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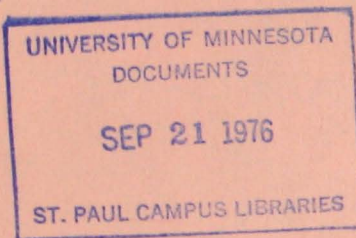
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LOOKING AHEAD IN MINNESOTA AGRICULTURE

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*Digest and Handbook for Agricultural Extension Workers
and Other Leaders in Agriculture*



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UNIVERSITY OF MINNESOTA ①
Agricultural Extension Service ②
U. S. DEPARTMENT OF AGRICULTURE

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I.

GENERAL ECONOMIC SITUATION

A. The nations record since V-J Day has been fair on the whole - satisfactory in some respects and unsatisfactory in others. It has done well in absorbing people in peacetime production but not so well in maintaining a stable economy.

1. Favorable factors are:

- (a) Nearly 11 million veterans have been demobilized and rapidly absorbed into employment. Civilian employment now is 58 million - highest during the war was 56 million.
- (b) The shift from war to peace production has been made rapidly in spite of management & labor disputes, and output is close to capacity in many lines. However, such disputes greatly retarded the production of coal, steel and automobiles.
- (c) Income payments are now close to an annual rate of 170 billion dollars - higher than during the war and more than twice the highest pre-war peaks of 1929 and 1940.
- (d) Federal expenditures have been cut from a wartime high of nearly 100 billion dollars to an annual rate of 40 billion - government income now exceeds expenditures.
- (e) Government security prices have shown great stability, and holdings by banks have been reduced.
- (f) More savings bonds have been bought than sold by the public. Total liquid assets of individuals have continued to increase - but at a much slower rate than during the war.
- (g) Total bank deposits have declined, and interest rates, although no longer declining, have remained low.

2. Unfavorable factors are:

- (a) Wartime controls of prices and wages were prematurely abandoned or relaxed and the upward spiral of rising wages and prices has gone too far - since V-J Day the price rise has amounted to more than 1/3 as much as during the entire war. This advance in living costs has eaten into the buying power of fixed income and other groups, who have lagged behind in wage increases.
- (b) The excess - profits tax was abolished at a time when we needed it most

(c) Production has been held back by disruptions due to strikes and a general spirit of relaxation. The working week was cut at a time when increased production was greatly needed to prevent further inflation.

(d) Prices for some items have risen to a point where they are out of line with what people can or are willing to pay - urban and farm real estate, construction materials, some farm products etc. Existing resistance to high prices is a healthy condition.

B. Changes in government, business, and consumer expenditures:

1. Government expenditures:

(a) Large expenditures in excess of incomes during the war and post-war period contributed to inflationary pressure.

(b) Income taxes should not be reduced if government income is to exceed expenses during 1947 - the only way the federal debt can be reduced.

2. Business expenditures (capital formation) - The annual rate during the third quarter of 1946 was approximately 35 billion dollars, five times the amount at the end of the war. Outlays are for construction and equipment, increases in inventories and the net export of goods and services.

(a) Inventory accumulation speeded up from an annual rate of 1 billion dollars in the fourth quarter of 1945 to 12 billion dollars in the third quarter of 1946. Further increases are expected, but this trend can not continue indefinitely.

(b) Construction and equipment outlays can well be increased. They would have to increase by one-third to maintain total capital formation if increases in inventories stopped - this is unlikely.

(c) The net foreign trade balance is currently high, but cannot and should not be expected to continue for long.

3. Consumer expenditures - The annual rate during the third quarter of 1946 was 128 billion dollars. Consumer expenditures have increased at an annual rate of 20 billion dollars even though incomes have declined at an annual rate of 7 billion - made possible by a reduction in savings from the high war-time rate of 1/4 of incomes to about 1/8. Increases in consumer expenditures arising from reduced savings can last only as long as savings hold out.

(a) Consumers are spending much more for non-durable goods (food, clothing etc) than they did in the pre-war period - will decrease as more durable goods become available.

(b) Consumers are spending much less for durable goods (automobiles, electrical appliances, etc.) than they did in the pre-war period -- will increase as rapidly as durable goods become available.

4. Results of changes in spending. The underlying strength of the demand factors may be sapped in late 1947 at the same time that the flow of goods is rising.

C. Although demand may taper off for some items, the immediate danger is that demand is still in excess of supply - forcing prices higher!

1. Prosperity can not be maintained by keeping up the inflationary process, because some prices and wages move up at a more rapid rate than others, resulting in a more unbalanced economy and final collapse.

2. Further maladjustments and speculative excesses can be avoided if:

(a) Productivity per worker can be raised.

(b) Large scale industrial disputes and further general wage increases can be avoided.

(c) Business groups are willing to refrain from further price increases, or even lower their prices and rely upon volume operations for profits.

(d) Consumers exercise restraint in the purchase of goods at highly inflated prices.

D. We have all the tangible elements of sustained prosperity - Man power, raw materials, money supply, and a vast backlog of needs and wants. Still needed, are the will and wisdom to translate the tangibles into a lasting higher standard of living. The situation calls for:

1. A budgetary surplus and continued debt retirement.

(a) Continued effort to reduce public expenditures.

(b) No reduction in taxes under present conditions. Greater productivity and a resulting larger national income will increase tax revenues without increasing tax rates.

2. Continued restraints on credit.

(a) Continued restraints on consumer credit for durable goods in short supply.

- (b) Provision of credit for productive purposes only, and not for speculation.
 - (c) No reduction in margin requirements on stock market trading.
3. More work and more goods is the only way to safeguard the purchasing power of all wages and savings - the real income.
- (a) Increasing output by increasing efficiency.
 - (b) Eliminating bottlenecks and restrictive rules and practices.
 - (c) Avoiding strikes and shut-downs.
4. An understanding, that further wage increases for the same amount of output would serve only to intensify the upward pressure in prices.
- (a) Increased wages that result in increased prices are self defeating.

II. THE FINANCIAL STATUS OF AGRICULTURE

- A. The value of the agricultural plant for the first time in history exceeded 100 billion dollars January 1, 1946 - due almost entirely to price increases.
1. Was 89 billion dollars January 1, 1945.
 2. Was 52 billion dollars January 1, 1940.
- B. The physical condition of the nation's agricultural plant has not improved and probably has deteriorated.
1. Farm structures and equipment need repair and replacement.
 2. Soil fertility has not been maintained in all areas.
- C. Land prices
1. World War II - Index on July 1, 1946 = 177 (1935-39 = 100)
 2. World War I - Index at the peak in 1920 = 170 (1912-14 = 100)
 3. The dollar value of land per acre is still 14% below the peak of 1920.
- D. Characteristics of land sales
1. There were nearly twice as many voluntary sales in 1946 than the annual average of 1935-39.
 2. A bureau of agriculture economic survey of 1945 land sales in 130 selected counties indicated that:
 - (a) 58% of the farms purchased were paid for in cash.
 - (b) 14% of the purchases involved a debt of 75% of the purchase price - on the average more than the full market value of 1941.
 3. To a substantial number of the recent purchasers for whom real estate purchases have resulted in large mortgage debts, a decline in farm incomes may bring financial difficulties.
- E. Non-real estate physical assets
1. The January 1, 1946 index of all non-real estate physical assets = 164 (1940 = 100) - largely the result of price increases.
 - (a) Livestock inventories = 188
 - (b) Crop inventories = 232

(c) Machinery and motor vehicles = 153

F. Liquid assets held by farmers

<u>Item</u>	<u>Jan. 1, 1940</u>	<u>Jan. 1, 1946</u>	<u>Increase 1940 to 1946</u>
Bank deposits	3 billion	10 billion	7 billion
U. S. Savings Bonds		5.0 billion	
Currency holdings		3.9 billion	
Total	4 billion	18.9 billion	14.9 billion

G. Savings of farmers can easily be dissipated because of:

1. Inflated prices of items farmers need to buy - prices paid by farmers have increased 60 percent since the pre-war period.
2. Expenditures for delayed maintenance and replacements at inflated prices
3. Purchase of new equipment and supplies at inflated prices.

H. The farm mortgage indebtedness was 5081 million dollars on Jan. 1, 1946, the lowest since 1915. At the peak in 1923, it was 10,786 million.

1. Mortgage debt repayment since 1940 has been exceptionally high -- 23%
2. The long period of decreasing mortgage indebtedness since 1923 is approaching its end - 8 states showed an increase in 1944 and 20 in 1945.

I. Some considerations in the future of agriculture

1. The advance in prices has increased the financial obstacles in farming and the risk of ownership - especially for veterans and others who did not share in the increased farm income.
2. The favorable relationship of farm prices that prevailed during the war (prices received and prices paid) will not continue.
3. A large part of the 15 billion increase in bank deposits and government bonds is in the hands of a relatively small proportion of the farm population.
4. Repayment of farm-mortgage debts is likely to slow up decidedly as manufactured goods become abundant.
5. The feeling of financial well-being may encourage unwise spending - easy buying and borrowing like after World War I.

6. To avoid the mistakes made by farmers after World War I, there is need for wise spending - whether the funds arise from current income, savings or new loans.
- J. The farm must provide the income to meet operating expenses, retire the debt and provide the family living.
 1. The expenditures for repairs and replacements, to keep or to place the farm on an efficient basis in many instances, should have the first call on savings and current income.
 2. The purchase of additional land may be justifiable, if the farm is too small.
 3. It may be advisable to spend money on improved types of seed and on livestock.
 4. The general aim should be to get the best combination of resources - land, labor and capital. That in turn and that alone will make for the most abundant farm family living.

III. GENERAL AGRICULTURAL OUTLOOK

A. Agricultural production increased by more than 30 percent during the period of World War II. Although the opportunity of farm labor to get higher paying non-agricultural jobs with shorter hours is a limiting factor, this large production is expected to continue.

1. Crop production is expected to be maintained at the high level or even increased in 1947.

(a) Machinery and other production materials are more readily available.

(b) Prices will be favorable

2. Livestock production is expected to increase in 1947

(a) Large supply of feedstuffs

(b) High prices for livestock products - at least until late 1947.

B. Markets and Consumption

1. Wartime changes

(a) Population in the U. S. increased by about 8 percent.

(b) Per capita consumption of foods increased by about 15 percent.

(c) If the increases in population and per capita consumption are considered together, the domestic market increased quantitatively by 25 percent. -

(d) The margin (5 percent) of increased production (30 percent) over increased domestic market takings (25 percent) was too small to meet all overseas requirements during the war.

2. Present domestic and foreign requirements are strong enough to take all we can produce of most products - at an inflated price level.

(a) Whether or not a strong domestic demand will continue will depend on whether consumer purchasing power can and will be maintained.

(b) The foreign demand is expected to decline as relief shipments taper off further and foreign exchange is required to obtain our commodities.

C. Prices, costs and net income

1. Declines in farm prices are expected in the latter part of 1947

(a) May result in a 1947 price level about 10 percent below the present level.

(b) May result in a 1947-48 marketing season price level of 15 to 20 percent below the present level.

2. Farm costs - will be higher (see farm costs section)
3. The net income of farm operators in 1947 is expected to be about 15 percent below the peak of net farm income in 1946 -- this will still be a high level of income.

D. Agricultural and non-agricultural interrelationships

1. A slight recession in business activity which is expected in 1947, and some non-agricultural unemployment, will have its effect on agriculture, through reduced consumer purchasing power and lower demand for food products.
2. Increased supplies of non-food products will attract some consumer's dollars away from food products.
3. Loan and credit arrangements with foreign countries who have large food needs will stimulate foreign demand for our food. Programs should be initiated that will help these countries increase their productivity - the only means of eventually paying the loans.

E. Stop gaps to a prolonged and severe decline in agricultural prices have been provided. These are not permanent solutions to the problem.

1. Unemployment compensation - will contribute to the maintenance of income payments on a level somewhat higher than the prevailing industrial payrolls.
2. Price support measures - will cushion any sharp declines.

IV. FARM COSTS

A. Farm Labor

1. Cash wage payments and perquisites to hired workers was 2.2 billion dollars in 1945 - nearly 2.5 times that of 1935-39.
 - (a) Wage rates were 3 times the 1935-39 level.
 - (b) Employment of hired workers was 17 percent less than pre-war.
2. Production per worker (including family labor) - was 40% above the pre-war level - due to mechanization, high crop yields, and partly to favorable weather and resulting high yields.

B. Farm Power and Machinery

1. Farmers spent 4.3 billion dollars in 1945 for the operation and maintenance of power and machinery - 73 percent above the average annual expenditures of 1935-1939.
2. Gross farm income in 1945 was 136 percent above the pre-war average, so that costs of farm machinery were only 16 percent of gross farm income compared with 22 percent in 1935-39.
3. Costs were considerably higher in 1946 than in 1945 and will be still higher in 1947.

C. Feeds

1. Feed grain production set a new high in 1946, with a record corn crop and near record oats crop.
2. Supplies of by product feeds will be larger in 1946-47 than a year earlier but still less than farmers want.
3. The total supply of concentrates for feed, seed, exports, industry and carry-over is 162 million tons in 1946-47 and was 160 million tons in 1945-46.
4. The amount of grain consuming livestock will be about 3 percent less than in 1945-46 so that the supply of feed grains per animal unit will be about 4% larger than a year ago.
5. Hay crop - the 1946 crop is 96 million tons - 9 million tons smaller than a year earlier. However, there is a large 1945 carry-over of 16 million tons.

D. Seeds

1. The supply is generally short. Alfalfa, Kentucky bluegrass, and some varieties of vegetable seeds will be shorter than most other seeds.
2. Farmers will pay slightly higher prices in 1947 compared with the two earlier years.

E. Fertilizers

1. Continued heavy use of commercial fertilizer is expected in 1947
 - (a) Prices received for crops will be favorable compared to the cost of fertilizer - the same situation that has prevailed since 1941.
 - (b) Supplies of total plant nutrients for the year ending June 30, 1947 are expected to be slightly larger than the previous year.
2. The upward trend in use of fertilizers has been the strongest in the areas formerly using little fertilizer - the Corn Belt and Lake States areas.

F. Lumber, Containers and Farm Supplies

1. Lumber

- (a) Current production is high - will be higher in 1947.

1946 = 33 billion board feet

1945 = 28 billion board feet

1941 = 36.5 billion board feet.

- (b) Stocks are low

Mar. 31, 1946 = 1 billion board feet

Dec. 31, 1940 = 6 billion board feet

- (c) Demand

Supplies will fall far short of demands in 1947 - priority authorizations are expected to continue.

2. Containers

- (a) The supply of wooden containers will continue somewhat below requirements in 1947.

(b) Supplies of tin cans, paper, open mesh and cotton bags should be adequate to meet essential needs.

(c) The conservation and salvage programs should continue.

3. Farm Supplies

(a) Practically all farm supplies (barbed and woven wire fencing, nails, staples, bale ties, metal roofing and siding, and pipe) should be produced at a rate that will meet farm requirements in 1947.

(b) Prices of supplies will be higher in 1947 than in 1946.

G. Insecticides and Fungicides

1. The supplies of rotenone, arsenicals, copper chemicals, pyrethrum and other insecticides and fungicides should be adequate to meet 1947 needs. Supplies are greatly aided by the resumption of imports from the Far East.

2. Prices may continue at about the present level.

(a) Increased supplies will exert a downward pressure.

(b) Increasing retail distribution costs will exert an upward pressure.

V. MARKET OUTLETS FOR FARM PRODUCTS

- A. The cash income going to farmers for their products is determined by:
1. The total amount of money consumers have to spend. Consumers cannot pay money for farm products if they don't have it.
 2. The proportion of that amount spent for agricultural products. Consumers also want non-agricultural goods such as automobiles, radios, and household equipment.
 3. The total marketing charges deducted from consumer expenditures. Marketing charges fluctuate much less proportionately than the retail cost of food or the price received by farmers.
 4. Proposals for expanding market outlets and increasing cash farm income must be tested:
 - (a) Will it increase consumer income?
 - (b) Will it increase the per cent of consumer income spent for agricultural products?
 - (c) Will it reduce marketing costs?
 - (d) Consumer income - amount spent for non-agricultural items = amount spent for agricultural products - marketing charges = farmer's share of consumer income.
- B. Proposals for expending market outlets.
1. Advertising and sales promotion
 - (a) May be effective for a certain brand or product or group.
 - (b) May not be effective for the food industry as a whole - human stomach and consumer pocketbook are limited. An increase in the consumption of one product may result in a decrease in the consumption of another.
 - (c) May increase marketing costs for the food industry as a whole - a waste of money.
 2. New industrial uses for farm products

- (a) Any industrial product from agriculture must be of as high or higher quality and cheaper than competing products. Motor fuel from corn is possible, but remains a laboratory curiosity - crude oil is cheaper.
- (b) Some industrial products from agriculture merely replace other industrial products from agriculture. Auto seat covers from casein may replace those made from mohair and wool.
- (c) Industry is constantly searching for cheaper and better products in the field of synthetics - some of these replace agricultural goods.
- (d) Research in the further use of agricultural products for industrial purposes is desirable and necessary. The best that can be expected is that agriculture may hold its own by offsetting the inroads from non-agricultural synthetic products.

3. Improvements in processing, packaging and quality

- (a) All possible effort should be made in this direction - but cannot be expected to greatly expand the over-all market for farm products.
- (b) The use of frozen meats and vegetables will cut down the use of cured and canned products.
- (c) Higher quality products can be consumed in preference to lower quality products only when the consumer's purchasing power permits.

4. Foreign markets for agricultural products (see Section VI on the World Food Situation and Section VII on Prospects for Agricultural Exports)

- (a) Wartime foreign shipments were of an emergency nature and were made on a relief basis.
- (b) Foreign markets will be more limited when foreign exchange will be required to pay for goods.
- (c) The size of our foreign markets will depend in large part on the extent to which American people can think in terms of international welfare.

5. Reduction of marketing costs

- (a) The consumer's dollar spent for farm food products in 1939 was divided in the following manner:

<u>By Functions</u>	<u>By Cost Items</u>
Farm Production38.4¢	Farm Production.....38.4¢
Transportation & Assembly.....10.0	Transportation 6.4
Processing21.0	Salaries and Wages24.8
Wholesaling 6.8	Package and Containers 4.0
Retailing23.8	Other expenses.....21.0
	Profits <u>5.4</u>
Total <u>100.0</u>	Total <u>100.0</u>

The largest single item of cost in the spread between the farmers return for, and the consumers cost of food is retailing - about 1/4 of the consumer's dollar and 2/5 of total marketing costs.

- (b) Some marketing costs have been decreased
- (c) Some costs have been increased with the demand for new and more marketing services - resulting from the centralization of urban population, technological progress, and advanced standards of living.
- (d) All possible effort should be made to reduce marketing costs. However, it does not appear to be a major solution to expanding market outlets.

6. Maintaining consumer purchasing power

- (a) This holds the largest single possibility for an expanded market for agriculture.
- (b) Is as much a farmer's problem as it is a banker's or businessman's problem.
- (c) Requires an interest and understanding of national policy which will maintain a high level of industrial employment and production. (See Section I on General Economic Situation)

VI. WORLD FOOD SITUATION

A. Background considerations

1. There are 5 to 10 per cent more people to feed in the world now than in the pre-war period of 1935-39.
2. Stocks of food that were available in 1945 and 1946, largely in North and South America and the British Empire, have been consumed.
3. In 1947 the world will have to exist on the current production of 1946 and 1947. Supplies are short of fats and oils, cereals, meats, dairy products and sugar.
 - (a) Fats and oils - International shipments are not likely to exceed 3 million tons, compared with 6 million tons in typical pre-war years.
 - (b) Cereals - Importing countries would take 35 million tons for food and feed but available export supplies probably will not exceed 25 million tons.
 - (c) Meats, dairy products and sugar - Supplies will be well below both effective demand and basic nutritional needs.

B. Food and Agriculture Organization Pre-war Survey (Covering 700 countries, and including 90 per cent of the world's population)

1. Over half of the world's population obtained an average of only 2250 calories of food daily - supplies obtained at the retail level, and not the actual intake.
2. Somewhat less than one-third of the world's population obtained an average of 2750 calories.
 - (a) About 10 per cent of the world's population (11 countries) had a per capita consumption of 3,000 or more calories a day.
 - (b) U. S. per capita consumption is about 3250 calories.
3. About one-sixth of the world's population had food supplies between these high (2750) and low (2250) levels.
4. To bring low calorie countries up to a reasonable health and working ability level of consumption - 2650 calories per person per day, would require food production increases as follows:

(a) Cereals	21	per	cent
(b) Fats	34	"	"
(c) Meat	46	"	"
(d) Milk	100	"	"

- C. World economic and political developments are such that sooner or later we will have surpluses on one hand and low calorie diets and malnutrition on the other.
1. People and nations cooperate more readily to fight a common enemy than they do to help their mutual friends in peace time, even to live, and much less to rehabilitate.
 2. Short time action and expediency frequently overshadow programs that will increase the longer run and broader welfare of the world's population.
 3. The United States with probable future food surpluses must exert strong leadership in world food programs and in sound national and international economic policies.

VII. PROSPECTS FOR AGRICULTURAL EXPORTS

A. Over-all prospects for 1947

1. Agricultural exports will continue at a high level but will be below the level of the first half of 1946, when the relief emergency was most critical.
2. Critical food shortages may develop again in European countries before the 1947 crops are available.
3. Sufficient supplies will be available in the U. S. from the abundant 1946 crops to fill any prospective foreign demands.
 - (a) Large crop of corn and most kinds of fruits and vegetables
 - (b) Sufficient cotton in spite of a small crop, carry-over can well be reduced further
4. Price competition will gradually become a more significant factor in the world markets of agricultural products - exports of U. S. cotton, wheat and of some fruits will face lower prices of competing exporters.

B. Future problems in financing exports

1. Nearly one-half of U. S. agricultural exports during the first 6 months of 1946 consisted of lend-lease, U.N.R.R.A. and private relief shipments.
2. No more lend-lease shipments in 1947.
3. U.N.R.R.A. will terminate its activities with the end of 1946 - except for temporary continuation of shipments to the Far East.
4. Military shipments for the feeding of civilians in occupied areas will probably continue on a large scale - not included in the usual foreign trade statistics.
5. Foreign countries will have to finance four-fifths of their prospective 1947 imports of U. S. agricultural products out of their own exchange reserves.
 - (a) Foreign holdings of gold and dollars greatly increased during the war, but in the main such increases were confined to neutrals and countries in the Western Hemisphere. Only a few of these countries (such as Canada and Cuba) were important buyers of U. S. agricultural products before the war. Trade with Canada, Cuba, Mexico and South America can be expanded but has definite limitations.
 - (b) Foreign holdings of gold and dollars in European and Asiatic countries that actively participated in the war have been greatly decreased. They were large buyers of U. S. agricultural products before the war. In 1939, the United Kingdom alone took one-third of U. S. exports and the rest took another one-third.
6. The major needs for our products in the future are in the countries with a very limited volume of foreign exchange, and a resulting limit in ability to buy.

C. International financial arrangements

1. U. S. loan to Britain - establishes a line of credit of 3.75 billion dollars - open until 1951.
 - (a) Improves dollar exchange position of Britain
 - (b) Improves dollar exchange position of other countries where Britain spends some of the "loan dollars."
2. Export - import bank
 - (a) Had undisbursed loan commitments of \$1,664,000,000 -- September, 1946
 - (b) Had uncommitted resources of \$860,000,000 -- September, 1946
3. International bank for reconstruction and development (Bretton Woods) -- Will commence lending early in 1947.
 - (a) Has a subscribed capital stock of 7.67 billion dollars.
 - (b) Can make loans or guarantees not to exceed 100 percent of the unimpaired subscribed capital, reserves and surpluses.
4. The international monetary fund (Bretton Woods)
 - (a) U. S. subscription for 2.75 billion dollars -- to supplement the dollar resources of foreign countries in cases of need.
 - (b) Will be used as little as possible in 1947
5. Loan functions
 - (a) Part of the funds will be used to purchase American food, tobacco and cotton - probably only a small part of the total.
 - (b) The major share of the funds will be used to purchase capital goods and non-agricultural items - indirectly this will also help American agriculture.
 - (c) The best use of loan funds is that which will increase the long run productivity of the foreign countries, and thereby increase their ability to re-pay the loan.

D. Prospective trade controls

1. Foreign countries will be reluctant to borrow for more than minimum needs - afraid of long run burden of debt costs.
2. Import controls will be continued because of war-strengthened trends toward self-sufficiency and government planning - will result in a variety of international arrangements, such as bilateral trading and financing arrangements. Such arrangements will reduce the number of buyers for U. S. Agricultural exports.
 - (a) Probably preference for importation of capital goods and raw materials over luxuries or semiluxuries and other items not greatly needed.

(b) In the near future, probably preference for wheat, rice, meat, lard and other essential foods over cotton, fruits and vegetables.

(c) Probably preference for sources of supply where currency to pay for the goods is available to the buying country -- purchase of cotton from countries other than the United States.

E. Special Considerations regarding the export market

1. The U. S. can easily price itself out of the export market with support programs that hold domestic prices above the world level. Competing nations would furnish the supply.
2. Industrial developments in competing export countries will not be sufficiently rapid to greatly expand the domestic market for their agricultural products -- strong pressure will prevail to export even at a low price level.
3. The U. S. can build a strong domestic market and therefore, be less dependent on a foreign market.

F. International attempts in avoiding food surpluses

1. Economic and Social Council of the United Nations - trade and employment conference. (Tentative stage)

- (a) To discuss tariffs and tariff preferences and to encourage and perfect exchange concessions.
- (b) To establish agreements on import quotas, exchange controls and export subsidies.

2. Food and Agriculture Organization Conference - Copenhagen - Sept. 1946 (tentative stage)

- (a) Proposal for the establishment of a World Food Board -- to undertake international bufferstock operations as a means of supporting prices at levels fair to both producers and consumers.
- (b) Proposal for an international surplus disposal plan (international "ever-normal granary") especially promoted by United Kingdom -- export countries to sell surpluses, that can not be sold at fair prices in regular markets, below such prices, outside of the regular markets.
- (c) Establishment of an international commission to study the problems involved and to propose international machinery for their solution (either as proposed in a and b, or still different machinery)

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