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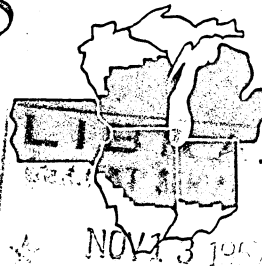
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Federal Reserve Bank of Chicago - -

November 1, 1957

# Agricultural Letter



Number 429

FARM POPULATION continues its long-term decline, and the down-trend was at a particularly fast pace in the past year. Government estimates place the farm population as of April 30 at 20.4 million persons. This compares with 22.3 million a year earlier and reflects one of the largest annual declines on record.

The shift from farm to city reflects the continued rise in productivity of farm workers as mechanical and electrical power are applied to more and more jobs. Other technological advances also boost farm output per man-hour and help to reduce the number of persons required to provide the nation's agricultural products.

But rapid shifts in population are heavily dependent also on job opportunities. The strong demand for workers in nonfarm jobs has played an important role in the decline in farm population. The trend during the past year was spurred also by the retirement of older farm people who have become eligible for social security benefits.

The farm population now represents about 12 per cent of the nation's total population, compared with 16.6 per cent as recently as 1950.

MEAT CONSUMPTION per person in 1958 is estimated by the USDA to be slightly smaller than in 1957. The prospect is for a small reduction in beef and veal which will be only partially offset by small increases in supplies of pork and chicken meat. The increase in pork is expected to show up largely in the second half of 1958 and reflects the probable expansion in the forthcoming spring pig crop.

Low prices for turkeys—the U. S. average at farms was 22 cents per pound in October compared with 26 cents a year earlier—may be setting the stage for reduced production of turkeys in 1958. A preliminary indication is provided by the number of hens retained to produce eggs for the 1958 hatching season. In the major states, these number 4 per cent less for the heavy birds and 13 per cent less for the light types than at the beginning of the 1957 season. In contrast with most states, Iowa producers were holding a somewhat larger number of turkey hens.

LAND VALUE increases have been reported recently by country bankers in most District areas. A summary of the bankers' reports of current values of "good" farms in their representative areas is presented on the back of this Letter. The number of banks reporting varies by area and the individual area figures probably are somewhat less reliable than the indications for individual states. The great majority of country bankers continue to report that land values are stable or tilted slightly upward; however, it will be noted that a few areas show small declines. The number of farm real estate sales remains small and makes it difficult to judge value trends in many areas.

Corn Belt farmers are expected to purchase a moderately larger number of feeder cattle in October to December than in the corresponding year-ago period, according to estimates of country bankers, reported as of October 1. Largest increases are indicated for areas which show the greatest improvement in crop production as compared with last year. (See map on back of Letter.) However, unless the movement of feeder cattle into the Corn Belt shows a larger gain than is indicated by these estimates, the market for fat cattle in 1958 should be relatively strong.

Shipments of stocker and feeder cattle into nine Midwest states in July to September were 8 per cent below the year-earlier number, and the number on feed October 1 was 9 per cent less than a year ago.

Despite the smaller number of cattle on feed October 1, country banks in Illinois, Indiana and Iowa have reported about the same dollar volume of feeder cattle loans outstanding as on October 1, 1956. If farmers step up their purchases of feeder cattle in the remainder of the year, the volume of feeder loans will reflect, in addition to the larger number, the heavier weights and higher prices than in the year-ago period.

On the question of larger markets for farm products, the American Dairy Association has recently reported that their studies show: there is slight competition between fluid milk, evaporated milk and nonfat dry milk, hence the use of all three products in a household probably increases total milk consumption; the use of fluid milk for drinking does not decline when evaporated milk and dry milk are added to the pantry shelf although fluid milk used for cooking does decline; flavored milk and milk drinks compete only slightly with plain milk and add to total consumption. The study showed also that the per cent of families using butter in the spring of 1957 was smaller than in the fall of 1956, indicating that that product has a tough competitive row to hoe.

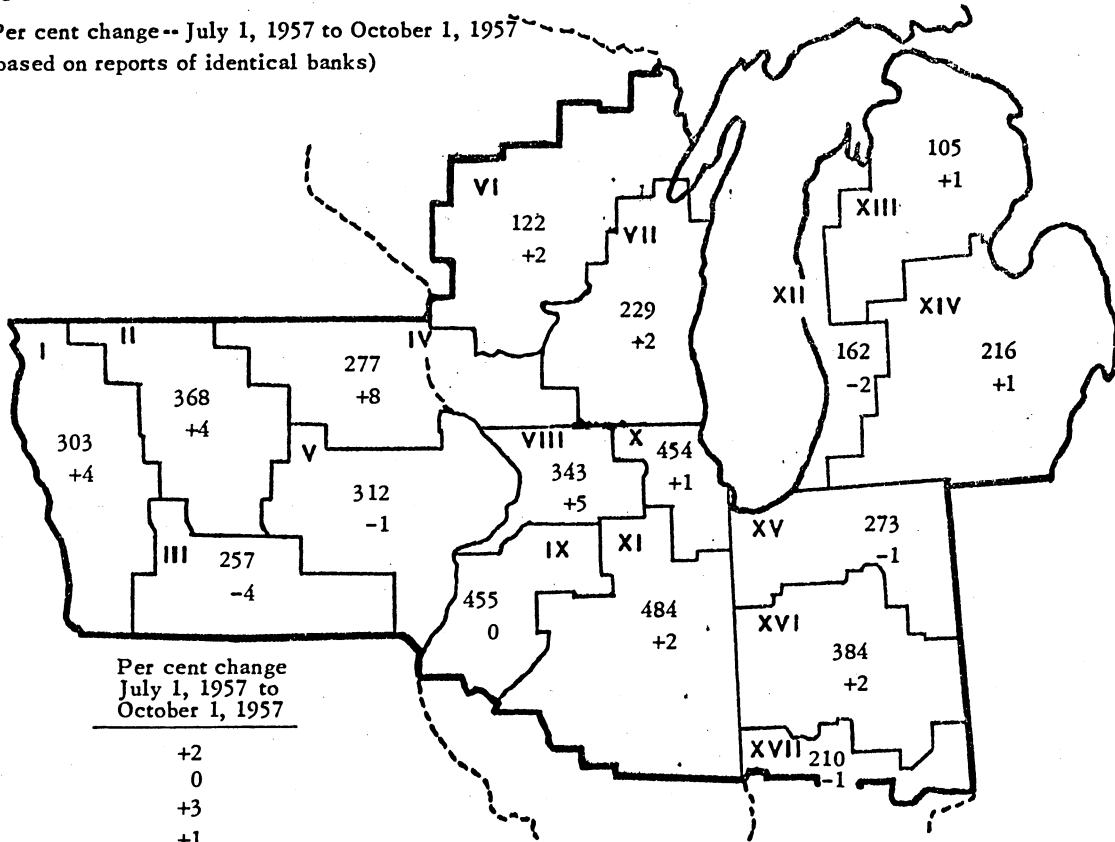
These studies, and others, which add to the knowledge of consumers' food preferences and habits should help farmers and food processors and distributors to provide products in forms and places which are most acceptable to consumers and thereby help to maximize the value of the output of the nation's farms.

Research Department

Value of "good" farms

TOP: Average dollar value per acre, October 1, 1957

BOTTOM: Per cent change-- July 1, 1957 to October 1, 1957  
(based on reports of identical banks)

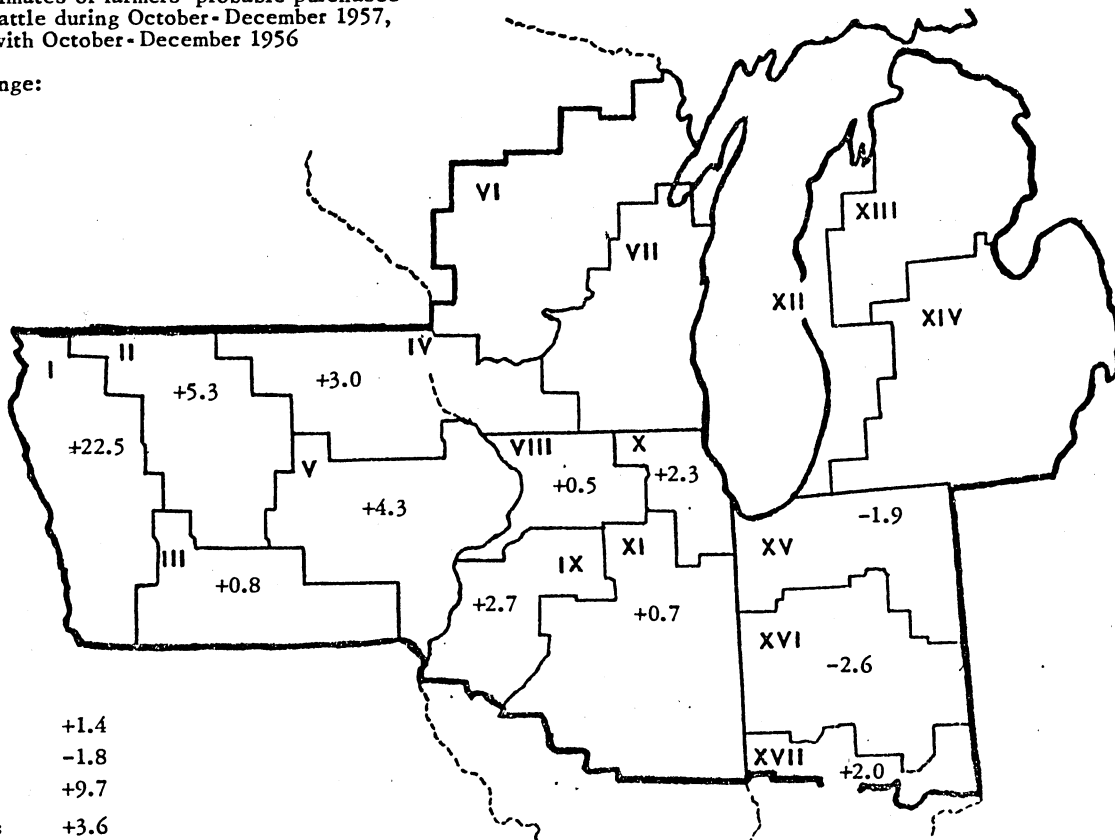


Per cent change  
July 1, 1957 to  
October 1, 1957

Illinois	+2
Indiana	0
Iowa	+3
Michigan	+1
Wisconsin	+2
Seventh District	+2

Bankers' estimates of farmers' probable purchases of feeder cattle during October-December 1957, compared with October-December 1956

Per cent change:



Illinois	+1.4
Indiana	-1.8
Iowa	+9.7
Three States	+3.6