'Quick Footwork' Asked of Canadian Farmers
To Switch Production and Acreage to War Needs
Without Creating Vulnerable Farm Economy

"To expand and distort our economy for an uncertain and ephemeral war demand for wheat might be very unwise, both in the interests of ourselves and of the cause we have taken up," says R. McQueen, professor of political economy at the University of Manitoba, in the course of a short, trenchant article in the November number of the Chartered Accountant. This article by Professor McQueen and another on a cognate subject by Dr. E. A. Grant, once a commissioner of the Canadian Wheat Board and an associate professor with Professor McQueen at the University of Manitoba, both strong friends of Western agriculturists and keen students of their problems, express views which should be heard, and reiterated by those who advise Western agriculturists so that the latter will bring their wheat output into some approximate relation with Canadian and world demand, a situation which must exist before they get a real reward for their efforts.

Flexibility Is Great Canadian Need

The article of Professor McQueen contains an implicit warning, the validity of which seems to me to be as clear as distilled water, when he says:

"What the war will require of us is very quick 'footwork' in shifting our productive power in agriculture from one group of products to another, and that our 'footwork' may be effective means that our minds must be alert.

"Acreage which is shiftable from one use to another must be prepared to shift quickly. Each part of the country must bear some of the burden of the other parts, and there is no room now for the peanut politics of provincial sectionalism. For example, if our markets for apples abroad have failed, it is both helpful and wise that Canada should eat more apples... Flexibility in the Canadian economy is a strength both in war and in peace, and quick 'footwork,' which to be more than mere movement, requires intelligence. A Canada that buys in during the war Canadian debt held abroad, for example, will have to be very nimble to adjust herself to the far-reaching consequences of such a change, for it will affect our international position very greatly."

That last point should be and will be elaborated in a later issue. An American economist last June at an international conference of Canadians and Americans, at Canton, N.Y., told Canadians that they should go slow about repatriating their own securities. It was a good thing to do, but they should not do it too quickly, he said. However, he also told them that they would inevitably take back their foreign debt if there was war. His words are coming true, and it is hard to see how the Government can prevent its debt held abroad coming back quickly. There should be ways of countering whatever bad effects there may be by fiscal policy and trade agreements.

How This War's Wheat Demand Differs From Last

Judging by Great War No. 1, it was natural for Canadians to expect that this war would bring higher prices and a greater demand for Canadian wheat. The last war demonstrated the great economic saving to Britain in getting all its wheat from Canada, the nearest large source of origin, because one boat could make three trips in the time it would take for one to Argentina. A rich harvest in the last war; purchasing came at once in this war instead of after two years, as in the last war.

Second, huge stocks of basic commodities were accumulated against an expected war.

Third, European nations expanded acreage as a preparation for war, and exporting nations have been diminished yet the acreage they expanded in the last war.

Fourth, mechanization has geared North American production to wartime output, and plant breeders have beaten out rust, the old enemy to output.

Fifth, the convoy system has worked effectively from the start and so there will be less wheat delivered at the bottom of the ocean.

Sixth, as this is an economic war, Britain finds it wise to buy Russian wheat and Argentine wheat in order to deprive Germany of such supplies and to edge it out of markets gained during the depression.

War Has Not Changed Wheat Economics Much

A long war might see a rise in wheat prices, but, the main thing to remember, as Dr. Grant sees it, is:

"What we should remember is that a price rise in wheat can be sustained only as the result of a readjustment of supply or by an increase in the desire or ability to buy. It seems then that the 'wheat supply' situation will for some time far outweigh any strengthening of the 'demand factors.'"

The Western wheat problem has for years been easy to define. Dr. Grant still defines it as "one of curbing foreign demand, increasing surpluses and falling prices."

"As long as markets are restricted and supplies more than ample (twice as much wheat available as is needed for the normal demands of international trade, a total demand which war has not changed) prices will be low. The ordinary consequences of economic forces persist, despite political unrest... It is easy to believe that wheat prices should be higher because a Western country is too low to maintain our Western economy at a reasonably prosperous level. But this is after all only a matter of opinion, no matter how strong a case its supporters may put forth. Any higher fixed price would be based on a disregard of the forces which are making the open-market price."