

National Recovery Checked By Drought Of Huge Proportions

(Financial Post)

Canada has just experienced the greatest drought in her history. It is impossible to estimate the loss in dollars and cents but national recovery has suffered a serious check.

There have been dry periods before, and the western grain crop has repeatedly suffered, but never since weather recordings began a century ago has there been such a period of prolonged hot and dry weather as has just occurred in eastern Canada. And this coincides with an unusual serious western drought.

Big Five Hit

Five of our leading industries have been most seriously affected. Agriculture, of course, has borne the brunt of the loss. But in addition milling, packing and butter and cheese manufacturing have or will suffer in sharply declining volume of business. The fifth to be hit is transportation. The two main railways and the freighters on our upper lakes depend upon the grain trade for a large portion of their revenue. Such will probably be reduced by 30 per cent below normal this season.

General Business Suffers

But in addition to these direct casualties, general business too will suffer to an enormous extent. With crops completely wiped out in the adjacent countryside, the village and town retailer is bound to suffer. So too will the wholesaler and the manufacturer behind these retailers. So too will the butcher, baker, doctor, lawyer and dentist. Later on when the collector comes around for taxes, instalments on the new binder, motor car, tractor, or interest on the mortgage, he too will be disappointed.

Cost Unknown

Estimating the exact cost of such a catastrophe is impossible. Moisture which has recently fallen in both western and eastern Canada will cushion the blow. Much wheat and other spring grains, late hay and midsummer pastures, are definitely lost, but late fodder and pasture crops, some vegetables and all late fruit should come along. A great deal depends upon weather from now on as to the extent of this recovery.

Prices too will have a great influence. A 400-million bushel wheat crop at an average farm price of 60 cents per bushel is worth \$240 millions. But a 200-million bushel crop at \$1.20 per bushel brings the same return. Of course it is too much to expect that increasing prices will offset crop losses. Even if they did, they would not compensate the man whose fields were completely wiped out. Nor would such values benefit the transportation companies and other industries which directly depend upon agricultural production for their main volume. In any case farm costs of production for livestock, milk and meat products are going to be definitely higher.

Recovery Retarded

It will be months before anything like a definite appraisal may be made of Canada's losses in the recent drought. But no matter how much this loss may be reduced by later favorable weather, it has been sufficient to retard seriously economic recovery throughout the whole country this year.

One good grain crop this year at fair prices would have done much to put the West definitely on its feet. Six months ago the West was the only doubtful area on the horizon. Business everywhere was making rapid strides, and the only thing lacking to complete national prosperity this year was a big crop. That was promised up to the end of June. Then came the drought.

Food Shortage Aboard

Serious as has been the crop loss this year, talk of food shortage, however, or anything approaching famine conditions is absurd. Canada is a country of surplus agricultural production. Each year sees great quantities of wheat, cattle, cheese, fruit and bacon exported. Even if all crops in the drought area were completely wiped out, and this of course is quite impossible, there would still be sufficient to go around and a considerable quantity to export.

Costs of production would be higher. Food supplies might have to be carried longer distances. Some sections of the country would probably have to depend upon the Maritime entirely for potatoes. The Prairie Provinces might have to go to British Columbia for their vegetables as well as their fruit. Dairymen and livestock men in western Ontario would have to import feed, just as ranchers and mixed farmers in southern Alberta and Saskatchewan would have to either ship their animals north or bring in feed from other districts.

Drought Definitely Broken

But even the weatherman does not anticipate such a development. While definitely cautioning against hopes of a wet fall, nevertheless, he predicts that the drought has been broken and much crop recovery, particularly of a fodder, fruit and garden nature, may be expected. This will greatly improve the live stock situation in both the West and East. It will also guarantee an adequate supply of milk and fruit from mid-August on in that part of Ontario which has been hardest hit.

Five Main Lines

Canadian farmers depend upon 5 main lines for their principal revenue—field crops, livestock, dairying, fruit and vegetables, and poultry. There are other specialties, depending upon favorable locations, but of these only tobacco brought in an annual revenue of over \$10 millions last year. Gross annual returns in the last 3 years have been as follows:

Main Sources of Farm Revenue	1933	1934	1935
000's omitted			
Field crops	453,598	549,080	506,614
Dairy prod.	170,828	133,791	191,466
Livestock	89,063	94,438	120,078
Poultry	38,060	45,531	49,738
Fruits, vegetables	32,208	43,531	49,738
Tobacco	6,531	7,232	10,763

Directly the drought has only seriously affected 2 of these lines, field crops and livestock. Unfortunately these, however, were 2 of the largest. In the other 3 losses to date are from a national standpoint insignificant, but in all and particularly the important one of dairying, there will be very large indirect losses as a result of sharply increased costs of production.

Field Crops Hit Hardest

It will be noted that the largest and most fluctuating item is field crops. It will be here that will occur the largest direct loss this year, because the areas most affected by the drought, the Prairie Provinces and western Ontario, normally furnish over 90 per cent of the total production.

In wheat alone the drought has already cost close to 200 million bushels. In oats, a product of the same area, the loss will be even larger.

This damage has already been chalked up. Later growth cannot erase it.

But with other field crops, notably those in the fodder and livestock feed class such as hay, corn and other feed used to produce winter beef, pork and milk, the situation is not as serious.

A fair hay crop was already gathered in Ontario before the heat wave had any effect, and assuming that the weather is going to be fairly favorable from now on there should be more hay grown before fall as well as nearly 3 months of pasturage.

Direct Dairy Loss Slight

Dairying, the second largest item in Canada's annual agricultural revenue, will probably be very little affected in so far as volume is concerned. True, the milk flow in the Prairie Provinces dropped sharply in July, and until pastures recover there is bound to remain a very low figure. There was, naturally, some falling-off in Ontario as well, though here next winter's feed was available to supplement the burnt-up grass.

But the western provinces are relatively insignificant in the national dairy picture. Eighty per cent of the country's total production is provided by Ontario and Quebec. And a good deal of the former province and all of the latter escaped. July furnishes about 15 per cent of the year's total milk flow. Of this certainly not more than a third or possibly 5 per cent of the country's annual total would be cut out as a result of the drought. Most of this will come out of the butter.

Heavy Indirect Loss

But there will be a very direct loss and of serious proportions in Canadian dairymen's profits. There is a good deal of winter feed consumed already as a result of the drought, and with a greatly reduced grain crop, producers of whole milk, butter, cheese and other dairy products will be forced to buy more than usual concentrated feed and fodder.

Already feed prices have advanced from 10 to 15 per cent. With a very short corn crop in the United States there is prospect of further increases. Probably 10 per cent will be added to cost of dairy production, with a much higher figure, of course, in the real drought areas.

Naturally, money spent on feed that might have been grown with normal weather will not be available for new cars, radios, furniture or bathtubs.

Beef Cattle Results

Annual revenue from farm animals is largely divided into 2 main sources, that from beef cattle and that from hogs. In each case this runs into the category of big business.

Total movement of beef cattle and calves last year was over 1.7 million heads. This included total slaughtering, exports and also the movement of stocker cattle from the ranges to feeders. The movement this year, while heaviest since 1932, is generally regarded as normal. The three preceding years as a result of the closing of the American market in 1930 were not normal. Stocks accumulated for lack of a market. Higher prices in the United States in 1935 and the halving of the duty last January have greatly helped the situation.

The recent drought, however, which almost completely blanketed the beef areas in both east and west will have a most serious effect. It may not reduce the number of cattle marketed. Indeed, where feed supplies have been wiped out the movement may actually be increased for the simple reason that farmers will have no alternative but to liquidate starting stock. But in tonnage of meat marketed and particularly in quality, it is estimated the recent heat wave has cost Canadian beef cattle producers something in the neighborhood of 10 per cent. Improving prices, of course, may help to offset that loss, but they can have little effect on volume, and where there is little feed available, not very much on quality.

Hogs Unaffected

Last year Canadian farmers marketed almost 3 million hogs. This is considered about a normal movement. Here the drought is expected to have little or no direct effect. Hogs, unlike cattle, require little or no water and practically no rough feed of the fodder class. They are almost entirely consumers of grain. Such feed can, if necessary, be moved cheaply into hog districts, and as this class of livestock has been by long odds the most profitable in the last 5 years, even in the dried-out districts, it is expected farmers will make every effort to maintain their holdings.

There will, of course, be a considerable indirect loss as a result of the higher cost of production. Naturally the man who has to import all of his hog feed cannot realize as much profit as the one who is fortunate enough to grow it. Then again in the drought districts, during July at least, there was a very serious falling-off in the supply of skim milk and whey—hog feed, a by-product of the butter and cheese industry.

All that has been said of hogs will likewise apply to poultry. Here

again there is no problem, at least no serious problem, of hauling water. With a hundred head of cattle and no water within 5 miles, a farmer might easily spend his whole time hauling water.

But with poultry and hogs this problem hardly arises. Again like hogs, the poultry industry, which is largely dependent upon egg production for its revenue, has been profitable during the past few years. Every effort will be made to maintain holdings, and no decrease in production is expected. There may be, however, an increase in cost of production, particularly on those farms where feed has to be purchased.

Main Fruit Uninjured

With some of the berry crops completely wiped out and with vegetables drying up long before maturity in the drought areas, the average observer might conclude that the end of the world has come for the fruit and vegetable grower. But nationally speaking, this industry has not been seriously affected.

Two of the main fruit belts, that of the Annapolis Valley in Nova Scotia and the interior valleys of British Columbia have largely escaped any heat wave. In any case, drought would not be a factor in most of the orchards in B.C. as these are irrigated.

Moreover, the late fruit crop in Ontario, that is peaches, plums, peaches and apples, will, with favorable weather from now on, show very little injury. The same will apply to late vegetables and will also apply to the important potato crop in the Maritime Provinces. The drought missed the latter area entirely, and by now growth has proceeded to such a degree that fair production at least is certain.

It is, of course, very difficult to make anything like an accurate appraisal of damage in this line because of the late crops are still far from maturity. Everything will depend on August weather. The most serious loss, to date has been felt by gardeners in the thickly populated portions of western Ontario and by producers of the early canning crops in the same province.

Tobacco Loss 20 p.c.

Ontario's flue-cured tobacco crop which is grown on a very restricted acreage about midway along the north shore of Lake Erie was caught right in the centre of the eastern heat wave. Although essentially a warm weather plant, a week of 100 degrees temperatures proved too much even for this import of the south. The last few days of the extreme heat saw prospects wither probably as much as 25 per cent. Of course, later growth will tend to offset some of this damage, but it cannot completely erase it. The leaves which would normally develop most size during the early part of July were naturally smaller than those produced earlier and it is hoped also that those still developing.

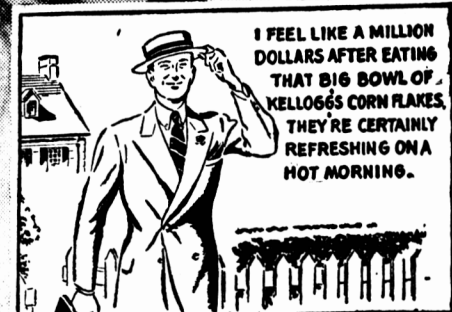
C.N.R. Exhibition Fares Are Reduced

MONTREAL, Que., Aug. 5—With the opening of a series of exhibitions in Ontario, Quebec and the Maritimes during the late summer and fall seasons, the railways of Eastern Canada will place in effect low excursion fares consisting of single fare for the round trip, good in coaches or in sleeping or parlor cars on payment of regular charge for such accommodation according to C. P. Riddell, Chairman, Canadian Passenger Association. Tickets at these fares will be on sale prior to and during the early days of each exhibition and the return movement will be good to leave destination after the exhibition closes.

For each exhibition, the starting point from which fares apply covers a wide range of territory, those held in the Maritime Provinces for instance, being good for all sta-



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Department of Public Works & Highways

Province of Prince Edward Island

TENDERS FOR SUBGRADING

SEALED TENDERS, addressed to the undersigned, will be received at this office until noon of Tuesday, August 11th, 1936, from any person or persons willing to contract for the subgrading of the different sections of highway as follows:—

- Section No. 1.—On the Main Western Road, from Carleton, Lot 6, north towards Elmsdale.
- Section No. 2.—On the Main Western Road, from Goodwin's Corner north towards Richmond.
- Section No. 3.—On the Main Western Road, from Summerside to Misoonche and west towards Wellington.
- Section No. 4.—On Georgetown Road from Crossroads towards Vernon River on 49 Road.
- Section No. 5.—On Souris Road from Rollo Bay West towards Dingwell's Mills.
- Section No. 6.—On Georgetown Road, from Plummer's Corner west to Summerside.
- Section No. 7.—From St. Peter's Bay west towards Morell, two miles (more or less); and from Morell two miles (more or less) west towards Mt. Stewart.

Parties tendering shall tender separately for each Section on proper Tender Forms supplied tenders to be marked "Tender for Subgrading." Parties tendering shall tender per "Unit Price" for each item according to approximate quantities given in specification. Each tender must be accompanied by a certified cheque for 10% of the total amount of each tender. Specifications for this work may be seen at this office; also at the store of Bruce, McKay & Co. Summerside, where Tender Forms may also be obtained. The Department does not bind itself to accept the lowest or any tender.

L. B. MACMILLAN,
Deputy Minister of Public Works and Highways.

Charlottetown, Prince Edward Island,
July 25, 1936,
43394-7-116-71

This Week's SPECIALS AT DEVEREAUX'S CASH GROCERY

<p>BEETS, 6 bunches — 25c</p> <p>New POTATOES, peck — 25c</p> <p>Fresh Island STRING BEANS, 2 lbs. 15c</p> <p>CARROTS, 3 lbs. — 25c</p> <p>CABBAGE, large head — 8c</p> <p>BLUEBERRIES, per lb. 5c</p> <p>PLUMS, per dozen — 25c</p> <p>ORANGES, Per doz. — 49c, 39c, 29c</p> <p>GRAPEFRUIT, 4 for — 25c</p> <p>DAIRY BUTTER, lb. — 19c</p> <p>MIXED COOKIES, 2 lbs. 25c</p>	<p>PINEAPPLE</p> <p>3 tins — 29c</p> <p>6 tins — 57c</p> <p>CORN</p> <p>3 tins . . . 29c</p> <p>6 tins . . . 57c</p> <p>COFFEE Chase & Sanborn's Per Pound — 39c</p> <p>LIPTON'S TEA Per lb. — 57c</p>	<p>PEAS</p> <p>3 tins . . . 29c</p> <p>6 tins . . . 57c</p> <p>GOOD QUALITY BROOMS</p> <p>PARLOR BROOMS — each 39c</p> <p>5 STRING BROOM — — 29c</p> <p>MOPS — — 25c</p> <p>Amonia Powder, 3 pkgs. 21c</p> <p>7 Bars SURPRISE SOAP and 1 pkg. RINSO both 35c</p>
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