



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

MINNESOTA FARM MANAGEMENT SERVICE NOTES

No. 50

January 10, 1927

Prepared by the Farm Management Group at University Farm, St. Paul, Minn.

THE OUTLOOK FOR 1927 FARM PLANS

The General Business Situation

The outlook for farming in any year is dependent to a considerable extent on general business conditions. Conditions for one can not long be either especially bad or especially good without affecting the other.

At present there seems to be no indication of any radical or sudden change in the business world that will adversely affect agriculture in 1927. The production of pig iron, of steel ingots and of bituminous coal has increased thru-out the fall and is higher than a year ago. Petroleum production is also higher than a year ago. The increase in coal production, however, is in part due to the British strike resulting in the exportation of coal. The decline in the building industry and in automobile manufacture is in part offset by large programs for railroad expansion.

In consumption of raw products there has been a slight decline from September to October but in comparison with October 1925 there has been a slight increase in six principal items. Bank clearings, car loadings and mail order sales are higher than a year ago also, indicating activity in the movement of business.

In spite of these generally favorable symptoms there is a feeling of anxiety on the part of many business men and statistical analysts. There is little interest in speculative buying and buyers are calling only for immediately necessary supplies. Few have confidence to buy far in advance. Because of unusually poor crops in 1926, business depression is more clearly in evidence in the northwest than elsewhere. Business men are fighting hard to preserve a feeling of optimism and to ward off any general business depression.

The Farm Business for 1927

The farm business for 1927 in Minnesota will have to be built out of the same old commodities as heretofore. It is simply a matter of readjusting the proportions between the various classes of livestock and crops that go to make up the farm business so as to take advantage of prospective relative price changes. No new crops have been discovered nor has any miraculous breed of cow or pig been developed that will insure pay without work. Butter, hogs, wool and eggs hold a significant advantage over other native commodities in purchasing power and so far as possible these should form the nucleus for the year's farm business.

The Livestock

The Dairy

The saturation point in dairy production which has been expected by many has apparently not yet been reached. The dry summer with short pastures reduced the summer production in many areas. There is a corresponding shortage of suitable roughage this winter which will still further reduce production. The

receipts of butterfat and milk products in 1926 were lower than in 1925. Storage stocks as a whole have been slightly reduced. So brisk is the demand for dairy products at the present time that Danish and New Zealand butter is coming in over the 12 cent protective tariff. Foreign cheese is also finding its way in increasing amounts to American markets. In view of these facts it would seem safe to expand the dairy line moderately, where it can be done without greatly increasing the expense and where feed can be provided. Dairy products are likely to hold a relatively high position in the market unless there should be general a business depression sufficient to lower the purchasing power of industrial and commercial employes. Good ~~business~~ prices should prevail well thru the year.

Hogs

Good authorities have been prophesying that the peak in the hog prices has been reached. Lower prices for this year's hogs have been freely predicted. The present behavior of the hog market, however, is a good illustration of the fact that the expected does not always happen. In the spring of 1926, $3\frac{1}{2}$ per cent more sows were farrowed than in the spring of 1925, indicating a larger production. Bad weather interfered, however, and cut the production of pigs 4.2 per cent so that less pigs actually were produced than in 1925. Reports last fall indicate that about 7 per cent more pigs were farrowed than in the fall of 1925, and that 5 to 6 per cent more sows have been bred to farrow this spring than were bred for the 1926 spring farrow. Cholera has taken a heavy toll and it is doubtful if enough more pigs will be farrowed to make up the loss. Corn is again a disappointing crop both in quantity and in quality. As a consequence hogs are moving to market in many places at light weights which means fewer pounds in the coolers and curing vats. On the whole, it looks as tho there should be a good demand for as many hogs as were produced in 1926. The present indications are that few if any more will be produced. There is a possibility, if not a probability, that hog prices may ride for a time at the top of the cycle before the decline begins. Those with feed in sight who are well situated and equipped to grow hogs may get in another profitable crop, especially if they market early.

Beef Cattle

The beef cattle market continues to be a puzzle. Prices have strengthened somewhat recently, but there is a tendency toward narrowing the price range between feeder cattle and prime fat cattle. This is taken to indicate either that feeders are needed to market the soft corn crop even tho the profits may be small or that packers are taking more unfinished cattle than usual. It is the old problem of converting unmarketable crops into marketable commodities. And beef cattle afford the best medium for doing this in a large way. Those who have soft corn on hand will find that the receipts from the farm will be increased even tho there may appear to be but little direct profit on the feeding enterprise. Short feeding is likely to be the rule in much of the corn belt this winter. It is therefore possible that those who carry their feeders over cheaply on roughage and feed them out on grass, marketing early next fall before grass cattle are ready, will receive better prices for their finished cattle. Farmers who raise their calves on the cows should capitalize the early growth by sending the calves to the feed lot early with a view to making baby beef. In this period of low exchange value for agricultural products it would seem advisable to keep a reasonable amount of farm land in grass and forage and to produce beef cattle at low cost on cheap feeds.

Sheep

Wool and mutton still hold a strong position in the market places. Even the prices for wool should weaken somewhat there is still room for moderate expansion of the sheep industry. Most of the growth of mutton and wool is made on cheap or waste feeds and sheep call for comparatively small amounts of labor. Many Minnesota farmers could even yet to advantage add a few sheep to be developed into fair sized farm flocks.

Poultry

The American people have learned the value of poultry and eggs. Farm flocks continue to develop and still the produce finds a ready market. There seems to be no need for urging greater production. The price stimulus promises to prompt all of the increase that is safe for the industry.

Both poultry and sheep are small enterprises that call for little labor on most farms. A large part of the product is made on what would otherwise be waste and the returns are in many instances largely clear profit.

Andrew Boss.

The Crops

Corn

For three years in succession corn in most section of Minnesota has been a more or less disappointing crop, due largely to failure of the crop to ripen properly. In contemplating a planting program for 1927 one should keep in mind the splendid yields and quality of the 1918, 1919, 1920, 1921, 1922 and 1923 crops as well as the less satisfactory results for the last three years. It would be a rare coincidence if there should be four poor corn years in succession. The farmers who maintain their corn acreage will get the full benefit of the favorable corn years when they come. Varieties that will mature in the average season and planting promptly at the proper time are highly important in making corn a safe crop under Minnesota conditions. In numerous cases the crops of recent years would have been less disappointing if the six favorable years, 1918 to 1923 inclusive, had not encouraged the growth of later maturing varieties. Farmers who are short of summer feed would do well to plant a few acres of early flint corn or extra early dent corn for hogging off. Again, as in 1925 and 1926, the seed corn question needs careful attention. Tests made indicate low germination. Each farmer should find out just how his seed tests as soon as possible. If a supply is needed the county agricultural agent may be able to assist in locating suitable seed.

Oats

Oats occupy a larger acreage than any other crop in the state. In most sections in 1926 an acre of oats was worth less in money value than any other crop. However, in deciding what to plant in 1927 one should be guided by the results for a period of years rather than by the preceding year, and by the need for feed as well as for cash crops. Thruout southern and central Minnesota early oats, particularly Gopher oats, have shown their superior value over a period of years and should generally replace the later varieties. Early oats are also decidedly superior to late oats as a crop with which to sow grass and clover seed.

Barley

In 1926 barley gave an average yield for the state of 25 bushels per acre, compared to 28.5 bushels for oats. For an 18 year period barley has made an average yield of 25 bushels compared to 34.5 bushels of oats. Barley is apparently superior to oats as a dry weather crop. It ordinarily gives more pounds of feed per acre on rich land than does oats. On sandy land as on heavy land that is not in good condition, oats ordinarily give more pounds of feed per acre than does barley. There is probably room for some expansion of the barley acreage at the expense of oats. However, barley should be seeded only on land that is in a high state of fertility. Farmers who are short of grain can provide midsummer hog feed by seeding a few acres of barley. It seems probable that there will be a considerable expansion of barley acreage when an adequate supply of Velvet barley seed is available.

Wheat

Like barley, spring wheat proved a better dry weather crop than oats. In 1926 an acre of wheat was worth more than an acre of any other small grain. This was largely due to relatively high prices arising from an anticipated world shortage of wheat. Wheat returns in 1924, 1925 and 1926 have been high compared to other grains and will probably result in an increased acreage of spring wheat in both the United States and Canada if the spring is favorable. The winter wheat acreage seeded in the United States during the past fall is about five per cent larger than that of the previous year. In planning their wheat acreage, farmers should be guided by average yields and prices over a period of years rather than by the relatively favorable returns for the last three years. There is still room for profitable expansion of the Minturki winter wheat acreage in southern Minnesota if attention is given to early seeding on a well firmed seedbed.

Potatoes

Potatoes were a highly profitable crop in 1925 and 1926. However, that is no indication of large profits in 1927. In fact after two such profitable crops there is almost certain to be an increased acreage. In planting potatoes, farmers need to keep in mind the low returns for 1922, 1923 and 1924 as well as the extreme gains of 1925 and 1926. Only once since 1870 have there been three years in succession with a decidedly short potato crop. These years were 1892 to 1894 inclusive.

Flax

The price of flax has been at an encouraging figure more consistently since 1920 than that of any other leading Minnesota crop. During this period the national acreage has increased from 1,113,000 acres in 1920 to 2,842,000 in 1926, a gain of 155 per cent. However, from 1922 to 1926 the acreage in the Argentine increased 45 per cent and the acreage in Canada increased 100 per cent. Evidently the price has been high enough to encourage increased production in the countries that must pay a duty of about 30 cents per bushel in order to ship it to the United States. The United States uses annually 38 to 44 millions of bushels of flax and produces about 20 millions of bushels. A conservative expansion of the flax acreage seems permissible, especially in corn growing countries where an increased acreage can be raised by replacing oats on clean corn land.

Hay and Pasture

At present farmers are fully appreciative of the importance that an abundant supply of hay and pasture plays in a well developed farm plan. The dry weather demonstrated the advantages that alfalfa has over other hay crops from the standpoint of dependability as well as from quality standpoint. There is still room for a generous expansion of the acreage of this superior forage crop.

The performance of sweet clover during dry weather as well as during ordinary weather has abundantly justified the emphasis placed upon this excellent forage crop.

Many farmers who have less acres of alfalfa or clover than they need for hay would do well to depend chiefly upon rape or a mixture of rape and small grain for hog pasture, saving the alfalfa or clover for hay. Experiments have shown that rape is practically the equal of alfalfa for hog pasture.

W.L. Cavert.

Summary

The farmers of America have demonstrated their ability to produce more than the national and world markets will take at prices yielding profits to producers. In view of the possibility of surpluses of the major agricultural products, conservatism should govern the production plan for 1927.

Attention should be focused on low cost of production. In effect this means using large amounts of land with small amounts of labor and capital. This is well described as extensive or low pressure farming. In its best form such farming includes a large proportion of the land in grass, forage and hay crops. The manufacture of highly concentrated animal products with the minimum amount of labor is the object to be sought. Ample pastures, self-feeders, large hay bunks and cheap shelter are a part of the program.

It is a difficult time to make profit from hired labor in farming. The cropping plans should be adjusted therefore with a view to caring for them as far as possible with the supply of family labor. This should mean growing the crops on the better land of the farm with special attention to good cultivation and production of high quality crops.

While such a program may not give the largest possible gross income it is likely to result in the largest net returns for the labor expended.

Andrew Boss. ~