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Legislative action on a "long-run" farm price program has continued to languish while the major political parties do some "pulse-taking" in rural areas. Senator Anderson, author of legislation thought most likely to be adopted, appeared to break with Brannan, the present Secretary of Agriculture, by endorsing the principle of flexible support prices and insisting that this was basically the program presented to Congress when he was Secretary of Agriculture and supported by the Administration at that time. He apparently approves of a limited use of production payments, however, but on a very restricted scale as compared to Secretary Brannan's proposal. Meanwhile, spokesmen for farmers' marketing cooperatives raised objections to a feature of the Anderson proposal which would set up an assistant secretary of agriculture to plan disposal of agricultural products acquired in price support operations. They fear that the proposal would lead to large-scale CCC operations in direct competition with private marketing agencies, as the proposed legislation would direct the assistant secretary "to make such commodities and products available for purchase in areas of the country in which they are in short supply and in which prices for such commodities and products are above support levels."

A 45 million bushel lag in July and August wheat exports behind the year-ago level, and with the lag continuing in September, has resulted in much support for prompt enactment of a bill to permit countries receiving ECA aid to purchase U.S. wheat at the International Wheat Agreement price of $1.80 per bushel. To be decided is whether the export subsidies should be paid from ECA funds, by the CCC, or from a special appropriation for the purpose. The current subsidy payment on Agreement exports range from 36 to 47 cents per bushel depending on port and destination. Some officials still think total exports of about 400 million bushels of wheat can be achieved in the 1949-50 year, with some possibility that marketing quotas can be avoided on the 1950 crop, unless plantings materially exceed acreage allotments.

The proposed International Commodity Clearing House has received some favorable reaction since its announcement a week ago and is expected to receive serious study in the months ahead. It is generally believed that this or some similar proposal will be sponsored before long to supplement or substitute for dollar loans and grants abroad in an effort to keep domestic price support programs from breaking down. This trend of thinking was indicated further this week with the introduction of a bill (S Res 173) by Senator Anderson, former Secretary of Agriculture, which asks for $25,000 to finance a study of means of stimulating the export of surplus farm commodities.

The Balance Sheet of U.S. Agriculture as of January 1, 1949, recently released by the BAE, showed total assets of 127 billion dollars, five per cent more than a year earlier. The increase occurred largely in values of physical assets, the 22 billion dollars of financial assets being about equal to year-ago holdings. Liabilities increased 2.1 billion dollars during 1948 to 11.2 billion dollars, about half of the increase being nonrecourse price support loans made or guaranteed by the CCC. Real estate debt increased five per cent, and debts other than CCC guaranteed or real estate increased 17 per cent. Proprietors' equities increased three per cent to 116 billion dollars. If physical assets are valued at 1940 prices, however, the increase from 1940

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is 10 per cent as compared with 116 per cent when valued at current prices. A considerable part of the "improvement" in the Balance Sheet of Agriculture has resulted from "writing up" values of physical assets.

Land values declined in the Seventh Federal Reserve District and in the country generally during the four months ended July 1, according to a recent BAE report. A two per cent decline from March to July brought average U.S. values to a level one per cent below a year ago and three per cent below the November 1948 peak, although still more than double the 1935-39 average. July 1 values in Seventh District states showed percentage changes from a year ago as follows: declines of three per cent in Indiana, five in Michigan, and three in Wisconsin; increases of three per cent in Iowa, and two in Illinois.

With hog marketings pushed ahead this fall, Iowa State College economists suggest that the seasonal peak in hog sales is likely to come in November instead of December. This favors carrying late spring pigs over into the late winter unless one expects serious weakness in general economic conditions at that time. Even under these conditions, however, it should be remembered that hog price support levels rise seasonally following the low point in December. Announcement of official support levels is expected within the next few days.

Over-all prices of milk and dairy products are expected to increase moderately in the next two months, due largely to seasonally smaller production. The increase is expected to result from stable prices for some dairy products and moderate rises for others. Butter production in 1949 will be about one-eighth above 1948, in August it was 10 per cent above a year ago. Production of cheese and nonfat dry milk solids have also been above a year earlier. Government purchases to support dairy prices up to mid-September of this year accounted for 76 million pounds of butter, 332 million pounds of nonfat dry milk solids, and 23 million pounds of cheese; the total costs, 92 million dollars. The Office of Foreign Agricultural Relations reports that production of manufactured dairy products showed "substantial increases" in the second quarter of 1949 over the corresponding period of 1948 in most of the major producing countries.

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