

Economics & Cattle Ranching Changing

By MONT H. SAUNDERSON

(Editors Note — The author was ranch management specialist at Montana State College from 1925 to 1938 and western resource economist for the U.S. Forest Service from 1938 to 1950. In October, 1950 he has worked as a private consultant on western ranching and land use and is located at Bozeman, Montana. He has written many articles on his favored subject and book entitled "Western Stock Ranching" published by the University of Minnesota Press.)

RECENTLY, at a meeting of the American Society of Range Management, I was having a pleasant visit with Mr. J. A. "Scotty" Campbell, of your Alberta Department of Lands and Forests.

Somehow, the conversation got around to the subject of how we might exchange more western ranching information, north and south of the border. We agreed that it seemed a good idea, that we should know more of one another's ranching operations and trends. "Scotty" generously suggested that since I have written considerable on western ranch economics and economic trends, I should lead off on our venture by offering an article for Canadian publication.

Rashly, I assented. Even more rashly, I soon thereafter wrote to Mr. Kenneth Coppock, your Canadian Cattlemen Editor, and made such an offer.

I write this article mainly in the hope that it will be fruitful in the exchange of ideas, north and south of the border, in the future. We've had some of that, of course, but not enough.

I do not pretend to know much about your Canadian ranching — about its area geography, its types, markets, prices, costs, capital values. For that reason, I shall try to write briefly on some of the things in the ranching economy of the western United States that may interest you, for making comparisons.

We are now in the midst of rapid and far-reaching change, in our western stock ranching. The evolution of our ranching economy now in progress probably is more significant and far-reaching than that of any period in the past, including the time of transition from the old-time open range operations to the development of settlement ranching.

My own work and experience as a western ranch management technician and economist spans the past thirty years, approximately. I remember well how at the start of my work, as the ranch management specialist at Montana State College, the organization and management pattern of Montana stock ranches seemed quite fixed. There wasn't much economic incentive for change and development, and the "wherewithal" for such development was limited. Ranching then was pretty much a matter of accepting nature's offerings, and fitting the ranch production to her many areal variations.

At that time, say about 1925, ranching economy ran on a low level, capital values were low, and there didn't seem

much prospect of progress and change. The then fast-developing benefits of mechanization and of agronomic and soil science didn't seem to be for the stock ranch, to any extent. Even our livestock science didn't then seem too well oriented to the needs of the western rancher.

How rapid the evolution of our western ranching economy seems now, compared with the prospects of "then". Under the combined impetus of economic incentive and the fruition of many things in technology and science of value to the stock ranch, the economic level of the ranch operations rises sharply, now. New range grasses have been discovered and bred. New things in livestock science adapted to ranching size and scale have come along. Mechanization and chemistry can now be applied to control range brush and range insects. The list of the new things in science and technology that the stock ranch can use now grows rapidly. And, as a result, the production output per livestock unit of capacity now increases rapidly. Where, typically, the annual marketing of beef per animal unit of stock cattle maintained on the ranches once averaged 150 to 200 pounds, now the figure probably averages over 300 pounds.

One of the interesting ways to depict this change is to compare the level of operating costs and income of recent years with that of twenty - five years ago. Before doing that, however, let's look a bit at price comparisons and at the influences that have changed beef cattle prices. We couldn't go very far in applying the fruits of science and technology to the stock ranch had beef prices remained on the relative level of thirty years ago.

During the twenty year period 1921 through 1940, the beef cattle prices received by the western ranch growers averaged about \$7 a hundredweight, perhaps a bit under, rather than more. Western ranch lands credit people studied the economics of the western stock ranch rather despairingly, during this time, in seeking to determine the true

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earnings value of the stock ranch. They decided that the capital value of an animal unit of ranching capacity—the land capacity value of the "home for a cow" to be \$40 to \$60. They also said, privately, that they couldn't see too much of a future in western stock ranching.

Now, aside from the measurable inflation of recent years in our general price level, we know that certain factors have enhanced the price and earnings situation of the beef grower, and particularly of the western beef grower. Among these influences we can note especially our general population increase, our western population migration, and the fact that the western stock ranch has certain advantages in the economy of scale, in the use of some of the results of modern science and technology.

Nationally, our beef output capacity increase now lags behind our population uptrend. This seems mainly due to the fact that we do nationally, make at least three fourths of our total beef tonnage from grass — from range and pasture grazing. We now are having a regional competitive race to meet this need, but the expansion of this type of agricultural production capacity takes time — probably more time than an expansion of total crop acres and certainly more time than a shift in crop acreage.

Now let's look at the comparison, given below, in operating costs and income, for one type of western cattle ranch. The comparison is for a western

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Montana mountain valley and foothill type of ranch, for the twenty year period 1921-1940, and as of now.

| | 1921-1940 average | 1951 |
|---------------------------------------|----------------------|---------|
| Operating costs: | | |
| Hired labor | \$ 4.05 | \$20.15 |
| Hired labor commissary | 1.25 | 6.10 |
| Bull replacement * | 2.15 | 5.35 |
| Leases and grazing fees | 1.35 | 3.15 |
| Purchased feeds | 1.75 | 3.65 |
| Taxes (property taxes only) | 1.75 | 2.70 |
| Auto, truck & equipment expense | 1.25 | 4.50 |
| Miscellaneous ranch supplies | 1.15 | 2.10 |
| General ranch expense | 1.30 | 1.80 |
| Equipment depreciation | .95 | 1.75 |

Total operating cost

Income:

300 lb. of beef at \$7

375 lb. of beef at \$30

Animal unit ranch sale

prices

*Breeding herd replacement from the increase, and a deduction from income, rather than an operating cost.

This comparison given above tells quite a story, on the availability of money for ranch development and improvement, for western stock ranch production gain and betterment. How long this situation will continue, no one knows. Our western ranches are using it to "Make hay while the sun shines."

When I think of our present western ranch economic picture in relation to that of the early western range days, I am reminded of a story. The story was told to me in 1930, by a then aged man who once followed the old Chisholm trail, from Texas northward to Montana and into Canada.

The teller of the story, Mr. Hawkins, related how on the start of the trek northward from Texas with a trail herd, the other three cowboys of the group learned that he went by his real name — Hawkins. None of them used their real name, and they informed him that henceforth he was to them "Cox", not Hawkins.

Some days out on the trail, one of the longhorns developed a bad sore hoof. They decided that the animal needed the usual treatment — soaking the hoof in hot oil. Mr. Hawkins said that he needed to make some repairs in his riding gear, and that he would use the time to do that while the others administered the curative treatment to the animal.

Unfortunately for him, he sat with his back to the scene of the treatment. Suddenly, the bellowing ceased, and "Cox" sensed that not all was well, for him. He knew it wasn't when he heard the cowboys yelling "Run, Cox, run! When they had loosed the ropes from the pain-crazed animal, they had pointed it in his direction, just for playful fun! Now, the leggy long-horned beast bore down on him in red eyed fury.

He sprinted for the wagon, and dove under it just in time, as the fast-moving beast crashed into the wagon side. The cowboys thought it good fun, and they told him that they had a good epitaph for his grave marker in case he didn't make it. They said they would have scrawled on his grave marker these words: "Here lies Cox, he got cow pox".

Such were the days and ways of the "Early times". Then, the cost of running range cattle on the open ranges of the prairies of Montana and of Saskatchewan and Alberta were \$3 to \$5 a head, annually. In this time and place, the longhorn served his purpose, even as our increasingly modern and efficient cattle-ranching of today.

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Further details in the next issue of the "Cattlemen"

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SASKATOON'S FIRST BULL SALE

Saskatoon's first "interprovincial" bull show and sale of Hereford, Shorthorn and Aberdeen-Angus bulls from the three prairie provinces will be held April 11 in the Saskatoon Exhibition's new livestock pavilion, entries having closed on January 31st. The exhibition will publish a catalogue of the entries giving much pedigree information, and will circulate it widely to prospective buyers.

Exhibition directors have decided that only bulls capable of meeting the requirements for Grade A under Saskatchewan standards will be permitted to enter this event. In order to attract such entries, a \$1500 prize list has been established. Copies and entry forms are available from S. N. McEachern, Exhibition manager.

Breed champions will win \$200 each and reserve grand champions \$100 each. Class prizes will be \$25.00 for first, \$15.00 for second and \$10 for third placing.

Claude Gallinger of Tofield, well known owner of the Killearn and Gold Bar herds of Shorthorn cattle, has donated a \$100 special prize for the best pair of bulls bred and owned by the exhibitor.

Classes in the three breeds are: (1) Bulls born before January 1, 1950; (2)

Bulls born January 1 to June 30, 1950; (3) Bulls born July 1 to December 31, 1950; (4) Bulls born January 1 to April 1, 1951.

J. W. Durno of Calgary, veteran livestock auctioneer, will officiate at the sale.

ANGUS DIRECTORS ELECTED

Counting of mail ballots for the election of directors for the Canadian Aberdeen Angus Association for 1952 has been completed resulting in the following breeders being elected:

For Ontario, Quebec and Maritime Provinces:

Malcolm Bailey, Uxbridge, Ont.

Thos. Henderson, Guelph, Ont.

Thos. Todd, Lucknow, Ont.

Manitoba:

Cowley H. Webster, Two Creeks, Man.

Saskatchewan:

C. G. Argue, Grenfell, Sask.

P. R. Pedersen, Milestone, Sask.

Alberta and British Columbia:

Roy Ballhorn, Wetaskiwin, Alta.

C. C. Matthews, Calgary, Alta.

T. A. Leader, Red Deer, Alta.

The 1952 Annual Meeting of the Association will be held at the Fort Garry Hotel, Winnipeg, on Wednesday, February 27th, starting at 9:30 a.m.

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