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THE FEDERAL RESERVE BANK OF CHICAGO
U.S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL LETTER

December 15, 1950

Crop production goals for 1951 are receiving much attention in the USDA. Wheat, cotton, and rice acreages are the only ones announced to date. Goals for other important crops probably will be adjusted in accordance with further domestic and international developments and made public in piecemeal fashion as planting dates approach. At the National Agricultural Outlook Conference in Washington a little over a month ago, the Secretary of Agriculture reported that no detailed production goals at the individual farm level were contemplated for 1951 but that general over-all guidance on probable needs for farm products would be provided. This view was not repeated, however, in his speech this week in Chicago at the National Conference of Production and Marketing Administration employees. Stepped-up defense activity may bring more complete direction of farm production from Washington.

Increased plantings of cotton, wheat, and corn are indicated to total around 20 million acres in 1951. Total crop acres will expand, but competition of crops for the available land probably will reduce acreages of such things as oats, hay, soybeans, and barley.

The Secretary's recent speeches continue to emphasize the need for increased farm production, in general terms. Also, he makes frequent reference to "the family-size farm" and the development of public programs to strengthen it. He is very critical of farm leaders who have suggested recently that Government farm program activities and expenditures be reduced sharply in the present period of strong demand and near-parity prices, asking, "Can we defend America's political and economic freedoms by throwing the farmers to the mercy of blind economic forces?" Urging more extensive use of "price supports to encourage production of commodities that are most needed," he suggests that "if we are to provide farmers with the protection they need," we cannot "confine price supports to the so-called basic commodities."

Meanwhile the American Farm Bureau Federation, in annual convention at Dallas, Texas, is expected to adopt resolutions favoring maintenance of present farm price support legislation and strict economy in Government.

Feeder cattle shipments into the Corn Belt increased sharply in November, setting an all-time high for the month. July-November in-shipments, although 12 per cent below the same months last year, exceeded any other year. Unsatisfactory development of wheat pastures in the Great Plains is causing some increased movement of feeder cattle from this area, but no large price decline is indicated.

The sharp but short-lived spurt in egg prices last week was largely a weather phenomenon. Snow and cold temporarily interfered with transportation and reduced the rate of lay. Small storage holdings, increased military buying, and strengthening civilian demand also contributed to the sharp price rise. Except for such unusual situations, egg supplies appear to be ample.

The USDA has scheduled several hearings on wage rates and prices for the 1951 crop of sugar beets. One is at Detroit, Michigan, on January 3.

Farmers have stepped up fertilizer purchases. October volume, as indicated by tag sales, is 11 per cent above a year ago.

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