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THE ANNUAL AGRICULTURAL INDUSTRIES forum was held last week at the University of Illinois. Discussions ranged over a variety of topics, with finance, farm policy, and the competitive position of Midwest agriculture receiving special attention. A few key comments may convey a bit of the flavor of the program.

Monetary policy, according to Darryl Francis, President, Federal Reserve Bank of St. Louis, can make its major contribution to agriculture and farm supply and marketing firms by helping to achieve and maintain stable economic growth and high employment. He indicated a firm belief that moderate growth of money in 1970 would be associated with cooling of inflation and significant declines in interest rates by the end of the year.

Farm policy in the 1970s will shift gradually from acreage controls—which are becoming too expensive—to greater reliance on two-price programs, such as the present wheat program, according to Professor Vernon W. Ruttan, University of Minnesota. Greater flexibility in price-support levels will be needed to avoid the high costs associated with the accumulation of large surplus stocks of farm commodities. Ceilings will be established on the amount of government payments to individual farmers. Social and welfare goals of the farm population will be supported largely through programs applicable generally across occupational groups instead of through commodity price supports. Agriculture, Professor Ruttan suggests, should be viewed as a public utility, with prices adjusted in the interests of consumers to levels adequate to assure the supplies needed.

The competitive position of Midwest agriculture was discussed commodity by commodity, leaving the general impression that competition from other regions, in the United States and abroad, will increase. It was suggested, for example, that grain prices would come under greater pressure. Slower growth of U. S. exports is indicated because of prospective large increases in production outside the United States, especially in tropical regions. Grain exports were reported to be very sensitive to domestic prices; a change of 1 percent in the U. S. price of corn results in a change of nearly 3 percent in exports to western Europe, according to Professor Schmitt, University of Illinois.

Corn will continue to be king in Illinois and in the Midwest, according to Professor Stice, University of Illinois. With 25 million acres of corn land held out of production under government programs and large stocks of wheat available at feed grain prices, the price outlook rests heavily on the continued effectiveness of policies to restrain growth of production in line with demand.

Soybeans, the glamour crop of Midwest agriculture, may not sparkle quite as brightly in the Seventies as it did in the Fifties and the Sixties, according to Professor Brooks, University of Illinois, and other participants on the program. Production of soybeans will increase further but probably less rapidly than in years past. Increases in production may come largely in the Middle-South and Southeast instead of the Cornbelt, however.

Cattle feeding will increase further as the demand for beef expands, but the competitive position of the Cornbelt in this activity may be declining—compared with other areas, such as the Southwest. Cattle feeding has not been especially profitable in Illinois in the past 15 years or so, especially smaller feeding operations, according to Professor R. N. Van Arsdall.

The cow herd must be increased considerably in order to supply the feeder cattle needed if production of beef is to be increased substantially. These increases are likely to occur mainly in the Middle-South and Southeast regions where large areas are adaptable to pasture improvement programs. Some increase could also occur in the Midwest by improving pastures and utilizing crop residues, but costs may be relatively high.

Hogs were rechristened "mortgagelifters," reflecting the favorable prices in recent years. Production has increased rapidly in southern Illinois but total production has not responded to the favorable prices as in earlier years. Reasons suggested for this were the large investment required to install modern confinement systems of production ($18 to $20 per 100 pounds of hogs produced per year), the scarcity and high price of technical management needed to operate such systems successfully, the ready availability of off-farm employment, and the greater attractiveness of cash grain farming versus hog raising. The outlook for Midwest hog farmers was described as excellent.

Farmland prices were reported to be declining in Illinois, with numerous individual reports that prices were off $100 an acre or more. Of course, very little land is changing hands. A variety of reasons were given for the softening of land prices including lower income in cash grain areas, high interest rates, and reduced availability of long-term farm mortgage credit. The trend to contract sales continues and a rise in cash leasing was reported.

E.T.B.