

Canadians, like their southern neighbors, watch farming collapse

by George Elder

People all over the world depend on the food production capacity of Canada. But due to the insane policies of the Canadian government, millions of people around the world are about to be disappointed when they go to Mother Hubbard's Cupboard expecting to get something to eat and find it bare. This is a statement of fact.

Over the years, the Canadians have resisted the idea that they in any way resembled their neighbors to the South in the United States. The Canadian farmer might well wish that were the case, and he could watch the misery of the American farmer without having to participate in the pain. But at the present time, the destruction of agriculture in Canada is following the same course as it has in the United States.

The problems farmers in Canada are facing are the same as those the American farmer is facing. The Canadian farmer has been plagued by low prices for the commodities produced, high interest rates, falling land values, increasing prices for all necessary inputs including fuel, seed, chemicals, machinery, and buildings. In essence, they are in the same boat as their neighbors to the South. If drastic action is not taken immediately, the productive capacity of the agricultural sector of the nation will be crippled, and shortly thereafter, lost. The continued loss of large numbers of Canadian farmers will not result in higher prices for other farmers worldwide, it will only lead to increased starvation for the people of Africa and other less developed nations.

A look at the province of Saskatchewan helps bring the situation into focus. This province is key to the productive capabilities of the entire country. Saskatchewan contains 66,500,000 of the 171,207,700 acres of total farmland in Canada, or 39%. The farms in Saskatchewan contain an average of 993 acres, 84% more than the national average of 540 acres. In addition, Saskatchewan produces a disproportionate amount of the total crops grown in Canada, over 36% during the years of 1981, 1982, and 1983. The loss of this part of Canadian agriculture will be a major blow to the nation as well as the world.

Today, about 26,000 farmers in Saskatchewan are on the verge of bankruptcy or foreclosure. Over 81% of the farmers

have one type of debt or another.

During the period 1976 to 1982, these farmers were caught in a financial vise. Farm income rose 188%, but expenses rose 215%. Had the farmers been making huge profits before this major change, there would be more hope. Unfortunately, like farmers everywhere, they were only just making a living.

On the expense side of the ledger, the increases for the period 1976-82 are enormous: 322% for interest, 284% for petroleum products, 218% for fertilizer, and chemicals up 274%.

Rapidly declining farm numbers, high turnover rates, and a steady increase in off-farm employment have characterized Saskatchewan agriculture since the 1950s. In 1951, there were 112,018 farms in the province. By 1981, nearly one-half of them had disappeared, leaving 67,318. In Saskatchewan, about one-third of the 76,970 people farming in 1971 had left the field by 1976.

Dave Fraser, the Farm Credit Corporation regional manager in Saskatchewan, has been quoted as saying, "Where there's production, there is hope, and I'm hoping for a good crop this year." With almost 4,000 of his 24,000 clients in arrears to the tune of more than \$42 million, he can only hope for better times.

"We didn't move against farmers who were in arrears during the 1968-71 grain glut because we knew they had stocks on hand that they would eventually be able to sell," Fraser said. "But now there is no such big inventory, farmers are highly indebted, and interest rates are much higher."

Farmers that looked good in December 1983 have seen their inventories shrink steadily since then, their land values decline, their chattels depreciate, and their 1984 crop fizzle out. In addition, wheat prices are still going down. Over the last several years, Canadian Wheat Board prices for wheat have declined from \$222.12 per ton in 1980-81, to \$160.00 per ton as the initial price for 1985-86, a reduction of 28%.

During the 1984-85 year ending March 31, the Farm Credit Corporation approved only \$85.2 million in loans in Saskatchewan—"chicken feed compared to some years." Although the Canadian farmers have not yet had the massive

shake-out that their neighbors across the border have, they can see it coming. To put off the inevitable, farmers in Saskatchewan were able to buy a little time by having the province pass a law that stopped all farm land foreclosures for over a year. The immediate result was that farmers that were going to be forced off their land still have the land, but no cattle or equipment. In short, they still own the land, but they aren't farmers anymore since they have nothing to farm the land with. They are former farmers.

Livestock declines

Last summer's drought and a hard winter are being blamed for the Saskatchewan beef herd tumbling to its lowest size in 21 years by several so-called farming experts. Who knows if they are deliberately lying, or just really that stupid. The facts of the matter are that the numbers of cattle in Canada have been declining for almost a full decade. In 1965, there were over 900,000 head of beef in Saskatchewan. The numbers of beef cows continued to increase until they reached a high of 1,250,000 head in 1975, an increase of 39%.

According to a *Statistics Canada* survey, there were only 785,000 head of beef cows left on Saskatchewan farms on Jan. 1, 1985. In the short span of only 10 years, there was a drop of 37% in the number of beef cows. This is nothing short of a disaster for the province. To make up this loss, it would take almost a decade, during which time reduced production of meat would be necessary in order to increase the number of beef cows to 1975 levels, so that Saskatchewan farmers would be able to produce as much meat as they were able to in 1975.

The decline from the peak reached in 1975 has been relatively steady and followed a trend across North America, as consumers cut their beef consumption due to falling incomes and falling standards of living. The grain cartels also played a major role by pushing up grain prices to encourage farmers to rid themselves of the burden of caring for cattle.

During the 1984-85 period, the herd size dropped from 830,000, to 785,000, a total of 6%. The Saskatchewan decline in 1984-85 has been matched across the rest of Canada, where livestock numbers have declined, although not as sharply in the eastern part of Canada as they have in western Canada.

Crisis in wheat

A look at the cost of raising a crop of wheat clarifies the plight of farmers. The wheat crop in Saskatchewan is divided into two types, wheat grown on stubble, and wheat grown on summer fallow. The estimated cost per acre including seed, fertilizer, chemicals, fuel, machinery repairs, crop insurance, taxes, miscellaneous, living expenses, and fixed costs like equipment, buildings, and land are \$152.44 per acre for wheat on summer fallow and \$133.61 per acre for wheat grown on stubble. At an initial price for top grade wheat of

\$4.35 per bushel, a farmer must have yields of 35 bushels per acre on summer fallow and 30 bushels per acre on stubble just to cover his total costs. The Saskatchewan average wheat yield in 1983 was only 27 bushels per acre and the 1984 crop was worse, at only 21 bushels per acre.

What does all this mean? Canadian wheat farmers will be following their American counterparts into bankruptcy in droves.

If the crops in Saskatchewan are the same this year as they were in 1983 on a per-acre yield basis, the price of wheat will have to increase by 30% for farmers with summer fallow wheat to break even. That price is higher than the price of wheat in any year since 1975, except 1980, and is only \$0.39 below that high. In addition, if the yield is as bad as it was last year, the price of wheat will have to increase to \$7.25 per bushel for farmers with wheat grown on stubble to break even. That increase is 67%, and is \$1.22 per bushel more than the amount received at any time in the last 10 years.

You may wonder why we have taken the time to bring up these numbers. The reason is quite simple. Canada is in the midst of a drought that would make thousands of farmers in the Canadian wheat producing provinces, and Saskatchewan in particular, wish they had a crop even if it is poor.

Farmers are caught between a rock and a hard place. On the one hand, they face the on-going drought, wheat midge infestation, the worst grasshopper problem in decades, impatient creditors, and weak commodity markets. On the other hand, they see soil erosion worsening and know it will be extremely expensive to remedy. The prairies are in a dry spell similar to the 1920s and 1930s, after a relatively prolonged wet period following the Second World War through the 1960s and 1970s.

Now that the weather has changed, soil erosion has hit in force. Moisture reserves in the top and subsoil zones have been well below normal over the period from 1977 to date. Prairie Farm Rehabilitation Administration scientists estimate that about 160 million tons of prime prairie soil take flight every summer. Another 110 million tons wash off farms and into rivers and streams during the spring rains.

The grasshopper problem has become a plague. The grasshoppers are so bad that in the southern part of Saskatchewan, the farmers have already sprayed five or six times, but the grasshoppers are still gaining. There has been no help from the government. Conditions are now so bad that the farmers have quit spraying because the crop isn't worth saving anymore. That sounds like the answer. It isn't. This year's grasshoppers will lay even more eggs and leave them to hatch next year. By quitting the fight this year, farmers can expect even more problems next year.

In the midst of all this disintegration, the vultures, the banks and the grain cartels, have not been idle, preparing to take over the land and farm it under cartel "supply management." But that is a story best left for another time.