

Current Economic and
Financial Conditions
Board of Governors of the
Federal Reserve System
August 25, 1965

Crop production. With weather conditions generally favorable in most farm areas thus far in 1965, a record harvest is expected from an acreage only slightly larger than that of 1964. Increases in yields are in prospect for all major crops. Largest increases in production are forecast for those crops most adversely affected by last year's drought in the Corn Belt. Gains in output of 15 per cent and 27 per cent, respectively, are in prospect for corn and sorghum grains, and an increase of 23 per cent for soybeans. Output of food grains is expected to be moderately larger. Declines are indicated for tobacco, cotton, and sugar crops because of reductions in acreage.

The prospective average yields of 7 per cent above 1964 and 5 per cent above the previous record of 1963 are in line with the sharply rising trend of the past 10 years which has been interrupted only by the dry weather of 1964. In a recent report to the Senate Agriculture Committee, Dr. Wilcox of the Legislative Reference Service attributes the increases to four main factors: increased drawbar power and improved implements which permit more timely and effective field operations; the development of higher yielding crop varieties; the increased use of chemicals to control pests and weeds; and most important, the greater use of fertilizers, particularly the use of nitrogen, which has doubled in the past 10 years. Another factor contributing to higher yields has been expansion in acreages of crops grown under irrigation. Dr. Wilcox suggests that further increases in yields are highly probable mainly as a result

of further increases in fertilizer use and other improvements in farm practices. In the next 5 to 10 years he sees probable increases of a third in corn yields and from a tenth to a fifth in wheat and cotton yields.

A recent USDA study shows that corn yields in the Corn Belt adjusted by a weather index increased from 30 bushels per acre to 70 bushels between 1929 and 1962. Hybrid seed, generally adopted between 1933 and 1948, accounted for about 20 bushels of the 40 bushel increase. Yields were nearly stable in the five years after 1948. Since 1954, expanded use of fertilizer, chemicals, closer planting, and other supporting practices has pushed yields up another 20 bushels.