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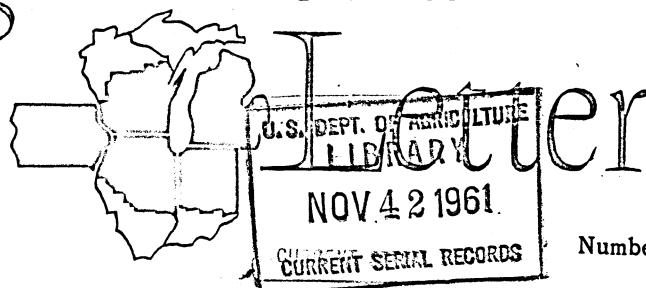
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Agricultural



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Perhaps no subject is more complex, less understood by the American public, or has aroused more controversy among other agricultural nations than the agricultural export programs of the United States.

In the year ended June 1961 this country exported a record \$4.9 billion of agricultural commodities. Of these, about 60 per cent required Government subsidy in one form or another. About \$1.5 billion of agricultural commodities were under "special" Government export programs. An additional \$1.3 billion of "commercial" exports were subsidized by Government export payments or sales to the exporting firms from Government stocks at less than domestic prices. Since mid-1954, overseas shipments under the "special" programs have exceeded \$9.5 billion, representing about one-third of our total agricultural exports. A large part of the rise in U. S. agricultural exports during the late 1950's is attributable to these programs.

The bulk of the "special" exports has gone abroad under provisions of the Agricultural Trade Development and Assistance Act of 1954—popularly known as P. L. 480.

Exports of U. S. farm products under P. L. 480 were \$1,355 million, or 28 per cent of total U. S. farm exports in the year ended June 1961. The major provisions of P. L. 480 used to export U. S. farm products are (1) sales for foreign currencies, (2) use of surplus commodities for famine relief and other assistance and (3) donations and barter transactions.

United States Farm Exports July 1960 - June 1961 (million dollars)

Public Law 480	\$1,355
Mutual Security	186
Commercial Exports	3,359
(includes subsidy on \$1.3 billion)	
Total	4,900
P. L. 480 as per cent of total	28

In fiscal year 1961 over two-thirds of the P. L. 480 exports were sales for foreign currencies. Such sales totaled \$935 million, 13 per cent above fiscal year 1960, and about 3 per cent above the previous high in fiscal year 1957. The volume of shipments totaled 11.2 million tons, up about 7 per cent from the previous high of 10.5 million tons set last year. A record 335 million bushels of wheat and wheat flour were included in the total. Exports of rice (12 million bags) and cotton (1.3 million bales) were the highest since fiscal 1957.

Donation and barter programs accounted for over a fifth of P. L. 480 exports last year while slightly over 10 per cent were for famine relief and other assistance including programs for feeding children and refugees in addition to a new economic development program. Nearly 56 million people in 99 foreign countries benefited by such donations last year.

P. L. 480 was originally a temporary measure (limited to three years) to achieve a rapid disposal of the accumulated stocks of surplus farm commodities in Government storage. However, the program has been extended repeatedly and has been expanded in scope and now bears the banner of "Food for Peace." This year, Congress extended the program through December 1964 and authorized a total of \$4.5 billion in sales for foreign currencies and \$0.9 billion in gifts during this period.

The Administration has announced it will place more emphasis on expanding exports of high-protein commodities, indicating that the program is on the way to becoming a permanent part of this country's export and trade policy. The Administration plans to utilize the "Food for Peace" program "to relieve hunger and help economic growth in all corners of the globe" by gearing domestic agricultural production more closely to the estimated food needs of the world.

In keeping with this objective, the Secretary of Agriculture has increased price supports on dry milk, soybeans, peanuts and cottonseed, relative to those for wheat and corn. Consideration also is being given to promoting increased utilization of the wheat and feed grains exported under the program in the production of meat in the recipient countries.

Thus, serious efforts are being made to reshape the Government's agricultural export program so as to achieve a more constructive utilization of the surplus productive capacity of American agriculture. Success of this endeavor will largely depend upon the following: how effectively the food can be distributed among "needy" people in the recipient nations; whether local agricultural initiative in these countries may be dampened as a result of the food imports; and the extent to which the "soft" currencies received by our Government under the program can be employed to foster economic growth in these countries.

Research Department

FARM BUSINESS CONDITIONS

September 1961, with comparisons

I T E M S	1961		1960
	September	August	September
PRICES:			
Received by farmers (1947 - 49 = 100)	89	89	87
Paid by farmers (1947 - 49 = 100)	120	120	119
Parity price ratio (1910 - 14 = 100)	80	80	80
Wholesale, all commodities (1947 - 49 = 100)	119	119	119
Paid by consumers (1947 - 49 = 100)	128	128	127
Wheat, No. 2 red winter, Chicago (dol. per bu.)	1.98	1.90	1.93
Corn, No. 2 yellow, Chicago (dol. per bu.)	1.12	1.14	1.17
Oats, No. 2 white, Chicago (dol. per bu.) . . . . .	.69	.69	.66
Soybeans, No. 1 yellow, Chicago (dol. per bu.)	2.42	2.62	2.15
Hogs, barrows and gilts, Chicago (dol. per cwt.)	18.32	18.19	16.67
Beef steers, choice grade, Chicago (dol. per cwt.)	24.34	24.13	24.80
Milk, wholesale, U.S. (dol. per cwt.)	4.35	4.17	4.42
Butterfat, local markets, U.S. (dol. per lb.) . . . . .	.61	.61	.60
Chickens, local markets, U.S. (dol. per lb.) . . . . .	.11	.13	.15
Eggs, local markets, U.S. (dol. per doz.) . . . . .	.35	.35	.39
Milk cows, U.S. (dol. per head)	224	225	218
Farm labor, U.S. (dol. per week without board)	--	48.25 ^a	--
Factory labor, U.S. (dol. earned per week)	92.66	93.83	91.08
PRODUCTION:			
Industrial, physical volume (1947 - 49 = 100)	169	171	162
Farm marketings, physical volume (1947 - 49 = 100)	148	141	157
INCOME PAYMENTS:			
Total personal income, U.S. (annual rate, bil. of dol.)	420	419	406
Cash farm income, U.S. ¹ (annual rate, bil. of dol.)	--	36.8	32.6
EMPLOYMENT:			
Farm (millions)	5.6	6.3	6.6
Nonagricultural (millions)	61.4	62.2	61.2
FINANCIAL (District member banks):			
Demand deposits:			
Agricultural banks (1955 monthly average = 100)	102.6	100.4	100.9
Nonagricultural banks (1955 monthly average = 100)	104.5	101.0	104.0
Time deposits:			
Agricultural banks (1955 monthly average = 100)	145.3	144.7	135.3
Nonagricultural banks (1955 monthly average = 100)	148.8	148.0	133.0
¹ Based on estimated monthly income.			
^a July			

Compiled from official sources by the Research Department, Federal Reserve Bank of Chicago