



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

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

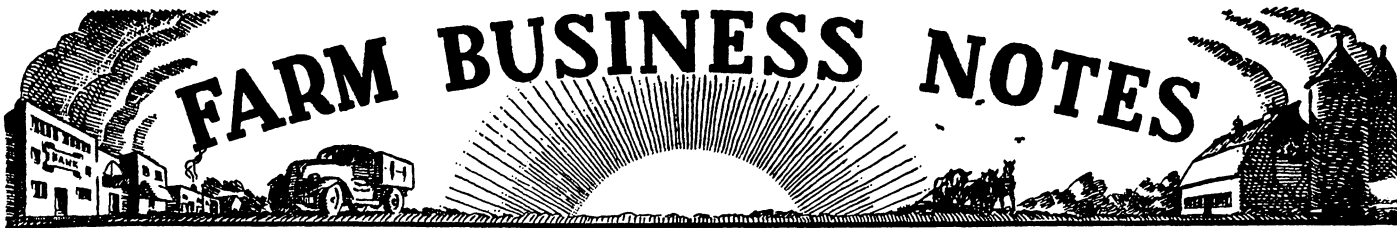
This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

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.*



Prepared by the Divisions of Agricultural Economics and Agricultural Extension
 Paul E. Miller, Director Agricultural Extension

NO. 213

UNIVERSITY FARM, ST. PAUL

SEPTEMBER 1940

Community Livestock Auction Markets in Minnesota¹

A. A. DOWELL and GERALD ENGELMAN

According to available records the first community livestock auction market in Minnesota was established at Belle Plaine in 1919 and the second at Sleepy Eye the following year. More than a decade elapsed before the next community livestock auction was organized at Walnut Grove in 1933. The number of new auctions increased gradually during the next two years and increased sharply in 1936 when 21 new auctions were established. This was followed by a gradual but continuous decline in the number organized. By December 31, 1939 a total of 90 auctions had been established, but of this number, only 49 were in operation. Of the 41 auctions that had ceased operations by the end of 1939, 18 were discontinued during the same year in which they were established and 11 during the following year. Many of these held only a few sales at irregular intervals. Others held sales during the fall and winter and then closed because of lack of volume. The failure of such a large proportion of the auction markets indicates that many of them were established as trial ventures.

One half of the auctions organized in 1933, 1934, and 1935, and three fourths of those established in 1936 subsequently ceased operations. Since 1936, an increasing proportion of the newly organized auctions have remained in business. This may have been due in part to the shorter time that has elapsed since their organization, but probably of even greater importance has been the combined effect of more favorable location and more effective operation. Although there has been a decline in the number of new auctions organized each year since 1936, the number organized consistently exceeded the number that discontinued operations. Consequently, the number of active auctions increased each year from 1932 through 1939.

All of the auctions in operation in Minnesota at the close of 1939 were located in the southern half of the state. The greatest concentration occurred in the southwest and west-central livestock and cash-grain areas, where the sale

UNIVERSITY FARM HOUR
 Monday - Wednesday - Friday
 12:30 to 1:00 p.m.

MID-MORNING MARKETS
 Monday through Friday
 10:50 to 11:00 a.m.

Station WLB—760 on the dial

of hogs and cattle combined constitutes the largest single source of farm income.

Data on the total number, average number, and percentage distribution of the different species of livestock handled at 22 Minnesota auctions during 1938, as shown in table 1, were obtained from the reports of individual sales forwarded to the State Live Stock Sanitary

Board by the auction operators. More cattle and calves were handled than all other species of livestock combined. Hogs comprised nearly 34 per cent of all animals sold, sheep and lambs 12 per cent, and horses and mules 3 per cent. There was considerable variation, however, between the different auctions. At 6 auctions, the number of hogs handled exceeded the number of cattle and calves. At one auction, more sheep were handled than hogs, and also more horses and mules than either sheep or hogs.

There was a great deal of variation in the total number of head of livestock sold at the different auctions. The largest auction sold 20,956 head of all species combined, while the smallest sold only 1,251 head. Thirteen of the 22 auctions each handled less than 5,000 head of livestock. The nine largest auctions, each with a volume exceeding 7,500 head, handled approximately three fourths of all the livestock sold by the 22 auctions. Seven of these larger markets were located in the southwest livestock and cash-grain area, and the other two were located in nearby areas.

The average number of head and the percentage distribution of the different classes of cattle, hogs, and sheep handled by these 22 auctions are shown in table 2. Steers

Table 1. Total Number, Average Number, and Percentage Distribution of Livestock Sold at 22 Auction Markets in Minnesota, by Species, 1938

	Number of Head		Percentage Distribution
	Total	Average per Auction	
Cattle and calves	81,425	3,701	51.1
Hogs	53,629	2,438	33.6
Sheep and lambs	19,295	877	12.1
Horses and mules	5,079	231	3.2
Total	159,428	7,246	100.0

¹ Assistance in the preparation of this material was furnished by the personnel of the Work Projects Administration, Official Project No. 65-1-71-140, Sub-project 420.

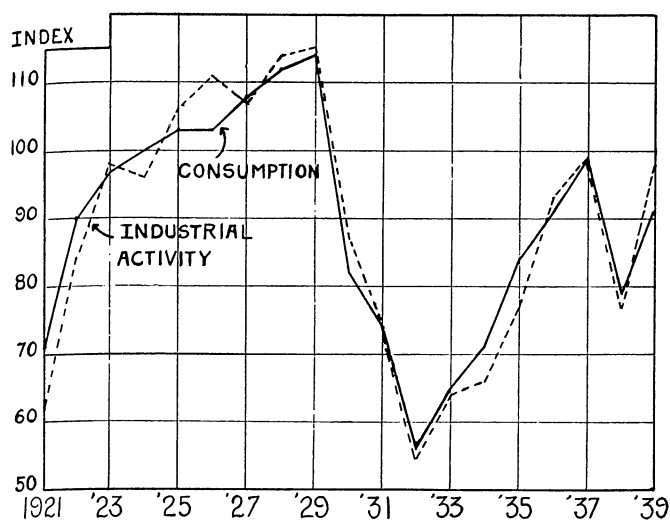


Fig. 1. Trend of Industrial Activity and Oil Consumption Indexes

world war low of 475 million pounds in 1932 to 834 million pounds in 1937. From 1932 to 1936 the use of linseed oil, while gaining in absolute volume, decreased proportionately from 77 per cent of the total consumption in 1932 to 61 per cent in 1936. The drop in the proportion of linseed oil was balanced by sharply increased use of perilla oil and small additions of some minor oils. During the past three years, the consumption of linseed oil has averaged about 70 per cent of the total drying oils utilized, while the combined use of tung and perilla oils has averaged about 21 per cent as compared with 29 per cent in 1936.

The variation in the annual consumption of the oils used by the drying industries is closely related to the variation in industrial activity, particularly that of building construction. Figure 1 shows the trends of the index of industrial activity and the index of the total consumption of linseed, tung, and perilla oils for the period, 1921-1939. The original figures for each year have been expressed as a per cent of the average of the corresponding data for 1923-25.

Both indexes reached their highest levels in 1929 and their lowest in 1932. The increase in industrial activity since 1932 has been accompanied by an increased consumption of the drying oils, but the level has remained quite far below the peak of 1929.

Increased building and other lines of industrial activity are of special significance to producers of flaxseed. Linseed oil will continue to be the most important drying oil and an increase in the demand for this oil will be reflected in higher prices for flaxseed.

Settler Relocation in Minnesota

SKULI H. RUTFORD

Prominent among the problems listed by the county land-use planning committees of northeastern Minnesota is the problem of scattered settlements and the isolated settler. Among the recommendations for dealing with this problem are first, zoning to prevent this problem from becoming more serious, and second, relocation of isolated settlers and badly located settlements. The whole question of high public costs and widespread tax delinquency

is closely tied up with scattered settlement. When the problem is fully analyzed in any county, however, it is found that there are many communities which of themselves are in a fairly sound position. In the same county will be found other settlements and settlers with little or no tax-paying ability, yet requiring large public expenditures. The problem of isolation may be complicated by poor soil. Removal of settlers from these high-cost areas has been proposed by several land-use planning committees. In the light of the recurrence of the recommendation for relocation in the various counties, it becomes extremely important that careful study be made of the relocation efforts which have been made in Minnesota.

The largest relocation effort in the state is the Pine Island-Beltrami Island project, located in Lake of the Woods, Roseau and Koochiching counties. The total area which it was proposed to depopulate comprised about 1,500,000 acres, with approximately 500 settlers. To date all but about 25 families have left the forest area. Of the 475 who have moved, about 225 were able to resettle themselves without assistance. Of the remaining 250, 225 have been relocated through government aid. Very early it was recognized that there were wide variations in the background, experience, and abilities of the people to be relocated, and it was apparent that no single type of farm set-up would fit all persons. In settler relocation as carried through on this project and recommended by county committees, selection of families to fit farms is not possible. The families have to be taken as they are and an effort made to determine the type of farm set-up, if any, that will best fit the individual family. Families included in this project fell into three general groups: first, those who could take care of themselves; second, those who would require governmental loans and assistance; third, those who because of old age, poor health or other reasons had been receiving and would continue to need relief. The 207 families included in the middle group were set up on a very conservative basis, every effort being made to hold the debt burden at a minimum. In a recent report on these families, it was indicated that 9 had paid in full, 5 had failed and been closed out, and 193 were still active. A total of 148 families were relocated in Roseau and Lake of the Woods counties. Of these most of the loans are on a current basis, with an increase in net worth of approximately \$700 per family. Project supervisors report that in many cases borrowers are doing better than had been anticipated. This is attributed to more favorable surroundings, the availability of funds for development, and increased interest and pride growing out of progress made.

Interviews with the relocation families indicate that they are satisfied with their new surroundings and feel that their situation has been improved. County commissioners, highway engineers, and school superintendents in the counties involved report that the expected savings and economies are developing and that they are in accord with the relocation effort. Therefore, whether from the viewpoint of the families involved, the financial soundness of the farm set-up, or the improved situation as regards local and county costs and finances, it would appear that relocation is feasible and that committees are probably on sound ground in recommending its adoption on a similar basis in a number of counties in northeastern Minnesota.

Minnesota Farm Prices for August, 1940

Prepared by W. C. WAITE and W. B. GARVER

The index number of Minnesota farm prices for the month of August, 1940 was 61. When the average of farm prices of the three Augusts, 1924-25-26, is represented by 100, the indexes for August of each year from 1924 to date are as follows:

1924— 95	1929—104	1934— 72	1939— 55*
1925—104	1930— 81	1935— 70	1940— 61*
1926—100	1931— 55	1936— 96	
1927—100	1932— 41	1937— 86	
1928—100	1933— 54	1938— 60	

* Preliminary.

The price index of 61 for the past month is the net result of increases and decreases in the prices of farm products in August, 1940, over the average of August, 1924-25-26, weighted according to their relative importance.

Average Farm Prices Used in Computing the Minnesota Farm Price Index, August 15, 1940, with Comparisons*

	Aug. 15, 1940	July 15, 1940	Aug. 15, 1939		Aug. 15, 1940	July 15, 1940	Aug. 15, 1939
Wheat	\$0.58	\$0.60	\$1.38	Cattle	\$7.50	\$7.20	\$6.08
Corn .....	.51	.50	.94	Calves	8.60	8.50	8.67
Oats .....	.20	.25	.35	Lambs-sheep	7.77	7.95	11.06
Barley .....	.33	.34	.60	Chickens .....	.11	.11	.18
Rye .....	.30	.32	.81	Eggs .....	.13	.14	.26
Flax	1.36	1.44	2.24	Butterfat .....	.28	.28	.41
Potatoes .....	.55	.70	1.17	Hay	4.75	4.60	11.60
Hogs	5.70	5.60	10.58	Milk	1.55	1.50	2.13

* These are the average prices for Minnesota as reported by the United States Department of Agriculture.

The index again showed a sharp drop in the level of Minnesota farm prices from July 15 levels, dropping from 66.4 for July to 60.7 for August. Changes were well mixed among the 16 commodities. Wheat and oats declined more than the base-year (1924-26) seasonal decline, corn and milk both rose but by a less amount than the base year seasonal rise; rye, flax, potatoes, hogs, and eggs all showed declines as against base-year seasonal rises. On the other side barley declined in price less than the base-year proportional decline, while cattle, calves, chickens, and hay showed rises as against base-year seasonal declines. Butterfat prices remained unchanged.

Indexes and Ratios of Minnesota Agriculture*

	Aug. 1940	July 1940	Aug. 1939	Average Aug. 1924-26
U. S. farm price index.....	68.1	68.4	62.4	100
Minnesota farm price index.....	60.7	66.4	55.2	100
U. S. purchasing power of farm products	84.8	85.7	79.7	100
Minn. purchasing power of farm products	75.6	83.3	70.4	100
Minn. farmer's share of consumer's food dollar		43.6	40.4	56.1
U. S. hog-corn ratio	9.2	9.2	12.0	11.4
Minnesota hog-corn ratio	11.2	11.2	15.6	12.3
Minnesota beef-corn ratio	14.7	14.4	19.1	7.0
Minnesota egg-grain ratio	15.4	14.4	17.5	14.2
Minnesota butterfat-farm-grain ratio	39.3	35.4	38.0	32.4

* Explanation of the computation of these data may be had upon request.

Beef-Corn Ratios

Beginning with this issue, the table "Indexes and Ratios of Minnesota Agriculture" will carry a new series similar to the hog-corn ratio, but calculated for beef cattle, to be known as the beef-corn ratio. This ratio will state the number of bushels of corn which 100 pounds of live cattle will buy at current state farm prices.

This measure of price relationships furnishes a rough indication of the profitability of current feeding operations. The ratio: (1) *rises* when cattle prices rise and corn prices remain unchanged or rise proportionately less; (2) *rises* when corn prices decline and cattle prices remain unchanged or fall proportionately less; (3) *falls* when cattle prices decline and corn prices are unchanged or fall proportionately less; (4) *falls* when corn prices rise and cattle prices are unchanged or rise proportionately less; (5) *remains unchanged* if cattle and corn prices rise or fall in exactly the same proportions, or neither change.

The ratios must be interpreted only as a rough measure of current relationships. They can not be taken as an overall statement of profitability of the entire beef operation, since they take into consideration neither the past costs for feed nor the future price to be realized for the marketed cattle. Their greater use will be found in the month to month comparisons of the ratios to indicate whether the trend is in a direction favorable or unfavorable to future feeding operations.

Minnesota Beef-Corn Ratios (in bushels) 1924-1940

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1924-26	8.1	8.4	9.1	9.7	9.9	8.9	7.9	7.0	7.4	8.1	8.7	8.8
1927	10.9	11.0	12.3	13.1	11.1	9.5	8.3	8.0	7.9	9.6	11.5	11.8
1928	12.4	11.9	11.3	11.4	10.1	10.3	10.2	11.2	13.1	13.7	14.5	14.0
1929	13.1	11.7	11.7	13.3	13.9	13.9	12.8	12.1	10.7	10.9	12.7	12.4
1930	12.6	12.9	14.0	13.3	13.2	13.2	11.1	7.9	8.6	9.4	11.6	11.5
1931	12.7	12.6	13.5	12.9	12.6	12.8	11.4	12.2	12.9	16.1	12.2	11.4
1932	11.4	11.2	11.8	11.7	12.3	14.2	17.5	16.3	21.9	26.7	26.7	23.6
1933	22.9	25.8	23.2	16.8	13.1	14.3	8.2	10.3	10.4	14.0	10.3	8.5
1934	9.1	10.1	10.1	10.9	11.0	8.2	7.6	5.7	6.4	5.8	5.2	4.6
1935	6.0	7.0	8.4	8.5	9.4	10.1	9.9	10.0	10.8	11.6	13.6	14.0
1936	15.0	14.7	14.2	14.4	13.9	13.3	8.6	5.7	6.3	6.7	6.5	6.2
1937	6.4	6.2	6.8	6.1	6.6	7.3	7.2	8.6	8.9	17.1	16.1	14.6
1938	13.3	13.3	14.8	14.5	14.3	15.3	16.8	17.3	19.1	20.0	17.8	
1939	17.6	19.4	20.3	19.7	19.2	17.9	18.9	19.1	16.4	19.2	19.2	17.3
1940	16.5	15.3	15.2	14.7	13.9	13.9	14.4	14.7				

UNIVERSITY OF MINNESOTA
Department of Agriculture
Agricultural Extension
University Farm, St. Paul, Minn.

P. E. MILLER, Director

PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300

FREE—Co-operative Agricultural Extension
Work, Acts of May 8 and June 30, 1914.

UNIVERSITY FARM, ST. PAUL, MINNESOTA

Cooperative Extension Work in Agriculture and Home Economics, University of Minnesota, Agricultural Extension Division and United States Department of Agriculture Cooperating, P. E. Miller, Director. Published in furtherance of Agricultural Extension Acts of May 8 and June 30, 1914.