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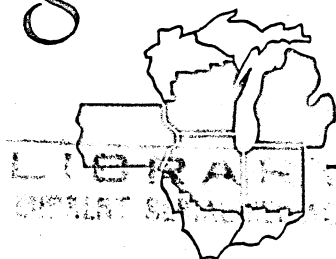
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# Federal Reserve Bank of Chicago - -

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# Agricultural Letter



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Number 446

Net realized income of farm operators for 1957 was about 5 per cent below 1956, according to preliminary USDA estimates. However, total net income of farm operators, including the rise in farm inventories, registered a 4 per cent gain. Inventories on January 1, 1958, were about \$600 million above the year-ago figure as a result of later-than-usual marketings. Government payments to farmers in 1957 accounted for about \$1 billion of the income figure, up from about a half billion in 1956.

Net Income of Farm Operators:	1956	1957	Change
Realized .....	12.1	11.5	-5.0%
Total .....	11.6	12.1	+4.3%

Income from nonfarm sources makes up almost one-third of the income of the farm population.

Estimated Per Capita Income of the Farm Population:	1956	1957
From farming - (Operators' total net plus wages paid to farm workers)	\$601	\$684
Nonfarm sources	301	309
Total	\$902	\$993

Farm population continues to decline, dropping an average of 2.5 per cent annually over the past three years. Consequently, income per capita of the farm population has increased somewhat.

The number of farms continues to decline. The estimated reduction between 1956 and 1957 amounted to 114,000 or 2.5 per cent.

Number of Farms:	1920	1950	1957
	(thousands)		
Illinois .....	240	203	180
Indiana .....	206	174	154
Iowa .....	214	206	195
Michigan .....	198	161	143 <sup>1</sup>
Wisconsin .....	191	174	155
U. S. ....	6,517	5,648	4,856

<sup>1</sup> 1956

Residential farms show a general long-term increase. Declining numbers of small farms—those with annual sales under \$2,500—have been the principal factor reducing the totals.

Farm output has tended to expand even though farm population and number of farms have been receding. Continued advances in technology and, of course, price supports are given most of the credit for the output trend.

Yields per acre have increased sharply. For example, the average corn yield for 1955-57 exceeded the 1945-54 average by 19 per cent in Illinois, 8 per cent

in Iowa and 15 per cent in Indiana. Soybeans, wheat, sorghum grains, oats and barley also show substantial increases in average yield per acre.

	Corn		Soybeans	
	1945-54 average	1955-57 average	1945-54 average	1955-57 average
Illinois....	52.6	62.7	22.6	25.7
Indiana....	51.2	59.0	21.6	23.3
Iowa.....	50.2	54.0	21.8	22.0
Michigan...	40.0	49.0	19.0	21.7
Wisconsin..	49.5	56.5	14.0	15.0
U. S. ....	37.1	44.4	20.0	21.7

Feed technology continues to improve, increasing output per unit of feed. Major advances have come from the stepping up of rates of gain, more effective disease control and better or lower-cost rations. Corncocks, for example, have been found usable as part of the ration in certain cattle feeding programs. Urea, a commercially produced chemical, has been used successfully as a substitute for as much as a third of the protein requirements of cattle. Antibiotics and hormones are numbered among the comparatively recent arrivals.

Antibiotics are estimated to increase the growth rate of young pigs from 10 to 20 per cent and increase the gain per pound of feed as much as 5 per cent. By 1955 about 90 per cent of commercially mixed poultry starter and grower feeds and 50 per cent of hog formula feeds contained antibiotics.

For beef cattle feeding, the hormone stilbestrol, approved for commercial use in 1954, is estimated to have boosted feed efficiency by 10 to 15 per cent. It has been estimated that in 1955 as many as half the grain-fed beef cattle received stilbestrol, and presumably the proportion has increased.

A new feed additive called tapazole shows promise, according to a recent report from Iowa State College. Compared with a ration containing no additive, a tapazole-stilbestrol combination increased rates of gain by 30 per cent. Pounds of beef per pound of feed fed were increased as much as 17 per cent.

The cost of tapazole for feeding purposes is not yet known, although it has previously been used in human medicine. Researchers at the college emphasized that further tests are necessary before tapazole can be recommended for commercial use.

Research Department