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The 1947 drought has developed into a billion dollar headache for American farmers, but it may spell added misery for other parts of the world beyond the scope of mere dollars to encompass. One of the more obvious consequences of the dry season and the resultant reduction of this year's corn crop to 2.4 billion bushels (smallest crop since 1936) is the reduction of feed grain supplies for the coming season 20 per cent below a year ago.

Not only will this mean rather drastic readjustment of livestock operations, but with continued heavy demand for grain exports supplies will not equal the needs, and wheat, flour, and corn exports will have to be curtailed. Secretary Anderson recently made that quite plain when he stated that the reduction in this year's grain crops would exceed the last year's exports of 563 million bushels. He also emphasized the rising crisis in dollar shortages as a factor pointing to lower exports. But in spite of dollar shortages USDA says it is likely that demands for large exports will extend through and possibly beyond the 1948-49 season. The State Department recently served notice of the situation to the world by instructing our embassies in 20 countries that we will have at least 10 per cent less grain available this year than we did in 1946-47.

Exports dropped again in July, falling seven per cent below June levels and bringing the total value of our exports to the lowest level reached since February. Imports into the U.S. also declined for the third successive month, but the decline was not as sharp as that of exports. One aspect of the trade crisis was the British action cutting off all American purchases after September. Britain will take two and one-half million bushels of flour and wheat earmarked for September shipment, but she has canceled contracts for a like amount scheduled for October delivery.

How permanent this decision will be, in view of the British food situation, probably depends on future Congressional action relative to financing foreign relief and rehabilitation and on possible temporary relief via loans from the World Bank and/or the Export-Import Bank. Although Britain may soon resume buying grain here, USDA officials expect that the British decision may mean the loss of a substantial market for cotton for a long time to come.

Meanwhile, another USDA official pointed out recently that given dollars with which to buy in this country, foreign countries give evidence of having a high priority in their buying for American soybeans.

Another warning note has been sounded by the U.S. Soil Conservation Service in stating that if the present rate of soil erosion continues, one-fourth of the nation's cropland will be irreparably damaged by 1960. Backing up this warning with one of his own, Secretary of the Interior Krug also cautioned of the dangers inherent in the rates of exploitation of our natural resources during the past several years. He mentioned not only soil fertility losses but also forestry, grazing lands, and mineral resources. This is an aspect of our export trade and "high level economy" that is beginning to disturb more and more people, but one that it is too easy to overlook in the furor of world problems today.

USDA reports that farmers were getting cash incomes during the first eight months of this year at an annual rate of 30 billion dollars and about 15 per cent above the 1946 receipts. Preliminary estimates are that cash expenditures for production will be about one-half of this total, leaving 15 billion dollars available for family living and saving.

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