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UNITED STATES DEPARTMENT OF AGRICULTURE

PROGRAM

34th ANNUAL NATIONAL

AGRICULTURAL
OUTLOOK

CONFERENCE

Program 1

34th Annual National

November 26-29, 1956
Washington 25, D. C.

Agricultural Marketing Service
Agricultural Research Service
Commodity Stabilization Service
Foreign Agricultural Service
Forest Service
and
Federal Extension Service Cooperating

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CATALOGING - PREP.

November 26-29, 1956

MONDAY (November 26) MORNING

(Thomas Jefferson Auditorium - South Building)

C. M. Ferguson, Administrator
Federal Extension Service, Chairman

| | | |
|-------|-----------------------------------|---|
| 9:00 | Registration | |
| 9:30 | Opening of Conference | ✓ C. M. Ferguson, FES |
| 9:45 | World Outlook | ✓ Clarence B. Randall Special Consultant to the President <i>P.R. + address</i> |
| 10:15 | Discussion | |
| 10:30 | Intermission | |
| 10:45 | Problems of Economic Policy | ✓ Herbert Stein Acting Director of Research Committee for Economic Development <i>P.R. + address</i> |
| 11:15 | Discussion | |
| 11:30 | General Economic Outlook for 1957 | ✓ Nathan M. Koffsky, Chief Farm Income Branch, AMS |
| 12:00 | Discussion | |
| 12:30 | Lunch | |

MONDAY (November 26) AFTERNOON

(Thomas Jefferson Auditorium - South Building)

Bushrod W. Allin, Chairman of
Outlook and Situation Board, AMS, Chairman

| | | |
|------|--|---|
| 2:00 | Outlook for Agricultural Exports and Foreign Demand | ✓ Clayton E. Whipple Deputy Administrator, FAS |
| 2:40 | Discussion | |
| 2:55 | Family Living Outlook | ✓ Gertrude S. Weiss, Chief Household Economics Research Branch, ARS |
| 3:25 | Discussion | |
| 3:40 | Intermission | |
| 3:50 | Agricultural Outlook for 1957 | ✓ Fred V. Waugh, Director Agricultural Economics Division, AMS |
| 4:20 | Discussion | |
| 5:00 | Adjournment | |

AEP-240 (11-56)

TUESDAY (November 27) MORNING

(Thomas Jefferson Auditorium - South Building)

Longer-Term Outlook

Omer W. Herrmann, Deputy Administrator
Marketing Research and Statistics, AMS, Chairman

- 9:15 Trends in Consumer Demand ✓ James P. Cavin, Chief
Statistical and Historical
Research Branch, AMS
- 9:45 Trends in Production, Costs, ✓ Carl P. Heisig, Chief
and Technology Production Economics Research
Branch, ARS
- 10:15 Trends in Marketing Costs ✓ Kenneth E. Ogren, Head
and Practices Marketing Information and
Statistical Section, AMS
- 10:45 Discussion
- 11:00 Agriculture and Economic Growth ✓ O. V. Wells, Administrator
Agricultural Marketing Service
(Release)
- 11:30 Discussion
- 12:15 Lunch

TUESDAY (November 27) AFTERNOON

Commodity Outlook Sessions for Producers, Handlers, and Consumers

- 1:30 - 4:15* Feed, Livestock and Meat - Thomas Jefferson Auditorium
J. B. Claar, FES, Chairman
Outlook Statement: Harold F. Breimyer, AMS ✓
Malcolm Clough, AMS ✓
- 4:20 - 5:20 Grass and Legume Seeds - Room 331 W. Administration Building
T. E. Hall, FES, Chairman
William H. Youngman, FAS, Outlook Statement ✓
- 4:20 - 5:20 Forest Products - Room 3106 South Building
M. M. Bryan, FS, Chairman
○ Horace R. Josephson, FS, Outlook Statement
- 4:20 - 5:20 Peanuts - Room 3115 South Building
W. E. Jones, CSS, Chairman
George W. Kromer, AMS, Outlook Statement ✓
- 5:20 Adjournment
- 5:30 State Specialists Dinner - 4th Wing Cafeteria
South Building

*issued as "The Demand
and Price Situation for
Forest Products"*

* Sessions formally end at this time but conference room will be free for those who wish to continue the discussion.

TUESDAY (November 27) AFTERNOON

(Freer Art Gallery Auditorium -
Entrance on Independence Avenue)

Family Living Sessions

1:30 - 4:30 Outlook for Consumer Goods
Starley M. Hunter, FES, Chairman

Durable Goods

✓ L. Jay Atkinson
Office of Business Economics
Department of Commerce

Clothing and Textiles

✓ Harry Kahan
Bureau of Labor Statistics
Department of Labor

Food

✓ Harry Sherr
Agricultural Economics
Division, AMS

Trends in Farm Family
Food Practices

✓ Mollie Orshansky
Household Economics Research
Branch, ARS

4:30 Adjournment

5:30 State Specialists Dinner - 4th Wing Cafeteria
South Building

WEDNESDAY (November 28) MORNING

(Freer Art Gallery Auditorium)

Family Living Sessions

9:30 - 12:30 Consumer Credit
Gertrude S. Weiss, ARS, Chairman

Trends in Consumer Credit ✓ Margaret L. Brew
Household Economics
Research Branch, ARS

Who Uses Consumer Credit? ✓ Emma G. Holmes
Household Economics Research
Branch, ARS

The Cost of Installment
Credit to the Consumer ✓ Robert Johnson
Assoc. Professor of Finance
University of Buffalo

○ Panel: Impact of Consumer Credit on
the Economy and the Family

Nathan Bailey Dean, School of Business Administration
American University

Allan Fisher Director of Legal Aid Bureau of
District of Columbia

Robert Johnson Assoc. Professor of Finance
University of Buffalo

Loughlin F. McHugh Office of Business Economics
Department of Commerce

Dorothy Thomas Director of Case Work Services, Family
and Child Services of Washington, D.C.

12:30 Lunch

WEDNESDAY (November 28) AFTERNOON

(Freer Art Gallery Auditorium)

Family Living Sessions

2:00 - 3:30 Economic Principles of Outlook
Frances Scudder, FES, Chairman

Implications of Outlook for Family Living ✓ Starley M. Hunter
Division of Home Economics
Programs, FES

○ Panel: Methods of Using Outlook

Susan Christian Florida State University
Patricia Middleton University of Delaware
Mabel Spray Ohio State University
Lila Dickerson State College of Washington

4:00 - 6:00 Housing Supplies - National Housing Center, 1625 L St., N.W.

Commodity Outlook Sessions for Producers, Handlers, and Consumers

- 9:15 - 11:00* Dairy - Thomas Jefferson Auditorium
Max K. Hinds, FES, Chairman
✓ Herbert C. Kriesel, AMS, Outlook Statement
- 11:05 - 12:30* Fats and Oils (Special Emphasis on Soybeans) - Room 3106
Karl G. Shoemaker, FES, Chairman South Building
✓ George W. Kromer, AMS, Outlook Statement
- 11:05 - 12:30* Fruits and Tree Nuts - Room 218 Administration Building
Lloyd H. Davis, FES, Chairman
✓ Ben H. Pubols, AMS, Outlook Statement
- 11:05 - 12:30* Rice - Room 5860 South Building
J. A. Satterfield, CSS, Chairman
✓ Robert E. Post, AMS, Outlook Statement
- 12:30 Lunch

WEDNESDAY (November 28) AFTERNOON

Commodity Outlook Sessions for Producers, Handlers, and Consumers

- 2:00 - 3:30* Poultry - Thomas Jefferson Auditorium
Homer S. Porteus, FES, Chairman
✓ Edward Karpoff, AMS, Outlook Statement
- 3:35 - 5:15 Vegetables & Potatoes - Room 218 Administration Building
R. L. Childress, FES, Chairman
✓ Will M. Simmons, AMS, Outlook Statement
- 3:35 - 4:45 Sugar - Room 4966 South Building
○ Lawrence Myers, CSS, Chairman — [not published]
- 5:15 Adjournment

* Sessions formally end at this time but conference room will be free for those who wish to continue the discussion.

Commodity Outlook Sessions for Producers, Handlers, and Consumers

- 9:15 - 12:30* A Resume of the Outlook for - Thomas Jefferson Auditorium
Producers, and the Outlook for Consumers
(By commodities and a discussion of the use of
consumption data in consumer marketing programs)
Sharon Q. Hoobler, FES, Chairman
Outlook Statement: Harold F. Breimyer, AMS
Edward Karpoff, AMS
Herbert C. Kriesel, AMS
Will M. Simmons, AMS
Ben H. Pubols, AMS
Malcolm Clough, AMS
Frank Lowenstein, AMS
✓ Marguerite C. Burk, AMS
- 9:15 - 11:00* Wheat - Room 3106 South Building
T. E. Hall, FES, Chairman
✓ Robert E. Post, AMS, Outlook Statement
- 9:15 - 11:00* Tobacco - Room 331 W. Administration Building
✓ S. E. Wrather, AMS, Chairman
✓ Arthur G. Conover, AMS, Outlook Statement
- 11:05 - 12:30* Cotton - Room 509 Administration Building
E. P. Callahan, FES, Chairman
✓ Frank Lowenstein, AMS, Outlook Statement
- 12:30 Lunch

* Sessions formally end at this time but conference room will be free for those who wish to continue the discussion.

THURSDAY (November 29) AFTERNOON

(Thomas Jefferson Auditorium - South Building)

Francis A. Kutish, Iowa State College, Chairman

1:45 - 2:00 A World Outlook Service

Dr. Henry C. Taylor ✓
Former Chief of BAE, USDA

2:00 - Panel: The General Economic Situation

State Department

John W. Evans, Deputy Director
Office of Intelligence Research

Labor Department

Arynness J. Wickens
Deputy Commissioner
Board of Labor Statistics

Agriculture Department

O. V. Wells, Administrator, AMS

Sherman Johnson, Director
Farm and Land Management
Research, ARS

Federal Reserve System

Woodlief Thomas
Economic Advisor

4:00 Outlook's Challenge

P. V. Kepner
Deputy Administrator, FES

4:30 Adjournment

THE OUTLOOK FOR MEAT ANIMALS IN 1957

Statement presented by Harold F. Breimyer at the 34th
Annual Agricultural Outlook Conference
Washington, D. C., November 27, 1956

A year ago we forecast at this session that in 1956 the meat-animal-producing industry would stop to catch its breath. It did; but it had more wind left than we realized, and did not halt until the closing months of this year. Livestock slaughter has recently dropped back to its level of a year ago. The let-up will continue in 1957. It will be most clearly noticeable in hogs. The lull is temporary, a halt before a new uptrend in production begins.

The past expansion has been truly spectacular. Since 1951, meat output has climbed from 22 to 28 billion pounds, a 28 percent increase. Consumers have been treated in 1956 to their largest per capita ration of red meat since records began in 1899. Their average consumption will be about 163 $\frac{1}{2}$ pounds. This will top for the first time the previous high in 1908.

As output increased, prices declined. Retail prices for Choice beef, at a high of 89 cents in November 1951, dropped to 61 cents in March 1956. Prices for pork were reduced from 63 cents in September 1953 to 41 $\frac{1}{2}$ cents in January 1956. Prices of live animals to producers fell to very disappointing levels in late 1955 and early 1956, reaching their lowest since wartime price controls ended. Both prices of meat to consumers and of live animals to producers -- and especially the latter -- have shown an ever increasing responsiveness to variation in supply. Returns to producers have been overdepressed in relation to the high incomes being enjoyed by our consuming population.

As supplies of livestock and meat leveled out during 1956 prices stiffened. Retail prices of Choice beef in September were back to 72 $\frac{1}{2}$ cents, and of pork to 50 cents. Prices of beef cattle and hogs climbed above last year in August. Lambs had done so as early as May. The higher level of prices is expected to continue in 1957. There will of course be fluctuations; prices of Choice steers this winter, for instance, will likely be priced lower than at their high in early fall. Nor will price changes be great. Nevertheless, the price picture is somewhat brighter than it was at this time last year.

Consumers will be asked to pay just a little more for their meat in 1957 than they did in 1956, but retail prices will certainly remain well below a few years ago.

Biggest and most certain of the changes in prospect for 1957 are those in hogs. Last spring 8 percent fewer pigs were saved than a year before. Because the reduction was confined to the second half of the farrowing season, it did not influence the hog slaughter rate until October. It will influence it henceforth, most decidedly. Slaughter for several months will be substantially below a year earlier. Moreover, it will continue moderately lower through at least the spring and summer, reflecting a reduced 1956 fall pig crop. In June producers said they would cut fall farrowings 7 percent. However, by September some had relented, as producers in 9 States then planned to cut their late fall (September-November) farrowings less than originally intended.

In addition, producers planned in September to hold farrowings in the first half of the coming spring season (December to February) 4 percent below a year earlier. Hence, despite improved prices for hogs this fall and a bumper corn crop (offset in part by unrestricted price support available at \$1.25), farrowings are unlikely to regain year-earlier numbers until far into the spring season. The total 1957 spring pig crop promises at most to be only a little above last spring and it is more likely to be a little smaller.

Inasmuch as prices of hogs in recent years have reacted so quickly to changing supplies, they may advance appreciably in response to reduced marketings in 1957. Further, since even the spring pig crop will scarcely regain its earlier levels, the outlook is relatively favorable through the fall and winter of 1957-58. Supporting these forecasts is a pork-supply estimate of 63 pounds per consumer in 1957, 3 pounds less than consumption in 1955 and 1956 and, except for 1954, equal to the lowest-supply years since 1938.

This reduction in supply for consumers would appear harsher were it not for consumers' own indifference to the generous pork supply in recent years. Their expenditures for pork have slipped rapidly and in 1956 are the smallest since 1946 in dollars, and the smallest ever (except one wartime year) as a percent of consumers' income.

More salutary is the demand and production record for beef. Beef output in 1956 is twice that of 1940. Cattle numbers and slaughter are at an all-time high. The expansion has virtually stopped, however. The approximately 40.4 million cattle and calves being slaughtered in 1956 are 1 million above 1955. As the calf crop was indicated in July to be up 271,000, the increase in slaughter may be enough to arrest the previous slow uptrend in inventory numbers. Any change in the inventory in January 1957 will be small, and it could be in either direction.

The nation's cow herd likewise is nearly stable. Fewer cows have been slaughtered, but fewer heifers were on hand as replacements. A slow shift continues from milk to beef cows.

The major change in the 1957 cattle inventory will be a welcome absence of an overload of heavy steers. In late 1955 an exceptionally large number of steers were carried to very heavy weight and high finish, and remained to burden the market for a number of months in 1956. This season cattle are being fed for marketing at younger age and lighter weight.

Instead of so many heavy steers, it is probable that as many or more calves and light-weight yearlings will be on farms next January. At least as many will be fed. Total cattle slaughter in 1957 will likely about equal 1956, with weather influencing actual changes. The most significant difference could be in lighter slaughter weights. This would have two effects: It would reduce the total tonnage of beef and would prevent discounts for overweight and overfinish such as featured the early 1956 market. Another possible difference in 1957 is a more even monthly distribution of fed beef, since the many calves being placed on feed may hold fall production above 1956.

In these years of enormous volume of feeding, flights of prices and fortunes in profits are definitely not in view for cattle feeders. Prices of fed cattle this winter will probably be seasonally lower than their early fall high. Yet they are expected to remain above their levels of the first half of 1956, returning higher profits to feeders than a year before. On the other hand, a 1957 summer price rise equal to that of 1956 is not expected.

Consumers may have a little less beef to eat than their $83\frac{1}{2}$ pounds of 1956. But they will have very nearly as much fed beef; and the forecast total of 80 pounds would be higher than in any year except the last two. They surely won't go beef-hungry. They will have to pay higher prices than a year earlier through the first half of 1957, though perhaps not in the second half.

A long awaited upturn in production of sheep and lambs has not yet been realized. Since May, lamb prices to producers have averaged \$1.00 above a year before. Through September, 56 million dollars of incentive payments on 1955 crop wool had been paid to producers. Sheep production is increasing in the East, but shortage of labor on western ranches and drought in the Southwest have brought declines in some western areas, and total numbers have not yet started to rise. It is not uncommon for a response to price to be slow, and the results of higher returns in 1956 could very well appear in 1957. Certainly an increase in numbers can be expected at some time in the future. Yet the date it will commence still remains uncertain.

Lamb prices are always affected by prices of other meat animals, especially steers. For 1957, the chances appear good that prices will retain a higher level in the first half year. It is less probable that they will do so in the second half.

Meat stands so high in the esteem of consumers in the United States that it would be hard to be pessimistic regarding the longer outlook for the meat animal industry, so long as employment and incomes of consumers remain high. It seems probable that in the next 5 years livestock production will expand gradually; that prices will be reasonably satisfactory to producers; and that meat animals will contribute a rising proportion of cash receipts to farmers.

On the other hand, events of recent years suggest that whenever supplies exceed 160 pounds per person by much, it is hard to maintain acceptable prices to producers. The tendency for costs of marketing and distribution to increase tends to limit the potential markets. Moreover, consumers are allotting an ever smaller proportion of their incomes to meat. For these reasons, the future expansion in meat animal production will be much slower than in 1951-56.

The Soil Bank as a factor in the future is hard to appraise. In making the above outlook we assume that the Bank will (1) prevent excess production of meat animals such as that in late 1955, (2) achieve a reduction in carryover stocks of feed grains, (3) by these two actions, bring the capacity for feed and livestock production gradually into balance. Since present reserve supplies of feed grains are so large, we do not consider that the Bank would prevent meat animal production from increasing gradually.

We have not taken into account the effect of the Conservation Reserve in supporting production of roughage-consuming livestock, since it would be a longer-run influence largely outside the scope of our 5-year study.

Hog production will bounce back from its dips in 1956 and will likely expand about as fast as the population grows. Progress in improving the acceptability of pork to consumers will be a major consideration to the longer outlook. For cattle, it still is uncertain whether numbers will merely remain steady for a few years or will decrease by a few million. A small decrease seems the more probable. In any event, production will turn upward after a time, and the 100 million head so often talked about will prove a reality. Confidence in an eventual expansion in sheep remains undisputed, but, as noted above, the timing also remains unpredictable.