

## THE DEARER LOAF

Feb. 6.

SERIOUS as is the announcement to the householder that the loaf of bread is to cost more, it is little compared with what the general situation threatens to be for China. To-day the world is said to be faced with a wheat shortage, how great it is difficult to estimate, because the great markets are constantly being subjected to manipulation, and when farmers are financed as they were in the United States last autumn there is a possibility of their definitely holding back supplies in order to command higher prices. So far as they are known, the facts of the case are that the Canadian wheat crop last year was very short, and the same thing was reported from the west coast of the United States. The great wheat fields of the Argentine similarly failed to yield their ordinary quota, and the best that can be said about Europe is that the supply there did not exceed the normal. It is doubtful whether it even reached that, for enormous damage to the crops was done in the United Kingdom by rain, and in other countries, notably Italy, the harvest failed altogether to come up to expectations. Russia to-day unhappily no longer counts as a factor in the supply of the world's wheat. The result of all this has been to bring about in the past six months an enormous increase in the price of flour. To take the quality which the foreign bakers in Shanghai use for bread—bakers' patent flour—it was quoted at G.\$6.10 per barrel in July and August, whereas to-day it is G.\$10.70, and the inevitable result is that we get fewer loaves for our dollar than we have been in the habit of doing. And unless financial stringency induces the appearance of unexpected supplies—which, however, are quite hypothetical—we are not likely to have any cheaper bread for some time to come. Still, flour will always be forthcoming for those that can pay the price, but what of those differently situated, as are the majority of the Chinese?

People are sometimes apt to overlook the fact that not only is China a great wheat-producing country but equally the Chinese are a great wheat-consuming people. Flour-milling is one of the country's important industries, and it may be remembered that when Europe was short of flour in 1920 China supplied quite a considerable proportion of her requirements. This export trade, however, has largely come to an end since that time, and during the past year or two China has imported very large quantities of Canadian and American wheat. This is mixed with the home product and becomes the flour of average Chinese consumption. About two months ago this was quoted at about Tls. 1.90 a bag (49 lb.), whereas to-day it is about Tls. 2.30. This shows a very serious state of affairs, but it is not confined merely to high price; there is the fear that an absolute shortage in the country will soon have to be faced. Reports from the interior are neither numerous nor reliable regarding the amount of wheat which was harvested in the autumn, such absence of information being largely due to troop movements, but what reports are to hand suggest that the wheat supply is sufficient to last until April and no longer. If correct, it means that for two months, until the first of the new crop is cut, China will be definitely without wheat. The other countries will be in no position to alleviate the situation, for their surplus will go to consumers able to pay a much higher price than China can afford, and there seems nothing for it but that the Chinese who are accustomed to flour

bread will have to turn to other cereals. Again a note of warning as to the situation must be uttered. We have just mentioned that the civil war throughout China has prevented the usual amount of information about probable supplies being forthcoming, and it is equally possible that the state of war has immobilized supplies in the interior, preventing them from reaching the main consuming centres. It is to be hoped that something of the kind has occurred, but meantime there is no doubt as to the anxiety of the consuming centres.

In this respect Shanghai has come off badly. A few months ago supplies were plentiful here, both of flour and wheat, especially the latter, for owing to the heavy importations previously made very heavy stocks of Canadian and American grain were on hand. In Hongkong, which is a very important centre, supplying as it does Canton and district, prices began to move up when the reports of bad harvests had gained some measure of confirmation, but Shanghai for some reason declined to follow suit. Here was Hongkong's opportunity, for just about two months ago Shanghai was actually the cheapest wheat market in the world, and the southern merchants made heavy purchases. Dairen likewise proceeded to take a hand in the game, securing in the same way as Hongkong considerable quantities at a price which no other market could offer. The result of this drain on local supplies had, of course, its effect, and within six weeks there has been this substantial increase which we have mentioned. The Flour Exchange seems to have been caught napping in this instance, and Dairen and Hongkong have secured supplies for themselves at the expense of Shanghai's pocket. No doubt the presence of large stocks here made the dealers on the Exchange unduly optimistic, but it is curious that they should have been so long in following the lead given by people elsewhere who seem to have been better informed. Of course these stocks in any event would not have remained in Shanghai; they would have followed the natural economic trend and found their buyer in the best market; and actually the only difference is that a great deal of money has been lost to the operators on the local Exchange. This, however, is a small matter compared with the food of the people, and it may be hoped that means will be found to keep prices of what stocks there are within due bounds so long as they last.