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The WFA has so far taken no step to supplement its current loan program for corn, except in so far as its recent decision to build up a stockpile of up to 50 million bushels is regarded as a price-supporting measure. That some element of price support was involved seems to be indicated by the announced intention of the CCC to purchase corn for the stockpile directly from farmers at the loan rate or the market price for corn, whichever is higher.

Other feed grains and rye were influenced only indirectly during July-January by the government's price-support program. In general, prices of these grains tended to weaken on good war news, to strengthen on bad news. The rye market continued to be the major speculative grain market, with a leading food company still heavily invested on the long side. The two "liquor holidays" in August 1944 and January 1945 helped the rye market, but it was obviously depressed in November by suspension of the earlier order to include 10 per cent rye in distillers' mashes.

XVIII. SUPPLIES AND PROSPECTIVE EXPORTS OF CANADA, AUSTRALIA, AND ARGENTINA

Of the four major grain-exporting countries, only the United States secured record crops in 1944. Canada's harvests, however, were also notably large, and they will bring Canadian grain producers an income of record size. In contrast, the two exporting countries of the Southern Hemisphere suffered severely from drought, which persisted from the early planting period for the 1944 crops to well beyond the harvest time. In Argentina, growers are being partly compensated for their losses by increases in the government's guaranteed minimum prices for wheat and linseed and by higher market prices for corn; but in Australia, the only compensation provided is in the form of drought relief, which is limited to those who suffered the most extreme losses.

CROP-YEAR SUPPLIES AND PRICES

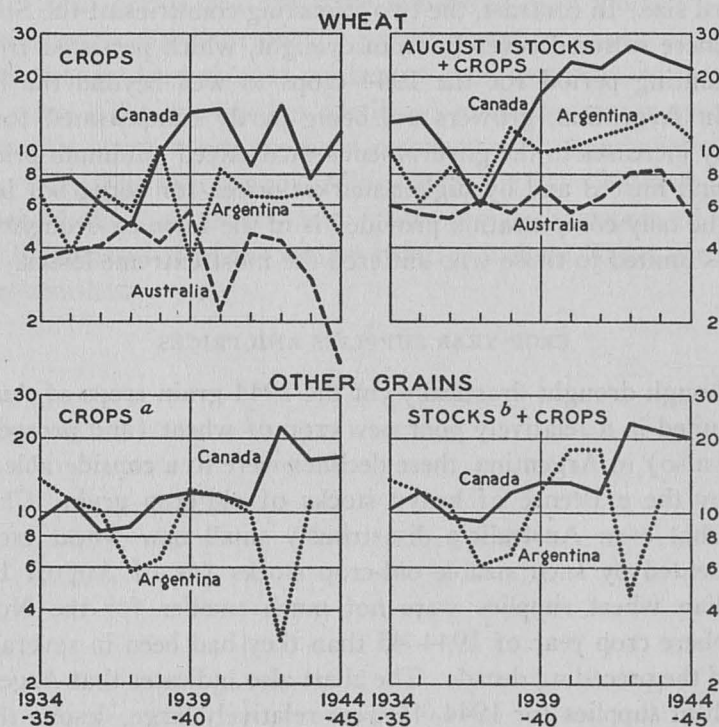
Although drought drastically cut the 1944 grain crops of Australia and resulted in a relatively poor new crop of wheat (and prospectively of corn also) in Argentina, these declines were to a considerable extent offset by the existence of heavy stocks of old-crop grain. Chart 37 shows that even Australia's disastrously small new wheat crop was supplemented by such sizable old-crop stocks (as of August 1) that Australian wheat supplies were not much smaller for the Northern Hemisphere crop year of 1944-45 than they had been in several other years of the preceding decade. The chart also indicates that Argentina's total wheat supplies for 1944-45 were relatively large, despite the sub-average crop harvested by that country in December 1944. And although it is still too early to forecast the size of Argentina's corn crop of April-May 1945, two important facts are clear: (1) the corn crop will certainly be much smaller than last year's good harvest, and (2) Argentina's total supplies of corn will be reduced less sharply than the crop, because a larger carryover will remain on April 1, 1945 than a year earlier.

Canada was favored with large crops of both wheat and feed grains in 1944, and her total supplies of these grains were notably heavy for the third year in succession. The level of Canadian grain supplies, however, was moderately lower for 1944-45 than for the preceding year, as well as below the all-time record for 1942-43. And since the

number of Canadian livestock units continued to increase up to the present year, the feed-grain supply per animal unit declined by a larger percentage than the total grain supplies.

CHART 37.—MAJOR GRAIN CROPS AND SUPPLIES IN CANADA, ARGENTINA, AND AUSTRALIA, FROM 1934-35*

(Million metric tons; logarithmic vertical scale)



* Basic data for recent years in Tables 23, 54, 55, 58, and 59.

^a Canada: oats, barley, rye, corn, buckwheat, and mixed grains. Argentina: barley, oats, rye (harvested late in first year of designation), and corn (harvested April-May of second year).

^b Canada: August 1 stocks of oats, barley, and corn. Argentina: stocks of corn only, on April 1 of second year of designation.

The reduced wheat and feed-grain supplies of Canada, Australia, and Argentina have been associated with but slight change in grain prices except in Argentina. In that country, the government has guaranteed growers a minimum price of 9 pesos per quintal for 1944 wheat. The new price, equal to 73 cents, U.S., per bushel, is 12 per cent higher than the guaranteed price for the preceding crop. This increase, however, has not been reflected in prices to flour millers, who are required

to secure 70 per cent of their requirements for the domestic market through purchases of old-crop wheat from the Agricultural Regulating Board (ARB) at the lower price of 8.60 pesos (70 cents, U.S., per bushel). The remaining 30 per cent can be old-crop wheat purchased from the ARB at the new guaranteed minimum of 9 pesos or new-crop wheat purchased on the open market at not less than 9 pesos.¹ These prices compare with 9.0 and 8.0 pesos, respectively, paid by millers in January 1944.

Australia has altered her system of domestic wheat prices for the current year only to the extent of making a higher *advance* payment on wheat deliveries in excess of 3,000 bushels (nonquota wheat). The pool payment for the first 3,000 bushels has remained at 4s. 1½d. (66.3 cents, U.S.) per bushel, bagged, net at country sidings, while the advance on nonquota wheat has been raised from 2s. 1½d. to 3s. Farmers in the states principally affected by drought will receive special drought-relief payments financed jointly by the Commonwealth government and the individual state governments. The relief plan for New South Wales (which is more or less typical) provides for payments to all producers who, as a result of drought, were unable to secure as much as 6 bushels per acre of wheat, barley, or oats in 1944. The payments vary with the extent of the loss, rising to maximum levels of 7s. 6d. per acre of wheat, 6s. per acre of barley, and 4s. 6d. per acre of oats for complete crop failure.² All producers who apply for Australian drought relief must signify their willingness to carry on at least normal farm operations in 1945.

Canada has made no change in her domestic prices of grain for 1944-45. For wheat, the initial price advance to producers by the Canadian Wheat Board has remained at \$1.25, Canadian (\$1.14, U.S.), basis No. 1 Northern in store at Fort William-Port Arthur or Vancouver. Nor has any change been made in last year's advance drawback of 47½ cents (Can.) to millers of flour for the domestic market or in the former drawback of 25 cents per bushel on feed wheat. Barley and oats have continued to sell in Canadian markets at the same ceiling prices in force last year, while the government's advance equalization payments on marketings of barley and oats have remained at 15 and 10 cents (Can.) per bushel, respectively.

¹ *Times of Argentina*, Dec. 4, 1944, p. 18, and Canada, *Monthly Review of the Wheat Situation*, December 1944, XVI, No. 4, p. 8.

² *The Land*, Oct. 13, 1944, p. 2, and Dec. 22, 1944, p. 2. In terms of U.S. currency, these maximum payments per acre represent \$1.21 for wheat, \$.97 for barley, and \$.73 for oats.

PROSPECTIVE DOMESTIC USE OF GRAIN

In the current year, as in 1943-44, Canada will probably use and export more feed grain than she produced.³ This means that Canadian feed-grain stocks will again be reduced, though not to a low level. The rate of grain feeding (all grains) per animal unit will be lower than in either of the two preceding years, but nevertheless high in historical perspective.

Less wheat will be fed to Canadian livestock this year than last, as a result of the decline in hog numbers in the Prairie Provinces, more liberal marketing quotas for wheat, and reduced needs for western feed grains in the various eastern provinces, particularly Ontario. During August-December 1944 the amount of wheat shipped for feed use under "freight assistance" totaled only 11.1 million bushels or roughly three-fourths as much as in the same period of 1943. This and other indications of reduced feeding of wheat led the Dominion Bureau of Statistics to forecast that 73 million bushels of wheat would be used for feed in 1944-45, as compared with 90 million in the preceding year, 100 million in 1942-43, and an average of 56 million in the three years 1939-42.

Other Canadian domestic demands for wheat will probably be about the same this year as last. An estimated 50 million bushels may be milled for the domestic flour market, some 7 million may be used for the production of industrial alcohol, and perhaps slightly less than 30 million will be utilized for seed (Table 23). Such domestic requirements would result in the use of about 50 million bushels more wheat than on the average in prewar years, but the level of utilization would be 10-20 million bushels lower than in either of the two preceding years.

In Argentina, the decline in domestic utilization of wheat from last year's record peak seems likely to be much greater (Table 23). Seed and food uses will probably absorb in total about the same quantity of wheat as in 1943-44, but much smaller amounts will be diverted to fuel and feed purposes. Increased imports of timber and coal from Brazil and Chile have cut Argentina's requirements for grain for fuel, and since last June or July wheat has again yielded place to corn as the primary fuel grain. Not only did increased supplies of corn become available after the good harvest of April-May 1944, but price considerations definitely favored the use of corn after July 31, when the ARB

³ *Canadian Coarse Grains*, Nov. 25, 1944, p. 6.

ceased offering wheat for sale as a fuel at specially low prices. Indeed, even if the new corn crop to be harvested in April-May 1945 should fall as low as 100 million bushels, the amount of wheat used for fuel and feed in August-July 1944-45 seems unlikely to exceed 25-30 million bushels, as compared with some 70 million in the past crop year. We should not be surprised to see an offsetting *increase* in the amount of corn utilized for feed and fuel during April-March 1944-45 as compared with the preceding year. In any case, the total domestic utilization of both wheat and corn will be considerably above prewar levels in the current crop year, because of increased feeding demands and the wartime shortage of fuel in Argentina.

Of the four major exporting countries, only Australia seems likely to maintain her domestic wheat consumption in August-July 1944-45 at or above the record peak established in 1943-44. Domestic civilian and military demands for flour and breakfast foods are expected to be well maintained this year; there will be a small increase in the quantity of wheat used for seed; and as much or more wheat will be required for feed under the serious drought conditions of the current season. Indeed, only the small quantity of wheat used in 1943-44 in the manufacture of power alcohol seems likely to be reduced this year.

As soon as it became clear that the 1944 Australian wheat crop would be small, various farm leaders in that country suggested that the diversion of wheat to alcohol should be stopped; and as early as mid-November 1944 reports from Australia indicated that at least one of the alcohol distilleries recently put into operation (the one at Cowra, New South Wales) was about to shut down until after the wheat harvest of December 1945.⁴ Since each of the principal distilleries was constructed so as to make use of about a million bushels of wheat a year, the total quantity of grain that could be saved by closing all the existing plants would not exceed 2-3 million bushels.

In contrast, there is good reason to suppose that the 35-40 million bushels of wheat used for feed in Australia in 1943-44 is more likely to be increased than reduced this year. Until mid-January 1945 there was apparently no serious attempt to curtail the feeding of wheat, and existing drought conditions substantially increased the demand. In early January 1945 a leading Australian farm weekly reported that the "present rate of stock feed outgoings [of wheat] is about 1,000,000 bushels a week."⁵ Soon thereafter, the Commonwealth government instructed the Australian Wheat Board (AWB) to introduce a quota

⁴ *The Land*, Nov. 17, 1944, p. 1.

⁵ *Ibid.*, Jan. 5, 1945, p. 2.

system for sales of wheat for feed. Under this system, the maximum amount of wheat to be sold for stock feed during January 15–February 28 is set at one-sixth of the total sales made in the nine months of January–September 1944.⁶ This allowance does not appear seriously restrictive, though it may well prevent a substantial expansion in feeding that would otherwise occur. Current official plans seem to envisage the use of 40–50 million bushels of wheat for feed during the calendar year 1945—a quantity critically needed to offset part of the current shortage of oats, barley, and other feeds.

OUTLOOK FOR EXPORTS AND YEAR-END STOCKS

Incomplete trade data for August–December 1944 suggest that Canada, Australia, and Argentina exported at least as much wheat in those months as in the same period of 1943. Indeed, such evidence as is available for Australia indicates that, despite the outlook for a crop disaster, that country exported more wheat in August–December 1944 than in the corresponding months of any other war year and more than in most years of peace.

Only for Australia is it now necessary for us to estimate August–December exports on the basis of such scattered bits of evidence as July–September export data, reported monthly holdings of wheat by the AWB, reports of export sales, and private and semiofficial estimates of the amount of wheat being currently used for feed. The July–September wheat-export figure for Australia (the only one now available for the current crop year) shows that Australia exported 26 million bushels of wheat and flour in that quarter of 1944.⁷ During those three months the wheat stocks of the AWB declined almost 50 million bushels or by an average of some 16 million a month.⁸ The same average rate of decline in stocks continued during October–November, suggesting that the export movement in those months was well maintained. And since Australia sold 400,000 tons of wheat to the United Kingdom in mid-October, for delivery by December 31,⁹ it seems reasonable to infer that the rate of exportation remained high through December.

⁶ *Commercial Intelligence Journal* (Canada, Dept. Trade and Commerce), Jan. 27, 1945, p. 80.

⁷ *Quarterly Summary of Australian Statistics* (Australia, Commonwealth Bureau of Census and Statistics Bull. 177, September 1944), p. 27.

⁸ See "Australian Cable," in successive issues of the Canadian official *Monthly Review of the Wheat Situation*.

⁹ *Primary Producer*, Oct. 19, 1944, p. 1. Of this amount, 50,000 tons represented wheat of inferior quality; presumably all was destined for India, Middle East areas, and Africa.

We hazard the guess that July–December exports of wheat and flour from Australia came to over 50 million bushels, August–December exports to roughly five-sixths of that amount or 42 million.

This approximation is shown in the following table along with reported trade data for Canada and Argentina. It is noteworthy that the combined exports of these three countries were apparently larger in

AUGUST–DECEMBER NET EXPORTS OF WHEAT AND FLOUR
(Million bushels)

Aug.–Dec.	Canada	Australia	Argentina	Total
1934–38 av.	87 ^a	34	37	158
1939.....	78 ^a	23	80	181
1940.....	46 ^a	36 ^c	38	120
1941.....	88 ^b	13 ^c	32	133
1942.....	64 ^b	18 ^c	32	114
1943.....	120 ^a	20 ^c	40	180
1944.....	120 ^a	42 ^c	39	201

^a Customs exports adjusted for change in stocks of Canadian grain in the United States.

^b "Export clearances" for grain plus customs exports of flour, roughly comparable with the adjusted customs-export series.

^c Our approximation.

August–December 1944 than in the same months of any of the five preceding war years. Moreover, the increased total did not reflect, as did that of the preceding year, sizable shipments of wheat to the United States. Indeed, the United States was also a significant net exporter of wheat in August–December 1944, likewise contributing more to the world export movement than in any year since 1939–40.

If a major portion of Continental Europe had been liberated during the first few months of the current crop year, the enlarged exports of August–December 1944 might appear easy to explain. But in actual fact the western liberated areas represented a small fraction of the total Continent, and reports from those areas suggest that receipts of wheat and flour from overseas were relatively small up to the end of December. Italy alone clearly received materially larger supplies of wheat products in August–December 1944 than in the corresponding period of the preceding year, and a considerable part of these increased shipments presumably came from the United States.

Where, then, did the increased overseas exports from Australia and Canada go during August–December 1944? There can be little question that the major portion of the increase in Australian exports went to India, which may have taken as much as 700,000 long tons of food

grains (mainly wheat) in August–December 1944, as contrasted with only about 200,000 tons in the preceding year (p. 238). Perhaps, therefore, something like 15 million bushels of the increased flow of wheat and flour from Australia went to India. The remaining increase—7 million bushels—probably went to Ceylon, various Pacific areas, and the Middle East. Perhaps in some of these areas stocks were built up to be drawn on later in the season when the Australian export movement dwindles, and when the demand for relief wheat in Continental Europe becomes more pressing. But most of the increased Australian shipments of August–December 1944 presumably went directly into consumption in the importing countries.

More uncertain are the destinations of Canada's substantially increased overseas shipments of wheat and flour. Although Canada's total exports were about the same size through December this year as last, Canadian shipments for consumption in the United States must have been some 35 million bushels smaller this year.¹⁰ Thus, Canada presumably shipped *overseas* in August–December 1944 about 35 million bushels more wheat, including flour, than in the same months of the preceding year.

It seems certain that the United Kingdom and Eire received for their own use at least 5 million bushels of this increase; and Switzerland, Portugal, and Greece together may have accounted for another 5–10 million.¹¹ Moreover, an uncertain part of Canada's increased shipments went to European liberated areas—Italy, France, and Belgium—probably partly against sales to the recognized governments of those areas and partly for relief distribution by the British and Canadian armies. Finally, Canada may well have shipped somewhat more wheat this year than last to Egypt and French North Africa, as well as to miscellaneous countries in the Western Hemisphere. But after adding all of these more or less probable increases together, we still leave unaccounted for a significant portion of Canada's recent overseas exports.

The reasonable inference seems to be that either (1) more Canadian wheat has recently gone to civilians in the liberated areas of Continental Europe than scattered reports from those areas suggest, or (2) a sub-

¹⁰ Estimated from reports of the Commodity Credit Corporation purchases and receipts of Canadian wheat.

¹¹ Switzerland and Portugal are reported to have purchased 8 million bushels more Canadian wheat during July–December 1944 than in the same months of the preceding year; but we infer that only part of this increased quantity was actually shipped, and that part of the shipments to Switzerland got no farther than Lisbon or some other Continental port.

stantial quantity of Canadian wheat was shipped to stocks positions in Britain, Africa, or elsewhere near the Continent to be on hand for later use in civilian relief. Perhaps there is truth in both of these possible inferences, though we are inclined to put more faith in the latter. Allied experience in Italy last year must have convinced military authorities, government officials, and the United Nations Relief and Rehabilitation Administration of the importance of having food stocks nearby for use in emergency situations; and the difficulty of obtaining large shipments of Canadian wheat during the months when lake navigation is closed presumably served as an additional incentive to build up sizable stocks of Canadian wheat in or near Continental Europe.

If we are correct in our interpretation of the enlarged wheat-export figures for August–December 1944, Canadian exports in January–July 1945 may fall considerably short of the reported total of about 220 million bushels in the corresponding period of 1944. Some 90 million bushels of that figure represented shipments to the United States, which will not be needed in the current year. Consequently, even after allowance for a substantial increase in shipments to the British Isles (p. 237), for enlarged shipments to Continental Europe, and for some expansion of Canadian exports to destinations normally supplied by Australia, we doubt that Canada's exports in January–July 1945 will exceed 200 million bushels or that her crop-year total will amount to more than about 320 million.

Australia will have too little wheat on hand to make sizable exports of wheat and flour during January–July, while Argentina's exports, though potentially large, will presumably be restricted by shortage of tonnage.

In the table on page 206 we summarize our present forecasts of the domestic utilization, exports, and year-end stocks of wheat of the three exporting countries here considered.

Little attention need be given here to other grains. Only Argentine corn and Canadian barley and oats will play a significant part in the international movement of grain this year, and the combined exports of these grains will be small in relation to the trade in wheat.

In April–December 1944, Argentina apparently exported more than half a million tons of corn (21 million bushels). These exports, though small in relation to prewar levels, were larger than in any of the three preceding war years, mainly as a result of purchases made by the United States. Since shipments to the United States ceased after the excellent new United States crop became available in November–December 1944,

FORECASTS OF DOMESTIC USE, EXPORTS, AND YEAR-END STOCKS OF WHEAT OF THREE EXPORTERS, 1944-45, WITH COMPARISONS*

(Million bushels)

Aug.-July	Domestic use			Net exports			Aug. 1 stocks		
	Canada	Australia	Argentina	Canada	Australia	Argentina	Canada	Australia	Argentina
1934-39 av....	110	54	100	173	107	122	101	48	98
1939-40	132	49	107	192	86	179	300	125	75
1940-41	129	61	98	231	76	96	480	70	180
1941-42	145	54	115	226	41	83	424	140	220
1942-43	171	63	116	215	38	69	595	195	270
1943-44	180	90	172	344	65	98	355	150	250
Forecast 1944-45	161	95	126	320	55	90	310	50	190

* See Table 23 for additional details.

there is no prospect that Argentine corn exports will exceed 650,000 tons in April-March 1944-45. And since recent requirements of corn for domestic fuel have been moderate, it seems probable that a substantial carryover will remain in Argentina on April 1, 1945—a carryover considerably larger than either of the two preceding.

Canadian exports of barley and oats have exceeded Argentina's corn exports during each of the past two crop years. In 1943-44 Canada exported more barley and oats than ever before—practically all to the United States. And in spite of excellent United States harvests of feed grains in July-November 1944, Canadian exports of oats and barley continued heavy through January 1945, with the cumulated total even above that for the corresponding weeks of the preceding year. In the crop year as a whole, these exports seem likely to fall slightly below the record figures for 1943-44 (Table 54). We infer that practically all of the Canadian barley being imported into this country is malt barley, but that the imported oats is going mainly into feed channels. Again this year, Canadian carryovers of barley and oats are likely to be reduced, but not to low, or even prewar average, levels.

OUTLOOK FOR 1945 CROPS

Since sowings for the 1945 grain crops of Canada, Australia, and Argentina will not get well under way until April-May, the only pertinent information currently available on these particular crops is that having to do with governmental acreage goals or plans. For Argentina, which still relies more heavily than the other exporting

countries on normal market influences, no such official plan exists, and the following summary must therefore be confined to Canada and Australia.

The acreage goals for Canada are most detailed and specific. Official recommendations, established at a conference of government agricultural leaders on December 4-6, 1944, provide for a reduction of 8 per cent in the acreage sown to wheat, for increases of 10 and 12 per cent, respectively, in the plantings of barley and oats, and for a small but significant increase in summer fallow. Whether wheat-acreage reduction bonuses and/or rigid marketing quotas will again be introduced to insure the desired shifts in acreage is not yet clear; but unless some type of acreage control is adopted, the relatively high price advance expected for wheat¹² may encourage Canadian farmers to plant a larger wheat acreage than the government's program specifies.

Australian agricultural plans for 1945 call for expansion of the acreage sown to wheat and also of the much smaller acreage sown to barley and oats. The "planned" barley area for 1945 (including sowings for hay and green fodder) is 20 per cent higher than the reported sowings of 1944. A more or less similar increase seems to be indicated for oats.¹³ The wheat goal for 1945 calls for the seeding of 11 million acres, or 2 million more than was planned for 1944, when the actual sowings amounted to only 8.1 million acres.¹⁴ Current official plans apparently provide that (1) farmers in Western Australia will be permitted to sow up to five-sixths of their "normal" wheat acreage, instead of to only two-thirds as formerly,¹⁵ (2) farmers in the principal 1944 drought areas will be permitted to plant to wheat as much as twice their "normal" acreages, and (3) a guaranteed price advance of 4s. 3d. will be paid on all 1945 wheat delivered to the AWB.¹⁶ These plans will probably significantly affect the acreage actually sown to wheat and other grains in 1945, but weather developments, various price factors, and the outlook for supplies of superphosphates seem likely to be more important.

¹² The guaranteed minimum advance of \$1.25, basis No. 1 Northern, Fort William-Port Arthur, is scheduled to remain in force through July 1945. Most Canadian farmers seem to anticipate that this guarantee will be either extended or raised for 1945-46.

¹³ *Primary Producer*, Nov. 16, 1944, p. 1.

¹⁴ *Foreign Crops and Markets*, Feb. 5, 1945, pp. 62-63.

¹⁵ *Primary Producer*, Aug. 17, 1944, p. 1. Even this restriction may have been withdrawn. A cabled news dispatch from Sydney in early February reported that all wheat-acreage limitations had been removed for 1945; but the dispatch may have referred only to the drought states and not to Western Australia as well.

¹⁶ *Ibid.*, Feb. 8, 1945, p. 1.