
THE FEDERAL RESERVE BANK OF CHICAGO

AGRICULTURAL LETTER

December 28, 1945

The Government pig crop report as of December 1 reports that the number of pigs saved in the fall season of 1945 was 12 per cent larger than the fall crop of 1944, but 26 per cent below the record fall crop of 1943. Intentions for 1946 spring breeding indicate that about 4 per cent more sows will be farrowed than this last spring. If such intentions are realized, this will be larger than the USDA production goal, which calls for substantially the same volume of operations as was shown for the spring of 1945.

The final crop report for 1945 states that US crop production for this year was the third largest on record and exceeded the output for any season before 1942 by 9 per cent. It was only very slightly under the high output achieved in 1942 and 1944. Total acreages of crops harvested in Indiana and Wisconsin reached an all-time high point this year.

Secretary Anderson in his speech to the Farm Bureau in Chicago last week said that the nation's farmers are willing to be the "lead horse" in an all-out drive for full production and employment, but that labor and industry must achieve similar goals if the farmer is to keep out of trouble.

An authorization of \$1,350 million for 1946 operations of UNRRA was passed by the Senate last week and signed by the President.

UNRRA announces another large shipment of livestock to Poland last week, this time 700 mares. Previously 1,400 draught horses and 1,150 dairy cattle had been sent to that country.

The National Planning Association in a recent report recommended that the US make an immediate grant of \$1 billion in credits to permit the countries of western Europe and former enemy territories not served by UNRRA to survive the winter without mass starvation. This billion dollars would be in addition to \$500 million worth of food to be exported this winter to countries where UNRRA is operating. According to the recommendations the bulk of the needs are for grain and grain products, but the report's recommendations on meats and milk products also bulk large.

Two loan agreements were signed last week with Belgium by the Export-Import Bank, totaling \$100 million. Roughly half is to be available through June 30, 1946, and is to be used to buy goods and services formerly requisitioned under lend-lease. The second agreement covers a line of credit to be available until June 30, 1948, and will cover a wide variety of US farm and factory products.

In a review of the dairy situation the USDA says that under present price ceilings and with no more than a moderate drop in consumer incomes from this year's levels, the nation would consume 188 billion pounds of milk in various forms compared with an expected production of 120 billion pounds, or in other words, supply will be only two-thirds of demand. The report indicates that 1946 exports of milk products will be only about half the 1945 volume and that military procurement in '46 will be only one-fourth to one-fifth of '45 takings. It is indicated that if price ceilings were raised or removed prices for whole milk would tend to be somewhat higher and prices of butterfat materially higher than in 1945. But if price ceilings continue at present levels, prices paid farmers for whole milk will probably be lower during the flush production season of '46 than they were in '45, mostly due to a decline in skim milk products' prices.

Secretary Anderson last week said that a revision of the dairy price structure is necessary if there is to be a restoration of butter production to a more normal relationship and if a continued high output of milk is to be assured. He said that a price boost for butterfat to 65 cents a pound would be the only way to get adequate supplies of butter back on the market.

USDA announces the development of a new, faster curing method for "aged" cheese which cuts the curing time in half.

With demands for most feeds already heavier than available supplies, the severe wintry weather has increased feed requirements materially, with consumption of grains and concentrates holding at very high levels. Meanwhile, difficulties of the feed industry in obtaining oilseed meals for their products have given rise to a discussion in USDA as to whether or not to impose a new order restricting the use of protein meal for feed.

The baby chicks who cracked their little shells during the month of November also cracked all records for November hatchings. More than 39 million chicks were hatched in November, which was more than 10 per cent above the previous record reached in November 1943.

The Senate last week passed and sent to the House a bill giving the Secretary of Agriculture authority to continue rural rehabilitation projects in order to permit sale of these properties to veterans. Previously these projects were supposed to have been suspended.

USDA announces that farm consumption of fertilizer nitrogen is rising rapidly. Average consumption of commercial product in 1940 was about 390,000 tons, and by 1944 it was 626,000 tons. Specialists in USDA estimate that with moderately favorable conditions in the postwar period farmers would use 800,000 tons, and under prosperous conditions would use more than one million tons.

In spite of a record high demand for lumber, lumber production is still declining. Shortages will continue throughout the winter, which some students of the problem blame on OPA price policies, labor and equipment shortages, and strikes.

The Rural Electrification Administration announces tests of carrier telephone equipment which may make possible the extension of telephone service to many of the nation's 2½ million electrified farms. Carrier circuits need no separate lines; the messages are transmitted over the regular power lines.

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