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THE FEDERAL RESERVE BANK OF CHICAGO
AGRICULTURAL LETTER
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U.S. DEPARTMENT OF AGRICULTURE

As representatives of many of the nation's dairy farmers, the National Co-op. Milk Producers Federation last week moved to get from Congress legislation to support dairy prices at levels that would yield returns to producers equivalent to those assured producers of feed crops. It is reported that Secretary Anderson backed such supports and was about to announce such a support program but backed down in the face of the President's drive to force prices down. A bill was introduced into the House last week calling for support to the end of 1948 of milk for manufactured dairy products at a basic minimum of \$3.10 per cwt.

USDA estimates that farm receipts from the sale of dairy products during the first five months of this year will be 15 per cent above the same period in 1946, counting the 1946 receipts to include dairy production subsidy payments. But dairy interests point out that costs are materially up from last year, particularly feed costs, and that price guarantees to grain producers are, therefore, meaningless to dairymen.

Estimates by USDA on gross farm income for the first five months of this year place the returns at 25 per cent above last year. Barring a recession, USDA economists see no indications of a sharp decline in farm product prices in the immediate future. High industrial production, strong foreign demand, and almost full employment in this country are given as the basis for optimism.

The price specialists see higher prices this spring and early summer than last year for truck crops and new potatoes. Although still a bit above average, production of commercial truck crops will be considerably below last year, and the smaller supplies, in the face of strong demand, are expected to make for prices favorable on the whole.

The 1947 crop of dry beans will be supported by Government at 90 per cent of August 15 parity, with price differentials for different classes. The supports will be carried out by loans to growers or by support agreements with growers and dealers.

Egg price supports for the Midwest for June by Government offers to buy dried or frozen eggs are on the same basis as for May, at a level to reflect 35 cents to producers.

Revival for this year's potato crop of the potato-marketing order is announced by USDA. Originally issued in 1942 and inoperative during the war, the order regulates the handling of Irish potatoes in Michigan, Wisconsin, Minnesota, and North Dakota. Regulations as to size, grade, and quality are designed to keep low quality potatoes off the commercial markets.

Against some opposition from the commercial industry, agitation by farm leaders and Congressional representatives for Government construction of an experimental phosphatic fertilizer plant and test-demonstration programs has resulted in the introduction of companion bills into the House and Senate providing for these developments. Probably nothing more than committee hearings will develop this year. Similar proposals were defeated in the last Congress.

Changes in the Farm Credit Administration operations in the farm mortgage field are under hearing now before a special Senate Agriculture subcommittee. Proposal by FCA officials is to transfer supplementary farm land loan powers of the Land Bank Commissioner to the Federal Land Banks. The present 65 per cent limit of land banks would thus be extended to 75 per cent. Greater risks of the additional 10 per cent loan would be provided for in the proposal by transferring the assets of the Federal Farm Mortgage Corporation to the land banks and setting them up as a general system reserve fund to back the supplementary loans.

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