WHEAT AND FLOUR TRADE

LETTER TO THE
COMMITTEE ON FINANCE
UNITED STATES SENATE

SIXTY-SIXTH CONGRESS
THIRD SESSION

SUBMITTING

SUPPLEMENTAL INFORMATION ON THE WHEAT AND FLOUR TRADE IN THE UNITED STATES

PREPARED BY THE UNITED STATES TARIFF COMMISSION

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UNITED STATES TARIFF COMMISSION,
Washington, January 4, 1921.

The COMMITTEE ON FINANCE OF THE UNITED STATES SENATE:

I have the honor to transmit herewith, in accordance with your request, supplementary information compiled by the United States Tariff Commission relative to the wheat and flour trade.

Very respectfully, yours,

THOMAS WALKER PAGE,
Chairman.

SUPPLEMENTARY INFORMATION RELATIVE TO THE DEVELOPMENTS IN THE WHEAT AND FLOUR TRADE.

In a former report[1] the general characteristics of the tariff problems in wheat and wheat flour were set forth in considerable detail. A copy of the summary chapter is attached. Recent developments may be briefly indicated, for it is believed that no fundamental change has taken place in the character or conditions of foreign competition. In the severe price deflation which occurred during the summer and fall of 1920, wheat played a conspicuous part and the farmer, who produced his crop under high war costs, suffered severely.

Until June 1, 1920, when Federal control of the wheat and flour trade expired, there was virtually no opportunity for the effects of free trade in these products to make themselves felt. There was a world shortage of wheat, the shipping situation placed a premium upon North American supplies, and imports were permitted only under license. Ordinarily, prices in both the United States and Canada are upon an export basis, but during the closing years of the World War it was a sellers' market. On May 15, 1920, the Minneapolis price of No. 1 Northern was $3.15, about $1 per bushel above the guaranteed minimum. Allowing for exchange and freight, this was equivalent to around $5 per bushel at Liverpool. Wheat prices in the chief importing countries, both to grower and consumer, were materially below the North American levels. This loss on purchases of imported wheat was paid by the respective governments in the form of bread subsidies. In these countries war-time control of the wheat and flour trade has continued. Their policies include price fixation, concentrated buying by governmental agencies, restriction of imports, and the purchase of wheat in preference to flour; the latter partly to stimulate the domestic milling industries and also to obtain the mill feed received as a by-product.

The exportable surplus of the United States for the crop year 1920 has been generally estimated to be from 200,000,000 to 225,000,000 bushels.[2] But during the first half of the crop year, July 1 to December 23, 1920, inclusive, there were exported fully 203,000,000 bushels of wheat and its equivalent in flour. Official returns for July 1 to November 30, inclusive, report exports of 175,000,000 bushels (wheat, 144,000,000 bushels; flour, 7,100,000 barrels). (Table 1.) Bradstreet estimates the exports during December 1 to 23, inclusive, at approximately 28,000,000 bushels of wheat and flour, and commercial sources report further heavy export buying towards the close of December, for shipment in the following months. If

[1] Agricultural Staples and the Tariff. U. S. Tariff Information Series No. 20. Completed as of Sept. 15, 1920.

[2] Carry over from 1919 crop, 151,000,000 bushels (108,000,000 bushels of wheat and flour equivalent to 42,000,000 bushels). The 1920 crop amounted to 790,000,000 bushels; normal carry over 80,000,000 bushels; domestic consumption for food, seed, and other purposes around 625,000,000 bushels.

during the remaining six months of the crop year, when normally about 40 per cent of the export movement occurs, the shipments continue at a fraction of this rate, it is apparent that the United States must replace the exports by foreign wheat. And this is precisely what appears to have been already in progress. Geographical factors, i. e., the channels of trade, the character of the milling demand for different kinds of wheat and of the export trade in flour, are such as to attract a considerable import movement from Canada. This serves to free for export approximately equivalent quantities of domestic grain and flour, for the most part of different classes or from sections other than those which absorb the imports.

From July 1 to November 30, 1920, there were imported from Canada approximately 24,000,000 bushels of wheat and its equivalent in flour (wheat, 21,563,119 bushels; flour, 423,804 barrles).[3]

	Wheat.	Flour.
	Bushels.	*Barrels.*
Buffalo	7,500,000	78,600
Duluth	6,646,129	144,921
Chicago	1,600,000	.....

According to a telegraphic report from the collector of customs at Buffalo, an additional 26,000,000 bushels entered that port during the brief season of open lake navigation in December, for reexport.

Canada's exportable surplus is generally estimated to be 200,000,000 bushels. Ordinarily, the greater part of her exports moves in bond through American ports.

In the fiscal years 1916 and 1917, for instance, approximately 170,000,000 and 115,000,000 bushels, respectively, of wheat and its equivalent in flour were transshipped in bond through American ports.[4] But it is significant that of her exports during the current crop year, inclusive of the month of November, only about 9,000,000 bushels were exported in bond. The period of closed navigation in the North, the fact that Canada could not take care of the peak movement during the open season, the superior shipping facilities at American ports, such factors have compelled shipments south of the border; and this transit trade has continued despite Canada's extensive transportation projects, designed in part to keep her grain moving via all Canadian channels. The natural route for her surplus is southward, for concentration, milling, or reexport.[5]

With the elimination of the tariff barrier the chief cause for bonding the wheat shipments south of the border has been removed. When account is taken of the extraordinary volume of so-called "domestic exports," of the small movement of bonded shipments, and of the large volume of imports, three-fourths of which were cleared at the two lake ports, Buffalo and Duluth, it becomes apparent that much

[3] Virtually all of Canada's shipments were made by lake. Navigation on the lakes closes in December and does not reopen until spring. Three ports, Buffalo, Duluth, and Chicago, received approximately 80 per cent of the Canadian wheat. According to telegraphic reports from the customs collectors at these cities, imports from Canada, all apparently for consumption, from the beginning of the crop year until close of navigation in December, were as follows:

[4] On Apr. 17, 1917, Canada removed her duty on wheat and flour which automatically removed the duty on these products coming from Canada to the United States under the terms of the American tariff act of Oct. 3, 1913. Shipments in bond through American ports have continued to some extent under free trade because of certain advantages which bonded shipments obtain, such as, rapidity of transit, maintenance of identity, etc.

[5] There is a considerable, though much smaller, movement of American grain via Canadian ports, especially during the summer, before the Canadian harvest appears on the markets. In the first 10 months of 1920 wheat shipments through Canada amounted to around 12,000,000 bushels.

of the foreign wheat is reexported. It loses its identity after arrival at the elevators. These reexports are for the most part indirect, i. e., they may take the form of flour composed in whole or in part of Canadian wheat; domestic wheat of other classes and grades are released for export, or, finally, they may permit of larger exports from sections which formerly shipped to the importing region.

Thus much of this year's domestic hard spring wheat crop is of inferior quality, in the face of a domestic demand which desires especially the better grades. Commercial advices indicate that the Northwestern mills are blending much Canadian hard spring wheat with the lower grades of domestic spring, thereby affording a better market for much of the inferior domestic product. In Canada, a much larger proportion is usually of the better grades. Spring wheat millers are frequently faced with a shortage of the better grades of such wheat and have been compelled to draw increasing quantities of hard winter wheats from the States to the South.

Recent increases in freight rates, which have emphasized the importance of short rail hauls and of water transportation, are tending to change the channels of trade. In consequence, much of the Southwestern wheat which formerly moved northward appears to be going for export through Gulf ports. In the five months July to November, inclusive, exports through Gulf ports aggregated over 72,000,000 bushels, nearly half the total exports, and two or three times as heavy a movement as normally occurs through these ports during the entire fiscal year. On the other hand, flour exports from the Gulf ports constitute only 15 per cent of the total flour exports. This fact is especially noteworthy when considered in connection with the heavy flour exports from North Atlantic ports, originating from the regions which absorbed the Canadian wheat. Lake ports, furthermore, whose share in the direct export trade had greatly declined, are again assuming importance. Over 8,000,000 bushels appear to have been shipped from Duluth and Chicago on through bills of lading.

This free movement of wheat between the United States and Canada, making the North American crop a common source of supply, has certain demonstrable advantages. Its disadvantages are less certain. American lake vessels, which under the Canadian navigation laws, can not operate between Canadian ports, transport a large part of the Canadian grain; American elevators, distributing interests, and rail and ocean lines enjoy the benefits accruing from this larger volume of tarffic; domestic mills, which had been losing ground to Canada in the export flour trade, are able to meet this competition through importing Canadian wheat for blending and milling; a larger volume of mill feed is available to the dairy industry, which consumes more mill feed than is yielded as a by-product of domestic flour consumption. Furthermore, the balance of trade, even in agricultural products, is heavily against Canada in her commerce with the States, and the resulting unfavorable rates of exchange are handicapping the American sales to Canada, at the same time that European shippers are enjoying an advantage by reason of unfavorable exchange with that country. Wheat is Canada's principal asset and her chief means of equalizing exchange rates.

Still another advantage is afforded by the practice of blending the heavier Canadian hard spring wheat with the lighter domestic wheats

of the same class. Test weight per bushel is one of the chief standards which determines whether wheat shall be graded as No. 1 or falls under lower grades. By an admixture of a proper proportion of the Canadian product, domestic wheat which fails to grade as No. 1, solely by reason of deficient weight, may be classed under the higher grade and receive a correspondingly high price. It is true that elevators and millers chiefly profit by this practice, but doubtless growers likewise profit to some extent through a more active domestic demand for the lower grades and through a lowering of the price spread between grades. In this connection it is worthy of note that the price in Liverpool of Manitoba No. 1 Northern is materially above that of American No. 1 Northern.

Against these advantages may be set off the possible disadvantages incident to the competition of Canadian flour in domestic markets and the possible influence of Canadian wheat upon the American farmers' price. However, the United States normally exported nearly three times as much flour as any other country, and the Canadian competition in flour is relatively not of large dimensions. Nor do Canadian mills possess obvious advantages over those operating south of the border. Buffalo mills, for instance, which are well situated with respect to the hard spring wheat producing sections of both countries, and also with respect to the hard winter and soft wheats, can compete with Canadian mills not only in the markets of the North Atlantic States but also in foreign markets for flour. It remains to consider, therefore, the possible effect of Canadian imports upon farmers' prices.

The causes of the recent decline in wheat prices have been the subject of an extensive investigation by the Federal Trade Commission and the United States Department of Agriculture, acting under directions of the President. In the published summary of the report of the Federal Trade Commission, seven causes are given for this decline: (1) Conditions of world supply; (2) concentrated governmental buying by European powers; (3) imports from Canada; (4) record-breaking harvests of corn and oats; (5) a decided falling off in the domestic demand for flour during the latter part of 1920; (6) the general price deflation; (7) credit conditions.

It is impossible precisely to determine how important an influence Canadian imports have exerted on the price of wheat in the American market in recent months; but some points in this connection may be indicated.

Canadian wheat did not come on the market until about September 1, but the price decline had set in some months previously (see Table 5); from a high point of about $3.15 per bushel on June 1, the price declined to $2.65 on August 20. It is possible that the prospect of an exceptionally large harvest in Canada may have been a contributing factor in this decline, but it should be noted that in the Pacific States, whose wheat enters into a somewhat distinct trade, prices also declined, although Canadian competition is not an important factor in Pacific markets.

Another point that should be considered is the fact that in each of the fiscal years 1917 and 1918 there were imported around 25,000,000 bushels of wheat, almost entirely from Canada. It is true that these purchases were made by the United States Grain Corporation, with the understanding that equivalent quantities of wheat or flour should

be exported. But these imports were made to meet sectional shortages, either of all kinds or of different classes of wheat; and, being made at lower price levels than existed in the United States, might have been due to commercial influences had they been free to operate. During these years, however, the imports were without apparent effect because of conditions of international demand. The imports, therefore, were somewhat of the same character as those which took place in 1920.

In addition to these factors there are others connected with the effect on prices of Canadian imports which are brought out in the tables submitted below.

From the tables of imports and exports of wheat and from commercial estimates for the early part of December, it appears that the American exports have been roughly 200,000,000 bushels since July 1, 1920, whereas the imports, chiefly from Canada, have been about 25,000,000 in the same period. In normal times a preponderance of exports over imports as great as that indicated here means that American prices follow the international market for wheat. Indeed, this is almost axiomatic if trade is unobstructed. Liverpool is usually the center of the world market and when a given country is on an exporting basis the price of wheat there is usually lower than that of Liverpool by the amount of transportation and other handling charges between the two markets.

At the present time, however, this rule is not subject to statistical proof because the European prices are largely artificially fixed. No open-market quotations for Liverpool are available; only the British issue prices fixed by the Royal Commission on Supplies are published, and for present purposes these are not significant. A further disturbing factor is illustrated in Table 6, in which it is shown that there are heavy exports directly to continental Europe rather than through the usual clearing markets of Liverpool and London.

In view of these disturbing factors—arbitrary prices abroad and heavy direct shipments to the Continent—care should be exercised in assuming that the American market is now following the European purchase price.

Aside from the question of price levels, however, it may be said with some certainty that inasmuch as the United States is on an exporting basis, any wheat that is imported from Canada (aside from the question of special cases to meet special needs) releases an equal amount of American wheat for export. This being true, it is not a matter of great importance whether the Canadian wheat reaches Europe directly or indirectly through the United States either in the form of flour or by releasing similar American wheat. Indeed, if we may assume that the European demand is controlling our market, as it does in normal times when we are on an exporting basis, there is a possibility that if the Canadian wheat had been thrown on the English market before the close of lake navigation, instead of filtering slowly through the United States, the world price level, and therefore our own market, would have been depressed more than it was in the fall of 1920. From this point of view it seems fortunate for American producers that there was a buffer between the great Canadian surplus and the Liverpool market.

A further important point is the exchange situation between the United States and Canada. Recently Canadian exchange has been

at a discount of 8 to 15 per cent and this has disturbed the general trade between the two countries.

It is often assumed that American purchasers get the full advantage of the exchange rates when the American dollar is at a premium. This by no means follows, however, in every case. From Table 5, appended below, it is seen that the Winnipeg price of wheat converted into American money is almost the same as that for similar wheat in Minneapolis.

This identity of prices in the two markets is of importance in connection with the exchange situation. It is obvious that the American purchaser of Canadian wheat can not get it any cheaper than he can buy the same grades of the domestic product; in other words, there is no special inducement for buying Canadian wheat offered by the exchange situation. It does not appear that the individual seller has a greater incentive to sell in Minneapolis than in Winnipeg, because as a matter of fact the prices are about the same in the two markets.

If this country were on a net importing basis the prices obviously would be depressed by the imports from Canada, but at a time when heavy exports are going out of the country the relatively small imports probably do not alter the general rule that it is of no great importance whether Canadian wheat reaches the European markets directly or indirectly through the United States.

Statistical data upon which the foregoing discussion is based are shown in the accompanying table.

WHEAT AND WHEAT FLOUR.

SUMMARY AND CONCLUSIONS.

In the tariff act now in force—that of October 3, 1913—reciprocal free trade is offered in wheat and wheat flour. The principal exporting nations that are likely to ship to this country (Canada, Argentina, and Australia) have removed their customs duties upon American wheat and flour; in consequence their product enters this country duty free and in growing volume. Except for relatively small exports to Canada, no American wheat or flour is shipped to these countries.

The wheat consumption of the United States is much greater than that of any other country. Its potential production likewise is far in excess of domestic requirements. But whether wheat or alternative farm products are raised is largely a matter of price and comparative advantage. It is on relatively low-priced land, in sparsely populated regions far distant from the ultimate markets, that much of the world's crop is ordinarily grown.

The great increase in the American production (during the 30 years preceding the World War) had been primarily due to the new lands that were brought under cultivation. It coincided with a diminishing proportion of older arable lands sown to wheat, even in the grain belt. In the older regions wheat culture had lost ground because of the competition of other crops and of more productive and cheaper land elsewhere available. From such unoccupied areas as may hereafter be cultivated no large contribution is to be anticipated. Moreover, the increase in production has not kept pace with

the growth of population and consumption. Most of the States now consume more wheat than they produce.

In the years immediately preceding the World War American exports of wheat, in the grain, had come to consist largely of the exports of the Pacific Northwest, which ordinarily can ship more cheaply to the Orient and to Europe than to the distant American consuming markets, and of durum wheat, for which there was then only a small domestic demand. Only in the last two of the nine fiscal years, 1906–1914, did exports of Pacific and durum wheat constitute less than 40 per cent of the total wheat shipments. Of the remaining Atlantic and Gulf exports a considerable proportion probably consisted of the lower grades of hard and soft wheat, which are ordinarily not desired by American millers.

Flour constituted an increasing proportion of the exports, and flour shipments consisted in large part of "clears" and low grades, for which there is only a relatively small domestic market. Of combined wheat and flour, exports had declined from between 30 and 40 per cent of the crop during 1891–1902 to between 10 and 20 per cent during 1902–1914.

Since 1914, however, the United States has been the dominating factor in the world's wheat and flour trade. For an indefinite periodg the World War has eliminated the surplus of Russia, formerly the largest exporter, and of Rumania. The shipping situation also placed a premium upon North American supplies, and the farmer was guaranteed a minimum price over twice as high as the prewar level. In consequence, wheat cultivation has been maintained and increased in the American regions producing at higher costs. But it is significant that in the crop year 1919–20 a reduction of 20,000,000 acres occurred in the area sown to wheat.

Imports, on the other hand, though still far less than exports, are increasing in volume. Canadian shipments, which constitute the great bulk of the importations, ranged from 1,000,000 to 3,000,000 bushels during the years 1910–1914; in each of the years 1917 and 1918 they amounted to nearly 25,000,000 bushels, valued at $40,000,000 to $50,000,000. In 1919 and 1920 they fell to 4,750,000 and 4,000,000 bushels, respectively. From 1917 on, likewise, substantial importations, free of duty, were made from Argentina and Australia. The receipts during the fiscal years 1918, 1919, and 1920 were arranged by the United States Grain Corporation to meet sectional shortages. Equivalent quantities of flour were exported from other sections. Mill feed to the value of around $2,000,000 annually has also been imported during the last three years, almost exclusively from Canada.

The imports of the past have supplemented the domestic crop rather than competed with it. In part, they have been due to local or general shortages of the different kinds of wheat, or of the better grades, either for milling or for seed. The demand is not for wheat in general, but for specific classes and qualities to meet particular uses. Imports from Canada consist almost exclusively of hard spring wheat from the western Provinces; from Argentina, of hard and semihard wheats; and from Australia, of soft wheat.

Again, American flour generally sold under brand; it has an established domestic and foreign trade as opposed to the general and fluctuating demand for wheat. In some foreign markets, also, it

enjoys preferential tariff treatment. Such influences promote the importation of foreign wheat for reexport in the form of flour, especially as there is an enormous domestic market for the milling by-products.

More important, as a cause of imports, is the geographical situation. The entire region east of the Mississippi, and the southern tier of Western States from Texas to California, is a deficiency section; it is dependent upon 12 of the remaining Western States for about 200,000,000 bushels of its wheat requirements. But these surplus-producing trans-Mississippi States are over a thousand miles from the principal deficiency markets along the Atlantic and Gulf coasts, and in California.

Prewar ocean freights from Argentina, to Atlantic and Gulf markets, were about half the rail rates from Kansas City and Minneapolis. Ocean freights from Australia to California, likewise, were no higher than the rail rates from the surplus-producing sections of the Pacific Northwest. Although ocean freights since 1914 have greatly exceeded rail rates from the interior, they have been declining. Rail rates have more than doubled. Of greater moment is the pressure of Canadian wheat on the north, for Europe is the chief market for the Argentine and Australian surpluses. Because of the transportation situation, the bulk of the Dominion's growing exports is shipped in bond through the North Atlantic consuming markets; the removal of the American tariff barriers renders this surplus available for domestic consumption.

In Canada, both production and exports have been rapidly increasing, and there are still large areas available for settlement and cultivation. Between 1915 and 1920 Canada's exports of wheat and flour ranged between 80,000,000 and 223,000,000 bushels, valued at $100,000,000 to $450,000,000. On account of the favorable climate of the western Provinces for the production of hard spring wheat, and of the abundance of fresh fertile land (available at much lower prices than wheat lands south of the border) the cost of production is less than in the United States, and the quality of her spring wheat is better on the whole than the quality of the American spring.

The cost of production is likely to remain lower in Canada, for although the superiority of Canadian land may eventually disappear, there will still remain a favorable climate for the growing of hard spring wheat. Moreover, Canada's climate, distance from markets, and sparse population greatly restrict the choice of other crops that may profitably be raised.

While the great increase in Canadian production has occurred in the western Provinces, it is possible that the removal of the tariff barriers may also stimulate production in the soft-wheat producing sections of eastern Canada. Rail rates from these sections to the great consuming markets in the North Atlantic States are considerably lower than from domestic regions of surplus production.

There is a small countercurrent of American soft wheat and flour to western Canada, either for blending purposes or for the manufacture of biscuits and pastry.

An important phase of the traffic between the two countries has been the competition of railroads, lake vessels, primary and export markets for the grain trade. Barred until recently by prohibitive import duties from making large shipments to the great consuming

markets south of the border, Canada has embarked upon extensive transportation and shipping projects designed in part to keep her export grain moving via all-Canadian routes, and her facilities have attracted a considerable transit trade of American grain. But the countercurrent of Canadian grain has been far larger. American ports have shipped most of the Dominion's wheat exports, because of their superior shipping facilities, the closed winter season of navigation in the North, and because Canada could not take care of the peak movement during the autumn and spring, before the close of navigation and after its reopening. American lake vessels also carry much of the Canadian grain.

The natural route for Canada's grain surplus is southward and eastward, for concentration, milling, consumption, or export. This is due to a number of factors; the transportation situation; a wheat consumption only about one-tenth as large as in the United States; the dimensions and efficiency of the American milling industry; the wider domestic and foreign markets for American flour and its by-products; the fact that Canada's grain is otherwise thrown on the world's market at the most unfavorable season; and to the heavy return movement of eastern products. The import duties have prevented a larger American participation in the carrying and distribution of Canadian grain, except with respect to the in-bond movement. If the mills had had free access to the hard spring wheat of western Canada, a larger import trade would probably have developed. The export flour trade, likewise, might have been increased.

Both Canadian and American wheat prices have in general reflected quotations in the world markets. But while Winnipeg prices of hard spring wheat were always on an export basis, Minneapolis prices were frequently above the export point. Moreover, Minneapolis prices were consistently higher, though the spread diminished after the reduction and subsequent removal of the duty on Canada's wheat. The differential in favor of Minneapolis was particularly large in years when the harvest of American hard spring wheats was short or of poor quality. This price disparity is especially noteworthy in view of the fact that during 1906–1916 the Canadian wheat was worth several cents more per bushel because of differences in grading.

When the higher price levels in Minneapolis are considered in connection with the equality in freight rates from producing sections in western Canada to Minneapolis, Fort William, Port Arthur, and Duluth, and with the further fact that the costs of transportation from Fort William or Port Arthur to Liverpool via Montreal are, if different at all, slightly lower than from comparable points south of the border, it is evident that the import duties have prevented the equalization of prices in American and Canadian markets through a flow of Canadian grain to the former.[6] Thus, the import duties have been of especial benefit to the American grower in the years of shortage of hard wheat, when domestic prices rose above the export point. The domestic supply of hard spring wheats is grown chiefly in the Dakotas and Minnesota; of hard winter, in Kansas, Nebraska, and Oklahoma. These two classes—hard spring and hard winter—are directly competitive. To a lesser degree, also, they compete with

[6] It is true that Minneapolis is a great cash market, while Winnipeg is essentially a future market, and that cash or "spot" prices are frequently higher than "to-arrive" quotations, but such price differences are seldom great or long sustained.

soft wheats. In durum wheat, raised chiefly in the Dakotas and Montana, there is virtually no competition.

East of the Mississippi the crop consists almost entirely of soft wheats. This class is also extensively produced in the trans-Mississippi regions. With respect to soft wheats, it may be noted: (1) That the import duties doubtless have contributed to the decline of soft-wheat production in eastern Canada, which can produce at least as cheaply as can domestic regions of surplus production, and which has besides the advantage in rail rates to New England and North Atlantic markets; (2) that a larger importation of Canadian hard spring wheats may result in an invasion by northern millers of the hard and soft winter wheat markets in the South; and (3) that the regions of deficient production east of the Mississippi have the protection of freight rates from the surplus-producing sections.

The Pacific States are little affected by Canadian competition. Ordinarily they ship their surplus to Europe and the Orient. In fact, free trade with Canada provides an additional though small market for their soft wheat and flour. In return, some hard spring wheat may be imported for blending purposes.

Some authorities maintain that the American farmer would likewise benefit by free trade with Canada. Roughly, at least, prices in both countries reflect Liverpool prices, less costs of transportation. The storage and consuming capacity of Liverpool and other European markets has rather definite limitations; moreover, wheat harvests are in progress every month of the year, giving promise of further large supplies. For these reasons a flood of Canadian wheat in the fall and spring is likely to cause severe price depressions, which in turn would adversely affect American price levels. Once this lower level is established it would be more difficult to advance later. If the Canadian wheat were allowed access to the large markets south of the border, with their great absorbing capacity and large volume of hedging operations, it would be more easily absorbed, and, it is asserted, less likely to depress American prices through pressure upon the final markets. This consideration, however, presupposes a considerable American surplus. It would not apply in case of a domestic shortage, in which event the tariff barrier obviously would advance domestic prices.

In conclusion, a larger volume of supplemental imports, especially from Canada, is to be anticipated. Geographic factors, local or general shortages of different kinds of wheat, and the character of the milling demand—such forces draw foreign supplies for domestic consumption even when large exports of American wheat and flour are moving forward. As yet they are potential rather than actual causes of foreign competition. Whether free trade will result in large imports, how soon or how severe this competition, depends largely upon unstable factors in the international demand and supply. In the chief importing countries national control still prevails. Not only do their policies include national buying, bread subsidies, fixed prices below the world level, and the purchase of wheat rather than of flour, but also the stimulation of production and reduction of imports. In wheat, however, constant national self-sufficiency can not be assured, for climate is much more important than variations in acreage. And in case of need the acreage may be readily increased, though of course largely at the expense of other farm products. In opposition to this attempted curtailment of imports, the surplus of

Canada and other exporting countries has been increased, and there is the further possibility of large exports again being made by Russia and Roumania. Doubtless the United States will continue in any event to produce large quantities of wheat (as do the importing countries of Europe)—more extensively in the spring-wheat region, in the dry-farming sections of the West, Southwest, and Pacific Northwest, and largely also in crop rotations elsewhere.

TABLE 1.—*Domestic exports of wheat, July 1 to Dec. 1, 1920, by months and principal districts.*[1]

Districts.	Bushels.					
	July.	August.	September.	October.	November.	Total, 5 months.
New York	2,486,914	2,068,381	1,535,049	7,583,634	6,586,867	20,260,795
Philadelphia	2,150,511	2,963,109	1,486,161	2,129,675	1,602,116	10,331,572
Maryland	3,471,008	4,804,264	5,024,221	4,561,001	2,483,872	20,344,366
New Orleans	5,386,743	6,058,704	10,823,991	8,522,615	5,393,908	36,185,961
Galveston	5,724,327	5,356,422	7,847,153	6,180,768	6,306,893	31,415,563
Oregon	1,969,251	1,454,659	1,403,384	2,557,660	1,346,548	8,731,502
Washington	397,396	2	132,817	1,406,780	637,308	2,574,303
Duluth and Superior	1,511,225	1,023,107	198,000	741,481	1,242,242	4,716,055
Chicago	270,694	2,675,887	404,264	.....	.....	3,350,845
All other	469,472	1,289,497	1,915,756	2,119,363	435,393	6,229,481
Total	23,837,541	27,693,982	30,770,796	35,802,977	26,035,147	144,140,443

Districts.	Value.					
	July.	August.	September.	October.	November.	Total, 5 months.
New York	$7,245,864	$5,928,760	$4,476,746	$21,422,157	$18,680,841	$57,754,368
Philadelphia	6,412,334	8,862,938	4,666,246	6,113,182	4,205,012	30,259,712
Maryland	11,036,671	13,985,369	14,095,402	12,039,143	5,960,268	57,116,853
New Orleans	15,160,355	17,764,524	31,990,786	24,994,405	15,229,619	105,139,689
Galveston	17,474,801	16,160,952	23,064,024	17,263,736	15,785,178	89,748,691
Oregon	5,603,239	3,866,053	3,529,345	6,244,283	3,089,078	22,331,998
Washington	1,307,454	9	347,875	3,493,191	1,474,926	6,623,455
Duluth and Superior	4,378,820	2,911,159	519,500	1,755,213	2,464,572	12,029,264
Chicago	772,442	7,189,037	1,042,387	.....	.....	9,003,866
All other	1,182,104	3,842,868	5,619,434	5,892,221	1,089,997	17,626,624
Total	70,574,084	80,511,669	89,351,745	99,217,531	67,979,491	407,634,520

[1] Preliminary figures.

TABLE 2.—*Exports of wheat flour, July 1 to Dec. 1, 1920, by months and principal districts.*[1]

Districts.	Barrels.					
	July.	August.	September.	October.	November.	Total, 5 months.
Massachusetts	44,589	43,082	25,261	7,228	1,169	121,329
New York	602,877	467,306	875,534	841,462	733,312	3,020,491
Philadelphia	572,427	96,725	45,491	91,973	30,782	837,398
Maryland	68,979	164,592	40,820	39,472	46,085	359,948
Virginia	102,044	32,696	23,400	17,081	16,049	191,270
Florida	2,257	41,384	5,129	3,086	4,674	56,530
Mobile	47,242	53,746	46,190	18,239	20,749	186,166
New Orleans	139,601	103,874	172,843	135,692	131,545	733,525
Galveston	82,296	14,223	8,737	3,033	2,559	105,847
San Francisco	116,626	14,123	25,284	95,660	11,452	263,145
Oregon	245,904	40,410	75,763	230,095	44,769	636,941
Washington	315,551	21,858	87,202	110,277	50,709	585,597
All other	13,429	12,688	11,906	13,473	7,200	58,696
Total	2,493,822	1,106,707	938,530	1,606,770	1,101,054	7,156,883

[1] Preliminary figures.

TABLE 2.—*Exports of wheat flour, July 1 to Dec. 1, 1920, by months and principal districts*—Continued.

Districts.	Value.					
	July.	August.	September.	October.	November.	Total, 5 months.
Massachusetts	$491,685	$473,379	$263,148	$80,102	$12,388	$1,320,702
New York	6,639,615	5,786,732	4,727,533	10,042,960	8,617,564	35,814,404
Philadelphia	6,421,216	1,205,385	597,032	1,045,740	304,177	9,573,550
Maryland	737,845	1,760,509	473,006	443,204	462,612	3,877,176
Virginia	1,136,246	439,901	309,644	209,753	194,601	2,290,145
Florida	31,191	588,322	66,873	39,473	58,364	784,223
Mobile	560,198	676,469	566,335	209,771	241,995	2,254,768
New Orleans	2,253,430	1,300,946	2,093,503	1,682,445	1,537,398	8,867,722
Galveston	446,969	170,458	50,145	30,622	36,547	743,741
San Francisco	1,207,558	178,723	299,604	1,100,548	124,456	2,970,889
Oregon	2,628,446	441,271	919,998	2,365,201	459,607	6,814,523
Washington	3,775,380	274,313	976,908	1,174,614	548,992	6,750,207
All other	200,525	149,506	143,707	157,716	81,266	732,720
Total	26,590,304	13,445,914	11,487,436	18,591,149	12,679,967	82,794,770

TABLE 3.—*Imports of wheat (free), July 1 to Dec. 1, 1920.*[1]

Districts.	Bushels.					
	July.	August.	September.	October.	November.	Total, 5 months.
Vermont	62	5,897	7,966	15,487	23,228	52,640
St. Lawrence	1	.....	12,662	12,553	5,704	30,920
Buffalo	.....	12,407	772,232	3,327,109	4,675,100	8,786,848
New York	18,607	170,312	.....	539,163	213,859	941,941
Philadelphia	.....	.....	.....	25,000	.....	25,000
San Diego	.....	.....	.....	1,665	.....	1,665
Washington	3	17	.....	1,150	8	1,178
Montana and Idaho	966	12,005	7,460	5,500	89,283	115,214
Dakota	21,954	7,164	268,596	424,536	208,253	930,503
Minnesota	13,782	53,127	185,264	460,586	462,199	1,174,958
Duluth and Superior	.....	29,655	532,408	3,316,927	2,470,412	6,349,402
Wisconsin	.....	.....	.....	115,500	235,044	350,544
Michigan	.....	.....	35,518	302,350	111,932	449,800
Chicago	.....	50,000	.....	310,000	356,756	716,756
Ohio	.....	.....	20,277	944,577	670,800	1,635,654
All other	33	63	.....	.....	.....	96
Total[2]	55,408	340,647	1,842,383	9,802,103	9,522,578	21,563,119

Districts.	Value.					
	July.	August.	September.	October.	November.	Total, 5 months.
Vermont	$125	$13,314	$18,815	$36,350	$46,274	$114,878
St. Lawrence	8	.....	35,343	29,306	11,854	76,511
Buffalo	.....	30,347	1,961,715	7,766,787	9,308,060	19,066,909
New York	18,488	127,407	.....	1,224,386	475,100	1,845,381
Philadelphia	.....	.....	.....	59,683	.....	59,683
San Diego	.....	.....	.....	2,988	.....	2,988
Washington	11	30	.....	2,761	20	2,822
Montana and Idaho	2,896	30,582	15,528	9,422	155,694	214,124
Dakota	55,470	17,833	653,732	947,255	416,700	2,090,990
Minnesota	40,128	144,076	491,377	1,094,614	997,593	2,767,788
Duluth and Superior	.....	77,346	1,362,653	7,528,658	5,275,063	14,243,720
Wisconsin	.....	.....	.....	253,151	450,718	703,869
Michigan	.....	.....	88,304	629,344	222,782	940,430
Chicago	.....	125,000	.....	786,425	764,050	1,675,475
Ohio	.....	.....	45,441	2,284,766	1,437,592	3,767,799
All other	43	114	.....	.....	.....	157
Total[2]	117,171	566,049	4,672,908	22,655,896	19,561,500	47,573,524

[1] Preliminary figures.

[2] In addition to these imports there were 7,783,216 bushels of Canadian wheat and 248,761 barrels of flour transported in bond through United States ports from July 1 to Dec. 1, 1920.

Imports of wheat (dutiable).[1]

Districts.	Bushels.					
	July.	August.	September.	October.	November.	Total.
San Diego		2,388				2,388
Oregon	7,791					7,791
Washington	37,135	21,792				58,927
All other			14	46		60
Total	44,926	24,180	14	46		69,166

Districts.	Value.					
	July.	August.	September.	October.	November.	Total.
San Diego		$4,300	$17			$4,317
Oregon	$15,193					15,193
Washington	68,278	45,543				113,821
All other				$141		141
Total	83,471	49,843	17	141		133,472

[1] Preliminary figures.

TABLE 4.—*Imports of wheat flour (free), July 1 to Dec. 1, 1920.*[1]

Districts.	Barrels.					
	July.	August.	September.	October.	November.	Total, 5 months.
Maine and New Hampshire	71	262	117	260	208	918
Vermont	2,583	1,016	1,602	23,467	21,697	50,365
St. Lawrence	118	70	83	2,974	4,377	7,622
Buffalo	10,995	3,458	1,932	31,184	81,954	129,523
New York	4,106	6,787	2,894	357	5,404	19,548
San Francisco	4,300	600	1,200	6,627	6,172	18,899
Washington	1	300	2,089	590	1,533	4,513
Montana and Idaho				294	833	1,127
Dakota	34	350	8	18,413	16,277	35,082
Duluth and Superior	1,723	5,022	4,353	79,105	56,590	146,793
Michigan	2,400		1		757	3,158
All other	61	4	271	56	5,864	6,256
Total [2]	26,392	17,869	14,550	163,327	201,666	423,804

Districts.	Value.					
	July.	August.	September.	October.	November.	Total, 5 months.
Maine and New Hampshire	$943	$3,355	$1,721	$3,665	$2,687	$12,371
Vermont	32,843	14,488	19,366	281,273	241,821	589,791
St. Lawrence	1,696	1,002	1,188	35,507	52,388	91,781
Buffalo	142,215	46,592	21,623	371,912	807,767	1,390,109
New York	53,097	77,241	33,098	4,200	56,196	223,832
San Francisco	58,200	7,500	13,646	76,530	65,173	221,049
Washington	10	3,991	26,407	6,870	14,680	51,958
Montana and Idaho				2,715	7,687	10,402
Dakota	501	4,642	102	195,038	172,527	372,810
Duluth and Superior	23,316	71,078	55,489	805,829	652,808	1,608,520
Michigan	30,695		9		8,581	39,285
All other	738	28	2,988	647	62,535	66,936
Total [2]	344,254	229,917	175,637	1,784,186	2,144,850	4,678,844

[1] Preliminary figures.
[2] In addition to these imports there were 7,783,216 bushels of Canadian wheat and 248,761 barrels of flour transported in bond through United States ports from July 1 to Dec. 1, 1920.

Imports of wheat flour (dutiable).

Districts.	Barrels.					
	July.	August.	September.	October.	November.	Total 5 months.
El Paso			6			6
Los Angeles		2				2
San Francisco	5					5
All other					1	1
Total	5	2	6		1	14

Districts.	Value.					
	July.	August.	September.	October.	November.	Total 5 months.
El Paso			$50			$50
Los Angeles		$41				41
San Francisco	$47					47
All other					$16	16
Total	47	41	50		16	154

TABLE 5.—*Cash prices per bushel of wheat at Minneapolis and Winnipeg.*

Minneapolis prices are for No. 1, Northern Spring wheat, compiled from the Northwestern Miller (Median of high and low.)

Winnipeg prices are for Manitoba No. 1, Northern wheat, at Fort William and Port Arthur, compiled from the Northwestern Miller.

Winnipeg prices are converted into United States currency at the rate of exchange prevailing on the date of the quotation.

Date, 1920.	Minneapolis No. 1, Northern Spring.	Winnipeg.		Date, 1920.	Minneapolis No. 1, Northern Spring.	Winnipeg.	
		Manitoba No. 1 (par of exchange).	Northern (current exchange).			Manitoba No. 1 (par of exchange).	Northern (current exchange).
May 1	$3.07			Sept. 20	$2.56	$2.78	$2.50
May 15	3.15			Sept. 21	2.45	2.68	2.41
June 4	3.12			Sept. 22	2.49	2.73	2.46
June 18	3.00			Sept. 23	2.49	2.70	2.43
July 3	2.85			Sept. 24	2.38	2.64	2.38
July 17	2.95			Sept. 25	2.31	2.54	2.29
Aug. 5	2.62			Sept. 27	2.36	2.55	2.30
Aug. 20	2.65			Sept. 28	2.36	2.57	
Aug. 25	2.49	$2.70	$2.39	Sept. 29	2.39	2.58	
Aug. 26	2.4	2.71		Sept. 30	2.30	2.48	2.24
Aug. 27	2.46	2.79	2.48	Oct. 1	2.23	2.42	2.19
Aug. 28	2.47			Oct. 2	2.24	2.38	2.14
Aug. 30	2.48	2.76	2.45	Oct. 4	2.04	2.24	2.03
Aug. 31	2.49	2.77	2.47	Oct. 5	2.00	2.17	1.97
Sept. 1	2.50	2.81	2.52	Oct. 6	2.08	2.21	
Sept. 2	2.56	2.82	2.56	Oct. 7	2.10	2.22	2.04
Sept. 3	2.52	2.76		Oct. 8	2.05	2.20	2.02
Sept. 4	2.50	2.77		Oct. 9	2.08	2.26	2.08
Sept. 6				Oct. 11	2.17	2.35	2.15
Sept. 7	2.51	2.77		Oct. 12	2.16	2.34	
Sept. 8	2.61	2.82	2.56	Oct. 13	2.22	2.38	2.15
Sept. 9	2.64	2.80	2.54	Oct. 14	2.18	2.36	2.12
Sept. 10	2.62	2.81	2.54	Oct. 15	2.27	2.45	2.21
Sept. 11	2.62	2.85	2.57	Oct. 16	2.27		
Sept. 13	2.66	2.83	2.55	Oct. 17	2.23		
Sept. 14	2.57	2.80	2.52	Oct. 18	2.20		
Sept. 15	2.57	2.82		Oct. 19	2.13	2.36	2.14
Sept. 16	2.54	2.78		Oct. 20	2.11	2.36	2.14
Sept. 17	2.58	2.81	2.53	Oct. 21	2.05	2.29	2.07
Sept. 18	2.56	2.79	2.52	Oct. 22	2.09	2.33	2.11

TABLE 5.—*Cash prices per bushel of wheat at Minneapolis and Winnipeg*—Continued.

Date, 1920.	Minneapolis No. 1 Northern Spring.	Winnipeg.		Date, 1920.	Minneapolis No. 1 Northern Spring.	Winnipeg.	
		Manitoba No. 1, (par of exchange).	Northern (current exchange).			Manitoba No. 1, (par of exchange).	Northern (current exchange).
Oct. 23	$2.07	.....	.....	Nov. 23	$1.62	$1.95	$1.75
Oct. 25	2.05	$2.27	$2.05	Nov. 24	1.54	1.87	1.65
Oct. 26	2.12	2.35	2.12	Nov. 25	.....	1.83	.....
Oct. 27	2.09	2.31	.....	Nov. 26	1.47	1.79	1.57
Oct. 28	2.11	2.32	2.10	Nov. 27	1.49	1.83	1.61
Oct. 29	2.11	2.33	2.11	Nov. 29	1.51	1.87	1.65
Oct. 30	2.11	2.32	2.10	Nov. 30	1.48	1.78	1.58
Nov. 1	2.11	2.31	2.09	Dec. 1	1.55	1.84	1.62
Nov. 2	.....	2.29	.....	Dec. 2	1.64	1.92	1.68
Nov. 3	2.07	2.27	2.06	Dec. 3	1.69	1.97	1.72
Nov. 4	2.01	2.23	.....	Dec. 4	1.70	2.02	1.77
Nov. 5	1.97	2.21	2.00	Dec. 6	1.80	2.07	1.81
Nov. 6	1.90	2.15	1.94	Dec. 7	1.72	1.89	1.63
Nov. 8	1.83	2.08	.....	Dec. 8	1.70	.....	.....
Nov. 9	1.76	2.00	.....	Dec. 9	1.68	1.96	1.69
Nov. 10	1.83	2.12	.....	Dec. 10	1.59	1.92	1.66
Nov. 11	1.77	2.10	1.87	Dec. 11	1.61	1.92	1.66
Nov. 12	1.72	2.11	.....	Dec. 13	1.62	1.85	1.60
Nov. 13	1.75	2.08	1.85	Dec. 14	1.66	1.89	1.63
Nov. 15	1.80	2.09	1.86	Dec. 15	1.59	1.88	1.61
Nov. 16	1.82	2.11	1.88	Dec. 16	1.59	1.86	1.59
Nov. 17	1.77	2.11	1.88	Dec. 17	1.65	1.94	1.65
Nov. 18	1.74	2.06	1.83	Dec. 18	1.66	1.91	1.62
Nov. 19	1.66	2.05	1.83	Dec. 20	1.69	.....	.....
Nov. 20	1.58	1.98	1.77	Dec. 21	1.66	.....	.....
Nov. 22	1.53	1.95	1.75				

TABLE 6.—*Exports of wheat from the United States, first 10 months of 1920.*

[Source: Monthly Summary Foreign and Domestic Commerce of the United States.]

To—	Exports, January to June, inclusive, 1920.	Exports, July to August, inclusive, 1920.	Exports, first 10 months of 1920.
	Bushels.	*Bushels.*	*Bushels.*
Austria	210,276	.....	210,276
Belgium	4,349,205	8,437,355	12,786,560
France	6,858,931	13,903,918	20,762,849
Germany	302,849	4,718,573	5,021,422
Gibraltar	641,381	1,391,496	2,032,877
Greece	706,184	.....	706,184
Italy	7,145,031	15,643,339	22,788,370
Netherlands	.....	7,193,256	7,193,256
Norway	185,900	52,000	237,900
Switzerland	32,000	250,511	282,511
United Kingdom	19,432,736	51,063,195	70,495,931
Canada	6,939,852	7,049,469	13,989,321
Other countries	1,563,173	8,278,184	9,841,357
Total	48,367,518	117,981,296	166,348,814