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## The Price of Patriotism Alberta Cattlemen and the Loss of the American Market, 1942-48

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# THE PRICE OF PATRIOTISM

## ALBERTA CATTLEMEN AND THE LOSS OF THE AMERICAN MARKET, 1942-48

MAX FORAN

One of the most controversial episodes in the history of the western Canadian cattle industry occurred during the years 1942-48 when the Canadian government imposed an embargo on Canadian cattle entering the United States. This unprecedented measure was a reaction to the extraordinary demands of the national war effort, and was accepted conditionally by the cattle industry as a necessary patriotic gesture. However, official wartime policies respecting this embargo, and its retention beyond the war until late 1948 were

neither anticipated nor appreciated by western Canadian stockmen. Their efforts to restore a market deemed crucial to their industry's survival, and the government's seeming failure to appreciate the stockmen's position, clearly showed that the "price of patriotism" went beyond merely fighting a war.

Since its inception in the early 1880s, the western Canadian cattle industry depended on export markets. Although home consumption accounted for about ninety percent of Canadian cattle marketings, it was the exportable ten percent that determined domestic prices and defined the quality standard for Canadian beef.<sup>1</sup> Over the years only two markets absorbed this annual surplus of between 150,000 and 200,000 head. The first was in Great Britain where demand for Canadian cattle helped nurture the western Canadian ranching industry up to 1907. This market was eclipsed after 1914 when relaxation of the American tariff encouraged the southward movement of Canadian cattle. This new American outlet for both fat stock and feeder cattle was so profitable that by 1920 it had become axiomatic among Canadian cattlemen that their industry's survival depended upon

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its availability.<sup>2</sup> As such, much of the Canadian stockmen's economic travail between 1921 and 1935 was blamed on the renewed American tariffs of 1921-22 and 1930, that imposed daunting levies of between two and three cents per pound and which, especially during the years 1921-25 and 1930-34, made it virtually impossible to ship cattle profitably to United States points.<sup>3</sup>

Despite its popularity among western Canadian cattlemen, the American market did not figure highly in the emerging Canadian agricultural policies of the period. It was perceived as unstable and subject to tariff volatility. More important, however, was the Canadian federal government's commitment to the British market as the most dependable and permanent outlet for its agricultural products. Especially after the Imperial Conference of 1932, when Britain formally abandoned her century-old commitment to free trade in favor of a system of imperial preference, Canadian policymakers became convinced that they had at last secured a market to absorb the nation's growing agricultural surpluses. That these agricultural policies were built around the British need for wheat and pork, and not cattle, mattered little in the new scheme of things. Cattle exports emerged as an add-on entity, one not really needed nor even wanted by Great Britain and certainly not a factor to the Canadian beef producer who realized that the British market was simply not viable in normal circumstances, and was but a pale replacement for the country's natural market in the United States.

There can be little doubt that the American market for Canadian cattle was volatile. For instance, there were no fewer than nine US tariff revisions between 1881 and 1940. One has only to note the strenuous efforts by Canadian producers to pressure the United States to remove the 1920s tariff, or the recent action taken by an American group of producers (R-CALF) in 1999 to bring anti-dumping and countervailing duty cases against Canada, to realize the ever-present tensions between the industries in the two countries.<sup>4</sup>

In 1935 the Americans responded to Britain's policy of imperial preference through tariff revisions that allowed reciprocal agreements covering certain products. Under two trade agreements reached in 1935 and 1939, Canada was allowed to ship a certain number of cattle to the United States at reduced rates of duty.<sup>5</sup> In 1935 the levy on an assigned quota of Canadian cattle over 700 pounds was reduced by one-third to two cents per pound and later in 1939 to one and one-half cents per pound. In addition, Canada was given 86.5 percent of the American annual import quota of 225,000 head, with no more than 51,750 head to be shipped in any one quarter. Surplus cattle shipped over and above the quarterly quota were subject to the regular duty rates.

The impact of these trade relations was both immediate and dramatic. In 1934 Canada exported only 6,341 head to the United States. In 1935 the number had jumped to 102,934 and two years later reached 208,552.<sup>6</sup> In 1939, the winter quarterly quota was filled in one month.<sup>7</sup> By 1940, in the wake of rising prices and consumer demand, over 229,000 head made their way south.<sup>8</sup> With a natural equilibrium partially restored, Canadian stockmen entered the war period on a positive note, confident that the renewed American market would enable them to recoup some of the losses incurred during the early 1920s and 1930s.

Through 1940-41 and into 1942, this quota-regulated market remained open. American lend-lease commitments and her armament priorities meant a steady demand and rising prices for Canadian cattle. Even though home demand for beef escalated in response to Canada's commitment of huge amounts of bacon under the "Bacon to Britain" program, Canadian cattlemen genuinely believed that they could contribute to the war effort by satisfying both the home and export market.<sup>9</sup> The official voice of western Canadian cattle interests, the Western Stock Growers Association (WSGA), reflected the stockmen's commitment to increased production by passing a resolution in 1940 assuring the government of "our earnest desire to assist and

co-operate by every means in our power to prosecute to a successful conclusion of the war.<sup>10</sup>

In the spring of 1942, with a dramatic suddenness, the cry of meat shortage was raised in eastern Canada.<sup>11</sup> Headlines in the eastern Canadian press condemned cattle producers for creating this shortage by holding back supplies in favor of the more lucrative American market.<sup>12</sup> It was also suggested that in order to protect Canadian supplies, all cattle exports to the United States should be stopped.<sup>13</sup>

There seems to be little justification for this criticism of the cattle producers. The Department of Agriculture was sufficiently upset over the matter to issue a public statement on 17 April that referred to increased production, and which stated in part that "strong exception is taken . . . to widely publicized implications that farmers have created a shortage of beef by withholding cattle from the market in order to obtain higher prices in the United States."<sup>14</sup> The department had a point, for while shipments to the United States had increased by 59,442 in the January-May 1942 period in comparison with the same period in 1941, the number of head sold to Canadian stockyards and packing plants in the same period was up by 47,222.<sup>15</sup> At the time the shortage cry was raised the American export quota had not been filled.<sup>16</sup>

It was likely other factors unrelated to live cattle marketings were more responsible for the proclaimed shortage. Frozen beef supplies had been reduced through a substantial and largely unexplained increase in the amount of dressed meat shipped to the United States in the first three months of 1942 over 1941 levels.<sup>17</sup> Second, short-term pressure had been placed on beef supplies by the increased restriction on pork consumption. Another factor concerned the packing industry and its response to the recently enacted government controls. In the fall of 1941, ceiling prices were placed on all goods by the newly constituted Wartime Prices and Trade Board. The ceiling was to be the highest price obtained during a base period of 15 September to 11 October

1941.<sup>18</sup> When a new board ruling in March 1942 compelled the packers to sell to their individual customers at the same price as they had sold to that customer during the base period, many refused to sell, especially to the big retailers who had purchased at a low ceiling price.<sup>19</sup>

The cattle producers' role in creating the shortage (and it was never really ascertained that there was a shortage) was related to the fact that the new ceilings, which did not allow for any seasonal adjustment. This meant that the more expensive grain-fed cattle came to market under the same domestic price ceiling as grass-fed range beef, a situation exacerbated by the fact that the ceilings were not on live cattle but on dressed beef (or the product sold to retailers by the packers). One predictable reaction for feeders facing heavy losses was to take advantage of the higher US prices and export as many grain-finished animals as possible within the allowed quota.<sup>20</sup>

The WSGA first heard rumor of a proposed embargo on 31 March 1942. At a special meeting called the same date, a dispatch was sent to Ottawa requesting for clarification. In the ensuing discussion, it became clear that the WSGA's preference was for an adjustable ceiling that would reward the feeder and also maintain the export trade.<sup>21</sup> Less than a month later, producers across western Canada were invited to Winnipeg by F. S. Grisdale, deputy food administrator under the Wartime Prices and Trade Board, to discuss the situation. At this meeting the producers rejected a suggestion by Grisdale that the government buy all surplus beef and divert it to export as necessary.<sup>22</sup> Despite these sentiments, an order in council was passed on 20 May conferring on the Wartime Prices and Trade Board the power to control the export of cattle whenever shortages in the domestic supply occurred.<sup>23</sup> Then on 29 May the board announced a new comprehensive plan of action. The Wartime Food Corporation was to be formed to regulate the export trade through the issuance of export licences covering individual shipments and to divert cattle from export as deemed necessary

to maintain satisfactory price levels. Diverted export shipments would receive the prevailing US price and would be resold to packers at a loss to maintain prices below the ceiling.<sup>24</sup> This new corporation was to begin operations on 1 July 1942.

The WSGA announced its official response during its annual convention in June. The right to the U.S. export market was couched as an obligation given her enormous commitments under the lend-lease agreements.<sup>25</sup> In expressing a desire to work closely with government and to increase production to meet expanding demands, WSGA President George L. Stringham left no doubt as to where the association stood on the export question: "Let no one delude themselves; should our export market to the States be lost . . . Mexico will gain it and at the conclusion of the war it would be most difficult and probably impossible for us again to enter it on the same favourable basis."<sup>26</sup> Clearly, the sentiments were meant to caution the Food Corporation not to abandon the export trade in exercising its mandate. The warning however fell on deaf ears.

Within a week of its inception the Food Corporation was condemned by the WSGA as hopelessly inefficient. Calls for disbandment met with flat refusals from Donald Gordon, chairman of the Wartime Prices and Trade Board.<sup>27</sup> Time would eventually vindicate the WSGA's position. The diversion of exports up to the quarterly quota of 51,000 proved to be chaotically mismanaged. The WSGA argued that the US price for diverted export cattle was compromised by the Food Corporation's practice of moving carloads of animals from point to point to obtain lower appraisals.<sup>28</sup> Some stockmen violated the intent of the new policy by declaring substandard animals fit for export.<sup>29</sup> Then in the middle of August, when the Food Corporation announced that the export quota had been filled and that the Canadian ceiling would replace the higher export price, many producers simply withdrew their animals from the market in anticipation of the new quar-

terly quota commencing in October when the US export price would again be paid.<sup>30</sup>

Faced with this chaotic situation, and in light of Gordon's refusal to abolish the Food Corporation or at least amend its mandate, the WSGA called a special meeting on 25 August.<sup>31</sup> After an all-day discussion a committee of five was struck to frame resolutions to be forwarded to the federal government. Two motions were brought forward. The motion to have the Food Corporation pay the export price for all the cattle it needed and to sell the rest in the open market was defeated. The second resolution calling for the Food Corporation to export surplus cattle to maintain a ceiling flexible enough to reflect real production costs was passed unanimously. The defeat of the first motion and the unanimous acceptance of the second was a clear indication that the WSGA was prepared to give up the export price but not the export market.

In later debates with the government, the WSGA would always argue that the intent of this unanimous motion clearly indicated its willingness to temporarily abrogate its members' hard-earned right to export and furthermore to accept the much lower Canadian ceiling price for their cattle.<sup>32</sup> Moreover, the motion's preamble stated that the Wartime Prices and Trade Board did intend to maintain the export market (or so the WSGA believed). The defeat of the first motion, together with the tenor of the discussions at the various directors' and general meetings, reaffirmed the WSGA's priorities. The stockmen genuinely believed that some sacrifice was necessary on their part in order to maintain satisfactory domestic beef supplies and prices. They felt that price ceilings in line with production costs afforded them adequate protection. Most importantly, they were of the opinion that the export market to the United States was not going to be abandoned and would continue to be utilized by the Food Corporation when increased supply put downward pressure on prices.

It could also be argued that the stockmen were worried by the alarming trend in the black

market trade, a practice already viewed as threatening the industry's stability by jeopardizing price controls and driving the price of beef upward to a point where consumers could not or would not buy.<sup>33</sup> One report estimated that at least 20 percent of beef slaughtered in the United States went to black marketeers. In January 1943 the *Montreal Star* quoted representatives of two packing houses who maintained that most Montrealers were eating black market beef. During a debate on the subject in the House of Commons, one M.P. quoted figures that showed that the number of inspected killings in eastern Canada actually fell in 1942 in spite of the large increase in western Canadian shipments to eastern points.<sup>34</sup>

Almost immediately following the WSGA meeting of 25 August, the Food Corporation announced "a complete change in the governmental policy of handling the beef cattle industry." All cattle exports to the United States were terminated except by the Food Corporation. Conditions under which it would now operate mirrored closely the WSGA resolution of 25 August.<sup>35</sup> The WSGA responded in a press release affirming the new policy and terming it "the only action to have taken under the circumstances."<sup>36</sup> The WSGA could be excused for believing that the new government policy, both in its intent and timing, was a tacit acceptance of the position the association had adopted at its 25 August meeting.

The Food Corporation, however, did not honor the intent of the new policy. Instead of exporting surplus cattle, it retained them in cold storage pending future needs. From a promise to buy and export any surplus, the policy changed to one of buying when a surplus developed, processing and storing it, and exporting only in the unlikely event of this reserve being depleted. By the time the Food Corporation was phased out in early 1943, not a single head had been exported. Furthermore, the producers continued to expand production, acceding to the government's request that cattle be kept longer to increase overall tonnage.<sup>37</sup>

In March 1943 in a possible response to ongoing differences between the Wartime Prices and Trade Board and the Department of Agriculture over food administration policies, the federal government reshuffled its food marketing organization. Responsibility for the marketing of cattle passed to the Department of Agriculture through the newly constituted Meat Board (formerly the Bacon Board), which promised to buy dressed beef at scheduled variable floor prices. The substitution of the Food Corporation by a more autonomous Meat Board had significant implications. Instead of buying beef under the ceilings in competition with the packers, the Meat Board could now purchase beef unilaterally at the new floor prices. The cost of subsidizing consumers to keep prices down had in effect shifted from the government to the producer. And as if to add insult to injury, from the stockmen's viewpoint, the responsibility for the export of live cattle, i.e., the US market, continued to devolve on the Wartime Prices and Trade Board and not the Department of Agriculture. Later the latter was to use this jurisdictional difference to parry the stockmen seeking a renewal of the US live cattle export market.

In June 1943 the Meat Board clearly showed the official priority respecting Canada's beef export market when Chairman J. G. McTaggart announced that "we will in effect be providing a beef market in the United Kingdom as a substitute for the live beef cattle market in the U.S. which has been restricted."<sup>38</sup> While the policy of diverting surplus beef to war-torn Britain could not be faulted on patriotic grounds, it was also consistent with prewar Canadian agricultural policy that saw Britain as the ideal terminus for Canadian beef exports, a preference with which the stockmen had always taken strong exception.<sup>39</sup>

Western Canadian stockmen correctly believed that the British market for their cattle functioned as a safety valve in times when its American counterpart was curtailed.<sup>40</sup> They indicated to the high ocean freight rates and the furious competition from Argentina and

the Irish Free State as putting their marketings at a crippling disadvantage. Significant movements of Canadian cattle to Great Britain after 1906 occurred only in the early 1920s and 1930s and were forced solely by the inhibiting US tariffs on Canadian exports. When US prices were favorable the British market was of little or no consequence.<sup>41</sup>

The official policy had always been different, doubtless inspired by imperial sentiment and a residual mistrust of American tariff policy. Federal experiments to develop a chilled beef trade with Britain in the 1920s and its series of baby beef shipments in the 1930s, though both unsuccessful, clearly showed that the British market considered this a viable and more desirable outlet than the volatile American-governed alternative.<sup>42</sup> Dominion Livestock Commissioner H. S. Arkell stated the government case in 1939. In referring to the fierceness of international competition, and warning about the fickleness of the US market, Arkell indirectly castigated the beef producers, and reiterated the official position that Canada's best place was under the imperial wing: "The Empire preference which we enjoy in the sale of food products to the United Kingdom together with the stabilization of price under British policy which safeguards the position of Canadians . . . constitutes a trading advantage which is or should be worth more to Canadians than I think she really yet understands."<sup>43</sup> Federal Agriculture Minister James Gardiner, an avowed proponent of the British market, was even more explicit when he told the House of Commons on 3 March 1944 that "Canada has a double opportunity in supplying surplus beef to the United Kingdom at present to meet urgent needs and to build a market there for the post war years."<sup>44</sup> Gardiner had been a vital agent in shaping Canada's agricultural policy since the mid-1930s, and World War II only intensified his commitment toward maintaining the British market in postwar years. The highly contentious wheat agreement, which tarnished his reputation as a skilled bargainer,

was one unhappy legacy of this commitment to empire.<sup>45</sup>

Despite its implications, the replacement of the American market by the British was not pivotal in inspiring the resentment that threw the export issue once more into the forefront by the spring of 1944. Rather it was the problem of falling live cattle prices. Feedlot beef tonnage was up in response to the government plea for increased production.<sup>46</sup> Yet a government coarse grains subsidy had the effect of raising feeding costs since it was not applicable to either commercial or farmer purchases of grain for feeding purposes. Another problem was caused by discrepancies between live cattle prices on which there was no price control and that of the packer-controlled dressed beef floors and ceilings.<sup>47</sup> The relaxing of restrictions on domestic pork sales in the second half of 1943 put further downward pressure on beef prices. Added to the stockmen's woes was the negative impact caused by the cessation of big construction projects in the north and the resulting large-scale troop relocations.<sup>48</sup> By early 1944 the value of feeder cows was below the corresponding floor price.<sup>49</sup>

In March 1944 a large gathering of cattle producers at Lethbridge reaffirmed the right to the US market in the light of the September 1942 policy statement by the Wartime Prices and Trade Board that it would export surplus live cattle to support domestic price levels.<sup>50</sup> The Canadian Federation of Agriculture followed up with its own resolution calling for the removal of the American embargo, and a month later the WSGA asked the government to "take steps to move surplus cattle to the US immediately."<sup>51</sup>

It was clear, however, that the federal government had no intention of considering the US market, arguing first that any attempt to reopen it would result in an embargo on Canadian cattle since, despite higher prices, the American producer was actually getting less for his cattle than a year previously.<sup>52</sup> Secondly, it was stated that the resumption of shipments to the United States would simply mean that the latter would have to increase its

lend-lease shipments, and that Canada was better suited to utilize her own like program to ship more cattle to needy areas.<sup>53</sup>

In July 1944 Gardiner announced the completion of negotiations to supply the United Kingdom with a minimum of 100 million pounds of beef during the period 1944-45, and furthermore to furnish the same market with all surpluses as they became available.<sup>54</sup> Aside from the fact that the US market was now completely discounted, this new contract had mixed results for cattlemen. On the one hand, they were assured the domestic floor price since the Canadian Treasury made up the difference between what the United Kingdom could afford to pay and the Canadian floor price.<sup>55</sup> However, this new year-round floor, which was revised on the basis of the United Kingdom contract, meant there was little incentive for feeders to carry their animals through to a quality finish.<sup>56</sup>

The heavy fall marketings in 1944 showed that cattlemen were not fully protected by the much-heralded British beef contract. Simply put, Canadian processing facilities could not handle the volume of livestock being moved through them. In the first forty-five weeks of 1944, cattle marketings alone were up by 200,000 over the same period a year earlier.<sup>57</sup> The congestion was so great that some central markets placed embargoes on cattle from western shipping points. Those stockmen with short feed supplies could not hold their animals over for sale at a later date.<sup>58</sup> The results were diminished sales, a general trend toward lower prices, and a futile plea from stockmen to add floor and ceiling prices to live cattle as well the existing schedules on dressed beef.

As the war came to a close in the spring of 1945, the question of reopening the American market gained more currency among stock growers. At this early stage, sentiments were low key. The *Lethbridge Herald* called for a token number of cattle to be bought at Canadian prices and shipped to the United States as a way of reasserting claim to a market "given up with great trepidation."<sup>59</sup> In responding to the renewed commitment to supply beef to

Britain beyond the war, the editor of the *Farm and Ranch Review* resignedly commented that "as long as Britain demands all of Canada's exportable meat supply, it will be difficult to convince Ottawa that beef cattle should be allowed to cross the line."<sup>60</sup> In July the Alberta Federation of Agriculture passed a motion to its parent body, the Canadian Federation of Agriculture, calling for the resumption of cattle exports to the United States.<sup>61</sup>

What really spurred the cattlemen into action was the realization that the Canadian government was serious about maintaining the British market after the war and possibly on a permanent basis. Experience had taught them that Britain was not and never could be a reliable outlet for their cattle. A livestock expert told the Canadian Society of Animal Production (Western Section) in June 1945 that Canada could not compete with cheap beef nations like Argentina, Australia, and Uruguay once peace-time trade relations had been reestablished.<sup>62</sup> The sentiment was echoed four months later by J. S. McLean, president, Canadian Packers Limited, when he said that "with stabilization the British market will again discriminate against higher Canadian prices."<sup>63</sup> In February 1946 J. P. Sackville, a prominent agriculturalist at the University of Alberta, warned that the British market in the long term was "a cause of concern."<sup>64</sup> Critics were quick to point out that the present profitability of the British market was misleading since the wartime purchases of Canadian meat were supported partially by the Canadian taxpayer through Britain's extensive Mutual Aid loans. With the termination of such loans, Britain would follow tradition and shut out Canada completely by buying in the cheapest market.

In July 1946 the Meat Board Chairman McTaggart told the annual convention of the WSGA that he believed that Britain would take all of Canada's export cattle through to the end of 1948, and that the American market was secondary to these more urgent post-war needs. Then in October, Agricultural Minister Gardiner announced the signing of a



new beef contract to supply a minimum of 120 million pounds of beef to Britain through each of the years 1947 and 1948. With this announcement, the stockmen realized the seriousness of their situation. Prices for the new British contract were in line with the Canadian floor price for beef, and while reasonable, were well below what they could expect in the United States.<sup>65</sup> In December 1945, for example, Canadian prices were \$6.50 per hundredweight below their American counterparts.<sup>66</sup>

In the face of the rising costs of home production the federal governments refusal to raise the ceilings on beef, the stockmen intensified their pressure throughout 1947 to have the American market re-opened. They were also fearful over the implications of the 1944 US-Mexico cattle agreement, which removed the quota and reduced the duty on Mexican cattle exports to the United States.<sup>67</sup> The National Council of Beef Producers succeeded in having a recommendation for the embargo's removal placed on the Canadian Federation of Agriculture's brief to the federal cabinet. The WSGA and the Northern Alberta Livestock Breeders also passed motions favoring the resumption of trade with the United States.<sup>68</sup> As if in answer to the stockmen's prayers, the terms of the international Geneva Trade Agreement were announced in November 1947. Under this agreement, which covered a wide variety of agricultural products, the United States agreed to increase the annual quota on live cattle imports from 225,000 to 400,000 head and maintain the duty on cattle over 700 pounds at 1.5 cents per pound.<sup>69</sup> Described as "a great boon to prairie agriculture," the Geneva Agreement heralded a major victory for the cattlemen who entered 1948 with every confidence that their lost market would again be opened to them when the agreement took effect on 1 January 1948.<sup>70</sup>

They were wrong. On 15 January 1948, in one of the most amazing addresses ever given before the Western Stock Growers Association, Agriculture Minister James Gardiner told convention delegates in Lethbridge that a re-

opening of the American export market was not in the nations's or the cattleman's best interests.<sup>71</sup> He cautioned cattle producers against tying themselves to the vagaries of US prices and becoming hostages to another country's production-cost cycles. He also emphasized the current US focus on cereal production at the expense of livestock as indicating an American disinterest in Canadian cattle. Gardiner also warned of the disastrous effects on Canadian price controls should the US market be open. His solution was to tie Canadian floor prices to a stable and permanent British market, one he referred to as "the freest and most satisfactory market in the world." After reiterating his intention of not breaking away from agricultural policy that had put Canada in "the soundest position in regards to agriculture that she has ever occupied," Gardiner concluded his speech with imperialist rhetoric reminiscent of a bygone era. His Britain was "the mother of nations, a land which has led us all and which can still lead us all . . . a nation which has led the world in the establishment of democratic institutions . . . freedom . . . and sound finance based on sterling."

All in all, it was an incredible and, some would say, courageous performance. Certainly, it was consistent with Gardiner's longstanding belief in the superiority of Great Britain as a long-range stable market for Canadian cattle. There also can be little doubt that his speech referred to more than cattle. Desperate for Canadian agricultural stability in the postwar era, Gardiner had clearly decided that the sterling area offered the best opportunities for trade in wheat, hogs, other cereal crops, and cattle, in that order.<sup>72</sup> And certainly he must have also been convinced that Britain would continue its policy of imperial preference even in the face of far cheaper Argentinean beef products.

Following his delivery, Gardiner was subjected to heated and angry questions from the floor. And while he parried them with extensive statistical data his words fell on deaf ears. The audience, that had, according to one

observer, "sat in grim silence" throughout Gardiner's speech, could not understand the minister's naïveté. To them, the British market would simply doom them to extinction. A unanimous resolution was passed the next day calling for the opening of the American market. During the debate on the motion, George Ross, Chairman of the Canadian Council of Beef Producers, called for western Canada's secession from Canada should the American market be kept from them.<sup>73</sup> A Pincher Creek rancher summed up the sentiments with a more thoughtful reminder that cattlemen were not about to admit that government should run their affairs or that agriculture should be used to stabilize the country's whole economy.<sup>74</sup>

Over the ensuing months the WSGA, supported by the National Council of Beef producers, pressured the government to change its position, arguing that Argentina could sell dressed beef to Britain at a price lower than live cattle were bringing in western Canada, and that a reopened American market would add badly needed dollars to Canada's balance of payment deficit. Although Gardiner was quoted as late as May that he had no idea when the embargo was to be lifted, the end came with dramatic suddenness less than three months later. On 13 August, Gardiner announced that cattle exports to the United States would be resumed effective 16 August 1948.

The reasons for this sudden turnaround in policy were probably threefold. First, the message about the economic tenuousness of the British market had at last begun to make an impact in official circles, especially in light of the intensive lobby conducted by the various national and regional stock associations in the spring and early summer of 1948.<sup>75</sup> It was known, for instance, that Finance, Minister Douglas Abbott had long been in favor of removal of export restrictions to the United States. Second, with Canadian and American cattle prices beginning to converge, and the Canadian dollar now on par with the American, the fear of rampant inflation was lessened.<sup>76</sup> Yet probably the most pivotal factor

was the failure of secret talks between the two governments on a free-trade deal.<sup>77</sup> Faced with a dollar deficit of \$1.041 billion in 1947, Canadian officials had approached the Americans in the fall seeking some sort of solution in the form of a loan and a comprehensive trade agreement, while hinting at long-range import restrictions without them. Realizing the importance of trade between the two countries and possibly wanting to disrupt the present system of imperial tariffs, the Americans responded favorably. By mid-March the basis for a general agreement had been settled. The overall plan included, among other things, the immediate removal of all duties by both countries for five years and joint consultation on agricultural marketing. Opposition to the proposed agreement included Gardiner, of course, and Louis St. Laurent, Secretary of State for External Affairs and Prime Minister King's heir apparent. On 6 May 1948 a vacillating Mackenzie King finally scuttled the whole deal ostensibly on the grounds that he could not conceive of a Liberal Party placing Canada at the mercy of powerful financial influences in the United States. In the light of this failure to achieve a sweeping trade agreement, the resumption of live cattle exports was a recognition that Canada had not completely closed the door to the multilateral trade arrangements so favored by the United States.

The cattlemen had at last achieved their goal. In the four and one-half month period following the reopening of the US market, 300,000 head went south, realizing a total of \$60 million in American dollars.<sup>78</sup> The mood at the fifty-third annual convention of the Western Stock Growers Association in January 1949 was buoyant. In his report President Charles Mackinnon, referring to the lifting of the embargo, called 1948 one of the most important years in the history of the association.<sup>79</sup> WSGA Secretary Ken Coppock probably best summed up the general opinion of western Canadian cattlemen when he told a radio audience in October 1949 that "the industry has now returned to logic and fact. . . . The future outlook has changed; the

fundamentals of the industry are now sound.”<sup>80</sup> That their industry had not figured prominently on Gardiner’s wider stage of agricultural trade policy, or that the government itself had failed to follow through on its perceived commitment to resume normal operations in peacetime, did not seem to matter in the new euphoria that accompanied the lifting of the embargo. To practical men in changing times, it was simply good to return to “business as usual.”

## NOTES

1. Examples attesting to this belief are numerous. See E. C. Hope, “The Significance of Demand in the Determination of the Price of Beef and Pork in Canada from 1920-32,” *Scientific Agriculture*, 13 (1932): 72; A. M. Shaw, “Phases of Beef Cattle Markets,” *Canadian Cattlemen*, June 1938; Maurice E. Hartnett, “Observations on Markets for Beef Cattle and Beef,” *Canadian Cattlemen*, March 1944. Canadian Packers Ltd., President J. S. McLean termed the US market “the permanent solution to Canada’s cattle problem” and that the ideal situation would be free entry for 200,000 head annually, or in other words, Canada’s surplus production. See *Farm and Ranch Review*, December 1936.

2. For examples see *Farm and Ranch Review*, 10 December 1925, December 1936.

3. The Western Stock Growers Association maintained a determined lobby throughout these years to have the American tariff reduced. Its efforts were mainly directed to the Canadian federal government to take some initiative, to the American Midwest cornbelt farmers, to the Chicago cattle commission houses, and through a paid lobby to the US government. All measures were unsuccessful, however, in persuading the pro-tariff Republican administrations.

4. On 15 October 1999, the US Department of Commerce ruled that Canadian cattle producers are not unfairly subsidized thus dismissing the countervailing duty case. On 9 November 1999 the US International Trade Commission threw out the antidumping case by ruling that Canadian cattle imports do not significantly harm the US industry. In response to the above, the Canadian Cattlemen’s Association intends to seek changes in international rules so that dumping is defined as predatory pricing and selling below home prices rather than the current definition that includes selling below the cost of production. In this way the CCA believes that the cyclical nature of agricultural commodities will be recognized.

5. *Farm and Ranch Review*, December 1935; E. L. Kendall, “The US Duty on a Definite Quota of Canadian Cattle Should Be Eliminated,” *Canadian Cattlemen*, December 1939.

6. See “Canadian Cattle Exports,” *Canadian Cattlemen*, June 1938, June 1942; House of Commons *Debates*, 29 April 1942, 1977-78.

7. *Farm and Ranch Review*, July 1939.

8. Average prices in Toronto for good butcher steers in 1931-36 was \$5.22 per hundredweight. By October 1940 the price had risen to \$7.75 per hundredweight *Farm and Ranch Review*, January 1941). In November 1939 over 5,000 head were making their way south every week, almost all from western Canada. See Directors Meeting, 1 November 1939, Western Stock Growers Association Papers (hereafter cited as WSGA Papers), Box 2, FF 12, Glenbow Archives.

9. Cattle numbers and production levels increased steadily throughout the war period. Between 1940 and 1945 Canada sent a carcass weight of 223 million pounds of beef to Britain. In the same years, the average beef consumption in Canada rose from a five-year average, 1935-39, of 54.4 pounds to 70.4 pounds in 1944. At the outbreak of the war the inspected mature cattle slaughter was 872,574. In 1944 it was 1,354,194. Total Canadian cattle numbers increased from 8.475 million head in 1939 to 10.346 million head in 1944. See *Canadian Cattlemen*, March 1945, March 1946; Canada Packers Limited, “Facts Regarding Canada’s Cattle Industry,” *Canadian Cattlemen*, March 1945.

10. Resolutions of the 44th Annual Convention, June 1940, Box 2, FF 12, WSGA Papers.

11. The reality of this “shortage” was doubted by many cattlemen. Some blamed the packers for refusing to buy; others saw the shortage as a smokescreen for an attack on price. Others attributed the shortage to the sudden disequilibriums caused by increased consumer capacity to purchase beef.

12. For examples, see E. W. Brunsdon, “Beef Shortage,” *Canadian Cattlemen*, June 1942.

13. Directors Meeting, 31 March 1942, Box 2, FF 12, WSGA Papers.

14. Kenneth Coppock, “Record of Industry Controls, 1941-44,” *Canadian Cattlemen*, March 1948.

15. Brunsdon, “Beef” (note 12 above).

16. “US Cattle Imports,” *Canadian Cattlemen*, September 1948.

17. Coppock, “Record” (note 14 above).

18. *Ibid.*

19. *Ibid.*

20. *Farm and Ranch Review*, October 1942.

21. Special meeting to discuss embargo possibility, 31 March 1942, Box 2, FF 12, WSGA Papers.

22. Report of WSGA Delegates, Jim Cross and George Ross of Winnipeg, meeting of 23 April 1942, Box 2, FF 12, WSGA Papers.

23. Coppock, "Record" (note 14 above).
24. WSGA Annual Convention, June 1942, Box 2, FF 12, WSGA Papers.
25. Ibid.
26. Ibid.
27. Directors Meeting, 9 July 1942, Box 2, FF 12, WSGA Papers; Coppock, "Record" (note 14 above).
28. Directors Meeting, *ibid*.
29. Coppock, "Record" (note 14 above).
30. The criticism that producers were holding back cattle in anticipation of better prices was often repeated during 1942. For a good example see *Farm and Ranch Review*, October 1942.
31. Proceedings of Special Meeting, 25 August 1942, Box 2, FF 12, WSGA Papers.
32. In August this differential was \$2.00 per hundredweight. See "The Food Corporation, *Canadian Cattlemen*, September 1942.
33. For commentary, see *Farm and Ranch Review*, September 1942.
34. House of Commons, *Debates*, 18 February 1943, 847. Figures given were an increase of 78.6 percent in cattle shipments and an actual decrease of 5.9 percent in inspected killings.
35. Coppock, "Record" (note 14 above).
36. Ibid.
37. Directors Meeting, 16 November 1942, Box 2, FF 12, WSGA Papers.
38. Coppock, "Record" (note 14 above).
39. At the 1943 WSGA Annual Convention, Deputy Food Administrator F. S. Grisdale told the delegates that the aim of meat rationing was not to obtain control over supply but to provide sufficient beef for Britain. See *Farm and Ranch Review*, July 1943.
40. For commentary, see *Farm and Ranch Review*, 25 February 1927; *Canadian Cattlemen*, March 1947, 1948.
41. For two examples, see *Farm and Ranch Review*, 25 February 1927, February 1946.
42. For a good account of these attempts, see House of Commons, *Debates*, 20 February 1925, 400-401, and *Canadian Cattlemen*, March 1939. The experiment with baby beef recorded a loss of 2.8 cents per pound.
43. H. S. Arkell, "Competition for the United Kingdom Meat Market," *Canadian Cattlemen*, September 1939.
44. House of Commons *Debates*, 4 March 1944.
45. An excellent biography of Gardiner is Norman Ward and David Smith, *Jimmy Gardiner: Relentless Liberal* (Toronto: University of Toronto Press, 1990). Gardiner preferred to use the word "empire" as opposed to the more commonly used term "Commonwealth."
46. Feeders were holding their animals longer to get them to heavier weights.
47. "How the Editor Views It," *Farm and Ranch Review*, May 1944.
48. Directors Meeting, 14 January 1944, Box 2, FF 12, WSGA Papers.
49. "Keeping Informed," *Canadian Cattlemen*, March 1944.
50. "Protest Livestock Situation," *Farm and Ranch Review*, April 1944.
51. *Farm and Ranch Review*, April 1944; Directors meeting, 4 April 1944, Box 2, FF 12, WSGA Papers.
52. "Report of Delegates to Ottawa Resulting from Lethbridge Meeting," Directors Meeting, 4 April 1944, Box 2, FF 12, WSGA Papers.
53. "Chips and Chatter," *Canadian Cattlemen*, June 1944.
54. *Farm and Ranch Review*, September 1944.
55. "Observations Re Floor Prices," *Canadian Cattlemen*, September 1944.
56. "Keeping Informed," *Canadian Cattlemen*, September 1944; "Cattlemen's Future Uncertain," *Farm and Ranch Review*, May 1944; "New Price Policy," *Farm and Ranch Review*, September 1944.
57. *Canadian Cattlemen*, December 1944. Not only cattle were clogging the processing facilities; hog marketings were up by almost 2 million and sheep by 86,000.
58. See "Resolutions of Western Canadian Council of Beef Producers," *Canadian Cattlemen*, December 1944. At its meeting in November, the Council called for restoration of the United States' live cattle export market.
59. *Farm and Ranch Review*, May 1945.
60. Ibid. The beef equivalent of 202,390 head of cattle was shipped to Britain in the first four and one-half months of 1945. *Canadian Cattlemen*, June 1945.
61. *Farm and Ranch Review*, July 1945.
62. "Address Before Canadian Society of Animal Production (Western Section), Monday, June 25, 1945," *Canadian Cattlemen*, September 1945.
63. *Farm and Ranch Review*, October 1945. McLean repeated his assertion in 1946 and 1947. In the former year he said that "Canadian beef cannot hold a permanent place in the British market." See *Canadian Cattlemen*, September 1946.
64. J. P. Sackville, "Livestock Men Served World Well in 1945," *Farm and Ranch Review*, February 1946.
65. See "With Your Editor" and "National Beef Council Meets in Four Day Session in Toronto," *Canadian Cattlemen*, December 1946.
66. *Farm and Ranch Review*, December 1945.
67. The duty was cut to \$1.25 per hundredweight. Indeed, the movement was so great that Mexico herself placed a limit of 500,000 exportable head in order to protect her own herds. "The Outlook for

the Beef Cattle Industry," *Canadian Cattlemen*, March 1947.

68. Board of Directors Meeting, 23 August 1947, Box 3, FF 13, WSGA Papers; "Northern Alberta Breeders Urge Opening of US Cattle Markets," *Farm and Ranch Review*, January 1947.

69. *Canadian Cattlemen*, December 1947. The duty on animals over the quota was reduced from 3 cents per pound to 2 cents per pound, the duty on animals 200-700 pounds removed completely, and the quota on calves below 200 pounds was raised from 100,000 to 200,000.

70. "The Geneva Trade Agreement's Boon to Prairie Agriculture, *Canadian Cattlemen*, December 1947.

71. Text of Hon. James Gardiner's Address to the 52nd Annual Convention of the Western Stock Growers Association, Lethbridge, 15 January 1948, Box 3, FF 13, WSGA Papers.

72. In 1947 J. S. J. McLean, president of Canada Packers Limited, said in his annual report that wheat and bacon were the only two food products Canada can produce in competition with the rest of the world. See *Canadian Cattlemen*, September 1947.

73. Lorne Stout, "Historic Convention," *Canadian Cattlemen*, March 1948.

74. Ibid.

75. In June 1948 a detailed account of the industry's position on the embargo was sent to the prime minister, the cabinet, all members in the House of Commons and the Senate, and all associations affiliated with the National Beef Council.

76. Canada raised its dollar to parity with the US dollar in July 1946.

77. For a good account of these deliberations, see Robert Cuff and J. L. Granatstein, "The Rise and Fall of Canadian American Free Trade, 1947-48," *Canadian Historical Review*, 58, no. 4, (December 1977): 459-82; J. L. Granatstein and Norman Hillmer, eds., *For Better Or For Worse: Canada and the United States in the 1990s* (Toronto: Copp Clark Pitman Ltd., 1991), 163-75.

78. *Canadian Cattlemen*, December 1948.

79. "Western Stock Growers Convention," *Canadian Cattlemen*, March 1949.

80. Ken Coppock, "The Beef Cattle Outlook" text of speech given over Radio CJCJ, Calgary, 12 October 1949, reproduced in *Canadian Cattlemen*, November, 1949. Coppock was reiterating remarks he had made in a press release on 13 August 1948 following the announcement of the lifting of the embargo.