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Prepared by the Divisions of Agricultural Economics and Agricultural Extension
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NO. 265

UNIVERSITY FARM, ST. PAUL

JANUARY 24, 1945

The Farm Program for 1945

GEORGE A. POND

Minnesota farmers are called upon to continue in 1945 their splendid performance of the past three years. Each of these years they have responded to war needs with a volume of production 50 per cent above the average of the prewar period 1935 to 1939. Although facing shortages of labor, machinery, and production goods, they have produced the largest output in the history of the state. Now in the fourth year of our participation in the war they are asked to continue the farm plant at capacity production.

The War Food Administration, after carefully appraising the needs for farm products in the light of the best estimates now available, has suggested national goals for 1945. With these as a guide, the Minnesota War Board has recommended adjustments in the farm production program for this state in line with national needs and our own productive capacity. These recommendations set the general pattern of our farm program for 1945. They must, however, be adjusted to varying conditions in different parts of the state and to the resources of individual producers. Each farmer must determine how he can make his most effective contribution to the composite need.

Since most crops in this state are marketed through livestock, feed crops dominate the picture. Corn heads the

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

list. In spite of extremely unfavorable early season weather, we have just harvested the largest corn crop in the history of the state. We are asked to maintain the corn acreage at the 1944 level. We have demonstrated our ability to handle this acreage even under adverse weather conditions. We must not forget, however, that we are still at the northern limit of corn production.

Hybrid seed has increased greatly the advantage of corn over other feed grains, but it does not relieve each individual of the necessity of choosing varieties of a maturity date adapted to his locality. A succession of favorable corn years has led some to assume that our summers are permanently more favorable to corn. There are no grounds for thinking that the climate has changed.

Some reduction in the acreage of oats is suggested. Even with the improved varieties now available, the production of feed per acre from oats is much less than from corn or a good hay crop. Two years of low yields have discouraged barley growers. Until more disease-resistant varieties become available, barley will remain a minor element in our feed crop plans.

Hay and pasture are the basis of low-cost livestock production and we in Minnesota have favorable conditions for their production. We need more and better hay. Alfalfa and the other legumes should dominate the picture, both because of high yields and high protein content. Protein supplements will still be scarce in 1945. Unfortunately we have had severe winterkilling of alfalfa the past two winters. The high price of seed the past two years and unfavorable planting conditions in 1944 have reduced seedings far below normal. Many farmers will have to depend on annual hays in 1945, but every possible effort should be made to establish seedings for 1946 production. Soybeans, because of their high protein content, should receive first consideration among the annual hay crops.

In 1944 only a little over 20 per cent of our cropland was in hay and pasture crops. A desirable long-time goal would be at least 30 per cent. We have been drawing on our reserves of soil fertility during the war and risking soil erosion in order to increase production to the limit.

Table 1. 1945 Production Goals for Minnesota

Increase	Change from 1944	Decrease	Change from 1944
	Per Cent		Per Cent
Legume seeds, acres	97	Wheat, acres	-16
Sugar beets, acres	69	Soybeans, acres	-13
Flax, acres	58*	Eggs, dozens	-13
Dry beans, acres	25	Sheep and lambs, number	-10
Pears for canning, acres	24	Oats, acres	-9
Rye, acres	11	All cattle and calves, number	-6†
Potatoes, acres	9	Chickens, number	-6
Tame hay, acres	5		
Hogs, spring litters	5		
	No change		
Corn	Sweet corn	Milk cows	
Barley	Turkeys	Milk production	

* Conditioned on the assumption that additional financial inducements will be given to flax growers.

† Eleven per cent of all cattle and calves other than dairy cows.

It is none too early to be planning a more conservative agriculture for the postwar period. The requested large increase in the acreage quota for legume seeds is designed to aid this. It takes time to get hay and pasture seedings into production, and the sooner we start the easier will be the adjustment to postwar conditions. Alfalfa and other legume seeds for 1945 planting are in very short supply and those who wish to satisfy their need will be wise to purchase early.

Some reduction is advised in wheat. Other states can produce wheat more advantageously than most parts of Minnesota, but the crop still has a place in the northwestern counties. There is, however, a very pressing need for increased production of flaxseed. Our reserves of linseed oil are running low, and this demand will doubtless increase sharply as materials and labor become available for new construction and painting that have been postponed during the war. Although yields from flax have been so low that it cannot compete successfully at present prices with corn, wheat, or some of the more intensive cash crops, funds have been appropriated to increase the financial return to flax growers in 1945. Flax should be increased wherever satisfactory yields are reasonably assured. More attention to early planting could do much to increase the certainty of the crop. However, to raise a large acreage of flax on land that will produce only a mediocre yield of high dockage seed will not only be unprofitable to the producer, even with the increased incentives, but will contribute little to our oil supply and will displace other crops that are also needed.

The yield of soybeans in 1944 was higher than for several years past and many farmers may be encouraged to increase their acreage for this reason. The long-time average yield, however, is so low that only those farmers with unusually favorable conditions for the crop should be encouraged to maintain or increase their acreage. Soybeans do have one distinct advantage over flax in that if they fail to mature a satisfactory seed crop, they can still be used for hay and we are likely to need all the high protein hay we can get next year.

The sugar shortage is becoming acute and a large increase in the acreage of sugar beets is recommended. The advantage of sugar beets over competing crops is greater in the Red River Valley than in southern Minnesota, but factory capacity is an important limitation in the Valley. Only farmers with the necessary labor and equipment and with previous experience in beet growing should consider producing the crop. The increase in potato acreage likewise should be confined to those growers who have the needed growing, spraying, and storage facilities and are able to produce better than average yields of desirable market quality. Successful potato production is a job for specialists. Canning peas are a profitable crop where soils are adapted and a factory outlet is available. Growers are asked to maintain the 1944 acreage for sweet corn for canning. Cash crops should be grown as close as possible to processing plants to conserve our rapidly deteriorating transportation facilities.

In the case of all crops it is production that is needed and not just acreage. Selecting the best adapted varieties, protecting them from disease and insect damage, and

growing them on fertile well-prepared soil are essential to high yields. Probably no one thing will contribute more to increased yields than the generous application of commercial fertilizer balanced to the indicated soil needs, especially on corn, potatoes, and beets. Since the quantity available is limited, an immediate order is the best way to insure yourself a supply.

Only moderate changes in livestock production are recommended except in the case of chickens. The livestock program is dictated to a considerable extent by the feed pattern. Last spring we were scraping the bottoms of our feed bins and the floors of our hay mows. This year's crop gives us a good supply of corn, but hay is still a scarce commodity on many farms. To carry over some reserve from the large corn crop of 1944 may be wise. It never pays to strike too close a balance between feed supplies and livestock. Next year may be that lean crop year we always fear.

Fortunately in most cases there is a wider margin in favor of feeding grains than a year previous, but this is offset to some extent by the high price of hay. The demand for meat and milk is likely to remain fairly strong through 1945. But cattle production is not just an annual affair. Breeding animals may remain in service up to six or eight years. Additions to our herds now may still be in production several years hence at prices less remunerative than those prevailing in 1945. Culling out inferior animals now means needed meat on the block this year and more productive though smaller herds next year.

An increase in pork production is recommended for 1945. The huge pig crop of 1943 overtaxed processing facilities and backed up on the farm. The resulting decline in price and the shortage of concentrate feeds resulted in an excessive reduction of farrowings. Hog prices are likely to press ceiling levels more closely than in 1944, and our corn supply is more ample. At least we are safe in stepping up spring farrowings since these pigs should go to market in 1945. The earlier these pigs get to market the better is their chance to command the ceiling price. Full feeding of balanced rations and ample provision for disease prevention will increase the rate of growth and likely also the profits.

Beef will continue in strong demand this year. The recommended reduction in cattle and calves suggests closer culling of old cows and the raising of fewer replacements. Our breeding herds are at an all-time high. Now is the time to bring them down to a safer level when prices are high and beef is needed.

Sheep numbers are being reduced both in the range states and on farms. As far as farm flocks in Minnesota are concerned, this process can easily be carried too far. The small farm flock requires little labor except at lambing time, and can convert into meat and wool feed and forage that might otherwise be wasted. Sheep offer at least a partial solution for weeds which are a growing problem on many farms.

The demand for dairy products will remain at a high level through 1945, but the critical shortage of labor will limit dairy cow numbers to the present level for most farmers. It will be a wise policy to reduce the number of heifers raised for replacement and cull out the low producers as

promising heifers freshen. You cannot afford to use our limited supply of labor to milk low-producing cows. Save as much feed as possible for the milking herd. Feed the good cows to capacity and do not spare the protein supplement if you can get it.

Poultry represents the one sore spot in the livestock situation. Egg production has mounted far beyond present or prospective demand. There seems to be no alternate to prompt and drastic culling if we want to keep a bad situation from getting worse. With practically a year's supply of dried eggs on hand we can't expect much relief from the dryers. Poultry meat is in strong demand and, with the short supply of red meats, may increase in price. It is better to cull out surplus hens and pullets while the price is attractive than risk flooding the market with eggs that nobody wants.

All plans for 1945 production must be made with post-war adjustments in mind. The capacity of our agricultural plant has been geared up to a level of production for which we cannot hope to find profitable outlets in postwar years. The sooner we start to make adjustments the less painful they are likely to be. The Stabilization Act of 1942 provides price support programs for most farm products to be in effect for two years from the first day of January following the cessation of hostilities. Just how this program will operate we do not know. It may be conditioned on drastic reductions in production. Otherwise it may merely postpone the evil day, and surpluses accumulated during the support program may demoralize markets when they are eventually released. From the standpoint of the long-time welfare of agriculture we had better make current adjustments as fast as conditions permit rather than maintain our present volume and trust the support programs for our economic salvation.

Little improvement in the farm labor situation is in sight for 1945. Unskilled labor may be imported and war prisoners may be assigned to handle peak seasonal demands for some special crops. This, however, will be of little aid to most farmers who need experienced help capable of performing the multiplicity of crop and livestock operations throughout the year. Older men, women, and children will continue to carry a heavy burden, and long work days will remain for the farm operator. Some new machinery will be available but not as much as the farmer wants. We shall still have to stretch to the limit the service of what we have by exchange, rental, or custom use.

Gross income should remain at a high level in 1945, at least as compared with prewar levels, but costs, especially for labor, may eat more deeply into this income than in previous war years. There should be sufficient left out of income to accumulate reserves to take care of the improvements that have been deferred during the stress of war effort. For another year we must devote all our energies and resources to war production. The nearer we approach the end of the war the more important it becomes to have the farm business supported by reserves in war bonds and other readily available forms ample to carry it through the readjustment period and to provide some of the comforts and conveniences for the farm family that would otherwise have to be foregone. For 1945 our job is still "all out" food production.

Increasing Earnings with Farm Accounts

G. E. TOBEN

Striking differences in earnings between farmers who have kept records for four years and less and those who have maintained continuous accounts for 13 to 16 years are shown by the 1943 accounts of farmers in the Southeastern Minnesota Farm Management Service. Some of the factors contributing to increased earnings in the farm business are shown in table 1.

Table 1. Measures of Farm Organization and Management Efficiency According to Years of Cooperation in the Southeastern Minnesota Farm Management Service by 158 Farmers for 1943

Years of cooperation	Number of records	Operator's labor earnings	Work units per farm	Index of crop yields	Per cent tillable land in high return crops	Index of returns for \$100 feed to produce livestock	Power, mach., equip., and bldg. costs per work unit
1- 4	85	\$3,879	616	98	40.0	100	\$2.80
5- 8	29	4,027	691	96	41.0	96	2.87
9-12	12	5,008	949	98	42.9	101	2.59
13-16	32	7,232	971	109	43.3	107	2.43

Size of business, as measured in work units, is an important factor influencing earnings. Farmers who have continued to cooperate in the Service have increased their size of business, not only by adding more acreage, but also by adding more livestock. Many of these changes have been planned from the farm accounts. Farmers who have maintained accounts for 13 to 16 years have a volume of business 58 per cent larger than those who have had accounts with the Service for four years or less.

Factors other than size also contribute to the difference in earnings. This is indicated when the comparison of earnings is put on a unit of size measure. The earnings per work unit on those farms with 12 to 16 years of accounts are 18 per cent higher than the earnings of those with records for four years or less. Yields on farms where records have been maintained from 13 to 16 years are 11 per cent larger than on those farms where records have been kept for four years or less. Associated with the yields is the selection of the crops. Those farmers with more years of continuous records have a cropping system with 8 per cent more tillable land in the higher profit crops. These differences are principally the result of improvements made after studying the farm accounts.

Livestock returns per \$100 of feed fed are 7 per cent greater on the farms that have maintained records over a longer period of time. This influence of livestock efficiency is also the result of studying accounts from year to year. The farmers who have been in the service longer have more livestock. The additional livestock is made possible by the increased quantity and quality of feed produced, and more efficient feeding practices.

Overhead costs, which include power, machinery, equipment, and building costs, are 13 per cent less on farms where records have been maintained the longer period. These farmers have learned to keep down costs as well as to increase income.

Minnesota Farm Prices for December, 1944

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

The index number of Minnesota farm prices for December, 1944, is 172. This index expresses the average of the increases and decreases in farm product prices in December, 1944, 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, 1944, with Comparisons*

	Dec. 15, 1944	Nov. 15, 1944	Dec. 15, 1943		Dec. 15, 1944	Nov. 15, 1944	Dec. 15, 1943
Wheat	\$ 1.45	\$ 1.44	\$ 1.46	Hogs	\$13.30	\$13.50	\$12.80
Corn	.89	.91	.99	Cattle	11.20	11.00	11.20
Oats	.61	.57	.71	Calves	12.60	12.80	12.40
Barley	.95	.92	1.05	Lambs-Sheep	11.74	11.46	11.50
Rye	1.00	1.00	1.04	Chickens	.22	.21	.21
Flax	2.91	2.91	2.85	Eggs	.36	.37	.39
Potatoes	1.30	1.25	1.15	Butterfat	.53	.53	.53
Hay	11.50	10.50	8.60	Milk	2.80	2.80	2.85
				Wool†	.41	.41	.40

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

† Not included in the price index number.

Minnesota farm prices with the exception of hay changed but slightly from November to December. The prices of dairy and other livestock products in particular remained close to their November levels. The Minnesota farm price index is about the same as one year ago. While the crop price index decreased 10.7 points, the livestock price index increased 4.5 points. The prices of the cereal crops are all lower than one year ago. Throughout the past year, the prices of dairy products have shown a marked stability. The Minnesota purchasing power of farm products is slightly under that of December, 1943, but it is still about 20 per cent above the 1935-39 level.

The feed ratios are higher than in December, 1943, because of the drop in grain prices. The largest occurred in the Minnesota hog-corn ratio. Producers of butterfat received a feed payment of 10 cents per pound in December. If this is added to the reported price of this product, the butterfat-farm-grain ratios would be raised to 34.7.

Indexes and Ratios for Minnesota Agriculture*

	Dec. 15, 1944	Dec. 15, 1943	Dec. 15, 1942	Average Dec. 1935-39
U. S. farm price index	186.6	182.3	165.1	100
Minnesota farm price index	172.1	171.5	158.9	100
Minn. crop price index	180.4	191.1	128.9	100
Minn. livestock price index	175.6	171.1	176.7	100
Minn. livestock product price index	163.7	163.7	146.9	100
U. S. purchasing power of farm products	129.8	130.8	129.4	100
Minn. purchasing power of farm products	119.7	122.8	126.1	100
Minn. farmers' share of consumers' food dollar	62.5†	62.5	58.8	46.9
U. S. hog-corn ratio	12.6	11.5	16.5	13.5
Minnesota hog-corn ratio	14.9	12.9	19.1	15.9
Minnesota beef-corn ratio	12.6	11.3	16.7	14.0
Minnesota egg-grain ratio	18.3	18.2	22.6	20.7
Minnesota butterfat-farm-grain ratio	28.7	25.3	39.9	40.4

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

† Figure for October, 1944.

In-State and Out-of-State Sales

The products sold from Minnesota farms find a market not only within the state but outside the state as well. Estimates of this division are given in the table below by five-year intervals and the period 1940-42. The method has been to calculate the consumption of the nonfarm population of the state and the sales to other farmers within the state, and subtract these from total sales to determine the out-of-state sales.

Proportion of Minnesota Farm Sales Consumed within the State

Period	Per cent	Period	Per cent
1910-14	49	1930-34	37
1915-19	42	1935-39	36
1920-24	45	1940-42	31
1925-29	38		

During the period under consideration, there was a considerable growth in the nonfarm population of the state which provided an ever-growing local market. Total agricultural output of the state, however, was expanding more rapidly than population. The result was that a constantly larger proportion of our agricultural output was forced to move outside the state to find its market. In 1910-1914, about half of the farm sales were consumed within the state, while in recent years a third or less have been consumed within the state. There was a considerable variation among products. During the 1935-1939 period, the state provided less than a quarter of the market for flax, turkeys, lambs, sheep, wool, hogs, and barley; between a quarter and a half of the market for cattle and calves, butterfat, potatoes, chickens, eggs, and oats; and more than half the market for corn, wheat, rye, milk, and hay. The agriculture of the state has thus become increasingly dependent upon employment and business activity outside the state for a satisfactory market for its products.

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