

Firm Price Parity Ratio Predicted in Year Ahead

MEMPHIS.—U. S. farm income has almost stopped its postwar decline, according to Earl L. Butz, Assistant Secretary of Agriculture. In 1955 net farm income should approach that of 1954, he predicted.

Prices received by farmers next year are expected to average about the same as prevailing levels, and prices paid by farmers probably will not change much. This means that the parity ratio likewise will remain fairly stable in the year ahead, he said, in a report to the Third National Agricultural Credit Conference, sponsored by the agricultural commission of the American Bankers Association, held here Nov. 29 to Dec. 1.

The price parity ratio has been remarkably stable during the past year. It stood last month at 87, only one point below the figure one year earlier. "Prospects for the relationship between farm prices and farm costs in the months ahead are such that the price parity ratio will probably fluctuate around 85 to 90," he predicted.

There has been a lot of loose talk in recent months about what would happen to farmers under the adjustable price support legislation passed by the 83rd Congress, said Butz. Cries that it was going to "ruin the farmer" have been persistent and loud, he recalled.

There is no basis of truth in these wild charges, said Butz, the record clearly shows that basic crop price supports will be at a strong level in 1955. Butz reassured the bankers that necessary moderate adjustments will be made gradually, in line with the realities of the supply situation, with no heavy impact on the farm price structure.

Reviewing the current outlook for price supports on 1955 production of six basic commodities, Butz predicted that cotton supports would remain at 90% of parity, tobacco at 90%, and peanuts very close to 90%. Corn supports are now expected to be around 88%, he said. Rice supports are expected to be around 85%, or a little lower—closer to 90% if controls are in effect. Lower supports, 88.5%, were predicted for wheat (a national average support of \$2.06 per bushel).

Surplus Farm Products. Uncle Sam has invested nearly \$6.5 billion in farm commodities of one kind or another, says G. B. Wood, Oregon State College. Agricultural production continues near the all-time high, and surpluses are still accumulating day after day. "It does not appear that we will see the end of surplus accumulation for at least another 12 months and perhaps longer," he predicted.

"As a result of major war and postwar fluctuations, people are confused as to

where we are going in our program of price supports and production controls," he insisted. But the economic answers are quite clear. "We must expand markets to take the increased production at favorable prices, or we must reduce production in order to hold prices where they are; or, finally, we must lower prices to move the expanded production into consumption," insisted Wood. The adjustment that agriculture faces is no different from the adjustment problem that confronts many segments of our industry, he claims.

Intermediate Farm Credit. There is an increasing interest among farmers in types of intermediate farm credits, which can be repaid over periods ranging from two to five or more years, indicated Jesse W. Tapp, Bank of America. Such intermediate term credits are often needed for a variety of purposes, including the purchase of

larger units of modern, efficient, but expensive equipment; development expenditures in connection with soil and water conservation programs; and expansion of livestock enterprises. In many cases the increased returns from such capital outlays will be delayed beyond one year and often spread over a period of several years. If the programs are soundly based and supported by appropriate budgets of projected expenditures and returns, he said, it should be possible for banks to help their customers with necessary credits of this type.

Tapp predicted this is one type of farm credit that will receive increased attention by banks in the next few years, because of increasing capital requirements of farming, aside from investments in land and buildings. Many banks have in fact had a great deal of experience in supplying nonmortgage term credits to farmers, he stated.

Animal Feeds Promising Market for Tallow and Grease

NEW ORLEANS.—A number of feed mixers are producing fat-fortified feeds for poultry and livestock, says Robert M. Walsh, Market Development Branch, USDA. The Agricultural Marketing Service, he indicated, has a study under way to evaluate this market potential and the market conditions affecting their use.

In a report presented before the National Renderers Association convention here during Nov. 18 and 19, Walsh said progress on this study has not advanced far enough to give any definite findings or conclusions at this time. But trade reports and other sources indicate fat is now being added to mixed feeds at an annual rate of 120 million to 200 million tons, although all of this is not tallow and grease. On the basis of a report issued by the Bureau of Census in July 1954, vegetable oil foots and fish oil may represent as much as 50% of the total, he stated.

Walsh emphasized that potentially this market is one of the most promising outlets to appear recently in the fats and oils industry. The use of fats ranging from 1 to 10% of the feed formula has been reported in feeding trials made by universities and commercial feed mixers. With production of mixed feeds running about 35 million tons per year, he says, it is obvious that a small percentage of fat added to the feed formula will take many millions of pounds.

Advantages to Formulators. Some advantages reported with using fats

in feeds are increased efficiency, increased vitamin stability, and control of dustiness. Dust control is an important factor to the feed manufacturer, explained Walsh. The manufacturer is able to reduce his wastage to provide additional profits. Handling and shipping of feeds in bulk is easier, too, he cited. Walsh mentioned that improved working conditions for the mill employees tends to increase labor efficiency; that dust control is also important to retailers and farmers. It also results in improved palatability to the animals eating the feed.

Need for Expanding Domestic Markets. Production of inedible tallow and greases has increased from 1.1 to 2.7 billion pounds between 1939 and 1954, he cited, a gain of 146%. Although there are no Government holdings of tallow and greases, the surplus position of these fats is indicated by the relatively low prices that have prevailed in the past year or two. Prices of tallow and grease today are not greatly above those of the 1930's, he stated.

Tallow and grease consumption, he says, has failed to keep pace with industrial production and population increases. Gains for fat consumption in synthetic detergents will fall short of offsetting losses in soap, he warned. There is an opportunity for moderately increased use of fats and fat-derived products in the chemical industry in competition with other raw materials, provided research keeps pace with competitive

markets. A promising new outlet, Walsh reemphasized, exists in the use of fats as an additive to animal feeds.

The export market today is taking unprecedented quantities of tallow and greases, nearly half of the total output, he cautioned.

But who can tell how well or how long export outlets will hold up, and when we shall be confronted with an immediate need for a substantial expansion in domestic usage, to be attained without too great a drop in price, he asked.

Industry

FMC'S Buffalo Electro-Chemical Becomes Becco Chemical Div.

Food Machinery & Chemical Corp. has announced that on Jan. 1, its subsidiary, Buffalo Electro-Chemical Co., Inc., will be merged with the parent corporation and thereafter will operate as its Becco Chemical Division. The announcement was made by Ernest Hart, FMC executive vice president in charge of chemical divisions.

Buffalo Electro-Chemical, producer of hydrogen peroxide and other active oxygen compounds, was acquired by FMC in 1951 to complement the corporation's operations in diversified industrial chemicals. Sold under the trademark, Becco, the company's peroxygen chemicals are produced at its headquarters plant in Buffalo and its West Coast facilities in Vancouver, Wash.

Sorbic Acid Unit to Be Built by Carbide & Carbon

A sorbic acid production unit, designed to meet the expanding demand for sorbic acid as a mold inhibitor in foods, has been authorized and construction is already under way at South Charleston, W. Va., according to an announcement from Carbide & Carbon Chemicals. The unit is scheduled for completion in the spring of 1955.

Demand for sorbic acid exceeds production capacity of the present pilot plant and requires construction of the larger facility. If yields can be improved in the new large unit, lower selling prices should be possible, the company stated.

To market sorbic acid, Carbide & Carbon has arranged for a non-exclusive license under The Best Foods, Inc., patent relating to the use of sorbic acid for control of mold growth. This arrangement permits the company to grant sublicenses to its sorbic acid customers under the patent, (U.S. 2,379,294). Royalties are included in the price of sorbic acid.

Sorbic acid has proved to be an effective antimycotic for certain cheese and cheese products. It is estimated that an annual loss of more than 10 million pounds of cheese due to mold spoilage can be avoided through the use of sorbic acid as a mold inhibitor. Reports indicate that the use of sorbic acid in the concentrations necessary for mold control does not affect flavor, odor, or color.

Temporary permits have been granted by the Food and Drug Administration to a number of cheese manufacturers to use sorbic acid in certain standardized

Grassland Acres in the South Double in 25-Year Period

JACKSONVILLE, FLA.—Acreage devoted to pasture and hay in the nine southern states east of Texas has more than doubled since 1925. In that year more than 31 million acres were devoted to hay and pasture; by 1950 almost 65 million acres were in hay and pasture. During the same period, acreage in corn and cotton dropped from 36.7 million to 27.7 million acres. These figures were given by T. S. Buie, South Carolina State conservationist, before the Soil Conservation Society here Nov. 15 to 17.

The greatest increase in pasture occurred between 1946 and 1950, when the tremendous increase in demand for livestock products, generated by the war, began to be felt. Reviewing the history of grassland development in the South, he said that the movement started in the 20's, probably because of the labor shortage immediately after World War II. Other factors were the decline in cotton prices at that time and the destructive spread of the boll weevil throughout the cotton territory. The trend did not advance far during the 30's but it picked up speed again during World War II.

Three types of southern farm land are being turned over to grassland. A substantial acreage of row crops has been directly replaced by grass for hay, pasture, and seed. Thousands of acres, idle for many years because of severe soil erosion, lack of labor, the low price of cotton, or a combination of these, are now being planted in grass. Bottom land, found along streams in the hilly portions of South, is being cleared and used for pasture and hay.

Responsible for the growth of grassland farming in the South are several technical developments: breeding of varieties adapted to the soil and climatic conditions of the south, mechanization, and fertilizer.

Of approximately 40 different species of grass in more or less general use now, approximately half of these were unknown, at least in the areas where they are now extensively grown, 20 years ago.

Many new problems have arisen because of the development of grassland agriculture, such as control of disease and

insects, application of fertilizer, weed control, and adaptation of equipment.

Dr. Buie stated that grassland agriculture cannot be expected to replace cotton throughout the South, but the two, he believes, will fit together in a complementary relationship based on economic conditions, land capability, farmer desires and abilities, and related factors.

Entomologist Believes Miller Bill Can Curb "Malicious Rumors"

New legislation should go a long way toward curbing "malicious rumors" that the public is being poisoned by agricultural chemicals. Bailey B. Pepper, chairman of the department of entomology at Rutgers University, made this assertion at the annual Rutgers conference for pesticide dealers.

He spoke particularly of the announced proposed tolerances in the Federal Register on Oct. 20. "The fact that the proposed tolerances have been announced probably means," Dr. Pepper said, "that the Food and Drug Administration will be active in 1955, checking on farm products in interstate commerce to determine whether growers are abiding by established tolerances."

"That being the case, it would seem to me that it is the responsibility of the extension specialist and the research specialist to make every effort to help the grower get satisfactory pest control and yet not permit sprayed or dusted crops to exceed the established tolerances of chemical residue at harvest.

"For the most part, it is believed that established tolerances will not work a particular hardship on the grower. At the same time the grower now has the advantage of knowing what limits of residue levels are permitted. In past years, without tolerances, he could not be sure that his product could go to market and not be questioned or seized."

Besides curbing malicious rumors about chemicals, establishment of tolerances should convey to the public, Dr. Pepper concluded, that any of the agricultural chemicals used within certain limits do not adversely affect the health and well-being of the public.