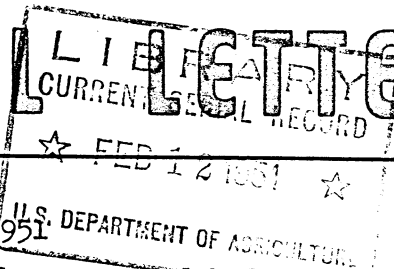


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THE FEDERAL RESERVE BANK OF CHICAGO
AGRICULTURAL LETTER



January 26, 1951

A price freeze is imminent, probably will be announced before this Letter is mailed. Livestock and meat interests have waged an insistent battle to avoid controls, but Price Administrator DiSalle told a Senate Committee on Wednesday that meat will definitely be controlled. He indicated also that steps will be taken to keep meat in legitimate channels but revealed no details of such plans.

With price ceilings on the horizon and increased farm production needed, a new price support program similar to the World War II "Steagall Amendment" has been proposed by Senator Young. The proposal would extend price support for commodities needed in the defense program for two full years following the January 1 after which the national emergency is ended. Support would be at 90 per cent of parity.

Margins between farm and retail values of agricultural products are coming in for another review. Senator Ellender, now Chairman of the Senate Agriculture Committee, has indicated that an investigation of these margins may be an early order of business for his committee. Processor and distributor margins are a popular item for investigation whenever prices are rising at retail or declining at the farm. Past investigations have generally failed to prove profiteering in the food trades.

Cash receipts from farm marketings in 1950 are now estimated to total 27.9 billion dollars, slightly less than the 1949 total of 28.1 billion. December receipts were up six per cent from a year ago, and the BAE estimate of 2.3 billion dollars for January is five per cent above the January 1950 level. Seventh District states probably will fare somewhat better than the U.S. due to the dominance of livestock in this area.

There were 4,656,000 cattle on feed in the U.S. on January 1, 1951, five per cent more than a year ago and the largest number on record according to USDA estimates. In the Corn Belt 79 per cent of the cattle had been on feed less than three months, and 32 per cent were scheduled for market before April 1, about the same as last year. Due to the larger number on feed, however, receipts at Corn Belt markets during the next three months probably will be higher than a year ago.

Turkey growers have reported intentions of raising a record crop of turkeys this year but only one per cent more than in 1950. Growers' and dealers' stocks of onions in or near production areas on January 1 were one-fifth larger than a year ago and 30 per cent larger than the preceding 10-year average, according to a recent BAE report. Potato stocks were the largest on record, exceeding year-ago stocks by six per cent.

"Public health laws" of many cities which restrict the areas from which milk can be drawn may be upset by a recent Supreme Court ruling. A Madison, Wisconsin, requirement that all milk be pasteurized within a five-mile limit has been invalidated on the grounds that it is an economic barrier which protects local milk producers from competition with outside firms.

The first preliminary reports of the 1950 Census of Agriculture were received this week. They were on number of farms for the states of Montana, California, West Virginia, and Kansas. The number of farms declined between 1945 and 1950 in each of these states. Declines ranged from 1.5 per cent in California to 17 per cent in West Virginia. Kansas and Montana both had seven per cent reductions. We will report further on this as more data is released.

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