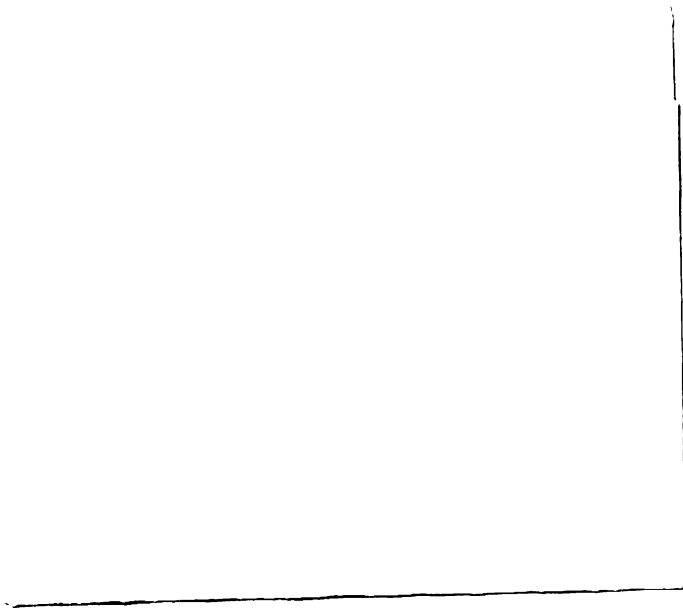


THE EFFECTS OF PUBLIC LAW 480 ON  
CANADIAN PRODUCTION, STORAGE,  
AND EXPORT OF WHEAT

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## ABSTRACT

### THE EFFECTS OF PUBLIC LAW 480 ON CANADIAN PRODUCTION, STORAGE, AND EXPORT OF WHEAT

by Jerome M. Stam

Canada and the United States have long been giants in the production of wheat. They have been even more dominant in the world export market in recent years--exporting approximately 65 percent of the world total of wheat and wheat flour annually. The huge amount of production and export creates a complex marketing problem. In addition, the past decade saw both countries once again plagued by a large wheat surplus. Special plans and programs were pursued in each country to reduce the wheat surplus burden. Among the United States' measures is The Agricultural Trade Development and Assistance Act (commonly known as Public Law 480) enacted in 1954. This was an attempt to lower United States surpluses by extending special concessions and privileges to importing countries. In many instances, United States wheat exports, under the provisions of Public Law 480, have been cited as injurious to Canada. The purpose of this



study is to determine if wheat surplus disposal activities by the United States, carried on under Public Law 480, have harmed Canada, and to delineate the nature and extent of the resulting harmful effects, if any, more clearly than they have been to date.

If Public Law 480 affected the Canadian wheat economy, certain changes should become evident. Changes that might be expected to occur are unusual variations in Canadian wheat acreage, carryover, production, trade patterns, and wheat prices. Both national and international wheat trade data were used to test hypotheses regarding changes in the Canadian wheat economy because of Public Law 480 wheat exports.

The major findings of this study are that the surplus disposal activities by the United States, conducted under Public Law 480, have lowered Canada's proportion of sales to an eighteen-country group. These eighteen countries were cited in the literature as areas where Canadian wheat exports had suffered due to Public Law 480 wheat exports. Actual sales declined for 1954-57 but were at pre-P. L. 480 levels for 1958-60. Thus 1958-60 injury can only be expressed as a percentage decline in wheat imports from Canada as these nations received Public Law 480 wheat. After Public Law 480 was enacted, imports from Canada as a percentage of total commercial

imports increased while commercial imports from the U. S. declined more rapidly than imports from Canada in the eighteen-country group. When West German and Japanese figures were subtracted from the eighteen-country totals, the data indicated that Canadian wheat sales had declined both on a percentage and actual quantity basis in the face of Public Law 480 competition. The reference for "injury" to Canada in this study is to a previous "normal" period and not to what might have happened if the United States had followed an aggressive cash sales and reduced price policy with regard to wheat.

Much less conclusive evidence of loss to the Canadian wheat economy was given by the study of Canadian wheat production, carryover, and export patterns. Effects on the Canadian wheat economy, due to Public Law 480 wheat sales, are more clearly expressed by the decline in Canadian wheat exports to specified countries.

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By

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Any errors remaining herein, be they in typing, observation, analysis or conclusions, are the sole responsibility of the author.

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## CHAPTER I

### INTRODUCTION

#### Considering the Problem

The cultivation of grain has long been one of man's major activities. Wheat and wheat products are staple food items in many nations, and the production of wheat involves millions of farms in practically all countries of the world. World wheat developments have played a large role in the entire world scene, because wheat is the backbone of agriculture in many lands.

Canada and the United States have long been giants in the production of wheat, accounting for 20-25 percent of the annual world total. They have assumed an even more dominant role in the world market by exporting approximately 65 percent of the world total of wheat and wheat flour annually. This tremendous amount of production and export poses a huge marketing problem, both foreign and domestic in nature.

Imbalance had existed in the world wheat economy

before the past decade.<sup>1</sup> The last period considered "normal" in the North American wheat economy ended in 1914. In short, since 1914 there have been periods of maladjustment of varying magnitudes in the North American wheat economy. Wheat production tended to exceed domestic consumption plus exports in both the United States and Canada during the 1920's. The situation was reversed by the drought conditions of the 1930's, which lowered production, but by 1940 a wheat surplus situation had again arisen.

The 1950's saw a surplus problem of significant magnitude develop in both countries. Three important causes of the increased production of wheat during this period appear to have been increased summer fallowing, adoption of new varieties, and adequate precipitation.<sup>2</sup> The increased production was in excess of that demanded at prevailing prices, resulting in an accumulation of massive unsold stocks in both countries. Because of United States and Canadian dominance in the world wheat market, the surplus conditions are essentially a North American problem.

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<sup>1</sup>Wilfred Malenbaum, The World Wheat Economy 1885-1939, Harvard University Press, Cambridge, 1953.

<sup>2</sup>R. L. Gustafson, "Two Regressions on Changes in Wheat Yields in the United States, 1945-54 to 1957-60" (A mimeograph of a preliminary study), Department of Agricultural Economics, Michigan State University, East Lansing, p. 2.

During the past decade, pressures were intensified to expand exports with the development of new and more aggressive methods for disposing of surpluses. Canadian and United States policies in regard to the production and marketing of wheat have basic differences. Canadian-American relations suffered as policy differences with regard to wheat became a widespread concern. Many factors suggest that the North American wheat surplus will be of the long-term nature.

It is of concern that the imbalance in the North American wheat economy has grown during the past decade and of greater concern that the end is not yet in sight. A major concern of agriculture in the export markets of the next several years is wheat. For many years wheat has been a major agricultural export of North America, but it is a relatively more important part of Canada's total exports, than it is of U. S. total exports. Canada has exported 60 percent of her wheat production for some time. Some years the percentage has been much higher.

F. W. Burton explained Canada's dilemma 25 years ago, but his comments still apply.

Because of the nature of her resources and her situation, Canada depends chiefly upon production in quantity of a few staple commodities for export to those regions having less specialized resources and more diversified economies. Canada is thus subjected,

willy-nilly, to a violent alternation of boom and depression by the fluctuation of demand in her foreign markets. . . . Wheat throughout Canadian history has played a changing but usually important role . . . since wheat is a commodity of great importance to two large groups of people, its consumers and its producers, it has been at nearly all periods of history the object of special government policies.<sup>3</sup>

The Canadian wheat economy is unique in several ways. Wheat is relatively more important, both to agriculture and the economy, in Canada than it is in the United States.

In 1956, for example, wheat accounted for 19.6 percent of cash income from farm marketings in Canada, but only 5.9 percent in the United States. In the same year, total farm marketings amounted to 7.3 percent of gross national product in the United States and 8.9 percent of GNP in Canada. Wheat marketings in the United States amounted to only .4 percent of GNP in comparison with 1.8 percent of Canada's GNP.<sup>4</sup>

Also, a smaller percentage of annual production is absorbed by the domestic market in Canada than in the United States. This means that Canadian producers are more dependent upon export markets than are United States growers. Thus any displacement of Canadian wheat sales will have a greater effect upon Canada's economy than a similar displacement would have in the United States.

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<sup>3</sup>F. W. Burton, "Wheat in Canadian History," Canadian Journal of Economics and Political Science, Vol. III, May, 1937, p. 210.

<sup>4</sup>W. E. Hamilton and W. M. Drummond, Wheat Surpluses and Their Impact on Canadian-U.S. Relations, Canadian-American Committee, January, 1959, p. 7.

Large-scale subsidization of wheat exports would be much more difficult in Canada than in the United States. This fact is very significant. The total sum involved in subsidizing United States exports may be large, but it represents only a relatively small part of national income and consequently is a "fairly minor national burden."<sup>5</sup> For Canada to subsidize wheat exports to the same degree as the United States would require a large part of its resources and place a greater burden on its people.

Canada is an industrialized nation, but is still dependent upon her wheat exports for an important portion of her foreign exchange earnings. Canada can, but has not chosen to sell much wheat for non-convertible currency and loan a major portion of that currency, at reduced interest rates, to the countries concerned for long periods. Neither has Canada chosen to or felt that she could afford to give much wheat away, either directly in the form of disaster relief or indirectly through private welfare agencies. Canada has decided that she must obtain dollars for most of her wheat exports. On the other hand, the United States has exported large quantities of wheat under various special programs. This is not to say that the United States can

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<sup>5</sup>Ibid., p. 10.



afford such programs indefinitely, but to simply note that she evidently thought them to be useful in the past.

Helen C. Farnsworth, in her study of the present world wheat economy points to policy differences.<sup>6</sup> She states that the surplus exists in the U. S. at great public expense, but in Canada exists mainly at the risk of wheat producers themselves, since the Canadian government only pays storage costs for Canadian Wheat Board holdings in excess of 178 million bushels at the beginning of every crop year. Farnsworth believes that increased United States and Canadian production, due to a technological revolution, is the culprit causing a surplus condition.<sup>7</sup> She neglects the favorable precipitation factor that Gustafson includes in addition to technological considerations.<sup>8</sup>

Past figures have indicated that the Canadian farmer has received less than the United States support price for wheat. It is argued that the U. S. price support program has encouraged production and these prices have greatly

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<sup>6</sup>Helen C. Farnsworth, "Imbalance in the World Wheat Economy," Journal of Political Economy, February, 1958, p. 4.

<sup>7</sup>Ibid., p. 7.

<sup>8</sup>R. L. Gustafson, "Two Regressions on Changes in Wheat Yields in the United States, 1945-54 to 1957-60," (A mimeograph of a preliminary study), Department of Agricultural Economics, Michigan State University, East Lansing, p. 2.

lowered the domestic use of wheat as livestock feed. Thus the situation is further aggravated.

Feelings in Canada mounted against the United States wheat program during the 1950's. After the enactment of Public Law 480 in 1954 and the resulting rush of disposal activities, events moved toward a climax. Canadians began protesting about U. S. wheat policies. The popular press carried many news items about the growing antagonism of Canada toward the United States at this time.

Agriculture is the one big soft spot in the economy; and there's a staggering--for Canada--carry-over of wheat. Moreover, Canada depends heavily on foreign trade.

So Ottawa tends to point a guilty finger at the U. S. disposal program. At the least, according to Trade Minister C. D. Howe, it is "having a disturbing effect upon commercial markets."<sup>9</sup>

Subsequent events led to revisions of some United States practices in 1957. Helen C. Farnsworth analyzes the whole period since the first U. S. disposal programs and resultant Canadian protests as follows:

The positions of American administrators was and has remained exceedingly awkward. On the one hand, they have faced domestic pressures from mounting wheat stocks and from Congressional demands for expanded exports. On the other hand they have been

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<sup>9</sup>"Canada Blames Drop in Wheat Exports on American Disposal Program," Business Week, August 27, 1955, p. 114.

in no position to push competitive pricing strongly in the export field since that would mean fighting the unsubsidized (or modestly subsidized) wheat producers of Canada, Australia, and Argentina with export subsidies drawn from the unmatched American Treasury.

The deep-lying resentment of other exporting countries against American subsidies is one of the most important "facts of life" in the world economy today. Official representatives of competing exporting countries have continually contended that the world's wheat surplus difficulties are primarily attributable to the unsound American wheat program, that the United States government should therefore hold or get rid of its surplus wheat in a way that would not shift to competing countries any part of the cost of its errors, and that any extension of American commercial exports beyond their traditional level represented unfair trading and an infringement of American obligations under GATT.

Under these circumstances, American administrators turned to increased negotiation and co-operation with Canada. But this did not help much. Most historical price and export patterns for wheat favor the Canadians. And no trustworthy modern economic guide exists for determining appropriate Canadian-American price relationships, or the "fair" or even "normal" share of each country in the world's present commercial export trade. Moreover, the resulting close co-operation between the world's two major wheat exporting nations has been looked upon with suspicion, bringing occasional charges of "cartel pricing." It has presumably raised prices to commercial importers and strengthened the desires of importing countries to minimize their dependence on foreign wheat.<sup>10</sup>

Erik Mortensen of the Danish Ministry of Agriculture outlines the actions of the United States that have caused alarm in countries producing agricultural commodities that

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<sup>10</sup> Helen C. Farnsworth, "The Problem Multiplying Effects of Special Wheat Programs," American Economic Review, May, 1961, pp. 361-362.

must compete with United States surplus commodities in world markets.

If a former exporter through his domestic price support measures, based on a misleading parity concept, has priced himself out of the world market, he will still claim his "normal" share, and consider dumping exports justified. If his ability to compete has improved in other fields, agricultural or industrial, he will at the same time defend his expanded trade in such commodities. That is a happy cross-breed of static and dynamic concepts, allowing him to eat the cake and to keep it. A similar difficulty arises regarding measurement of the "additional consumption" which should justify sales on concessional terms in aid of development. There is no objective base of comparison.<sup>11</sup>

Mortensen also states the view of Canada with regard to the world wheat markets.

As an important and traditional producer of wheat, dependent on the export market for the sale of 60 percent of her production, Canada has repeatedly emphasized its vulnerability to any economic or political forces contributing to instability of international wheat markets.<sup>12</sup>

Thus many opinions have been expressed about the present wheat situation. Britnell and Fowke probably best expressed the dilemma of the research worker in this area by writing that, "In no other area of agricultural policy

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<sup>11</sup>Erik Mortensen, "Impact and Implications of Foreign Surplus Disposal on Developed Economies and Foreign Competitors--the Competitor's Perspective," Journal of Farm Economics, December, 1960, p. 1057.

<sup>12</sup>Ibid., p. 1057.

are facts so susceptible to diversity of interpretation as are those relating to wheat and wheat marketing.<sup>13</sup> Thus the problem of accurately determining the effects of United States wheat disposal activities upon the Canadian wheat economy is likely to be difficult.

### Objectives

The primary objective of this study is to examine United States wheat surplus disposal activities and the impact they have had on Canada. Thus the objectives are as follows:

1. To examine the impact of Public Law 480 on Canadian wheat export volume.
2. To determine the influence of Public Law 480 on the world pattern of Canadian wheat exports.
3. To relate such changes in export volume to Canadian wheat production.
4. To investigate the changes in production and exports on the volume of Canadian wheat stored.

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<sup>13</sup> G. E. Britnell and V. C. Fowke, Canadian Agriculture in War and Peace 1935-50, (Stanford University Press, Stanford, 1962, pp. x and xi.

### The Hypothesis

The major hypothesis of this study is that wheat surplus disposal activities by the United States, carried on under Public Law 480, have harmed Canada and that the nature and extent of resulting harmful effects can be more clearly demonstrated than they have been to date. A sub-hypothesis to be tested is that such injuries were greater in the period 1954-57, than in the period 1958-60.

Opinions vary on the causes of Canada's wheat difficulties. Some have argued that Canada's surplus conditions resulted from increased wheat production, rather than unfair marketing competition. The majority, especially of Canadians, have indicated that the United States disposal program is the cause of Canada's difficulty.

The previously stated objectives of this study are tested as hypotheses to determine the validity of the major hypothesis stated above.

### Importance

The past decades have seen both Canada and the United States plagued by wheat surplus problems at various times. The 1950's saw the wheat surplus problem grow more acute in both countries. Each nation's problem was large enough

initially, but add to this the complexities of the interactions involved between the two countries as each tried to solve their problems, but through separate policies. It is little wonder that each of the world's largest exporters should be concerned with the other's policies involving wheat.

Canada has been struggling with a great surplus accumulated from the bumper crops of the early 1950's. The Canadian surplus reached its peak in the summer of 1957 when all available storage was filled with 765 million bushels, even before the 360 million bushel crop of that year was harvested. After 1957, the surplus was reduced by smaller crops and larger export sales.

The United States enacted the "Agricultural Trade Development and Assistance Act of 1954," more commonly known as Public Law 480, during this decade. Special conditions were offered to obtain outlets for any surplus agricultural commodity. The President was to take reasonable precautions to safeguard usual marketings of the United States under the act. In 1957 this section was revised to state that future sales should not "unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries." During the period July 1, 1954, through



December 31, 1960, a total of 1,436.8 million bushels of wheat and flour were handled under Public Law 480. This huge quantity is certainly of significance to Canada.

Public Law 480 programs have a direct effect on domestic agricultural policies. It is important to note what some of the influences of this program have been.

Basically, it must be remembered that the export programs are a function of domestic agricultural programs resulting in supplies in excess of those which will clear the market at prices established. Fundamental to the situation has been the decision by the United States to carry out policies of aid to its agricultural producers. This aid has taken the form of price supports maintained by a government supported storage program.<sup>14</sup>

Wheat is a major commodity involved under this program.

It is interesting to note the following:

Undoubtedly P. L. 480 acts as a release valve for pressures which might otherwise bring change in domestic programs. Any attempt to eliminate or reduce P. L. 480 (unless substitute legislation were instituted) would likely result in modifications of domestic programs.<sup>15</sup>

If P. L. 480 were reduced in magnitude or eliminated, this would have many effects upon the domestic wheat economy.

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<sup>14</sup>Elmer L. Menzie, Lawrence W. Witt, Carl K. Eicher, and Jimmie S. Hillman, Policy for United States Agricultural Export Surplus Disposal, Tech. Bull. 150, University of Arizona Agricultural Experiment Station, Tucson, August, 1962, p. 84.

<sup>15</sup>Ibid., p. 85.

If other portions of the U. S. agricultural policy remained the same, then one would expect additional wheat stocks to accumulate. This would require additional storage costs and would result in increased pressures to have the stockpiles removed. If direct subsidies were used to make this wheat competitive in the world market, additional costs would ensue and there would be repercussions from abroad. Thus the complete cure for Canada's complaints about P. L. 480 wheat exports, might be worse than the disease. This is important to keep in mind throughout much of the following analysis.

It is also important to note that P. L. 480 is not the only possible way with which to cope with the U. S. surplus situation. According to Menzie, et al., "there are three major choices of alternatives to solve the surplus problem."<sup>16</sup> These are respectively "supply management," permitting "prices to seek whatever level is necessary to clear the market and accept whatever level of income this provides to agricultural producers," and lastly attempting "to expand demand by increasing food and fiber consumption at home and abroad so as to use the excess production."<sup>17</sup>

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<sup>16</sup>Ibid., p. 98.

<sup>17</sup>Ibid., p. 98.

P. L. 480 is an important part of the last alternative. It follows from this that it is important to determine the extent and manner in which P. L. 480 has affected the Canadian wheat economy. This is the problem that needs an answer.

#### Method of Procedure

The study began with an extensive review of the previous literature that is relevant to the problem. This was an objective study of popular and professional writings in many primary and secondary areas concerning the problem. A knowledge of the Canadian and American views concerning the wheat surplus and Public Law 480 was the goal.

The method of analysis evolved from the relative strengths and weaknesses revealed by the data. If Public Law 480 has affected the Canadian wheat economy, certain changes should become evident. Changes that might be expected to occur are unusual variations in wheat acreage, storage (carryover), production, trade patterns, and wheat prices. Prices would seem to be a good indicator superficially, but further investigation reveals an interesting and important fact. Helen C. Farnsworth states that, "Publicly quoted wheat prices (government controlled) have not been permitted to reflect the underlying maladjustment, but it has shown

up clearly in other disturbing symptoms."<sup>18</sup>

American administrators have attempted to ship Public Law 480 products as additions to normal commercial sales. In the period following 1952-53, Public Law 480 commodities decreased in price relative to non-Public Law 480--farm products and to non-farm products, indicating either that a general surplus condition existed in these commodities or that P. L. 480 activity was tending to depress prices. But wheat appears to have escaped the general downturn in prices of surplus agricultural products. Helen Farnsworth conducted a detailed study of wheat prices for the decade of the Fifties and notes that: ". . . the record of United States 'commercial' export prices . . . indicates that American administrators have kept the subsidized 'commercial' export price of No. 2 Hard winter wheat at an almost constant level since 1955-56."<sup>19</sup>

However, she points out that after 1953-54 the United States increased the subsidy and reduced the price below the International Wheat Agreement maximum thus leading to a price decline during the years 1954-56.<sup>20</sup>

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<sup>18</sup>Helen C. Farnsworth, "Imbalance in the World Wheat Economy," Journal of Political Economy, February, 1958, p. 1.

<sup>19</sup>Helen C. Farnsworth, "American Wheat Exports, Policies and Prospects," Food Research Institute Studies, Stanford, Vol. I, No. 2 (May, 1960), p. 250.

<sup>20</sup>Ibid., pp. 245-247.

The real problem involving a price decline of a Public Law 480 commodity is to determine if the decline is due to Public Law 480 disposal efforts or merely a general surplus condition in the world market involving several countries. Add to this the difficulty in obtaining a true world price when other nations are also involved in special sales, manipulating exchange rates, trading bilaterally and using other devices. The problem is so great that methods other than price analysis seem to be more appropriate in approaching this problem.

The basic hypotheses tested in this study are stated under the objectives. The study is one of comparison and trend analysis. Levels of production, storage and export of Canada are noted before the passage of Public Law 480 and the trends are compared as the United States exports, under provisions of the act, increase. Thus production, storage, and export of Canadian wheat are analyzed as to changes in volume, if any, due to the Public Law 480 wheat disposal program.

The use of trend data has several underlying implications, especially with regard to policy. The use of trend data implicitly assumes that U. S. and Canadian policies, regarding wheat, are static over time. This is

not true in reality as policies change from time to time and many of these changes alter the statistics in some manner.

Data used in this study are secondary. Sources are mainly governmental in nature. The primary problem in analyzing the data was in finding the most effective way to compare and present the trend information so as to convey a meaningful, yet unbiased picture of the situation.

Various sub-hypotheses arose as research progressed. The implications of recent Canadian trade with the Communist Bloc is an example, but many sub-hypotheses have policy connotations that depend on various beliefs and valuations. Since many of the beliefs and valuations are conflicting, the sub-hypotheses are difficult to test. They become possible to pursue only if an objective or logical analysis of the beliefs of the United States versus Canada can be presented. However, the degree of effect, if any, of United States surplus disposal activities on the Canadian wheat economy remained as the basic problem to examine.

## CHAPTER II

### HISTORICAL ROLE OF GOVERNMENT

The development of production on new lands thousands of miles from market, the instability of prices, the expanding volumes of trade created complex domestic and export marketing problems in the past. While government has helped build transport facilities, the surplus problems brought major government intervention in wheat marketing itself. Both the American and the Canadian governments took action, but used different methods. Some form of governmental participation in the marketing of wheat became taken for granted in both countries. This provides an opportunity to observe different governments and their approaches to a similar agricultural marketing problem. Thus it becomes necessary to study the past role of government in the Canadian and American wheat markets in order to effectively analyze the present situation and to understand how it evolved.

## Historical Development of Wheat Markets

### Development of the U. S. and Canadian Wheat Economies

North America has been an important factor in the world wheat market for many years. The wheat industry grew slowly and steadily in the United States as settlement pushed westward. Wheat areas became very specialized, with four major production areas developing. These are the durum and hard spring wheat areas of the Northern Great Plains, the hard winter wheat area of the Southern Great Plains, the soft winter wheat area east of the Mississippi, and the white wheat area of the Pacific Northwest. The U. S. wheat industry was well developed by the turn of the present century. Canada, on the other hand, developed as an important wheat producer somewhat later than the United States--largely after 1900. It developed mainly in the three prairie provinces of Alberta, Saskatchewan and Manitoba. The United States' wheat economy developed slowly, whereas Canada's rose spectacularly. It was as sudden and striking a development as has occurred in all agricultural history. With the introduction of the Red Fife variety, adapted to shorter growing seasons, Canada's wheat production grew in great



steps. After 1900 Canada began to quickly take a place beside her neighbor as a major wheat producer.

The development of wheat economies has many similar parallels between the two countries. Granting such differences between the countries as varieties grown, much of the basic growth and development can be traced together.

The first development in the history of the North American wheat economy, was that of simply finding land suitable for wheat. In some cases it was an accident to discover that soil and climatic conditions favored the growth of wheat, but in most cases it was not, because wheat can grow on a wide range of soils and in various climates. A sufficient supply of labor was made available largely through immigration as settlers pushed into the virgin areas. Initial production of wheat in most new areas was accomplished using small amounts of capital, but a new technology had to be developed to conquer the virgin land. Technology developed quickly, not only for growing wheat, but for harvesting it as well. The mechanization of the North American wheat industry was rapid during the period 1840-1940. Each new innovation spread rapidly and soon the technology was the most advanced in the world.

Production and marketing grew in importance as land,

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labor, capital, and technology expanded and developed. Domestic marketing systems were established, and because the North American population was unable to consume much of the production, export markets had to be found. The development of a complex wheat marketing system, however, required certain prerequisites. The most fundamental of these was the development of a storage and transportation system. Elevators, railroads and ships were of paramount importance. Thus, in addition to the mechanism for the movement of wheat from its point of production to its markets, there developed the mechanism to carry out its sale. To aid both buyer and seller, inspection and grading systems were established. The sale mechanism came to be handled through the grain exchange, broker, and speculator. Wheat Pools developed in Western Canada. They were the result of effort to establish cooperative sales methods on the part of the producer. Cooperative marketing efforts were undertaken in both countries at various times. As the wheat markets grew, milling became a very specialized segment of the market. Such a complex wheat marketing system as developed in North America, with many individual decision makers, made it necessary to provide those concerned with its operation a constant and reliable source of information and

data. Thus, such useful information as crop forecasts and cost statistics became available and important, especially to the farmer.

Early Environment of the U. S.  
and Canadian Wheat Markets

A brief description is necessary of the respective early market environments, so as to facilitate comparison with later government influenced markets. Both governments originally tended to take the view that wheat should be marketed by private traders through an open market system.<sup>21</sup> Each became more committed to this position as time progressed, with the result that both wheat economies developed and flourished in an environment which had the perfect market as an ideal. In short, laissez-faire governmental policies were pursued during the period before World War I. The complex organizational matrix of marketing channels, institutions and functions developed in this environment. Farmers in wheat producing areas were concerned particularly about wheat marketing methods and wheat prices during this

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<sup>21</sup>W. E. Hamilton and W. M. Drummond, "Wheat Surpluses and Their Impact on Canada--U. S. Relations," Canadian-American Committee, Sponsored by National Planning Assn. (USA) and Private Planning Assn. of Canada, January, 1959, pp. 12 and 15.

time. During the first 30 years of the present century most of the efforts of the farmer concentrated on finding methods of reducing marketing costs and getting the highest price at home in relationship with the world price. In other words, wheat farmers wanted to reduce the margin received by the middleman and receive prices on the farm that were closer to existing world wheat prices.

The first governmental action in both wheat markets was caused by World War I. The emergency conditions caused by the war forced both governments to intervene in the markets for approximately three years. A government agency attempted to stabilize prices, increase production for export, guarantee prices and prevent wheat prices from rising above the guaranteed level. The emergency measures were discontinued after the war in both countries. Thus government had only entered the wheat markets in a temporary way. In 1929, Congress created a Federal Farm Board to stabilize and support farm prices, but it was an almost immediate failure. Government was finally forced to enter the United States wheat market "permanently" by the drought and depression conditions of the 1930's. The Canadian government, however, avoided "permanent" entry into the market until the early 1940's largely because the Wheat Pools were used in the

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first attempt by groups of producers to organize marketing without the aid of government. Canada established a Wheat Board in 1935 as an optional marketing channel to the open market system. However, it required a succession of large wheat crops to cause the Canadian government to become involved on a consistent basis in the early 1940's. Thus both markets were essentially free of government action until fairly recent times. A bargaining relationship existed in both markets, with government performing only certain minor tasks. That is, government performed only such duties as establishing wheat grades, inspection, and crop forecasting. Thus the wheat markets saw only limited government intervention.

#### Development of Governmental Wheat Policies

The vast majority of wheat farmers are utterly dependent on its production and price, for they tend to be very specialized in wheat production with few or no alternative income sources. The farmer is not concerned with the share contributed by wheat to total farm or national income in either country, but is vitally interested in what wheat means to his individual farm. Climate greatly limits the alternatives to wheat farming in the main Canadian wheat

area, but is limiting to a lesser extent in the United States area. For the majority of wheat farmers it is the major source of income. However, large areas of the United States that are now producing wheat, are also adapted to other crops. Wheat problems are both important and complex at the producer level, and are even more so at the national and international levels. Despite the fact that wheat is such an international problem, both countries have tended to treat it primarily as a national problem. Nevertheless in recent years there has been considerable successful cooperation between the U. S. and Canada.

#### Wheat Programs in Canada

Canadian domestic use of wheat is relatively small, so the wheat marketing policy has always been essentially one of export. Since the government is responsible for foreign trade policies, wheat has been an important concern of government.

As noted, the government first intervened in the wheat trade during World War I. The government established a Board of Grain Supervisors, in June, 1917, and gave it power to fix wheat prices and determine wheat movement from local elevator to the purchasing agent. Futures



trading was suspended at Winnipeg until 1919. The government wanted private trade to flourish after the war, as it had before the war. Postwar conditions were different, however, the board soon discovered.

The Canadian government created a Wheat Board at the beginning of the 1919-20 marketing year. Its power differed from the Board of Grain Supervisors in that it took title to all wheat marketed, paid the grower a fixed amount per bushel and issued certificates for the additional sums that might be obtained from the sale of the wheat. The Board sold the wheat throughout the year at negotiated prices. The certificate holders were then paid the total proceeds of sales, less the certificates. The 1919 crop was thus marketed by a state-operated, compulsory marketing pool.

The government believed that unusual conditions no longer existed in 1920, and left the wheat market to return to "normal" for the 1920 crop.

The producers, however, had been satisfied with the government's action and did not wish it to leave the wheat marketing picture. A surprising conflict developed.

Three years of complete control of Canadian wheat marketing by the Dominion Government had done nothing to alter the official viewpoint that grain should normally be marketed by means of the open market system. With the growers, however, it

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was a different matter. The possibility and comparative efficacy of a new system of marketing had, as far as they were concerned, been amply demonstrated. In the months which followed the restoration of open market trading in 1920 the price of wheat fell drastically. It was easy to argue that the Board, had it been continued, might have prevented or at least significantly tempered the decline. The growers accordingly were determined not to remain longer at the mercy of the open market system. From 1920 to 1923 they fought persistently to have the Wheat Board re-established. They abandoned the fight eventually only when repeated governmental rebuffs had finally convinced them that the fight was hopeless and when at the same time they came to believe that an alternative solution lay within their own power to put into effect. This alternative was that wheat might be marketed by cooperatively organized producers' pools without reliance on the futures market.<sup>22</sup>

Thus, there followed a series of provincial pools and the development of a Central Selling Agency designed to aid cooperative marketing without a futures market. The pools proved to be a poor substitute for a government-operated compulsory pool. The price collapse of 1929 caused the government to intervene and convert the Central Selling Agency into a public marketing agency. The purpose was an attempt to save the Canadian grain trade from ruin.

The 1929 agency was later discontinued and the government again established the Wheat Board in 1935, as

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<sup>22</sup>G. E. Britnell and V. C. Fowke, "Wheat Marketing Policy in Canada," Journal of Farm Economics, Nov., 1949, p. 630.

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an optional marketing channel to the open market system. Farmers thus had a choice of either selling wheat in the open market or through the Wheat Board. Beginning in 1938, production and carryover returned to normal in Canada. Then a succession of good harvests caused the Wheat Board to acquire large stocks, along with other problems. Finally, the government gave the Wheat Board a monopoly of Canadian Wheat marketing.

On September 27, 1943, the Dominion Government announced a complete change in wheat policy which may be summarized under five heads:

- 1) The discontinuance of wheat trading on the Winnipeg Grain Exchange;
- 2) The raising of the fixed initial price to producers from 90¢ per bushel to \$1.25 per bushel for No. 1 Northern Wheat;
- 3) The purchase by the Board, on behalf of the Dominion Government, of all stocks of unsold wheat in commercial positions in Canada on September 27th, 1943;
- 4) The closing out of the 1940-41, 1941-42 and 1942-43 Wheat Board Crop Accounts on the basis of closing market prices on September 27th, 1943;
- 5) The use of Government-owned wheat (Items 3 and 4 above) to meet requirements under Mutual Aid and to provide wheat for subsidized domestic purchasers.<sup>23</sup>

This war induced action was caused by the fact that most foreign buying at the time was government purchasing on an annual contract basis. There was no strong desire

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<sup>23</sup>Ibid., p. 639.

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after the war, either by farmers or their government, to return to a completely open-market system.

The 1943 change made it possible for the Canadian government to formulate wheat policy, for the postwar period. Thus the Canadian governments first consideration was to supply wheat in maximum quantities to meet European food needs.<sup>24</sup> The government has striven for long-run market stability for the wheat economy. The 1946 United Kingdom Wheat Agreement was an implementation of this policy. It resulted in a five year national pool for Canadian wheat.

In November, 1957, The National Grain Advance Payments Act went into effect. The Wheat Board was authorized to make an advance payment on grain in storage at places other than in elevators. The producer was required to make application, and was paid 50 cents per bushel. Individual payments were limited to a maximum of 3,000 dollars.

The Wheat Board is at the present time responsible for marketing all wheat, barley, and oats produced in a "designated area." This area includes Alberta, Saskatchewan,

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<sup>24</sup>W. E. Hamilton and W. M. Drummond, "Wheat Surpluses and Their Impact on Canada--U. S. Relations," Canadian-American Committee, Sponsored by National Planning Assn. (USA) and Private Planning Assn. of Canada, January, 1959, p. 13.

Manitoba, and parts of British Columbia and Ontario. The vast majority of all Canadian wheat is produced within this area.

Canada, at present, has a complete state trading program for wheat. The Wheat Board buys wheat from the farmers and the government underwrites the Board's losses, if any. Purchased wheat is offered for sale in domestic and export markets. Prices for wheat are guaranteed initial prices. Thus, producer price supports are in the form of government fixed minimum prices, which are based on the general production and marketing situation. The Board's grain buying and selling operations have for some years enabled it to make additional payments to farmers.

Canada does not limit wheat production. No production or acreage controls are imposed on farmers. The control of internal marketing includes periodically assigned farmer delivery quotas for wheat. The quotas are geared to the country's available storage capacity, but there is no permanent limitation on the amount that he can market ultimately. All wheat grown is allowed to go to market sooner or later. A period of increasing surplus production and large supplies tends to induce voluntary reductions in wheat acreage. This is because the quota system produces



marketing delays that are annoying to producers exceeding their quotas and on-farm stocks require farmers to reduce production or build new storage facilities.

Exports of wheat are not subsidized by Canada, but flour exports are subsidized to certain countries. The Canadian government will reimburse the Wheat Board for the carrying charges on the portion of its stocks which exceeds 178 million bushels (the average carryover for the 15 years prior to the 1955-56 crop year) at the beginning of a crop year. There are also laws which provide for the financing of deficits, if any, in the Wheat Board's operations. Canada's imports of wheat are limited to very small quantities by licensing.

#### Wheat Programs in the United States

The United States government first intervened in the wheat market during World War I, as in the case of Canada. The emergency conditions caused the government to be concerned with efforts to stabilize prices, increase production for exports, and guarantee prices. The Chicago Board of Trade resumed trading on July 15, 1920, after the emergency measures had been in effect approximately three years.

The 1920's were a period of farm agitation for

increased farm prices and incomes. Wheat prices declined in the postwar period. As in the case of Canada, United States producers also sought further government intervention. But, the U.S. government wanted no more to do with the wheat market, than did its Canadian counterpart of this time.

President Calvin Coolidge twice vetoed proposals that Congress had passed, which were intended to make it possible for United States producers to export at the world price and to receive a higher price in the domestic market. In 1929, Congress created, and the President approved, a Federal Farm Board to stabilize and support farm prices. Wheat was at first held off the market by Board loans, but direct purchases were resorted to later. The Farm Board was an almost immediate failure, because of sharp price decreases. There was widespread dissatisfaction with the results of the prevailing economic order in agriculture. Farm people wanted to regain their income position by creating conditions in the agricultural markets which would raise farm prices.

Government again entered the wheat market in the 1930's. The Agricultural Adjustment Act of 1933 was one of many emergency measures enacted to revive the U. S. economy. Policy makers wanted an economy with market characteristics and an income distribution different from

what had been in existence. Reduced farm production was to be used to increase farm prices and incomes. Thus, farm prices were the key issue, with parity prices being the main symbol. Unspecified higher farm prices and higher farm incomes were the goals. Consumers were to be protected despite action to raise farm prices.

The Secretary of Agriculture was authorized to reduce acreage or production, of any basic agricultural commodity, to enter into agreements with and to license processors of agricultural commodities, and to obtain revenues by levying taxes to be paid by the processor.

For wheat, the objectives of the law were to be pursued through the voluntary domestic allotment plan: (1) payments were to be offered on the 1933, 1934, and 1935 wheat crops to producers entering into contracts to reduce acreage only in 1934 and 1935 (since the 1933 crop was nearly ready for harvest when the Act was passed). (2) Payments were to be 30 cents per bushel on about 54 per cent of the national production, (the proportion of the total crop which had been used as food in the U.S. in immediately preceding year), and the pro rata share of each contracting wheat producer. (3) Contracting producers were to reduce acreage by not more than 20 per cent from plantings in 1930-32. (4) To provide funds for payments to producers, a processing tax was to be levied on the first domestic processing of wheat for domestic human consumption.<sup>25</sup>

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<sup>25</sup> John A. Schnittker, "Wheat Problems and Programs in the United States," North Central Regional Publication 118, Research Bulletin 753, University of Missouri, Columbia, 1960, p. 9.

The processing tax was to provide a fund from which to make payments to producers who had reduced acreage. The payments were an incentive for producers to reduce acreage, thus indirectly lowering production and raising prices.

Agriculture faced new challenges during the 1930's as drought and depression plagued the United States. The wheat supply situation was seriously affected and as a consequence the United States became a net importer of wheat in 1934-36.<sup>26</sup>

The 1933 AAA was declared unconstitutional on January 6, 1936, and was quickly replaced by The Soil Conservation and Domestic Allotment Act, which was approved February 29, 1936. The 1936 Act was a product of a depressed agriculture in a depressed economy--as was the previous 1933 Act.<sup>27</sup> The goals of agricultural policy, however, changed only superficially. Cash payments were made directly to producers, as under the voided 1933 law, but they were paid from the U. S. Treasury and not from a processing tax. "Basic"

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<sup>26</sup>W. E. Hamilton and W. M. Drummond, "Wheat Surpluses and Their Impact on Canada-U.S. Relations," Canadian-American Committee, Sponsored by National Planning Assn. (USA) and Private Planning Assn. of Canada, January, 1959, p. 15.

<sup>27</sup>John A. Schnittker, "Wheat Problems and Programs in the United States," North Central Regional Publication 118, Research Bulletin 753, University of Missouri, Columbia, 1960, p. 10.

crops in 1933 were designated "soil-depleting" in 1936.

The main, but not professed, objectives were the maintenance and improvement of farm prices and incomes as a whole.

New legislation was enacted in 1938. The Agricultural Adjustment Act of 1938, however, did not produce any significant changes in basic farm policy objectives, as it was mainly a policy clarification or definition. The government was to support prices and control production of wheat under the Act, with price support provisions being mandatory. Acreage allotments were imposed beginning with the 1938 crop. The 1933 nonrecourse price support loan provisions, which had included only cotton and corn, were expanded to include wheat. Thus the wheat farmer had two alternatives. When a loan was received from the Commodity Credit Corporation, the amount borrowed could either be repaid if market prices were above the loan rate; or--if prices were below the loan rate--the farmer could turn the title of the wheat over to the CCC. The most important provisions of the 1938 change were as follows:

The basic mechanism for supporting the price of wheat and the incomes of wheat producers was established in 1938 and has not changed materially to 1960.

- 1) National and farm marketing quotas were to be announced and put into effect upon approval by producers whenever it was

determined that the prospective total supply of wheat would exceed the normal supply by more than 20 per cent, or if, in the absence of such an excess, the price was depressed. Penalties were specified for failure to comply with acreage allotment and marketing quota provisions.

- 2) National, state, and farm acreage allotments were defined, together with conditions under which they were to be in effect.
- 3) The Commodity Credit Corporation was directed to make available nonrecourse price support loans on wheat for the first time, whereas such loans had previously been limited to cotton and corn. The level of loans ranged from 52 to 75 percent of parity.<sup>28</sup>

Wheat was to be diverted from market channels to storage, and vice versa, in an attempt to keep prices at or near pre-announced levels. The acre reduction system was to minimize the quantities thus diverted. The alternate removal and return of grain from the marketing channels, however, did not operate as planned.

Marketing quotas became effective with the 1941 crop. Although the quotas were used in conjunction with acreage controls, a build up in wheat supplies occurred to such an extent that export subsidies were inaugurated on a small scale (July 1, 1942). Stocks were reduced, during World War II, by use for domestic livestock feed. Allotments and quotas were then suspended and the support price raised.

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<sup>28</sup>Ibid., p. 11.

The postwar wheat program was affected by three legislative acts passed during World War II. The Agricultural Act of 1938 was amended in 1941 in order to support the 1941 wheat crop at 85 percent of parity. This was more than 50 percent above the previous level of 52 to 57 percent of parity (52 to 75 percent of parity was legal). The same Act exempted producers with not more than 15 acres of wheat from marketing quota penalties.

The second war-time amendment was the Steagall Amendment of July, 1941. It required price supports at 85 percent of parity for all commodities for which the Secretary of Agriculture had asked for increased production.

Lastly, price support at 90 percent of parity for wheat, for at least two years after the official end of World War II, was provided by The Stabilization Act of October, 1942. This price support level was later extended through 1954.

War affected countries were greatly in need of U. S. wheat immediately after the war. The Marshall plan and other foreign aid programs of the United States were used to satisfy this need.

The basic law affecting wheat (the 1938 Act) was amended in 1948 and 1949. The Agricultural Acts of 1948

and 1949 did not change the objectives of general farm policy or of wheat programs. Neither was the mechanism by which farm prices were to be maintained altered significantly. The key feature of the 1948 and 1949 Acts was a schedule relating price supports to commodity supplies. The price support schedule of the 1949 Act raised the levels of support 15 percent above those in the 1948 Act. The 1948 and 1949 Acts, however, provided nearly identical price support schedules for wheat, when acreage allotments were in effect. This is because the 1948 Act had also specified that if acreage allotments were in effect, or if producers had approved a marketing quota for wheat, the price support would be 120 percent of the level provided in the schedule, but not more than 90 percent of parity.

The Agricultural Act of 1954 inaugurated the price support program adopted in principle but not in fact in 1948. The only substantial change in the wheat program was the provision for falling price supports as wheat stocks mount. A minimum national acreage allotment was again established, and producers remained eligible to harvest up to 15 acres of wheat without penalty. Acreage allotments continued to be tied to a planting history and wheat prices were continued to be supported by diversion of wheat into



government ownership. Conditions during the early postwar years thus encouraged a substantial expansion in U. S. wheat production.<sup>29</sup> Thus, the recognition that the wheat program was not effective led to a temporary effort to reduce wheat production in the mid-1950's by retiring acres into the Soil Bank program. Government-owned stocks of wheat were reduced in 1957 and 1958. In 1959, however, wheat stocks rose 414 million bushels. By June 30, 1961, stocks had reached 1,411 million bushels. Congress then authorized temporary wheat stabilization programs for 1962 and 1963.

The Food and Agricultural Act of 1962 passed by the Congress and signed by the President in late September added a voluntary acreage diversion program which includes diversion payments and additional price support. Acreage allotments on individual farms were reduced by 10 percent from their allotments based on 55 million acres. By devoting the diverted acres to approved soil conserving uses, growers earned land diversion payments. They also were given the opportunity to divert additional wheat acres to conserving uses for payments. For the 1963 crop, legislation provided

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<sup>29</sup>W. E. Hamilton and W. M. Drummond, "Wheat Surpluses and Their Impact on Canada--U. S. Relations," Canadian-American Committee, Sponsored by the National Planning Assn. (USA) and Private Planning Assn. of Canada, January, 1959, p. 16.

a voluntary land diversion program similar to 1962. The 1964 wheat program was being debated at the time of this writing, with a referendum planned for sometime in May.

Much of the recent legislation affecting wheat had its origin with the 1938 Agricultural Act, even though many subsequent laws have been enacted. Present laws regarding wheat in the United States have a long and complex origin, especially when compared to those of Canada. United States laws regarding wheat tend to come about as a result of overall changes in agricultural legislation. Canadian legislation regarding wheat has been more of a "direct" policy, because of the relatively greater importance of wheat in the Canadian economy.

#### The International Wheat Agreement

In March, 1949, the representatives of some forty countries signed the International Wheat Agreement in Washington. The Agreement was ratified and put into effect August 1, 1949. Since this time, it has been continually extended by subsequent agreements which have contained only minor revisions. Both the United States and Canada have been members from its beginning. Basically, exporters and importers agree to aggregate quantities which

are to move at prices limited to specific maximum and minimum figures. Agreement quotas are not binding, when below the maximum for exporters or above the minimum for importers. The aggregate quantities which are agreed to be taken by importers and supplied by exporters are equal.

The I.W.A. demonstrates that governments no longer regard state trading in wheat as temporary. Growers wished that the I.W.A. would give them more security. Both countries wished to encourage importing nations to reduce efforts at uneconomic wheat production. The U. S. and Canada would guarantee such countries a continuous supply of wheat at reasonable prices.

There are differences of opinion about the International Wheat Agreement. Some state that it is a necessary and desirable measure to insure fair and stable wheat prices, while others believe that it is more or less a meaningless pact.<sup>30</sup> Critics say that protection is not afforded by the I.W.A. and that the world market for the higher types of milling wheat is controlled by individual governments. They also say that the I.W.A. has never been able to

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<sup>30</sup> Charles P. Kindleberger, International Economics, Richard D. Irwin, Inc., Homewood, Illinois, 1958, pp. 247-250. Kindleberger is quite critical of international commodity agreements in general.

exercise control over the wheat prices, at least not in a downward direction.<sup>31</sup> The allegiance of importing countries has been weak. Thus, not all regard the I.W.A. as either effective or desirable. In fact, the Agreement has not achieved its objectives to any great degree.

#### Wheat Surpluses and Disposal Activities

Recent years saw the demand-supply position of wheat become extremely unbalanced. Surplus stocks of wheat built up in North America to levels that had never before occurred in world history. The United States and Canada, however, took different routes in attempts to reduce the respective surpluses. The United States government used a large scale surplus disposal program. Main reliance in Canada has been on commercial sales through the Wheat Board, with no major policy changes being undertaken.

#### Development of the Surplus Situation in the 1950's

The 1950's saw an accumulation of wheat supplies to unprecedented proportions in North America. The primary

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<sup>31</sup> Lawrence W. Towle, International Trade and Commercial Policy, Harper and Brothers Publishers, New York, 1956, pp. 751-754.

factors in the failure of United States' agriculture to adjust under post-Korea price declines, marketing and acreage allotments, and the build-up of stocks were:

(1) technological improvement; (2) the limited effectiveness of wheat-acreage allotments and the Soil Bank in restraining production; (3) the suspension of acreage allotments and marketing quotas (1951-53); (4) the restricted use of wheat for livestock feed as a result of high prices; and (5) an upward trend in national average yields despite drought in some wheat producing areas. Numbers 1 and 4 apply to Canada as well as the United States. In addition, Canada was blessed with a series of above average growing seasons. Thus supplies in North America mounted after 1950, as shown in Table 1.

The policy of modest government intervention did not seem realistic in the face of the huge surpluses. Governments increased their activities in the wheat production and marketing systems of their respective countries in an effort to solve the mounting problems. The Canadian Wheat Board may have accumulated larger stocks at certain times than a completely open market system would have. This was due to the fact that the Board held out for a certain price in the world market on several occasions and allowed stocks

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Table 1. Wheat: estimated January 1 supplies in United States and Canada, 1944-62.

Year	United States	Canada
	<u>Mil. bu.</u>	<u>Mil. bu.</u>
1944	818	692
1945	828	592
1946	682	345
1947	642	340
1948	801	300
1949	865	335
1950	900	325
1951	1,002	440
1952	854	555
1953	1,109	685
1954	1,334	810
1955	1,481	740
1956	1,567	840
1957	1,489	970
1958	1,385	920
1959	1,820	830
1960	1,875	820
1961	2,068	845
1962 <sup>a</sup>	1,989	565

<sup>a</sup>Preliminary estimates.

Source: The Wheat Situation, USDA, ERS, April, 1962, p. 30.

to increase. However, governments were intervening elsewhere, and the Canadian producers did not feel that they could hope to compete on the world market and accept the prices and incomes of a free market system. This was because other governments were conducting special wheat programs, and Canadian producers felt that they needed more than their own

bargaining power to meet the challenge. Thus government intervention became even more extensive in both the U. S. and Canada.

Wheat acreages declined in both countries during the 1950's, but yields climbed steadily except during years of adverse weather conditions. Table 2 indicates that this is largely true to this day. Canadian acreage has leveled off, and lower 1961 yields and production are due to a severe drought. The United States acreage seeded to wheat was reduced 40.5 percent from 1949 to 1957 by use of control programs and the Soil Bank. Canadian acreage fell 23.4 percent during this time without the use of controls.

Farmers tend to produce wheat on their best land when acreage is restricted. Thus, price support and marketing quota programs tended to increase average yields.

Comparative analysis is difficult, but statistics support several facts. Wheat has a relatively greater economic importance in Canada than in the United States. Canadian carryover has been much larger in relation to average production and disappearance. Even though the United States has had larger total carryovers, it is apparent that Canada has been plagued by the more burdensome surplus relative to both its total wheat economy and to



Table 2. Wheat: acreage, yield per acre, and production in the U. S. and Canada, year of harvest, average 1950-54, annual 1959-61.

Acreage				
Country	Average 1950-54	1959	1960	1961
	. . . . . Million Acres . . . . .			
Canada	26.1	23.1	23.2	23.8
United States	63.7	51.8	51.7	51.6
Yield per acre				
Country	Average 1950-54	1959	1960	1961
	<u>Bushels</u>	<u>Bushels</u>	<u>Bushels</u>	<u>Bushels</u>
Canada	20.6	17.9	21.1	11.0
United States	17.3	21.7	26.2	23.9
Production				
Country	Average 1950-54	1959	1960	1961
	. . . . . Million Bushels . . . . .			
Canada	537.6	413.5	489.6	261.7
United States	1,094.2	1,121.1	1,357.3	1,234.7

Source: The Wheat Situation, ERS, April, 1962, p. 16.

the total national product.

Events of 1961 brought hope in Canada that the surplus situation would end. A combination of increased

sales and drought reduced Canadian stocks considerably. The 1960-61 crop year, which ended July 31, saw Canada's grain exports increase greatly. Communist China entered the world market on a large scale for the first time. Sales to Communist China accounted for most of the increased exports, although new sales to other Communist nations helped. In addition to increased exports, drought reduced the 1961 wheat crop to 261 million bushels, compared with the 1960 crop of 489 million bushels. Canada's surplus was reduced to the point where wheat farmers were urged to grow more wheat in 1962. It was seen that one more poor wheat crop would practically eliminate Canadian wheat stocks and that as a result Canada might be unable to supply the particular wheat grades that customers would desire. Therefore, much attention was given in 1961 and early 1962 to the growing demand for Canadian wheat and the rapidly changing stock position at home. However, in 1962 Canadian farmers nearly doubled 1961's drought-ridden crop, producing a huge crop of 557.5 million bushels of wheat. This is the third largest Canadian wheat harvest in history. Thus, the Canadian government is again concerned with domestic wheat supply conditions.

The situation has been relatively static in the

States. Exports remain high and may be expanded, but domestic human consumption has been falling steadily. It is hoped that present United States wheat stocks may be further reduced by the use of various supply controls. There is also the possibility of adverse weather conditions occurring and causing a reduction in supply, but this is not likely as U. S. wheat is produced in widespread areas of the country. Even if current production declines, total North American stocks appear likely to remain quite large in the near future. Thus one must have an appreciation for the depth and stubbornness of the wheat surplus problem. Governments have largely been forced to take action because of the size of the unbalance and the potentially severe income effects.

#### Efforts Aimed at Surplus Disposal

Surplus disposal, such as subsidizing wheat exports, had been carried on by the United States before World War II. The late 1930's saw a token effort at surplus disposal but this was a small attempt, when compared with later activities. Programs of recent origin are of most interest. United States export efforts are usually thought of as surplus disposal, when conducted under special

provisions of the law. Surplus disposal is often thought of as being "foreign" in nature, but in reality includes domestic programs, examples of which are famine and disaster relief, and school lunch programs. Such programs are conducted under Titles II and III of Public Law 480. This is discussed in detail in Chapter III.

Canada has sold most of its wheat commercially, even though competing with United States' subsidized grain. Canada has had only limited surplus "disposal programs." The Wheat Board sells all but a small part of Canadian wheat for cash or on commercial terms. Small quantities of wheat and flour were made available to India, Pakistan and Ceylon, under the Colombo Plan. The general Canadian policy is to sell either for cash, or on a basis of credit that does not involve any export subsidies.

Cash subsidies under the International Wheat Agreement were first paid in the 1949-50 marketing year by the United States. Prices were reduced to importing countries, on wheat purchased under the first I.W.A. Non-Agreement prices were generally above the Agreement ceiling. The reduction in prices on Agreement sales was reflected back to producers in Canada, but in the United States, the government absorbed it. The I.W.A. was revised in 1953, providing for a higher

ceiling, but world wheat conditions were such as to prevent exporters from gaining an advantage from this.

Canada began selling both Agreement and non-Agreement wheat for the same price in 1953. The United States also adopted comparable subsidies on Agreement and non-Agreement exports at this time.

The objective of the United States is to permit its wheat to be placed in foreign ports at "competitive" prices. Subsidies are required to do this. They are determined and announced daily on the basis of prevailing market prices and transportation costs.

The procedure defined in the International Wheat Agreement for determining the U. S. equivalent of the Agreement's maximum and minimum prices is the procedure largely followed in determining the size of domestic subsidies. Subsidy rates vary with the port of shipment and the destination as well as with the class of wheat, because the objective of the subsidies is to meet competition at the port of destination.

Subsidies paid by the United States on commercial wheat sales are less criticized by Canadians than certain other surplus disposal activities. Canadians argue that the United States' price support program encourages farmers

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to produce wheat. Farmers are not as conscious of market demand forces and prices of wheat are higher. This tends to restrict the domestic use of wheat as livestock feed and increase the amount of wheat available for export.

As the surplus situation grew critical, the United States' Congress extended the Mutual Security Act of 1951. This 1953 extension (Section 550) provided for foreign aid appropriations in farm products. Section 402, of the later Mutual Security Act of 1954, continued the funds for moving surplus farm products abroad in this manner.

July 10, 1954, saw the passage of the Agricultural Trade Development and Assistance Act, which is known commonly as Public Law 480. U. S. activities under this law are analyzed in Chapter III.

### Changes in Market Organization

Brief mention is necessary of the effects that governmental entry into the wheat markets has had on market organization in each country. Recent years saw the former limited intervention of both the United States and Canadian governments change to a more administrative type of relationship in the respective wheat markets. There exists actual governmental intervention of varying

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degrees in the marketing of wheat. Existing patterns and institutions have been changed to some degree. New marketing channels developed as the Wheat Board began buying and selling all Canadian wheat and the Commodity Credit Corporation became a major factor in the United States' wheat market. The responsibility of certain marketing functions, such as storage, passed to the government or to private individuals on terms defined by government. Existing institutions, such as laws and customs, were changed when governments entered the markets in more than a limited manner.

Wheat prices seem to have been maintained higher on the farm as a result of government action. Thus wheat farmers have been made better off in many cases in both the United States and Canada as a result of government action in wheat marketing. However, it is not the intention of the author to determine the proper degree of intervention that a domestic government is supposed to take with regard to agriculture.

### CHAPTER III

#### PUBLIC LAW 480 AND WHEAT

The Agricultural Trade Development and Assistance **Ac t** (commonly known as P. L. 480) was enacted into law on **Ju ly** 10, 1954. This complicated law provided for direct **ex p**ort disposal as a means for balancing farm production **and** product utilization. Congress authorized different **ty p**es of programs, under Public Law 480, for the disposal **o f** surplus farm products. They are as follows:

Title I -- Sales for foreign currencies

Title II -- Grants for famine and disaster relief

Title III -- Donations to relieve distress

(including domestic) through nonprofit,  
voluntary relief agencies.

-- Barter for strategic materials

Considerable research has been conducted on Public **L aw** 480 in general, without particular emphasis upon a **ce r**tain commodity. The purpose of this chapter is to **ex a**mine activities conducted under this law, with regard to

wheat, and not to discuss Public Law 480 in general.<sup>32</sup>

The need for a program such as Public Law 480 grew out of what J. G. Crawford has termed a "marriage of convenience."<sup>33</sup> "The marriage of a domestic problem and overseas need" resulted in Public Law 480.<sup>34</sup> Thus in one document are contained several approaches to the surplus problem--domestic and foreign donations, barter, and sales for local currency. Humanitarian objectives are also included, such as aid in cases of drouth or other natural disaster, international distribution through voluntary agencies, and support to school lunch programs in other countries.

Public Law 480 was originally planned as a temporary Program, but conditions ruled otherwise. It has subsequently been revised and extended several times since 1954, with the next period of coverage "ending" in 1964. The authorization of funds was increased, with each revision, over the amount included in the original law. Present commitments

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<sup>32</sup>For a comprehensive discussion regarding Public Law 480 see Elmer L. Menzie, et al., Policy for United States Agricultural Export Surplus Disposal, Tech. Bulletin 150, University of Arizona Agricultural Experiment Station, Tucson, August, 1962.

<sup>33</sup>J. G. Crawford, "Using Surpluses for Economic Development," a paper presented at the 11th International Conference of Agricultural Economists, Cuernavaca, Mexico, August 16, 1961, p. 22. (Mimeographed.)

<sup>34</sup>Ibid., p. 2.

now exceed two billion dollars annually. A 1959 revision added Title IV to the previously mentioned provisions of the original Act. Title IV authorizes sales of surplus agricultural commodities over an extended time period. It also provides for sales on a long-term dollar credit basis at low interest rates.

This law is the basic authority for the majority of United States' wheat surplus disposal activities in international markets. Table III indicates government exports by programs related to total exports (1949-1960).

Foreign currency sales of wheat, under Title I of Public Law 480, comprise the largest single export program. Wheat exported under this program is subsidized much on the same basis as wheat sold for dollars under the International Wheat Agreement. Sales under Title I may involve an additional subsidy because of the fact that foreign currencies are accepted. The amount of the subsidy varies depending on the value of the particular foreign currency and the use made of it.

Large amounts of foreign currencies are acquired under Title I of Public Law 480. They are used to pay various United States' obligations and provide for loans and grants to foreign governments. The ability to buy

Table 3. Wheat, including flour (grain equivalent): total exports and government exports by programs, United States, 1949-60.

Item	Year Beginning July				
	1949	1950	1951	1952	1953
All figures except percent in millions of bushels					
Total exports:	298.5	365.5	474.7	318.0	216.5
Under government programs:					
Quantity	256.8	173.0	159.3	29.6	100.5
Percentage of total	86	47	34	9	46
For dollars:					
Quantity	41.7	192.6	315.4	287.5	116.0
Percentage of total	14	53	66	91	54
Government exports by programs:					
P.L. 480a					
Title I	---	---	---	---	---
Title II	---	---	---	---	---
Title III					
Barter	---	2.6	16.9	3.9	10.0
Donations	---	---	---	---	---
Marshall Plan	137.9	138.9	137.2	23.0	89.1
Army Civilian Supply	118.8	31.5	2.2	1.5	1.0
Total	256.7	173.0	159.3	29.6	100.5

	Year Beginning July					
1954	1955	1956	1957	1958	1959	1960 <sup>b</sup>
All figures except percent in millions of bushels						
273.6	345.6	548.6	401.8	442.1	508.6	660.9
158.0	240.7	375.1	246.8	303.0	374.6	467.7
58	70	68	61	69	74	69
115.6	104.9	173.4	154.9	139.1	134.1	203.1
42	30	32	39	32	26	31
23.8	94.3	200.5	179.0	227.9	300.6	327.2
15.0	11.9	12.2	14.3	10.9	10.7	30.5
46.5	66.7	87.1	9.8	20.1	25.7	34.1
---	2.8	11.7	18.0	20.2	24.3	30.4
70.8	65.0	63.5	25.7	23.9	13.3	35.6
1.0	---	---	---	---	---	---
158.0	240.7	375.1	246.8	303.0	374.5	457.7

<sup>a</sup>Public Law 480, 83rd Congress, as amended.

<sup>b</sup>Preliminary.

Source: The Wheat Situation, USDA, ERS, Feb., 1962, p. 20.

without using foreign exchange tends to increase the willingness of importing nations to participate.

Canadian criticism to various features of Public Law 480 rose to a peak by 1957. Two of the most criticized features were the "tied-sales" requirement and the barter program. Tied-sales agreements require that countries buying surpluses for local currencies also agree to buy for dollars a specified volume of the surplus commodity from the United States. This was intended to protect normal U. S. marketings.<sup>35</sup> Discussions between United States and Canadian officials in 1957, led to a much better understanding between the two nations regarding these matters and resulted in some changes being made both in P. L. 480 and in procedures.

The United States Department of Agriculture had authority to barter farm surpluses before Public Law 480 in 1954, and used this authority (Table 3). However, barter activities were quite unimportant until after Public Law 480, and its Title III provisions. This peculiar brand of barter trade was administered through private contractors. Surplus commodities were often sold for dollars and certain

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<sup>35</sup> W. E. Hamilton and W. M. Drummond, "Wheat Surpluses and Their Impact on Canada-U. S. Relations," Canadian-American Committee, Sponsored by National Planning Assn. (USA) and Private Planning Assn. of Canada, January, 1959, p. 26.

approved strategic materials were purchased for delivery to the Commodity Credit Corporation and United States stockpiles. Several weaknesses were contained in the original barter program provisions. Many barter shipments went to countries financially able to pay dollars and contractors manipulated in such a manner that, in effect, they received working capital loans at extremely modest interest rates.

The barter program was condemned by competing exporting countries as a form of unfair competition. American barter sales of wheat rose to a peak of 87 million bushels in 1956-57. Canadian protests mounted at this time and there was evidence that Canadian commercial trade was being displaced. Conditions deteriorated until the barter program was suspended in April, 1957, prior to a complete revision of all the regulations. New safeguards were developed, by the Department of Agriculture, against the possible substitution of barter transactions for normal commercial sales, which resulted in the revised and restricted barter program that was announced on May 28, 1957. Many of the evils of the former barter program were eliminated. The changes contracted the total volume of barter wheat trade as shown in Table 3 and channeled most barter wheat away from major commercial markets. It is interesting to note what one



authority has said about the present barter program. "Such exports now account for only about 20 million bushels of exports annually; but even this figure is excessive, judged by approved trade standards."<sup>36</sup>

The legislative history of authorizations furnished under Title I and Title II of Public Law 480 are listed in Table 4. No limitations as to funds or programming periods are made under Title III and Title IV.

Wheat surpluses were one of the main reasons for the need of a program such as Public Law 480. Commodity Credit Corporation investment in farm commodities has been led by wheat since the enactment of this law. Wheat is thus the most important agricultural commodity affected by Public Law 480. The total Public Law 480 wheat exports as a percentage of total wheat exports are shown in Table 5. The great effort at surplus wheat disposal by the United States is easily seen. The percentages imply the significance of Public Law 480 on world wheat trade. Because of this importance, activities conducted under the various programs of Public Law 480, concerning wheat, will be examined in turn.

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<sup>36</sup> Helen C. Farnsworth, "The Problem Multiplying, Effects of Special Wheat Programs," American Economic Review, May, 1961, p. 363.

*Table 4. Authorizations: Titles I and II, the Agricultural Trade Development and Assistance Act of 1954. (In millions of dollars.)*

Public Law and Effective Congress Nos.	Programing period	Authorization <sup>a</sup>	
		Title I	Title II
480, 83d	July 10, 1954	700	300
387, 84th	Aug. 12, 1955	800	---
962, 84th	Aug. 3, 1956	1,500	200b
128, 85th	Aug. 13, 1957	1,000	300
931, 85th	Sept. 6, 1958	2,250	---
341, 86th	Sept. 21, 1959	3,000	600
28, 87th	May 4, 1961	2,000	---
128, 87th	Aug. 8, 1961	4,500 <sup>c</sup>	900 <sup>d</sup>

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<sup>a</sup>Dollar limit for appropriation to reimburse the Commodity Credit Corporation for the cost of agricultural commodities shipped under Title I transactions, and authorized expenditures for Title II programs. Unused moneys under both titles are carried over into the succeeding period (except as indicated in footnote c).

<sup>b</sup>Public Law 540, 84th Cong., approved May 28, 1956.

<sup>c</sup>Maximum of \$2.5 billion during any 1 calendar year. Does not provide for carry-over of unused funds from previous authorizations.

<sup>d</sup>\$300,000,000 each calendar year, plus carryover.

Source: Fifteenth Semiannual Report on Public Law 480, U. S. Government Printing Office, Washington, D. C., p. 2.

Table 5. Wheat, including flour (grain equivalent):  
P.L. 480 Exports as a percentage of total  
 U. S. exports.<sup>a</sup>

Year Beginning July	P.L. 480 Wheat Exports as a Percentage Total Wheat Exports
1954	31.5
1955	50.8
1956	60.4
1957	55.0
1958	63.1
1959	71.0
1960 <sup>b</sup>	66.9

<sup>a</sup>Calculated from data in Table 3.

<sup>b</sup>Preliminary.

#### Title I--Sales for Foreign Currencies

Since 1955 the most important single category of American "special" wheat exports has been that of foreign currency sales. The lack of convertibility, in particular countries, severely limits commercial trading. The U. S. government through Title I Public Law 480 agrees to provide dollars to the exporter and receives local currency in an effort to remove the limitation of dollar shortage. This has proved to be a real boon to nations such as Colombia, Korea, and Pakistan that have dollar shortages. They have been able to purchase wheat using their own currencies. The great popularity of the Title I provisions in other countries

is borne out by the figures in Table 6. Title I wheat exports as a percentage of total exports under Public Law 480 have been in excess of 80 percent several years.

**Table 6.** Wheat, including flour (grain equivalent): Title I exports as a percentage of P.L. 480 exports and as a percentage of total U. S. exports.<sup>a</sup>

Year beginning July	Title I Exports as a Percentage of Total P. L. 480 Exports	Title I Exports as a Percentage of Total U. S. Exports
1954	27.6	8.7
1955	53.7	27.3
1956	60.5	36.6
1957	81.0	44.6
1958	81.7	51.6
1959	83.2	59.1
1960 <sup>b</sup>	77.5	49.5

<sup>a</sup>Calculated from data in Table 3.

<sup>b</sup>Preliminary.

Table 6 also indicates that Title I wheat sales are important when compared to total U. S. wheat exports. In recent years roughly one-half of all U. S. exports of wheat have been conducted under the Title I program. This becomes even more important when it is remembered that the United States is the world's largest wheat exporter. Thus Title I wheat exports are not only a majority of total P. L. 480 exports, but are also a large part of all U. S. wheat exports.

Title I exports are then of great importance to competing exporters such as Canada.

The question as to the "kind" and number of nations purchasing wheat under the Title I program is of significance. The heavy concentration of sales is to underdeveloped countries with limited foreign exchange resources. Wheat sales under Title I have gone primarily to a few large surplus disposal areas. Total wheat imports have presumably been added to in recipient countries and their over-all wheat consumption may have increased slightly. Table 7 shows the major destinations of Title I, Public Law 480 wheat and the totals involved. These eleven selected countries accounted for 92 percent of the total wheat and flour quantities included under agreements signed during a seven and one-half year period. The six largest recipients, which are scarcely over half of the group, accounted for 82 percent of the total during this same period.

Most Title I wheat sales have been planned by administrators so as not to heavily displace "commercial" exports, particularly "commercial" exports of United States wheat. However, there are probabilities that certain countries would have purchased more commercial wheat during certain years if it had not been for the Title I program.

This will be discussed in more detail in Chapter IV.

Table 7. Approximate quantities of wheat and flour included under Title I, P. L. 480 agreements to selected countries, July 1, 1954, through December 31, 1961.

Country	Million bushels	Percent of total
India	994	43
Yugoslavia	172	7
Brazil	146	6
Pakistan	346	15
UAR: (Egypt-Syria)	146	6
Turkey	97	4
Poland	110	5
Korea	44	2
Japan	31	1
Israel	34	1
Colombia	21	1
11 Country Totals	2,141	92
Others	182	8
Total	2,323	100

Source: Fifteenth Semiannual Report on Activities Carried on Under Public Law 480, 83d Congress, as Amended, U. S. Government Printing Office, Washington, D. C., pp. 64-65.

Helen C. Farnsworth discusses the negative aspects of Title I sales under the following five headings.

#### Common Misconceptions about P. L. 480 Title I Sales

1. Title I wheat is not "just as good as dollars."
2. Title I wheat is rarely, if ever, used to "feed the hungry" and destitute of recipient countries.

3. Suggestions that Title I wheat should be used directly to pay workers on associated government projects have not been widely followed.
4. Assertions that Title I wheat contributes markedly to economic development and inflation control in the recipient countries are also questionable as broad generalizations.
5. The "price" of Title I wheat is one of its most confusing features.<sup>37</sup>

Title I sales are not in reality going at "commercial" prices. This, coupled with the fact that underdeveloped countries can buy wheat using their own "soft currencies," has made sales under this program an extremely popular bargain. The data indicates that no other program under P. L. 480 has had the over-all significance in wheat trade as Title I sales. A total of 2,322.8 million bushels of wheat and wheat equivalent of flour had been sold under Title I agreements signed through December 31, 1961. The export market value of this wheat and flour was 3,816.1 million dollars and the estimated CCC cost involved was 6,329.6 million dollars. Such a large special export program is of great significance to competing exporters.

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<sup>37</sup> Helen C. Farnsworth, "American Wheat Exports, Policies and Prospects," Stanford Food Research Institute Studies, Vol. I, No. 2 (May, 1960), pp. 234-237.

## Title II--Grants for Famine and Disaster Relief

Title II of Public Law 480 enables the United States to use surplus agricultural commodities held in stock by the Commodity Credit Corporation for famine relief and other assistance. The assistance may be given to friendly people, without regard to the friendliness of their government, to meet famine or other urgent or extraordinary relief requirements. Grants can be authorized of CCC commodities to assist programs undertaken with friendly governments or through voluntary relief agencies. The law also specifies that reasonable precautions must be taken to assure that transfers of commodities will not displace or interfere with sales that might otherwise be made.

Shipments made under Title II have totaled less than \$100 million in value annually. This food has been used to provide temporary and emergency relief in the wake of disasters such as earthquakes, floods, and crop failures. These shipments are examples of American good will and uses the strength of public revenues to support needs which private efforts have often endorsed.

Government-to-government sponsored child feeding programs, usually as school lunches, are also included under Title II.



In May 1960, economic development provisions were added to Title II. They authorized grants of surplus commodities to assist in promoting economic development in underdeveloped areas in addition to that which can be accomplished under Title I. Reasonable precautions must be taken to assure "normal" commercial sales and these programs may be undertaken in cooperation with friendly governments or through voluntary relief agencies.

Wheat has played an important role in Title II programs. However, the use of wheat under Title II does not constitute a large portion of total U. S. wheat exports. Table 8 shows that Title II exports have been approximately 3 percent of total U. S. wheat exports the past several years. Title II exports have made up roughly 5 percent of all P. L. 480 wheat exports over the same time period.

Title II wheat exports have been important to the people receiving them in times of famine or disaster, but the importance of such exports to competing wheat producing nations is negligible. They constitute only a small portion of U. S. wheat exports and the countries receiving Title II wheat for relief probably would not have been able to make such purchases for relief purposes anyway. This is due to the fact that most recipients of Title II wheat gifts have

Table 8. Wheat, including flour (grain equivalent): Title II exports as a percentage of total P. L. 480 exports, and as a percentage of total U. S. exports.<sup>a</sup>

Year beginning July	P. L. 480 Title II Exports	Title II Exports as a Percentage of Total P. L. 480 Exports	Title II Exports as a Percentage of Total Exports
<u>Million bu.</u>			
1954	16.0	18.5	5.8
1955	11.9	6.8	3.4
1956	12.2	3.7	2.2
1957	14.3	6.5	3.6
1958	10.9	3.9	2.5
1959	10.7	3.0	2.1
1960 <sup>b</sup>	30.5	7.2	4.6

<sup>a</sup>Calculated from data in Table 3.

<sup>b</sup>Preliminary.

tended to be underdeveloped areas lacking sufficient foreign exchange reserves with which to make wheat purchases for their own people. Thus an analysis of Title II wheat exports would not provide much insight into the problem of how P. L. 480 wheat exports have affected competitors such as Canada. Other P. L. 480 programs have been much more important to competing nations.

### Title III

Title III authorizes two programs of Public Law 480. One provides for foreign and domestic donations of surplus

foods. The domestic distribution goes to eligible recipients and outlets and the foreign distribution is carried out through nonprofit American voluntary relief agencies and inter-governmental organizations. The second program provides for the barter of CCC commodities for strategic and other materials, goods, and equipment.

Donations to Relieve Distress  
Through Voluntary Agencies

Domestic beneficiaries of Title III surplus foods have included school-children, needy persons in charitable institutions, and needy persons in family units in participating states, territories and possessions.

Foreign donations of available surplus food are made through nonprofit voluntary relief agencies of the United States and through intergovernmental organizations in an effort to assist needy persons in friendly countries abroad. The donations are made to approved U. S. or international welfare organizations, such as CARE, Catholic, Protestant, and Jewish church related organizations, UNICEF, and UNRWA, who distribute the food in various foreign countries. Foreign recipients fall into such categories as schools, institutions, families, refugees, summer camps, and maternal and child health centers.



Wheat and flour play an important role in Title III donations. The period July 1, 1954, through December 31, 1961, saw foreign donations of wheat totaling 526.6 million pounds and costing 30.0 million dollars. Foreign flour donations, which are largely wheat flour, during the same time span totaled 5,087.4 million pounds and cost 343.2 million dollars.

Wheat is important in the Title III donation program, but the converse does not hold true. The Title III donation program does not contribute much to total U. S. wheat exports. The following table shows that donations are 4-5 percent of the total U. S. wheat export figure. Donations are roughly seven percent of total P. L. 480 wheat exports.

Title III donations are much like the Title II program. They make up only a small portion of total U. S. exports and represent an area of dubious concern for competing exporters. Foreign donations are humanitarian contributions to individuals not having sufficient resources to produce or purchase enough food. Thus competing exporters are not as concerned about Title III donations as they are about P. L. 480 local currency (Title I) and barter sales. It is doubtful if wheat purchases by donation recipients would be increased much if the program ceased. They simply

do not possess purchasing power in sufficient amounts to make additional purchases. Also involved is the fact that for them to eat as well without P. L. 480, Title III, requires local charity to give them food or money.

Table 9. Wheat, including flour (grain equivalent): Title III donations as a percentage of total P. L. 480 exports, and as a percentage of total U. S. exports.<sup>a</sup>

Year beginning July	P. L. 480 Title III Export Donations	Title III Export Donations as a Per- centage of Total P.L. 480 Exports	Title III Export Donations as a Percentage of Total Exports
<u>Million bu.</u>			
1954	---	---	---
1955	2.8	1.6	0.8
1956	11.7	3.5	2.1
1957	18.0	8.1	4.5
1958	20.2	7.2	4.6
1959	24.3	6.7	4.8
1960 <sup>b</sup>	30.4	7.2	4.6

<sup>a</sup>Calculated from data in Table 3.

<sup>b</sup>Preliminary.

#### Barter for Strategic Materials

The U. S. President's Fifteenth Semiannual Report on Public Law 480 includes the following statements describing barter provisions.

This authority is one of several legislative acts providing for the barter of surplus agricultural commodities for (a) materials which are less expensive

to store or less subject to deterioration, and of which the United States does not domestically produce its requirements; (b) materials, goods, or equipment required in connection with foreign economic and military assistance programs; (c) materials or equipment required in substantial quantities for offshore construction programs; and (d) materials to meet requirements of other Government agencies. Other Government agencies are directed to cooperate in effecting these barterers. . . .

All barter is conducted with private U. S. firms under contracts with the Commodity Credit Corporation which assure the export of surplus agricultural commodities and receipt by CCC of eligible strategic or other materials, goods, or equipment in payment therefor.

Section 303 requires that barter transactions be in the best interest of the United States and that no restrictions be placed on the countries of the free world into which surplus commodities may be bartered, except to the extent that the Secretary of Agriculture shall find necessary in order to take reasonable precautions to safeguard usual marketings of the United States and to assure that world prices of agricultural commodities are not unduly disrupted or cash sales for dollars replaced. It also provides for cooperation with other exporting countries in preserving the normal patterns of commercial trade in commodities covered by international marketing agreements to which the United States is a party---at present only the International Wheat Agreement.<sup>38</sup>

Before May, 1957, this program was the most criticized method of American surplus disposal. This was due to its obvious displacement of commercial sales, but the more objectionable features as far as wheat is concerned

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<sup>38</sup> United States President, Fifteenth Semiannual Report on Public Law 480, 83D Congress, as Amended, U. S. Government Printing Office, Washington, 1962, pp. 46-47.

were eliminated by subsequent changes.

Prior to 1957, competing exporters of wheat were concerned because the vast majority of barter sales were to countries with strong economies and strong currencies. Through the fiscal year 1960, over three-fourths of barter exports (all commodities) have been with highly developed countries.<sup>39</sup> That is, \$935 million of the total export sum of \$1,200 million went to ten commercialized nations. The recipient nations were Japan, Netherlands, United Kingdom, West Germany, Belgium, France, Italy, Ireland, Austria and Norway. Wheat followed this general trend as is shown by Table 10. The overwhelming majority of early barter exports of wheat were to commercial areas. Such developed nations possessed the ability to buy such wheat commercially and barter deals thus injured commercial wheat sales.

Protests soon resulted from Canada and other friendly governments about the barter trade in wheat. Concern even developed in the United States that U. S. commercial sales of wheat were being affected. The years 1957 and

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<sup>39</sup> Tabulated by the Foreign Agricultural Service and cited by Elmer L. Menzie, et al., Policy for United States Agricultural Export Surplus Disposal, Tech. Bulletin 150, University of Arizona Agricultural Experiment Station, Tucson, August, 1962, p. 45.



Table 10. Barter exports of United States wheat, 1954-59.

July- June	Total barter exports		Barter exports to commercial areas <sup>a</sup>	
	Million bushels	Per cent of total exports	Million bushels	Per cent of total barter exports
1954-55	46	17	36	78
1955-56	67	19	56	84
1956-57	87	16	84	96
1957-58	10	2	6	65
1958-59	20	5	10	48

<sup>a</sup>Here arbitrarily defined as Western Europe and Japan.

Source: Helen C. Farnsworth, "American Wheat Exports, Policies and Prospects," Stanford Food Research Institute Studies, Vol. I, No. 2 (May, 1960), p. 240.

1958 saw changes made in the barter program which can be summarized as follows:

Finally, having in mind the complaints which Canada and other friendly foreign governments had specifically directed at barter, the new law directed the Secretary of Agriculture to "cooperate with other exporting countries in preserving normal patterns of Commercial trade with respect to commodities covered by formal multilateral international marketing agreements to which the United States is a party."<sup>40</sup>

The changes were intended to reduce sales to strong economies and direct them toward weak economies. This

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<sup>40</sup> National Planning Association (USA) and Private Planning Association of Canada, Canadian-American Committee, "Wheat Surpluses and the U. S. Barter Program," March, 1960, p. 4.

resulted in a severe reduction in the barter program, but an expansion in regular commercial sales to countries with sound currencies. Table 11 shows how the revisions curtailed barter exports after 1957 and the role barter has played in wheat trade during the past decade.

Table 11. Wheat, including flour (grain equivalent): Title III barter exports as a percentage of total P. L. 480 exports, and as a percentage of total U. S. exports.<sup>a</sup>

Year beginning July	P. L. 480 Title III Barter	Title III Barter Exports as a Per- centage of Total P.L. 480 Exports	Title III Barter Exports as a Percentage of Total Exports
<u>Million bu.</u>			
1954	46.5	53.9	17.0
1955	66.7	38.0	19.3
1956	87.1	26.3	15.9
1957	9.8	4.4	2.4
1958	20.1	7.1	4.5
1959	25.7	7.1	5.0
1960 <sup>b</sup>	34.1	8.1	5.2

<sup>a</sup>Calculated from data in Table 3.

<sup>b</sup>Preliminary.

Opinions vary to some degree as to the present role of barter in wheat trade. Helen Farnsworth states that:

So far as wheat alone is concerned, the changes in the barter program effected since 1957 (in consultation with Canadian officials) have reduced the annual outflow of American barter wheat to

some 20 million bushels, and have channeled a larger portion of the total away from the commercial markets most heavily contested by Canada. Nevertheless, probably something like half of the barter-wheat shipments of the past two years have gone to markets that presumably would have absorbed an equivalent quantity of the world's "commercial" wheat either at existing commercial export prices or at prices only moderately lower. One may well question whether the remaining 10 million bushels of annual wheat disposals are worth the related costs of the barter-program, with all of the irritations it engenders.<sup>41</sup>

The Canadian-American Committee on the other hand has a more conservative view and states that:

In the present disturbed state of markets, it is perhaps not surprising that barter operations can occasionally uncover opportunities to make relatively larger profits than would tend to be the case through ordinary channels.

Seen in this perspective, however, it is important to realize that while barter is generally regarded as less desirable than ordinary commercial marketing, it is currently merely one (and a relatively minor one) of the mechanisms by which surplus wheat is being moved through other than normal commercial channels.<sup>42</sup>

Bartered wheat was of considerable significance in the world market during the years 1954 through 1956 (see

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<sup>41</sup>Helen C. Farnsworth, "American Wheat Exports, Policies and Prospects," Stanford Food Research Institute Studies, Vol. I, No. 2 (May, 1960), pp. 242-243.

<sup>42</sup>National Planning Association (USA) and Private Planning Association of Canada, Canadian-American Committee, "Wheat Surpluses and the U. S. Barter Program," March, 1960, p. 11.

Table 11, page 77). Since this time the barter program involving wheat has dwindled in importance. However, it still retains a potential for interference and is subject to restrictions. The Canadian-American Committee notes the following:

To the extent that barter is a useful device in wheat surplus disposal, it derives its practical advantages from the flexibilities arising from employing the skills of private traders in the job of disposing of surplus wheat. But it is precisely this flexibility which gives the barter program a potential for interference in normal commercial markets. If it is a basic objective of policy to maintain or enlarge the present scope of commercial wheat marketing, barter transactions must be subject to restrictions. As is now the case, this implies only limited opportunities for its use.<sup>43</sup>

It is hard to visualize much use for a barter program. Dollars would purchase strategic materials more easily and cheaply. Why exchange unneeded farm products for unneeded minerals? It is interesting that:

Despite the many appealing advantages claimed for barter by its proponents, it is difficult to envisage any really large role for the barter program that would be consistent with two fundamental principles of present U. S. policy: (1) that commercial wheat markets must be maintained and enlarged and surplus disposal eventually eliminated; and (2) that the commercial wheat markets of Canada and other friendly foreign wheat-exporting nations must not be undermined by surplus disposal techniques which would rekindle justifiable irritations and complaints.<sup>44</sup>

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<sup>43</sup>Ibid., p. 13.

<sup>44</sup>Ibid., p. 14.

That barter sales of wheat have "harmed" competing exporters such as Canada has been largely established. Most of the "harm" to Canadian wheat exports resulted from 1954 through 1956, when barter sales accounted for 15-20 percent of all U. S. wheat exports. At present, approximately 5 percent of all U. S. wheat exports are barter "sales."

Even when it is known that a competitor such as Canada, has been injured, it is difficult to determine the exact degree of injury. Barter sales have fluctuated to a great degree each year between various purchasing foreign countries.

Much more interesting and important in determining Public Law 480 effects on Canada during the past decade are Title I wheat sales. Such local currency sales have comprised roughly 50 percent of all U. S. wheat exports in recent years, while barter sales have accounted for only 5 percent of recent U. S. wheat exports. Since 1957, barter sales have been highly regulated and much less concern has been shown by competing exporters to this single program of Public Law 480.

## Title IV--Long-term Supply and Dollar Credit Sales

This additional Title of Public Law 480 was approved September 21, 1959, and provides for long-term supply and dollar credit sales of U. S. surplus agricultural commodities. The U. S. government is authorized to enter into agreements with governments of friendly nations for delivery of U. S. surplus agricultural commodities for periods up to 10 years. Furthermore, credit periods of up to 20 years are authorized. Economic development of friendly countries and the expansion or maintenance of U. S. dollar exports of surplus commodities to such countries are major objectives. To support the objectives, use is to be made of surplus agricultural commodities and the financial resources obtained through their sale on a deferred payment basis, although how this is implemented is far from clear in theory. Thus Title IV authorizes the export of farm products in exchange for long-term notes at modest interest rates.

Several Title IV agreements have been signed to the present time.<sup>45</sup> A number of factors have tended to cause

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<sup>45</sup> El Salvador, Venezuela, Portugal, Peru, Liberia, and Yugoslavia signed agreements during the period July 1, 1961, through June 30, 1962, according to the Sixteenth Semiannual Report of Activities Carried on Under Public Law 480, 83d Congress as Amended, August 20, 1962, U. S. Government Printing Office, Washington, D. C.

fewer agreements to be signed than was desired by the United States. Title IV was designed to provide a transitional step between regular commercial sales and local currency sales. Countries eligible for Title IV, and not Title I, still attempt to obtain commodities under Title I or find ways to have Title II serve their purposes. A determined stand by the U. S. may eventually force such countries to accept more Title IV agreements, but if too much time is involved in negotiations over the problem, it runs contrary to U. S. domestic pressures for disposal.

The interesting fact to note is that in the Title IV agreements signed to date, wheat has played a significant role. Table 12 shows the amount of wheat and wheat flour compared with amounts of various other commodities involved in the first Title IV agreements. The Title IV program has been only large enough to affect U. S. wheat exports to a small degree.

In summary, Title I local currency sales and Title III barter sales remain the most important programs to competing wheat exporters, such as Canada. Barter sales, however, have not had the long-run significance that Title I sales have acquired. Thus more important in the long-run to competing wheat exporters have been Title I local currency sales.

Table 12. Approximate quantities of commodities under Title IV, Public Law 480 agreements signed July 1, 1961, through June 30, 1962.<sup>a</sup>

Commodity	Total
Wheat and flour <sup>b</sup>	7,569 thousand bushels
Feed grains	5,767 thousand bushels
Rice	1,135 thousand hundred weight
Cotton	118 thousand bales
Dairy products	2,425 thousand pounds
Fats and oils	83,775 thousand pounds
Dry edible beans	22 thousand hundred weight
Fruits and vegetables	7,716 thousand pounds
Livestock products	1,543 thousand pounds

<sup>a</sup>Recipient countries are El Salvador, Liberia, Peru, Portugal, Venezuela, and Yugoslavia.

<sup>b</sup>Wheat and flour shipments were made to El Savlador, Liberia, and Portugal.

Source: United States President, Sixteenth Semiannual Report on Public Law 480, 83D Congress, as Amended, August 20, 1962, U. S. Government Printing Office, Washington, D. C., p. 95.



## CHAPTER IV

### IMPACT OF PUBLIC LAW 480 ON CANADA

The development and importance of U. S. and Canadian wheat policies have been presented in previous chapters. But the basic problem of determining what effects U. S. surplus disposal activities involving wheat have had on Canada remains. Insofar as is possible, this question needs to be resolved.

#### Effects of the U. S. Export Program on Canada

The relative position of the United States and Canada with regard to wheat production and disappearance is given in Tables 13 and 14. The figures show the huge amount of wheat production in the United States and Canada, and give an indication of the problems involved in utilizing it.

Canada has been forced to face competition from a country that has both the will and resources to carry out a wheat surplus disposal program. In addition, it has been observed that the total cost of Public Law 480 does not necessarily indicate the amount of welfare produced for others. In a study of the value of P. L. 480 products, T. W. Schultz

Table 13. Wheat: Supply and disappearance, Canada averages 1935-49, annual 1950-60.

Year beginning August 1	Canada				
	Supply			Disappearance	
	Carryover	Production	Total	Domestic	Exports
					including flour
	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>
Average					
1935-39	101.1	312.4	413.5	111.6	183.5
1940-44	431.1	421.6	852.7	158.6	271.7
1945-49	119.6	362.7	482.3	144.9	247.0
1950	112.2	466.5	578.7	148.5	241.0
1951	189.2	553.7	742.9	169.9	355.8
1952	217.2	702.0	919.2	150.5	385.5
1953	383.2	634.0	1,017.7	143.9	255.1
1954	618.7	332.0	950.8	162.2	251.9
1955	536.7	519.2	1,055.9	164.0	312.3
1956	579.6	573.0	1,152.7	154.8	264.4
1957	733.5	385.5	1,119.1	159.3	320.3
1958	639.5	371.7	1,011.2	170.8	291.4
1959	549.0	413.5	962.9	147.6	277.7
1960 <sup>a</sup>	537.6	489.6	1,027.2	150.0	

<sup>a</sup>Preliminary

Source: Grain and Feed Statistics, U.S.D.A. AMS, March, 1961, p. 30.

Table 14. Wheat: Supply and disappearance, United States, 1935-60.

Year beginning July	United States				
	Supply			Disappearance	
	Carryover	Production	Total	Domestic	Exports
	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>
1950	424.7	1,019.3	1,456.0	676.5	334.5
1951	399.9	988.2	1,419.6	672.6	470.3
1952	256.0	1,306.4	1,584.0	645.3	315.6
1953	605.5	1,173.1	1,784.2	619.0	215.7
1954	933.5	983.9	1,921.6	598.1	273.4
1955	1,036.1	934.7	1,980.8	589.0	346.3
1956	1,033.4	1,004.3	2,045.5	574.5	549.5
1957	908.8	950.7	1,870.4	575.0	402.9
1958	881.0	1,461.7	2,350.5	600.8	443.3
1959 <sup>a</sup>	1,295.1	1,126.7	2,429.2	596.6	509.6
1960 <sup>a</sup>	1,314.0	1,363.4			

<sup>a</sup>Preliminary.

Source: Grain and Feed Statistics, U.S.D.A., AMS, March, 1961, p. 39.

states that "CCC costs of P. L. 480 products appear to me to have been in the neighborhood of twice the value of these products had they been sold freely in world markets."<sup>46</sup>

The U. S. government pays farmers a high price domestically for wheat, because of the parity principle, and resells the wheat in the world market at a much lower price. The net effect is an export subsidy on all U. S. wheat in the world market with the CCC bearing the difference between domestic and foreign prices. In short, the U. S. has placed the maintenance of a stable domestic wheat price as a primary objective. However, the amount of the export subsidy may be set at various levels, thus affecting the level of world prices. It is important, also, to consider what the world price for wheat would have been if this had not been the U. S. program and a "free" domestic wheat market had been allowed to operate. The result then is not so clear, and on this basis it is much harder to condemn past U. S. policy regarding wheat.

But are U. S. surplus disposal programs harmful to competing countries such as Canada? J. G. Crawford expressed

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<sup>46</sup>Theodore W. Schultz, "Value of U. S. Farm Surpluses to Underdeveloped Countries," Journal of Farm Economics, December, 1960, p. 1023.

the opinions of many, when he said:

I believe surplus disposals have done damage to commercial trade--less than some think and more than others are willing to concede. Rice, cotton and wheat exporters have all felt the impact.<sup>47</sup>

A great many of such statements are backed by little or no supporting evidence. The majority of scholars make assertions about the "harm" or "impact" of U. S. surplus disposal activities on competitive exporting countries, but do not present adequate data.

If there is an "impact" or "effect" on competing nations, how is it expressed? That is, what phase of their economic activity is altered in a harmful manner, due to U. S. disposal activities? The disadvantages of basing such an analysis of impact on prices and price changes has previously been discussed. Prices are especially meaningless in this respect, with regard to wheat trade. The U. S. is not the only nation possessing surplus wheat and thus price changes may not be due to U. S. actions alone.

If price analysis is not a useful tool, what alternative methods are present to use in analyzing this problem?

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<sup>47</sup> J. G. Crawford, "Using Surpluses for Economic Development," a paper presented at the 11th International Conference of Agricultural Economists, Cuernavaca, Mexico, August 16, 1961 (mimeographed), p. 24.

If Canada has been harmed by P. L. 480 certain other effects should become evident. Perhaps one can detect changes in Canadian wheat production, carryover, export volume and trade patterns resulting from the effects of Public Law 480? The possibility of harm to Canadian wheat exports by P. L. 480 wheat disposal exports is especially interesting. For example, the cause and effect relationship between wheat exports of the U. S. and Canada is more direct than the relationship between other phases of their wheat economies, such as production. If U. S. exports of wheat under P. L. 480 increase to a sizable buyer of Canadian wheat, certainly there occurs a resulting repercussion on Canadian wheat exports or export possibilities to this country.

Granted that a comparative analysis of Public Law 480 and Canadian wheat exports would be useful in solving this problem, it is important to remember that past evidence has suggested barter sales and local currency sales as the primary culprits of the P. L. 480 program. Erik Mortensen expresses the views of many when he states the following:<sup>48</sup>

While recognizing that there has been some improvement in the procedure of disposal due to

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<sup>48</sup>Erik Mortensen, "P.L. 480 and Competitor's Perspective," Journal of Farm Economics, December, 1960, p. 1055.

effective bilateral as well as multilateral consultation, Canada according to statements before the C.S.D., continues to be critical of the indiscriminate use of barter transactions and sales for local currency which disregard the safeguarding of commercial markets.<sup>49</sup>

The declining importance of barter sales of wheat after 1956 has been shown in Chapter III. The long-run significance of P. L. 480 on Canadian wheat trade results initially from barter sales and more recently from local currency sales.

Countries Where Canadian Wheat  
Trade Has Reportedly Suffered

Once the importance of local currency and barter sales have been established, a problem remains in constructing the framework in which to further conduct the analysis. The primary problem is to determine where Canadian wheat trade has been injured due to U. S. wheat surplus disposal programs. In what wheat export markets has Canada incurred losses due to Public Law 480? Various countries have been named at different times by different authorities as areas where Canadian wheat exports have suffered because of the U. S. surplus disposal program.

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<sup>49</sup>C.S.D. refers to the FAO Consultative Sub-Committee on Surplus Disposals (C.S.D.) set up in Washington, D.C. in 1954 and agreed in 1958 to a more elaborate definition of surplus disposal. (See Ibid., p. 1052.)

The popular press was the first to report the loss of wheat markets in foreign countries by Canada. The effect of P. L. 480 was quickly felt by Canada after its enactment, according to Time magazine. In October, 1955, after approximately one year of P. L. 480 wheat exports, Time reported the following:

The U. S. burdened with a giant surplus of its own, made other inroads into the world market through a series of bargain-price sales and disaster-relief gifts to such dollar-shy countries as Italy, Japan and Israel. Canada's traveling wheat salesmen, unwilling to meet the competition with fire-sale price cuts, had tough going. When the 1954-55 crop year ended last July 31, Canada's stocks of wheat on hand stood at 494 million bushels--as much as the country could consume in three years, and 28% more than it had ever exported in its best year.<sup>50</sup>

In November 1955, Newsweek reported an even larger group of nations in which Canada supposedly had lost wheat trade to the United States. Newsweek reported the following:

At the end of the first quarter of the crop year, Canadians report, the unequal struggle for markets between unsubsidized Canadian farmers and the U. S. Department of Agriculture has already cost Canada the sale of 50 to 60 million bushels of wheat. The loss has been mainly in marginal markets such as Japan, Germany, Greece, India, and Pakistan. It is especially heavy in countries which, because of balance of payment difficulties, have jumped at the chance to buy

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<sup>50</sup>"Canada's Wheat Crisis," Time, October, 31, 1955, p. 82.



U. S. wheat for their local currencies. Canada demands U. S. dollars.

Canada is reported to have warned Washington that the situation could breed resentment which would not be limited to wheat farmers.<sup>51</sup>

Professional economists have named a number of areas in which they believe Canadian wheat exports have suffered due to P. L. 480. In 1956, G. E. Britnell, a Canadian economist stated that:

Sales for foreign currencies, barter deals, three-cornered arrangements, and "give-aways" of various kinds which have been made public in the last six or eight months provide for shipments of American wheat and other grains to Germany, Japan, India, Israel, Yugoslavia, Greece, Turkey, Spain, Brazil, and a score of other Asian, European, and Latin-American countries. At least another dozen similar transactions are reported to be in the making.

It would be foolish for us to pretend that these deals for United States wheat and other grains do not hurt. Second only to the United Kingdom, Japan and Germany were our best customers in 1954 for both wheat and barley. All the other countries mentioned and a dozen more on the list normally buy substantial quantities of wheat and coarse grains from Canada.

Yet pressure on the Eisenhower Administration for even more drastic action continues.<sup>52</sup>

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<sup>51</sup>"A Crisis of Plenty," Newsweek, November 14, 1955, p. 60.

<sup>52</sup>G. E. Britnell, "The Implications of U. S. Policy for the Canadian Wheat Economy," Canadian Journal of Economics and Political Science, Vol. 22, February, 1956, pp. 7-8.

Helen C. Farnsworth in studying the injury to competing exporting countries resulting from P. L. 480 notes the following:

Even if the loss does not exceed 15 or 20 percent of the P. L. 480 exports, it can be very serious, indeed, for the few friendly exporting countries whose commercial trade is most affected; e.g., Australia and Burma (Asiatic trade) and Argentina (Latin-American trade). Moreover, Canadian commercial grain exports have been cut indirectly and less obviously in Western European markets, where increased competition has come from the Soviet Union as a result of grain freed from Eastern European import markets by P. L. 480 exports to Poland and Yugoslavia.<sup>53</sup>

The Canadian-American Committee in studying the effects of P. L. 480 on Canada noted the following:

There are several Western Hemisphere countries where U. S. exports of wheat appear to have replaced Canadian exports of a few years ago. For example, in Cuba, Bolivia, Brazil, Colombia, and Venezuela, U. S. exports either have supplanted Canadian exports or have increased while Canadian exports have declined noticeably.

Historically, the United States has not been a major supplier of wheat or wheat flour to either Asia or Africa. Since the end of World War II, however, U. S. exports to Asia--particularly to Japan and India--have been substantial. Prior to the end of the Second World War, U. S. exports of wheat and flour to Africa, with the exception of Egypt, were so small as to be classified as "unspecified." Following the war, U. S. exports of wheat to Africa climbed to a peak in 1955-56

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<sup>53</sup> Helen C. Farnsworth, "The Problem Multiplying Effects of Special Wheat Programs," American Economic Review, May, 1961, p. 364.

and have declined since that time.<sup>54</sup>

Asian wheat imports, in general have been given credit for increasing postwar wheat export volume of the United States. For instance,

Grain shipments from the United States to South Asia have increased dramatically since World War II, due largely to Title I exports. Japan has become a significant purchaser of wheat and soybeans in the commercial market.<sup>55</sup>

Table 7 (page 66), shows that India, Yugoslavia, Brazil, Pakistan and UAR: (Egypt-Syria) were the five principal buyers of Title I wheat during the period July, 1954, to December, 1961.

Thus a total of eighteen countries are either cited by authorities as areas of harm to Canadian wheat trade resulting from U. S. Public Law 480 wheat sales, or appear in Table 7 (page 66) as significant purchasers of Title I wheat, with such purchases being of great concern to Canada. The eighteen countries include Italy, Japan, Israel,

<sup>54</sup>W. E. Hamilton and W. M. Drummond, "Wheat Surpluses and Their Impact on Canada-United States Relations," Canadian-American Committee, Sponsored by National Planning Assn. (USA) and Private Planning Assn. of Canada, January, 1959, p. 32.

<sup>55</sup>Elmer L. Menzie, et al., Policy for United States Agricultural Export Surplus Disposal, Tech. Bull. 150, University of Arizona Agricultural Experiment Station, Tucson, August, 1962, p. 75.

West Germany, Greece, India, Pakistan, Yugoslavia, Turkey, Spain, Brazil, Poland, Cuba, Bolivia, Colombia, Venezuela, United Arab Republic (Egypt-Syria) and Korea. This list is not exhaustive, but includes the majority of countries receiving significant P. L. 480 wheat shipments.

In summary, it can be said that if U. S. local currency and barter sales, under P. L. 480, have played a major role in injuring Canadian wheat export possibilities, then trade statistics for these countries should provide evidence. Can such a statement be supported with evidence, proved, and thus made more concrete?

#### Public Law 480 and Canadian Wheat Exports

Many of the eighteen countries cited as areas of injury to Canadian wheat export markets, are largely "marginal" markets. The majority are underdeveloped countries forced to ration their dollars carefully, against the possible alternative uses, when purchasing wheat. The Appendix contains tables giving the wheat import data for each of the eighteen nations, 1950-51 through 1959-60. Limitations of the data are discussed in the Appendix. Public Law 480 as used in the tables included Titles I, II, III, Section 402 (The Mutual Security Act) and Section 416

of the Agricultural Act of 1949. Titles I and III (barter) are the dominant wheat export programs under P. L. 480, as was shown in Chapter III.

Table 15 contains the totals of all the wheat import data involving the eighteen nations. There are several interesting facts revealed in this table. First, note the high percentage of wheat imports that these nations obtain from the United States and Canada; ranging from 55.4 percent in 1954-55 to 81.6 percent in 1951-52. Thus the policies and actions of the U. S. and Canada regarding wheat trade, greatly concern one another, because of their dominant positions.

The statistics also indicate that total imports, by the selected countries, have increased during the decade previous to 1960. Imports by the eighteen countries now exceed 600 million bushels annually. Since 1953, imports from the U. S. by these nations have shown a steady, substantial rise.

Imports from Canada have oscillated since 1951. During the three year span, of 1951-52 through 1953-54, the eighteen countries purchased an annual average of 104.3 million bushels of wheat from Canada. In the three years following the enactment of U. S. Public Law 480 (1954-55

Table 15. Eighteen country totals--Wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60

Fiscal Year <sup>a</sup>	Total Imports From U.S.	Commercial Imports From U.S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
	.....	.....	Million bu. ....	.....	.....	.....
1950-51	210.2	210.2	----	53.7	459.1	57.5
1951-52	312.1	312.1	----	88.7	491.1	81.6
1952-53	195.9	195.9	----	131.9	456.8	71.7
1953-54	160.2	160.2	----	92.5	418.5	60.4
1954-55	167.9	38.3	129.6	67.4	424.3	55.4
1955-56	208.3	39.0	169.3	84.8	455.6	64.3
1956-57	330.2	73.0	257.1	89.3	568.8	73.8
1957-58	299.4	84.5	215.0	105.2	562.9	71.9
1958-59	315.0	59.2	255.7	104.7	610.7	68.7
1959-60	377.5	60.7	316.7	92.2	619.6	75.8

<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

Source: See Appendix, p. 139.

through 1956-57), wheat imports from Canada declined to an annual average of 80.5 million bushels. After 1957, wheat imports increased from Canada. The eighteen countries then purchased an annual average of 100.7 million bushels over the next three years (1957-58 through 1959-60) from Canada. This data suggests the importance of the U. S. barter sales, and shows that 1957-60 imports from Canada almost gained enough to reach the former 1951-53 level. In fact, if the 1950-51 import figure of 53.7 million bushels had been averaged in, there would have been a slight increase in wheat imports from Canada 1957-60 over the initial period 1950-54. But Canada did not share much in the general increase in world wheat trade during this period--at least not with the eighteen countries.

The great popularity of Public Law 480 after its enactment in 1954 is demonstrated by the data. Commercial imports from the United States fell sharply after 1953-54, while P. L. 480 imports by these various countries increased rapidly. One can argue that in effect P. L. 480 acted as a wedge, increasing U. S. wheat exports, while suppressing Canadian exports. The United States, without much doubt, would not have been able to increase wheat exports as much and perhaps would have had difficulty even maintaining them,

if it had not been for the P. L. 480 program. P. L. 480 acted as a "crutch" by aiding the U. S. to expand its exports, albeit perhaps for less real return.

The nations making up the "marginal" world wheat market "jumped" at the chance to use local currencies, under the provisions of P. L. 480. However, it is interesting to note that substantial commercial purchases using dollars were made prior to 1954, when the circumstances compelled poorer countries to make dollar purchases. P. L. 480 appears to have been a useful instrument in freeing dollars held by these countries for other uses, but this would not be true if they maintained "normal" commercial imports. Also, P. L. 480 has probably aided the more recent increase in wheat imports by these nations, but this is of little consolation to the Canadians concerned about their world wheat trade.

Percentage figures based on the data in the previous table are even more interesting. Table 16 shows the information previously discussed in a new light and the points just mentioned are more fully demonstrated by this data. The eighteen nations purchased an average of 47.7 percent of their wheat and flour annually from the U. S. during the four year period prior to the initiation of the



Table 16. Eighteen country totals--wheat, including flour (grain equivalent): Percent of imports from the United States and Canada, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Percent of Total Imports From U.S.	Percent of Imports "Commercial" from U.S.	Percent of Imports Under U.S. Public Law 480	Percent of Total Imports From Canada
1950-51	45.8	45.8	--	11.7
1951-52	63.6	63.6	--	18.1
1952-53	42.9	42.9	--	28.9
1953-54	38.2	38.3	--	21.1
1954-55	39.5	9.0	30.5	15.9
1955-56	45.8	8.6	37.2	18.6
1956-57	58.0	12.8	45.2	15.7
1957-58	53.2	15.0	38.2	18.7
1958-59	51.6	9.7	41.9	17.2
1959-60	60.9	9.8	51.1	14.9

<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

Source: Calculated from data in Table 15.

P. L. 480 program. During this same period they purchased an average of 20.2 percent of their wheat and flour annually from Canada. Recovery from World War II affected the demand for wheat to some degree in several of these countries, but many were not directly involved in the war.

The six year period following the passage of P. L. 480 saw a change in buying patterns by the eighteen countries. During the period 1954-55 through 1959-60 "commercial"

imports of wheat from the U. S. fell from the previous level of 47.7 percent to 10.7 percent of their total annual imports. Canada fared a bit better under the heavy onslaught of huge P. L. 480 wheat purchases. Sales of wheat to the eighteen country area fell from the former annual level of 20.2 percent to 16.8 percent of their total annual purchases. However, this is a small consolation when both the volume and percentage of Canada's exports were declining.

P. L. 480 became popular in wheat trade almost overnight. The eighteen nations imported an annual average of 40.7 percent of their total wheat and wheat flour under the provisions of United States P. L. 480 during the period 1954-55 through 1959-60. In view of the drop in "commercial" imports of wheat from the U. S. to 10.7 percent of their total annual imports, roughly 80 percent of all imports of U. S. wheat by these countries during this six year period were P. L. 480 imports.

Wheat imports from Canada by the eighteen countries declined from 20.2 percent to 16.8 percent of their total annual purchases, between the periods of 1950-53 and 1954-60. Canada barely has been able to maintain, or rather regain, the pre-P. L. 480 quantity of trade; however, she has not shared in the increase in imports and has been relatively

less important in total trade.

Close investigation of the tables in the Appendix reveals that purchases by Japan and West Germany have not only been large, but have also been a stabilizing influence on Canadian wheat exports to the eighteen nation area. Canadian wheat exports to West Germany have remained at a fairly stable level since 1952-53, but exports have been increasing to Japan since 1950. Japan and West Germany have imported wheat in substantial amounts under P. L. 480, but have not been eligible for a number of years. They also have maintained large and even increasing wheat purchases from Canada. There are several reasons for the high level of trade with Canada. Japan and West Germany are industrialized nations with dollar reserves large enough to make purchases from Canada possible, and at the same time large enough to cause severe restrictions on their eligibility under P. L. 480 programs. Industrialized Canada has also made substantial purchases from Japan and West Germany, which has aided the trading relationship among these countries. Moreover, Canada's high protein wheat is especially desired to blend with their domestic lower protein wheats.

Canadian-Japanese trade is interesting for several reasons. Japan has emerged during the last decades as an

industrial nation which can complement Canada in several particular features to the advantage of both countries. Japan has a rapidly developing industrial economy, with a large population whose level of income is increasing. She has become an importer of a variety of raw and semi-processed materials and can therefore provide Canada with a large export market for surplus products. If acceptable two-way trade arrangements can be arrived at between the two countries, wheat and other grains can be exported in large quantities by Canada to Japan. Japan's need for wheat is of special interest to Canada, mainly because of the difficulty Canada has had in disposing of "adequate" quantities of this commodity. A Canadian economist points out why Japan is of importance to Canada's wheat economy and dramatizes the potential of future wheat trade with Japan. He notes the following while comparing Japan with the United Kingdom and Western Germany during recent years.

Population increases occurred in all three countries within the comparable periods. But while those in the U. K. and Western Germany were moderate, Japan's population increased by forty-two percent. At the same time the per capita consumption of wheat products in the first two nations declined by seven and eleven percent respectively, in Japan it increased by 193 percent. The end result was a decline in total U. K. wheat imports of ten percent, and increase of eleven percent in Western Germany's imports and a very large increase,

almost six and a half times prewar, for Japan.

From the viewpoint of Canadian wheat exports the foregoing figures point to the direction from where the increased foreign demand may come. Japan is now Canada's second largest customer for wheat. She is an industrially developing nation striving to raise the level of income of her people. She has a large population in relation to her land resources resulting in a low agricultural land-to-man ratio. The most recent figures on per capita consumption of wheat products in Japan is about 26 kilograms compared to 82 kilograms in the U. K. and 57 kilograms in the United States.

A one kilogram increase in per capita consumption for present Japanese population means an additional total consumption of three and one third million bushels. Whether her people raise their wheat consumption to the United States level, or the British level, it means a large increase in wheat requirements. Currently Japan is obtaining about half of her wheat imports from Canada. Even if Canada only retains this proportion of Japan's imports as their consumption increases, it will mean larger wheat exports. There is no real limitation to the extent to which Canada can take over a larger proportion of Japan's wheat imports. It does mean of course that Canada will have to meet competition from other countries, both as to price and trade relations with Japan.<sup>56</sup>

Thus Japanese trade is very important to the Canadian wheat economy.

It is of interest to subtract the figures involving Japan and West German wheat purchases from the eighteen country totals (Table 15, p. 97) and to observe the change.

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<sup>56</sup> Sol Sinclair, Canadian Wheat and the Japanese Economy, Published by the Canada-Japan Traders Association in the interest of mutual understanding between the two countries, February, 1961, p. 12.

The resulting sixteen country group does not include the "stabilizing" figures of Japan and West Germany that affect Canadian wheat export data in a favorable manner. The sixteen country group is overwhelmingly comprised of under-developed countries, with Italy being the only industrialized nation included.

Table 17 is a summary for the sixteen country area. Again note the high percentage of wheat imports that these nations obtain from the United States and Canada. The percentage of total imports that are from the United States and Canada have ranged from 47.6 percent in 1950-51 to 78.8 percent in 1959-60.

The statistics again indicate that total wheat imports, by the selected countries, have increased during the decade previous to 1960. Imports by the sixteen countries have fluctuated more than did those of the previously studied eighteen country group, but still exceed 400 million bushels annually. Imports from the U. S. by these nations have shown a steady rise, while imports from Canada have declined more rapidly than was true in the eighteen nation case.

In terms of actual quantities, wheat imports, from Canada by the sixteen countries, declined during the decade. During the period 1950-54, the sixteen countries imported

Table 17. Sixteen country totals<sup>a</sup>--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>b</sup>	Total Imports From U.S.	Commercial Imports From U.S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
1950-51	102.3	102.3	----	40.8	300.6	47.6
1951-52	212.1	212.1	----	55.8	351.3	76.3
1952-53	126.2	126.2	----	92.5	329.7	66.3
1953-54	91.0	91.0	----	30.6	239.8	50.7
1954-55	106.2	24.7	81.5	14.7	242.4	49.9
1955-56	150.6	17.6	133.0	25.8	271.4	65.0
1956-57	244.4	29.9	214.5	17.9	362.9	72.3
1957-58	226.9	34.2	192.7	36.7	376.3	70.1
1958-59	264.2	23.6	240.7	27.6	431.1	67.7
1959-60	332.8	25.3	307.5	20.5	448.4	78.8

<sup>a</sup>West Germany and Japan are excluded from the eighteen country totals of Table 15 to give the data in this table.

<sup>b</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

Source: See Appendix, p. 139.

an annual average of 54.9 million bushels of wheat from Canada. The amount declined sharply, after P. L. 480 was enacted, to an annual average of 19.5 million bushels during the period 1954-57. After adjustments were made in the U. S. barter program, wheat imports by the sixteen countries from Canada increased to an annual average of 28.3 million bushels over the 1957-60 period. There was considerable recovery of trade during the 1957-60 period, but imports from Canada were still only a little over half of the 1950-54 figure. This differs from the previously discussed eighteen-country case in which wheat imports from Canada increased slightly in the period 1957-60, when compared to the initial period of 1950-54. This difference suggests that Canadian wheat is able to compete effectively in commercial markets, but has much difficulty in markets where foreign exchange is short and the country is eligible for P. L. 480.

Public Law 480 is shown to be even more popular than it was in the previous eighteen country tables. Table 18 demonstrates vividly, using percentage figures, the blow that P. L. 480 wheat exports dealt Canadian wheat trade in the sixteen country area, and to U. S. commercial exports as well. The sixteen nations purchased an average of 42.7 percent of their wheat annually from the U. S. during the



Table 18. Sixteen country totals<sup>a</sup>--wheat, including flour (grain equivalent): Percent of imports from the United States and Canada, 1950-51 through 1959-60.

Fiscal Year <sup>b</sup>	Percent of Total Imports From U.S.	Percent of Imports "Commercial" from U.S.	Percent of Imports Under U.S. Public Law 480	Percent of Total Imports From Canada
1950-51	34.0	34.0	----	13.6
1951-52	60.4	60.4	----	15.9
1952-53	38.3	38.3	----	28.1
1953-54	37.9	37.9	----	12.8
1954-55	43.8	10.2	33.6	6.1
1955-56	55.5	6.5	49.0	9.5
1956-57	67.3	8.2	59.1	4.9
1957-58	60.3	9.1	51.2	9.8
1958-59	61.3	5.5	55.8	6.4
1959-60	74.2	5.6	68.6	4.6

<sup>a</sup>West Germany and Japan are excluded from the eighteen country totals of Table 15 to give the basis for the data in this table.

<sup>b</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

Source: Calculated from data in Table 17.

four year period prior to the beginning of the P. L. 480 program and they purchased an average of 17.6 percent of their wheat and flour annually from Canada during the same period.

How does Canada fare in the competition for commercial sales--which have declined with the growth of P. L. 480?

The six year period following the passage of P. L. 480 saw a change in the source of wheat imports by the sixteen

countries. "Commercial" imports of wheat from the U. S., during the period 1954-55 through 1959-60, fell from the previous level of 42.7 percent to 9.0 percent of their total average annual imports.

Canadian wheat exports fared poorly after P. L. 480 provisions became available to the sixteen countries. Canadian sales of wheat to the sixteen country area fell from the former annual level of 17.6 percent to 6.9 percent of their total annual purchases. P. L. 480 imports boomed as the sixteen countries imported an annual average of 52.9 percent of their total wheat, under the provisions of this law, during the period 1954-55 through 1958-60. The radical shift to P. L. 480 imports by the receiving countries indicates a desirability of importing under the special privileges of this law more than it reflects an ineptness in the contracting of U. S. commercial sales or U. S. pressure to sign agreements.

Eighteen countries were previously cited as areas of injury to Canadian wheat trade resulting from P. L. 480 activity or as countries receiving large Title I shipments. The data presented in this section shows that Canada has lost wheat trade in the eighteen country area. P. L. 480 imports were large and increasing yearly, causing loss of

wheat exports by Canada. The loss of wheat trade by Canada is shown even more clearly when Japan and West Germany are omitted and only a sixteen country group is studied.

Canadian wheat exports have been shown to suffer due to P. L. 480 exports in the aggregate data previously presented. The eighteen and sixteen country tables show the trade data in an aggregate form thus requiring a study of the individual tables in the Appendix in order to make country-by-country comparisons. Such an examination reveals that there is a wide variation between countries as to the degree of loss incurred by Canadian wheat trade due to P. L. 480 exports. The countries that have been cited as areas where Canadian wheat exports have reportedly suffered, due to U. S. Public Law 480 wheat exports, can be divided into two categories. The first category--some degree of injury to Canadian wheat exports--applies to Bolivia, Brazil, Colombia, Greece, India, Israel, Italy, Japan, Korea, West Germany, and Yugoslavia. Wheat trade statistics for these countries either indicated that P. L. 480 wheat imports had increased while wheat imports from Canada had decreased or that P. L. 480 wheat imports had increased while wheat imports from Canada remained largely constant. The second category--very little or no injury to

Canadian wheat exports--applies to Cuba, Pakistan, Poland, Spain, and the UAR: (Egypt-Syria). Wheat trade statistics for these countries reveal a variety of reasons why P. L. 480 exports caused small or insignificant wheat sales losses for Canada. Cuba has a record of having received practically no P. L. 480 wheat from the United States. Poland has not imported wheat from either Canada or the U. S. until recent years, and Spain has imported very little wheat from either the U. S. or Canada since 1950. Turkey has not imported Canadian wheat since 1951 and Venezuela has received only small quantities of P. L. 480 wheat. UAR wheat imports have been sporadic. Pakistan's case is largely indecisive since P. L. 480 wheat exports and Canadian wheat exports to her have increased in recent years.

#### Canada's Share of the World Wheat Market

Canada's share of the world wheat export market has declined as the P. L. 480 program has expanded U. S. exports. The degree of effect is difficult to establish because quantities exported by Canada have been less affected than the proportion of total world trade. The previous section revealed the loss of markets by Canada in a number of countries, but a broader picture is needed to be sure

that increases elsewhere were not offsetting. What has happened to Canadian wheat export volume to the world, since the enactment of P. L. 480? The period during and after World War II saw a tremendous demand for wheat in the world market. During the period 1940-49, Canada furnished an average of 28.7 percent of the annual world wheat exports and the United States exported an annual average of 47.3 percent of the world wheat during the same period (see Table 19). Much of this wheat was exported under the provisions of various recovery programs. Later, as financial help to war ravaged nations decreased, the war-induced demand for wheat diminished. Exports by the U. S. fell during the 1950-54 period to 34.1 percent of annual world wheat exports. Canada was able to expand exports during this period from an average annual export of 28.7 percent to 31.0 percent of total world exports. Canada was aided in competing by high U. S. export prices for wheat, although the International Wheat Agreement may have exerted some influence in tending to equalize both countries' wheat export prices.

The United States enacted P. L. 480 in 1954 in an effort to dispose of surplus wheat and to increase wheat exports. A more aggressive price policy was also followed.

Table 19. Wheat and wheat flour: United States and Canada exports, averages 1900-54, annual 1945-61.

Year Beginning July	United States		Canada		Total World
	Quantity	Percentage of total	Quantity	Percentage of total	
Average:	<u>Mil. bu.</u>	<u>Pct.</u>	<u>Mil. bu</u>	<u>Pct.</u>	<u>Mil. bu.</u>
1900-09	155	26.0	38	6.4	596
1910-19	183	27.5	128	19.2	665
1920-29	222	26.4	267	31.8	840
1930-39	75	10.6	201	28.3	710
1940-49	415	47.3	252	28.7	710
1950-54	330	34.1	300	31.0	968
1945	390	45.7	360	42.1	854
1946	397	51.0	232	29.8	779
1947	485	52.0	209	22.4	933
1948	504	50.8	222	22.4	992
1949	299	36.0	236	28.4	830
1950	366	39.1	221	23.6	937
1951	475	44.6	347	32.5	1,066
1952	317	32.1	392	39.7	987
1953	217	24.7	288	32.8	879
1954	274	28.2	253	26.1	971
1955	346	32.5	289	27.1	1,065
1956	549	41.3	282	21.2	1,328
1957	403	33.9	316	26.6	1,190
1958	443	33.5	300	22.7	1,321
1959	510	38.4	279	21.0	1,328
1960 <sup>a</sup>	662	43.6	343	22.6	1,518
1961 <sup>a</sup>	685	43.9	350	22.4	1,560

<sup>a</sup>Preliminary.

Source: The Wheat Situation, ERS, April, 1962, p. 14.

Annual U. S. wheat exports increased after 1954, with much of this increase due to the P. L. 480 program (see Table 19). The U. S. now exports over 40 percent of the annual world total in wheat. Canadian exports have fallen since 1954, until they are now approximately 22 percent of the world total each year.

However, Canadian wheat exports have increased slightly in terms of actual quantities in recent years (see Table 19). Total world wheat trade has been increasing, with much of this increase due to the P. L. 480 program. Canada has shared to some degree in this increased trade. Her wheat exports have increased slightly in the face of competition from P. L. 480 and a surplus pressure from other exporting nations as well. Thus, it cannot be stated that all of Canada's wheat export losses are due to P. L. 480.

#### Influence of P. L. 480 on Canadian Wheat Export Patterns

Wheat exports, by the United States, conducted under the provisions of P. L. 480 have altered the Canadian pattern of wheat export trade to a significant degree in certain areas. Table 20 presents data concerning Canadian wheat exports to various areas. Europe has traditionally been a major market for Canadian wheat and Table 20 shows

Table 20. Exports of Canadian wheat and flour<sup>a</sup> (in wheat equivalent) to selected areas, crop years 1950-51 to 1960-61.

Crop year	Europe		U.S.A.	North and Central America		South America	Africa	Asia and Oceania		Total <sup>b</sup>
	Britain	(ex. Britain)		Millions of bushels	Central America			Africa	Oceania	
	• • • • •	• • • • •	Millions of bushels	• • • • •	• • • • •	• • • • •	• • • • •	• • • • •	• • • • •	• • • • •
1950-51	101.5	52.8	21.2	10.6	10.7	10.0	34.5			241.0
1951-52	127.5	97.9	39.0	11.4	17.3	12.6	50.1			355.8
1952-53	122.9	121.2	23.1	8.4	26.0	21.8	62.3			385.5
1953-54	82.0	63.4	8.0	11.1	19.5	11.3	59.8			255.1
1954-55	101.8	75.8	5.2	10.7	8.7	7.6	42.1			251.9
1955-56	109.4	127.2	8.3	9.3	6.8	8.2	40.0			309.2
1956-57	90.4	101.2	7.5	7.0	6.6	2.6	46.3			261.8
1957-58	104.1	101.1	8.9	8.8	8.2	2.2	82.8			316.1
1958-59	100.9	87.5	5.0	8.3	7.2	10.8	69.1			288.9
1959-60	93.6	75.6	3.6	8.0	8.9	12.6	69.3			271.7
1960-61	91.8	124.9	3.9	8.3	6.1	5.0	106.7 <sup>c</sup>			346.6

<sup>a</sup>Conversion rate for flour to wheat equivalent is 2.3 bushels per cwt.

<sup>b</sup>Excludes seed exports and quantities lost in wreck.

<sup>c</sup>Egypt included in Asia and Oceania.

- Sources: 1) 1960-61. The Wheat Review, Jan., 1962. Crops Section, Agriculture Division, Dominion Bureau of Statistics, Ottawa. Vol. 32, No. 6, pp. 16-17.
- 2) 1950-51 to 1959-60. Board of Grain Commissioners for Canada as published in the Report of the Canadian Wheat Board, Crop Year 1959-60. Addenda Table IX, p. 9.



that this remains to be the case. The U. S. exported large quantities of wheat to Europe after World War II under the Marshall Plan and other aid programs. U. S. wheat exports to Europe declined during the 1950-54 period, but then increased after 1955 under the impetus of the P. L. 480 program. Canadian exports of wheat to Europe have remained roughly at the same absolute level since P. L. 480 began, while P. L. 480 exports to Europe have increased. "Canada lost a part of the preceding gains in the European market and failed to share in a substantial, although perhaps temporary, expansion of that market."<sup>57</sup>

The case is quite different in the Western Hemisphere. Here the United States has been the traditional major supplier of wheat. Table 20 reveals how Canadian exports fell in the America's after the passage of Public Law 480 in 1954. Specific Latin American countries have been cited previously in this chapter as being areas involving loss of wheat trade by Canada due to P. L. 480, with details in the Appendix. The decline in sales of Canadian wheat was not as severe in North and Central America as it was in South

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<sup>57</sup>W. E. Hamilton and W. M. Drummond, "Wheat Surpluses and Their Impact on Canada--United States Relations," Canadian-American Committee, January, 1959, p. 32.

America after the enactment of P. L. 480. U. S. purchases of wheat from Canada present an interesting case. The U. S. formerly purchased some Canadian wheat exports to the Western Hemisphere--largely in the form of off-grade wheat for use as livestock feed, but U. S. purchases have declined as her own wheat surplus has mounted.

The U. S. had never been a major supplier of wheat to Africa (UAR excluded), but P. L. 480 opened the door to substantial sales to several African countries. Canadian wheat exports to Africa may have been adversely affected to some small degree.

Likewise the U. S. had never been important in shipments to Asia. Since World War II and the beginning of the P. L. 480 program, U. S. wheat exports increased in Asia--especially to Japan and India (see Appendix). Canadian wheat exports to Asia and Oceania have increased sporadically in total, but have not increased substantially in countries making large P. L. 480 purchases of wheat. Much of the recent increase in Canadian wheat exports to Asia and Oceania (1960-61) is due to the fact that Communist China became a purchaser of sizable quantities of Canadian wheat.

The data indicates that U. S. P. L. 480 has had an adverse effect on Canadian wheat exports to some countries.

Canadian wheat exports appear to have especially suffered from P. L. 480 competition among the underdeveloped group of nations. Without P. L. 480, several countries probably would have made larger commercial purchases of both Canadian and U. S. wheat, even though they were short of foreign exchange (dollars). Thus P. L. 480 has altered Canadian wheat export patterns to several areas.

#### Resultant Effects on Canadian Wheat Carryover

The volume of Canadian sales were maintained, but Canada did not share in growth of trade. Thus, stocks were not piled up through loss of exports; rather stocks expanded through the push of larger production and despite minor increases in domestic consumption. Important declines in stocks occurred only when production was small.

Certain trends have been evident in Canadian wheat carryover totals. Canada had an annual average wheat carryover of 263.2 million bushels during the years 1951 through 1953. Increased production and the effects of U. S. Public Law 480 competition boosted the Canadian wheat carryover figure to an annual average of 617.1 million bushels for the years 1954 through 1957. After changes were made in the U. S. barter program, annual average Canadian wheat

carryover declined to 562.2 million bushels during the years 1958 through 1961.

Canada's accumulation of wheat stocks during the 1950's resulted primarily from the high yields per acre, together with a series of above-normal growing seasons (see Table 21). As Canadian stocks of wheat mounted, so did the pressure to export this surplus. Canadian efforts to export wheat met stiff competition, especially from the United States. Wheat production and carryover climbed in Canada as efforts to export met stiff P. L. 480 competition in many areas. Nations other than the U. S. and Canada had a wheat surplus at various times also.

Thus the effect of P. L. 480 on Canadian wheat carryover was to complicate and hinder Canadian efforts at wheat exports. Some of the past wheat carryover in Canada was caused due to pressures created by the P. L. 480 program, but other factors are also important in this respect. Increased production, due to several previously mentioned factors, tended to cause an increase in carryover. Thus it is difficult to determine the relative importance between P. L. 480 and increased domestic production in influencing increased Canadian wheat carryover during the past decade. This will be discussed in more detail in a later section.

Table 21. Carryover of Canadian wheat in storage or transit at July 31 in Canada and the U.S.A., 1951 to 1961 (including stocks on farms).

Year	Carryover of wheat in Canada	Stocks of Canadian wheat in U. S. ports	Total carryover
. . . . . Millions bushels . . . . .			
1951	187.2	2.0	189.2
1952	214.9	2.2	217.2
1953	382.5	.6	383.2
1954	618.6	.1	618.7
1955	536.3	.4	536.7
1956	578.8	.8	579.6
1957	733.3	.2	733.5
1958	639.5	---	639.5
1959	548.8	.2	549.0
1960	537.6	---	537.6
1961	523.2 <sup>a</sup>	---	523.2 <sup>a</sup>

<sup>a</sup>Preliminary.

- Sources: 1) 1960 and 1961. The Wheat Review, August, 1961. Crops Section, Agriculture Division, Dominion Bureau of Statistics, Ottawa. Vol. 32, No. 1 p. 12.
- 2) 1951 to 1959. Grain Trade of Canada, 1958-59. Agriculture Division, Dominion Bureau of Statistics, Ottawa, in cooperation with Board of Grain Commissioners for Canada, July, 1960. Table 121, p. 107.

Much more can be said about P. L. 480 effects on the Canadian wheat economy by studying exports directly, as has been done previously in this chapter.

#### Other P. L. 480 Effects on Canadian Wheat

The possible effects of P. L. 480 on Canadian wheat export volume, export patterns, and annual carryover have thus far been studied. Canadian wheat acreage and production remain as phases of the wheat economy that may have been affected by P. L. 480 exports and have not been discussed.

#### P. L. 480 Related to Canadian Wheat Acreage and Production

Have competitive P. L. 480 wheat exports increased world excess supplies to the extent that it has been reflected by reductions in Canadian wheat acreage and production?

United States' acreage control programs reduced wheat acreage from a postwar high of 83.9 million acres in 1949 to 49.9 million acres in 1957, for a decrease of 40.5 percent. Canadian acreage was reduced from a postwar high of 27.4 million acres in 1949 to 21.0 million acres in 1957 and 1958, without the use of controls (see Table 2, page 47)--a reduction of 23.4 percent. The reduction in

Canadian acreage has been due to pressure as the world surplus is reflected back to the Canadian wheat farmer by the Wheat Board in the form of lowered wheat prices and decreased delivery quotas for wheat. The structure of this mechanism was discussed in Chapter II.

The surplus burden has caused total Canadian wheat production to decline. However, increased yields per acre have occurred largely as a result of favorable weather conditions. Production has also remained high because producers tend to divert their poorer acres to other uses first. Table 22 shows some reduction in Canadian wheat production in recent years.

P. L. 480 added to an already difficult wheat acreage and production situation for Canada. P. L. 480 exports competed with Canadian wheat exports, and any loss in Canadian wheat trade was and is ultimately reflected back to the Canadian wheat farmer. He, in turn, was forced to make adjustments in his wheat acreage and production. Thus P. L. 480 action was reflected in Canadian wheat acreage and production totals, but P. L. 480 was only a part of the pressure already exerted on the Canadian wheat economy, by the wheat surplus of several world wheat producing countries. It can be said that effects from P. L. 480 exports

Table 22. Production of all wheat in Canada, 1950-51 to 1961-62 (crop year August 1 to July 31).

Crop Year	Seeded Acreage	Production
	<u>Million acres</u>	<u>Million bu.</u>
1950-51	27.3	466.5
1951-52	25.3	553.7
1952-53	26.2	702.0
1953-54	26.4	634.0
1954-55	25.5	332.0
1955-56	22.7	519.2
1956-57	22.8	573.0
1957-58	21.1	385.5
1958-59	20.9	371.7
1959-60	23.1	413.5
1960-61	23.2	489.6
1961-62	23.8	261.7

- Sources:
- 1) 1960-61 and 1961-62. November Estimate of Production of Principal Field Crops, Canada, 1961. Crop Reporting Series No. 23, Crops Section, Agriculture Division, Dominion Bureau of Statistics, Ottawa, November 3, 1961.
  - 2) 1959-60. November Estimate of Production of Principal Field Crops, Canada, 1960. Ibid., November 4, 1960.
  - 3) 1950-51 to 1958-59. Handbook of Agricultural Statistics, Part I - Field Crops, 1908-1958. Crops Section, Agriculture Division, Dominion Bureau of Statistics, Ottawa, September 1959.



are ultimately felt by Canadian farmers, but no definite number of acres or production units lost can be assigned scientifically to activities carried out under this law. A comparison of U. S. and Canadian wheat exports to various countries through time remains as one of the most effective ways of investigating the effects of P. L. 480 on Canada.

#### Additional Factors Affecting the Wheat Problem

United States P. L. 480 has not been the only factor that has caused difficulty in the North American wheat economy. Increased wheat production and the factors influencing increased wheat production have been briefly mentioned in several previous sections. But a more detailed analysis is needed concerning increased North American wheat production, during the 1950's, in order to relate it to surplus disposal efforts. More information is needed in order to understand the U. S. agricultural problems giving rise to P. L. 480, with particular emphasis upon wheat in this case.

U. S. Public Law 480 wheat exports have been shown, by this study, to have caused harm in certain respects to the Canadian wheat economy. But what factors gave rise to P. L. 480? Is it the only "culprit" causing Canada

difficulty? These problems need to be answered in order to more fully understand the North American wheat problem.

What if U. S. wheat production had remained "normal," with respect to some previous period, during the 1950's? Then would there have been a need for a program involving special wheat disposal provisions, such as P. L. 480?

In relating wheat production during the 1950's to a previous period, there is a problem in selecting the initial span of years that had "normal" production. Because of this fact, the average wheat production figure for the 1950's will be related to each of the three averages given in Table 23. United States' average yearly wheat production totaled 1,119.3 million bushels during the period 1950 through 1960. This was an increase of 47.5 percent above the 1935-39 average annual wheat production, and an increase of 20.9 percent above the 1940-44 average annual wheat production. Thus U. S. wheat production had increased tremendously, giving rise to the need for larger marketings.

In contrast, the average annual U. S. wheat production decreased 6.9 percent during the 1950's, when compared to the 1945-49 period. There are several reasons for this. Demand for wheat was great, during the postwar years of 1945-49, for use in feeding the populations of war-torn

Table 23. Wheat: Production, United States averages  
1935-59, annual 1950-60.

Year Beginning July 1		Production
Average		<u>Million bushels</u>
1935-39		758.6 <sup>a</sup>
1940-44		926.0 <sup>a</sup>
1945-49		1,202.4 <sup>a</sup>
1950-54		1,094.2 <sup>a</sup>
1955-59		1,095.6 <sup>a</sup>
1950	1,019.3	
1951	988.2	
1952	1,306.4	
1953	1,173.1	
1954	983.9	
1955	934.7	
1956	1,004.3	
1957	950.7	
1958	1,461.7	
1959 <sup>b</sup>	1,126.7	
1960 <sup>b</sup>	1,363.4	
1950-60 annual average		1,119.3

<sup>a</sup>Calculated from yearly figures given by the indicated source.

<sup>b</sup>Preliminary.

Source: Grain and Feed Statistics, USDA, AMS, March, 1961, p. 30.

countries. Consequently U. S. farmers grew large acreages of wheat and they were further aided in their cause by generally favorable weather. The decrease in production during the 1950's

resulted from a decline in overseas demand for U. S. wheat and from efforts by the U. S. government to reduce overproduction.

Average annual Canadian wheat production, during the 1950's, increased 58.3 percent over the 1935-39 average production; increased 17.3 percent over the 1940-44 average production; and increased 36.4 percent over the 1945-49 average production (see Table 24). Especially interesting is the increase in average annual wheat production of 36.4 percent, in the 1950's, over the 1945-49 average annual wheat production. During this same time period, average annual U. S. wheat production decreased 6.9 percent. Clearly, Canada has been creating part of the North American wheat problem.

Certainly if U. S. wheat production, during the 1950's, had continued at the 1935-39 or 1940-44 pace there would have been much less need for a P. L. 480-type program. Wheat became involved in the P. L. 480 program as a result of continuous U. S. overproduction during the 1950's. Before anyone can say much in defense of Canada, for the "harm" she suffered from P. L. 480 wheat exports, certain facts must be considered. Canada also had severe overproduction of wheat and did not conduct as vigorous a program

Table 24. Wheat: Production, Canada averages 1935-59, annual 1950-60.

Year Beginning August 1	Production
Average	<u>Million bushels</u>
1935-39	312.4
1940-44	421.6
1945-49	362.7
1950-54	537.6
1955-59	452.6
1950	466.5
1951	553.7
1952	702.0
1953	634.0
1954	332.0
1955	519.2
1956	573.0
1957	385.5
1958	371.7
1959 <sup>a</sup>	413.5
1960 <sup>a</sup>	489.6
1950-60 annual average	494.6

<sup>a</sup>Preliminary.

Source: Grain and Feed Statistics, USDA, AMS, March, 1961, p. 39.

to correct it as did the United States. What would have been the world price for wheat if the U. S. had not used the P. L. 480 program, but instead had used cut-rate commercial sales without regard for competitors? What would be the demand today for wheat in many countries if wheat had not

been provided to them several years under P. L. 480 agreements (Japan for example)? Did Canada complain when she surpassed the U. S. in the world wheat market during the 1920's and 1930's (see Table 19, page 113)? These and many other questions would have to be accurately answered before one could severely indict P. L. 480 on the basis of the Canadian wheat case alone. This is only one small part of the past and present United States P. L. 480 program. "Normal" wheat production in both the United States and Canada during the 1950's, would have gone a long way in solving all difficulties resulting from wheat.

Table 25. Wheat: Production, Canada and United States, 1950-60 averages compared to 1935-49 averages.

Fiscal Year	1935-49 Production Averages	1950-60 Average Production	1950-60 Production Change--Related to Previous Periods	Percentage Change
. . . . . Million bushels . . . . .				
UNITED STATES				
1935-39	758.6	1,119.3	+360.7	+47.5
1940-44	926.0	1,119.3	+193.3	+20.9
1945-49	1,202.4	1,119.3	-83.3	- 6.9
CANADA				
1935-39	312.4	494.6	+182.2	+58.3
1940-44	412.6	494.6	+ 73.0	+17.3
1945-49	362.7	494.6	+131.9	+36.4

Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

Source: Calculated from data in Tables 23 and 24.

## CHAPTER V

### SUMMARY AND CONCLUSIONS

The United States and Canada have been pursuing policies intended to improve the economic status of their farmers for many years. These policies have faced new challenges during the past decade, with an acute surplus situation ranking as the major problem. Wheat has been of paramount importance in Canada's agricultural policies and has played a lesser, but still very important role in shaping U. S. agricultural policies. These various policies regarding wheat have had marked although differing effects on the international trade of this commodity. The particular effect of each policy has depended upon a number of factors, such as domestic condition, degree of participation in international trade, and whether the country is an exporter or importer.

The disposal of surplus agricultural commodities has become a very real problem in United States-Canadian relations and the major continuing difficulty relates to wheat. Many opinions are formed about governmental action

and its effects on the world wheat economy with United States and Canadian policies being the most important in this respect.

Canada faces a relatively more delicate position with regard to wheat problems than does the United States. This is true because wheat exports are several times more important to the Canadian economy than they are to the U. S. economy. Thus U. S. surplus disposal efforts are of great interest in Canada.

Many opinions have been expressed about U. S. actions regarding Public Law 480 surplus disposal of wheat. Canadian protests have been heard the most, especially with regard to the particular methods of surplus disposal. They deem methods such as barter as unfair to them, but Canadian opinions expressed are not all in the form of protests. They raise no objection to the generous U. S. aid to countries where the need for food is great, but have objected to encroachment on ordinary commercial markets that are essential for their export wheat trade.

This study has traced the historical role of government in the Canadian and American wheat markets. Their domestic wheat programs and export policies were studied. Changes in market organization in each country were noted



and the U. S. Public Law 480 program was examined with regard to wheat shipments. Thus a foundation of basic information was constructed upon which this study has attempted to determine how the impact on the Canadian wheat economy was expressed, if injury did in fact result from the P. L. 480 program.

In conclusion, based on evidence presented in this study, the writer arrives at the following propositions:

1. The surplus disposal activities by the United States, carried on under Public Law 480, have reduced Canadian wheat exports on a percentage basis in the eighteen country group examined in this study. A case can be made for an injury to Canada mainly due to the fact that these countries import a lesser percentage of their total wheat from Canada since P. L. 480 was enacted. However, wheat imports from Canada have increased slightly in actual quantity, so that injury must be shown through relative, rather than absolute losses.
2. The surplus disposal activities by the United States carried on under P. L. 480, have reduced Canadian wheat exports on a percentage and actual quantity basis in the sixteen country group examined

in this study. This grouping deletes Japan and West Germany from the previously mentioned eighteen country group.

The majority of the countries in this group are under-developed and have imported sizable quantities of P. L. 480 wheat, at the expense of commercial imports.

3. The phases of the Public Law 480 program that have caused the most harm to the Canadian wheat economy are Title I (sales for foreign currency) and Title III (barter).
4. The factors responsible for increased production in the United States and Canada have been a major factor in causing a surplus condition to develop. Technological revolution in wheat production looms as the primary factor causing increased production. There are few prospects for adjustment, except possibly through production control.
5. The study of Canadian wheat production, carryover, and export patterns gives less conclusive evidence of Public Law 480 induced effects on the Canadian wheat economy, than does the study of total Canadian wheat exports vis-a-vis P. L. 480 wheat exports.

6. Canada shares some responsibility with the United States for causing the present world wheat surplus situation. The Canadian Wheat Board has kept export prices somewhat higher at times than may have been advisable. Admittedly, subsidization of wheat exports would be difficult for Canada to any great degree, because of limited financial ability.
7. The United States and Canada need to continue to cooperate on matters pertaining to wheat policy. Administrative abuses have occurred in the past and have caused some disagreement between the two countries. Continued cooperation appears to be necessary as wheat surpluses are both economic and political in nature, and international in scope. Thus, they must be treated as an international as well as national problem.

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## APPENDIX

The tables contained in this Appendix were compiled from data obtained from publications of the Canadian Dominion Bureau of Statistics; United Nations, Food and Agriculture Organization; and the United States Department of Agriculture.<sup>1</sup>

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<sup>1</sup> Agriculture Division and Board of Grain Commissioners for Canada. Grain Trade of Canada 1954-55, Dominion Bureau of Statistics, Ottawa.

Agriculture Division and Board of Grain Commissioners for Canada. Grain Trade of Canada 1959-60, Dominion Bureau of Statistics, Ottawa.

United Nations. Grain Exports by Source and Destination, July 1949-June 1950 through July 1954-June 1955 issues, Food and Agriculture Organization, Rome, Italy.

United Nations. World Grain Trade Statistics, 1954-55 through 1960-61 issues, Food and Agriculture Organization, Rome, Italy.

United States Department of Agriculture. U. S. Grain Exports Under Government Programs 1954-55 through 1959-60, FAS-M-115, Foreign Agricultural Service, June, 1961.

United States Department of Agriculture. International Trade in Bread and Coarse Grains, (World Exports by Countries of Origin and Destination), FAS-M-22, Foreign Agricultural Service, July, 1957.

United States Department of Agriculture. The World Grain Trade 1957-58 and 1958-59, FAS-M-53, Foreign Agricultural Service, July, 1960.



The data's greatest weakness exists in the "Total Imports from World" columns. The data were similar from all sources, but several times discrepancies existed between the United Nations, FAO, data and the U. S. Department of Agriculture, FAS, data regarding total imports by various countries. When such differences appeared, judgments had to be made as to which figure to use and an element of uncertainty was thus introduced into some of the total import figures. Such differences may be largely credited to the fact that most of the figures are taken from U. S. and Canadian export data, but the "Total Imports from World" columns are import figures taken largely from United Nations data. A time lag possibility then is created. For instance, December 1954, exports to a country contained in USDA figures may appear as a 1955 import by this same country in the UN data, because of the time involved in shipping the wheat. Thus there were several instances where total wheat exports reported by the U. S. and Canada to a country during a particular year exceeded the total wheat imports reported by the United Nations for this country for the same year. In such instances, the U. S. and Canada total was used because of the reliable information on wheat exports furnished by these countries. Most of the discrepancies were minor

and would not alter the percentage figures calculated from the base data to a significant degree in either direction, regardless of the figures used.<sup>1</sup> Also, rounding errors may be present in some of the figures as many were converted to bushels from either thousand metric or thousand long tons.<sup>2</sup>

Public Law 480 imports in the tables include shipments under Titles I, II, III, Section 402 of the Mutual Security Act and Section 416 of the Agricultural Act of 1949. The United States Department of Agriculture describes each of the above provisions as follows:

Title I, Public Law 480. Agricultural Trade Development and Assistance Act of 1954. These sales are made pursuant to formal government-to-government agreements with friendly countries. Actual sales are made from commercial stocks through private U. S. exporters. The Commodity Credit Corporation finances the dollar equivalent in its currency to the United States account.

Title II, Public Law 480. These exports consist of government-to-government donations of Commodity Credit Corporation-owned commodities for emergency relief uses by the recipient government. No payment is required.

<sup>1</sup>The error is less than two percent in either direction except in possibly the case of India. There are significant discrepancies between the various sources with regard to certain annual Indian wheat import figures. Thus the size of the "error" depends on which source is used.

<sup>2</sup>One metric ton equals 36.74371 bushels and one long ton equals 37.333 bushels were used as the conversion factors throughout the Appendix. Source: International Wheat Council, World Wheat Statistics, 28 Haymarket, London, S. W. 1, 1962, p. 70.

Barter, Title III, Public Law 480. Barter contracts with private United States firms are entered into by Commodity Credit Corporation which provide for exchange of U. S. agricultural commodities for strategic and other materials.

Section 402, Public Law 480 (Mutual Security Act). These exports are paid for with the currency of the recipient country under varying terms and conditions. However, in contrast to currencies accruing under Title I, these currencies are almost entirely restricted to ICA (Mutual Security) economic development and technical assistance uses.

Section 416 of the Agricultural Act of 1949 and Title III, Public Law 480. These exports are made up of donations to the needy of foreign countries through U. S. private relief and charity agencies. The commodities donated excluding processed products come primarily from the stocks of the Commodity Credit Corporation.<sup>1</sup>

The shipments under Titles I and III (barter) are dominant within this broad definition of Public Law 480. The remaining P. L. 480 programs are not as important as local currency and barter sales, and do not contribute as much to the total P. L. 480 figures. It is important to remember that the P. L. 480 figures used in the following tables consist mainly of shipments carried out under the local currency and barter programs, with the remaining programs playing a lesser role.

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<sup>1</sup>United States Department of Agriculture. U. S. Grain Exports Under Government Programs 1954-55 through 1959-60, FAS-M-115, Foreign Agricultural Service, June, 1961, p. 2.

Table A. Bolivia--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year	Total Imports From U. S.	Commercial Imports From U.S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
1950-51	2.0	2.0	---	.7	2.8	99.9
1951-52	.9	.9	----	2.0	2.9	100.0
1952-53	.8	.8	----	2.3	3.1	100.0
1953-54	2.4	2.4	----	.9	4.1	80.7
1954-55	3.8	1.7	2.1	----	3.9	98.4
1955-56	3.7	b	3.7	b	3.7	100.0
1956-57	4.3	.1	4.2	----	4.3	100.0
1957-58	1.0	----	1.0	----	1.1	90.3
1958-59	.6	----	.6	----	1.2	47.1
1959-60	2.0	b	2.0	b	2.6	77.4

<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

<sup>b</sup>Negligible (less than 0.1 million bushels).

Source: See p. 139.

Table B. Brazil--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports From U.S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
1950-51	7.3	7.3	----	.4	54.0	14.2
1951-52	31.1	31.1	----	3.8	52.9	66.0
1952-53	21.8	21.8	----	11.4	49.7	66.9
1953-54	.2	.2	----	7.7	61.6	12.9
1954-55	8.9	8.9	----	----	57.9	15.4
1955-56	17.7	1.8	15.9	----	63.3	28.0
1956-57	13.9	----	13.9	----	57.1	24.4
1957-58	11.0	5.3	5.7	----	46.0	23.9
1958-59	17.5	1.9	15.5	----	75.2	23.2
1959-60	34.5	1.6	32.9	<sup>b</sup>	65.5	52.6

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<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

<sup>b</sup>Negligible (less than 0.1 million bushels).

Source: see p. 139.

Table C. Colombia--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports From U. S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
			Million bushels			
1950-51	.9	.9	----	2.0	3.2	90.7
1951-52	1.3	1.3	----	.5	1.7	100.0
1952-53	1.1	1.1	----	.5	1.6	100.0
1953-54	.8	.8	----	2.1	2.8	100.0
1954-55	.8	.4	.4	2.1	2.8	100.0
1955-56	3.0	.8	2.2	.2	3.2	100.0
1956-57	3.0	1.9	1.1	.1	3.5	90.5
1957-58	5.1	2.4	2.7	.3	5.4	100.0
1958-59	5.3	1.6	3.7	.3	5.5	100.0
1959-60	3.0	.3	2.7	.8	3.8	100.0

<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

Source: See p. 139.

Table D. Cuba--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports From U. S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
1950-51	5.2	5.2	----	2.6	7.8	100.0
1951-52	5.1	5.1	----	3.3	8.4	100.0
1952-53	6.4	6.4	----	1.4	7.8	100.0
1953-54	4.6	4.6	----	2.1	6.6	100.0
1954-55	5.3	5.3	----	2.3	7.6	100.0
1955-56	6.1	6.1	----	.6	7.0	96.4
1956-57	7.5	7.5	----	.2	7.8	100.0
1957-58	7.4	7.4	----	.6	8.0	100.0
1958-59	7.9	7.9	<sup>b</sup>	.4	8.3	100.0
1959-60	9.2	8.6	.6	.2	9.4	100.0

<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

<sup>b</sup>Negligible (less than 0.1 million bushels).

Source: See p. 139.

Table E. Greece--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports From U.S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
			Million bushels			
1950-51	20.2	20.2	----	b	20.6	98.2
1951-52	17.1	17.1	----	.8	17.9	100.0
1952-53	7.2	7.2	----	.8	9.5	83.3
1953-54	4.8	4.8	----	----	5.3	90.9
1954-55	12.1	----	12.1	b	12.4	97.7
1955-56	13.2	.1	13.2	.1	14.1	94.5
1956-57	19.6	b	19.6	b	19.6	100.0
1957-58	4.2	b	4.2	b	7.5	56.8
1958-59	3.0	.1	2.9	b	4.3	71.0
1959-60	2.1	.1	2.0	.4	3.0	83.1

<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

<sup>b</sup>Negligible (less than 0.1 million bushels).

Source: See p. 139.



Table F. India--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports From U. S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
1950-51	29.6	29.6	----	11.4	81.1	50.6
1951-52	104.3	104.3	----	18.1	135.7	90.2
1952-53	21.0	21.0	----	14.1	63.8	55.0
1953-54	2.6	2.6	----	4.3	16.8	40.7
1954-55	5.4	----	5.4	2.2	25.0	30.3
1955-56	9.0	b	9.0	b	14.5	61.8
1956-57	66.6	----	66.6	b	75.9	87.8
1957-58	77.4	3.1	74.2	23.8	111.0	91.1
1958-59	122.4	----	122.4	11.4	133.7	100.0
1959-60	114.8	----	114.8	4.8	134.4	89.0

<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

<sup>b</sup>Negligible (less than 0.1 million bushels).

Source: See p. 139.

Table G. Israel--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports From U. S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
	.....	.....	.....	.....	.....	.....
1950-51	4.4	4.4	----	2.3	6.7	100.0
1951-52	7.3	7.3	----	2.7	10.6	94.7
1952-53	6.3	6.3	----	2.5	10.7	82.8
1953-54	3.6	3.6	----	4.5	11.7	69.5
1954-55	8.4	----	8.4	1.8	10.5	97.7
1955-56	8.7	<sup>b</sup>	8.7	.7	11.7	80.2
1956-57	10.6	.3	10.3	1.7	12.3	100.0
1957-58	9.8	3.2	6.6	1.5	11.4	98.9
1958-59	7.8	1.9	5.9	1.6	12.5	74.8
1959-60	8.1	1.2	6.9	1.6	9.7	100.0

<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

<sup>b</sup>Negligible (less than 0.1 million bushels).

Source: See p. 139.

Table H. Italy--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports From U. S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
	.....	.....	.....	.....	.....	.....
1950-51	13.8	13.8	----	16.4	63.3	47.8
1951-52	24.4	24.4	----	13.5	61.6	61.6
1952-53	16.5	16.5	----	13.6	52.0	57.9
1953-54	1.1	1.1	----	.6	14.8	11.0
1954-55	.8	.8	----	1.3	28.0	7.8
1955-56	7.1	1.2	5.9	6.6	31.1	44.2
1956-57	13.0	8.0	4.9	2.4	19.8	77.6
1957-58	9.4	.2	9.3	1.0	13.9	75.0
1958-59	5.4	.4	5.3	1.1	22.4	29.1
1959-60	7.2	----	7.2	2.2	9.4	100.0

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<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

Source: See p. 139.

Table I. Japan--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports From U. S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
1950-51	41.8	41.8	----	12.1	61.7	87.3
1951-52	45.7	45.7	----	16.9	63.5	98.6
1952-53	24.9	24.9	----	15.0	40.6	98.2
1953-54	46.1	46.1	----	40.5	93.4	92.7
1954-55	34.1	2.6	31.7	28.4	70.6	88.8
1955-56	41.0	13.0	27.9	29.4	84.7	83.1
1956-57	50.1	21.3	28.7	35.1	87.9	96.8
1957-58	51.7	40.7	11.0	38.7	90.4	100.0
1958-59	34.2	31.7	2.6	42.1	90.3	84.6
1959-60	33.6	32.1	1.4	46.8	94.3	85.3

..... Million bushels . . . . .

<sup>a</sup> Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

Source: See p. 139.

Table J. Korea--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports from U.S	F. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
1950-51	.8	.8	----	----	1.0	81.1
1951-52	1.6	1.6	----	b	2.5	66.1
1952-53	3.4	3.4	----	1.5	8.9	54.9
1953-54	2.5	2.5	----	1.1	5.2	67.5
1954-55	2.7	.7	2.0	.1	2.8	98.5
1955-56	4.8	.4	4.5	b	4.8	100.0
1956-57	16.3	1.5	14.8	----	16.3	100.0
1957-58	17.6	1.0	16.6	----	17.6	100.0
1958-59	9.5	1.1	8.4	----	9.5	100.0
1959-60	14.0	1.2	12.8	----	14.0	100.0

..... Million bushels . . . . .

<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

<sup>b</sup>Negligible (less than 0.1 million bushels).

Table K. Pakistan--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports from U.S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
1950-51	-----	-----	-----	-----	-----	-----
1951-52	-----	-----	-----	-----	-----	-----
1952-53	7.9	7.9	-----	14.5	38.2	58.5
1953-54	22.5	22.5	-----	-----	26.3	85.6
1954-55	.3	.3	-----	-----	.3	100.0
1955-56	4.8	.2	4.6	<sup>b</sup>	4.9	99.1
1956-57	21.5	3.8	17.7	1.0	28.6	78.6
1957-58	23.8	<sup>b</sup>	23.8	3.5	35.3	77.4
1958-59	18.2	.1	18.1	3.8	34.6	63.6
1959-60	33.9	-----	33.9	2.2	40.4	89.1

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<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

<sup>b</sup>Negligible (less than 0.1 million bushels).

Source: See p. 139.

Table L. Poland--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports From U. S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
.....	.....	.....	.....	.....	.....	.....
1950-51	----	----	----	----	1.0	----
1951-52	----	----	----	----	----	----
1952-53	----	----	----	----	----	----
1953-54	----	----	----	----	9.9	----
1954-55	----	----	----	----	18.8	----
1955-56	----	----	----	14.0	31.0	45.2
1956-57	----	----	----	9.5	9.5	100.0
1957-58	20.0	3.5 <sup>b</sup>	16.5	1.4	24.0	89.3
1958-59	9.8		9.8	5.4	15.2	100.0
1959-60	26.7	.6	26.1	4.9	64.2	49.2

<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

<sup>b</sup>Negligible (less than 0.1 million bushels).

Source: See p. 139.

Table M. Spain--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year	Total Imports From U. S.	Commercial Imports From U. S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
1950-51	5.2	5.2	----	1.3	9.3	70.1
1951-52	.9	.9	----	1.4	2.3	100.0
1952-53	1.6	1.6	----	3.2	4.8	100.0
1953-54	19.9	19.9	----	3.4	38.9	59.9
1954-55	2.2	1.8	.4	----	6.2	36.5
1955-56	1.3	-----	1.3	----	1.3	98.5
1956-57	b	b	----	----	1.2	0.3
1957-58	.7	.7	----	----	4.6	14.9
1958-59	----	----	----	----	.6	----
1959-60	.8	----	.8	----	2.2	36.1

<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

<sup>b</sup>Negligible (less than 0.1 million bushels).

**Source:** See p. 139.





Table O. UAR: (Egypt-Syria)--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports From U.S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
1950-51	4.5	4.5	----	.1	36.3	12.6
1951-52	13.3	13.3	----	1.9	39.5	38.5
1952-53	12.5	12.5	----	13.9 <sup>b</sup>	33.9	77.9
1953-54	8.9	8.9	----	<sup>b</sup>	10.7	83.5
1954-55	1.3	.9	.5	<sup>b</sup>	3.8	36.0
1955-56	19.3	1.8	17.5	----	24.9	77.2
1956-57	1.4	.4	.9	----	24.1	6.0
1957-58	.5	.3	.1	.2	38.8	1.8
1958-59	15.5	1.9	13.6	.1	53.2	29.5
1959-60	41.0	1.5	39.5	<sup>b</sup>	45.5	90.1

<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

<sup>b</sup>Negligible (less than 0.1 million bushels).

Source: See p. 139.

Table P. Venezuela--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports From U. S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
1950-51	3.3	3.3	----	3.1	6.3	100.0
1951-52	3.0	3.0	----	3.2	6.1	100.0
1952-53	4.2	4.2	----	2.9	7.1	100.0
1953-54	3.1	3.1	----	4.1	7.2	100.0
1954-55	3.9	3.8	b	4.4	8.3	98.9
1955-56	4.9	4.9	----	3.5	8.5	100.0
1956-57	6.3	6.3	.1	3.0	9.5	97.8
1957-58	7.1	7.1	.1	4.4	13.9	82.6
1958-59	6.3	6.3	b	3.5	9.9	99.0
1959-60	9.1	9.1	b	3.5	12.6	100.0

..... Million bushels .....

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<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

<sup>b</sup>Negligible (less than 0.1 million bushels).

Source: See p. 139.

Table Q. West Germany--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports From U. S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
. . . . . Million bushels . . . . .						
1950-51	66.1	66.1	----	.8	96.7	69.2
1951-52	54.3	54.3	----	15.9	76.3	92.1
1952-53	44.8	44.8	----	24.3	86.5	79.9
1953-54	23.1	23.1	----	21.4	85.3	52.1
1954-55	27.4	11.0	16.4	24.2	111.4	46.4
1955-56	16.8	8.4	8.4	29.6	99.5	46.6
1956-57	35.8	21.8	13.9	36.3	118.0	61.1
1957-58	20.8	9.6	11.2	29.7	96.2	52.5
1958-59	16.3	3.9	12.4	35.0	89.3	57.5
1959-60	11.1	3.3	7.8	24.9	76.9	46.8

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<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

Source: See p. 139.

Table R. Yugoslavia--wheat, including flour (grain equivalent): Imports from the United States and Canada compared, 1950-51 through 1959-60.

Fiscal Year <sup>a</sup>	Total Imports From U. S.	Commercial Imports From U. S.	P. L. 480 Imports	Total Imports from Canada	Total Imports from World	Percent of Imports from U.S.-Canada
1950-51	2.8	2.8	----	b	4.4	64.7
1951-52	1.7	1.7	----	4.6	7.9	79.7
1952-53	15.4	15.4	----	10.3	38.9	66.1
1953-54	14.1	14.1	----	b	18.0	78.6
1954-55	40.5	----	40.5	.6	44.3	92.7
1955-56	37.8	.2	37.5	b	38.2	98.9
1956-57	37.7	----	37.7	b	50.9	74.2
1957-58	21.2	----	21.2	----	26.2	80.9
1958-59	34.1	----	34.1	----	43.8	77.7
1959-60	12.7	----	12.7	----	18.0	70.4

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<sup>a</sup>Canadian fiscal year begins August 1, and the U. S. fiscal year begins July 1.

<sup>b</sup>Negligible (less than 0.1 million bushels).

Source: See p. 139.

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