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THE FEDERAL RESERVE BANK OF CHICAGO  
**AGRICULTURAL LETTER**

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U.S. DEPARTMENT OF AGRICULTURE

February 14, 1947

The epidemic of hoof-and-mouth disease among cattle in Mexico is arousing increased concern among cattlemen and Government officials in this country. Originally the outbreak was in the State of Veracruz, but has since spread to nine other Mexican states. President Truman has approved a broad plan for joint action between the two countries. Secretary Anderson has asked Congress for legislation to enable prompt joint action to be taken, and it is understood the measure will receive quick action. The 1914-16 epidemic in this country affected thousands of herds in many states. One cattleman this week told the House Agricultural Committee that the U.S. would probably have to bear the major share of the cost of eradicating the disease in Mexico because of that nation's precarious position. He said the only way to eradicate the disease is to kill all the livestock in infected areas. Heavy expense would come from reimbursing owners of the destroyed animals. This has been the pattern in handling previous U.S. outbreaks of the disease.

It is reported that the State Department, with the vigorous insistence of Secretary Marshall, will ask Congress for additional funds to provide relief for Europe and Asia after UNRRA activities end March 31. Funds would be used to keep alive somewhat over 30 million children in Europe who face starvation without continued aid. No specific amount has been asked of Congress, but plans call for an over-all fund of 450 million to be contributed by several countries. Presumably the U.S. share would be only a modest part of this total amount.

President O'Neal of American Farm Bureau emphasized before House Agricultural Committee that his organization would insist that farm price support commitments be met, but conceded that it might be necessary to link the benefits to production controls or other devices to prevent "overproduction." He also indicated approval of modernization of parity formulas after the price support period ends December 31, 1948.

Secretary Anderson and the International Emergency Food Council are reported as being in wide disagreement over the amount of fats and oils to be allocated to the U.S. this year. Anderson wants less exported than IEFC would allocate, and also wants much more imported. For further details on fats and oils situation see article on the subject in this Bank's March issue of BUSINESS CONDITIONS.

Turkey prices are now being supported by Government purchase program. Buying is to run until July 1. Aim of the program is to achieve a farm price level of 25 cents for young toms and heavy young hens, and  $32\frac{1}{2}$  cents for hens under 18 pounds.

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