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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 1946

GEORGE A. POND

Wartime needs have dictated the farm program for the past four years. The response of Minnesota farmers to these needs is indeed an enviable record. They have maintained production at a level 50 per cent above that of 1935 to 1939. In spite of the loss of much of their normal labor supply to the armed forces and to war industries, and in the face of shortages of needed machinery and supplies, they have achieved this unprecedented level of production.

With the cessation of hostilities a reconversion of our agricultural plant and an adjustment in the farm program is in order. For four years all emphasis has been on production. Prices of farm products have been high relative to costs of production. The world is still hungry and food needs are at a high level but the purchasing power of those nations most in need of our surplus farm products is limited. High domestic demand and relief and rehabilitation buying for the war-devastated nations will keep the prices of most farm products at a high level for the coming year. For the farmer who has the necessary labor and equipment, high production in 1946 is likely to prove profitable. In the longer run, however, costs are likely to continue their upward trend. To keep the farm business in balance more emphasis must be placed on low-cost production and less on maximum volume. This will be increasingly true as we advance in the postwar period and present price supports are withdrawn.¹ War has impoverished the world and foreign demand for our farm products will be effective only at materially lower price levels. Unless we can step up efficiency to the point of lowering production costs materially we may have to gear our production largely to domestic consumption.

Another adjustment in the agricultural program that the postwar situation dictates is more emphasis on conservation of our soil resources. War demands have necessitated heavy overdrafts on our fertility reserves. Not only must this be stopped but depleted reserves must be re-

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stored. High-pressure farming with heavy grain production must give way to more legume hays, more pasture, and less exhaustive cropping. Another problem exaggerated by wartime conditions is increased weed infestation. Labor shortages and wet seasons have made it difficult to keep weeds in check. More sod crops will help to solve this problem also. Fortunately this type

of farming promises to prove more profitable in the short run as well as from a long-time standpoint.

Goals for 1946 Production

The Production and Marketing Administration of the U. S. Department of Agriculture has made a careful appraisal of the domestic and foreign demand for farm products in 1946 and the capacity of our national farm plant to meet these needs. These have been interpreted by the Minnesota State U.S.D.A. Council into goals for Minnesota farm production this year. It has recommended increases in the production of certain commodities and decreases in others as indicated below:

Increases

Barley
Soybeans (for beans)
Sugar beets
Potatoes
Flax
Wheat
Rye
Tame hay
Hay seeds
Hogs (spring pigs only)

Decreases

Corn
Oats
Peas for canning
Sweet corn for canning
All cattle and calves
Milk cows
Sheep and lambs
Chickens
Eggs
Turkeys

In general, increases are suggested for cash crops and for hay and seed crops. Feed grain and livestock production are slated for moderate decreases. Large supplies of feed and pasture crops, due to unusually favorable weather as well as to large reserves at the beginning of the war, have made it possible to support livestock production on a scale that cannot be maintained under more normal con-

¹ Present legislation provides that the prices of corn, wheat, hogs, eggs, chickens, turkeys, milk and butterfat, soybeans, flaxseed, and potatoes be supported at 90 per cent of parity at least through 1948.

ditions. It is a good time to scale down livestock numbers through judicious culling while market prices are still high. Of the crops slated for increase, many are those whose imports were cut off during the war and whose normal supply may take some time to be restored.

These goals are general suggestions for the state as a whole. The individual farmer must evaluate his own situation in determining the degree to which they apply to his farm. They do, however, suggest the general pattern of production adjustment that seems most likely to be desirable and profitable in 1946.

Feed Crops

Corn is our leading feed crop. In their effort to maximize livestock production during the war, many farmers have increased corn production beyond the level that can be maintained permanently without endangering their soil resources. Exceptionally favorable weather for corn production from 1937 through 1943 has been an important factor in the increase in corn acreage. With a year like 1945 in the immediate background farmers will be a little more conservative on corn production and perhaps pay considerably more attention to maturity dates. Minnesota is still on the northern edge of the corn belt.

New and larger yielding varieties of oats together with poor barley crops in 1943 and 1944 resulted in a large oat acreage in 1945. Weather was doubtless a factor in the low barley yields in 1943 and 1944. With average weather conditions and with new disease-resistant varieties available, barley acreage may well be restored to somewhere near its normal relationship to oats, especially in the more northerly counties. The demand for good malting barley also promises a very attractive cash outlet for this crop.

The hay acreage has been decreased in Minnesota in order to have more land for grain production and because of winterkilling and the shortage of seed available for new seedings. It is too late now to increase the hay acreage for 1946 but it may be well to avoid plowing up any sod that promises a fair hay crop or adequate pasture. Every effort should be made to increase hay and pasture seedings for 1947. Harvesting of red clover, alsike, or alfalfa for seed wherever there is a prospect of a fair yield will provide some of the seed needed if we are going to build up our legume and grass acreage to a satisfactory level. Hay and pasture are our cheapest feeds, and low-cost feed will be an important element in livestock profits in postwar years.

Cash Crops

There will still be a heavy demand for oilseed crops in 1946. The demand for flaxseed will be especially strong. However, flax should be grown only where there is a reasonable prospect of a satisfactory yield. That means clean land and early seeding. Soybeans have shown up well the past two years and the recommended increase should not be difficult to achieve. Soybeans have the advantage of supplying a good quality legume hay if they fail to mature a seed crop.

Cane sugar from the tropics will still be in short supply for at least another year. Farmers with the equipment and

experience may well consider increasing their acreage of sugar beets. Since cane sugar may be available for import within a year or two, any large investment in new sugar beet equipment may be questionable. Since there is already a sufficient acreage of beets in the Red River Valley to supply the plant at East Grand Forks, it is highly desirable that the expansion in sugar beet acreage be confined to southern Minnesota, where the beets may take up the unused production capacity of the Chaska and Mason City sugar factories.

A small increase in the potato acreage is recommended. It is hardly likely that we will have as high a yield this year as was harvested in 1945. A larger acreage is needed at average yields. As in case of sugar beets, this acreage should be confined to those producers who have the equipment and experience needed to produce and market potatoes of good quality at reasonable cost. A small decrease in the acreage of corn and peas for canning is suggested since it hardly seems likely that we can find a satisfactory market for a pack as large as that of 1945. Such decreases may well be made where yields are lowest and these crops compete less successfully with other cash crops.

Livestock Production

Only moderate decreases are suggested in the production of most livestock and livestock products. We can hardly hope to maintain feed production at the high level of the early forties. The 1945 corn crop in Minnesota is largely of such low quality that it will take a considerable increase in quantity to produce the same gain as would be obtained from corn of normal quality. Much of it will not keep after thawing weather in the spring. Even with our record oat crop we are likely to find ourselves critically short of concentrate feed before the 1946 crop is harvested. Then, too, it is a good time to cull our herds and flocks while the price of meat animals is high. This culling is essential if we are going to get our livestock production on the low-cost basis that may be necessary in the years ahead.

Prices for milk and cream will remain high through 1946. Dried milk is still commanding a ready market that may continue as long as heavy purchasing for European relief lasts. For the longer look ahead the prospect is less promising. Dairy production may well be pushed to the limit of available feed and labor supplies this year but the process of culling old and unproductive cows should be started before the end of the year while they still command a good price from the packer. This is also a good time to limit the heifers raised to the level needed to supply future market demands for dairy products.

Hog prices are assured at a fairly high level in 1946, but the seasonal range in support prices beginning October 1, 1946, favors production of hogs that will be ready for market before October 1. This will be possible only where facilities for early farrowing are available and corn that will keep through the summer is in sight. Careful attention to disease control and adequate balanced rations will contribute materially to getting the pigs on an early market. The recommended goals call for a slight increase in spring pigs. Only those farmers who have in sight sufficient feed to carry spring pigs until the 1946 feed crop is harvested can safely attempt to meet this goal. Many

others will have to curtail spring farrowing in line with their feed supply.

The outlook is for lower egg prices in 1946. Drastic culling of immature pullets and hens that have stopped laying will do much to save feed and cut costs. Lower production costs will help to offset any decrease in egg prices that may occur. As in case of hogs, balanced rations and control of disease is essential. It, too, will contribute materially to more economical production.

General Suggestions

More labor may be available in 1946 but it is not likely that there will be as much as the farmer wants at a price that he can afford to pay. More machinery will be available but probably not as much as could be used to advantage. Building and fence repairs have been neglected during the pressure of the war years. Materials will still be limited in supply. Perhaps some of these accumulated repair needs may well be delayed till more labor is available and the competition for materials is less acute.

Most farmers have a considerable reserve in the form of cash, war bonds, and other liquid securities. To use this too freely in 1946 may cause excessive bidding for scarce labor and materials. Any inflation in prices that results from such competition is likely to result unfavorably in the long run. No one has a larger stake in avoiding current inflation and in the inevitable deflation that will follow than the farmer.

Farmers and their families have been carrying a heavy overload of work during the war period. Even with modern machinery and in normal times farming is far from a "light occupation." Some letup in the extreme pressure of the past four years should be possible. In any case it may be desirable to utilize some of the reserves of the war years to give the farm family a higher standard of living. Improvements and conveniences in the home, education for the children, and other expenditures that add to the enjoyment and satisfactions of farm living should be given consideration. Not all of the reserves should be plowed back into the farm business. Farming may be a "way of living" but everything possible should be done to make it a pleasant and satisfying way of living for the farm family. The farm family as well as the farm business should be considered in the program for 1946.

Expansion in Minnesota Egg and Poultry Production

W. H. DANKERS

The production of eggs and poultry can be expanded rapidly, and was expanded greatly in response to the recent wartime demand. The increased demand was due to increased purchasing power of civilians and especially to the shortage of red meats. Government purchases of poultry products for military lend-lease and foreign relief were large. Because eggs and poultry products were not rationed to civilian consumers and prices to producers were favorable, there was ever-increasing pressure for expansion in production. Government purchases have declined greatly since the end of the war. Civilian consumers are also turn-

ing back to red meats and other protein foods as they become available. For these reasons the expanded production, so greatly welcomed during the war, may cause some perplexing problems in the months of the postwar period that lie ahead.

The need for curtailment in production is recognized in the egg and poultry production goals suggested for 1946. It is logical to assume that downward adjustment in production should be the greatest in the areas that have had the largest wartime expansion. Minnesota expanded far beyond the average for the nation. There was not only an increase in numbers of poultry, but in egg production a decided increase in the rate of lay. A comparison of the increase in egg production in the United States and Minnesota is given in table 1.

Table 1. Index of Egg Production
(1935-39 average annual production = 100)

Year	Hens and pullets on farms January 1		Eggs per hen		Total eggs produced	
	U.S.	Minn.	U.S.	Minn.	U.S.	Minn.
1935-39	100	100	100	100	100	100
1940	108	116	101	111	109	129
1941	105	119	110	118	115	141
1942	117	138	113	128	133	177
1943	134	168	111	129	149	217
1944	143	183	112	126	159	232
1945*	129	170	116	135	149	236

* Based on performance during the first nine months.

Minnesota has very little commercial broiler production. The production of poultry meat is in large part supplementary to the egg enterprise. Therefore, the increase in the number of hens and pullets roughly indicates the trend in poultry meat production. Statistics on chicks hatched by commercial hatcheries give similar indication of large increases in poultry meat production.

Minnesota is in the surplus feed area of the West North Central region. This region had excellent crops during the years of World War II and large quantities of feed were produced. The poultry industry with its favorable wartime prices provided an excellent market for such feeds. This along with its ability to expand rapidly led to the present situation.

Must Minnesota cut its production to its prewar position? There is indication that its competitive position improved during World War II. Larger increases in the rate of lay than the average for the United States indicates comparatively greater reduction in the cost of egg production. Developments in egg breaking, freezing, and drying seem to favor the production of eggs nearer to the source of feed. In poultry meats the developments in freezing, eviscerating, and probably canning again seem to favor the production of those items nearer to the source of feed.

In line with a more normal postwar demand, Minnesota will have to curtail its egg and poultry industry like other states. The extent to which the industry in Minnesota can remain on an expanded basis will depend on the cost of production of these items laid down to consumers, compared with the costs of producing them in other states and areas. Further increases in efficiency in production, processing, and marketing will be helpful in maintaining an expanded poultry industry.

Minnesota Farm Prices For December, 1945

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

The index number of Minnesota farm prices for December, 1945, is 175. This index expresses the average of the increases and decreases in farm product prices in December, 1945, 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, 1945, with Comparisons*

	Dec. 15, 1945	Nov. 15, 1945	Dec. 15, 1944		Dec. 15, 1945	Nov. 15, 1945	Dec. 15, 1944
Wheat	\$1.56	\$1.55	\$1.45	Hogs	\$14.00	\$14.00	\$13.30
Corn .....	.92	.98	.89	Cattle	9.80	9.00	11.20
Oats .....	.66	.64	.61	Calves	13.00	13.00	12.60
Barley	1.09	1.08	.95	Lambs-Sheep	11.98	12.07	11.74
Rye	1.56	1.65	1.00	Chickens .....	.21	.21	.22
Flax	2.91	2.91	2.91	Eggs .....	.42	.40	.36
Potatoes .....	.95	.95	1.30	Butterfat .....	.54	.53	.53
Hay	8.30	7.60	11.50	Milk	2.85	2.80	2.80
				Wool† .....	.47	.46	.41

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

† Not included in the price index number.

The declines in corn and rye prices and the increases in hay and cattle prices were the more significant changes in Minnesota farm prices from November to December. For the past two months the price of rye has equalled or exceeded the price of wheat. Normally, the price of rye is considerably below that of wheat. The Minnesota farm price index is up 2.5 points over that of December, 1944. The largest change in the individual indexes is that of the crop price index which advanced almost 10 points. The purchasing power of Minnesota farm products is slightly less compared with one year ago.

With the exception of the beef-corn ratio, the feed ratios are somewhat higher than in December, 1944. The feed payment per pound of butterfat amounted to 17 cents in December.

Indexes and Ratios for Minnesota Agriculture*

	Dec. 15, 1945	Dec. 15, 1944	Dec. 15, 1943	Average Dec. 1935-39
U. S. farm price index	193.1	186.6	182.8	100
Minnesota farm price index	174.6	172.1	171.5	100
Minn. crop price index	190.3	180.4	191.1	100
Minn. livestock price index	175.8	175.6	171.1	100
Minn. livestock product price index	166.3	163.7	163.7	100
U. S. purchasing power of farm products	130.6	129.8	130.8	100
Minn. purchasing power of farm products	118.1	119.7	122.8	100
Minn. farmers' share of consumers' food dollar	61.0†	62.7	62.5	46.9
U. S. hog-corn ratio	12.8	12.6	11.5	13.5
Minnesota hog-corn ratio	15.3	14.9	12.9	15.9
Minnesota beef-corn ratio	10.7	12.6	11.3	14.0
Minnesota egg-grain ratio	19.6	18.3	18.2	20.7
Minnesota butterfat-farm-grain ratio‡	35.3	34.7	27.7	40.4

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

† Figure for October, 1945.

‡ Includes an allowance for dairy production payments.

Pig Crop Report

DECEMBER, 1945

The 1945 fall pig crop is estimated at 35.1 million head by the United States Department of Agriculture. This number is 12 per cent larger than the 1944 fall crop and 14 per cent above the 10-year (1934-43) average, but 26 per cent below the record crop of 1943. There is a wide variation among regions in the changes from 1944, ranging from a 22 per cent increase in the West North Central states to a slight decrease in the Atlantic states. The number of sows that farrowed in the fall season of 1945 was about the same, as was indicated by breeding intentions reports in the June 1 Pig Crop Report. The average number of pigs saved per litter corresponded closely to the number saved in the fall of 1944.

When the fall crop is added to the spring crop of 51.6 million head which was down 7 per cent from 1944, the total pig crop of 1945 was 86.7 million head or practically the same as in 1944, but 29 per cent below the 1943 crop. The number in the corn belt states was 4 per cent larger compared with 1944 and for the states outside of the corn belt, 11 per cent smaller. The increases in the pig crops in most of the western corn belt states, while other regions showed no change or a decrease, tended to bring the proportion of the total in the western corn belt region back toward the predrough level.

Farmers' reports on breeding intentions for the spring season of 1946 indicate that about 8.5 million sows will farrow. This number is 4 per cent larger than the number farrowed in the spring of 1945. Increases are indicated for all regions except the North Atlantic. If the breeding intentions are carried out and the number of pigs saved per litter is about the 10-year average, the 1946 spring crop will total around 52.4 million head, which closely approximates the goal announced last October.

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