



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.*

FARM BUSINESS NOTES

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

NO. 229

UNIVERSITY FARM, ST. PAUL

JANUARY 1942

The 1942 Farm Program

ANDREW BOSS

Agriculture is on the forward march. The orders come from national headquarters. They are the reverse of those given a year ago. Farmers for the first time in a decade are asked to step up very materially production of most of the leading agricultural commodities commonly grown in the United States. Present price outlook, commodity loans, and parity price provisions seem to offer safeguards which warrant farmers in producing to the full capacity of the industry.

The request of the Secretary of Agriculture for increased production was expressed in percentage increases over production for 1941, which is estimated to have been the largest in history, notwithstanding decreased acreages. The percentage increase desired from the nation and Minnesota's contribution toward it are shown in the accompanying table.

Suggested Goals for 1942

	Per Cent Increase		Per Cent Change		
	Nation	Minnesota	Nation	Minnesota	
Milk	7	8	Corn	0	0
Pork and lard	12	12	Cotton	0	0
Beef marketings	12	10	Tobacco	0	0
Chickens	10	13	Rice	0	0
Eggs	9	9	Wheat	-14	-10
Lamb and mutton	2	4			
Soybeans	20	0			

In the view of some economists, this quota for the United States is too low. The emphasis on desired production is directed toward livestock products. The increase in livestock products cannot be made without increased feeds. Therefore, restrictions on corn production should be removed. Encouragement should be given to other feed crops in full support of economical production of dairy and meat products. The surplus of corn in storage is only about one fourth of the amount needed yearly for domestic uses. A short crop or a disastrous early frost in the Corn Belt would quickly wipe out supplies and leave feeders short on this essential feed crop. There is no more in storage than should be carried over yearly in the cribs of stock raisers. There is no need for restrictions on corn in 1942. Removal of restrictions would tend to lower prices for corn. Since the crop is almost entirely used for livestock feeds, lower prices for corn would encourage more liberal feeding and larger production. The feeders

University Farm Radio Programs

Monday through Friday

MID-MORNING MARKETS—10:30 a.m.

UNIVERSITY FARM HOUR—12:30 p.m.

Station WLB—770 on the dial

would benefit from more economical production, and the nation from the increased quantity of the products.

Agricultural Production Must Get Into High Gear

The low pressure methods of farming advised in the years just passed must give way. They have served their purpose well, but now

agricultural production must go into high gear for two good reasons: (1) foods and feeds are needed to win the war and (2) price prospects are favorable for good returns on farm products. There is apparently going to be a strong demand for food products. Our rapidly increasing army and navy must be well fed. The rising tide of industrial production for defense is giving full time employment at good wages to those able and qualified for machine or munition production, which implies heavier buying on the part of workers. Our nation is supplying food materials to countries allied in the war. The outlet for foods is large even though the usual foreign market channels are not open. Those who can produce the commodities required for shipment or for home consumption are assured of good returns for resources used. While in this favorable position farmers should establish their own security by paying up old obligations and avoiding unwise new investments, thus keeping their resources and finances under desirable control. When money comes easiest is the best time to get out of debt.

The Minnesota Farm Program

The farmers of Minnesota will do well to operate in 1942 within the limits of the national program as finally determined. It is still wise to conserve fertility and save the soil whenever and wherever possible. For some years our farmers have been increasing grass and legume crops, terracing their farms, and storing fertility. Now we face a great national emergency. There may be, for the present, more important things to do than saving fertility. The nation itself is in danger. The reserves were built against the time when full production would be needed. If necessary they should now be drawn upon to fortify the nation in its effort to preserve the American way of life. The reserves will be of little use if that is lost.

Farmers must operate, too, within the limitations of

their physical environment. The climate of the state has not changed materially. We will still have early and late frosts, drouths, floods, hot winds, and hail storms. Experience has dictated closely the crops and products most likely to succeed. There are no new crops or products of major importance to be added to the long list which are now included in our well diversified agriculture. Our farmers will do wisely to stick to time-tried crops and livestock that have, over a period of years, proved satisfactory under the conditions governing the individual farms. Radical changes may lead to disaster. The emphasis should be put upon good tillage and management, good seed, and high yields of good quality, in both crop and livestock production.

There are some handicaps in sight for farming in 1942. The first one is a shortage of labor. The army, navy, defense, and industry are rapidly absorbing the young able-bodied men. Wages are rising for such labor as may be available for farm work. Most of the farm work will have to be done by the farm families, with women taking a more active part in field and chore work. Each individual farm program should be set up in accord with the amount of labor likely to be available to the operator.

Tractors and large power implements have replaced horse and man power on many farms. The prospects at present are that there will be shortages of both for some time to come. There will be need of neighborly cooperation in sharing in the use of heavy machinery. Repairs and replacements will be equally hard to get. Forehanded operators therefore will early take stock of needs and make arrangements for replacements and repairs that there may be no delay when the work season opens. Those fortunate enough to have a few horses left will do well to keep them until they have assurance that mechanical power will again be available. Colts for replacements may well be grown into work horses.

Concentrate on Livestock

The national program calls for substantial increases in livestock and livestock products. Fortunately, Minnesota is well adapted for the production of all such commodities. Good judgment is required, however, to set up a livestock production program suited to the individual farm and its available supply of equipment and labor. Since most farms produce large quantities of coarse feed and forage crops, cattle of some kind are needed to convert them into eatable and salable products. Whether to keep beef or dairy cattle depends largely on four factors: (1) land available, (2) labor supply, (3) comparative prices, and (4) the foundation herd at hand.

Beef Cattle fit in best on farms of good size where ample pasture and grazing lands can be provided, and where the tillable land is suited to large yields of forage and grain feed crops. Under good housing and yard management they can be produced with a minimum of labor. On farms where there is a shortage of labor, beef cattle should be given the preference over dairy cows. Relative price ranges and prospects indicate that beef may be produced profitably for a year or two at least. There is a tendency among beef cattle raisers to hold back "she

stuff" with a view to future expansion. That may lead to peak production after the emergency is over. Increased marketings this year are needed. It may be good management to sell down close while prices are good. On most farms producing beef, hogs will prove to be a profitable supplement. Prospective prices for hogs make the combination an especially good one for the coming year.

Dairy Cattle, Hogs, and Poultry will make a good combination on farms where land is somewhat limited and the family labor supply is adequate. As with beef cattle, there is much economy in ample pastures and good hay and forage crops. The 8 per cent more milk requested from Minnesota dairy farmers can best be supplied by better feeding and management of established herds. While some heifers will come into milk, thus supplying new sources, the greater part of the increase must come from cows already in milk. Close attention to good feeding and care will pay good dividends at prices which are likely to prevail. Dairymen should not forget that the cheapest production is made on good quality pastures. The value of an adequate acreage of supplementary summer pasture should not be overlooked on farms short of good grass pastures. Either, or both, hogs and poultry may well be fitted into the production program of many dairy farms. With more milk going to cheese factories, driers, and condensers there will be less skim milk for pigs and hens, but substitutes can be provided in most cases. These enterprises are needed on most dairy farms to round out the farm business and give full time employment to available labor. Prospective prices are favorable for all of the products such combinations can be made to yield.

Hogs are expected to be in good demand throughout the year. A few farmers may find it possible to make a specialty of hog production, but it is difficult to develop full time employment for labor on such farms, or to utilize the full feed resources of the land. The bulk line of hogs should be produced in combination with beef or dairy cattle. In any event, the farmers of the Corn Belt can easily produce the additional 10-12 per cent requested in the quota, and price relationships indicate that they will profit by doing so.

Sheep flocks should be maintained in present or slightly increased numbers. While there is no urgent present demand for more, the need for wool is likely to increase rather than decrease. Farm flocks are kept at low expense and may well be maintained at full production levels.

Feed Crops Will Be Needed

Feed and More Feed should be the slogan if livestock quotas are to be reached. Pastures should be well maintained, but not at the expense of forages and grains for full production and finishing. Grain rations may well be strengthened. Full feeding to well culled herds will be advisable. The crop program should be planned to give first place to suitable hay and forage and second place to ample coarse grain feeds. Barley and oats in combination will yield more feed than either crop alone. Corn should be grown to the full limit permitted by the soil conserva-

tion quotas. If there is any land left over after pastures, forages, and feed grains have been provided it may be used for special cash crops.

Cash Crop Outlook

The choice of cash crops is somewhat limited. Wheat, the universal cash crop, is still under the handicap of large surpluses and is to be decreased in acreages. In the limited quantity that may be grown it is still the most widely adapted crop that can be advised.

Soybeans have a largely increasing place in latitudes south of the Twin Cities. At prevailing prices, which it is thought will be maintained, the crop grown for grain is attractive. It is a crop that requires careful management and is subject to loss from frosts and bad weather. However, where climatically adapted it can be grown on any good corn soil. At yields of 20 bushels or more per acre it is one of the best cash crops in sight for southern Minnesota, where machinery is available for handling the crop.

Flax is still in good demand at satisfactory prices. It is not a high money crop at average yields, but is the best crop in sight to replace wheat in small grain territory. Early seeding is advisable in order to escape the effects of rust and hot weather. The lowered tariff on Argentine flax is largely offset by higher shipping rates and the difficulties of sea transportation. Competition from outside sources is not likely to be stronger than in the past.

Canned Food Products are in strong demand. Old stocks have been well cleaned up and the Federal Administration is urging producers of canning crops to expand production by 25 per cent over 1941. Those operating within reach of canneries should consider the wisdom of using a portion of their free crop land for the production of sweet corn, peas, beans, or other canning crops. Those accustomed to growing such crops and who have the machinery and labor for handling them may wisely increase their acreages. Novices should go slow in undertaking such crops unless under the guidance of experienced growers.

White Beans, harvested in the dry form, also offer possibilities for good returns in restricted areas where soil and climate are adapted to the crop.

Sugar Beets also merit consideration wherever factories and available labor warrant production of the crop.

Put on Pressure

Whatever the final plan for the individual farm, effort should be made to get the largest possible production in both crop and livestock products. This is the year when it may be wise to intensify agricultural production by extra good tillage methods, by the application of manures, and by the use of phosphates or other commercial fertilizers if available on corn or other special crops. Crop and livestock risks can be avoided by forethought, planned procedure, and by providing good sanitary conditions for crop and livestock growth. Such procedures may require extra labor and increase the expense, but the chances are that if wisely used they will double the profit. Cooperative

use of herd sires, tractors, and heavy machines, together with pooled or exchange labor may help in many cases to reduce the expense or increase the income.

Finally

While emphasis is placed on large production this year, one should not overlook the fact that production will be needed next year also and in the years to come. It will be unwise therefore to unbalance a well established farm unit in the emergency. There is danger in over reaching in the purchase of land or in greatly increasing the farm investment by purchase of equipment for which there is not full employment. The aim of every farmer should be to keep his finances under control; to get out of debt; to conserve his soil, and to build up and preserve his foundation herds and flocks for the long-term pull that will be needed to pay for the spree which the world today is taking.

Farm Accounts Aid In Making Income Tax Returns

G. A. POND

Under the present Federal income tax law most farmers in Minnesota are required to make an income tax return for 1941. A farm account record is an invaluable aid in preparing this return. It is too late now to keep a record for 1941 but there is still time to start a record for 1942. A farmer may make a fairly accurate report of his income from memory aided by sales slips and bank deposits. Without a record, however, he is almost sure to miss many expense items that are allowable as deductions. Thus the account book will not only make the preparation of the return easier but it may also reduce the amount of tax to be paid.

The Minnesota Farm Account Book is an ideal form in which to keep this record. This is the only farm account book in general use in the state that provides any easy and complete classification for income tax purposes. Accounts are so classified that the return can be made without re-sorting numerous items at the end of the year. A special set of directions for making the return from this book at the end of the year has been prepared and has the approval of Internal Revenue officials.

The Minnesota Farm Account Book is the result of years of experience in keeping farm records. It is used by thousands of Minnesota farmers. It is simple and easy to keep. There is ample space for the necessary entries and full directions that make it easy to get them in the right place. The arrangement and classification provides not only income tax information but also a useful analysis of the year's business for reference and study. The farm business is too complicated to be run by guesswork. A good business record is a valuable aid in farm planning.

The Minnesota Farm Account Book may be purchased from your county agricultural agent or directly from the Students' Book Store at University Farm, St. Paul. Get a copy at once and take some of the grief out of this income tax business next year.

Minnesota Farm Prices For December, 1941

Prepared by W. C. WAITE and H. W. HALVORSON

The index number of Minnesota farm prices for the month of December, 1941, was 97. When the average of farm prices of the three Decembers, 1924-25-26, is represented by 100, the indexes for December of each year from 1924 to date are as follows:

1924—92	1929—96	1934—67	1939—64*
1925—104	1930—73	1935—79	1940—68*
1926—104	1931—50	1936—91	1941—97*
1927—95	1932—36	1937—78	
1928—95	1933—41	1938—66	

* Preliminary.

The price index of 97 for the past month is the net result of increases and decreases in the prices of farm products in December, 1941, over the average of December, 1924-25-26, weighted according to their relative importance.

Average Farm Prices Used in Computing the Minnesota Farm Price Index, December 15, 1941, with Comparisons*

	Dec. 15, 1941	Nov. 15, 1941	Dec. 15, 1940		Dec. 15, 1941	Nov. 15, 1941	Dec. 15, 1940
Wheat	\$1.03	\$0.92	\$0.72	Cattle	\$9.30	\$8.80	\$7.60
Corn	.58	.54	.45	Calves	11.00	10.50	8.80
Oats	.41	.36	.27	Lambs-Sheep	9.89	9.20	7.80
Barley	.62	.56	.38	Chickens	.12	.12	.10
Rye	.56	.52	.36	Eggs	.30	.30	.22
Flax	1.81	1.60	1.42	Butterfat	.39	.40	.37
Potatoes	.60	.55	.39	Hay	5.86	4.86	4.86
Hogs	10.20	9.60	5.40	Milk	2.20	2.25	1.70
				Wool†	.37	.38	.31

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

† Not included in the price index number.

During December weakness was shown in eggs and dairy products. The seasonal declines normally coming in January came this year somewhat earlier than usual in the case of dairy products.

Prices of all other Minnesota farm products included in the index showed more than the usual seasonal increases or rose counter to the usual downward seasonal trend.

The index of Minnesota farm prices in December was at its highest level since May, 1937. The recent decline in purchasing power of Minnesota agricultural products has been halted as a result of the December price rises.

Indexes and Ratios of Minnesota Agriculture*

	Dec. 1941	Nov. 1941	Dec. 1940	Average Dec. 1924-26
U.S. farm price index	105.1	98.5	74.3	100
Minnesota farm price index	97.2	92.0	67.9	100
U.S. purchasing power of farm products	111.7	106.1	92.5	100
Minn. purchasing power of farm products	103.3	98.7	84.6	100
Minn. farmers share of consumers food dollar		53.5	45.0	56.2
U.S. hog-corn ratio	15.3	15.2	10.3	13.3
Minnesota hog-corn ratio	17.6	17.8	12.0	15.7
Minnesota beef-corn ratio	16.0	16.3	16.9	8.8
Minnesota egg-grain ratio	21.9	24.4	22.5	26.7
Minnesota butterfat-farm-grain ratio	31.9	36.5	45.1	42.6

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

Pig Survey

The Agricultural Marketing Service of the U.S.D.A. in its December Pig Crop Report estimates the number of sows to farrow in the spring of 1942 in the United States to be 9,974,000, or 28 per cent more than farrowings in the spring of 1941. This would be the largest number of sows farrowed on record.

Sixteen per cent more sows farrowed in the fall of 1941 than in the fall of 1940. This together with slightly larger litters resulted in an 18 per cent increase in number of pigs saved over the fall of 1940.

The combined spring and fall pig crops of 1941 is estimated to be 85,035,000 head or 6.5 per cent larger than the combined crop of 1940 and 17.3 per cent larger than the 1930-39 average combined crops.

Estimates for Minnesota indicate a 20 per cent increase in farrowings in the spring of 1942 over that of 1941.

Weighting the percentage increases in the various states by the number of pigs saved in the spring of 1941 indicates that about three fourths of the 28 per cent increase will arise in the North Central states while about half of the increase will come in the West North Central states. Slightly more than one fifth of the 28 per cent increase will come from Iowa, the largest hog producing state.

Sows Farrowed

State or Division	Spring		Fall		Expected Increase in Farrowings, Spring, 1942
	1940	1941	1940	1941	
	In thousands				Per cent
Minnesota	720	720	230	276	20
North Central	6,094	5,863	3,065	3,633	28
U. S.	8,243	7,770	4,760	5,531	28

Pigs Saved

State or Division	Spring		Fall		Total	
	1940	1941	1940	1941	1940	1941
	In thousands					
Minnesota	4,437	4,601	1,458	1,755	5,915	6,356
North Central	37,337	37,935	19,939	23,929	57,276	61,864
U. S.	49,576	49,455	30,273	35,580	79,840	85,035

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

PAUL 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, Paul E. Miller, Director. Published in furtherance of Agricultural Extension Acts of May 8 and June 30, 1914.