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FARM BUSINESS NOTES

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

NO. 254

UNIVERSITY FARM, ST. PAUL

FEBRUARY 23, 1944

The Farm Program for 1944

GEORGE A. POND

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

The farmer faces a demand for farm products in 1944 unprecedented in history. For the third successive year farmers are called upon to push the farm plant to the limit to meet war needs. Civilian demands will remain at peak levels, further increases in the armed forces will augment military needs, lend-lease requirements will continue high, and relief feeding will loom larger in the picture as our armies advance. It appears now quite possible and perhaps even likely that the maximum wartime demand for farm products will be reached in 1944 and the first half of 1945.

Prices of farm products in 1943 averaged 20 per cent higher than in 1942. Such price changes as occur in 1944 are likely to be largely upward. Government control is exerting a leveling effect but some further increases may be needed to guide or encourage production. Changes in demand owing to the varying fortunes of war may result in the temporary depression of the prices of some commodities. Overburdened transportation, storage, or processing facilities may interfere with the effective distribution or utilization of some products but the price outlook is generally favorable.

Thus far during the war period the major stress in Minnesota has been on increased livestock production. The drouth and government programs during the thirties caused a sharp decrease in livestock numbers to the low point in 1935 and 1936. Favorable crop yields have kept feed production at a high level since 1937. With less livestock to consume this feed and a federal loan program favoring storage, feed stocks increased up to 1940. With these accumulated reserves it was possible to increase livestock above the number that could be maintained with current feed production. Now those reserves have been exhausted and we are confronted with the necessity of adjusting our livestock numbers downward to what can be maintained with the reduced feed supply available or in prospect. Unfavorable crop conditions in 1944 might force a drastic reduction, and even if the relatively high yields of the past seven years are repeated, a substantial curtailment will be necessary.

The production goals for 1944 as prepared by the War Food Administration suggest a general pattern of agricultural production that promises most nearly to meet national needs. These goals are based on a careful appraisal of national needs on one hand and on the capacity of the farm plant on the other. For Minnesota the stress is on increased feed production and increases in dairy products and eggs. Milk and eggs rate high on the priority list. In so far as feed shortages may dictate some curtailment of livestock, the reduction will be less serious from the food standpoint if registered in meat production. This reduction must be considered as unavoidable rather than desirable.

Production Goals for 1944

	Percentage increase over 1943			Percentage decrease under 1943	
	U.S.	Minn.		U.S.	Minn.
Corn, acres	3	10	Oats, acres	8	9
Wheat, acres	21	12	Barley, acres	0	1
Soybeans, acres	26	15	Rye, acres	13	0
Potatoes, acres	2	0	Flax, acres	7	15
Vegetables, acres (for processing)	6	2	Beef cattle, number ..	6	6
Tame hay	3	6	Hogs, number farrowed	12	11
Milk, pounds	2	5	Sheep and lambs, number	0	1
Eggs, dozen	2	5	Turkeys, number	3	16

State and national goals must be regarded only as a general guide to production. No individual farmer can be expected to conform to the complete pattern. Each should choose the combination of crops and livestock that best fits his particular abilities and resources, keeping in mind the general pattern and the urgent need for making our farms produce to the limit.

Feed crops dominate the cropping systems of Minnesota farms even in normal times. Special stress must be placed this year on those crops which will produce the largest quantity and quality of livestock feed with the least labor. We must produce more with less. Good hay and pasture are the basis of low cost livestock production. The renovation of permanent pastures and an acreage

of seeded pastures sufficient to provide full season grazing should receive first consideration. Annual pastures such as small grain, rape, and Sudan grass can be used where seedings of grasses and legumes are insufficient.

Alfalfa stands out as first choice as a hay crop wherever it can be grown. It will produce more and better feed at lower cost per unit of nutrients. Alfalfa and the clovers merit special consideration because of their high protein content. The supply of protein supplements will continue short in 1944. A shortage of good quality roughage is a potential threat to livestock production this year. Serious winterkilling of alfalfa occurred in many sections of the state last year. The scarcity and high price of seed served to limit seedings in 1943. Wherever seedings are insufficient to provide ample roughage, annual hay crops may be used to supplement them. Soybeans, because of their high protein content, should be given first consideration. It is also important to look ahead to the future. Seedings of alfalfa and the clovers this year will help to increase the feed supply in 1945 and later years. The end of the war is not yet in sight and even in peacetime farmers have never had enough good legume roughage.

Corn merits first place among the grain crops used as feed. It will produce more digestible feed per acre at a lower cost per pound in the sections of the state to which it is adapted than will the small grain crops. Wherever corn has this advantage it should be increased at the expense of oats and barley. The low yield of barley the past two years will doubtless result in a sharply reduced acreage. For the oat crop the new varieties, Vicland and Tama, should be used exclusively as far as seed is available.

Cash crops are relatively unimportant in Minnesota. Flax leads in acreage among the crops raised for sale. The urgent need for oils makes it imperative that we push flax production to the limit. However, there is not sufficient land that will produce a satisfactory yield of flax to justify as large an acreage as we grew last year. The need for oils is further reflected in the increase in the soybean goal. These oil crops should be given preference wherever satisfactory yields can be obtained, but we should not forget that a high-yielding feed crop will contribute more to wartime needs than a low-yielding oil crop. Some increase in wheat is called for, but this should be confined to the northwestern counties. Farmers are asked to maintain the 1943 potato acreage. Probably some increase in the Red River Valley would be desirable with offsetting decreases in areas less well adapted to the crop and where potato machinery, marketing facilities, and experience in handling the crop are limited. Some increases are called for in vegetables for canning, sugar beets, and especially dry beans. Since other sources of fiber are available, less hemp will be needed in 1944. The crop will be grown only in the areas adjacent to the plants at Blooming Prairie, Mapleton, and New Richland but in these areas increases are desirable.

In planning cropping systems this year, production should be given primary consideration. For some years past we have been building up and conserving our soil resources. Now is the time to draw on the accumulated reserves of plant food. Not only is the need for food urgent but this fertility may bring a better price than it ever will again. However, this depletion of fertility should not be

carried to the point of soil losses. The increased acreage of corn called for brings in the need for soil-conserving practices wherever this corn is grown on sloping land. We can restore depleted fertility but not the soil that is washed away.

In many areas the use of more commercial fertilizer is one of the easiest ways to increase both profit for the operator and food for the nation. Thirty-three per cent more nitrogen will be available in 1944 than in 1943 and 20 per cent more superphosphate. The principal emphasis in most parts of the state should be on phosphate. The War Food Administration gives preference to canning crops, potatoes, dry beans, and hemp in the distribution of fertilizer. In Minnesota, corn and small grain in which legumes are seeded should also receive consideration in so far as fertilizer and facilities for applying it are available.

The goals for 1944 suggest as desirable a small increase in dairy and egg production and a fairly material reduction in meat production. The margin between feed costs and the selling price of livestock and livestock products has been shrinking during 1943. All of our standard feed-product price ratios are narrower than a year ago. In spite of this, livestock products are not only needed but are likely to prove reasonably profitable. In fact, quick shifts in livestock production are likely to result in losses, especially if breeding stock is involved. There is little doubt but that the dairy goals can be reached, but unfavorable prices for eggs during recent months are likely to take the enthusiasm out of egg production. Flocks may be reduced more than the price outlook justifies. If hog production is reduced as much as the December pig survey indicates, the price of hogs next fall and winter is likely to be determined by the ceiling rather than the price support.

Feed production is so largely dependent on the unpredictable factor of weather that it may be safer to gauge livestock to slightly less than the normal feed production capacity of the farm at this time when reserves are low. On the other hand, the farmer who thinks feed grains are so high in price that he had better sell them than feed them must remember that the man who buys them to use in livestock production expects to make a profit on them even with the cost of transportation and handling added.

Conditions on the individual farm determine the direction of livestock production. For the farmer with the necessary labor and plenty of good pasture and legume hay, dairy cattle should receive first consideration, especially if he has a market for the skim milk as well as for butterfat. Where labor limits dairy production, beef cattle and sheep offer the best alternative use for hay and pasture. In any case, major emphasis should be on low cost production and the saving of labor. Good quality, healthy livestock adequately fed and housed promise a satisfactory return in 1944. Maximum use of good hay and pasture will do more than anything else to insure livestock profits. Close culling and special stress on disease control are imperative if the margin between feed cost and sale price is to be maintained. What we need in 1944 is not more livestock on our farms but more meat for immediate consumption. Animals retained for breeding this year will mean less meat now. There were 29 per cent more cattle on farms in Minnesota last year than in the predrouth decade, 1923 to

1932, and 26 per cent more in the United States. Unless these numbers are reduced as war demands taper off, a severe price drop may be unavoidable.

Labor will be no more plentiful in 1944 than in 1943. The long work days of 1943 will still be in the picture. Women, children, and older men will again have to put their shoulders to the wheel if our quotas are to be met. The wages of farm help are likely to continue to rise and farmers must continue to put up with inexperienced and untrained help. Large numbers of workers will have to be recruited from outside of agriculture to handle the peak loads as well as to supply some of the regular help.

The labor situation would be less serious if the farmer could get all the machinery he wants. Fortunately, the machinery situation shows definite improvement. There are no limitations on the manufacture of repairs and spare parts, but the shortage of repair men, on the other hand, may make it difficult to keep the old machinery in service. Manufacturers are allowed sufficient iron and steel to manufacture 80 per cent as much farm machinery as in 1940. This is considerably more than was available last year, but a shortage of vital parts such as ball bearings, forgings, and carburetors may limit the manufacture of some types of machines. Although farmers can't get all the machinery they want, they can still get along without too serious a handicap if they resort freely to custom and exchange work to spread the services of their machines.

Barring unfavorable weather conditions, gross farm income will be higher in 1944 than in 1943. The prices of things the farmers buy are now increasing faster than the prices of sale products but net income in 1944 promises to continue high. Now is a good time to accumulate some reserves for the transition and postwar years ahead. It is not the time to bid up the price of either land or livestock or to incur obligations that cannot be met during the war period out of war prices. Neither is it the time to make extensive improvements. Materials and labor are scarce and the cost is likely to be higher now than after the war. We had best get along with what we have and devote all our energies and resources to war production. Any surplus income invested in war bonds now will be available later when materials and labor can be secured on better terms. Our present job is "all-out" food production.

More Efficient Farm Transportation

A. A. DOWELL

Minnesota farmers depend almost entirely upon motor vehicles for local transportation and hauling. For example, in a survey of 493 Martin County farmers during August, 1942, it was found that 122 each owned one automobile, 161 each owned one automobile and one automobile trailer, 57 each owned one automobile and one pickup truck, and 66 each owned one automobile and one standard truck. The other 87 farmers also owned one or more motor vehicles.

Farm dependence upon motor vehicles is so complete that adequate transportation facilities must be made available to insure efficient production and marketing during the war emergency. However, the shortage of materials

and labor owing to the many urgent war needs make it imperative that all transportation, including farm transportation, be conducted at maximum efficiency.

Suggestions for bringing about greater efficiency in farm transportation and hauling include (1) better planning of trips with farm motor vehicles, (2) greater cooperation with neighbors in the use of farm vehicles, and (3) greater use of commercial trucks for hauling farm products and supplies.

The group of 161 farmers each owning one automobile and one automobile trailer will be used for purposes of illustration. These farmers reported an average of seven off-farm trips totaling 122 miles during one week in August, 1942, before gas rationing went into effect (table 1).

Table 1. Trips Off the Farm Made by 161 Martin County Farmers Each Owning One Automobile and One Automobile Trailer Only, August 2-8, 1942

Vehicle and nature of trip	Average number of		Proportion of	
	Trips per farm	Miles per farm	Trips	Miles
Automobile with and without automobile trailer:				
Town on business	3.9	66.9	56.0	54.8
Recreation	0.6	20.8	9.3	17.0
Church	0.6	7.2	8.0	5.9
Work	1.0	11.8	13.7	9.7
Neighbors on business ..	0.5	4.9	7.1	4.0
Medical	0.3	6.2	3.7	5.0
Miscellaneous	0.1	4.3	2.2	3.6
Total	7.0	122.1	100.0	100.0

Over one half of the trips were reported as trips to town on business and these accounted for more than one half of the mileage. Careful planning should make it possible to eliminate a considerable number of such trips without lowering farm efficiency. Some reduction in mileage also can be made in connection with trips for social and recreational purposes, trips to neighbors on business, and miscellaneous trips. Much, no doubt, has already been accomplished, but even greater savings may become necessary.

These 161 farmers took neighbors along on 16 per cent of the trips off the farm. They also did a small amount of hauling of farm products and supplies for their neighbors, and neighbors hauled small amounts for them. The fact that farmers found it practicable in normal times to cooperate in the use of farm motor vehicles even to a modest extent suggests that this sort of cooperation can be increased considerably during the emergency.

Methods of hauling some farm products and supplies varied greatly among farmers owning the same type or combination of vehicles. Some hauled all of their own products, some hauled one product but used truckers for others, some hauled part of a given product and truckers hauled part, and some exchanged with neighbors. This lack of uniformity among farmers suggests that existing arrangements have developed over a period of time without much regard to efficiency.

Special cream, egg and poultry, and livestock trucks passed most of these farms regularly, and these trucks were often loaded far below normal capacity. A considerable reduction in mileage could be brought about by making greater use of these trucks.

Minnesota Farm Prices for January, 1944

Prepared by W. C. WAITE and R. W. Cox

The index number of Minnesota farm prices for January, 1944, is 165. This index expresses the average of the increases and decreases in farm product prices in January, 1944, over the average of January, 1935-39, weighted according to their relative importance.

Average Farm Prices Used in Computing the Minnesota Farm Price Index, January, 1944, with Comparisons*

	Jan. 15, 1944	Dec. 15, 1943	Jan. 15, 1943		Jan. 15, 1944	Dec. 15, 1943	Jan. 15, 1943
Wheat	\$ 1.48	\$ 1.46	\$ 1.17	Hogs	\$12.80	\$12.80	\$14.00
Corn	1.01	.99	.76	Cattle	11.50	11.20	11.70
Oats	.71	.71	.48	Calves	12.40	12.40	13.50
Barley	1.07	1.05	.67	Lambs-Sheep	12.00	11.50	12.72
Rye	1.12	1.04	.59	Chickens	.21	.21	.19
Flax	2.86	2.85	2.51	Eggs	.29	.39	.34
Potatoes	1.15	1.15	.95	Butterfat	.53	.53	.52
Hay	9.30	8.60	6.80	Milk	2.75	2.85	2.45
				Wool†	.40	.40	.39

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

† Not included in the price index number.

With the exception of rye and hay the prices of crops changed but slightly from December to January. The prices of hogs and calves remained the same but those of cattle and lambs advanced. There was a significant drop in egg prices and some decline in milk prices. The Minnesota farm price index is only slightly higher than one year ago. While the index of crop prices advanced about 37 per cent, that of livestock declined 6 per cent. The index of livestock product prices increased 2 per cent.

The most important change in the feed ratios during the past month was the drop in the egg-grain ratio, owing to the decline in egg prices. All feed ratios are much less favorable than one year ago.

Indexes and Ratios for Minnesota Agriculture*

	Jan. 15, 1944	Jan. 15, 1943	Jan. 15, 1942	Average 1935-39
U.S. farm price index	180.5	167.6	137.2	100
Minnesota farm price index	164.6	162.7	128.7	100
Minn. crop price index	168.4	122.7	108.8	100
Minn. livestock price index	167.6	178.6	138.9	100
Minn. livestock product price index	158.7	155.8	121.9	100
U.S. purchasing power of farm products	129.0	130.3	116.9	100
Minn. purchasing power of farm products	117.7	126.5	109.6	100
Minn. farmers' share of consumers' food dollar	62.5†	60.4	54.5	48.4
U.S. hog-corn ratio	11.3	16.0	14.5	12.7
Minnesota hog-corn ratio	12.7	18.4	16.7	14.9
Minnesota beef-corn ratio	11.4	15.4	14.9	11.7
Minnesota egg-grain ratio	13.4	21.1	19.7	15.0
Minnesota butterfat-farm-grain ratio	25.0	36.2	28.9	33.9

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

† Figure for December, 1943.

Minnesota Farmers' Share of the Consumers' Dollar

The Minnesota farmers' share of the consumers' food dollar has been increasing during the war. In December, 1943, farmers were receiving 62.5 cents as their share of the consumers' food dollar while in December, 1939, they were receiving only 42.2 cents. The table below shows the cost of a representative food basket made up in the proportions usually purchased by city families in a month of the products produced on Minnesota farms. The foods included are flour and bread; milk, butter, and cheese; pork and beef; chickens and eggs; and potatoes. The value at Minnesota farm prices of the products required to fill this basket is shown for the same dates. The difference between the retail cost and the farm value represents the margin taken by the processors and distributors.

Retail and Farm Value of Representative Basket of Minnesota Farm Produced Foods in December of Each Year from 1939 to 1943

	1943	1942	1941	1940	1939
Retail value of food	\$26.59	\$26.11	\$22.60	\$20.25	\$20.19
Farm value	16.61	15.36	12.56	9.50	8.52
Margin	9.98	10.75	10.04	10.75	11.67
Farmers' share of consumers' dollar	62.5	58.8	53.5	45.0	42.2

The quantity of food which cost the consumer \$20.19 in December, 1939, required an outlay of \$26.59 in December, 1943, an increase of 31 per cent. In the same period, the farm value increased from \$8.52 to \$16.61, or about 95 per cent. The margin taken by distributing and processing agencies actually declined during this period. Most of the rise in retail prices took place between December, 1940, and December, 1942. The rise in 1943 was only moderate, and there was no important increase in retail prices prior to December, 1940. The rise in farm value has been continuous although the larger increase was also in the period between December, 1940, and December, 1942. The distributing and processing margin declined between December, 1939, and December, 1940, remained about the same until December, 1942, but declined during the past year.

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