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The Marketing Act and the Western Drought Area Reclamation

By Hon. Robert Weir, Minister of Agriculture.

President James: — Mr. Weir, gentlemen, practical problems of national importance are always of interest to members of this Club. That interest, I think, is all the more keen when the speaker of the day is the one who has direction and control of the work of seeking a solution of these problems. Agriculture has probably suffered more than any other of our great Canadian industries. Practical problems there are many. Two, however, stand out beyond all others. First, the marketing of our products and, second, the alleviation of the conditions in the drought area in Western Canada. To Mr. Weir is due credit, and great credit, for the work that has already been done. Mr. Weir was directly responsible for the Marketing Act and the Drought Area Reclamation Act which are now on our statute books. Mr. Weir, we welcome you here today first, as a native of Ontario; secondly, as a graduate of our own provincial university; thirdly, as a member from Manitoba; and, last but not least, as a member of the Dominion Cabinet. Mr. Weir.

Mr. Weir:—Mr. Chairman, gentlemen, seldom have I found myself in a more awkward or embarrassing position than I do today. Sitting here during the lunch I saw two or three of my former chiefs when I worked to make an honest dollar before going into politics. Besides that I see a number of the heads of our banking institutions, so that it is not safe for me to touch on any subjects of finance. Then we have quite a large number of those whose business it is to purchase, process and dispose of our agricultural products. So, I think you will agree with me, that I am left a narrow field, or rather a narrow path in which to walk.

I appreciate very much the opportunity of having these few minutes to discuss with you, the leading business men of the City of Toronto, of the Province of Ontario, some of the important agricultural problems.

My remarks will be brief. I regret that they will be more general to cover the topic on which we have done a great deal of work than otherwise I would like them to be. I have been asked—at least it was suggested to me—that I should take time to discuss with you today some of the problems of marketing our agricultural products. No matter what the disastrous effects of the depression may be, I do think that, so far as agriculture is concerned, not the least of the permanent benefits of the depression is that you people, who have started a career on the farm but have been away from it and not in direct contact for many years—during the depression in prices,—have had brought home to you, in a clear and emphatic way, the importance in your work and lives of the success and improvement of agricultural conditions. So that, if the depression has done that alone—to bring the body of the Canadian people, who are not in agriculture, closer and more sympathetic to the agriculturalists, it will have had some benefit. At the outset I would like you to bear with me as I give you an outline of the causes that brought about the general conditions in which we find ourselves.

During the war, when millions of men were taken from production and engaged in fighting on the battle fields of France and other parts of the world, one of the great problems was to supply them with foodstuffs—not only them but those who were engaged in manufacturing munitions of war. The result was that the intelligence of our farmers and our organizations was devoted to producing more than had ever been produced before. As has ever been the result throughout the history of the world, it is when people are really up against some need that they come forward with some solution of that problem or that difficulty. It was only natural that, because of this prob-

lem with which agriculturalists were faced, they did make great developments in scientific agriculture and the result was that production increased greatly in all agricultural countries in the world. But when the war was over and many millions of the men who had left the field of production returned to the farms they added their weight to increasing the total production of agricultural products and, therefore, adding to the difficulty of selling these products. Then we were confronted with the problem of meeting commitments and the result was, heavy taxes had to be placed on the people. Before people can pay taxes, they have to be prosperous and the basis of prosperity in most countries is agriculture. Tariffs were raised in various countries to keep products of other countries out. There is perhaps another reason. These people had learned the lesson during the war of the great danger of finding themselves in a position, if engaged in another war, of being unable to get sufficient food supplies, and they wished to make themselves, as far as possible, self-sustaining. The result is that practically all countries in the world had raised tariff barriers against agricultural primary products going into them to such an extent that they curtailed very much the markets of this country. I make this very specific by two illustrations.

In 1929 we, the farmers in Canada, sold to the United States alone 250,000 odd head of cattle and calves—over a quarter of a million. If you would picture that great herd of cattle going across the imaginary boundary line into the great market to the south and think what it meant to our own market. In 1929-30 tariff walls were so raised against agricultural products by the United States that it was practically impossible for any cattle to go from this country to the republic. The result was that this stream of cattle was turned back to add its weight to the already great production of live stock in the Dominion of Canada. That was one of the first problems. Take another instance. With all dairy products, in one year there has been shipped to the United States from Eastern Canada, sufficient milk, cream, butter and cheese, if it had been processed into cheese alone to have produced a quantity of 52,000,000 lbs. of cheese—over half of what we produced in the Dominion last year. If it had been milk it would have been virtually a river of milk flowing into the United States.

Yet, at the same time, in 1929 and the Spring of 1930 a tariff wall was put up and turned this stream of milk, the equivalent of 52,000,000 lbs. of cheese, back to the Dominion of Canada. These were some of our immediate problems. I could elaborate but I take these two to make them more specific and more emphatic in giving you the picture. It was made more difficult to get into markets which had been closed to agricultural products by governments outside the country.

My work as Minister of Agriculture was chiefly to see what could be done to solve some of these problems. Marketing of agricultural products divides itself into two problems. First, I think, we could consider this: the importance, if we are to get a market, of holding the market and making certain that there will be a continuous flow of a uniform standard of product that the people — the consumers — wish, whether in the domestic market or in the foreign market. You have heard that repeated over and over again, where agriculturalists gather together—shipping what we know the people want and being sure that there will always be a flow of that standard or quality going forward. Yet nothing had been done by way of definite planning to assure that this would take place. Let me give you an illustration. As a result of the Ottawa agreements, we were put in the position that we could ship to the United Kingdom in the neighborhood of 280,000.000 lbs. of bacon a year on exactly the same basis as farmers of the United Kingdom. That is, every effort Old Country statesmen made to enhance the price of bacon products, we reaped the benefit. At first sight that seemed simple. But to take advantage of that was not so simple, because they demanded a very high quality bacon. One of the problems then was that we had to improve the quality of our own bacon. It is all right for you gentlemen here engaged in industrial life to make out plans for an automobile and say, that is the type we are going to produce,

and you give orders and they are carried out; but in agriculture it is very different. I am sure there are many here today whose early life was spent on the farm. You know how difficult it is to reach the back concession farmers to persuade them of what it is necessary to do to raise the standard of quality and then to do it. You say you have the agricultural college, farm papers and the daily press, why not use all these machines and notify the farmer what he must do? These instruments have been working for years and, as a result of their work, we had in Canada, to a great extent, a very high quality of product. More than that it was necessary to step up the quality and step up the production to the highest possible quality of our bacon products. Whatever policy was evolved it had to be such as to reach the farmer on the outskirts of Ontario, Manitoba and British Columbia—men who were far from the centre of things; and it is very difficult to get the farmer to change his ways. Some say he is a most difficult man to convince of what is the best thing. With that, of course, I entirely disagree. As representative of the farmers of the Dominion, I do feel there is no class of people in the Dominion of Canada who, at all times and particularly during the last four or five years, have done more serious or intelligent thinking than the farmers, because they had to do it and had more time to do it in than most of us.

I want to pay tribute to those who are in the great packing industry of Canada, who after all are only a part of the agricultural industry. I think this one industry realized that, before they could take advantage of the new market of processed products open to us, there would have to be a big step-up in the quality of bacon produced throughout the Dominion. They co-operated with officials of dairies, of departments of agriculture, of provinces throughout Canada and with federal officials. In any district in the Dominion, if the farmer brought to sell a sow not of the right quality, they would take that sow in and give in exchange, without charge for it, one that the officials of the Department of Agriculture declared to be the right type. It redounded not only to the profit of the

farmer but of the factories themselves. I believe this spirit of co-operation had perhaps more to do than anything else in stepping up the quality of bacon products. Let me repeat that it was necessary to do this if the farmers who were on the outskirts were to increase their production. As an illustration, in the Dominion in 1929-30 the percentage of bacon—selected bacon—was 51% and in 1934 61%. In my constituency, I come from Melfort, we have people from almost all countries in the world. The great majority were without any experience in farming. In 1929-30 they marketed in bacon hogs—selected bacon hogs—only 21 out of every 100. In 1933 they marketed selected bacon hogs — over 41 out of every 100 and last year 85 out of every 100. It seemed to many people almost impossible to get into the minds of these people sufficient information and appreciation of the need that they would change completely their method of farming. Without that result it would have been almost impossible to take advantage, to the extent already taken, of this market in the United Kingdom.

I could keep you here a great length of time reciting one after another of the problems. Throughout this period the chaos and irritation of the farmer was accentuated to a great extent by certain sections of the press and political speakers whose favorite topic for years, when standing before an audience of farmers, was to tell them that they were being exploited and not getting nearly as much as they could get, the result being these farmers, with these disturbing elements injected into their lives, did not concentrate on production of the high quality they should produce. During the period of which I have spoken, with the disturbance, it was more difficult to work out a scheme we had had in mind. We had two problems to solve. First, we had to set up machinery to assure that there would be a continuous flow of a uniform quality and, secondly, we had to go as far as was ultimately possible to solve the problem of distribution or marketing agricultural products. Here we have for example a great pile of agricultural products produced by the farmers of the world. The consumers are the only people who can make

it possible for the agriculturalists to continue in production. The job of getting these products to the consumer is the job of marketing. It is two-fold. First, these products must be such as the consumers want and they must get them when they want them and they must get them at the least possible cost of distribution. We have heard that our problem now is not a problem of production, that we have production solved. With that I do not entirely agree. We think we have, in a certain degree, the highest quality product and the most desirable product solved, but we do admit this, that the greatest problem, at the present time, is the problem of distribution. It was to solve these two things we have been working during the last five years. The result of that work, whether perfect or imperfect, is the Natural Products Marketing Act. Perhaps no child was ever brought into the world in more tempestuous surroundings. Many would have you believe that it is a sort of copy of the British Marketing Act. The British Marketing Act we went into fully in preparation of our own act, but we did not in any way copy it. It would have been absurd to do so because, after all, our job was to create machinery that would be more effective in marketing our own products, for our own conditions were almost the opposite of the conditions in the Old Land. There is no connection between the two, so far as the developing and evolving of the Canadian Act is concerned. In the Old Country the British Marketing Act does control production and also gives power to fix prices.

In a report just issued by the Poultry Commission, that has been spending years in evolving a better system of marketing poultry, there are two fundamental principles. First, they recommend that in every locality where there is an assembly unit for poultry products, there will be one assembly unit — there may be a dozen different agencies assembling products and they are all wiped out with the exception of one. It does not necessarily follow that it is a co-operative organization. Any person may apply for the job and he will be paid on a service basis for what he does. They recommend the price the consumer will pay should be fixed. There is ample latitude. They are marketing without useless expenditure and getting the products to the consumer cheaper and better. Second, there are those who stated that the National Products Marketing Act was prepared and submitted to the government by co-operative associations from one end of Canada to the other. Many of these co-operative associations have done excellent work. A number of them have proudly claimed the parentage of the National Products Marketing Act. We have on file at Ottawa many schemes which they felt would be the ones to solve the problem of marketing. I can assure you that there are very few of them that bear the slightest resemblance to the National Products Marketing Act as it is at the present time. We realized in the preparation of that act that it was a great experiment. We realized we could not attempt to set up some great machine to displace the machinery already in existence for marketing agricultural products. The basis of the act kept that in mind. There would be the least possible disturbance of the machine already in existence doing excellent work. They themselves are the first to admit that there are many things they were wanting to get done in co-operation with the producers. We made certain the Act would not lend itself to the setting up of any new costly machine. The idea was to get the products to the consumer with the least possible cost. What we have in mind is reducing the cost. In this act there is no provision for setting up a machine to buy these products and to sell these products. In that way we would be replacing the machinery that is already doing that work.

The Act divides itself into three parts only. The first part provides that the producers may organize so that they themselves will be able to maintain the quality of the products and discuss the best way to regulate the flow of that product through channels already in existence. Surely no person for a moment would suggest that the farmers are not entitled to organize, not to fight the rest of Canada, but to organize so that they will be in a better position as one body to negotiate, work and co-operate with these people whose business is welcome. The second part is this. There is power in the act that we may investigate

the cost of getting these products from the farm to the producer, if that cost is excessive. The first to agree to that were the manufacturers themselves. They were the people most concerned and most liable to suffer — this industry that is engaged in the processing and marketing of goods. They agreed that this step was necessary and they, themselves, sat in and helped to draft part two of that bill, because they realized they are part of this great industry. They wanted the producers to organize so that abuses and unnecessary costs would be wiped out.

In the third part of the Act there is power to restrict exports and imports of our natural products from Canada to any other country. That is necessary as I have stated. In connection with animals that are diseased and fruit that is diseased and sent to other countries there will be an embargo. These three things are the three fundamentals of the Marketing Act. We had to assure a continuous flow of uniform products.

In connection with the bacon we were marketing we had to force aside the habits that the English housewife had formed for years. That is to say when she picked up her 'phone and ordered groceries she would ask for Danish bacon, for she knew exactly what she would get. Sentiment did not make her do that. She knew what quality to expect. It is very costly to go into a new field and put your product into it. We were able to get some of the largest distributors in the Old Country to undertake to put forth a great deal of effort. One in particular, who was Empire-minded, found the product satisfactory and he was successful. He took millions of pounds of Canadian bacon each month. He had led the people to change their habit. What happened in August and September of last year was this: that he could not get enough bacon to fill the demand and the result was that the people who had been educated could not get it and they turned round and purchased Danish bacon. There is one of the best illustrations I could give of the absolute necessity of having some machinery to assure that a flow of a product will be continuous once we have developed a taste for it. We have here our packing industry, and I have no hesitation in saying that it need not take second place to any packing industry; but they are concerned with making profits and rightly so. They have to co-operate together and agree, no matter what the cost, to make certain that a flow is kept going forward. The benefit we derive may be lost unless we take steps here to assure a continuous flow. One thing a man asks you is, "Can you supply me with all the stuff I need of exactly the same quality?"

I believe if the farmers could organize without setting up expensive machinery, they could assure that flow going forward. What has led perhaps more than anything else to the high tariff in different nations are political speeches —I think you will bear me out if you cast your minds back to political speeches during election campaigns. Take the United States. Where the cattle industry flourishes, they will appeal to the people that they will need to keep out cattle from other countries coming in. They create in the mind of the producer a fear, an uncertainty of the quality of the stuff coming in, no matter what they think. It is by appealing to that fear that they raise tariffs to protect a certain industry. In this act we do think we have an instrument that can meet the objectionable features of tariff wars. We have the power to say what a product will cost out of the country and what the product will cost in the country. We can go to the United States, for example, and say, "You need have no fear of us overflowing the market with Canadian cattle." We have the power in extreme cases to ship only one fat steer or one fat cow. We had in mind in the preparation of this Act three objectives. (1) It had to be sound. (2) It had to be simple to put into effect; and (3) It had to have power only to do what we intended it to do. It had to be practical and simple enough to put into operation. We have made no effort to force this on the people for two reasons. We think these things that are sound will gradually themselves permeate and reach the people whom it is intended to serve. Second, I, as Minister of Agriculture for one, feel that because of our political alignments it is hard for some people to keep open minds; and if I, a minister of a Tory government, speak on marketing, many people of the

opposite political color cannot see any good in it. They say that it is only Tory propaganda. It is an act for producers and puts into their hands power to co-operate with, and not destroy, machinery already in existence, and cuts out abuses where they exist. If the farmer can go about his work assured that he is not being exploited, he will do it with a greater sense of happiness and freedom of mind.

The bill, simple as I have outlined it, took two months to go through the House — three weeks, every afternoon and night. The two people behind it and the first to put it across were ministers of agriculture by the name of McDonald. I think I will change my name to McDonald before the next election.

There was a section put into the act in connection with the export of apples from Canada. The fruit men themselves asked that we take steps to regulate the flow of apples. They are not only satisfied but wanted it extended and an application is now before the Dominion Board to include domestic marketing.

No matter what criticism is raised, one point we never lost sight of while preparing the act was that it was a great experiment. Those who have taken advantage of it are the ones who are most ready to admit that it is working much better than they thought it would. It was so necessary to be sure there was a continuous flow of a uniform product going forward that would suit the taste of the consumer.

PRESIDENT JAMES:—Might I on behalf, not only of this audience present here, but also on behalf of the audience of the air, offer thanks for your most interesting address. These are all the more sincere as the majority of us realize how busy is the life of a Dominion Cabinet Minister and what it means for him to take a day off to come here and deliver such an address.