

Year	Yield per acre in bushels
1925	19.0
1926	17.8
1927	21.4
1928	23.5
1929	12.1
1930	16.0

In the circumstances it is unwise to make assumptions concerning probable crops in any country, or in the world at large from the experience of any one year, or of less than a decade. Experienced observers did not accept what seemed to be a general assumption that because Russia had largely increased her acreage in 1931 over 1930 that the Russian surplus for export would automatically be increased by an amount equal to the increase of acreage multiplied by the 1930 average yield per acre. The 1930 yield per acre was unquestionably much higher than the Russian average, and the chances were that the 1931 crop would not be as good. It might have been even better, of course, but the information available leads us to believe that the total Russian production in 1931 has been less than in the previous year, despite the increase in acreage. There is reason to expect that the variation in world yield per acre due to the climatic factor will tend to increase. The marked increase in world acreage in the past decade appears to be, very largely, on land of such type, and of such average precipitation as to make its annual production very irregular. (The acreage expansion of recent years in the Canadian West has been, on the whole, not subject to this danger but on land of good type and in a good precipitation belt.) In the future we shall probably be less than ever able to make safe forecasts of world wheat production from acreage figures alone.

The Price of Wheat

All discussion of wheat as an economic subject must end in some consideration of price. The ability of the producer to purchase goods and services is dependent, not on the total volume of his wheat output, but on the amount of money which he will receive for it, and the value of that money in terms of prices of commodities and services. It is generally realized that this "exchange value" of our production of wheat in western Canada has fallen very greatly during the past two years, partly owing to crop failure, but even more to a fall in world wheat prices unprecedented in recent times for its severity. In consequence public interest is very keenly fixed on the possibility of recovery of wheat prices. It is of course generally realized that there has been a severe drop in the price of many of the goods and services which the wheat producer purchases, but not in every case to an extent which leaves the "exchange value" of wheat undisturbed, while there has, of course, been no general reduction of mortgages, current debts and similar obligations. On the whole, public opinion seems to incline to the belief that a restoration of wheat prices to higher levels is a necessary preliminary to a restoration of general prosperity. When wheat prices first began the long downward course which has only recently been checked, there was a very general inclination to assume that this must result solely from a surplus of wheat above ordinary requirements. As other primary commodities followed the same course it became clear that the problem could not be regarded as so simple, and that general financial and economic stresses were involved. The truth of this has become increasingly apparent. There is to-day a large body of opinion favourable to the theory which we have maintained for the past two years—that no true surplus of wheat has

ever existed; but prices on world markets do not seem to reflect this condition. As it is impossible to attempt here a complete study of the situation, we have annexed, a chart of wheat prices prepared by Major H. G. L. Strange from figures published by Mr. G. J. S. Broomhall. This extraordinary record of fluctuations will bear close examination. It may be said in a general way that it illustrates very forcibly a fact which should be ever present in the mind of the student of wheat economics—the inevitable connection between the price of this staple foodstuff and all the economic affairs of mankind. We offer it in explanation of our statement that it is impossible to make forecasts of wheat prices based solely on the statistical position of world supply and demand. Nothing can be more unwise than "ex cathedra" statements that we shall never see dollar wheat, or, for that matter, two or three dollar wheat again. The course of wheat prices will be determined by an infinitely complex system of forces and cannot, by any process with which we are familiar, be forecast.

The Present Situation.

Now what is the general situation of the world supply of and demand for wheat at the present moment? We have sketched only a few of the major difficulties in the way of the prophet in this field, and might add many more. We believe that only an approximation to the full truth can be reached from what information is available, and put that approximation in these words: we have reason to believe that the world crop of 1930/31 was the greatest, or at least the second greatest on record. At the end of that crop year the world visible supply had somewhat diminished, and informed comment suggested that the invisible supply had lessened appreciably. The world crop of 1931/32 is not yet completely garnered, but figures of reasonable validity suggest that it will be more than 200 million bushels less than that of the previous season. The world crop of rye—the most directly available substitute for wheat—is apparently over 150 million bushels less than in the previous year. No reason exists for belief that any great increase has occurred in other possible substitutes for wheat in the world diet. The first sowings of wheat for the crop year 1932/33 have been made. In the United States sowings are decreased from about 42 million to 36 million acres of winter wheat, and have been made under more unfavourable conditions than in the previous season. Russian reports—as far as they are reliable—indicate some shrinkage in winter wheat sowings in that country, and there are no indications of any important expansion in sight elsewhere. On the whole the statistical position seems favourable and certainly should put an end to fears of overproduction. World trade in wheat is unquestionably hampered by unfavourable general economic and financial conditions, but correction of these must be assumed if we are to assume the stability of civilized society. There are indications of a definite shortage of the higher grades of hard wheat.

The Outlook in Canada.

From all this we deduce that there is no reason for alarm in Canada on the special point of our position as a wheat producing country. General economic and financial conditions are disturbed, abroad many important problems seem to await solution, with no definite indications as yet that their solution is known. The course of wheat prices will depend on these extraneous factors, but there is every reason to feel complete confidence in the recovery of the wheat market as far as that has been affected by conditions special to itself. It is not necessary to be alarmed over wheat.