

import into those countries of the cheaper food grains and to discourage the import of wheat, because (1) it will cost less to import the cheaper grains, and (2) the cheaper grains are more likely to reach the starving poor than would be wheat, which, in the absence of efficient government, is more likely to be intercepted and consumed or hoarded by the rich and powerful.

As regards the exporting countries of the world, which before the war had on the average a net export of 170 million quintals, I have estimated that, after allowing for their probable consumption on something like their pre-war scale, the countries hitherto open will be able to spare from this year's harvests 147 million quintals, making altogether, with the 100 million quintals of exportable surplus of old wheat which they had on 1st August last, a total of 247 million quintals available for export before 1st August next; and as my estimate of the world's net imports this year is 162 million quintals, it would follow that on 1st August next these open exporting countries will have some 85 million quintals of old wheat still available for export—enough to meet the normal demand of all the importing countries in the world for six months, and a much larger carry-over of exportable surplus than the world ever possessed on the corresponding date in time of peace. This estimate includes 20 million quintals as the exportable surplus from India after the harvest of next May, but does not include anything from Rumania and Russia, which between them on the pre-war average exported net 60 million quintals, and which may quite possibly have some net export before next August.

All countries, both importing and exporting, are making great efforts to increase their sowings of wheat for their next harvests, and in several of the more important countries the Governments have stimulated these efforts by the promise or the prospect of high prices; and it seems certain that, if the weather conditions are on the whole not very unfavourable, the yield of the harvests of 1919 will, in the open countries, be much above the pre-war average, and probably that, even if allowance be made for a general resumption of the pre-war average consumption per head in all countries, the world's wheat harvest of 1919 will be larger than the world's consumption during the year 1919-20, so that there will be a still larger carry-over of exportable surplus on 1st August, 1920, than on 1st August, 1919. The probabilities seem to be, therefore, that from now onwards for the next two years there will be a great and growing accumulation of wheat in the exporting countries, taken together.

In my note on the world's merchant shipping, dated 23rd November, I have estimated that the world's steamer tonnage will soon be equal to what it was before the war and will continue for some time to increase rapidly, and that therefore the rates of ocean freights may be expected to fall rapidly to something like double what they were on the average before the war. War-risk insurance, which has been very high, will no longer be charged on the transport of wheat.

Now that military considerations no longer occupy the foremost place, all dealings in wheat, whether by Governments or by private individuals, will be mainly regulated by financial considerations—that is, by the general law of demand and supply. The demand is no longer so urgent, and all holders of wheat in all countries who have been holding it up in view of the possibility of a continuance of the war and of still higher prices will be anxious to get rid of it now that prices are likely to fall. The largest individual holder of wheat is the Australian Government, which will soon have more than 50 million quintals of wheat to sell abroad, and which seems ready to sell a large quantity of it at 38s. per quarter f.o.b., the price at which it sold to Britain last year 30 million quintals of wheat, much of which is still in Australia. If, as seems likely, it will soon be found possible to obtain tonnage at a rate double the pre-war average—say, 12s. per quarter—then, allowing for ordinary marine insurance, handling and profit, it may soon be possible and profitable to bring Australian wheat to Europe and sell it at less than 60s. a quarter. The Argentine also will soon have some 40 million quintals to sell abroad. The present price of wheat at Buenos Aires is 48s. per quarter, and if it will soon be possible to obtain tonnage at something like 6s. a quarter Argentine wheat also may soon be selling in Europe at less than 60s. a quarter. India is out of the running at present owing to the drought and the action of Government, but after next May may be in a position to spare 20 million quintals of wheat, and if the weather should be normal the internal price of wheat may fall as rapidly as it has risen, and come down to about 47s. a quarter, the Karachi price of last July. At double the pre-war rate freight would be about