

AN ANALYSIS OF THE ECONOMIC POLICIES OF  
FARM ORGANIZATIONS IN MANITOBA,  
1945-1962

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by  
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Any errors and omissions which remain are entirely my own.

## ABSTRACT

The main purpose of this study is to examine the economic, social and other policies of the Manitoba Federation of Agriculture (and Co-operation) and the Manitoba Farmers' Union as they were presented from 1945 to 1962, to see if some explanation can be found in them for the separation of and repeated clashes between the two organizations--clashes that took place in the face of strong endogenous and exogenous pressures for unity.

The policies of the two organizations are considered as they were presented by the organizations in their briefs to government and other organizations, in their policy statements, in their press releases and in their other statements and publications. These policies are examined against the economic, political and social background of agriculture in Manitoba from 1945 to 1962.

The study demonstrates that there are significant differences in goals and values between the two organizations and from this examines the necessary policy differences. These differences are found to result from the MFU's acceptance of Jeffersonian democracy and agricultural fundamentalism as their basic philosophy, a philosophy, which is antipathetic to the Federation's philosophy of economic development. Another factor in the division was the Federation's espousal of co-operatives as a goal, a goal not shared by the MFU who consider co-operatives just another form of business organization.

The ultimate conclusion of the study is that the gap between the two organizations has been growing, and barring some unexpected change in either or both of the organizations' value, goal or policy structures, their differences in these vital areas preclude any possibility of unity.

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## CHAPTER I

### THE PROBLEM

From the early 1900s until the end of World War II, Manitoba farmers were united in a single non-commercial farm organization.<sup>1</sup> It was not always the same organization, but at any one time in the period there was only one major non-commercial farm organization representing farmers in the province.

During World War II the only non-commercial farm organization in the province was the Manitoba Federation of Agriculture (MFA) which became the Manitoba Federation of Agriculture and Co-operation (MFAC) in 1945.

Following the war, in 1947, a second non-commercial farm organization was formed to oppose the MFAC. The new group, the Manitoba Farmers' Union, although not effective at first, grew rapidly, and by the early 1950s was challenging the MFAC's position as spokesman for Manitoba's farmers. A third organization, the Manitoba Farmers' Protective Association, was also organized in 1947, but it disappeared within a few years.

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<sup>1</sup>A non-commercial farm organization is one that does not play a direct role in the commercial aspects of agriculture such as production and marketing.

Since 1951 the MFU and the MFA(C)<sup>2</sup> have openly opposed each other. The conflict has been carried to the national level where both organizations are also represented, the MFA(C) by the Canadian Federation of Agriculture (CFA) and the MFU by the National Farmers' Union (NFU). This conflict has been of particular concern because it has divided agriculture's voice at a time when the industry is losing political power due to a declining farm population.

On the provincial level members of both the MFA(C) and the MFU have openly blamed organizational matters, such as type of membership and method of collecting fees, for the conflict between them. There have been several efforts to unite the two provincial organizations and the organizations, as well as many politicians, editorial writers and agriculturists, insist that a single united farm organization in Manitoba is a necessity. A resolution passed in June, 1952 by delegates at the annual meeting of the MFAC said:

There is an evident and growing trend on the part of some of the executive members of our two Manitoba farm organizations... to belittle one another's actions and accomplishments, and whereas such action only weakens the farmers' position and plays into the hands of those opposed to organized effort on the part of the farmers, therefore be it resolved that this convention lay down a definite policy under which the Manitoba Federation of Agriculture and Co-operation and the Manitoba Farmers' Union will work towards greater cooperation and co-ordination of efforts between the two organizations as they represent one and the same people.<sup>3</sup>

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<sup>2</sup>The MFAC became the MFA once more in 1957. In this study the abbreviations MFAC and MFA will be used when referring to events and policies particular to specific time periods or to either of the organizations specifically. The abbreviation MFA(C) will be used when referring to the organization generally.

<sup>3</sup>Quoted in E. J. Tyler, J.C. Gilson and J.M. Nesbitt, A Report



The same sentiments were expressed in a 1957 Interprovincial Farm Union Council press release. (The IFUC was formed by the three Prairie farm unions.)

Canadian farmers in general are fully aware that two farm organizations, often opposing each other on farm policy, cannot work for the benefit of agriculture, and farm leaders must acknowledge this undesirable fact.<sup>4</sup>

An editorial in the Winnipeg Free Press of January 7, 1957, also agrees, commenting on conditions at the national level.

Recent experience has shown how damaging parallel farm organizations can be.... Nothing but harm can come from the IFUC and CFA competing for farmers' support. A real union would provide a single organization that would be stronger than either of those now existing.<sup>5</sup>

The two organizations held a series of unity negotiations which began in 1955 and ended in 1957 when a special MFAC convention refused to ratify the constitution of the proposed new farm organization. The MFAC gave two major reasons for this defeat of the constitution: 1) it failed to provide what the MFAC felt was a sufficient role for co-operatives and 2) the two groups could not agree with which national group the proposed association would identify itself.<sup>6</sup>

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of the Manitoba Commission on Farm Organizations, Confidential Draft Report. (Winnipeg: July, 1962), p. I. 1.

<sup>4</sup>In the clipping files of the Winnipeg Free Press classed with "farm organizations", 1957. (The release itself is undated).

<sup>5</sup>Editorial in the Winnipeg Free Press, January 7, 1957.

<sup>6</sup>Tyler et al., op. cit. p. I. 32.

However, these organizational differences do not completely explain the conflict between the two organizations, for they have co-operated on certain measures of which they have both approved. An example of this co-operation is illustrated by the harmony with which the two groups worked to organize and finance the March on Ottawa in 1959 to demand deficiency payments. If the groups can co-operate when their policies do coincide, it is possible that one cause of conflict between them might be their policies. Manitoba agriculture has undergone major economic and social changes since the end of World War II<sup>7</sup> and a serious policy conflict could be due to differing reactions to these changes by the two groups. At the end of the war farmers suddenly found themselves able to adopt technological innovations that had been building up since the beginning of the depression in 1929. Money was plentiful and factories switched over from the manufacturing of planes and tanks to the building of tractors, trucks, other farm machinery and consumer goods. The horse gave way to the tractor and the Manitoba farm found itself involved in a technological revolution. Using the advanced technology a single farmer could now farm larger areas making many farms too small for efficient operation of the new machinery. The whole traditional structure of the Manitoba farm was changing.

There were at least two courses Manitoba farmers could take in face of the change and threatened change-- they could oppose it or they could accept it and even try to encourage it. They could also compromise

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<sup>7</sup>Tyler et al., op. cit., p. I. 32.

on a third course, opposing some changes and accepting others.

This thesis will study the policies proposed by the MFA(C) and the MFU during this period to see what their reactions to these changes were, and to see if there is not here an explanation of some of the discord between Manitoba's farmers.

The importance of the study. The expressed desire of the two organizations for unity and the pressure for unity that is being imposed on them from the outside by the press and others, makes this thesis important. If part of their conflict results from a difference in approach to economic and social changes, then a demonstration of these differences may allow the organizations either to decide unity is impossible, or to follow a more fruitful course of negotiations through discussion and reconciliation of some of the problems that divide them.

Since no empirical work seems to have been done on the policies of the two farm organizations the study will at least provide a description and analysis of the policies they are attempting to pursue and will describe some of the goals they are attempting to attain.<sup>8</sup>

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<sup>8</sup>A comprehensive report has been prepared on the two groups' organizational problems by E.J. Tyler, J.C. Gilson and J.M. Nesbitt in the report cited previously on farm organizations. Jake Schulz, former president of the MFU, has written a history of Canadian farm organizations that places great stress on organizational difficulties. See Jake Schulz, Rise and Fall of Canadian Farm Organizations, (Winnipeg: Evans Printing and Stationery Ltd., 1955).

## CHAPTER II

### METHODOLOGY

The basic hypothesis of this study will be that the division between the two non-commercial farm organizations in Manitoba can be partially explained by the two organizations having reacted differently to the economic and social pressures to which agriculture has been subjected since the end of World War II. More specifically, the hypothesis will be that the two organizations have been unable to unite because the Manitoba Farmers' Union--MFU-- attempted to reverse, or at least retard the changes that were occurring, while the Manitoba Federation of Agriculture (and Co-operation)--MFA(C)-- accepted the changes, or at least considered them inevitable.<sup>1</sup>

Prima facie evidence suggests that the Manitoba Farmers' Union considers undesirable many of the economic and social changes taking place and believes that trends to larger farms, resulting in the departure from agriculture of farm families, must be stopped. The MFU position seems to be that the farmer is already efficient in production but is not sufficiently powerful in the marketing field. The MFU feels the price the farmer receives is being constantly pushed down towards rapidly mounting costs. To remedy this situation the MFU proposes parity prices and compulsory marketing boards.

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<sup>1</sup>Much of the analysis will be written in the present tense because the study is taking place during a period so close to the one being studied that many of the more recent policies have not yet had an opportunity to change.

The MFA(C) on the other hand seems to consider the economic and social changes in Manitoba as inevitable and seems to have accepted the idea that farmers in the province must be efficient if they are to prosper and must in many cases become larger if they are to become efficient. To increase the farmer's bargaining power the MFA(C) favors co-operatives, accepting marketing boards only when co-operatives are clearly not applicable.

These two positions derived from prima facie evidence will be the conflicting policy positions hypothesized for the MFU and the MFA(C). The hypothesis will be tested by examining the two organizations' policies. If the hypothesis is correct then it provides at least one of the reasons for the division between the MFU and the MFA(C).

Cochrane has posed an hypothesis, similar, but not identical, to the one above. He suggests that American farmers are divided on their ultimate values. Some farmers, he suggests, value the "protection of individuals in terms of socially accepted income, consumption and other living norms (i.e. the avoidance of inequitable situations)" and "the concept and practice of the family farm". They are indifferent to "increased governmental controls over economic decision making and efficiency". Others, he says, value "efficiency (i.e. the maximization of output per unit of input)" and "individualism (i.e. the maximization of the area of individual decision making)" and are indifferent to "customs and established traditions" and the "protection of individuals in terms of socially accepted income, consumption and other living norms (i.e.

the avoidance of inequitable situations.)"<sup>2</sup>

He continues:

The two different value systems outlined above are partly in conflict and partly intertwined in the American experience. When the conflicting value systems are intertwined in the same person, and this is most common, that person is badly mixed up—rising in one direction on one occasion and in another on another occasion. Where these two systems are intertwined by reason of being held by different persons and groups, heated controversy and power struggles are the result.<sup>3</sup>

This is only an hypothesis on Cochrane's part; he never tests it.

In essence his hypothesis differs little from the hypothesis of this thesis in that the position of Cochrane's first group would correspond roughly to that of the MFU while that of his second group would correspond roughly to that of the MFA(C).

Rather than use Cochrane's hypothesis, which is meant to apply to the American rather than the Canadian situation, it will be more effective to test for the specific policy clash in Manitoba outlined above. But Cochrane's warning must not be forgotten. Even if there is actual conflict between the MFU and the MFA(C), bred from their different attitudes towards economic and social changes, it is possible that the two organizations do not react in a consistent manner towards all changes. This problem too, can create conflict and confusion as Cochrane points out.

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<sup>2</sup>Willard W. Cochrane, Farm Prices, Myth and Reality, (Minneapolis: University of Minnesota Press, 1958), pp. 117-118.

<sup>3</sup>Ibid. p. 118.

Period studied. The period studied will extend from 1945 to 1962. The period prior to 1945 will not be considered because the wartime pressures were not representative of the situation normally facing the farm organizations. The study will end in 1962, which was the year of release of data from the 1961 census, and the year this study was begun.

Sources. The policies and any information concerning them will be gathered from speeches made by the executives of both organizations, from published statements, briefs, press releases and annual reports. Though statements of the two national organizations will occasionally be considered, the study will rely mainly on statements made by their provincial affiliates. The provincial organizations usually include most of the important national policy proposals in their statements.

These sources were chosen because they are documentable and because they are the open statements of the policies which the two organizations present to the government, and to their members and prospective members. These policies may not be representative of each individual in each organization, but they are the policies that he espouses by joining one or the other of the two organizations.

It is also theoretically possible to study the resolutions presented at each of the organizations' annual meetings to discover whether there is opposition among the membership to the policies publicly announced. Both organizations have copies of their resolutions, but, it is impossible to find out what proportion of the organization any resolution represents, for only the approval or defeat of a resolution is recorded, not the number of votes for

and against it. These resolutions could conceivably also show whether or not either organization's executive represents the true feeling of the membership by comparing the emphasis the membership puts on each policy proposal to the emphasis the executive displays in its official briefs. Again, there is no way of weighing the support of the resolutions, two unanimous resolutions may not be of the same import. It is not possible to judge accurately.

The ordering of the policies in rank of importance in briefs and public pronouncements must thus be relied on as the only adequate method of measuring their importance to the group.

It must be assumed that if there is any major dissenting opinion on policies among the membership of either organization that those holding the opinion will leave the organization if their dissent is sufficiently strong. If they do not feel obliged to change allegiance, it must be assumed that they will publicly support their organization's policies.

Problems. To adequately consider the policies the two organizations are pursuing, it will be necessary to try to establish their values and their goals, for the values and goals form an inherent part of the policy structure. The organizations' policies should be directed towards their goals, and the goals and policies are determined in large part by the values. But, these goals and values are not always expressed explicitly in the two organizations' statements and sometimes must be synthesized from them.

For the purpose of this study, policy will be defined as a "course of action adopted by government, party, etc."<sup>4</sup> A value will be defined as

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<sup>4</sup>The Concise Oxford Dictionary of Current English. Fourth Edition (Oxford at the Clarendon Press, 1951.)



"worth, desirability, utility, qualities on which these depend"<sup>5</sup>, and a goal as "object of effort or ambition, destination".<sup>6</sup> It may not be possible to identify a proposal as either a value, goal or policy, for the three often become so intertwined it is impossible to separate them. Goals of one policy are sometimes themselves means to other goals. For example, higher farm income might be the goal of a policy of two dollar wheat, while the two dollar wheat is itself a goal of a policy of supply control. Values also sometimes become goals in themselves, and vice versa.

Another problem of definition presents itself. Neither of the two organizations defines many of the terms used in policy statements. Terms like "family farm" and "adjustment" are presumably supposed to be sufficiently familiar to all not to require definition. Such terms are sometimes described, but not usually well enough to provide a workable definition. It is also possible that the same word is used to mean different things at different times. When this problem arises it will be necessary to attempt a definition of the word from the context in which it is used.

Judging goals and values. Another problem involves the handling of values and goals.

The tradition in economics is that the economist concerns himself only with the means used to reach a goal, which is established from the outside. In his classic work on the problem, Lionel Robbins argues: "by itself economics affords no solution to any of the important problems of life".<sup>7</sup> Nothing

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<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Lionel Robbins, An Essay On The Nature And Significance Of Economic Science, (St. Martin's Street, London: Macmillan and Co. Limited, Second Edition), p. ix.

in economic science provides a criterion for the economist to judge on ends. Economics, according to Robbins is "concerned with ends in so far as they affect the disposition of means",<sup>8</sup> and "from the point of view of economic science, changes in relative valuations are data."<sup>9</sup>

Later on, Robbins says:

In so far as the idea of rational action involves the idea of the ethically appropriate action, and it certainly is sometimes used in this sense in every day discussion, it may be said at once... that no such assumption enters into economic analysis.<sup>10</sup>

The economist's problem then is to analyze how the scarce resources can be utilized to reach these given objectives. Economics "when we are faced with a choice among ultimates... enables us to choose with full awareness of the implications of what we are choosing".<sup>11</sup>

In a later essay Robbins re-examines the problem. He still argues of economics that "this technique does not in itself furnish guidance on ethical standards."<sup>12</sup> He adds: "I do not think that a knowledge of Economics by itself is a sufficient guide to the practicability of policies."<sup>13</sup>

But he also argues:

It would be a great pity if economists in the present age were to depart from the habits of their predecessors and to refrain from participation in the discussions of what... may conveniently be described as questions of political economy. I think it would be regrettable if they refrained from discussions of the ultimate ends of society.<sup>14</sup>

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<sup>8</sup>Ibid. p. 30

<sup>9</sup>Ibid.

<sup>10</sup>Ibid., (italics in original)

<sup>11</sup>Ibid.

<sup>12</sup>Lionel Robbins, The Economist In The 20th Century, (London: Macmillan and Co. Ltd., 1954), p. 14

<sup>13</sup>Ibid.

<sup>14</sup>Ibid. pp. 15-16.

The training of economists, he says, "gives some special aptitudes for such subjects... I do not think we can afford to leave the higher ranges of the political problem entirely to the politicians".<sup>15</sup>

Thus, to Robbins, the economist per economist, cannot deal with goals or values, but as a private citizen his training may fit him better than most to deal with the problem.

Cochrane also considers the problem. He finds that in economic problems "common sense would suggest that an economist should be called in to prescribe what ought to be done about these problems (policy)".<sup>16</sup> Using a variant of a technique described by Myrdal in The American Dilemma.<sup>17</sup> Cochrane lists his values and goals as the Golden Rule, the family farm and a higher standard of living and then suggests various policy measures in light of these "values".<sup>18</sup>

In his approach Cochrane does violence to Myrdal's technique. (Myrdal suggests that the researcher analyze his own biases before starting on a piece of scientific research, particularly in the sociological field). However, Cochrane's work differs little from other economic analysis. His ends and values are given. If his work is scientific, his results must be objectively valid (given the ends and values).

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<sup>15</sup>Ibid. p. 16

<sup>16</sup>William Cochrane, Farm Prices, Myth and Reality, (Minneapolis: University of Minnesota Press, 1958), p. III.

<sup>17</sup>Gunnar Myrdal, The American Dilemma, (New York: Harper & Bros., 1945), Appendix B.

<sup>18</sup>Cochrane does mix goals and values.

In this study, goals and values will be treated in the traditional manner outlined by Robbins, but any conflict between values, goals or policies, held or proposed by a group, and those of the majority, or a large minority of the population will be pointed out. Thus, if a proposed policy to increase the consumption of pork suggested that pork be eaten by every Manitoban at one meal on Friday, the study would point out that although this might increase pork consumption it would be in conflict with the religious beliefs and practices of both Jews and Catholics.

No other type of moral judgement will be made of the goals or values. Policies will be analyzed once the goals and values are determined.

Background. To provide background for comparisons of and commentary on the two farm organizations' policies, a preliminary chapter will be included. This chapter (Chapter III) will include a brief outline of farm organization history in Manitoba, a discussion of some of the political and philosophical theories used to justify different structures in the agricultural industry and a brief exposition and analysis of the economic and political background of agriculture in Manitoba just prior to and during the period to be studied.

Analysis. The first chapter of actual analysis, Chapter IV, will consider the values and goals explicitly presented by each of the two organizations. For each the value and goal structure will be tested for consistency, then the two value-goal structures will be compared to see if there is any indication of conflict at this level. The next two chapters will consider each organization's policies. For each organization the policies will be outlined and each policy will be examined for consistency with the organization's other policies and for consistency with its value-goal structure.

In the final chapter the value-goal-policy structures of the two organizations will be compared and examined as a possible source of conflict.

## CHAPTER III

### THE BACKGROUND

Before studying the value-goal-policy structures of the Manitoba Farmers' Union and the Manitoba Federation of Agriculture (and Co-Operation) it is necessary to consider the various outside forces that have affected these value-goal-policy structures.

One prerequisite to understanding some of the organizations' policies is a knowledge of the organizations' histories prior to the period being covered in this study. Some knowledge of the two groups' organizational problems will also be helpful. Another important study is that of the predominant philosophies of agriculture's role in the province. Farmers and city-dwellers have conceived of the roles they think agriculture and the individual farmer should fulfill in the provincial and national economy. These roles, especially those conceived of by the farmers, are important determinants of a farm organization's values and goals and, ultimately, of its policies. One more group of forces also has a large determining effect on the policies of the non-commercial farm organizations. This is the economic and political structure of the province and its agricultural and other industries. No matter what values an organization might have, any realistic goals and policies have to be predicated upon existing economic and political institutions.

This chapter, then, will study these four major influences-- the organizations' histories and the philosophical, economic and political background in the province.

## I. THE FARM ORGANIZATIONS

A brief history of the farm organizations in Manitoba and Canada and some of the major policies they pursued will help provide an understanding of some of the problems which faced the MFA(C) and the MFU in Manitoba. This section will include an outline of farm organization history in Manitoba and Canada until the end of World War II and will then give a brief history of the division between the MFA(C) and the MFU and their attempts at unity. This history will help focus attention on some of the organizational difficulties separating the two organizations.<sup>1</sup>

Early farm organization history. By 1900, encouraged by the Homestead Act and the Canadian Pacific Railway (CPR), settlers had made Western Canada, including Manitoba, one of the major wheat producing areas in the world.

Crops were abundant, but the farmers believed they were being cheated in their marketing by an alleged alliance of the Winnipeg Grain Exchange, the CPR and the elevator operators. Among their grievances the farmers listed insufficient loading platforms, excessive dockage and low

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<sup>1</sup>Much of the information in this section is from E.J. Tyler, J.C. Gilson and J.M. Nesbitt, A Report of the Manitoba Commission on Farm Organizations, Confidential Draft Report, (July 1962).

prices.

In an effort to remedy the situation farmers formed the Territorial Grain Growers' Association on December 18, 1901 at Indian Head, Saskatchewan, President W. R. Motherwell explained its purpose:

With farmers righteously indignant over their inability to dispose of the 1901 crop, the time seemed to be ripe for the commencement of a movement looking towards a permanent organization whose duty it would be to press persistently and insistently for an improvement in marketing conditions, transportation, warehousing, and for the introduction of a new and amended legislation from time to time as the rapidly changing character of the country seemed to warrant it.<sup>2</sup>

In 1902 the Territorial Grain Growers' Association charged that the CPR agent at Sintaluta, Saskatchewan had not followed the priority order system provided for in the Manitoba Grain Act of 1900, and obtained a conviction. With this conviction to their credit, the Association expanded. The group's first Manitoba local was formed early in 1903 at Virden and was superseded almost immediately by the formation of the Manitoba Grain Growers' Association at Brandon in March, 1903.

In 1906, the Manitoba Grain Growers' were instrumental in having the Grain Growers' Grain Company established. The company was to act as a broker in the Grain Exchange on behalf of the western grain growers. In 1907 the Manitoba Grain Growers' affiliated with the Territorial Grain Growers' in Saskatchewan and Alberta to form the Inter-Provincial Council of Farmers' Organizations which in turn became part of the new Canadian Council of Agriculture in 1909.

In 1910 the Council assembled 800 delegates for the Siege of

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<sup>2</sup>Ibid., I.3.



Ottawa which asked, among other things, for lower tariffs on imported goods, reciprocal trade agreements with the United States, and government ownership and operation of terminal elevators at the Lakehead. But with the formation of the Canadian Council of Agriculture (CCA) also began one of the organizational problems that has plagued organized agriculture in Canada and Manitoba. The CCA excluded farmers' cooperatives from membership in the association and forbid the co-operatives to make direct grants to the Council.

Meanwhile, in 1909, under pressure from the Manitoba Grain Growers' Association, the Manitoba government began to build a series of grain elevators in the province. These eventually failed and were leased to the Grain Growers' Grain Company by the province in 1912. In all, the company took over 174 elevators.

World War I followed, but it did not prevent changes in organized agriculture. In 1916 the Canadian Council of Agriculture reversed its position and admitted commercial organizations into its ranks. This step eventually led to Council leadership by the commercial members and bitter strife later, but it also increased funds available to the group from an annual budget of \$400 to a budget of nearly \$15,000.

In 1916, with no thought of direct political action, the Canadian Council of Agriculture drew up the Farmer's Platform, which in 1918 became the New National Policy and which asked Members of Parliament to specifically pledge themselves to support and to work for the implementation of the Platform. Later, the Canadian Council of Agriculture unsuccessfully demanded the permanent establishment of the government wheat marketing board which

had been originally set up as an emergency measure following World War I.

Disappointed when the government ignored their demand, the farmers went directly into politics, electing a Progressive government in Manitoba in 1922 after electing 65 Progressive members to the Commons in 1921. The Manitoba Progressives soon split between the Liberals and Conservatives. The party quickly declined federally as well, not electing a single member in the election of 1935.

Professor W. L. Morton sums up the position of the Progressive Party thus:

....The Progressive movement was a revolt against a concept of the nature of Canadian economic policy and of Canadian political practice. The concept of Canadian economic policy which the Progressives had formed and on which they acted was that of a metropolitan economy designed by the control of tariffs, railways and credit, to draw wealth from the hinterlands and the countryside into the commercial and industrial centres of central Canada. The concept of Canadian political practice which the Progressives had formed and on which they acted was that the classic national parties were the instruments used by the commercial, industrial and financial interests of metropolitan Canada to implement the National Policy of tariff protection and railway construction by dividing the vote of the electorate on "political" issues and by the compromises and majority decisions of the legislative caucus.<sup>3</sup>

During the same period, in 1920, the Manitoba Grain Growers' Association was reorganized into the United Farmers' of Manitoba, but its policies remained unchanged.

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<sup>3</sup>W. L. Morton, "The Progressive Tradition in Canadian Politics", in Party Politics in Canada, ed. Hugh G. Thorburn, (Toronto: Prentice-Hall, 1963), p. 79.

In 1927 a second non-commercial farm organization-- the Manitoba section of the Farmers' Union of Canada--was formed in the province but in 1929 it joined the United Farmers' of Manitoba.

At the end of the 1920s the non-commercial farm organizations in Canada and Manitoba were struck a serious blow by the depression. The Canadian Council of Agriculture collapsed almost immediately, but the United Farmers of Manitoba managed to survive. The period from 1929 to 1939 was one of relatively little action for organized agriculture in Manitoba and it was not until the beginning of World War II that the non-commercial farm movement in the province began to revitalize and the present stage of farm organization history in Manitoba began.

The history of the MFA actually began with the founding of the national Canadian Chamber of Agriculture in 1935. This new organization was an attempt to replace the old Canadian Council of Agriculture. In conjunction with this national group the United Farmers' of Manitoba became the Manitoba Federation of Agriculture in 1939, only to have their organization remain relatively unchanged for the six years of World War II.

During the whole period from 1900 to 1945 several events eliminated the risk of serious policy clashes between groups of farmers. World War I, the 1929-1939 depression and World War II created a climate in which it was difficult for the farm organizations to organize. As well, during the two wars, it was difficult to pursue policies other than those being pursued by the government to win the war. During the depression the farmers were not in a sufficiently strong position to organize. Consequently, most of the organized farm pressure which took place prior to 1945, occurred

between 1900 and 1929, during which time the farmers were united in their common fight for better marketing conditions and lower tariffs-- causes which were of benefit to agriculture as a whole.

Technical considerations also favored unity. During the period 1900 to 1939 it was difficult for farmers to build large farms. The horse was the major limiting factor of farm size, and though some farmers were wealthier than others, the big integrated farmer was an impossibility. World War II prevented much policy conflict as farms slowly grew larger, but all the forces were freed after the war, when the technological backlog of several years suddenly became available.

Policies proposed during this later period by the two groups will be discussed in another section, but at the moment it is necessary to briefly study the organizational history of the two groups following the war.

The post-war period. In 1945 Manitoba co-operatives joined with the MFA to form the Manitoba Federation of Agriculture and Co-operation. It was possible to join the group either directly through one of the MFAC's regional organizations or to join through the co-operatives. As a result, the bulk of the membership eventually came through co-operatives -- that is, members of affiliated co-operatives automatically became members of the MFAC. With this arrangement finances were assured. As well, the MFAC acquired the task of promoting co-operatives and of supplying educational services for the co-operatives. Among others, the group's goals were "the building of strong co-operative organizations."<sup>4</sup>

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<sup>4</sup>MFAC annual report, 1957, p. 3.

Almost from the date of its organization, the MFAC claimed a membership of 45,000 farm families, a membership it was to claim until 1957 when the co-operatives split off and the MFAC once more became the MFA. By December 31, 1960 MFA membership had fallen to 2,640 farm units,<sup>5</sup> and no membership campaign was undertaken in 1961.

In 1945, the MFAC had been the sole non-commercial farm organization in the province, but in 1947 the Manitoba Farmers Union was formed to oppose it. In part the MFU objected to the indirect membership policies and co-operative affiliations of the MFAC.

The MFU did not achieve any significant power until 1951 when, under the presidency of Jake Schulz, it suddenly began to flourish. Its membership was varied. In July, 1951 it claimed 16,000 members, 28,000 in December, 1952 and 31,834 in December 1954. Since then, membership has fallen until November, 1962, when the group claimed 19,000 members.

A third group, the Manitoba Farmers Protective Association was founded in 1947 and was active in the province until 1952. Never a large group, it was not a threat to the MFU or the MFAC. Its main policy was opposition to the Canadian Wheat Board and the Anglo-Canadian wheat agreements. It disappeared shortly after Manitoba's Canadian Wheat Board referendum on oats and barley was passed with a large majority in 1951.

Almost since the MFU's inception the MFA(C) and the MFU have expressed the desire for unity. As mentioned previously, the two organizations worked

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<sup>5</sup>MFA Director's Report, June 1, 1959 --December 31, 1960, p. 4.

together on several projects, notably in 1951 to promote the passing of the Canadian Wheat Board referendum on oats and barley<sup>6</sup> and in 1959 to raise \$36,000 to help finance a delegation of Western farmers to Ottawa to demand deficiency payments. They also supplied the delegation with a petition signed by 53,820 Manitobans supporting the measure.<sup>7</sup>

Though both organizations have proposed unity negotiations and solutions to the unity problem, they have only nearly reached an agreement on one occasion. A negotiating committee formed of appointees from both organizations agreed to a constitution for a combined group, the Organized Farmers of Manitoba, in 1956. The Constitution was ratified by the MFU at its annual meeting in 1956, but defeated by a special meeting of the MFAC early in 1957.<sup>8</sup>

A statement issued by the MFAC's annual meeting in June, 1957 gave the following reasons for the defeat of the proposed amalgamation:

1. The agreement did not actually name the Canadian Federation of Agriculture as a national organization to which the Organized Farmers of Manitoba would be affiliated.
2. No provision was made for representation of co-operatives on the Provincial Board of the Organized Farmers of Manitoba.
3. Fear of instability of finance when the only means of collecting dues is by personal canvass.<sup>9</sup>

Following the defeat of the unity proposals the MFAC was re-organized and once more became the MFA. In June, 1959 it became a direct membership

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<sup>6</sup>Winnipeg Free Press, 1951 files.

<sup>7</sup>MFA annual report, May 31, 1959; p. 6.

<sup>8</sup>Winnipeg Free Press, 1956 and 1957 files.

<sup>9</sup>Tyler et al., op. cit. p. I. 32.

organization, and the co-operatives split off to form the Co-operative Union of Manitoba and relieved the MFA of its responsibilities to advance the co-operative cause and to promote co-operative education. An MFA by-law prevents co-operatives from joining.

Further attempts at unity, including a suggestion by the MFA that the MFU become an affiliate member, were unsuccessful.

It appears then that among the organizational forces keeping the two groups apart are their inability to agree on the position of co-operatives in a unified organization and their inability to decide with which national group a unified organization should affiliate. One of the original problems of direct vs. indirect membership seems, however, to have been partially solved by the breaking away of the co-operatives from the MFAC.

Other farm groups. The two national farm groups representing the two farm groups in Manitoba -- the Canadian Federation of Agriculture, (the federal group to which the MFA is affiliated) and the National Farmers' Union (the federal arm of the MFU) -- are also divided. Their policies will, however, be considered with the study of the two Manitoba groups. No formal work seems to have been done on the forces keeping the two national organizations apart.

The United States. The non-commercial farm groups are also split in the United States, where several major farm organizations compete for the farmers' allegiance. The American non-commercial farm organization structure is, if anything, more confused than the Canadian. At least four non-commercial organizations, the American Farm Bureau Federation, the National Farmers' Organization, the National Farm Union and the Grange, compete for the farmers' support.

It is difficult to find empirical work on the four organizations' policies and conflicts, however, Talbot hypothesizes:

In gist, we can expect no cementing alliance to occur between the farm organizations. The Farm Bureau will accept no peer; to them the future success of American agriculture depends on a sharp decline in "the politics of equal shares", that is, for less direct government intervention in farm price and income policies. The NFU, NFO and Grange look to the preservation of the smaller-scale and family farm, but they exhibit little unity of means.<sup>10</sup>

He says that the NFO is the fastest growing of the four groups:

The NFO is the challenging and dynamic farm organization of the moment, especially in the Midwest. Its organizational magnetism is an outgrowth of the technological revolution that gave it birth. NFO leadership believes that this revolution can be stopped, if not turned back.<sup>11</sup>

Thus the situation in the United States seems to be not too different from the one hypothesized for Canada.

Evaluation. The Manitoba non-commercial farm groups are not the only non-commercial farm groups to be divided. There are two national non-commercial farm organizations in Canada and at least four in the United States.

The division in Manitoba can be partly explained by organizational matters-- i.e. the role of co-operatives and affiliation with national organizations. However, Talbot suggested that the division in the United States was at least also partially one of principle.

It is also apparent that the real conflict did not arise until after World War II, which ended a period of more than 15 years in which the activity of organized agriculture was handicapped, first by the depression and then by the war. A later section will study the technological changes that took place

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<sup>10</sup>Ross B. Talbot, "The Changing Political Position of Agriculture," Journal of Farm Economics, Vol. 45, No. 2, May 1963, p. 326.

<sup>11</sup>Ibid.



during this depression, the World War II period and the period that followed it, in an attempt to isolate important factors that could have influenced the conflict between the two farm organizations.

## II. THE PHILOSOPHICAL BACKGROUND

One of the main determinants of the non-commercial farm organizations' agricultural policies is the farmers' concept of the role of agriculture and the specific role of the farm. The Manitoba farmer has a choice of agriculture philosophies, the most widely held of which will be examined in this section.

Tradition. The farmer traditionally considers agriculture to be the fundamental industry in the country, the most important industry and one of inherent worth. Allied to this philosophy is the concept of Jeffersonian democracy and the family farm.

In a critique of agricultural fundamentalism in the United States, Davis quotes Eugene Mayer: "The farmer is the most essential cog in the driving wheel of the American business machine."<sup>12</sup> This is the major tenet of agricultural fundamentalism. Davis then continues:

Statements from farmers and others bear witness to a widespread, deep-seated, persistent conviction that agriculture is par excellence the fundamental industry, and that farmers are, in a peculiar sense and degree, of basic importance in society.

Agricultural fundamentalism not only has a large following. It is rarely challenged, and many who do not wholly accept the faith are more or less under its sway. It is reflected in American agitation for restoring agriculture to "equality with industry," raising farm prices to their "fair exchange value," and ensuring that agriculture shall get its "fair share" of the national income.<sup>13</sup>

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<sup>12</sup>Joseph S. Davis, "Agricultural Fundamentalism", Readings on Agricultural Policy, ed. O.B. Jesness for the American Farm Economics Association (Toronto: The Balistion Company, 1949), p. 3. (Italics in original.)

<sup>13</sup>Ibid.

Agricultural fundamentalism is broadly tied in with the concept of Jeffersonian democracy which postulates that:

Democracy finds its best setting... with a large electorate of persons... of relatively similar wealth, economic position and power.... A voting population made up entirely of small land-owning farmers in an agrarian country would do nicely; there would not be significant differences in wealth and power, nor in economic class, interest or status.<sup>14</sup>

Adherents to this philosophy feel that governments tend to be influenced by the rich and powerful who press for their own advantage.

According to Bain:

The policy conclusion drawn from this line of theorizing is that concentration of the control of economic affairs, through concentrated big business or other similar concentrations, should be opposed per se as a matter of political principle.<sup>15</sup>

These traditional concepts are still in the fore of much agricultural thinking today. For example, Joseph Alsop, the American news columnist, takes a position typical of the traditionalists in an article commenting on the 1963 American wheat referendum. Alsop says millions of small scale American farmers haven't the capital to increase their farm size, but, despite this, many people want to revert to the free market.

The people who want to get rid of production controls and abandon farm price supports really want to drive this huge group of under-capitalized, small-scale farmers off the farms. This was the program of former Secretary of Agriculture Ezra Taft Benson, in whose pious ministry the grotesque farm mess nearly quadrupled both in size and in cost. The worst criticism of Benson is that he never had the guts to say that he wanted the smaller, less efficient farmers to go to the wall.

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<sup>14</sup>Joe S. Bain, Industrial Organization, (New York: John Wiley and Sons, Inc., 1959), p. 40.

<sup>15</sup>Ibid. p. 41 (Italics in original).

Meanwhile, there are strong social and biological arguments against letting millions of the smaller American farmers go to the wall. The old pattern of our rural life has its own value. Furthermore, it is an unexplained fact of history--but an undoubted fact despite its mystery-- that great nations have always tended to decline when independent farmers were driven out by industrial farming.<sup>16</sup>

These two concepts are the major philosophical bases for the concept of the family farm-- the small, independent unit, owned by the head of a family, and run by him with the help of the family.

This concept of the family farm has been advanced as a policy goal at one time or another by both the MFA(C) and the MFU. The predominance of this concept of the family farm is also reflected by a growing amount of literature on it both in Canada and the United States.

But these political and philosophical motives are not the only arguments presented for the family farm, Sharp finds that "linked to the profit motive was the very strong psychological desire to remain on the soil and keep the sons of the family on the farm."<sup>17</sup>

As in the case of Davis and Sharp, much of the documentation in the study is from American sources, but the same philosophies will be shown later in the study of Canadian farm policy. Sharp<sup>18</sup> says that much of this philosophical background was important to Canada by immigrants from the United States who began to farm on the prairies in the 1890s.

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<sup>16</sup>Joseph Alsop, New York Herald Tribune Service, in the Montreal Gazette, Montreal, May 28, 1963.

<sup>17</sup>Paul F. Sharp, The Agrarian Revolt in Western Canada; (Minneapolis: University of Minnesota Press, 1948), p. 8.

<sup>18</sup>Ibid. p. 20.

Co-operatives. Another traditional structure of Canadian agriculture which has been advanced as a goal by some non-commercial farm organizations in the province is the co-operative.

At the turn of the century when Manitoba farmers became less and less subsistence farmers and more and more commercial, they turned to co-operatives in an attempt to buy and sell more effectively. The individual farmer was at the mercy of the big seller and the large buyer, but, banded together in a co-operative with other farmers, he could exert some power.

The Grain Growers' Grain Company and the Manitoba Pool Elevators are examples of this co-operative type of action by Manitoba farmers. Co-operatives, in fact, permeate all aspects of the industry-- potatoes, grain, and other products have been sold through co-operatives; farm machinery, household goods, gasoline and other products have been bought through the co-operatives.

The importance of the co-operatives can be shown by the business they transacted in 1960. In all, 55 per cent of the grain and seed sold in Canada and 31.5 per cent of the livestock and livestock products were sold through co-operatives. In 1960, business of \$1,363,986,000 was done by 1,936 co-operatives, about three-quarters of it in marketing.<sup>19</sup>

Thus the co-operatives were one of the first weapons used by the farmers in an attempt to gain countervailing power. They are still used for the same purpose today. But the co-operatives are also important because of their philosophical principles. Due partially to the success they have achieved,

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<sup>19</sup>See Co-operatives in Canada, (Publication 1119. Ottawa: Economics Division, Canada Department of Agriculture, April, 1962).

but more important, to the philosophy of democracy that lies behind them, many consider co-operatives not merely a way of business but of value in their own right. This has resulted in a situation where:

A belief in co-operation as such, gained in previous experiments, has brought about co-operative organization, where the pressure of the immediate problem might possibly have not been sufficiently great to effect it.<sup>20</sup>

Another extremely important aspect of co-operatives is that they can be used to facilitate the collection of membership dues i.e. co-operative grants supplied the financial basis for the Canadian Congress of Agriculture in its most affluent days and the Manitoba Federation of Agriculture and Co-operation for several years.

The rebels. Though they are still popular with many, the traditional positions of agriculture outlined above are not unopposed. Agricultural fundamentalism, Jeffersonian democracy and co-operatives have all been challenged.

Davis questions the validity of the concept of agricultural fundamentalism and even proposes as a law that "economic progress, broadly viewed, tends to be accompanied by a decline in the relative importance of agriculture."<sup>21</sup>

He concludes:

Many over-idealize country living and the farmer's life, overlooking the rural counterparts of city slums, and forgetting the drudgery that for so many rural workers leaves little time or energy for developing actual or latent talents.<sup>22</sup>

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<sup>20</sup>W. A. Mackintosh, Agricultural Co-operation in Western Canada, (Kingston: Queen's University, 1924,), p. 70.

<sup>21</sup>Davis, op.cit. p. 5 (Italics in original).

<sup>22</sup>Ibid.

Higbee is even more definite:

Farming has become a high speed business rather than a philosophy or a way of life.<sup>23</sup>

.....

Mechanization in farming brings about the same economic and social changes that it does in industry. Already it has eliminated the need for cheap, illiterate hired labor in the production of corn and wheat.<sup>24</sup>

.....

Most city factory workers long ago became reconciled to the fact that they could not own and operate their own shops. Now it is the farmers who face the realities of an industrial age.<sup>25</sup>

The case against the small independent farm in the 20th century is ably present by the late sociologist C. Wright Mills.

In his classic study White Collar, Prof. Mills charges:

When the depression hit, the independent businessmen, like the farmers, made their revealing shift in strategy; in an attempt to install a kept individualism, they moved the fight from the economic into the political field.<sup>26</sup>

.....

All interests have come to look to government, but the independent farmer has, in some respects, succeeded more than others in turning the federal establishment into a public means for his private economic ends. The world of the farmers, especially its upper third, is now intrinsically related to the world of big government, forming with it a combination of private and public enterprise wherein private gains are insured and propped up by public funds. The independent farmer has become politically dependent; he no longer belongs to a world of straightforward economic fact.<sup>27</sup>

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<sup>23</sup>Edward Higbee, Farms and Farmers in an Urban age (New York: the Twentieth Century Fund, 1963), p. 8.

<sup>24</sup>Ibid. p. 11.

<sup>25</sup>Ibid.

<sup>26</sup>C. Wright Mills, White Collar, (New York: A Galaxy Book, Oxford University Press, 1956), p. 37.

<sup>27</sup>Ibid. p. 40.

Nor are co-operatives accepted wholeheartedly. According to Higbee,<sup>28</sup> the co-operative is most effective when it can control the market; when the number of producers is sufficiently small to be organized to keep produce off the market and sufficiently organized and willing to reduce its sales or production. This is not the case when a large number of producers are selling a product which is in surplus supply.

Galbraith, in American Capitalism, expands this argument:

As a device for getting economies of larger-scale operations in the handling of farm products or for providing and capitalizing such facilities as elevators, grain terminals, warehouses and creameries, co-operatives have enjoyed a considerable measure of success. For exercising market power they have fatal structural weaknesses. The co-operative is a loose association of individuals. It rarely includes all producers of a product. It cannot control the production of its members and, in practice, it has less than absolute control over their decision to sell.... The co-operative cannot make the non-members wait; they are at liberty to sell when they please and, unlike the members, they have the advantage of selling all they please.

....In the marketing co-operative the non-co-operator, or recusant, gets a premium for his non-conformance.<sup>29</sup>

However, the criticism is not only negative, alternatives have been proposed to both elements in the traditional structures.

As an alternative to the marketing co-operative, many have recommended the compulsory producers' marketing board. The marketing board does not have the appeal of fundamental democracy that the co-operative possesses, but has the advantage of exercising exclusive control of the marketing of

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<sup>28</sup> Higbee, op. cit. p. 35.

<sup>29</sup> John Kenneth Galbraith, American Capitalism, (Boston: Houghton Mifflin Company, 1962), p. 161.

at least locally-produced goods in a given area.

Perhaps the most developed philosophy provided in opposition to the other facets of the traditional agricultural philosophy (fundamentalism, Jeffersonian democracy and the family farm) is the concept of economic development.

Economic development stresses efficiency, industrialization, full employment and maximum physical output. One of the goals of economic development is increased production of capital and consumer goods.

The agricultural sector plays an important part in economic development theory. Following an idea originally presented by Oxford economist Colin Clark, development economists often measure extent of development of a country by the percentage of its population in agriculture. Basically, the theory postulates that the smaller the percentage of a country's population required to produce sustenance, the more labor and capital are freed for industrial and service pursuits symptomatic of economic development.

This idea is pursued by other economists. Benjamin Higgins, using a list originally compiled by Harvey Leibenstein, presents, among others, these three characteristics of an under-developed economy.

- (1) A very high proportion of the population in agriculture, usually some 70 to 90 per cent.
- (2) 'Absolute over-population' in agriculture, that is, it would be possible to reduce the number of workers in agriculture and still obtain the same total output.
- (3) Evidence of a considerable 'disguised unemployment'<sup>30</sup> and a lack of employment opportunities outside agriculture.

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<sup>30</sup> Benjamin Higgins, Economic Development, (New York: W.W. Norton and Company, Inc., 1959), p. 11.



All economists do not agree with this position. Though their view is not representative of the body of development economists as a whole, Bauer and Yamey disagree with Higgins and Liebenstein.

We may conclude that the thesis connecting changes in occupational distribution and economic progress is not established, and that occupational statistics are an infirm foundation for any generalization.<sup>31</sup>

There are also other proposals put forward to counter the claims of agricultural fundamentalism and Jeffersonian democracy, but the general concept of economic development is the major alternative to the traditional philosophy.

Conclusions. When the philosophical concepts studied in this section are compared to the original hypothesis of the policies of the two farm organizations propounded in Chapter II, it is evident that the policy proposed for the MFU i.e. that it finds change (or economic development) undesirable, can be identified basically as a policy of Jeffersonian democracy and agricultural fundamentalism. On the other hand the hypothesized policy for the MFA(C), i.e. that it accepts change, or at least finds it inevitable, can be identified with the concept of economic development.

From the analysis in this section it is clear that if the two groups are actually following the policies attributed to them by the hypothesis, then they will certainly be in conflict in some areas, for the two philosophies are irreconcilable. If the hypothesis is correct, the MFU will attempt to keep large groups of people in agriculture and will oppose any attempt to move them

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<sup>31</sup> Peter T. Bauer and Basil S. Yamey, The Economics of Under-developed Countries. (The University of Chicago Press, 1957), p. 42.

out, while the MFA(C) will attempt to pave the way for farmers to move into other areas and so effect the necessary adjustment in the economy required by economic development theory.

Prior to studying these policies themselves it will be necessary to examine the economic and political background against which they were proposed

### III. THE ECONOMIC AND POLITICAL SETTING

It is necessary to understand the economic and political conditions existing in Manitoba during the period covered by the study if the two organizations' policies are to be understood in context. In fact, it is necessary to consider some aspects of Manitoba's earlier history to fully comprehend the major forces acting on the non-commercial farm organizations in later periods. Fowke<sup>32</sup> chooses 1930 as the year the emphasis on Canada's national policy affecting the west changed from simply securing and settling the west to integrating it into the Canadian economy. Since 1930 also closely coincides with two major incidents that gravely affected Western agriculture--the beginning of "the" depression and the collapse of the Canadian Council of Agriculture --it will be chosen as the starting point for the examination of the economic background.

Historical development. Several general characteristics of the economy can be isolated for this period. The period can first be broken up into three major parts--the depression, World War II and the post war era. It is convenient to first examine these broad historical aspects and then to

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<sup>32</sup>V. C. Fowke, The National Policy and the Wheat Economy, (Toronto: The University of Toronto Press, 1957), p. 281.

examine some of their relevant facets individually.

The depression. Chaotic instability of prices and income has cursed Manitoba agriculture through the period of 1929-1962. However, prices and income reached a low during the depression which threw the North American economy into chaos from 1929 to 1939 (see below). Farm prices crashed, while many industrial prices, supported by tariffs, remained comparatively high. Farmers were unable to sell their crops--during the worst periods it even cost the farmer money to sell his crops, with transportation costs higher than the final sale price minus growing costs. Farm incomes dropped, and farmers, with land bought at inflated prices during the 1920s, could not meet their mortgage payments. Although the provincial government eventually declared a moratorium on debt, it was only after many mortgages had already been foreclosed.

Wheat crops were generally poor during the period, particularly for the crop year 1929/30. Cash income from the sale of farm products for the prairie provinces crashed from \$620 million in 1928 to \$177 million in 1931, and had only climbed back to \$341 million by the beginning of the war.

The War. The end of the depression began to become evident in 1938-39, but no sooner had the economy begun to stabilize than Canada found herself committed to a world war.

As well as troops and equipment, Canada found herself supplying growing stocks of food to Great Britain. These huge demands meant changes in the pattern of production, and the Canadian government discouraged the production of wheat and encouraged the production of hogs. The authorities feared a glut of wheat on the market similar to the one that occurred immediately after World War I. Also, the United Kingdom had a large demand for pork.

Hog marketings soared. In Manitoba marketings climbed from the 1935-39 average of 262,000<sup>33</sup> to 510,800 in 1940 and a peak of 852,100 in 1945. By 1950 hog sales had returned to a relatively normal 266,000 a year.

Despite price controls on most of their products, and machinery and labor shortages, farm incomes on the Prairies reached a wartime peak of \$1,065 million in 1944.

As well, agricultural machinery benefitted from the war. Improved technology and manufacturing practices--added to a surplus of unused and experienced labor once the war ended--made new and more efficient farm machinery readily available on a large scale.

Post-War. A major result of the newly available technology was pressure for the break-up of the traditional structure of agriculture. Prior to World War II, the Manitoba farmer's main source of power was the horse--but following the war machinery was easily available and efficient motor driven equipment was too large to be used efficiently on the smaller farms. Consolidation of several farms into a larger unit became practical.

The technological advances were not confined to the farm machinery already mentioned, techniques developed during the war were applied to the processing of civilian foods, and more tinned, frozen and other processed foods began to appear on the market.

All this occurred when agriculture was keyed to high production. Fearing an immediate post-war decline in demand, attempts were made to

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G. E. Britnell and V. C. Fowke, Canadian Agriculture in War and Peace, 1935-50 (Stanford, California: Stanford University Press, 1962), p. 24.

stabilize agricultural prices. Wheat had been placed under the Canadian Wheat Board in 1935 and compulsory pooling of wheat was carried on after the war during the entire period studied.

In an attempt to guarantee a minimum price for her wheat Canada entered into wheat agreements with the United Kingdom and then entered the International Wheat Agreement, but the expected price decline did not occur and the average world price during the period was considerably higher than the maximum of the agreement, and never fell below the minimum, probably forcing Western Canadian farmers to accept lower prices under the agreement than they would have without it. As the agriculture of foreign countries was re-established, exports declined and Canadian stocks of wheat and butter began to grow. The trend became evident in 1950 and in July, 1954 the government had a carry-over of 618,700,000 bushels of wheat, the equivalent of a bumper crop. In 1962 huge wheat sales to Red China, coupled with a small 1961 crop, lowered the carry-over substantially. Butter surpluses, however, continued to grow.

It can be seen then, that as post-war supplies increased, falling exports and a relatively constant domestic demand, failed to clear Canada's surplus stocks of pork, wheat and dairy products began to grow. At the same time American dumping of surplus agricultural products and the protection barriers of the European Common Market also caused concern.

This lack of post-war consumer demand in Canada is explained by the price inelasticity of many foods in this increasingly affluent period. This elasticity varied for particular commodities, and for some, mainly fruit and vegetables, was near or above one. On the average, however, Cochrane

estimated elasticities to be between 0.15 and 0.2 for the period 1950 to 1955.<sup>34</sup> At the same time farmers were irritated by a decline in their share of the retail price of food. Price elasticity of processing was high and more and more processed food was demanded. As processing began to play a larger and larger part in the selling of foods, the farmers' share of the consumer dollar declined.

Thus from 1930 to 1962 agriculture in Manitoba was subjected to several shocks that to a great extent changed the face of agriculture in the province. Some factors were involved during the whole period, while others played more transitory roles. Some were important for their economic and political effects, while some were important psychologically. It would be convenient to now examine some of these factors.

#### Specific Problems.

The economic and political background in Manitoba can be broken up into several broad categories which it is convenient to examine separately. The first category, and one which has been of concern to farmers since the settlement of the west, is the instability of production, prices and income. The second, of more recent vintage, is the decreasing importance of farmers as a percentage of the population and various topics associated with this subject. The third topic will be the legislation, both federal and provincial, which has been passed to change the aspect of the agricultural sector.

#### Instability in Agriculture.

Instability of agricultural incomes, prices and production is one of the major concerns of Manitoba farmers. These instabilities can be demonstrated

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<sup>34</sup>W.W. Cochrane, Farm Prices, Myth and Reality, (Minneapolis: University of Minnesota Press, 1958), p. 39.

by a brief examination of agricultural incomes and wheat prices and yields for a few selected years in Manitoba.

TABLE I

AVERAGE FARM INCOME (INCLUDING RETURNS TO CAPITAL)  
IN MANITOBA FOR SELECTED YEARS FROM 1930 TO 1961<sup>35</sup>

Year	Average farm income/farm
1932	\$ 121
1933	\$ 22
1936	\$ 312
1937	\$1,015
1948	\$3,271
1949	\$2,579
1951	\$3,318
1960	\$2,473
1961	\$1,418

As shown in Table I the highest average farm income in the period from 1930 to 1962 was \$3,318 in 1951 and the lowest was \$22 in 1933. Though the range is not quite as great as it might seem when price indexes are taken into consideration, the range is large, particularly from year to year.

Wheat prices and yields show the same types of variation.

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Computed by the author from data in DBS publications, Quarterly Bulletin of Agricultural Statistics and the Handbook of Agricultural Statistics, Part III.



TABLE II  
YIELD AND PRICE VARIATION FOR WHEAT IN MANITOBA, SELECTED  
YEARS FROM 1935 TO 1960<sup>36</sup>

Crop Year	Yield per acre (bus.)	Average farm price (\$ per bus.)
1935/36	9.0	.61
1936/37	10.2	.91
1937/38	15.7	1.02
1939/40	19.2	.55
1945/46	19.2	1.67
1946/47	23.0	1.67
1947/48	16.8	1.66
1954/55	13.5	1.31
1956/57	25.6	1.30
1958/59	24.6	1.36

Table II shows that average wheat yields during the period from 1935 to 1960 varied from a low of 9.0 bushels per acre in 1935 to a high of 25.6 in 1956/57. Prices varied from a low of \$0.55 per bushel in 1939/40 to a high of \$1.67 per bushel in both 1945/46 and 1946/47.

Wheat is not necessarily representative of all the crops in Manitoba, but it is a major crop, though its importance is diminishing. However, the same variation in both yield and prices will be found to a greater or lesser degree in all the farm products produced in Manitoba. Notice that prices and yields show a large year-to-year variation as well as a large range over time.

<sup>36</sup>  
Britnell and Fowke, op. cit. p. 446.



The income instability is of course a result of the instability of prices and yields. Changes in costs, particularly during the 1930 depression, have also had an effect on income instability.

But besides being unstable, Manitoba farm incomes have also been quite low. Overproduction, particularly in wheat, has been a major cause of the low income but high production at low cost in other countries has also been an important factor. The price of Manitoba's agricultural products are generally governed to a large extent by the prevailing world prices. Low world wheat prices, coupled with a high price inelasticity for wheat, drove income down, particularly in the decade from 1950 to 1960.

Rising costs have also been a factor in the low farm incomes, in fact, one of the popular explanations of low farm income is the concept of the "cost-price squeeze" which implies that low incomes are primarily due to falling prices and rising costs.

These two conditions did exist in Manitoba for at least part of the period studied. The index of farm prices was stable or falling between 1951 and 1962, while the price index of goods farms buy was rising. These factors, do, in part, account for the low level of farm income.

However, many of the proponents of the "cost-price squeeze" seem to fail to realize that several other factors enter into income as well. Inefficiency of production can raise costs and lower incomes. As well, some of the factors studied earlier must be considered. One cannot forget that extremely variable yields, due mainly to weather fluctuations, were also an important explanation of income instability. Extremely low price and income elasticities of demand for agricultural products, combined with a

constantly rightward shifting supply curve, due primarily to technology, also kept driving the prices down.

Thus there are several possible avenues of attack which might help to reduce the instabilities and also increase agricultural income. Price regulation, increased agricultural efficiency, improvement of seeds, crop insurance and producers marketing boards are among several suggestions that have been made to decrease instability and raise farm income.

Several government programs have been instituted to combat these variabilities with most of them concerned with yield variabilities, particularly with such things as development of hardier varieties of plants and rust resistant grains. The Manitoba crop insurance program, though its coverage was still limited in 1962, was also designed to ease the effect of yield variations.

Declining farm numbers and population. One aspect of the agricultural background, particularly evident in the later periods studied, is the declining number of farms and the declining farm population. This tendency is consonant with the theory of economic development economists that the overall percentage of the population in agriculture will decline as an economy develops and matures.

The percentage of population in agriculture in Manitoba has been falling almost since Confederation, but in about 1941 the population in agriculture began falling in real as well as in percentage terms. At about the same time farm numbers began to fall. From the following table it will be seen that farm numbers reached their peak in Manitoba in the late 1930s or early 1940s.

TABLE III

FARM NUMBERS IN MANITOBA 1931 to 1961<sup>37</sup>

Year	1931	1941	1951	1956	1961
Farm numbers	54,199	58,024	52,383	49,201	44,264

Though census figures do not necessarily give an accurate estimate of rates of change, farm numbers in Manitoba seem to have been decreasing at an increasing rate. The average decline in farm numbers per year from 1931 to 1951 was 564; from 1951 to 1956, 636; and from 1956 to 1961 was 1,179.<sup>38</sup>

The decrease in farm population has been as spectacular. The total drop for the 30-year period from 1931 to 1961 was 84,831 or about one-third of the 1931 farm population of 256,305.

TABLE IV

FARM POPULATION IN MANITOBA 1931 To 1961<sup>39</sup>

Year	1931	1941	1951	1956	1961
Farm Population	256,305	249,599	219,333	206,729	171,474

Coincident with the decrease in farm population has been an even more

<sup>37</sup>Farm numbers are taken from the 1961 census and are based on the 1951 census definition of a farm. The unadjusted figure according to the 1961 definition would be 43,306.

<sup>38</sup>The changes are assumed to be linear.

<sup>39</sup>From 1961 census.

rapid decrease of farm population as a percentage of total population. The percentage decrease began before farm population actually began to decrease, when urban population began to grow more rapidly than rural population. The tendency strengthened when farm population numbers actually began to decline.

TABLE V

FARM POPULATION AS A PERCENTAGE OF THE TOTAL  
POPULATION IN MANITOBA AND CANADA 1931 to 1961<sup>40</sup>

Year	Farm population as a percentage of total	
	Manitoba	Canada
1931	36.6	31.7
1941	34.2	27.4
1951	28.2	20.8
1956	24.3	16.5
1961	18.6	11.4

Despite this decrease in farm numbers and farm population, total area farmed in the province has increased from 15,131,685 acres in 1931 to 18,216,964 acres in 1961. The declining number of farms, coupled with an overall increase in acreage has resulted in a large increase in average farm size from 274.2 acres in 1901 to 412.5 acres in 1961.

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Canadian census data.

TABLE VI

AVERAGE FARM SIZE IN MANITOBA 1931 to 1961<sup>41</sup>

Year	Average farm size (Acres)
1901	274.2
1911	279.3
1921	274.5
1931	279.2
1941	291.1
1951	338.5
1956	364.5
1961	412.5

Technology. One of the main reasons for the real decline in farm numbers and the increase in farm size is technological development and greater availability of existing technological developments. This advance in technology has been felt particularly since 1945 when the end of the war permitted increased machinery production to be added to capital built-up during the war. Postwar prosperity and high overseas demand for Canada's food products encouraged farmers to mechanize as quickly as possible. The new machinery, capable of servicing large-area farms, made many of the smaller farms in the province obsolete. Table VII shows to what extent this machinery build-up took place in Manitoba.

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<sup>41</sup> Canadian Census data.

TABLE VII  
 USE OF TECHNOLOGY ON MANITOBA FARMS BETWEEN 1931  
 AND 1961<sup>42</sup>

Year	Tractor Nos.	Percentage of farms with		
		Tractors	Combines	Electricity
1931	14,366	24	-	3.7
1941	22,050	34.4	2.9	-
1951	50,984	77.7	28	48
1961	61,463	88	51	88

Table VII shows that use of mechanical and electrical equipment on Manitoba farms increased rapidly following World War II. Data on sales of equipment indicates that much of the increase took place between 1947 and 1951, meaning that the increase in technology was of a sudden nature.

Specialization. This new technology has facilitated integration, both horizontal and vertical, and made it one of the main fears of some farm leaders. Some integration has already taken place, but it is the future possibilities that are causing concern. In many specialized products the entire industry production is capable of being taken over by a relatively small number of large mechanized producers. In a speech in 1962, Professor J.M. Nesbitt<sup>43</sup> estimated that one quarter of the dairy farmers in Canada could supply the country's needs. This is probably also true of poultry where horizontal integration is taking place. Horizontal integration with large hog factories was attempted in Manitoba, but unsolved problems of disease control have

<sup>42</sup>Computed from Canadian census data.

<sup>43</sup>Speech in Montreal by Dr. J.M. Nesbitt, January 16, 1962 at the Dairy Farmers of Canada annual meeting, Sheraton Mount Royal Hotel.

so far slowed down its development. Even the increase in average farm size demonstrates horizontal integration.

Besides changing farm size the new technology and integration have forced a change in the predominant type of farm in Manitoba. Prior to the depression, Manitoba farms were primarily grain farms, but with heavy emphasis placed on poultry, hogs and cattle. Vertical integration in some of these products has reduced the areas in which the Manitoba farmer could compete and on which he could count to provide at least a subsistence income if the grain crop failed.

The overall diversified farm is doomed if integration and mechanization are allowed to continue. It is extremely unlikely that the small diversified farm will be able to compete in poultry, hogs and dairy products with the large, specialized producer.

Accompanying these technical problems are several political and social problems occasioned by the decrease in farm population.

Related problems. The most obvious of these problems is the loss of political power due to the percentage decrease of farm to total population in the province.

As the farmers lose their numbers they also lose their political power. Manitoba now has fourteen federal seats. Recent discussion on redistribution predicts her losing one of these. With only five predominantly urban seats, the rural vote still has vastly superior power, but the lost seat will undoubtedly be rural, somewhat evening the balance. It is probable that at least one more seat will be added to the Metropolitan Winnipeg area, giving the rural voter 7 of the 13 seats--much closer to the present population ratio which shows 51 per cent of Manitoba's population living in

metropolitan Winnipeg, compared to 41 per cent in 1941.

Provincially, with the farm-city vote ratio set at 4:7 by law the farm voters will probably lose several seats to the city in the next redistribution.

With the urban voter gaining power it is to be expected that in the long run the weighted rural vote will be equalized, meaning a more than proportional loss of power to the farm voter. This analysis also does not take into account the probable trend of areas like Brandon and Flin Flon to sympathize more with the city dweller than the farmer, decreasing the farmers' political power even more.<sup>44</sup>

Another possible problem, due entirely to the total decline in numbers, is smaller membership in the farm organizations. This may or may not be a factor in farm organization policy.

Rural Communities. The tendency towards larger farms and the off-farm movement also threatens to cause a special break-down in some rural areas where churches and schools will be lost if the off-farm migration continues. This has, however, at least been partially offset by the consolidation of school boards, the setting-up of central schools (particularly high schools) and better transportation.

To avert this possible breakdown provincial government sponsored rural industrialization projects have attempted to tap some of the migrating labor and some of the underemployed labor from the lower income farms. A pulp-board manufacturing plant at Sprague and clothing manufacturing plants at Altona are examples of this. Other government action has also been taken

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<sup>44</sup>The recent passing of bills in the Manitoba Legislature to permit the coloring of margarine yellow and to establish province - wide Daylight Saving Time, are evidence of this loss of power to the farmers. Both the MFA(C) and MFU were unalterably opposed to these measures.



to solve or at least alter some of the farmers' problems. It will now be necessary to examine some of this legislation briefly.

### Legislation.

It is true that all legislation passed eventually effects agriculture to some degree. However, here it will be convenient only to examine some of the major legislation directed specifically towards agriculture.

One of the major services governments provide for the farmer is credit. Three credit acts are particularly important to Manitoba farmers; two federal acts, the Farm Improvement Loans Act (FILA) and the Farm Credit Act (FCA) which set up the Farm Credit Corporation (FCC), and a provincial act which formed the Manitoba Agricultural Credit Corporation (MACC).

The FILA was passed in 1944 to provide intermediate-term and short-term credit to farmers for the improvement and development of farms and for the improvement of living conditions on them. The loans could be had from chartered banks at five per cent interest for a maximum of \$3,000 to be repaid over seven years. The farmer could use the money for the purchase of agricultural implements and equipment and give a real-estate mortgage as security.<sup>45</sup>

Under the FCC, established in 1959, the farmer can receive longer-term credit up to 75 per cent of the appraised value of his farm, livestock and equipment, but not exceeding \$27,500. The loan to be repaid over a maximum of 30 years at five per cent interest.<sup>46</sup>

The MACC was established by the passing of the The Agricultural Credit Act by the Province of Manitoba in 1958. The Act was amended in 1959 and 1960. It was established to make long term loans to Manitoba

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<sup>45</sup>Canada, Farm Improvement Loans Act, 1952, c.110(RS).

<sup>46</sup>Canada, Farm Credit Act, 1959, c.43.

farmers to assist them in establishing, developing and operating family farms as economic farm units. Under the MACC loans may be made up to \$25,000 per farm, although no loan shall exceed 65 per cent of the value of land or chattels given as security. The land should make up at least 60 per cent of the security. Maximum time allowed for payment of the loans under this act is 30 years.<sup>47</sup>

Other federal government legislation has undertaken to maintain minimum prices on some commodities. The Agricultural (Prices) Stabilization Act of 1958 permits the maintenance of prices at up to 80 per cent of the average price of the product in the previous 10 years on cattle, hogs and sheep; butter, cheese and eggs; and wheat, oats and barley not produced in the designated area as defined in the Canadian Wheat Board Act. The act also provides for the price support of any other natural or processed product of agriculture designated by the Governor-in-Council as an agricultural commodity.<sup>48</sup>

The federal government has also set up the Canadian Wheat Board to regulate Canadian wheat sales. The present Board was established in 1935 and was the successor of the Board of Grain Supervisors established in 1919 and replaced for one year, in 1919, by the Canadian Wheat Board. The first board was ended by the Canadian government in 1920. The Canadian Wheat Board is a compulsory government marketing board which markets nearly all the wheat, oats and barley grown in Canada, and which is responsible for all but a very small percentage of the wheat, oats and barley grown in Manitoba. The Board has handled wheat since its inception in 1935 and

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<sup>47</sup>Province of Manitoba, Agricultural Credit Act, 1958 (2nd), c.1.

<sup>48</sup>Canada, Agricultural Stabilization Act, 1957 - 58, c.22.

has bought and sold oats and barley since 1949. However, it was only in 1943 that the Canadian Wheat Board was made the exclusive marketer of Canadian wheat. The CWB's initial prices, set an effective floor price on wheat, oats and barley.<sup>49</sup>

Also important is the Manitoba marketing board legislation passed in 1939 following a court declaration that the federal act of 1934 was ultra vires

The act, known as the Natural Products Marketing Act is to

provide for the promotion, control and regulation, in any or all respects of the transportation, packing, storage and marketing, of natural products that are situated within the province, including the prohibition of such transportation, packing, storage, and marketing, in whole or in part.<sup>50</sup>

Marketing boards under the act must be approved by a producer's referendum.

There has also been an effort by the federal and provincial governments to protect the farmer against serious crop failures. The federal government's Prairie Farm Assistance Act (PFAA) passed in 1939 awards two dollars an acre to farmers whose wheat crops have fallen below 12 bushels an acre on the average, three dollars an acre if the yield is below five bushels and four dollars an acre if it is below three bushels. The maximum total award cannot exceed the award times 200 acres.<sup>51</sup>

Manitoba has also taken steps to protect its farmers against crop fluctuations and in 1959 took advantage of a federal crop insurance plan

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<sup>49</sup>Canada, Canadian Wheat Board Act, 1952, c.44 (RS).

<sup>50</sup>Province of Manitoba, Natural Products Marketing Act, 4.(1), 1954.

<sup>51</sup>Canada, Prairie Farm Assistance Act, 1952, c.213 (RS).

passed during the same year. In the first year, 2,500 farmers were involved and the number was expanded to 3,700 in 1961. During the period studied the crop insurance program was only being carried on as a test in several selected areas.<sup>52</sup>

The Prairie Farm Rehabilitation Act (PFRA) was passed in 1935 and amended several times. It provides for the development and promotion of systems of farm practice, tree culture, water supply, land utilization and land settlement that will afford greater economic security in the drought and soil drifting areas of Manitoba, Saskatchewan and Alberta.<sup>53</sup>

In 1961 the federal government passed the Agricultural Rehabilitation and Development Act (ARDA). The act provides for the federal government undertaking jointly with the government of the province of projects for more efficient use and economic development of marginal or sub-marginal agricultural lands.<sup>54</sup>

#### IV. DISCUSSION

Since the end of World War II, Manitoba farmers and their non-commercial organizations have been faced with instability of prices and incomes in a period in which their political importance has been dwindling. The inherent instability of agricultural production, prices and incomes has been manifest during the period, as has the ultimate decline of political importance of the agricultural sector, as improved machinery and technique hastened the growth of larger and fewer farms.

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<sup>52</sup>Province of Manitoba, Crop Insurance Test Areas Act, 1959 (2nd), c.14.

<sup>53</sup>Canada, Prairie Farm Rehabilitation Act, 1952, c.214, (RS).

<sup>54</sup>Canada, Agricultural Rehabilitation and Development Act, 1960-61, c.30.

As examined in this chapter, there were two basic philosophical positions open to the farmer and his organization. He could adopt the philosophy of Jeffersonian democracy and agricultural fundamentalism, and attempt as much as possible to delay or even reverse the social and economic changes that were taking place, or he could adopt the principles of economic development and attempt to encourage the transformation, possibly making it as smooth as possible in the process.

It is obvious that adoption of these different policies by the two farm organizations—as hypothesized in Chapter II and expanded in this chapter—would inevitably lead to opposing policies.

Neither of these opposing policies need be wrong, both may be right if they lead each group to their desired goal.

This problem of the choice of goal does not fall within this study, which is instead concerned mainly with the efficacy of each groups' chosen policies once its goals have been chosen.

If the hypothesis of the study is correct and each group chooses a different philosophy, the possible policy implications must be examined briefly.

It has been assumed that the MFU has accepted Jeffersonian democracy and agricultural fundamentalism as its basic principles. If this is true the MFU can be expected to concentrate its attacks against any decrease in farm numbers or population, to attack any measure that would reduce diversification on the small farm, and to attempt as well to ensure artificial

guarantees of political power such as weighted rural-urban vote ratios that favor agricultural districts. It is also logical that the group would attempt to set certain limits on price and even quantity produced that would guarantee a proportional share of income to each farmer--an income that will provide the necessities of life. These proposals are likely to stress the inherent worth of the small independent farmer, the inherent worth of agriculture itself and the inherent evils of bigness and monopoly.

If the MFA(C) has actually chosen a policy of economic development then it is to be expected that movement out of agriculture will be encouraged. With efficiency as a goal it is to be expected that the group would stress the advantages of mechanization, specialization and education. The organization can be expected to encourage policies to take inefficient resources out of agriculture and move them to other sectors where they will be of more value. More reliance will be placed by the organization on the system of supply and demand to regulate prices.

However, the group will also likely stress the importance of training the manpower that is shifting from one sector to the other and will encourage plans to make this transformation as simple as possible.

It is thus obvious that if each organization adopts a different philosophy and posits different goals, that immense policy differences can arise--particularly if each group has logically established a policy system predicated on its own different goals.

With this diversity of valid and opposite goals it is impossible to set out a single policy which would appeal to and fulfill the desires of

each group.

In the next chapter the two organizations' goals and values will be examined to see if they conform to those goals hypothesized for them earlier and to the general policy outlines proposed in this section.

## CHAPTER IV

### ORGANIZATION GOALS AND VALUES

If the policies of the Manitoba Farmers' Union and the Manitoba Federation of Agriculture (and Co-operation) are rational, they will be designed to reach goals that have been formulated by the two organizations. As well, the goals and values of the groups will normally dictate their policies although it is possible that there will be inconsistencies in the value-goal-policy structures of either or both groups.

Since values and goals are, or should be, the determining factors of policy, this chapter will consider the stated goals and some values of both groups. These goals and values are, of necessity, reflected in policy, and policy suggestions could be used to expand and refine the goals and values presented. But, to use the policies themselves as a guide to the goals would lead to automatic agreement of the two. To avoid misinterpretation and to help clarify the policy study in the following two chapters, an identification and analysis of the main goals and some of the values of the groups as stated in their briefs and publications will now be attempted.

It is almost axiomatic that the end goal of both the MFU and the MFA(C) is the improvement of conditions for farmers and agriculture. The good will of both groups must be taken for granted--it must be assumed that they are attempting to advance the farmers' cause rather than hinder it. Though both groups may be attempting to advance the farmers' cause, it is not necessary that they agree on what type of structure constitutes an improvement. It is



this structure of agriculture that the two groups propose as goals that will be considered here. Various values that the groups express in advancing the structure will also be studied.

### I. THE MANITOBA FARMERS' UNION

The prime goal of the MFU, at least since its reorganization in 1950-51, has been the encouragement and maintenance of the family farm. Various other goals have been advanced--fair share of the national income, parity price--but they have always been qualified as necessary to the maintenance of the family farm.

The most direct statement of the hierarchy of MFU goals is perhaps the masthead of the Union's newspaper, the Voice of the Farmer which states the paper is published "To safeguard the family farm, by a system of Parity prices for agricultural products".

At the MFU's 10th anniversary convention at Winnipeg in 1960, then-vice-president Herb Andresen reported that since 1950 "our goal has been to receive our rightful share of the national income, so as to maintain our family-type farms".<sup>1</sup> In his report at the same meeting, president Rudy Usick presented the same goal structure. He said:

Others have accepted Farm Union philosophy that farmers, like other groups, are entitled to their fair share of the national income, that parity prices are proper fair prices to aim at as our objective".<sup>2</sup>

But two paragraphs later he added the rider:

Those who feel that a 'laissez-faire' attitude is sufficient

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<sup>1</sup>Annual report and program, MFU 10th anniversary convention, Winnipeg November 29, 1960, p. 27.

<sup>2</sup>Ibid. p. 19

will perish and lie forgotten in the annals of farm history. At stake is the very family farm itself and all that it stands for in rural life.<sup>3</sup>

This same goal is advanced as paramount in nearly all the MFU and NFU briefs. A few examples will serve to demonstrate this last statement:

In its brief to the federal government in 1962, the National Farmers' Union (NFU) said "the preservation of the family farm must be the prime object of any national farm policy worthy of the name".<sup>4</sup> In a later section of the same brief the group presents the negative aspect of their positive goal. This negative goal is the prevention of factory farming.

As strong believers in the principle of personally-owned and individually-operated family size farms, we go again on record as rejecting this concept of collectivized farming, whether it is done by the state or big business or corporation.

To halt the artificially promoted trend to bigness and vertical integration, farmers will have to seek remedies in the market place.<sup>5</sup>

In its 1962 federal brief the NFU explained its position more thoroughly:

We reject the widely propagated thesis that technology and efficiency demand the removal of the majority of farm families from the land. We do not subscribe to the theory that the activities and institutions of men are determined solely by technology and economics regardless of human and social values, but hold that technological developments can and must be adjusted to serve the human, social and economic needs of men.<sup>6</sup>

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<sup>3</sup>Ibid.

<sup>4</sup>National Farm Union brief to the federal cabinet, January 31, 1962, p. 2.

<sup>5</sup>Ibid. p. 5.

<sup>6</sup>Ibid. p. 2

The brief quotes a study of Prof. E.O. Heady to justify its stand, and concludes:

With the tendency of the per unit cost function to flatten out as it approached the limit of constant variable costs per acre, a family farm of efficient size has no particular disadvantage. However, we point out, larger farms have no particular disadvantage either. Any trend to the larger-than-family-farms is likely to result more from the pattern of capital or asset distribution than from scale or cost economics.<sup>7</sup>

Both the positive and negative aspects of the family farm goal are stated in the MFU's brief to candidates in the Manitoba election of December 14, 1962:

We ask your support for this 'family farm concept' and if you are elected, we ask your continuous vigilance and support of farm legislation that will enhance the position of farm families and hinder the advance of integration on farm production.<sup>8</sup>

The MFU's concept of the family farm is based on size and numbers. The MFU will admit of possible circumstances in which it might be necessary to decrease farm numbers, but it attaches several qualifications to its statements:

The exodus of farm people to our urban centres is continuing and is not in the best interest of all concerned. Although we may agree that to some extent there is room for this development in certain areas, we wish to reaffirm that, in our frank opinion, the present conditions are not eliminating the so-called 'inefficient' farm operators (often referred to by economists and others) but instead are draining off mostly those farmers in the age groups, who, because of their initiative and education can readily apply themselves to other industries.<sup>9</sup>

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<sup>7</sup>Ibid. p. 3

<sup>8</sup>MFU brief to candidates in the Manitoba election of December 14, 1962, p. 2.

<sup>9</sup>MFU brief to the Manitoba cabinet, January 12, 1959, p. 3.

Though at times the MFU has seemed to present income and parity prices as goals in themselves, it constantly points out that they are subordinate to the family farm in the goal-policy continuum. The Voice of the Farmer masthead and other statements quoted above make the family farm-higher income-parity prices hierarchy quite plain.

The 1962 brief to the provincial cabinet would seem to advance parity as a goal: "Parity price is no longer just an economic justice - it has become an economic necessity".<sup>10</sup> But the brief also states:

The keyword to farm prosperity and stability is PARITY, which roughly but logically interpreted is 'the cost of production plus a reasonable return on investment'.<sup>11</sup>

The MFU's goal hierarchy is clear. Higher incomes and parity prices might be considered as goals, but they must be considered as goals directly subordinate to the goal of family farm. However, the MFU consistently lists parity prices as one of its main agricultural policies in the Voice of the Farmer and in its briefs and statements. Higher incomes and parity prices will then be considered as policies rather than goals. This decision is arbitrary and open to discussion. With a value-goal-policy continuum, however, any distinct line drawn between goals and policies must be arbitrary.

The family farm will be considered the MFU's main goal, with higher income and parity price possible quasi-goals, but, for the sake of convenience, considered as policies.

Family farm definition. From its statements on the family farm it

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<sup>10</sup> MFU brief to the Manitoba cabinet, January 23, 1962, p. 9.

<sup>11</sup> Ibid. Capitals in original.

is obvious that the MFU has predicated this goal on social values, although occasionally the family farm is also presented as "the most efficient unit in terms not only of production, but also in terms of soil conservation and human and sociological values".<sup>12</sup>

This description of the family farm's merits does not, however, define what the MFU considers the 'family farm' to be. Apparently the term is considered sufficiently familiar not to require definition. But, despite its lack of an exact definition, the MFU has made it plain that at least two characteristics are necessary before a farm can be termed a family farm: it must be personally-owned and individually-operated.

The MFU describes the family farm as being the most efficient in terms of production without defining 'efficient'. Some emphasis is placed on the size as a criterion--'family-sized-farm'--but again the exact size itself is never specifically mentioned. The MFU's long-standing opposition to 'integration' and migration of 'farm families' off the farm suggests that perhaps the Union considers the family farm as a typical farm of the late 1940s and considers any change in size or numbers from that time as a deteriorating situation.

It is impossible to define the MFU's family farm beyond these rather vague limits. As a working proposition the MFU's position must be defined as being one that objects to movement off the farm or tendencies towards

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<sup>12</sup>MFU Brief to candidates in the Manitoba election of December 14, 1962, p. 2.

vertical or horizontal integration in agriculture because they tend to destroy an inherently valuable social structure. Other effects of off farm movement, such as diminution of agriculture's political power, could also be considered reasons for the MFU's position on the family farm.

MFU values. Though the Farmer's Union stresses the efficiency of the family farm in its defence of the family farm as a goal, the Union does not hold efficiency as a value. Here the analysis is once again complicated by problems of definition. The MFU does not define 'efficiency' and any definition of it in this chapter would have to be derived from policy suggestions.

Without defining the term, however, the MFU says "it is becoming consistently clearer that possibly farmers are already too efficient, and are being penalized for this efficiency".<sup>13</sup>

Thus efficiency can be eliminated as a positive value held by the Union, for, to the MFU, farms can be too efficient.

The MFU's position on government is another important section of its value structure. The Union is willing to tolerate government control if it is necessary to achieve the MFU ends. In a brief to federal political candidates in 1962 the MFU says: "THEREFORE BE IT RESOLVED that the MFU go on record as favoring a return to a complete system of price regulation".<sup>14</sup>

And later in the same brief it adds:

We are told that a government system of administering prices should be incompatible with free enterprise. We state unequivocally that farmers would be 100 per cent in favor of free enterprise and competition if such a thing existed in Canada today. It is hypocritical

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<sup>13</sup>MFU brief to the Manitoba cabinet, January 23, 1962.

<sup>14</sup>MFU brief to the federal political candidates in the June 18, 1962 election. p. 10. Capitals in original.

for the Manufacturer's Association or the Chamber of Commerce to shout, "Competition is the life of trade", when they add under their breath, "but it is the death of the trader", and immediately proceed to get together to set prices and eliminate any semblance of competition.

.....

We support our argument in favor of redistribution of national wealth through price regulation and the resulting freedom of enterprise and opportunity, by referring to the recent encyclical of Pope John XXIII. He calls for lower profits and higher wages to allow the working man to live in dignity. He adds that agriculture is in particular economic peril.<sup>15</sup>

This position has been evident in the group from the start. In a speech in Portage la Prairie in 1951, J. L. Phelps told a Union group that the law of supply and demand was as "dead as a dodo". Commenting on free price structure for agriculture, he said, "It would be very well if all other producers did the same, but when manufacturers fix their own prices all across Canada and insist on retailers abiding by them, we have to adopt the same procedure".<sup>16</sup>

Thus the MFU does not hold efficiency as an absolute value nor does it oppose government control if it is to its own benefit.

As for co-operatives, the MFU is unwilling to align itself with them directly. The Farm Union's stand is outlined in a brief in 1961.

The first interest of commercial co-operative membership .... is the commercial interest. It must be if the co-operative is to remain in business in a business community.<sup>17</sup>

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<sup>15</sup>*Ibid.* pp. 11-12. Italics in original.

<sup>16</sup>In the Winnipeg Free Press, February 1, 1951.

<sup>17</sup>MFU brief to the Tyler Commission, 1961, p. 8.

Further on in the same brief the MFU states:

Conflicts arise...when a commercial co-operative enters into the farm policy-making field.... Many times the commercial interests of the co-operatives are in conflict with the farm policy needs of the farmer.<sup>18</sup>

Discussion. The MFU's goal structure is clearly based on the principles of agricultural fundamentalism and Jeffersonian democracy. Land ownership in the hands of the many; small, individual farms and an inherent worth in the work of the soil are among the ideas expressed and implied in their defence of the family farm and their opposition to vertical integration (big business).

With this goal structure the MFU is quite logical in subordinating efficiency to the goal of the family farm. The willingness to have their proposed price policies forced upon the economy as a whole is in disagreement with the classical economic philosophies that accompanied the philosophy of Jeffersonian democracy and agricultural fundamentalism, but does not actually do violence to the political principles involved i.e. distribution of land ownership and power.

The MFU also rejects the membership of co-operatives in the organization. The MFU does not, however, necessarily object to the idea of co-operatives per se, but only when they attempt to speak for agriculture as a whole.

## II. THE MANITOBA FEDERATION OF AGRICULTURE (AND CO-OPERATION)

Since the early 1950s the goals and values of the MFA(C) have been in a state of flux, developing slowly towards the comprehensive goal and policy statements proposed in their brief to the cabinet of the Province of Manitoba in January, 1961.

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<sup>18</sup>Ibid. p. 9.



The major overall goal (held by both the MFA(C) and the MFU)—prosperity in agriculture—has not changed, but the secondary goals to be pursued to achieve this end have.

In the past, various secondary goals have included "the co-operative movement as a method of business and way of life"<sup>19</sup> with passing references to the family farm. The present secondary goals can best be summed up in the phrase "parity of living". It is this last and most recent goal which will be considered first.

The MFA's later goal is perhaps best summed up in the policy statement presented to the Manitoba cabinet in Winnipeg in February 1961:

The MFA believes that the policy most urgently needed and the policy most widely acceptable to farm people is one which will give farmers a 'parity of living' comparable to that enjoyed by other groups of people in our society. We believe the farmer has a right to this concept.

.....

Many of the amenities of life taken for granted by urban inhabitants are denied the farmer and the farm communities by reason of the sparse populations, relative distances and consequent high costs of services....A more equitable educational system; better health facilities comprising hospital, medical and dental care; facilities for recreation; facilities for trades training and skill development are only a few of the adjustments needed.<sup>20</sup>

As mentioned earlier, this type of MFA goal has been developing noticeably since the middle 1950s, but it is as ill-defined as the MFU's main goal. Nor are the MFA's earlier objectives altogether clear; they must be synthesized from the results of their suggested policy recommendations. A comprehensive MFA(C) statement of goals for this earlier period

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<sup>19</sup>MFAC annual report for year ending May 31, 1949, p. 3.

<sup>20</sup>MFA brief to the Manitoba cabinet, February 3, 1961, p. 4.

does not seem to exist.

With its more explicit later goal, the MFA(C) hopes to attain for the farmer living conditions which approximate those of the city dweller. These do not necessarily include higher income, but do mean better schools, roads and hospitals. These later objectives are less tangible than personal income when comparing relative standards of living, but are important.

The recent goal reformulation has not allowed much time for the full expression of the goals by the Federation and has not permitted complete documentation. However, a survey of earlier goals and presently existing values gives a clearer impression of the Federation's aims.

This analysis presents a problem. Former goals have become values, and their classification for discussion is debatable. With the exception of the family farm, which will be examined immediately, earlier goals will be treated as present values and their roles as earlier goals examined in this section.

Family farm. The Federation has presented the family farm as a goal, but only incidentally. For example, discussing price supports in its brief to the provincial cabinet, February 24, 1959, the MFA says: "Failure to implement price supports for agriculture will make it increasingly difficult for the family farm to survive".<sup>21</sup>

In this context the family farm seems to be a goal or quasi-goal, but the MFA(C) has not given it the same emphasis as the MFU, and aside from this type of elliptic statement the family farm is hardly mentioned as a goal at all.

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<sup>21</sup>MFA brief to the Manitoba cabinet, February 24, 1959, p. 6.

MFA(C) Values. The main value emphasized by the Federation in all its briefs since 1945 has been co-operation or self-help. Prior to 1958 and the formation of the Manitoba Co-operative Union, co-operative organizations were an inherent part of the MFAC. As mentioned earlier, one of the group's main goals was co-operatives as a way of business and a way of life. Since the formation of the Co-operative Union the stress has changed from co-operatives as such to a self-help program, embodying co-operatives.

Though the MFA is not now officially a co-operative group, co-operation still remains important in its values. Its brief to the Tyler Commission in 1961 makes its stand plain.

Under conditions in Canada as organization in agriculture has developed--including large farmer co-operative and large producer associations--it is best to provide for federating these as an integral part of farm organization.<sup>22</sup>

The MFA says that this is one of the roles that it is trying to play:

The MFA is designed to serve two functions--to bring together the various autonomous producer organizations (co-operative and commodity) at the provincial level, and to serve as a direct<sup>23</sup> membership organization through a district federation system.

And again:

We have some of the largest co-operatives and largest farm-owned and operated enterprises of any country, none of which would be willing, or could function successfully, by relinquishing the right to speak for their members.<sup>24</sup>

This emphasis on co-operatives is continued in post-1957 briefs under the title of 'self-help' programs. The Federation's attitude is

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<sup>22</sup>MFA submission, Tyler Commission, October 14, 1961, p. 3.

<sup>23</sup>Ibid. p. 4.

<sup>24</sup>Ibid. p. 5.

expressed in the 1961 brief to the cabinet of Manitoba:

While various government policies and aids have been of much assistance, it is the firm belief of this organization that great benefits can be derived simply by the farmer determining--with the help of his neighbor--to help himself. This can be accomplished on two fronts: (a) farm supply co-operatives; (b) producer-controlled marketing.<sup>25</sup>

Closely allied to this previous value is the Federation's attitude on government control of production in agriculture. Though this facet of the study lends itself more to analysis in political science, it is, nonetheless, an important influence on economic policy.

The MFA(C) opposes "too much" government intervention in agriculture. The exception is the Canadian Wheat Board.

With the exception of grain, which is well-adapted to government marketing, producer marketing boards have proved quite effective for many agricultural products.<sup>26</sup>

Other governmental interference in agriculture is resented.

Some control over production may be necessary by producers themselves. This, in the final analysis, is more desirable than government control to the extent of making agriculture almost a public utility.<sup>27</sup>

This opposition of government control does not extend to other industries, particularly if it is to agriculture's advantage.

In our presentation to the Royal Commission on Transportation in February, 1960 we pointed out the necessity of maintaining the Crow's Nest Pass freight rate structure. We further believe that future industrial development in this province will depend to a great extent on a fair freight rate structure.<sup>28</sup>

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<sup>25</sup> MFA brief to the Manitoba cabinet, February 3, 1961, pp. 5-6.

<sup>26</sup> Ibid. p. 7.

<sup>27</sup> Ibid. p. 8.

<sup>28</sup> Ibid. p. 12.

And on strikes:

At a time when markets for agricultural products are of dire importance, it is of increasing concern to the farmers of this organization that labor has, on numerous occasions, tied up the movement of grain and other commodities through strike action.

Up to this point farmers have been innocent bystanders to labor disputes which have caused significant losses. It is doubtful that the condition can be allowed to continue. We believe the Federal and Provincial governments should provide for certain industrial disputes to be settled by compulsory arbitration if necessary. We further maintain that the right to a secret ballot should be assured when voting on all strike issues.<sup>29</sup>

Another factor made itself felt near the end of the period considered in this study. The MFA began to speak of 'adjustment' to 'forces of change' in agriculture.

In 1961 the Federation said:

In agriculture, as in industry, there are 'forces of change' taking place. These forces should not be stopped, for indeed in the long run they cannot be stopped. In other words the farmer must play his part in the development and guidance of these changes so that they may be beneficial rather than detrimental.<sup>30</sup>

And further in the same brief the Federation says:

It is the belief of this organization that a comprehensive, well-planned program of rural development would be of great value in assisting the farm community to adjust to the 'forces of change' which have been evident for some time in the agriculture industry.<sup>31</sup>

This type of development can be traced through the Federation's briefs. For example, in 1954 the Federation proposed a farm management service to help in the solution of some farm problems. With this stand

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<sup>29</sup> Ibid. pp. 17-18.

<sup>30</sup> MFA brief to the Manitoba cabinet, February 3, 1961, p. 8.

<sup>31</sup> Ibid. p. 10.

favoring efficiency, the MFA began to depart from the more traditional position of farm groups', although at first the departure wasn't wholehearted.

A major goal of good farm management is the full and profitable utilization of the available resources of land, labor and capital--subject to the personal desires of the farm family....Many of us find it difficult to understand why, after a long number of successive good crop years, we should today be faced with the financial squeeze that many of us are experiencing. We believe that the problem basically narrows itself down to one of good farm management. It is the basic solution to our credit, production and marketing problems.<sup>32</sup>

From this position it took only a short while for the MFA to reach the point of advocating some movement off the farm to promote the efficient use of resources.

Studies by leading agricultural economists both in Canada and elsewhere point to the fact that food requirements can now be met by fewer farmers and it is pointed out that unless resources of both land and people are taken out of agriculture, many farm families will be condemned to a lower standard of living in rural areas than they might otherwise enjoy in other fields of endeavour.<sup>33</sup>

Here the MFA seems to hold it implicit that farms will be owned, or at least tend to be owned, and operated by families, although unlike the MFU it is not committed to the 'family farm' ideal to the point of finding all other ways of life inferior. Indeed, it argues that some farmers would be better off in other occupations.

Consideration of organization of agricultural production leads, as it did with the MFU, to the problem of vertical integration:

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<sup>32</sup>

MFAC brief to the Manitoba cabinet, December 16, 1954, pp. 8-9.

<sup>33</sup>

MFA brief to the Manitoba cabinet, February 24, 1959, p. 5.

We believe that vertical integration in agriculture is here to stay and that the trend will increase in certain fields of production. We suggest that vertical integration can be good or bad for agriculture depending on who does it and how it is done. To be beneficial to farmers they must develop ways and means of doing it themselves through co-operative effort.<sup>34</sup>

But if integration is allowed to proceed on its own the farmer may lose the authority and the ability to direct and manage his own affairs... there is a tendency to upset the pattern of local community activities and to concentrate control and management of rural affairs in the hands of persons who have no contact with local communities.<sup>35</sup>

The MFA says the provincial government should consider purchasing small areas flooded or hit by wild-life depredation and turn them into recreation areas or wild-life preserves. "We must face the responsibilities of taking certain land out of agriculture and putting it to other productive purposes."<sup>36</sup>

From these positions it was but a short step to the acceptance of the principles and concepts of economic development theory.

The migration of people out of agriculture is characteristic of an advancing economy. The rapidity with which technological change takes place has accelerated this flow of people, and sociologists and economists estimate the trend will continue for some years to come.<sup>37</sup>

To help persons caught in this flow, "often because of ill-advised settlement policies of the past",<sup>38</sup> the MFA asks that the government immediately begin a program of assistance which includes merely listing jobs, but vocational aptitude assessment, vocational training and "credit at reasonable interest rates to carry individuals through the transition period".<sup>39</sup>

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<sup>34</sup>Ibid. p. 5.

<sup>35</sup>Ibid. p. 4.

<sup>36</sup>Ibid.

<sup>37</sup>MFA brief to the Manitoba cabinet, January 9, 1960, p. 12.

<sup>38</sup>Ibid.

<sup>39</sup>Ibid. p. 14.

The MFA suggests that a comprehensive, well-planned program of rural development would be of great help to these farmers adjusting to 'forces of change'. The program should be a federal-provincial program and should begin with:

Land classification and land-use policy... through which sub-marginal lands be retired from present production. This will necessitate the adjustment of some farm families to other areas of employment, many of whom will be established in allied industries of agriculture.<sup>40</sup>

As well, in 1958 the MFA asked for rural development assistance to help establish rural industries and provide off-the-farm jobs in their own areas for those leaving farming, and part time off-farm jobs for those needing them.<sup>41</sup>

Discussion. The presentation of MFA(C) goals and values was of necessity carried slightly into the field of policy, particularly in the consideration of the MFA's adjustment in agriculture proposals.

The MFA's goals and values show a progression from 1945 to 1962. The original, almost overriding goal of the advancement of co-operatives was, of necessity, changed in 1958 when the co-operatives broke-off to form their own group. Since this period the original goal has become transformed into a value.

However, in the four years of transition covered in this study, the MFA had not defined a comprehensive goal system, although the outlines of a comprehensive system were developing.

Parity of income had, perhaps, become the Federation's main goal, although it always existed as an aim of the MFA(C), if only in the general

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<sup>40</sup>  
Ibid. p. 11.

<sup>41</sup>MFA brief to the Manitoba cabinet, January 15, 1958, p. 13.



sense of betterment of the farmer's lot. Prior to 1960 it was made up more of several policies and was an understood rather than a professed aim. This will be studied in the chapter on MFA(C) policies.

The MFA's stand on adjustment seems more like an acceptance of the inevitable than a policy goal, but it does put the MFA in the position of accepting the concept and philosophy of economic development, even if it does not propose it whole-heartedly.

### III. EVALUATION

The almost diametrically opposed goal systems of the MFU and the MFA(C) made policy clashes inevitable in many fields. It is also obvious that the two organizations grew further apart as time passed.

The MFU has proposed the goal structure hypothesized for it in Chapters II and III. It has accepted the concepts of agricultural fundamentalism and Jeffersonian democracy and all they entail.

The case of the MFA(C) is not so clear, the group has accepted the traditional position on co-operatives, but with lessening intensity as time passed. Co-operatives changed from the major goal of the organization in the mid-and later-1940s to a value in the early 1960s.

The MFA(C) has not proposed a policy of economic development, as hypothesized in Chapters II and III, but it has accepted development as inevitable and was progressing towards adoption of the development philosophy as a goal at the time this study ended. Yet the MFA had not completely grown away from the traditional concepts. Its policy of 'parity of income' with its concepts of fair share and parity income as a farmer's right, is still in the traditional vein of the agricultural fundamentalist. The

two concepts, agricultural fundamentalism and economic development, are not necessarily incompatible in the modified form that the MFA has accepted them.

The MFA(C) goal structure is, however, incompatible with that of the MFU. The original rift between the MFA(C) and the MFU had important organizational aspects. The MFAC's program of co-operative promotion was not only a philosophical principle, but greatly aided the MFAC in membership recruitment and financing. It also led the MFAC policy statements to be predicated on the goal of "co-operation as a way of business and a way of life". The MFU was opposed to the importance attached to co-operative problems which it believed was to the detriment of agricultural policy proposals.

The goal differences became even more pronounced when the co-operatives broke away from the MFAC. By then the MFAC had begun to accept the concept of a necessary relationship between declining farm population and economic development. Accepting this relationship the MFA altered its goal to that of controlling the changes to agriculture's advantage. The MFU, with its basic philosophy of agricultural fundamentalism and Jeffersonian democracy and faced with the changing structure of agriculture, was required to either maintain its principles of agricultural business structure or accept change as inevitable. It chose to remain with the principle.

Despite the extreme goal differences between the two organizations there is a possible area of agreement where the MFA's basically fundamentalist goal of 'parity of income' and the MFU goal overlaps. However, there is a large area of potential, even necessary, conflict in the areas in which the MFA accepts the concept of change and the MFU retains its fundamentalistic approach.

The next chapters will be concerned with the response of first the MFU and then the MFA(C) to the economic and political changes in Manitoba from 1945 to 1962 in light of their goal-value structures. These responses will be compared in the last chapter.

## CHAPTER V

### MFU POLICY

In Chapter IV it was determined that the main goal of the Manitoba Farmers' Union is the preservation of the family farm. This goal is based on a philosophy of agricultural fundamentalism and Jeffersonian democracy. This chapter will consider the MFU's policies to see whether or not they are designed to reach the goal of the family farm and whether or not they are consistent with the MFU's underlying philosophy.

#### I. MAJOR POLICIES

The MFU has proposed four major policy approaches to the realization of its goals. They are, as listed in the organization's brief to the Manitoba provincial government in 1959:

- 1) Parity prices, price returns on the basis of cost.
- 2) Crop insurance to guarantee income against crop loss from various causes.
- 3) A credit policy that will meet present day requirements.
- 4) Marketing boards where present methods are not doing an effective job.<sup>1</sup>

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<sup>1</sup>MFU brief to the Manitoba cabinet, January 12, 1959, p. 12.

Though these four facets of policy have been from the start and still are the heart of MFU policy, the most important as outlined in Chapter IV is parity prices.

Price policy, then, merits first consideration. But since price is one of the major determinants of income, the MFU's concept of income and the role it plays in policy should first be considered briefly.

Farm Incomes. To the MFU higher farm income is itself a quasi-goal. As shown in Chapter IV the MFU considers it as desirable in itself, but, it is also a prerequisite to the establishment of the family farm. The family farm will be maintained only if income can be increased to an acceptable minimum and this minimum to the MFU is 'parity income', which can be realized only by the implementation of the four previously mentioned policies.

This 'parity income' was defined by the National Farmer's Union in a brief to the federal cabinet as that level

of income which will return a per capita income to those engaged in agriculture which is equal to the per capita income of the nation.

The income transfer necessary to achieve this objective should not be objected to in a country which is willing to protect secondary industry by import tariffs which are, in effect, income transfers--or subsidies--by the consumer to business and industry at a rate of more than a billion dollars a year.<sup>2</sup>

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<sup>2</sup>

NFU brief to the federal cabinet, January 31, 1962, p. 8.

The MFU feels that this suggested direct payment to farmers would have the advantage of not being a burden to consumers with low incomes.

Price Policy. But to the MFU the major cause of the income crisis facing the family farm is the cost-price squeeze, and the remedy is through price policies. By cost-price squeeze the MFU means falling incomes due to costs rising while prices rise less rapidly, remain constant, or fall.

The basic problem of agriculture--the cost-price squeeze--continues to plague farmers and our basic farm problem of instability and uncertainty of price guarantees has not changed.<sup>3</sup>

The major policy proposed by the MFU to solve the price side of the cost-price squeeze is its parity price program. It is, as examined briefly in Chapter IV, considered the main safeguard of the family farm. Parity prices have been a major item in the Farm Union's policy platform since the organization's inception. Higher prices have always been sought and to the MFU 'parity' has been the solution.

The cost-price squeeze has always been identified by the Union as one of the major problems facing it. In his inaugural address as president of the MFU<sup>4</sup> in 1951 Jake Schulz said a major farm problem was disparity of farm prices and costs. In a speech in the same year at Portage La Prairie J.M. Phelps declared the law of supply and demand "as dead as a dodo".<sup>5</sup> Commenting on the setting of agricultural prices by the law of supply and demand he said:

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<sup>3</sup> MFU brief to the Manitoba cabinet, January 23, 1962, p. 5.

<sup>4</sup> Winnipeg Free Press, February 3, 1951.

<sup>5</sup> Ibid. February 1, 1951.

It would be very well if all other producers did the same, but when manufacturers fix their own prices all across Canada and insist on retailers abiding by them, we have to adopt the same procedure.

And Jake Schulz is quoted as saying:

Unless people... are prepared to pay a parity price for their food, there will not only be no butter in this country, but there will also be no cows left and no milk bottles on the doorstep.<sup>6</sup>

Demands for parity have fluctuated, but not significantly. In 1951 the MFU asked<sup>7</sup> for full parity for domestic wheat prices, and 90 per cent parity on exports. This was soon changed to the present full parity on a certain maximum of production.

A particularly thorough statement of this policy of parity prices is given in the MFU brief to the political candidates in the June 18, 1962 federal election. A treatment of parity can be found, however, in nearly any MFU statement.

A definition of parity and a demonstration of the importance of its role in the overall Farmers' Union policy is given in the organization's 1960 brief to the Manitoba cabinet:

Our members feel that prices based on a 'parity level' or in other words, 'cost of production' (which would include a fair return on investment and labor) are a must--and should take precedence above all other matters presented to either the Provincial or Federal Governments. These other matters are really supplemental to the main problem--which is too low a price.<sup>8</sup>

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<sup>6</sup> Ibid. February 22, 1952.

<sup>7</sup> Ibid. December 11, 1951.

<sup>8</sup> MFU brief to the Manitoba cabinet, January 12, 1960, p. 6.

Parity according to the MFU, is a balance between the prices the farmer receives for his products and the prices he must pay for his labor and the other factors of production. Parity involves price and cost, but not quantity. It is "the lowest amount the farmers can receive in order to stay in business".<sup>9</sup>

Parity is the "keyword to farm prosperity and stability"<sup>10</sup>, and lack of parity will lead to the farmer's "degradation and eventual disappearance of the symbol of rural life".<sup>11</sup> Parity is the "only refuge from administered and controlled price pressure of integrated economies....it has become an economic necessity".<sup>12</sup>

The MFU recognizes the value of PFRA, acreage payments, crop insurance and long-term credit, but says these alone will not solve the farmers' problems. Gold miners get cost of production guarantees, what the farmer needs is cost of production, i.e. 'parity'.

The 1962 brief to federal candidates argues that the minimum wage laws guarantee 'parity' wages to labor and cost of production and profit are guaranteed to industry by tariffs. Only the farmer is unprotected.

How would this parity price be brought about? By government institution of a

comprehensive deficiency payment program to make up the difference between the actual market price and the parity price by direct payments

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<sup>9</sup>MFU brief to Manitoba candidates in the June 12, 1962 federal election, p. 3.

<sup>10</sup>MFU brief to the Manitoba cabinet, January 23, 1962, p. 9.

<sup>11</sup>Ibid.

<sup>12</sup>Ibid.



to producers on a specified portion of production. Such payments to be made on a regional and quality basis....implementation of the above policy would give farmers a parity price for products consumed in Canada.<sup>13</sup>

The same brief goes on to suggest that another method of ensuring parity price would be complete price regulation. The MFU argues that most prices in Canada are administered (often by people for their own advantage) therefore

a fair and complete system of price regulation in the hands of the government (i.e. the people) would guarantee to everyone, including the farmer, a fair return on investment and labor thereby guaranteeing parity.<sup>14</sup>

The brief uses World War II as an example of a period when the Canadian government "instituted price controls to stabilize the economy and protect the Canadian people against inflated prices".<sup>15</sup>

But, the MFU only accepts this price control reluctantly. Both the Canadian Manufacturer's Association and the Canadian Chamber of Commerce are pressing for protection, the 1962 brief to federal candidates continues, the farmers want internal free trade if others will cooperate.

The present deficiency payment program is not satisfactory to the MFU as a substitute for parity prices, in fact they see it only as leading to lower support prices. The Inter-Provincial Farm Union Council in a brief presented to the federal cabinet on the Agricultural Stabilization Act, outlines the changes that the Council feels would be necessary in the supporting of agricultural prices to make the act acceptable to the farm union.

The recommended changes are:

1. The guaranteed price for agricultural commodities shall be on the estimated average cost of production.

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<sup>13</sup>MFU brief to federal political candidates, June 12, 1962, p. 5.

<sup>14</sup>Ibid. p. 10

<sup>15</sup>Ibid. p. 11.

2. The Board shall establish support prices for commodities by determining the cost of production of any commodity on a regional basis and such price will be the guaranteed price for such a commodity for the prescribed period.

3. Further, in order to provide basic security to farmers guaranteed by legislation on agricultural commodities, the support market price should be established at levels sufficiently high to assure the consumer paying more than a disaster price, but not so high as to cause the government to accumulate large surpluses.

4. The differences between the average market price and the guaranteed price for a prescribed period will be paid directly to producers through a prescribed agency from the funds of the board.

5. The prescribed period shall be not less than twelve months, and longer for those commodities with longer production cycles.

6. The total amount that any producer may receive in the form of a deficiency payment shall be of such proportions as will not encourage corporation farms.<sup>16</sup>

As to the size of unit or area that should be the base for determining cost-of-production:

We are convinced this legislation will only serve an effective purpose if production costs, average prices and payments are based on a provincial or regional area.

.....

We contend the use of 80 per cent of the national 10 year average to arrive at a prescribed price without taking into consideration the cost of production, has not and will not solve the cost-price squeeze affecting the farmers. In fact, we feel that through this process in a few years support prices will be negligible.<sup>17</sup>

According to the MFU the 1958 Agricultural Stabilization Act has not provided much aid, to the contrary, according to one of the briefs, the "program on eggs has eliminated family farm operators on thousands of farms in Canada,"<sup>18</sup>

<sup>16</sup> IFUC brief to the Federal cabinet on Bill 237, January 7, 1958.

<sup>17</sup> MFU brief to the Manitoba cabinet, January 23, 1962, p. 11.

<sup>18</sup> MFU brief to the federal candidates in the June 12, 1962 election, p. 3.

and has occasioned a drop in farm income and a decrease in the number of family farmers.

As outlined in item 5 of the IFUC brief, the MFU would have the size of the total payment limited by a certain maximum of production, to discourage vertical integration and large-scale farming.

An example of parity pricing and its application as a solution to the cost-price squeeze is given in the MFU brief to the Royal Commission on Price Spreads in Winnipeg, April, 1958.

The brief quotes the final 1950-51 wheat price as \$1.858 per bushel, though the farmer is listed as receiving only \$1.61 per bushel. ("Freight and handling costs account for the differences".)<sup>19</sup>

The total realized price on the 1955-56 crop is down to \$1.609, a drop of 25 cents per bushel from 1951. The Cost of Production Index has increased from 230.0 in 1951 to 247.6 in 1956, and 257.6 in 1957. On the basis of costs and price increases, the Canadian wheat price should not have been reduced by 25 cents but should have been increased in 1956 by the 7.6 per cent increase in cost of production, or to \$1.99 per bushel. The 1957 price should follow the same trend, and return \$2.07 per bushel to the producer.

Normally about 50,000,000 bushels of wheat are used each year for Canadian consumption. On the basis of these figures it would mean that in 1956 the farmers of western Canada subsidized the Canadian public to the amount of \$19,000,000.

This is only one example of the extent to which farm people have been penalized for their inability to effectively control prices and production.<sup>20</sup>

Also on the subject of price the MFU objects to the decreasing share of the consumer's food dollar being received by the farmer and to the multiplicity

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<sup>19</sup>  
MFU brief to the Royal Commission on Price Spreads, Winnipeg, April 1958,  
p. 3.

<sup>20</sup>  
Ibid. p. 3.

of grades that face the farmer in his marketing, but which they claim are not recognizable in the final product.

The farmer's share of the consumer's food dollar has steadily decreased and more of the food dollar has been directed towards the processors.<sup>21</sup>

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There is generally one price at the counter and in many cases the consumer does not know the difference between choice or commercial cuts of meats. The producer in the meantime is subject to about 20 grades in livestock alone, and 14 grades in hogs.<sup>22</sup>

To the MFU, the resulting higher prices will not necessarily create a larger surplus:

We are very disappointed that the government is continuing to look upon surplus commodities as the outcome of high prices, ignoring (we feel) the fact that present surpluses which we hold have been created in a period of unreasonably low prices, and when it has been necessary for farmers to produce to the maximum of their ability in an effort to maintain their farm homes.<sup>23</sup>

The IFUC claims that the Agricultural Stabilization Act keeps prices low "in order to discourage higher production, whereas we think this will only serve to aggravate an already impossible situation."<sup>24</sup>

The Agricultural Stabilization Act has not decreased the MFU's demands for parity. Farm income fluctuations continue as does the outflow of 'family' farmers into the city. If anything, the MFU's insistence on parity pricing has increased.

Countervailing Power. As a complement to its price policy, but independent of it, the MFU has introduced several policy measures which are designed to give

<sup>21</sup>Ibid. p. 8.

<sup>22</sup>Ibid. p. 5.

<sup>23</sup>IFUC brief, op. cit. p. 2.

<sup>24</sup>Ibid. p. 3.

the farmer market power and to thus trim the margins of those to whom he sells and from whom he buys, thereby increasing farm income.

Marketing Policy. The MFU marketing policy is little changed from the group's policy at its inception. Producer controlled marketing, either through co-operatives or marketing boards, has always been a part of the organization's policy proposals.

But the MFU tends in many circumstances to favor marketing boards to co-operatives. The marketing boards, with their powers of coercion, co-incide with the MFU's views on government intervention, i.e. if coercion is necessary to make a particular policy work, use it. Many economists agree that the marketing board is, exactly for this reason, more effective than the co-operative. Close ties between the co-operatives and the MFAC at the time of the founding of the MFU may also be responsible in part for the Union's strong bias in favor of marketing boards.

The marketing board policy goes back to the first days of the MFU; at their annual meeting in 1952 the Union unanimously supported a poultry producers' marketing board plan.<sup>25</sup> Other demands for various types of marketing boards abound in MFU policy statements. Among others, the demand for marketing boards was made to the Manitoba cabinet in 1954.<sup>26</sup> In fact nearly every MFU brief and statement has included a section on marketing boards.

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<sup>25</sup>Winnipeg Free Press, December 9, 1952.

<sup>26</sup>Ibid. March 10, 1954.

The marketing policy is closely tied to the price policy, and is seen as supplementary to it, increasing the return to the farmer by obtaining for him a larger share of the prevailing price. This position is presented by the MFU to the Manitoba cabinet in 1962.

We maintain that if farmers hope to be able to achieve a greater parity of income, they must be in a position to control the marketing and pricing structure of agricultural production to the same extent as any industry in other phases of the economy.<sup>27</sup>

The goal of the marketing policy is to cut the excessive profit margins which the MFU feels are making the distributors and processors rich at the expense of the farmers and the consumers.<sup>28</sup> The MFU condemned these distributors and processors in its brief to the federal Royal Commission on Price Spreads in April 1958:

Professor A. W. Wood, Department of Agricultural Economics, University of Manitoba, reports that in December 1956, the Manitoba farmer received 47.5 cents of the Winnipeg consumer dollar spent on beef. The other 52.5 cents was divided between marketing agencies as follows: 3.2 cents for transportation and marketing costs; 8.0 cents for processing and wholesaling, and 41.3 cents for retailing.

Over the last five years the average farm and primary marketing shares were 52.1 and 3.1 cents respectively, but for processing and wholesaling the share was 16.7 cents and for retailing 28.1 cents.

Thus we find that the livestock producer who operated a very costly and technical business in 1956 received less for his product than it cost to process and distribute it.

It is as a direct outcome of these and similar situations and trends that considerable interest has developed in the prospect of producers setting up their own marketing agencies. By this process they feel that the producer will be in a better position to market his products more efficiently and at the same time maintain a more stable rate of return for his products.<sup>29</sup>

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<sup>27</sup> MFU brief to the Manitoba cabinet, January 23, 1962, p. 9.

<sup>28</sup> MFU brief to the Royal Commission on Price Spreads, April 1958, p. 10.

<sup>29</sup> Ibid.

The Union also condemned the system of distribution of milk and bread as wasteful, particularly when dairies and bakeries from Winnipeg compete with each other for sales in country stores well outside the city.

In addition to trimming distributor and processor margins marketing boards and co-operatives are also seen as a method of administering proposed parity price legislation.

A sound price support through deficiency payments with individual application of maximum limits can best be administered in conjunction with a co-operative or marketing board organization.<sup>30</sup>

The major exception the Union is willing to allow to producer controlled marketing is government controlled marketing of grains by the Canadian Wheat Board. In fact, it would have the Board made a permanent agency and recommends that selling of flax, rye and rapeseed be made compulsory through the Board. The MFU also opposes grain sales outside of the Board. The 1962 brief to federal political candidates says: "The government surrendered to the demands of a very small group of feed merchants....by exempting feed mills from Wheat Board price regulations", allowing the feed mills to take advantage "of the farm cash shortage by purchasing considerably below Board prices yet holding feed prices at virtually the same levels".<sup>31</sup>

In its 1962 brief to the provincial cabinet the MFU complains that the government had "no valid reason for weakening the structure of the CWB".<sup>32</sup> It says the move was not in the best interest of grain producers or the orderly marketing system of western cereal crops.

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<sup>30</sup>

MFU brief to the Manitoba cabinet, January 12, 1959, p. 17.

<sup>31</sup>

MFU brief to federal candidates in the June, 1962 elections, p. 9.

<sup>32</sup>

MFU brief to the Manitoba cabinet, 1962, p. 15.

Further:

We foresee a development of further Vertical Integration...with business enterprises going into production of grain, or even by combining feed mill-livestock or hogs or poultry--and grain production operations.<sup>33</sup>

The open sale of grains is "conducive to further deterioration of the agricultural economy as a whole".<sup>34</sup> The brief also complains that the ability of farmers adjacent to feed mills to dispose of their coarse grains at a wide range of prices is unpopular with other members of their organization.

In areas where CWB control is not applicable the MFU proposes producer control of wheat, oats and barley through marketing boards. Though strongly supported by the MFU, marketing boards have not been able to get sufficient support to be implemented, though several votes have been held. Because of this lack of marketing power, according to the brief to the 1962 federal election candidates, firms through vertical integration have taken over some agricultural industries (broilers) and the MFU is concerned that this will continue in other areas. Egg producers, turkey producers and hog producers are threatened according to the brief.<sup>35</sup>

To solve the problem the Union asks that the federal government institute a National Marketing Board "with mandatory powers over the marketing of commodities produced on farms, including those owned by processors, distributors and manufacturers".<sup>36</sup>

The MFU also opposes vertical integration in the secondary industries processing agricultural products. Commenting on the power they say is wielded by

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<sup>33</sup>  
Ibid. p. 16.

<sup>34</sup>  
Ibid.

<sup>35</sup>  
MFU brief to federal candidates in the June 1962 election, p. 5.

<sup>36</sup>  
Ibid.



Canada Packer's, the National Farmer's Union told the federal cabinet in 1962:

There is no doubt in our minds that concentration of so much market power in one corporation is against the public interest and constitutes a definite threat to the survival of the family farm.<sup>37</sup>

It pleads with the federal government to "give the farmers countervailing power in the market place"<sup>38</sup> by enacting enabling legislation for the National Marketing Board.

Buying policies. In its attempts to reduce the cost side of the cost-price squeeze, the Union has introduced several policies designed to cut costs, particularly of machinery and inputs received from outside agriculture. Some suggestions have been made on reducing costs of consumer goods to farmers and inputs from agriculture. (In this last case the suggestion is usually for government subsidies, to allow the producer a fair price, but to allow the buyer a cheap input).

The main attack on costs on the buying side was the discount buying plan of the early 1950s.<sup>39</sup> In this plan farmers would band together to buy commodities in bulk and thus gain the retailer's margin. The plan was never particularly successful.

Attempts to exercise countervailing power. The Union has also contemplated the use of the strike to exercise countervailing power. Speaking in Carman in 1951 Jake Schulz said that the Union was built on the "strike principle".<sup>40</sup>

The Union has tried to exert this power occasionally, particularly in November 1958 when it considered boycotting factory hog producers, or the

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<sup>37</sup> NFU brief to the federal cabinet January 31, 1962, p. 6.

<sup>38</sup> Ibid.

<sup>39</sup> Winnipeg Free Press, April 20, 1953.

<sup>40</sup> Ibid. March 17, 1951.

businessmen that were involved in financing and running the "hog factories"<sup>41</sup> and in December 1959 when the Union threatened to go on a buyer's strike if deficiency payments were not instituted.<sup>42</sup> Plans for the buyer's strike were laid aside in April of 1960 because the Union could find no way to implement them.<sup>43</sup>

Efficiency. It is worth noting that on most occasions when the positive goal of family farm is presented, the negative goal of prevention of vertical integration is also presented. This policy, however, is related directly to the parity price and the marketing policies, and is directly associated with the goal of parity incomes.

The parity price policy with its insistence on a maximum quantity of production which can receive the parity price is directed at preventing vertical integration. The attempt to have national marketing legislation established is also directly concerned with the prevention of vertical integration, rather than the establishment of the family farm.

The opposition to integration is usually based on efficiency. (Efficiency here will be defined as obtaining the greatest product from given inputs, or utilization of the least inputs possible for a given output).

Efficiency itself is not an MFU policy or goal, rather the Union is concerned about a problem

which is rapidly developing into a crisis, we believe. It is the position taken by our Universities and the Extension Services of the Agricultural Department, in their approach to a solution of the farm problem. Many of these people still claim that farm management, greater efficiency, larger production, greater productivity--are the answers to our farm problem.<sup>44</sup>

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<sup>41</sup>Ibid. November 15, 1958.

<sup>42</sup>Ibid. December 3, 1959.

<sup>43</sup>Winnipeg Tribune, April 7, 1960.

<sup>44</sup>MFU brief to the Manitoba cabinet, January 12, 1960, p. 8.

In fact "it is becoming consistently clearer, that possibly farmers are already too efficient and are being penalized for this efficiency".<sup>45</sup>

On the negative side of the efficiency policies is the campaign against vertical integration and contract farming.

Contract farming is occasionally necessary with crops such as certain vegetables and sugar beets...because these commodities are highly perishable and for only short periods of time can they be processed....the plants need a guaranteed minimum, but can only process a certain maximum.<sup>46</sup>

But aside from this, contract farming and vertical integration "would force many farmers out of production in commodities such as turkeys, chickens, eggs and hogs which are necessary in a family farmer's yearly operation".<sup>47</sup> They build surpluses, and reduce prices so the smaller farmer will not get a fair return on his product.

Nonetheless some Union policies are aimed directly at increasing efficiency, particularly of machinery.

The Union asks for enforcement of the law requiring machine companies to keep repair parts on hand for a 10-year period on all machines sold. Further they ask that machinery repair depots be open six days a week during sowing, harvesting and haying seasons, with skeleton crews on after office hours to maintain 24-hour service.<sup>48</sup> The MFU also wants test information on the durability and other characteristics of farm machinery forwarded to farmers in the province.

These requests on machinery are directed mainly at decreasing machinery costs, both on present equipment and equipment to be bought, but they also would

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<sup>45</sup>MFU brief to the Manitoba cabinet, January 23, 1962, p. 8.

<sup>46</sup>MFU brief to the Manitoba cabinet, January 12, 1959, p. 15.

<sup>47</sup>MFU brief to the Manitoba cabinet, January 12, 1960, p. 9.

<sup>48</sup>MFU brief to candidates in the 1962 provincial election, p. 6.

make equipment use more efficient.

Crop insurance is promoted by the Union as a stabilizer of income, but as such it reduces uncertainty and allows for more specialization and efficiency.

Trade. Free trade has been a traditional policy of Canada's non-commercial farm organizations almost since the beginning. It was adopted as a policy of the Canadian Council of Agriculture and has been an MFU policy since the group's inception. The MFU finds only one trade policy that will solve agriculture's problem. "Canada must adopt free trade practices or be left isolated".<sup>49</sup>

The MFU adds:

To those who say Canadian industry will be injured by foreign competition, we say that only "inefficient" industry will be injured. We add that Canadian farmers have been in this position for 50 years and that, if the "inefficient" farm operator is to be penalized by extinction and elimination, then it is high time we applied the same standards to industry.<sup>50</sup>

The MFU is wary of Canada's trade policy.

Farmers have traditionally supported the principle of free trade, only to come to the recent and sad conclusion that the only part of our trade that is free is the part we have to sell. Politicians preach free trade to the farmer, while giving massive protection to industry through subsidies, tariffs and duties.<sup>51</sup>

The brief continues that because of Canada's trade deficit with the United States and trade surplus with other countries "we subsidize Canadian and American industry at a cost to the farmer and to those nations who would like to trade with us".<sup>52</sup>

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<sup>49</sup>MFU brief to the federal candidates in the June, 1962 election, p. 7.

<sup>50</sup>Ibid.

<sup>51</sup>Ibid. p. 6.

<sup>52</sup>Ibid.

But the MFU's free trade principle does not always apply to imports, particularly if they happen to be agricultural goods. For example in its brief to the Manitoba cabinet in 1953 the MFU asked for a stop to the importation of American vegetable oils.<sup>53</sup>

Free trade has generally been looked upon by the MFU as a boon to the farmer, opening markets for him, and lowering the costs of his inputs. But, even on exports, the MFU is willing to subvert free trade, if it is to the farmer's advantage. The MFU supports credit sales of grain to mainland China. Other suggestions to increase wheat sales, which are not all completely compatible with free trade, include<sup>54</sup> proposals to extend credit to overseas buyers, participate in barter trade, sell for foreign currency and give gifts of wheat from Canada under the Colombo plan.

Resource Allocation. Two resources that are of importance in inter-industry allocation are man-power and investment capital.

The MFU's family farm stand limits the flow of man-power that the Union would channel into industry and the type and extent of education the group recommends is another limiting factor. Retraining of family-farmers to take industrial jobs is ruled out, most of the farmers on small farms are over 40 and too old to move out or be retrained, according to the Union.

For the youngsters:

The strength of man and nations is not built on lush, soft, irresponsible living. Instead it is built on strict moral, physical and spiritual discipline, and the closer it comes to God's own dictates, the better the chances.

Why, in the name of Sanity, do we not accept this as our principle of education, instead of beating our brains out to adjust to technological evolutions, with all its weaknesses?

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Winnipeg Free Press, March 10, 1953.

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Ibid. December 5, 1957.

....WE DO HAVE THE BABYLON TOWER AND, MORE RECENTLY, THE ROMAN EMPIRE TO FALL BACK ON AS TOTAL PROOFS ON MAN'S 'HEIGHTS OF ACHIEVEMENT'.<sup>55</sup>

Thus today's education is too material and too oriented towards progress, according to the MFU. However, the Union does not find that education itself is bad, and thinks education should be encouraged. The MFU does attempt to get lower tax rates for education in farm areas, to have transportation costs to rural schools lowered,<sup>56</sup> to have more schools for the mentally retarded established,<sup>57</sup> and to have university entrance requirements set so that graduates of rural high schools can fulfill the requirements.<sup>58</sup>

Another policy affecting labor allocation directly is the demand for unemployment insurance coverage for farm workers. The MFU's policy on unemployment insurance is direct:

Farmers find it increasingly difficult to hire help qualified to operate modern machinery, due to lack of unemployment insurance. Farmers are the only group in Canada ineligible to obtain this insurance; therefore, we propose that unemployment insurance be extended to include farm labor.<sup>59</sup>

This policy would make farm work more attractive to some skilled workers.

The Union also favors increased credit at lower interest rates for farmers, particularly young farmers. In its supplementary brief to the provincial government in 1959 the Union asks that a four per cent interest rate be set on

<sup>55</sup>MFU Study program on education brochure, April 1962, p. 4. (Capitals in the original).

<sup>56</sup>MFU Brief to the Manitoba cabinet, January 12, 1960, p. 19.

<sup>57</sup>MFU Brief to the Manitoba cabinet, January 12, 1959, p. 27.

<sup>58</sup>Ibid. p. 23.

<sup>59</sup>MFU brief to candidates in the 1962 federal election, pp.7-8. Italics in original.

credit for all farmers between the ages of 21 and 35, especially small farmers; asks that credit provisions be made for those wishing to begin farming with little or no capital and asks that father-son loan arrangements be made available in situations where the father is over 60 and the son under 21.<sup>60</sup>

However the Union finds that credit alone will not solve the problems. The farmer must also receive enough income to make payments.<sup>61</sup>

Other policies. The above policies are not all the policies the Union proposed between 1951 and 1962 but they are the most important basic policies that have been advocated. Various policies having to do with drought assistance in local areas, flood assistance, disease outbreaks, etc. have been advanced, as well as the two standard policies on which both groups agree, no Daylight Saving Time and no yellow coloring of margarine. But with the exception of the last two, these policies have on the whole been short term responses to local conditions.

These policies must now be examined to see if they are consistent with the goals and policies outlined for the Union in Chapter V.

## II. DISCUSSION

Since 1950, when the MFU began to gain strength, its policies and goals have been relatively unchanged. The Union's main goal, the family farm, and its main policies, higher income, parity price, and marketing boards, have remained relatively stable. As examined in Chapter IV the MFU from 1950 to 1962 was an advocate of agricultural fundamentalism and Jeffersonian democracy.

The Union's policies are consistent with its postulated goal, the family farm, particularly in the sense that they are all designed to aid in the maintenance of the family farm or small farm unit to at least some degree. However, many of

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<sup>60</sup> MFU supplementary brief to the Manitoba cabinet, June 26, 1959, p. 8.

<sup>61</sup> MFU brief to the Manitoba cabinet, January 23, 1962, p. 14.

these policies are unlikely to achieve the goals the Union sets for them because of their inapplicability or their inconsistency with other policies proposed by the Union.

Consider the Union's major policy, parity prices, i.e. cost of production plus profit pricing, with a limit on the maximum amount of produce that can be sold at parity prices by any one individual farmer. This policy would undoubtedly lead more to the maintenance of smaller farms than would unlimited parity. The limit on sales at parity price would encourage production only to that limit, and though it would not necessarily hamper production on a single farm beyond that limit, the marginal returns to the farmer on the extra output would be far less than those received from the original output and may seem sufficiently small not to be worth the effort.

However, a major problem of setting cost of production prices arises. The Union attempts to set the price in relation to the DBS index of costs of goods farmers use--an index which provides a rough guide to the direction costs are moving, but which is hardly accurate enough to base a pricing policy on. Even here, this index would have to be broken down for regions. The MFU recognizes, that if it is not, entire regions will be forced out of production because their cost of production is not met.

If it could be implemented, parity pricing would mean extensive government regulation, a fact which the Union recognizes and accepts.

Parity pricing, is a one-sided attack on the problem of the cost-price squeeze and the extreme instabilities of agricultural prices and income. It is however, the necessary attack for the Union. Most attacks on the cost side mean increased mechanization, increased efficiency and increased size--the last the Union regards as evil in itself, and it is indifferent, at best, to the former.



The Union is also hampered in its attack on the income problem by its inability to manipulate the third major constituent of net income--quantity. Net income equals price times quantity minus cost. Any suggestion on the part of the MFU to increase quantity would immediately jeopardize its family farm goal. As noted above, the Union is also handicapped by the family farm goal when it attempts to manipulate costs. The Union is thus forced into adopting a single-pronged attack on the problem of low and unstable farm incomes--i.e. price. Despite this handicap the Union does make some attempts to reduce costs.

One of the Union's attacks on costs and prices is its proposed formation of producer marketing boards. This policy is worded so that larger operators having some market power of their own would be forced into the marketing board with the less powerful marketers. Passage of the MFU's National Marketing legislation and its acceptance by farmers would mean the discouragement of large-scale production for market advantage on the part of firms, and a discouragement of large-scale producers, though it could decrease marketing costs and increase prices for the smaller farmer.

Another minor policy directed at cost reduction is the Union policy on availability of machinery and parts. This policy is neutral, in that both small and large farmers will be able to secure advantages of extra machine use. In fact, this policy may actually benefit the larger rather than the smaller operator. The larger operator, with sufficient but not extra machinery, is more liable to be hurt by a machinery break-down than the smaller over-mechanized farmer who may not need to have his machinery operational during the whole of the sowing and harvesting seasons.

Another cost reducing policy, mainly at the household level, is the Union's discount buying plan in which the members would band together to buy in bulk

and reap the retailer's margin. This plan does not seem to have been successful, suggesting perhaps that the retail profit margin was smaller than the MFU believed.

The maintenance of the Canadian Wheat Board, proposed by the Union, would probably be of equal benefit to the large as well as the small operator, though with decreasing sales, delivery quotas may be more irksome to the larger than the smaller operator.

However, apparently unnoticed by the Union, its justification of the family farm as economic and its justification of marketing boards and even the Canadian Wheat Board, are contradictory. In its defence of the family farm the Union states that there are no production cost gains to be made by larger units and that the family farmer is the most efficient producer. Its defence of marketing boards and the Wheat Board implies that there are marketing gains to be made by the formation of large monopolistic marketers.

So far the position is tenable. However, the Union then goes on to argue that by enabling farmers to sell grain outside the Board the government is encouraging feed mills to integrate vertically, producing their own grain, while at the same time it argues that cash-pressed farmers will be forced to sell to the mills below cost. If the mills can produce grain at a profit, cheaper than the farmer is willing to sell it even at what the Union maintains are 'bargain basement' prices, then the Union must admit the mill is able to produce below the farmer's cost, and apparently still make a profit.

This serious logical inconsistency does not, however, alter the fact that the Union's marketing policy is consistent with its price and income policy in its drive to maintain the family farm. It is an implicit admission, however, that the economic justification for the family farm or marketing boards and the CWB is badly in need of revision.

The Union's policies, given its goal and values, are at least designed to solve real problems. As seen in Chapter III extreme price variation with relatively fixed costs have meant roller-coaster incomes for the farmer.

However, the Union is opposed to one possible solution, movement off the farm.

If price and marketing policies seem relatively consistent, an important problem arises with the Union's trade policies. The Union has been in favor of completely free trade, with a progressive lowering of tariff barriers. It has long been held that this solution would be to the advantage of agriculture as a whole, lowering costs while food prices which are already at world prices would not change, with the exception of those supported by the Agricultural Stabilization Act. This would mean an overall gain to the farmer. This problem was particularly acute during the depression when food prices plummeted, but prices of manufactured goods, maintained by market power and tariffs, remained relatively high.

This policy of free trade is philosophically incompatible with the parity price and marketing legislation policies. The main products in which Canada has a comparative advantage are her agricultural products. Subsidization of agricultural products at home, would only encourage subsidization abroad. But even here Canada seems to be in serious trouble, free trade prices on her agricultural products has not brought markets for them, even in tariff free countries, unless she has supplied credit as well. The sales to Red China are an example of this. This the Union has advocated, yet it is a departure from free trade, and export subsidization differs little in principle from the protective tariffs the Union so opposes on industrial goods.

From the submissions the Union has presented one must come to the conclusion that its free trade philosophy rests entirely on ad hoc economics. It is applied when advantageous to the farmer, discouraged when disadvantageous. The one

exception to this rule is the Union encouragement of Britain's entry into the European Common Market, however, there is the suggestion here that if Britain enters, Canada may be able to reap special benefits for her products.

Policy on vertical integration is also realistic given the Union's goals and values. If the small farm is to receive a steady income, it must diversify. Products like broilers and hogs, where the Union does admit economies of scale exist, have been important sources of income to the small farmer. Thus, recently vertical and horizontal integration are forcing the small farmer out of poultry, hogs, etc. Again, however, this argument casts doubt upon the Union claim that the family farm is the most efficient producer of agricultural products, at least in these lines. It also creates trade problems; Canada does export hogs and poultry. Advocacy of the high cost family farm type of poultry and hog enterprise is tantamount to income subsidization and contrary to the Union policy of free trade.

The Union's education policy is chaotic. Off-farm migration has been occurring, but the destination of those leaving the farm is not known, nor is their education level nor whether or not they have been employed once they reached their destination. It may be that they have found industrial jobs, or that they have remained unemployed. The Union argues that re-education programs for those leaving the farm are useless because most of those leaving the farm are too old to be re-educated. Then it turns around and argues that all the young and skilled men, the best farmers, are being lured off the farm to the city.

The Union demands better schooling for farm youth, aid to rural schools from the rest of the province, scholarships for farm youth, then charges that the education system is only training people for technology and not educating them for life. It suggests that not technical but spiritual training be given to the children, encouraging them to hard work and away from automation (and thus

the cities). The Union's policy is confused. It realizes that some outflow of youth to the city is necessary, even if the farm numbers are to be maintained. However, with increased education and training enabling farm youth to get better city jobs, it sees the outflow increasing. The Union has been forced into a difficult and untenable education policy.

A basic problem that the Union is failing to face up to in all its policies is the extreme price and income inelasticity of most agricultural products, particularly bread foods. It is true that Manitoba's farmers are depending less and less on wheat as a share of their income, but the Union's implicit hope that consumption at home, and even abroad, will increase, must be based on hopes for population increase, rather than increased per capita consumption.

This inelasticity of demand favors marketing boards, but as was pointed out earlier, an inconsistency exists between the attempt to increase prices at home on the one hand and the attempt to increase trade on the other. Thus in the analysis we see that the MFU does not attack directly the major problem outlined in Chapter III, the extreme variability of price, output and income.

It is true that through its parity price policy the MFU attempts to cut income and price variation, but only to the point where it does not encourage large-scale production. On yield variation, the Union proposes diversification, rather than specialization which might decrease yield variation.

This position is perfectly logical given the MFU goal of the family farm. It is true, however, that though many of the other MFU policies--marketing, credit, free trade--are all consistent in their support of the final goal, the justifications presented for them are often contradictory.

To generalize, the MFU policies are consistent with the goal sought, but the various justifications of these policies often contradict each other and even undermine some of the arguments presented for the desirability of the goal--the family farm--itself.

## CHAPTER VI

### MFA(C) POLICY

As examined in Chapter IV, the main goal of the MFA is to provide its members, and Manitoba farmers in general, with a standard of living equivalent to that of the city dweller.

This goal, or in MFA terms "Parity of Living", includes higher incomes, better schools and improvements in other social services. To achieve this goal the Federation believes that some changes in agriculture and the social structure of rural areas have to be encouraged.

#### I. MAJOR POLICIES

The MFA's most recent policy, 'parity income', will be presented first, noting where and how it differs from earlier policies. Since the MFA goal stresses income, the role of income in the MFA scheme of goals and policies must be considered.

Income Policy. The MFA's income policy is unorthodox in that it does not refer to monetary income alone, but rather stresses other more general facets of standard of living that it feels should be increased. The MFA proposes 'parity of living' a policy designed to give farmers a living comparable to that enjoyed by other groups in society. It is best to consider the MFA's own description of this concept.

The MFA believes that the policy most urgently needed and the policy most widely acceptable to farm people is one which will give farmers a "parity of living" comparable to that enjoyed by other groups of people

in our society.

We believe the farmer has every right to this concept. In our entire economy the farmer alone has continued to place his products on the market at prices no higher, and in some cases less than those realized at the conclusion of World War II. At the same time some manufactured goods have increased in price by more than two hundred per cent. Farmers only have fought the battle against a creeping inflation.

It is now possible for urban residents in Canada to purchase better quality foods with a smaller percentage of their pay cheque than ever before in history. It is unreasonable to assume that the farmer can continue to provide this important requisite of life at pre-war prices while he is faced with ever-increasing prices for his production requirements.

In addition to relatively cheap food, urban labor is blessed with such government aids as payment of administration costs and contribution of 20 per cent of the premium to the Unemployment Insurance Fund. Industry assists with workmen's compensation and pension plans, and is in turn helped by tariff protection.

Farmers, on the other hand, have little means of benefiting from these government or industrial aids to the security of living.

To bring about parity of living for farmers requires a much broader concept of agricultural assistance than price supports or parity prices. Many of the amenities of life taken for granted by urban inhabitants are denied the farmer and the farm communities by reason of the sparse populations, relative distances and consequent high costs of services.

A more equitable educational system: better health facilities comprising hospital, medical and dental care; facilities for recreation; facilities for trades training and skill development are only a few of the adjustments needed.

Parity of living in its widest sense means that the urban taxpayers must be called upon through the national revenue to share some of the costs of rural development in return for cheap food now being provided; and provided only through the farmer's inability to enjoy some of the amenities of life taken for granted by urban inhabitants.<sup>1</sup>

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<sup>1</sup> MFA brief to the Manitoba cabinet, February 3, 1961, p. 4.



This was a summary of the MFA's goals, the plans it proposes to reach these goals and the justification of the goals and the plans. Various facets of this statement have already been examined and others will be examined later.

Specifically relating to social 'income', however, it is plain from the above statement that the MFA intends to finance the changes from funds outside of agriculture, and would have the provincial government<sup>2</sup> devise a plan to help pay for the education, hospitals, roads and other services which are lacking. The burden is felt to be too heavy for the rural landowners.

In addition to increasing this social 'income', the MFA also attempts to increase monetary income, or at least to prevent it from fluctuating too violently.

Though much of the emphasis in later briefs is placed on social 'income'-- better schools, better hospitals, better recreation--the earlier briefs tended to stress monetary income itself more heavily. In 1959 the Federation said: "Our efforts to secure adequate prices and incomes for our members can never be successful if they continue to be faced by constantly rising costs for goods and services".<sup>3</sup> But even in these earlier statements, attention is paid to the social as well as the economic facets.

One of the reasons for the change in stress could be the increasing pressure upon hospitals and schools as hospital and school costs rise, while farm population is falling.

As in the case of the MFU, policies directed towards monetary income, that is price and marketing policies, will be considered first.

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<sup>2</sup>  
Ibid. p. 12.

<sup>3</sup>  
MFA brief to the Manitoba cabinet, February 24, 1959, p. 6.

Price Policy. Price policy does not play the primary role with the MFA(C) that it does with the MFU, although the importance of price policy was greater during the earlier part of the period studied than during its later part. In many of its earlier postwar briefs the Federation proposed parity as one of the solutions to the problems of low and fluctuating income, but under its later policies, though it defines parity identically to the MFU, it rejects it as even a partial solution to the income problem.

The MFA bases its objections to parity on three points, difficulty of calculation, incidence of aid and the government control required for its implementation. According to the Federation in a brief to the Manitoba cabinet in 1961:

It is almost impossible to arrive at a satisfactory parity price for any agricultural product due to the difficulties involved in determining costs of production.<sup>4</sup>

The brief then continues that "a parity price gives the most aid to the farmer who needs it least, namely the efficient large-scale operator who has a large volume of produce to sell".<sup>5</sup>

According to the MFA a parity price must "inevitably lead to government control".<sup>6</sup> Price supports set at incentive levels court "government intervention in the form of production and price controls".<sup>7</sup> Instead, the Federation says, it is advocating a policy designed to reduce price instability.

The Manitoba Federation of Agriculture does not believe that price supports alone can satisfactorily solve inadequate monetary returns to farmers. Price support policy is not designed to alleviate this condition, but rather to reduce price instability. An adequate form of a

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<sup>4</sup>MFA brief to the Manitoba cabinet, February 3, 1961, p. 3.

<sup>5</sup>Ibid. p. 3.

<sup>6</sup>Ibid.

<sup>7</sup>Ibid. p. 2.

support price structure that will guarantee agriculture against disastrous price declines is in the final analysis the purpose of price supports.<sup>8</sup>

This price policy of the MFA's shows a definite change in opinion from earlier policies stressing parity. For example in 1949 the Canadian Federation of Agriculture Convention in Saskatoon, June 25 and 26, asked among other things for the government to set up "such a price policy as would stabilize the poultry industry. Other resolutions asked for floor prices on all agricultural products including honey".<sup>9</sup>

As late as 1958 the MFAC recommended price supports at 70 per cent parity. In a brief, much of which could have been written by the MFU, the Federation said:

Failure to implement a suitable system of price supports for agriculture will make it increasingly difficult for the family farm to survive. A depleted rural population raises the sociological problems of education, health, roads and other services with which the provincial government must deal... Mass production or factory type farming is a growing problem in our economy which will command attention in the future.<sup>10</sup>

One of the reasons for this comparative lack of concern over price by the MFA(C) is a conviction that rising costs and poor management (which will be discussed below) are more responsible for low incomes than are low prices. The MFA(C)'s major concern with price, at least in the later part of the period studied, is its variability.

The section above on income showed that rising costs of goods and services were blamed for the federation's difficulties in securing good prices and incomes. In 1954 in an earlier brief (cited previously above) the MFAC blamed many of the farmer's problems on poor management, proposing that good management was "the

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<sup>8</sup>  
Ibid.

<sup>9</sup>MFAC brief to the Manitoba cabinet, May 31, 1949, p. 13.

<sup>10</sup>MFAC brief to the Manitoba cabinet, January 18, 1958, p. 4.

basic solution to our credit, production and marketing problems".<sup>11</sup>

Thus the MFA(C)'s concept of the role that price plays in policy has swung from a 1945 position similar to that of the MFU to a position of considering price a problem mainly because of its fluctuations, rather than its level.

Countervailing Power. The MFA(C) like the MFU advocates the need for countervailing power in the market place, but the Federation tends to lean more heavily on co-operatives and less on marketing boards for this purpose than does the MFU, particularly prior to the breaking away of the co-operatives from the MFAC.

Marketing Policy. To handle the selling of products the MFA envisages a self-help policy which would be brought about through farm supply co-operatives and producer controlled marketing boards.<sup>12</sup>

It is doubtful that a full appreciation is evident of the savings in production costs which can be realized through co-operative purchasing of essential goods. It is also evident that farmers have not explored fully the development of agricultural co-operatives and producer marketing boards to the extent of cutting marketing costs or retaining a greater share of the consumer's dollar.<sup>13</sup>

Until savings in these areas are exhausted, the 1961 brief says, the farmers should not ask the government for further financial aid. Instead, the MFA outlines several areas in which it feels progress can be made. Co-operatives are, to the MFA, one of these major areas. "Through farm supply co-operatives and marketing co-operatives lie the key to 'economic power' in agriculture".<sup>14</sup> This

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<sup>11</sup>MFAC brief to the Manitoba cabinet, December 16, 1954, p. 9.

<sup>12</sup>MFA brief to the Manitoba cabinet, February 3, 1961, p. 6.

<sup>13</sup>Ibid.

<sup>14</sup>Ibid. p. 7.

is the tool the MFA(C) hopes will enable agriculture to replace the political power it has lost through decline in numbers. In the final analysis the MFA(C) finds economic power vastly more important than political power.

Marketing boards could also help bring about better conditions, but to the MFA(C) they must be combined with co-operatives, and as such will "bring about a more balanced farm output-market demand structure".<sup>15</sup> This combination will be quite effective in marketing most of our farm products".<sup>16</sup> In accepting marketing boards the MFA realizes that "some control of production may be necessary by producers themselves".<sup>17</sup> Producer control is far more desirable to the MFA(C) than government control of agricultural marketing and production. However, as shown in Chapter IV, the Federation does accept, even welcomes, government intervention in grain marketing through the Canadian Wheat Board.<sup>18</sup> The MFA(C) would also like research done to discover in which fields co-operatives are preferable to marketing boards and vice versa.

Though emphasis on co-operatives declined in 1958 after the formation of the Manitoba Co-operative Union, the MFA still places much of its emphasis on co-operatives, preferring them to marketing boards and other types of group bargaining power. This has been a traditional stand with the Federation and dates back to the relatively successful assault in the 1900's on the CPR and the Winnipeg Grain Exchange by grain growers working through co-operatives.

The MFAC's position on co-operatives, which can be summed up as the promotion of "co-operation as a way of doing business and a way of life" was the official goal of the MFAC until 1958. This aspect of policy was studied in Chapter IV.

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<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

Trade Policy. The MFA(C)'s statement of trade policy is almost identical to the MFU's.

In January 1962, the MFA told the Manitoba provincial cabinet:

The Canadian Federation of Agriculture believes that Canada's basic policy should be in the direction of progressive lowering of trade barriers and freeing of world trade, and it urges Canada to conduct its trade plans and negotiations with this end in view.<sup>19</sup>

One of the major reasons given to justify this stand is:

Since our farmers are bound....to world prices on their sale of their product, they feel they are entitled to buy their equipment and supplies at world prices.<sup>20</sup>

And in 1954 the MFA(C) told the provincial government:

The relatively high level of tariff protection which has over many years been afforded to Canadian manufacturers, has always been a burden upon the Canadian farmer, dependent as he has been, for the most part, on the level of world agricultural prices.<sup>21</sup>

The MFAC urges a general tariff reduction. But on the next page it complains there that is a concerted attack on the Crow's Nest Pass rates.

Recent attacks indicate very clearly that a carefully laid plan is being carried out to have them (the rates) removed.... Any increase in rates for export grain would put prairie producers in a most disadvantageous position in the world wheat markets.<sup>22</sup>

The MFA(C) like the MFU, favored free trade where it is to the farmer's advantage, or where the effects are neutral. This free trade stand breaks down when results could be considered detrimental to the farmers' position. This is particularly true when regulations affect cost of transportation of goods farmers buy and sell, where aid in reality is tantamount to an import or export subsidy.

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<sup>19</sup>MFA brief to Manitoba cabinet, February 27, 1962, p. 23.

<sup>20</sup>MFA brief to the Manitoba cabinet, February 24, 1959, p. 9.

<sup>21</sup>MFAC brief to the Manitoba cabinet, December 16, 1954, p. 2.

<sup>22</sup>Ibid. p. 3.

This trade stand has been consistent through the MFA(C)'s history.

Resource Allocation. The MFA(C) resource allocation policies stress the human resources as well as the physical ones. The MFA(C) proposes making movement off the farm easier for those who wish to move and suggests the transformation of areas not suitable for agriculture out of agriculture and into other uses. This is designed to improve overall resource use in the economy.

The MFA position is summarized in the 1961 brief to the Manitoba cabinet. "The forces of change should not be stopped, in the long run they cannot be stopped".<sup>23</sup>

As part of the solution the MFA proposes a program of land, water and wildlife conservation, community pastures, etc. The MFA believes recreational areas and wild-life projects deserve major consideration, and that they will be of growing importance in the future.<sup>24</sup>

The MFA says the provincial government should consider purchasing small areas flooded or hit by wildlife depredation and turning them into recreation areas or wild-life preserves. "We must face the responsibilities of taking certain land out of agriculture and putting it to other productive purposes".<sup>25</sup>

Another part of this resource allocation policy is the MFA's request for assistance to farmers moving off the farm. This aspect was considered in Chapter IV. Briefly, the MFA asked for help which would include not only job listings, but vocational aptitude assessment, vocational training and financial help through the transition period. The Federation also proposed

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<sup>23</sup>MFA brief to the Manitoba cabinet, February 3, 1961, p. 8.

<sup>24</sup>Ibid. p. 14

<sup>25</sup>Ibid.

a program of rural development to help farmers to adjust to the "forces of change".

This policy would have:

a proper land and water use program; taking into consideration conservation, land purchase program, recreational areas, rural industry, etc. and be generally designed to offer some permanent assistance to the agricultural industry.<sup>26</sup>

The program should be a federal-provincial program and should begin with

land classification and land-use policy...through which sub-marginal lands be retired from present production. This will necessitate the adjustment of some farm families to other areas of employment, many of whom will be established in allied industries of agriculture.<sup>27</sup>

As well, in 1958 the MFA asked the provincial government for development assistance, to help establish rural industries and provide off-the-farm jobs in their own areas for those leaving farming, and part time off-farm jobs for those needing them.<sup>28</sup>

Education. Education has always been in the fore of the MFA(C)'s policies for efficient resource allocation and the MFA would have educational facilities set up to retrain those persons leaving agriculture to fit them for jobs outside the industry.

The group is also concerned about basic education. In its 1958 brief to the provincial cabinet the MFA says "the one room school cannot offer adequate education to those who intend to farm not to speak of those who have to seek non-farm employment."<sup>29</sup>

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<sup>26</sup> MFA brief to the Manitoba cabinet, January 9, 1960, p. 10. <sup>27</sup> Ibid. p. 11.

<sup>28</sup> MFA brief to the Manitoba cabinet, January 15, 1958, p. 13.

<sup>29</sup> MFA brief to the Manitoba cabinet, January 5, 1958, p. 7.



The Federation's early interest in education is manifested by the importance given its leadership training school. For example, six pages of the 1950 MFAC annual report are given to a survey of the leadership training program,<sup>30</sup> though the emphasis in the program was placed on the spirit of co-operatives and leadership in them.

In their brief to the provincial government on January 23, 1950 the MFAC asked for assistance to student nurses, a report on the Dauphin-Ochre school area and federal grants in aid to equalize educational opportunities for all Canadian children.<sup>31</sup>

The MFAC at its annual convention in June 1949 set up a larger school area committee to:

Obtain information and publicize the need for better educational facilities in general, with particular emphasis on the Larger School Area of Administration plan.<sup>32</sup>

Since 1949 the MFA has greatly increased the stress placed on education to the point where it reported to the provincial cabinet on February 27, 1962:

opportunities for employment will be available to only those with a high school standing or technical training. This possibility raises problems for the rural people of this province who should be aware that 85-90 per cent of our farm boys and girls must look beyond the farm for employment.<sup>33</sup>

The MFA believes that the proportion of girls and boys, particularly boys, getting a high school standing is lower in the rural than in the urban areas.<sup>34</sup>

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<sup>30</sup> MFAC annual report, 1950, pp.20-25.

<sup>31</sup> Ibid. pp. 14-15.

<sup>32</sup> Ibid. p. 9.

<sup>33</sup> MFA brief to the Manitoba cabinet, February 27, 1962, p. 3.

<sup>34</sup> Ibid. p. 4.

The brief continues to ask for higher qualifications for rural teachers, broader educational programs, technical training institutions and a wider tax base since the education of rural youth is of benefit to urban industry.<sup>35</sup>

The MFA also desires an adult education center at the University of Manitoba.<sup>36</sup>

From the MFA(C) policy statements on land and education, it becomes obvious that the MFA(C) is willing to let many farmers leave the farm and enter industry. In fact, the position is even stronger, the MFA feels that many farmers must leave the land if agriculture is to prosper.

This policy contrasts with the earlier MFAC stand which deplored the passing away of the family farm. The MFA(C)'s change in policy emphasis was gradual, but its outlines could be seen in the early 1950's. In 1954 the Federation proposed a farm management service to help in the solution of some farm problems...with this type of stand favoring efficiency the MFAC began to depart from the more traditional position of farm groups. As shown earlier it took the Federation only a short while to evolve from its early position on management to one where it advocated some movement off the farm if resources were to be efficiently used.

Here the Federation seems to hold implicitly that farms will be owned, or at least tend to be owned, and operated by families, although unlike the MFU, it is not committed to the family farm ideal to the point of finding all other ways of life inferior. Indeed it argues that some farmers would be better off in other occupations.

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<sup>35</sup>  
Ibid.

<sup>36</sup>  
Ibid. p. 8.

Consideration of organization of agricultural production leads, as it did with the MFU, to the problem of vertical integration. But the Federation's stand is different.

We believe that vertical integration in agriculture is here to stay and that the trend will increase in certain fields of production. We suggest that vertical integration can be good or bad for agriculture depending on who does it and how it is done. To be beneficial to farmers they must develop ways and means of doing it themselves through co-operative effort.<sup>37</sup>

But if integration is allowed to proceed on its own the

farmer may lose the authority and the ability to direct and manage his own affairs....there is a tendency to upset the pattern of local community activities and to concentrate control and management of rural affairs in the hands of persons who have no contact with local communities.<sup>38</sup>

Here again the MFA(C) shows its strong leanings toward co-operatives, a concept that runs through its policies, just as the concept of the family farm runs through the policies of the MFU.

Concerning credit, the MFA(C)'s policy is similar to the MFU's, and stresses particularly special consideration for the young farmer. Among other things the MFA(C) has asked for interest free farm credit for farmers who have suffered serious losses because of natural disasters.

## II DISCUSSION

MFA(C) policy has undergone great changes in the period from 1945 to 1961. It has gone from a policy influenced by agricultural fundamentalism and Jeffersonian democracy to one influenced by economic development. But despite changes, co-operatives have always played an important part in its policy.

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<sup>37</sup>  
Ibid. p. 5

<sup>38</sup>  
Ibid. p. 4.

In the period studied the Federation policy didn't complete the transition from a policy influenced by fundamentalism to one influenced mainly by a philosophy of economic development. The final policies and goals studied had elements of both basic philosophies, but the departure from the original approach was quite marked. However, despite these basic changes, the Federation's stress on co-operatives remained strong.

As a goal, in the early periods, co-operation was to the MFAC "a manifestation of democracy, and its economic application contributes to public welfare".<sup>39</sup> The co-operatives were and still are "one of the principle safeguards to the economic position of the farmer".<sup>40</sup> In this period the MFAC's main policy consisted of education for co-operation. This policy was legitimate and rational, given the major goal of the preservation and encouragement of co-operatives as "a way of business and a way of life".

Other goals were subservient to this goal and not too well defined. Parity prices were occasionally suggested to help preserve the family farm, but not with the insistence shown by the MFU in later periods. But, in any case, the analysis of family farms and parity prices in Chapter V applies.

Though it had a definite agricultural policy, most of the MFAC's pre-1958 policy was co-operative oriented. It was not until after the break-away of the co-operatives from the MFAC that agricultural policy moved to the fore of interest in the MFA.

It is the later, more complex policy, which the MFA has evolved that is of most concern. Unfortunately this policy in its full presentation dates to near the end of the period studied, 1960 in fact, though its development can be seen

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<sup>39</sup>MFAC brief to the Manitoba cabinet, January 15, 1958, p. 14.

<sup>40</sup>Ibid.

through MFA(C) policy in the late 1950s. This new policy, directed toward parity of living, but encouraging adjustment in agriculture, is in many respects one of economic development--a fact recognized by the MFA.

The exact reason for the formulation of this MFA(C) policy is not clear. It may be from a reassessment of the facts, or simply because the advent and growth of the MFU necessitated a new approach if the group was to survive. In any case, the reason is not as important as the fact that it is with this new policy that the MFA is attacking the economic problems it sees and at the same time attempting to attract members.

One of the major implications of this policy is that it requires the abandonment of much of the concept of agricultural fundamentalism and Jeffersonian democracy. The small farm is growing bigger, and though the farm may be family-owned, it is much more of a large business, and not the small, self-sufficient farm normally associated with the family farm.

With this policy it is possible for the MFA to accept the idea of vertical integration, change, technology and efficiency, declining farm population, growing farm size and loss of political power, all of which it has done to varying degrees. However, despite the advantages of this type of policy, there are many anomalies to the Federation's position. They revolve mainly around the role of government, trade and co-operatives.

The MFA(C), more in tone of its statements--"parity prices court government intervention" -- than in any outright statement, is opposed to government intervention in agriculture. Yet the Federation relies almost entirely on the government to provide the social income side of its "parity of living" policies.

Its free trade policy too, is contradictory. While advocating free trade,

the MFA discourages any attempt to tamper with the Crow's Nest Pass rates, which, it can be argued, give Western farmers an advantage in their grain sales equivalent to an export subsidy.

The MFA has not abandoned the co-operative movement as the main arm of its marketing policy. This is completely logical, since the Federation accepts co-operation as a goal in itself. The ideals of the co-operative and its methods of business appeal to many. But, as outlined in Chapter III, there is some doubt that they are designed to wield the type of marketing power that the MFA(C) desires.

But the MFA in its later statements, though it still favors the co-operatives, seems to accept that marketing boards may be necessary if marketing policy is to be made effective. The co-operative with its voluntary membership tends to favor those who are not members and who refuse to follow co-operative policy, to the detriment of those who do support the co-operative in its policies.

Though the MFA(C) opposes government intervention in agriculture it supports the Canadian Wheat Board, and has always done so. This would seem to be recognition of the previous criticism, i.e. that co-operatives cannot fulfill all of the marketing roles the MFA(C) wishes them to play.

The role that the marketing boards and co-operatives play is that of attacking costs. Supply co-operatives could help cut the cost of goods farmers buy, producer co-operatives and marketing boards could effect savings in marketing costs and give economic power if, as the MFA(C) supposes, there are savings to be made by large groups in these areas. Galbraith with his theory of countervailing power suggests that savings can be made.

While the usefulness of the co-operatives seems to be debatable in some areas of the marketing field, they have proved themselves useful in the

field of buying, and although the co-operatives might be inapplicable in some fields, this does not mean that the MFA's policies are inconsistent. The co-operatives are a value, or a goal, to the Federation. They are regarded as a good in themselves and attempts to solve problems by their use, when they are feasible, are perfectly logical. Just as it was logical for the MFU to pursue the goal of the family farm, whether or not, it is economically efficient.

MFA(C) price policy—a price support scheme set to insure fixed returns in disastrous years, but with no limit on farm size— should in the long run aid efficient producers and reduce the risks of their suffering large losses, while partially protecting the receipts of the smaller farmers who will eventually be forced off the land. The previous parity policy, besides being inapplicable, would have encouraged production by even the most inefficient farmer, making adjustments impossible, or slow at best.

In its attacks on the cost-price squeeze the MFA(C), though it does suggest support prices, directs most of its attack at the cost side. Its attempts to better farm management and its recognition of the necessity of taking some land and even present farmers, out of farming, are an attempt to lower the overall per unit cost of production.

Grants in aid to education and larger school districts would also relieve some of the cost pressure on farmers by cutting the farmer's share of sending children long distances to school, or even maintaining them out of the home for schooling.

Grants for other types of institutions could cut hospital expenses and could cut taxes if grants were increased to already existing institutions. This policy could also provide farmers with some amenities they do not already possess. It would also weaken some of the arguments proposed for the family farm, mainly the need for several families in an area to enable the locality to finance schools

and hospitals.

This, too, is an indirect attack on the cost side of the problem. By reducing education, hospital costs and other taxes to the farmer it increases his return after production costs have been paid, or at least reduces his losses. This policy also stresses the feeling of rights the farmer possesses. The 1961 provincial cabinet brief declares that farmers have a right to these social amenities if they are producing cheap food. In some of these parity of income policies the Federation still expresses some of the basic feelings of agricultural fundamentalism.

The MFA(C) policies studied, particularly the later ones, are not directed at increasing agricultural income per se, but are rather directed at two different areas 1) lowering agricultural costs and 2) providing the farmer with many of the amenities of life such as hospitals, etc., even if farm income is low. The price supports policy, however, is designed to prevent prices from falling to a disaster level.

The Federation's original policies and its revised policies are not consistent in at least one of their major areas. The co-operative program is consistent through the period studied, but the earlier Federation tentative proposals of parity price and family farm, conflict with later policies of support prices and development.

With the exception of inconsistencies pointed out above, most of the MFA(C) policies have been consistent with the MFA(C) goals, changing, of course, as the goals changed.

Relating the MFA(C) policies to the hypothesis in Chapter II and as modified in Chapter III, it must be concluded that the hypothesis is partially correct. MFA(C) policy in the later part of the period studied does tend to be predicated on economic development. The hypothesis failed to consider the important role played by the co-operatives through the Federation's history.



The hypothesis also failed to consider the role played by agricultural fundamentalism and Jeffersonian democracy in the Federation's goal-policy structure, particularly during the earlier years of the period studied.

## CHAPTER VII

### SUMMARY AND CONCLUSIONS

The goals and values of both groups have been outlined and compared and their policies have been briefly outlined and analyzed. Having reached the conclusion in Chapter IV that conflict between the two groups was liable to occur it is now necessary to re-examine the goals, values and policies of both groups to see if in reality there is conflict and to what extent it exists.

#### SUMMARY

Prior to the analysis, a short summary of the findings will clarify the situation.

The MFU is and has been since 1951 committed to a policy influenced strongly by agricultural fundamentalism and Jeffersonian democratic ideals. The MFU's main goal is the family farm, which it intends to achieve through the use of parity prices, and direct legislation if necessary. The MFU does not oppose direct government intervention. It is a free trade proponent, and favors marketing boards to co-operatives in its attempts to achieve countervailing power.

Though the MFU is inconsistent in some of its policies, notably trade, and only partially attacks the cost-price squeeze by concentrating on the price side, most of its policies are logical in their attempt to achieve the given end considered of inherent worth and are consistent.

The policy of the MFA(C) has changed significantly during the period studied. The original policy in 1945 was based on the goal of "co-operatives

as a way of business and a way of life", with much of the Federation's energy spent in the development of co-operatives. The MFAC's agricultural policy was at least partially based on agricultural fundamentalism and Jeffersonian democracy. In 1958 the stress on agricultural policy became paramount when the co-operatives formed their own groups. To the end of the period studied co-operatives remained important, but agricultural policy became of prime concern. The policy continued on a trend stated earlier, away from fundamentalism and towards a philosophy of economic development.

The MFA(C), early policy, except for its emphasis on co-operatives, resembled in many respects that of the MFU. Through the years, it slowly evolved to its present policy which advocates off-farm migration as one of the solutions to the farm problem.

The MFA with its strong stand on education, migration assistance, redevelopment--that is forces of change--is logical in most of its policies. It is inconsistent in its trade policy. It also is logically inconsistent when it objects to government interference in agriculture yet relies on the government to provide much of the sociological income in its parity of living plan.

Both groups, though their policies and justifications are occasionally logically inconsistent, have managed to keep the policies and the goals consistent.

## II CONCLUSION

As pointed out in Chapters IV, V and VI, both parts of the hypothesis of Chapters II and III are borne out by the study of the Manitoba Farmers' Union and the Manitoba Federation of Agriculture's policies and goals.

The first part of the hypothesis, that the MFU's philosophy is mainly one of agricultural fundamentalism and Jeffersonian democracy, is true for the whole period studied. The second part, that the MFA(C) is economic development

oriented, is almost completely true, but only for the later part of the period studied. During the early part of the period studied the MFAC's philosophy of agricultural policy was influenced by agricultural fundamentalism and Jeffersonian democracy, but this philosophy was overshadowed by the Federation's whole-hearted advocacy of co-operative principles. In the later period the influence of co-operative principles diminished and the philosophy of economic development for the most part supplanted the philosophy of agricultural fundamentalism and Jeffersonian democracy.

At least in the later part of the period studied conflict between the two groups has been almost inevitable because of the incompatible philosophical positions they adopted.

But there has been a conflict of economic policies between the MFA(C) and the MFU since the MFU came into existence, and the conflict has increased rather than diminished through the years. Even the apparently organizational conflicts, direct vs. indirect membership and commercial vs. non-commercial membership, have at least part of their foundation in the economic conflict.

The major economic conflict in the early 1950s was the opposing positions taken by the two groups on co-operatives. The MFU, regarding co-operatives as just another form of business organization, were naturally unwilling to sacrifice direct membership, completely, non-commercial membership, and marketing boards, to this philosophical concept, which they felt was less practical in many instances than marketing boards, and which they felt allowed commercial interests to dominate farm policy pressure groups.

The MFA(C) committed to the philosophy of co-operatives, desired membership through the co-operatives, and were willing, even eager, to have the co-operatives represented on their boards, and were hesitant to accept a marketing board, when a co-operative could fill the purpose.

It is not wise, however, to attribute too much of the blame for this particular conflict to economic and philosophical principles. Direct vs. indirect membership and the inclusion or exclusion of commercial organizations in a non-commercial group, are legitimate organizational problems, in which each side has advantages and disadvantages. To mention only a few, direct membership provides for better contact with the members, but indirect membership through commercial organizations provides for more certain collection of membership fees.

This division on co-operatives was the major part of the conflict until the separation of the MFA from the co-operatives in 1958, shortly after which a new MFA policy crystallized. It is true that prior to 1958 hints of the new policy were visible. The MFA(C) began to abandon parity pricing, after having worked out a complicated formula for it. The Federation began encouraging better management, and began to ignore the family farm in its statements of policy. But the differences on the role of co-operatives were enough to cause the failure of the 1956-58 unity negotiations.

With the withdrawal of the co-operatives from the MFAC, to pave the way for unity, the conflict increased rather than diminished. By the end of the period studied the MFA had not only altered significantly its position on co-operatives, but had reconstructed the remainder of its policies until they approached what could be called an economic development policy. Thus the MFA's policy (aside from co-operatives) changed from being similar to the MFU's, to being almost directly opposed to it.

Thus by the end of the period the two groups were in conflict over both agricultural fundamentalism and Jeffersonian democratic ideals and co-operatives. The MFA has rejected the traditional farm organization commitment to agricultural

fundamentalism and Jeffersonian democracy; the MFU has rejected the traditional Manitoba farm organization position on co-operatives.

The two major goals of the two groups, the family farm and parity of living, are not necessarily incompatible. It is possible to build a logical case for their dual existence, parity of living on the family farm. In many ways this combination is the goal of both groups. But in its statements the MFU emphasizes the family farm and the MFA the parity of living aspect, although both groups accept the other's main goals, at least to the point of not condemning them outright.

This difference in stress on the major goal is a source of conflict. The fact that the two goals are not necessarily logically incompatible, does not mean that the emphasis placed by each group on a particular aspect of the two goals will not create conflict and is not an indication of a different orientation, perhaps an irreconcilable one, between the two groups.

Consideration of values and policies confirms the view that the conflict actually exists. At this level, policy and value are sometimes difficult to separate and the two will be treated together.

Part of the conflict arises in the different light in which the two groups consider efficiency, perhaps better paraphrased by good management.

To the MFU, efficiency is a neutral value, neither good nor bad. Farms can be too efficient, operators can be too efficient. Efficiency is not necessarily a characteristic of the family farm, though the concept is used to justify it.

To the MFA(C) good management is a positive goal. Farms should be efficient, and if the soil makes them incapable of efficiency, it should be put to other uses. If the farm operator cannot operate a farm efficiently, it is

in his best interests to move off the farm. In fact, to the MFA, many farmers must move off the farm if agriculture is to adjust to new technology and become efficient. But, in some of its statements the MFU equates new technology with the worst aspects of the tower of Babel, and finds the present culture soft and immoral.

Policy statements naturally conflict. The MFA would have farmers leave the farm for the city in order to increase prosperity, and efficiency. The MFU, for moral and social reasons, would have them remain on the farm, even if they are not as well off economically.

Further major conflict arises in the views of the two groups on co-operatives and marketing boards. This conflict, however, dates back to the founding of the MFU. In fact it was, at least partially, because of the MFAC's stand on co-operatives and its consequent favoring of indirect membership and commercial membership in the non-commercial organization, that the MFU was founded.

The conflict here may have decreased. The MFA in statements near the end of the period studied seemed willing to consider a larger role for marketing boards than it did originally, but it still remained firm in insisting that the commercial organizations and indirect membership play a role in the formation of the non-commercial organization.

The two groups, because of their differing emphasis on efficiency and technology, have different views on the role of education--the MFA(C) encourages technical education the MFU finds present education already too technical and unsuitable for 'life'.

The two groups are also in conflict on the role of government in agriculture. Both groups are willing to have government legislate on subjects that are to

agriculture's benefit. Both groups support government regulation on the Grow's Nest Pass rates, for example, However, the MFA is unwilling to have government control agricultural production. The MFU is indifferent to this, and though claiming to be an advocate of free enterprise, it is willing to have the family farm legislated into existence if necessary.

The two organizations attack on the cost-price squeeze are also different. The MFU seeks government regulation, which will set a price for minimum quantities, and thus encourage the family farm. The MFA(C) asks that the government set disaster support prices, but would work out the rest of the problem by attacking costs and production, through agriculture itself and preferably through co-operatives.

The general attack launched by the groups indicates the difference in philosophy--the MFA tends to try to capture economic power to replace waning political power. To do this it realizes agriculture must change. The MFU attempts to keep the political power by maintaining its numbers and to accomplish this, agriculture must not change.

In many areas there is a large degree of agreement. Both groups are agreed on keeping freight rates low, both for goods farmers buy and sell. Both groups claim to be free trade advocates, but both are willing to have free trade modified if it is to agriculture's advantage. Both groups favor crop insurance, unemployment insurance for agriculture, machinery testing, availability of machinery parts, the Canadian Wheat Board and the necessity of agricultural control of vertical and horizontal integration. On this last point, however, the two groups disagree. The MFU would have as little vertical integration as possible. The MFA sees more integration as inevitable, and simply seeks to control it.

The area on which the two groups do agree is important. It is in this



area where benefits are reaped by agriculture as a whole and not by any particular type of farm or any particular area of the province. Thus the differences reflect mainly the attitudes of the two groups on two forms of business enterprise, the farm itself and the marketing and buying agency. In both these fields one of the two groups is philosophically committed to one form of organization, which it tends to justify more sociologically than economically.

Whether or not either group is right in the goals it pursues, or whether or not unity is desirable, is not the concern of this study. The study has determined however, that given their values, the two groups are logical in the pursuit of their goals. The conflict of economic policy that results from serious attempts to achieve these goals will be a serious block to any attempts to achieve unity, and it does not appear that these conflicts will disappear unless one of the two groups significantly alters its philosophy.

On the other hand the two groups do desire unity. The whole agricultural political power is declining with the population decline and the decline in numbers also reduces the group from which the two groups can draw membership. These considerations might bridge the policy chasm between the two groups. At least, with the policy matters on which the two groups do agree, they tend to make unification seem more possible. A strong outside attack on one of the major points on which the two groups agree, for example the Crow's Nest Pass rates, could conceivably make unity that much more attractive.

However, if unity is to be achieved, enormous philosophical barriers, which are reflected in economic policy, must be overcome. The first step must be for both organizations to re-examine their value-goal-policy structures and to define precisely what is meant by different terms. Only then will the two organizations be able to take part in profitable policy discussions.

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