

THE FEDERAL RESERVE BANK OF CHICAGO

AGRICULTURAL LETTER

September 7, 1951

The groundwork is laid for further controversy on agricultural policy. The USDA has asked county representatives to survey farmer opinion on agricultural programs and report the results to Washington. In this connection, county PMA offices have been provided an outline to use in discussion meetings with farmers, entitled Family Farm Policy Review. Farm Bureau spokesmen have registered sharp opposition to the Government agency conducting such a field survey, insisting that farmers' views can be reflected better through their own organizations and the Congress than through employees of the USDA—"it is not a proper way for evolving farm policy recommendations." The Farmers Union, on the other hand, endorses the activity and charges that those who oppose it may not be "in sympathy with any farm program that is aimed at strengthening a family farm agriculture against the inroads of landlordism." With 1952 on the horizon, the whole activity has been described by some observers as "politics."

Science promises to rescue corn growers from the damaging effects of leaf blight, important in some Illinois areas this year. There is evidence that resistance to the disease is inherited and can be incorporated into new resistant varieties. No corn hybrid now widely grown in the Corn Belt is resistant to the disease.

The runt in the hog lot may now hold his own with his more vigorous brothers. USDA scientists report that antibiotics added to the feed of weak, unthrifty pigs increased their growth rate nearly 100 per cent. The increase in healthy pigs was 10 to 20 per cent. Antibiotics are organic compounds with germ-killing properties.

Farmers who can store soybeans at harvest time probably will benefit from a seasonal price rise. A USDA study reports that for the four years 1946-47 to 1949-50, the price rise from October until spring would have resulted in net earnings from storing equal to 15 per cent of the October value. Price support loans will be available for the 1951 crop at a level about 35 cents above a year ago. The average for Illinois counties will be about \$2.46 a bushel.

Farmers have started marketing the spring pig crop and a substantial seasonal increase in slaughter is expected over the next three months. This suggests that prices will decline seasonally, probably about the usual amount. Some market analysts are predicting 18 dollar hogs in November. Farmers are expected to market more lightweight hogs than usual in view of the narrow hog-corn ratio. Also, the indicated large harvests of soybeans and cottonseed are expected to exert a downward pressure on lard prices and to result in substantial discounts for heavy hogs. At the same time, light unfinished hogs are discounted sharply. Probably the best policy is to finish hogs rapidly for early sale at 200-240 pounds.

Livestock feeders should follow the cottonseed and soybean meal markets rather closely during the next two months as this will be the period of peak cottonseed and soybean movement and may result in favorable opportunities to obtain supplies of protein supplements for future needs.

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No. 108

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Farm Product Prices
August 15, 1951

Commodity	Prices Received by Farmers	Effective Parity Price	Price as a Percentage of Parity	Legal Minimum for Ceiling Prices
Wheat, per bu.	\$ 2.05	\$ 2.41	85	\$ 2.41
Rye, per bu.	1.46	1.77	82	1.77
Corn, per bu.	1.65	1.75	94	1.75
Oats, per bu.	0.76	0.98	77	0.98
Barley, per bu.	1.17	1.52	77	1.52
Sorghum grain, per cwt.	2.09	2.97	70	2.97
Hay, all baled, per ton	20.40	29.20	--	29.20
Cotton, per lb.	0.35	0.34	102	0.39
Soybeans, per bu.	2.71	2.82	--	3.06
Flaxseed, per bu.	3.11	4.71	66	4.71
Potatoes, per bu.	1.17	1.80	65	1.80
Beans, dry edible, per cwt.	7.30	9.25	--	9.25
Apples, per bu.	1.94	2.88	--	2.88
Hogs, per cwt.	21.20	21.30	100	21.30
Beef cattle, per cwt.	29.10	19.80	147	26.40
Veal calves, per cwt.	32.60	22.10	148	30.10
Sheep, per cwt.	15.00	11.20	--	15.10
Lambs, per cwt.	29.80	21.70	137	29.20
Butterfat, in cream, per lb. ...	0.69	0.77	94 ¹	0.77
Milk, wholesale, per cwt.	4.45	4.79	95 ¹	4.79
Chickens, live, per lb.	0.26	0.31	83	0.31
Turkeys, live, per lb.	0.35	0.40	--	0.40
Eggs, per doz.	0.50	0.53	91 ¹	0.53
Wool, per lb.	0.77	0.57	136	0.95

¹Percentage of seasonally adjusted prices to parity prices.

SOURCE: Bureau of Agricultural Economics, U.S. Department of Agriculture.

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