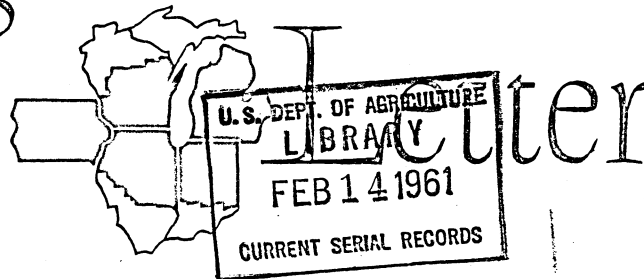


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# Agricultural



Number 593

NET FARM INCOME rose throughout 1960. The annual rate of realized net farm income for the fourth quarter is estimated at \$12.4 billion, nearly 15 per cent above the fourth quarter of 1959. This is the highest rate since the fourth quarter of 1958, and, except for the \$12.7 billion registered in that period, the highest since the fourth quarter of 1953.

For the year as a whole, realized net farm income totaled about \$11.6 billion, 3 per cent above the 1959 level of \$11.3 billion but still 11 per cent less than the \$13.0 billion in 1958.

Reflected in the increased income is a record volume of marketings of farm commodities and slightly lower average prices. Marketings of both crops and livestock were in larger volume than in 1959 with crops up 4 per cent and livestock up about 2 per cent. The major exceptions to the pattern of rising volume were hogs and eggs. While both of these were marketed in smaller volume than in 1959, prices were substantially higher and thus helped to boost farm income. Income from crops rose only because price support programs kept the larger volume of grain from depressing prices severely.

Prospects for 1961 continue to point to relative stability in cash receipts, production expenses and net farm income.

However, there continues to be considerable dissatisfaction with the level of farm income in general, and real concern as to problems being created by the continued build-up of surpluses. Price supports obvi-

Sales, Expenses and Realized Income of Farm Operators  
(seasonally adjusted annual rates by quarters)

	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>Year</u>
	..... (billion dollars) .....				
Cash Receipts from Farm Marketings					
1957	29.7	29.6	30.0	30.0	29.8
1958	33.6	33.1	33.6	33.7	33.5
1959	34.0	33.5	32.4	32.7	33.2
1960	32.3	34.1	34.0	34.3*	33.7*
Farm Production Expenses					
1957	23.2	23.4	23.3	23.6	23.4
1958	24.6	25.2	25.4	25.7	25.2
1959	26.2	26.3	26.1	26.1	26.2
1960	26.3	26.5	26.2	26.2*	26.3*
Farmers' Realized Net Income					
1957	10.9	10.8	11.4	11.0	11.0
1958	13.6	12.7	13.0	12.7	13.0
1959	12.3	11.5	10.6	10.8	11.3
1960	10.2	11.8	11.9	12.4*	11.6*

\* Preliminary.

ously cannot be continued indefinitely unless the build-up of surpluses is brought to a halt by reducing the inflow to Government storage or increasing the dispositions, or both.

THE PERENNIAL SEARCH for a workable solution of "the farm problem" continues with farm leaders, Government officials and others again sifting the chaff of an endless array of proposals in search of kernels which will prove helpful. Several task forces appointed by the new Administration have submitted recommendations recently and the President has said that he will soon make specific proposals to Congress.

It is reported that there is agreement among the task forces that the objective of farm policy, as in the past, should be to increase farm income and bring supply and demand into balance. Except for the cotton group, there was agreement also that some type of land retirement program should be used to help halt the build-up of surpluses.

With no change in current programs it was estimated that surpluses would continue to accumulate with a net annual cost to the Treasury of 2 to 4 billion dollars. Included in the proposals of the various task forces were recommendations that: Government programs which encourage increased production, such as payments for conservation practices which increase yields, should be ended; higher price supports be provided for feed grains to farmers who participate in a program to reduce stocks and production; any land retirement program should prohibit any productive use of the land set aside; a national marketing quota for wheat be adopted with price support being provided only on that amount of wheat, and the exemption of farmers growing less than 15 acres be eliminated; the 1960 cotton program consisting of price supports, acreage allotments and export subsidies be continued in 1961.

Experience indicates that spectacular new programs should not be expected. Farm programs have been evolutionary in their development, not revolutionary. Current programs consist of a mix of price support, output controls, export subsidies, consumption subsidies and other measures. Any new program is likely to be composed of familiar ingredients but possibly in different proportions than in the past.

Research Department