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## THE FARM PROGRAM FOR 1928

### The General Business Outlook

General business conditions affect vitally the prices that consumers can pay for food products. Business activity and high purchasing power on the part of industrial workers make possible better prices, particularly for the finer quality goods such as eggs, poultry, butter, fruits and other similar products. That is why the general business outlook should be considered in making a farming program for any year.

A spirit of optimism pervades the government reports at the beginning of the year. In this respect the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture are in agreement. Reports from trade associations, financial institutions and private business houses also indicate a conviction that business in 1928 will be as good or better than in 1927. It is hard, however, to find statistical support for such conviction.

According to advice from the Bureau of Agricultural Economics, United States Department of Agriculture, business activity was lower in November than in October and considerably lower than in 1926. "Altho the total volume of money transactions showed only a slight decline as compared with a year ago the major lines of business activity showed continued weakness." It is pointed out that "car loadings fell considerably below loadings of last year and pig iron production continued to decline. Textile production is reported as slowing down and the value of building permits and of contracts awarded was below last year's levels." The automobile industry which has scored a light output thru the fall months, due in part it is thought to the preparation of new models, appears to be increasing production and putting on more workers.

In most of these conclusions the Summary of National Business Conditions by the Federal Reserve Board agrees. It points out, however, that there were decreases in November in the production of coal, building materials, leather and shoes. Wages for factory workers in New York state factories are slightly lower than a year ago. Farm wages are on practically the same level as a year ago. It would be safer to assume that there is little probability of a better business year in 1928 than in 1927 and plan production accordingly.

### The Price Situation

The production of commodities is only one of the factors influencing the income from farming. Another factor of equal importance is the price received for the products. Not only is the price received for farm products important from the standpoint of gross income but also from the standpoint of its relation to the price of non-agricultural commodities. Between November 1926 and November 1927 the agricultural price index rose two points while the wholesale price of all non-agricultural commodities dropped 10 points, resulting in a gain of 6 points in the relative purchasing power of all farm commodities. Thus it may be seen that prices for agricultural and non-agricultural commodities are

gradually approaching a common level. While the November 15 prices of some farm products were slightly below those of a year ago, the prices of cotton, corn, oats, beef cattle and apples this year were enough higher to hold the general price level of all farm commodities (30 items) 8 points above that of the same date a year ago. Fortunately, three of the high priced commodities - corn, oats and beef cattle - are widely produced on Minnesota farms; and prices for dairy products - another important factor influencing Minnesota farm earnings - are but slightly lower than they were a year ago. Prices for hogs are lower than a year ago, but because of their adaptability and efficiency in converting by-products and grain concentrates into market commodities and their popularity with farmers, they will still play a large part in the farm plans for this year. By careful planning it should be possible to build a good farm program around these commodities.

#### The Program for 1928

Eggs, wool, butter, beef cattle, potatoes, wheat, hogs, corn and hay is the order in which the major cash products ranked in relative purchasing power in November. This indicates in general a good year for the farmers who have live-stock. High priced animal products and cheap feeds are conducive to profitable animal production. An abundance of good pasture and ample supplies of legume hay, corn, oats and barley feed should be the objective program of the livestock farmer. And the more nearly the animals can be made to feed and water themselves the less expensive will be the product, as wages for farm labor are still high enough to be worth saving. Those who gain their incomes mainly from crop sales will have to base their choice on the conditions existing on their farms as well as on prospective prices.

#### The Livestock Outlook

The Dairy. The fundamental shortage of dairy cows and heifers has not yet been overcome. Until it is overcome by the only possible process, namely, raising more cows, the dairy industry is likely to remain in a strong position. Another good year is promised for well established dairymen who can provide feed supplies. And it is probable that there will be more than one year because it takes three years to bring a new cow into existence. Ample rainfall, luxuriant pastures and good feeding may increase the milk flow sufficiently to modify prices to some extent, but there is nothing in sight at present to indicate a serious break in the dairy markets. While invasion of the eastern market by New Zealand butter has caused a temporary drop in prices, dairy products are still in a strong position.

Beef Cattle. Confidence has been renewed in the beef cattle industry. Both growers and feeders have had a good year. Prices for purebred cattle have also strengthened and a feeling of optimism is beginning to appear in breeders' circles. The effect of a shortage of breeding stock is now apparent. Beef cattle are likely to remain in a strong position until breeding herds can be rebuilt and more females produced. This will take four to six years at best and satisfactory returns for beef production should be possible in the meantime. Those who feed for the market will have to be governed by feed prices and market conditions from year to year. It is believed that there are fewer cattle on feed this winter than a year ago which should tend to maintain good prices for fat cattle. Against this factor, however, must be weighed (1) the incipient "beef boycott" of New York and Boston hotels, which indicates the fact that human selfishness is a market influence, and (2) the relatively low prices of pork products. In spite of these competitive influences it is believed that beef raising can be made satisfactorily profitable for the next few years if attention is given to keeping down the expense of production.

Hogs. There should be no general expansion in hog production at this time. The spring farrow of 1927 was up 3.5 per cent. The pig survey in December by the United States Department of Agriculture indicated an increase of 11 per cent in the fall pig crop over the fall crop of 1926. It is probable that the prevailing low prices for hogs and the knowledge that large amounts of pork are in storage will cause a reduction in the number of sows bred for spring farrow. The rising price of corn is another factor likely to discourage hog raisers. There is no warrant, however, for sacrificing foundation swine herds or for Minnesota farmers to reduce production materially. Light supplies of corn of low feeding quality are likely to result in the early marketing of surplus stock so that prices later may be more favorable. Those situated to produce pork profitably at present prices may safely figure on normal production but any general expansion is likely to result in still further breaking the market.

Sheep. While the price index for wool is slightly lower than a year ago the index for both sheep and lambs is somewhat higher. There seems to be no striking change over last year in the situation. Range flocks have not been fully reestablished. The future increase in the sheep population is likely to be on the small farms rather than on the ranges. Regardless of price in the immediate future there is room for many more sheep flocks on Minnesota farms. Conservatively buying a few good ewes and growing into a fair sized flock is the safest way to get established in the sheep industry. Now is as good a time as any to start.

Poultry. Production of poultry and poultry products has continued at high tide thruout the year, and yet the poultry market has been able to absorb the products without serious depression except for a brief period in late spring. Prevailing prices for eggs and poultry are sufficient to give all of the stimulation needed. Caution rather than unbounded optimism should govern production this season.

### The Crops

The world has an abundant supply of most grains. A little less corn and slightly less oats were produced in 1927 than in 1926. Of wheat, rye and barley considerably more was produced. The relative prices prevailing in the United States between livestock and grains warrant in general the curtailment of the crops grown primarily for commerce and an increase of feed crops normally marketed thru conversion into livestock products. Generous provision should be made for pasture and hay. Such crops as oats, barley and corn should be grown in proportions adequate for feed demands on individual farms and the balance of the land used for such cash crops as promise the best commercial returns.

Corn. The demand for corn as a feed crop and a relatively favorable price will to some extent offset the discouragement of four successive poor corn crops. Farmers should remember that with four poor seasons "over the dam" the "chance" for a good crop is greatly increased. It may be advisable to adopt earlier maturing varieties in some part of the state but there is no legitimate reason for cutting the corn acreage in Minnesota this year. There is no crop in sight at present that offers better opportunities in central and southern Minnesota for good returns for expense and labor.

Oats. The oat crop was generally unsatisfactory in 1927. Stocks are likely to be well cleaned up before the new crop is harvested. Judging from the available evidence it will be good policy to sow the usual acreage this year in regions where oats normally do well. In the southern part of the state preference should be given to the early varieties.

Barley. Barley was one of the best money crops on Minnesota farms in 1927. Favorable yields and prices have renewed the popularity of the crop. The accomplishment of the plant breeders in taking the teeth off the awns is much appreciated by growers and has added to the popularity of the crop. It is likely that there will be some expansion of the acreage this year which is quite permissible. Its value for feed warrants a considerable increase in acreage in the Red River Valley and other northern areas where corn does not always mature.

Wheat. Wheat production in southern Minnesota is swinging from spring wheat to winter wheat. According to the Crop Reporting Service of the United States Department of Agriculture the winter wheat acreage in Minnesota was increased in the fall of 1927 to 221,000 acres, which is an increase of 40 per cent over 1926. This is in part due to the introduction and use of the winter hardy Minturki variety developed by the Minnesota agricultural experiment station. Its use is likely to expand still farther. While the winter wheat acreage in the United States was increased by 10 per cent last fall, it is not believed that the spring wheat acreage need be decreased in consequence. The premium usually paid for hard red spring wheat for blending purposes gives it a price advantage which in part at least offsets the advantage of heavy yields of winter wheat. The black-stem rust epidemic of last year will discourage some growers but progress is being made in the eradication of barberries, in the development of rust resistant varieties, and in otherwise bringing rust under control. Early seeding is helpful in most seasons. Even the present prospects do not indicate especially favorable prices, no other crop is so well adapted to large acreages and available equipment.

Flax. Flax has again been a fairly profitable crop. The United States is still under the necessity of importing as much flaxseed as is produced nationally. This is one of the agricultural commodities on which the tariff is effective. An expansion of the flax acreage will be attended with less risk than expansion in most other lines.

Potatoes. It is any one's guess as to the potato crop. The best that can be said is that it is a speculative crop in most seasons and influenced more than most crops by the weather. Last year's acreage was large enough to supply the market demand. Any larger acreage, particularly in a year of high yields, will likely result in lower returns for the crop.

Hay and Pastures. Pasture and good legume hay are among the cheapest of livestock feeds. In this period when there is an abundance of grain products and a comparative shortage of meat animals and animal products the forage crops should be given preference over the grain crops. More sweet clover pasture and more alfalfa and clover hay are still a safe venture on farms where livestock is a feature of the farm business. These should be well supplemented by feed crops such as corn, barley and oats.

Andrew Boss.