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FARM BUSINESS NOTES

Prepared by the Divisions of Agricultural Economics and Agricultural Extension
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The Farm Program For 1949

GEORGE A. POND

The farmer is planning his 1949 production program with perhaps more doubt and misgiving than he has experienced since the start of World War II. Except for a slight recession in 1944, farmers' earnings in Minnesota have mounted steadily from 1940 to 1947. A slight decrease in gross income in 1948, coupled with mounting expenses, has reduced the net income below that of 1947.

Net income in 1948 was higher than in any other year except 1947, but the clouds seem to be gathering. Following the harvesting of record crops the past year, the prices of both cash and feed crops, except as supported by government programs, have lost ground rapidly. The prices of livestock and livestock products, too, have weakened materially. That some price adjustment is inevitable the farmer recognizes, but he is apprehensive lest this retrenchment develop into a wholesale retreat. Memories of the early thirties are not easily erased.

During the war and postwar period, government price supports for many farm commodities have been in effect. In most cases market prices have so far exceeded the support levels that the supports have had little effect on the farmer's program. This situation is quite likely to change as prices are adjusted from wartime levels. Market prices will be closer to support prices. In the future the farmer must pay much more attention to the government price support program than he has in the past. In many cases the support program will be of more immediate significance to him than the basic demand situation.

The prices of corn and wheat will be supported at 90 per cent of parity through 1949 and the first half of 1950. Flaxseed and soybean growers are promised not less than 90 per cent of parity through 1949. Price support at 90 per cent will be available for hogs, chickens, eggs, milk, and turkeys. For wool marketed before July 1, 1950, the price will be supported at the 1946 level—an average of 42.3 cents per pound.

Urban employment is at a high level, although some wartime shortages of goods have been eliminated and supply may overtake demand in a number of other lines during 1949.

University Farm Radio Programs

HIGHLIGHTS IN HOMEMAKING

10:45 a.m.

UNIVERSITY FARM HOUR—12:30 p.m.

Station KUOM—770 on the dial

The E.C.A. program indicates the continuation of heavy exports to Europe. Even though farm production may constitute a smaller proportion of total exports than they did in 1948, these exports still promise to remain sizable. In addition, farmers will find their markets strengthened by the effect of the program on employment and activity in other lines.

Increases in our military organization will not only serve to take up possible slack in employment but also will increase the demand for both farm and factory products. Prices of farm products are likely to remain at or near present levels during the first half of 1949.

Some declines may take place later in the year but anything comparable to the collapse of the early 1930's is not in the picture. It is well to remember that farm prices received more of a boost during the war period than prices in general. *Recent adjustments in farm prices may be merely a restoration to normal relationship to other prices rather than the start of a precipitous decline.*

FEED CROPS

The crop situation is quite radically different than that of a year ago. Feed grains then were in desperately short supply and high in price. Reduction in livestock numbers during the past year in response to feed and labor shortages, coupled with the largest feed grain production ever harvested in the state, has reversed the situation. We now have far more feed than can be used effectively by present livestock numbers. It takes time to build up our herds and flocks. For another year, it may be a wise policy to hold down our acreage of feed grains, but even with a material reduction they will still dominate the cropping system.

Hybrid seed and commercial fertilizer have greatly increased corn yields, and mechanized equipment has lowered production costs relative to other crops. The corn acreage may well be maintained at present levels except where soil conservation makes curtailment necessary on sloping lands. In addition to being the source of the cheapest feed nutrients among the grain crops, corn may also be

used as a cash crop. It ranks as one of the most profitable cash crops in southern Minnesota.

Farmers have long recognized the value of oats as a feed for growing animals but even with the new high-yielding varieties, the production of feed nutrients per acre is still too low to justify any increase in acreage. Any cut in small grain may well come in oats. Barley is making a good come-back from its slump in 1945 but there is no reason for any material increase in acreage in 1949.

New seedings of legumes and legume and grass mixtures for hay and pasture are a "must" for most farmers this year. For several years seedings have been insufficient to maintain our acreage. From the standpoint of both soil conservation and economical livestock production more good hay and pasture are imperative. Seed is scarce and high in price, but even at present prices it is a good investment. The renovation of old permanent pastures also promises a profitable return on many farms. Growing interest in hay silage suggests a possible remedy for the headache of hay making in rainy weather.

CASH CROPS

A larger-than-normal acreage of cash crops may well have a place in our 1949 crop program. Until we build up our livestock numbers only a short crop will save us from a surplus of feed grains. Flax appears to be the best bet for 1949. Even with the price support down from \$6.00 a bushel to 90 per cent of parity, it promises relatively good returns. Chemical weed control has increased the advantage of flax as compared with competing crops. An acreage as large as that in 1948, however, is likely to prove excessive. Flax should be grown only on clean land or where weeds can be controlled by chemicals.

The acreage of soybeans harvested for beans skyrocketed from 12,000 acres in 1938 to 920,000 in 1947. It dropped 8 per cent from 1947 to 1948, and in the principal soybean counties the flax acreage increased about the same amount that soybeans were cut down. Price relationships may favor flax over beans in 1949, but soybeans still deserve a place in southern Minnesota wherever a yield of 20 bushels per acre or more can be realized.

The acreage of wheat has been declining steadily in southern Minnesota but the crop still has a place in the west central and northwestern counties. Because this area has relatively less livestock than the southern part of the state, it has less need for feed crops. Wheat is well adapted to this section, can be raised at low cost, and until some better alternative appears should have a place in the cropping system.

The potato acreage in Minnesota has been decreasing steadily the past 15 years. The crop is being concentrated in limited areas where costs are low and yields relatively high, especially in the Red River Valley. It is also becoming a highly-specialized enterprise, concentrated in the hands of a limited number of growers who have the equipment needed for economical production and who operate on a relatively large scale. The acreage allotment for the state for 1949 has been decreased and the price guarantee has been dropped to 60 per cent of parity. Experienced growers with adequate equipment in the adapted areas, however, will find it desirable to plant their full allotments.

Sugar beets and canning crops require special plant facilities and can be grown only where a sale outlet is available. Since these crops are contracted in advance at a fixed price, they will probably appear to be a more attractive prospect than usual in a year when farmers are a bit apprehensive about future prices. Beet growers in the Valley may well contract the maximum acreage available.

THE LIVESTOCK PROGRAM

A year ago livestock producers were confronted with the problem of finding enough feed to maintain the livestock they had on hand. Feed shortages forced many of them to liquidate stock they would like to have kept. Now the problem is to find something to do with the bountiful supply of feed that is overflowing bins and cribs and spilling out into all kinds of temporary makeshift storage. Commercial by-product feeds and protein concentrates are also more plentiful in supply and cheaper in price. The big corn crop of 1948, especially if followed by ample feed production in 1949, will promise larger meat supplies and eventually lower prices. However, it takes longer to build up livestock numbers, especially of cattle and sheep, than it does to liquidate them, as more are retained for breeding purposes and fewer are available for slaughter.

Dairy cattle dominate the livestock picture in Minnesota. For several years, feed and labor shortages and the high income from competing enterprises have caused a steady decline in dairy cattle numbers. This cannot be quickly reversed. For 1949 the dairyman may well take advantage of the more abundant and cheaper feed supply and feed his cows up to the limit of their productive capacity. It is also a good time to use some of this generous feed supply to raise more heifers for replacement and possible expansion. It is quite likely that through the weeding process to which our herds have been subjected we have eliminated many of our lower producers and have a gain in production per cow to offset loss in numbers.

Artificial breeding is also making a definite contribution to more efficient production in our dairy herds. Higher-producing cows mean lower cost of production and less loss in profits when prices decline. If nonfat milk solids continue to drop in price, the dairyman selling whole milk may find it profitable to shift to cream. His skim milk may be worth more as feed than it will bring on the market.

The cattle feeder has to be especially cautious when price decline threatens. The man with cattle in his feed lot and an abundant supply of corn will likely find his cattle the best market for this corn. The premium for high finish, however, has declined recently and many feeders will hesitate to put on the degree of finish that might have proven highly profitable last year. This lower premium for top cattle coupled with the possibility of further price declines make it safer to limit the price paid for feeders even if it means buying animals of a lower quality. The owner of a herd of beef-breeding cattle may well take advantage of the abundant feed supply to raise more replacements. In a period of price uncertainty, the man who raises his own feeders avoids some of the risk involved in feeding purchased cattle.

Since hogs use as much grain as all other classes of livestock combined, it is to them we must look for a market

for our surplus concentrates. We increased our fall pig crop 4 per cent in 1948. Feeding these to heavier than normal weights may prove a profitable outlet for some surplus corn. The December pig survey indicates a 17 per cent increase in the sows bred for spring farrowing. In view of the price uncertainty the latter part of this year, it will probably be wise to push spring pigs to market weights as rapidly as possible.

The size of the laying flock for this year is already determined and these flocks should be pushed for full production. The number of pullets raised for production next fall should be only sufficient to maintain numbers of layers at present levels. Any chickens raised for meat should be purchased early and pushed for market, since poultry prices may decline in late summer and early fall when the increased spring pig crop reaches market. Reduction in turkey numbers last year was excessive. This year a moderate increase should prove profitable but the availability of poults may limit expansion.

GENERAL CONSIDERATIONS

A primary consideration in planning the farm program for 1949 is to restore a better balance between crop and livestock production. Livestock liquidation has gone so far as to curtail the market we need for the crops that are best adapted to our farms and which we need to grow to maintain our soil. A livestock program is necessarily a long-time proposition, but we can make a substantial start on the adjustment this year.

An equally important consideration is the fact that as we adjust from a wartime to a peacetime price basis, increasing emphasis must be placed on low-cost production. Since 1940, volume of business has been the most important factor affecting the farmers' earnings. With most farm costs mounting steadily and the price of farm products weakening, the stress must be on cost control. The farmer must be increasingly alert for opportunities to increase his efficiency and eliminate waste wherever possible.

Finally, it must be remembered that plans must be as flexible as possible. No one can foresee now just what will happen in 1949. Full employment may continue and prices turn back upward. The present session of Congress will doubtless enact new agricultural legislation that may change the picture. Plans made now may need modification before the year is over. Watching current developments closely and adjusting the farming business to them promptly will likely be especially well rewarded in a year freighted with so many elements of uncertainty.

Loose Housing of Dairy Cattle

J. A. SHUTE

There is a growing interest in loose housing of dairy cattle. With this interest, however, there is a certain amount of skepticism as to whether the system can be made to work. Some farmers who were visited during the past year showed that the method can be used successfully. Others have not had such favorable results. Because these farmers' failures were frequently due to faulty arrangement or poor

management, more information and better management would have increased their chances of success.

Some dairymen found that allowing their cows to run free helped to maintain herd health. They increased labor efficiency by housing cows in a loafing area that was cleaned as infrequently as once a year, by feeding roughages in simple bunks, and by having the cows come to elevated stalls to be milked. Capital efficiency was increased by having only three to six milking stalls and avoiding the costly concrete work used in conventional stanchion barns.

On the farms where loose housing was being used successfully the cows were clean and healthy, milk was being produced under sanitary conditions, and the operators believed that considerable labor was being saved.

Where the farmers' results were unfavorable, the animals were crowded and dirty or the method of arrangement did not facilitate labor saving. Visitors to these unsuccessful farms frequently became convinced that loose housing was undesirable. Many were discouraged from giving the method further consideration. They failed to recognize, however, that some failures are to be expected with new systems.

Successful users avoided the problem of dirty cows by having sufficient loafing space or by using plenty of bedding. Where bedding materials were scarce, a concrete feeding platform separate from the loafing area helped to keep the loafing area clean and the manure pack intact.

Labor efficiency was increased by having ample ceiling clearance. This eliminated the necessity for frequent cleaning and made possible the use of power loading equipment. Absence of posts and other obstructions in the loafing area made tractor operation when cleaning out the manure pack easy.

If labor savings are to be realized from loose housing, a suitable milking parlor with elevated stalls is essential. A few of the farmers used ordinary floor-level stalls; their milking routine would have improved with better stall arrangements. Others used elevated stalls which took most of the stooping and squatting out of milking. In some cases more convenient storage of roughage, bedding, and concentrates would have helped.

These and other mistakes of a minor nature were made not because of the lack of foresightedness but because the loose-housing system was new and just being developed. Most loose-housing dairy barns in this state have been in use less than five years.

Although loose housing can be made to work satisfactorily, it is not suitable for all dairymen. Limited bedding material, poor quality of available labor, small number of animals, and existing building conditions are some of the factors that might make loose housing inadvisable.

If a farmer intends to use loose housing, he should make a thorough investigation of the method and become familiar with the problems involved. Sufficient planning should be done to assure a smooth-running unit. Before building, it is important to visit and observe in operation as many loose-housing barns as possible. The more barns and operators visited the greater the probability of observing some good ones. It is through such a procedure that a most appropriate loose-housing arrangement for a specific farm is likely to be chosen.

Minnesota Farm Prices For December, 1948

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

The index number of Minnesota farm prices for December, 1948, is 254. This index expresses the average of the increases and decreases in farm product prices in December, 1948, 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, 1948, with Comparisons

	Dec. 15, 1948	Nov. 15, 1948	Dec. 15, 1947		Dec. 15, 1948	Nov. 15, 1948	Dec. 15, 1947
Wheat	\$ 2.09	\$ 2.14	\$ 2.91	Hogs	\$21.50	\$22.40	\$25.40†
Corn	1.16	1.12	2.35	Cattle	19.20	20.70	18.00‡
Oats	.69	.70	1.13	Calves	26.20	25.50	21.80‡
Barley	1.20	1.29	2.45	Lambs-Sheep	21.16	21.15	19.98
Rye	1.44	1.50	2.56	Chickens	.253	.248	.178
Flax	5.75	5.75	6.73	Eggs	.410	.500	.474
Potatoes	1.35	1.20	1.45	Butterfat	.70	.70	.95
Hay	16.30	16.00	13.60	Milk	3.50	3.55‡	4.40‡
				Wool†	.45	.45	.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 upward trend in farm prices which had continued since the fall of 1939 was reversed during the last year. Minnesota farm prices reached a record high in January, 1948. A 10 per cent price decline occurred in February when grain prices dropped sharply. During the next five months prices moved slowly upward again, but in each month since August they declined from 2 to 6 per cent.

Minnesota farm prices in December were 3 per cent below November, and 20 per cent below January, 1948. The index of prices paid by farmers declined 1 per cent during 1948, so that the purchasing power of Minnesota farm products is down by 19 per cent. During 1948, crop prices declined by 42 per cent, while livestock products and livestock declined by only 17 and 13 per cent respectively. The feeding ratios are, therefore, much more favorable than at the beginning of the year.

Indexes and Ratios for Minnesota Agriculture*

	Dec. 15, 1948	Dec. 15, 1947	Dec. 15, 1946	Average Dec. 1935-39
U. S. farm price index	250.0	280.8	246.3	100
Minnesota farm price index	254.4	302.2	264.5	100
Minn. crop price index	238.9	408.6	248.4	100
Minn. livestock price index	294.8	316.4	284.5	100
Minn. livestock product price index	204.7	236.9	243.5	100
U. S. purchasing power of farm products	125.3	141.9	143.2	100
Minn. purchasing power of farm products	127.5	152.7	153.8	100
Minn. farmers' share of consumers' food dollar	60.1†	64.8	65.2	46.9
U. S. hog-corn ratio	17.2	10.5	18.6	13.5
Minnesota hog-corn ratio	18.5	10.5	21.1	15.9
Minnesota beef-corn ratio	16.6	8.1	15.7	14.0
Minnesota egg-grain ratio	15.4	11.0	14.5	20.7
Minnesota butterfat-farm-grain ratio	31.5	23.2	38.7	40.4

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

† Figure for October, 1948.

The Pig Situation

K. E. OGREN

A 14 per cent increase over last year in the number of spring farrowings is forecast from farmers' reports on breeding intentions. An increase in the spring pig crop is an expected result of last fall's record corn harvest and favorable hog prices. It is estimated by the Department of Agriculture that 9.1 million sows will farrow in the spring of 1949, which is 7 per cent above the 1937-46 average. Assuming average-sized litters, this would mean a spring pig crop of 56.5 million head, the largest since the record crop of 1943.

The total 1948 pig crop is estimated at 85.3 million head. This represents an increase of 1 per cent over 1947, but 2 per cent below the 10-year average. Last year's spring pig crop marked a low point in the present hog-production cycle. The number of pigs saved in the fall season of 1948 was 8 per cent larger than the previous year. The fall pig crop was considerably larger than anticipated, because the number of sows farrowing was 5 per cent more than the June 1 reports of farmers' breeding intentions indicated and there was a record number of pigs per litter (6.6).

Hog slaughter in 1948 totalled 69.5 million head, the smallest number since 1939. A small increase in hog slaughter is anticipated this year. Hog slaughter during the early months of 1949 will be below last year, although hogs will be marketed at slightly heavier weights. The number of hogs over 6 months old on farms December 1 was 2 per cent below a year ago, and a much larger proportion of these hogs are being withheld for breeding purposes. Moderate increases in hog slaughter will result from the marketing of the fall pigs, with a larger increase by the end of 1949 if the predicted increase in spring farrowing materializes. Per capita meat production in 1949 may be less than last year, however, because of the continued declines in cattle and sheep numbers.

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