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## Fixed Price For Grain; World Markets Are Glutted

### SERIOUS PROBLEM IN GRAIN SURPLUS

Available Supply Until July 1st About Double Europe's Needs  
W. P. Mackenzie's View—U. S. Government Urged to  
Remove All Restrictions on Price and Take  
Inevitable Loss

(Montreal Gazette)

In a review of the conditions confronting the United States because of an over supply of foodstuffs, with values held at an artificial level by the guaranteed price of wheat, W. P. Mackenzie presents, in an article prepared for The Gazette, facts and figures that are of vital interest to Canada in view of current discussion as to whether or not a price is to be fixed for Canada's 1919 crop.

Mr. Mackenzie, a Canadian by birth, but now a resident partner in Chicago of Shearson Hammill and Co., is well known here as an authority on the grain markets. On his visit to Montreal this week he made the following summary of conditions as affecting supply and demand for food stuffs, taking the stand that the only logical thing for the United States Government to do, in view of the fact that so many problems, economic, industrial and financial depend on the course of the cost of living, is to remove all restrictions on wheat at the earliest opportunity. Mr. Mackenzie says:

In analyzing the world's situation on food and the economic conditions radiating therefrom, one must keep in mind, in the first place, the fact that at no time in the last four and a half years has there been an actual shortage of food the world over. The difference of distribution alone created an artificial shortage in certain parts of the world. With that thought in mind, the present conditions loom up with added force and disclose a situation of over-supply which has in itself many grave dangers if not intelligently handled.

During the period of war, Argentine, Australia and India were practically closed as shipping points for foreign needs. These three countries represent a very large percentage of the world's surplus in normal times, consequently, during this period they have repeated crops and increased their carry-over. In Argentine there is a surplus from previous crops today of 150,000,000 bushels for export. In Australia, including old wheat and the new crop, there is an export surplus of 200,000,000 bushels. Figures are not available from India, but they are similarly situated, and may be estimated as having a very substantial amount for sale. From now on, there will be wheat harvested in some portion of the world every month in the year. With those figures in mind, we may turn to the new production on this continent and Canada.

#### The Exportable Surplus

January 1st the United States shows an exportable surplus above home requirements of 250,000,000 bushels. Canada shows on the same date, a surplus for export of 80,000,000, making the total for these four countries, and, eliminating India, of 680,000,000 bushels of wheat available for shipment from January 1st to June 30th next. The largest amount of wheat Europe ever imported through an entire crop season of twelve months, is 584,000,000 and, normally considerably below 500,000,000.

Taking into consideration the increased war needs, Europe has an available supply between January 1st and July 1st provided transportation is available, of at least two bushels for every one that Europe can consume in that period, and, after that date, we have then to consider the additional supply from the Northern Hemisphere.

The United States has already seeded nearly 50,000,000 acres of winter wheat, and a prospective spring wheat area of 25,000,000 would bring a conservative estimate with reasonable weather conditions, of 1,100,000,000 bushels production this year. Canada with the same incentive should have a record crop possibly of 400,000,000 bushels. What the world will do with this production is a problem which will tax the intelligence of the best minds and test the efficiency of the administration to the maximum of its powers.

Commercial stocks of grain as issued by the Government on December 1st, last, are as follows:

	bushels	bushels
	1918.	1917
Wheat	219,000,000	82,000,000
Corn	13,000,000	8,000,000
Oats	62,000,000	59,000,000
Rye	14,000,000	7,000,000
xFlour	6,000,000	3,000,000

x—Barrels

At terminal points, January 1st, the Agricultural Department reports stocks of:

	Pounds.
Frozen meat	295,000,000
Cured beef	36,000,000
Lamb and mutton	12,000,000
Frozen pork	60,000,000
Dry salted pork	351,000,000
Pickled pork	295,000,000
Lard	100,000,000

At the same time this department reported:

Hogs on the farm, 75,587,000, an increase of 4,863,000 over last year; sheep, 49,863,000, an increase of 1,260,000; cattle, 44,399,000, an increase over last year of 287,000.

It will be seen therefore that not only is there an excess of grain, but also of other food stocks, and that the shortage of food supplies so called is more artificial than real. According to Bloomhall, whose authority is unquestionable, 480,000,000 bushels of wheat will be required, exclusive of Germany, Austria and Russia during the next seven months.

It is difficult to figure competitive prices accurately at the present time between American prices and those of our competitors, due to the constant shifting of freight costs. The Australian crop was taken by the British Government between 95c. and a \$1, and the Argentine authorities have asked for consideration of a minimum price for their wheat of \$1.71 1-4 and on oats of 43 1-2c, while Argentine corn can be laid down in New York at \$1.25 a bushel as against an average price in Chicago of \$1.0 at the present time.

While there is nothing more fallacious than facts, except figures, the statistics given above seem to me to involve a situation which discloses either a lack of proper analysis on the part of those in authority, or that their plans were entirely thrown out of gear by the unexpected early ending of the war.

Whatever the cause, the problem is with us and in that problem is involved all other problems, economic, industrial and financial with which we are confronted today. In other words, in the cost of living one has the answer to the maintenance of wages and that in relation to the whole industrial life of the country is the great problem which the United States has to solve. In relation to original costs and competitive values, the Government is facing a loss irretrievable and stupendous. Industrial concerns are facing a similar situation through large inventories at high costs, which must be written down.

There is no logical reason why the Government should not take its loss and write down just as a corporation or as an individual must, with the additional fact that in doing so they are returning to the natural laws of "supply and demand" and accomplishing at the same time that most vital need of the world, viz., that the consumer be permitted to benefit from the plenty that exists, rather than suffer from an artificial and uneconomic price-fixing basis, having within itself most of the dangers that lead to chaos, anarchy and Bolshevism.

In considering the competitive factors of this over-supply we are facing in the United States, it will become essential that something be done by the American Government to meet the freight competi-