

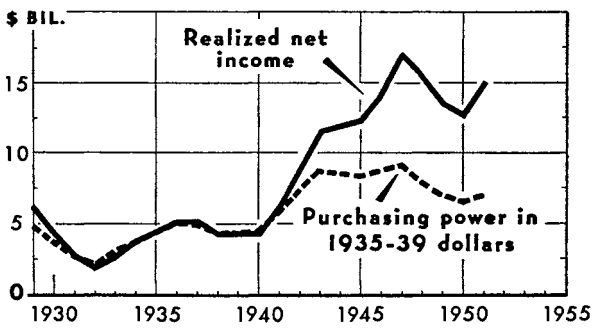
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# Looking Ahead to 1952

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UNIVERSITY OF MINNESOTA  
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## Farm Operators' Realized Net Income and Its Purchasing Power



**F**ARM income varies greatly from year to year. Such changes naturally cause concern to farm families because their welfare is involved.

Expenses in farming have been going up steadily. Every farmer will want to keep this fact in mind when deciding what to do this coming winter and spring. The information included in this pamphlet is intended to help Minnesota farmers pick out the phases of farming to stress in 1952.

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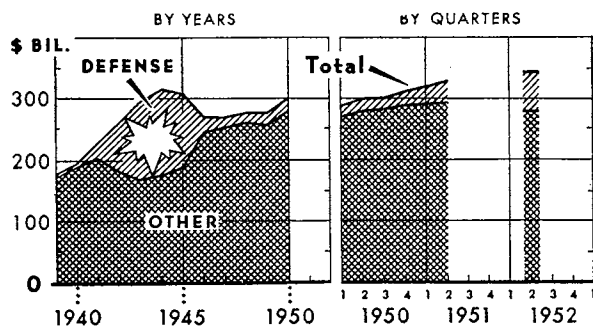
# '52 - Another Good Year

Our defense program definitely will affect 1952 farm income. In fact, defense spending next fall probably will be at the rate of 65 billion dollars a year, a rate 50 per cent greater than it was just a few months ago in July, August, and September. This may increase the income of city and town workers—making 1952 the fifteenth year in a row that their income has increased. But this higher income may not mean more spending, because there will be higher taxes and more saving.

The farmers' cost of production last year was the highest on record. What's more, it is expected to go up another five per cent this year. Such an increase, of course, is likely to offset any higher prices farmers receive. Actually, the purchasing power of the farmers' net income last year was the lowest in 10 years except for 1949 and 1950.

Yet when Mr. Farmer and his neighbors check prospects for 1952 carefully they are likely to say, "It's a good idea to try and produce as much as possible." Get needed supplies early. Last minute orders might cause temporary or local shortages.

## National Production in War and Peace



## HERE'S WHAT TO EXPECT

### Favorable . . . .

- Prices of farm products up
- Demand for farm products high
- City folks consuming more
- Good share of debts paid up

### Unfavorable . . . .

- Less help available
- Costs going up
- More taxes to pay
- Feed scarcer
- Certain supplies (like fertilizer) scarcer

## DAIRYING

**Dairying in Minnesota has become a stable farm enterprise. Prices will hold up or even rise, but costs will offset these increases. At the same time the selling trend from butter to whole milk will continue.**

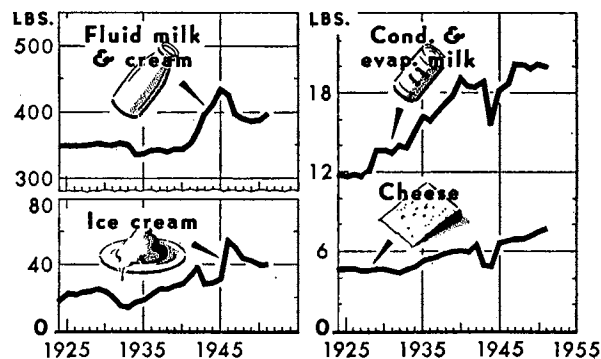
Dairy production hasn't fluctuated much in recent years, but market prices for milk and milk products have jumped around considerably. At times price supports were used to stabilize the market. At present, however, producers are receiving an average of 13 per cent more for dairy products than a year ago, and prices are expected to hold or exceed present levels. A firm market is expected for all dairy products.

Increased costs are likely to affect any gains from higher prices of dairy products. Some of the increased costs will come from barn and milk-house improvements made by farmers who want to qualify for marketing whole milk instead of cream. Costs may also increase for dairy processing plants in areas where efforts are made to meet the demands of new buyers.

The number of cows in Minnesota dropped 16 per cent from 1940 to 1950, but milk production per cow went up 17 per cent. Dairy products manufactured in Minnesota factories changed, too, as is shown in the following table for 1940 and 1950. Big changes are under way in the dairy business.

	1940	1950
	1000 lbs.	
Butter, including whey butter .....	311,153	251,389
Cheese .....	16,272	52,841
Condensed and evaporated milk	46,422	51,149
Nonfat solids (human food).....	18,457	160,232
Nonfat solids (animal food).....	7,014	2,282
Ice cream .....	8,153	18,068

## Consumption Per Person—Selected Dairy Products



## MEAT ANIMALS

**The number of livestock—especially cattle—on farms is building up steadily. Hog numbers will go down though. Watch the feed supply closely.**

The average person ate about 141 pounds of meat last year. Of this, 74 pounds were pork (not including lard), 57 beef, 7 veal, and 3 lamb and mutton. In 1952 more beef is expected, so there will be another three or four pounds of red meat per person.

**BEEF AND SHEEP**—Herds have become larger in recent years, with the result that fewer animals have been sent to the slaughtering plants. Fewer cattle were slaughtered last year than in any year in the past ten. Slaughter was at an 18-year low for calves and the lowest in a century for sheep and lambs. But the present low rate of slaughter and the large breeding herds and flocks are setting the stage for a future increase in slaughter.

Unless we happen to get a drouth, there is a good chance that the number of cattle on farms will continue to climb, passing 100 million head by 1955. This would be much above the 85 million head reached in 1945 during the last expansion.

The number of sheep and lambs raised for slaughter, plus those kept for breeding, may continue to increase for the next few years. But they aren't likely to hit the 1884 peak of 51 million.

**HOGS**—The hog crop this past year was the largest since the record one of 1943. This year will see fewer hogs raised, but slaughter will hold up at least until July because of the large number still on farms.

Hogs use more grain than the other meat-producing animals, so the rate of disappearance of this year's soft corn and the progress of next year's feed grain crops will be watched closely by hog producers. Pork is our largest single source of meat, so any marked reduction in hog slaughter would quickly raise prices or hold them steady.

## FEED

**Feed reserves are becoming smaller. Keep your eye on the 1952 crop and be ready to make timely changes in your plans.**

Farmers who have a choice of feeding or selling their feed will be especially interested in the feed situation. The huge crop of 1948 caused a lucky surplus which still hasn't been fed up. However, this surplus isn't likely to last many more years. Actu-

ally the livestock and poultry we now have, plus increases during the year, are expected to eat more feed than we will raise this summer. This means another dip into our reserves.

Feed production, of course, varies greatly by years and may change this picture. For instance, we produced 95 million tons of feed in 1947, and in 1948 production jumped to 138 million tons.

### How U. S. Production and Use of Feed Grains Vary Over the Years

	Average 1927-31	Average 1937-41	Average 1947-51	1951
	million tons			
<b>Production</b>				
Feed grains .....	97	99	121	119
By-product feeds ...	13	16	21	21
Other grains fed ...	4	4	5	6
<b>Total</b> .....	<b>114</b>	<b>119</b>	<b>147</b>	<b>146</b>
<b>Uses</b>				
For livestock .....	104	105	128	137
Other uses .....	10	12	18	19
<b>Total</b> .....	<b>114</b>	<b>117</b>	<b>146</b>	<b>156</b>
<b>Animal units of grain-consuming livestock*</b>	154	153	170	181
	tons			
<b>Grain fed per animal unit</b>	.67	.69	.76	.76

\* In figuring animal units we call a cow, feeder steer, heifer, or bull one unit. Other livestock then are compared to these cattle according to the amount of feed they use. Here are the equivalents: 2 other cattle, 7 sheep, 14 lambs, 5 hogs, 10 pigs, 100 hens, or 1,400 pounds of turkeys.

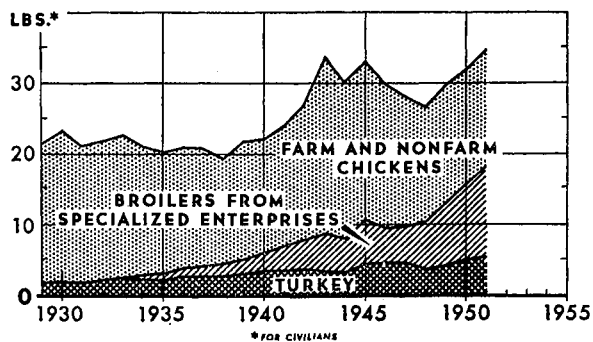
## POULTRY AND EGGS

**Egg and poultry production is still increasing and may set new records. High production may hold prices down. This means that holding down costs by efficient production is a must for poultry profits.**

Americans ate more poultry and eggs last year than ever before. On a per-person basis it amounted to nearly 30 pounds of chicken (including broilers), 5½ pounds of turkey, and almost 35 dozen eggs.

**POULTRY MEAT**—Expansion here has included some big shifts within the industry. There has been a spectacular increase in commercial broilers, and an increasing percentage of Beltsville (small size) turkeys are being raised. The 1952 production of all poultry meat may exceed the 1951 record.

### Supply of Poultry Meat Per Person



**EGGS**—Egg production in Minnesota has more than doubled since 1941. Both total egg production and the number of eggs laid per hen last year were the largest on record. These upward trends are expected to continue through much of 1952. However, there will be fewer chickens raised for farm flock replacement next summer. This may keep fall production near 1951 levels.

The income from eggs is approximately 58 per cent of the total farm income from poultry and poultry products.

## FATS AND OILS

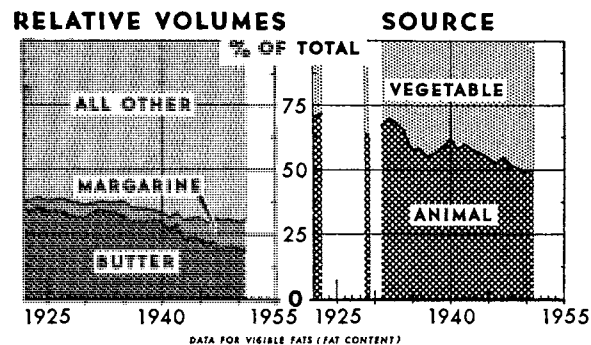
**The supply of fats and oils for food will be large in 1952, but oils for drying will be scarce. Prices of soybean oil, cottonseed oil, and lard should hold up for the first half of the year. After that, crop conditions will tell the story. The outlook for flax is good through 1953.**

**FATS**—A large supply of edible fats will come on the market in 1952 because of the recent large cottonseed crop and heavy lard production. Demand here and abroad is expected to be reasonably strong during the first part of the year. But prices after that will likely depend on prospects of the 1952 crop and international developments.

Asia usually exports large quantities of fats and oils, but little is known as to what will happen in that area. Supplies of edible fats and oils, incidentally, are expected to be less plentiful after 1952.

**OILS**—Drying oils undoubtedly will be scarce, due largely to the drop in flaxseed production last year and the expected heavy demand for linseed oil. This situation is expected to continue through 1953. Other countries usually active in producing drying oils include Argentina, Brazil, China, and India. Argentina's present supplies are very low.

## Shift Between Fats in Consumption Per Person



United States exports of fats and oils last year were the largest on record. Only 12 per cent were paid for by ECA and other U.S. government funds, compared with 60 per cent a year earlier.

## WHEAT

**The government is asking for more wheat to build up our depleted reserves.**

This past year the amount of wheat used at home and abroad exceeded our production. We had to dip into our reserves. So the carry-over on next July 1 is expected to be 60 million bushels less than on last July 1.

The amount we feed may reach 130 million, but the actual amount depends somewhat on the quantity of feed-grade wheat that comes in from Canada. The national wheat goal for 1952 is 78.9 million acres, which would be the fifth largest acreage in our history. We will probably meet our goal!

Normal yields would result in 1,165 million bushels. This is enough to meet this country's needs, leave some for export, and also provide enough for reserves.

## VEGETABLES AND POTATOES

A good year is ahead for the vegetable growers, providing production doesn't exceed suggested goals. However, potato growers may overplant the amount needed. At present the outlook for canned vegetables, except canned sweet corn, seems more favorable for the buyer than for the producer. Processors may not seek quite as large a pack of most vegetables as last year, so prices offered farmers may go down.

## Consider These, Too

### Our Population Is Increasing

The large production figures of recent years are often used without considering the increase in population. Our present population is about 153 million and it is increasing at the rate of two million a year. Increase in population means a growing domestic market for food products.

### Less Help on the Farm

The armed forces in 1952 are expected to remain around 3½ million, but industrial employment is expected to be stepped up when defense goods now on order near delivery.

The 1951 farm production was accomplished with some 400,000 fewer workers than in 1950. If the present situation continues, another 200,000 will be drained from farms in 1952, according to latest official estimates. Selective service may also take some farm labor.

So it seems likely that wherever labor-saving methods can't be substituted for the extra labor needed, costs will mount. Getting seasonal help is expected to become increasingly difficult.

### Farm Debts and Saving

The over-all farm debt situation appears satisfactory by most measurements, but there are some trends important enough to be watched carefully. The non-real estate debt, for instance, is now greater than the real estate debt. Should prices drop, these short term loans could quickly get many farmers in financial trouble.

Another equally important trend is the tendency of land to represent less and less of the total farm investment. We must be aware of this trend so that individual farmers can provide safeguards against a general drop in prices.

With respect to present farm savings, the quick assets (such as bonds and unsold products) of agriculture are considered enough to pay all agricultural debts and leave a balance of seven billion dollars. Where additional savings are possible, United States defense bonds are worth considering as an investment and as a hedge against deflation. Buying bonds is also a way of warding off more inflation and gathering funds which you can use to replace equipment when needed.

### Get Farm Supplies Early

Some minerals and critical materials are scarce. Governmental allocations will determine the output in many lines, and the many supplies needed

in agricultural production naturally will be affected. For the important items though, no serious shortages are anticipated. Supplies generally are expected to be ample but not plentiful.

Here is the outlook for some specific products:

**Building materials**—Government controls favor farm building materials over less-essential types. Supplies will still be limited though.

**Fertilizers**—Supplies may be limited, so order early.

**Machinery and parts**—Supplies will probably be ample.

**Insecticides, fungicides**—Supplies will be ample.

Producers are being urged to give special consideration to the time element wherever possible and reduce the need for last-minute purchases.

### Marketing Costs Going Up

Unless major bottlenecks develop, no serious handicaps in marketing are anticipated. The volume to be handled may be the largest on record, but more boxcars and motor trucks will be available to do the job. At times there won't be enough men to do the job and this will handicap marketing efficiency. Marketing charges are expected to rise somewhat.

## Family Living in 1952

The cost of living will continue to go up. We will have just about as much to spend on consumer goods as in 1951. Wages will be higher, but so will living costs and taxes. Our defense needs will cut down production of consumer goods. As a result, we will spend more on food and other soft goods and put more into savings and debt payments. Shortages and a large money supply will continue to push inflation.

**FOOD**—Housewives who have full purses and are anxious to buy will help to push up food prices. There will be more food on the counter, too, if we have a good crop season. As a nation we will be eating more meat (and there will be ceilings on it), and more fluid milk and ice cream, but less butter and cheese.

Because of the higher wages now paid, prices for canned goods, processed dairy products, and some cereals will go up a few cents per can or package.

There will be a large supply of oranges, cranberries, and grapes but less grapefruit and pears. Fats, oils, sugar, and cereals will be plentiful. There will be less canned fish but more fresh and frozen fish. There will be plenty of poultry and eggs.

**CLOTHING**—There should be plenty of clothing for 1952. There will be more textiles and shoes (both lagged in 1951) made to meet demand for better products.

There will be greater use of cottons for winter clothing—corduroys, cotton tweeds, flannels, velveteens, and cotton-wool mixtures. Prices for textiles other than wool will rise. Wool will be more plentiful this year, but rayon may be more scarce because of the shortage of dyes using sulfur.

**HOUSE CONSTRUCTION**—There will be fewer houses built in 1952 but more of them will be remodelled. Building costs will continue to rise. Shortages of copper, steel, brass, and aluminum will cut down production and make it necessary to use substitutes. The quality of paint may be lowered. Although there will be plenty of lumber products the problem will be to distribute them.

**EQUIPMENT**—The extension of rural electric lines always stimulates demand for appliances. A slump in the latter part of 1951 built up inventories of appliances. Now these inventories will help offset a cut in production made necessary by the defense effort. Some shortages will probably occur during the summer of 1952, and substitute materials will be used in appliances.

There is still much to be done to make farm homes convenient. Only 84 per cent of Minnesota farm homes have electricity, one-fifth have hot water, over half have electric pumps, 16 per cent have freezers, and 78 per cent have electric washers.

**FURNISHINGS, FURNITURE**—With fewer new houses to furnish, the demand for furnishings will drop. Household textiles will be adequate, though the supply of rayon fabrics will be affected by the dye shortage because of a low sulfur supply. Production of furniture was cut 10 per cent in 1951 because of low demand. Restrictions on use of metals will further cut production of furniture and other products using metals.

**AUTOMOBILES**—Last year the demand for cars slipped because down payments were high and also because so many families had reasonably good cars. This year the demand may pick up. The trend toward two cars per garage may increase. Prices will be higher. Some models may not always be available. Output will be high but not as high as in 1951.

Charts used in this pamphlet were provided through the courtesy of the Bureau of Agricultural Economics, United States Department of Agriculture.

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