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## II. OUTSTANDING FEATURES OF THE CROP YEAR

The tide of warfare had turned visibly in favor of the United Nations in 1942-43. It ran with increasing force in that direction throughout the crop year under review. On the Russian front, the Soviet army recaptured all Soviet territory that had remained under German domination in July 1943 and advanced beyond the recognized frontiers of the Soviet Union into Latvia, Lithuania, eastern Poland, and northern Bessarabia and Bucovina. In Italy, Allied armies moved from Sicily northward about three-fourths of the way up the Italian peninsula, but at the end of the crop year the Germans still had possession of the rich crop-surplus areas north of the Arno River and Ancona. The long-awaited invasion of western Europe began on June 6, 1944; and substantial gains in France before the end of the crop year (July 31) raised premature expectations of an early victory. Deeper Allied penetration into Nazi-dominated Europe has taken place during the first half of the present crop year (p. 175).

In the Pacific area, also, war developments were encouraging during August-July 1943-44, but there the war appeared to be less close to its final phase. Although marked progress was made by the Allies in establishing steppingstone bases in the major island groups of the Central and Southwest Pacific, Japanese forces continued to control most of the areas they had seized in preceding years, including the major rice-surplus countries of the Orient, as well as British Malaya, the Netherlands Indies, the Philippine Islands, and a wide circle of islands around the Philippines. At the end of July 1944 the most advanced Allied posts in the Pacific war area were in the Marianas and the islands off the northwest coast of New Guinea.

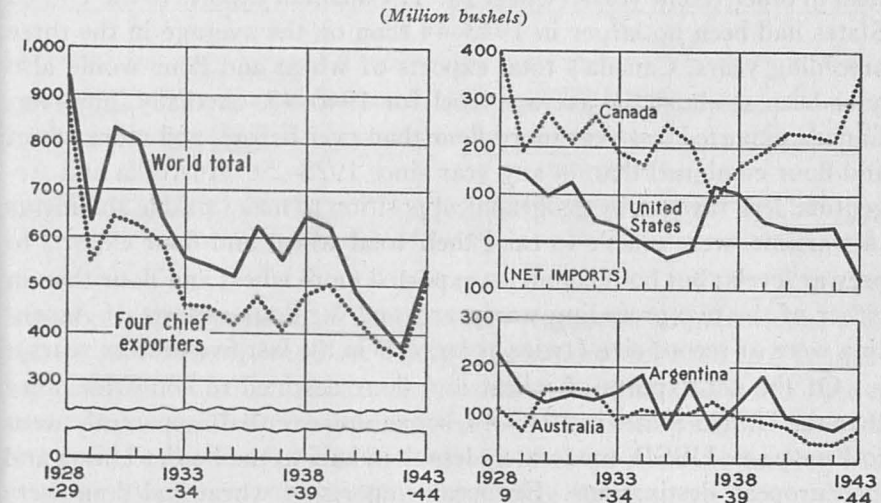
The Battle of the Atlantic, which had seriously threatened Britain's life-line of supplies in 1941-42 and the early part of 1942-43, became relatively unimportant in 1943-44. Losses of Allied and neutral merchant vessels declined from a peak of 8.3 million gross tons in the calendar year 1942 to 3.6 million in 1943, and to a still lower unannounced figure in 1944. Although the German U-boat menace has showed signs of reviving in the last few months, the most critical phase of the Battle of the Atlantic appears to have ended in a victory for the Allies in 1943.

In spite of reduced sinkings of merchant vessels and of the maintenance of a high level of ship construction, the general shipping position remained tight during 1943-44. Only toward the middle of the

crop year was shipping evidently easier, and then only for a few months and on certain routes. In the last weeks of the crop year the general shipping position tightened markedly under the increased demand for tonnage needed in connection with the French invasion. At no time did there appear to be any easing of shipping on routes to Soviet Russia, India, or Italy. These three countries would presumably have imported much more grain than they did in 1943-44 if additional shipping had been available and if high Allied policy had favored such increased shipments.

Even under the tight shipping conditions then prevailing, the volume of international trade in food grains was substantially larger in 1943-44 than in any of the three preceding years. Shipments of rice remained light—far below prewar levels. But world net exports of wheat and flour, which represented the bulk of the trade in food grains, probably approximated 535 million bushels as grain in 1943-44—considerably the largest figure since 1939-40 (Chart 1) and only moder-

CHART 1.—NET EXPORTS OF WHEAT AND FLOUR, FROM 1928-29\*



\* Data for recent years in Table 12.

ately below the average of 576 million for the 5 years immediately preceding the war. Moreover, military shipments of wheat and flour from the United States, not included under "exports," were presumably larger last year than in any preceding year of World War II. On the other hand, the wheat exports of 1943-44 put less strain on ocean shipping than the trade figures alone might suggest. Not only was the pro-

portion of flour exports (also "compressed flour") unusually high, but a larger percentage of the total trade than usual represented exports that did not require ocean tonnage—such as the large net takings of Canadian wheat by the United States.

The bulk of the increased trade in food grains in 1943–44 can be attributed to the abnormal wheat imports of this country—imports based on a demand for more feed, not for more food. These large imports were in no sense commercial: they consisted of wheat purchased by a United States governmental agency, which subsequently resold the grain for feeding purposes at prices appreciably below cost and still farther below current market prices for domestic wheat in the United States. Although partly offset by sizable lend-lease shipments and exports to other countries, these extraordinary imports caused the United States to rank as the second largest net importer of wheat and flour in the world in 1943–44—second to the United Kingdom.

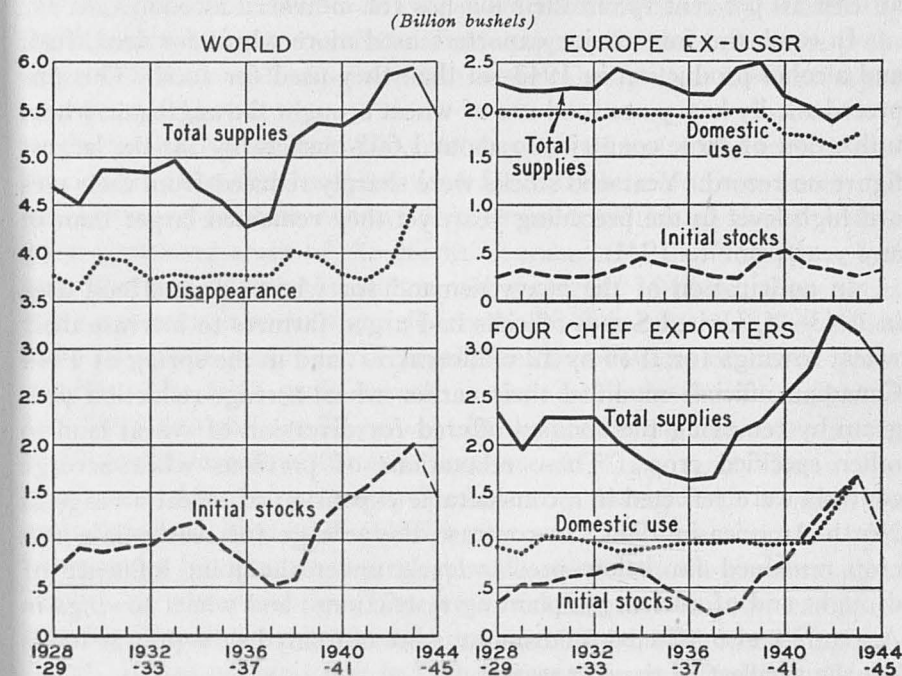
Only because of the peculiar emergency demand for wheat for feeding in the United States was Canada able to export so much more wheat than in other recent years (Chart 1). If Canadian exports to the United States had been no larger in 1943–44 than on the average in the three preceding years, Canada's total exports of wheat and flour would also have been at about the average level for 1940–43. Actually, however, Canada exported last year more flour than ever before, and more wheat and flour combined than in any year since 1928–29. Australia and Argentina, less favored by geographical position to make sizable shipments in wartime, were unable to raise their total wheat and flour exports to prewar levels; but both countries exported more wheat and flour than in either of the two preceding war years, and the flour exports of Argentina were of record size (twice as large as in the last five prewar years).

Of the net exports of wheat and flour destined to countries other than the United States in 1943–44, something over half apparently went to Europe ex-USSR, moderately less than half to the Soviet Union and ex-European destinations. European imports of wheat and flour were notably small for the third successive year (Table 12), reflecting light British purchases as well as restricted shipments to the blockaded Continent. In contrast, exports to the Soviet Union and to non-European countries other than the United States were appreciably larger than in prewar years, despite cessation of shipments to Japanese-dominated and Japanese-blockaded destinations in the Orient. The USSR, normally an exporter, apparently received 25–30 million bushels of North American wheat, mostly in the form of flour; and India, Ceylon, and various

Middle Eastern and Latin American countries also imported more wheat and flour than usual in 1943–44.

Although the wheat supplies of the four major overseas exporting countries remained extremely large (Chart 2), these supplies were no

CHART 2.—WORLD WHEAT SUPPLIES AND DISAPPEARANCE, FROM 1928–29\*



\* Data for recent years in Tables 22 and 23.

longer officially regarded as burdensome. Argentina and Australia, with record quantities of wheat on hand, were looking forward to a promising postwar demand from Europe. In the meantime, they were discovering larger wartime markets for their wheat in less distant countries and were finding their grain surpluses useful for domestic feeding and other nonfood purposes (notably for fuel in Argentina).

In North America an unprecedented demand for grain for feeding record livestock numbers combined with market shortage of corn and high livestock-feed price ratios to encourage extremely heavy feeding of wheat. In the United States, where the War Food Administration made Canadian wheat available for feeding at or moderately above the parity price of corn, the incentive to feed wheat was particularly great. Moreover, in this country additional huge quantities of wheat were diverted to the production of industrial alcohol for war purposes. In-

deed, disappearance of wheat for nonfood uses was so large in the United States during the first six months of the crop year that market experts began to fear a future shortage. Under the influence of these fears, the government's wheat-feeding program was materially restricted, and distillers were first requested and finally directed to use at least 10 per cent rye in their mashes for industrial alcohol.

In total, the four major exporters used more wheat for feed, fuel, and alcohol production in 1943-44 than they used for food. This unprecedentedly heavy nonfood use of wheat brought the aggregate wheat utilization of these countries to about 1,665 bushels, by far the largest figure on record. Year-end stocks were sharply reduced from their record high level in the preceding year, yet they remained larger than in any year prior to 1941.

In anticipation of the heavy demand for wheat for nonfood uses in 1943-44, United States officials had urged farmers to increase their wheat sowings for 1944 by 12 million acres; and in the spring of 1944 Canadian officials modified their earlier wheat-acreage-reduction program by removing the bonuses offered for diversion of wheat land to other specified crops. These relaxations of previous wheat-acreage controls were reflected in a considerable expansion of wheat acreage in North America in 1944. In contrast, the acreage for Australia's new crop remained far below prewar levels under the joint influence of drought and of unchanged planting restrictions; and wheat sowings in Argentina, also affected by drought, were not only below prewar levels but the smallest of the war period.

In Europe ex-USSR supplies of wheat (and wheat and rye combined) have been materially lower during the past four crop years than they were before the war (Chart 2, p. 13). The lower wartime level has reflected both reduced crops and reduced imports. In 1943, however, the Continent ex-USSR harvested its largest bread-grain crop of the war, and the British Isles (where bread-grain production has increased during the war period) secured record outturns of both wheat and rye. Moreover, Continental imports of wheat were swelled in 1943-44 by sizable Allied shipments to southern Italy, and the net imports of Europe ex-USSR were appreciably larger than in the preceding year despite continued decline of British imports.

On the Continent ex-USSR, the bread-grain position of 1943-44 was clearly much better than that of the previous year. Many countries were able to raise their bread rations; a number relaxed the stringent admixture requirements they had had to impose in 1942-43; and a few

lowered their notably high flour-extraction rates. Such improvements were most marked in the Danube basin, where the 1943 wheat crops were relatively better than elsewhere. The improved bread position of the Continent ex-USSR did not, however, reflect a correspondingly improved food position. The important potato crop of Central Europe and the important Danubian corn crop were both substantially reduced by late summer drought, and the available supply of animal products probably reached a new low point either in the calendar year 1943 or in the crop year 1943-44.

In Soviet Russia, where something like three-fourths of the production of all grains has been used for food in recent war years, the grain position of 1943-44 was very strained. Although the important grain-producing areas of the North Caucasus and the Don River had been liberated during the winter and spring of 1942-43, these areas could not contribute substantially to the 1943 harvest and they added some 10 million people to the population to be fed out of Soviet grain supplies. The 1943 grain harvest in the area under Soviet control in July 1943 was perhaps 70 per cent of the prewar normal, whereas the population then within that area was closer to 80 per cent. The further large gains of territory made by Soviet armies during 1943-44 made the grain-deficit position of the USSR even worse by increasing the population under Soviet control proportionally more than the grain supplies. Imports of wheat and flour into the Soviet Union from overseas (perhaps 25-30 million bushels) could not have helped much in meeting this deficit. It was probably met in larger degree through drafts on Soviet grain reserves built up before the war; but, even so, the country's bread rations had to be reduced to stretch the available grain supplies.

In many other important grain-consuming countries, the Northern Hemisphere crop year 1943-44 witnessed tightness and strain in grain-supply conditions. One of the worst situations developed in India, where shortage of rice and other food grains reached a crisis stage in Bengal in August-October 1943. The Bengal famine was markedly relieved before the end of the calendar year, mainly through the harvesting of an excellent rice crop in November-December 1943. Government measures to increase and improve the distribution of food grains were less important in solving the famine problems of 1943 than they promise to be in improving India's food conditions in future years.

Food-grain conditions in China were similar in many respects to those in India. Transport difficulties, local crop reverses, price inflation, and hoarding resulted in acute shortages of grain in certain areas

and among certain classes of consumers. Although food-grain supplies were apparently larger in Free China in 1943-44 than in any of the three preceding years, widespread and serious shortages persisted in Honan and Kwantung provinces. Elsewhere market shortages seem to have been local and temporary.

Although the information now available on food conditions in Japan is fragmentary and incomplete, it clearly suggests that the Japanese population has suffered no appreciable reduction of grain consumption during the war period. Indeed, there may well have been some increase in consumption as compared with prewar years, particularly if the higher wartime milling rate for rice is taken into account. But from whatever level of consumption prevailed in 1941-42 and 1942-43, some reduction probably took place in 1943-44, when Japan's own rice and wheat crops were materially reduced and her imports probably restricted.

### III. THE UNITED STATES: A MAJOR IMPORTER

Although wheat, rice, and rye are all regarded as food grains in the United States, wheat is so much more important than the other two cereals that it is virtually in a class by itself. During 1935-39 the average per capita consumption of wheat flour and breakfast cereals came to about 158 pounds annually, as compared with less than 6 pounds of milled rice and scarcely over 2 pounds of rye flour. Corn, included with other feed grains under Part 2, was a more important food than either rice or rye, with corn meal, breakfast cereals, and hominy consumed at an average rate of 27 pounds per year and additional significant quantities of corn consumed in the form of syrup, sugar, and starch.<sup>1</sup>

#### WHEAT SUPPLIES

The 1943 wheat crop of the United States was somewhat above average size, though considerably smaller than either of the two preceding bumper harvests. It was planted on next to the smallest area sown to wheat in more than 30 years. At the time the winter crop was planted, government acreage restrictions were still in force: not until the spring of 1943 were farmers encouraged to plant as much wheat as possible without interfering with fulfillment of their war-crop goals. Under these conditions, the spring-wheat acreage was somewhat enlarged as compared with the notably low level of spring sowings in the preceding year. But more important was the fact that weather conditions were generally favorable for the development of the 1943 wheat crop. The average yield per sown acre of all wheat was 15.3 bushels—a yield that had been appreciably surpassed only once in the preceding 25 years (1942).

To the above-average crop of 1943 was added a near-record carry-over of old-crop wheat that was roughly three-fourths as large as the new crop. The domestic wheat supplies available for 1943-44 were therefore extraordinarily large—smaller only than the record supplies of the preceding year. Supply comparisons for the past 16 years, with current indications for the present year, are shown in Chart 3 (p. 18).

All but one of the principal types of wheat were in abundant supply in 1943-44. The supply of soft red winter wheat, however, was the smallest on record (since 1929-30) and far below normal. This defi-

<sup>1</sup> *National Food Situation* (U.S. Dept. Agr., Bur. Agr. Econ., NFS-23, January 1945), p. 7.