

PART I. ABSTRACTS

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A. DEVELOPMENTS IN THE WHEAT WORLD, 1923-24 TO 1943-44

(Abstracts of annual *Review* issues of WHEAT STUDIES)

Surveys of current developments in the world wheat situation were issued three times a year from January 1925 through May 1944. Each contains a fairly detailed account of developments during about four months ending shortly before the publication date, together with the more important statistical data presented in tables and charts. After the early issues, each includes a reasoned appraisal of the near outlook as it then appeared. The accounts are based on a careful sifting of reports and include much interpretative comment. Abstracts of *Survey* numbers are not reprinted below, except for that of May 1944 and its July addendum. All *Surveys* are listed in Section C and broadly indexed in Section F.

Reviews of the world wheat situation have been issued annually since December 1924, beginning with the crop year 1923-24. Less detailed than the *Surveys*, the annual *Reviews* are more comprehensive and fully matured, and they include comprehensive reference tables, each covering a period of several years. The successive issues comprise a record not only of developments in the wheat situation—production, consumption, trade, prices, governmental measures—but also of broader economic, social, and political developments, with special attention to interpretations of influences and relationships. In these interpretations may be found evidence of the progress of understanding of the problems of wheat and of sundry related problems. The following abstracts give a condensed narrative of developments in the wheat world in the twenty-one years ending with July 1944.

The World Wheat Situation, 1923-24

J. S. DAVIS and others

Dec '24 I (1), 1-59

High yields, bumper crops, abundant supplies, record international shipments, low prices, and very low purchasing power of wheat were outstanding features of the world wheat situation in 1923-24.

Favored by abundance of cheap wheat, low ocean freight rates, and economic improvement abroad, the international movement of wheat and flour proved unexpectedly and extraordinarily large. Shipments were heavy both to Europe, which had large grain crops, and to ex-Europe, especially Japan and China. Canada's net exports of 348 million bushels were of record size, Argentina's about half as large. Soviet Russia, with fair crops of grain for the first time since the revolution, skimmed on domestic consumption and exported, through the government monopoly, substantial quantities of rye, wheat, and barley.

United States wheat farmers, in the third year of postwar agricultural depression, had a very bad season. The domestic crop was the smallest since 1917, and high-quality hard wheats were so scarce that considerable Canadian grain was imported over the 30-cent duty. The United States remained by far the largest exporter of flour, but her net exports of wheat and flour combined were the smallest since the war. Feed use here was unusually large.

World wheat prices started upward in the spring of 1924 and rose sharply in June-July, under the joint influence of increased European purchases and deteriorating crop prospects in Europe and Canada. The acute emergency among American wheat growers was ended by good yields, harvests, and prices in 1924.

The World Wheat Situation, 1924-25

J. S. DAVIS and A. E. TAYLOR

Nov '25 II (1), 1-64

At almost every point the world wheat situation in 1924-25 was in striking contrast with that of 1923-24. Stringency succeeded abundance. World wheat production was 350-400 million bushels smaller, and of poorer quality. Europe, Canada, and Argentina had short crops, the United States an excellent one, and Australia a record harvest. World supplies of rye were reduced even more than those of wheat, and Soviet Russia became a grain importer. Year-end stocks of wheat, instead of being swelled, were depleted to unusually low levels. Wheat consumption was reduced for both food and feed, but lack of reliable data render it impossible to say by how much.

United States wheat was marketed early and fully, under the stimulus of attractive prices and farmers' need for cash after three unremunerative seasons. The Canadian crop movement was delayed by lateness of the harvest. European marketings were abnormally retarded by the same factor and by unusually wet weather during and after reaping. Argentina and

Australia moved their wheat promptly, selling at the best prices of the year. An outstanding development was the successful operation of wheat pools in all three Prairie Provinces of Canada, which combined to market their wheat through a central selling agency. By contrast, the co-operative venture of the Grain Marketing Company in the United States ended in failure.

International trade in wheat and flour was more nearly free than it has been for many years or seems likely to be for some years to come. But overseas shipments showed marked fluctuations, reaching high peaks in the early autumn and late winter and being exceptionally small in May-July. Disappointing crops in Europe, and improved financial conditions following adoption of the Dawes Agreement in August 1924, strengthened the European import demand and led to record European imports. With cheap wheat no longer available, Oriental takings were greatly curtailed.

Wheat prices rose to sharply higher levels, but varied widely among different types and grades, and fluctuated wildly during the crop year. Futures trading was exceedingly heavy. Wheat scarcity, exceptional uncertainties in the situation, and ease in North American money markets so stimulated commodity speculation as to contribute to the violence of the price swings. The prosperous season brought to an end the prolonged depression among North American wheat growers. Europe paid dearly for her crop shortage, but has apparently entered a period of more normal agriculture.

The World Wheat Situation, 1925-26

J. S. DAVIS and A. E. TAYLOR

Dec '26 III (2), 77-140

The past crop year was characterized by large world crops, moderate international trade, heavy domestic consumption in Europe, light stocks and outward carryovers, a sharp recovery of prices in November-December after an earlier decline, and generally favorable returns to growers.

Several anomalies were present. Though the world wheat crop approached 4 billion bushels for the first time since 1915, prices in active exporting and importing markets averaged little below the high level of 1924-25, when crops were much smaller. Supplies available for export were so limited, before new Canadian wheat came to market and especially after the failure of the Russian export program and a severe crop disaster in Argentina, that the international position was tight in spite of a great reduction in European import requirements. In the United States, where the winter-wheat crop of 1925 was notably short, prices averaged higher than in 1924-25. In Europe, wheat price levels and price movements varied greatly from country to country, often independently of international market prices.

Canada was the outstanding figure in the world wheat situation of 1925-26. Harvesting a large crop, she contributed well over half of the overseas exports. Half of the marketed crop and probably more than half of the exports were handled by the growers' pool. The fortunate conjuncture of a large crop sold at good prices brought excellent returns to Canadian farmers.

The World Wheat Situation, 1926-27

M. K. BENNETT

Nov '27 IV (1), 1-62

Wheat acreage and production, and international trade as well, have shown a pronounced upward trend since the close of the war. In 1926-27 world acreage and international trade attained record heights, and the world crop approached the record yield of 1915-16; yet in most respects the year was fairly normal. No major producers harvested bumper crops or suffered crop failure. The crops were well distributed, though somewhat better in export countries than in import areas. The international position was moderately easy, but exportable surpluses did not seriously depress the market; and prices, though in most countries lower than in the two preceding years, were generally regarded as remunerative to growers.

The major disturbing factor of the year was a radical advance in ocean freight rates in the autumn of 1926, followed by a decline after the end of the British coal strike in mid-November. High freight rates caused a notable widening of the spread between export and import prices, to the disadvantage of importers, and a consequent restriction of overseas trade in the early months of the crop year. As rates receded to normal levels, the volume of international trade increased, and remained on a high level for several months.

World wheat stocks, which had been generally low at the beginning of the crop year, were larger than usual at its close. The willingness to build up stocks, in both exporting and importing countries, helped to sustain prices, and the substantial carryover must be reckoned with in 1927-28.

The World Wheat Situation, 1927-28

M. K. BENNETT

Dec '28 V (2), 45-112

The wheat year under review, like the year preceding, was a fairly normal one, taking account of upward trends in production, trade, and utilization. World acreage set a new record. Yield per acre, though not extraordinarily high, was above the postwar average. Excluding Russia, the 1927-28 crop approximated the big crops of 1915 and 1923. Russia included, the world outturn was a little above that of 1926, and was exceeded only by the bumper crop of 1915. Distinctly large crops were harvested in Canada, South America, and a few European countries, and distinctly small ones only in Australia, Yugoslavia, and the soft red winter wheat belt of the United States; but in general the crop distribution was not extreme. Wet harvests, in Canada and part of Europe, lowered grades and damaged quality.

International trade was heavy, though not quite as large as in 1926-27 or in 1923-24. The great exporters—Canada, the United States, and Argentina—furnished an unusually large proportion of total exports. The international position was neither tight nor easy. Prices in general continued the decline from the high level of 1924-25, but were about midway between that peak and the trough of 1923-24. Commercial visibles ran high, and were exceptionally heavy at the close of the year, especially in Canada; but the total carryover probably did not exceed that of the preceding year.

Bad prospects for the 1928 crop, especially in the United States and to some extent in Europe, caused sharp advances in prices from February to April 1928. After May 1, however, a general and marked improvement in new-crop prospects, coupled with the weight of visible supplies, caused a spectacular price decline which continued beyond the end of the crop year.

The World Wheat Situation, 1928-29

M. K. BENNETT

Dec '29 VI (2), 41-110

The crop year 1928-29 was an unusual one in wheat. Bumper wheat crops were harvested in many countries, including Canada and Argentina, two of the world's greatest exporters. The average world yield per acre ranked with the exceptionally high ones of 1915 and 1923; the world crop (ex-Russia, China, and Asia Minor) stood 16 per cent above the 1922-27 average. For the first time in many years a bumper world wheat crop followed a distinctly good crop; and wheat supplies were exceptionally abundant.

Consumption was undeniably heavy, but presumably not so far above the line of postwar trend as was production. Consequently carryovers were greatly built up in the course of the year, most strikingly and certainly in North America and Argentina, but probably to a marked degree in Europe as well. The volume of international trade in wheat and flour exceeded all records. Ex-European countries imported record quantities, but Europe did not. Argentina and Canada exported very heavily from their big crops; the United States and the Danube countries exported rather small quantities.

Wheat prices were low, notably in the export and international markets. Late in May 1929, Chicago futures even fell below \$1.00 per bushel, the lowest point in postwar years; but on the whole the general world level of wheat prices was not as low as in 1923-24. Argentine wheat was the cheapest comparable wheat on the import markets for a longer period than in any recent year. Prices in the United States were maintained practically throughout the year at too high a level to permit free exportation, and such was the situation in Canada in the closing months. The relatively low level of prices, persisting until new-crop prospects caused a spectacular advance in June-July 1929, was conducive to agitation in many countries for price-raising devices.

The World Wheat Situation, 1929-30

M. K. BENNETT, HELEN C. FARNSWORTH,
and A. E. TAYLOR

Dec '30 VII (2), 89-184

Wheat consumption in the crop year 1929-30 seems to have fallen only a little below its line of postwar trend. The world wheat crop of 1929 was small, trend considered; and stocks had to be drawn down in the course of the year. The situation was seemingly one favorable for fairly high prices and firm markets. Yet on the British import market and in the major exporting countries wheat prices fell from a moderately high level when the

year opened to the lowest level of postwar years at its close, despite stabilizing operations undertaken under the auspices of the Federal Farm Board in the United States.

Extremely heavy inward carryovers, the geographical distribution of these carryovers and of the wheat crop of 1929, and a general weakening of the disposition of traders to hold stocks combined to cause weakness in wheat prices. European import requirements were extremely small on account of a big inward carryover, a large domestic wheat crop, ample supplies of wheat substitutes, and governmental measures tending to restrict imports. International trade in wheat and flour, some 624 million bushels as measured by net exports, was the smallest in postwar years, principally because France, Italy, and Germany needed so little wheat. The small continental import requirements and the big Argentine inward carryover gave rise to severe selling pressure on the British market. The disposition to hold wheat was weakened not only by developments in the wheat situation itself, but also by the onset and progress of general economic depression. The crop year opened in an atmosphere of optimism, and closed in an atmosphere of pessimism. Despite reduction in the course of the crop year, wheat stocks remained relatively heavy at the end, especially in North America.

The World Wheat Situation, 1930-31

M. K. BENNETT, J. S. DAVIS, HELEN C. FARNSWORTH,
A. E. TAYLOR, and ADA F. WYMAN Dec '31 VIII (2), 67-198

The world wheat crop of 1930 (ex-Russia) unexpectedly turned out to be larger than in any preceding year except 1928. Because of a larger inward carryover, total supplies available for 1930-31, outside of Russia, were about as large as those of 1928-29. Russia had a bumper crop, and became a major exporter for the first time since the war.

Realization of these developments, the flooding of European markets with Russian wheat, and generally declining commodity prices and deepening world depression, brought about a sharp drop in world wheat prices in August-December 1930. Except in a few countries with effective price-raising measures in force, wheat prices since January 1931 have been lower than in any year since 1894. Throughout 1931 wheat has been unprecedentedly cheap in terms of commodities in general.

International trade in wheat and flour was of fairly large volume in 1930-31, though rather because of export pressure than because of insistent import demands. Ex-European importers bought heavily at the low prices. Increased restrictions on imports held down European takings.

World wheat consumption attained new high levels in 1930-31. Consumption for food was heavy in Russia and India, as was consumption for feed in several exporting countries. Nevertheless the year closed with world stocks at record heights, especially in North America. Stocks in European importing countries, however, were not high.

Stabilization operations in the United States kept domestic prices out of

line with other markets and enhanced returns to wheat growers, but curtailed exports, enlarged visible supplies at the expense of other stocks, reduced mill grindings, and in many other ways altered the usual course of commercial transactions in wheat and flour.

The World Wheat Situation, 1931-32

M. K. BENNETT and J. S. DAVIS

Dec '32 IX (3), 63-136

The crop year 1931-32 was the fourth successive year of burdensome wheat surplus, the third of severe economic recession. Early-season expectations of a 1931 world wheat crop small enough to reduce the surplus substantially were not borne out, and the year ended with another large crop in prospect. World wheat prices (in gold) fluctuated on the lowest level in modern times. A speculative advance in October-November from new lows in the autumn of 1931 was short-lived. The level prevailing when the year opened was already so low that throughout the year wheat prices showed more resistance to decline than most other significant economic indexes. In several important exporting countries, but not in the United States, the impact of low prices was softened by depreciation of domestic currencies. Bonuses to producers were paid in Canada and Australia. Some European importing countries kept domestic prices high by rigorous restriction of imports.

Low prices stimulated food use of wheat in China, and feed use in a few free-trade European countries. Yet good crops in Europe, and widespread import restrictions, were effective in keeping the volume of international trade below average. Southern Hemisphere exporters and the Danube countries shipped freely, and Russian exports were heavy in view of the supplies available; but larger fractions of the North American surpluses were retained domestically than ever before. Heavy use of wheat in low-price outlets—for feed in North America and a few European countries, for food in China—led to heavy disappearance in the world ex-Russia. But supplies from inward carryover, crops, and Russian exports were so large that world wheat stocks were reduced only about 40 million bushels in the course of the year, and were more than 50 per cent above normal at the close. The excess was almost entirely in North America. United States wheat alone made up nearly 45 per cent of the world carryover, a record proportion.

The World Wheat Situation, 1932-33

M. K. BENNETT and HELEN C. FARNSWORTH

Dec '33 X (3), 71-142

World wheat supplies were again superabundant in 1932-33, despite short crops in the Danube basin and the United States. Importing Europe harvested a record crop, and import restrictions were tighter than ever before; consequently imports were the smallest since 1917-18, and well below the prewar average. Ex-European imports, however, were sizable, though only because of heavy Chinese takings. Italy, Germany, and Japan were conspicuously small net importers. The United States, again prominent as a

country willing and able to hold stocks, exported less wheat and flour than in any year since 1868-69.

World wheat prices (in gold) fluctuated around a new low average level, in spite of an advance induced toward the close of the year by unfavorable prospects for the North American crops of 1933. The impact of low prices in all of the major exporting countries, however, was softened by depreciation of domestic currencies, including the United States dollar. A tremendous wave of speculative enthusiasm, based on the unfavorable new-crop prospects and inflationary developments, more than doubled the price of wheat futures at Chicago between March 23 and July 17, 1933; but a spectacular crash ensued. In some of the principal importing countries of continental Europe, the crops of 1932 were so large that increased stringency of important controls failed to prevent sharp reductions in wheat prices.

World disappearance was smaller than in the two preceding years, with conspicuous reductions of wheat consumption for feed in the United States, and for food in Rumania, Yugoslavia, Poland, Germany, Italy, and Japan. Stocks were built up during the year, and stood at a new high level at its close. The excess—roughly 70 per cent above normal—was again mainly in North America.

The World Wheat Situation, 1933-34

M. K. BENNETT and HELEN C. FARNSWORTH Dec '34 XI (4), 125-95

To observers concerned with improvement in the world wheat situation, the crop year 1933-34 was one of disappointed hopes and expectations. Early indications pointed toward a world wheat crop ex-Russia small enough to assure substantial reduction of the world wheat surplus and to foreshadow a rise in wheat prices, with an accompanying measure of relief to wheat producers and to governments deeply engaged in assisting producers.

Week by week as the season progressed, however, the crop forecasts and estimates made larger and larger world totals; and appraisals standing in December 1934 were some 300 million bushels—nearly 10 per cent—above forecasts current in August and September 1933. World wheat prices, low when the crop year opened, tended to fall rather than to rise in the early months. Even with an advance in the spring and early summer of 1934 associated with unfavorable development of the 1934 crop, the average crop-year price of wheat (gold basis) on free import markets fell to a new low—an occurrence avoided, however, in several countries where national currencies were sufficiently depreciated, or where protective devices provided sufficient shelter.

Governmental price fixing, direct and indirect subsidization of wheat exports, and barriers to wheat imports were more widely in evidence than ever before. Year-end stocks were brought to a new high level when the year closed. The first attempt at governmental co-operation in international wheat control was unsuccessful in its major objectives. "Wheat adjustment" in the United States, domestically a qualified success, had little or no favorable influence on the current international position. The volume of

international trade in wheat and flour plumbed new postwar depths (though this was early anticipated), and ruled at the level characteristic in the first decade of the twentieth century.

The World Wheat Situation, 1934-35

J. S. DAVIS

Dec '35 XII (4), 101-82

Short crops in most exporting countries, negligible shipments from Russia, and liberal use of wheat for feed: these combined to reduce world wheat stocks from a record peak in midsummer 1934 at least halfway toward normal levels by August 1935. In Canada, as an unwelcome result of price-supporting operations, a huge carryover was left in quasi-government hands. Stocks were also heavy in numerous importing countries which had big crops in 1933, 1934, or both. Such factors, coupled with widespread and effective government controls, caused international trade in wheat and flour to fall to the lowest total in twenty-five years except for the war year 1917-18. Wheat prices were extremely divergent in level and course. In leading world markets the peak was reached in August 1934, but subsequent declines held averages for the year little above those of 1933-34.

Among exporting countries, Argentina took first rank with a third of the world's exports, owing to her large initial stocks, a good crop, unrestricted shipments, and Canada's holding policy. Despite abundant exportable supplies, Canada took second place. Australia shipped heavily to the Orient. France, subsidizing exports of surplus wheat, ranked fourth. The United States took sizable amounts of durum and feed wheat from Canada, and was a net importer for the first year since 1836-37.

Another short world crop in 1935 presages further reduction of the "carryover surplus." Toward solving the underlying wheat surplus problem, however, progress has been slight. Wheat consumption for food continues low. Growers are still geared to produce more than world markets, hampered by complex restrictions, can absorb at prices that producers deem remunerative.

The World Wheat Situation, 1935-36

J. S. DAVIS

Dec '36 XIII (4), 141-232

Disasters to crops of North American spring wheat and in Argentina more than offset good outturns in many importing countries. Hence the 1935 world crop ex-Russia was little larger than the small crop of 1934. Total wheat utilization again exceeded the year's production, and drafts upon stocks reduced the world carryover ex-Russia to the lowest point since 1928.

International trade in wheat and flour shrank below the low level of 1934-35, as import demand from the Orient fell off and that of Europe again disappointing expectations. Net exports of net-exporting countries totaled some 525 million bushels. Canada, resuming her role of premier wheat exporter, supplied nearly half of the total. Contributing to this out-

come were the huge Canadian carryover, limited supplies of good milling wheat in the United States, the short crop in Argentina, and a change in Canadian Wheat Board personnel and policy in December 1935. Australia, with new wheat of excellent quality, shared in dominating open world markets after the Argentine crop debacle. The United States, with a moderate carryover but a small crop of inferior quality, imported bread wheat heavily. Our net imports were exceeded only by those of the United Kingdom, Belgium, and Brazil.

Prices of British import wheats averaged 14 per cent higher than in 1934-35, reflecting the definite passing of a period of abundant supplies. Price advances were even larger in Argentina and Australia, but much smaller in the United States and Canada. In many countries, prices were fixed or supported at levels stimulating further expansion of wheat acreage. In June-July 1936, however, adverse weather again led to sharp advances in open market prices, correctly presaging another short world crop.

The World Wheat Situation, 1936-37

J. S. DAVIS

Dec '37 XIV (4), 103-82

For a third year in succession world wheat crops were short, utilization considerably exceeded production, and carryovers were strikingly reduced—in the end to a very low point like that of 1925. Successive advances carried wheat prices up toward or above 1929-30 averages.

The short 1936 crop was due primarily to adverse weather. Most of Europe ex-Danube and French North Africa was affected; spring wheat was seriously damaged in North America and the USSR. Durum wheat was peculiarly scarce. Shortage of feed grains in North America led to heavy imports from Argentina's abundant supplies and liberal feed use of wheat in the United States. Wheat feeding was light elsewhere.

This country was again a substantial net importer of wheat, and urgent purchases by Italy, Germany, and Spain more than offset reduced Oriental takings. Despite further shrinkage in world flour exports, international trade in wheat and flour materially exceeded expectations and proved the highest in four years. Canada, Argentina, Australia, and the Danube countries were the leading exporters, but India and various minor exporters shipped more than in many a year. Swelled by heavy grain shipments, extensive rearmament purchases, and general expansion accompanying economic recovery, the total international movement of commodities rose well toward the pre-depression level and caused sharp advances in ocean freight rates.

Government intervention played a minor role in the United States and in most wheat-exporting countries in 1936-37. Their wheat growers generally fared better than for several years, and exceptionally well in Argentina and Australia. Elsewhere, despite temporary adjustments, wheat control policies were commonly maintained or tightened, with war fears a powerful influence. At current restricted levels of wheat utilization, a new surplus problem threatens to emerge when good yields per sown acre are again obtained.

The World Wheat Situation, 1937-38

J. S. DAVIS

Dec '38 XV (4), 181-258

Scarcity continued to mark the crop year 1937-38, but it was met without severe strain and was significantly tempered by increasing assurance of large wheat crops in 1938. In consequence the course of wheat prices was downward, in striking contrast to the advances through most of 1936-37.

A normal harvest in the United States—the first in 5 years—accounted for most of the substantial net increase in world wheat production in 1937. Severe crop damage in Canada and Argentina, and mediocre outturns in many other countries, were offset by large crops in Australia, Rumania, Italy, and several minor producers. Soviet Russia, from big grain crops, exported more than for several years past. Wheat supplies for the world ex-Russia were therefore slightly larger than in 1936-37, despite very low initial stocks.

International trade in wheat and flour was light; net exports of net-exporting countries totaled only 553 million bushels. Australian net exports slightly exceeded those of the United States, Canadian and Argentine were unusually small, and those from all other countries constituted an exceptionally large fraction of the total. Japan, restricting wheat imports and consumption, forced her flour into Chinese areas as her armies extended their domination, and had net exports equivalent to 10 million bushels. Germany, seeking to build emergency reserves, and Spain, because of civil war, had the largest net imports for years.

Wheat utilization, in the aggregate, was held down by fairly high wheat prices and in many countries by government measures, old and new. The world carryover consequently rose to a figure equal to the average in the pre-surplus period. Most of the increase was in the United States and in Germany. Even where carryovers were below average, they were generally ample in view of the abundance that was in sight by the middle of 1938.

The World Wheat Situation, 1938-39

J. S. DAVIS

Dec '39 XVI (4), 113-204

Bumper crops, due to high yields on record world acreage, made wheat unprecedentedly abundant in 1938-39. Prices, where unsupported by public agencies, fell to very low levels. Multifarious governmental interventions were more nearly universal than in any year since 1919, and these kept returns to producers generally remunerative except in Canada and Australia.

International trade in wheat and flour was enlarged by import demands arising from current wars and prospects for a greater one. These prospects also influenced the course of trade, notably increasing import purchases in September 1938 and the spring of 1939. Competitive export subsidization helped to swell the volume of trade, but especially affected the distribution of exports among the exporting countries. Contrary to precedent, the

United States pushed export sales, while Argentina sold sparingly until late in the season.

Wheat disappearance in the world ex-Russia was larger than ever before. Food use rose, chiefly in the Danube countries and India; but in Spain and Japan, because of war conditions, it was exceptionally low. Feed use of wheat expanded, especially in North America and the United Kingdom—in Europe mainly because Argentine maize supplies were short and domestic agricultural measures held down corn exports from the United States.

World wheat carryovers nevertheless increased by more than 500 million bushels, to approach the 1934 peak. Stocks rose most in Argentina, where an exceptionally small proportion of the large exportable surplus had been moved even by September 1. Within importing Europe, most of the increase was in Germany, France, and Great Britain, where there was marked expansion of security reserves. The European war began with world wheat supplies at new high levels.

The World Wheat Situation, 1939–40

J. S. DAVIS

Dec '40 XVII (4), 145–220

In 1939–40, with carryover and crop each the second largest in history, wheat supplies for the world ex-Russia surpassed the high record set in 1938–39. The new great war, which finally broke out in September 1939, profoundly influenced the season's wheat developments. Weighty additional factors were the sudden disaster to the Argentine harvest of 1939, the unprecedentedly bad start of the United States winter-wheat crop, and its almost miraculous recovery in the spring of 1940.

The volume of international trade in wheat and flour surprisingly exceeded 600 million bushels. European countries, eager to maintain consumption and build up reserves, imported heavily despite marked advances in ocean freights, insurance rates, and c.i.f. prices. Canada and Argentina led the exporters, Australia did well considering her remoteness from Europe, and the Danube countries again had large exports. The United States chose to hold rather than vigorously push subsidized sales.

From very low levels in August 1939, wheat prices rose sharply in early September, and advanced further in December on bullish crop news. In the next five months, with a few governmental agencies dominating international markets, prices remained fairly stable on this higher level. In mid-May, responding to startling changes in war prospects, prices collapsed. Favorable crop progress further weakened United States prices thereafter, while price controls checked declines in Canada and Australia.

Wheat consumption was generally well maintained, in spite of wartime regulations and destruction. Yet the world carryover reached an all-time peak, with stocks heavily concentrated in North America, Australia, and Europe. Despite crop reductions in Continental Europe, world wheat supplies for 1940–41 now appear even larger than in 1939–40.

The World Wheat Situation, 1940-41

HELEN C. FARNSWORTH

Dec '41 XVIII (4), 109-90

War influenced every phase of the wheat situation in 1940-41. It resulted in artificial shortage of wheat in Continental Europe and in reduced consumption there. It restricted wheat exports and augmented the wheat surplus carried by the overseas exporting countries. It stimulated many governments to assume full or partial control over wheat supplies, distribution, and prices.

Britain's tightened naval blockade in the Atlantic kept overseas wheat from going to the Axis-area of the Continent. European neutrals had limited access to overseas grain, but their imports were restricted by scarcity of shipping space as well as by British controls. In total, the bread-grain supplies of Continental Europe were distinctly short. And since they were also unevenly distributed and in part hoarded or reserved, hunger was widespread and intense in certain countries. In contrast, British imports of wheat were heavy—adequate not only for unrestricted consumption but to add to the country's reserves.

The overseas exporting countries continued to struggle with the problem of surplus wheat stocks. Australia alone was little troubled, since she had suffered a virtual crop failure in 1940. Canada's wheat supplies were relatively the largest; but Canada was favored in the export field by nearness to the British market. Her exports were apparently larger than those of the other three major exporters combined and represented almost half of the estimated world total. At the end of the crop year, exporters' stocks of old-crop wheat were larger than ever before. Under normal circumstances such stocks would constitute a serious burden. But under war conditions, with a reduced new crop in Canada and with the recent extension of the war to the United States, these stocks may eventually prove an asset to the Allied cause.

Wheat in the Third War Year: Major Developments, 1941-42

M. K. BENNETT, HELEN C. FARNSWORTH, and
ROSAMOND H. PEIRCE

Dec '42 XIX (3), 85-120

In wartime, interest in wheat centers upon the supply position in the countries wherein the availability of this important food bears most directly on the war effort. Statistical information shrinks as the war lengthens and spreads, so that the pertinent facts become increasingly difficult to perceive. Some conclusions about wheat supplies and utilization in 1941-42 may nevertheless be drawn.

In the four chief exporting countries, supplies were more abundant than ever before, and the major problems of government were to maintain returns to producers, reduce output, and expand nonfood uses. Domestic utilization was of normal volume, while exports were extremely small. These went chiefly to Britain, where strong governmental efforts kept supplies—

including war reserves—at a very high level, and bread continued cheap and abundant though darkened in color. Supplies of wheat were also abundant in India, and not unusually low in China where, however, the more important rice crop was short.

Soviet Russia, in her unoccupied territory, also avoided critical general shortage of bread grain; but severe curtailment of consumption must have existed in the occupied regions. Shortage of wheat also characterized Continental Europe, where the crop was poor and overseas imports were mostly shut off by blockade. The shortage was less notable in the Axis powers and the Danube countries than in most of the conquered and some of the neutral areas. The remaining major area of the world where wheat shortage was striking in 1941-42 was the Middle East, in which the crop of 1941 was notably small. Various other areas remote from sources of supply suffered shortage as the shipping situation tightened and some of the normal routes were closed after Japan attacked Hawaii on December 7, 1941.

Wheat in the Fourth War Year: Major Developments, 1942-43

HELEN C. FARNSWORTH

Nov '43 XX (2), 37-96

Military developments in 1942-43 favored the United Nations. So too did the distribution of wheat and of total food supplies. Aided by a record potato crop, German Europe made adjustments to the greatest bread-grain deficiency of the war period. The United States, Canada, and Australia turned some of their surplus wheat to nonfood uses that contributed to the war effort. But shortage of shipping and shipping blockades prevented much wheat from flowing to major grain-deficit areas in three of the United Nations—Soviet Russia, India, and China.

Urban bread rations were reduced in various countries of the Danube basin, but elsewhere in German Europe the bread rations of the preceding year were generally maintained or increased. In most countries bread-grain supplies were stretched by greater diversion of feed grains to human consumption. This was associated with further reductions in the prevailing low rations of meat and fats.

World exports of wheat and flour were smaller in 1942-43 than in any year since the late 1880's. At least 90 per cent was supplied by the four chief exporting countries, which shipped about half of their aggregate exports to the British Isles. Britain's takings were nevertheless the smallest in 25 years. This reflected the efforts of the British Ministry of Food to cut importation and consumption of foreign wheat through increase in the average wheat-extraction rate for National Flour and through new admixtures of barley and oats.

The four chief exporting countries together used about as much wheat for livestock feed and alcohol production in 1942-43 as they exported to other countries. Yet at the end of the crop year the remaining wheat stocks in the four countries were by far the largest on record—more than sufficient for a year's domestic wheat consumption.

World Wheat Survey and Outlook, May 1944

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The crop year 1943-44 may long be remembered as the year of record diversion of wheat to nonfood uses, including fuel in Argentina. In the United States alone, some 600 million bushels will be used for feed and industrial alcohol. This is more than will be ground for flour in United States mills, more than the total domestic wheat utilization of the other three exporting countries.

A substantial portion of the wheat fed in the United States is coming from Canada. For the first time in more than a century the United States will rank as the second largest net importer of wheat in the world—surpassed only by the United Kingdom. World net exports seem likely to reach or exceed 500 million bushels this year, as compared with the wartime low of 360 million bushels in 1942-43 and a five-year prewar average of 576 million.

European nations, including Britain and Soviet Russia, have continued to enforce measures against the feeding of bread grains and to stretch wheat supplies through various milling and baking regulations. Rationing now limits human consumption of bread in all European countries except the United Kingdom, Eire, and perhaps Rumania. The increases in bread rations announced in many Continental countries after the last harvest have been generally maintained and in some cases enlarged; but these increases have been partly offset by reductions in rations of other foods.

The present outlook for 1944-45 is for little change in the domestic bread-grain supplies of Continental Europe ex-USSR, and for historically large, though reduced, wheat supplies in each of the four overseas exporting countries. The prospective supplies in North America will not permit as heavy diversion of wheat to nonfood uses as is estimated for the current year. A considerable reduction of livestock numbers appears necessary in the United States.

Addendum, July 25, 1944:

Amazing progress of crops in the United States and Canada has strikingly improved the world grain outlook for the coming year, and the accelerated progress of the war in Europe and the Pacific increases the importance of recognizing the change.

The present outlook is thus for a relatively easy wheat position in North America and in the four overseas exporting countries as a group. Indeed, unless demands for wheat imports into Europe and the Orient expand beyond current trade anticipations, Canada and Argentina at least may again have to cope with critical problems of wheat storage and surplus-wheat disposal in 1944-45.