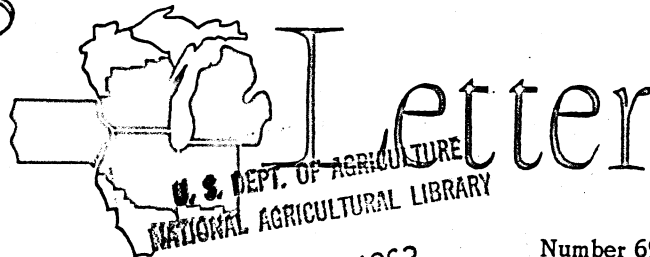


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# Agricultural



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The President's farm message to Congress included recommendations for extension of the present feed grain program and new programs for cotton and dairy products, but contained few details of the programs. The message also recommended expansion of the Food Stamp program and increased emphasis on rural area development.

For feed grains a voluntary program for reducing acreage is recommended for 1964 and 1965. The Secretary of Agriculture would have the power to choose the type of program, either the one used in 1961 and 1962 without compensatory payments or the one used this year with compensatory payments. Payments would be made either "in kind" or in cash to feed grain producers who reduced acreage. The size of the payments and the required acreage reduction would be determined by the Secretary of Agriculture before the crops are planted.

Even if new legislation is enacted, Government programs next year might allow some of the acreage presently idled to return to production. With high rates of livestock feeding and reduced production under the feed grain programs, Government stocks of feed grains have declined substantially. By the fall of 1964 stocks could drop below the 45 million tons which the Secretary has deemed adequate as an "emergency reserve."

If new legislation is not enacted this year, there will be no restrictions on feed grain production in 1964. Government price supports would be provided for feed grains but these could be as low as 50 per cent of parity (80 cents per bushel on corn compared with \$1.25 this year).

For cotton, the message recommended a subsidy to domestic mills to bring their raw material costs more in line with those of foreign mills. The Secretary of Agriculture would be authorized to make subsidy payments, on a two-year trial basis, directly to growers or to cotton traders or to textile mills.

The Cotton Advisory Committee suggested the amount of subsidy for cotton going to domestic mills should be 5 cents a pound compared with the current export subsidy of 8½ cents—the difference between the domestic support price and foreign market price. Recent action by the subcommittee of the House Agriculture Committee, however, raised the proposed domestic subsidy to the full amount of the export subsidy.

Another recommendation was that farmers be permitted to grow a limited amount of cotton above their basic acreage allotment but with this being supported at the lower world price instead of the higher domestic price.

For dairy products the message recommended a combination of prices supplemented by direct payments to milk producers cutting back production which would increase their incomes above present levels. Presumably

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this implies that price supports to noncooperating producers would decline. In addition, producers in areas covered by Federal marketing orders would receive marketing "bases" which would permit them to reduce production without reducing their income from sales of Class I milk.

Other recommendations: The Food Stamp program would be expanded "into all areas of the Nation where conditions warrant its establishment." The Food for Peace program would be continued and expanded with a total budget of \$1.9 billion in fiscal 1964. The message also asked for a shift from direct Government loans to federally insured private loans for rural housing. Government financing would be provided for vocational and other educational training for rural citizens to enable them to acquire skills necessary to obtain new and better job opportunities.

Legislation covering small reservoirs would be expanded to include floodwater detention. This would "permit the full development" of available sites for "multi-purpose use." Increased appropriations for the Land Use Adjustment program would permit continued idling of land presently in the conservation reserve as the current Soil Bank contracts expire.

The budget for the Department of Agriculture in the fiscal year ending June 30, 1964 was estimated at \$5.8 billion—down \$1.1 billion from the expected total in fiscal 1963 and slightly below actual expenditures in 1962. However, the budget estimates often are inaccurate. For fiscal 1962, the budget was initially estimated at \$5.1 billion; later revised to \$6.3 billion; and the actual expenditure was slightly less than \$6 billion. Again in 1963, the budget was initially set at \$5.8 billion but was recently revised to \$6.8 billion.

The reduction in the 1964 budget reflects largely expectations of substantial sales by the Commodity Credit Corporation in fiscal 1964 of cotton expected to be placed under price support in fiscal 1963. These sales of cotton, in turn, depend on the proposed legislation subsidizing costs to domestic mills in 1964.

Of the \$5.8 billion agriculture budget for fiscal 1964, the largest share is, of course, for stabilization of farm income and Food for Peace—\$4.4 billion or about three-fourths of the total.

Research Department