FARM BUSINESS NOTES

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The Farm Program for 1948

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The farm plant has been operated at full capacity during the war years and thus far into the postwar period. Farm prices are now well above wartime peaks and the 1947 farm income in Minnesota was 25 per cent above 1946 at an all-time record. Present farm price supports carry through 1948 and most farm commodities are selling well above the support level with no sign of an early break. In the light of prospective demand, a program of "all-out" farm production seems to be in order for 1948.

University Farm Radio Programs

HI-LIGHTS IN HOMEMAKING
10:45 a.m.

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Congress has already voted emergency relief to France, Italy, Austria, and China. The Marshall plan to aid in European recovery is now up for consideration. Economic as well as humanitarian considerations dictate our participation in a whole-hearted effort to rehabilitate war-stricken Europe. The Orient also needs our help. Just how large our contribution will be and how it will be implemented or financed is yet to be determined. Maximum production of food and fiber will likely fall far short of even acute needs. Europe wants industrial as well as agricultural products. This suggests full industrial employment and high domestic demand since our factories, too, must operate at top capacity.

There are, of course, some clouds hovering on the horizon. The current inflationary spiral of prices may get out of hand and unbalance our economic system. Prices of goods and services that farmers buy are still mounting and are likely to continue their upward surge. Weather is always an uncontrollable and unpredictable factor to be reckoned with. However, in spite of these uncertainties, the farmer must go ahead with his plans for 1948. He may have to make numerous adjustments as the future unfolds and, in doing so, what happens at Washington may be as important a factor as what happens on the farm.

Planning

Planning the farm program for 1948 is essentially planning adjustments in the present plan of operation. We cannot change our whole system of farming overnight or even from year to year. Livestock play a major role in the pattern of Minnesota agriculture. Livestock farming involves large fixed investments with the returns spread over a period of years. Quick adjustments to meet the immediate market situation may be costly in the long run, and too often in the short run as well.

Maintenance of the soil is a prime requisite of any farm plan, and limits changes in the cropping system as well as shifts from livestock to crop production. Livestock are essential as a market for soil-conserving legumes and grasses as well as for nonmarketable crops and by-products. We have been drawing heavily on our fertility reserves during the war years. Short-time as well as long-time considerations demand more attention to soil conservation.

Feed Crops

Corn leads the feed crops in Minnesota in acreage. It leads even more in production, as indicated in table 1. Corn with average yields will produce more than twice as much digestible feed per acre as an average crop of oats or barley. Wherever it is adapted, it should be given first consideration as a feed crop. During the war years, we increased our corn acreage in some areas beyond the limits of safety from a soil-conservation standpoint. We have scaled it down by some half-million acres since 1945. In view of the urgent need for feed grains likely to prevail in 1948, we should maintain the 1947 acreage, but any material increase beyond that may involve a risk of irreparable soil loss.

Table 1. Total Digestible Nutrients and Digestible Protein Produced per Acre with Average Crop Yields in Minnesota

Crop	Yield per Acre*	Pounds per Acre	
		T.D.N.	Digestible protein
Corn	42.8 bu.†	1,969	175
Oats	35.6 bu.	783	117
Barley	25.2 bu.	932	118
Alfalfa	2.0 tons	2,060	416
Clover and timothy	1.4 tons	1,380	143

* 1918-42 average for grain crops, 1935-44 average for hay crops.
† Corn yields for years prior to 1937 increased 15 per cent to make them comparable with those of hybrid corn.

Oats ranks second as a feed crop in Minnesota. Oats is a low-cost crop and fits well into most cropping systems. Seed of the new disease-resistant varieties will be available in much larger supply this year, but in view of the competition with other crops, only a modest increase is justified. Low barley yields in 1943 and 1944 caused many farmers to abandon the crop altogether. The barley acreage has been increased sharply the past two years, and some further increase may be profitable.

More and better hay and pasture is the key to profitable livestock production. Hay and pasture can be used effectively in saving grain in the livestock ration; not only is the production of digestible feed per acre high, but the protein content is also high (see table 1). They are especially valuable from a soil-conservation standpoint. It is too late now, however, to do much about the hay and pasture acreage for this year. Annual crops can be used, but the production costs are high and they have limited soil-conservation value. The best we can do this year is to increase seedings of hay and pasture for 1949 and practice pasture renovation and rotation grazing where practicable.

Cash Crops

Flax was the leading cash crop in 1947 in terms of acreage and value. A support price of $6.00 per bushel, government crop insurance, and an intensive campaign to interest farmers in flax resulted in an increase of 60 per cent over the 1946 acreage. An acre yield was secured that was equaled or exceeded only twice in the past 30 years. The $6.00 support price will carry over this year, but the government crop insurance is limited to 24 counties. We are still short of drying oils, and the U. S. Department of Agriculture has set the 1947 acreage as a goal for 1948. The department has also asked that the acreage of the other important oil seed crop in Minnesota, soybeans, be maintained at the 1947 level. In spite of the increasing imports of vegetable oils, soybean oil is in strong demand. Yields were disappointing in some areas in 1947. In view of the urgent need for food and feed crops, it will be well to confine soybeans to those areas where satisfactory yields may be expected.

The U. S. Department of Agriculture has set a wheat goal for Minnesota at slightly above the 1947 acreage. The seeding of the crop in southwestern winter wheat states was greatly delayed by drouth and got off to a poor start. Unless fairly rapid recovery in that section is apparent when spring opens up, more spring wheat may be needed, since wheat has a high preference over other crops for relief feeding. Any increase in spring wheat in Minnesota may well be confined to west central and northwestern Minnesota.

The 1948 potato-acreage allotment for Minnesota is 10 per cent above the acreage grown last year. This increase should be confined to the areas now specializing in potato production. The new sugar-beet factory at Moorhead will provide a market for an additional 15,000 acres of beets, but this increase should be confined to the counties close to the factory. Higher returns from other crops limit the expansion of the beet acreage in southern Minnesota. A moderate decrease in the acreage of corn and peas for canning is desirable to bring them more nearly in line with normal domestic demand.

The Livestock Program

The livestock-production program is largely conditioned by the need for conserving our grain supplies. More people can be fed with the crops from a given area of land than from the livestock or livestock products that could be produced with the crops that could be grown on that land. Relief shipments are likely to consist largely of grain. Grain can be conserved by using more roughage and pasture, by selling meat animals at a lighter weight or less highly finished, by reducing death and disease losses through rigid sanitation measures, and by feeding carefully balanced rations. Since protein concentrates are now in good supply and lower in price relative to grains than is normally the case, there is a decided advantage in using plenty of protein in the ration.

Since dairy cattle can use a larger proportion of hay and pasture than other major classes of livestock, it would appear desirable to maintain our dairy herds at about their present level. Normal culling should be practiced and old and unproductive animals sent to the block. To save grain, cows should be fed concentrates strictly according to production. With plenty of roughage and protein concentrates, it should be possible to cut the grain to cows without any material reduction in production. No more replacements should be raised than are necessary to maintain present herds.

Breeding flocks of sheep can be maintained largely on roughage and pasture. Sheep numbers have been decreasing since the start of the war. This may be a good time to stop this downward trend and plan some increase in our farm flocks.

Cattle in the feed lot use a ration consisting largely of grain. Some of this can be saved by using more pasture and roughage and sacrificing the degree of finish some feeders like to put on their cattle. This extra finish is expensive in terms of grain and we can get along with a little less choice and prime beef. The beef-breeding herd and the feeder steer are produced largely on hay and pasture. This fact and the prospective demand for meat would seem to justify maintaining beef cattle numbers.

Hogs use approximately one-half of all the grain fed to livestock in Minnesota. They can use little roughage and only limited amounts of pasture. Marketing hogs now on feed at lighter weights would save grain. The heavier a hog, the more grain it takes to make a pound of gain. The goal of the U. S. Department of Agriculture for spring farrowing in Minnesota calls for a reduction of 8 per cent from the 1947 level. For the individual farmer, the available feed supply is an important factor in determining his hog program in 1948. Late-farrowed pigs can utilize the maximum amount of pasture and thus save grain. Ample protein supplements will also help to stretch the grain supply.

Poultry require a ration of concentrate feeds. In 1946 they received one out of every 5 pounds of grain fed to

Minnesota livestock. A reduction in our laying flocks and less poultry raising for market offer an opportunity to save grain. Flocks should be culled at regular intervals to prevent any grain going to nonlayers. Ample protein in the ration will also save grain. The U. S. Department of Agriculture sets the goal for Minnesota turkey production at 25 per cent below the number raised in 1947. Since other turkey-producing areas are shorter of feed than Minnesota, it may be well for those with ample feed supplies to make only a limited reduction in turkey production in 1948.

General Considerations

These suggestions for the 1948 farm program necessarily are presented on a state-wide basis. Obviously they cannot all be applied specifically to any one farm or even to any one area. Each individual must appraise his own situation and apply them as they best fit his case. It is especially important that each farmer take a careful inventory of his feed supplies and plan his livestock production accordingly. It may be difficult to find feed grains available for purchase by next spring or summer, at least at a price he is willing to pay.

There is one central idea in this 1948 program—maximum production with special emphasis on grain conservation. As far as crop production is concerned, that means careful seedbed preparation, planting the best-adapted varieties of crops, using ample fertilizer, and following good practices generally. For the livestock farmer, it means extreme economy in concentrate feeding to save grain wherever possible.

It is also well to remember that the exact pattern of foreign aid has not yet been set up. The farmer should follow very closely developments in Congress and in the government agencies that will administer the program when it is made. Suggestions made now must necessarily be of a general nature. There are still two or three months before the final decision about 1948 crops. With livestock, however, many decisions concerning numbers, breeding, and feeding must be made at once to be fully effective. The farmer has a very definite stake in European recovery and it is distinctly to his advantage, from the long-time standpoint, to adjust his operations from time to time as the rehabilitation program is developed, in order to make his maximum contribution to it.

Dollar Shortage—What It Means

O. B. Jesness

While the term "dollar shortage" occurs frequently in current discussion of the international situation, there is considerable confusion regarding its meaning and significance. Part of this confusion results from thinking of the terms "dollar" and "money" as though they meant the same. The dollar, to be sure, is money, but money includes many other currencies besides the dollar.

A country may find itself short of dollars without being short of its own money. In fact, many countries which are short of dollars are struggling with problems of inflation because the supply of their own money exceeds the supply of goods available. A nation which is short of dollars lacks foreign exchange with which to buy goods from the United States.

Trade basically is an exchange of goods and services. Money is a convenient go-between. The imports of a country normally are paid for by its exports. Foreign loans may enable the country to import more than it exports for a time, but later on the process of repayment calls for an excess of exports. A country with sizable foreign investments gets its returns in the form of imports. This was true of Great Britain before the war. A large share of its foreign investments had to be liquidated to pay for war supplies. Great Britain now has to rely more upon exports to pay for imports.

There is no international money, as such. Gold, which has come the nearest to serving as international money, has value as a commodity. American exporters of wheat, cotton, or automobiles want payment in American dollars. They do not want pounds, francs, or other currencies unless they are changeable into dollars.

That is at the base of the current dollar shortage. War disrupted production and trade in many parts of Europe and left an accumulation of unfilled needs. European nations require supplies from the United States in addition to their current output. They have not yet been able to expand their output to the point where it fills domestic requirements and provides the means of paying for imports from this country.

This situation has resulted in the value of our exports in recent months being about twice that of our imports. That is, imports pay only about half at present. Some of the balance has been paid for by dollars or gold which other nations had available, while the rest has been covered by loans and grants from us.

Some find it difficult to understand why a country such as Canada is short of dollars. The reason is that Canada exports largely to Europe, especially to Great Britain, and is a large buyer in the United States. Normally, this trading is balanced through international settlements, but currently the exports from Great Britain are insufficient to bring this about. As a result, Canada finds it necessary to conserve dollars by restricting purchases from the United States.

Will foreign loans be repaid? When loans are made, they result in an excess of exports over imports. Repayment calls for an excess of imports at a later date. To expect payment in full is overly optimistic. The extent of repayment will depend upon the speed and amount of expansion of production abroad as well as upon our willingness to accept imports as payment in the future.

The United States, however, is not thinking solely in terms of repayment. Our aid is a part of restoring order and productive activity and is in recognition of the fact that our welfare is inseparably linked with that of the rest of the world.

Minnesota Farm Prices For December, 1947

Prepared by W. C. WAITE and K. E. OGREN

The index number of Minnesota farm prices for December, 1947, is 302.2. This index expresses the average of the increases and decreases in farm product prices in December, 1947, 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, 1947, with Comparisons*

	Dec. 15, 1947	Nov. 15, 1947	Dec. 15, 1946		Dec. 15, 1947	Nov. 15, 1947	Dec. 15, 1946
Wheat	$2.91	$2.85	$2.01	Hogs	$24.70	$23.90	$22.80‡
Corn	2.35	2.13	1.07	Cattle	19.00	18.00	16.20‡
Oats	1.13	1.05	.75	Calves	23.00	22.50	16.80‡
Barley	2.45	2.26	1.50	Lambs-sheep	19.98	19.80	18.36
Rye	2.56	2.65	2.51	Chickens	.178	.184	.230
Flax	6.73	6.54	6.95	Eggs	.474	.414	.376
Potatoes	1.45	1.50	1.15	Butterfat	.95	.85	.94
Hay	13.60	13.00	11.00	Milk	4.45	4.25‡	4.30‡
				Wool†	.42	.42	.44

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

† Not included in the price index number.

‡ Revised.

The index of Minnesota farm prices in December, which was more than three times the average December prices for the base period 1935-39, almost equaled the record high established in September, 1947. A 6 per cent increase in farm prices from November to December offset the price declines reported during the two previous months. The purchasing power of Minnesota farm products, however, was 5 per cent below September's record high.

The butterfat-farm-grain and egg-grain ratios increased slightly from November to December as a result of large increases in the prices of butterfat and eggs. All of the feeding ratios, however, are considerably lower than the corresponding ratios of 1946 and the 1935-39 averages, with the hog-corn and beef-corn ratios about one-half of the December, 1946, figures.

Indexes and Ratios for Minnesota Agriculture*

	Dec. 15, 1947	Dec. 15, 1946	Dec. 15, 1945	Average Dec. 1935-39
U. S. farm price index	280.8	246.3	193.1	100
Minnesota farm price index	302.2	264.5	174.6	100
Minn. crop price index	408.6	248.4	190.3	100
Minn. livestock price index	316.4	284.5	175.8	100
Minn. livestock products price index	236.9	243.5	166.3	100
U. S. purchasing power of farm products	141.9	143.2	130.0	100
Minn. purchasing power of farm products	152.7	153.8	118.1	100
Minn. farmers' share of consumers' food dollar	66.3†	65.2	61.0	46.9
U. S. hog-corn ratio	10.5	18.6	12.8	13.5
Minnesota hog-corn ratio	10.5	21.1	15.3	15.9
Minnesota beef-corn ratio	8.1	15.7	10.7	14.0
Minnesota egg-grain ratio	11.0	14.5	19.6	20.7
Minnesota butterfat-farm-grain ratio	23.2	38.7	35.3	40.4

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

† Figure for September, 1947.

The Pig Situation

K. E. OGREN

Farmers' reports on breeding intentions for the 1948 spring season indicate that the 1948 spring pig crop will have the smallest number of farrowings since 1938. It is estimated by the U. S. Department of Agriculture that about 7.7 million sows will farrow in the spring of 1948. This estimate is about one million, or 11 per cent, below 1947 and about 700 thousand, or 8 per cent, below the 1936-45 average. This prospective decrease in spring farrowings is almost entirely accounted for by the Corn Belt states. It is especially pronounced in Iowa and Nebraska where corn production in 1947 was only slightly more than half as large as in 1946. Minnesota farmers are planning a decrease of 9 per cent in spring farrowings from last year.

The 1947 fall pig crop is estimated at 31 million head, which is 3 per cent larger than the 1946 fall pig crop, but 6 per cent below the 1936-45 average. The total 1947 pig crop of 84 million head was 1 per cent over last year, but 1 per cent below the 10-year average. In Minnesota, the 1947 fall pig crop of 1.3 million head was about 4 per cent larger than in 1946, but 16 per cent below the 10-year average. The total 1947 production of 5.5 million head was 6 per cent above 1946, but 6 per cent below the 10-year average.

The number of hogs slaughtered during the 1947-48 hog-marketing season (October-September) is expected to equal 1946-47. However, slaughter weights will be lighter as a result of the relatively higher prices of feed grains. In 1947 a much larger proportion of the spring pig crop had moved to market by December 31 than in 1946. Hog slaughter during the last quarter of 1948 will also be lower if the predicted decrease in spring farrowings materializes. Therefore, it is expected that pork production per person in 1948 will be about 4 pounds less than in 1947, and 32 pounds below the record of 99 pounds in 1943.

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