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THE FEDERAL RESERVE BANK OF CHICAGO

AGRICULTURAL LETTER

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Farm organization meetings held this week included those of the Illinois Agricultural Association (Farm Bureau) and the National Grange. President Charles B. Shuman told members of the Illinois organization that agriculture should "take the lead in reducing governmental non-defense spending by supporting drastic reductions in farm program expenses. I am convinced that agriculture would not be seriously damaged by suspension of practically all farm program activities and expenditures during these periods when our prices approach parity...Implementation of this suggestion would be simple in that no change in basic law would be required—merely a reduction in appropriations." This view is quite different from that expressed recently by Secretary Brannan in which he suggested that price supports should be used more extensively in the current situation to encourage high-level farm production. Mr. Shuman was critical of plans to socialize medicine and "the Brannan plan to socialize agriculture." He indicated, furthermore, that "while the Brannan plan has been temporarily defeated it is by no means dead."

In an address prepared by the late Albert S. Goss, Master of the Grange from 1941 until his death on October 25, he recommended to members of that organization that an anti-inflation program based first on maximum production but backed by credit controls, allocation of scarce materials, increased taxation, personal sacrifices, and finally, strong rationing and price and wage controls be adopted to avoid dangers inherent in the present economic situation. Mr. Goss stressed the need for sound monetary policies and recommended creation of a fiscal policy board on which the Federal Reserve Board, the Treasury, and banking and currency committees of the Congress would be represented to thresh out such matters as interest and rediscount rates and Treasury deficit or surplus policies.

Corn acreage allotments for 1951 have not been announced, but some unofficial reports mention allotments for the commercial area of about 105 per cent of the 1947-49 average and a goal of about 89 million acres compared with 84 million in 1950. Although the corn harvest started late this fall, unusually favorable weather and almost complete mechanization have permitted rapid picking. Harvest in central and eastern Illinois is nearly complete and in other parts of the state is over two-thirds done.

The livestock and meat situation continues to attract much attention as the current prospect is for relatively large meat supplies in the remainder of 1950 but some seasonal decline in the first quarter of 1951. At that time expanding consumer demand may result in rising prices and demands for ceilings on meat and livestock. The American Meat Institute, anticipating such a development, has studied the situation and published a booklet entitled "Expanding Livestock Production Makes Controls Unnecessary." Controls are not needed, it is argued, because livestock numbers have been increasing and are expected to increase further in the year ahead, stocks of feed grains are near record levels and continued large production is indicated, further increases in livestock and meat production should be encouraged, meat requirements for the armed services will represent only a small part, about four per cent, of total supply in 1951, and direct controls do not work well on meat.

A recent report on farrowings of pigs in Iowa in October indicates a 15 per cent increase over the same period a year earlier and that the June-October farrowings were 12 per cent above the same period in 1949.

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