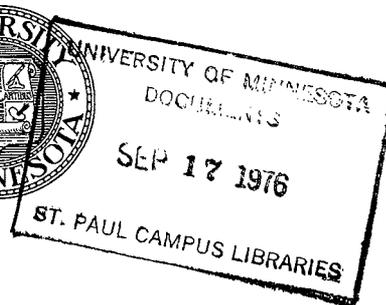


UNIVERSITY OF MINNESOTA
AGRICULTURAL EXTENSION DIVISION

Agricultural Outlook
and
*Farm Family Living Outlook
in Minnesota
for 1935



Published in furtherance of Agricultural Extension, Acts of May 8 and June 30, 1914. W. C. Coffey, Acting Director, Agricultural Extension Division, Department of Agriculture, University of Minnesota, Co-operating with U. S. Department of Agriculture.

6M-1-35

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Agricultural Outlook in Minnesota for 1935

This statement has been prepared by representatives of the Department of Agriculture, University of Minnesota, following a conference with members of the United States Bureau of Agricultural Economics and of the Agricultural Adjustment Administration concerning the general business and agricultural outlook. It indicates important changes in the principal farm enterprises in Minnesota and reflects probable tendencies in agriculture. It is intended to assist farmers in adapting production to probable demands.

General Price Situation

An upward trend of market prices of the principal farm products in the United States began in May and continued throughout the summer, but declined a little after September 15. On September 15 farm prices averaged 103 per cent of pre-war. This was the highest level reached since December 1930. In October the index of farm prices declined to the level of prices in the period 1910-14. Cash income from the sale of farm products made much more than the usual seasonal increase during the summer, largely in response to the advance in farm prices. For the first seven months of 1934, farmers' total cash income, including rental and benefit payments, amounted to \$3,074,000,000.00 as compared with \$2,512,000,000.00 for the first seven months of 1933. The total cash income to farmers for the calendar year 1934 from the sale of farm products, rental and benefit payments, and from the sale of livestock in the drouth areas has been estimated at \$6,000,000,000.00 as compared with slightly more than \$5,000,000,000.00 in 1933, an increase of 19 per cent.

Prices paid by farmers for commodities in October averaged 126 per cent of the pre-war average, as compared with 117 in January and 116 in October, 1933. Prices of textile products, hides and leather have shown some decline in recent months, but this has been more than offset by the advance in prices of foods, fuel, house-furnishings, and lighting products. The index of retail food prices recently rose to the highest level since 1931.

The relationship of prices received to prices paid by farmers in October 1934 was 79 per cent of the relationship existing in 1910-14, as compared with 67 in October 1933.

The Drouth

The severe drouth affected 23 states in the Middle West and Far West and curtailed the production of many crops. Supplies of feed grains for the current season are the smallest since 1881. The hay crop was the smallest in the 16 years for which records are available, and, in addition, there was extensive loss of new seedings in the drouth area. Prospective feed supplies are short in spite of extensive salvaging of roughage and the purchase of about 7,500,000 cattle and 5,000,000 sheep as a drouth relief measure. Relatively high prices for feed grains and hay probably will continue during the present feeding season. Improving prices for livestock and livestock products may reduce the spread somewhat before the season is over.

Agricultural Credit

The rise in farm income has improved the credit status of many farmers outside the worst drouth areas. Deposits in country banks are above those of a year ago, indi-

cating greater ability to meet short-term credit needs. The Farm Credit Administration likewise is in a position to lend extensively to farmers for short and intermediate periods. The credit situation outside the areas of severe drouth appears more favorable than a year ago. Special provisions probably will be necessary for farmers in drouth areas who do not have security needed to obtain loans from the usual credit agencies.

Domestic and Foreign Demand

The domestic demand for farm products, which is primarily influenced by changes in industrial production and consumers' income, will probably show some improvement in the coming year. The extent of this improvement will depend largely on improvement in industries using large quantities of permanent or durable products such as building materials, iron, and steel. The outlook for industrial production in the United States during the first half of 1935 is for a level slightly higher than the present level of output. More nearly normal agricultural production in 1935 and stimulus from the new housing program may result in a level of industrial production in the last half of 1935 appreciably higher than in the corresponding months of 1934. Should further extensive building projects or other stimulus to heavy industries be undertaken under federal auspices, the level of business activity would probably be somewhat higher than seems likely at present. Consumers' purchasing power for agricultural products varies closely with changes in industrial production. Therefore, any improvement in industrial production from present levels will probably be accompanied by improvement in consumers' incomes and by increased domestic demand. The foreign demand for American farm products, frankly, is expected to be less favorable in 1935 than in 1934. A marked reduction in the exports to Germany is expected to result from the severe restrictions imposed by that country on foreign trade. Prospects are also less favorable in France, where deflation is still proceeding, and in China which has been adversely affected by fluctuations in foreign exchange rates. Moderate improvement in industrial activity has taken place in the United Kingdom, Canada, and Japan, but trade barriers are likely to restrict agricultural exports in 1935. The tariff bargaining program of the United States is making some progress but it is doubtful whether trade agreements with the countries which represent our principal markets for agricultural exports will be reached in time to become effective in the 1934-35 marketing season.

The Livestock Enterprises

Dairy Products

In spite of the shortage of feed and the reduction in cow numbers in 1934, dairy cows and dairy products will hold an important place in the production program on many Minnesota farms in 1935. The decrease in the number of milk cows on farms, the decrease in fall freshening, the acute scarcity and high price of grain feed, and the necessity of substituting straw and fodder for part of the usual hay ration,—all point to a material reduction in milk production this winter as compared with the winter months of last year.

Estimates indicated there were more than 26,000,000 dairy cattle on farms on January 1, 1934, not counting beef cattle that were being milked. Heavy marketings since June 1, including government purchases in drouth areas, have reduced numbers so that by late winter the total probably will be at least 4 per cent below a year ago. The reductions in severe drouth areas have been greater. The smaller number of heifers and the unsatisfactory condition of large numbers of cows for reproduction mean that it will be some time before an upswing in cattle numbers will make its influence felt on market prices.

Stocks of butter in storage on October 1, 1934, were about 125,000,000 pounds, compared with 175,000,000 a year ago. Stocks this fall have been about in line with the average of the last five years. Cheese stocks have continued heavy, but condensed and evaporated milk stocks are lighter than last fall. On a milk equivalent basis, stocks of dairy products this fall were about 18 per cent below last fall. Consumption conditions have, likewise, been more favorable than in 1933.

Along with the advance in the general price level since February 1933, farm prices of dairy products rose 44 per cent from their low mark in March 1933 to September 1934. During this period the farm price of butterfat rose 71 per cent; the price of milk sold at wholesale by farmers, 39 per cent, and the price of milk retailed by farmers, 20 per cent. A more normal relationship between the prices of the various dairy products prevails now than a year ago. Even with this marked rise, farm prices of dairy products in September 1934 were about the same as in the pre-war period, 1910-14. They were, however, only about two-thirds as high as in the five-year period, 1925-29.

Price advances this fall have been conservative partly because of uncertainty concerning production and subsequent price developments. Prices in foreign markets have been at a level which would have made it possible for foreign supplies to enter this country over the 14-cent tariff wall if prices here had risen much more. Recent increases in prices in English markets have strengthened domestic butter prices. The supply situation in foreign markets and the reduced consumer purchasing power at home limit the price increase likely to take place.

To the extent to which cull-cow numbers have been reduced, to which storage supplies are less than a year ago, and to which consumption is apparently greater, the dairy industry is in a stronger position than it was a year ago. Any improvement that may occur in general economic activity may be expected to strengthen the demand for, and be reflected in, the price of dairy products.

Beef Cattle

The outlook for the cattle industry has been changed greatly as a result of the drouth and drouth-relief measures taken to aid cattle producers. At the beginning of 1934 the estimated number of all cattle on farms was about 10,500,000 larger than in 1928, the low point of the production cycle. It is probable that by the beginning of 1935 most of this large increase, which occurred from 1928 to 1934, will have been eliminated. A large part of the decrease in cattle resulted from the buying of cattle and calves by governmental agencies as a part of the drouth-relief activities of the federal government, but even if there had been no such buying, cattle numbers would have shown considerable decrease in 1934. Death losses in some areas would have been heavy, and marketings through regular commercial channels would have been much larger than usual.

The proportion of cows and heifers in the total inspected slaughter in 1934 was much larger than in any recent year. Of the cattle and calves purchased by the government and shipped by the end of October, about 23 per cent were calves. Cows or heifers were a large part of the cattle purchased. Of the total number of cattle to be slaughtered finally, probably 80 per cent will be cows and heifers. As a result of this large slaughter of female cattle, the reduction in the number of those remaining on farms at the end of this year will be relatively greater than in any other class, excepting possibly calves. Cattle-feeding in the drouth states during the next 12 months is almost certain to be on a reduced scale. Altho an increased movement of stocker and feeder cattle into the eastern Corn Belt states and Iowa is reported to have taken place, reports from western states are to the effect that cattle-feeding in practically all of these will be reduced this winter.

The slaughter of cattle under federal inspection probably will be the smallest since 1915. The reduction in the slaughter of cows and heifers will be much greater than of steers. The number of well finished cattle during much of 1935 is expected to be small altho there may be a fairly large supply of short-fed cattle in the earlier months. The reduction in supplies of all cattle and of well finished cattle will probably be most pronounced in the summer and fall months. In view of the probability of much smaller market supplies of cattle and other meat animals, cattle prices are likely to average materially higher in 1935 than they did in 1934. Even if the slaughter should be considerably smaller than in 1923 and 1929, it is not likely that prices will reach the levels of those years because of the lower purchasing power of consumers. Moreover, material advances in cattle prices in 1935 would probably be accompanied by an increase in imports of cattle from Canada and Mexico. Larger importations of canned and frozen beef would also be probable.

The drouth has left large numbers of cows on farms in an unsatisfactory condition for reproduction. A relatively small calf crop in 1935 is therefore expected, and death losses are expected to be above the average. This means that the upswing in cattle numbers is not likely to get under way until 1936. Allowing the necessary time for maturity, the effect of an increase in calf numbers in 1936 will not be fully reflected in market prices for some time.

Hogs

As a result of the unfavorable relationship between hog prices and corn prices since the middle of 1933, and the corn-hog adjustment program, a reduction in hog production was already under way before the summer of 1934. The severe drouth and resulting shortage in feed supplies in the present hog marketing year will cause a decrease in hog production even greater than would have occurred otherwise. It now appears probable that the spring pig crop in 1935 will be smaller than that of 1934, and it is hardly likely that the 1935 fall pig crop will be sufficiently large to offset the decrease in the spring pig crop. Thus, a substantial increase in hog slaughter is improbable before the 1936-37 marketing year. Moreover, in view of the reduced domestic hog supply and high prices of corn and other feed grains, it is practically certain that hogs will be marketed at weights much lighter than usual, consequently the decrease in the production of pork and lard will be relatively greater than the reduction in numbers of hogs to be slaughtered.

Total storage stocks of hog products at the beginning of October were below average. Holdings of pork on October 1 this year amounted to 524,000,000 pounds. This is 17 per cent smaller than those a year earlier, and 1 per cent below the five-year average for that date. Stocks of lard on October 1 totalling 128,000,000 pounds were nearly 34 per cent smaller than the unusually large holdings on that date last year, but approximately 17 per cent greater than the five-year October 1 average. As compared with October 1933, the decrease in storage stocks of pork and lard combined was equivalent to the products of more than 1,000,000 hogs of average weight.

Two outstanding factors indicate a reduction in exports of pork and lard in 1935. These are the prospective marked decrease in hog production in this country during the current year and the maintenance and possible extension of trade barriers in European importing countries. The British import quota system is the most important restriction to exports of cured pork from the United States. The commercial policy recently adopted in Germany has practically eliminated, at least temporarily, that country as a foreign market for United States lard, whereas formerly it was the second most important outlet. The recent trade agreement with Cuba, however, which provides for a substantial reduction in the Cuban duty on lard from the United States, may offer

some increase in the outlet for lard to that country in 1935. The level of domestic consumer demand for pork, lard, and other meats will depend to a considerable extent upon improvements in the industrial and business situation generally, which in turn will determine the level of consumers' buying power.

It now appears probable that improvement in the demand for meats which occurred in 1934 will be fairly well maintained in 1935. Considering all factors, hog prices in 1934-35 are expected to average materially higher than the relatively low prices of the last three marketing years. If this is to be the case, hog producers should exercise caution with respect to increasing production in 1936.

Sheep

The lamb crop in 1935 will be reduced considerably as a result of the liquidation in drouth areas. The smaller marketings and the reduced supplies of other meats probably will result in substantially higher lamb prices in 1935. Up to November 1, government purchases in drouth areas totalled about 3,500,000 sheep and additional purchases may bring the total to 5,000,000 head. The 1935 lamb crop probably will be below average because ewes in drouth areas will be in poor condition. In view of the decrease in lamb-feeding in prospect for the coming winter, some advance in fed lamb prices over the relatively high levels of last winter and spring is probable.

The 1935 wool clip is expected to be the smallest in several years. Wool prices have declined since early 1934 as a result of declines in manufacturing activity. Domestic wool stocks are large, and unless there is a large increase in mill consumption, the carry-over next April will be larger than in 1934. Large stocks may offset the expected decrease in the 1935 clip.

Poultry and Eggs

The general outlook for poultrymen during the first half of 1935 is rather favorable, except in badly damaged drouth areas where scarcity of grain is forcing a drastic reduction in numbers of livestock including poultry. Supplies of both eggs and poultry will be relatively short until next summer, when the chickens of next year's hatching begin to affect supplies, and prices of poultry products may be expected to continue at reasonably high levels until that time. The total number of hens and all pullets on October 1 this year was 7 per cent below the number on like date in 1933, and about 11 per cent below the number in 1930, which was close to the high record. A further reduction in laying flocks this winter seems probable, depending upon relative prices of feed and poultry products.

Egg production has been, and will continue to be, materially less than last year and considerably below the five-year average, with probable further relative decreases this winter and next spring. Total storage stocks of eggs both shell and frozen on October 1 were about 5 per cent less than last year. Stocks of shell eggs showed a still greater decrease. With a short supply of fresh eggs in prospect and with prices of other foods increasing, a good market for eggs seems assured during this winter and early spring. The October farm price of eggs compared favorably with pre-war levels. The benefit derived from these prices has been offset to a very great extent by the relatively high price of feed.

The supply of poultry throughout the winter will be short, owing to a decrease of 10 per cent in the number of chickens raised and to a smaller crop of turkeys. Owing to heavy early marketings, the cold storage stocks of poultry on October 1 were about 10 per cent heavier than in 1933 and 12 per cent above the October five-year average.

However, with fewer young birds yet to go to market, it is expected that storage stocks on January 1, 1935, will be considerably below average, especially in view of a smaller prospective turkey crop. With smaller supplies of poultry and with prices of competing types of meat increasing, poultry prices are expected to advance further during the winter, and to remain at higher levels during the first half of 1935 than in that period of 1934.

Turkeys

Turkey production in 1935 will depend in a large measure on the returns for 1934.

The 1934 crop was estimated to be smaller than that of 1933 or 1932, in spite of the tendency toward heavier turkey production. The increased adoption of modern methods of brooding has cut down the heavy mortality of poults and resulted in lower costs per bird in raising turkeys. Drouth conditions apparently reduced the size of the turkey crop in some states, as commercial hatcheries showed a substantial increase in 1934 as compared with 1933.

In February 1934 holdings reached the all-time record of nearly 20,000,000 pounds, but the supply of turkeys in storage this fall was not excessive. Lower prices to consumers have tended to increase consumption of turkeys. The tendency to use turkeys in other than holiday seasons has also tended to increase the total consumption of turkeys. The out-of-storage movement throughout 1934 was good, and stocks on October 1 had been reduced to approximately 3,000,000 pounds as compared with a five-year average of 3,500,000 pounds. Imports of turkeys in 1934 were negligible.

Feed Crops

The 1934 corn crop is probably the smallest since 1881, being estimated at only 1,372,000,000 bushels compared with 2,516,307,000 bushels as the 1927-31 average. Minnesota's crop is estimated at 84,000,000 bushels, compared with 143,000,000 in 1933. Favorable corn prices may easily lead to increased plantings next spring, and that, with normal yields and reduced numbers of livestock, may produce a supply situation causing a marked decline in prices next fall. Oats production in the United States in 1934 was the lowest since 1882. Minnesota's 1935 crop is estimated at 75,000,000 bushels, as compared with 96,000,000 in 1933. Reduced acreage of barley in 1934 and reduced yield resulted in a barley crop only 45 per cent of the five-year average.

An ample supply of forage is essential to low cost in livestock production. Alfalfa seedings may well be increased and other rough forage should be provided in liberal amounts. A shortage of hay and pastures in 1935 appears inevitable. This will call for emergency pastures. For the earlier pastures, where a substitute must be used, the seeding of a bushel and a half of oats, three-fourths bushel of barley, and a half bushel of fall rye per acre as soon as the ground can be worked, should furnish good feed until early or middle June. In southern Minnesota, sowing 25 to 30 pounds of sudan grass per acre at late corn-planting time may provide a follow-up pasture. This should be ready by the time the small grain pasture has been eaten down. For fall pasture and for the year following, 12 to 15 pounds of biennial sweet clover, 4 to 5 pounds of timothy, and a thin seeding of early oats and barley may be used.

Cash Crops

Wheat

Since the spring of 1933 wheat prices in the United States have been maintained at unusually high levels relative to world prices. This has been largely the result of

two successive years of low production, due to poor yields and heavy abandonment of wheat in the United States. Acreage reduction and the removal of surplus wheat from the Pacific Northwest through governmental aid have also tended to increase United States prices relative to world prices. Unless abandonment is heavy and yields are again below average next year, the new crop will provide an export surplus. Altho the drouth of the 1934 season brought about a reduction of surplus stocks in the United States the world's potential productive capacity appears to be excessive and world adjustment of output is in order if new and burdensome supplies are to be avoided.

Flax

Available information indicates that world supplies of flaxseed for the 1934-35 season will probably exceed the small supplies of 1933-34 by about 10 per cent and may be approximately equal to the average of the five preceding years. Compared with 1933-34, the world supply is large, but this may be offset by a higher level of building activity. The seasonal average price of flaxseed in domestic markets during 1934-35, therefore, is not expected to be greatly different from that of 1933-34.

For the United States the preliminary production estimate for 1934 was 5,200,000 bushels compared with 6,800,000 bushels for 1933 and 18,700,000 bushels, the five-year (1927-31) average. For Minnesota the 1934 production was placed at 3,480,000 bushels as compared with 6,241,000 bushels, the five-year average. Some sections in the state reported better than average yields, but these were offset by the drouth area in which low yields were reported. A shortage of seed flax is not likely to develop in the spring of 1935.

A significant development in relation to the flax industry has been the marked increase in the imports of perilla oil. This oil has noticeably stronger drying power than commercial linseed oil and is frequently mixed with other oils extensively used as a substitute for linseed oil. The price of linseed oil must remain in line with prices of substitute oils in order to maintain its present economic position in the field of drying oils.

Potatoes

According to the latest available crop report, the main potato crop in the United States in 1934 was about average in the way of production. The quality was generally good and prices not too firm. Because of the late crop improvement and an apparent abundance of competing vegetables, marked advances for the 1934 crop are not in prospect. The production in Minnesota for 1934 was placed at 23,800,000 bushels, as compared with 22,712,000 bushels in 1933. The total production in the United States was estimated on October 1 to be 362,391,000 bushels. On the basis of the usual response to price and average yield, a crop equal to this, or slightly larger, may be expected in 1935. Unless weather conditions in 1935 are unusually bad or a substantial increase occurs in consumer demand, it now seems unlikely that prices for the 1935 crop will be much above those obtained for potatoes produced in 1934.

Tobacco

For this, one of the newer specialty crops in Minnesota, the outlook is better than it was a year ago.

Farm Family Living Outlook for 1935

Cash Income from Agriculture

The cash income received by farm families from agriculture in 1934 continued the upward trend which began in the first half of 1933. The increase was in part due to advances in the prices of agricultural products, and in part to the rental and benefit payments of the Agricultural Adjustment Administration and to the emergency sale of cattle to the government. The emergency sale of cattle, however, meant a sacrifice of assets.

The increase in total expenditures for production in 1934 was not so large as the increase in cash income, and the balance of income available for family living and for improvements and savings will probably show a distinct gain over 1933.

The level of income during the first half of 1935 is expected to average higher than that of the first half of 1934. If crop production in 1935 is more nearly normal, farm marketings of crops will increase and farm prices will probably readjust themselves to the larger supplies. But increased marketings of crops will tend to maintain the level of gross farm income, especially if the level of domestic demand through the year averages higher than in 1934.

The income that farmers will receive during 1935 from rental and benefit payments cannot be estimated at this time. Present indications are that income from the sale of farm products, plus rental and benefit payments, may show some advance over the 1934 level, but probably not so great an advance as that from 1933 to 1934.

Cash Income from Non-Agricultural Sources

Receipts from sources other than agriculture, such as outside employment, the tourist trade, etc., continued an important part of farm family income in 1934. For many farm families these sources supplied practically all of the cash available for living expenses in 1934. Earnings from employment in non-agricultural industries by members of farm families were probably slightly greater in 1934 than in 1933, and employment in civil works, public works, and work relief projects further supplemented incomes in many farm homes. There seems to be little reason to expect an increase in farm family incomes from this source in 1935, unless additional opportunities are opened by new public-works and relief programs.

Altho there was a general improvement in the incomes received by farm families in 1934, a considerable part of the farm population was unable to earn enough cash to meet essential living expenses, either through the sale of farm products or from other sources. Some families managed to finance themselves by drawing on past savings and investments or by borrowing, but many had to turn to relief agencies for support.

Home Production for Family Use

Farm families derive an income of very substantial proportions in the farm products retained for family use. The value of these home-produced goods varies from 30 to 50 per cent of the value of all goods and services purchased for family living.

Of the farm-furnished goods, food ranks first in value. A conservative estimate of the average value of home-produced foods is about \$65 per person a year. In recent years, however, many farm families have produced much more than that. Low cash incomes and the disparity between farm and retail prices have fostered extensive home-production.

Extension programs for 1934 re-emphasized the economic and health value of an annual plan for procuring with a small cash outlay a food supply suited to the nutritional needs of the family. Such plans were put into operation by many self-supporting farm families all over the state. In addition, much was done with home and community gardens for relief families. Well-laid plans for home food production were disrupted by the drouth, which forced the sale or premature slaughter of cattle, hogs, and poultry. Where slaughtering took place, farm families will have an abundance of home-canned or home-cured meats. On the other hand, there will be a less plentiful supply of milk, butter, poultry, and eggs than usual.

In 1935 an extensive and well-considered home-production program is likely to continue. Among the factors that will affect this may be mentioned the cash income available for family living, the land and labor available for home production, the information and skill of family members, and the need for conserving cash to meet fixed obligations and to obtain goods and services not easily provided by the farm and family.

Adjustments in Family Expenditures

The improvement in cash incomes received by farm families in 1934 was only partially reflected in increased purchasing power, for the prices which farm families had to pay for commodities bought for family use also showed some advance over 1933 levels. Retail prices for commodities rose sharply from the low point of March 1933 to September 1933. This increase in retail prices, however, has not kept pace with the advance in the level of farm income from 1933 to 1934, and there has been, on the whole, a distinct gain in purchasing power.

For many families, the increase in real income in 1934 afforded more choice in expenditures than for some years. Some families, also, had more leeway this year than last because they were able to make long-term plans for debt payments, thereby releasing more cash for other items in the family budget. But in the drouth areas most of the money available for family living was needed for the bare necessities of life, and a similar situation will probably continue until a new crop is harvested.

Food

Farm family disbursements for food usually amount to one-fifth or more of total cash expenditures for family living, but often demand 30 per cent or more. For many farm families expenditures for food in 1935 will be higher than usual—in part because of the increased quantities of fruits, vegetables, and other items that will have to be purchased and in part because of increased prices.

According to the Bureau of Agricultural Economics, food prices were about 16 per cent higher in the first 9 months of 1934 than in the corresponding period of 1933, with the September 1934 prices about 9 per cent higher than the prices of the previous September. Since early summer, 1934, meat prices, particularly those of pork, have advanced more rapidly than those of most other commodities. The advance in food prices since June, however, has been partly seasonal. A further moderate advance is likely before the end of the year. The general level of retail prices of food in 1935 is almost certain to be above that of 1934, with the rise most pronounced in meat prices.

Since about 15 per cent of farm family expenditures for food usually goes for meat, this rise in meat prices is expected to result in considerable readjustment in these expenditures. When meat prices become too high for the farm family purse, there is likely to be an increasing demand for fish, particularly for canned salmon, of which

there was a very large pack this year with correspondingly low prices. Probably, too, dried legumes, including beans, will feature more largely than usual in many farm family diets.

There is nothing in the present situation to indicate any substantial increase during the coming months in the prices of most staples, such as bread, flour, sugar, and miscellaneous items—articles for which the farm family usually spends about half of its food money. Cornmeal, however, will probably advance considerably in price during the next few months. For the many farm families that usually depend on a home-produced supply of this food, but whose crop was insufficient this year, these price increases will add considerably to the food budget.

Supplies of late fruits that are now being marketed or will be marketed during the fall, winter, and early spring months, are only slightly below those of last year, while supplies of late vegetables are about one-fifth greater than a year ago. Citrus fruits probably will be in abundance, and so will cabbage, carrots, tomatoes, and lettuce. Hence there is no reason to expect much, if any, price increase. In the drouth areas, however, farm families may need to buy two or three times the quantities they usually purchase, if they are to maintain their dietary standards.

Farm families in the past have spent from \$17 to \$60 per person per year for food (values adjusted to September 1934 levels), depending on the scope of their home-production program. Probably \$40 per person per year represents a fair average. Expenditures for food may be considerably reduced in 1935 by families who produced more than the usual quantities for home use. But in the drouth-stricken areas food expenditures will probably need to be increased by as much as 30 per cent, if the usual dietary level is to be maintained.

Clothing

Cash expenditures for clothing will probably increase, as many farm families find it necessary to replace outer clothing that has now seen several years of wear. These replacements will cost little more than a year ago. Clothing prices advanced only 4 per cent from September 1933 to September 1934, according to the Bureau of Agricultural Economics, and it is probable that they will remain fairly stable during 1935.

Housing, Furnishing and Equipment

The need for house repairs is urgent, and it is expected that the interest aroused in good housing by the Rural Housing Survey of the Civil Works Administration and by the activities of the Federal Housing Administration will influence some farm families to spend in 1935 more cash on home improvements. The retail prices of furniture and household furnishings advanced about 4 per cent between September 1933 and September 1934. These prices also will probably continue fairly stable during 1935.

Special Expenditures

Families that can afford it will spend more money than last year for the repair and care of the family automobile and will make a somewhat freer use of cash for gasoline to take family recreational and educational trips. More money will probably be spent for recreation, altho many will continue to rely largely on home and community resources for recreation at small or no cash expense. More money will also be spent for education by families with children of college age. There was a decided increase in college enrollment this fall.



Consumer Information and Protection

Interest in consumer-buying information increased substantially last year. Schools and colleges, and the home economics extension service, include this subject in their programs. This development of interest in consumer problems has been greatly stimulated by three governmental agencies: The Consumers' Counsel of the AAA, the Consumers' Advisory Board of the NRA, and the recently established Consumers' Division of the National Emergency Council. These agencies will continue through 1935 to examine the operation of codes, marketing agreements, and licenses, from the standpoint of consumer interests, and to represent the consumer in the formulation of new policies in the recovery program.

The demand for quality grading and informative labeling for consumer goods has continued and plans are now being completed for the adoption of uniform methods of grading and labeling canned foods and several other products. This program will probably develop further in 1935.