

our means." In these words, there is a challenge to those who would prescribe remedies for Maritime problems. Professor Keirstead's analysis shows that the region's economic future is inextricably linked with the nation's future, that its basic problems must be resolved within the national structure. He shows, too, that within the nation's structure the Maritimes themselves must exert their utmost effort to achieve positive prosperity. Coming at this time, his

study is more than timely. The war has brought a new spirit and a new hope to Maritime people. For them Professor Keirstead has succeeded in stating the central economic issues, their historical background, and with incisive clarity the areas within which decisions must be made. His is the first such systematic study; no one seeking realistic understanding of the region's basic economic problems can afford to ignore it.

## The Outlook for Canada's Wheat Industry

By W. A. MACLEOD

**I**N the writer's opinion annual wheat production in Canada in the post-war years is likely to run between three hundred and three hundred and fifty million bushels. Apart from feed and seed kept on the farm the crop will be delivered on a quota basis by the growers to a national Wheat Board, or Wheat Pool, with a guaranteed initial payment to the grower when he takes his grain to the elevator.

The forecast should not be taken too seriously. It is purely the writer's guess, and may differ widely from the views of the Wheat Pools.

Since 1938, production in Canada has averaged considerably higher than the writer's estimate. For 1933, 1934, 1935, 1936 and 1937, the Canadian wheat crop was substantially below estimate. This year's crop is estimated at 450 millions. To justify the writer's position, it will be necessary to explore the past of our wheat industry and then take a leap into the future from the firm ground of the present.

### The Rise of the Wheat Economy

When the writer was a small boy, Canada was jogging along with an annual wheat crop of between twenty-two and twenty-five million bushels, exporting

between three and nine million bushels annually and importing from the United States two or three million bushels more than she exported. Practically all the wheat grown in Canada was from the eastern provinces, for while wheat had been grown on the prairies from 1812, there was rarely enough to supply the needs of the little prairie settlements until near the end of the century. As late as 1876 when there was a crop failure in Ontario and an order for 5,000 bushels for seed was sent to the Red River settlers, all that could be supplied was 857 bushels, the first wheat shipped from the prairies.

The completion of the Canadian Pacific Railway line across Canada in 1886 inaugurated the wheat era in the Dominion. Between 1880 and 1885 the production of wheat in Manitoba increased from one million bushels to six millions. In 1890 Manitoba's wheat crop reached sixteen millions; eighteen millions ten years later, with five million bushels produced in the North-west Territories, from which the provinces of Saskatchewan and Alberta were carved five years later.

In 1892 Canadian wheat, "Manitobas," was quoted for the first time on Liverpool markets, and the name stuck although in a few years the volume of wheat from Saskatchewan and Alberta left Manitoba far in the rear. By 1905 our national wheat crop exceeded a hundred million

bushels—and we were exporting more than double our entire annual production up to 1872. By 1923, Canada was the world's leading wheat export country, although fourth in wheat production; the United States, Russia and China growing much more wheat but eating most of it. World wheat trade at this time averaged close to eight hundred million bushels with world wheat production in the neighborhood of five billion bushels.

The extraordinary increase in our wheat production was due of course to the rapid development of the prairies through a rush of immigration, served by a network of railways which soon spread over the entire area, and the ease with which the fertile soil was brought under cultivation. Between the census periods, 1901 and 1936, the population of Manitoba rose from 255,211 to 711,216; Saskatchewan from 91,279 to 930,893; Alberta from 73,622 to 772,782, and the three provinces from 419,512 to 2,414,891. The increase in our wheat crop was entirely in the West, the rest of Canada producing annually less than twenty million bushels.

Wheat and wheat flour had become overwhelmingly the most important exports from Canada by 1920, exceeding the total value of all exports ten years earlier. As Dr. W. A. Mackintosh put it: "Canada had suddenly developed a single, highly specialized export region in which all parts of the country were economically interested. By 1928, 41 per cent of the world wheat imports of the United Kingdom came from Canada, which contributed 52 per cent of the world wheat exports of that year. As a people, we were more dependent on wheat than any other people in the world."

The wheat crop of 1928, 566,726,000 bushels, was the biggest ever grown in Canada, perhaps the largest that ever will be grown here; although a member of the present Federal Cabinet said a year later that Canada might grow wheat crops of a billion bushels a year.

## The Depression and Its Aftermath

What actually came to pass in the late fall of 1929 and the gloomy thirties was that the world got scared, started taking stock, marking down inventories, slashing world trade, including world wheat trade, dehydrating securities, deflating optimists, closing banks, factories, and opening soup kitchens, dust bowls, spawning Fascists and Nazis, and upsetting things generally until the demands of a world war threw industry again into high gear bringing about a hectic prosperity. In one year world wheat trade dropped three hundred million bushels. The price of wheat in this and other exporting countries dropped below the cost of production. When a dam breaks, a great many ugly things are brought to light, and the result is the same when a boom bursts.

We had got into a way of thinking in Canada that there was an almost unlimited world market for wheat and that we had enormous reserves of virgin soil for continued expansion of wheat production. It was a shock to find that regardless how low wheat prices fell, there remained a surplus we could not sell. It was almost as big a shock to find that there was not nearly as much first class wheat land in the prairie provinces as we had fondly believed. The chill, unpleasing truth is told in the following brief extracts from a careful study prepared for the Royal Commission on Dominion-Provincial Relations by Professor W. J. Waines of the University of Manitoba, and Dr. W. A. Mackintosh of Queen's University:

Until quite recently it was assumed that the farm lands of the prairie provinces were capable of supporting for many years to come a steadily rising population, partly by the exploitation of new lands and partly by the adoption of more intensified farming methods in the settled areas. The assumption has lately been challenged in both respects. Careful estimates of virgin land, suitable for settlement and capable of being exploited without excessive developmental costs, provide no grounds for extravagant hopes. Moreover,

the trend over a large part of the settled West is toward a more extensive rather than a more intensive agriculture, and the density of population in those areas is falling rather than rising.

The area occupied in 1936 amounted to 113 million acres. As this exceeds the area of satisfactory and marginal land for cultivation by 6 million acres and as the unoccupied area contains substantial tracts of satisfactory and marginal lands, it follows that much sub-marginal land is now occupied. The utilization of the occupied area throws some light on this aspect.

Improved	Unimproved
61 million acres	Prairie and natural pasture.....34 m. acres
	Woodland.....12 m. acres
	Marsh and Waste-land..... 6 m. acres
	—
	52

Occupancy of sub-marginal lands is explained broadly by two quite different circumstances. The local variability of soil quality is so marked over a large part of the prairie that a section of land or less may include satisfactory, marginal and sub-marginal soils. The natural tendency is to cultivate the better parts and use the marginal and sub-marginal areas for pasture. The other explanation is the existence of considerable numbers of farmers now attempting unsuccessfully to exploit sub-marginal soils. In some cases these soils were satisfactory or marginal when they were first cultivated and have since deteriorated by blowing or prolonged cropping. In others they were sub-marginal from the first. To the extent to which a considerable acreage of sub-marginal land is now being farmed unsuccessfully, a movement of people away from parts of the settled areas to unoccupied lands is indicated. Such a transfer has been going on in waves (coinciding roughly with drought cycles) since the earliest days of settlement, and there is ample evidence that the process has still some distance to go. Some demands on the satisfactory and marginal lands now unoccupied will therefore be made as the farmers abandon sub-marginal areas and in this way a considerable portion of the virgin lands now available may be settled without any addition to the farm population of the prairies.

A case can be made out for the view that the available lands will all be required to meet

the needs of farmers now settled on sub-marginal land and the demand for new land arising out of the natural increase in the rural population. If this view is correct, there is no scope for rural immigration into the region.

We chose to forget that British agriculture had been nearly ruined by the flood of low priced grain from the prairies of the United States, Canada, and the Argentine. At one time England, now and for many years the world's leading wheat importer, was the world's leading wheat exporter. Less than a hundred years ago England and Wales had over eight million acres in "corn." This shrank to six, to three, to two, and in 1939 was down to 1,681,000. Since then British wheat acreage has been on the up and up, with cultivation almost as fully mechanized as in our own country, with newly developed improved varieties and over three million acres in wheat. To lower production costs and improve quality, a campaign is under way to reduce British wheat varieties from over a hundred to sixteen. Before the first world war and most of the period since, England imported annually about two hundred and twenty million bushels. There is a definite change in the attitude of the British people and the British government towards their domestic agriculture. According to public statements and addresses by Old Country farm leaders and public men, it may be anticipated that England in the future will keep a substantial percentage of that increased acreage in wheat and consequently will import less.

### Factors Affecting the Wheat Price

So much has been written about the marvellous fertility of the prairies, the speed with which millions of acres of virgin grass land could be brought under cultivation to bring forth bumper crops of wheat, that certain unpleasant facts have been kept in the background.

From the very first, in the United States as well as in Canada, there was a terrific variation in yield. There were plagues of grasshoppers and army worms,

cut worms and wire worms. There were merciless droughts that burned up the crops on millions of acres year after year. On the Canadian prairies crop after crop was cut down by early frosts until earlier ripening varieties were discovered or developed. Rust was one of the greatest hazards, striking most savagely in years of good rainfall, until rust resistant varieties were bred and multiplied. Hail is always a menace but crops can be insured against loss from hail although rates have to be high in bad hail areas.

But as the golden wheat river from the prairies swelled in volume, even with violent fluctuations in yield from one pest or plague or another, Canada's wealth from wheat continued to grow. Railroads, elevator companies, flour mills, steamship companies, farm implement firms and thousands of firms which made or dealt in goods the farmers had to buy to keep on farming, grew and prospered.

Wheat apparently made money for all who had anything to do with it—except the farmer who grew it!

Let it be admitted at once that many prairie farmers made a good deal of money growing wheat, and a considerable number invested this money wisely in payment of debt, education for their children, good farm buildings, good live stock, necessary farm machinery. Land was cheap, even after the free homesteads were gone, and was brought under cultivation at a rate that seemed almost magical to settlers from the eastern provinces who knew what it meant to hew farms out of the "forest primeval." Many of the wheat farmers came from the prairie states, where they sold their farms at good prices, loaded up one or more freight cars with their implements, live stock, household goods and were ready to start breaking up the sod as soon as they arrived at their new location.

Just what percentage of the wheat farmers bought too much land or too much machinery, or both, or too many motor cars, it is hard to say, but individual cases of extravagance and undue optimism were not so numerous as to account for the discontent that spread over

Western Canada at the very time that railway building, immigration, and the growth of the prairie cities and towns gave every outward indication of progress and prosperity. The price of farm land was going up but the farmer was sinking deeper into debt. He blamed the railroads, the grain companies, the implement concerns and creditors generally and he prodded the government. Legislation was secured to protect the rights of the farmer in marketing his grain. Notorious abuses were corrected. Prairie governments gave financial assistance to farmers in building up co-operative grain handling companies, ultimately owned and operated by the farmers. Finally, the majority of the wheat producers formed their own grain marketing as well as handling business, the Canadian Wheat Pools. All this helped, but was not enough. Most of the farmers were satisfied they knew the answer, a fair and stable price for their grain, but all official and non-official authorities declared that this was impossible, wicked and revolutionary. The price of grain had to be set by international markets in accordance with sacred laws of supply and demand; in other words by dog eat dog, cut throat competition. And the farmer was told quite correctly, that it was impossible to estimate in advance the cost per bushel of producing wheat. It varied from year to year, from district to district, from farm to farm. But careful studies by a prairie university while admitting the wide variation in production costs, showed conclusively, that average costs for Saskatchewan, the main wheat province, was \$1.00 per bushel. The province as a whole, and the wheat farmers as a whole, went behind when the price of wheat dropped below a dollar.

It should be always borne in mind that the quoted price of wheat is on the basis of Number One Northern at Fort William. Allowing for variations in grade and costs of handling and transporting the wheat from the farm to lakehead, would make the average price to the farmer at his country delivery

point about twenty cents per bushel less than the quoted price at Fort William.

For twenty-four years from the crop year 1890-91 to 1914-15, there were only four years when the price of the top grade of wheat at Fort William was over a dollar a bushel. For sixteen years, from 1914-15 to 1928-29, the price of Number One Northern at Fort William was over a dollar. In 1930-31, wheat prices took another terrific nose dive to the lowest levels known in modern times, and the worst drought Western Canada had ever known happened along at the same time.

Marketing a little more than half the wheat crop, the Wheat Pools tried to check the collapse of wheat prices to the tune of a twenty-three million dollar overpayment to their members, the prairie governments coming to their aid to prevent absolute chaos in the wheat situation. The Pools are making good this overpayment. Wheat prices kept falling until the Federal Government had to step in. It has ever since been in the wheat business. The first step was through stabilization operations carried on by the Bennett government, followed by the establishment of a Canadian Wheat Board. For the past thirteen months this national body has been the sole purchaser of Canadian wheat, making an initial payment to the farmer on delivery of \$1.25 per bushel, basis Number One Northern, Fort William.

This price per bushel is set for the 1945-46 crop year. Participation Certificates are issued by the Wheat Board so that if the wheat brings more than the initial payment, plus costs, the producer benefits. Already close to sixty million dollars have been paid to producers by the Board for the crop years 1940-41, 1941-42 and 1942-43. This substantial sum has buried a lot of dead horses in the form of settlement of accumulated debt. In addition, reasonably satisfactory prices for other farm products have resulted in a tremendous expansion of mixed farming on the prairies. The bulk of the bacon ship-

ments so urgently needed by Great Britain, come from the prairies, and there has been an increase in dairy and poultry products which is truly remarkable considering that the armed force and war industries drew over a quarter of a million young men from our farms. Prairie farmers can no longer be denounced as "wheat miners" although for many years to come, if not for all time wheat will continue to be our main crop.

### The Outlook

Hungry Europe will need a great deal of wheat and flour before European agriculture gets on its feet again. Through UNRAA and the International Wheat Agreement, the surpluses which have accumulated in the main wheat exporting countries, Canada, the United States, the Argentine and Australia, can be distributed at fair prices to the consuming as well as the exporting countries. In all the exporting countries and the principal importing country, the United Kingdom, government guaranteed prices are paid the producers.

There is not the slightest possibility of governments abandoning the control measures now in effect, at least until some degree of stability and order has been established in Europe and Asia.

In the first International Wheat Agreement which was scuttled before it came into force by Argentina, Canada's share of world wheat trade was set at approximately two hundred million bushels. Should world wheat trade average between five and six hundred million bushels, two hundred million bushels should be a fair allotment for Canada. The quota system carried out by The Canadian Wheat Board which allows the producer to grow all the wheat he wants to, but will allow him to deliver only his fair share of the total quantity for which the Wheat Board expects to find a market, has worked surprisingly well.

Canada has accepted cheerfully, through the stress of war, a government guaranteed price for wheat. The wheat producers of Canada will insist that a guaranteed price shall be continued after

the war, although this guaranteed price may fluctuate as costs of production and the general level of prices fluctuate. Moderate prices for the moderate quantity of wheat which the world will be willing to take, would not satisfy all the producers but Western Canada is through with dumping wheat on a speculative market below production costs.

The time will surely come when European nations will grow more of the protective foods their people need and

buy the bulk of their wheat from the countries which can grow better quality cereals at lower costs than overseas farmers can ever hope to rival. When that time comes, Canada can profitably increase her wheat crop. In the meanwhile, a crop of between three hundred and three hundred and fifty million bushels is all that the prairie farmers should try to grow or for which our Federal Government should guarantee satisfactory floor prices.

## What is a Super-State?

By EMERY REVES

**I**N this era so prodigiously prolific in secret weapons and political slogans another term has recently been launched which is destined to become the object of passionate debate. This term is: Super-state. It sounds terrifying. All men with healthy instincts are supposed to react in unison: We don't want it.

Those who, in many countries, pose the rhetorical question: "Do you want to join a Super-state?" should at least take the trouble to explain what they mean by this slogan. Is a Super-state a very big state? Or is it a state with an over-large population? Or is it a too-powerful state? As it does not seem that, once the Super-state slogan has been thrown into debate, we can avoid a controversy, it may be advisable to try to arrive at a definition before we get too excited about it.

What is a Super-state?

### Concepts of the State

Since the beginning of thinking on human society, writings about the nature and the problems of the state fill a whole library. In this century-old search for the truth about the state, two conceptions have crystallized. One is the theory that the State is an end in itself, the purpose of society, the ultimate goal.

EDITOR'S NOTE: Mr. Reves, a well known journalist now living in New York, has made many contributions to the discussion of international policies. His book *A Democratic Manifesto* appeared two years ago. In the last few months he has dealt in several articles published by the *New York Times* with the topic discussed here.

Individuals have to obey the dictates of the state, submit to the state's rules and laws, with no right of participation in their creation. Without the state the individual cannot even exist. This conception of the state found expression in autocratic kingdoms and empires. Since the destruction of most of the absolute monarchies, it has returned in our age in the form of Fascism, Nazism, the dictatorship of a single party or a military caste.

The other conception of the state—the democratic conception—sees the ultimate goal in the individual. According to the democratic theory of the state, the individual has certain inalienable rights; sovereignty resides in the community, and the state is created by the people who delegate their sovereignty to state institutions for the purpose of protecting them—their lives, their liberties, their properties—and for maintaining law and order within the community.

It can be taken as axiomatic that our ideal is the democratic state. The state we want to live in is one which can guarantee us maximum individual liberty; maximum freedom of religion, speech, press and assembly; maximum freedom of communication, enjoyment of scientific progress and material wealth. We want the state to restrict and control these individual freedoms only to