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# FARM BUSINESS NOTES

Prepared by the Divisions of Agricultural Economics and Agricultural Extension  
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UNIVERSITY FARM, ST. PAUL

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## The Farm Program for 1943

ANDREW BOSS

Abundant production is urged by the national administration. It must be directed toward supplying the products most essential to winning the war. Assurance is given that farm products will find a ready market at satisfactory prices. Food surpluses, with the exception of wheat, have largely disappeared and the world is hungrier than ever for farm products. There will be increased demands for supplies for those in the armed services. The lend-lease agreements will call for still larger amounts of food products. Foods for the needy in subjugated countries that can be reached will require all that can be delivered to them. These factors, coupled with full employment at high wages of all industrial workers, will provide outlets for all that can be produced under the most favorable weather conditions.

*Prices stabilized* at or above present levels are in the making. The national administration has finally been convinced that owing to shortage of farm labor, priorities on machinery, low quotas of gasoline, fuel oil, and other operating supplies, there is danger of shrinkage rather than expansion of farm production. To stimulate production under such circumstances, serious effort is being made to stabilize prices at reasonably high levels and to maintain such levels for the duration of the war, or longer. For the year ahead, prices for essential farm products may be expected to reach higher rather than lower levels. Government support of the market for dairy products, hogs, poultry, and the critical crops, and subsidies on certain other products, will be used to maintain satisfactory prices, should the open market fail to do so.

*All-out production* as a patriotic duty faces the farmers of the Northwest this year. Secondly, full production promises to be a financially profitable venture.

### WHAT ARE THE NATIONAL NEEDS?

The national needs are for (1) milk and dairy products, (2) meats, (3) poultry and eggs, (4) oil-bearing crops. Along with these highly essential food products must be ample supplies of feed crops, headed by corn, oats, barley, the grain sorghums, and the supporting grass and hay crops, if livestock production goals are to be reached.

### University Farm Radio Programs

HOMEMAKERS' HOUR—10:45 a.m.

UNIVERSITY FARM HOUR—12:30 p.m.

THE FRIENDLY ROAD—1:00 p.m.

Station WLB—770 on the dial

Happily, these products are all suited to the possibilities of soil and climate of this region and can be produced here as economically as in any region. What farmers try to produce in this region, as in other regions, will be largely what is dictated by government advice. The disturbing factors involved here are the serious shortages of labor, power, and machinery.

### Livestock Products Come First

Livestock and livestock products should have first consideration. The kind of livestock raised or the livestock products made will depend on the type of farm operated and the inclination and capacity of the operator. The nature of the feed supplies and the amount of labor available will be the determining factors in most cases. Access to creameries and markets are other factors of importance.

The national goal calls for 2 per cent more milk than was produced in 1942. The goal set for this region, however, is only about 1 per cent over last year. Sales of dairy herds last fall, because of labor shortages and low ratios of price to cost of production, were factors keeping the goal at a minimum for this region. Only well-established dairymen serving special markets can afford to hire labor to milk cows at industrial wage levels. The bulk of the milk in this region should be produced on dairy farms well supplied with family labor. Farm-trained women and adolescent children can give valuable assistance on well-supervised dairy farms. Even on such farms close attention must be given to feeds and feeding to keep production costs at low levels. Good pasturage throughout the season, ample high protein forages, and good quality grain supplements form the base for economical production. Wise farmers will keep only cows of reasonably high production. Low production will not cover cost of high-priced feed and labor.

*Beef cattle goals* are up 7 per cent nationally and 8 per cent for this region. While margins between feeders and finished cattle are rather close, there is room for reasonable profits on well-conducted feeding operations. Feeders, however, should keep in mind the fact that premium prices are not likely to be paid for highly finished cattle. The

strongest demand will be for moderately fat cattle. These yield the kind of beef wanted for the armed forces. It is also the kind of meat in demand in the majority of families. Feeding a large number of cattle to a moderate degree of finish is suggested because of the need for adding weight to as many cattle as possible at the lowest expense for feed.

Farmers having good foundation herds may well give attention to the fullest possible production of beef. Early growth of young stock can be cheaply made on good pastures and low value forages. Such feeds combined with a light ration of corn and high protein feeds will provide good gains through the early stages of the feeding period. Full feeding for a period of 60 to 90 days should put such cattle in satisfactory condition for probable market needs. Feeders and cattle raisers should remember that it is an increase in cattle marketings that is wanted rather than an increase in foundation herds. Therefore close culling should prevail with a view to turning into meat all animals not pressingly needed in the herds.

Those farmers short on labor and long on land and feed grains may well give thought to using their resources in raising feeder cattle, which at present find ready sale. Some will find it advisable to grow them out and finish them for the beef market.

*Hog goals* are at a peak. The largest hog crop in the nation's history was raised in 1942. But the goal for 1943 is 27 per cent higher than production in 1942. For this region it is approximately 20 per cent higher. Ratios of feed cost to hog prices are favorable to profitable production. Hog production may be carried on with a low labor requirement if attention is given to good arrangement of pens, yards, and pasture fields. Self-feeders, self-waterers, and hogging-down practices are useful in reducing manual labor. Rapid growth and quick turnover permit hog production on lower capitalization than is required for the cattle enterprises. But, by themselves, hogs do not give a balanced farm business. Hog raising fits in best as a supplement to beef raising or dairy production where the cattle consume the farm roughage that must be produced on most farms.

The goals set for hog production can be met only if healthful conditions are provided. Sanitary pens and grounds must be maintained. Farrowings, both spring and fall, should be timed, so far as possible, to avoid extremes of weather and to avoid interference with other seasonal work. Hogs should be fed to heavy weights, 225 to 275 pounds or more. Feed grains, and particularly corn, should be balanced with high protein feeds. Farmers of the Northwest have learned that wheat coarsely crushed makes an excellent hog feed. The federal administration should encourage and make available more wheat for stock feeding.

*Poultry goals* also are up. For market poultry the increase is about 10 per cent; for eggs, about 25 per cent. Farm flocks may well be built up to large numbers where facilities for handling them can be provided at low cost. Attention to correct feeding practices, good sanitation, and prompt handling of egg products will be rewarded by good returns. There appears to be little danger of over-produc-

tion in view of national needs and federally supported prices. This is another enterprise that can be well handled by enterprising women and by children under capable supervision.

*Sheep and lamb production* is at a satisfactory level. Prices for mutton and wool in past years have been high enough to encourage flock expansion. Those engaged in sheep production may well continue on the present scale, or with a slight increase permissible.

### Feed Crops Are First on Crop List

Obviously, livestock production goals cannot be reached without abundant supplies of forage and feed crops. Every farmer should estimate the amount of livestock likely to be produced and the amount of pasture, forage, and feed needed to carry them through the year. Available acreage, power, and labor must be budgeted to give support where it will return the largest amount to the essential commodities required. In this matter they may have, if wanted, assistance from the county agricultural committee, the county agricultural agent, and from specialists of the agricultural extension service.

*Pasture and hay crops* are the foundation on which economical livestock production is based. They should be used to the fullest possible extent in maintaining the breeding stock and in growing young stock to the finishing stage. Feed grain supplies should be reserved for cows in heavy milk production and for putting the finishing touches on stuff being prepared for market. The past season was favorable for establishing grass stands, and grass lands, in the main, are in good condition. Top dressing with stable manure, 6 to 8 tons an acre, during the winter or early spring months will greatly stimulate production. Dividing pasture fields and rotating the pasturage will prevent overgrazing and increase pasture days. This can be done only if fencing is available, however. New seedings should be made in preparation for 1944, and emergency crops for summer pastures provided.

*Corn heads the list* of feed crops. While acreage restrictions have not been entirely removed by the AAA, they have been or will be liberalized. It may be necessary to permit planting at the will of individual operators if the 4 per cent increase in acreage desired is to be reached. Those growing corn should put it in the best soil available, use the best hybrid seed adapted to the locality, and use every possible means of getting large yields. Timely planting, disease-free seed, and good culture are good insurance of a full crop. Phosphate fertilizer will improve the quality and yield of corn on phosphate-deficient soils.

*Oats and barley* are indispensable grain feed crops. The acreage of 1942, however, will amply provide the amount needed, if good growing conditions prevail. More pounds of feed will be obtained from a 40-60 barley-oat mixture than from either crop grown alone. The mixture is suitable for either cattle or hog feeding. A word should be said also for the value of wheat as a grain feed where price relations permit its use. Many farmers add a few pounds of wheat per acre in combination with the barley-oat seeding.

In regions where corn cannot be safely grown, wheat may well be considered for grain-feeding purposes in the production of pork and as part of the ration for dairy cows or other cattle. Where more wheat can be grown per acre than other grains it may well be raised for feed.

### Changes in the Cash Crops

*Flax instead of wheat.* Wheat has long been the popular cash crop throughout the Northwest. Since there is now in storage a two-year normal supply, wheat acreage may well be reduced. Wherever possible, flaxseed should be substituted for it. Flax prices are to be supported up to \$2.70 per bushel. In areas where yields of 10 bushels or more an acre can be expected it will be a better money crop than wheat. Last year's experience with flax rust will discourage some. That risk can be reduced by early sowing. Small stocks of rust-resistant varieties have been built up which, if used, will further reduce the rust. Linseed oil is one of the most vital needs in prosecuting the war. Flax is too often looked upon as a minor crop. As a consequence, it gets second choice of land and tillage. It should be shifted to a front rank crop this year.

*Soybeans* as a cash crop got a body blow in last year's early frost. The emphasis is off this year and no increase in acreage is advised. Only farmers south of the Twin Cities should undertake the crop. Even in that territory the flax crop properly handled will net more value in oil at prices offered and is less risky to handle. This does not mean that soybeans are entirely out but that flax this year promises better results on the farms of this region.

*Canning crops and sugar beets* offer possibilities for those operating within reach of canneries and factories. These crops require good land, special machinery, and heavy seasonal labor. One should not attempt to produce them unless a good supply of labor can be assured. Farmers equipped for it may well raise the usual acreage. The rank and file of farmers should stick to the major crops and livestock products.

*Potatoes* were a short crop in 1942. A somewhat larger acreage is desired for 1943. Present prices and prospective price guarantees for special grades to be announced are likely to stimulate plantings.

*Hemp* is much in the public mind at present. Production of the crop will be under the close supervision of the AAA. It will be grown within handling distance from factories yet to be built at specified points in Minnesota, Wisconsin, Iowa, and states to the south. The crop will require the best of land, correct tillage methods, and careful handling. While the federal government proposes to furnish machines for harvesting, farmers must furnish power and labor for retting, shocking, and delivering the crop at the factory. Contracts for growing and instructions for handling the crop will come from the AAA. It is not a crop for universal culture and a relatively small acreage will be required.

### Make the Most of Labor and Materials

Farmers are being asked to produce more in 1943 than they did in 1942. They have less labor and equipment with which to do it. They are under the necessity, there-

fore, of making the most possible out of what they have. Hearty community cooperation will be necessary if the goals are reached. Unused time of farmers on small farms and laborsaving machinery on other farms form an accessible reservoir of labor and machinery. By pooling the use of labor and machines many communities can meet in part, at least, the difficulties sure to be encountered in growing and harvesting the year's crops. Unused man labor on one farm can be traded for unused machine service on another farm. Trading machine work for labor at standard rates, doing more custom work, and neighborhood cooperation in the use of machines will smooth out the peak loads on many farms. Planning ahead and intelligent execution of the plans will be necessary, but will be rewarded by higher returns for each unit of effort expended. Farmers are not being asked to work more hours per day, but only to make more effective each hour worked. There are hundreds of ways in which this can be done. If each farmer will concentrate on finding one or more ways to step up his production with the resources available to him, the problems will be solved. Production goals can be reached if everyone settles to the task, and provided climatic conditions are favorable.

## Income Tax Section of the Minnesota Farm Account Book

S. A. ENGENE

An Income Tax Section of the Minnesota Farm Account Book is now available to Minnesota farmers. This is an abridged edition of the complete Minnesota Farm Account Book that has been used by farmers for many years. It contains only those sections of the complete book that are needed for preparing an income tax statement.

This book provides a convenient and complete classification of all entries. Totals can be transferred directly to the income tax schedule without re-sorting or recopying numerous items at the end of the year, thus saving time when preparing the report. There are brief but clear instructions for using the book. An alphabetical index of about 300 items of purchases and sales provides a convenient guide in making the entries. There is sufficient space for making all entries without crowding.

The Income Tax Section is not recommended for partnerships, for tenants on a livestock-share lease, for farm management service members, or for persons (students, 4-H club project members, farmers) who wish to use this record as the basis for an analysis of the farm business. The complete book is recommended for them.

A special set of instructions for making an income tax statement from these books has been prepared. These instructions show the place in the income tax schedule where each total in the book must be entered, and are for use with either the complete book or the Income Tax Section.

Both the complete book and the Income Tax Section may be purchased from your county agricultural agent, from many banks, or from the Agricultural Book Store at University Farm, St. Paul.

## Minnesota Farm Prices For December, 1942

Prepared by W. C. WAITE and H. G. HIRSCH

The index number of Minnesota farm prices for December, 1942, is 159. This index expresses the average of the increases and decreases in farm product prices in December, 1942, over the average of December, 1935-39, weighted according to their relative importance.

**Average Farm Prices Used in Computing the Minnesota Farm Price Index, December 15, 1942, with Comparisons\***

	Dec. 15, 1942	Nov. 15, 1942	Dec. 15, 1941		Dec. 15, 1942	Nov. 15, 1942	Dec. 15, 1941
Wheat .....	\$ 1.10	\$ 1.00	\$ 1.03	Hogs .....	\$13.20	\$13.50	\$10.20
Corn .....	.69	.66	.58	Cattle .....	11.50	11.40	9.30
Oats .....	.42	.38	.41	Calves .....	12.80	12.60	11.00
Barley .....	.60	.54	.62	Lambs-Sheep .....	12.29	11.81	9.89
Rye .....	.51	.45	.56	Chickens .....	.17	.16	.12
Flax .....	2.37	2.22	1.81	Eggs .....	.34	.33	.30
Potatoes .....	.90	.85	.60	Butterfat .....	.51	.50	.39
Hay .....	6.00	5.20	5.40	Milk .....	2.45	2.35	2.20
				Wool† .....	.39	.39	.37

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

† Not included in the price index number.

The prices of all commodities except hogs have increased during the past month. In the case of most commodities this price rise was in addition to the seasonal upward swing which is usual at this time of the year. The decline in the price of hogs from November to December was less pronounced than for the average of the years 1935-39.

The Minnesota farm price index of 159 is higher than it was in any December since 1919. The feed ratios have all narrowed relative to November, 1942 (the amounts for November 15, 1942, are given in Farm Business Notes No. 240, December 20, 1942). However, all ratios are higher than they were in December, 1941. If compared with 1940, the large increase in the hog-corn ratio is most obvious. The butterfat-farm-grain ratio is smaller than it was two years ago, while the other two ratios are about at their December, 1940, level.

**Indexes and Ratios for Minnesota Agriculture\***

	Dec. 15, 1942	Dec. 15, 1941	Dec. 15, 1940	Average Dec. 1935-39
U. S. farm price index .....	167.3	134.4	94.9	100
Minnesota farm price index .....	158.8	127.0	92.2	100
Minn. crop price index .....	130.0	116.0	82.5	100
Minn. livestock price index .....	176.4	139.2	89.7	100
Minn. livestock product price index .....	146.6	114.6	99.7	100
U. S. purchasing power of farm products .....	132.8	116.4	96.4	100
Minn. purchasing power of farm products .....	126.0	110.0	93.6	100
Minn. farmers' share of consumers' food dollar .....	57.6†	55.6	45.0	46.9
U. S. hog-corn ratio .....	16.5	15.3	10.3	13.3
Minnesota hog-corn ratio .....	19.1	17.6	12.0	15.9
Minnesota beef-corn ratio .....	16.7	16.0	16.9	14.0
Minnesota egg-grain ratio .....	22.6	21.9	22.5	20.7
Minnesota butterfat-farm-grain ratio .....	39.9	31.9	45.1	40.4

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

† Figure for November 15, 1942.

### 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.

## Government Action in Hog Markets

The price of hogs is coming increasingly under governmental control. Early in 1942 the OPA placed ceilings on the prices of pork products both at wholesale and retail. Recently the Department of Agriculture announced that it would support the price of live hogs at a minimum level of \$13.25 at Chicago for good and choice butcher hogs weighing 240 to 270 pounds.

The early retail and wholesale price ceilings were based on the highest price charged by individual packers and retailers at specified dates. Prices thus differed among individual sellers. From the beginning these ceilings caused a serious disruption in the normal flow of pork and pork products to market. Products tended to flow into the hands of operators who had relatively high ceilings at the time of the freeze. Moreover, these inequalities in ceilings extended to areas, tending to favor some areas with supplies and causing shortages in other areas. Those with a competitive advantage bid hog prices up. The highest price for live animals drastically reduced packing margins and threatened the ability of certain packers to remain in operation. As a result, a new order has provided for three zones of uniform prices, with ceiling prices uniform to all wholesale dealers in the zone. In the Central Zone, which is the heart of the corn belt, the base prices of the schedule apply. South St. Paul and Kansas City are included in this zone. The Chicago zone carries prices 25 cents higher. The remaining area of the United States is called the Outside Zone and, in general, prices are higher than the Central or Chicago Zone prices by 115 per cent times the applicable carlot freight rate from designated points in the Central or Chicago Zones. The new pricing system is thought to be a considerable improvement over the old one.

The effect which the new ceilings will have upon the prices of live animals is uncertain. Various estimates by the trade indicate that the ceilings will reflect prices of from \$13.25 to \$14.00 on a Chicago average basis.

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PAUL E. MILLER, Director

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