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throughout 1943-44.<sup>22</sup> From August 1943 to July 1944 they rose 2.00 pesos per quintal. During September-November 1943 and again during May-June 1944 prices increased more rapidly than in other months, partly reflecting enlarged export demands. The ARB undoubtedly made substantial profits on its sales of 1942 wheat throughout the entire crop year, and these profits should have been large enough to cover a considerable portion of the losses incurred through deterioration of old-crop wheat and through sales at low prices for fuel and feed.

Wheat from the 1943 crop was not offered for export until March 1944, and it was then offered at prices exceeding those for the 1942 crop by 1.80 pesos per quintal. This difference more than covered the increase in the Board's basic purchase price for 1943 wheat. Before August 1944 the export prices for 1943 wheat had been raised 1.00 peso per quintal, thus making it possible for the Board to realize even larger profits from exports of the 1943 crop.<sup>23</sup>

<sup>22</sup> Quotation of prices for wheat from the 1941 crop in the *London Grain, Seed and Oil Reporter* were discontinued in September. This presumably indicates that exports of this wheat were unimportant at that time. But *Boletín Informativo* (Sept. 15, 1943, p. 403) says that after Aug. 31 the price for wheat from the 1941 crop was 9.00 pesos per quintal; and the issue for Oct. 15, 1943 (p. 435) says that after Oct. 11, it was raised to 9.10 pesos.

<sup>23</sup> For Board buying prices 1938-44, see Table 62.

## VII. BRITISH ISLES: INCREASED DOMESTIC SUPPLIES

In the United Kingdom, as in Canada and Australia, wheat is clearly preferred to all other food grains. According to the civilian consumption figures released by the Combined Food Board last spring, the United Kingdom consumed annually during 1934-38 about 195 pounds of wheat flour per capita, only 4.4 pounds of rice,<sup>1</sup> and virtually no rye or maize. During recent war years the per capita consumption of imported rice has fallen about 33 per cent below the prewar level, whereas the consumption of flour (including diluents) has increased about 20 per cent.

### WHEAT CROPS AND SUPPLIES

Normally dependent on imports for about three-fourths of her total wheat utilization in prewar years, the United Kingdom has tried hard since 1939 to increase her domestic output of wheat and other basic foods. The situation in Eire has been similar. Both countries have used acreage subsidies and price incentives to encourage expansion of wheat acreage; and Eire has even resorted to general tillage requirements and (for 1944) to wheat-planting requirements.<sup>2</sup>

As a result of these measures, the wheat acreage of the United Kingdom increased by 88 per cent between 1935-39 and 1943, that of Eire by 125 per cent. With the help of weather conditions appreciably better than usual, the 1943 wheat crops of the British Isles reached 145 million bushels<sup>3</sup>—twice the average figure for 1935-39 and the largest combined harvest on record (since 1852). Eire's crop, 16.2 million bushels, was 3 million below her record outturn of the preceding year.

Heavy war reserves of wheat in the United Kingdom and small stocks in Eire brought the combined initial wheat supplies for 1943-44 to a level not far below the domestic utilization of the British Isles in the preceding year (Chart 19). This meant that net imports of wheat were required principally for maintaining year-end reserves in the

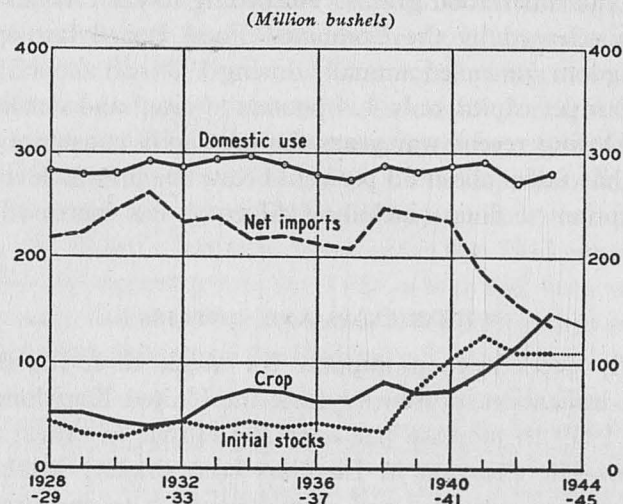
<sup>1</sup> U.S. Dept. Agr., War Food Administration, *Food Consumption Levels . . . .* (Report of a . . . . Committee set up by the Combined Food Board), p. 107, and *ibid.* (Second Report . . . .) (December 1944), p. 27.

<sup>2</sup> Most farmers in Eire were required to cultivate 12.5 per cent of their arable land for 1940, 15 per cent for 1941, 20 per cent for 1942, 25 per cent for 1943, and 37.5 per cent for 1944. For 1944, farmers in different districts of Eire were obliged to plant to wheat 4-10 per cent of their cultivated land.

<sup>3</sup> Official crop figures for the United Kingdom were not released until October 1944 (*Economist*, London, Oct. 14, 1944, p. 521; see also Table 42).

United Kingdom at the level British officials decided was desirable in view of prospective military plans and shipping difficulties.

CHART 19.—BRITISH ISLES CROPS, NET IMPORTS, AND ESTIMATED DOMESTIC USE OF WHEAT, FROM 1928-29\*



\* Data for recent years in Table 22. Stocks estimates are our approximations.

#### NET IMPORTS OF WHEAT AND FLOUR

From the beginning of the war to November 1944 the United Kingdom and Eire kept their trade statistics secret. In November 1944, however, the United Kingdom officially released calendar-year import and export figures for a large number of commodities, including wheat and flour.<sup>4</sup> The latter are shown below in wheat equivalent, both as published in thousand long tons and also as converted to million bushels.

Year or period	Thousand tons	Million bushels
1934-38 av. ....	5,451	204
1940 .....	6,331	236
1941 .....	6,099	228
1942 .....	3,864	144
1943 .....	3,975	148
1944 (Jan.-June) .....	1,747	65

<sup>4</sup> Great Britain, Prime Minister, *Statistics Relating to the War Effort of the United Kingdom* (Cmd. 6564, 1944), p. 21. The same source (p. 19) gives the following report of British, Allied, and Allied and neutral shipping losses in thousand gross tons:

Year or period	British	Other Allied	Allied and neutral
Sept.-Dec. 1939 .....	498	90	935
1940 .....	2,725	822	4,549
1941 .....	3,047	1,299	4,693
1942 .....	3,695	4,394	8,338
1943 .....	1,678	1,886	3,646

On the basis of these figures, we have revised our earlier approximations to the crop-year imports, utilization, and year-end stocks of the British Isles as indicated in Chart 19 and Table 22.<sup>5</sup>

We infer that the net imports of the United Kingdom may have approached 130 million bushels during 1943-44, and the total for the British Isles, 135 million. Although the smallest since 1883-84, such takings appear relatively large in view of the high level of initial wheat supplies in the British Isles and of the existing milling restrictions (see below). On the other hand, imports of this size were needed if British officials wanted to maintain their large war reserves of wheat and flour in preparation for transport emergencies that might be associated with the Allied invasion of the Continent.

#### CONSUMPTION OF FLOUR AND OTHER FOODS

Since the outbreak of war in 1939, the consumption of flour and potatoes has sharply increased in both the United Kingdom and Eire,

ESTIMATED PER CAPITA CIVILIAN CONSUMPTION OF MAJOR FOODS IN THE UNITED KINGDOM, 1934-44\*  
(Pounds per year)

Year	Flour	Rice	Oatmeal and flakes	Potatoes	Sugar and syrups	Meat	Fats and oils
1934-38 av. ....	195.0	4.4	5.2	177.2	97.6	132.8	45.6
1940.....	208.6	6.5	5.2	.....	.....	.....	40.7
1941.....	237.1	6.4	7.4	.....	.....	.....	40.0
1942.....	227.1	3.5	9.7	.....	.....	.....	40.3
1943.....	230.2	3.0	10.7	272.9	67.0	107.7	38.2
1944 (Prelim.) ..	229.3	2.9	9.5	285.1	70.7	107.9	38.2

\* U.S. Dept. Agr., War Food Administration, *Food Consumption Levels . . . . (Report of a . . . . Committee set up by the Combined Food Board)* (April 1944), pp. 106-07, and *ibid.* (*Second Report . . . .*) (December 1944), pp. 24-27. Since the second report presented substantially revised consumption estimates for potatoes, sugar and syrups, and meat for 1934-38 and 1943 (the only years covered by both reports), we show dots for intervening years rather than the incomparable figures given in the first report.

while the consumption of meat, fats and oils, imported rice, and sugar has markedly declined. Estimates of the changes that have occurred in the United Kingdom are shown in the accompanying table.

<sup>5</sup> Our present and earlier approximations to the net imports of the British Isles are shown below in million bushels:

Estimate	1939-40	1940-41	1941-42	1942-43	1943-44
Former .....	240	245	205	165	150 <sup>a</sup>
Revised .....	240	235	185	155	135

<sup>a</sup> Forecast.

The estimated civilian flour-consumption figure for 1943-44 is 18 per cent above that for 1934-38. With allowance for increased production of flour by British millers for various Allied military forces, it seems reasonable to suppose that the total available supply of British flour (including imported) was more than 20 per cent higher in 1943-44 than on the average in 1934-38. In Eire, the percentage increase in flour consumption was probably smaller than in the United Kingdom, but this could not appreciably affect the total for the British Isles.

Although there was an increase of something like 20 per cent in the flour consumption of the British Isles between 1934-38 and 1943-44, the domestic utilization of wheat apparently declined (Chart 19, p. 72). This was due, in part, to an annual saving of perhaps 20-25 million bushels of wheat in the United Kingdom through wartime limitation of wheat feeding to a maximum 5 per cent "tailings" plus wheat officially declared "non-millable."<sup>6</sup> The reduction in wheat utilization was also due in part to wartime milling regulations designed to cut the amount of wheat used per unit of flour produced. These included increased wheat-extraction rates and cereal-admixture regulations in both the United Kingdom and Eire.

From March 23, 1942 through September 1944 the minimum legal extraction rate for wheat milled in the United Kingdom was 85 per cent, as compared with a prewar normal figure of 70-72 per cent. Eire's minimum legal extraction rate for wheat milling was raised to 100 per cent in January 1942, but, after being maintained at that level for almost two years, it was reduced "for health reasons" to 85 per cent in mid-November 1943.

No admixture of nonwheat cereals in bread flour was required in the United Kingdom prior to December 1942. During the next two months, the British Ministry of Food made arrangements for millers in certain localities to add varying percentages of barley and oats to their mill mixtures. In general, these did not exceed 5 per cent. Similar arrangements subsequently were extended to other localities, and by the early summer of 1943 the specified rates of admixture were raised to 10 per cent in most areas. Not until September 6, 1943 was a uniform national rate of 10 per cent announced for oats, barley, and rye diluents. During the following months this rate was reduced from time to time

<sup>6</sup> "Ministry of Food (S.R. and O., 1943, No. 971.) Food (Home-Grown Grains: Wheat) (G.B.), The Home-Grown Wheat (Control and Prices) (Great Britain) Order, 1943. Dated July 14, 1943," and "Ministry of Food, S.R. and O., 1944, No. 791, Food (Home Grown Grains: Wheat) (G.B.), The Wheat (Control and Prices) (Great Britain) Order, 1944. Dated July 10th, 1944." These orders may be found in *Corn Trade News*, Aug. 4, 1943, pp. 288-90, and Aug. 2, 1944, pp. 299-300.

as the required percentage of *domestic* wheat was increased. This tended to improve the quality of British bread. So too did the concurrent increase in the percentage of foreign white flour, which British millers were permitted to add to their mill mixtures. The principal changes in British milling regulations during 1943-44 and the early months of the current crop year are summarized in the following table.

MINIMUM PERCENTAGE REQUIREMENTS OF DILUENTS AND DOMESTIC WHEAT, AND MAXIMUM PERCENTAGE ALLOWANCE OF IMPORTED FLOUR\*

Effective date	Barley, oats, rye	Domestic wheat	Imported flour	Effective date	Barley, oats, rye <sup>d</sup>	Domestic wheat	Imported flour
1943				1944			
Sept. 6 .....	10.0	... <sup>a</sup>	7.5	Mar. 13 ....	0-2.5	57.5	10.0
Sept. 13 .....	10.0	40.0 <sup>b</sup>	7.5	Apr. 3 .....	0-2.5	57.5	12.5
Sept. 20 .....	10.0	... <sup>c</sup>	7.5	Apr. 17 .....	0-2.5	55.0	12.5
Sept. 27 .....	10.0	50.0 <sup>b</sup>	7.5	May 1 .....	0-2.5	50.0	12.5
Oct. 4 .....	10.0	50.0 <sup>b</sup>	5.0	July 17 .....	0-2.5	40.0	12.5
Oct. 24 .....	10.0	50.0	7.5	July 24 .....	0-2.5	30.0	12.5
Nov. 22 .....	7.5	52.5	7.5	Aug. 28 ....	0-2.5	35.0	12.5
Dec. 6 .....	5.0	55.0	7.5	Oct. 1 .....	0-2.5	40.0	5.0
Dec. 13 .....	5.0	55.0	10.0	Oct. 16 .....	0-2.5	40.0	7.5
Dec. 20 .....	2.5	57.5	10.0	Oct. 30 .....	0-2.5	40.0	10.0
				Nov. 20 <sup>e</sup> .....	0-2.5	40.0	12.5

\*Compiled from various issues of *London Grain, Seed and Oil Reporter*. The rates apply to England and Wales, and, in most instances, also to North Ireland and Scotland.

<sup>a</sup> Less than 40 per cent.

<sup>b</sup> In most areas.

<sup>c</sup> Increased, but less than 50 per cent.

<sup>d</sup> No obligatory requirement for oats or barley; up to 2.5 per cent rye required in certain areas.

<sup>e</sup> Effective Feb. 9, 1945 the allowance of imported flour was raised to 15 per cent.

The minimum legal extraction rate for domestic flour, not shown in the table, remained at 85 per cent until October 1, 1944, when it was lowered to 82.5 per cent; a second reduction to 80 per cent became effective January 1, 1945.

Eire established no admixture regulations until after the minimum extraction rate of wheat was cut from 100 to 85 per cent in November 1943. Thereafter, following the general practice in the United Kingdom, barley was apparently required as a diluent in the 85 per cent flour. We have not learned, however, what percentage of barley was specified or how the rate was later changed. It is clear that wheat flour milled at 100 per cent extraction continued to be offered for sale at a lower price than the 85 per cent flour (60s. per 280-pound sack, as compared with 63s. 6d.).

Consumers of flour and bread in both the United Kingdom and Eire have been able to purchase these products at specially subsidized prices

during the war years. Throughout 1943-44 straight-run flour sold in Great Britain at the controlled price of 38s. 3d. per 280-pound sack and bread at the fixed price of 9d. per 4-pound loaf.<sup>7</sup> These prices were considerably lower than milling and baking costs warranted, and the difference was met through subsidies from the national treasury. In the fiscal year ending March 1944, the British government subsidy on bread, flour, and oatmeal apparently amounted to £60,400,000.<sup>8</sup> This made it possible for the 4-pound loaf of bread to sell at 9d. instead of 1s. 2d., and for flour to sell at 1s. 2¾d. per 6 pounds instead of 1s. 9¼d. The national subsidy estimated for the current fiscal year is moderately higher—£64,000,000.<sup>9</sup> For Eire, the most recent subsidy report we have seen was for the year ending November 1943, when the government paid out a reported \$8,681,840 for subsidizing flour prices.<sup>10</sup>

#### NEW-CROP DEVELOPMENTS

Both the United Kingdom and Eire announced early in 1943-44 the prices to be paid to growers for the principal crops of 1944. For wheat, the returns indicated per bushel for 1944-45 were moderately increased in both countries.<sup>11</sup> Eire's farmers responded to the increased prices and new planting regulations by expanding their sowings of wheat from 509,200 acres for 1943 to 641,100 for 1944. But in the United Kingdom, where no specific wheat-planting requirements were in force and livestock prices were particularly attractive, only 3.23 million acres were planted to wheat for 1944, as compared with peak sowings of 3.46 million in the preceding year.

Weather conditions did not particularly favor the 1944 grain crops of Britain and Eire. In late June or early July, after timely rains had relieved a prolonged spring drought, the outlook in the British Isles was for 1944 wheat yields of about average size or slightly above. These prospects, however, were appreciably reduced by continued excessive

<sup>7</sup> Effective Oct. 1, 1944, the price of flour was raised to 40s. but the price of bread was maintained unchanged.

<sup>8</sup> Report of the Financial Secretary to the Treasury to the House of Commons on Feb. 2, 1944 (Great Britain, *Parliamentary Debates, Commons, 1943-44*, Vol. 396, cols. 1276-78).

<sup>9</sup> *Ibid.*, Vol. 403, col. 1581.

<sup>10</sup> *Northwestern Miller*, Mar. 29, 1944, p. 25.

<sup>11</sup> In Eire, the price to growers was advanced from 50s. to 55s. per barrel of 280 pounds for wheat weighing 57 pounds or more per bushel. In the United Kingdom, the market price to growers was lowered from 14s. 6d. to 13s. per 112 pounds for standard wheat marketed in August-September, but increased storage supplements raised the price to 15s. 4d. in June-July 1945 as compared with an average of 16s. 1d. in June-July 1944. The reduced average market price for wheat in 1944-45 will be more than offset for most growers by the advance in the wheat-acreage subsidy from £3 to £4 per acre.

rains at the harvest period. We infer that the new crop of the United Kingdom, officially forecast as of June 1944 at 117 million bushels, was so materially reduced by subsequent weather damage that the yield of millable wheat was some 25 million bushels less than in the preceding year. Eire's harvest, on a sharply expanded area, must have been larger than the preceding crop and perhaps above the record of 19.1 million bushels in 1942.