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

THE FLAX SITUATION

Production

Flax is grown for both seed and fiber. Where flax is grown for seed production the fiber is relatively unimportant and where fiber is the desired product seed plays but a small part in the returns from the flax crop. Most of the flax grown for fiber is raised in Europe, while the principal seed producing areas are located in five countries, Argentine, United States, Canada, India and Russia. These five countries produced approximately 93 per cent of the world's production of flaxseed in 1924. The same countries produced over 92 per cent of the world's supply of flaxseed for the five year period 1909-1913. Of the total world production of 134,000,000 bushels of flaxseed in 1924, the United States produced 31,711,000 bushels or approximately 24 per cent. For the same year the United States had but 19 per cent of the world's flax acreage. This does not necessarily mean that the United States holds an economic advantage over other flax producing countries. In 1924 the United States raised the largest acreage of flax it ever had. Since 1924 both acreage and production in the United States have shown a decided decline. The acreage dropped from 3,469,000 acres in 1924 to 2,897,000 in 1926. The production dropped from 31,711,000 in 1924 to 19,459,000 in 1926.

Consumption

During the ten year period from 1914 to 1924 there was consumed in the United States on an average about 30 million bushels of flaxseed. During this same period there was produced on an average about 13 million bushels, thus necessitating an average importation of about 17 million bushels annually during this period. In 1924 there was consumed in the United States about 46 million bushels, necessitating an importation of about 15 million bushels. For the year 1924 the United States produced 69 per cent of the total amount of flaxseed consumed. This is 25 per cent more than for the ten year average of 1915 to 1924. If the consumption of linseed oil continues to be as great as it was in 1924, the flax acreage of the United States could stand an increase of about one-third over that of the 1924 acreage before the tariff would become ineffective. About 70 per cent of the linseed oil in the United States is used in paints and varnishes. The remainder goes into linoleum, oilcloth, water proofing materials, rubber substitutes, printer's ink, patent and imitation leather and a few other products. With the discovery of materials to replace linseed oil in paints and varnishes it is not unlikely that the domestic demand for linseed oil will be lessened. This should be kept in mind in planning a permanent program for increases in flax production.

Effect of Tariff

From 1889 to 1909 the exports of flaxseed in the United States far exceeded its imports. With equally favorable conditions for flax production in Argentine and other countries and the competition offered by other crops, the acreage of flaxseed in the United States began to diminish in 1913. To increase the interest in flax growing the United States Congress passed a law in 1913 providing for a duty of 20 cents per bushel on importations of flaxseed. In 1921 this duty was raised to 30 cents and in 1922 to 40 cents per bushel. This duty has increased the price received by producers of flax in the United States. Farmers

do not receive the full benefit of the tariff due to the export of oil cake from this country. This export reduces the actual benefit received by the growers of flaxseed to approximately 32 cents per bushel. After making corrections for the changes in the general price level growers of flax in the United States realized in 1907, when flax in this country was on an export basis, 97 cents per bushel, in 1908 when the production about equalled the consumption, \$1.17 and in 1910 when the tariff was effective, \$1.46 per bushel. In 1924 the value realized was \$1.56 per bushel. If producers of flax find it necessary to export instead of import, their present price will be reduced from 50 to 55 cents per bushel when it meets the competition with flax produced in Argentine and other countries. The reduction in price will be due to an ineffective tariff and cost of transportation to the Atlantic seaboard. From the recent decline in flax acreage in the United States it is apparent that something will have to be done if our acreage is to be maintained. Apparently the only remedy is to again raise the tariff. Representatives from the flax growing areas are already urging an increase in the tariff on flaxseed.

Minnesota

Minnesota furnishes about 25 per cent of the flax production in the United States. Its production is surpassed by only one state, that of North Dakota, which produces approximately twice as much as Minnesota. Previous to 1909 there was a decided tendency for a reduction in the flax acreage. After that date there was a slow increase up to 1922. Since then the increase has been more marked. The increase since 1922 has doubtless been due to the McCumber-Fordney tariff act which became effective in 1922.

There are three main flax producing areas in Minnesota. These areas are in the northwestern, west central and southwestern parts of the state. A small amount is grown in the central and south central parts of the state. The north central and northeastern parts of the state grow but very little flax.

Changes in Flax Acreages in Minnesota by Sections*
(000 omitted)

Section	1919	1920	1921	1922	1923	1924	1925
West central	78.3	82.1	87.7	90.4	168.4	250.4	245.0
Northwest	114.6	114.6	83.5	79.9	121.9	156.2	158.9
Southwest	32.3	35.0	46.4	47.3	80.6	109.9	126.4
Central	24.5	28.6	36.7	33.0	58.2	84.2	83.7
Southeast	28.4	45.3	38.3	40.1	64.1	70.2	79.6
South central	8.6	11.2	15.5	15.8	28.1	35.0	40.7
East central	1.0	1.5	3.9	1.4	2.6	2.7	3.1
North central	.3	1.4	1.9	2.2	3.3	3.3	2.4
Northeast	.0	.0	.1	.1	.1	.1	.2
Total for state	288.0	319.7	314.0	310.0	527.1	712.0	740.0

*Sections of the state are those indicated by crop reporting service.

The above data show a very marked increase in acreage in all sections in 1923 over that of 1922, and a continued increase in 1924 and 1925 except in the west central section where there was a decline. It is apparent from the declining acreage in 1921 and 1922 from preceding years that interest in flax growing was on the decline. The raising of the tariff on flax revived the interest. While the state as a whole shows a reduction in acreage in 1921 from that of 1920, the reduction occurred in only two sections of the state. With the exception of the west central section all those showing increases are of minor importance in the matter of flax acreage, while the two sections showing reductions are of major importance.

L.F. Garey.

Flax has been a Relatively Profitable Crop

Flax has been the most remunerative of any of the five leading grain crops during each of the last five years, with the single exception of 1923 when corn made a slightly greater net return. This statement is based upon the figures in the table below which give a comparison of some of the factors affecting profits for these five principal grain crops.

Trends in Minnesota Crop Production Costs, 1922-1926

		1922	1923	1924	1925	1926	5 year average
Yield per acre	Flax	10.0	10.0	11.4	10.0	9.4	10.2
	Wheat	13.7	12.5	21.8	13.0	12.5	14.7
	Oats	35.5	37.0	43.0	42.0	28.5	37.2
	Barley	26.5	25.0	32.0	30.0	25.0	27.7
	Corn	33.0	36.0	27.0	36.0	34.0	33.2
Cost per acre	Flax	16.03	17.25	17.35	17.51	17.03	17.03
	Wheat	15.10	15.47	16.21	16.31	16.34	15.89
	Oats	14.24	15.15	15.63	15.72	15.22	15.19
	Barley	14.45	15.21	16.07	16.28	15.73	15.55
	Corn	15.98	17.22	17.01	17.95	18.01	17.23
Cost per bushel	Flax	1.60	1.73	1.52	1.75	1.81	1.68
	Wheat	1.10	1.24	.74	1.25	1.31	1.13
	Oats	.40	.41	.36	.37	.53	.41
	Barley	.55	.61	.50	.54	.63	.57
	Corn	.48	.48	.63	.50	.53	.52
Net return per acre*	Flax	5.77	4.05	9.21	5.49	1.49	5.20
	Wheat	-1.26	-3.59	12.13	1.50	-.96	1.56
	Oats	-2.88	-2.57	2.86	-2.70	-5.53	-2.16
	Barley	-1.99	-4.21	6.01	-.68	-2.98	-.77
	Corn	2.50	4.74	5.94	2.21	1.03	3.28

*At December 1 price. -Indicates a loss.

The data on which the figures are based were obtained in studies made several years ago. Current prices have been applied to the factors of production used in these studies. The charge for the use of land is \$5.00 per acre. The yields used are averages for the state of Minnesota. These figures are not intended to show the absolute profit and losses for these crops. They are presented rather to show the relative profitableness.

The satisfactory returns for flax, as shown by these figures, quite likely is an important cause of the increase in the flax acreage in Minnesota during the past few years. For those who have clean land on which they can get satisfactory yields of flax an increase in the acreage should mean a larger farm income.

A.T. Hoverstad.