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Wholesale prices during the first half of January were nearly four per cent below a year ago, farm products were down 14 per cent, and foods were off 10 per cent. Aside from textile products most other wholesale prices were up from a year ago. Among wholesale prices of agricultural products feed grains were off 45 per cent, and grains were down 35 per cent, high protein feeds were 20 per cent lower, livestock were off 15 per cent, and wholesale meats were down 10 per cent.

The BAE says that most of the declines in livestock and meat prices the last three or four months have been normal seasonal movements, but that there are some indications that the price drop is greater than can be accounted for entirely by the seasonal rise in supplies, and that this may be an indication of some weakening in the demand for meats compared to the high level reached last summer.

In view of the increasing controversy over the level of farm price supports, the President's message on the State of the Union may be taken as a clue to Administration plans and thinking. The President said that while farm price supports are an essential part of the national programs to achieve the needs of farm prosperity and a high standard of living, "price supports should be used to prevent farm price declines which are out of line with the general price level, to facilitate adjustments in production to consumer demand, and to promote good land use. Our price support legislation must be adapted to these objectives." This is probably not exact enough language to be a flat position on the flexible versus mandatory 90 per cent controversy, but opponents of mandatory high level prices are taking this statement as support of their position.

It would appear from the President's message that the Administration program will include: authority to CCC to provide crop storage; measures to expand the domestic market for farm products among low income consumers by food subsidy and by expansion of the school lunch program; raising farm standards of living by more funds for loans by REA for electrification and telephone service; and measures to improve the health, education, housing, and social security of farm people. The President in his message said that the national farm program should yield abundant production and parity income to agriculture. The phrase "parity income" probably should not, however, be taken to suggest any shift in emphasis away from parity prices to parity income at this time.

On the matter of subsidizing "low income" food consumption, Senator Aiken (Rep. Vt.) has reintroduced a bill calling for a food subsidy plan designed to expand domestic markets and raise nutritional levels.

In the past when farm prices have declined while retail food prices lagged, the spreads between farmers and consumers have come under criticism or question as to being too high. This tendency for margins to lag is a usual aspect of our complex price structure. Present action is in the form of a resolution introduced into the Senate calling for an investigation of these price spreads. Such investigations have been made before, but about all they have ever shown is that processing, manufacturing, storing, transportation, wholesaling, and retailing of farm products have their costs the same as any other economic function and are inclined to be slow in adjusting downward.

Renewal of the fight over oleomargarine has begun in Congress with the introduction of several bills to drop Federal taxes. Dairy interests have worked out a new strategy, dropping the opposition to a repeal of taxes and concentrating on a drive to prohibit the artificial coloring of oleo as "imitating butter."

With milk cow numbers at the lowest point in nearly 20 years, USDA is urging dairy farmers to meet a production goal of 120 billion pounds of milk in 1949. With more

(over)

ample feeds the department recognizes heavier grain feeding and counts on it to increase the output of milk per cow. The average per cow was 5,020 pounds in 1948, and even with no further declines in cow numbers this year the output would have to be 5,170 pounds, a new high.

As Congress settles down to new tasks in framing legislation, the Senate agricultural committee has assigned top priority to measures that would expand the nation's stock piles of food and feed grains. There is talk of building reserves up to a billion bushels of corn and 400 billion bushels of wheat, although, of course, none of this could be done in a year. One problem is storage facilities, and it is currently expected that Congress will authorize CCC to build and sell storage bins to farmers.

A bill again has been introduced into Congress to amend farm legislation by requiring the inclusion of the costs of hired farm labor in computing parity.

Another legislative issue of interest to agriculture is the fight to be staged over the renewal of the Reciprocal Trade Agreements Act this year. The Democratic majority is asking that the legislation be hurried through in order to facilitate April trade negotiations, but the Republican minority has served notice that if it is able, it will require full dress consideration of the legislation. Also at issue is a move by the Administration to remove what are called "hampering restrictions" on the President that were written into the Act by the last Congress.

Another attempt to work out an international wheat agreement is to be made. Secretary Brannan has named an advisory committee representing interests concerned with wheat. This country will be host to an international conference on a proposed agreement convening in Washington, January 26. The last Congress shelved the agreement previously worked out.

A new all-time high was reached January 1 in the number of cattle on feed, according to USDA, 4,548,000 head in the U.S., 19 per cent larger than the 3,821,000 last year. The north central states, including the Corn Belt, had 3,463,000 head, 22 per cent more than last year but only one per cent above the 1943-47 average.

The number of sheep and lambs on feed January 1 was 15 per cent below last year and the lowest in 24 years. In 11 Corn Belt states, which had over 60 per cent of the total, the decline from last year was nine per cent.

USDA reports that farm wage rates continued to rise up to January 1, and on that date were three per cent above a year earlier. For the country as a whole the combined weighted average of all rates paid was 60¢ an hour. But the report indicates that the rate of increase was slower than it has been in recent years and this may indicate a leveling off this year.

More telephones for farmers is the object of a bill introduced into the Senate and referred to the Senate committee on agriculture. The bill would authorize appropriation of 300 million dollars to REA for loans to finance telephone lines to farms and rural areas. Another bill recently introduced would authorize appropriation of an additional one billion dollars for REA electrification loans.

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