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## Federal Reserve Bank of Chicago -

March 22, 1957

CROP ACREAGE in the U. S. will be reduced substantially if farmers carry out their March 1 planting intentions reported to the USDA. The combined effects of drouth, soil bank and acreage allotments will be to cut the planting of major crops about 12 million acres, or 3½ per cent below the 1956 total. This would be the smallest planted acreage since 1917.

For a number of years the total acreage planted to crops has fluctuated within a fairly narrow range. Whether the indicated decline in 1957 is large enough to cause total crop output to be reduced significantly remains to be seen. Farmers' current plans, of course, are tentative and will be revised in response to weather, prices and the host of other things that affect last minute planting decisions.

Indicated U. S. acreages of major crops and the changes from 1956 plantings follow:

	Indicated 1957 acreage (millions)	Per cent change from 1956
Corn . . . . .	74.4	-5
Soybeans . . . . .	22.7	+4
Oats . . . . .	43.5	-2
Barley . . . . .	16.0	+9
Sorghums . . . . .	26.5	+23
Hay . . . . .	72.8	-1
Spring wheat . . . . .	12.8	-21

Total feed grains are expected to be boosted one million acres. However, the indicated shifts—from corn and oats to barley and sorghums—will tend to keep output from increasing. Nevertheless, the supply of feed grains probably will continue excessive as it has for a number of years.

Major acreage shifts in District states are out of corn and into sorghums and soybeans. Farmers in all District states indicated that they intend to reduce corn acreage: by 1 per cent in Indiana and Wisconsin, 3 per cent in Illinois and 5 per cent in Iowa and Michigan. Large planned increases in sorghum acreages and indicated gains of from 2 to 9 per cent in soybeans about offset expected declines in acres planted to corn.

The shift to sorghum is largely in response to the effects of drouth in recent years. The expansion of soybean acreage is a continuation of a trend which reflects the expanding market for that crop. The adjustments are stimulated also by a reduction in corn allotments, averaging 15 per cent per farm, and uncertainties relative to price supports for that crop. There are no acreage restrictions on soybeans or feed grains other than corn.

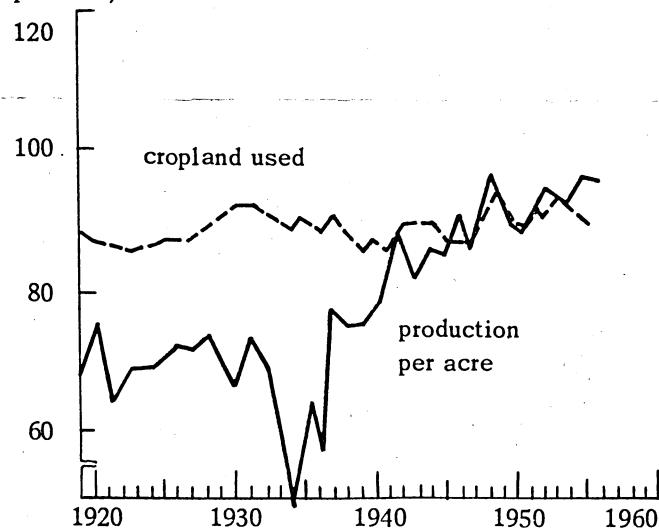
RISING YIELDS per acre have boosted crop output sharply since the late Thirties (see chart). Yields in



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the middle Thirties, of course, were reduced severely by widespread drouth.

per cent, 1947-49 = 100



The indicated planting of 74.4 million acres of corn, for example, will be the smallest in 70 years, a time when the U. S. population was fully 100 million smaller than at present. The annual production of corn 70 years ago, on an acreage comparable to that indicated for 1957, fluctuated around 2 billion bushels. If the yield per acre in the current year should equal the high yield of 45.4 bushels realized in 1956, output would total nearly 3.4 billion bushels.

As recently as 1955, the acreage planted to corn amounted to 95.5 million. In that year production totaled 3.1 billion bushels. The largest production on record was in 1948 when 3.6 billion bushels were harvested from a planted acreage of 85.5 million. Other crops show similar results, as indicated by the line on the chart showing output per acre.

The continuing challenge to farmers, and to public officials who formulate and administer farm programs, is to adjust the amount of land and other resources used in agricultural production to the amounts which will provide the output required by consumers. Achieving a desirable balance is not easy. However, for a number of years the imbalance has been clearly on the side of excess supplies of farm products. The indicated reduction in planted acres in 1957, therefore, is a change in the right direction. But the effects on crop output will remain uncertain until the growing season is well advanced.