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# MONOPOLY CAPITALISM AND PRAIRIE AGRICULTURE IN CANADA: A STUDY IN POLITICAL ECONOMY

by



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The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research, for acceptance, a thesis entitled Monopoly Capitalism and Prairie Agriculture in Canada: A Study in Political Economy

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ABSTRACT

The farmers of Prairie Canada have been entangled for decades in a complex structure of politico-economic contradictions. These contradictions importantly include those between farm operators and agricultural wage-labourers, between large-scale farm operators and smaller-scale producers on the agricultural commodity markets, between the structural limitations of the independent commodity mode of agricultural production and the scale of the largest Prairie farms, and between farmers and urban wage-workers. The contradictions entangling Prairie farmers include also a contradiction between the agricultural producer on the one hand, and domestic and foreign monopoly capital on the other hand.

Among all these contradictions, the principal one throughout the history of commercial Prairie agriculture has been that between the agricultural producer and monopoly capital. Monopoly capital, in its industrial, commercial and financial forms, has subordinated the Prairie agricultural producer in definite social relations of production through which it has appropriated a significant part of the wealth won by the producer's labour. For monopoly capital, this exploitation has meant accelerated expansion. For Prairie agricultural producers, it has meant profound impoverishment and the chronic "underdevelopment" of their industry.

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# CHAPTER I

## INTRODUCTION

The historically progressive aspect of the capitalist mode of production is that it " . . . involves a tendency toward absolute development of the productive forces . . . ."[1] Capitalism, that is, has a tendency toward the unlimited advancement of the social production capacity through the creation of new and ever-more-powerful machinery, the harnessing of natural forces of all kinds, the deepening and extension of the social and technical divisions of labour, the expansion of production plants and other enterprises, the organized application of scientific knowledge to production, and so forth. At the same time, however, the subjective aim of production under capitalism is the survival of individual capitalists as capitalists--as owners and controllers of the production apparatus who can live off profits or rents rather than from the sale of their own labour-power. This subjective aim of capitalist production comes into contradiction repeatedly with the historically progressive tendency of capitalism. Whenever and wherever the aim of survival of capitalists is better served by practices which block or even reverse the development of the productive forces, development will be blocked or reversed and the tendency to unlimited advancement will be strangled.

The recurring contradiction between its subjective aim and its historically progressive tendency is the paramount contradiction of capitalist production. It takes on a particularly acute character, and has particularly widespread effects, in the highest stage of capitalism, the stage of monopoly capitalism and modern imperialism. The purpose of the present paper is to examine the impact of the paramount contradiction of capitalism on Prairie agriculture in Canada: to show that this contradiction is the principal one facing the Prairie farmer and that through it the farmer's interests, his way of life and the development of his productive capacities have been sacrificed repeatedly and unremittingly over decades to the supreme aims of domestic and foreign monopoly capital.

The vast majority of Prairie agricultural producers are inscribed in a non-capitalist, independent commodity mode of production. This means that the typical Prairie farmer does not, like a capitalist owner, rely principally on the labour of others for his income. Rather, the farmer is an owner of means of production--land, machines, raw materials and the like--who is reliant principally on his own labour and the labour of members of his family as the source of his and his family's income. As an independent commodity producer, the farmer is in competition for markets with thousands of other farmers like himself, and he strives to improve his productivity steadily in order to preserve his competitive position. He strives to improve his machinery and implements, extend his acreage, and turn out a greater mass of agricultural commodities with a given amount of labour year by year. In order to accomplish these ends, the farmer must accumulate surplus income with which to finance improvements and expansion.

Some farmers, because of better land or other factors, tend to do better in the competitive race than others. Their higher incomes permit greater expansion and intensification, in turn creating still higher incomes and permitting still greater expansion and intensification, and so on. Over time, a minority of farmers prosper and grow to the point of capturing the greater part of the markets for agricultural commodities. The majority of farmers are steadily squeezed until they must ultimately leave farming altogether and seek other employment, usually as urban wage-workers.

The structure and evolution of the independent commodity mode of agricultural production involve certain intrinsic contradictions. There is first a developing contradiction arising out of the intensification of competition between the prospering and growing minority of big farmers, and the impoverished and ultimately expropriated majority of smaller farmers, on the agricultural commodity markets. There can as well be a contradiction between a farmer and members of his family who may objectively work "for" him on "his" farm. Larger farmers may hire wage-workers, especially at critical seasons, and in such cases there is a contradiction between the farmer as employer and the workers as employees.

Finally, the biggest farmers ultimately encounter a contradiction between the sheer size and complexity of their farm operations and their own capacities as simultaneously labourers and "managers". This last is a contradiction intrinsic to the independent commodity mode of production which ultimately cannot be contained within the structure of the mode. Normally, it would be resolved by the largest operators going over to an historically more advanced mode of production: a capitalist mode or, in a socialist society, a socialist mode. This transition to a more advanced mode of production would release the productive forces in agriculture from the fetters imposed on them by the structure of the independent commodity mode of production.

That is, the scale of agricultural production units, and their complexity and efficiency, could advance in a capitalist or socialist mode of production far beyond what would be the case in independent commodity production. Advancement could continue further in capitalist or socialist conditions because each production unit would have not one or two "self-employed" workers as in independent commodity production, but numerous workers in an extended technical division of labour. More powerful and more complex machinery could be used on a huge scale. New processes, requiring many workers operating in co-operation and co-ordination with one another, could be employed. While the number of workers in a production unit would increase, the proportion of living labour to capital would be steadily reduced. On the whole, agricultural products would be turned out more cheaply and in greater amounts, to the general social benefit. In time the restrictive independent commodity mode of agricultural production would be entirely replaced by either capitalist or socialist agriculture as the latter proved their competitive superiority.

Prairie agriculture for many years has been "ripe" for the transition to an historically more advanced mode of production. That is, the main contradiction <u>intrinsic</u> to Prairie agriculture has for long been the contradiction between the structure of the independent commodity mode of production, in which the farmer relies largely on his own and his family's labour for income, and the large scale and complexity of the biggest farm operations. A number of Prairie farms, indeed, have gone over to a capitalist mode. On the whole, however, the forces of agricultural production remain fettered on the Prairies by their inscription in an independent commodity mode of production. This fact is recognized, at least in descriptive terms, by the various official bodies which periodically probe the "farm problem". Thus the 1969 Federal Task Force on Canadian agriculture, in remarks applying to the Prairie region as to others in the country, wrote:

> . . . a problem for those farmers who manage to keep ahead in the rat-race of the agricultural revolution, is that as they continually expand and improve their farm enterprises in order to remain competitive; their farm businesses become so large and complex that they strain the capacities of a single individual.[2]

Though not in so many words, the Task Force on the whole saw a resolution of this and related problems of agriculture in the adoption by larger, economically "viable" farms of capitalist-type methods, and the squeezing out of production of the smaller "non-viable" farms, with assistance programmes of one kind and another for those expropriated. Speaking of what commonly is referred to as the "rationalization" of agriculture, the Task Force said:

> . . . the obvious keynote that permeates all our recommendations is that the government should intelligently assist an orderly and planned transition that will encourage agricultural adjustment to achieve the largest possible gains at the lowest possible tangible and intangible costs.[3]

To this end, the Task Force's recommendations include the adoption by farmers with viable operations of industrial management techniques such as "cost-benefit analysis".[4]

This all is well and good, as at least an empirical recognition of what the Task Force rightly considered a key contradiction, and a statement as to the direction of the resolution of that contradiction. Similar recognitions and statements have been common in recent times in both official and unofficial studies of Canadian agriculture.[5]

However, it is the contention of the present analysis that these official and unofficial studies on the whole are basically mistaken in that they blame largely forces intrinsic to the farm economy for blocking the release of the productive potential of agriculture on the Prairies and elsewhere in Canada. The contention of the present paper is that the main barrier to development of the agricultural forces of production is extrinsic to agriculture itself: it is the unremitting exploitation of farm producers by monopoly capital in its commercial, industrial and financial forms. Most studies lay the blame anywhere but on monopoly capital.

From the recommendations of the 1969 Federal Task Force, it can be concluded that its personnel blame variously production surpluses, lack of management training for farmers and lack of adequate information on market and price conditions, failure of various sectors of the agriculture industry to communicate their respective aims to one another, failure of government to pursue trade opportunities insistently enough, foreign tariffs on Canadian farm products and Canadian tariffs on foreign farm production factors, insufficiency of farm credit facilities, and the inadequacy of assistance programmes for poor farmers.[6] Another investigator attributes the problem in part to socio-psychological resistances to "modernization" on the part of certain classes of farmers.[7]

It is not to be denied that most or all of these may be factors in retarding development of the agricultural forces of production. That is, most or all of these may well be reasons why the overwhelming majority of farmers still cling to the independent commodity mode of production in which the farm operator relies largely on his own and his family's labour. Looming over these intrinsic factors, however, is the farmer's inter-relationship with monopoly capital.

In order to accomplish the extension and intensification of his enterprise, the farmer must accumulate surplus income with which to finance these advances. Likewise, in order to be able to go over to capitalist-type production and thus release more fully the productive potential of his farm when it has grown very large, he must accumulate sufficient income surplus to permit him to hire additional labour for wages. The argument of the present paper is that Prairie farmers, like those elsewhere in Canada, are chronically unable to accumulate sufficient surpluses to realize their potential production levels because monopoly industrial capital, commercial capital and finance capital intervene again and again to divert surplus agricultural income into the pockets of capitalists.

Capitalists, to survive as capitalists, must strive always to appropriate the maximum possible profit from every possible source in every possible way. One source of profit is the exploitation of wage-labour in capitalist production. Particularly in the era of monopoly capitalism, however, other sources of profit are widely exploited, including the labour of those who, like western farmers, are not wage-labourers but "self-employed" producers who own their own means of production and organize their own work. The monopoly capitalist era coincides with the whole history of commercial Prairie agriculture, and the Prairie agricultural producer has always had his labour exploited in multiple ways by monopoly capital. The Prairie agricultural producer's labour, instead of going entirely to meet his own needs and finance expansion and improvement of his own enterprise, has always gone in significant part instead to increase the profits of capitalist monopolies. The constant drain of surplus income out of Prairie agriculture into the hands of monopolies is the principal cause of the "underdevelopment" of the agricultural productive forces. It is the principal reason why Prairie agricultural producers remain locked into the independent commodity mode of production.

The paramount contradiction of capitalism, the contradiction between its historically progressive tendency to unlimited development of productive forces on the one hand and on the other hand the subjective aim of individual capitalists to survive as capitalists on profit, here assumes the concrete character of an antagonistic contradiction between the Prairie agricultural producer and monopoly capital. This is the principal contradiction facing the Prairie agricultural producer because until it is resolved, all the other contradictions he faces must be intensified and more or less perpetuated. It is an antagonistic contradiction because the aims of monopoly capitalists and the aims of Prairie agricultural producers are mutually incompatible.

In arguing in support of these assertions, this paper commences with a discussion of the structure and tendencies of the independent commodity mode of production. That is, the independent commodity mode of production first is treated as a theoretical object, in abstraction from any concrete conditions under which it might appear in the real world. On that basis, the discussion moves on to show that Prairie agriculture in Canada is a concrete example of the independent commodity mode of production. There follows a discussion of monopoly capitalism as the highest stage of capitalism and then a discussion of the role of monopoly capital in the process of Prairie agricultural settlement. The final two chapters of this paper are devoted to the multiple forms of domination and exploitation of Prairie agricultural producers by monopoly capital, an assessment of the impact of that domination and exploitation, and an analysis of the whole structure of contradictions at whose intersection the Prairie farmer stands.

## CHAPTER II

## THE POLITICAL ECONOMY OF INDEPENDENT COMMODITY PRODUCTION

I begin discussion of the independent commodity mode of production with a central aspect of its structure: the relationship of the direct producer, the worker or labourer, to the means of production. The means of production are the raw and semi-finished materials, buildings and land, tools and machines that enter into the actual production process. In independent commodity production, the labourer or worker is the possessor of all essential means of production.[1] That is, he, or he with other members of his family who share in production, is the worker, the direct agent of the production process, and at the same time he is the possessor of everything needed in addition to labour-power for production.

Since he already possesses everything needed to "go into business"--labour-power plus means of production--the independent commodity producer does not have to try to sell his labour or place himself in bondage to another possessor or owner of means of production. Instead, he produces all on his own a commodity, say grain, and sells the commodity to wholesalers, retailers or consumers. The independent commodity producer does not go into the labour-market to obtain the money-price of his means of living, or his wage. Rather, he goes into the commodity-market to obtain the money-price of his commodities, a price with which in turn he can buy the things which he himself, and his dependents, need to live.

The independent commodity producer is at once the agricultural worker and the owner of the means of agricultural production. Therefore, the income which he receives from the sale of his commodities is made up of a return on his own labour, plus a return on his investment in his own machines and other means of production wholly or partly used up in the production process, plus any rents he can charge his customers on the basis of his ownership of his own land and buildings, plus any "profits" he can obtain from his customers on the basis of market conditions and the like. It is common in the independent commodity mode of production for the producer to ignore the fact that objectively his income is made up of these different elements. In his book-keeping, he often merely enters total expenditures and total sales receipts without attempting the difficult task of distinguishing returns to labour from returns on investment and rents. The receipts and expenditures of the independent commodity producer and his family as a consumption unit often are not distinguished from the receipts and expenditures of the producer and his family as a production unit.

In independent commodity production, the aim is to produce exchange-values. This is what distinguishes the mode as a mode of <u>commodity</u> production. An exchange-value, an item produced for sale on a market to someone other than the producer himself, is a commodity as opposed, say, to a subsistence item produced for immediate consumption by the producer. Commodity production can occur only on the basis of a social division of labour--production units must be specialized, each producing certain items only, selling these on the market, and then buying in turn the items offered for sale by other production units with other specialties.

> These products are commodities, . . . . which have an exchange-value that is to be realized, to be converted into money, only in so far as other commodities form an equivalent for them, that is, other products confront them as commodities and values; thus, in so far as they are not produced as immediate means of subsistence for the producers themselves, but as commodities, as products which become use-values only by their transformation into exchange-values (money), by their alienation. The market for these commodities develops through the social division of labour; the division of productive labours mutually transforms their respective products into commodities, into equivalents for each other, making them mutually serve as markets.[2]

The independent commodity mode of production is characterized by a relatively low level of development of the forces of production. The term "forces of production" refers to the ensemble of labourers, tools, machines and chemical and other agents which in the direct labour process, or series of labour processes, take raw and semi-finished materials and combine and transform them into things useful to men. Some of the natural forces and qualities that go with all raw and semi-finished materials oppose the forces of production in the labour processes. The relative level of development of the forces of production determines the extent and degree to which they are able to overcome the natural resistances. Typically in independent commodity production the forces of production are relatively backward because the technical division of labour is limited, there being for example no assembly lines and only rudimentary forms of technical co-operation among, say, the family members who make up the small work-force; because extra-human motive powers are limited in force and scale; and because machinery is of limited efficiency and complexity.

In the independent commodity mode of production there are many producers of each commodity, each independent of all the others as an individual operator of a separate production unit. In their separation and independence, the produc rs are individually responsible for making all important production decisions: what methods to use, what adjustments to make to changing commercial and natural conditions, how to organize the work-force, what hours to work, what markets to sell upon and so forth. The independent commodity producers are, that is, separately and individually responsible for all decisions that they can make to affect their relative positions on their common market: they independently and individually bear the risks of production and marketing. This of course is a situation of competition.

These paragraphs have outlined the structure of the independent commodity mode of production. The mode, however, is not static. Rather, like any mode of production, it is in motion, undergoing a process of evolution according to its own tendency laws. What is the character of this evolution?

The general tendency in the evolution of the independent commodity mode of production is a tendency toward the dissolution of the mode and its transformation into a capitalist mode of production. In the beginning in independent commodity production, the masses of competing producers share the market for their common product more or less evenly. Each producer, however, naturally strives always to make a better living for himself and his dependents by growing and prospering as a producer and lightening the labour of himself and his dependents. In pursuit of these ends, he is thrown into ever-sharper competition with other producers. If he is particularly fortunate or astute in the competitive struggle, the producer will capture a greater and greater share of the market, his enterprise will grow in scale and efficiency, and in time he will be in a position to become a capitalist, separating himself from the direct labour process and becoming an owner of means of production who hires others as wage-labourers.

Independent commodity producers who fall behind in the competitive struggle will be steadily squeezed out of the commodity-market. Their enterprises will grow only slowly, or will stagnate or decline, and they will be forced to work ever longer and harder in order to stave off economic ruin. In time they will be ruined by their stronger competitors even in spite of protracted efforts to survive. Ruin means expropriation, or separation of the producer from possession of the means of production. When he is expropriated, the producer is left with only his labour-power as a saleable commodity and he must seek employment as a wage-labourer in a capitalist enterprise.

In the evolution of the independent commodity mode of production, ultimately the majority of producers are separated from the means of production and only a minority survive as possessors of the means of production. The dispossessed labourers become a distinct class who receive in the form of wages only a part of the commodity-value which their labour, now labour in capitalist production, creates. The remainder of the commodity-value goes in the form of profits and rents to another class of persons, the capitalist possessors of means of production and land and buildings. Thus capitalist production relations and capitalist exploitation of labour arise on the basis of the dissolution of the independent commodity mode of production.

Among the factors which enter into this dissolution and transformation of the independent commodity mode of production, three are particularly crucial: differences in productive capacity among independent commodity producers; uncertainty of market conditions; and the operation of the law of value.

Differences in productive capacity among the many producers in an independent commodity mode of production take multiple forms. Some producers have better instruments of production than others: for example, more advanced and more productive machinery. Where agriculture is concerned, some producers have more productive soil. Some are more skilled or stronger, hence work more intensively, more efficiently and longer each work-day. Some have larger families sharing in production, hence perhaps a more efficient technical division of labour. Other such factors will come readily to mind.

The market for commodities in independent commodity production is at any time uncertain, for on it demand and supply fluctuate continually for a multitude of reasons beyond the control of any individual producer. Supply can rise as more efficient production methods come into use or as additional producers enter the market. Supply can fall as unsuccessful producers leave the market or as, in agriculture, widespread natural disaster cuts into production. Demand can contract as substitute commodities come into competition. Demand can rise as population grows, as improved transportation extends markets, or for other reasons. Since individual producers can have but imperfect anticipations of these kinds of changes, it is evident that their enterprise is always at risk.

The law of value is the law that the value of a commodity is determined fundamentally by the amount of social labour-time required on average for its production. Suppose there are a number of different commodities, A to Z, which are all the commodities produced in a particular society in its social division of labour. There is some proportion in which each of these commodities is socially exchanged for each of the other commodities, say 1A is an equivalent for 1B, 3C, 7D and so forth. The question is, <u>why</u> is 1A an equivalent value for 1B rather than, say, 10B or 100B?

The reason is that the proportionate social value of 1A is determined by the proportionate quantity of total social labour-time on average embodied in it--the proportion, of the total hours of labour socially expended to produce all commodities, which on average is required to produce 1A. That is, suppose that to produce all the commodities they require, the society's members would have to work a grand total of 100,000 hours. Of these hours, 100 would have to be expended in making the needed number, 10, of commodity A; another 100 in making the needed number, 10, of commodity B; 300 in making 10 C, 700 in making 10 D, and so on. Therefore, on average, 1A could be produced with 10 hours of social labour-time, 1B with 10 hours, 1C with 30 hours and 1D with 70 hours. Therefore 1A on average has a social value equal to the social value of 1B, 3C, or 7D.

This is the only possible basis for determination of the basic proportionate social value of products in commodity economy, since in this economy they have nothing else in common save the fact that they are all products of definite proportions of the total social labour time expended across the social division of labour.

It is around a commodity's social value thus determined that its market-price fluctuates. That is, it is the law of value which basically determines that a bushel of wheat has a market-price of some two or three times that of a package of cigarettes and not 10 or 100 times that of a package of cigarettes. Actual market-prices in their fluctuations around the average social value are of course determined by a great variety of empirical factors such as consumer tastes, patterns of income distribution, monopolistic interventions in supply and demand, and the like.

In the independent commodity mode of production, then, there are many separate producers, each owning his own means of production and producing commodities for sale on an uncertain market whose dimensions are at any time imperfectly known. The market-price of the commodity is determined basically by the operation of the law of value. Each producer individually is pursuing success and will bear the risks of failure. The producers differ in strength, in productive capacity, in locational advantages, and so forth. Competition among the independent commodity producers under these conditions results in a continual strengthening and expansion of the strong producers at the expense of weaker producers.

The commodity's value and hence basically its market-price is a matter of the amount of labour-time required <u>on average</u> for its production. The differences in strength among the producers, however, are precisely such as to cause differences in the amounts of labour-time required <u>by individual producers</u> for production of the commodity. Thus if, on average, four hours of labour are required to produce one unit of the commodity, stronger producers may require only three or two hours because of their more intensive labour, better machines, better land or whatever, while weaker producers may require six or seven hours of labour to produce one unit. If the market is good, if demand is at least as high as supply at the going market-price, then the strong producers produce a greater mass of commodities than the weak and reap larger incomes than the weak. If the market is bad, if demand falls below supply or supply rises above demand, then everyone must cut prices in order to ensure sale of their total product. The strong producers are still better off here, though. The strong producers can afford to cut their prices farther than the weak, thus ensuring demand for all <u>their</u> commodities and forcing the relative demand shrinkage entirely onto the weaker producers whose cost-income margins are slimmer.

Because they have a greater cost-income margin than the weak producers, the strong are able to accumulate surplus funds in good times and are able with these to finance further increases in their own production by purchasing more and better machines, more and better land, more raw materials, and the like. When they thus force supply again up over demand, they are still better able to make price-cuts than the weak producers and again force sales contractions onto the weak who have been unable to accumulate surpluses and expand in scale and advance in productivity. It will be seen that in the long run, as market conditions continually fluctuate, the strong producers capture more and more of the market and at the same time the market-price is steadily depressed. It will be noted that this is precisely in accord with the law of value: the average labour-time required for production of the commodity drops as the stronger, more efficient producers take over a growing proportion of the market, and hence the value of the commodity falls and this is reflected in the decline of the market-price. More importantly, however, these tendencies plainly mean that the weak producers are less and less successful. The weak producers must work ever harder. They do not prosper, do not make a good living and do not expand their enterprises. The strong producers, meanwhile, are more and more successful. The strong producers lighten their labour with ever more and better machinery. They prosper, make a good living and expand their enterprises. Through good times and bad, in short, the fortunate step by step grow stronger while the unfortunate grow weaker.

There is a definite limit to how far the weaker producers can be squeezed. This limit is the point at which, any surpluses they might have had exhausted, their working days stretched to the limit, they are yet deprived by falling prices and contraction of their market of sufficient income to cover their costs of production including their costs of living. At this point, whatever their willingness to work, the means of production which they possess no longer ensure their survival. Possession of the means of production having ceased to guarantee access to means of living, the means of production must be given up and alternative means of making a living sought. The weak producers, that is, tend ultimately to be squeezed to the point of dispossession, of expropriation. The general tendency is toward the separation of weaker producers from the means of production.

Among the stronger producers who remain possessors of means of production, there is no let-up in the competitive struggle merely because the weakest have been forced out. If anything, the struggle heightens. Now some of the remaining independent producers take the place of the dispossessed at the bottom of the ladder and the squeeze commences upon them. In time they, too, are driven to the point of expropriation. Again competition proceeds until yet more are forced out. Ultimately, the great majority of independent producers are thus impoverished and ruined. All the while, the ever-smaller number of survivors grow individually bigger and bigger. The survivors take over, in effect, more and more of the means of production as these are abandoned by the expropriated and more and more of the market as the impoverished are squeezed out. The processes at work within the independent commodity mode of production thus tend most dramatically toward the impoverishment and ruin of the great majority of producers and the growth and prosperity of a small minority who centralize in their hands the means of production. The majority of producers are separated from the means of production, and the totality of producers are separated into possessors and non-possessors.

As the separation of the producers into weak and strong becomes increasingly marked and commences to issue in the expropriation of the weak, the objective dimensions of what amount to "wages" on the one hand and what amount to "rents" and "profits" on the other hand are necessarily established. As the weak producers are squeezed, it is forcefully brought home that there is a definite minimum income which they must realize on the market to avoid expropriation. This definite minimum, which can be called <u>necessary</u> income, is the total of their costs of production including their costs of living. At the same time, as the strong producers grow, it is forcefully brought home that the secret of success is to accumulate and re-invest all income above the necessary income so as to stay abreast in the competitive struggle. The income above necessary income can be called surplus income. Just as the minimum level of necessary income is objectively established as the level below which expropriation occurs, so the minimum level of surplus income is objectively established as the level below which the producer commences to fall behind in competition. Since surplus income corresponds to profits including rents, a definite rate of profit comes to be established. Likewise, since that part of costs of production which is the cost of living of the producer and his dependents corresponds to wages, a definite rate of wages comes to be established.

Now it has been seen that the operation of the law of value ensures that income from sales of commodities more or less represents the proportion of social labour, measured in hours, embodied on average in the commodities. Thus it is clear that the level of necessary income more or less corresponds to necessary social labour and the level of surplus income to surplus social labour. That is, the evolution of the independent commodity mode of production brings about the establishment of the definite objective dimensions of necessary social labour-- the labour required to cover costs of production including costs of living of the producer--and the establishment of the definite objective dimensions of surplus social labour--the social labour additional to necessary labour and which is the basis of profits including rents. The independent producers, if they are to survive in the competitive struggle, must pay attention to these dimensions. They must separate the purposes of their consumption units, served by their "wages", from the purposes of their production units, served by profits. They must distinguish socially necessary labour from surplus labour. They must, in concrete terms, start keeping two sets of books: one for their homes, the other for their businesses, so that they can ensure the protection of their standards of living by ensuring the steady growth of their enterprises.

In the beginning in the independent commodity mode of production, there were many independent producers, the differences among them relatively minor even if crucial in the long run. With the evolution of the mode there are created two distinct categories of producers entirely separate from one another.

On the one hand there is the class of expropriated producers, the mass of dispossessed labourers separated from possession and ownership of the means of production. They are separated from the commodity market. They are contemplating no longer the prospect of growing and prospering on the basis of their own surplus labour. The necessity facing them now is simply to find a means of realizing their own necessary labour so as to be able to cover their and their dependents' costs of living. For them the only cost of production that counts now is the cost of the production of their own labour-power. To this minimum they are reduced by their dispossession. They can seek now only a wage. There is for them no thought of lightening labour: the problem is to be able to labour at all.

Over against the mass of the dispossessed now stands the small minority of surviving possessors of means of production. Where the dispossessed have been expelled from the commodity market, the surviving possessors of means of production have established exclusive dominion over the market. Where the dispossessed must seak the realization of their necessary labour, the surviving independent producers seek the realization of surplus labour, the growth of their profits and hence of their prosperity and the scale of their enterprises so that they can continue to compete. Where the dispossessed seek to unite with means of production so that their labour can be realized, the surviving independent producers strive to avoid being separated from the means of production and cast down into the ranks of the dispossessed. Where the dispossessed seek to labour, the survivors may contemplate separating themselves from the direct labour process altogether, to become only owners and to live off the labour of others. Where it is the survival of the family consumption unit that principally concerns the dispossessed, it is the survival of the production unit that is the over-riding concern of the surviving possessors of means of production.

In these multiple evidences of the dissolution of the independent commodity mode of production, in the continuation of competition among the small minority of surviving possessors of means of production, and in the constraints visited upon the surviving independent producers by the long-run decline of commodity prices and the steady growth in scale of their enterprises; in all these results of the evolution of independent commodity production are the conditions of its transformation into capitalist production.

Under the lash of competition, independent commodity producers develop the forces of production to higher and higher levels. That is, in their endless competitive quest for profit, a quest on the success of which depends their survival as entrepreneurs, the independent commodity producers acquire better and better machinery and thus bring to bear on ~~nature and natural resi~~stances ever greater productive powers. In time, this progressive development of the forces of production constrains the independent producers who have not been dispossessed to transform themselves into capitalists--the forces of production develop to the point where they burst the fetters of the independent commodity mode of production and force a transition to a capitalist mode of production. How does this occur?

Profit is based on surplus income created by surplus social labour. An independent producer may first increase his profit by working more hours each day, extending his surplus labour absolutely and reaping greater "absolute surplus income". There is however a limit to anyone's work-day. Reaching that limit, the independent producer may still increase his profit by intensifying his labour above the average intensity. He can do so by applying more skill and energy to his work and by acquiring more productive machinery on a bigger scale, thereby increasing his surplus labour relatively and reaping greater "relative surplus income". Yet as his increase in labour intensity is matched by other producers, his relative surplus is eroded. He then must seek a further increase in the intensity of his own labour with still more skill, still more energy, still more productive machinery on a still bigger scale.

Clearly here too, however, there are absolute limits to how intensively an individual can work and how much machinery he can operate himself. Yet the independent producer must make a profit. If he does not make profit, he cannot accumulate surplus income, cannot re-invest his surplus, cannot cut his prices steadily as the market-price falls, ultimately cannot even make a living. The producer, in short, is in the position of having to seek profit for profit's sake, yet of having exhausted his own individual labour potential in that quest. Ultimately, if it is a family enterprise he is operating, he will exhaust the labour, including the potential surplus labour, of the members of his family too. This reveals the chief restriction, or fetter, imposed by the independent commodity mode of production on the forces of production: the forces of production cannot be developed beyond a certain point within the independent commodity mode because it is a mode in which the self-employed producer relies upon his own labour. The forces of production cannot be developed beyond a certain point because the production unit is confined to a size, a scale, operable at most by the members of one family. There is then a developing contradiction between the social relations of production, the structure of the independent commodity mode of production in which labour is "self-employed", and the relative over-development of the forces of production brought on by the quest for profit.

The conditions for overcoming this contradiction are already established in the unfolding dissolution of the independent commodity mode of production. On the one hand there are big independent producers needing to acquire command over additional surplus labour in order to continue reaping profit. On the other hand there is a growing mass of dispossessed producers who, barred from access to means of living through the commodity market, are constrained to go on the labour market and sell their labour. The level of wages for which the dispossessed will sell their labour is already objectively established: it is the cost of the means of living for the dispossessed, the cost of the replenishment of their labour-power. The law of value operates here, too, making of labour-power a commodity whose price more or less corresponds to the cost of its production, the cost of the means of living for the worker.

When independent commodity producers who have survived as possessors of means of production hire expropriated producers as wage workers, the effect is to establish capitalist social relations of production, a capitalist mode of production. Competition for jobs among the dispossessed tends to keep wages down to the level of the costs of living of the workers. This means that the workers' employers command all surplus labour. That is, suppose the possessor of means of production, the capitalist, hires six wage-workers. He pays each a daily wage corresponding to the worker's daily cost of living, and he also pays out enough to cover wear and tear on tools and machines plus costs of raw materials. Taken altogether, these pay-outs by the capitalist are the equivalent of necessary labour--the workers set into motion the tools and machines and work up the raw materials into a certain value of commodities in the period of work which is equivalent to the necessary labour-time.

Now the capitalist keeps his employees on the job for several hours longer than the necessary labour-time each day. He thus has a total commodity-value to sell each day on the market which is divisible into two parts: the value worked up in the necessary labour-time and the value worked up in the additional, surplus labour-time. This entire value returns to the capitalist, since he is the owner and seller of the entire commodity-value by virtue of his possession of the means of production. Part of the total commodity-value reaped by the capitalist covers his outlay for wages and for means of production. The remainder of the total value, however, is "surplus value": "surplus" income which is the basis of the capitalist's profit and which has been exploited from his wage-workers on the basis of their real subordination to him. That is, the capitalist's private appropriation of the surplus labour of his wage-workers is the basis of his profit.

The transition to capitalist production from the independent commodity mode of production permits renewed development of the forces of production. Where the independent commodity producer, being "self-employed", could operate on a scale only so large as would be within the capacities of one man, the capitalist hires many men and can expand the scale of his enterprise without limit so long as he continues to reap profit for re-investment. Where the independent commodity producer could win surplus income only on the basis of his own labour, the capitalist reaps growing masses of profit on the basis of the surplus labour of his many hired workers. Where the independent commodity producer had to undertake all aspects of the production process himself, the capitalist can realize higher and higher levels of efficiency by dividing up tasks among his many employees in an extended technical division of labour.

The capitalist can revolutionize and expand production repeatedly. With more workers and more efficient labour, he reaps growing masses of profit with which he hires still more workers, purchases still more advanced machinery and expands his enterprise still further. Machines and techniques which could not be contemplated on the restricted scale of independent commodity production can be put into operation on the large scale permitted by the capitalist production system. In sum, the capitalist transformation throws off the fetters imposed on the development of the forces of production by the independent commodity mode of production.

Since capitalist production is still commodity production, only in a developed form, the law of value continues to operate. Since the capitalists still compete with one another, the strengthening of the strong and the weakening of the weak continues. The market still fluctuates. The play of supply and demand in conditions of competition and growing scale and productivity still continually depresses the price of commodities. The survival of each capitalist as a capitalist then depends upon his reaping the maximum possible mass of profit and reproducing his enterprise on an ever-expanding scale. He must steadily expand his share of the market and wherever possible develop new markets. He must heighten to the maximum the exploitation of his wage-labour. Soon enough the last of the remaining independent commodity producers either will be squeezed out or will be forced over to capitalist production themselves. Hence in the outcome the independent commodity mode of production is entirely supplanted by another mode of production, capitalism, to which it has given birth.

Initially, in independent commodity production, the labourer was simultaneously the possessor of the means of production. In capitalist production, the means of production are in the hands of non-labourers. In independent commodity production the labourer reaped the full returns from commodity sales. In capitalist production he reaps only his wage, the capitalist appropriating profits and rents. In independent commodity production the principal class was the class of independent commodity producers. In the capitalist mode there are two classes locked in struggle: the proletariat and the ruling capitalist class.

The theoretical discussion of the independent commodity mode of production, its evolution and its transformation, is at this point complete enough to permit attention to be turned to its concrete manifestation in Prairie agriculture in Canada. The following chapter will be concerned with those phenomena of Prairie agriculture which establish it as an independent commodity mode of production in process of evolving capitalist and proto-capitalist forms. The shape and motion of the Prairie agricultural mode thus established, it will be possible to proceed to deal with the domination and exploitation of the agricultural producer by monopoly capital.

## CHAPTER III

## PHENOMENA OF PRAIRIE AGRICULTURE

That the structural phenomena of Prairie agriculture are those of an independent commodity mode of production is readily seen. The great majority of farmers are the possessors of their essential means of production and most of the agricultural labour is carried out by the farmers themselves and members of their families. As the term "family farm" suggests, the purposes of the farm family as a consumption unit and the purposes of the farm family as a production unit are inseparable in most cases and book-keeping often does not strictly distinguish a "wage" component of income from the "rent" and "profit" components.

> The close integration of the farming occupation with the day-to-day living of the farm operator and the farm labour force is a feature affecting the application of income accounting to agriculture. Nearly all of the 600,000 Canadian farms combine a business venture with the farm home and family living. . . . The close association of the farm operator and his family with the business of farming complicates the determination of the distribution of the net farm earnings among returns to capital, labour and management.[1]

The tens of thousands of Prairie farm operators compete with one another to sell on common commodity markets, and income from commodity sales is the predominant means of covering the farm family's costs of living. The farm family, that is, goes to the commodity market rather than to the labour market to obtain the money price of its means of living.

As is characteristic of independent commodity production, the level of development of the Prairie agricultural forces of production is quite low relative to the natural forces and qualities which pose barriers in the labour processes. Natural forces in fact may at any time overwhelm the forces of production entirely, wiping out farms by hail, drought or infestation for example, and at all times the agricultural labour process is far from being reduced to a routine and predictable undertaking, particularly by contrast with the labour process in, say, an auto plant. On a typical Prairie farm, the labour force is limited to the members of the farm family and perhaps one or two wage-labourers at critical seasons. Hence the technical division of labour among the workers is strictly limited. Each worker must pitch in on a multitude of tasks that may demand the skills of an agronomist, a biologist, a chemist, an entomologist, a mechanic, an accountant, a meteorologist, and so on. As the farm labour force is limited in the size and in the extent of the technical division of the tasks of the labour force, so also farm machinery and extra-human motive powers are limited in force and complexity.

The limitations on farm mechanization were absolute on the Prairies before the 1940s. In 1941 only 38 per cent of Prairie farms reported tractors, only six per cent reported combines, and a mere one per cent reported electric motors.[2] Even today the old adage that successful farming requires "the shadow of the man upon the land" continues to register the necessity for constant surveillance of the natural and physical conditions of production.

Among the thousands of competing independent producers in Prairie agriculture, there are numerous differences in productive strength. These differences for the most part were inscribed in the

Prairie agricultural system right from the start. Some farmers located on better land than others and some were closer to means of transportation than others. From the beginning there were considerable differences in the financial resources of settlers, hence disparities in levels of mechanization and in acreage extent of holdings. One estimate was that, in the years 1907-1911, Prairie settlers from the United States brought with them an average $500 cash and $350 personal effects per person, British settlers an average $100 cash and $50 effects per person, and Continental European settlers an average $10 cash and $5 effects. Some American settlers came to the Canadian Prairies with as much as $10,000 to $50,000 in personal effects and cash.[3] Farmers naturally differ in skill, will and fortune as well, some being more fortunate or astute in judging market fluctuations, some escaping more often the depredations of pests and weather, some able to work longer hours daily, and so on.

Like the structural phenomena, the evolutionary phenomena of Prairie agriculture clearly are those of an independent commodity mode of production. Competition among many independent producers of unequal strengths to sell upon common commodity markets of uncertain dimensions has long since begun to issue in differentiation of enterprises according to scale, in division and re-division of the market, in development of the instruments of production, in long-run secular decline in the prices of agricultural commodities, in impoverishment and expropriation of the mass of small and medium-size farms and relative prosperity of the few large farms, and in the appearance of capitalist and proto-capitalist forms of organization.

The uncertainty of markets for agricultural commodities is well-known and need not be lingered over here. Prairie farm producers for the most part sell on international markets subject to a great range of influences, from weather to wars, that affect supply and demand. The very great fluctuations in price that result are illustrated in Table 1, showing estimated average farm prices of various field crops for five decades and for 1966 in Alberta.

TABLE 1

ESTIMATED AVERAGE FARM PRICES OF FIELD CROPS BY DECADES AND FOR 1966, ALBERTA
($ Per Bushel)

| | All Wheat | Oats (Grain) | Barley | All Rye | Flax-seed |
|---|---|---|---|---|---|
| 1911-20 | 1.24 | 0.43 | 0.64 | 0.94 | 1.87 |
| 1921-30 | 0.88 | 0.34 | 0.42 | 0.64 | 1.59 |
| 1931-40 | 0.59 | 0.22 | 0.31 | 0.39 | 1.12 |
| 1941-50 | 1.32 | 0.56 | 0.80 | 1.41 | 2.91 |
| 1951-60 | 1.34 | 0.58 | 0.84 | 0.96 | 2.81 |
| 1966 | 1.73 | 0.67 | 1.03 | 1.09 | 2.75 |

Source: Alberta Department of Agriculture, A Historical Series of Agricultural Statistics for Alberta (Edmonton, n.d.), pp. 2-14.

The competitive struggle among farmers to survive and prosper in face of such violent uncertainty has been progressively impoverishing the weaker Prairie agricultural producers and strengthening relatively the stronger producers for decades and is still doing so today.

Today there is a small minority of relatively prosperous and greatly expanded farms on the one hand in Prairie Canada and a mass of impoverished small and medium-size operations on the other hand. Tens of thousands of impoverished small farmers already have been expropriated. Expropriation reached significant proportions at least as early as the agricultural crisis of 1921-23, has wiped out about 100,000 Prairie farm operations from the late 1930s down to the present, and is forecast by every official and unofficial investigation to wipe out thousands more in the foreseeable future. Both the differentiation of Prairie farms and the expropriation of the impoverished smaller ones can be verified readily from the statistical record.

Strictly speaking, trends in the scale of agricultural enterprises are a combination of changes in their extent, or size in acres, and changes in their production intensiveness, or proportions of so-called "capital inputs" to labour. In a grain- and range livestock-based agricultural economy such as that of the Prairies, however, extension and intensification of a farm operation are in the great majority of cases indispensable conditions of one another, so that either will serve by itself to show the general picture. I here employ mainly farm acreage as a measure of scale.

Table 2 shows the trend to differentiation in scale of Prairie farms from the beginning of this century, when the process of rapid western settlement was fairly under way and farms were relatively homogeneous in scale, to the post-Second World War era, when there had evolved four distinct categories of scale:-small farms of 300 acres or less; lower-middle farms between 300 and 640 acres; upper-middle farms between 640 acres and 1,280 acres; and large farms of 1,280 acres or more.

## TABLE 2

### TRENDS IN ACREAGE DISTRIBUTION BY FARM SIZE, PRAIRIES, 1901-1961

(Number of Farms of Specified Size as Percentage of Total Number of Prairie Farms)

| | 300 Acres Or Less | 301-639 Acres | 640-1,279 Acres | 1,280 Acres Or More |
|---|---|---|---|---|
| 1901 | 100 | | | |
| 1911 | 100 | | | |
| 1921 | 44 | 56 | | |
| 1931 | 43 | 41 | 16 | |
| 1941 | 43 | 40 | 14 | 3 |
| 1951 | 32 | 45 | 19 | 4 |
| 1961 | 23 | 44 | 25 | 8 |

(Acreage in Farms of Specified Size as Percentage of Total Prairie Farm Acreage)

| | 300 Acres Or Less | 301-639 Acres | 640-1,279 Acres | 1,280 Acres Or More |
|---|---|---|---|---|
| 1901 | 100 | | | |
| 1911 | 100 | | | |
| 1921 | 20 | 80 | | |
| 1931 | 18 | 42 | 40 | |
| 1941 | 16 | 40 | 29 | 15 |
| 1951 | 10 | 36 | 33 | 21 |
| 1961 | 7 | 29 | 34 | 30 |

Sources: Dominion Bureau of Statistics, Census of Canada, 1921, Vol. V, Agriculture, Table 2; and Census of Canada, 1961, D.B.S. Catalogue Numbers 96-537 96-538, 96-539, Table 3 for 1921-1961.

The four categories of farm scale adopted here are neither idle nor arbitrary. That they have real significance can be seen from the events that have transpired since 1941. As Table 3 illustrates, the total number of Prairie farms declined from 1941 to 1961 by some 86,000. The breakdown by categories of scale shows that it was small and lower-middle farms that for the most part were wiped out in this massive attrition.

TABLE 3

TRENDS IN NUMBERS OF PRAIRIE FARMS, TOTAL AND BY CATEGORIES OF FARM SCALE
(Numbers to Nearest Thousand)

| | 300 Acres Or Less | 301-639 Acres | 640-1,279 Acres | 1,280 Acres Or More | Totals |
|---|---|---|---|---|---|
| 1941 | 127,000 | 119,000 | 42,000 | 9,000 | 297,000 |
| 1961 | 48,000 | 93,000 | 53,000 | 17,000 | 211,000 |
| Differences | -79,000 | -26,000 | +11,000 | +8,000 | -86,000 |

Source: Adapted from Dominion Bureau of Statistics, Census of Canada, 1961, D.B.S. Catalogue Numbers 96-537, 96-538, 96-539, Table 3.

From 1941 to 1961, the number of small farms declined by some 79,000 and the number of lower-middle farms by some 26,000. A part of these totals of course represents farms that managed to expand into the upper-middle or perhaps in some cases the large scale category, but on the whole there is no doubt that the figures show the attrition falling overwhelmingly on small farms and lower-middle farms. As would be expected, the farms being wiped out in the post-1941 era have been largely impoverished farms. This is confirmed by Table 4, which, taking the years 1951 and 1966 for which income figures are readily available, shows that the attrition of farm numbers in that period fell almost entirely upon operations with sales of farm products worth less than $5,000 a year.

TABLE 4

TRENDS IN NUMBERS OF PRAIRIE FARMS, TOTAL AND BY VALUE OF ANNUAL SALES OF FARM PRODUCTS
(Farm Numbers to Nearest Thousand)

| Product Sales | Less Than $5,000 | $5,000-$9,999 | $10,000 Or More | Total Farms |
|---|---|---|---|---|
| 1951 | 204,000 | 32,000 | 12,000 | 248,000 |
| 1966 | 86,000 | 57,000 | 53,000 | 196,000 |
| Differences | -118,000 | +25,000 | +41,000 | -52,000 |

Source: Dominion Bureau of Statistics, Census of Canada, 1966, Vol. V, Agriculture, Table 3.

To give an idea of the levels of income generally associated with particular categories of farm scale, I present two tables which cross-classify Prairie farms in 1966, the last year for which comprehensive statistics were available at the time of writing. Table 5 shows that farm. in the small scale category in 1966 (here defined on a slightly different basis than in Table 2 as being farms under 240 acres) overwhelmingly had incomes from sales of farm products of under $5,000 that year; most lower-middle farms fell in the same income category and all but a few of the remainder had sales worth between $5,000 and $10,000; upper-middle farms fell largely in the middle income categories and large farms in the high income category. Table 6 (page 39) groups farms in 1966 by scale measured by capital value of the farm unit, and cross-classifies them again with their incomes from sale of farm products.

TABLE 5

CROSS-CLASSIFICATION BY PERCENTAGES OF NUMBERS OF PRAIRIE FARMS ACCORDING TO SIZE IN ACRES AND VALUE OF FARM PRODUCTS SOLD, 1966

| Farm Size / Products Value | Under $5,000 | $5,000-$9,999 | $10,000-$24,999 | $25,000 Or More | Totals (%) |
|---|---|---|---|---|---|
| Under 240 Acres | 16 | 2 | 1 | -- | 19 |
| 240-559 Acres | 21 | 13 | 4 | -- | 38 |
| 560-1,119 Acres | 6 | 11 | 11 | 1 | 29 |
| 1,120 Acres Or More | 1 | 3 | 7 | 3 | 14 |
| Totals (%) | 44 | 29 | 23 | 4 | 100 |

Source: Dominion Bureau of Statistics, Census of Canada, 1966, Vol. V, Agriculture, Table 30.

There will be no doubt that a family farm which in 1966 had an income from sales of its products of less than $5,000 was desperately impoverished. This was hardly a sufficient income to keep the family, let alone cover the operating costs of the production unit and accumulate surplus for expansion. As the bottom rows in Tables 5 and 6 show, some 44 per cent of Prairie farms were in these straits in 1966, which was by no means an unusually bad year for the Prairie agricultural economy.

What, though, of the farms with higher incomes? It must be acknowledged straightaway that farm dollar incomes are not strictly comparable with urban dollar incomes because the farm family may consume a certain amount of produce directly in the form of income in kind. In addition, dollar incomes are increased over the figure for sales revenues by amounts received in farm support payments under the provisions of such as the Prairie Farm Assistance Act, Prairie Farm Income plan and Wheat Acreage Reduction programme.

TABLE 6

CROSS-CLASSIFICATION BY PERCENTAGES OF NUMBERS OF PRAIRIE FARMS ACCORDING TO CAPITAL VALUE OF FARM AND VALUE OF FARM PRODUCTS SOLD, 1966

| Farm Capital Value / Products Value | Under $5,000 | $5,000-$9,999 | $10,000-$24,999 | $25,000 Or More | Totals (%) |
|---|---|---|---|---|---|
| Under $19,950 | 20 | 1 | -- | -- | 21 |
| $19,950-$49,949 | 21 | 13 | 2 | -- | 36 |
| $49,950-$99,949 | 3 | 13 | 13 | 1 | 30 |
| $99,950 Or More | -- | 2 | 8 | 3 | 13 |
| Totals (%) | 44 | 29 | 23 | 4 | 100 |

Source: Dominion Bureau of Statistics, Census of Canada, 1966, Vol. V, Agriculture, Table 30.

An examination of the statistical record, however, shows that these considerations do not in fact greatly alter the picture on the Prairies. First, income in kind, even when taken to include an amount covering the portion of housing costs which should be charged as operating expenses for the farm production unit "office", represented in 1966 only about one-twelfth of realized gross farm income in the West. Income in kind plus support payments have for more than three decades fluctuated around one-tenth of realized gross farm income on the Prairies, and the proportion represented by income in kind has tended to decline steadily, rising only temporarily in years of agricultural crisis.[4] Second, the larger-scale farms tend to be more "commercial" and less "subsistence-oriented" farms: they tend to consume less of their own products than smaller farms.

For farms with higher dollar incomes, then, the dollar income figure certainly represents more or less 90 per cent of their entire realized gross income. Out of this, however, they must meet their operating expenses and depreciation charges and attempt to accumulate surplus income for expansion. With respect to operating and depreciation expenses, the medium-size farms are at a distinct disadvantage relative to the large-scale farms. Operating and depreciation expenses are a significantly smaller proportion of realized gross income on the whole for large-scale farms than for upper-middle and lower-middle farms because the large-scale farms achieve important economies of scale. Operating and depreciation charges represent on average (and have done so for decades except for the 1940s) more than 50 per cent of realized gross farm income on the Prairies.[5] Given that on the whole this fraction rises as scale decreases due to economies of scale accruing to larger farms,[6] the conclusion is inescapable that an annual income from sales of farm products of even $10,000 must leave most medium-size farms with, to put it mildly, a very tight family budget.

Most of such farms must have disposable family income of under $5,000 a year, only comparable to the incomes of the masses of more poorly-paid wage-workers.[7]

It is not to be forgotten, moreover, that inflation eats into farm incomes just as it eats into the incomes of salary and wage-earners. A farm family income, after depreciation and operating costs, of $5,000 in 1951 represented about the same consumer purchasing power as an income of $4,400 in 1949. A farm family income, after depreciation and operating costs, of $5,000 in 1966 represented about the same consumer purchasing power as a 1949 income of only $3,500.[8]

With these points in mind, see again Tables 5 and 6. It is clear now that some 73 per cent of Prairie farms in 1966, all with incomes of less than $10,000 that year from sales of farm products, must be considered to have been on the whole impoverished. This remarkable proportion takes in virtually all the small-scale farms, all but a tiny proportion of lower-middle farms, more than half the upper-middle farms, and even 10 per cent or so of the large-scale farms. It seems likely that most of the remaining upper-middle and large farms, having incomes of from $10,000 to $25,000 in 1966 from sales of farm products, were recovering more or less enough disposable income to cover living expenses but had little remaining for re-investment in expansion without incurring burdensome debts. They were, that is, only hanging on--certainly this was true of the upper-middle farms falling at the low end of the $10,000-$25,000 income category.

This all leaves only about four per cent of Prairie farms in 1966 that could be said with any confidence to have been prospering in that year. These were mostly large-scale farms. Precisely in accord with the theoretical anticipation, then, the independent commodity mode of Prairie agricultural production has evolved the differentiation of the producers into an impoverished mass in process of being expropriated, and a small minority who prosper and grow.

TABLE 7

TRENDS IN DISTRIBUTION OF FARMS BY VALUE OF ANNUAL SALES OF FARM PRODUCTS, PRAIRIES, 1951-1966

(Number of Farms With Specified Annual Income From Sale of Products as Percentage of Total Number of Prairie Farms)

| | Less Than $5,000 | $5,000- $9,999 | $10,000 Or More |
|---|---|---|---|
| 1951 | 82 | 13 | 5 |
| 1961 | 66 | 23 | 11 |
| 1966 | 44 | 29 | 27 |

(Estimated Percentage of Total 1966 Prairie Farm Sales Income Accounted for by Farms With Specified 1966 Sales)

| | Less Than $5,000 | $5,000- $9,999 | $10,000 Or More |
|---|---|---|---|
| 1951 | 50 | 28 | 22 |
| 1961 | 30 | 34 | 36 |
| 1966 | 14 | 26 | 60 |

Source: Dominion Bureau of Statistics, Census of Canada, 1966, Vol. V, Agriculture, Table 3.

Equally in accord with the theoretical anticipation, the evolution of the Prairie agricultural mode has been accompanied by division and re-division of the commodity market, the larger farms steadily squeezing out the small and increasingly dominating the market. Table 7 illustrates this process from 1951 to 1966. In 1951 the smallest farms held 50 per cent of the total market for Prairie farm products, measured in dollars, but by 1966 they held only 14 per cent. In the same 15-year period, the largest farms increased their slice of the market to 60 per cent from 22 per cent.

Again as anticipated, the evolution of the Prairie agricultural mode has been marked by continuing development of the forces of production and the steady expansion of the scale of the average production unit. The advance of mechanization is illustrated in Table 8.

TABLE 8

PERCENTAGES OF TOTAL NUMBER OF PRAIRIE FARMS OPERATING SPECIFIED MACHINES, 1921-1961

| | Tractors | Combines | Electric Motors |
|---|---|---|---|
| 1921 | 14 | -- | -- |
| 1931 | 26 | 3 | 1 |
| 1941 | 38 | 6 | 1 |
| 1951 | 79 | 30 | 12 |
| 1961 | 91 | 58 | 44 |

Sources: Dominion Bureau of Statistics, Census of Canada, 1951, Vol. VI, Agriculture, Part II, Table 13; and Census of Canada, 1961, D.B.S. Catalogue Number 96-530, Table 21.

Average scale of Prairie farms as measured by average farm worth is seen from Table 9 (page 44) to have risen steadily throughout this century except for the set-back period of the 1930s Depression.

With scale increasing and the labour-force declining, productivity evidently is on the rise. So it has been in agriculture in most parts of the world in this century, and the result of course has been a long-run tendency for the prices of agricultural commodities to decline. From Table 1 above, it is evident that wheat returned $1.24 a bushel to the farmer in Alberta on average in the years 1911-1920, and $1.34 a bushel on average in 1951-1960. Since the purchasing power of the dollar declined steeply between the two periods, it is clear that in constant dollar terms, prices indeed have declined.[9] The case is similar for other field crops.

TABLE 9

TRENDS IN AVERAGE FARM WORTH, TOTAL AND BY ITEMS, PRAIRIES, 1901-1961
($ ,000 Per Farm)

| | Total | Buildings and Land | Machinery, Equipment | Livestock |
|---|---|---|---|---|
| 1901 | 4.2 | 2.9 | .3 | 1.0 |
| 1921 | 12.7 | 9.8 | 1.3 | 1.6 |
| 1941 | 6.6 | 4.6 | 1.1 | .9 |
| 1961 | 32.0 | 20.4 | 7.2 | 4.4 |

Source: Dominion Bureau of Statistics, Census of Canada, 1961, D.B.S. Catalogue Numbers 96-537, 96-538, 96-539.

The general tendency of the independent commodity mode of production is to evolve, under the impetus of competition and on the basis of the operation of the law of value, toward the dissolution of its structure and its transformation into a capitalist mode of production. From the discussion above, it is evident that the structure of the mode of Prairie agricultural production has been dissolving for decades: production units separating into big and small, prospering and impoverished; small producers separated from their means of production and from the agricultural commodity markets and forced to seek wage-labour to survive; large producers increasingly chasing profit to stay abreast of advances in productivity and to hedge against falling prices; consumption units and production units falling apart with the annihilation of thousands of "family farms". On the basis of these multiple forms of dissolution, capitalist and proto-capitalist forms early surfaced in Prairie agriculture.

As early as the 1920s, significant numbers of capitalist farm operations appeared on the Prairies. These farms, designated in census returns as being operated by managers, numbered some 1,100 in 1966, of which about half were institutional. More than two-thirds of the managed farms in 1966 fell in the large and upper-middle scale categories with capital values of more than $49,950,[10] and it is precisely such farms which hire wage-workers most frequently and in the largest numbers. The employment of wage-labour by even smaller farmers is of course not uncommon in Prairie agriculture, though for the most part it is the larger ones that do so, and then usually only on a seasonal basis.[11] Still, any employment of wage-labour installs a capitalist form, since agricultural wage-workers have their surplus-labour appropriated by their farmer employers, notwithstanding that the latter work alongside their hands.

Proto-capitalist relations also have appeared as between one farmer and another. Small farmers hire out in some cases as wage-workers for large farmers. Small farmers mortgage their farms in some cases to large farmers, and the interest payments on such mortgages constitute a mode of appropriation of the surplus-labour of the mortgagees. In 1946, the last year for which such statistics are included in census publications, there were some 4,100 farm mortgages held by other farmers.[12]

Farmer-operated co-operatives handling the sale of agricultural commodities and the bulk purchasing of consumer commodities and means of production for the farm population are yet another form of capitalist enterprise in agriculture. These businesses differ from a standard joint-stock corporation only in placing limits on the share-holdings of members. In all other essential respects, including the employment of wage-labour, the accumulation and re-investment of profits not distributed to members or shareholders, and the exercise where possible of monopoly-type controls, co-operatives such as these are simply capitalist companies. They are in no sense a step on the road to socialist agriculture since they have nothing whatever to do with the ownership by producers in common of the means of agricultural production.[13]

The discussion in this chapter has demonstrated that the structural and evolutionary phenomena of Prairie agriculture are precisely such as to qualify it as a concrete example of the independent commodity mode of production. To leave the political economy of agriculture in the West at this point, however, would be profoundly misleading, for it neither exists nor has it evolved in isolation from the politics and economics of Canadian society as a whole.

The investigation must be pursued to discover what have been the effects on the agricultural economy and its personnel of inter-relations with other sectors of the economy and their personnel. It is necessary to determine whether these inter-relations have promoted or retarded the general tendencies of the agricultural mode of production, or whether indeed they have done both. It is necessary to discover whether the contradictions entangling the Prairie farmer are merely those intrinsic to his own mode of production, to his relations with other farmers and with agricultural wage-workers, or whether there are extrinsic contradictions which occupy a more important place in his existence and have a most profound role in determining his destiny. These matters are the subject of the remaining chapters of this paper.

CHAPTER IV

# MONOPOLY CAPITALISM

The preceding chapters of this paper were aimed at establishing that Prairie agriculture in Canada is a concrete example of a definite mode of production with a particular structure and particular evolutionary tendencies. As was said at the outset, this analysis of the organization and evolution of the Prairie agricultural mode was preliminary to setting forth the place occuppied by it and its personnel in the politico-economic system and history of Canadian society as a whole. That is, having set forth the special characteristics of the independent commodity mode of production, I propose now to go on to show how and why this mode came to be chosen for Prairie agriculture in Canada. Having shown the tendencies intrinsic to the independent commodity mode, I propose to identify extrinsic influences on its evolution. Having exposed the mechanisms by which incomes are distributed within the agricultural mode, I propose now to examine mechanisms by which incomes are re-distributed from the Prairie agricultural classes to other classes in the society.

The preliminaries having been dealt with in the preceding chapters, then, it will be the purpose of the succeeding ones to take up some wider questions, to unravel the entanglements of the economic and political history of Prairie agriculture with the wider history of Canada as a whole. Fundamentally, these wider questions are a matter of the domination and exploitation of the Prairie agricultural producer by monopoly capital.

The monopoly form of capitalist enterprise arose in the most advanced capitalist countries in the last half of the nineteenth century. The rise of monopoly capitalism marked the advent of modern imperialism--the entanglement of the entire globe in the mechanisms of capitalist economy and the subordination of less industrialized countries to the advanced industrial centres. Monopoly capitalism has definite characteristics which mark it off from the early capitalism out of which it was born.

In early capitalism, the capitalists in each industry or type of enterprise are in competition with one another. The output of each production unit is small relative to the total, there being a large number of capitalists catering to a common, anonymous market. The competing capitalists struggle against one another to capture the biggest possible individual shares of the market and thus to protect themselves against being wiped out by their competitors. There is no alternative to this struggle, since in capitalism production and distribution are regulated only by the laws of competition, the law of value, and supply and demand. To succeed in his competitive aim, each capitalist must strive always to reduce his prices. There is only one way in which he can cut prices without at the same time cutting into his profit: he must reduce the cost of production, which is to say reduce the value of his commodities by curtailing the amount of labour-time they embody. That is, he must produce more commodities in the same period of time.

This is the same constraint which was seen earlier in this paper to fall upon independent commodity producers with ever-greater force as the independent commodity mode of production evolved, and it is a constraint met by competing capitalists in the same manner as by competing independent commodity producers. In order to reduce the cost of production, each capitalist must continually improve his equipment, rationalize the labour processes, and carry the division of labour within his enterprise to an ever-higher level. To accomplish all this, however, the capitalist must have surplus capital on hand with which to purchase the additional machinery and other means of production. The capitalist acquires the surplus needed for his constant revolutionizing of his production process by appropriating profit based on surplus-labour.

Every competing capitalist, then, is in the position of seeking always the maximum profit in order to be able to make the maximum reductions in his production costs in order to be able again to make the maximum profit. In short, every capitalist seeks to acquire ever-more profit and to build up his enterprise ~~to an ever-~~bigger scale. Those who fail to keep up with the competition are, as in developed independent commodity production, squeezed out of the market and out of production. Thus, again as in developed independent commodity production, the number of competing capitalists in each branch of industry or type of enterprise gets smaller and smaller and the survivors individually get bigger and bigger in scale. Always the goal is the expanded reproduction of the enterprise, and hence the expanded acquisition of means of production, based on the acquisition of growing masses of profit.

Now in time, the competition among capitalists for ever-more profit to build up larger and larger enterprises and squeeze out more and more laggard competitors changes the character of capitalism in several fundamental respects. Most importantly, there comes a time when the expansion in size of the average firm, brought about by the growth of the successful ones and the elimination of the failures, means that the individual firm no longer is just one small producer among many, taking the going market-price as a datum to which it adjusts most profitably. Instead, each firm now produces a significant proportion of the industry's total out-put, and therefore is in a position to affect the market-price immediately by its own production and marketing strategies. That is, the quantitative growth in the size of firm ultimately causes a qualitative leap in its economic power within its branch of production or line of enterprise. Historically, this leap was hastened by the development in the latter part of the nineteenth century of new processes in such areas as steel-making and chemicals production, and of new power-sources such as the internal combustion engine, the installation of which could be accomplished only by those capitalists or groups of capitalists having really vast surpluses of capital at their command.

The qualitatively new economic power accruing to the biggest capitalists with these developments naturally is put into play to protect and enhance their profit positions. They commence to exert a variety of monopolistic controls over production and marketing, to set prices by implicit or explicit cartel agreements, and to impose monopoly controls on raw materials sources. Collusion among the monopolies is employed to prevent outsiders from coming into monopolized branches of production or lines of enterprise. Finally, the more national economies are dominated by monopolies, the more national state apparatuses are brought to serve the monopolies' interests as "economic development" becomes increasingly identified with "monopoly development".

Domestically, the state apparatus takes measures to ensure that economic crises, which is to say crises in the expanded reproduction of monopoly profits, are minimized and where possible prevented. Thus strikes of major proportions or in key sectors are limited or stopped by the courts, police and, where required, the military, ensuring no interruption in the appropriation of surplus labour. Welfare-type measures are implemented to maintain the national purchasing power and thus ensure no interruption in the return to the monopolies of the money-price of their products. Raw materials sources are sold by the state to monopolies to ensure no interruption in the production of means of production. The state engages in infrastructural development to ensure that transportation, communication, power sources and the like are available as needed. State fiscal and monetary policies ensure the smooth working of the circulation of capital. Political and ideological measures enforce capitalist property relations and the subjugation of labour to capital.

With vast economic and political power at their command, the monopolies rapidly expand to the point of bursting not merely the bounds of single industries and lines of enterprise, but as well the boundaries of single countries. The huge surpluses accumulated cannot be indefinitely re-invested at maximum rates of profit in the industries and countries where the monopolies first arise, nor can their home regions and countries indefinitely supply growing markets and growing sources of raw materials. Hence foreign investments, foreign markets and foreign sources of raw materials must be sought, and here too the state apparatus is in the service of monopoly capital, the regimes of the monopolies' headquarters countries enforcing by whatever means necessary the penetration of other economies. Here capitalism has finally reproduced its mechanisms and its contradictions on a global scale. Now it is entire national groupings of monopolies which compete with one another for control of whole portions of the planet, and it is labourers in the millions who struggle to resist the appropriation of their surplus-labour by world-scale capital.

This whole development of huge monopolies creates a modern imperialist capitalism, the main features of whose basic economic law might be formulated as:

> . . . the securing of the maximum capitalist profit through the exploitation, ruin and impoverishment of the majority of the population of the given country, through the enslavement and systematic robbery of the peoples of other countries, especially backward countries, and, lastly, through wars and militarization of the national economy, which are utilized for the obtaining of the highest profits.[1]

The monopoly capitals questing thus for the maximum profit are of three main types, each having a different location in the mechanisms by which profit based on surplus-labour is appropriated. The three types of capital are industrial capital, commercial capital and finance capital.

Industrial monopoly capital appropriates surplus-labour directly by the real subordination to itself of production workers, and secondarily and indirectly by monopoly pricing. The industrial monopoly capitalist is the direct employer of actual production workers--workers who engage directly in the labour processes that transform raw and semi-finished materials into commodities. As shown already, the commodities thus produced embody both necessary labour and surplus-labour. The capitalist, after covering his production costs including wages on the basis of his workers' necessary labour, appropriates directly himself the fruit of the workers' surplus-labour as the principal source of his profit. In addition, however, he can obtain further profit, an additional claim on surplus-labour, by monopoly pricing.

Suppose, for example, the industrial monopolist produces all the sewing machines for the 100 different garment manufacturers in a given country. Since he has a monopoly of the market--and suppose his market is protected by high tariffs from outside competition--he can price his sewing machines as though they embody much more social labour-time than in fact they do embody. That is, he sets his prices higher than he would be able to set them if he had competitors. Since the 100 garment manufacturers are competing with one another to buy the sewing machines, they plainly must pay the price asked--there is no cheaper source of such machines, and if they do not buy they cannot expand. Under these circumstances, there is only one way in which the garment manufacturers can meet the monopoly increment on the price of sewing machines: they must devote more of the profits <u>they</u> have acquired from the surplus-labour of <u>their</u> workers to covering the monopolist's increment. Thus the sewing machine manufacturer has by his monopoly position contrived to divert an extra part of the surplus labour-time of garment workers to his own enrichment.

Commercial monopoly capitalists are the monopoly wholesalers and retailers who buy commodities from industrialists and other commodity producers and then re-sell them at a profit. The profits of commercial capital are acquired from up to three principal sources. First, the commercial capitalist employs wage-labour and adds to the commodity-value he has purchased the value which is the crystallization of the necessary labour and the surplus-labour of his own employees. On re-selling the commodity, then, the commercial capitalist recovers his outlay for its original purchase from the producer, plus his outlay for all his other costs including the wages of his workers, plus a profit based on the surplus-labour of his own workers. Secondly, he may be in a monopoly position in that he is the only buyer for the products of many producers. In this position, the commercial monopolist can force down the price he pays to the producers for their products and thereby divert into his own pocket some of their surplus-labour. Thirdly, he may be in a monopoly position in that he is the only seller to a multitude of buyers. Here again, he can force up the selling price so as to divert some of the surplus-labour of the buyers into his own pocket. To accomplish this, he may for example hoard commodities to create artificial shortages and drive up prices.

Industrial and commercial capital, in the process of squeezing the last second of surplus-labour from workers everywhere, bring about a considerable development of the forces of production and organize the creation and circulation of growing masses of use-values. Finance capital, on the other hand, is a completely parasitic form of capital, entirely separated from the development of any society's production apparatus. The monopoly finance capitalist, owner of a great hoard of money, makes his profits almost entirely by mere paper transactions that give him a variety of claims on the surplus-labour of others, without any regard to the conditions under which that surplus-labour is expended.

Some examples will show what is meant here. Suppose an industrial capitalist requires money for expansion and borrows this money from a bank. The bank charges a certain rate of interest on the loan. To pay back the principal, the industrial capitalist merely returns value for value received (ignoring of course such factors as inflation). To pay back the interest, however, the industrial capitalist must turn over to the banker a portion of the surplus-labour which the industrial capitalist has appropriated from his industrial workers. Thus the finance capitalist, the banker, has here acquired a claim on the surplus-labour of industrial workers without in any way participating in the organizing of production.

Similarly, suppose finance capitalists loan money to the state. Again, the re-payment of this money carries an interest charge. To meet the interest, the state must raise taxes on individuals and perhaps on corporations too. The only source of these taxes is the surplus-labour of individuals. Here the finance capitalist has acquired a claim on the surplus-labour of thousands of workers via the state apparatus, again without participating in any way in the direct organizing of production.

Or, suppose a finance capitalist switches his dollar holdings into German marks and the dollar is then devalued against the mark. The finance capitalist is here suddenly richer without having approached anywhere near productive activity of any kind. The basis of the profits of finance capital is then not the organization of production, but mere parasitic activity. Indeed, not only is finance capital quite divorced from the development and organization of the forces of social production, it has a great deal to do with retarding such development. Finance capital retards development in those economic sectors and in those countries which it brings so thoroughly into thrall that virtually all surplus-labour and even some necessary labour must be devoted to meeting interest payments on debts instead of to the advancement and expansion of production equipment.

From all this it can be seen that in the era of monopoly capitalism the world capitalist system is organized in hierarchies of international scope, with financial-industrial centres dominating less advanced countries, finance capital dominating industrial and commercial capitals, monopolies dominating smaller enterprises, capital in all its forms dominating labour everywhere. There are international commodity markets, international exchange relations, international production relations, international movements of capital and labour all intertwined in a definitively international economy. Competition among capitalists takes on international dimensions as does the struggle of labour against capital. National states function as debtors and servants of monopolies. No corner of the world is exempt from penetration by monopoly capital in its search for resources, labour and markets as the bases of growing profits and expanding reproduction of capital.

In Canada the rise of domestic monopoly capital and penetration by foreign monopolies, the incorporation of the country into the world system of monopoly capitalism, commenced before the birth of commercial Prairie agriculture. Hence that agriculture throughout its history, from the beginnings of permanent settlement of the western plains down to the present day, has been agriculture of the monopoly capitalist era.

The very terms of settlement were importantly determined by the needs of monopoly capital. Prairie agricultural commodities were from the start sold on the world market. The Prairie agricultural producer from the start has been subjected to multiform domination by monopoly capital, forced to give up surplus-labour to monopolists via a great range of transactions, his whole economic sector impoverished and underdeveloped in the process. For the Prairie farmer the principal contradiction entangling his enterprise has been always the contradiction with monopoly capital, an antagonistic contradiction born virtually with the Prairie commercial farm itself.

# CHAPTER V

## MONOPOLY CAPITALISM AND THE TERMS OF PRAIRIE AGRICULTURAL SETTLEMENT

The historical origins and bases of the independent commodity mode of production in Prairie farming, and of the domination and exploitation of the Prairie agricultural producer by monopoly capital, are to be found in the conditions that attended the process of western Canadian agricultural settlement. Settlement of the Western plains was prepared by expansionary drives of Canadian and British railway and financial monopolies. The terms of settlement, especially the pivotal terms of land distribution, were conditioned predominantly on the one hand by the interests of finance and railway capital and on the other hand by the relatively backward state of development of the forces of agricultural production. The result was to inscribe Prairie agricultural production in an independent commodity mode of production and at the same time to put the agricultural producer at the mercy of monopoly capital.

In the 1860s there arose for the Canadian colonial state, for Canadian capitalism, and for the sectors of British imperial capital with which Canadian capital was linked, a number of inter-related problems. These problems basically arose out of the failure of Canadian and British-Canadian capital to hold their competitive position in 100 years and more of struggle with American entrepreneurs for politico-economic control of inland and Pacific North America. In this struggle the British North American colonies had taken on huge debts to finance railways and canals. Now they were faced with the problem of productively using this transportation system at a time when the United States had refused reciprocal free trade, thus drastically reducing the freight potential.

The problem was the more urgent in that agricultural expansion in British North America had about come to an end as lands in Ontario were fully settled. Population was draining away to the lands opened up in the American midwest. Without expansion of trade and agriculture the British North American capitalists were frustrated, unable to accumulate the surpluses required to restore the colonies' international credit positions and unable to finance the use of new techniques and new processes becoming available in manufacturing. The conditions for expanded production, reproduction of capital and appropriation of surplus-labour were lacking, in short, and the difficulty was growing with passing time.

To meet these problems among others, the British North American colonies were integrated in Confederation and plans were laid for the opening up of the northern North American plains.[1] "Defensive expansion" westward was to be the basis of renewed growth for Canadian and allied British-Canadian capital, and at the same time was to block the possibility of U.S. expansion northward across the 49th parallel. As George Brown, Toronto capitalist and Father of Confederation, put it in the 1865 Confederation Debates:

> . . . it has always appeared to me that the opening up of the Northwest ought to be one of the most cherished projects. . . .

> When the fertile plains of that great . . . territory are opened up for settlement and cultivation, I am confident that it will not only add immensely to our annual agricultural products, but bring us sources of mineral and other wealth on which at present we do not reckon.[2]

The economist V. C. Fowke has noted that British North American capital had good reason to expect renewed agricultural settlement to overcome the barriers to expanded reproduction.

> The agricultural significance of Confederation lay in the realization, firmly established by the eighteen-fifties, that immigration, agricultural settlement, and wheat production could work together to provide an expanding frontier which would vitalize an economy. . . . This had been demonstrated by events in Canada from 1825 to 1850, and was continuously evident in the United States. Confederation was necessary to afford Canada the geographic locus for the restoration of such a frontier.[3]

Restoration of Canada's agricultural frontier required first a means to attract capital for the construction of a transcontinental railway system to open up the West, and second a means of attracting settlers to the Canadian Prairies in the face of competing attractions in the American midwest and in other settler colonies such as Australia. The key to both was control by the newly-constructed Canadian state of the western lands, control established by the extinguishing of the Hudson Bay Company's title and by military suppression of resistance from the Indian and Metis and some of the European inhabitants.

British finance capital agreed to back the construction of the Canadian Pacific Railway in return for title to what in the end amounted to some 18,000,000 acres of Prairie land--a kingdom mortgaged as it were to ensure financing of the project--plus juridical protection of the railway's monopoly control of western passenger and freight traffic. Later another 12,000,000 acres were similarly mortgaged to other railways in the West backed largely by British financing. The railways were built "by means of the land through which they had to pass".[4] The precedents for this method of tracking steel across the continent lay in earlier land grants to railways in the United States. Land was bait for capital. It was to be bait for settlers as well. Several factors entered into the choice of the particular terms on which land was disposed of to Prairie settlers, and principal among these factors were the needs not of the settlers themselves but of capital.

What Canadian and British imperial capital needed above all was <u>rapid</u> settlement. In general, rapid settlement was required by capital to accomplish the expansion of the bases of capitalist profit, particularly expansion of the Canadian market, and to meet the emergency that had arisen in the 1860s. In particular, the railway owners and their British financial backers required rapid settlement to give them the earliest possible opportunity for return on their investment through passenger and freight traffic, and to provide buyers for the railway land-grants. The more settlers filled up the non-railway lands, the higher would go demand for the remaining territory held by the railway owners, and hence the higher would go the prices for the railway parcels.

Capitalists were not really in a position to organize agricultural production in the West themselves, and bring settlers to the region as wage-workers on capitalist-type farms, for two central reasons. First, the financial resources required for such an undertaking on any great scale simply were unavailable. Accumulation of Canadian capital had been blocked by factors already noted, British capital already was tied up hugely in railways, and American capital was fully occuppied in the United States. As well, world-wide capitalist depression in the later 19th century was squeezing resources everywhere. Secondly, the forces of agricultural production were as yet poorly developed, especially for grain-farming on the scale required on Prairie drylands. This, plus the considerable lack of knowledge of production conditions in the Canadian West, made agriculture a highly risky undertaking and hence little attraction for major capitalists.

On top of all these c  iderations, the competition from the United States for settlers ha  be taken into account. In the United States land was granted free to settlers to establish themselves as independent agricultural producers, organizers of their own production and with the prospect of enriching themselves rather than a capitalist employer. Given the terms of settlement in the United States, it was never in doubt that Canadian terms must be equally attractive.

> To fulfill the frontier role in the Canadian economy, Canadian agriculture had to be attractive to immigrant labour and capital. This was as true for the new territories in the West as it had been in the East. . . . Requirements comprised a satisfactory land-grant system, a means of communication, and means whereby potential immigrants might be attracted to the new Canadian domain. In all these points the competition of the United States was a prime consideration. Since the passage of the American Homestead Act in 1862, nothing short of an equally generous measure would suffice for Canada.5

The Canadian decision, then, was to entice settlers to the West by offering free 160-acre homesteads on which the agricultural producer could establish himself as an independent producer, already owner of his indispensable means of production, his land, and looking to production of agricultural commodities which he would ship to market via the already established railway system. The Canadian decision, in short, was to install the independent commodity mode of agricultural production on the Prairies as the best means of meeting the prevailing needs of capital. The railways would gain freight, passengers and purchasers for their land; other capitalists would gain a greatly expanded market for a great range of products--a market protected, moreover, by tariffs established as the third pillar of the National Policy beside settlement and railways. The risks would be borne by the settlers, the benefits reaped by capital.

There was even a potential political gain for capital in the choice of the independent commodity mode of production for settler agriculture: the expansion of the class of independent agrarians who, having themselves a stake in ownership of means of production, could well be expected to stand by capital in resisting the revolutionary aspirations of the proletariat to expropriate all private property in means of production. In somewhat different terms:

> . . . ownership of the land by the individual operator has been regarded as possessing certain . . . social . . . advantages . . . absent from any other type of tenure. The presence of a large body of the population with a permanent stake in the land they operate has been credited with developing within the nation a group of citizens characterized by a degree of conservatism effective in maintaining the institutions of the country. Under such a system there is a measure of permanence and stability which . . . contributes to the development of community social institutions.[6]

It is not farfetched to think that this may have been at least a minor consideration in some form for the capitalist ruling class and its political agents organizing western settlement. The Canadian proletariat was already heightening its level of struggle against capital in the latter half of the nineteenth century, and capitalists such as George Brown already had had experience in developing political alliances with independent agrarians in Ontario--the Liberal party had its origins in such an alliance.[7] The role of independent peasants in acting as shock-troops for the bourgeoisie had, moreover, been demonstrated already in Europe, especially in France.

At any rate, capital called into being the independent Prairie agricultural producer above all to expand the market for the products of capitalist production. The realization of the whole project was delayed in the event for some 20 years by the building of the C.P.R. and the depression of the 1880s and early 1890s, but by 1895 general economic conditions were favorable. World commodity prices were moving upward, the cost of land and sea transportation of grain was declining sharply under the impact of new technology, overseas demand for Canadian grain was rising with the growth, and the organized struggle for better living standards, of the European industrial proletariat, United States "free lands" were filling up and the European populations surplus to the needs of European capital were turning their attention to Canada.[8] By 1900, settlement was in full swing. Over the next 30 years, capital as planned reaped huge gains, and the settlers as planned bore the risks.

Beginning about 1900, the Canadian economy entered the period of the "wheat boom". The Prairie population went from 420,000 in 1901 to 1,956,000 in 1921, and wheat became the country's leading export staple. Wheat exports helped pay for the import of advanced means of industrial and manufacturing production and other commodities. Canadian capital in turn had a new market in the West that needed lumber, fencing materials, machinery, clothing, road-building equipment, more railways, processed foods and a host of other things. The penetration of the new hinterland opened up not only trade on the home market, but as well new raw material sources. The profit possibilities in Canada attracted capital in huge amounts from Britain and in growing amounts from the United States. On the basis of these various developments, the Canadian economy "took off" in the first three decades of the twentieth century.

The railways in short order were making big profits on freight traffic in particular, and other industries grew by leaps and bounds. By 1920, manufacturing had surpassed agriculture as a contributor to Canada's Gross National Product.[10] In the first 15 years of this century, manufacturing capital in Canada more than quadrupled to some $2,000,000,000.[11] Total capital invested in all industry more than doubled to $5,000,000,000 between 1900 and 1910 alone.[12] Primary iron and steel output increased five-fold from 1890 to 1910. Canadian merchandise exports totalled $156,000,000 in 1900 and were over the billion-dollar mark by 1920.[13]

These were the years in which monopoly capital rose to dominance in Canada. Mergers established cartels and monopolies in a host of industries: knitted goods, rubber, soap, cottons, sugar, enamelled ware, woodenware, wallpaper, cement, asbestos, carriage-making, felt, car-building, canning, steel, fishing, lumber, cereals, box-making, wood-working tools and machinery. In all, 73 major mergers absorbed 345 enterprises from 1901-1911 and the average capital per manufacturing establishment increased from about $31,000 in 1901 to $96,000 in 1915.[14] The mergers gave birth to such monopolies as the Steel Company of Canada, with an initial capital of $35,000,000; Canada

Cement which brought nine companies together with a total capital of $18,000,000 in 1909; Dominion Textile, founded in 1904; and Imperial Tobacco and Canadian Johns-Manville.[15] In 1902-1916, banking capital commenced to centralize as well, the number of chartered banks declining to 22 from 36 while the number of bank branches rose to 3,198 from 747.[16] Politically, various capitalist organizations surfaced in this period, including especially industry-wide employers' associations. The largest of these, the Canadian Manufacturers' Association, was formed in 1903.

Meantime the Prairie settlers were finding the perils of their venture truly colossal. From 1870 to 1930 in the area covered by the three Prairie provinces of today, there were a total of more than 600,000 homestead allotments or entries. It is conservatively estimated that more than 40 per cent of these entries were cancelled within three years of being taken up because the settler had abandoned his acreage or failed to get started on developing his homestead to the extent required by the terms of the grant.[17] At least another 60,000 homesteads were given up after the three-year homestead period itself had been completed and the land-grant "proved" and patented. Those who survived this remarkable attrition included not a few who had had to make more than one start before they achieved "success".

There is then no doubt that Prairie settlement above all was organized to serve the strategic interests of capital, especially monopoly capital, and that the interests of the settler were left to be looked after largely by himself as best he was able. The settler was enticed to the West not primarily in his own interests, but rather because of the several services which he could render to the capitalists, domestic and foreign, who held the Prairies as their fief. The settler was useful as bearer of the risks and the labour involved in opening up a new territory. He was useful possibly as an ideological and political ally in class struggle. He was useful certainly as a purchaser of capitalist products, extending the market for those products and, in buying them, realizing for the capitalist vendor in money form the necessary and surplus labour embodied in them.

By his labour the Prairie settler helped capital to grow, to pass over into its monopoly stage, and to solidify its political and economic dominance of half a continent. All this however was by no means the end of the matter, for as well as being an indispensable link in the expanding circulation of capitalist commodities, a likely political and ideological ally and support of capital, and a willing bearer of frontier risks, the independent Prairie farmer was a potential source of surplus-labour on his own farm.

It has been seen already that monopoly capital is interested not only in the appropriation and realization of the surplus-labour of the wage-workers in the capitalist enterprises which it has organized itself. It is interested also in the appropriation and realization of the surplus-labour of all workers everywhere--including those workers who, like the Prairie farmer, still possess their own means of production and organize their own enterprises. Monopoly capital, then, was interested not merely in selling to the Prairie agricultural producer in order to realize the fruits of the exploitation of wage-labour in capitalist production. Monopoly capital was interested as well in the exploitation of the agricultural producer's labour in his independent commodity production. In this as in other respects, the terms and conditions that attended the process of Prairie settlement were such as to put the agricultural producer in the service of capital.

On the one hand the Prairie farm producer started out with but primitive production equipment and typically with little more than the 160 acres of land granted free under the homestead laws. On the other hand, as an independent commodity producer in competition with thousands of others, he must quickly fall under a continuing compulsion to intensify and expand his enterprise. Now there could be but one source of advanced equipment: capitalist production. Similarly, much of the land, especially the choice land, available for expansion was in the hands of monopoly capital, owned by the railways or by the Hudson Bay Company. Still further, in order to obtain the funds with which to purchase land or production equipment, the farmer first had to use the transportation and marketing facilities operated by monopolies to market his commodities.

The Prairie agricultural producer then from the start was constrained to enter into a variety of commercial transactions with monopoly capital, but he did so on quite unequal terms. His bargaining power was limited by the fact that he was but one among thousands of producers vying for equipment, land and transportation and marketing facilities. The bargaining power of monopoly capital was enlarged by all of the elements of its economic and political dominance. The stage was set for transforming the farmer first into a formal wage-labourer for monopoly capital, and ultimately into a real wage-labourer. The process of the agricultural producer's proletarianization unfolds from this point in the next chapter.

# CHAPTER VI

## THE DOMINATION AND EXPLOITATION OF THE PRAIRIE FARMER BY MONOPOLY CAPITAL

Those politico-economic relations which determine the destination of surplus-labour, which determine whether surplus-labour is appropriated by the labourers themselves or by non-labourers, are called social relations of production, as distinct, say, from relations of exchange or relations of distribution. A social relation of production on the basis of which surplus-labour is appropriated by a non-labourer is, scientifically speaking, a relation of exploitation. As such, it must be enforced by the non-labourer: the labourer must be subordinated to the non-labourer in some fashion in order that the theft of surplus-labour can be accomplished. Capitalist social relations of production, through which surplus-labour is appropriated by non-labouring capitalists, are based on two main kinds of subordination of labourers: formal subordination and real subordination.

Real subordination of a labourer to capital is what occurs within the capitalist mode of production fully developed. In real subordination, the actual mode of labour is subjected to the rule of capital: workers are brought together in extended and complex divisions of labour and are linked up with complex and highly productive machinery, and scientific knowledge is consciously applied to the immediate process of production, all this occurring at the behest of the capitalist organizer of production. Real subordination, that is, rests on the capitalist organization of the direct labour processes and the appropriation of growing masses of relative surplus-labour. Here necessarily the worker is a wage-worker, entirely separated from possession of the means of production, the instruments of labour. In the actual process of production where there is real subordination, the worker functions as a living element of capital--he gives up surplus-labour not in an exchange with capital, but rather in functioning as a living part of capital, really subordinated to the capitalist.

Formal subordination of a labourer to capital is what occurs when capital appropriates surplus-labour on the basis of modes of labour which have developed outside of the capitalist mode of production itself. That is, in formal subordination it is not the capitalist organization of the direct labour processes that generates growing masses of relative surplus-value; it is rather pre-capitalist labour processes which, from the capitalist's point of view, generate for him masses of absolute surplus-value. In formal subordination the worker may be a wage-worker, separated from the means of production, or he may be himself still the possessor of his own means of production. In either case, it is a traditional labour-process, a labour-process developed outside of the capitalist mode of production, which is subordinated to capital. Surplus-labour can here be given up in an exchange with capital, an exchange which may conceal the social relation of production which really is at work.

Some examples will assist in making clear the distinction of formal from real subordination. In a modern automobile production plant, there is real subordination of labour to capital. Here it is the capitalist owners and managers who decide what labour-processes will be carried out, and who have revolutionized the labour-processes on the basis of big-scale, complex machinery and the conscious application of scientific knowledge. Only in fully-developed capitalist production (or in socialist production) can there be the kind of elaborate socialization of labour--many workers co-operating in an extended technical division of labour--and the immensely productive machinery found in modern automobile production. The creation of relative surplus-value through the constant advance of productivity and the reduction of the necessary labour required to turn out the commodity, is here the key basis of capitalist profit.

The auto-worker receives a wage, but this monetary exchange is separated entirely from the actual appropriation from the worker of surplus-labour. The worker gives up surplus-labour on the production floor, as a living element of capital, during the labour-process. Indeed, the worker's real subordination to capital as a living element of capital is expressed in modern industry in his actual subjugation to capital in the form of modern machinery. The capitalists' machines in modern industry are a concrete force over and against the worker, a natural force the movements of which are followed by the worker.

> . . . the implements of labour, in the form of machinery, necessitate the substitution of natural forces for human force. . . . In its machinery system, Modern Industry has a productive organism that is purely objective, in which the labourer becomes a mere appendage to an already existing material condition of production. . . . In handicrafts, . . . the workman makes use of a tool, in the factory, the machines make use of him. There the movements of the instrument of labour proceed from him, here it is the movement of the machine that he must follow.[1]

In a fifteenth-century textile manufactory, there is formal subordination of labour to capital. Here the labour-processes are labour-processes developed in pre-capitalist modes of production, say by craftsmen who made clothing in feudal times. The fifteenth-century capitalist here simply brings together many workers under one roof, perhaps supplies them with their means of production, and then gathers up their production and sells it, reaping both necessary labour and surplus-labour in the process. Since the labour-processes are not altered by the capitalist, are not brought under his dominion, it is absolute surplus-labour which he appropriates. That is, his profit is based mainly on the extension of the working-time of the labourers past the working-time required to cover costs of production including the workers' costs of living.

> It is to differentiate from the capitalist mode of production fully developed that we call formal submission of labour to capital, the subordination to capital of a mode of labour which has developed outside of capitalist relations. . . . Capital yields . . . to a process of labour determinant and pre-existing; for example, the artisan's labour. . . . The only transformations that capital's power registers in the traditional process of labour, subordinated to the command of capital, are the progressive consequences of the subordination, henceforth realized by capital, of the given traditional process of labour.[2]

Likewise, where capital appropriates the surplus-labour of an independent producer who possesses his own means of production, the exploitation is based on formal subordination of the producer, the labourer, since the labour-process does not come under the dominion of the capitalist. Thus, suppose an independent handicraftsman produces woodenware commodities with his own means of production and then sells the commodities to a merchant. The merchant can here appropriate some of the handicraftsman's surplus-labour by, say, using monopoly power to force the handicraftsman to take a reduced price for his products. The handicraftsman's labour-process is not altered by the merchant capitalist, and the surplus-labour given up in the market exchange is therefore absolute surplus-labour, won by the handicraftsman's extension of his working-time. Here the market exchange relation conceals a social relation of production in which the handicraftsman's surplus working-time is exploited by a non-labourer.

> I call formal submission of labour to capital the form which rests on absolute surplus-value because it is not distinguished except formally from the anterior modes of production on the basis of which it arises spontaneously (or is introduced), whether the immediate producer continues to be his own employer, or whether he is obliged to furnish surplus-labour to another. All that has changed, is the constraint exercised or the method employed for the extorting of surplus-labour.3

Monopoly capital has from the beginnings of commercial Prairie agriculture in Canada extorted surplus-labour from the independent agricultural producer on the basis of formal subordination of the farmer as labourer. The farmer has remained in possession of his means of production and has remained responsible for the organization of his labour-processes. He has been not a living element of capital, concretely subordinated to machinery on a factory floor. Rather, he has remained always himself the subject of the agricultural labour-processes, repairing his own machinery, clearing and breaking his own land, operating his own machinery, casting his shadow on the land he possesses. Still he has been compelled to give up surplus-labour to capital, has been formally subordinated to capital. The basis of the Prairie farmer's formal subordination as a labourer to capital has been the conjuncture, the systematic articulation, of the historical and material conditions which have been set out in this paper.

On the one side of this conjuncture stands the agricultural producer. Historical and material determinants have made of him an independent commodity producer, possessor of his own means of production including land, a producer for the market rather than for his own consumption. Historical and material determinants likewise have installed him on a restricted tract of not much more than 160 acres and have given him initially backward instruments of production. His mode of production is such, however, that he is constrained to compete with many like himself to make a living and perhaps to prosper and grow. In face of the fluctuations of the market and the inequalities of strength among himself and other producers of agricultural commodities, he must strive always for more production with more and better means of production, longer working days and more efficient allocation of his time. Competition involves him in the accumulation of his own surplus income, and its continual re-investment in the growth of his enterprise. He cannot make a living, ultimately, without expanding his enterprise, and he cannot expand without selling ever-more and ever-cheaper commodities on the market.

On the other side of the conjuncture stands the monopoly capitalist. The historical and material determinants of <u>his</u> situation constrain him to make the chief aim of his enterprise the reproduction of his capital, and hence of his profit, on an ever-growing scale. He quests for the basis of profit, surplus-labour, everywhere: in his own enterprises where the real subordination of labour to capital has been effected; in others' enterprises wher the formal subordination of labourers can be accomplished. To the search for profit the monopoly capitalist brings an array of powers, political and economic.

Where his subordination and exploitation of the independent farmer is concerned, the first among the monopoly capitalist's powers is that he figures as the chief source of the things the agricultural producer needs to carry on his modern agricultural enterprise: advanced means of transportation, large-scale marketing facilities, cheap mass-produced consumer items, additional land, advanced means of agricultural production. Without these things, which with the exception of the land historically came onto the stage with and by monopoly capitalism and its scale and technology, modern commercial agriculture on the Prairies would be out of the question. Railways open up markets far away, telegraph and radio provide market data, mass-produced consumer commodities reduce or eliminate the necessity to produce clothing and processed food on the farm for immediate consumption, tractors and combines and artificial fertilizers let the producer bring greater masses of product to the market. In creating these things, monopoly capital at the same time creates the need for them, both in the sense of holding out the concrete possibility of a better standard of living for the farm family, and in the sense that no farm producer can fail to expand his enterprise if he would not be driven to the wall in the competitive struggle.

The farmer then must sell through, and buy from, monopoly capital: must enter into market exchange relations with monopoly capital. These exchange relations, however, have ever offered welcome terrain to monopoly capital for the formal subordination of the farmer, for the concealment behind the exchanges of production relations which divert the farmer's surplus income into the pockets of the monopoly capitalist. The historically earliest manner of accomplishing this kind of exploitation was outlined in Chapter IV, where it was shown how a monopoly buying from many producers or selling to many buyers can appropriate surplus-labour, the basis of extra profit, by forcing down purchase prices and forcing up selling prices. Thus at first on the Prairies, various independent competing operators built so-called "flat warehouses" beside the railway tracks and vied for the initial purchase of farmers' grain. There was here initially genuine price competition and the farmers had some assurance that they could "shop around" for the best "track price" for their commodities. Likewise there was competition among other independent commission buyers who, while they did not operate flat warehouses, would buy on behalf of millers and the like for competitive prices.

By the 1890s, however, when Prairie settlement was fairly underway, this situation was changing drastically. Railways, in particular the C.P.R., complained that the proliferation of flat warehouses worked against the orderly transportation of grain, since they provided only temporary storage and the railway had to supply huge numbers of grain cars in a few weeks after harvest, then hold these cars idle until the next harvest. Meantime "line elevator" companies had been established to set up large elevators at central points along railway lines where grain could be bought in large quantities for wholesaling and where it could be stored for long periods of time. Ostensibly to ensure orderly transport of the grain, the railways refused to transport grain for independent buyers or for farmers themselves and would take it only from the line elevators. The line elevator companies organized themselves into a cartel, the North West Elevator Association.[4] The once competitive "track prices" ceased to operate, and farmers had to accept the prices dictated for grain by the elevator-railway combine. They already were being forced to accept the transportation rates dictated by the railways, especially the C.P.R. with its statutory transcontinental freight monopoly. Still this was only the beginning.

The elevator-railway combine was in a position not only to dictate prices in general, but as well to determine the grade assigned to a farmer's grain and the dockage, or the amount of wastage which would occur as his grain was processed by wholesalers for resale. On the grade and dockage depended the specific price to the farmer. With good reason, as shown by subsequent official investigation, the farmers suspected the combine of various sharp practices in these matters: assigning unfairly low grades and unreasonably high dockages, mixing high and low grades and selling the mix from terminals as though it were all of the high grade, padding sales with wastage, short-weighting the farmer. Similar practices were charged by farmers in the marketing of other farm products such as cattle, sheep and dairy products.[5]

Exploited as a seller, the Prairie agricultural producer was exploited as well as a buyer. He purchased his equipment and supplies from corporations which not only were in monopoly positions in the market by virtue of their scale and their tacit or explicit pricing agreements, but had their monopolies protected by tariffs. The tariffs on farm machinery and supplies were said by government and industry to be required for the protection of home industries and the raising of funds for public purposes. From the farmers' point of view, however, they merely assisted the monopolies in carrying out the exploitation of the agricultural producer. The cost increments on these items imposed by the tariff when they were imported made, the farmers a captive market for high-priced products of Canadian industries. The more the farmer expanded his enterprise, and the more he concentrated on commercial production for the market as opposed to production for immediate consumption on the farm, the more he found himself exploited by the protected domestic producers of his means of production and consumer commodities.

The Prairie agricultural producer has faced monopoly power in buying machinery and supplies, and in selling his products, continually from the days of the railway-line elevator combine down to the present day. Transportation rates are still subject to monopoly controls, now "socialized" under the Canadian Transport Commission. It is well-known that farm machinery companies are among the largest monopolies in North America.[6] Various farmer-operated businesses have intervened in the process of selling agricultural commodities, as have government agents such as the Canadian Wheat Board, but private monopolies have by no means been eliminated. The international export of grains still is carried out by monopolies under contract arrangements with the Wheat Board: in Canada the four major international grain exporting companies are Cargill Incorporated, Minneapolis; Bunge and Borne Incorporated, Argentina; Continental Grain Company, New York; and Dreyfus, a Swiss combine.[7] Milling, meat-packing and sugar-refining all are carried on by monopolies.[8]

As well, there is the phenomenon of vertical integration, in which monopolies extend vertically and bring under one umbrella a range of steps in the buying and selling of agricultural products from purchase and transport through processing, wholesaling and retailing. In the manipulation of accounting between one step and another in a vertically integrated monopoly there is ample room for ensuring low prices to the producer and high prices to the consumer. The same ends can be accomplished as well by the hoarding of produce, creating artificial shortages at the wholesale and retail levels that allow prices to be forced upward.

The farmer is formally subordinated to capital not only in selling through and buying from monopolies, but as well in going onto the "money market" for cash with which to expand and intensify his production. Driven to expand and intensify under the lash of competition, starting out in a great many cases with but backward means of production and in most cases with limited land resources, forced continually to give up surplus income to monopoly capital, faced with fluctuating prices on agricultural commodity markets and long-run decline of agricultural commodity prices, sooner or later virtually every farmer must turn to the credit system.

It has been seen already in Chapter IV that the interest paid on consumer credit, machinery and equipment liens and mortgages represents a claim by capital on the farmer's surplus-labour. By far the greatest part of farm credit is obtained from machinery and equipment monopolies, finance capital and the state. Borrowings from the state, as the state largely co~~vers these~~ by borrowing in turn from finance capital, are in the final analysis also credit obtained from financial monopolies. In a credit transaction, the social production relation by which capital appropriates surplus-labour in the form of interest payments is concealed behind a juridical relationship, a contract. The contract suggests that the contracting parties have received equal treatment in the transaction, when in fact nothing could be further from the truth. What the contract really does is stipulate that the farmer, while retaining possession of his means of production, gives up juridical-economic ownership of at least a part of them. On the basis of the transfer of juridical-economic ownership, he must turn over some part of his surplus income to the new juridical-economic owner. Further, his possession of his means of production may be ended along with juridical-economic ownership if he should fail to tur over enough of his surplus income to meet the contract terms. Credit transactions, in short, are formal expropriations which may pass over into real expropriation through foreclosure or "repossession".

An idea of the scale of the exploitation of Prairie agricultural producers through their formal subordination to monopoly capital in market exchanges and credit transactions can be gained from statistical data. In 1931 some 110,000 Prairie farms reported their land mortgaged in whole or in part.[9] These mortgages plus additional agreements for sale comprised about 75 per cent of a total Prairie farm indebtedness of some $650,000,000 estimated for that year. Some $50,000,000 was owed to implement companies--this some 10 years before commencement of the big post-Depression surge in farm mechanization.[10] In 1941, 120,000 farms reported mortgages or agreements for sale.[11] These plus liens on crops, livestock, implements and machinery added up to a total indebtedness of some $320,000,000.[12]

The greatest part of the mortgages and agreements for sale were on farms of more than 300 acres in extent in 1941.[13] In 1951, 62,305 farms reported mortgages or agreements for sale; in 1961, 58,636 farms reported these.[14] Of the 1961 mortgages and agreements for sale, about

26,000 were held by the state, about 11,500 by banks, insurance companies and loan, trust and mortgage companies.[15] Alberta farms paid in 1956 an average $186 each in interest on indebtedness; by 1966 this figure was $604 per farm.[16] Figures for the other Prairie provinces were comparable. Under the federal government's Farm Improvement Loans Act in the years 1945-1967, some 980,000 loans averaging $1,500 each were made to Prairie farmers for a total amount loaned of almost $1,500,000,000. These loans were primarily for purchase of implements, purchase of livestock and construction on the farm.[17]

As credit transactions have been on a huge scale, so also have purchases by the farmer from monopolies, especially in more recent years. Prairie farmers spent about $22,000,000 in covering tractor operating costs--costs of fuel, lubricants, tires and the like--in 1931. By 1961 they were paying some $120,000,000 a year for this item. They spent $100,000 on fertilizers in 1931 and $16,000,000 on fertilizers in 1961.[18] Total machinery operating expenses for Alberta farmers in 1926 averaged $159 per farm. Forty years later, this figure was $1,700 per farm.[19] Between 1951 and 1961, Prairie farmers increased the value of the machinery and equipment on their farms by some $350,000,000 to a total of $1,500,000,000.[20]

This all goes to show that, on a really huge scale, the Prairie farmer is, and for long has been, involved in transactions with monopoly capital in all its forms: industrial, commercial and financial. It has been seen that the exchange and juridical relations involved in these many transactions conceal social relations of production through which the farmer is formally subordinated to monopoly capital in such a way that he continually gives up surplus-labour to capital. His oppression and exploitation under the regime of monopoly capital by no means ends here, however.

The farmer, like the wage-labourer, lives and works according to politico-economic processes that unfold under the generalized domination of monopoly capital. Thus he must look out for not only natural calamities of weather and pests, but as well for the economic calamities which are the repeated crises of capitalism. Before the economic calamities, he is more helpless than before the natural ones. He must pay taxes to the state for the support of the unemployed, who constitute the reserve army of labour of monopoly capital, for the counter-revolutionary wars conducted by monopoly capitalism, like the adventure in the Soviet Union in 1919 and the so-called "police action" in Korea in the 1950s; for wars like that of 1914-1918 arising out of inter-imperialist struggle. He must, like all producers in Canada, pay a share of the tribute owed to foreign monopoly capital in consequence of the foreign domination of the Canadian economy. He must suffer the consequences of endemic inflation caused to no small degree by the parasitism of finance capital which sets into motion huge amounts of currency chasing smaller amounts of goods and services. Inflation falls the more heavily on him in so far as his income is fixed by the relative rigidity of world prices for agricultural commodities. As well the farmer must live the politico-economic consequences of the maintenance of private ownership of land in the era of monopoly capitalism.

Land in any economic epoch is above all the basic means of agricultural production. In the capitalist epoch, however, it is something else as well: a source of unearned profit for those powerful enough to assert juridical-economic ownership of it.

Suppose individual A owns 160 acres of arable Prairie land. Individual B desires to go into farming on this 160 acres, creating with the land through his own labour commodities for sale on the market. Before individual B can do so, however, he must have possession of the land. Yet standing between individual B and his possession of the 160 acres is individual A's juridical-economic ownership of those acres. Individual A, by virtue of his ownership, is able to demand from individual B a payment in kind or in money before individual B will be permitted to go into production on A's land. That is, individual B must rent or buy the land from A in order to take possession of it.

Now what is to be noted here is that individual A has done precisely nothing to earn the rental or purchase price of the land. Individual A is not the creator of the land's value, for in the capitalist epoch value is, as we have seen, based on the expenditure of labour-power, on the labour of working people. Indeed, in this sense--the only sense that matters in the capitalist epoch--the land has no value, in and of itself. Land can yield up value only in combination with labour, only when it is worked on, under capitalist conditions.

What, then, is the origin of the value paid over to the land-owner by individual B? The origin of this value is B's own labour. Individual A does not work; he merely owns land. Therefore he himself creates no value with the land. Instead, he simply holds the land in order to coerce individual B into giving up to him a certain portion of B's surplus-labour in return for permitting B to work the land. The juridical-economic ownership of land in the capitalist epoch then is a straightforward assertion of coercive power over those who would use the land for productive purposes--whether capitalists needing land on which to organize capitalist production of surplus-value, or independent producers needing land on which to organize production of surplus income in an independent commodity mode of production. The price of land is nothing but a claim by land-owners on the future surplus-labour of others. This price, this claim on surplus-labour, can be called anticipated rent. Rent is that portion of surplus-value which goes into the pockets of landowners who parasitize on production.

Purchase of land differs entirely in this respect from purchase of other means of production such as, say, machinery. The machinery has value because it is a product of labour; the land has value merely because the land-owner has asserted his power over those who would labour with the land. Hence it is clear that the money paid out by Prairie farmers over some 100 years for purchase and rental of land represents the giving up by these farmers and their agricultural wage employees of labour-value to land-owners who did not in any sense earn this value.

The juridical-economic ownership of land by a person other than the agricultural producer, and the sale or rental of land to the producer, are therefore not what they seem--a juridical relation and an exchange relation--but rather the veils drawn over a social relation of production, an exploitative relation permitting the appropriation of the surplus-labour of others. The reality of land ownership surfaces explicitly when the power implied in it is deployed to expropriate the possessor of land by foreclosing on a mortgage or terminating a lease. This reality is registered also in the means by which ownership of Prairie lands was asserted in the first place by the state; the Prairies were conquered by out-right military aggression, trickery and corruption visited deliberately upon their native inhabitants. It was coercive state power that put 18,000,000 Prairie acres in the hands of the C.P.R. By the same token, it is state power in the shape of the bailiff or police officer that puts land in the hands of its "owner" in a foreclosure.

Juridical-economic ownership of the land of course appears to the independent farmer as the guarantee of his possession of the land. More importantly, however, it is equally the guarantee of the possibility of his loss of possession of the land, and the guarantee of the possibility that he may be exploited through the conditions of his possession of the land. Both possibilities have been realized on a truly grand scale. The numbers of farmers expropriated have already been indicated: well over 100,000. A significant proportion of these expropriations occurred through foreclosure, and there would have been many more had not the provincial governments of the Prairies stepped in during the 1930s Depression to block foreclosures. As to the values appropriated from agricultural producers through the land ownership and rental mechanisms, these run into the hundreds of millions of dollars.

The Hudson Bay Company sold lands to farmers worth an estimated $60,000,000.[21] The C.P.R. sold lands to farmers up to 1930 worth $178,000,000.[22] Smaller amounts were reaped in sales by other railway companies. In 1901, some 90 per cent of Prairie farmers owned all their land. By 1941, about 40 per cent were renting part or all of their land, and this proportion held down to 1966.[23] A great many rentals are from trust, mortgage and insurance companies. In 1921 Prairie farmers paid a total of more than $40,000,000 for land rental; in 1951 more than $61,000,000; in 1961 about $60,000,000; in 1966 more than $76,000,000.[24]

The figure can be expected to continue rising as land prices continue their upward movement and as farmers are forced to rent to expand in face of their inability to pay for land purchase.

On the basis of these figures, it can be estimated conservatively that upwards of $2,000,000,000 in rent, including anticipated rent in land purchases, has been given up to capital by Prairie agricultural producers in this century. No small role in this colossal theft was played by the establishment of the size of initial homesteads in the settlement period at 160 acres, and the interspersing of the homestead lands with choice railway and Hudson Bay grants that ~~would become~~ become saleable as the homesteaders came to need more land for expansion. The initial homestead area of 160 acres was dictated in part by American precedent, in part by considerations of the density of settlement required to provide a taxation base for construction of roads, public buildings, schools and the like.[25] By the beginning of this century, however, it was clear that new machinery and economic considerations demanded larger farms, and the railways and Hudson Bay Company commenced to sell their grants.

It is to be noted that industrial capital as such has no interest in the maintenance of the private ownership of land, since this simply means that the industrial capitalist must consecrate some of the surplus he has appropriated from wage-workers to the payment of rental or purchase-price for land: he must give up some of his profits to a land-owner, a finance capitalist. In the era of monopoly capitalism, however, finance capital exercises dominance ultimately over the whole political economy of the societies in which it is installed. One expression of its dominance is its perpetuation of the hoax that land without labour should have a money-price. This proposition is similar to another hoax of finance capital: that money itself has a price. On the basis of the idea that money in itself has a price, finance capital not only claims surplus-labour through interest payments on loans and mortgages, it also parasitizes on the agricultural producer by speculating on the price movements of the commodities produced by him, again reaping windfalls without ever coming within 1,000 miles of the actual work of production.

It is unnecessary to proceed beyond this point with the discussion of the forms of domination and exploitation of the agricultural producer of Prairie Canada under the regime of monopoly capital. It is clear enough that the forms of domination are many and the scale of the exploitation colossal. On the basis of this domination and exploitation, the monopolies serve on all fronts their end of expanding their capital. On the basis of the installation of the agricultural producer on the new Prairie lands, capital achieves the expanded reproduction of means of subsistence for the urban proletariat, the living element of capital. On the basis of the agricultural producer's needs as a consumer, capital achieves the expanded reproduction of its markets and its profits. On the basis of its ownership of land and money, finance capital expands profits still further. From the expropriation of independent agricultural producers and their expulsion to the cities, capital achieves the expanded reproduction of the wage-labour force and the reserve army of labour. These are the results for capital. The results for the farmer, for the agricultural producer, are quite different.

It will be evident now that the evolutionary phenomena of Prairie agriculture encountered in Chapter III of this paper cannot be merely the simple results of the processes intrinsic to the agricultural mode of production itself, but must rather be the results of those intrinsic processes inter-related with the process of the exploitation of the agricultural producer from "outside" by monopoly capital. In light of this, the phenomena require to be re-examined.

Consider the phenomena of the impoverishment and expropriation, the proletarianization, of the masses of small and lower-middle farmers. These phenomena were treated in Chapter III as being a matter of the "weakening of the weak and strengthening of the strong" in the course of competition among many farmers of unequal strengths to sell on uncertain markets. It is clear now, however, that these phenomena are as importantly a matter of the subordination and exploitation of the agricultural producer by monopoly capital. Capitalist exploitation of the agricultural producer falls more catastrophically on the small and lower-middle farmers in so far as they have relatively less surplus income than the upper-middle and large with which to meet the demands of capital. The impoverishment of the masses is thus greatly heightened and intensified by their subordination not merely to the play of market forces, but as well directly to capitalist exploitation. Expropriation is not simply the outcome of failure in competition on the market, it is as well the outcome of failure in the struggle with capital over the farmer's surplus income.

The independent farmer starts out as simultaneously worker and owner, as a labourer who also owns his own means of production. It was seen in Chapter III that this unity of worker and owner in one person tends to dissolve as the independent commodity mode of production evolves: the small and lower-middle farmers are driven down to the point of having to struggle merely to make a decent living, like proletarians; the larger farmers more and more conduct themselves as capitalists, their goal more and more exclusively being profit.

Where farmers are being exploited by capital, this dissolution is inter-related with another imposed by their exploitation: the objective dissolution of the individual farmer into his three personae of land-owner, owner of means of production, and labourer. Under the regime of monopoly capital, the farmer is subject, as already seen, to being expropriated as a land-owner often long before he is expropriated as an owner of his other means of production. Once expropriated as a land-owner, the farmer as owner of his other means of production can continue in business only so long as he can continue to pay his rents or mortgage interest. The only source of these rents or mortgage interest which as owner he pays over to the land-owner is, however, the labour of himself and members of his family. He therefore is put objectively in the position of organizing his own exploitation of himself and his dependents on behalf of the land-owner who as mortgage-vendor or lessor is parasitizing on him.

This exploitation of the farmer--and of members of his family--by himself is very real. He literally "drives himself" and drives his dependents to longer hours, more intensive labour, increased production in order to meet the land-owner's demands. This phenomenon is the concrete reflection within the agricultural mode itself of the formal proletarianization of the farmer by monopoly capital. Here the formal subordination of the agricultural producer to capital figures as a prelude to real subordination. Formal expropriation of the farmer as land-owner precedes his real expropriation.

Intermediate between the farmer's formal expropriation and his real expropriation there is often the stage of his reduction to the position of semi-proletarian. This occurs when the farmer--in the great majority of cases the impoverished small or lower-middle farmer--is forced, in order to hold onto his farm, to spend part of his time working as a wage-labourer either on another farm or in a work-place in town or city. In 1966, a total of more than 58,000 Prairie farm operators reported some off-farm work for wages. These operators worked a total of more than 7,000,000 man-days for wages through the year. About 28,000 of the semi-proletarian operators reported working fewer than 97 days out of the year for wages off-farm; 17,500 reported working 97-228 days; and the others reported working 229-365 days.[27] About two-thirds of the total off-farm work-days were worked by operators of farms with annual sales of farm products of less than $5,000, which as has been seen are overwhelmingly small and lower-middle farms.[28]

If the phenomena of the ultimate proletarianization of the small and lower-middle farmers, and ultimately of more than a few upper-middle farmers, appear more complex when re-examined in the light of the domination of the agricultural producer by monopoly capital, so also do the phenomena of the prosperity of the minority of large farmers and their transformation into capitalists. It is not only the small and middle operators who come under domination and exploitation by the monopolies, it is <u>all</u> farmers, since all must enter into market and credit transactions with capital and must buy or rent land from capital. All farmers, that is, are impoverished by their relations with capital. With the small and middle farmers, impoverishment takes the form of ultimate expropriation. With the large farmers, impoverishment takes the form of a tremendous retardation of the development of their forces of production.

Operating under the regime of monopoly capital, the large farmers are forced to devote considerable proportions of their resources to purchase or rental of land and to the paying of all the other kinds of tribute to capital. The degree to which they do this is the degree to which they are unable to consecrate their surpluses to the revolutionizing of the technical basis of their production and are unable to devote their surpluses to the hiring of wage-labour. Hence the technical division of labour in agriculture cannot be extended, the general advancement of machinery and implements in agriculture is retarded, and the large farmers cannot achieve the scale required to go over to capitalist production. It is notable in this regard that there were more farms designated in census returns as managed farms, considered here as capitalist farms, in 1921 than there were in 1966.[??]

The retardation of the development of the agricultural forces of production in fact is global retardation in Prairie agriculture as a whole, since the small and middle farmers as well as the large are unable to make full use of the advanced means of production which, from a purely technical point of view, are available. It is not difficult to gain some idea of the really vast extent to which this retardation has taken place. The figures set out earlier in this chapter make it an eminently safe estimate that Prairie agricultural producers in total have paid over at least $3,000,000,000 in tribute to capital, largely to monopoly capital, in consequence of their subordination and exploitation in this century. Yet in 1961, the total value of all machinery, equipment, implements and livestock on Prairie farms was estimated at only $2,544,000,000.[30] The latter figure is some index of how much the farmers have accumulated for themselves from their surplus-labour; the former is some indication of what capital has accumulated from the surplus-labour of agricultural producers for itself.

In a phrase, then, the effect of the domination and exploitation of the Prairie agricultural producer by monopoly capital has been the multi-faceted impoverishment of the whole agricultural system. The phenomena of Prairie agriculture's evolution arise as much out of this global impoverishment as they do out of the processes intrinsic to an independent commodity mode of production. Under the regime of monopoly capital, the forces of agricultural production are kept so backward as to block the transformation of independent agriculture into capitalist agriculture. The necessity of paying tribute to capital enjoins longer hours of work, more intensive work, in some cases a second job for the agricultural producer. The farmer's impoverishment means that he is constrained to cut back the wages he pays to agricultural wage-labour.

The necessity to farm intensively and, in the long run, wastefully so as to accumulate enough to modernize and at the same time to give up surplus to capital exhausts the soil. Average yields on Prairie land today are little if any greater, even with fertilizers, than they were 65 years ago.[31] The anarchy and uneven development of the national economy in the era of monopoly capitalism means that no attempt is made to return to the countryside the bulk wastes accumulated in the cities after the consumption of food, so that on this count too the soil is steadily exhausted. The same anarchy and uneven development means as well the impoverishment of cultural and other aspects of life in the rural areas. The crises of monopoly capitalism like the 1930s Depression wreak their particular havoc. Ultimately, the urban wage-worker too feels the effects: the reduction of the price of food, aside from being unlikely under conditions of endemic inflation, is anyhow fundamentally blocked by the retardation of the development of the agricultural forces of production and by the intervention in food pricing of the monopolies that stand between the agricultural producer and the urban worker.

The domination and exploitation of the Prairie agricultural producer by monopoly capital totally confounds the purposes and aims of the producer. The producer seeks to work for himself, to make a decent living for himself and his dependents, to prosper through his own efforts. Under the regime of monopoly capital, he is forced to work for others, a decent life is denied him, monopolies prosper at his expense. In this profound opposition between the purposes and aims of the agricultural producer and the realities of his situation under the regime of monopoly capital lies the principal contradiction entangling Prairie agriculture in Canada.

## CHAPTER VII

## CONCLUSIONS: THE CONTRADICTIONS OF PRAIRIE AGRICULTURE

Consider the Prairie farmer as the intersection of a structure of contradictions. The contradictions in this structure include importantly one between the structural limitations of the independent commodity mode of production and the potential for development of the agricultural forces of production; another between the farmer and the agricultural wage-worker; another between the big farmer and the small farmer in the agricultural commodity market; another between small and middle farmers and urban wage-workers; still another between the very few capitalist farmers and urban wage-workers; sometimes a contradiction between the farmer himself as owner and the same farmer himself as labourer, and sometimes too a contradiction between the farmer and members of his family who may objectively work "for" him. The contradictions in the structure also include a contradiction between the agricultural producer and monopoly capital, a contradiction that takes various forms and has multiple effects.

How should this structure of contradictions be analyzed? What most significantly can be said about it?

> If in any process there are a number of contradictions, one of them must be the principal contradiction playing the leading and decisive role, while the rest occupy a secondary and subordinate position. . . . One of them is necessarily the principal contradiction whose existence and development determines or influences the existence and development of the other contradictions. . . . Therefore, in studying any complex process in which there are two or more

> contradictions, we must devote every effort to finding its principal contradiction. Once this principal contradiction is grasped, all problems can be readily solved.[1]

> . . . in any given contradiction, whether principal or secondary, should the two contradictory aspects be trated as equal? . . . No. In any contradiction the development of the contradictory aspects is uneven. Sometimes they may seem to be in equilibrium, which is however only temporary and relative, while unevenness is basic. Of the two contradictory aspects, one must be principal and the other secondary. The principal aspect is the one playing the leading role in the contradiction. The nature of a thing is determined mainly by the principal aspect of a contradiction, the aspect which has gained the dominant position.[2]

In coming to grips with the problems faced by Prairie farmers, problems discussed throughout this paper and generally recognized under the broad rubric of "the farm problem", it is essential to determine which of the several contradictions in the agricultural process is principal, and which of the aspects of the principal contradiction is its principal aspect. This is the procedure for identifying the principal source of the problems and the main determinant of the farmers' existences and destinies.

The principal contradiction in which the Prairie farmer is entangled is his multi-form contradiction with monopoly capital. It is precisely this contradiction whose "existence and development determines or influences the existence and development of the other contradictions". The contradiction between the structural limitations of the independent commodity mode of production and the potential for development of the agricultural forces of production is reinforced and perpetuated by monopoly capital's exploitation of the agricultural producer. The antagonism between the farmer and the agricultural wage-worker is the more intense, the more the farmer himself is exploited by monopoly capital and driven to intensify all work on the farm, extend the duration of the working day and reduce wages to a minimum. The contradiction between the small farmer and the big in the market is rendered more desperate especially for the small farmer in so far as his impoverishment is intensified and heightened by his exploitation by monopoly capital, and in so far as his expropriation implies that he will be cast under direct domination and exploitation by capital as either wage-worker or unemployed member of the urban labour reserve.

The contradiction between small and middle farmers and urban wage-workers, arising from the cost to the wage-worker of his necessary food and fibre, is entirely a consequence of the rule of monopoly capital and indeed is promoted by monopoly capitalist propaganda agencies. The contradiction between the very few capitalist farmers and urban wage-workers, an antagonistic contradiction based on the capitalist farmer's profiteering on production of food and fibre, is intensified by the intervention of monopoly capital against both the farmer and the urban worker. The contradictions which the farmer lives in himself flow directly as consequences from the existence of his contradiction with monopoly capital. For the most part the same is true of the contradictions that may arise between the farmer and members of his family who work "for" him.

There is not a single important contradiction faced by the Prairie agricultural producer which is not either drastically intensified by, or directly a consequence of, the contradiction between the producer and monopoly capital. As well, this latter contradiction is the most violently antagonistic one faced by the agricultural producer. Monopoly capital is interested above all in profit. Where its domination and exploitation of the Prairie agricultural producer is concerned, the quest for profit does not stop before the heightened and intensified impoverishment of thousands of small and middle farms, the direct expropriation of those in whose impoverishment monopoly capital has taken a powerful hand, the exhaustion of the soil, the undermining and wrecking of the whole agrarian way of life, the underdevelopment on a grand scale of the totality of the agricultural forces of production, and the expulsion of the expropriated into the towns and cities under the intolerable conditions of unemployment, welfarism and alienation. In the contradiction between monopoly capital and the Prairie agricultural producer, the stakes are the annihilation of the way of life chosen by the farmer--his entire agrarian existence--or else the annihilation of monopoly capital. In the final analysis, the one cannot continue except in the absence of the other.

The principal aspect of the principal contradiction between the agricultural producer and monopoly capital is the aspect of monopoly capital. Throughout the whole history of agriculture on the Prairies, from the very establishment of the terms of settlement down to the present day, monopoly capital has been the dominant pole of the inter-relationship between it and the agricultural producer. There have been times when the two poles have seemed to be in equilibrium, as when farmer-backed Prairie governments blocked the enforcement of mortgage foreclosures in the 1930s, but the equilibrium has been only temporary and relative. The essence of the inter-relationship has been always the domination in multiple ways of the agricultural producer by monopoly capital.

In enforcing its domination of the agricultural producer, monopoly capital has been helped not a little by an eternal absence of scientific leadership in agrarian resistance movements. With hardly an exception, the political formations based wholly or partly on the Prairie agrarian population all have taken the agricultural producer's main enemy to be monopoly capital in one form or another. Thus the Patrons of Industry, briefly an agrarian force on the Prairies in the 1880s and 1890s, directed its efforts against "the rapacious and avaricious greed of organized monopoly".[3] The Territorial Grain Growers' Association, formed in 1901 at Indian Head in what is now Saskatchewan, fought "the inter-locking financial, commercial and industrial interests", "the giants created by the commercial co-operation of the owners".[4] Among the objectives listed in the 1909 constitutional statement of the United Farmers of Alberta were measures to prevent farm produce from "passing into the hands of speculators and combines",[5] and after the First World War the United Farmers in Alberta and Manitoba and the Farmers' Union in Saskatchewan directed their attacks at the "plutocratic class" and the "moneyed interests".

The 1921 version of the Canadian Council of Agriculture "Farmers' Platform", on which was based the agrarian programme of the Progressive Party, asserted in arguing for the removal of the protective tariff in Canada that the tariff's effect had been to foster monopolies in almost every line of industry "by means of which the people of Canada--both rural and urban--have been shamefully exploited".[6] In the 1930s and 1940s the Social Credit party in Alberta captured rural votes with, among other things, its attacks on the "banking monopoly", while the reform programme of the C.C.F., which won electoral victory in Saskatchewan in 1944, called for wide-ranging nationalizations of capitalist monopolies. Today the most militant agrarian organization, the

National Farmers Union, registers the formal proletarianization of the agricultural producer in its programme to force monopolies like Kraftco to enter into collective bargaining with producers.

Having accurately identified the main enemy, however, agrarian leaders consistently have failed to point to the wholly antagonistic nature of the contradiction. The contradiction between monopoly capital and the Prairie agricultural producer is antagonistic above all because it rests on what fundamentally are social relations of production that are exploitative relations in the case at hand, involving as they do the appropriation of surplus-labour by non-labourers. Agrarian political leaders with few exceptions, however, persistently have fail- to identify these relations for what they are. Instead, agrarian leaders have looked generally only as far as the exchange and juridical relations appearing on the surface and have called not for the eradication of exploitative production relations but instead for "fair prices" in market exchanges and "fair" interest rates on mortgages and loans. They have called not for an end to the class of monopoly capitalists, but rather for the monopoly capitalists to be reasonable, to reach a just accommodation with the agricultural producer. This paper has attempted to show that the question is however not a question of reason and justice, but rather a question of power and necessity.

From the point of view of monopoly capital, the continuing exploitation of the agricultural producer is, like the continuing exploitation of labour everywhere, an indispensable requirement. On this exploitation depends the very survival of monopoly capitalists as capitalists. From the point of view of the agricultural producer, on the other hand, exploitation by monopoly capital necessarily poses a continuing threat to the producer's whole agrarian existence and enterprise. There is no resolving this contradiction, in the final analysis, by any amount of discussion or persuasion. Ultimately, this contradiction as it affects the Prairie agricultural producer is but a specific expression of the global contradiction of capitalism in its monopoly stage, the contradiction between capitalism's historically progressive tendency to absolute development of the forces of production and the strangling of such development in whole economic sectors and in whole sections of the globe in the quest for capitalist profit. The resolution of this contradiction as it affects the Prairie agrarian can occur only with the eradication of capitalism itself and the establishment of socialist production in town and country both.

## FOOTNOTES

### CHAPTER I

[1]Karl Marx, Capital, Vol. III: The Process of Capitalist Production as a Whole (Moscow: Progress Publishers, 1966), p. 249.

[2]D. R. Campbell, et. al., Canadian Agriculture in the Seventies, Report of the Federal Task Force on Agriculture (Ottawa: Queen's Printer, 1970), p. 22.

[3]Ibid., p. 431.

[4]Ibid., p. 432.

[5]For an unofficial example, see Helen C. Abell, "The Social Consequences of the Modernization of Agriculture", Rural Canada in Transition, Marc-Adelard Tremblay and Walton J. Anderson, eds. (Ottawa: Agricultural Economics Research Council of Canada, 1966), pp. 178-218.

[6]Campbell, et. al., op. cit., pp. 431-454.

[7]Abell, loc. cit., pp. 188-189.

### CHAPTER II

[1]The labourer or worker in independent commodity production possesses the means of production at least in the sense that he has the means of production at his command. Usually, this presupposes that, at the same time, he possesses the means of production in the sense that he has juridical-economic ownership of them. However, juridical ownership may be either conditional or absent in cases, say, of mortgaged or rented means of production.

[2]Marx, Capital, Vol. III, p. 637.

### CHAPTER III

[1]W. M. Drummond and William MacKenzie, Progress and Prospects of Canadian Agriculture, Study Prepared for the Royal Commission on Canada's Economic Prospects (Ottawa: Queen's Printer, 1957), pp. 305, 307.

[2]Dominion Bureau of Statistics, Census of Canada, 1951, Vol. VI: Agriculture, Part II (Ottawa: Queen's Printer), Table 13.

[3]The Monetary Times, Aug. 14, 1909, p. 710, and Aug. 19, 1911, p. 811, quoted in Kevin H. Burley, ed., The Development of Canada's Staples 1867-1939: A Documentary Collection (Toronto: McClelland and Stewart Limited, n.d.), pp. 65-69.

[4]Alberta Department of Agriculture, A Historical Series of Agricultural Statistics for Alberta (Edmonton: Alberta Department of Agriculture, n.d.), pp. 114-115.

[5]Ibid., pp. 114-115, 118-119.

[6]A study, published in 1967, of 65 farms in a grain-producing area of Saskatchewan showed for example that a partial sample of these farms having an average cultivated area of 462 acres and an average farm capital worth of about $100,000 had average production costs of about $45 per cultivated acre. A partial sample of the 65 farms having an average cultivated area of 2,865 acres and an average farm capital worth of about $275,000 had average production costs per cultivated acre of less than $20. See D. R. Campbell, et. al., op. cit., p. 340.

[7]A five-member farm family with an income, after farm depreciation and operating costs, of $5,000 in 1966, would be no better off than those Canadians who in that year fell in the two lowest-income population deciles. See Leo A. Johnson, Incomes, Disparity and Impoverishment in Canada Since World War II (Toronto: New Hogtown Press, 1973), Table IV, p. 6.

[8]Dominion Bureau of Statistics, Canada Year Book 1967 (Ottawa: Queen's Printer, 1967), Table 6, p. 944.

[9]John Stahl, "Prairie Agriculture: A Prognosis", Prairie Perspectives, Papers of the Western Canadian Studies Conference, David P. Gagan, ed. (Montreal: Holt, Rinehart and Winston of Canada Ltd., 1970), p. 69.

[10]Dominion Bureau of Statistics, Census of Canada, 1966, Vol. V: Agriculture (Ottawa: Queen's Printer), Table 33.

[11]Ibid., Table 14.

[12]Dominion Bureau of Statistics, Census of the Prairie Provinces, 1946, Vol. IV: Agriculture (Ottawa: King's Printer), Table 76.

[13]Karl Kautsky, La Question Agraire: Etude Sur Les Tendances de l'Agriculture Moderne, Première Partie: l'Évolution de l'Agriculture dans la Société Capitaliste, Trad. de l'Allemand par Edgar Milhaud et Camille Polack (Paris: V. Giard et E. Brière, 1900), pp. 396-398.

## CHAPTER IV

[1]J. V. Stalin, "Economic Problems of Socialism in the U.S.S.R.", The Essential Stalin, Bruce Franklin, ed. (Garden City, N.Y.:

Doubleday and Company Incorporated, 1972), p. 474.

CHAPTER V

[1]Hugh G. J. Aitken and W. T. Easterbrook, Canadian Economic History (2nd ed.; Toronto: The Macmillan Company of Canada Limited, 1965), pp. 350-407. See also Donald G. Creighton, British North America at Confederation, Study Prepapred for the Royal Commission on Dominion-Provincial Relations (Ottawa: King's Printer, 1939).

[2]P. B. Waite, ed., The Confederation Debates in the Province of Canada, 1865 (Toronto: McClelland and Stewart Limited, 1967), pp. 70-71.

[3]V. C. Fowke, Canadian Agricultural Policy (Toronto: University of Toronto Press, 1946), p. 160.

[4]Chester Martin, "Dominion Lands" Policy, abridged and edited by Lewis H. Thomas (Toronto: McClelland and Stewart Limited, 1973), p. 11.

[5]Fowke, op. cit., pp. 160-161.

[6]R. W. Murchie, Agricultural Progress on the Prairie Frontier, Canadian Frontiers of Settlement, Vol. 7 (Toronto: The MacMillan Company of Canada Limited, 1936), p. 92.

[7]See on this point especially J. M. S. Careless, "The Toronto Globe and Agrarian Radicalism", Canadian Historical Review, XXIX, no. 1 (March, 1948), pp. 14-39.

[8]Aitken and Easterbrook, op. cit., pp. 400-405, 476-485.

[9]Ibid., pp. 476-513.

[10]Ibid., p. 521.

[11]Dominion Bureau of Statistics, Canada Year Book 1923 (Ottawa: King's Printer, 1923), p. 430.

[12]George Kleiner, Capital Accumulation in Canada (Unpublished M.A. Thesis, McGill University, 1937), p. 89.

[13]W. A. Mackintosh, The Economic Background of Dominion-Provincial Relations, Appendix III of the Royal Commission Report on Dominion-Provincial Relations, ed. by J. H. Dales (Toronto: McClelland and Stewart Limited, 1964), Table 3, pp. 42-43.

[14]Charles Lipton, The Trade Union Moveme... of Canada 1827-1959 (2nd ed., Montreal: Canadian Social Publications Limited, 1968), p. 153.

15Kleiner, op. cit., pp. 98-104.

16Ibid., p. 63.

17Martin, op. cit., pp. 168-174.

## CHAPTER VI

1Karl Marx, Capital, Vol. I: Capitalist Production (Moscow: Progress Publishers, 1965), p. 386, p. 422.

2Karl Marx, Un Chapitre Inédit du Capital, Trad. par Roger Dangeville (Paris: Union Générale d'Éditions, 1971), pp. 194-195. (My translation--R.M.)

3Ibid., p. 202.

4See on the grievances of western farmers against early monopolies in Canada Louis Aubrey Wood, A History of Farmers' Movements in Canada (Toronto: Ryerson Press, 1924); W. A. Mackintosh, Agricultural Cooperation in Western Canada (Kingston: Queen's University Press, 1924); and H. S. Patton, Grain Growers' Cooperation in Western Canada (Cambridge, Mass.: Harvard University Press, 1928).

5Wood, op. cit.; Mackintosh, op. cit.; Patton, op. cit.

6D. Schwartzman, Oligopoly in the Farm Machinery Industry, Study No. 12 Prepared under the Auspices of the Royal Commission on Farm Machinery. (Ottawa: Queen's Printer, 1970).

7Campbell, et. al., op. cit., p. 65.

8See for example Report of the Restrictive Trade Practices Commission on Canada Packers (Ottawa: Queen's Printer, 1961).

9Dominion Bureau of Statistics, Census of Canada, 1961, Vol. V: Agriculture (Ottawa: Queen's Printer), Table 24.

10W. A. Mackintosh, Economic Problems of the Prairie Provinces, Canadian Frontiers of Settlement, Vol. IV (Toronto: The Macmillan Company of Canada Limited, 1935), Table LXXIX, p. 264.

11Dominion Bureau of Statistics, Census of Canada, 1941, Vol. VIII: Agriculture (Ottawa: King's Printer), Table 86.

12Ibid., Table 84.

13Ibid., Table 83.

14Dominion Bureau of Statistics, Census of Canada, 1961, Vol. V: Agriculture, Table 2.

[15] *Ibid.*, Table 24.

[16] Alberta Department of Agriculture, A Historical Series, pp. 118-119.

[17] Campbell, et. al., *op. cit.*, Tables B14 and B16, pp. 382-383.

[18] Dominion Bureau of Statistics, Handbook of Agricultural Statistics, Part II: Farm Income, D.B.S. Catalogue Numbers 21-502, 21-202 (Ottawa: Queen's Printer, 1961).

[19] Alberta Department of Agriculture, A Historical Series, pp. 118-119.

[20] Dominion Bureau of Statistics, Census of Canada, 1961, Vol. V: Agriculture (Ottawa: Queen's Printer), Table 1.

[21] Martin, *op. cit.*, pp. 78-79.

[22] *Ibid.*, p. 79.

[23] Dominion Bureau of Statistics, Census of Canada, 1961, Vol. V: Agriculture, Table 2; and Census of Canada, 1966, Vol. V: Agriculture (Ottawa: Queen's Printer), Table 30.

[24] Dominion Bureau of Statistics, Census of Canada, 1966, Vol. V: Agriculture, Table 2.

[25] H. P. Desjardins, "Land Settlement in Canada", International Review of Agricultural Economics (Rome, 1926), p. 10.

[26] Murchie, *op. cit.*, p. 87.

[27] Dominion Bureau of Statistics, Census of Canada, 1966, Vol. V: Agriculture, Table 14.

[28] *Ibid.*, Tables 30, 31, 33.

[29] Dominion Bureau of Statistics, Census of Canada, 1961, D.B.S. Catalogue Numbers 96-537, 96-538, 96-539, Table 2; and Census of Canada, 1966, Vol. V: Agriculture, Table 30.

[30] Dominion Bureau of Statistics, Census of Canada, 1961, Vol. V: Agriculture, Table 1.

[31] Here for example are comparative average bushel yields per seeded acre for various field crops in various years in Alberta: wheat 1906 22.4, 1915 31.1, 1961 15.8, 1966 29.4; oats for grain 1906 39.1, 1915 45.9, 1961 36.9, 1966 48.5; barley 1906 29.3, 1915 32.3, 1961 26.9, 1966 41.0. From Alberta Department of Agriculture, A Historical Series, pp. 2-16.

## CHAPTER VII

[1]Mao Tse-tung, "On Contradiction", Selected Readings from the Works of Mao Tse-tung (Peking: Foreign Languages Press, 1967), p. 89, p. 91.

[2]Ibid., p. 91.

[3]Carl C. Taylor, The Farmers' Movement 1620-1920 (New York: American Book Company, 1953), p. 221.

[4]Hopkins Moorhouse, Deep Furrows (Toronto: George McLeod, 1918), p. 59.

[5]Carl Frederick Betke, The United Farmers of Alberta 1921-1935 (Unpublished M.A. Thesis, University of Alberta, 1971), Appendix F.

[6]W. L. Morton, The Progressive Party in Canada (Toronto: University of Toronto Press, 1967), Appendix C.

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