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Almost on the anniversary of the price breaks a year ago grains and livestock markets appear to be in a nose-dive once again. The break last year came close to touching off a fear psychology that might have assumed panic proportions and the situation was saved more than anything else by the impending ECA program. This time the breaks may be more serious and permanent. It is too early to tell yet, but a lot of prices are already off the zones of expectations on the hypothetical charts. And this time, even if ECA continues about as scheduled, it will not have the lifting effect it had last year. Besides this, there are some weaknesses not present last year. There are many "soft spots" in the economy. There is much hesitancy and caution, and there are many misgivings. Farmers themselves are somewhat disillusioned about the efficacy of price supports, partly because the failure of the corn loan and purchase program to hold corn at the support level has destroyed some faith in the price support program.

Some of the drops in the grain and livestock markets these past several days have been attributed to reports that January total employment was down two per cent from December. This could be a very important sign and will be more important if employment continues to drop. But it should be pointed out that most of the drop was in farm employment, and that in nonagricultural employment after allowing for the usual seasonal variation the January total was as high as in recent months, except July and August, and was higher than January 1948.

That the price situation may be of serious proportions is illustrated by some of the steps that have had to be taken in the last few days or weeks. For example, it wasn't so long ago that top dairy specialists were reasonably sure that no dairy supports would be needed this year, but so deep has the dip become that USDA this week announced a price support on butter of 59¢ for grade A to September 1 and 62¢ thereafter, with a 2¢ discount for grade B. This is very close to the 90 per cent of parity level.

Again, only two or three weeks ago, hardly anyone dreamed that hog supports would be needed in 1949. But now serious discussions are going on in USDA over what is to be done, and how it is to be done, to support hog prices next fall, when the support level will probably range from $14 to $16 on a seasonally adjusted basis.

Symptomatic of the uneasiness over the price situation is the return of concern and complaint over the declining farmers share of the consumers dollar. As always, when prices nose-dive farm prices move down faster than retail prices. The Senate Banking Committee has approved a measure calling for another investigation of the price spreads between farmers and consumers.

A special review by a USDA expert dealing with the costs of food, especially marketing costs, says that the opportunities for cost reduction are greatest on the retail level, greater than at the farm or at any of the marketing and processing points in between. The statement emphasizes that this is no reflection necessarily on the efficiency of the retailers generally, but that the costs of retailing are the largest element in the price spreads between farmers and consumers and absorb about one-fourth of the consumers dollar. Thus any reduction in costs at retail would be highly significant.

Legislative provision for the stockpiling of farm crops is beginning to take some definite forms. Senator Thomas' (Dem. Okla.) bill provides for a permanent reserve of 400 million bushels of wheat, 600 million bushels of corn, and 4½ million bales of cotton. His bill provides that such reserves are not to be included in any future determination

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of supplies for purposes of calculating acreage quotas and allotments, marketing quotas, or price support levels.

President Patton of the Farmers Union says that the crop storage program should accumulate reserves far larger than any we have been used to, and he proposes that the price depressing effects of such stocks be counteracted by 100 per cent price supports for the family type farms which, he says, produce 70 per cent of all agricultural output. He would leave the other 30 per cent not produced by family farms to a program of the lower variable price supports, or no supports at all.

The House and Senate have both passed bills excluding 1949 acreages from the bases for future acreage quotas. The bills have gone to conference because the House bill provided only for cotton while the Senate exempted wheat, corn, rice, and cotton from the bases.

Two important changes in the potato price support program were revealed when the program details were announced on Monday. Instead of support levels varying by grades as in the past, only one basic price of $1.80 average per hundredweight for the season for all potatoes qualifying as U.S. #2-one and seven-eighths minimum will be supported. Under this provision the better grade or quality of potatoes will be drawn to commercial markets for the premium they may command, and only the lower grades will be purchased for support operations insofar as this is practicably possible. Secondly, complete price support schedules by states are announced now so that growers will know before planting what price level to expect in their area. A recent USDA survey reports that potato producers in the 37 "late and intermediate" states intend to reduce potato acreage only seven per cent this year from the '48 plantings. If the yields are up to the '48 figure this will probably produce another surplus.

Higher turkey prices and lower feed costs are expected to yield a substantial increase in turkey production in 1949 according to USDA. Based on reported intentions of farmers, this year's crop would be 39.5 million birds, compared with 31.7 million in 1948. This, however, would still be quite a way behind the record crop of 44.2 million birds in 1945. These intentions, however, are not meant to be and should not be construed as too accurate an indication of what producers will do if and as conditions change. Last year producers raised 11 per cent more than they said they intended to on January 1.

A special report by the Department of Commerce says that supply of nitrogenous fertilizers in 1949 will continue to be short of demand, but that phosphatic fertilizers will be available in adequate quantities and potash supplies will be larger than last year.

Walter B. Garver
Senior Economist

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