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AGRICULTURAL LETTER

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Support of farm milk prices (milk for manufacturing purposes) at \$3.10 plus use, location, and seasonal differentials would be required to the end of 1948 in two bills introduced into the House of Representatives last week.

The controversial wool bill which authorized import fees on foreign wools entering this country and which has been bottled up in committee for several weeks is now reported to have been ironed out by a compromise between the House and Senate under which the import fee provision is eliminated. Substituted for it is the provision that the President may impose import quotas or fees if hearings by the Tariff Commission establish need for such protection. There is more than wool involved in this controversy. Assistant Secretary of State Clayton recently rushed home from the international trade negotiations abroad in an attempt to head off the higher imports on wool.

Back of this is the fact that the negotiations on trade had become stalled because Oceanic countries, particularly Australia, balked at conceding trade advantages as long as the threat of higher wool duties impended in this country. When it is remembered that the object of the trade negotiations is to restore world trade and speed world economic rehabilitation and recovery, it is easy to see why so much fuss is made over the wool bill, the primary purpose of which is to continue authority for CCC to support prices of wool.

Farm crop insurance is up for overhauling. The House Committee on Agriculture estimates crop insurance since 1939 has cost the Federal Treasury well over 100 million dollars. New bills are in the hopper to authorize Federal Crop Insurance Board to reinsure private insurance companies who undertake to develop crop insurance, and to reduce the Federal program to a very modest experimental basis, solely for the purpose of gaining experience on a sound actuarial basis.

The USDA says world sheep numbers are now at 712 million head, about nine per cent below the high level of 1942, and six per cent below the prewar average.

May 1 stocks of shell eggs set a new record low and less than one-third of the wartime average, but stocks of dried and frozen eggs are comparatively high. Butter stocks increased about one million pounds during April, bringing butter holdings for May 1 near to average. April hatchings of chicks were 10 per cent below last year, and the output during the first four months of 1947 was five per cent off from last year. High feed prices have cut chick purchases, most of the pressure falling on cockerels, demand for pullet chicks remaining fairly good.

In terminating the inactive set aside orders on creamery butter recently, the USDA gave out figures showing that in the three years 1943-45, during which the order was mainly used, the Government acquired 25 per cent of the 4 $\frac{1}{2}$ billion pounds of butter produced in the three years.

Counting on a strong consumer demand for pork next year and on a smaller supply of beef and veal, the USDA last week recommended an increase over 1946 of 15 per cent in the fall pig crop for this year.

Based on world crop conditions USDA officials see a greater need for exports from "surplus" countries of grains in 1947-48 than even in the current year. Bad weather has made the situation worse this year on the average in the importing countries. A total of 800,000 tons of food is slated for shipment to Germany during May and June, and the July export quotas for grains and flour total 1.4 million tons. About two-thirds of this total will be supplied by USDA, the balance to be procured through private trade channels.

World production of sugar for the current year is estimated by USDA at 30.6 million short tons, nearly 12 per cent above 1945-46, but about 12 per cent below the prewar average. As a result of the improved outlook and the piling up of stocks in some spots in this country, pressure is building up to end rationing, and it appears probable now that rationing will be terminated before the summer is over.

The National Fertilizer Association says that 1946 use of fertilizer was 13 per cent above the previous high record of 1945, that use was more than double the prewar average consumption, and that 1947 will probably set a new record.

Good progress is reported on the program to eradicate foot-and-mouth disease in Mexico. About 18,000 animals have already been slaughtered and buried, and thousands more head have been sent to slaughter from quarantined areas in the drive to reduce animal population in the susceptible areas.

Feeling that it is time to discourage further inflation of farm land prices, President Truman last week asked Secretary Anderson to call a conference of farm, bank, insurance company, and Government officials. The Secretary has set June 9 as the date for the conference to work out a program.

Appropriations for the Department of Agriculture are still involved in committee, but it is freely and generally predicted that when reported out the legislation will show a cut of 35-40 per cent in the amount asked for the next fiscal year. Rumors are numerous as to which programs or agencies of the Department will most feel the axe. We can't verify or check these very well, of course, but one rumor is rather persistent. That is that AAA will have \$100 to \$150 whacked off its 1947 funds for soil conservation payments, and if this turns out to be accurate it means that payments for 1947 performance by farmers will probably be only at about one-half the stipulated rates for given practices. The school lunch program, the REA, and Soil Conservation Service are also expected to get nipped more or less, and the "new" Farmers Home Administration is said to be destined for a cut that will stop virtually all new loan business.

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