which has been encountered by farmers' movements has been the deep-seated conviction on the farmers' part that as a class they should be represented in politics. Experience has demonstrated conclusively that no single class can make a success as a political party. This has been the experience of the socialists, of the prohibition movement, as well as of several important farmers' organizations. The idea that the farmers as a class should be represented in Parliament has been proposed in some of the locals of this organization and considered at the recent convention at Regina. Such a policy involves certain disaster for the farmers' movement.

Every parliament and every cabinet is brought face to face with hundreds of problems that do not affect the interests of a particular industry and class; and in such a case the division of interest is likely to cut across class lines. For instance, many people who are not farmers are interested in anti-trust legislation and tariff reform. The temperance movement embodies all shades of opinion on other political questions, many of which are as important as the temperance problem. This is why temperance offers no effective basis for party organization. For a farmers' organization, therefore, to become a political party assures swift disintegration. This does not mean that a farmers' organization should never take a stand as an organization on political questions.

It is proper that the farmers' interests be adequately protected—just as much so as the railway interests or the manufacturing interests. Indeed, as long as economic classes struggle for political advantage, organized influence is essential. This, however, is far different from a policy of transforming a farmers' organization into a political party. And, in any case, it is essential that every attempt to influence political action through class organization be clearly justified by a well-defined and unquestionable class interest.

Middleman is Necessary
It is just at this point that farmers' movements have encountered the most serious dangers. Farmers have long nourished a feeling of antagonism toward the middleman, both in marketing and in credit—a feeling comparable to the class-conscious antagonism of the socialist toward capitalism. It would not be fair to suggest that there is no justification for the farmers' attitude, but it is not too much to say that this antagonism has been characteristically a blind, unintelligent hostility rather than a result of careful analysis of the weak points in the system of marketing and credit.

The world has been disdainfully weary for a long time of the constant outcry that the middleman is useless, that he is a conspirator against the farmers' prosperity. Nothing is gained by an attitude. The middleman is very necessary to the farmers' prosperity until such time as adequate substitutes for existing systems of market distribution are developed. As a result of this unintelligent antagonism which deserves the somewhat opprobrious term "agrarianism," farmers' movements have been led into absurd agitations against produce exchanges, trading in futures, into Greenbackism and

cheap money agitations, into futile demands that the contract rate of interest be lowered, and into absurd hostility toward banks.

Banks Cannot Aid Farmers
The Canadian banks have been severely criticized for their failure to meet the farmers' needs, and it must be admitted that the banking facilities of the West are unquestionably inadequate when viewed as a system of agricultural credit. This inadequacy is not, however, to be blamed to the policy pursued by the banks.

So far as it is possible to judge, the Canadian banks have been wisely managed. The interests of sound banking and public safety. In fact, Canada has admittedly one of the most perfect systems of commercial banking in the world. The only thing that is lacking in the essential character of a commercial bank, which renders it absolutely unfit to meet the needs of farmers in a new country like this.

Mortgage Credit After the War
If more adequate credit is desired, it is necessary to provide a special machinery for agricultural credit. Happily an admirable legislative provision has already been passed in this province for a system of mortgage credit. The introduction of the system awaits the passing of the abnormal conditions brought on by the present war. This system, however, solves only a small part of the credit problem. For a time it can be expected to do little more than to enable the farmer to fund a portion of his existing mortgage indebtedness at a somewhat lower rate of interest than he now pays.

Short-term Credit Greatest Problem
Meanwhile the great problem of short-term credit remains. While this is the more difficult it is also the more important of the two problems of rural credit. It is the one that most directly and aggravates many of our other rural problems.

Under the conditions which prevail in this Western country it is not probable that a co-operative banking system for short-term credit can lower the discount rate materially below that prevailing for commercial loans. The only alternative is the creation of an institution that will be in such close touch with the farmers that it will be able to make credit available not only to the well-known, prosperous farmer, but also of his less prosperous, obscure neighbor, and the period of the loan should be adapted to the convenient periods of repayment required by the farming industry. More than all else the machinery of such a system should provide for the distribution of sound financial advice. I think I am not exaggerating when I say that the average farmer lacks a knowledge of the fundamental principles of sound finance. The accounts for the numerous unsound financial agitations, that have been fostered by farmers' movements, are to be found in this lack of knowledge.

Farmers Should Control Rural Banks
The danger of a system of agricultural banking controlled by the farmers is that the pressure for the extension of credit may overcome the cooler judgment of those who are seeking to follow the principles of sound banking. For this reason I believe the principle of partial joint liability is absolutely essential as a safeguard to create a feeling of mutual responsibility and a deep sense of conservatism.

The control of such a system of rural banking by farmers is desirable especially as a means of eliminating the feeling of suspicion that the farmer is inclined to cherish toward credit agencies when controlled by other classes. At the same time, a certain amount of government regulation is essential. A system of short-term rural credit should be supplemented, if possible, by arrangements with the existing banking agencies to re-discount a part of the farmers' paper. Granting that the development of such a system is inevitable, the arrangement should be profitable to both parties.

Co-operation May Go Too Far
The principle of co-operation is making exceedingly rapid progress in Western Canada. The great danger is that we shall try to move forward too rapidly and too far. It is dangerous to assume that in co-operation, as thus far developed, there exists an adequate substitute for the entire existing mechanism of marketing and credit. There are great possibilities in co-operation, but the exact limitations of the principle have not yet been clearly defined. A careful, scientific—i might almost say—conservative application of the principle of co-operation is necessary if we are to avoid the long history of innumerable failures that have attended the application of the co-operative principle.

Danger of Orgy of Innovation
In the midst of the contagious enthusiasm that accompanies the rapid growth of a new movement, there is danger of an orgy of innovation. The leaders are frequently tempted by the necessities of maintaining the coherence of a movement. Utopianism is always more conducive to enthusiasm than is the case with careful, constructive progress. In the accounts of the proceedings of your recent convention at Regina I find the significant admission on the part of one of your leaders that the development of co-operative trading is desirable as a means of stimulating the growth of your organization.

The Granger Movement
Without criticizing any of your present activities, will you allow me to tell you the history of the wreck of the Granger movement in the early seventies? The new movement spread like wildfire throughout the country. In two or three years the adherents were numbered by millions.

Then the Grange introduced a vast system of economic innovations. Granger banks, stores, insurance companies, creameries, schools, grain elevators, freight lines, fruit-growers' associations, sprang up like mushrooms throughout the country. The culmination of folly was the attempt by the National Grange to centralize the whole co-operative activity of the movement, both for buying and selling, under the control of a single great corporation. The scheme was expected to be a cure-all for the ills of farm life.

Within a few years the Granger Movement was involved in ruin. The history of those years was a record of mismanagement, defalcation and dishonesty. It may be said that no one of the various schemes with which the Grange experimented was intrinsically impracticable. The mistake was in attempting to go forward too rapidly.

Closer Settlement Utopia
Some of our political leaders both in America and in Canada have suddenly become aware of the systems of co-operation that have been painstakingly developed in Europe during the past half century, and they have sought to transplant these systems in the New West, in many cases without proper allowance for vast differences in social environment. An instance of this was the well-intended, but highly utopian, scheme recently proposed for the development of the village type of rural organization as a means of solving a temporary problem of unemployment.

Locals First, Central Second
The order of successful development for a co-operative movement is from local organizations to central organization, rather than by the attempted organization of a vast centralized system with local ramifications. It is far better that your locals build up gradually a sound and healthy system of local co-operation based on the cumulative results of experience. Then co-ordinate these activities by federation. It is by these methods that co-operation has achieved success in Europe.

Notable beginnings have been made in this province through local initiative in the co-operative purchase of supplies. These activities have been efficiently co-ordinated through your central executive. At your recent convention a resolution was passed to secure greatly enlarged powers for manufacturing and trading. This step has occasioned grave concern both among the friends and among the enemies of your organization.

Limits of Co-operation
There is perhaps no occasion to criticize the action designed to secure larger corporate powers. The real question is, how will these larger powers be employed. There is evidence that your leaders are contemplating a vigorous campaign not only to co-ordinate and extend the existing forms of co-operative buying but also to inaugurate an extensive system of retail distribution under central control.

I am not here to predict the failure of such an enterprise. A conservative and constructive policy of development in this field may perhaps prove successful. There are certain limiting considerations, however, to be kept in mind. In the first place, the margin of economy will be small. (Continued on page three)

The Naomi Bible Class of St. Thomas Church have elected new officers for the year as follows: Hon. President, Mrs. R. Denison; President, Miss Laura Elliott; Vice-President, Miss Ruby Gass; Secretary, Miss Anna Gordon; Treasurer, Miss Pringle Aitchison; Social Convenor, Miss Velma Walker; Sick visiting, Miss Agnes Franks. The teacher is Miss Edna Porter.

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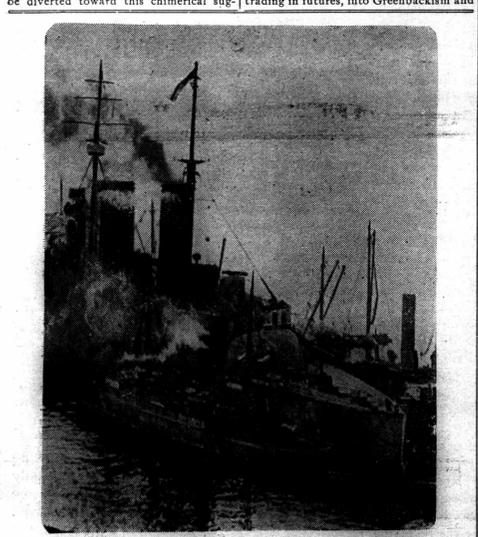
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