

THE PRICE OF WHEAT

Bulging Warehouses and Empty Larders

In a recent issue we reviewed Josué de Castro's *Geography of Hunger* and referring to his suggestion of an International Commodity Clearing House said that this would "inevitably result in restrictions, quotas and controls aimed at maintaining price levels to the advantage of producers, not consumers."

An interesting illustration of this is given by the negotiations which have been proceeding in the last few weeks in the International Wheat Council to reach a new agreement on the price of wheat. These negotiations have become "news" as the result of the United Kingdom's refusal to agree to a new maximum price of U.S.\$2.05 per bushel, an increase of 25 cents on the present maximum of U.S.\$1.80 per bushel. It is true that there is also a minimum price, but during the last few years experience has shown that it is the maximum price which consumers are invariably required to pay. The majority of the 46 participating countries are prepared to accede to the wishes of the United States, a number have indeed already signed, but Britain to whom an additional 5 cents a bushel means some \$9,000,000 per annum is prepared to pay only \$2.00.

It is estimated that the United States is at present holding "stock piles" of wheat equal to almost 3½ years' consumption and some experts assert that the statistical position does not justify a price above \$1.50 let alone \$1.80 or \$2.05 per bushel. However, the United States Senate is wedded to a farm aid programme which demands high prices for home consumed wheat and does not like selling abroad at lower than the home price. In effect, therefore, overseas countries are being called on to subsidise North American farmers.

We thus have the absurd situation where the United States provides economic aid to Britain to support its defence programme while Britain helps to support the United States farm aid programme.

Dear wheat means a high cost of living, higher prices for feeding stuffs for cattle and in general tends to raise costs of production. In addition, the dear wheat policy in the States results in more land and labour being employed in the production of wheat growing than is economically justified with resultant increase in prices of other primary produce displaced. The American farmer may benefit initially, but only initially, since inevitably farm rents will be raised and the land owner will absorb the subsidies. Where the subsidy is paid out of direct taxation it is merely a question of transfer from one person's pocket to another's, but where this is not the case, subsidies can be paid for only by inflation with its resulting evil effects.

Sooner or later the bubble will burst since even the United States Treasury cannot continue for ever to pay uneconomic wheat prices, even if the storage capacity can be increased at a sufficient rate to hold the surplus. Thus eventually the farmers will find they have been deluded and the very organisation which has been set up to maintain their markets will have led them into a fool's paradise from which they will find it costly to escape.

It is to be hoped that thoughtful observers will mark, note and remember the manœuvres of the

International Wheat Council; its efforts seem directed in the interests of the producers, not of the consumers. Let us put our faith in the give and take of the open market to produce the goods at the cheapest possible price and keep clear of all International Commodity Clearing Houses as we would shun the plague itself. If we do not, such commodity controls, quotas and subsidy schemes will surely lead us into a persistent state of poverty in the sight of plenty, since their very existence is based on scarcity, which if not real must be artificially created and maintained.

R.C.C.

ASIAN POPULATION AND RESOURCES

The well known economist, Colin Clark, linked the names of Malthus and Marx when he addressed a public meeting in Australia last autumn. The meeting, sponsored by the United Nations Association of Australia and the Junior Chamber International, was reported in the April issue of *Progress*, Melbourne, from which the following is taken:

"When Malthus wrote *Principles of Population* he probably did about as much harm as Marx when he wrote the Communist manifesto." Although the Indian population was increasing at 1.1 per cent per year in 1941-51, the present rate was .75 per cent. Chinese population had been virtually stationary for a century. In fact the areas in Asia with rapidly increasing population were few, e.g., Ceylon and Malaya. Indonesia and Burma, according to their own authorities, had a stationary if not declining population.

"While Asia contains some areas of very crowded population, particularly India, Japan, Java and Indo-China, there are very large areas which are practically uninhabited. Areas of high rainfall and suitable for agricultural production are not being used at all—half of Burma, three-quarters of Malaya, the whole of Indonesia outside Java, considerable parts of Siam, and two-thirds of Ceylon. These facts are quite often neglected." Man's history had been one of predominantly stationary populations, due primarily to failure to keep good order and government.

"In 1949, when the United Nations held a world conference on soil conservation and utilisation of resources, I had the job of reading the opening paper on this topic of World Population and World Resources, and I found myself confronted with some of the leading American Malthusians. When it came to discussing the facts of the case I found they had remarkably little to say. The facts are that the world is certainly not overpopulated, even in the continent of Asia. There are enormous unused areas. The areas of high rates of increase are comparatively few and far between. When you get a very dense population which has not enough agricultural land to support it, then the necessity of industrialisation arises. Of the Asian countries, India and Japan are in that position." And to-day the Japanese are complaining, just as British manufacturers used to complain, about unfair Indian competition based on low wages!

"This is one of the most important facts of world economy—the increasing industrialisation of certain Asiatic countries, and their indubitable right to export manufactured goods and to buy food and raw

material in exchange. Many people in Australia, in Britain and elsewhere, talk as if we had a right to block their trade. If you try to look at it objectively it is not at all hard to see that this is a moral question. Population growth is bound up very closely with another set of questions which arise from commercial relations; and I sometimes suspect that the fervour with which some Australians say that Japan ought to limit her population is closely tied up with a desire to limit Japanese export trade because of commercial fears."

"We must do our part to develop world trade, particularly the export of manufactures from Asia, so that the world can support its increasing population," said Mr. Clark. "Every child born into the world, the most illiterate pagan and the finest product of civilisation alike, is a child of God entitled to full human rights. Instead of talking about our rights to restrict population, we must adopt the opposite point of view—that every child born into the world has the right to demand an economic system that has a chance of providing it with at least the necessities of life." Despite difficulties, it would be feasible to feed the world's increasing population for a long time to come.

Referring to conditions in the Western hemisphere Mr. Clark said that the enormous scheme of social services being implemented in Britain was built upon unfulfilled presumptions of greatly increased industrial output and on the assumption that the rest of the world would continue to supply her with cheap food and raw materials.

"Ninety-nine people out of a hundred do not know that the United States had become a net importer of farm products as early as 1911. Ever since (except for the war years) she has been importing farm products on an increasing scale During the last two years, the U.S.A. has been running down her own farm population at a rate of 5 per cent per year and her food prices have gone very high. She will be an increasing importer of certain foods and raw materials. However, many American economists believe that their country's role in world trade is to sell as much as possible and buy as little as possible. This idea will create chaos. Some of the greatest harm to free enterprise throughout the world has been done by well-intentioned but ill-informed members of the American Republican Party who have persisted in high tariff policies," concluded Mr. Clark.

EIGHTEENTH CENTURY INDIA

THE CAUSE OF FAMINE AND POVERTY

The want and starvation in eighteenth century India were shown by Henry George in the section of *Progress and Poverty* that deals with Population and Subsistence to have been due to the tyranny to which the peasant was subjected and to his lack of security. The writings of the Rev. William Tennant, a chaplain in the service of the East India Company, are cited in support and somewhat condensed extracts are quoted from his *Indian Recreations*, Volume 1, Section 39. The original edition of this work was recently consulted in the library of the India Office in London and is of such considerable interest that we reprint it here in full.

"When we reflect on the great fertility of Hindostan in general it is amazing to consider the frequency

of this dreadful visitation (famine). It is evidently not owing to any sterility in the soil or climate, since there are many seasons that yield two or three crops; the evil must be traced to some political cause; and it requires but little penetration to discover it in the avarice and distortion of the various governments. In a country such as this, where revolutions are so common, the great spur to industry, that of security, is taken away: the Ryut, who cultivates his ground this year is by no means sure of possessing it the next; if he should it is highly probable that under a government that holds its sway only by the sword, some large detachment may be quartered in his neighbourhood: no greater blow can be given to industry: for a Mahratta army is more indefatigably destructive than myriads of locusts. The property of friends and enemies falls equally prey to their undistinguishing depredations. Hence no man raises more grain than is barely sufficient for himself; and the produce of the year is just equivalent to its consumption. The consequence is, as there are no public granaries, that the first unfavourable season produces a famine: the inhabitants abandon their fields, and either fly to the coast, or to some other place where the famine has prevailed less. This new accession of people produces a famine there also, and the evil becomes universal."

Indian Recreations was published in London in 1804 in three volumes. The first two volumes each comprise a number of sections, dated and addressed, but not arranged in any sort of chronological order. Volume 1 covers the period 1796 to 1799, the section 39 bearing the date line Chunar, 1798, not 1796 as stated by Henry George.

NORTH AMERICA REVISITED

By ASHLEY MITCHELL

It was a quick trip I made through space to North America last month—out and home again in three weeks! To have lunch in London and breakfast in Montreal next day, although that possibility is now well known, is still a marvel when one does it. It was a business trip but it gave me the opportunity of meeting friends in the Henry George movement at various centres, these gatherings having been kindly arranged beforehand for me.

In Montreal I had the pleasure of meeting the splendid people who support Miss Strehel Walton so excellently, including Messrs. Turner, Boelens, Goodrich, Herbert Owens (recovering his health), Mrs. Owens, Mrs. Markland, Mrs. Russell and many others.

In Ottawa our gallant worker H. G. Barber had gathered a large party, including Senator and Mrs. Roebuck, Major Code, Bronson Cowan, Miss Applebaum, Mrs. Rice and several young people.

In Toronto the veterans who keep the flag flying there were Mr. and Mrs. Farmer, Mr. and Mrs. Hall, G. R. Donovan, Mr. Hogg, Miss Coates, their company now reinforced by Miss Margaret Bateman who is engaged in enfilading some Canadian political leaders.

Flying to Chicago, I was welcomed by John Monroe and Louis La Fortune. Mr. Selim Tideman presided over the spirited gathering that Mrs. Jessie Matteson had arranged.