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# THE FEDERAL RESERVE BANK OF CHICAGO

## AGRICULTURAL LETTER

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While at the Outlook Conference in Washington last week, we visited the Agricultural Research Center at Beltsville, Md. This is one of numerous centers in the United States where scientists are working, among other things, toward a more complete understanding of the growth and reproduction of plants and animals. Basic knowledge of the complex processes involved has now reached a point where the development of crops and livestock adapted to diverse production conditions and incorporating the characteristics desired by farmers and consumers is a common occurrence. Desired characteristics are "added" to plants and animals; undesired features are reduced or eliminated. Meat-type hogs, apartment-size turkeys, plump-breasted broilers, dairy cattle tolerant to the South's high temperatures, disease resistant plants, and the like, are a few illustrations. Production efficiency also receives close attention. Breeding and feeding developments have combined, for example, to give chickens and turkeys that gain a pound in weight from less than three pounds of feed under commercial production conditions.

New plants and animals are "designed" by these scientists much as engineers design a new model automobile. That "knowledge is power" becomes clearly evident in the environs of such a research center—power to use resources more ably, to satisfy more of man's endless wants. But every new development involves change. Adjustments in production, marketing, capital investment, and financing practices are involved if the advantages of new developments are to be fully realized. It appears important, therefore, to maintain a high degree of flexibility in agriculture and in the institutions serving agriculture if the benefits of scientific progress are to be realized promptly by a large number of people.

Corn acreage in Seventh District states will be increased in 1951. The USDA announced recently that there will be no marketing quotas for the 1951 crop and that acreage allotments will be increased to permit a substantial boost in output. Expanding livestock production and prospects for a continued strong demand for meat make increased feed production desirable.

The soybean harvest is largely completed, volume of marketings has been modest, and prices have been strong. This marketing and price experience is contrary to earlier expectations. Farmers have stored more beans than in previous years, with the result that October prices were unseasonably high. Since the anticipated slump in prices at harvest time was not realized, the commonly expected large seasonal rise in prices following harvest also may not be realized.

"Better than average" Michigan farmers are indicated by State College economists to make net earnings of about \$2,000 in 1950, compared with \$1,800 in 1949, \$2,600 in 1948, and \$3,500 in 1947. Income in 1951 is expected to exceed that of the current year.

Prospects that prices of farm production items will increase in the year ahead, along with indications that inadequate commercial storage and transport facilities may limit the availability of supplies in some areas, lead us to repeat an earlier suggestion that farmers having good storage space should consider advance buying of needed supplies. Fertilizers, protein feeds, and seeds are high on the list of such commodities.

Government price support of potatoes will be discontinued in 1951. The USDA has recommended a 15 per cent cut in acreage to give an estimated production of 335 million bushels, compared with the 1950 crop of 420 million.

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